

GENERAL ASSEMBLY OF NORTH CAROLINA
1993 SESSION

CHAPTER 769
SENATE BILL 1505

AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 1993, TO MAKE APPROPRIATIONS FOR CAPITAL IMPROVEMENTS FOR THE 1994-95 FISCAL YEAR, AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

The General Assembly of North Carolina enacts:

INTRODUCTION

Section 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

Sec. 2. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 1994."

TITLE I. CURRENT OPERATIONS

PART 1. GENERAL FUND APPROPRIATIONS

CURRENT OPERATIONS/STATE GOVERNMENT

Sec. 3. 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, 1995, according to the schedule that follows. The amounts set out in the schedule are in addition to other appropriations from the General Fund for these purposes for the 1994-95 fiscal year. Amounts set out in brackets are reductions from General Fund appropriations for the 1994-95 fiscal year.

GENERAL FUND
OPERATING

	RECURRING	NONRECURRING
Judicial	\$ 4,491,387	\$ 5,387,990

General Assembly	3,131,250	4,010,000
Office of the Governor		
01. Office of the Governor	194,978	-
02. Office of State Budget and Management	37,089	-
03. Office of State Planning	184,536	-
04. Special Appropriations	-	7,397,500
05. Housing Finance Authority	-	5,150,000
Department of Secretary of State	166,612	-
Department of State Auditor	701,766	380,730
Department of State Treasurer	2,763,090	-
Public Education		
01. Department of Public Instruction	3,881,787	900,000
02. State Aid to Local School Administrative Units	(12,871,620)	75,542,343
Total Public Education	(8,989,833)	76,442,343
Department of Justice	364,767	789,565
Department of Administration	387,778	62,545
Department of Agriculture	1,850,766	650,000
Department of Labor	771,138	761,050
Department of Insurance	1,146,791	-
Department of Environment, Health, and Natural Resources	3,221,872	6,006,456
University of North Carolina - Board of Governors		
01. University of North Carolina		
a. General Administration	(178,349)	
b. Lump sum - Institutional Programs	9,420,515	12,546,519
c. Related Educational Programs	4,540,000	
02. University of North Carolina at Chapel Hill		
a. Academic Affairs	(1,482,962)	238,358

b.	Health Affairs	(930,256)	
c.	Area Health Education Centers	(70,506)	
03.	North Carolina State University at Raleigh		
a.	Academic	(1,508,632)	
b.	Agricultural Research Service	888,760	920,000
c.	Agricultural Extension Services	(156,289)	25,000
	University of North Carolina at Greensboro	(432,636)	
	University of North Carolina at Charlotte	(408,778)	
	University of North Carolina at Asheville	112,189	
	University of North Carolina at Wilmington	(245,570)	
	East Carolina University		
a.	Academic	(612,126)	
b.	Health Affairs	(466,736)	
	North Carolina Agricultural and Technical State University	(402,382)	
	Western Carolina University	(302,243)	
	Appalachian State University	(350,783)	
	Pembroke State University	(80,399)	
	Winston-Salem State University	(134,673)	
	Elizabeth City State University	(139,131)	
	Fayetteville State University	(52,197)	
	North Carolina Central University	(231,408)	
	North Carolina School of the Arts	(77,044)	
	North Carolina School of Science and Mathematics	303,993	
	University of North Carolina Hospitals at Chapel Hill	(201,782)	
		6,800,575	13,729,877
	Department of Human Resources		
01.	Secretary's Office	1,453,979	2,000,000
02.	Division of Aging	485,182	200,000
03.	Services for the Deaf and Hard of Hearing	2,872,540	
04.	Social Services	6,830,819	1,415,167
05.	Medical Assistance	(70,036,605)	50,000
06.	Services for the Blind	228,050	-
07.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	20,240,648	7,200,000
08.	Division of Facility Services	637,734	-
09.	Division of Vocational Rehabilitation Services	1,272,905	-

10.	Division of Youth Services	19,427	100,000
11.	Division of Child Development	<u>24,039,898</u>	<u>1,300,000</u>
	Total Human Resources	(11,955,423)	12,265,167
Department of Correction		(5,157,545)	(1,660,361)
Department of Commerce			
01.	Commerce	6,210,526	20,885,509
02.	Microelectronics Center	3,900,000	-
03.	Rural Economic Development Center	2,100,000	5,675,000
04.	Biotechnology Center	1,000,000	1,000,000
05.	Technological Development Authority	-	1,250,000
Department of Revenue		5,020,192	5,180,776
Department of Cultural Resources		287,427	4,067,500
Department of Crime Control and Public Safety		1,597,852	709,662
Office of State Controller		2,348,844	12,000,000
Department of Community Colleges		9,563,666	13,208,500
State Board of Elections		296,141	1,657,500
Office of State Budget and Management			
01.	Reserve for Salary Increases		
	a. 4% Salary Increase	282,470,330	-
	b. Reduction in Balance of 2% Salary Increase	(1,757,024)	-
	c. Compensation/Performance Bonus	-	35,421,158
02.	Reserve for Salary Adjustment	500,000	-
03.	Reserve for Retiree 30% Reduction	(16,318)	-
04.	Reserve for Restoring Pay Date	-	120,000,000
05.	Reserve for OSHA - Bloodborne Pathogens Standards	-	1,000,000
07.	Reserve to Match Federal/Other Resources	-	3,000,000
08.	Reserve for Voter Registration	-	1,000,000
09.	Reserve for Subsistence Increase	1,600,000	-
10.	Reserve for Tort Claims	400,000	-
11.	Reserve for Education Technology Equipment	-	42,000,000

12. Reserve for Criminal History Check - Child Day Care	250,000	-
Debt Service	25,723,695	
Savings Reserve Account	-	66,700,000
Grand Total Current Operations/General Fund	\$341,606,925	\$467,928,557

Current Operations/Highway Fund 1994-95

Department of Transportation		
01. Administration		\$ (531,000)
02. Division of Highways		
a. Ferry Operations		2,000,000
b. Construction - Federal Aid Match		(3,867,179)
03. Division of Motor Vehicles		2,096,020
04. Reserve for Salary Increases		14,400,000
05. Debt Service		(33,255)
Revenue		71,968
Environment, Health, and Natural Resources		928,032
Crime Control and Public Safety		<u>1,846,665</u>
GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND		\$ 16,911,251

PART 2. HIGHWAY FUND APPROPRIATIONS - NONRECURRING

**CURRENT OPERATIONS/HIGHWAY FUND - NONRECURRING
APPROPRIATIONS/HIGHWAY FUND**

Sec. 4. Appropriations are made from the Highway Fund of the 1994-95 fiscal year for use by the Department of Transportation, and for other purposes to provide for one-time expenditures according to the following schedule:

<u>Current Operations/Highway Fund – Nonrecurring</u>		<u>1994-95</u>
Department of Transportation		
01. Administration		\$ 332,000
02. Division of Highways		
a. State Construction		

(01) Secondary Construction	4,300,000
b. State Maintenance	
(01) Primary	3,027,294
(02) Secondary	5,305,273
(03) Urban	3,875,220
(04) Resurfacing	1,627,392
c. Ferry Operations	141,000
03. Division of Motor Vehicles	2,007,000
04. State Aid to Municipalities	4,300,000
05. State Aid for Public Transportation	5,800,000
06. State Aid for Railroads	400,000
07. Reserve for Salary Increases (Compensation/ Performance Bonus)	3,600,000
08. Battery Dump Site Cleanup	115,000

Appropriations for Other State Agencies

01. Crime Control and Public Safety	888,570
02. Global TransPark Authority	<u>2,870,000</u>

GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND -
NONRECURRING

\$ 38,588,749

PART 4. HIGHWAY TRUST FUND

Sec. 5. In addition to the appropriations made by Section 5 of Chapter 321 of the 1993 Session Laws, appropriations from the Highway Trust Fund are made for the 1994-95 fiscal year as follows:

01. Intrastate System	\$ 42,564,140
02. Secondary Roads Construction	4,815,971
03. Urban Loops	17,211,167
04. State Aid - Municipalities	4,465,972
05. Program Administration	2,742,750
06. Transfer to General Fund	_____ -

GRAND TOTAL/HIGHWAY TRUST FUND

\$ 71,800,000

PART 5. BLOCK GRANT PROVISION

Requested by: Senators Richardson, Walker, Representatives Easterling, Nye

DHR BLOCK GRANT PROVISIONS MODIFICATION

Sec. 5.1. Section 2 of Chapter 591 of the 1993 Session Laws is amended by inserting a new subsection to read;

"(b) Decreases in Federal Fund Availability

If federal funds are reduced below the amounts specified above after the effective date of this act, then every program except for the Weatherization and the Indian Affairs Programs in the Low Income Energy Block Grant, in each of the federal block grants listed above, shall be reduced equally to total the reduction in federal funds."

PART 6. GENERAL PROVISIONS

Requested by: Senator Lee, Representatives McAllister, McLaughlin

HIGHWAY FUND AVAILABILITY INCREASE

Sec. 6. Section 18 of Chapter 321 of the 1993 Session Laws, as amended by Section 7 of Chapter 561 of the 1993 Session Laws, reads as rewritten:

"Sec. 18. The Highway Fund appropriations availability used in developing the 1993-95 Highway Fund budget is shown below:

	(\$Million) <u>1993-94</u>	(\$Million) <u>1994-95</u>
Beginning Credit Balance	\$21.03	- <u>\$40.5</u>
Estimated Revenues:	944.6	\$961.3 <u>979.3</u>
Transfer from Equipment Fund	10.0	-
Transfer to Highway Trust Fund	-	(9.6)
Total Highway Fund Availability	\$975.63	\$951.7 <u>1,010.2</u> ."

PART 7. SALARIES AND BENEFITS

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

APPROPRIATIONS

Sec. 7. (a) Of the funds appropriated in this act from the General Fund to the Reserves for Salary Increases, the sum of three hundred seventeen million eight hundred ninety-one thousand four hundred eighty-eight dollars (\$317,891,488) for the 1994-95 fiscal year shall be used to generally provide a four percent (4%) permanent salary increase and a one percent (1%) compensation bonus for State employees, community college employees, and certain public school personnel.

(b) Of the funds appropriated in this act from the Highway Fund to the Reserve for Salary Increases, the sum of eighteen million dollars (\$18,000,000) for the 1994-95 fiscal year shall be used to generally provide a four percent (4%) permanent salary increase and a one percent (1%) compensation bonus for employees paid from that fund.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

GOVERNOR'S SALARY INCREASE

Sec. 7.1. G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~ninety three thousand seven hundred seventy seven dollars (\$93,777)~~ ninety-seven thousand six hundred dollars (\$97,600) annually, payable monthly."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

COUNCIL OF STATE/SALARY INCREASE

Sec. 7.2. Section 49 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 49. The annual salaries for members of the Council of State, payable monthly, for the ~~1993-94~~ and ~~1994-95~~ fiscal years-year are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$77,289 <u>87,000</u>
Attorney General	77,289 <u>87,000</u>
Secretary of State	77,289 <u>87,000</u>
State Treasurer	77,289 <u>87,000</u>
State Auditor	77,289 <u>87,000</u>
Superintendent of Public Instruction	77,289 <u>87,000</u>
Agriculture Commissioner	77,289 <u>87,000</u>
Insurance Commissioner	77,289 <u>87,000</u>
Labor Commissioner	77,289 <u>87,000.</u> "

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

NONELECTED DEPARTMENT HEAD/SALARY INCREASES

Sec. 7.3. Section 50 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 50. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the ~~1993-94~~ and ~~1994-95~~ fiscal years-year are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	\$77,289 <u>85,000</u>
Secretary of Correction	77,289 <u>85,000</u>
Secretary of Crime Control and Public Safety	77,289 <u>85,000</u>
Secretary of Cultural Resources	77,289 <u>85,000</u>
Secretary of Commerce	77,289 <u>85,000</u>
Secretary of Environment, Health, and Natural Resources	77,289 <u>85,000</u>
Secretary of Human Resources	77,289 <u>85,000</u>
Secretary of Revenue	77,289 <u>85,000</u>
Secretary of Transportation	77,289 <u>85,000.</u> "

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

Sec. 7.4. (a) Section 51(a) of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(a) The annual salaries, payable monthly, for the ~~1993-94 and~~ 1994-95 fiscal ~~years-year~~ for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$74,389 <u>77,365</u>
State Controller	120,301 <u>108,271</u>
Commissioner of Motor Vehicles	74,389 <u>77,365</u>
Commissioner of Banks	74,389 <u>77,365</u>
Chairman, Employment Security Commission	74,389 <u>77,365</u>
State Personnel Director	77,289 <u>85,000</u>
Chairman, Parole Commission	67,926 <u>70,643</u>
Members of the Parole Commission	62,712 <u>65,220</u>
Chairman, Industrial Commission	66,837 <u>69,510</u>
Members of the Industrial Commission	65,209 <u>67,817</u>
<u>Chairman of the Utilities</u> <u>Commission</u>	<u>81,381</u>
<u>Commissioner of the Utilities</u> <u>Commission</u>	<u>80,381</u>
Executive Director, Agency for Public Telecommunications	62,712 <u>65,220</u>
General Manager, Ports Railway Commission	56,628 <u>58,893</u>
Director, Museum of Art	76,225 <u>79,274</u>
Executive Director, Wildlife Resources Commission	64,205 <u>66,773</u>
Executive Director, North Carolina Housing Finance Agency	92,063 <u>95,746</u>
Executive Director, North Carolina Agricultural Finance Authority	72,406 <u>75,302</u>
Director, Office of Administrative Hearings	65,674 <u>76,500."</u>

(b) G.S. 62-10(h) reads as rewritten:

"(h) The salary of each commissioner and that of the commissioner designated as chairman shall be ~~the same as that fixed from time to time for judges of the superior court except that the commissioner designated as chairman shall receive one thousand dollars (\$1,000) additional per annum set by the General Assembly in the Current Operations Appropriations Act.~~ In lieu of merit and other increment raises paid to regular State employees, each commissioner, including the commissioner designated as chairman, shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, and nine and six-tenths percent (9.6%) after 10 years of service. 'Service' means service as a member of the Utilities Commission."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

LEGISLATORS/SALARY AND EXPENSES INCREASE

Sec. 7.5. Effective upon convening of the 1995 Regular Session of the General Assembly, G.S. 120-3 reads as rewritten:

"§ 120-3. Pay of members and officers of the General Assembly.

(a) The Speaker of the House shall be paid an annual salary of ~~thirty-six thousand three hundred thirty-four dollars (\$36,334)~~, thirty-eight thousand one hundred fifty-one dollars (\$38,151) payable monthly, and an expense allowance of ~~one thousand three hundred forty-six dollars (\$1,346)~~ one thousand four hundred thirteen dollars (\$1,413) per month. The President Pro Tempore of the Senate shall be paid an annual salary of ~~thirty-six thousand three hundred thirty-four dollars (\$36,334)~~, thirty-eight thousand one hundred fifty-one dollars (\$38,151) payable monthly, and an expense allowance of ~~one thousand three hundred forty-six dollars (\$1,346)~~ one thousand four hundred thirteen dollars (1,413) per month. The Speaker Pro Tempore of the House shall be paid an annual salary of ~~twenty thousand seven hundred four dollars (\$20,704)~~ twenty-one thousand seven hundred thirty-nine dollars (\$21,739) payable monthly, and an expense allowance of ~~seven hundred ninety-six dollars (\$796.00)~~ eight hundred thirty-six dollars (836.00) per month. The Deputy President Pro Tempore of the Senate shall be paid an annual salary of ~~twenty thousand seven hundred four (\$20,704)~~ twenty-one thousand seven hundred thirty-nine dollars (\$21,739) payable monthly, and an expense allowance of ~~seven hundred ninety-six dollars (\$796.00)~~ eight hundred thirty-six dollars (\$836.00) per month. The majority and minority leaders in the House and the majority and minority leaders in the Senate shall be paid an annual salary of ~~sixteen thousand two hundred thirty-six dollars (\$16,236)~~ seventeen thousand forty-eight dollars (\$17,048) payable monthly, and an expense allowance of ~~six hundred thirty-four dollars (\$634.00)~~ six hundred sixty-six dollars (\$666.00) per month.

(b) Every other member of the General Assembly shall receive increases in annual salary only to the extent of and in the amounts equal to the average increases received by employees of the State, effective upon convening of the next Regular Session of the General Assembly after enactment of these increased amounts. Accordingly, upon convening of the 1995 Regular Session of the General Assembly, every other member of the General Assembly shall be paid an annual salary of ~~thirteen thousand two hundred eighty-seven dollars (\$13,287)~~ thirteen thousand nine hundred fifty-one dollars (\$13,951) payable monthly, and an expense allowance of ~~five hundred thirty-two dollars (\$532.00)~~ five hundred fifty-nine dollars (\$559.00) per month.

(c) The salary and expense allowances provided in this section are in addition to any per diem compensation and any subsistence and travel allowance authorized by any other law with respect to any regular or extra session of the General Assembly, and service on any State board, agency, commission, standing committee and study commission."

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Sec. 7.6. G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~forty-seven thousand six hundred twenty dollars (\$47,620)~~ fifty-four thousand dollars (\$54,000) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES

Sec. 7.7. G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred twenty three dollars (\$223.00)~~ two hundred thirty-two dollars (\$232.00) per week, plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

LEGISLATIVE EMPLOYEES/SALARY INCREASES

Sec. 7.8. The Legislative Administrative Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1993-94 by four percent (4%). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Senators Daniel, Plyler, Representatives Hensley, Nesbitt, Diamont

JUDICIAL BRANCH OFFICIALS/SALARY INCREASE

Sec. 7.9. (a) Section 56(a) of Chapter 321 of the Session Laws of 1993 reads as rewritten:

"(a) The annual salaries, payable monthly, for specified judicial branch officials for ~~fiscal year 1993-94 and fiscal year 1994-95~~ are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>	
Chief Justice, Supreme Court	\$93,777	<u>97,600</u>
Associate Justice, Supreme Court	91,855	<u>96,000</u>
Chief Judge, Court of Appeals	88,930	<u>93,600</u>
Judge, Court of Appeals	86,996	<u>92,000</u>
Judge, Senior Regular Resident Superior Court	79,823	<u>89,500</u>
Judge, Superior Court	77,289	<u>87,000</u>

Chief Judge, District Court	68,256	<u>79,000</u>
Judge, District Court	65,674	<u>76,500</u>
District Attorney	71,965	<u>80,600</u>
Assistant District Attorney— an average of—	46,738	
Administrative Officer of the Courts	79,823	<u>89,500</u>
Assistant Administrative Officer of the Courts	65,160	<u>75,160</u>
Public Defender	71,965	<u>80,600.</u>
Assistant Public Defender— an average of	46,738.	

If an acting senior regular resident superior court judge is appointed under the provisions of G.S. 7A-41, he shall receive the salary for Judge, Senior Regular Resident, Superior Court, until his temporary appointment is vacated, and the judge he replaces shall receive the salary indicated for Judge, Superior Court.

~~The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed forty six thousand seven hundred thirty eight dollars (\$46,738), and the minimum salary of any assistant district attorney or assistant public defender is at least twenty three thousand eight hundred sixty two dollars (\$23,862) effective July 1, 1993."~~

(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed forty-eight thousand six hundred eight dollars (\$48,608), and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-four thousand eight hundred sixteen dollars (\$24,816) effective July 1, 1994.

(c) The salaries in effect for fiscal year 1993-94 for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by four percent (4%), commencing July 1, 1994.

(d) The salaries in effect for fiscal year 1993-94 for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1994, by pro rata amounts of the four percent (4%).

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont, Hensley, Redwine, Crawford

CLERK OF SUPERIOR COURT SALARY DETERMINATION/INCREASE

Sec. 7.10. (a) G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary	
Less than 100,000	\$48,391	<u>57,670</u>
100,000 to 149,999	54,621	<u>64,780</u>
150,000 to 249,999	62,247	<u>71,890</u>
250,000 and above	68,256	<u>79,000</u>

The salary schedule in this subsection is intended to represent the following percentage of the salary of a chief district court judge:

<u>Less than 100,000</u>	<u>73%</u>
<u>100,000 to 149,999</u>	<u>82%</u>
<u>150,000 to 249,999</u>	<u>91%</u>
<u>250,000 and above</u>	<u>100%</u>

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent clerk shall not be decreased by any change in population group during his continuance in office."

(b) The increase required for the new annual salaries provided in subsection (a) of this section shall be funded from funds available to the Administrative Office of the Courts for fiscal year 1994-95.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont, Redwine, Crawford

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE

Sec. 7.11. G.S. 7A-102(c) reads as rewritten:

"(c) Notwithstanding the provisions of subsection (a), the Administrative Officer of the Courts shall establish an incremental salary plan for assistant clerks and for deputy clerks based on a series of salary steps corresponding to the steps contained in the Salary Plan for State Employees adopted by the Office of State Personnel, subject to a minimum and a maximum annual salary as set forth below. On and after July 1, 1985, each assistant clerk and each deputy clerk shall be eligible for an annual step increase in his salary plan based on satisfactory job performance as determined by each clerk. Notwithstanding the foregoing, if an assistant or deputy clerk's years of service in the office of superior court clerk would warrant an annual salary greater than the salary first established under this section, that assistant or deputy clerk shall be eligible on and after July 1, 1984, for an annual step increase in his salary plan. Furthermore, on and after July 1, 1985, that assistant or deputy clerk shall be eligible for an increase of two steps in his salary plan, and shall remain eligible for a two-step increase each year as recommended by each clerk until that assistant or deputy clerk's annual salary corresponds to his number of years of service. Any person covered by this subsection who would not receive a step increase in fiscal year ~~1993-94~~ 1994-95 because that person is at the top of the salary range as it existed for fiscal year ~~1992-93~~ 1993-94 shall receive a salary increase to the maximum annual salary provided by subsection (c1) of this section."

Sec. 7.12. G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

<u>Assistant Clerks and Head Bookkeeper</u>		Annual Salary	
Minimum		\$20,712	<u>21,126</u>
Maximum		35,967	<u>37,406</u>
 Deputy Clerks		 Annual Salary	
Minimum		\$16,560	<u>16,891</u>
Maximum		27,705.	<u>28,813.</u> "

Requested by: Senators Odom, Ballance, Gulley, Blackmon, Marshall, Daniel, Plyler, Representatives Nesbitt, Diamont, Redwine

RAISE EDUCATIONAL QUALIFICATIONS OF MAGISTRATES/MODIFY MAGISTRATES' PAY PLAN

Sec. 7.13. (a) G.S. 7A-171.2 reads as rewritten:

"§ 7A-171.2. Qualifications for nomination or renomination.

(a) In order to be eligible for nomination or for renomination as a magistrate an individual ~~must~~ shall be a resident of the county for which he is appointed.

(b) ~~To be eligible for nomination as a magistrate, an individual must have successfully completed a high school education, or have qualified for a certificate of high school equivalency, or have successfully completed the course of basic training prescribed by G.S. 7A-177.~~ To be eligible for nomination as a magistrate, an individual shall have a four-year degree from an accredited senior institution of higher education or shall have a two-year associate degree and four years of work experience in a related field, including teaching, social services, law enforcement, arbitration or mediation, the court system, or counseling. The Administrative Officer of the Courts may determine whether the work experience is sufficiently related to the duties of the office of magistrate for the purposes of this subsection. In determining whether an individual's work experience is in a related field, the Administrative Officer of the Courts shall consider the requisite knowledge, skills, and abilities for the office of magistrate.

The eligibility requirements prescribed by this subsection do not apply to individuals holding the office of magistrate on June 30, 1994, and do not apply to individuals who have been nominated by June 30, 1994, but who have not been appointed or taken the oath of office by that date.

(c) In order to be eligible for renomination as a magistrate an individual ~~must~~ shall have successfully completed the course of basic training for magistrates prescribed by G.S. 7A-177.

(d) Notwithstanding any other provision of this subsection, an individual who holds the office of magistrate on July 1, 1977, shall not be required to have successfully completed the course of basic training for magistrates prescribed by G.S. 7A-177 in order to be eligible for renomination as a magistrate."

(b) G.S. 7A-171.1 reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

(a) The Administrative Officer of the Courts, after consultation with the chief district judge and pursuant to the following provisions, shall set an annual salary for each magistrate.

(1) ~~A full-time magistrate, so designated by the Administrative Officer of the Courts, magistrate shall be paid the annual salary indicated in the table below according to the number of years he has served as a magistrate. The salary steps shall take effect on the anniversary of the date the magistrate was originally appointed: set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.~~

Table of Salaries of Full-Time Magistrates

Number of Prior Years of Service	Annual Salary
Less than 1	\$17,399
1 or more but less than 3	18,293
3 or more but less than 5	20,092
5 or more but less than 7	22,075
7 or more but less than 9	24,290
9 or more but less than 11	26,702
11 or more	29,333.
	Annual Salary
<u>Entry Rate</u>	<u>\$22,958</u>
<u>Step 1</u>	<u>25,262</u>
<u>Step 2</u>	<u>27,770</u>
<u>Step 3</u>	<u>30,506</u>
<u>Step 4</u>	<u>33,503</u>
<u>Step 5</u>	<u>36,797</u>
<u>Step 6</u>	<u>40,420.</u>

~~A 'Full time magistrate' is a magistrate who is assigned to work an average of not less than 40 hours a week during his term of office. Notwithstanding any other provision of this subdivision, a full time magistrate, who was serving as a magistrate on December 31, 1978, and who was receiving an annual salary in excess of that which would ordinarily be allowed under the provisions of this subdivision, shall not have the salary, which he was receiving reduced during any subsequent term as a full time magistrate. That magistrate's salary~~

shall be fixed at the salary level from the table above which is nearest and higher than the latest annual salary he was receiving on December 31, 1978, and, thereafter, shall advance in accordance with the schedule in the table above.

- (2) A part-time magistrate, so designated by the Administrative Officer of the Courts, is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and 135-40.2(a) and magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during his term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

~~A 'part-time magistrate' is a magistrate who is assigned to work an average of less than 40 hours of work a week during his term. No magistrate may be assigned an average of less than 10 hours of work a week during his term.~~

~~Notwithstanding any other provision of this subdivision, upon reappointment as a magistrate and being assigned to work the same or greater number of hours as he worked as a magistrate for a term of office ending on December 31, 1978, a person who received an annual salary in excess of that to which he would be entitled under the formula contained in this subdivision shall receive an annual salary equal to that received during the prior term. That magistrate's salary shall increase in accordance with the salary formula contained in this subdivision.~~

- (3) ~~Notwithstanding any other provision of this section, a magistrate with a two-year Associate in Applied Science degree in criminal justice or paralegal training from a North Carolina community college or the equivalent degree from a private educational institution in North Carolina, shall receive the annual salary provided in the table above for a magistrate with three years of service in addition to those which the magistrate has served; a magistrate with a four-year degree from an accredited senior institution of higher education shall receive the annual salary provided in the table above for a magistrate with five years of service in addition to those which the magistrate has served; a~~

~~magistrate who holds a law degree from an accredited law school shall receive the annual salary provided in the table above for a magistrate with seven years of service in addition to those which the magistrate has served; and a magistrate who is licensed to practice law in North Carolina shall receive the annual salary provided in the table above for a magistrate with nine years of service in addition to those which the magistrate has served.~~

~~Magistrates with a two or four year degree or a law degree described herein who became magistrates before July 1, 1979 are entitled to an increase of three, five and seven years, respectively, in their seniority, for pay purposes only. Full-time magistrates licensed to practice law in North Carolina who became magistrates before July 1, 1979 are entitled to the pay of a magistrate with 9 or more years of service, and part-time magistrates holding a law degree or a license to practice law as described above who became magistrates before July 1, 1979 are entitled to a proportionate adjustment in their pay. Pay increases authorized by this paragraph of this subdivision are not retroactive. Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.~~

- (4) ~~Notwithstanding any other provision of this section, a magistrate with 10 years' experience within the last 12 years as a sheriff or deputy sheriff, administrative officer for a district attorney, city or county~~

~~police officer, campus police officer, wildlife officer, or highway patrolman in the State of North Carolina, or with 20 years' experience as a sheriff or deputy sheriff, city or county police officer, campus police officer, wildlife officer, or highway patrolman in the State of North Carolina, or with 10 years' experience within the last 12 years as clerk of superior court or an assistant or deputy clerk of court in the State of North Carolina shall receive the annual salary provided in the table in subdivision (1) for a magistrate with five years of service in addition to those the magistrate has served. A magistrate who qualifies for the increased salary under both subdivisions (3) and (4) of this subsection shall receive either the salary determined under subdivision (3) or that determined under subdivision (4), whichever is higher, but no more.~~

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

(1) The salaries of magistrates who on June 30, 1994, were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

<u>Less than 1 year of service</u>	<u>\$ 18,095</u>
<u>1 or more but less than 3 years of service</u>	<u>19,025</u>
<u>3 or more but less than 5 years of service</u>	<u>20,896.</u>

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

<u>Salary Level on June 30, 1994</u>	<u>Salary Level on July 1, 1994</u>
<u>5 or more but less than 7 years of service</u>	<u>Entry Rate</u>
<u>7 or more but less than 9 years of service</u>	<u>Step 1</u>
<u>9 or more but less than 11 years of service</u>	<u>Step 2</u>
<u>11 or more years of service</u>	<u>Step 3.</u>

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

(4) The salaries of 'part-time magistrates' shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(5)(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

(c) Subsection (a1) of G.S. 7A-171.1, as added by subsection (b) of this section, expires June 30, 1999.

(d) Notwithstanding the provisions of G.S. 7A-171.1 or G.S. 7A-171.2, as rewritten by this act, any magistrate hired on or after July 1, 1994 and before the date of ratification of this act shall be treated as though they were employed on June 30, 1994, if the magistrate does not possess the educational and experience qualifications required by this section.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

AUTHORIZED TRANSFERS/SALARY ADJUSTMENT FUNDS

Sec. 7.14. The Director of the Budget may transfer to General Fund budget codes from the General Fund salary adjustment appropriation, and may transfer to Highway Fund budget codes from the Highway Fund salary adjustment appropriation, amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds may be transferred only when the use of salary reserve funds in individual operating budgets is not feasible.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Sec. 7.15. The Director of the Budget shall transfer from the Reserve for Salary Increases created in Sections 3 and 4 of this act for fiscal year 1994-95 funds to the Department of Community Colleges necessary to provide an average annual salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 1994, for all permanent full-time community college institutional personnel supported by State funds. The State Board of Community Colleges shall establish guidelines for providing their salary increases to community college institutional personnel. Salary funds shall be used to provide an average annual salary increase of four percent (4%) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont, Michaux

UNIVERSITY OF NORTH CAROLINA SYSTEM - EPA SALARY INCREASES

Sec. 7.17. (a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Salary Increases created in this act for fiscal year 1994-95 to provide a salary increase of one percent (1%), including funds for the employer's retirement and social security contributions, commencing July 1, 1994, for all employees of The University of North Carolina, as well as employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA).

(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Salary Increases created in this act for fiscal year 1994-95 to provide an annual average salary increase of three percent (3%), including funds for the employer's retirement and social security contributions, commencing July 1, 1994, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

(c) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Salary Increases created in this act for fiscal year 1994-95 to provide an annual average salary increase of five percent (5%), including funds for the employer's retirement and social security contributions, commencing July 1, 1994, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont, Barnes
UNIVERSITY OF NORTH CAROLINA COMPETITIVE FACULTY SALARY LEVELS

Sec. 7.18. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for University Institutional Programs, the sum of ten million seven hundred four thousand four hundred thirty-eight dollars (\$10,704,438) for the 1994-95 fiscal year shall be allocated by the Board of Governors to improve competitive national peer rankings and to enhance teaching faculty salaries, including those of the Institute of Government. These funds represent approximately two percent (2.00%) of salary funds for those teaching faculty whose salaries are exempt from the State Personnel Act (EPA), including funds for employer retirement and social security contributions, and are in addition to the seven million one hundred thousand dollars (\$7,100,000) appropriated in Section 3 of Chapter 321 of the 1993 Session Laws (also see Section 101.1 of that Chapter).

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont
MOST STATE EMPLOYEES/SALARY INCREASES/1994-95

Sec. 7.19. (a) The salaries in effect June 30, 1994, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and

who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 1994, unless otherwise provided by this act, by four percent (4%).

(b) Except as otherwise provided in this act, salaries in effect June 30, 1994, for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by four percent (4%), commencing July 1, 1994.

(c) The salaries in effect June 30, 1994, for all permanent part-time State employees shall be increased on and after July 1, 1994, by pro rata amounts of the salary increases provided for permanent full-time employees covered under subsection (a) of this section.

(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase on and after July 1, 1994, in accordance with subsections (a), (b), or (c) of this section, including funds for the employer's retirement and social security contributions, of the permanent full-time and part-time employees of the agency.

(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 1994.

(f) The provisions of this section shall be applied to employees whose salaries are determined in accordance with G.S. 7A-102 at two percent (2%) rather than four percent (4%), except that employees who would not receive a salary increment for the 1994-95 fiscal year under G.S. 7A-102 because they are at the top of their salary range will be moved to the new top of their salary range, which is increased by four percent (4%). The salary ranges for employees covered by G.S. 7A-102 set out in Section 7.12 of this act reflect this action.

(g) No person may receive a salary increase under G.S. 126-7 during the 1994-95 fiscal year.

Requested by: Representatives Nesbitt, Diamont, Barnes, Senators Daniel, Plyler
COMPENSATION BONUS/STATE EMPLOYEES/SCHOOL PERSONNEL

Sec. 7.20. (a) Any person:

- (1) Whose salary is set by or under this Part, other than Sections 7.2, 7.3, 7.5, 7.6, 7.9(a) except the Chief Justice of the North Carolina Supreme Court, 7.10, 7.24, the State Personnel Director or the Director, Office of Administrative Hearings; and
- (2) Who was, on July 1, 1994 a permanent officer or permanent employee whose salary is set by or under this Part

shall receive not later than August of 1994 a compensation bonus of one percent (1%), except that the compensation bonus for persons subject to Section 7.15 of this act shall

be an average of one percent (1%) per year and shall be allocated in accordance with guidelines adopted by the State Board of Community Colleges, except that the compensation bonus for persons subject to Sections 7.17 of this act shall be an average of one percent (1%) per year and shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and except that the guidelines and rules may cover employees of those institutions whose first day of employment for the 1994-95 academic year came after July 1, 1994.

(a1) Any person:

- (1) Who did not receive a compensation bonus under subsection (a) of this section; and
- (2) Who was, during the third payroll period of the 1994-95 school year either a:

a. Permanent public school employee whose salary is set by or under this Part; or

b. Public school bus driver, covered by Section 7.24 of this act

shall receive in the third payroll period of the 1994-95 school year a compensation bonus of one percent (1%) of the annual salary for that position.

(b) The annual salary on which the percentage bonus is based is the annual salary in effect during the pay period in which the bonus is paid.

(c) The Director of the Budget shall transfer from the Reserve for Compensation Bonus provided by this act sufficient funds to implement this section.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

CERTAIN PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE

Sec. 7.24. (a) Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators, and Program Administrators. – The Director of the Budget may transfer from the Reserve for Salary Increases created in this act for fiscal year 1994-95 funds necessary to provide a salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 1994, for all superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, and program administrators whose salaries are supported from the State's General Fund. These funds may not be used for any purpose other than for the salary increase and necessary employer contributions provided by this subsection.

(b) Noncertified Employees. – The Director of the Budget may transfer from the Reserve for Salary Increases created in this act for fiscal year 1994-95 funds necessary to provide a salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 1994, for all noncertified public school employees, except school bus drivers, whose salaries are supported from the State's General Fund. These funds may not be used for any purpose other than for the salary increases and necessary employer contributions provided by this subsection.

(c) The fiscal year 1993-94 pay rates adopted by local boards of education for school bus drivers shall be increased by at least four percent (4%) on and after July 1, 1994, to the extent that such rates of pay are supported by the allocation of State funds from the State Board of Education. Local boards of education shall increase the rates of pay for all school bus drivers who were employed during fiscal year 1993-94 and who continue their employment for fiscal year 1994-95 by at least four percent (4%) on and after July 1, 1994. The Director of the Budget may transfer from the salary increase reserve fund created in this act for fiscal year 1994-95 funds necessary to provide the salary increases for school bus drivers whose salaries are supported from the State's General Fund in accordance with the provisions of this subsection.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

Sec. 7.25. (a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

(b) The granting of the salary increases under this act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

(c) The salary increases provided in this Part are to be effective July 1, 1994, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, whose last workday is prior to July 1, 1994, or to employees involved in final written disciplinary procedures. The employee shall receive the increase on a current basis when the final written disciplinary procedure is resolved.

Payroll checks issued to employees after July 1, 1994, which represent payment of services provided prior to July 1, 1994, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

(d) The Director of the Budget shall transfer from the Reserve for Salary Increases in Sections 3 and 4 of this act for fiscal year 1994-95 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

(f) Section 4 of Chapter 591 of the 1993 Session Laws is repealed.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

Sec. 7.26. (a) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income and disability salary continuation benefits.

(b) Effective July 1, 1994, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1994-95 fiscal year are (i) ten and ninety-six hundredths percent (10.96%) - Teachers and State Employees; (ii) fifteen and ninety-six hundredths percent (15.96%) - State Law Enforcement Officers; (iii) nine percent (9.00%) - University Employees' Optional Retirement Program; (iv) twenty-two and sixty-five hundredths percent (22.65%) - Consolidated Judicial Retirement System; and (v) thirty-six and seven hundredths percent (36.07%) - Legislative Retirement System. Each of the foregoing contribution rates includes two percent (2%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes forty-two hundredths percent (0.42%) for the Disability Income Plan.

(c) The Board of Trustees of the Teachers' and State Employees' Retirement System shall take no action to freeze the liquidation period until instructed by the General Assembly.

(d) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 1994-95 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - one thousand three hundred twenty-one dollars (\$1,321); and (ii) Non-Medicare-eligible employees and retirees - one thousand seven hundred thirty-six dollars (\$1,736).

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

RESTORATION OF THE TWELFTH MONTH TEACHER PAYROLL

Sec. 7.27. (a) The funds appropriated in this act to the Office of State Budget and Management for a Reserve for Paydate Restoration in the amount of one hundred twenty million dollars (\$120,000,000) shall be used to restore the twelfth month of teacher payroll for school teachers paid from the General Fund.

In no event shall any allotments made pursuant to this section exceed the actual General Fund requirements.

(b) G.S. 143-15.3(b) reads as rewritten:

"(b) The Director may not use funds in the Savings Reserve Account unless the use has been approved by an act of the General Assembly. ~~It is the intent of the General Assembly that effective as of the 1994-95 fiscal year the State's liability for the deferral of the twelfth month of teacher payroll shall be eliminated. Funds may be used from the Savings Reserve Account and, to the extent necessary, may be combined with other available funds to eliminate this liability and thus bring the State into conformity with the GAAP.~~"

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

STATE EMPLOYEE SUBSISTENCE ALLOWANCE

Sec. 7.27A. G.S. 138-6(a)(3) reads as rewritten:

"(3) For expenses incurred for subsistence, payment of ~~fifty-five dollars (\$55.00)~~ seventy-one dollars (\$71.00) per day when traveling in-state or ~~sixty-seven dollars (\$67.00)~~ eighty-three dollars (\$83.00) per day when traveling out-of-state. When travel involves less than a full day (24-hour period), a reasonable prorated amount shall be paid in accordance with regulations and criteria which shall be promulgated and published by the Director of the Budget. Reimbursement to State employees for lunches eaten while on official business may be made only in the following circumstances:

- a. When an overnight stay is required reimbursement is allowed while an employee is in travel status;
- b. When the cost of the lunch is included as part of a registration fee for a formal congress, conference, assembly, or convocation, by whatever name called. Such assembly must involve the active participation of persons other than the employees of a single State department, institution, or agency and must be necessary for conducting official State business; or
- c. When the State employee is a member of a State board, commission, committee, or council which operates from funds deposited with the State Treasurer, and the lunch is preplanned as part of the meeting for the entire board, commission, committee, or council."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

PER DIEM/MILEAGE CONFORM TO FEDERAL CHANGES

Sec. 7.28. Effective upon convening of the 1995 Regular Session of the General Assembly, G.S. 120-3.1(a) reads as rewritten:

"(a) In addition to compensation for their services, members of the General Assembly shall be paid the following allowances:

- (1) A weekly travel allowance for each week or fraction thereof that the General Assembly is in regular or extra session. The amount of the weekly travel allowance shall be calculated for each member by

multiplying the actual round-trip mileage from that member's home to the City of Raleigh by the rate per mile which is the business standard mileage rate set by the Internal Revenue Service in ~~Rev. Proc. 92-104, December 28, 1992.~~ Rev. Proc. 93-51, December 27, 1993.

- (2) A travel allowance at the rate which is the business standard mileage rate set by the Internal Revenue Service in ~~Rev. Proc. 92-104, December 28, 1992.~~ Rev. Proc. 93-51, December 27, 1993, whenever the member travels, whether in or out of session, as a representative of the General Assembly or of its committees or commissions, with the approval of the Legislative Services Commission.
- (3) A subsistence allowance for meals and lodging at a daily rate equal to the maximum per diem rate for federal employees traveling to Raleigh, North Carolina, as set out at ~~57 Federal Register 6684 (February 27, 1992).~~ 58 Federal Register 67959 (December 22, 1993), while the General Assembly is in session and, except as otherwise provided in this subdivision, while the General Assembly is not in session when, with the approval of the Speaker of the House in the case of Representatives Nesbitt, Diamont or the President Pro Tempore of the Senate in case of Senators, the member is:
 - a. Traveling as a representative of the General Assembly or of its committees or commissions, or
 - b. Otherwise in the service of the State.

A member who is authorized to travel, whether in or out of session, within the United States outside North Carolina, may elect to receive, in lieu of the amount provided in the preceding paragraph, a subsistence allowance of twenty-six dollars (\$26.00) a day for meals, plus actual expenses for lodging when evidenced by a receipt satisfactory to the Legislative Administrative Officer, the latter not to exceed the maximum per diem rate for federal employees traveling to the same place, as set out at ~~57 Federal Register 6678-6687 (February 27, 1992) and at 57 Federal Register 24474-24477 (June 9, 1992).~~ 58 Federal Register 67950-67964 (December 22, 1993) and at 59 Federal Register 23702-23709 (May 6, 1994).

- (4) A member may be reimbursed for registration fees as permitted by the Legislative Services Commission."

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler
**FLEXIBLE COMPENSATION - MAKE PERMANENT A PROVISION
ALLOWING SAVINGS IN EMPLOYER FICA CONTRIBUTIONS TO BE
USED TO PAY FOR ADMINISTRATIVE EXPENSES OF FLEXIBLE
COMPENSATION PROGRAMS FOR STATE EMPLOYEES AND
EMPLOYEES OF EDUCATIONAL INSTITUTIONS SUPPORTED BY THE
STATE.**

Sec. 7.28A. Section 14(i) of Chapter 1044 of the 1991 Session Laws, as amended by Section 42 of Chapter 561 of the 1993 Session Laws reads as rewritten:

"(i) Subsections (a) through (d) of this section are effective January 1, 1990. Subsections (e) through (h) of this section are effective January 1, 1991. Subsections (a) through (h) of this section shall expire December 31, ~~1994~~. 1997."

Requested by: Senators Harris, Daniel, Plyler, Representatives Hensley, Diamont, and Nesbitt

INCLUDE EXPENSE ALLOWANCES AS COMPENSATION UNDER THE LEGISLATIVE RETIREMENT SYSTEM

Sec. 7.29. (a) Effective upon the convening of the 1995 Regular Session of the General Assembly, G.S. 120-4.8(5) reads as rewritten:

"(5) 'Compensation' means salary and expense allowance paid for service as a legislator ~~for service~~ in the North Carolina General Assembly, exclusive of ~~travel, per diem and expense allowances~~. travel and per diem."

This subsection applies to expense allowance paid on or after January 1, 1994. Effective August 1, 1994, payroll deductions of compensation, as redefined by this section, shall be made. Payroll deductions for expense allowance to cover the period from January 1, 1994, through July 31, 1994, shall be made prior to December 31, 1994.

(b) This section applies to expense allowances paid on or after January 1, 1994.

Requested by: Senators Harris, Daniel, Plyler, Sherron, Representatives Diamont, Nesbitt, Lee, Hensley

CHANGE THE METHOD FOR CALCULATING THE REDUCTION FOR EARLY RETIREMENT IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM; TO INCREASE THE RETIREMENT FORMULA WITH AN ADJUSTING INCREASE TO RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM; TO PROVIDE AN INCREASE TO RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM AND THE JUDICIAL RETIREMENT SYSTEM; TO MAKE CHANGES IN THE LEGISLATIVE RETIREMENT SYSTEM AND TO ALLOW RECIPROCITY BETWEEN THE DISABILITY INCOME PLAN OF NORTH CAROLINA AND THE DEATH BENEFIT PLAN FOR MEMBERS OF THE LEGISLATIVE RETIREMENT SYSTEM AND THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM; AND TO REMOVE THE EXCLUSION FOR WAR-RELATED DISABILITIES FROM THE DISABILITY INCOME PLAN

Sec. 7.30. (a) G.S. 128-24(5)a reads as rewritten:

"a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 128-27(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a member who so separates from service on or after July 1, 1967, the aforesated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforesated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. ~~Such deferred retirement allowance shall be computed in accordance with the provisions of G.S. 128-27(b1), provided that such benefits will be computed in accordance with subsection (b2) on or after July 1, 1967, but prior to July 1, 1969; and provided further that such benefits will be computed in accordance with subsection (b3) on or after July 1, 1969.~~ Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or eligible former law enforcement officer."

(b) G.S. 128-27 is amended by adding a new subsection to read:

"(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced retirement allowance upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 50 years and have at least 20 years of creditable service."

(c) G.S. 128-27(b13) reads as rewritten:

"(b13) Service Retirement Allowance of Members Retiring on or after July 1, 1992, but before July 1, 1994. – Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1992, but before July 1, 1994, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

- a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy hundredths percent (1.70%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. This allowance shall also be governed by the provisions of G.S. 128-27(b8)(2).
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy hundredths percent (1.70%) of his average final compensation, multiplied by the number of years of creditable service.
 - b. This allowance shall also be governed by the provisions of G.S. 128-27(b7)(2a), (2b), and (3)."
- (d) G.S. 128-27 is amended by adding a new subsection to read:

"(b14) Service Retirement Allowance of Members Retiring on or after July 1, 1994. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1994, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-one hundredths percent (1.71%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. This allowance shall also be governed by the provisions of G.S. 128-27(b8)(2).
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service

or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-one hundredths percent (1.71%) of his average final compensation, multiplied by the number of years of creditable service.

- b. This allowance shall also be governed by the provisions of G.S. 128-27(b7)(2a), (2b), and (3)."
- (e) G.S. 135-3(8)a reads as rewritten:
 - "a. Notwithstanding any other provision of this Chapter, any member who separates from service prior to the attainment of the age of 60 years for any reason other than death or retirement for disability as provided in G.S. 135-5(c), after completing 15 or more years of creditable service, and who leaves his total accumulated contributions in said System shall have the right to retire on a deferred retirement allowance upon attaining the age of 60 years; provided that such member may retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired; and further provided that in the case of a member who so separates from service on or after July 1, 1967, or whose account is active on July 1, 1967, or has not withdrawn his contributions, the aforesated requirement of 15 or more years of creditable service shall be reduced to 12 or more years of creditable service; and further provided that in the case of a member who so separates from service on or after July 1, 1971, or whose account is active on July 1, 1971, the aforesated requirement of 12 or more years of creditable service shall be reduced to five or more years of creditable service. ~~Such deferred retirement allowance shall be computed in accordance with the provisions of G.S. 135-5(b1); provided that such benefits will be computed in accordance with (b2) on or after July 1, 1967, but prior to July 1, 1969; and provided further that such benefits will be computed in accordance with (b3) on or after July 1, 1969.~~ Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or an eligible former law enforcement officer. Notwithstanding the foregoing, any member whose services as a teacher or employee are terminated for any reason other than retirement, who becomes employed by a nonprofit, nonsectarian private school in North Carolina below the college level within one year after such teacher or employee has ceased to be a teacher or employee, may elect to leave his total accumulated

contributions in the Teachers' and State Employees' Retirement System during the period he is in the employment of such employer; provided that he files notice thereof in writing with the Board of Trustees of the Retirement System within five years after separation from service as a public school teacher or State employee; such member shall be deemed to have met the requirements of the above provisions of this subdivision upon attainment of age 60 while in such employment provided that he is otherwise vested."

(f) G.S. 135-3(8) is amended by adding a new subdivision to read:

"b3. Vested deferred retirement allowance of members retiring on or after July 1, 1994. – In lieu of the benefits provided in paragraphs a. and b. of this subdivision, any member who separates from service prior to attainment of age 60 years, after completing 20 or more years of creditable service, and who leaves his total accumulated contributions in said System, may elect to retire on a deferred retirement allowance upon attaining the age of 50 years or any time thereafter; provided that such member may so retire only upon written application to the Board of Trustees setting forth at what time, not less than one day nor more than 90 days subsequent to the execution and filing thereof, he desires to be retired. Such deferred retirement allowance shall be computed in accordance with the service retirement provisions of this Article pertaining to a member who is not a law enforcement officer or an eligible former law enforcement officer."

(g) G.S. 135-5 is amended by adding a new subsection to read:

"(a1) Early Service Retirement Benefits. – Any member may retire and receive a reduced retirement allowance upon written application to the Board of Trustees setting forth at what time, as of the first day of a calendar month, not less than one day nor more than 90 days subsequent to the execution of and filing thereof, he desires to be retired: Provided, that the said member at the time so specified for his retirement shall have attained the age of 50 years and have at least 20 years of creditable service."

(h) G.S. 135-5(b14) reads as rewritten:

"(b14) Service Retirement Allowance of Members Retiring on or after July 1, 1993.1993, but before July 1, 1994. – Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1993, but before July 1, 1994, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years

of creditable service, the allowance shall be equal to one and seventy-one hundredths percent (1.71%) of his average final compensation, multiplied by the number of years of his creditable service.

- b. If the member's service retirement date occurs after his 50th and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, the allowance shall be computed as in G.S. 135-5(b14)(1)a., but shall be reduced by one-third of one percent (1/3 of 1%) thereof for each month by which the retirement date precedes the first day of the month coincident with or next following his 55th birthday.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-one hundredths percent (1.71%) of his average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to the completion of 25 years or more of creditable service, the retirement allowance shall be computed as in G.S. 135-5(b14)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.
 - c. If the member's service retirement date occurs before his 60th birthday and prior to the completion of 30 or more years of creditable service, the service retirement allowance shall be the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135(b14)(2)b [G.S. 135-5(b14)(2)b.].
 - d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall receive not less than the benefit provided by ~~G.S.~~ G.S. 135-5(b)."

(i) G.S. 135-5 is amended by adding a new subsection to read:

"(b15) Service Retirement Allowance of Members Retiring on or after July 1, 1994. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1994, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-three hundredths percent (1.73%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 1. The service retirement allowance payable under G.S. 135-5(b15)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 2. The service retirement allowance as computed under G.S. 135-5(b15)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-three hundredths percent (1.73%) of his average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 135-5(b15)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

- c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
1. The service retirement allowance as computed under G.S. 135-5(b15)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 2. The service retirement allowance as computed under G.S. 135-5(b15)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance provided by G.S. 135-5(b14)(2)c.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by G.S. 135-5(b)."

(j) G.S. 135-5(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that ~~all~~ three of the following conditions apply:

- ~~(1) The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance or had attained 20 years of creditable service.~~
- (1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
- b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with G.S. 135-5(b15)(1)b. or G.S. 135-5(b15)(2)c., notwithstanding the requirement of obtaining age 50.

- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who was living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection to apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase. The term 'in service' as used in this subsection includes a member in receipt of a benefit under the Disability Income Plan as provided in Article 6 of this Chapter."

(k) G.S. 120-4.22A is amended by adding a new subsection to read:

"(i) In accordance with subsection (a) of this section, from and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 1994, shall be increased by three and one-half percent (3.5%) of the allowance payable on January 1, 1994. Furthermore, from and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 1994, but before June 30, 1994, shall be increased by a prorated amount of three and one-half percent (3.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 1994, and June 30, 1994."

(l) G.S. 128-27 is amended by adding two new subsections to read:

"(mm) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1994. – From and after July 1, 1994, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1994, shall be increased by six-tenths of one percent (.6%) of the allowance payable on June 1, 1994. This allowance shall be calculated on the allowance payable and in effect on June 30, 1994, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 1993 General Assembly in 1994.

(nn) From and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased by two and eight-tenths percent (2.8%) of the allowance payable on July 1, 1993, in accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1993, but before June 30, 1994, shall be increased by a prorated amount of two and eight-tenths percent (2.8%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1993, and June 30, 1994."

(m) G.S. 135-5 is amended by adding two new subsections to read:

"(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1994. – From and after July 1, 1994, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1994, shall be increased by one and two-tenths of one percent (1.2%) of the allowance payable on June 1, 1994. This allowance shall be calculated on the allowance payable and in effect on June 30, 1994, so as not to be compounded on any other increase granted by act of the 1993 General Assembly, 1994 Regular Session.

(yy) From and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased by three and one-half percent (3.5%) of the allowance payable on July 1, 1993, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1993, but before June 30, 1994, shall be increased by a prorated amount of three and one-half percent (3.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1993, and June 30, 1994."

(n) G.S. 135-65 is amended by adding a new subsection to read:

"(o) From and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1993, shall be increased by three and one-half percent (3.5%) of the allowance payable on July 1, 1993. Furthermore, from and after July 1, 1994, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1993, but before June 30, 1994, shall be increased by a prorated amount of three and one-half percent (3.5%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1993, and June 30, 1994."

(o) Effective January 1, 1995, through December 31, 1996, any current member or former member of the General Assembly may purchase any legislative service for which the member does not have credit in the Legislative Retirement System by paying an amount equal to seven percent (7%) of the compensation on the last date of eligibility as provided for in G.S. 120-4.16, plus interest compounded annually equal to the average yield on the pension accumulation fund since that date.

(p) Effective February 1, 1995, G.S. 120-4.21 reads as rewritten:

"§ 120-4.21. Service retirement benefits.

(a) Eligibility; Application. – Any member ~~in service~~ may retire with full benefits who has reached 65 years of age with five years of creditable service. Any member ~~in service~~ may retire with reduced benefits who has reached the age of 50 years with 20 years of creditable service or 60 years with five years of creditable service. The member shall make written application to the Board of Trustees to retire on a service retirement allowance on the first day of the particular calendar month he designates. The designated date shall be no less than one day nor more than 90 days from the filing of the application. During this period of notification, a member may separate from service without forfeiting his retirement benefits.

(b) Computation. – Upon retirement from service in accordance with subsection (a) of this section before July 1, 1990, a member shall receive a service retirement allowance computed as follows:

- (1) For a member whose retirement date occurs on or after his 65th birthday and upon completion of five years of creditable service, four percent (4%) of his 'highest annual salary,' multiplied by the number of years of creditable service.
- (2) For a member whose retirement date occurs on or after his 60th and before his 65th birthday and upon completion of five years of creditable service, computation as in subdivision (1) of this subsection, reduced by one-fourth of one percent (1/4 of 1%) for each month his retirement date precedes his 65th birthday.

(b1) Computation. – Upon retirement from service in accordance with subsection (a) of this section on or after July 1, 1990, but before February 1, 1995, a member shall receive a service retirement allowance computed as follows:

- (1) For a member whose retirement date occurs on or after his 65th birthday and upon completion of five years of creditable service, four and two-hundredths percent (4.02%) of his 'highest annual salary,' multiplied by the number of years of creditable service.
- (2) For a member whose retirement date occurs on or after his 60th and before his 65th birthday and upon completion of five years of creditable service, computation as in subdivision (1) of this subsection, reduced by one-fourth of one percent (1/4 of 1%) for each month his retirement date precedes his 65th birthday.

(b2) Computation. – Upon retirement from service in accordance with subsection (a) of this section on or after February 1, 1995, a member shall receive a service retirement allowance computed as follows:

- (1) For a member whose retirement date occurs on or after his 65th birthday and upon completion of five years of creditable service, four and two-hundredths percent (4.02%) of his 'highest annual salary', multiplied by the number of years of creditable service.
- (2) For a member whose retirement date occurs on or after his 60th and before his 65th birthday and upon completion of five years of creditable service, computation as in subdivision (1) of this subsection, reduced by one-fourth of one percent (1/4 of 1%) for each month his retirement date precedes his 65th birthday.
- (3) For a member whose retirement date occurs on or after his 50th birthday and before his 60th birthday and upon completion of 20 years of creditable service, computation as in subdivision (2) of this subsection, reduced by the same percentage as provided for in Article 1 of Chapter 135 of the General Statutes.

(c) Limitations. – In no event shall any member receive a service retirement allowance greater than seventy-five percent (75%) of his 'highest annual salary' nor shall he receive any service retirement allowance whatever while employed in a position

that makes him a contributing member of any of the following retirement systems: The Teachers' and State Employees' Retirement System, the North Carolina Local Governmental Employees' Retirement System, ~~the Law Enforcement Officers' Retirement System, the Uniform Judicial Retirement System of North Carolina, the Uniform Solicitorial Retirement System of North Carolina or the Uniform Clerks of Courts Retirement System.~~ or the Consolidated Judicial Retirement System. If he should become a member of any of these systems, payment of his service retirement allowance shall be suspended until he withdraws from membership in that system."

(q) Effective July 1, 1994, Article 6 of Chapter 135 of the General Statutes is amended by adding a new section to read:

"§ 135-114. Reciprocity of membership service with the Legislative Retirement System and the Consolidated Judicial Retirement System.

Only for the purpose of determining eligibility for benefits accruing under this Article, membership service standing to the credit of a member of the Legislative Retirement System or the Consolidated Judicial Retirement System shall be added to the membership service standing to the credit of a member of the Teachers' and State Employees' Retirement System. However, in the event that a participant or beneficiary is a retired member of the Legislative Retirement System or the Consolidated Judicial Retirement System whose retirement benefit was suspended upon entrance into membership in the Teachers' and State Employees' Retirement System, such membership service standing to the credit of the retired member prior to retirement shall be likewise counted. Membership service under this section shall not be counted twice for the same period of time."

(r) Effective July 1, 1994, G.S. 135-5 is amended by adding a new subsection to read:

"(11) Reciprocity of Death Benefit Plan. – Only for the purpose of determining eligibility for the death benefit provided for in subsection (l) of this section, membership service standing to the credit of a member of the Legislative Retirement System or the Consolidated Judicial Retirement System shall be added to the membership service standing to the credit of a member of the Teachers' and State Employees' Retirement System. However, in the event that a participant or beneficiary is a retired member of the Legislative Retirement System or the Consolidated Judicial Retirement System whose retirement benefit was suspended upon entrance into membership in the Teachers' and State Employees' Retirement System, such membership service standing to the credit of the retired member prior to retirement shall be likewise counted. Membership service under this section shall not be counted twice for the same period of time. In no event shall a death benefit provided for in G.S. 135-5(l) be paid if a death benefit is paid under G.S. 135-63."

(s) G.S. 135-101(6) reads as rewritten:

"(6) 'Disability' or 'Disabled' shall mean the mental or physical incapacity for the further performance of duty of a participant or beneficiary; provided that such incapacity was not the result of war, ~~whether declared or not, armed or unarmed military or paramilitary conflict,~~

terrorist activity, active participation in a riot, committing or attempting to commit a felony, or intentionally self-inflicted injury."

(t) G.S. 135-105(c) reads as rewritten:

"(c) The monthly benefit as provided in subsection (a) of this section shall be equal to fifty percent (50%) of 1/12th of the annual base rate of compensation last payable to the participant prior to the beginning of the short-term benefit period as may be adjusted for percentage increases as provided under G.S. 135-108 plus fifty percent (50%) of 1/12th of the annual longevity payment to which the participant would be eligible, to a maximum of three thousand dollars (\$3,000) per month reduced by monthly payments for Workers' Compensation to which the participant may be entitled. The monthly benefit shall be further reduced by the amount of any payments from the federal Veterans Administration, any other federal agency, or any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided, that should a participant have earnings in an amount greater than the short-term benefit, the amount of the short-term benefit shall be reduced on a dollar-for-dollar basis by the amount that exceeds the short-term benefit."

(u) G.S. 135-106(b) reads as rewritten:

"(b) After the commencement of benefits under this section, the benefits payable under the terms of this section shall be equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period as may be adjusted for percentage increases as provided under G.S. 135-108, plus sixty-five percent (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled, ~~but the benefits payable shall be no less than ten dollars (\$10.00) a month.~~ entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the federal Veterans Administration, any other federal agency or any payments made under the provisions of G.S. 127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided, in any event, the benefit payable shall be no less than ten dollars (\$10.00) a month. However, a disabled participant may elect to receive any salary continuation as provided in G.S. 135-104 in lieu of long-term disability benefits; provided such election shall not extend the first 36 consecutive calendar months of the long-term disability period. An election to receive any salary continuation for any part of any given day shall be in lieu of any long-term benefit payable for that day, provided further, any lump-sum payout for vacation leave shall be treated as if the beneficiary or participant had exhausted the leave and shall be in lieu of any long-term benefit otherwise payable. Notwithstanding the foregoing, upon the completion of four years from the conclusion of the waiting period as provided in G.S. 135-104, the beneficiary's benefit shall be reduced by an amount, as determined by the Board of Trustees, equal to a primary Social Security disability benefit to which the beneficiary might be entitled had the beneficiary been awarded Social Security

disability benefits. Provided that, in any event, a beneficiary's benefit shall be reduced by an amount, as determined by the Board of Trustees, equal to a primary Social Security retirement benefit to which the beneficiary might be entitled.

Notwithstanding the foregoing, the long-term disability benefit is payable so long as the beneficiary is disabled until the earliest date at which the beneficiary is eligible for an unreduced service retirement allowance from the Retirement System, at which time the beneficiary would receive a retirement allowance calculated on the basis of the beneficiary's average final compensation at the time of disability as adjusted to reflect compensation increases subsequent to the time of disability and the creditable service accumulated by the beneficiary, including creditable service while in receipt of benefits under the Plan."

(v) Subsections (s) through (u) of this section are effective January 1, 1988, provided, however, that in applying the provisions of G.S. 135-101, 135-105, and 135-106, as amended by this section to any person who was denied disability benefits, such person shall have 180 days after ratification of this act in which to make a timely application for such benefits.

(w) Except as otherwise provided, this section becomes effective July 1, 1994.

Requested by: Senators Sherron, Carpenter, Daniel, Plyler, Representatives Nesbitt, Diamont

MODIFY THE BENEFIT RESTRICTIONS FOR REEMPLOYED RETIREES IN THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, AND IN THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM

Sec. 7.31. (a) G.S. 128-24(5)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance be ~~reemployed-reemployed, or otherwise engaged to perform services,~~ by an employer participating in the Retirement System on a ~~permanent full-time,~~ part-time, temporary, interim, or on fee-for-service basis, whether contractual or otherwise, ~~the retirement allowance shall be suspended if the beneficiary receives or earns any of the following:~~

1. ~~Salary or fees or both in excess of one thousand five hundred dollars (\$1,500) per month;~~
2. ~~Salary or fees or both in excess of thirteen thousand five hundred dollars (\$13,500) during any consecutive 12 calendar months;~~
3. ~~Salary or fees or both during any consecutive 12 calendar months, which is greater than fifty percent (50%) of the reported compensation during the 12~~

- ~~months of service preceding the effective date of retirement; or~~
4. ~~Salary or fees or both during any month, which when added to the retirement allowance at retirement exceeds the monthly compensation earned immediately prior to retirement, if reemployed by the same employer within 90 days of the effective date of retirement.~~

~~The suspension of the retirement allowance shall be effective as of the first day of the month in which the beneficiary meets the conditions set forth in conditions 1 or 4 of this paragraph and effective as of the first day of the next succeeding month following the month in which the beneficiary meets the conditions set forth in conditions 2 or 3 of this paragraph. The retirement allowance shall be reinstated the month following termination of reemployment or the month following the month in which the conditions set forth in this paragraph are no longer met. The Board of Trustees may adjust the monetary limits in this paragraph by an amount equivalent to any across the board salary increase granted to employees of the State by the General Assembly. Each employer shall report information monthly to the Board of Trustees on forms provided by the Board on each reemployed beneficiary sufficient for the effective enforcement of this paragraph. Notwithstanding the foregoing, any beneficiary may irrevocably elect to recommence membership in the Retirement System immediately upon being restored to service, whereupon the retirement allowance shall cease. and if such beneficiary earns an amount 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%)."~~

(b) G.S. 128-24(5)d. reads as rewritten:

"d. Should a A-beneficiary who retired on an early or service retirement allowance be whose retirement allowance is suspended in accordance with the provisions of paragraph c and

who is restored to service as an employee, then the retirement allowance shall cease as of the first day of the month following the month in which the beneficiary is restored to service and the beneficiary shall become a member of the Retirement System and shall contribute thereafter as allowed by law at the uniform contribution payable by all members.

Upon his subsequent retirement, he shall be paid a retirement allowance determined as follows:

1. For a member who earns at least three years' membership service after restoration to service, the retirement allowance shall be computed on the basis of his compensation and service before and after the period of prior retirement without restriction; provided, that if the prior allowance was based on a social security leveling payment option, the allowance shall be adjusted actuarially for the difference between the amount received under the optional payment and what would have been paid if the retirement allowance had been paid without optional modification.
2. For a member who does not earn three years' membership service after restoration to service, the retirement allowance shall be equal to the sum of the retirement allowance to which he would have been entitled had he not been restored to service, without modification of the election of an optional allowance previously made, and the retirement allowance that results from service earned since being restored to service; provided, that if the prior retirement allowance was based on a social security leveling payment option, the prior allowance shall be adjusted actuarially for the difference between the amount that would have been paid for each month had the payment not been suspended and what would have been paid if the retirement allowance had been paid without optional modification."

(c) G.S. 135-1(10) reads as rewritten:

"(10) 'Employee' shall mean all full-time employees, agents or officers of the State of North Carolina or any of its departments, bureaus and institutions other than educational, whether such employees are elected, appointed or employed: Provided that the term 'employee' shall not include any person who is a member of the ~~Uniform~~ Consolidated Judicial Retirement System, any member of the General Assembly or any part-time or temporary employee. Notwithstanding any other provision of law, 'employee' shall include all employees of the General Assembly except participants in the Legislative Intern

~~Program and pages.~~ Program, pages, and reemployed beneficiaries in receipt of a monthly retirement allowance under this Chapter. In all cases of doubt, the Board of Trustees shall determine whether any person is an employee as defined in this Chapter. 'Employee' shall also mean every full-time civilian employee of the army national guard and air national guard of this State who is employed pursuant to section 709 of Title 32 of the United States Code and paid from federal appropriated funds, but held by the federal authorities not to be a federal employee: Provided, however, that the authority or agency paying the salaries of such employees shall deduct or cause to be deducted from each employee's salary the employee's contribution in accordance with applicable provisions of G.S. 135-8 and remit the same, either directly or indirectly, to the Retirement System; coverage of employees described in this sentence shall commence upon the first day of the calendar year or fiscal year, whichever is earlier, next following the date of execution of an agreement between the Secretary of Defense of the United States and the Adjutant General of the State acting for the Governor in behalf of the State, but no credit shall be allowed pursuant to this sentence for any service previously rendered in the above-described capacity as a civilian employee of the national guard: Provided, further, that the Adjutant General, in his discretion, may terminate the Retirement System coverage of the above-described national guard employees if a federal retirement system is established for such employees and the Adjutant General elects to secure coverage of such employees under such federal retirement system. Any full-time civilian employee of the national guard described above who is now or hereafter may become a member of the Retirement System may secure Retirement System credit for such service as a national guard civilian employee for the period preceding the time when such employees became eligible for Retirement System coverage by paying to the Retirement System an amount equal to that which would have constituted employee contributions if he had been a member during the years of ineligibility, plus interest. Employees of State agencies, departments, institutions, boards, and commissions who are employed in permanent job positions on a recurring basis and who work 30 or more hours per week for nine or more months per calendar year are covered by the provisions of this subdivision."

(d) G.S. 135-3(8)c. reads as rewritten:

"c. Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed, or otherwise engaged to perform services, ~~be reemployed~~ by an employer participating in the Retirement System on a ~~permanent full-time,~~ part-time, temporary, interim, or on fee-for-service basis, whether contractual or otherwise, ~~the~~

~~retirement allowance shall be suspended if the beneficiary receives or earns any of the following:~~

- ~~1. Salary or fees or both in excess of one thousand five hundred dollars (\$1,500) per month;~~
- ~~2. Salary or fees or both in excess of thirteen thousand five hundred (\$13,500) during any consecutive 12 calendar months;~~
- ~~3. Salary or fees or both during any consecutive 12 calendar months, which is greater than fifty percent (50%) of the reported compensation during the 12 months of service preceding the effective date of retirement; or~~
- ~~4. Salary or fees or both during any month, which when added to the retirement allowance at retirement exceeds the monthly compensation earned immediately prior to retirement, if reemployed by the same employer within 90 days of the effective date of retirement.~~

~~The suspension of the retirement allowance shall be effective as of the first day of the month in which the beneficiary meets the conditions set forth in conditions 1 or 4 of this paragraph and effective as of the first day of the next succeeding month following the month in which the beneficiary meets the conditions set forth in conditions 2 or 3 of this paragraph. The retirement allowance shall be reinstated the month following termination of reemployment or the month following the month in which the conditions set forth in this paragraph are no longer met. The Board of Trustees may adjust the monetary limits in this paragraph by an amount equivalent to any across the board salary increase granted to employees of the State by the General Assembly. Each employer shall report information monthly to the Board of Trustees on forms provided by the Board on each reemployed beneficiary sufficient for the effective enforcement of this paragraph. Notwithstanding the foregoing, any beneficiary may irrevocable elect to recommence membership in the Retirement System immediately upon being restored to service, whereupon the retirement allowance shall cease. and if such beneficiary earns an amount 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%)."

(e) G.S. 135-3(8)d. reads as rewritten:

"d. Should a ~~A~~ beneficiary who retired on an early or service retirement allowance under this Chapter be ~~whose retirement allowance is suspended in accordance with the provisions of paragraph e and who is~~ restored to service as an employee or teacher, then the retirement allowance shall cease as of the first of the month following the month in which the beneficiary is restored to service and the beneficiary shall become a member of the Retirement System and shall contribute thereafter as allowed by law at the uniform contribution payable by all members.

Upon his subsequent retirement, he shall be paid a retirement allowance determined as follows:

1. For a member who earns at least three years' membership service after restoration to service, the retirement allowance shall be computed on the basis of his compensation and service before and after the period of prior retirement without restrictions; provided, that if the prior allowance was based on a social security leveling payment option, the allowance shall be adjusted actuarially for the difference between the amount received under the optional payment and what would have been paid if the retirement allowance had been paid without optional modification.
2. For a member who does not earn three years' membership service after restoration to service, the retirement allowance shall be equal to the sum of the retirement allowance to which he would have been entitled had he not been restored to service, without modification of the election of an optional allowance previously made, and the retirement allowance that results from service earned since being restored to service; provided, that if the prior retirement allowance was based on a social security leveling payment option, the prior allowance shall be adjusted actuarially for the difference between the amount that would have been paid for each month had the payment not been suspended

and what would have been paid if the retirement allowance had been paid without optional modification.

- e. Any beneficiary who retired on an early or service retirement allowance as an employee of any State department, agency or institution under the Law Enforcement Officers' Retirement System and becomes employed as an employee by a State department, agency, or institution as an employer participating in the Retirement System shall become subject to the provisions of G.S. 135-3(8)c and G.S. 135-3(8)d on and after January 1, 1989."

- (f) This section becomes effective January 1, 1995.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

ENHANCED EMPLOYEE HEALTH PACKAGE RECOMMENDATIONS

Sec. 7.32. The Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall recommend to the 1995 General Assembly no later than March 1, 1995 an enhanced benefit package, which shall include a wellness component.

PART 8. OFFICE OF STATE BUDGET AND MANAGEMENT

Requested by: Senator Martin of Pitt, Representative Bowman

RESERVE FOR IMPLEMENTATION OF FEDERAL OSHA REGULATIONS REGARDING BLOODBORNE PATHOGENS/USE OF FUNDS; LONG-RANGE PLAN

Sec. 8. Funds appropriated in this act to the Office of State Budget and Management for the implementation of the federal OSHA regulations regarding bloodborne pathogens shall be used only to support the cost of testing, inoculations, personal protective equipment, and required cleanup equipment and supplies for employees who are subject to these regulations and only if adequate funds are not available for these purposes. They shall not be used as planning money or for salaries for any new positions or for any other purpose than specifically authorized by this section.

BUDGET REFORM STATEMENTS/APPROPRIATIONS ADJUSTMENTS

Sec. 8.1. The General Fund and availability used in developing the 1993-95 budget is as shown below:

	<u>1993-94</u>	<u>1994-95</u>	
		<u>Recurring</u>	<u>Nonrecurring</u>
AVAILABILITY:			
Estimated Remaining			
Balance from 1993-94	\$ -	\$ -	\$593.9
Unappropriated Balance			
from the 1993 Session	4.7	209.6	-
Revenue Forecast Increase	329.3	329.3	-

Additional Increases:			
Insurance Fund	-	1.1	-
Non-Tax Revenue	<u>-</u>	<u>2.7</u>	<u>-</u>
Total Availability	\$334.0	\$542.7	\$593.9
1994 Crime Session			
Appropriations	\$ 26.9	\$168.3	\$ 61.5
Unobligated Availability	307.1		
1993-94 Estimated Reversions	<u>284.9</u>		
Total Credit Balance	\$592.0		
Earmarking:			
Savings Reserve	148.0		
Repairs and Renovations Reserve	60.0		
Reserve for Tax Relief	<u>-</u>	<u>\$ 28.1</u>	
Total Earmarking	\$ 208.0	\$ 28.1	
Balance	\$ 384.0	\$346.3	\$532.4
Additional Availability:			
Disproportionate Share Funds (Earmarked)	114.2	-	-
Disproportionate Share Funds - Additional	<u>95.7</u>	-	<u>94.0</u>
Total Additional Availability	\$209.9	-	\$94.0
Budget Reductions	-	231.3a	3.7
TOTAL BALANCE	\$593.9	\$577.6	\$630.1

a. Includes move of Senate Bill 2 recurring funds from the Department of Public Education into the compensation increase reserve in the expansion budget; and the shift of Career Development from recurring to nonrecurring.

Requested by: Senators Daniel, Plyler

RESERVE FOR TAX RELIEF

Sec. 8.2. The General Assembly, after assessing the needs of the State, determines that the sum of twenty-eight million one hundred thousand dollars (\$28,100,000) of available revenue should not be expended for current operations but rather should be reserved for future tax relief. Therefore, there is established a Reserve

for Tax Relief in which these funds shall be held for future action by the General Assembly.

Requested by: Representative Holt, Senator Odom

CRIMINAL JUSTICE INFORMATION NETWORK FUNDS

Sec. 8.3. (a) The Office of State Budget and Management may use the sum of nine hundred thirty thousand dollars (\$930,000) placed in a reserve in Section 13 of Chapter 24 of the Session Laws of the 1994 Extra Session to continue studying the development of the Criminal Justice Information Network according to the criteria enumerated in Section 13 of Chapter 24 of the Session Laws of the 1994 Extra Session.

(b) Subsection (b) of Section 13 of Chapter 24 of the Session Laws of the 1994 Extra Session reads as rewritten:

"(b) There is created within the Office of State Budget and Management a Criminal Justice Information Network study committee to conduct the study required under this section. The study committee shall be appointed by the Governor in consultation with the Lieutenant Governor, the Attorney General, and the Chief Justice of the North Carolina Supreme Court. The Governor shall appoint no more than nine members to the study committee, and shall make the appointments based upon the appointees' knowledge, expertise, and responsibility within the criminal justice system, the juvenile justice system, and related areas. All State and local government agencies shall cooperate fully with the study committee. Prior to expenditure of funds for a consultant to assist in the study, the study committee shall report to the Joint Legislative Commission on Governmental Operations on the consultant selected, the work products to be provided by the consultant, and the cost of the contract, including an itemization of the cost components. The request for proposals shall notify potential bidders that the committee will report this information to the Joint Legislative Commission on Governmental Operations. The request for proposals shall also contain a provision that reads as follows:

'Eligibility for Future Requirements: The successful bidder on this project shall not be considered for an award on subsequent hardware, software, and software support and related procurements which are based on specifications or recommendations resulting from this procurement.'

The Division of Purchase and Contract and the Office of State Budget and Management may delete this provision in the request for proposals by jointly (i) filing a written request with the Director of the Budget for authorization to delete this provision from the request for proposals; (ii) sending a copy of this written request for authorization to the Director of the Fiscal Research Division at the time the request is made; (iii) receiving written authorization to delete the provision from the Director of the Budget; and (iv) reporting the authorization, if granted, to the next meeting of the Joint Legislative Commission on Governmental Operations and to the Director of the Fiscal Research Division.

The study committee shall provide a monthly report on its progress (i) to the Chairs of the Senate and House Appropriations Committees, (ii) to the Chairs of the Senate and House Justice and Public Safety Appropriations Subcommittees, and (iii) to the Information Resources Management Commission established by G.S. 143B-426.21 at the regularly scheduled meetings of the Commission. The study committee shall report its final findings and recommendations to the General Assembly on or before ~~February 1, 1995~~, April 1, 1995, and shall make an interim report by May 15, 1994."

Requested by: Representatives Crawford, Wainwright, Senator Plexico

STATE GRANT-IN-AID CATALOG

Sec. 8.4. The Office of State Budget and Management, in cooperation with the Office of State Planning, shall compile and publish annually a catalog of grant-in-aid programs administered by State agencies. The grant-in-aid catalog shall be organized similarly to the Catalog of Domestic Federal Assistance. The grant-in-aid catalog shall assign a unique alphanumeric identifier to each grant-in-aid program and the identifier shall be included in the accounting key of the State Accounting System so that expenditure information can be readily retrieved and analyzed. Further, the grant-in-aid catalog shall contain the following information:

- (1) The name of each grant-in-aid program.
- (2) The name and business address of the administering agency, together with the telephone number of a contact person in the agency who is familiar with the grant-in-aid program.
- (3) A brief description of the purposes of the grant-in-aid program, along with a citation of the State or federal law authorizing the program.
- (4) A brief description of eligibility criteria, typical levels of grant award, number of grants awarded during the previous fiscal year, and funds available during the current and upcoming fiscal year.
- (5) Any other information that would serve to explain program features to the public and to interested applicants.

The Office of State Budget and Management and the Office of State Planning shall report to the General Assembly by February 1, 1995, regarding the progress in compiling and publishing a catalog of State grant-in-aid programs.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

SCHOOL TECHNOLOGY RESERVE

Sec. 8.5. Of the availability in the General Fund at the beginning of the 1994-95 fiscal year that is not required to balance the 1994-95 adopted budget and has not been appropriated to the Savings Reserve Account, the sum of forty-two million dollars (\$42,000,000) shall be placed in the School Technology Reserve. Funds in this Reserve shall be used for learning and instructional management technology only and shall be spent only in accordance with legislation enacted by the 1995 General Assembly subsequent to its consideration of the January 15, 1995, report of the Commission on School Technology.

PART 9. GENERAL ASSEMBLY

Requested by: Senator Plexico, Senator Martin of Guilford, Representatives Crawford, Wainwright

FINANCIAL AUDIT OF THE DEPARTMENT OF INSURANCE

Sec. 9. Of the funds appropriated in this act to the General Assembly, Legislative Services Commission, the sum of seventy-five thousand dollars (\$75,000) for the 1994-95 fiscal year shall be used to contract for an independent financial audit of the Department of Insurance in accordance with the auditing standards set forth in Government Auditing Standards. The audit shall be completed on or before January 15, 1995.

Requested by: Senator Plexico, Representatives Crawford, Wainwright, Redwine

JOINT LEGISLATIVE COMMISSION ON SEAFOOD AND AQUACULTURE STEERING COMMITTEE

Sec. 9.1. Of the funds appropriated in this act to the General Assembly, the sum of twenty-five thousand dollars (\$25,000) in the 1994-95 fiscal year may be used for the following purposes:

- (1) To support the official activities of the Joint Legislative Commission on Seafood and Aquaculture Steering Committee, and
- (2) To support the official activities of the Appeals Panel established under Section 3 of Chapter 576 of the 1993 Session Laws. Members of the Appeals Panel who are not employees of the State shall receive, in addition to the allowances provided under G.S. 138-5, compensation at the rate of one hundred fifty dollars (\$150.00) per diem in lieu of the per diem compensation provided in G.S. 138-5(a)(1).

Requested by: Representatives Wilkins, Mercer, Crawford, Wainwright, Senator Plexico

LRC STUDY CORPORATE ANNUAL REPORT FILING REQUIREMENT AND THE BUSINESS LICENSE INFORMATION OFFICE

Sec. 9.2. (a) The Legislative Research Commission may study whether the requirement under G.S. 55-16-22 that a corporation file an annual report with the Secretary of State should be modified. The Commission may consider in its study the benefits and detriments of the filing requirement, the financial burden placed on the Secretary of State's Office and on corporations by the filing requirement, and any other issues relevant to the filing requirement. The Commission may also study the Business License Information Office's master application system, the costs of the system to the State, the benefits of the system to the business community, and any other issues related to the master application system or the Business License Information Office. The Legislative Research Commission may make its recommendations and submit an interim report to the 1995 General Assembly, Regular Session 1996, and may make a final report to the 1997 General Assembly.

(b) Of the funds appropriated in this act to the General Assembly for the 1994-95 fiscal year the sum of twenty-five thousand dollars (\$25,000) is allocated to the Legislative Research Commission to conduct this study.

Requested by: Representatives Mercer, Crawford, Wainwright, Senator Plexico
STUDY ALTERNATIVE METHODS TO FUND FIREMEN'S AND RESCUE SQUAD WORKER'S PENSION FUNDS.

Sec. 9.3. (a) There is established the Firefighter and Rescue Worker Pension Fund Study Commission to be composed of 10 members: five members to be appointed by the Speaker of the House of Representatives and five members to be appointed by the President Pro Tempore of the Senate. The appointees shall serve until the termination of the Commission. The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair from their appointees. Either Cochair may call the first meeting of the Commission. Vacancies shall be filled in the same manner as the original appointments were made.

(b) The Commission shall study alternative methods to increase the funding for the Firemen's Pension Fund and the Rescue Squad Worker's Pension Fund and any other issues relevant to that topic.

(c) With the prior approval of the Legislative Services Commission, the Legislative Administrative Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the Offices of the House and Senate supervisors of Clerks. The expenses of employment of the clerical staff shall be borne by the Commission. With the prior approval of the Legislative Services Commission, the Commission may hold its meetings in the State Legislative Building or the Legislative Office Building.

(d) The Study Commission shall submit a final written report of its findings and recommendations, including legislation, on or before the convening of the 1995 Session of the General Assembly. All reports shall be filed with the Speaker of the House of Representatives and the President Pro Tempore of the Senate. Upon filing its final report, the Commission shall terminate.

(e) Members of the Commission shall be paid per diem, subsistence, and travel allowances as follows:

- (1) Commission members who are also members of the General Assembly, at the rate established in G.S. 120-3.1.
- (2) Commission members who are officials or employees of the State or local government agencies, at the rate established in G.S. 138-6.
- (3) All other Commission members at the rate established in G.S. 138-5.

(f) There is allocated from the funds appropriated to the General Assembly's Legislative Services Commission's studies reserve to the Firefighter and Rescue Worker Pension Fund Study Commission for its work the sum of twenty thousand dollars (\$20,000) for the 1994-95 fiscal year.

Requested by: Senator Perdue

PUBLIC SCHOOL FINANCE STUDY

Sec. 9.4. Public School Finance. The Legislative Research Commission may study federal, State, and local sources of funding for public school programs and facilities, including the allotment of funds under the Basic Education Program, the low-wealth and small system supplemental funding formulas, the Critical School Facility Needs Fund, the Public School Building Capital Fund, and any other State funds earmarked for public schools. The Commission may report the results of its study to the 1995 General Assembly.

PART 10. GENERAL GOVERNMENT

Requested by: Representatives Crawford, Wainwright, Gray, Hensley, Robinson, Senator Plexico

INFORMATION HIGHWAY FUNDS

Sec. 10.1. (a) The General Assembly encourages the concept of a switched broadband information highway run by private sector industry, where the State could be a customer, that would (i) enhance the delivery of education, health care, and other services to all of the people of North Carolina and (ii) promote economic development throughout all the counties of North Carolina.

(b) Seven million dollars (\$7,000,000) in nonrecurring funds are appropriated in this act to the Office of the State Controller for the North Carolina Information Highway. These funds shall be used to provide one-time grants not to exceed one hundred thousand dollars (\$100,000) per site to qualified State or local governmental entities who establish Information Highway sites. To qualify for a grant, a State or local governmental entity must: (i) file an application with the Office of State Controller by November 1, 1994, (ii) present a plan for the use of the grant funds and for the use of the Information Highway site, and (iii) demonstrate its willingness and ability to pay all of the expenses associated with the use and operations of the site. The State Controller shall administer the grants program established by this section after consulting with and receiving the recommendations of the Information Highway Grants Advisory Council.

(c) The Information Highway Grants Advisory Council is created within the Office of the State Controller. The Council shall consist of 18 members as follows:

- (1) Five members to be appointed by the Governor.
- (2) Four members to be appointed by the Speaker of the House of Representatives, at least one of whom shall be a public member.
- (3) Four members to be appointed by the President Pro Tempore of the Senate, at least one of whom shall be a public member.
- (4) One representative from the Department of Public Instruction to be designated by the Superintendent of Public Instruction.
- (5) One representative from the Department of Community Colleges to be designated by the President of the Community College System.
- (6) One representative from the The University of North Carolina to be designated by the President of The University of North Carolina.

- (7) One representative from the Office of the State Controller, to be designated by the State Controller.
- (8) One representative from the North Carolina School of Science and Mathematics, to be designated by the Board of Trustees.

Members of the Council shall be appointed by September 1, 1994, and shall serve two-year terms. The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair from among the member of the General Assembly they appoint to the Council. Vacancies on the Council shall be filled in the same manner as the original appointment.

The members of the Council shall not receive compensation but may receive subsistence and travel in accordance with G.S. 120-3.1, G.S. 138-5, and G.S. 138-6 as appropriate.

(d) The Information Highway Grants Advisory Council shall meet as often as needed to transact its business. The first meeting of the Council shall be called by the cochairs. A majority of the members of the Council shall constitute a quorum. The Office of the State Controller shall provide staff and space to the Council.

(e) The Information Highway Grants Advisory Council shall advise the Governor, the General Assembly, and the Office of the State Controller on matters pertaining to the North Carolina Information Highway. The Information Highway Grants Advisory Council shall, by September 30, 1994, develop criteria for evaluating grant applications under this section. The Information Highway Grants Advisory Council shall evaluate the grant applications and make recommendations to the State Controller regarding grant recipients by December 1, 1994. The State Controller shall not award grants before December 15, 1994. The State Controller shall notify the Information Highway Grants Advisory Council as to whom the intended grant recipients are fifteen days prior to awarding the grants.

(f) The Information Highway Grants Advisory Council and the State Controller shall report to the 1995 General Assembly regarding the grants program for the North Carolina Information Highway. Upon request, the Information Highway Grants Advisory Council and the State Controller shall report to the Joint Legislative Education Oversight Committee and to any other legislative oversight committees.

(g) Those State and local entities that have expended monies prior to June 1, 1994, on Information Highway equipment shall receive preferential consideration in expenditures pursuant to this section.

(h) It is the intent of the General Assembly that those programs receiving grants for the North Carolina Information Highway be reviewed after a three year period to determine the benefits of the programs. No one shall obligate the State to pay any nonrecurring or recurring costs related to the North Carolina Information Highway except to the extent that funds are appropriated by the General Assembly specifically for that purpose. No one shall obligate the State to pay any recurring costs related to the North Carolina Information Highway beyond the end of the fiscal period for which funds are appropriated for that purpose.

In no event shall anyone obligate the State to pay recurring operating expenses related to the North Carolina Information Highway for any non-State entity.

(i) Notwithstanding any other law, funds in the amount of four million one hundred thousand dollars (\$4,100,000) appropriated to the Office of the State Controller in Chapter 561 of the 1993 Session Laws for the 1993-94 fiscal year for the State Telecommunications System shall revert to the General Fund.

PART 11. DEPARTMENT OF ADMINISTRATION

Requested by: Senator Plexico, Representatives Wainwright, Crawford

DOMESTIC VIOLENCE CENTER FUNDS TRANSFERRED

Sec. 11. (a) Funds appropriated to the Department of Administration for domestic violence centers in Chapter 321 and Chapter 561 of the 1993 Session Laws are transferred to the Domestic Violence Center Fund established under G.S. 50B-9.

(b) Section 31 of Chapter 321 of the 1993 Session Laws, as amended by Section 30 of Chapter 561 of the 1993 Session Laws, reads as rewritten:

"Sec. 31. The funds appropriated to the Department of Administration, the North Carolina Council for Women, for the 1993-94 fiscal year and for the 1994-95 fiscal year for domestic violence centers shall be ~~allocated equally among domestic violence centers in operation on July 1, 1993, that offer services including a hotline, transportation services, community education programs, daytime services, and call forwarding during the night and that fulfill other criteria established by the Department of Administration. Grants shall be awarded based on criteria established by the Department of Administration and disbursed on a quarterly basis. The North Carolina Coalition against Domestic Violence, Incorporated, is eligible for a grant of ten thousand dollars (\$10,000) under this section. administered in accordance with G.S. 50B-9, except that the North Carolina Coalition Against Domestic Violence, Incorporated shall not receive a grant from funds appropriated under this act that exceeds ten thousand dollars (\$10,000).~~"

Requested by: Representatives Crawford, Wainwright, Senators Plexico, Martin of Guilford

GPAC/BUDGET REFORM: STRATEGIC PLANS, PERFORMANCE-BASED BUDGETING, LONG-RANGE FINANCIAL MODEL

Sec. 11.1. State Strategic Planning and Outcome Measures:

- (a) G.S. 143A-17 is repealed.
- (b) G.S. 143-3.5 reads as rewritten:

"§ 143-3.5. Coordination of ~~statistics.~~ statistics; fiscal analysis required for any bill proposed by a State agency that affects the budget.

(a) It shall be the duty of the ~~Director~~ Director, through the Office of State Budget and Management and the Office of State Planning to coordinate the efforts of governmental agencies in the collection, development, dissemination and analysis of official economic, demographic and social statistics pertinent to State budgeting. ~~The Office shall~~ Director shall:

- (1) Prepare and release the official demographic and economic estimates and projections for the State;

- (2) Conduct special economic and demographic analyses and studies to support statewide budgeting;
- (3) Develop and coordinate cooperative arrangements with federal, State and local governmental agencies to facilitate the exchange of data to support State budgeting;
- (4) Compile, maintain, and disseminate information about State programs which involve the distribution of State aid funds to local governments including those variables used in their allocation; ~~and,~~
- (5) Develop and maintain in cooperation with other State and local governmental agencies, an information system providing comparative data on resources and expenditures of local ~~governments.~~ governments; and
- (6) Report major trends that influence revenues and expenditures in the State budget in the current fiscal year and that may influence revenues and expenditures over the next five fiscal years.

Every fiscal analysis prepared by the Director or the Office of State Budget and Management addressing the State budget outlook shall encompass the upcoming five-year period. Every fiscal analysis prepared by the Director or the Office of State Budget and Management addressing the impact of proposed legislation on the State budget shall estimate the impact for the first five fiscal years the legislation would be in effect. To minimize duplication of effort in collecting or developing new statistical series pertinent to State planning and budgeting, including contractual arrangements, State agencies must submit to the Director proposed procedures and funding requirements.

(b) Any bill proposed by an executive or judicial department, agency, institution, board, or commission that affects the State budget shall be accompanied by a fiscal analysis. The fiscal analysis shall estimate the impact of the legislation on the State budget for the first five fiscal years the legislation would be in effect.

(c) This section shall not apply to the General Assembly, any of its committees and subcommittees, the Legislative Research Commission, the Legislative Services Commission, or any other committee or commission in the legislative branch."

(c) Article 1 of Chapter 143 of the General Statutes is amended by adding the following sections to read:

"§ 143-10.3. Strategic planning process.

(a) The Director, through the Office of State Budget and Management, shall establish and implement a strategic planning process for State government. The strategic planning process shall be designed to produce statewide goals, and State agencies shall develop agency goals and objectives that are consistent with those statewide goals. The Director, in conjunction with State agencies, shall prepare and apply performance measures and indicators of program impact, and shall require agency performance to be reviewed periodically to determine progress toward statewide goals and agency goals. Results of the strategic planning process and agency performance reviews shall be reflected in the budget document proposed by the Governor, as provided in G.S. 143-10.4.

The performance measures and indicators of program impact for each agency shall be based upon clear, unambiguous goals that are established by that agency. The Director shall be responsible for developing and implementing statewide comprehensive performance measures and indicators of program impact in a standardized format applicable across agency lines.

(b) If a member of the Council of State does not agree with the performance measures, departmental operations plans, and indicators of program impact developed in accordance with this section, G.S. 143-10.4, and G.S. 143-10.5, that apply to the member's department, the member of the Council of State shall submit to the Director of the Budget a statement of specific objections to the program measures and indicators of program impact. The Director of the Budget shall submit the statement to the General Assembly in accordance with G.S. 143-11(5).

"§ 143-10.4. Departmental operations plans.

The Director, through the Office of State Budget and Management and in conjunction with State agencies, shall have prepared biennially in the even-numbered years, a comprehensive operations plan for each department, agency, and institution, for which the Director may recommend an appropriation of State funds in the next biennial period. The operations plans shall address the statewide and agency goals contained in the strategic plans developed in accordance with G.S. 143-10.3. The operations plans shall provide objectives, activities, and supporting statistics for the current biennium and for the following three biennial periods. The operations plans shall also provide clear, unambiguous performance measures and outcome indicators, which measures and indicators shall be used for program evaluation and shall be reported in the Governor's biennial budget submission.

The Director shall provide unified planning and budgeting instructions to the departments, agencies, and institutions for use in developing operations plans and biennial budgets.

"§ 143-10.5. Development of performance measures for major programs.

(a) The Director of the Budget, through the Office of State Budget and Management and through State agencies, departments, and institutions, shall develop performance measures for the major programs for each State agency, department, and institution. These performance measures shall be developed as part of the biennial comprehensive plan and shall serve as the basis for the development of the biennial budget, beginning with the 1995-97 fiscal biennium.

(b) The Director shall institute a standard process for developing program performance measures and for evaluating performance results, uniform performance measurement terms, and a standardized format for presentation.

(c) The program performance measurement system shall include:

- (1) A description of the key performance measures for the program. The performance measures should include: program efficiency or unit cost, outputs or program activity, and outcomes or performance results, with emphasis on the use of program outcome measures.
- (2) Identification and description of the current level of performance.
- (3) Targets for the desired level of performance.

- (4) Identification of future performance measures that should be developed and a time frame for development.
- (5) A methodology for regular monitoring of departmental, agency, and institutional performance in relation to the measure.
- (6) A methodology for assessing programs that have achieved the desired performance targets through innovative management actions.

(d) The Director of the Budget shall prepare a comprehensive plan for the implementation of a performance measurement system and shall present the plan to the General Assembly at the same time the 1995-97 fiscal biennium budget is submitted to the General Assembly. With regard to programs for which it is anticipated that performance measures will not be fully developed by that date, the Director of the Budget shall submit to the General Assembly at that time, a plan and timetable for the development and implementation of performance measures. In developing the plan, consideration shall be given to any recommendations and reports of the Governmental Accounting Standards Board. In the event the Director shall conclude that it is not feasible to develop performance measures for particular programs, the Director shall set forth detailed reasons for the conclusion in the report.

(e) Beginning in 1996, the Director of the Budget shall report to the General Assembly no later than February 1 in odd-numbered years and no later than April 1 in even-numbered years on:

- (1) The status of the development of the program performance measurement system.
- (2) The programs that have not achieved the desired level of performance and the reasons performance targets were not achieved.
- (3) The programs that have achieved performance targets through management innovation.

"§ 143-10.6. Responsibilities of other State agencies.

All State agencies, departments, and institutions shall cooperate with the Director of the Budget to assist in the implementation of strategic planning, departmental planning, and performance budgeting. The Director of the Budget may assign any responsibility to any State agency, department, or institution as appropriate or needed to implement strategic planning, departmental planning, and performance budgeting."

(d) G.S. 143-11 reads as rewritten:

"§ 143-11. Survey of departments.

On or before the fifteenth day of December, biennially in the even-numbered years, the Director shall make a complete, careful survey of the operation and management of all the departments, bureaus, divisions, officers, boards, commissions, institutions, and agencies and undertakings of the State and all persons or corporations who use or expend State funds, in the interest of economy and efficiency, and of obtaining a working knowledge upon which to base recommendations to the General Assembly as to appropriations for maintenance and special funds and capital expenditures for the succeeding biennium. If the Director and the Commission shall agree in their recommendations for the budget for the next biennial period, he shall prepare their report in the form of a proposed budget, together with such comment and

recommendations as they may deem proper to make. If the Director and Commission shall not agree in substantial particulars, the Director shall prepare the proposed budget based on his own conclusions and judgment, and the Commission or any of its members retain the right to submit separately to the General Assembly such statement of disagreement and the particulars thereof as representing their views. The budget report shall contain a complete and itemized plan in accordance with G.S. 143-10.3, 143-10.4, and 143-10.5 of all proposed expenditures for each State department, bureau, board, division, institution, commission, State agency or undertaking, person or corporation who receives or may receive for use and expenditure any State funds, in accordance with the classification of funds and accounts adopted by the State Controller, and of the estimated revenues and borrowings for each year in the ensuing biennial period beginning with the first day of July thereafter. Opposite each item of the proposed expenditures, the budget shall show in separate parallel columns the amount expended for the last preceding ~~appropriation-fiscal~~ year, for the current ~~appropriation-fiscal~~ year, and the increase or decrease. The budget shall clearly differentiate between general fund expenditures for operating and maintenance, special fund expenditures for any purpose, and proposed capital ~~outlays-improvements~~.

The Director shall accompany the budget with:

- (1) A budget message supporting his recommendations and outlining a financial policy and program for the ensuing biennium. The message will include an explanation of increase or decrease over past expenditures, a discussion of proposed changes in existing revenue laws and proposed bond issues, their purpose, the amount, rate of interest, term, the requirements to be attached to their issuance and the effect such issues will have upon the redemption and annual interest charges of the State debt.
- (2) State Controller reports including:
 - a. An itemized and complete financial statement for the State at the close of the last preceding fiscal year ending June 30.
 - b. A statement of special funds.
- (2a) A statement showing the itemized estimates of the condition of the State treasury as of the beginning and end of each of the next two ~~appropriation-fiscal~~ years.
- (3) A report on the fees charged by each State department, bureau, division, board, commission, institution, and agency during the previous fiscal year, the statutory or regulatory authority for each fee, the amount of the fee, when the amount of the fee was last changed, the number of times the fee was collected during the prior fiscal year, and the total receipts from the fee during the prior fiscal year.
- (4) A statement showing the State Board of Education's request, in accordance with G.S. 115C-96, for sufficient funds to provide textbooks to public school students.
- (5) Statements of the objections of members of the Council of State received pursuant to G.S. 143-10.3(b) to the performance measures,

departmental operations plans, and indicators of program impact prepared in accordance with G.S. 143-10.3, 143-10.4, and 143-10.5.

- (6) A list of the budget requests of members of the Council of State that are not included in the proposed budget.

It shall be a compliance with this section by each incoming Governor, at the first session of the General Assembly in his term, to submit the budget report with the message of the outgoing Governor, if he shall deem it proper to prepare such message, together with any comments or recommendations thereon that he may see fit to make, either at the time of the submission of the said report to the General Assembly, or at such other time, or times, as he may elect and fix.

The function of the Advisory Budget Commission under this section applies only if the Director of the Budget consults with the Commission in preparation of the budget."

Sec. 11.2. **Implement Performance Budgeting:** The Director of the Budget shall develop a plan for preparing the 1995-97 fiscal biennium budget in a performance budget format. In developing the plan, consideration shall be given to the program areas of health and safety, environment, correction, justice, social and economic well-being, and economic development and commerce, for which funding shall be provided. The performance budget format shall include the following:

- (1) A description of the resources previously expended and proposed for each major program, including expenditures and numbers of employees.
- (2) A description of the goals, objectives, and need for programs, including statutory requirements.
- (3) A description of the principal program services and activities performed in order to meet program goals and the resources allocated to the major program services.
- (4) A description of the efficiency, or unit cost, of providing program services and activities.
- (5) A presentation of information on program performance and accomplishments in relation to performance measures established by the Director of the Budget in the department plan, as prescribed in G.S. 143-10.4 and G.S. 143-10.5.
- (6) Line item detail on expenditure data shall be provided at the single digit level consistent with the State Accounting System (SAS) chart of accounts as prescribed by the State Controller. The source and amounts of funding for each program shall be identified.
- (7) Any changes in the proposed scope of any budget elements, other than to provide for increases in costs due to inflation, shall include explanations as to the impact of the expected changes upon the outputs and performance outcomes of that element subprogram or program.

Sec. 11.3. Annual Financial Model Required:

G.S. 143-15.1 reads as rewritten:

"§ 143-15.1. Current Operations Appropriations Act. Act; General Fund Financial Model.

(a) The General Assembly shall enact the Current Operations Appropriations Act by June 15 of odd-numbered years and by June 30 of even-numbered years in which a Current Operations Appropriations Act is enacted. The Current Operations Appropriations Act shall state the amount of General Fund appropriations availability upon which the General Fund budget is based. The statement of availability shall list separately the beginning General Fund credit balance, General Fund revenues, and any other components of the availability amount.

The General Fund operating budget appropriations, including appropriations for local tax reimbursements and local tax sharing, for the second year in a Current Operations Appropriations Act that contains a biennial budget shall not be more than two percent (2%) greater than the General Fund operating budget appropriations for the first year of the biennial budget.

(b) The General Assembly shall review the results of the General Fund Financial model, a computer-based financial model used to project long-term expenditure and revenue trends under various simulations, in its budget deliberations. The model shall be maintained and, from time to time, updated by the Fiscal Research Division of the General Assembly."

Requested by: Representatives Crawford, Wainwright, Richardson, Senator Plexico
STATE VETERANS HOME

Sec. 11.4. Subsection (a) of Section 31 of Chapter 561 of the 1993 Session Laws reads as rewritten:

"Sec. 31. (a) It is the intent of the General Assembly that ~~no State funds shall be appropriated in future years to support operational costs of the State Veterans Home in Fayetteville.~~ Fayetteville receive its primary income from fees, charges, and reimbursements, and that State appropriated funds be made available only in the event that other sources are insufficient to cover essential operating costs."

Requested by: Representatives Michaux, Crawford, Wainwright, Senator Plexico
RENOVATIONS OF THE OLD REVENUE AND OLD EDUCATION BUILDINGS

Sec. 11.5. The Office of State Construction of the Department of Administration shall schedule the renovations of the Old Revenue and Old Education Buildings so that the agencies who have been designated as the primary tenants for those buildings may move into them as soon as possible. To the extent practical, the Office of State Construction shall conduct the renovations in phases so as to expedite the occupancy of the Old Revenue and Old Education Buildings.

Requested by: Representatives Colton, Diamont, Easterling, Crawford, Wainwright, Senator Plexico

DAY CARE FACILITY TASK FORCE

Sec. 11.6. (a) Of the funds appropriated in this act or otherwise available to the Department of Administration for the 1994-95 fiscal year, the Department of Administration shall develop an innovative, state-of-the-art day care facility in the

central government complex in compliance with Article 7, Chapter 110 of the General Statutes and upon the advice and recommendation of the North Carolina Day Care Facility Task Force. The facility shall serve as a highly visible project demonstrating the State's commitment to early childhood developmental care.

(b) There is created the North Carolina Day Care Facility Task Force within the Department of Administration for organizational, budgetary, and administrative purposes only. The Task Force shall be composed of nine members of whom three members are ex officio and six are appointed, as follows:

- (1) The Director of the Division of Child Development, Department of Human Resources;
- (2) The Director of the Division of Maternal and Child Health of the Department of Environment, Health, and Natural Resources;
- (3) The Superintendent of Public Instruction;
- (4) Two members of the Child Day-Care Commission, one appointed by the President Pro Tempore of the Senate and one appointed by the Speaker of the House of Representatives;
- (5) Two members of the public appointed by the Governor, one of whom is a parent using day care services;
- (6) A member of the Senate appointed by the President Pro Tempore of the Senate; and
- (7) A member of the House of Representatives appointed by the Speaker of the House of Representatives.

The ex officio members may designate a representative from their departments, divisions, or offices to represent them on the Task Force.

(c) All members of the Task Force are voting members. All appointments shall be made by and terms commence on August 1, 1994. Vacancies in the appointed membership shall be filled by the appointing officer who made the initial appointment. The Governor shall appoint a chair of the Task Force biennially from the membership of the Task Force.

(d) The Task Force shall:

- (1) Advise the Department of Administration regarding selection of a site for the State day care facility;
- (2) Advise the Department of Administration on matters related to developing the site into a safe, well-equipped, educational day care facility;
- (3) Advise the Department of Administration on matters related to standards of employment and personnel performance;
- (4) Advise the Department of Administration on developing guidelines for selecting children who shall be eligible for admission into the day care facility, including children of State employees, inner-city residents of the City of Raleigh, private citizens, and disabled children and other children who qualify for federal assistance;
- (5) Advise the Department of Administration on setting payment rates of persons who use the day care facility, taking into account ability to

- pay, State and federal subsidies, and access to federal and other funding;
- (6) Advise the Department of Administration on the feasibility of contracting the operations of the day care facility to private corporations or establishing a nonprofit corporation to operate the facility;
 - (7) Periodically assess the operations of the State day care facility;
 - (8) Conduct a feasibility study of developing a day care facility at Dorothea Dix Hospital; and
 - (9) Report to the 1995 General Assembly on the progress of developing the day care facility, including progress in selecting a site for the facility, renovating the site to house the facility, hiring staff, and the costs associated with the facility.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

UPGRADE SATELLITE AND MICROWAVE SYSTEM

Sec. 11.7. Funds appropriated to the Department of Administration in Section 4 of Chapter 561 of the 1993 Session Laws, for Public Telecommunications upgrade satellite system, shall be reallocated for the 1994-95 fiscal year to be used along with federal funds to upgrade Public Telecommunication's existing satellite and microwave systems.

PART 12. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Senators Plyler, Plexico, Representatives Wainwright, Crawford

CULTURAL RESOURCES FUNDS REALLOCATION

Sec. 12. Of the funds appropriated in Section 4 of Chapter 561 of the 1993 Session Laws to the Department of Cultural Resources for the Museum of History - Core Exhibition Design and Construction, the sum of seven hundred thousand dollars (\$700,000) for the 1994-95 fiscal year shall be reallocated in the following amounts and shall be used for the following purposes:

- (1) \$300,000 for the Museum of the Cape Fear,
- (2) \$50,000 for the Thomas Day House,
- (3) \$50,000 for the Newbold White House,
- (4) \$50,000 for the Albemarle-Stanly County Historic Preservation Commission,
- (5) \$150,000 for the Chinqua-Penn Plantation - Planning Grant,
- (6) \$50,000 for the Union County Arts Council, and
- (7) \$50,000 for the Captain White House

Requested by: Representatives Crawford, Wainwright, Colton, Senator Plexico

ART IN STATE BUILDINGS/ADMINISTRATIVE COSTS

Sec. 12.1.(a) G.S. 143-408.3 reads as rewritten:

"§ 143-408.3. Definitions.

In this Article, unless the context otherwise requires, the following definitions shall apply:

- (1) 'Construction' means construction, reconstruction, remodeling, or renovation.
 - (2) 'Contracting officer' means the public officer or body responsible for securing the preparation of plans and specifications for the purpose of negotiating or advertising for bids for the construction of a State building.
 - (3) 'Designer' means an architect or engineer licensed in North Carolina.
 - (4) 'Principal user' means the State agency which will be the principal occupant of the proposed State building. However, in cases where more than one agency will occupy a building, 'principal user' means the Secretary of the Department of Administration.
 - (5) 'State building' means any permanent structure together with all grounds and appurtenant structures which are intended as offices; laboratories; workshops; courtrooms; hearing or meeting rooms; medical, dental, library, or museum space for use by the general public; or other space for carrying on the functions of a State agency which is to be constructed, reconstructed, remodeled, or renovated using an appropriation of State funds when the amount appropriated for that purpose exceeds ~~five hundred thousand dollars (\$500,000)~~ one million dollars (\$1,000,000).
 - (6) 'Works of art' or 'art works' includes, but is not limited to, paintings, sculptures, fountain sculptures, frescoes, mobiles, murals, collages, mosaics, bas-reliefs, tapestries, photographs, drawings, silk screens, etchings, and lithographs. The term 'works of art' or 'art works' shall not include any reproductions of original art by mechanical means."
- (b) G.S. 143-408.4 reads as rewritten:

"§ 143-408.4. Appropriations and procedure for inclusion of art works.

(a) One-half of one percent (0.5%) of the amount ~~spent~~ appropriated for the construction of each State building, not including the amount of funds used for land acquisition, shall be used for the acquisition of works of art for that building.

(b) The amount to be expended for the acquisition of art works for the building shall be included in the stated limit of the design contract and the amount shall also be incorporated by the designer in his total cost estimate for construction.

(c) If the contracting officer, the principal user and the Secretary of Administration jointly determine and certify in writing that, due to the use of the building or other reasons, a particular construction project is not appropriate for the placement of art works the provisions of this Article shall not apply, or, if not appropriate for the expenditure of a full one-half percent (0.5%) of the amount ~~spent~~ appropriated for construction as defined in G.S. 143-408.3, then in some percentage up to one-half percent.

(d) The selection and commissioning of artists and the acquisition and execution of works of art for State buildings undertaken pursuant to this Article shall be exempt

from the provisions of all State bidding requirements. Expenditures for works of art as provided in this Article shall be contracted for separately from all other items in the construction project.

(e) Of the one-half of one percent (0.5%) of the amount appropriated, or, in cases when an appropriation has been made for planning or design only, the amount approved by the Office of State Construction for the construction cost of a State building which that is dedicated to the acquisition of works of art pursuant to subsection (a) of this section, no more than ~~eight percent (8%)~~ twenty percent (20%) of those funds may be used for the administrative costs of acquiring the art works. Funds for the administrative costs for acquisition of the art works shall be disbursed to the Department of Cultural Resources at the time the design contract is signed.

(e1) Of the one-half of one percent (0.5%) of the amount estimated for the construction cost of a State building that is dedicated to the acquisition of works of art pursuant to subsection (a) of this section, up to ten percent (10%) of the funds reserved for the artist's fee may be used as advanced planning funds to enable the artist, upon selection, to develop working drawings and to incorporate plans for the art work in the construction documents for the State building. Funds for advanced planning shall be disbursed at the time the artist's contract is approved.

(e2) Of the one-half of one percent (0.5%) of the amount appropriated for the construction cost of a State building that is dedicated to the acquisition of works of art pursuant to subsection (a) of this section, two percent (2%) shall be placed in a nonreverting fund for the repair and conservation of the works of art in the Art Works for State Buildings Collection in the Department of Cultural Resources.

(f) The Department of Cultural Resources may issue any rules necessary for the implementation of this ~~act~~ Article and shall administer the program created by this ~~act~~ Article through the North Carolina Arts Council."

(c) G.S. 143-408.5(a) reads as rewritten:

"(a) Whenever a new State building is to be constructed, the contracting officer, together with the designer who has been engaged to prepare the plans for the project, shall consult with the principal user and the Public Arts Administrator of the North Carolina Arts ~~Council~~ Council, prior to the schematic phase of the building, regarding the works of art to be included in the design of the building and the artist or craftsman to be commissioned for the project."

(d) This section applies to State buildings authorized after September 1, 1992.

Requested by: Representatives Crawford, Wainwright, Senator Plexico

TRYON'S PALACE ARTIFACTS

Sec. 12.2. G.S. 121-20 reads as rewritten:

"§ 121-20. Commission to receive and expend funds donated or made available for restoration of Tryon's ~~Palace~~. Palace; Commission to acquire and sell artifacts for Tryon's Palace.

(a) In addition to exercising the powers and duties imposed upon the Tryon Palace Commission by Chapter 791 of the Session Laws of 1945 and Chapter 233 of the

Session Laws of 1949, the Tryon Palace Commission is hereby fully authorized and empowered to receive and expend and disburse, for the restoration of the said Tryon's Palace, all such funds and property which were provided for said purpose by the last will and testament of Maude Moore Latham, deceased, and the said Commission shall likewise have the power and authority to receive and expend all such other funds as may be donated or made available for the purpose of restoring the said Palace or for the purpose of furnishing and equipping same and the grounds on which the same is located at New Bern, North Carolina.

The Tryon Palace Commission is hereby authorized, empowered and directed to designate some person as financial officer and treasurer, to disburse the funds and property devised by Maude Moore Latham to the said Tryon Palace Commission for the aforesaid purpose and all such other funds as may be donated or made available to the said Commission for expenditure for the aforesaid purposes. The said financial officer and treasurer shall be made the custodian of all stocks, bonds and securities and funds hereinbefore referred to and shall be authorized and empowered to sell, convert and transfer any stocks, bonds and securities held for such purpose, subject to and with the advice and approval of a finance committee to be appointed by the Tryon Palace Commission for such purpose. The sale and conversion and transfer of said securities shall be made when necessary to provide funds required for the said restoration and at such time as, in the opinion of the finance officer and treasurer, when approved by the finance committee, will be to the interests and advantage of the Tryon Palace Commission and the purposes for which said funds and securities were provided.

The finance officer and treasurer aforesaid shall be required to give such bond as, in the opinion of the Tryon Palace Commission, is proper for the faithful performance as finance officer and treasurer, and shall render to the Tryon Palace Finance Committee, with copies to the Department of Cultural Resources and the State Treasurer, annual or ad interim detailed reports of moneys and/or securities received, exchanged or converted into cash. Checks issued against such funds shall be countersigned by the chairman of Tryon Palace Commission, or by one duly authorized by the said Commission.

The finance officer and treasurer shall serve without compensation; however, any expenses incurred for the faithful performance of said duties, including the cost of the bond, shall be borne by the Tryon Palace Commission, from the proceeds of the funds thus handled.

The Tryon Palace Commission shall have the power and authority in its discretion to call upon the Treasurer of the State of North Carolina to act as treasurer of the said funds and properties and, if so designated, said treasurer shall exercise all the powers and duties herein imposed upon the financial officer and treasurer hereinbefore referred to.

The Tryon Palace Commission is hereby authorized and empowered to expend the funds hereinbefore referred to and it may disburse said funds through the Department of Cultural Resources in the event it is found more practical to do so, and said Commission shall cooperate with the Department of Cultural Resources of the State of North Carolina in the expenditure of the funds for the restoration of said Tryon's Palace

provided by two trust funds created by Maude Moore Latham in her lifetime, which funds shall be expended in accordance with the terms and provisions of said trusts for the purposes therein set out.

(b) The Tryon Palace Commission may solicit, accept, and hold artifacts and furnishings, and may acquire them by purchase or gift for the interpretive needs and development of Tryon Palace Historic Sites and Gardens. The Commission may dispose of by trade, sale, or transfer, in accordance with accepted museum practices, any accessioned or unaccessioned artifacts and furnishings in the custody of the Commission, or its appointed officers, that are determined to have no further value for official or administrative purposes or for research, reference, or interpretation. Any proceeds realized through the deaccession and sale of artifacts and furnishings shall be placed in a collections fund administered by the Tryon Palace Commission. Monies received by the Commission, after deduction of the expenses attributable to that sale, shall be used for the acquisition of artifacts and furnishings necessary or desirable for research, reference, and interpretation at Tryon Palace Historic Sites and Gardens."

Requested by: Representatives Crawford, Wainwright, Senator Plexico

CULTURAL RESOURCES MAY SELL ARTIFACTS

Sec. 12.3. G.S. 121-7(a) reads as rewritten:

"(a) The Department of Cultural Resources shall maintain and administer the North Carolina Museum of History for the collection, preservation, study, and exhibition of authentic artifacts and other historical materials relating to the history and heritage of North Carolina. The Department, with the approval of the Historical Commission, may acquire, either by purchase, gift, or loan such artifacts and materials, and, having acquired them, shall according to accepted museum practices classify, accession, preserve, and where feasible exhibit such materials and make them available for study. Within available funds, one or more branch museums of history may be established and administered by the Department. The Department of Cultural Resources, subject to the availability of staff and funds, may give financial, technical, and professional assistance to nonstate historical museums sponsored by governmental agencies and nonprofit organizations according to regulations adopted by the North Carolina Historical Commission.

The Department of Cultural Resources may, with the explicit approval of the North Carolina Historical Commission sell, trade, or place on permanent loan any artifact owned by the State of North Carolina and in the custody of and curated by the Division of Archives and History, unless the sale, trade, or loan would be contrary to the terms of acquisition. The net proceeds of any sale, after deduction of the expenses attributable to that sale, shall be deposited to the State treasury to the credit of the Division of Archives and History Artifact Fund, and shall be used only for the purchase of other artifacts. No artifact curated by any agency of the Department of Cultural Resources may be pledged or mortgaged."

Requested by: Representatives Crawford, Wainwright, Hensley, Senator Plexico

CULTURAL RESOURCES SECURITY OFFICERS

Sec. 12.4. Section 34 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 34. (a) On July 1, 1994, the Department of Cultural Resources shall redefine the job responsibilities of its security ~~positions~~ positions, with the exception of the security positions for the North Carolina Museum of Art, so that the services of a certified law enforcement officer are no longer required, and shall accordingly discontinue payments to the Law Enforcement Officers' Retirement System.

(b) The Department of Cultural Resources in cooperation with the Department of Administration shall develop a plan to transfer by July 1, 1995, the security positions now under the North Carolina Museum of Art, Department of Cultural Resources, to the State Capitol Police, Department of Administration. The Department of Cultural Resources and the Department of Administration shall submit the plan to the General Assembly by March 1, 1995. The plan shall include all of the following:

- (1) An evaluation of the security technology currently installed in the North Carolina Museum of Art and recommendations regarding any additional equipment that may be needed to ensure adequate security for the Museum.
- (2) The establishment of a State Capitol Police substation or its equivalent in close proximity to State facilities located on Reedy Creek Road or Blue Ridge Road so that adequate security shall be provided to State property in that vicinity.
- (3) An agreement from the North Carolina Museum of Art to make available to the State Capitol Police any special training needed by officers deployed to provide security at the Museum.
- (4) A detailed cost proposal for the plan."

Requested by: Senators Daniel, Plyler

CREATION OF ROANOKE ISLAND COMMISSION

Sec. 12.5 (a) Article 2 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 27A. Roanoke Island Commission.

"§ 143B-131.1. Commission established.

There is established the Roanoke Island Commission. The Commission shall be located within the Department of Cultural Resources for organizational, budgetary, and administrative purposes.

"§ 143B-131.2. Roanoke Island Commission. – Powers and duties.

(a) The Commission is created to combine various existing entities in the spirit of cooperation for a cohesive body to protect, preserve, develop, and interpret the historical and cultural assets of Roanoke Island.

The Commission may:

- (1) Advise the Secretary of Transportation and adopt rules on matters pertaining to, affecting, and encouraging restoration, preservation, and enhancement of the appearance and aesthetic quality of U.S. Highway 64/264 and N.C. 400 travel corridors on Roanoke Island.

- (2) Advise the Secretary of the Department of Cultural Resources and adopt rules on matters pertinent to the operation and maintenance of the Elizabeth II State Historic Site and Visitor Center and the Elizabeth II as permanent memorials commemorating the Roanoke Voyages, 1584-1587.
- (3) Advise the Secretary of the Department of Cultural Resources and adopt rules on matters pertinent to the development of Ice Plant Island and to manage future facilities in cooperation with the Department of Cultural Resources.
- (4) Advise the Secretary of the Department of Cultural Resources on matters pertinent to historical and cultural events on Roanoke Island.
- (5) With the assistance of the Department of Cultural Resources, identify, preserve, and protect properties located on Roanoke Island having historical significance to the State of North Carolina, Dare County, or the Town of Manteo consistent with applicable State laws and Department rules.
- (6) Make recommendations to the Secretary of the Department of Cultural Resources for establishing and providing a proper charge for admission to the ship, and for the maintenance and operation of the ship, the visitor center, and the grounds as a permanent memorial and exhibit.
- (7) Solicit and accept gifts, grants, and donations.
- (8) Cooperate with the Secretary and Department of Cultural Resources, the Secretary and Department of Transportation, the Secretary and Department of Environment, Health, and Natural Resources, and other governmental agencies, officials, and entities, and provide them with assistance and advice.
- (9) Adopt and enforce such bylaws, rules, regulations, and guidelines that the Commission deems to be reasonably necessary in order to carry out its powers and duties.
- (10) Establish and maintain a 'Roanoke Island Commission Fund' composed of moneys which may come into its hands from gifts, donations, grants, or bequests, which funds will be used by the Commission for purposes of carrying out its duties and purposes herein set forth. The Commission may establish a reserve fund to be maintained and used for contingencies and emergencies.
- (11) By cooperative arrangement with other agencies, groups, individuals, and other entities, coordinate and schedule historical and cultural events on Roanoke Island.
- (12) Make recommendations to the Secretary of Cultural Resources concerning personnel and budgetary matters.
- (13) Acquire real and personal property by purchase, gift, bequest, devise, and exchange.

(b) Contract Authority. – The Commission may procure supplies, services, and property as appropriate and may enter into contracts, leases, or other legal agreements consistent with State laws and Department rules to carry out the purposes of this Part and duties of the Commission.

"§ 143B-131.3. Assignment of property; offices.

Upon request of the Commission, the head of any State agency may assign property, equipment, and personnel of such agency to the Commission to assist the Commission in carrying out its duties under this Part. Assignments under this section shall be without reimbursement by the Commission to the agency from which the assignment was made.

"§ 143B-131.4. Commission reports.

Before July 1, 1995, the Commission shall submit to the General Assembly a comprehensive report incorporating specific recommendations of the Commission for development and promotion of the Elizabeth II State Historic Site and Visitor Center. After the initial report, the Commission shall submit a report to the General Assembly within 30 days of the convening of each Regular Session of the General Assembly. The report shall include:

- (1) A summary of actions taken by the Commission consistent with the powers and duties of the Commission set forth in G.S. 143B-131.2.
- (2) Recommendations for legislation and administrative action to promote and develop the Elizabeth II State Historic Site and Visitor Center.
- (3) An accounting of funds received and expended.

"§ 143B-131.5. Roanoke Island Commission. – Additional powers and duties; transfer of assets and liabilities.

(a) The Commission shall also have the powers and duties established by Chapter 1194, Session Laws of 1981, as amended.

(b) Effective October 1, 1994, all lawful standards, rules, regulations, guidelines, contracts, agreements, permits, bylaws, and certificates of appropriateness of or issued by the Roanoke Voyages Corridor Commission or the Roanoke Voyages and Elizabeth II Commission shall remain in effect until modified, amended, revoked, repealed, or changed (as appropriate) by the Roanoke Island Commission in accordance with law.

(c) Effective October 1, 1994, all the assets and liabilities of the Roanoke Voyages and Elizabeth II Commission are vested in the Roanoke Island Commission.

"§ 143B-131.6. Roanoke Island Commission. – Members; terms; vacancies; expenses; officers.

(a) The Commission shall consist of 24 voting members appointed as follows:

- (1) Six members appointed by the Governor;
- (2) Six members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, at least two of whom reside in Dare County;
- (3) Six members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, at least two of whom reside in Dare County; and
- (4) The following persons, or their designees, ex officio:

- a. The Governor;
- b. The Attorney General;
- c. The Secretary of the Department of Cultural Resources;
- d. The Secretary of the Department of Transportation;
- e. The Chair of the Dare County Board of Commissioners; and
- f. The Mayor of Manteo.

(b) Members shall serve for two-year terms, with no prohibition against being reappointed, except initial appointments shall be for terms as follows:

- (1) The Governor shall initially appoint three members for a term of two years and three members for a term of three years.
- (2) The General Assembly upon the recommendation of the President Pro Tempore of the Senate shall initially appoint three members for a term of two years and three members for a term of three years.
- (3) The General Assembly upon the recommendation of the Speaker of the House of Representatives shall initially appoint three members for a term of two years and three members for a term of three years.

Initial terms shall commence on October 1, 1994.

(c) The Governor shall appoint a chair biennially from among the membership of the Commission. The initial term of the chair shall commence on October 1, 1994. The Commission shall elect from its membership a vice-chair, a secretary, and treasurer to serve two-year terms. The Commission in its discretion may appoint a historian to serve at its pleasure. Initial terms shall commence on October 1, 1994.

(d) A vacancy in the Commission resulting from the resignation of a member or otherwise, shall be filled in the same manner in which the original appointment was made, and the term shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

(e) The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 138-5 and G.S. 138-6, as applicable. When approved by the Commission, members may be reimbursed for subsistence and travel expenses in excess of the statutory amount.

(f) Members may be removed in accordance with G.S. 143B-13 as if that section applied to this Part.

(g) The chair shall convene the Commission. Meetings shall be held as often as necessary, but not less than two times a year.

(h) A majority of the members of the Commission shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Commission shall be necessary for action to be taken by the Commission.

(i) The Commission shall make its recommendations by September 15 of each year that terms expire for appointments for terms commencing November 1 of that year; provided the initial appointments for terms commencing October 1, 1994, shall be made upon recommendation of the Roanoke Island Historical Association.

"§ 143B-131.7. Roanoke Island Commission. – Counsel.

The Attorney General shall assign legal counsel to the Commission."

(b) Sections 3.2 and 3.3 of Chapter 673, Session Laws of 1985, are amended by deleting "Section 2", and substituting "Section 3".

(c) Effective October 1, 1994, Part 27 of Article 2 of Chapter 143B of the General Statutes is repealed.

(d) Effective October 1, 1994, the statutory authority, powers, duties, and functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the Roanoke Voyages and Elizabeth II Commission are transferred to the Roanoke Island Commission.

All its prescribed powers, including, but not limited to, rule making, regulation, licensing, and promulgation of rules, rates, regulations, and standards, and the rendering of findings, orders, and adjudications are transferred as well.

(e) This section becomes effective October 1, 1994.

PART 13. OFFICE OF THE GOVERNOR

Requested by: Senators Martin of Guilford, Plexico, Representatives Crawford, Wainwright

REPORT TO AUDITOR ON TRANSFERS BETWEEN OBJECTS AND ITEMS

Sec. 13. G.S. 143-23(a1) reads as rewritten:

"(a1) No transfers may be made between objects or line items in the budget of any department, institution, or other spending agency; however, with the approval of the Director of the Budget, a department, institution, or other spending agency may spend more than was appropriated for an object or line item if the overexpenditure is:

- (1) In a purpose or program for which funds were appropriated for that fiscal period and the total amount spent for the purpose or program is no more than was appropriated for the purpose or program for the fiscal period;
- (2) Required to continue a purpose or program because of unforeseen events, so long as the scope of the purpose or program is not increased;
- (3) Required by a court, Industrial Commission, or administrative hearing officer's order or award or to match unanticipated federal funds;
- (4) Required to respond to an unanticipated disaster such as a fire, hurricane, or tornado; or
- (5) Required to call out the National Guard.

The Director of the Budget shall report on a quarterly basis to the Joint Legislative Commission on Governmental ~~Operations and to Operations,~~ the Fiscal Research Division of the Legislative Services ~~Office-Office,~~ and the State Auditor the reason if the amount expended for a purpose or program is more than the amount appropriated for it from all sources. If the overexpenditure was authorized under subdivision (2) of this subsection, the Director of the Budget shall identify in the report the unforeseen event that required the overexpenditure.

Funds appropriated for salaries and wages are also subject to the limitation that they may only be used for (i) salaries and wages or for premium pay, overtime pay, longevity, unemployment compensation, workers' compensation, temporary wages, contracted personal services, moving expenses, payment of accumulated annual leave, certain awards to employees, tort claims, and employer's social security, retirement, and hospitalization payments; or (ii) uses for which over expenditures are permitted by subdivisions (3), (4), and (5) of this subsection but the Director of the Budget shall include such use and the reason for it in his quarterly report to the Joint Legislative Commission on Governmental ~~Operations and to Operations,~~ the Fiscal Research Division of the Legislative Services Office. ~~Office, and the State Auditor.~~

Lapsed salary funds that become available from vacant positions are also subject to the limitation that they may not be used for new permanent employee positions or to raise the salary of existing employees.

The requirements in this section that the Director of the Budget report to the Joint Legislative Commission on Governmental Operations and the State Auditor shall not apply to expenditures of receipts by entities that are wholly receipt supported, except for entities supported by the Wildlife Resources Fund.

The State Auditor shall review the report received from the Director of the Budget to ensure that the transfer complied with the intent and the provisions of this Article and shall report the Auditor's findings to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division."

PART 14. DEPARTMENT OF INSURANCE

Requested by: Senator Plexico, Representatives Crawford, Wainwright

CONTROLLER'S RECOMMENDATIONS/INSURANCE DEPARTMENT'S CHART OF ACCOUNTS

Sec. 14. The Office of the State Controller performed a review of the Department of Insurance's chart of accounts in accordance with Section 42 of Chapter 321 of the 1993 Session Laws and reported its findings and recommendations in a letter dated March 1, 1994, to the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The Office of the State Controller made several recommendations to bring the Department's accounting practices in compliance with standards promulgated by the Governmental Accounting Standards Board (GASB) and to be consistent with the accounting principles and guidelines prescribed for use within the State's accounting system. The Department of Insurance and the Office of State Budget and Management under the supervision of the Office of the State Controller shall implement the first three recommendations of the Office of the State Controller with regard to the following:

- (1) Governmental Accounting Standards Board Classifications. – The Office of State Budget and Management and the Department of Insurance shall establish two special revenue budget codes, interest bearing and noninterest bearing, to be on deposit with the State Treasurer. The following list of funds within budget code number

63900 shall be recorded in an interest bearing special revenue budget code:

<u>Fund</u>	<u>Title</u>	<u>GASB No.</u>	<u>Reassigned GASB No.</u>
6112	Safety Grants Program	3100	1319
6123	Volunteer Rescue/EMS	3100	1319
6133	Volunteer Fire Dept.	3100	1319
6134	Special Training Schools	3900	1300
6135	Fire and Rescue Journals	3900	1319
6140	Fire Prevention Week	3900	1319
6501	Qualification Board Fund	3900	1319

The following list of funds within budget code number 63901 shall be recorded in a noninterest bearing special revenue fund:

<u>Fund</u>	<u>Title</u>	<u>GASB No.</u>	<u>Reassigned GASB No.</u>
6121	NC Firemen's Assoc. Grant	3100	1319
6122	Res. Squad Workers Relief	3100	1319

- (2) Incorrect Budget Code. – The Department of Insurance Fund (DAS Fund 6000) and the Consumer Protection Fund (DAS Fund 6001) shall be accounted for in an interest bearing special revenue budget code. The Continuing Education Program (DAS Fund 6231) shall be accounted for in a noninterest bearing special revenue budget code. The funds are being recorded as a special revenue fund for financial reporting purposes.
- (3) Classification of Divisions Currently Accounted for in Trust Funds. – The revenue for the field audit division (DAS fund 6222), market conduct division (DAS fund 6223), and regulatory actions division (DAS fund 6226) of the Department of Insurance shall be recorded in the General Fund as receipts of the Department rather than in trust funds from which transfers are periodically made to the General Fund.

Requested by: Senator Martin of Guilford, Representatives Crawford, Nesbitt

CONSUMER PROTECTION FUND

Sec. 14.1. G.S. 58-2-215(d) reads as rewritten:

"(d) In no event shall more than ~~fifty percent (50%)~~ seventy percent (70%) of the amount in the Fund be allocated or spent for any one purpose specified in subsection (b) of this section in any fiscal year."

Requested by: Senators Plyler, Plexico, Representatives Wainwright, Crawford

PROVIDE STAFF POSITIONS TO ADMINISTER FIRE AND RESCUE CERTIFICATION PROGRAMS

Sec. 14.2. The North Carolina Fire and Rescue Commission is authorized four staff positions to administer fire and rescue certification programs. Of the four

positions, three shall be field positions and one shall be clerical. The positions shall be funded by the Department of Insurance Fund and shall become part of the Commission's continuation budget.

PART 15. DEPARTMENT OF REVENUE

Requested by: Senator Plexico, Representatives Wainwright, Crawford

STATE CONTROLLER REVIEW OF REVENUE CHART OF ACCOUNTS

Sec. 15. The Office of the State Controller as authorized by G.S. 143B-426.39 and this section shall review the chart of accounts used by the Department of Revenue and shall report to the 1995 General Assembly and to the Department of Revenue by March 1, 1995, the findings and recommendations of the State Controller's office regarding changes needed to align the accounting practices in the Department of Revenue with standards of the Government Accounting Standards Board and generally accepted principles of governmental accounting used within the State's accounting system.

Requested by: Representatives Crawford, Wainwright, Senator Plexico

REIMBURSEMENT FOR COST OF COLLECTING WHITE GOODS TAX

Sec. 15.1. (a) Section 10 of Chapter 471 of the 1993 Session Laws is repealed.

(b) Section 11 of Chapter 471 of the 1993 Session Laws reads as rewritten:

"Sec. 11. Sections 1 through 5 of this act and this section become effective January 1, 1994. Section 3 of this act expires July 1, 1998. Section 6 of this act becomes effective July 1, 1998. Sections 7, 8, and 9 of this act become effective July 1, 1999. ~~Section 10 of this act becomes effective January 1, 1995.~~

The repeal of the tax imposed by Section 3 of this act does not affect the rights or liabilities of the State, a taxpayer, or another person that arose during the time the tax was in effect. The first report submitted by the Department to the Environmental Review Commission under G.S. 130A-309.85, as enacted by this act, shall cover the period from January 1, 1994, to June 30, 1994."

PART 15A. OFFICE OF THE STATE AUDITOR

Requested by: Senator Plexico, Representatives Wainwright, Crawford

COST ANALYSIS OF BROADBAND TELECOMMUNICATIONS

Sec. 15A. The State Auditor shall conduct a comprehensive analysis to determine costs of applying broadband telecommunications technology to: public schools, community colleges, universities, hospitals, State agencies and other State-owned institutions. Issues to be addressed during the study shall include the following:

- (1) The costs to the State of using this technology including the following: hardware and software contracts; consultant, service, and communication provider contracts; and executed site plan commitments (Documents of Understanding).

- (2) The projected costs to the State of using this technology including the following: projected hardware and software costs for all sites; projected costs of consultant, service, and communication provider services; projected personnel and equipment costs associated with the use of broadband technology at all sites including State Information Processing Services in the Office of the State Controller and also the MCNC.
- (3) Any other issues relating to broadband technology and the State's use of this technology that the Office of the State Auditor, in the exercise of its discretion, deems necessary or advisable.

All State agencies and officials shall cooperate fully with the Office of the State Auditor in its performance of this study. This includes providing ready and complete access to all materials, including those in draft form and those that may contain confidential, proprietary, or similar information. It is the intent of the General Assembly that the Office of the State Auditor have the same independence in conducting this study as is provided by G.S. 147-64.8 for an audit.

PART 16. STATE BOARD OF ELECTIONS

Requested by: Senator Plexico, Representatives Crawford, Wainwright

STATE BOARD OF ELECTIONS NEEDS ASSESSMENT

Sec. 16. (a) The State Board of Elections shall conduct a needs assessment and requirements analysis for computerized voter registration. The needs assessment shall determine whether there is a need for additional computerization of voter registration on a statewide basis, on the county level, or both. The requirements analysis shall prepare specifications for the additional computerization, if any, that the needs assessment determines is needed. Those specifications shall include, but not necessarily be limited to, functional requirements, performance requirements, interface requirements with other computer applications, data communications requirements, computer application design requirements, and project development standards.

The State Board of Elections shall use an outside consultant, procured through the Department of Administration, Division of Purchase and Contract, to conduct the needs assessment and requirements analysis. In requests for bids, requests for quotes, requests for proposals, or other procurement actions issued through the Department of Administration, Division of Purchase and Contract, or through any other State agency, for a consultant to write these specifications there shall be a provision that reads as follows:

"Eligibility for Future Requirements: The successful offeror on this project will not be considered for an award on subsequent hardware, software, software support, and related procurements which are based on specifications or recommendations resulting from this procurement."

The Division of Purchase and Contract and the State agency or agencies involved in the procurement may delete this provision in a procurement request by jointly:

- (1) Filing a written request with the Director of the Budget for authorization to delete this provision from the procurement effort,
 - (2) Sending a copy of this written request for authorization to the Director of the Fiscal Research Division at the time it is filed with the Office of State Budget and Management,
 - (3) Receiving written authorization to delete the provision from the Director of the Budget, and
 - (4) Reporting the authorization, if it is granted, to the Director of the Fiscal Research Division and to the next meeting of the Joint Legislative Commission on Governmental Operations.
- (b) Of the funds appropriated in this act to the State Board of Elections the sum of one million five hundred thousand dollars (\$1,500,000) for fiscal year 1994-95 shall be deposited into a reserve fund for computerized voter registration. The State Board of Elections may spend money from the reserve fund only after the following conditions have been met:
- (1) A needs assessment and requirements analysis has been conducted in accordance with subsection (a) of this section and has recommended that investments be made in computerized voter registration, and that the State Board of Elections has developed a specific proposal for computerization in accordance with the recommendations of that needs assessment and requirements analysis.
 - (2) The specific proposal developed with the State Board of Elections in accordance with subdivision (1) of this subsection has been approved by the Information Resource Management Commission.
 - (3) After the conditions of subdivisions (1) and (2) of this subsection have been met, the State Board of Elections has reported its specific plans for computerized voter registration to the Joint Legislative Commission on Governmental Operations.

After the conditions in subdivisions (1) through (3) of this subsection have been met, the State Board of Elections may spend money from the fund created by this subsection, but only for a computerization plan that has met those three conditions.

(c) To the extent that this section conflicts with G.S. 163-82.11, G.S. 163-82.12, or G.S. 163-82.13, as enacted by Chapter 762 of the 1993 Session Laws, this section prevails to the extent of the conflict.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

VOTER REGISTRATION EXPENSES/ESC/IMPLEMENT NVRA

Sec. 16.1. (a) Upon request of the Employment Security Commission, the State Budget Officer shall conduct a workload analysis of that agency's expected and actual voter registration activity related to compliance with Article 7A of Chapter 163 of the General Statutes as enacted by Chapter 762 of the 1993 Session Laws, or compliance with P.L. 103-31, and shall report the results of that study to the Director of the Budget, the appropriate Subcommittees of the House of Representatives' Appropriations Committee and the Senate Appropriations Committee, and the Fiscal

Research Division of the General Assembly by April 1, 1995, except that the report on expected activity shall be made by December 1, 1994.

(b) The Chairman of the Employment Security Commission, following the provisions in subsection (a) of this section regarding expected agency workload analysis, may submit a nonrecurring funding request to the Director of the Budget for funds from interest accrued in the Worker Training Trust Fund to offset costs of compliance with Article 7A of Chapter 160A of the General Statutes as enacted by Chapter 762 of the 1993 Session Laws, or compliance with P.L. 103-31. Such funds may be used only if federal funds are unavailable or insufficient.

Requested by: Representatives Michaux, Diamont, Nesbitt, Senators Daniel, Plyler
VOTER REGISTRATION GRANTS TO COUNTIES/IMPLEMENT NVRA

Sec. 16.2. (a) Funds appropriated in the Reserve for Voter Registration in this act shall be administered by the State Board of Elections, in collaboration with the Office of State Budget and Management and the State Data Center, through a one-time Grant-in-Aid program to counties. For the purposes of implementing this grant program, the State Board of Elections is designated the lead agency. Every county board of elections in North Carolina shall be eligible for a Grant-In-Aid from that reserve for voter registration activity.

(b) Counties may use grant funds to offset costs associated with compliance with Article 7A of Chapter 160A of the General Statutes as enacted by Chapter 762 of the 1993 Session Laws, or with P.L. 103-31 (The National Voter Registration Act of 1993).

(c) Subdivisions of State agencies are not eligible for these grants-in-aid. A county may, however, make grant funds received under this section available to voter registration agencies under G.S. 163-82.20(a)(1) or G.S. 163-82.20(a)(2), as enacted by Chapter 762 of the 1993 Session Laws, serving that county. Upon request of affected State agencies, the State Budget Officer shall conduct a workload analysis of an agency's voter registration activity related to compliance with Article 7A of Chapter 163 of the General Statutes as enacted by Chapter 762 of the 1993 Session Laws, or compliance with P.L. 103-31, and shall report the results of that study to the Director of the Budget, the appropriate Subcommittees of the House of Representatives Appropriations Committee and the Senate Appropriations Committee, and the Fiscal Research Division of the General Assembly by April 1, 1995.

(d) The State Board of Elections, together with the Office of State Budget and Management, and the State Data Center in the Office of Policy and Planning in The Office of the Governor shall develop and issue rules related to a grant process for grant applications and grant awards to counties. The rules shall be developed and issued no later than September 15, 1994. County Grants-in-Aid to boards of county commissioners shall be awarded no later than October 31, 1994.

(e) Criteria for the amount of grant awards shall include county population, the unregistered, eligible, voting-age population, current registration activity, and a brief implementation plan, reported by the county in the grant

application. No county grant shall be less than five thousand dollars (\$5,000) nor more than twenty-five thousand dollars (\$25,000).

(f) The State Board of Elections shall be responsible for certifying as to the accuracy of actual **bona fide** voter registrations reported in each county application. Upon written notification from the State Board of Elections, the Office of State Budget and Management shall issue the grant award to the county.

PART 17. COLLEGES AND UNIVERSITIES

Requested by: Senator Ward, Representatives Black, Rogers

AID TO STUDENTS ATTENDING PRIVATE COLLEGES/ PROCEDURE

Sec. 17. Subsections (a) and (b) of Section 80 of Chapter 321 of the 1993 Session Laws read as rewritten:

"Sec. 80. (a) Funds appropriated in this act to the Board of Governors of The University of North Carolina for aid to private colleges shall be disbursed in accordance with the provisions of G.S. 116-19, G.S. 116-21, and G.S. 116-22. These funds shall provide up to ~~four hundred fifty dollars (\$450.00)~~ five hundred fifty dollars (\$550.00) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1 of each fiscal year.

These funds shall be placed in a separate, identifiable account in each eligible institution's budget or chart of accounts. All funds in this account shall be provided as scholarship funds for needy North Carolina students during the fiscal year. Each student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be made available for the tuition grant program as defined in subsection (b) of this section.

(b) In addition to any funds appropriated pursuant to G.S. 116-19, and in addition to all other financial assistance made available to private educational institutions located within the State, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum not to exceed ~~one thousand one hundred fifty dollars (\$1,150)~~ one thousand two hundred fifty dollars (\$1,250) per academic year, which shall be distributed to the student as hereinafter provided.

The tuition grants provided for in this section shall be administered by the State Education Assistance Authority pursuant to rules adopted by the State Education Assistance Authority not inconsistent with this section. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student applying for the grant is an eligible student. Upon receipt of the certification, the State Education Assistance Authority shall remit, at such times as it shall prescribe, the grant to the approved institution on behalf and to the credit of the student.

In the event a student on whose behalf a grant has been paid is not enrolled and carrying a minimum academic load as of October 1 of the first academic term or on the tenth classroom day following the beginning of the second school term for which the grant was paid, the institution shall refund the full amount of the grant to the State

Education Assistance Authority. Each approved institution shall be subject to examination by the State Auditor for the purpose of determining whether the institution has properly certified eligibility and enrollment of students and credited grants paid on the behalf of the students.

In the event there are not sufficient funds to provide each eligible student with a full grant:

- (1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and
- (2) Each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

Any remaining funds shall revert to the General Fund."

Requested by: Senator Ward, Representatives Black, Rogers

AGRICULTURAL PROGRAMS

Sec. 17.1. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, four hundred fifty thousand dollars (\$450,000) shall be allocated for matching federal funds and enhancement of the agricultural research and extension programs at North Carolina Agricultural and Technical State University.

North Carolina Agricultural and Technical State University and North Carolina State University shall establish a joint committee to coordinate the efforts of the two campuses in agricultural research and extension and to avoid duplication of efforts.

Requested by: Senator Daniel, Representatives Black, Rogers, Fussell

NURSE ANESTHETIST TRAINING FUNDS

Sec. 17.2. Section 98 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 98. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act, the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 1994-95 fiscal year shall be used for the Area Health Education Center program to contract with the Raleigh School of Nurse Anesthesia for training of certified, registered nurse anesthetists."

Requested by: Senators Ward, Perdue, Representatives Sutton, Black, Rogers, Barnes

INCENTIVE SCHOLARSHIP PROGRAM FOR NATIVE AMERICANS

Sec. 17.3. (a) The Board of Governors of The University of North Carolina shall establish the Incentive Scholarship Program for Native Americans to provide opportunities for Native Americans who are residents of North Carolina to attend constituent institutions of The University of North Carolina under rules adopted by the Board of Governors. Scholarships awarded under the program shall carry a maximum value of three thousand dollars (\$3,000) per recipient per academic year,

reduced by any amount of need-based aid that the recipient may receive from Pell Grants, North Carolina Student Incentive Grants, Supplemental Educational Opportunity Grants, or the American Indian Student Legislative Grant Program. To be eligible for such a scholarship, a student shall be a Native American, defined as an individual who maintains cultural identification as a Native American through membership in an Indian tribe recognized by the United States or by the State of North Carolina or through other tribal affiliation or community recognition.

(b) The Board of Governors of The University of North Carolina shall provide for the orderly transition of the American Indian Legislative Scholarship Program into the Incentive Scholarship Program for Native Americans, incorporating the purposes of both programs into a single administrative entity.

(c) Of the funds appropriated to the Board of Governors of The University of North Carolina for the 1994-95 fiscal year in this act, three hundred ninety thousand dollars (\$390,000) shall be used to underwrite the cost of awarding scholarships for the benefit of students enrolled in the 1994-95 academic year.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes

MINORITY PRESENCE GRANTS ELIGIBILITY

Sec. 17.3A. The Board of Governors of The University of North Carolina shall adopt policies that broaden the number of underrepresented groups eligible for Minority Presence Grants at each of the constituent institutions. Of the funds appropriated to the Board of Governors in this act, the sum of one hundred fifty thousand dollars (\$150,000) for the 1994-95 fiscal year shall be used for this purpose.

Requested by: Senators Ward, Perdue

AGRICULTURAL AND AQUACULTURAL EXPORT MARKET DEVELOPMENT FUNDS

Sec. 17.4. Of the funds appropriated in this act for enhancement of agricultural programs at North Carolina State University, seven hundred twenty thousand dollars (\$720,000) shall be used to further develop Cunningham Farm for enhancement of export market potential for agricultural and aquacultural products.

Requested by: Senator Ward

UNC-CH SMITH CENTER FUNDS

Sec. 17.5. Of the funds appropriated in this act to the University of North Carolina at Chapel Hill, the sum of four hundred thousand dollars (\$400,000) is included from nonrecurring funds to offset operating losses at the Smith Center. The University of North Carolina shall include these funds in its 1995-97 continuation budget request. The General Assembly recommends that the Director of the Budget include these funds in the 1995-97 budget recommended to the 1995 General Assembly.

Requested by: Senators Ward, Perdue, Lee, Representatives Black, Rogers, Barnes

UNIVERSITY OF NORTH CAROLINA MANAGEMENT FLEXIBILITY

Sec. 17.6. (a) Part 2A of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-30.6. Reports of results.

The Board of Governors shall report annually by March 31 of each year on its decisions and directives implementing this Part to the Joint Legislative Education Oversight Committee. In particular, the Board shall report on the impact on undergraduate student learning and development as demonstrated by the standard assessment measures established in the institutional effectiveness plans, fiscal savings, management initiatives, increased efficiency and effectiveness, and other outcomes made possible by the flexibility provided by this Part to the special responsibility constituent institutions. These reports shall include documentation of any reallocation of resources, the use of nonreverted appropriations, and any additional costs incurred."

(b) G.S. 143-53.1 reads as rewritten:

"§ 143-53.1. Setting of benchmarks; increase by Secretary.

On and after July 1, 1990, the expenditure benchmark prescribed by G.S. 143-52 with respect to competitive bid procedures and the bid value benchmark authorized by G.S. 143-53(2) with respect to rule making by the Secretary of Administration for competitive bidding shall be ten thousand dollars (\$10,000); provided, the Secretary of Administration may, in his discretion, increase the benchmarks effective as of the beginning of any fiscal biennium of the State commencing after June 30, 1992, in an amount whose increase, expressed as a percentage, does not exceed the rise in the Consumer Price Index during the fiscal biennium next preceding the effective date of the benchmark increase. For a special responsibility constituent institution of The University of North Carolina, the benchmark prescribed in this section shall be ~~twenty-five thousand dollars (\$25,000) on and after July 1, 1991.~~ thirty-five thousand dollars (\$35,000)."

(c) G.S. 116-30.2 reads as rewritten:

"§ 116-30.2. Appropriations to special responsibility constituent institutions.

All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of The University of North Carolina shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 143-23(a3), each special responsibility constituent institution may expend the General Fund monies so appropriated to it in the manner deemed by the Chancellor to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions. The quarterly allotment procedure established pursuant to G.S.143-17 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions."

(d) The Director of the Budget shall adjust each special responsibility constituent institution's historic reversion percentage established pursuant to G.S. 116-30.3 for the 1994-95 fiscal year to account for fifty percent (50%) of the funds reduced as part of the overall ten million dollar (\$10,000,000) reduction in vacant positions in this act.

(e) This subsection and subsection (c) of this section are effective upon ratification. Subsections (a) and (b) of this section become effective July 1, 1994.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes, Redwine
SEA GRANT COLLEGE PROGRAM FOR FISHERIES OCEANOGRAPHY STUDY

Sec. 17.7. (a) Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the sum of two hundred twenty-five thousand dollars (\$225,000) for the 1994-95 fiscal year shall be used for the North Carolina Sea Grant College Program to study the fisheries resource and management structure. These funds may be used for personnel, administrative, and consulting costs.

(b) Section 6 of Chapter 576 of the 1993 Session Laws, as amended, reads as rewritten:

"Sec. 6. Nothing herein contained shall be construed to obligate the General Assembly to appropriate funds to implement the provisions of this act. If funds are not appropriated for the 1994-95 fiscal year to implement the provisions of Sections 3, 4, or 5 of this act, Sections 3, 4, or 5 shall not become effective. The suspension of the sale of licenses subject to the moratorium in Section 3 of Chapter 576 of this act by the Division of Marine Fisheries beginning on July 1, 1994, is retroactively authorized. License applications which were received but not processed during the suspension shall be determined in accordance with the provisions of Section 3 of this act if the funds are appropriated for the 1994-95 fiscal year to implement Section 3 of this act. If no funds are appropriated for the 1994-95 fiscal year to implement Section 3 of this act, then Section 3 of this act shall not become effective and license applications received but not processed during the suspension shall be determined in accordance with the provisions of Article 14 of Chapter 113 of the General Statutes."

Requested by: Representatives Black, Rogers, Nesbitt, Barnes, Senators Daniel, Ward, Perdue

NCSU COMPETITIVE INDUSTRIES/FUNDS

Sec. 17.8. (a) Of the funds appropriated to the Board of Governors of The University of North Carolina in Section 3 of this act, the sum of one million three hundred sixty thousand dollars (\$1,360,000) shall be allocated to North Carolina State University at Raleigh to enhance efforts to assure the competitiveness of several traditional industries. The funds shall be allocated to provide:

- (1) \$200,000 to transfer the Agricultural Education Program to the College of Agriculture and Life Sciences;
- (2) \$500,000 for extension, research, and support of the furniture industry;
- (3) \$360,000 for enhancement of pulp and paper technology efforts; and

- (4) \$300,000 for the Nonwovens Cooperative Research Center.
- (b) Effective July 1, 1994, Section 81 of Chapter 321 of the 1993 Session

Laws is repealed.

Requested by: Representatives Black, Rogers, Barnes, Senators Ward, Perdue

TEACHING IMPROVEMENT FUNDS

Sec. 17.9. (a) Of the funds appropriated to the Board of Governors of The University of North Carolina in this act for the schedule of priorities, three million six hundred sixty thousand seven hundred dollars (\$3,660,700) shall be used for the 1994-95 fiscal year to reduce the average student-faculty ratio at all constituent institutions of The University of North Carolina to no more than 16 to 1 beginning with the 1994-95 academic year.

(b) The Board of Governors of The University of North Carolina shall adopt the rules necessary to implement this section.

Requested by: Representatives Black, Rogers, Oldham, Senators Ward, Perdue

UNC TUITION SURCHARGE EXCEPTION

Sec. 17.10. Subsection (b) of Section 89 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(b) The Board of Governors of The University of North Carolina shall ensure that procedures are established that are necessary to impose a twenty-five percent (25%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. The calculation of these credit hours taken at a constituent institution or accepted for transfer shall exclude hours earned through the College Board's Advanced Placement or CLEP examinations, through institutional advanced placement or course validation, or through summer term or extension programs. No surcharge shall be imposed on any student who exceeds the degree credit hour limits within the equivalent of four academic years of regular term enrollment, or within five academic years of regular term enrollment in a degree program officially designated by the Board of Governors as a five-year program. The Board shall report to the Joint Legislative Education Oversight Committee by April 1, 1994, on its recommendations for implementing this surcharge."

Requested by: Representatives Black, Rogers, Nesbitt, Barnes, Senators Ward, Perdue

NURSING SCHOLARS PROGRAM

Sec. 17.11. (a) G.S. 90-171.61(b) reads as rewritten:

"(b) The Nursing Scholars Program shall be used to provide the following:

- (1) A four-year scholarship loan in the amount of five thousand dollars (\$5,000) per year, per recipient, to North Carolina high school seniors or other persons interested in preparing to become a registered nurse through a baccalaureate degree program.

- (2) A two-year scholarship loan in the amount of three thousand dollars (\$3,000) per year, per recipient, to persons interested in preparing to be a registered nurse through an associate degree nursing program or a diploma nursing program.
- (3) A two-year scholarship loan in the amount of three thousand dollars (\$3,000) per year, per recipient, for two years of baccalaureate nursing study for college juniors or community college graduates interested in preparing to be a registered nurse.
- (4) A two-year scholarship loan of three thousand dollars (\$3,000) per year, per recipient, for two years of baccalaureate study in nursing for registered nurses who do not hold a baccalaureate degree in nursing.
- (5) A two-year scholarship loan of six thousand dollars (\$6,000) per year, per recipient, for two years of study leading to a master of science in nursing degree for people already holding a baccalaureate degree in nursing.

In addition to the scholarship loans awarded pursuant to subdivisions (1) through (5) of this subsection, the Commission may award pro rata scholarship loans to recipients enrolled at least half-time in study leading to a master of science in nursing degree who already hold a baccalaureate degree in nursing. In awarding all scholarship loans, the Commission shall give priority to full-time students over part-time students. The State Education Assistance Authority shall adopt specific rules to regulate scholarship loans to part-time master of science in nursing students.

Within current funds available or with any additional funds provided by the General Assembly for this purpose, the Commission may set aside slots for scholarship loans prescribed by subdivisions (1) and (2) of this subsection to enable licensed practical nurses to become registered nurses. The State Education Assistance Authority shall adopt specific rules to regulate these scholarship loans."

(b) G.S. 90-171.62(b) reads as rewritten:

"(b) The State Education Assistance Authority shall forgive the loan if, within seven years after graduation from a nursing education program, the recipient practices nursing in North Carolina for one year for every year a scholarship loan was provided. If the recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within ten years. The Authority may provide for accelerated repayment and for less than full-time employment options to encourage the practice of nursing in either geographic or nursing specialty shortage areas. The Authority shall adopt specific rules to designate these geographic areas and these nursing specialty shortage areas, upon recommendations of the North Carolina Center for Nursing. The North Carolina Center for Nursing shall base its recommendations on objective information provided by interested groups or agencies and upon objective information collected by the Center. The Authority may forgive the scholarship loan if it determines that it is impossible for the recipient to practice nursing in North Carolina for a sufficient time to repay the loan because of the death or permanent disability of the recipient within ten years following graduation or termination of enrollment in a nursing education program."

(c) Of the funds appropriated to the Board of Governors of The University of North Carolina for the 1994-95 fiscal year in this act, twenty-four thousand dollars (\$24,000) shall be used to fund a secretary position to administer the selection and origination functions for the Nursing Scholars Program and the Nurse Education Scholarship Loan Program.

Requested by: Representatives Black, Rogers, James, Barnes, Senators Ward, Perdue
SOIL SCIENCE FACULTY POSITION

Sec. 17.12. Of the funds appropriated to the Board of Governors of The University of North Carolina for agricultural programs for the 1994-95 fiscal year in this act, one hundred thousand dollars (\$100,000) shall be allocated to fund a new faculty position in soil science for the College of Agriculture and Life Sciences at North Carolina State University. The position shall be located at the Tidewater Research and Extension Center at Plymouth, North Carolina.

Requested by: Representatives Black, Rogers, Nesbitt, Diamont, Barnes, Thompson
MOUNTAIN CONIFER FUNDS

Sec. 17.13. (a) The General Assembly finds that the growth of conifers for the Christmas tree industry is a major industry in Western North Carolina and that the sale of Christmas trees grown in Western North Carolina contributes seventy million dollars (\$70,000,000) annually to the region's economy.

(b) Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for the 1994-95 fiscal year, the sum of seventy thousand dollars (\$70,000) shall be used for the Cooperative Extension Service at North Carolina State University to establish an area extension specialist position located at the Mountain Horticultural Crops Research Station at Fletcher. This position shall provide support to North Carolina's mountain conifer and Christmas tree industries. The Cooperative Extension Service at North Carolina State University shall consult with representative groups of Christmas tree growers in all regions in developing guidelines for this position and in filling the position.

Requested by: Representatives Warner, Black, Rogers, Diamont, Nesbitt
UNC/LEGISLATIVE COLLEGE OPPORTUNITY ACT PILOT PROGRAM

Sec. 17.14. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act, eight hundred thousand dollars (\$800,000) shall be allocated equally among the 16 constituent institutions. The funds shall not revert and shall be placed in trust fund accounts, with the investment earnings to be used for this program as well.

The funds shall be used to establish a pilot Legislative College Opportunity Program to recruit new students to enroll in college in future years who might not be able to attend college without incentives. The program shall be based on guidelines and rules established by the Board of Governors. The Board shall consider the needs of socially and economically disadvantaged youth in developing the pilot program with a primary goal of improving the academic performance, high school graduation rates,

college going rates, and college graduation rates of youth currently underperforming in these measures. The Board shall develop the pilot program so that it provides incentives for and removes financial barriers to college attendance. The Board shall consider various academic standards and financial need in establishing the program, and the funds shall be used to pay for some portion of college attendance costs.

The Board shall establish the program guidelines and charge the campuses with implementing the pilot program by January 31, 1995. The Board shall report on the guidelines, program design and progress in implementation to the Joint Legislative Education Oversight Committee by May 15, 1995, with copies to members of the House and Senate Appropriations Subcommittees on Education. The Board shall monitor the success of the pilot program in attracting students who otherwise might not have enrolled in higher education, and shall monitor the progress of these students, with annual reports to the Joint Legislative Education Oversight Committee by May 15, 1996 and each succeeding year through 2001.

Requested by: Representatives Nesbitt, Diamont, Black, Rogers, Senators Ward, Perdue

CAMPUS STORES OPEN TO STUDENTS AT ALL CAMPUSES

Sec. 17.15. G.S. 66-58(c)(3) reads as rewritten:

"(3) The business operation of endowment funds established for the purpose of producing income for educational purposes; for purposes of this section, the phrase "operation of endowment funds" shall include the operation by public postsecondary educational institutions of campus stores, the profits from which are used exclusively for awarding scholarships to defray the expenses of students attending the institution; provided, that the operation of such stores must be approved by the board of trustees of the institution, and the merchandise sold shall be limited to educational materials and supplies, gift items and miscellaneous personal-use articles. Provided further that sales at campus stores are limited to employees of the institution and members of their immediate families, to duly enrolled students of the campus at which a campus store is located and their immediate families, to duly enrolled students of other campuses of The University of North Carolina other than the campus at which the campus store is located, to other campus stores and to other persons who are on campus other than for the purpose of purchasing merchandise from campus stores. It is the intent of this subdivision that campus stores be established and operated for the purpose of assuring the availability of merchandise described in this Article for sale to persons enumerated herein and not for the purpose of competing with stores operated in the communities surrounding the campuses of the University of North Carolina."

Requested by: Representatives Baddour, Black, Rogers, Barnes, Senators Ward, Perdue
SOCIAL WORKERS' EDUCATION LOAN FUND

Sec. 17.16. Effective July 1, 1994, Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-209.30. Social Workers' Education Loan Fund.

(a) There is established the Social Workers' Education Loan Fund to be administered by the State Education Assistance Authority, in consultation with the Department of Human Resources, to attract trained social workers into public child welfare positions in all county departments of social services in the State. The Fund shall provide 25 four-year undergraduate and 10 two-year graduate scholarship loans per year.

(b) The Authority, in consultation with the Department of Human Resources, shall develop the following criteria to administer the Fund:

- (1) All students shall be enrolled in an institution of higher education in North Carolina in an accredited bachelors of social work or masters of social work program;
- (2) All students shall be residents of North Carolina. For purposes of this section, residency shall be determined by the same standard as residency for tuition purposes pursuant to G.S. 116-143.1;
- (3) All students shall enter into a legal agreement and promissory note with the Authority to accept employment in public child welfare in exchange for receiving any funds, which agreement shall include stipulation that the student agrees to accept employment in rural or other need-based counties; and
- (4) Any additional criteria that the Authority considers necessary to administer the program effectively, including:
 - a. Consideration of the appropriate numbers of minority students and students from diverse socio-economic backgrounds to receive funds pursuant to this section;
 - b. Consideration of what rural or other need-based areas of the State shall be considered appropriate for work after graduation pursuant to subdivision (3) of this subsection;
 - c. Consideration of the academic qualifications of the individuals applying to receive funds; and
 - d. Consideration of the commitment the individuals applying to receive funds demonstrate to the profession of social work.

(c) The Authority shall ensure that the loan amounts are limited as follows:

- (1) For a student pursuing a bachelors of social work degree, four thousand dollars (\$4,000) per year for a maximum of four years; and
- (2) For a student pursuing a masters of social work degree, five thousand dollars (\$5,000) per year for a maximum of two years.

(d) The Authority shall ensure that the following loan cancellations and repayment schedules apply to all funds distributed pursuant to this section:

- (1) The individual who graduates with a bachelors of social work degree or a masters of social work degree and who works for a public child welfare agency in a rural or other need-based area of North Carolina shall have that amount of the loan cancelled that is based on the amount of time employed and the number of academic years funds were received. One full year of employment shall cancel one academic year's loan, whether four thousand dollars (\$4,000) or five thousand dollars (\$5,000);
- (2) The individual who graduates with a bachelors of social work degree or a masters of social work degree and who works in public child welfare in a rural or other need-based area of North Carolina for the equivalent of the total number of academic years funds were received shall have the entire loan cancelled;
- (3) The individual who graduates with a bachelors of social work degree or a masters of social work degree and who does not work in public child welfare in a rural or other need-based area of North Carolina for any or all of the equivalent of the number of years funds were received shall repay the loan to the Authority according to a schedule prescribed in the promissory note, plus ten percent (10%) annual interest; and
- (4) The individual who does not graduate with a bachelors of social work degree or a masters of social work degree shall repay the loan according to a schedule prescribed by the Authority, not to exceed fifteen percent (15%) annual interest. In establishing a schedule and interest rate, the Authority shall take into consideration the reasons the individual did not graduate with a bachelors of social work degree or a masters of social work degree.

The Authority shall ensure that all repayments, including accrued interest, shall be placed in the Fund.

The Authority may forgive or reduce any loan repayment if the Authority considers that extenuating circumstances exist that would make repayment impossible.

(e) The State Education Assistance Authority, in consultation with the Department of Human Resources, shall adopt rules to implement the Social Workers' Education Loan Fund as described in this section."

Requested by: Representatives Diamont, Wilmoth, Cromer
ASU CONVOCATION CENTER

Sec. 17.17. Of the funds appropriated in this act for the construction of the Convocation Center at Appalachian State University, up to three million five hundred thousand dollars (\$3,500,000) may be used to begin planning, design, and site-development for the Convocation Center project during the 1994-95 fiscal year.

Requested by: Senators Daniel, Kaplan
NORTH CAROLINA SCHOOL OF THE ARTS FILM SCHOOL

Sec. 17.18. The one million eight hundred thousand dollars (\$1,800,000) in non-recurring funds appropriated to the North Carolina School of the Arts for the Film School shall be used to purchase equipment and for facility and other one-time and other start-up costs for the creation of a course of study in film production technology at the Piedmont Community College Satellite in Caswell County.

PART 18. DEPARTMENT OF COMMUNITY COLLEGES

Requested by: Senators Ward, Perdue, Representatives Black, Rogers

PROGRAM REGIONALISM

Sec. 18. The State Board of Community Colleges shall require that all new programs it approves be developed using a regional approach unless there are extreme extenuating circumstances documented by the college detailing reasons a regional program is not feasible. The college shall demonstrate that it has attempted to develop a regional program and explain what barriers were in existence.

It is the intent of the General Assembly to increase the number of regional program offerings in community colleges and to eliminate as much duplication of programs by colleges that are within reasonably close proximity to each other. The General Assembly urges the State Board's Government Performance Audit Committee (GPAC) Task Force on Regionalism to provide more substantive recommendations on how existing as well as new programs can be offered regionally as recommended by the GPAC in its next report due in January 1995.

The Department of Community Colleges shall report quarterly to the Joint Legislative Education Oversight Committee on the progress made on regional programs. The report shall list all programs approved by the State Board that are not regional and the reasons for their approval.

Requested by: Senator Ward, Representatives Black, Rogers

CONTINUING BUDGET CONCEPT

Sec. 18.1. The State Board of Community Colleges shall implement the new continuing budget concept presented to the House and Senate Appropriations Subcommittees during the 1994 Regular Session of the 1993 General Assembly for the 1995-97 biennium and in subsequent years. In order to ensure more stability in funding, community colleges that experience a decline in enrollment shall not receive a decrease in full-time equivalent student (FTE) enrollment funds until their enrollment declines more than four percent (4%). At that time, they shall experience a decline of only the amount over four percent (4%). Community colleges that experience an increase in enrollment shall not experience an increase in full-time equivalent student (FTE) enrollment funds until their enrollment increases more than four percent (4%). At that time, they shall experience an increase of only the amount over four percent (4%).

It is the intent of this section to implement the recommendation of the Government Performance Audit Committee regarding changing the community college funding formula to one that is a combination of a base funding source with an FTE component.

In addition, the State Board of Community Colleges shall develop a program-based FTE cost model that will fund future FTEs in excess of the four percent (4%) growth on the basis of actual program cost as opposed to an overall average FTE cost. This plan shall be reported to the 1995 General Assembly.

Requested by: Senator Ward, Representatives Black, Rogers

STATE BOARD RESERVE FUNDS

Sec. 18.2. Of the funds appropriated to the Department of Community Colleges in Chapter 321 of the 1993 Session Laws for the State Board Reserve, forty-six thousand dollars (\$46,000) shall be allocated to fund the additional costs associated with the automated central cataloging of library books.

Notwithstanding G.S. 143-16.3, the State Board may use up to three hundred thousand dollars (\$300,000) from the State Board Reserve to fund the community colleges leadership development programs that were a part of the State Board's budget request to the 1994 Regular Session of the 1993 General Assembly.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes

PRISON CLASSES

Sec. 18.4. G.S. 115D-5 is amended by adding a new subsection to read:

"(c1) Community colleges shall report full-time equivalent (FTE) student hours for correction education programs on the basis of contact hours rather than student membership hours. No community college shall operate a multi-entry/multi-exit class or program in a prison facility.

The State Board shall work with the Department of Correction on offering classes and programs that match the average length of stay of an inmate in a prison facility."

Requested by: Representatives Diamont, Black, Rogers, Senators Ward, Perdue

COMMUNITY COLLEGES BEHIND WALLS

Sec. 18.5. The State Board of Community Colleges shall develop a plan to establish "Community Colleges Behind Walls" to train and educate prison inmates better. The State Board shall present the plan to the 1995 General Assembly prior to February 1, 1995.

Requested by: Representatives Nesbitt, Black, Rogers, Senators Ward, Perdue

COMPETITIVE SALARY LEVELS FOR CURRICULUM FACULTY

Sec. 18.6. (a) Funds appropriated in this act for competitive salary levels for community college curriculum faculty shall be used to provide an average additional salary increase to full-time curriculum faculty to enable the community colleges to retain a core of outstanding faculty at competitive salary levels. The State Board of Community Colleges shall not use these funds to change the faculty/student ratio in the funding formula for community colleges. The State Board shall use the competitive salary funds, along with the funds appropriated in this act for a 4% across-the-board salary increase for curriculum faculty, to increase the unit value for curriculum faculty in the community college allotment formula by 8%. The curriculum faculty salary unit

value shall be \$37,000 for 1994-95, which is approximately 8% above the 1993-94 unit value.

The State Board of Community Colleges shall develop policies for the use of these funds that shall provide as near as practical for a system-wide community college curriculum faculty salary of 102% of the curriculum faculty salary unit value in the 1994-95 allotment formula.

Unless the average salary for full-time curriculum faculty at a college is at or above the 1994-95 unit value for curriculum faculty, the community college shall increase the average salary of full-time curriculum faculty members by at least 8% for the 1994-95 fiscal year. A community college shall not use curriculum faculty salary funds for administrative costs unless the average full-time curriculum faculty salary at the college is at or above the 1994-95 unit value for curriculum faculty.

(b) The State Board of Community Colleges shall submit to the General Assembly copies of the salary schedules applicable to community college faculty at each community college.

Requested by: Representatives Baddour, Black, Rogers, Senators Ward, Perdue

ESTABLISH GRANTS FOR VISITING ARTISTS' PROGRAM

Sec. 18.7. (a) Of the funds appropriated in Chapter 321 of the 1993 Session Laws to the Department of Community Colleges for the Community Services Block Grant Program for the 1994-95 fiscal year, five percent (5%) of those funds, which is the sum of ninety-five thousand eight hundred twenty dollars (\$95,820), shall be allocated to the Visiting Artists' Program. These funds shall be used as grants-in-aid to community colleges on a competitive basis in accordance with administrative guidelines approved by the State Board of Community Colleges. The purpose of the grants shall be to support and promote through the use of grants-in-aid, the Visiting Artists' Program, which is administered by the State Board of Community Colleges in cooperation with the North Carolina Arts Council. In addition the Department of Community Colleges may use their Community Services Block Grant funds to supplement the Visiting Artists' Program or other arts programs at the discretion of their local boards of community colleges.

(b) It is the intent of the General Assembly to preserve the Visiting Artists' Program in the Department of Community Colleges. The Department of Community Colleges shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division regarding its progress in making grants to community colleges for the Visiting Artists' Program.

PART 19. PUBLIC SCHOOLS

Requested by: Senators Ward, Perdue, Lee, Winner of Mecklenburg, Smith, Warren, Representatives Gray, Rogers, Black

NONCERTIFIED SCHOOL EMPLOYEE SALARIES

Sec. 19. (a) G.S. 115C-12(16) reads as rewritten:

"(16) Power with Regard to Salary Schedules. –

- a. Support personnel refers to all public school employees who are not required by statute or regulation to be certified in order to be employed. The State Board of Education is authorized and empowered to adopt all necessary rules for full implementation of all schedules to the extent that State funds are made available for support personnel.
- b. Salary schedules for the following public school support personnel shall be adopted by the State Board of Education: school finance officer, office support personnel, ~~property and~~ ~~cost clerks,~~ teacher assistants, maintenance supervisors, custodial personnel, and transportation personnel. The Board shall classify these support positions in terms of uniform pay grades included in the salary schedule of the State Personnel Commission.

~~Prior to~~ By the end of the third payroll period of the 1995-96 school fiscal year, local boards of education shall place State-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board of Education so that the average salary paid is the State-allotted amount for the category. In placing employees on the salary schedule, the local board shall consider the education, training, and experience of each employee. It is the intent of the General Assembly that a local school administrative unit not fail to employ an employee who was employed for the prior school year in order to implement the provisions of this sub-subdivision. A local board of education is in compliance with this sub-subdivision if the average salary paid is at least ninety-five percent (95%) of the State-allotted amount for the category at the end of the third payroll period of the 1995-96 fiscal year, and at least ninety-eight percent (98%) of the State-allotted amount for the category at the end of the third payroll period of each subsequent fiscal year. The Department of Public Instruction shall provide technical assistance to local school administrative units regarding the implementation of this sub-subdivision.

~~The average salary paid to employees in each category from State-allotted funds for the 1993-94 school year shall be at least two percent (2%) higher than the average salary paid to employees in that category from State-allotted funds for the 1992-93 school year.~~

The State Board of Education shall report to the General Assembly, prior to ~~March 31, 1994, and March 31, 1995,~~ and March 31, 1996, on the implementation of this sub-subdivision.

- c. Salary schedules for other support personnel, including but not limited to maintenance and school food service personnel, shall be adopted by the State Board of Education. The Board shall classify these support positions in terms of uniform pay grades included in the salary schedule of the State Personnel Commission. These schedules shall apply if the local board of education does not adopt a salary schedule of its own for personnel paid from other than State appropriations."

(b) Beginning with the 1994-95 fiscal year, the State Board of Education shall allot salary funds for State-allotted school custodian positions on the basis of one thousand two hundred nine dollars (\$1,209) a month for each position plus any salary increment authorized for school custodians by the General Assembly.

Requested by: Senator Ward, Representatives Rogers, Black

TRANSPORTATION INFORMATION MANAGEMENT SYSTEM FUNDS

Sec. 19.1. Of the funds appropriated to Aid to Local School Administrative Units for school transportation in this act, the sum of five hundred ten thousand dollars (\$510,000) for the 1994-95 fiscal year shall be used for the continuation of the Transportation Information Management System. These funds shall be used for equipment, equipment maintenance, and contractual services to operate the program.

It is the intent of the General Assembly to include these funds in the continuation budget for the 1995-97 fiscal biennium.

Requested by: Senator Ward, Representatives Rogers, Black

OUTCOME-BASED EDUCATION FUNDS

Sec. 19.2. Of the funds appropriated for the Outcome-Based Education Program in this act, the sum of one hundred thousand dollars (\$100,000) shall be used by the Department of Public Instruction to provide technical assistance, evaluate programs, refine proficiencies and outcomes, and otherwise implement the program.

Requested by: Senator Ward, Representatives Black, Rogers

DEVELOPMENTAL DAY CENTERS' GRANT-IN-AID

Sec. 19.3. Section 216 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 216. Of the funds appropriated in this act to the Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of two million three hundred one thousand two hundred forty-eight dollars (\$2,301,248) for the 1993-94 fiscal year and the sum of two million three hundred one thousand two hundred forty-eight dollars (\$2,301,248) for the 1994-95 fiscal year are transferred to the Department of Public Instruction for handicapped children aged 3 through 4 years who have been identified through Division of Mental Health, Developmental Disabilities, and Substance Abuse Services statewide services and who are served in developmental day centers. These funds shall be used to contract with area mental health, developmental disabilities, and substance abuse authorities or

with public or private nonprofit developmental day centers to continue to serve handicapped children aged 3 through 4 years who are identified as needing developmental day services.

It is the intent of the General Assembly to appropriate funds for this purpose in the continuation budget of the Department of Public Instruction for the 1995-97 fiscal biennium.

The Department of Public Instruction shall report to the General Assembly and to the Fiscal Research Division by May 1, 1994, and May 1, 1995, regarding the use of the funds transferred to it by this section."

Requested by: Senator Perdue, Representatives Rogers, Black

ADMINISTRATION OF THE INTERVENTION/PREVENTION GRANT PROGRAM

Sec. 19.4. Of the funds allocated under Section 42 of Chapter 24 of the Session Laws of the 1994 Extra Session for the Intervention/Prevention Grant Program, up to two hundred thousand dollars (\$200,000) may be used by the Department of Public Instruction to implement that section.

Requested by: Senators Ward, Winner of Mecklenburg, Representatives Rogers, Black
LIMITED ENGLISH PROFICIENCY (LEP) STUDENTS

Sec. 19.5. (a) G.S. 115C-81(c) reads as rewritten:

"(c) Local boards of education shall provide for the efficient teaching at appropriate grade levels of all materials set forth in the standard course of study, including integrated instruction in the areas of citizenship in the United States of America, government of the State of North Carolina, government of the United States, fire prevention, the free enterprise system, the dangers of harmful or illegal drugs, including alcohol, and cardio-pulmonary resuscitation (CPR) and the Heimlich maneuver.

Local Except when a board authorizes teaching in a foreign language in order to comply with federal law, local boards of education shall require all teachers and principals to conduct classes except foreign language classes in English. Any teacher or principal who refuses to do so may be dismissed."

(b) The State Board of Education shall study issues concerning Limited English Proficiency (LEP) students and shall develop a resource guide for local school administrative units that illustrates how to implement quality programs for LEP students. The study shall review:

- (1) Federal requirements for LEP students;
- (2) The number of LEP students in the State and their geographic distribution across the State;
- (3) Methods for identifying LEP students;
- (4) Methods for assessing the abilities of LEP students in their home language;
- (5) Criteria for entrance into and exit from LEP programs;

- (6) Technical assistance needs of local school administrative units and the Department of Public Instruction;
- (7) Teacher training needs for regular classroom teachers and teachers in LEP programs;
- (8) Projections of the number of English as a Second Language or other LEP teachers needed in the future and the role of The University of North Carolina in meeting that need;
- (9) Certification criteria for teachers of LEP students;
- (10) Methods for assessing LEP children's needs for special education, including programs for academically gifted students;
- (11) Methods of instruction for LEP students including English as a Second Language Programs and transitional bilingual education;
- (12) Funding options for serving LEP students, including use of federal Migrant Education funds and other federal, State, and local funds for LEP students; and
- (13) Programs in the State that currently serve LEP students.

The resource guide shall identify State and local funding sources for these programs, how to obtain these funds, and methods for program evaluation. The State Board shall provide a copy of the resource guide, the results of its study, and its recommendations regarding issues concerning LEP students, to the Joint Legislative Education Oversight Committee no later than December 1, 1994.

(c) If a local school administrative unit demonstrates that it has LEP students that it is unable to serve within the regular school allotments due to extraordinary circumstances, the State Board of Education may allocate funds from State Aid to Local School Administrative Units for the 1994-95 fiscal year to provide services to those students. No more than one million dollars (\$1,000,000) shall be allocated pursuant to this subsection for the 1994-95 fiscal year.

Requested by: Senator Ward, Representatives Rogers, Black

EXCEPTIONAL CHILDREN FUNDS

Sec. 19.5A. (a) Section 134(a) of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(a) The funds appropriated for exceptional children in this act shall be allocated as follows:

- (1) Each local school administrative unit shall receive for academically gifted children the sum of ~~\$641.26~~ \$652.17 per child for three and nine-tenths percent (3.9%) of the ~~1992-93~~ 1993-94 actual average daily membership in the local school administrative unit, regardless of the number of children identified as academically gifted in the local school administrative unit. The total number of children for which funds shall be allocated pursuant to this subdivision is ~~43,114~~ 43,739 for the ~~1993-94~~ 1994-95 school year.
- (2) Each local school administrative unit shall receive for exceptional children other than academically gifted children the sum of ~~\$1,923.79~~

\$1,956.52 per child for the lesser of (i) all children who are identified as exceptional children other than academically gifted children or (ii) twelve and five-tenths percent (12.5)% of the ~~1992-93~~ 1993-94 actual average daily membership in the local school administrative unit. The maximum number of children for which funds shall be allocated pursuant to this subdivision is ~~125,316~~ 127,668 for the ~~1993-94~~ 1994-95 school year.

- (3) Each local school administrative unit in which more than twelve and five-tenths percent (12.5%) of the ~~1992-93~~ 1993-94 actual average daily membership are identified as exceptional children other than academically gifted children shall receive \$418.76 per child in excess of the twelve and five-tenths percent (12.5%). These funds shall be used only for nonrecurring expenditures and other expenditures for exceptional children other than academically gifted children that do not impose future obligations on the State or local governments.

The dollar amounts allocated under subdivisions (1) and (2) of this subsection for exceptional children shall also increase in accordance with legislative salary increments for personnel who serve exceptional children."

(b) Section 134(d) of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(d) The State Board of Education shall report its preliminary recommendations, including any proposals for modified laws, rules, or policies and findings under subsections (b) and (c) of this section to the Commission on Children with Special Needs and to the chairs of the appropriations committees and the appropriations subcommittees on education of the Senate and the House of Representatives by March 15, ~~1994~~ 1994, and its final recommendations by January 1, 1995."

(c) Of the funds appropriated for increases in average daily membership for the 1994-95 fiscal year, the sum of one million two hundred twenty-nine thousand four hundred seventy-two dollars (\$1,229,472) shall be used for the recurring costs of implementing subsection (a) of this section.

(d) The State Board of Education shall allocate the sum of five hundred fifty thousand dollars (\$550,000) from State Aid to Local School Administrative Units for the 1994-95 fiscal year to continue support for the Advanced Placement Program in the public schools.

Requested by: Senators Daniel, Plyler, Ward, Perdue, Representatives Rogers, Black, Barnes, Nesbitt, Diamont

TEACHER SALARY SCHEDULES

Sec. 19.6. (a) The Director of the Budget may transfer from the Reserve for Salary Increases for the 1994-95 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments as provided in Section 127 of Chapter 321 of the 1993 Session Laws, commencing July 1, 1994, for all teachers whose salaries are supported from the State's

General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education and the Superintendent of Public Instruction. The longevity payment shall be paid in a lump sum once a year.

(b)(1) Beginning July 1, 1994, the following monthly salary schedule shall apply to certified personnel of the public schools who are classified as "A" teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

<u>Years of Experience</u>	<u>1994-95 Salary</u>
00	\$2,062
01	2,103
02	2,145
03	2,231
04	2,276
05	2,322
06	2,368
07	2,415
08	2,463
09	2,512
10	2,562
11	2,613
12	2,665
13	2,718
14	2,772
15	2,827
16	2,884
17	2,942
18	3,001
19	3,061
20	3,122
21	3,184
22	3,248
23	3,313
24	3,379
25	3,447
26	3,516
27	3,586
28	3,658
29	3,731
30+	3,731

(2) Beginning July 1, 1994, the following monthly salary schedule shall apply to certified personnel of the public schools who are classified as "G" teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

<u>Years of Experience</u>	<u>1994-95 Salary</u>
00	\$2,191
01	2,235
02	2,280
03	2,371
04	2,418
05	2,466
06	2,515
07	2,565
08	2,616
09	2,668
10	2,721
11	2,775
12	2,831
13	2,888
14	2,946
15	3,005
16	3,065
17	3,126
18	3,189
19	3,253
20	3,318
21	3,384
22	3,452
23	3,521
24	3,591
25	3,663
26	3,736
27	3,811
28	3,887
29	3,965
30+	3,965

(3) Certified public school teachers with certification based on academic preparation at the six-year degree level and at the doctoral degree level shall receive a salary supplement as provided in Section 127 of Chapter 321 of the 1993 Session Laws.

(c) 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 "G" 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.

Requested by: Senators Daniel, Plyler, Ward, Perdue, Representatives Rogers, Black, Nesbitt, Diamont

SCHOOL-BASED ADMINISTRATOR SALARIES

Sec. 19.7. (a) Funds appropriated to the Reserve for Salary Increases shall be used to complete the implementation of a new salary schedule for school-based administrators as provided in this act. These funds shall be used for State-paid employees only.

(b) The salary schedule for school-based administrators shall apply only to principals and assistant principals. The salary schedule for the 1994-95 fiscal year is as follows:

Step	Asst. Prin.	Prin.I	Prin.II	Prin.III	Prin.IV	Prin.V	Prin.VI	Prin.VII
0	—	—	—	—	—	—	—	—
1	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—
3	—	—	—	—	—	—	—	—
4	\$2,491	—	—	—	—	—	—	—
5	2,541	—	—	—	—	—	—	—
6	2,592	—	—	—	—	—	—	—
7	2,644	—	—	—	—	—	—	—
8	2,697	\$2,697	—	—	—	—	—	—
9	2,751	2,751	—	—	—	—	—	—
10	2,806	2,806	\$2,862	—	—	—	—	—
11	2,862	2,862	2,919	—	—	—	—	—
12	2,919	2,919	2,977	\$3,037	—	—	—	—
13	2,977	2,977	3,037	3,098	\$3,160	—	—	—
14	3,037	3,037	3,098	3,160	3,223	\$3,287	—	—
15	3,098	3,098	3,160	3,223	3,287	3,353	—	—
16	3,160	3,160	3,223	3,287	3,353	3,420	\$3,488	—
17	3,223	3,223	3,287	3,353	3,420	3,488	3,558	\$3,629
18	3,287	3,287	3,353	3,420	3,488	3,558	3,629	3,702
19	3,353	3,353	3,420	3,488	3,558	3,629	3,702	3,776

20	3,420	3,420	3,488	3,558	3,629	3,702	3,776	3,852
21	3,488	3,488	3,558	3,629	3,702	3,776	3,852	3,929
22	3,558	3,558	3,629	3,702	3,776	3,852	3,929	4,008
23	3,629	3,629	3,702	3,776	3,852	3,929	4,008	4,088
24	3,702	3,702	3,776	3,852	3,929	4,008	4,088	4,170
25	3,776	3,776	3,852	3,929	4,008	4,088	4,170	4,253
26	3,852	3,852	3,929	4,008	4,088	4,170	4,253	4,338
27	3,929	3,929	4,008	4,088	4,170	4,253	4,338	4,425
28	4,008	4,008	4,088	4,170	4,253	4,338	4,425	4,514
29	4,088	4,088	4,170	4,253	4,338	4,425	4,514	4,604
30	4,170	4,170	4,253	4,338	4,425	4,514	4,604	4,696
31	4,253	4,253	4,338	4,425	4,514	4,604	4,696	4,790
32	—	4,338	4,425	4,514	4,604	4,696	4,790	4,886
33	—	—	4,514	4,604	4,696	4,790	4,886	4,984
34	—	—	4,604	4,696	4,790	4,886	4,984	5,084
35	—	—	—	4,790	4,886	4,984	5,084	5,186
36	—	—	—	4,886	4,984	5,084	5,186	5,290
37	—	—	—	—	5,084	5,186	5,290	5,396
38	—	—	—	—	—	5,290	5,396	5,504
39	—	—	—	—	—	—	5,504	5,614
40	—	—	—	—	—	—	5,614	5,726
41	—	—	—	—	—	—	—	5,841.

(c) The appropriate classification for placement of principals and assistant principals on the salary schedule shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Less 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	More than 65 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.

(d) An assistant principal shall be placed on the step on the salary schedule that reflects total years of experience as a certificated employee of the public schools.

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.

(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level and at the doctoral degree level shall be paid a salary supplement as provided in Section 132 of Chapter 321 of the 1993 Session Laws.

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

(g) Longevity pay for principals and assistant principals shall be as provided for State employees.

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

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

This subdivision applies to all transfers on or after the ratification date of this act, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subdivision for one calendar year following the date of the merger.

(i) Except as provided in subsection (h) of this section, the salary of a principal or assistant principal shall not be less for the 1994-95 fiscal year than it was for the 1993-94 fiscal year solely as a result of placement on the salary schedule established in this section.

Requested by: Senators Ward, Perdue, Representatives Rogers, Black, Diamont
REPORT ON TEACHERS LEAVING THE TEACHING PROFESSION

Sec. 19.9. G.S. 115C-12 is amended by adding a new subdivision to read:

"(22) Duty to Monitor the Decisions of Teachers to Leave the Teaching Profession. – The State Board of Education shall monitor and compile an annual report on the decisions of teachers to leave the teaching profession. The State Board shall adopt standard procedures for each

local board of education to use in requesting the information from teachers who are not continuing to work as teachers in the local school administrative unit and shall require each local boards of education to report the information to the State Board in a standard format adopted by the State Board."

Requested by: Senator Perdue, Representative Barnes

TASK FORCE ON VOCATIONAL AND TECHNICAL EDUCATION

Sec. 19.10. (a) Task Force on Vocational and Technical Education created membership. – There is created the Task Force on Vocational and Technical Education. The Task Force shall be located administratively in the Department of Public Instruction but shall exercise all its prescribed statutory powers independently of the Department of Public Instruction.

- (b) The Task Force shall consist of the following 16 members:
 - (1) The State Superintendent of Public Instruction or a designee;
 - (2) The State Auditor or a designee;
 - (3) The Commissioner of Labor or a designee;
 - (4) One representative of The University of North Carolina, appointed by the President of The University of North Carolina;
 - (5) One representative of the North Carolina Community College System, appointed by the President of the North Carolina Community College System;
 - (6) Two members appointed by the Governor;
 - (7) Two members of the Senate appointed by the President Pro Tempore of the Senate;
 - (8) One businessperson involved in vocational and technical education and one director of vocational and technical education for a local school administrative unit, appointed by the President Pro Tempore of the Senate;
 - (9) Two members of the House of Representatives appointed by the Speaker of the House of Representatives;
 - (10) One businessperson involved in vocational and technical education and one vocational and technical education teacher appointed by the Speaker of the House of Representatives; and
 - (11) The chair of the Governor's Commission on WorkForce Preparedness.

The Governor and the Superintendent of Public Instruction shall each appoint a cochair from the membership of the Task Force.

Vacancies in terms of members shall be filled by the appointing officers.

(c) The Task Force, in collaboration with the Department of Community Colleges, the Department of Public Instruction, and the Governor's Commission on WorkForce Preparedness shall study the following issues related to vocational and technical education:

- (1) The quality, focus, standards, and future goals of vocational and technical education programs in the public schools, including the

- current status of local TechPrep, apprenticeship, and other school-to-work programs in North Carolina;
- (2) Funding issues including funding levels of programs, funding sources, distribution of funds, students served, and cost-per-student comparisons;
 - (3) Technological and educational quality of equipment and instructional materials, and projected equipment and technology needs for vocational and technical education;
 - (4) Current accountability efforts, including program standards and performance measures such as academic and employment outcomes, and review of program evaluation and improvement methods;
 - (5) Relevance of vocational and technical education to the workforce and subsequent employment, including the relationship of program focus to current and future labor market;
 - (6) Articulation issues, including the linkage of programs to higher education, other governmental workforce programs, and the business community;
 - (7) The efficiency and effectiveness of organizational and delivery aspects of existing vocational and technical and school-to-work programs including cooperative education, internships, youth apprenticeships, career academics, school-based enterprises, supervised occupational experiences, vocational student organizations, Tech Prep, and Job Training Partnership Act (JTPA) whether there is unnecessary duplication and overlap, and the appropriate role for each agency involved;
 - (8) The efficiency and effectiveness of State and local administration of programs;
 - (9) Curriculum and instructional delivery issues, including curriculum review and development and the extent and success of linkage and integration of vocational and technical education to core academic education;
 - (10) Career guidance and career counseling in the public schools; and
 - (11) Training and retraining of educators involved in vocational and technical education, including the effectiveness of preservice training for teachers, teacher qualification requirements, teacher supply and demand trends, plans for ongoing staff development for teachers, local and State leadership including Department of Public Instruction staff, administrators, principals and superintendents, and necessary changes in staff development.

The Task Force shall make an interim report of the results of its study and its recommendations for modifications in vocational and technical education and school-to-work transition programs to the Joint Legislative Education Oversight Committee, the Governor's Commission on WorkForce Preparedness, and the State Board of Education prior to January 15, 1995, and a final report prior to March 1, 1996.

(d) Members of the Task Force who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Task Force who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Task Force shall be paid the per diem and allowances set forth in G.S. 138-5.

(e) The Department of Public Instruction shall provide requested professional and clerical staff to the Task Force. The Task Force may also employ professional and clerical staff and shall hire outside consultants to assist it in its work.

(f) The Department of Public Instruction shall use up to one hundred thousand dollars (\$100,000) within its budget for the 1994-95 fiscal year for the work of the Task Force on Vocational and Technical Education.

Requested by: Senators Ward, Perdue, Representatives Barnes, Rogers, Black

TEACHER ACADEMY FUNDS

Sec. 19.11. (a) Funds appropriated in this act for the operation of the Teacher Academy for the 1994-95 fiscal year shall be used for Teacher Academy training sessions offered for the summer of 1994 and for sessions offered for the summer of 1995 prior to July 1, 1995. These funds include the sum of three hundred seventy-five thousand dollars (\$375,000) in nonrecurring funds for training sessions for additional teachers during the first fiscal year of program implementation.

(b) The Task Force on Teacher Staff Development shall evaluate the Teacher Academy Plan it developed in accordance with Section 141 of Chapter 321 of the 1993 Session Laws and shall consider how it might fit into a comprehensive approach to staff development. The State Board of Education shall conduct an evaluation of the quality of the 1994-95 Teacher Academy sessions. The Task Force shall address more completely the factors it was directed to address by Section 141 and shall develop a more comprehensive approach for teacher professional development. The Task Force shall place special emphasis on the following:

- (1) Efficient and effective use of existing State, federal, and local resources through an integrated, nonduplicative delivery of professional development to teachers.
- (2) Short-range and long-range plans for school-based staff development that address the professional development needs of teachers in site-based decision making, core content areas, instruction, use of modern technology, and other appropriate subjects.
- (3) More effective use of the North Carolina Center for Advancement of Teaching facility and staff in the delivery of teacher professional development.
- (4) Training schedules and opportunities that minimize the time teachers are away from classroom instruction.
- (5) Development of organizational arrangements and technologies that encourage teacher networking and collaboration.

- (6) Effective use of the facilities and faculties of The University of North Carolina campuses in the delivery of professional development to teachers.
- (7) Effective use of existing and planned telecommunications and long-distance learning systems for teacher professional development to limit expenditures for travel and associated costs.
- (8) Professional development that meets the unique needs of individual schools and a plan to ensure quality in the various staff development offerings.
- (9) A proposal for the ongoing coordination of teacher professional development activities among local school administrative units, the Department of Public Instruction, the Technical Assistance Centers, The University of North Carolina, NCCAT, private colleges and universities, and any other providers of teacher professional development.

The Task Force on Teacher Staff Development shall also review the work of the Teacher Training Task Force and consider incorporating elements of the findings and recommendations of the Teacher Training Task Force in the Plan.

The Task Force shall make an interim report on (i) its progress on the Plan, (ii) expenditures on and evaluation of the Teacher Academy programs during the summer of 1994, and (iii) projected expenditures for the summer of 1995 to the Joint Legislative Education Oversight Committee and the State Board of Education no later than October 1, 1994. The final Plan shall be submitted to the State Board of Education for adoption no later than December 1, 1994. Any legislative action required to implement the Plan shall be submitted to the Joint Legislative Education Oversight Committee and the General Assembly no later than January 15, 1995.

(c) Effective July 7, 1994, Chapter 718 of the 1993 Session Laws is repealed.

Requested by: Senator Ward, Representatives Rogers, Black

STATISTICS ON STUDENTS ELIGIBLE FOR FREE AND REDUCED PRICE LUNCHESES

Sec. 19.12. Of the funds appropriated to the Department of Public Instruction in this act, the Department of Public Instruction shall use fifty thousand dollars (\$50,000) to compile and analyze data on the number of students eligible for free and reduced price lunches. The analysis shall include consideration of whether this data is a valid measure of income at the local school administrative unit level and at the school building.

Requested by: Senators Daniel, Plyler, Ward, Warren, Perdue, Representatives Jeffus, Rogers, Black, Barnes, Diamont

SUBSTITUTE TEACHER PAY

Sec. 19.13. Substitute teachers who hold teacher certificates shall be paid at a rate of fifty-seven dollars (\$57.00) per day. Substitute teachers who do not hold teacher

certificates but have completed effective teacher training shall be paid at a rate of fifty dollars (\$50.00) per day. Substitute teachers who neither hold teacher certificates nor have completed effective teacher training shall be paid at a rate of forty dollars (\$40.00) per day.

Requested by: Senators Ward, Perdue, Daniel, Plyler, Representatives Nesbitt, Diamont, Rogers, Black, Barnes

BASIC EDUCATION PROGRAM FUNDS

Sec. 19.17. Of the funds appropriated in this act to State Aid to Local School Administrative Units, the sum of fifty-five million eight hundred twenty-four thousand one hundred thirty-six dollars (\$55,824,136) shall be used to implement the Basic Education Program. These funds shall be allocated as follows:

- (1) \$10,000,000 shall be allocated for school psychologists, social workers, and guidance counselors for kindergarten through the eighth grade in accordance with the Basic Education Program. Each local school administrative unit shall comply with the staffing requirements of the Basic Education Program regarding school psychologists, social workers, and guidance counselors for kindergarten through the eighth grade.
- (2) \$26,320,319 shall be used to implement fully the class size reduction at the kindergarten level in accordance with the Basic Education Program.
- (3) \$9,536,119 shall be used to implement fully textbook funding in accordance with the Basic Education Program by restoring textbook purchasing power to the 1985 level.

The General Assembly urges the State Board of Education to carry out its duties under G.S. 115C-96 by requesting sufficient appropriations from the General Assembly to provide the children of the public elementary and secondary schools with free basic textbooks. The General Assembly also urges the Governor to include that amount in the proposed budget and to carry out the Governor's duties under G.S. 143-11 by accompanying the proposed budget with the State Board of Education's request for appropriations for textbooks.

The State Board of Education shall adjust the funds for positions allocated pursuant to this section to reflect legislative adjustments to average salary and the current average daily membership.

Requested by: Representative Culpepper

DARE SCHOOL PAY DATE

Sec. 19.18. Notwithstanding the provisions of G.S. 115C-302(a), G.S. 115C-316(a), or any other provision of law, all 10-month employees of the Dare County Board of Education shall be paid on the twelfth day of each month. Nothing in this section shall have the effect of changing the rate of pay for any employee of the Dare County Board of Education.

This section shall not be construed to authorize prepayment of any employees by the Dare County Board of Education.

Requested by: Representatives Yongue, Cummings, Lee

SCOTLAND SCHOOL PAY DATE

Sec. 19.19. Section 143.1 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 143.1. Notwithstanding the provisions of G.S. 115C-302(a), G.S. 115C-316(a), or any other provision of law, all 10-month employees of the Scotland County Schools except for school bus drivers, who are paid on a monthly basis, shall be paid on the ~~fifteenth~~tenth day of each month. Nothing in this section shall have the effect of changing the rate of pay for any employee of Scotland County Schools.

This section shall not be construed to authorize prepayment of any employees by the Scotland County Board of Education."

Requested by: Representatives Lutz, Hunt, Weatherly

REPEAL CLEVELAND SCHOOL PAY DATE

Sec. 19.20. Section 2 of Chapter 311 of the 1991 Session Laws is repealed.

Requested by: Representatives Wilmoth, Cromer

WATAUGA SCHOOL PAY DATE

Sec. 19.21. Notwithstanding the provisions of G.S. 115C-302(a), G.S. 115-316(a), or any other provision of law, all 10-month employees of the Watauga County Board of Education shall be paid on the tenth day of each month, and all other employees of the Watauga County Board of Education shall be paid on the last day of each month. If the pay date so established falls on a weekend or holiday, the employee shall be paid on the last workday before the established pay date. Nothing in this section shall have the effect of changing the rate of pay for any employee of the Watauga County Board of Education.

This section shall not be construed to authorize prepayment of any employees of the Watauga County Board of Education.

Requested by: Representative Flaherty

CALDWELL SCHOOL PAY DATE

Sec. 19.22. Notwithstanding the provisions of G.S. 115C-302(a), G.S. 115C-316(a), or any other provision of law, all 10-month employees of the Caldwell County Board of Education who are paid on a monthly basis shall be paid on the fifteenth day of each month. Nothing in this section shall have the effect of changing the rate of pay for any employee of Caldwell County Board of Education.

This section shall not be construed to authorize prepayment of any employees by the Caldwell County Board of Education.

Requested by: Senator Ward, Representatives Kuczarski, Rogers, Black

CUED SPEECH FUNDS

Sec. 19.23. Of the funds appropriated in this act to the Department of Public Instruction, the sum of ninety-five thousand dollars (\$95,000) shall be used as a grant-in-aid for the Cued Speech Center of Wake County. The Center shall use these funds to provide transition services.

The Department of Public Instruction shall evaluate the use of these funds and report the results of the evaluation to the Commission on Children with Special Needs before October 1, 1995.

Requested by: Senator Ward, Representatives Rogers, Black, Diamont

ALLOCATIONS OF BASIC EDUCATION PROGRAM FUNDS FOR SMALL CITY SCHOOL SYSTEMS

Sec. 19.24. The State Board of Education shall modify the position allocation formulas under the Basic Education Program by rounding all fractions of positions to the next whole position for each city school administrative unit with an average daily membership of less than 3,000 students.

Requested by: Senator Ward, Representatives Rogers, Black, Diamont

SCHOOL ADMINISTRATOR ALLOTMENT FORMULAS

Sec. 19.25. The State Board of Education shall modify the allotment formula for school administrators so that (i) the base allotment under the formula is the same for all local school administrative units, regardless of the average daily membership of the units and (ii) the remainder of the funds is allotted on the basis of average daily membership.

Requested by: Senators Winner of Mecklenburg, Ward, Perdue, Daniel, Plyler, Representatives Diamont, Rogers, Black, Barnes, Nesbitt

SCHOOL TECHNOLOGY PLANS/FUNDS

Sec. 19.26. (a) G.S. 115C-102.6 reads as rewritten:

"§ 115C-102.6. ~~Duties.~~ Duty to prepare a requirements analysis and propose a State school technology plan.

The Commission shall prepare a requirements analysis and propose a State school technology plan to the ~~Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee~~ for improving student performance in the public schools through the use of learning and instructional management technologies.

In developing this plan, the Commission shall:

- (1) Assess factors related to the current use of learning and instructional management technologies in the schools, including what is currently being used, how the current use of technology relates to the standard course of study, how the effectiveness of learning and instructional management technologies is being evaluated, how schools are paying for learning and instructional management technologies, and what training school employees have received in the use of learning and instructional management technology and networks.

- (2) Identify the instructional goals that can be met through the use of learning and instructional management technologies. The goals may include teaching the standard course of study, reaching students with a broad range of abilities, and ensuring that all students have access to a complete curriculum regardless of the geographical location or the financial resources of the school.
- (3) Examine the types of learning and instructional management technologies available to meet the identified instructional goals, including computers, audiovisual aids, science laboratory equipment, vocational education equipment, and distance learning networks. The Commission shall consider the compatibility and accessibility of different types of learning and instructional management technologies, including compatibility with the planned statewide broadband ISDN network, and whether they may be easily communicated from one site to another. The Commission shall also consider linkages between learning and instructional management technologies and existing State and local administrative systems.
- (4) Develop a basic level of learning and instructional management technology for every school in the State. The basic level may include:
 - a. A computer lab with student stations or a specified number of student computer stations in each classroom for the use of instructional software such as computer-assisted instruction, integrated learning systems, instructional management systems, and applications software such as word processing, database, spreadsheet, and desktop publishing.
 - b. A computer workstation in every classroom for teachers to use in preparation and delivery of instruction and for administrative record keeping.
 - c. A television monitor and video cassette-recorder in every classroom to take advantage of open-air broadcast programs, satellite programs, and instructional video tapes available from the library/media center.
 - d. Computer workstations at each elementary and secondary school, housed in the library/media center, for individual students to use for basic skills instructional software.
 - e. A telecommunications line, modem, and software in each school's library/media center that will allow students and teachers access to external databases and resources for research purposes.
 - f. The availability of telephones for teachers.
 - g. Initial training for the principal and teachers from each school in the use of the new technology.
- (5) Consider staffing required to operate the learning and instructional management technologies and options for maintaining the equipment.

(6) Consider the types of staff development necessary to maximize the benefits of learning and instructional management technologies and determine the appropriate ways to provide the necessary staff development.

(7) Develop a cost analysis of any plans and proposals that it develops."

(b) Part 3A of Article 8 of Chapter 115C of the General Statutes is amended by adding four new sections to read:

"§ 115C-102.6A. Elements of the State school technology plan.

(a) The State school technology plan shall be a long-term State implementation plan for using funds from the State School Technology Fund and other sources to improve student performance in the public schools through the use of learning and instructional management technologies. The purpose of the plan shall be to provide a cost-effective foundation of flexible and long-lasting technology to promote substantial gains in student achievement.

(a1) In developing the plan the Commission shall consider and plan for the relationship of the North Carolina Information Highway to the plan. In particular the plan shall establish priorities for the acquisition of school technologies including how the Information Highway fits into those priorities.

(b) Components of the State school technology plan shall include at least the following:

(1) Common technical standards and uniform practices and procedures that provide statewide economies of scale in procurements, training, support, planning, and operations.

(2) Conceptual technical architecture that includes:

a. Principles – Statements of direction, goals, and concepts to guide the development of technical architecture;

b. Standards for interoperability – Detailed specifications to ensure hardware, software, databases, and other products that may have been developed independently or purchased from different vendors or manufacturers will work together, to the extent that interoperability facilitates meeting instructional or administrative goals; and

c. Implementation strategies – Approaches or guidelines for developing and installing the components of the technical infrastructure.

(3) A quality assurance policy for all school technology projects, training programs, systems documentation, and maintenance plans.

(4) Policies and procedures for the fair and competitive procurement of school technology that provide local school administrative units with a vendor-neutral operating environment in which different school technology hardware, software, and networks operate together easily and reliably, to the extent feasible consistent with meeting instructional or administrative goals. The operating environment includes all hardware and software components and configurations

necessary to accomplish the integrated functions for school technology such as (i) types and sizes of computer platforms, telecommunications equipment, and associated communications protocols; (ii) operating systems for the computer processors; (iii) applications and other operating and support software; and (iv) other equipment, items, and software, such as printers, terminals, data and image storage devices, and other input, output, and storage devices.

- (5) A comprehensive policy for inventory control.
- (6) Parameters for continuous, ongoing training for all personnel involved in the use of school technology. Training shall focus on the integration of technology and instruction and on the use of particular applications.
- (7) Recommendations to the State Board of Education of requirements for preservice teacher training on the integration of teaching and school technology.
- (8) Proposals for leadership training on the use of school technology to improve instruction and as a management tool.
- (9) Development of expertise at the State and regional levels on school technology.
- (10) Flexibility to enable local school administrative units and individual schools to meet individual school unit and building needs.
- (11) Flexibility to meet the needs of all students, allow support to students with a wide range of abilities, and ensure access to challenging curricula and instruction for children at risk of school failure.
- (12) Use of technologies to support challenging State and local educational performance goals.
- (13) Effective and integrated use of technologies compatible with (i) the standard course of study, (ii) the State assessment program, and (iii) related student data management.
- (14) Use of technologies as a communication, instructional, and management tool and for problem-solving, exploration, and advanced skills.
- (15) Proposals for addressing equipment needs for vocational education, Tech Prep, and science instruction.
- (16) Specifications for minimum components of local school system technology plans.

"§ 115C-102.6B. Approval of State school technology plan.

(a) The Commission shall present the State school technology plan it develops to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee for their comments prior to January 1, 1995. At least every two years thereafter, the Commission shall develop any necessary modifications to the State school technology plan and present them to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee.

(b) After presenting the plan or any proposed modifications to the plan to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee, the Commission shall submit the plan or any proposed modifications to (i) the Information Resources Management Commission for its approval of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4), and (ii) the State Board of Education for its approval of the components of the plan set out in G.S. 115C-103.6A (1) through (16).

At least one-fourth of the members of any technical committee that reviews the plan for the Information Resources Management Commission shall be people actively involved in primary or secondary education.

(c) If no changes are made to the plan or the proposed modifications to the plan after the submission to the Information Resources Management Commission and the State Board of Education, the plan or the proposed modifications shall take effect upon approval by the Information Resources Management Commission and the State Board of Education.

"§ 115C-102.6C. Approval of local school system technology plans.

(a) Each local board of education shall develop a local school system technology plan that meets the requirements of the State school technology plan. In developing a local school system technology plan, a local board of education is encouraged to coordinate its planning with other agencies of State and local government, including other local school administrative units.

The Information Resources Management Commission shall assist the local boards of education in developing the parts of the plan related to its technological aspects, to the extent that resources are available to do so. The Department of Public Instruction shall assist the local boards of education in developing the instructional and technological aspects of the plan.

Each local board of education shall submit the local plan it develops to the Information Resources Management Commission for its evaluation of the parts of the plan related to its technological aspects and to the Department of Public Instruction for its evaluation of the instructional aspects of the plan. The State Board of Education, after consideration of the evaluations of the Information Resources Management Commission and the Department of Public Instruction, shall approve all local plans that comply with the requirements of the State school technology plan.

(b) After a local school system technology plan is approved by the State Board of Education, all State funds spent by the local board of education for any aspect of school technology shall be used to implement the local school system technology plan.

(c) After a local school system technology plan is approved by the State Board of Education, the local board of education may use funds in the State School Technology Fund that are allocated to the local school administrative unit to implement the plan.

"§ 115C-102.6D. Establishment of the State School Technology Fund; allocation and use of funds.

(a) There is established under the control and direction of the State Board of Education the State School Technology Fund. This fund shall be a nonreverting special revenue fund consisting of any monies appropriated to it by the General Assembly.

(b) Funds in the State School Technology Fund shall be allocated to local school administrative units as directed by the General Assembly. Funds allocated to each local school administrative unit shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3.

(c) Each local school administrative unit with a local school system technology plan approved by the State Board of Education may use funds allocated to it to implement its local plan or as otherwise specified by the General Assembly."

(c) G.S. 115C-102.7 reads as rewritten:

"§ 115C-102.7. Reports.—Monitoring and evaluation of State and local school system technology plans; reports.

(a) The Commission shall monitor and evaluate the development and implementation of the State and local school system technology plans. The evaluation shall consider the effects of technology on student learning, the effects of technology on students' workforce readiness, the effects of technology on teacher productivity, and the cost-effectiveness of the technology. ~~The Commission shall make a progress report prior to March 15, 1994, and a final report prior to May 15, 1994, on the plan it develops to~~ The Commission shall report in October of each year to the State Board of Education, the Joint Legislative Commission on Governmental Operations ~~Operations,~~ and the Joint Legislative Education Oversight ~~Committee.—Committee on the~~ development and the implementation of State and local school system technology plans.

(a1) The Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee may meet jointly to consider ~~the~~ reports from the Commission on School Technology and they may appoint subcommittees to jointly consider the reports.

(b) The Commission shall provide notice of meetings, copies of minutes, and periodic briefings to the chair of the Information Resources Management Commission and the chair of the Technical Committee of the Information Resources Management Commission."

(d) Funds in the amount of forty-two million (\$42,000,000) are appropriated in this act to the Office of State Budget and Management, School Technology Reserve. These funds and any other funds that may be provided by the General Assembly for the 1994-95 fiscal year for learning and instructional management technology shall be spent only in accordance with subsequent legislation enacted by the General Assembly. It is the intent of the General Assembly to enact such legislation within 30 days of receiving the State school technology plan approved by the State Board of Education and the Information Resources Management Commission pursuant to G.S. 115C-102.6B(c)

(e) Of the funds appropriated to the Office of the State Controller, Division of Information Resources Management, in this act, the sum of one hundred fifty thousand dollars (\$150,000) shall be used, after March 1, 1995, for three professional employee positions to be located in Raleigh and one clerical employee position to be located in Raleigh, and necessary office furniture, supplies, and equipment. These employees shall advise the Information Resources Management Commission concerning the evaluation of the technological aspects of the local school

system technology plans. To the extent that resources are available to do so, they shall also respond to requests for advice from the State Board of Education and the Department of Public Instruction, assist local school administrative units in developing local school system technology plans, and assist local governments with regard to the use of technology.

(f) The State Board of Education shall allocate the sum of two hundred thousand dollars (\$200,000) from State Aid to Local School Administrative Units to be used after March 1, 1995 for six professional employee positions in the Department of Public Instruction and for necessary office furniture, supplies, and equipment. The employees shall be located in the Technical Assistance Centers of the Department of Public Instruction. These employees shall respond to requests for advice from the State Board of Education and assist local school administrative units in developing local school system technology plans. To the extent that resources are available to do so they shall also assist local governments with regard to the use of technology.

It is the intent of the General Assembly to include these funds in the continuation budget of the Department of Public Instruction for the 1995-97 fiscal biennium.

(g) G.S. 115C-102.6B, which is enacted in subsection (b) of this section, becomes effective November 1, 1994. The remainder of this section becomes effective July 1, 1994.

Requested by: Senators Ward, Perdue, Representatives Rogers, Barnes

CAREER DEVELOPMENT PILOT/SITE-BASED MANAGEMENT

Sec. 19.27. (a) Section 126 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 126. The State Board of Education shall require the local school administrative units receiving career development funds to modify their differentiated pay plans for the 1994-95 fiscal year so that the cost of the differentiated pay plan equals (i) five percent (5%) of teacher and administrator salaries and of the employer's contributions for social security and retirement, for the prior fiscal year, and (ii) the amount of local funds available for differentiated pay. The State Board of Education shall require the local school administrative units receiving career development funds to modify their differentiated pay plans for the 1995-96 fiscal year so that the cost of the differentiated pay plan equals (i) three percent (3%) of teacher and administrator salaries and of the employer's contributions for social security and retirement for the prior fiscal year, and (ii) the amount of local funds available for differentiated pay.

It is the intent of the General Assembly that this reduction in appropriations not result in employees receiving less on a monthly basis in salary and State-funded bonuses during the 1994-95 fiscal year or the 1995-96 fiscal year than they received on a monthly basis during the 1993-94 fiscal year so long as the employees qualify for bonuses under the local differentiated pay plan."

(b) Members of the Task Force on Site-Based Management shall serve until September 1, 1996, and shall be eligible for reappointment. Successive appointments shall be for two-year terms.

Requested by: Representatives Rogers, Black, Nesbitt, Diamont, Senator Daniel
**FUNDS FOR NATIONAL BOARD FOR PROFESSIONAL TEACHING
STANDARDS**

Sec. 19.28. The National Board for Professional Teaching Standards (NBPTS) was established in 1987 as an independent, nonprofit organization to establish high standards for teachers' knowledge and performance and for development and operation of a national voluntary system to assess and certify teachers who meet those standards. In order to apply for the NBPTS certification process, teachers must have three years or more of teaching experience, be currently teaching, have graduated from an accredited college or university, and hold a valid State teaching license. Upon successful completion of a year-long process of developing a portfolio of student work and videotapes of teaching/learning activities for NBPTS review and then participating in NBPTS assessment center simulation exercises, including performance-based activities and a content knowledge examination, teachers may become NBPTS-certified.

Of the funds appropriated to the Department of Public Instruction in this act, the sum of five hundred thousand dollars (\$500,000) for the 1994-95 fiscal year shall be used to pay for:

- (1) The National Board for Professional Teaching Standards (NBPTS) participation fee and for up to three days of approved paid leave for teachers participating in the NBPTS program during the 1994-95 school year for State-paid teachers who (i) have completed three years of teaching in North Carolina schools operated by local boards of education, the Department of Human Resources, the Department of Correction, or The University of North Carolina, or affiliated with The University of North Carolina, prior to application for NBPTS certification, and (ii) who have not previously received State funds for participating in any certification area in the NBPTS program. Teachers participating in the program shall take paid leave only with the approval of their supervisors.

A teacher for whom the State pays the participation fee (i) who does not complete the process or (ii) who completes the process but does not teach in a North Carolina public school for at least one year after completing the process, shall repay the certification fee to the State. Repayment is not required if the process is not completed or the teacher fails to teach for one year due to the death or disability of the teacher or other extenuating circumstances as may be recognized by the State Board.

- (2) An annual bonus of four percent (4%) of the teacher's State-paid salary for the 10-month school year for State-paid teachers who (i) completed three years of teaching in North Carolina schools operated by local boards of education, the Department of Human Resources, the Department of Correction, or The University of North Carolina prior to application for NBPTS certification and (ii) complete the certification process in 1993-94 and receive NBPTS certification in 1994-95. The

bonus for the 1994-95 fiscal year shall be paid immediately upon certification. The bonus for each subsequent fiscal year shall be paid at the end of each full school year that the teacher teaches full-time in a North Carolina school.

The State Board of Education shall study incentive options for teachers who obtain NBPTS certification and the cost of those incentives. The State Board shall also study the impact of NBPTS certification on student performance. The State Board shall report the preliminary results of this study to the Joint Legislative Education Oversight Committee in December of 1994. The State Board shall make a final report on the impact of NBPTS certification on student performance to the Joint Legislative Education Oversight Committee in January of 1997.

Requested by: Senator Ward, Representatives Rogers, Black

ACADEMIC AND SUPPORT PROGRAM FOR COURT-INVOLVED YOUTH

Sec. 19.29. Of the funds appropriated to the Department of Public Instruction in this act, the sum of one hundred seventeen thousand dollars (\$117,000) shall be used to support the two-year comprehensive academic and support program operated by Duke University, in collaboration with North Carolina Central University, the Durham Public Schools, the Durham Companions, and the Durham Educational Network, for court-involved middle school and high school students.

Requested by: Senators Daniel, Plyler, Ward, Representatives Rogers, Black, Michaux, Diamont

SCHOOL BUS DRIVER/SALARY RANGE

Sec. 19.30. (a) The salary range for school bus drivers shall be at grade 51 as established by the State Board of Education, as adjusted by legislative across-the-board salary increases, for 10 months of employment. Local boards of education shall pay all school bus drivers within this range.

(b) Of the funds appropriated to State Aid to Local School Administrative Units in this act, the sum of three million five hundred thousand dollars (\$3,500,000) shall be used to increase the pay of all school bus drivers an average of four and six-tenths percent (4.6%) within the salary range established in subsection (a) of this section. This increase is in addition to any legislative across-the-board increase granted by the General Assembly for the 1994-95 fiscal year.

(c) The average salary of a State-paid school bus driver for the 1994-95 school year within each local school administrative unit, computed on an hourly basis, shall be at least eight dollars (\$8.00) per hour.

Requested by: Senator Ward, Representatives Rogers, Black

SCHOOL LEADERSHIP TRAINING FUNDS

Sec. 19.31. Of the funds appropriated for State Aid to Local School Administrative Units in this act, the State Board of Education shall allocate the sum of five hundred thousand dollars (\$500,000) to continue support for the school leadership

training program in the public schools that was authorized by the 1979 General Assembly.

Requested by: Senators Daniel, Plyler, Perdue, Lee, Ward, Winner of Mecklenburg, Smith, Warren, Hartsell, Representative Rogers

LOW-WEALTH AND SMALL SCHOOL SUPPLEMENTAL FUNDING CHANGES

Sec. 19.32. (a) Subsection (c) of Section 138 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(c) **Definitions.** – As used in this section:

- (1) 'Anticipated county property tax revenue availability' means the county adjusted property tax base multiplied by the effective State average tax rate.
- (2) 'Anticipated total county revenue availability' means the sum of the
 - a. Anticipated county property tax revenue availability,
 - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
 - c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
 - d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
 - e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277A,
 - f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-213 and G.S. 105-213.1, and
 - g. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (3) 'Anticipated total county revenue availability per student' means the anticipated total county revenue availability for the county divided by the average daily membership of the county.
- (4) 'Anticipated State average revenue availability per student' means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (5) 'Average daily membership' means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) 'County adjusted property tax base' shall be computed as follows:
 - a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,

- b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
 - c. Add to the resulting amount the:
 - 1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
 - 2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
 - 3. Personal property value for the county.
- (7) 'County adjusted property tax base per square mile' means the county adjusted property tax base divided by the number of square miles of land area in the county.
- (8) 'County wealth as a percentage of State average wealth' shall be computed as follows:
- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
 - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
 - c. Compute the percentage that the county adjusted property tax base per square mile is of the State adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
 - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) 'Effective county tax rate' means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) 'Effective State average tax rate' means the average of effective county tax rates for all counties.
- (10a) 'Local current expense funds' means the most recent county current expense appropriations to public schools, as reported by counties in the annual county financial information report to the State Treasurer.
- (11) 'Per capita income' means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (12) 'Sales assessment ratio studies' means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

- (13) 'State average current expense appropriations per student' means the most recent State total of county current expense appropriations to public schools, as reported by counties in the annual county financial information report to the State Treasurer, divided by the total State average daily membership.
- (14) 'State average adjusted property tax base per square mile' means the sum of the county adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (14a) 'Supplant' means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (15) 'Weighted average of the three most recent annual sales assessment ratio studies' means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used."

(b) Subsection (d) of Section 138 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(d) **Eligibility for funds.** – Except as provided in subsection (h) of this section, The—the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%)."

(c) Subsection (h) of Section 138 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(h) **Nonsupplant requirement.** – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant existing State and local funding for public schools. local current expense funds. Beginning with the 1995-96 fiscal year, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The average of the local per student current expense appropriation for the three most recent years is less than ninety-five percent (95%) of the greater of (i) the local per student current expense appropriation for the 1991-92 fiscal year; or (ii) the average local per student current expense appropriation of the county for the three fiscal years immediately prior to the current year; and

- (2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

~~The Local Government Commission shall analyze the budgets and the expenditures of school administrative units that receive funds under this section in light of their budgets and expenditures for the previous year and shall determine whether those funds were used to supplement and not supplant State and local funding for public schools. The Local Government Commission shall report the results of its study to the State Board of Education, to the Joint Legislative Education Oversight Committee, and to the Appropriations Committees of the Senate and the House of Representatives, prior to May 1, 1994, and May 1, 1995."~~

(d) Subsection (i) of Section 138 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(i) **Reports.** – Counties that receive funds under this section shall report to the State Board of Education before March 1 each year on how they are using the funds for the fiscal year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 1994, and May 1, ~~1995, 1995,~~ and annually thereafter on how the funds are being used. In its report the State Board shall analyze local appropriations and identify counties that supplant funds.

The Local Government Commission shall report on March 1, 1995, and annually thereafter on county appropriations to local school current expense funds to the State Board of Education and to the Appropriations Committees of the Senate and House of Representatives."

(e) Section 138.1 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 138.1. (a) **Funds for Small School Systems.** – Except as provided in subsection (b) of this section, ~~The~~ the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of less than 3,000 students and (ii) to each county school administrative unit with an average daily membership of from 3,000 to 4,000 students if the county in which the local school administrative unit is located has a county adjusted property tax base per student that is below the State adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,000 to 4,000 students. The allocation formula shall:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide ~~four~~ five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four and ~~six~~ seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or less.

- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of at least one hundred fifty thousand dollars (\$150,000), excluding textbooks.
- (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fund fully the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

(b) **Nonsupplant requirement.** – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant existing State and local funding for public schools. local current expense funds. Beginning with the 1995-96 fiscal year, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The average of the local per student current expense appropriation for the three most recent years is less than ninety-five percent (95%) of the greater of (i) the local per student current expense appropriation for the 1991-92 fiscal year; or (ii) the average local per student current expense appropriation of the county for the three fiscal years immediately prior to the current year; and
- (2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

~~The Local Government Commission shall analyze the budgets and the expenditures of school administrative units that receive funds under this section in light of their budgets and expenditures for the previous year and shall determine whether those funds were used to supplement and not supplant State and local funding for public schools. The Local Government Commission shall report the results of its study to the State Board of Education, the Joint Legislative Oversight Committee, and the Appropriations Committees of the Senate and the House of Representatives, prior to May 1, 1994 and May 1, 1995.~~

(c) **Definitions.** – As used in this section:

- (1) 'Average daily membership' means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education.
- (2) 'County adjusted property tax base per student' means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.
- (2a) 'Local current expense funds' means the most recent county current expense appropriations to public schools, as reported by counties in the annual county financial information report to the State Treasurer.
- (3) 'Sales assessment ratio studies' means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (4) 'State adjusted property tax base per student' means the sum of all county adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.
- (4a) 'Supplant' means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (5) 'Weighted average of the three most recent annual sales assessment ratio studies' means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

(d) **Reports.** – Counties that receive funds under this section shall report to the State Board of Education before March 1 each year on how they are using the funds for the fiscal year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 1994, and May 1, ~~1995, 1995,~~ and annually thereafter on how the funds are being used. In its report the State Board shall analyze local appropriations and identify counties that supplant funds.

The Local Government Commission shall report on March 1, 1995, and annually thereafter on county appropriations to local school current expense funds to the State Board of Education and to the Appropriations Committees of the Senate and House of Representatives."

Requested by: Senator Ward, Representative Diamont

CLARIFICATION OF THE NORTH CAROLINA HIGH SCHOOL ATHLETIC ASSOCIATION UNDER THE STATE TORT CLAIMS ACT

Sec. 19.33. (a) G.S. 143-291 is amended by adding a new subsection to read:

"(c) The North Carolina High School Athletic Association, Inc., is a State agency for purposes of this Article, and its liability in tort shall be only under this Article. This subsection does not extend to any independent contractor of the Association. The Association shall be obligated for payments under this Article, through the purchase of commercial insurance or otherwise, in lieu of any responsibility of the State or The University of North Carolina for this payment. The Association shall be similarly obligated to reimburse or have reimbursed the Department of Justice for any expenses in defending any claim against the Association under this Article."

(b) This section becomes effective with respect to causes of action arising on or after the date of ratification of this act.

Requested by: Representative Diamont, Senator Daniel

DIFFERENTIATED PAY

Sec. 19.34. Of the funds appropriated in this act for State Aid to Local School Administrative Units for the 1994-95 fiscal year, the sum of nineteen million four hundred thousand dollars (\$19,400,000) shall be used for differentiated pay for certified public school employees in local school administrative units other than the career development pilot units and the sum of ten million four hundred eight thousand nine hundred fifty dollars (\$10,408,950) shall be used for differentiated pay for noncertified public school employees in career development pilot units and in local school administrative units that are not career development pilot units. Prior to October 1, 1994, each local board of education shall examine its differentiated pay plan for the 1994-95 fiscal year and modify it as necessary to ensure that the plan can be implemented with regard to (i) certified employees within State and local funds available for differentiated pay for certified employees and (ii) noncertified employees within State and local funds available for differentiated pay for noncertified employees. The local board shall submit the modified plan to the Superintendent of Public Instruction for approval. The Superintendent shall approve the plan if he finds that it is lawful and the plan shall become effective upon approval of the Superintendent.

PART 20. DEPARTMENT OF TRANSPORTATION

Requested by: Senator Lee, Representatives McAllister, McLaughlin, Bowie, Lemmond

DIVISION OF MOTOR VEHICLES TO REPORT ON EMISSION INSPECTION PROGRAM

Sec. 20. The Division of Motor Vehicles shall report quarterly, beginning in January 1995, to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division, on the Emission Inspection Program's compliance with regulations the Environmental Protection Agency adopted for the inspection and maintenance activities required in the Clean Air Amendments of 1990. The report shall include the receipts and expenditures from the Emissions Program Account.

Requested by: Senator Lee, Representatives McAllister, McLaughlin, Bowie, Lemmond
BRANCH AGENT TRANSACTION RATE

Sec. 20.1. Section 155 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 155. The Division of Motor Vehicles of the Department of Transportation shall compensate a contractor with whom it has a contract under G.S. 20-63(h) at the rate of ~~ninety-two cents (92¢)~~ one dollar (\$1.00) for each transaction performed in accordance with the requirements set by the Division. A transaction is any of the following activities:

- (1) Issuance of a registration plate, a registration card, a registration renewal sticker, or a certificate of title.
- (2) Issuance of a handicapped placard or handicapped identification card.
- (3) Acceptance of an application for a personalized registration plate.
- (4) Acceptance of a surrendered registration plate, registration card, or registration renewal sticker, or acceptance of an affidavit stating why a person cannot surrender a registration plate, registration card, or registration renewal sticker.
- (5) Cancellation of a title because the vehicle has been junked.
- (6) Acceptance of an application for, or issuance of, a refund for a fee or a tax, other than the highway use tax.
- (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in financial responsibility or receipt of the restoration fee imposed by that statute.
- (8) Acceptance of a notice of failure to maintain financial responsibility for a motor vehicle.
- (9) Collection of the highway use tax.

Performance at the same time of any combination of the items that are listed within each subdivision or are listed within subdivisions (1) through (8) of this section is a single transaction. Performance of the item listed in subdivision (9) of this section in combination with any other items listed in this section is a separate transaction."

Requested by: Senator Lee, Representatives McAllister, McLaughlin, Bowie, Lemmond
AIRCRAFT AND FERRY ACQUISITIONS

Sec. 20.2. Before approving the purchase of an aircraft from the Equipment Fund or a ferry in a Transportation Improvement Program, the Board of Transportation shall prepare an estimate of the operational costs and capital costs associated with the addition of the aircraft or ferry and shall report those additional costs to the General Assembly pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on Governmental Operations.

Requested by: Senators Speed, Lee, Representatives McAllister, Bowie, McLaughlin, Lemmond

REVIEW OF RIGHT-OF-WAY MOWING CONTRACTS

Sec. 20.3. The Department of Transportation shall audit all contracts for mowing rights-of-way by non-Department personnel to determine whether the contractors are complying with the contract requirements. Not later than September 30,

1994, the Department shall report the results of this audit to the Joint Legislative Transportation Oversight Committee along with recommendations on the nonrenewal and cancellation of contracts when contractors are not meeting contract requirements.

Requested by: Senators Plyler, Lee, Representatives Bowie, Lemmond, McLaughlin, McAllister

SIGNING OF STATE-MAINTAINED COUNTY ROADS

Sec. 20.4. Five hundred thousand dollars (\$500,000) of the funds to be allocated pursuant to G.S. 136-44.2A for secondary road construction during the 1994-95 fiscal year shall be exempt from the county formula allocation in G.S. 136-44.5. The Department of Transportation shall utilize the funds so excluded for the signing of State-maintained county roads in the 17 counties where signing has not already been funded.

Requested by: Senator Lee, Representatives Hall, Bowie, Lemmond, McLaughlin, McAllister

ADOPT-A-HIGHWAY STUDY

Sec. 20.5. The Department of Transportation and the Department of Justice shall study and report to the Joint Legislative Transportation Oversight Committee on the effectiveness of and legal issues relating to the Adopt-A-Highway Program. Included in the study and report shall be consideration of the legal issues relating to use of contract services to clean the roadsides and any appropriate legislation, the passage of which may be necessary to permit the use of these contractors. This report shall be submitted to the Joint Legislative Transportation Oversight Committee no later than December 31, 1994. Notwithstanding any other provision of law, pending further action by the General Assembly, the use of contract services to meet the requirements of the Adopt-A-Highway Program shall be permitted on State roads.

Requested by: Representatives McAllister, McLaughlin, Bowie, Lemmond, Senator Lee

GLOBAL TRANSPARK AUTHORITY TO REIMBURSE HIGHWAY FUND FROM FEDERAL SOURCES

Sec. 20.6. When funds are provided from the Highway Fund to the Global TransPark Authority for environmental impact statements or assessments and the Global TransPark Authority applies for and receives reimbursement for those expenses from federal sources up to one million eight hundred thousand dollars (\$1,800,000), the federal reimbursements shall be paid over by the Global TransPark Authority into the Highway Fund within 30 days of receipt. These funds shall be allocated to State-funded maintenance appropriations in the manner approved by the Board of Transportation.

Requested by: Representative Holmes, Bowie, Lemmond, McAllister, McLaughlin, Senator Lee

DRIVERS EDUCATION FUND TO PAY SALARY INCREASES

Sec. 20.7. The Drivers Education Fund shall pay the salary increases of the teachers or State employees whose positions are funded from the Drivers Education Fund.

Requested by: Representatives McAllister, McLaughlin, Bowie, Lemmond, Senator Lee

RAILROAD REHABILITATION AND RAILROAD ACCESS FUNDS

Sec. 20.8. If Senate Bill 62 is not enacted by the 1993 General Assembly, the funds appropriated from the Highway Fund for the transfer of three positions from the Utilities Commission to the Department of Transportation may be used for railroad access and railroad rehabilitation purposes.

Requested by: Senator Lee, Representatives Redwine, Bowie, Lemmond, McAllister, McLaughlin

SOME TEMPORARY DRAW BRIDGE OPERATOR POSITIONS CONVERTED TO PERMANENT FULL-TIME POSITIONS

Sec. 20.9. Any temporary full-time draw bridge operator positions in the Department of Transportation that are filled by personnel who have worked for 12 or more months as of the effective date of this act, shall be converted to permanent full-time positions, subject to the approval of the Secretary of Transportation.

Requested by: Senator Lee, Representatives R. Hunter, McAllister, McLaughlin, Bowie, Lemmond

DEPARTMENT OF TRANSPORTATION AND DEPARTMENT OF CORRECTION TO REPORT ON IMPLEMENTATION OF RECOMMENDATIONS OF JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE

Sec. 20.10. The Departments of Transportation and Correction shall report, quarterly beginning October 1, 1994, to the Joint Legislative Transportation Oversight Committee on the implementation of the recommendations of the Inmate Labor Subcommittee.

Requested by: Senator Lee, Representatives McAllister, McLaughlin, Bowie, Lemmond

RELOCATION OF CERTAIN SANITARY DISTRICT UTILITIES

Sec. 20.12. The Department of Transportation shall pay the nonbetterment cost for the relocation of water and sewer lines:

- (1) that are located within the existing State highway right-of-way;
- (2) that are necessary to be relocated for State highway improvement projects let after July 1, 1993; and
- (3) that are owned by a sanitary district organized pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes.

PART 21. DEPARTMENT OF CORRECTION

Requested by: Senators Odom, Ballance, Representative Holt

CORRECTION ENTERPRISES PREFERENCE

Sec. 21. The Department of Administration, Division of Purchase and Contracts, shall prepare a written explanation of the purchasing procedures that State agencies and departments must follow in giving a preference to Correction Enterprises products pursuant to G.S. 148-70. The explanation shall be for distribution to all State agencies and departments.

The Department shall provide a report on the explanation prepared pursuant to this section and on goods purchased from Correction Enterprises by State agencies and departments to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by August 1, 1994. The Department shall also provide a report on goods purchased from Correction Enterprises by State agencies and departments to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by January 1, 1995.

Requested by: Senators Odom, Ballance, Representative Holt

**DEPARTMENT OF CORRECTION RESERVE FOR SUBSTANCE ABUSE
TREATMENT PILOT PROGRAM FOR PAROLEES AND PROBATIONERS**

Sec. 21.1. (a) Of the funds appropriated to the Department of Correction for the 1994-95 fiscal year, the sum of five hundred eighty-three thousand dollars (\$583,000) shall be used to establish two positions and to cover associated expenses, including equipment. Of this amount, the sum of four hundred eighty-five thousand eight hundred thirty-four dollars (\$485,834) shall be used to contract with providers of services to parolees and probationers with serious substance abuse histories.

(b) The Department of Correction shall report on the implementation of this pilot program and the expected cost for the 1995-96 fiscal year and future fiscal years to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the Legislative Services Office by January 15, 1995.

Requested by: Representatives Holt, Redwine, Richardson, Senators Odom, Ballance

USE OF OUT-OF-STATE HOUSING FUNDS

Sec. 21.2. (a) As a result of the court's modification in the Small v. Martin lawsuit, the sum of five million one hundred sixty-four thousand four hundred seventy-three dollars (\$5,164,473) to establish 144 additional positions needed to supervise an additional 800 inmates shall be provided from funds appropriated to the Department of Correction for the out-of-state housing of inmates in Chapter 24 of the Session Laws of the 1994 Extra Session.

(b) Of the funds appropriated to the Department of Correction for the out-of-state housing of inmates in Chapter 24 of the Session Laws of the 1994 Extra

Session, the Department shall use up to the sum of two million seven hundred forty-nine thousand two hundred eight-four dollars (\$2,749,284) to (i) establish two positions for the supervision of inmate road squads and work crews and to pay the per diem costs of inmates at prison units not covered by the Small v. Martin lawsuit; and (ii) establish 72 positions to achieve staffing standards and operate new beds at Black Mountain, Caswell, and Sandhills prison units and to provide for supervision of additional inmate road squads at Caswell prison unit.

(c) The Department of Correction shall not use any funds other than those specifically appropriated for out-of-state housing of inmates in Chapter 24 of the Session Laws of the 1994 Extra Session to pay the per diem costs of inmates housed out-of-state. The availability of out-of-state housing funds shall be reduced by (i) the amount needed to fund local confinement costs for offenders held in contempt for probation violations under G.S. 15A-1344(e1); and (ii) the amount required to comply with subsections (a) and (b) of this section. If the Department of Correction projects that funds will not be sufficient to meet all of its contracts for the out-of-state housing of inmates, the Department shall make the most appropriate use of funds remaining in the out-of-state line item to meet any existing operational needs for the out-of-state housing of inmates.

Requested by: Senators Odom, Ballance

DEPARTMENT OF CORRECTION WAREHOUSE REPORT

Sec. 21.4. The Department of Correction shall determine the most feasible location for a warehouse for the Department, based upon the distribution of warehouse goods to State correctional facilities, the availability of State-owned land, and the cost of leasing, purchasing, or constructing a warehouse. The Department shall report to the Joint Legislative Commission on Governmental Operations as soon as the determination has been made.

Requested by: Representatives Holt, Redwine, Richardson, Senators Odom, Ballance, Lee, Marshall

PRISON PROFITS TO VICTIMS COMPENSATION FUND

Sec. 21.5. (a) G.S. 148-2 reads as rewritten:

"§ 148-2. Prison moneys and earnings.

(a) Persons authorized to collect or receive the moneys and earnings of the State prison system shall enter into bonds payable to the State of North Carolina in penal sums and with security approved by the Department of Correction, conditioned upon the faithful performance by these persons of their duties in collecting, receiving, and paying over prison moneys and earnings to the State Treasurer. Only corporate security with sureties licensed to do business in North Carolina shall be accepted.

(b) All revenues from the sale of articles and commodities manufactured or produced by prison enterprises shall be deposited with the State Treasurer to be kept and maintained as a special revolving working-capital fund designated 'Prison Enterprises Fund.' ~~The Revenue in the Prison Enterprises Fund shall be used for applied first to~~ capital and operating expenditures, including salaries and wages of supervisory

personnel, necessary to develop and operate prison industrial and forestry enterprises to provide diversified employment for ~~prisoners~~ prisoners, and incentive wages for non-Prison Enterprises Inmates. Of the remaining revenue in the Fund, five percent (5%) of the net profits, before expansion costs, shall be credited to the Crime Victims Compensation Fund established in G.S. 15B-23 as soon as practicable after profits have been determined for the previous year, and at the direction ~~When, in the opinion of the Governor, the Prison Enterprises Fund has reached a sum in excess of requirements for these purposes, the excess~~ the remainder shall be used for other purposes within the State prison system or shall be transferred to the general fund as the Governor may direct. ~~General Fund.~~ The provisions of this section shall not apply to revenues generated from private prison enterprises conducted pursuant to G.S. 148-70 except for lease and rental income.

(c) Notwithstanding G.S. 147-77, Article 6A of Chapter 147 of the General Statutes, or any other provision of law, the Department of Correction may deposit revenue from prison canteens in local banks. The profits from prison canteens shall be deposited with the State Treasurer on a monthly basis. basis in a fund denominated as the Correction Inmate Welfare Fund. Once the operating budget for the Correction Inmate Welfare Fund has been met, an amount equal to the funds allocated to each prison unit on a per inmate per year basis shall be credited to the Crime Victims Compensation Fund established in G.S. 15B-23 as soon as practicable after the total amount paid to each unit per inmate per year has been determined."

(b) G.S. 15B-23 reads as rewritten:

"§ 15B-23. Crime Victims Compensation Fund.

There is established the Crime Victims Compensation Fund. Revenue in the Crime Victims Compensation Fund includes amounts credited to the Fund under G.S. 148-2 and other funds. Any surplus in the Crime Victims Compensation Fund shall not revert. The Crime Victims Compensation Fund shall be kept on deposit with the State Treasurer, as in the case of other State funds, and may be invested by the State Treasurer in any lawful security for the investment of State money. The Crime Victims Compensation Fund is subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

(c) The funds transferred to the Crime Victims Compensation Fund pursuant to this section shall not supplant current or future appropriations by the General Assembly to the Crime Victims Compensation Fund.

Requested by: Senators Odom, Ballance, Representatives Holt, Redwine, Richardson
HARRIET'S HOUSE FUNDS

Sec. 21.6. Of the funds appropriated from the General Fund to the Department of Correction for the 1994-95 fiscal year, the sum of two hundred thousand dollars (\$200,000) shall be used to support the programs at Harriet's House, a transitional home for female ex-offenders and their children. Harriet's House shall report quarterly to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program,

including information on the number of clients served and the number of clients who successfully complete the Harriet's House program.

Requested by: Representatives Holt, Redwine, Richardson, Senators Marshall, Odom
DEPARTMENT OF CORRECTION PAY LOCAL CONFINEMENT COST OF OFFENDER HELD IN CONTEMPT FOR PROBATION VIOLATION

Sec. 21.7. (a) G.S. 15A-1344(e1), as enacted by Section 2 of Chapter 19 of the Session Laws of the 1994 Extra Session, reads as rewritten:

"(e1) Criminal Contempt in Response to Violation. – If a defendant willfully violates a condition of probation, the court may hold the defendant in criminal contempt as provided in Article 1 of Chapter 5A of the General Statutes. A finding of criminal contempt by the court shall not revoke the probation. If the offender serves a sentence for contempt in a local confinement facility, the Department of Correction shall pay for the confinement at the standard rate set by the General Assembly pursuant to G.S. 148-32.1(a) regardless of whether the offender would be eligible under the terms of that subsection."

(b) The Department of Correction shall comply with the provisions of this section with funds appropriated to the Department for out-of-state housing of inmates in Chapter 24 of the Session Laws of the 1994 Extra Session.

Requested by: Representatives Holt, Redwine, Richardson
USE OF OPERATIONAL FUNDS FOR SECURITY AND MEDICAL POSITIONS

Sec. 21.8. Section 171 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 171. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this ~~act~~ act and set forth in this section. These funds may not be expended for any other purpose, and may not be expended for additional prison personnel positions until the new facilities are within 90 days of completion, except for certain management and support positions necessary to prepare the facility for opening, as authorized in the budget approved by the General ~~Assembly~~ Assembly, and except for medical positions at the North Carolina Correctional Institution for Women and positions needed for security due to construction at Wayne, Lumberton, Columbus, Piedmont, Brown Creek, Johnston, and Franklin prison units."

PART 22. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Representatives Holt, Redwine, Richardson, Wright
COMMUNITY POLICING PILOT PROGRAM

Sec. 22.1. Of the funds appropriated to the Department of Crime Control and Public Safety for the 1994-95 fiscal year, the sum of two hundred thirty thousand seven hundred ninety dollars (\$230,790) shall be allocated to the Office of the Secretary of

Crime Control and Public Safety to implement a pilot program to provide technical assistance to communities in the development of community policing programs in high crime areas. The Secretary shall report by March 1, 1995, to the 1995 General Assembly regarding implementation of the pilot program and on any preliminary findings as to the benefits of the program.

Requested by: Representatives Holt, Fitch, H. Hunter, Redwine, Richardson, Wright
MULTIJURISDICTIONAL DRUG TASK FORCE FUNDS

Sec. 22.2. Of the funds appropriated in this act to the Department of Crime Control and Public Safety, the sum of two hundred fifty thousand dollars (\$250,000) for the 1994-95 fiscal year shall be used as grants to the multijurisdictional drug task forces operating in Beaufort, Bertie, Bladen, Chowan, Columbus, Craven, Cumberland, Duplin, Edgecombe, Gates, Greene, Halifax, Hertford, Jones, Lenoir, Martin, Nash, New Hanover, Northampton, Pasquotank, Pender, Perquimans, Pitt, Tyrrell, Vance, Warren, Washington, Wayne, and Wilson Counties. Only local units of government shall be eligible to receive grants which shall be awarded pursuant to guidelines adopted by the Department of Crime Control and Public Safety. A minimum cash match of twenty-five percent (25%) shall be required.

Requested by: Representatives Holt, Baddour, Redwine, Richardson, Wright
NATIONAL GUARD EDUCATIONAL BENEFIT INCREASE

Sec. 22.3. G.S. 127A-193 reads as rewritten:

"§ 127A-193. Benefit.

The benefit provided under this Article shall consist of a monetary educational assistance grant not to exceed ~~five hundred dollars (\$500.00)~~ one thousand dollars (\$1,000) per academic year to qualifying members of the North Carolina national guard. Benefits shall be payable for a period of one academic year at a time, renewable at the option of the Secretary for a maximum of ~~two thousand dollars (\$2,000)~~ four thousand dollars (\$4,000)."

Requested by: Representatives Holt, Hightower, Senators Odom, Parnell
REGIONAL RESPONSE TEAMS FOR HAZARDOUS MATERIALS EMERGENCIES

Sec. 22.4. (a) Chapter 166A of the General Statutes is amended by designating the existing sections of Chapter 166A as Article 1 with a title to read:

"ARTICLE 1.

"North Carolina Emergency Management Act."

(b) Chapter 166A of the General Statutes is amended by adding a new Article 2 to read:

"ARTICLE 2.

"Hazardous Materials Emergency Response.

"§ 166A-17. Title, purpose.

(a) This Article may be cited as the 'North Carolina Hazardous Materials Emergency Response Act.'

(b) The purpose of this Article is to establish a system of regional response to hazardous materials emergencies in the State to protect the health and safety of its citizens.

"§ 166A-18. Definitions.

As used in this Article:

(a) 'Hazardous materials emergency response team' or 'hazmat team' means an organized group of persons specially trained and equipped to respond to and control actual or potential leaks or spills of hazardous materials.

(b) 'Hazardous material' means any material defined as a hazardous substance under 29 Code of Federal Regulations § 1910.120(a)(3).

(c) 'Hazardous materials incident' or 'hazardous materials emergency' means an uncontrolled release or threatened release of a hazardous substance requiring outside assistance by a local fire department or hazmat team to contain and control.

(d) 'Regional response team' means a hazmat team under contract with the State to provide response to hazardous materials emergencies occurring outside the hazmat team's local jurisdiction at the direction of the Department of Crime Control and Public Safety, Division of Emergency Management.

(e) 'Secretary' means the Secretary of the Department of Crime Control and Public Safety.

(f) 'Technician-level entry capability' means the capacity of a hazmat team, in terms of training and equipment as specified in 29 Code of Federal Regulations § 1910.120, to respond to a hazardous materials incident requiring affirmative measures, such as patching, plugging, or other action necessary to stop and contain the release of a hazardous substance at its source.

"§ 166A-19. Hazardous materials emergency response program.

(a) The Secretary shall adopt rules establishing a regional response program for hazardous materials emergencies, to be administered by the Division of Emergency Management. To the extent possible, the regional response program shall be coordinated with other emergency planning activities of the State. The regional response program shall include at least six hazmat teams located strategically across the State that are available to provide regional response to hazardous materials incidents requiring technician-level entry capability and 24-hour dispatch and communications capability at the Division of Emergency Management Operations Center. The rules for the program shall include:

- (1) Standards, including training, equipment, and personnel standards required to operate a regional response team with technician-level entry capability.
- (2) Guidelines for the dispatch of a regional response team to a hazardous materials incident.
- (3) Guidelines for the on-site operations of a regional response team.
- (4) Standards for administration of a regional response team, including procedures for reimbursement of response costs.
- (5) Refresher and specialist training for members of regional response teams.

- (6) Procedures for recovering the costs of a response to a hazardous materials incident from persons determined to be responsible for the emergency.
- (7) Procedures for bidding and contracting for the provision of a hazmat team for the regional response program.
- (8) Criteria for evaluating bids for the provision of a hazmat team for regional response.
- (9) Delineation of the roles of the regional response team, local fire department and local public safety personnel, the Division of Emergency Management's area coordinator, and other State agency personnel responding to the scene of a hazardous materials incident.

(b) In developing the program and adopting rules, the Secretary shall consult with the Regional Response Team Advisory Committee established pursuant to G.S. 166A-24.

"§ 166A-20. Contracts; equipment loans.

(a) The Secretary may contract with any unit or units of local government for the provision of a regional response team to implement the regional response program. Contracts are to be let consistent with the bidding and contract standards and procedures adopted pursuant to G.S. 166A-19(a)(7) and (8). In entering into contracts with units of local government, the Secretary may agree to provide:

- (1) A loan of equipment, including a hazmat vehicle, necessary for the provision technician-level entry capability;
- (2) Reimbursement of personnel costs when a regional response team is authorized by the Department to respond to a hazmat incident, including the cost of call-back personnel;
- (3) Reimbursement for use of equipment and vehicles owned by the regional response team;
- (4) Replacement of disposable materials and damaged equipment;
- (5) Costs of medical surveillance for members of the regional response team, including baseline, maintenance, and exit physicals;
- (6) Training expenses; and
- (7) Other provisions agreed to by the Secretary and the regional response team.

(b) The Secretary shall not agree to provide reimbursement for:

- (1) Costs of clean-up activities, after a spill or leak has been contained;
- (2) Local response not requiring technician-level entry capability; or
- (3) Standby time.

(c) Any contract entered into between the Secretary and a unit of local government for the provision of a regional response team shall specify that the members of the regional response team, when performing their duties under the contract, shall not be employees of the State and shall not be entitled to benefits under the Teachers' and State Employees' Retirement System or for the payment by the State of federal social security, employment insurance, or workers' compensation.

(d) Regional response teams that have the use of a State hazmat vehicle may use the vehicle for local purposes. Where a State vehicle is used for purposes other than authorized regional response to a hazardous materials incident, the regional response team shall be liable for repairs or replacements directly attributable to the nonauthorized response.

"§ 166A-21. Immunity of Regional Response Team Personnel.

Members of a regional response team shall be protected from liability under the provisions of G.S. 166A-14(a) while responding to a hazardous materials incident pursuant to authorization from the Division of Emergency Management.

"§ 166A-22. Right of entry.

A regional response team, when authorized to respond to a release or threatened release of hazardous materials, may enter onto any private or public property on which the release has occurred or on which there is an imminent threat of such release. A regional response team may also enter, under such circumstances, any adjacent or surrounding property in order to respond to the release or threatened release of hazardous material or to monitor, control, and contain the release or perform any other action in mitigation of a hazardous materials incident.

"§ 166A-23. Regional Response Team Advisory Committee.

(a) The Regional Response Team Advisory Committee is created. The Secretary shall appoint the members of the Committee and shall designate the chair. In making appointments, the Secretary shall take into consideration the expertise of the appointees in the management of hazardous materials emergencies. The Secretary shall appoint one representative from:

- (1) The Division of Emergency Management;
- (2) The North Carolina Highway Patrol;
- (3) The Fire and Rescue Commission;
- (4) The Department of Environment, Health, and Natural Resources;
- (5) The Department of Transportation;
- (6) The Department of Agriculture;
- (7) The Chemical Industry Council of North Carolina;
- (8) The N.C. Association of Hazardous Materials Responders;
- (9) Each regional response team.

In addition to the persons listed above, the Secretary shall appoint to the Advisory Committee three persons designated jointly by the North Carolina Fire Chiefs Association and the North Carolina Firemen's Association.

(b) The Advisory Committee shall meet on the call of the chair, or at the request of the Secretary; provided that the Committee shall meet no less than once every three months. The Department of Crime Control and Public Safety shall provide space for the Advisory Committee to meet. The Department also shall provide the Advisory Committee with necessary support staff and supplies to enable the Committee to carry out its duties in an effective manner.

(c) Members of the Advisory Committee shall serve without pay, but shall receive travel allowance, lodging, subsistence, and per diem as provided by G.S. 138-5.

(d) The Regional Response Team Advisory Committee shall advise the Secretary on the establishment of the program for regional response to hazardous materials emergencies in the State. The Committee shall also evaluate and advise the Secretary of the need for additional regional response teams to serve the State.

"§ 166A-24. Action for the recovery of costs of hazardous materials emergency response.

A person who causes the release of a hazardous material requiring the activation of a regional response team shall be liable for all reasonable costs incurred by the regional response team in responding to and mitigating the incident. The Secretary shall invoice the person liable for the hazardous materials release, and, in the event of nonpayment, may institute an action to recover those costs in the superior court of the county in which the release occurred.

"§ 166A-25. Hazardous Materials Emergency Response Fund.

There is established in the Department of Crime Control and Public Safety a fund for those monies collected pursuant to G.S. 166A-24. The Fund is also authorized to accept any gift, grant, or donation of money or property to facilitate the establishment and operation of the regional response system."

(c) This section is effective upon ratification.

PART 23. DEPARTMENT OF JUSTICE

Requested by: Senators Odom, Ballance, Representative Holt

USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

Sec. 23. Section 204 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 204. (a) Assets transferred to the Department of Justice during the 1993-95 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of that Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 1993-95 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of that Department and shall result in an increase of law enforcement resources for the Department. The Departments shall report to the Joint Legislative Commission on Governmental Operations upon the receipt of these assets and, before using these assets, shall report the intended use of these assets and the departmental priorities on which the assets may be expended.

The General Assembly finds that the use of these assets for new personnel positions, new projects, the acquisition of real property, repair of buildings where such repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods; therefore, the Department of Justice and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly. Assembly, except that during the 1993-95 biennium:

- (1) The Department of Crime Control and Public Safety may use an amount not to exceed one hundred seventeen thousand one hundred dollars (\$117,100) of these assets for the purpose of building a helicopter hangar; and
- (2) The Department of Justice may use an amount not to exceed seventy-five thousand dollars (\$75,000) of these assets for the purpose of constructing a pistol range tower to house the computerized target system located at the Justice Academy.

(b) This section does not apply to the extent that it prevents North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a."

Requested by: Senators Odom, Ballance, Representative Holt

CENTRALIZED UTILIZATION OF LEGAL PUBLICATIONS

Sec. 23.1. With the technical assistance of the Office of State Budget and Management, the Department of Justice shall conduct a cost analysis, formulate an implementation plan, and develop a funding recommendation for each of the following recommendations of the Office of State Budget and Management contained in the report of April 1994 on the Centralized Utilization of Legal Publications:

- (1) The use of legal publications available on CD-ROM software and hardware; and
- (2) The feasibility of developing a legal resource and legal research network.

The Employment Security Commission, Industrial Commission, Department of Labor, Department of Revenue, State Library, SIPS, and any other State agency, department, or institution that maintains a legal library shall cooperate with the Department of Justice in the determination of the feasibility of developing a legal resource and legal research network.

The Department of Justice shall report by February 1, 1995, to the 1995 General Assembly its cost analysis, implementation plan, and funding recommendations by submitting a copy of the report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.

Requested by: Representatives Holt, Redwine, Richardson, Senators Odom, Ballance

DEPARTMENT OF JUSTICE FEDERAL GRANT MATCHING FUNDS

Sec. 23.2. (a) Of the funds appropriated to the Department of Justice for the 1994-95 fiscal year, the sum of twenty-five thousand two hundred twenty-eight dollars (\$25,228) may be used to match the federal grant for the Child Victim's Assistance Project within the Citizens Rights Division. In the event that the Department of Justice does not receive federal grant funds for this specific grant, then the matching funds authorized by this section for that purpose shall not be expended.

(b) Of the funds appropriated to the Department of Justice for the 1994-95 fiscal year, the sum of one hundred sixty-six thousand six hundred sixty-one dollars (\$166,661) may be used by the State Bureau of Investigation to match federal funds for

the purchase of a computerized system to match bullets and weapons. In the event that the Department of Justice does not receive federal grant funds for this purpose, then the funds authorized by this section for matching purposes shall not be expended.

Requested by: Senators Odom, Ballance, Conder

CAPITAL MURDER STUDY

Sec. 23.3. The Department of Justice, in consultation with the Administrative Office of the Courts, shall study methods of reducing the costs and the length of time associated with capital murder cases, and shall report its findings and any recommendations to the 1995 General Assembly.

Requested by: Representative Holt

REVERSION OF CERTAIN INSURANCE SETTLEMENT PROCEEDS

Sec. 23.5. Any funds received by the Department of Justice in settlement of insurance claims arising from damage to the Blue Bell building at the North Carolina Justice Academy shall not be expended by the Department and shall revert to the General Fund.

PART 24. JUDICIAL DEPARTMENT

Requested by: Senators Odom, Ballance, Representative Holt

FORSYTH WARRANT CLERKS BECOME MAGISTRATES

Sec. 24. (a) The Administrative Office of the Courts may transfer 11 positions established within budget program fund 1260, "Clerk of Superior Court", in the certified budget for the 1993-95 biennium to budget program fund 1240, "District Court". These 11 positions shall be deleted from the positions allocated to the office of the Clerk of Superior Court of Forsyth County pursuant to Section 9 of Chapter 881 of the 1983 Session Laws, and shall be added to the magistrate positions allocated to Forsyth County pursuant to G.S. 7A-171, but shall not increase the maximum number of magistrates authorized for Forsyth County in G.S. 7A-133.

(b) Each magistrate position created in Forsyth County as a result of this section shall be filled pursuant to G.S. 7A-171 for an initial term ending December 31, 1994, as if a vacancy had occurred in the position on the effective date of this act. A successor in each position shall be appointed as provided in G.S. 7A-171 for a full term beginning January 1, 1995.

(c) The salary of each person who serves as a magistrate in Forsyth County in a position transferred pursuant to this section shall be determined under G.S. 7A-177.1, by including in the number of years the person has served as a magistrate, the number of years that the person has served as an assistant or Deputy Clerk of Superior Court for Forsyth County in a warrant clerk position.

(d) From funds appropriated to the Judicial Department in the certified budget for the 1994-95 fiscal year, the Administrative Office of the Courts may transfer within its budget up to forty-one thousand four hundred fifty-nine dollars (\$41,459) to pay additional salary and benefits resulting from the enactment of this section.

Requested by: Representatives Holt, Redwine, Richardson, Senators Odom, Ballance
COMMUNITY PENALTIES PROGRAMS

Sec. 24.1. (a) Of the funds appropriated from the General Fund to the Judicial Department for the 1994-95 fiscal year to conduct the community penalties programs, the sum of three million five hundred thirteen thousand six hundred fifty-eight dollars (\$3,513,658) may be allocated by the Judicial Department in any amount among existing community penalties programs, including any State-operated programs, or may be used to establish new State-operated community penalties programs, notwithstanding the provisions of G.S. 7A-771 and G.S. 7A-772.

(b) The Judicial Department shall report annually to the Senate and House Appropriations Subcommittees on Justice and Public Safety and to the Fiscal Research Division on the administrative expenditures of the community penalties programs. The Judicial Department shall report quarterly to the Joint Legislative Commission on Governmental Operations on any elimination or reduction of funding for existing community penalties programs.

Requested by: Representatives Holt, Redwine, Richardson, Senators Odom, Ballance
STATE-RUN COMMUNITY PENALTIES PROGRAMS

Sec. 24.2. The Director of the Administrative Office of the Courts may establish local community penalties programs and appoint staff the Director considers necessary. These personnel may serve as full-time or part-time State employees or, alternatively, their activities may be provided on a contractual basis when determined appropriate by the Director. The contracts shall be exempt from competitive bidding procedures under Chapter 143 of the General Statutes. The Administrative Office of the Courts shall adopt rules necessary and appropriate for the administration of the program, including rules that allow plans to be presented at the request of the sentencing judge. Funds appropriated by the General Assembly for the establishment and maintenance of community penalties programs under this Article shall be administered by the Administrative Office of the Courts. Any contract entered into under the authority of this section shall expire not later than June 30, 1995.

Requested by: Senators Odom, Ballance, Daniel
CHILDREN'S LAW CENTER FUNDS

Sec. 24.5. Of the funds appropriated from the General Fund to the Judicial Department, the sum of one hundred thousand dollars (\$100,000) shall be used to assist the Children's Law Center, a private, nonprofit corporation that provides comprehensive, quality legal representation and advocacy for children involved in court or administrative proceedings.

Requested by: Representatives Holt, Redwine, Richardson, Senators Odom, Ballance
PITT REGIONAL MEDIATION CENTER FUNDS

Sec. 24.6. (a) Section 15 of Chapter 591 of the 1993 Session Laws is amended by deleting "Section 220.2" and substituting "Section 200.2".

(b) Section 200.2 of Chapter 321 of the 1993 Session Laws, as rewritten by Section 15 of Chapter 591 of the 1993 Session Laws, reads as rewritten:

"Sec. 200.2. Of the funds appropriated to the Judicial Department from the General Fund for the 1993-95 biennium, the sum of forty thousand dollars (\$40,000) for the 1993-94 fiscal year and the sum of forty thousand dollars (\$40,000) for the 1994-95 fiscal year may be used for The Mediation Center of Pitt County, Inc., a dispute settlement center in Pitt County, to establish a regional mediation and dispute settlement center to serve Eastern North Carolina. Funding for the Mediation Center of Pitt County, Inc., shall become part of the Judicial Department's continuation budget."

Requested by: Senators Odom, Ballance, Representative Holt

EXTEND CERTAIN SPECIAL SUPERIOR COURT JUDGE TERMS

Sec. 24.7. Notwithstanding G.S. 7A-45, G.S. 7A-45.1, Section 7 of Chapter 509 of the 1987 Session Laws, or any other provision of law, if any special superior court judge who is holding office on the effective date of this act first took office as an appointed or elected regular or special superior court judge in the calendar year 1986, the term of that judge is extended through December 31, 1998.

Requested by: Representatives Holt, Redwine, Richardson

STUDY DRUG TREATMENT COURT PROGRAM

Sec. 24.8. The Administrative Office of the Courts, in consultation with the Task Force on Substance Abuse, shall study the costs and benefits of establishing pilot drug treatment court programs. The study shall include a determination of the appropriate model for operating a pilot drug treatment court program. The Administrative Office of the Courts shall report its findings and any recommendations to the 1995 General Assembly by March 1, 1995. The sum of eight hundred thousand dollars (\$800,000) placed in a reserve created in Section 41 of Chapter 24 of the Session Laws of the 1994 Extra Session shall not revert but shall remain available for allocation by the 1995 General Assembly.

Requested by: Representatives Holt, Redwine, Richardson

REPORT ON DISPUTE SETTLEMENT CENTERS

Sec. 24.8. (a) All local dispute settlement centers currently receiving State funds shall report annually to the Judicial Department on the program's funding and activities, including:

- (1) Types of dispute settlement services provided;
- (2) Clients receiving each type of dispute settlement service;
- (3) Number and type of referrals received, cases actually mediated, cases resolved in mediation, and total clients served in the cases mediated;
- (4) Total program funding and funding sources;
- (5) Itemization of the use of funds, including operating expenses and personnel;
- (6) Itemization of the use of State funds;
- (7) Level of volunteer activity; and

(8) Identification of future service demands and budget requirements.

The Judicial Department shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

(b) Each local dispute settlement center requesting State funds for the first time shall provide the General Assembly with (i) the information enumerated in subsection (a) of this section, or projections where historical data is not available, as well as a detailed statement justifying the need for State funding, and (ii) certification that at least fifty percent (50%) of total funding for the first fiscal year in which funding is requested shall come from non-State sources and, if funding is requested for a second fiscal year, certification that at least sixty percent (60%) of total funding for the second fiscal year shall come from non-State sources.

(c) Each local dispute settlement center requesting an expansion of State funding shall provide the General Assembly with (i) the information enumerated in subsection (a) of this section, or projections where historical data is not available, as well as a detailed statement justifying the need for the expansion of State funding, and (ii) certification that at least sixty percent (60%) of total funding shall come from non-State sources.

Requested by: Representatives Holt, R. Hunter, Redwine, Richardson
**AUTHORIZE ADDITIONAL MAGISTRATES IN CATAWBA, MCDOWELL,
 AND IREDELL COUNTIES**

Sec. 24.9. G.S. 7A-133 reads as rewritten:

"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.

Each district court district shall have the numbers of judges and each county within the district shall have the numbers of magistrates and additional seats of court, as set forth in the following table:

District	Judges	County	Magistrates Min.-Max.	Additional Seats of Court
1	4	Camden	1	2
		Chowan	2	3
		Currituck	1	2
		Dare	3	8
		Gates	2	3
		Pasquotank	3	4
		Perquimans	2	3
2	3	Martin	5	8
		Beaufort	4	8

		Tyrrell	1	3	
		Hyde	2	4	
		Washington	3	4	
3A	3	Pitt	10	12	Farmville Ayden
3B	4	Craven	7	10	Havelock
		Pamlico	2	3	
		Carteret	5	8	
4	6	Sampson	6	8	
		Duplin	9	11	
		Jones	2	3	
		Onslow	8	14	
5	6	New Hanover	6	11	
		Pender	4	6	
6A	2	Halifax	9	14	Roanoke Rapids, Scotland
Neck					
6B	2	Northampton	5	6	
		Bertie	4	5	
		Hertford	5	6	
7	6	Nash	7	10	Rocky
Mount					
		Edgecombe	4	6	Rocky
Mount					
		Wilson	4	6	
8	6	Wayne	5	11	Mount
Olive					
Greene		2	4		
		Lenoir	4	10	La Grange
9	4	Granville	3	7	
		Vance	3	5	
		Warren	3	4	
		Franklin	3	6	
9A	2	Person	3	4	
		Caswell	2	5	
10	12	Wake	12	20	Apex, Wendell, Fuquay- Varina, Wake Forest
11	6	Harnett	7	11	Dunn
		Johnston	10	12	Benson,

					Clayton and Selma
		Lee	4	6	
12	7	Cumberland	10	17	
13	4	Bladen	4	6	
		Brunswick	4	7	
		Columbus	6	8	Tabor City
14	5	Durham	8	12	
15A	3	Alamance	7	10	Burlington
15B	3	Orange	4	11	Chapel Hill
		Chatham	3	8	Siler City
16A	2	Scotland	3	5	
		Hoke	4	5	
16B	5	Robeson	8	16	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls
17A	2	Rockingham	4	9	Reidsville, Eden, Madison
17B	3	Stokes	2	5	
		Surry	5	8	Mt. Airy
18	11	Guilford	20	26	High Point
19A	2	Cabarrus	5	9	Kannapolis
19B	3	Montgomery	2	4	
		Randolph	5	8	Liberty
19C	2	Rowan	5	10	
20	6	Stanly	5	6	
		Union	4	6	
		Anson	4	5	
		Richmond	5	6	Hamlet
		Moore	5	8	Southern Pines
21	7	Forsyth	3	15	Kernersville
22	6	Alexander	2	3	
		Davidson	7	10	
		Thomasville			
		Davie	2	3	
		Iredell	4	8	Mooresville
23	3	Alleghany	1	2	
		Ashe	3	4	

		Wilkes	4	6	
		Yadkin	3	5	
24	3	Avery	3	4	
		Madison	4	5	
		Mitchell	3	4	
		Watauga	4	6	
		Yancey	2	4	
25	7	Burke	4	7	
		Caldwell	4	7	
		Catawba	6	<u>9</u> 10	Hickory
26	13	Mecklenburg	15	26	
27A	5	Gaston	11	20	
27B	4	Cleveland	5	8	
		Lincoln	4	6	
28	5	Buncombe	6	15	
29	4	Henderson	4	6	
		McDowell	3	<u>4</u> 5	
		Polk	3	4	
		Rutherford	6	8	
		Transylvania	2	4	
30	4	Cherokee	3	4	
		Clay	1	2	
		Graham	2	3	
		Haywood	5	7	Canton
		Jackson	3	4	
		Macon	3	4	
		Swain	2	3."	

Requested by: Representatives G. Miller, Michaux, Holt, Redwine, Richardson
CORRECT JUDICIAL TERM

Sec. 24.12. (a) If the superior court judge holding office on June 1, 1994 whose successor's term is to begin July 1, 1995 under G.S. 7A-41(d)(25) is not a regular superior court judge on January 1, 1995, then the succeeding term begins January 1, 1995, and the remainder of this section does not apply.

(b) If the superior court judge holding office on June 1, 1994 whose successor's term is to begin July 1, 1995 under G.S. 7A-41(d)(25) ceases to be a regular superior court judge between January 1, 1995 and July 1, 1995, the term of that judge's successor begins on the date that judge ceases to be a regular superior court judge.

(c) If in superior court district 14B only one of the three persons elected for that district in the 1994 general election is a special superior court judge on January 1, 1995, then that person is the successor to the judge whose term was determined by G.S. 7A-41(d)(25), but in such case the successor's service as a special superior court judge shall be considered service as a regular resident superior court judge under G.S. 7A-41.1(b)(2).

(d) If subsection (c) of this section does not apply, in superior court district 14B the State Board of Elections shall choose by lot among those persons elected in 1994 who were not regular superior court judges, and the person chosen by lot is the successor to the judge whose term was determined by G.S. 7A-41(d)(25).

PART 25. DEPARTMENT OF HUMAN RESOURCES

Requested by: Senators Richardson, Walker, Representatives Nye, Easterling
MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES PROVIDERS/MEDICAID RECEIPTS

Sec. 25. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Human Resources shall initiate efforts to enable service providers to realize additional Medicaid receipts for services provided through the Willie M. and Thomas S. programs and shall present the results of their efforts to the Human Resources Appropriations Subcommittees by March 1, 1995.

Requested by: Senators Richardson, Walker, Representatives Easterling, Nye
PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT

Sec. 25.1. To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Human Resources may require a private agency that provides services under contract with two or more area programs, except for hospital services that have an established Medicaid rate, to complete an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

Requested by: Senators Richardson, Walker, Representatives Easterling, Nye
THOMAS S.

Sec. 25.3. Section 209 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 209. (a) Funds appropriated to the Department of Human Resources in this act for the 1993-94 fiscal year and the 1994-95 fiscal year for members of the Thomas S. Class as identified in Thomas S., et al. v. Britt, formerly Thomas S., et al. v. Flaherty, shall be expended only for programs serving Thomas S. Class members or for services for those clients who are:

- (1) Adults with mental retardation, or who have been treated as if they had mental retardation, who were admitted to a State psychiatric hospital on or after March 22, 1984, and who are included on the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services' official list of prospective Class members;
- (2) Adults with mental retardation who have a documented history of State psychiatric hospital admissions regardless of admission date and

- who, without funding support, have a good probability of being readmitted to a State psychiatric hospital; ~~or~~
- (3) Adults with mental retardation who have never been admitted to a State psychiatric hospital but who have a documented history of behavior determined to be of danger to self or others that results in referrals for inpatient psychiatric treatment and who, without funding support, have a good probability of being admitted to a State psychiatric hospital; ~~hospital~~; or
 - (4) Adults who are included on the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services' official list of prospective class members and have yet to be confirmed as class members, who currently reside in the community, and who have a good probability of being admitted to a facility licensed as a 'home for the aged and disabled'.

No more than five percent (5%) of the funds appropriated in this act for the Thomas S. program shall be used for clients meeting subdivisions ~~(2) or (3)~~ (2), (3), or (4) of this subsection.

(b) To ensure that Thomas S. Class members are appropriately served, no State funds shall be expended on placement and services for Thomas S. Class members except:

- (1) Funds specifically appropriated by the General Assembly for the placement and services of Thomas S. Class members; and
- (2) Funds for placement and services for which Thomas S. Class members are otherwise eligible.

(c) The Department of Human Resources shall develop and implement during the 1993-94 fiscal year a prospective unit cost reimbursement system and shall ensure that unit cost rates reflect reasonable costs by conducting cost center service type rate comparisons and cost center line item budget reviews as may be necessary.

(d) Reporting requirements. The Department of Human Resources shall submit by April 1 of each fiscal year a report to the General Assembly on the progress achieved in serving members and prospective members of the Thomas S. Class. The report shall include the following:

- (1) The number of Thomas S. clients confirmed as Class members;
- (2) The number of prospective Class members evaluated;
- (3) The number of prospective Class members awaiting evaluation;
- (4) The number of Class members or prospective class members added in the preceding 12 months due to their admission to a State psychiatric hospital;
- (5) A description of the types of treatment services provided to Class members; and
- (6) An analysis of the use of funds appropriated for the Class.

(e) Notwithstanding any other provision of law, if the Department of Human Resources determines that a local program is not providing minimally adequate services to members of the Class identified in Thomas S., et al. v. Britt, formerly Thomas S., et

al. v. Flaherty, or does not show a willingness to do so, the Department may ensure the provision of these services through contracts with public or private agencies or by direct operation by the Department of these programs."

Requested by: Senators Richardson, Walker, Representatives Nye, Easterling

CHANGE IN PLANNING AND PILOT IMPLEMENTATION OF AN INTEGRATED FUNDING APPROACH FOR MENTAL HEALTH/SUBSTANCE ABUSE INSTITUTIONAL SERVICES

Sec. 25.4. Section 218 of Chapter 321 of the 1993 Session Laws reads as rewritten:

~~"Sec. 218. The Department of Human Resources shall develop and implement a plan during the 1993-95 fiscal biennium to pilot test an integrated funding system for mental health/substance abuse institutional services, involving one regional psychiatric hospital, one regional alcohol and drug abuse treatment center, and the area mental health, developmental disabilities, and substance abuse programs using these facilities. The Department may use funds that become available to it through gifts, federal or private grants, receipts from federal programs, or any other source to support the planning and implementation of this pilot program.~~

~~The Department shall present a written report to the House and Senate Human Resources Appropriations Subcommittees by May 1, 1994, describing the results of its planning activities, the proposed schedule and cost for implementation of the integrated funding system and any proposed legislation needed to implement the plan. The Department shall submit a written report to these Subcommittees by May 1, 1995, describing the results of the implementation of the integrated funding system.~~

The Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall present a written report on a UNIFIED SYSTEM OF SERVICES to the Human Resources Appropriations Subcommittees by March 1, 1995. The report shall describe the UNIFIED SYSTEM OF SERVICES using an integrated funding stream to provide a practical-needs-based approach to the use of limited resources within the Mental Health, Developmental Disabilities, and Substance Abuse Services System and shall include a proposal for a pilot test of the UNIFIED SYSTEM OF SERVICES in the North Central Region, including an estimation of the cost of implementing the pilot test. The UNIFIED SYSTEM OF SERVICES shall focus on improvement to the quality and continuity of client care and shall include changes in budget or personnel policies or practices necessary to implement a unified system of services. These changes shall be based on consultation with the Office of State Budget and Management and the Office of State Personnel."

Requested by: Senators Richardson, Walker, Representatives Nye, Easterling

NONSUPPLANTING OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE FUNDS

Sec. 25.5. The Department of Human Resources shall ensure that counties do not reduce county appropriations and expenditures for area mental health,

developmental disabilities, and substance abuse authorities because the authorities have received additional State appropriations for services.

Requested by: Senator Daniel, Representatives Nye, Easterling

DOMICILIARY HOMES/STAFFING ISSUES

Sec. 25.6. The Department of Human Resources shall study the fiscal impact for all Homes for the Aged and Family Care Homes for appropriate staffing, staff turnover ratios, wages and benefits, staff training, and abilities for facilities to operate within existing State and federal law and regulations, according to size and type of facility.

The Department shall submit a report of its findings to the 1995 General Assembly and to the Fiscal Research Division of the Legislative Services Office by February 1, 1995.

Requested by: Senators Richardson, Walker, Representatives Nye, Easterling

USE OF DETENTION CENTER CONSTRUCTION RESERVE

Sec. 25.7. The Department of Human Resources, Division of Youth Services, shall use the one million six hundred thousand dollars (\$1,600,000) placed in a reserve for detention center construction in Section 67 of Chapter 24 of the Session Laws of the 1994 Extra Session, to construct a 24-bed detention center in Wake County.

Requested by: Senator Richardson, Walker, Representatives Easterling, Nye

EMERGENCY ASSISTANCE CLARIFICATION

Sec. 25.8. (a) Effective June 30, 1994, G.S. 108A-39.1 reads as rewritten:
"§ 108A-39.1. AFDC Emergency Assistance Program.

The Social Services Commission shall adopt rules to implement cash assistance and services components of the Aid to Families with Dependent Children-Emergency Assistance (AFDC-EA) Program. Effective November 1, 1986, the Department of Human Resources, Division of Social Services, shall provide ~~emergency cash~~ assistance to families whose family income does not exceed one hundred ten percent (110%) of the current federal poverty level as established by the U. S. Secretary of Health and Human Services and published annually in the Federal Register. Annual ~~program benefits cash assistance may~~ shall not exceed ~~five hundred dollars (\$500.00). three hundred dollars (\$300.00).~~ Funding State appropriations made for the non-federal-nonfederal share of Emergency Assistance services and cash benefits shall be shared at not exceed a rate of fifty percent (50%) State participation and fifty percent (50%) county participation. fifty percent (50%) of the nonfederal share. For cash benefits authorized by any agency, the nonfederal share of the benefit shall be paid at a rate of fifty percent (50%) State funds and fifty percent (50%) county or other local funds. For cash benefits authorized by any State or local agency other than a county department of social services, the Department of Human Resources may assess the county for fifty percent (50%) of the nonfederal share of cash benefits authorized. For services benefits authorized by any agency, the nonfederal share of the benefit shall be paid by that agency entirely from county appropriations or other available public or private funds. Federal reimbursements

earned through participation in this Program shall be paid to the participants in proportion to their payment of the nonfederal share."

(b) Section 232 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 232. The Division of Social Services, Department of Human Resources, shall not expend more State funds than are appropriated for ~~Emergency Assistance~~ the cash assistance component of the Emergency Assistance Program by this act. for the 1993-95 fiscal biennium. Within this limit, Emergency Assistance cash benefits shall not exceed three hundred dollars (\$300.00) per year per family, payable over a 30-day period. After this 30-day period, Emergency Assistance cash benefits are not available to that family until 12 months have elapsed from the initial authorization date. The family may have no more than a total of three hundred dollars (\$300.00) in liquid assets in order to qualify for ~~any Emergency Assistance~~ the cash assistance component of the Emergency Assistance Program pursuant to this section.

It is the intent of the General Assembly that ~~these Emergency Assistance funds~~ cash benefits under the Emergency Assistance Program shall only be used to provide assistance to persons to alleviate an emergency. In evaluating whether an emergency exists, the ~~county departments of social services~~ agency receiving the application shall apply prudent judgment to evaluate each emergency on its own merits. Prudent judgment will permit ~~departments of social services~~ the agency to consider whether the client created the emergency and whether the assistance will resolve the emergency."

Requested by: Senators Richardson, Walker, Winner of Mecklenburg, Representatives Nye, Easterling,

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES LOCAL PARTNERSHIP FUNDING FOR ADMINISTRATIVE COSTS

Sec. 25.9. The Secretary of Human Resources may allow local partnerships receiving funds for Early Childhood Education and Development Initiatives to use up to five percent (5%) or up to one hundred thousand dollars (100,000) of their total allocation, whichever is greater, to fund the staff and administrative support for local partnership board activities if the local partnership demonstrates that this additional administrative funding is needed.

Requested by: Senators Richardson, Walker, Representatives Nye, Easterling

CHILD WELFARE SYSTEM STUDY

Sec. 25.10. Of the funds appropriated in this act to the Department of Human Resources, Office of the Secretary, the sum of one hundred fifty thousand dollars (\$150,000) shall be used to contract for an independent, outside consultant to conduct a comprehensive study of the child welfare system. The study shall include the following:

- (1) A description of the current child welfare system;
- (2) An identification of the strengths and weaknesses of the current system;

- (3) A review of the current funding of the system, with emphasis on State and local responsibilities;
- (4) Recommendations on how to improve and refine the system, with emphasis on addressing the comprehensive needs of the children and families being served;
- (5) Options for future policy discussions, with emphasis on State and local funding responsibilities; and
- (6) Recommendations on the development of a statewide reporting system.

The Department shall report the results of this study to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by February 15, 1995.

Requested by: Senators Richardson, Walker, Representatives Easterling, Nye, Diamont
FOSTER CARE AND ADOPTIONS TRAINING

Sec. 25.11. Funds appropriated to the Department of Human Resources, Division of Social Services, in this act, in the amount of one hundred eighty-one thousand two hundred seventy dollars (\$181,270), shall be used to establish an in-house training component to provide a mandated minimum of 30 hours of preservice training for foster care parents and 84 hours for foster care workers and adoption care workers and a mandated minimum of 10 hours of continuing education for all foster care parents and 18 hours for foster care workers and adoption care workers.

Requested by: Senators Richardson, Walker, Representatives Nye, Easterling, Diamont
FOSTER CARE ASSESSMENT TOOL

Sec. 25.12. Funds appropriated to the Department of Human Resources, Division of Social Services, in this act, in the amount of fifteen thousand one hundred sixty-seven dollars (\$15,167) shall be used to purchase the Foster and Adoptive Recruitment and Retention, A Guide to Local Agency Assessment, an ongoing assessment tool to be used to study, develop, and implement a statewide recruitment and retention plan.

Requested by: Senators Richardson, Walker, Harris, Representatives Nye, Easterling, Diamont

MEDICAID COVERAGE FOR ELDERLY, BLIND, AND DISABLED

Sec. 25.13. Effective January 1, 1995, the Department of Human Resources, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who receive Supplemental Security Income (SSI).

Requested by: Senators Richardson, Walker, Representatives Easterling, Nye
MEDICAID REPORTING REQUIREMENTS

Sec. 25.14. The Department of Human Resources, Division of Medical Assistance, shall submit a monthly status report on expenditures for acute care and long-term care services to the Fiscal Research Division. This report shall include an analysis

of budgeted versus actual experience for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. Reports for the preceding month shall be forwarded to the Fiscal Research Division no later than the third Thursday of the month.

Requested by: Senators Richardson, Walker, Harris, Representatives Easterling, Nye, Diamont

CHANGE IN MEDICAID COVERAGE TO PREGNANT WOMEN AND TO CHILDREN

Sec. 25.16. Subsection (l) of Section 222 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(l) The Department of Human Resources shall provide coverage to pregnant women and to children according to the following schedule:

- (1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines, as revised each April 1 shall be covered for Medicaid benefits;
- (2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1, shall be covered for Medicaid benefits;
- (3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits; and
- (4) Children aged 6 through 18 ~~who were born after September 30, 1983,~~ with family incomes equal to or less than the federal poverty guidelines, as revised each April 1, shall be covered for Medicaid benefits."

Requested by: Representatives Nye, Easterling, Dickson, Esposito, Senator Richardson
WILLIE M. RULES

Sec. 25.17. Section 208 of Chapter 321 of the 1993 Session Laws is amended by adding the following new subsection to read:

"(j) The Secretary of the Department of Human Resources shall adopt rules to be followed in the provision of services for disabled, violent, and assaultive children who have not reached their eighteenth birthday. These rules shall allow for the continuation of services to any child the Secretary determines is being appropriately served until the end of the fiscal year in which the child reaches the age of 18 or until six months after the child reaches the age of 18, whichever period is longer."

Requested by: Representatives Nye, Easterling, Dickson, Esposito, Senators Richardson, Walker

CLIENT SERVICES MONITORING

Sec. 25.18. The Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall develop and implement a system of monitoring and control for client services. This system shall ascertain whether services are provided in a timely manner. Notwithstanding any other provisions of law, the Division shall withhold Area Mental Health Agencies' administrative funds until services are provided in a timely manner.

Requested by: Representatives Nye, Easterling, Esposito, Dickson, Senators Richardson, Walker

1993 COUNSELING ACT CORRECTION

Sec. 25.19. G.S. 90-338, as amended by Section 3 of Chapter 685 of the 1993 Session Laws, Regular Session 1994, reads as rewritten:

"§ 90-338. Exemptions.

Applicants holding certificates of registration as Registered ~~practicing~~ Practicing Counselors and in good standing with the Board shall be issued licenses as licensed professional counselors without meeting the requirements of G.S. 90-336(b). The following applicants shall be exempt from the academic qualifications required by this Article for licensed professional counselors and shall be licensed upon passing the Board examination ~~or~~ and meeting the experience requirements:

- (1) An applicant who was engaged in the practice of counseling before July 1, 1993.
- (2) An applicant who holds a masters degree from a college or university accredited by one of the regional accrediting associations or from a college or university determined by the Board to have standards substantially equivalent to a regionally accredited institution, provided the applicant was enrolled in the masters program prior to July 1, 1994."

Requested by: Senators Richardson, Walker, Harris, Representatives Nye, Easterling, Alexander, H. Hunter

COALITION 2001 FUNDS

Sec. 25.20. The sum of six million dollars (\$6,000,000) appropriated in this act to the Department of Human Resources, Division of Mental Health, Mental Retardation, and Substance Abuse Services for the capital needs of mental health, developmental disabilities, and substance abuse services recommended by Coalition 2001 shall be allocated as follows:

- (1) \$3,600,000 for community area mental health, developmental disabilities, and substance abuse services capital needs.

No area program shall receive more than ten percent (10%) of the total funds appropriated in this fiscal year for area program capital needs.

At least ten percent (10%) of the capital funds shall be awarded by the Department of Human Resources to area programs for projects in counties that fall within the last quartile of either per capita income,

according to the most recent North Carolina Data System Rankings or of property valuation, according to the most recent North Carolina Department of Revenue rankings. The Department shall not require a local match for these counties. The Department shall require a dollar-for-dollar local match for capital funds awarded for projects in all other counties. Capital in-kind contributions from area programs or counties shall be considered in meeting the local matching requirement. The Department shall determine acceptable requirements for determining sources of allowable matching funds, whether cash or in-kind.

The Department may also allocate a portion of this three million six hundred thousand dollars (\$3,600,000) to the Center for Community Self-Help, a local private, nonprofit corporation, to enable the Center to establish a revolving loan fund. The Center shall use funds from the revolving loan fund, in accordance with guidelines established by the Secretary of the Department of Human Resources, to leverage additional funds to meet the capital needs of the area mental health authorities. The Department shall report any such proposed allocation to the Center, to the Joint Legislative Commission on Governmental Operations, and to the House of Representatives and the Senate Human Resources Subcommittees on Appropriations prior to the allocation.

All area program capital grants are subject to the Department of Human Resources' approval of the grant application;

- (2) \$1,020,000 for construction and renovation of Developmental Day Centers;
- (3) \$600,000 for construction and renovation of vocational rehabilitation facilities;
- (4) \$120,000 for implementation of three community rehabilitation pilot projects to be selected by the North Carolina Association of Rehabilitation Facilities;
- (5) \$240,000 for supported living projects of the Association for Retarded Citizens and United Cerebral Palsy, Inc.; and
- (6) \$420,000 for local assistive technology and a housing loaner fund to be administered through the Community Living Association.

Requested by: Representatives Nye, Easterling, Esposito, Dickson, Senators Richardson, Walker

DETERMINATION OF BUDGETARY IMPACT OF ADDITIONAL BEDS IN DOMICILIARY CARE FACILITIES

Sec. 25.22. Pursuant to G.S. 131E-177(4), in order to determine the budgetary impact of additional beds in domiciliary care facilities, the Department of Human Resources shall, by January 1, 1996, develop policy, criteria, and standards for planning, conduct inventories, and make determinations of need for health services

facilities, domiciliary care facilities, and any other assisted living arrangements subject to any State licensing requirements.

The Department shall report on its progress in implementing this section to the 1995 General Assembly by March 15, 1995.

The plans and need determinations shall not be included in the State Medical Facilities Plan but shall be used to assist the General Assembly in determining the budgetary impact of additional beds in domiciliary care facilities.

Requested by: Representatives Easterling, Nye, Dickson, Esposito, Senators Richardson, Walker

PILOT SUBSIDY FOR DOMICILIARY HOMES FOR SERVICES TO DEVELOPMENTALLY DISABLED RESIDENTS REPORTING EXTENDED

Sec. 25.23. Section 241 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 241. Notwithstanding the provisions of G.S. 143-23, the Secretary of Human Resources, with the approval of the Office of State Budget and Management, may use, to the extent possible, any funds appropriated or otherwise available to the Department in the 1993-94 fiscal year to conduct a pilot of a subsidy to homes for the aged and disabled and family care homes to support the provisions of habilitative and related services needed by developmentally disabled persons who reside there. The Department shall present the results of the pilot to the General Assembly by ~~July 1, 1994~~ April 15, 1995."

Requested by: Representatives Easterling, Nye, Esposito, Dickson, Senators Richardson, Walker

DEVELOPMENT OF RATE-SETTING METHODOLOGY FOR DOMICILIARY CARE FACILITIES CONTINUED/RECOMMENDATIONS ON STANDARDS, MONITORING

Sec. 25.24. The Department of Human Resources shall continue development of the rate-setting methodology for domiciliary care facilities proposed by the Department in the report made to the General Assembly in accordance with the requirements of Section 240 of Chapter 321 of the 1993 Session Laws. The final plan shall include the recommended maximum payment rate for each category of facility, and assessment of the adequacy of the existing standards for domiciliary facilities, the adequacy of the monitoring of these standards and recommendations regarding any needed changes in standards or their monitoring. The final plan shall be submitted to the 1995 General Assembly and to the Fiscal Research Division by February 1, 1995.

Requested by: Representatives Nye, Easterling, Dickson, Esposito, Senators Richardson, Walker

DOMICILIARY CARE REIMBURSEMENT RATE INCREASE

Sec. 25.25. Section 239 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 239. (a) Effective July 1, 1993, the maximum monthly rate for residents in domiciliary care facilities shall be nine hundred thirty-eight dollars (\$938.00) for ambulatory residents and nine hundred seventy-nine dollars (\$979.00) for semiambulatory residents.

(b) Effective July 1, 1994, the maximum monthly rate for residents in domiciliary care facilities shall be nine hundred seventy-five dollars (\$975.00) per month for ambulatory residents and one thousand seventeen dollars (\$1,017) per month for semiambulatory residents."

Requested by: Representatives Easterling, Nye, Esposito, Dickson, Senators Richardson, Walker

DHR STUDY OF DIVISION OF YOUTH SERVICES' PROGRAMS AND SERVICES EXTENDED

Sec. 25.26. Subsection (d) of Section 36 of Chapter 24 of the Session Laws of the 1994 Extra Session reads as rewritten:

"(d) The Department shall complete this study by ~~November 1, 1994~~, March 1, 1995, and shall report the results of this study to the 1995 General Assembly by ~~March 1, 1995~~. April 1, 1995."

Requested by: Representatives Easterling, Nye, Nesbitt, Diamont, Dickson, Esposito, Senators Richardson, Walker

DIVISION OF YOUTH SERVICES NURSE SALARY PLAN

Sec. 25.27. The Department of Human Resources shall implement the salary adjustment plan developed by the Division of Youth Services for nurses within the Division's training schools and shall fund the plan with salary reserve funds within the Department or from salary adjustment funds within the Office of State Budget and Management.

Requested by: Representatives Easterling, Nye, Esposito, Dickson, Senators Richardson, Walker

REIMBURSEMENT AND COMPENSATION OF MEMBERS OF THE NORTH CAROLINA VOCATIONAL REHABILITATION ADVISORY COUNCIL

Sec. 25.29. Notwithstanding G.S. 138-5(a)(1), members of the North Carolina Vocational Rehabilitation Advisory Council may be reimbursed for reasonable and necessary expenses of attending Council meetings or performing Council duties, as authorized in the federal Rehabilitation Act, as amended. In addition, Council members who are unemployed or who must forfeit wages from other employment to attend may receive compensation not to exceed fifty dollars (\$50.00) a day for Council meetings or performing Council duties, as authorized in the federal Rehabilitation Act, as amended.

Requested by: Representatives Easterling, Nye, H. Hunter, Esposito, Dickson

CERTAIN SMART START FUNDS DO NOT REVERT

Sec. 25.31. (a) Any new funds that may be appropriated to the Division of Child Development, Department of Human Resources, in fiscal year 1994-95 and to be

allocated to new local Smart Start projects to be established during the 1994-95 fiscal year shall not revert until June 30, 1996, but shall remain with the Division for use as provided under Part 10B of Article 3 of Chapter 143B of the General Statutes.

(b) It is the intent of the General Assembly that this section's postponement of reversions of Smart Start funds shall be for one year only and that it shall not be extended.

Requested by: Representatives Nye, Easterling, Dickson, Esposito, Senators Richardson, Walker

**SUPPORT OUR SCHOOLS PROGRAM/FAMILY RESOURCE CENTER
GRANT PROGRAM ADMINISTRATIVE COSTS INCREASE**

Sec. 25.32. (a) Of the funds appropriated to the Department of Human Resources for the Support Our Schools (S.O.S.) Program for the 1994-95 fiscal year, the Department may use up to one hundred fifty thousand dollars (\$150,000) for the administration of each program, in addition to the two hundred thousand dollars (\$200,000) allocated for the administration of the program by Chapter 24 of the Session Laws, Extra Session 1994.

(b) Of the funds appropriated to the Department of Human Resources for the Family Resource Center Grant Program for the 1994-95 fiscal year, the Department may use up to one hundred thousand dollars (\$100,000) for the administration of each program, in addition to the two hundred thousand dollars (\$200,000) allocated for the administration of the program by Chapter 24 of the Session Laws, Extra Session 1994.

Requested by: Representatives Easterling, Nye, Nesbitt, Diamont, Dickson, Esposito, Senators Richardson, Walker

**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
APPLICATION CLARIFICATION**

Sec. 25.33. The Department of Human Resources, in cooperation with the North Carolina Partnership for Children, Inc., shall ensure that the selection process for the additional local demonstration projects for the Early Childhood Education and Development Initiatives funded in this act shall include the following:

- (1) Acceptance of applications from counties that have not yet applied for funding;
- (2) Acceptance of additional information from counties that have already made application for funding but have not received funding; and
- (3) Consideration of the needs and resources assessment that has been conducted in each county.

Requested by: Representatives Easterling, Nye, Nesbitt, Diamont, H. Hunter, Rogers, Dickson, Esposito, Senators Richardson, Walker

SUBSIDIZED DAY CARE FOR MORE ELIGIBLE CHILDREN

Sec. 25.34. (a) Of the funds appropriated in this act to the Department of Human Resources, Division of Child Development, the sum of four million dollars (\$4,000,000) for the 1994-95 fiscal year shall be used to pay for subsidized child day

care for children currently eligible for nonentitlement child day care but not currently receiving this care. These funds may be used as follows:

- (1) To pay for care that is currently available in the children's county up to the provider's approved subsidized payment rate; and
- (2) To raise the subsidized payment rate in counties where the current market rate is too low to provide enough care for children. Priority shall be given to counties with the lowest current market rate. For Category "B" providers, the subsidized payment rate shall not exceed the statewide market rate.

These funds shall be used in such a way as to maximize the number of eligible children receiving subsidized child day care.

(b) The Division of Child Development shall report to the 1995 General Assembly and to the Fiscal Research Division of the Legislative Services Office by March 15, 1995, on the number of children whose child day care is funded pursuant to this section, and on the number of children eligible for child day care who still are waiting to be served. This report shall include county-level data on the number of these children who could be served if funds were available, the number of these children for whom service is not available in their community, and data on where these children live, including relevant demographic data. This report shall also include a determination of whether other eligible children not on any waiting list remain to be served.

Requested by: Representatives Easterling, Nye, Dickson, Esposito, Senators Richardson, Walker

DAY CARE RATE CLARIFICATION

Sec. 25.35. (a) The 1993 Legislative Research Commission Study Committee on Child Care shall study the whole issue of day care rates to determine whether the rate structure needs to be amended or overhauled. This study shall include an examination of whether county departments of social services are using a provider's failure to comply with requirements in addition to those specified in subsection (b) of Section 248 of Chapter 321 of the 1993 Session Laws as a condition for reducing the provider's subsidized child day care rates.

The Committee shall include the results of this study, including any legislative recommendations, in its report to the Legislative Research Commission for transmittal to the 1995 General Assembly.

(b) Subsection (b) of Section 248 of Chapter 321 of the 1993 Session Laws reads as rewritten:

(b) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes may participate in the program that provides for the purchase of care in day care facilities for minor children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, day care facilities shall be required to meet any additional applicable requirements of federal law or regulations.

Day care homes as defined in G.S. 110-86(4) from which the State purchases day care services shall meet the standards established by the Child Day Care Commission pursuant to G.S. 110-101 and G.S. 110-105.1 and any additional

requirements of State law or federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child day care rate.'

Requested by: Representatives Easterling, Nye, Nesbitt, Diamont, Hayes, Dickson, Esposito, Senators Richardson, Walker

FAMILY TO FAMILY FUNDS PROJECTS AUTHORIZED

Sec. 25.36. The Department of Human Resources may establish Family to Family projects that will replicate Project L.I.F.T. (Local Individuals Finding Themselves), of Concord, North Carolina. Project L.I.F.T. works through families helping other families deal with crime, substance abuse, and other issues facing parents and their children. It targets families in Concord's public housing communities to provide positive living skills, crime prevention activities, nutrition advice, higher education, substance abuse counselling, and healthy lifestyle activities. Project L.I.F.T., and any projects that replicate it, are vital measures in preventing crime and violence.

Requested by: Representatives Easterling, Nye, Esposito, Dickson, Diamont, Senators Richardson, Walker

FOSTER CARE REPORTING

Sec. 25.37. Counties receiving funds for foster care in this act shall report quarterly, beginning with the second quarter of the 1994-95 fiscal year, to the Division of Social Services, Department of Human Resources the following:

- (1) A narrative description of the use of State funds;
- (2) Workload statistics and indicators for foster care as established by the Division of Social Services; and
- (3) Development of a coordinated approach to providing children's services, with emphasis on meeting the total needs of the children and families being served.

The Division shall evaluate and report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office by April 30, 1995, on the State's efforts in implementing this section. The evaluation and report shall include evaluation of the current foster care delivery system and the impact of implementing this section.

Requested by: Representatives Easterling, Nye, Dickson, Esposito, Senators Richardson, Walker

ADOPTION SUBSIDY

Sec. 25.40. Section 235 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 235. (a) The adoption subsidy paid monthly by the Division of Social Services, Department of Human Resources, to eligible families who adopt hard-to-place children shall be established at two hundred sixty-five dollars (\$265.00) per child per month.

(b) Effective July 1, 1994, the adoption subsidy paid monthly by the Division of Social Services, Department of Human Resources, to eligible families who adopt hard-to-place children shall be established based on a graduated rate as follows:

- (1) \$315.00 per child per month for children aged birth through 5;
- (2) \$365.00 per child per month for children aged 6 through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18."

Requested by: Representatives Easterling, Nye, Diamont, Esposito, Dickson, Senators Richardson, Walker

FOSTER CARE

Sec. 25.41. Section 231 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 231. (a) Funds appropriated to the Department of Human Resources ~~in this act~~ for foster care assistance rates shall be used to set the rates at two hundred sixty-five dollars (\$265.00) per child per month. Of this sum, fifteen dollars (\$15.00) is a special needs allowance for the child.

(b) Effective July 1, 1994, funds appropriated to the Department of Human Resources for foster care assistance rates shall be used to pay assistance on a graduated rate as follows:

- (1) \$315.00 per child per month for children aged birth through 5;
- (2) \$365.00 per child per month for children aged 6 through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18."

Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child."

Requested by: Representatives Nye, Easterling, Nesbitt, Diamont, H. Hunter, Dickson, Esposito, Senators Richardson, Walker

HIV FOSTER CARE BOARD PAYMENT FUNDS

Sec. 25.42. Of the funds appropriated in this act to the Department of Human Resources, Division of Social Services, the sum of four hundred ninety-nine thousand five hundred dollars (\$499,500) shall be used for foster care board payments for children with HIV, to be allocated as follows:

- (1) \$800.00 per month per child with indeterminate HIV status;
- (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;
- (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and
- (4) \$1,600 per month per child terminally ill with complex care needs.

Requested by: Representatives Easterling, Nye, Nesbitt, Diamont, H. Hunter, Esposito, Dickson, Senators,

DEPARTMENT STUDY OF CHILD-CARING AGENCIES REIMBURSEMENT DISCREPANCIES

Sec. 25.43. The Department of Human Resources shall study the reimbursement method for child-caring agencies to determine whether inequitable discrepancies exist among agencies' reimbursement rates that should be rectified. This study shall include a detailed analysis of federal formulas and of State formulas to determine whether inequities exist at the federal formula level that can be rectified by State action and a detailed examination of whether agencies that have historically served minority children are suffering from inequitable reimbursement.

The Department shall report the results of this study, together with any recommendations for needed State action, to the General Assembly by March 15, 1995.

Requested by: Representatives Easterling, Nye, Diamont, Esposito, Dickson, Senators Hyde, Richardson, Walker

MATERNITY HOME AND ADOPTION FUNDS

Sec. 25.44. (a) From funds appropriated in this act to the Department of Human Resources, Division of Social Services, the sum of six hundred sixty-five thousand dollars (\$665,000) for the 1994-95 fiscal year is allocated to the State Maternity Home Fund to provide maternity home services to single pregnant young women 10 years of age and older for the purposes of protecting and enhancing maternal and child health, reducing infant mortality and morbidity, reducing the number of unintended second pregnancies, preventing mothers from permanently dropping out of school, preventing welfare dependency, and providing adoption and parenting support.

(b) From funds appropriated in this act to the Department of Human Resources, Division of Social Services, the sum of seven hundred fifty thousand dollars (\$750,000) for the 1994-95 fiscal year shall be used to contract with the Children's Home Society of North Carolina, Inc., to recruit and train families to adopt children with special needs and to provide postadoption and support services for these families and children. Children with special needs include medically fragile infants and children, sibling groups, abused, neglected, and abandoned infants and children, HIV-positive infants and children, addicted infants, children with behavior problems and emotional disorders, minority infants and children, and older children.

(c) The Department of Human Resources shall report to the 1995 General Assembly and to the Fiscal Research Division of the Legislative Services Office by March 15, 1995, on the use of funds allocated pursuant to subsections (a) and (b) of this section. This report shall include a detailed analysis of the services provided, of the people served, and of the program's relative success in achieving its goals as prescribed by subsections (a) and (b) of this section.

Requested by: Representatives Easterling, Nye, Colton, Dickson, Esposito, Senators Richardson, Walker

CHILD-CARING AGENCIES FUNDS

Sec. 25.45. Of the funds appropriated to the Department of Human Resources, Division of Social Services, the sum of seven hundred fifty-five thousand

fifty-nine dollars (\$755,059) shall be used to provide partial reimbursement to the following ten private, nonprofit child-caring agencies for the placement of certain children by county departments of social services:

- (1) Bertie-Martin-Beaufort County Shelter Home, of Jamesville;
- (2) Caldwell Residential Services, of Lenoir;
- (3) Caring for Children, Inc., of Asheville;
- (4) The Children's Home Society of North Carolina, Inc., of Greensboro;
- (5) Children's Homes of Cleveland County, of Shelby;
- (6) Family Resources of Rutherford County, Inc., of Spindale;
- (7) Florence Crittenton Services, of Charlotte;
- (8) Loray Girls Home, of Gastonia;
- (9) Yahweh Center, Inc., of Wilmington; and
- (10) Youth Homes, Inc., of Charlotte.

The children for whom these funds are appropriated are children not eligible for federal matching funds under the Title IV-E foster care maintenance payments. The ten agencies named in this section shall be added to the list of eligible agencies according to the provisions of NCAE 10, Subchapter 41M.

Requested by: Representatives Nye, Easterling, Diamont, Dickson, Esposito, Senators Richardson, Walker, Harris

MEDICAID COVERAGE FOR ADOPTIVE CHILDREN WITH SPECIAL NEEDS

Sec. 25.46. Effective October 1, 1994, the Department of Human Resources shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Requested by: Representatives Nye, Easterling, Alexander, Dickson, Esposito, Senators Marshall, Richardson, Walker

MEDICAID ESTATE RECOVERY PLAN, AS REQUIRED BY FEDERAL LAW

Sec. 25.47. (a) Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A-70.5. Medicaid Estate Recovery Plan.

(a) There is established in the Department of Human Resources, the Medicaid Estate Recovery Plan, as required by the Omnibus Budget Reconciliation Act of 1993, to recover from the estates of recipients of medical assistance an equitable amount of the State and federal shares of the cost paid the recipient. The Department shall administer the program in accordance with applicable federal law and regulations, including those under Title XIX of the Social Security Act, 42 U.S.C. § 1396(p).

(b) As used in this section:

(1) 'Medical assistance' means medical care services paid for by the North Carolina Medicaid Program on behalf of the recipient:

a. If the recipient is receiving these medical care services as an inpatient in a nursing facility, intermediate care facility for the

mentally retarded, or other medical institution, and cannot reasonably be expected to be discharged to return home; or

b. If the recipient is 55 years of age or older and is receiving these medical care services, including related hospital care and prescription drugs, for nursing facility services or home- and community-based services.

(2) 'Estate' means all the real and personal property considered assets of the estate available for the discharge of debt pursuant to G.S. 28A-15-1.

(c) The amount the Department recovers from the estate of any recipient shall not exceed the amount of medical assistance made on behalf of the recipient and shall be recoverable only for medical care services prescribed in subsection (b) of this section. The Department is a fifth-class creditor, as prescribed in G.S. 28A-19-6, for purposes of determining the order of claims against an estate; provided, however, that judgments in favor of other fifth-class creditors docketed and in force before the Department seeks recovery for medical assistance shall be paid prior to recovery by the Department.

(d) The Department of Human Resources shall adopt rules pursuant to Chapter 150B of the General Statutes to implement the Plan, including rules to waive whole or partial recovery when this recovery would be inequitable because it would work an undue hardship or because it would not be administratively cost-effective and rules to ensure that all recipients are notified that their estates are subject to recovery at the time they become eligible to receive medical assistance.

(e) Regarding trusts that contain the assets of an individual who is disabled as defined in Title 19 of Section 1014(a)(3) of the Social Security Act, as amended, if the trust is established and managed by a nonprofit association, to the extent that amounts remaining in the beneficiary's account upon the death of the beneficiary are not retained by the nonprofit association, the trust pays to the Department from these remaining amounts in the account an amount equal to the total amount of medical assistance paid on behalf of the beneficiary under the North Carolina Medicaid Program."

(b) Of the funds appropriated in this act from the General Fund to the Department of Human Resources, Division of Medical Assistance, the sum of one hundred four thousand seven hundred fifty dollars (\$104,750) for the 1994-95 fiscal year, of which fifty thousand dollars (\$50,000) is nonrecurring, shall be used to implement this section.

(c) Subsection (a) of this section becomes effective October 1, 1994, and applies to individuals who apply for medical assistance on or after that date. The remainder of this section becomes effective July 1, 1994.

Requested by: Representatives Nye, Easterling, Dickson, Esposito, Senators Richardson, Walker

HEALTH MAINTENANCE ORGANIZATION INSURANCE REQUIREMENT

Sec. 25.48. G.S. 58-67-10(b)(3a) reads as rewritten:

"(3a) This Article does not apply to any prepaid health service or capitation arrangement implemented or administered by the Department of

Human Resources or its representatives, pursuant to 42 U.S.C. § 1396n or Chapter 108A of the General Statutes, or to any provider of health care services participating in such a prepaid health ~~services~~-service or capitation arrangement. the Department of Human Resources, any division in the Department, or any direct provider of health care services in connection with any direct, capitated, or otherwise prepaid arrangement applicable to health care services authorized pursuant to 42 U.S.C. § 1396n or Chapter 108A of the General Statutes. Nothing in this subdivision exempts health maintenance organizations or any other person who undertakes to provide or arrange for the delivery of basic health care services to all enrollees on a prepaid basis, from complying with all applicable provisions in this ~~Article~~-Article; provided, however, that to the extent this Article applies to any such person acting as a subcontractor to a Health Maintenance Organization licensed in this State, that person shall be considered a single service Health Maintenance Organization for the purpose of G.S. 58-67-20(4), G.S. 58-67-25, and G.S. 58-67-110."

Requested by: Representatives Diamont, Nesbitt, Crawford, Dickson, Esposito,
Senators Richardson, Walker

ALZHEIMER'S FUNDS

Sec. 25.50. Of the funds appropriated in this act to the Department of Human Resources, Division of Aging, the sum of one hundred thousand dollars (\$100,000) for the 1994-95 fiscal year shall be used to support services delivered to Alzheimer's patients and their families. These funds shall be allocated to each of the four Alzheimer's Association Chapters in North Carolina, in grants of twenty-five thousand dollars (\$25,000) each. Each Chapter shall submit to the Division for approval a plan for the use of the funds it is to receive. Following the Division's approval, the Division shall disburse these funds according to a timetable outlined in each Chapter's plan.

Requested by: Representatives Nye, Easterling, Dickson, Esposito, Senators
Richardson, Walker

CONTINUING BUDGET ACT TECHNICAL CHANGES

Sec. 25.51. (a) Section 227 of Chapter 321 of the 1993 Session Laws, as rewritten by Chapter 591 of the 1993 Session Laws, reads as rewritten:

"Sec. 227. Effective ~~October 1, 1994~~, January 1, 1995, the Department of Human Resources, Division of Medical Assistance, shall implement a budget-neutral Diagnosis-Related Group reimbursement methodology for inpatient hospital services."

(b) The catchline of Section 18 of Chapter 591 of the 1993 Session Laws reads as rewritten:

"NORTH CAROLINA HEALTH PLANNING COMMISSION FUNDS
FUNDS/REPORTING DEADLINE EXTENSION".

(c) Section 18 of Chapter 591 of the 1993 Session Laws is amended by inserting a new subsection to read:

"(a1) Subsection (b) of Section 2.1 of Chapter 529 of the 1993 Session Laws is rewritten as follows:

'(b) The Governor shall present to the General Assembly no later than February 1, 1995, a plan for consolidating all of the State health functions into one State Department of Health. The plan shall be based upon and shall address the principles and elements outlined in subsections (c) and (d) of this section."

PART 26. DEPARTMENT OF AGRICULTURE

Requested by: Representatives Bowman, Yongue, Nesbitt, Diamont, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

NORTH CAROLINA WAREHOUSE ACT FUND

Sec. 26. (a) G.S. 106-435 reads as rewritten:

"§ 106-435. Fund for support of system; collection and investment.

In order to provide a sufficient indemnifying or guarantee fund to cover any loss not covered by the bonds hereinbefore mentioned, in order to provide the financial backing which is essential to make the warehouse receipt universally acceptable as collateral, and in order to provide that a State warehouse system intended to benefit all cotton growers in North Carolina shall be supported by the class it is designed to benefit, it is hereby declared: that on each bale of cotton ginned in North Carolina during the period from the ratification of this bill until June 30, 1922, twenty-five cents (25¢) shall be collected through the ginner of the bale and paid into the State treasury, to be held there as a special guarantee or indemnifying fund to safeguard the State warehouse system against any loss not otherwise covered. The State Tax Commission shall provide and enforce the machinery for the collection of this tax, which shall be held in the State treasury to the credit of the State warehouse system. Not less than ten per centum (10%) of the entire amount collected from the per bale tax shall be invested in United States government or farm loan bonds or North Carolina bonds, and the remainder may be invested in amply secured first mortgage notes or bonds to aid and encourage the establishment of warehouses operating under this system, and to aid and encourage the establishment of farm markets designed to serve the marketing, packaging, and grading needs for the sale and distribution of unprocessed farm commodities when adequate markets are not otherwise provided. Such investments shall be made by the Board of Agriculture, with the approval of the Governor and Attorney General: Provided, such first mortgages shall be for not more than one-half the actual value of the warehouse property covered by such mortgages, and run not more than 10 years: Provided further, that the interest received from all investments shall be available for appropriation for capital projects and nonrecurring expenditures as provided in the bill making the appropriation, and for the administrative expense of carrying into effect the provisions of this law, including the employment of such persons and such means as the State Board of Agriculture in its discretion may deem necessary: Provided further, that the guarantee fund, raised under the provisions of sections 4907 to 4925 of the Consolidated Statutes of 1919, shall become to all intents and purposes a part of guarantee fund to be raised under this law and subject to all the provisions hereof. The fund created by this

section may be used for loans to owners of cotton gins to make improvements to gins to comply with federal and State air quality regulations, rules, and laws. The loans shall be secured and made under terms and conditions approved by the Board of Agriculture. Income earnings, including earnings from interest, may also be used by the Department of Agriculture for cotton promotion activities."

(b) There is appropriated from the North Carolina Warehouse Act Fund to the Department of Agriculture, the sum of one hundred thousand dollars (\$100,000) in accumulated interest for the 1994-95 fiscal year to be used for maintenance and operation of the Ballentine Building on Blue Ridge Boulevard in Raleigh to house the pesticide program.

(c) There is appropriated from the North Carolina Warehouse Act Fund to the Department of Agriculture, the sum of one hundred thousand dollars (\$100,000) in accumulated interest for the 1994-95 fiscal year to be used for repairs, maintenance, operation, and cotton promotion projects and activities of Oakview Plantation in Wake County.

Requested by: Representatives Black, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

AGRICULTURE IN THE CLASSROOM

Sec. 26.1. Of the funds appropriated to the Department of Agriculture the sum of one hundred twenty-five thousand dollars (\$125,000) for the 1994-95 fiscal year shall be used as a Grant-in-Aid for The North Carolina Farm Bureau Foundation for Agriculture in the Classroom, Inc., an educational program that works to develop a deeper appreciation for North Carolina's agricultural industry while promoting sound educational principles that lead to optimum classroom effectiveness.

PART 27. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

Requested by: Senator Martin of Pitt, Representatives Bowman, H. Hunter

IMMUNIZATION PROGRAM FUNDING

Sec. 27. Section 109 of Chapter 561 of the 1993 Session Laws reads as rewritten:

"(a) Of the funds appropriated in Chapter 321 of the 1993 Session Laws from the General Fund to the Department of Environment, Health, and Natural Resources for the ~~1993-94~~ 1994-95 fiscal year for childhood immunization programs for positions, operating support, equipment, and pharmaceuticals, the sum of up to one million dollars (\$1,000,000) may be used for projects and activities that are also designed to increase childhood immunization rates in North Carolina. These projects and activities shall include the following:

- (1) Outreach efforts at the State and local levels to improve service delivery of vaccines. Outreach efforts may include educational seminars, media advertising, support services to parents to enable

children to be transported to clinics, longer operating hours for clinics, and mobile vaccine units; and

(2) Continued development of an automated immunization registry.

(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Environment, Health, and Natural Resources.

(c) The Department of Environment, Health, and Natural Resources shall not obligate or expend funds authorized for the purposes stated in subsection (a) of this section until the Department has prepared and submitted for review to the Joint Legislative Commission on Governmental Operations the eight-year plan for implementation of the statewide immunization program required under Section 287 of Chapter 321 of the 1993 Session Laws. In addition to the requirements of Section 287 of Chapter 321 of the 1993 Session Laws, the eight-year plan shall address planned expenditures and immunization projects and activities identified under subsection (a) of this section."

Requested by: Senator Martin of Pitt, Representative James

WILDLIFE RESOURCES COMMISSION/FUNDS FOR SALARY INCREASES

Sec. 27.1. (a) G.S. 105-164.44B, as amended by Section 290(a) of Chapter 321 of the 1993 Session Laws, reads as rewritten:

"§ 105-164.44B. Transfer to Wildlife Resources Fund of taxes on hunting and fishing supplies and equipment.

Each fiscal year, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources Fund, one fourth of ~~three million seven hundred thirty one thousand one hundred sixteen dollars (\$3,731,116)~~ four million four hundred eighty-nine thousand four hundred eighty-seven dollars (\$4,489,487) plus or minus the percentage of that amount by which the total collection of State sales and use taxes increased or decreased during the preceding fiscal year plus the cost of any legislative salary increase for employees of the Wildlife Resources Commission."

(b) Subsection (a) of this section expires June 30, 1995.

(c) Subsection (c) of Section 290 of Chapter 321 of the 1993 Session Laws is repealed.

Requested by: Senator Daniel, Representative Bowman

WILDLIFE RESOURCES COMMISSION LONG-RANGE BUDGET PLAN

Sec. 27.2. Section 172 of Chapter 900 of the 1991 Session Laws reads as rewritten:

"Sec. 172. (a) The Wildlife Resources Commission shall prepare a long-range budget plan for review and consideration by the General Assembly. The budget plan shall include:

(1) An analysis of revenues and expenditures from the ~~1986-87-1987-88~~ fiscal year through the ~~1991-92-1993-94~~ fiscal year identifying: (i) the

major revenue sources and expenditure items within each program or division; (ii) the major increases or decreases in revenues and expenditures over the period and the rationale for these changes; and (iii) those wildlife programs or divisions that have experienced significant growth in expenditures since the ~~1986-87-1987-88~~ fiscal year;

- (2) An inventory and analysis of all revenue sources, including the North Carolina Wildlife Endowment Fund, that identifies: (i) funds that may be used only for specific purposes; and (ii) funds that may be used for general program purposes;
- (3) Revenue and expenditure projections for the ~~1992-93-1994-95~~ through ~~1996-97-1998-99~~ fiscal years, by program and major budget objects; and
- (4) Long-term options for funding the operations of the Wildlife Resources Commission, including: (i) revenue increases, including increased license fees, subscription fees, and registration fees; use of interest from the North Carolina Wildlife Endowment Fund; and increases in the General Fund from sales tax and any other General Fund monies; and (ii) operating and capital expenditure reductions. The Commission shall present a detailed implementation plan and specific recommendations for each option that would ensure future spending deficits would not occur.

(b) The Wildlife Resources Commission shall prepare a report incorporating its long-range budget plan, including all components of this plan as set forth in subsection (a) of this section, and shall transmit this report to the General Assembly and the Fiscal Research Division by January 12, ~~1993-1995~~.

(c) The Office of State Auditor shall conduct a financial audit and a performance audit of the Wildlife Resources Commission and shall report its findings and recommendations to the 1995 General Assembly upon its convening."

Requested by: Senator Martin of Pitt, Representatives Bowman, H. Hunter, Wright, Bowen, Redwine

BEAVER CONTROL FUNDS

Sec. 27.3. (a) Subsection (b) of Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, reads as rewritten:

"(b) The Beaver Damage Control Advisory Board shall develop a pilot program to control beaver damage on private and public lands. Bladen, Brunswick, Columbus, Duplin, Edgecombe, Franklin, Halifax, Johnston, Nash, Onslow, Pender, Pitt, Robeson, and Sampson-Sampson, Vance, Warren, Wayne, and Wilson Counties shall participate in the pilot program. The Beaver Damage Control Advisory Board shall act in an advisory capacity to the Wildlife Resources Commission in the implementation of the program. In developing the program, the Board shall:

- (1) Orient the program primarily toward public health and safety and toward landowner assistance, providing some relief to landowners through beaver control and management rather than eradication;
- (2) Develop a priority system for responding to complaints about beaver damage;
- (3) Develop a system for documenting all activities associated with beaver damage control, so as to facilitate evaluation of the program;
- (4) Provide educational activities as a part of the program, such as printed materials, on-site instructions, and local workshops;
- (5) Provide for the hiring of personnel necessary to implement beaver damage control activities, administer the pilot program, and set salaries of personnel;
- (6) Evaluate the costs and benefits of the program that might be applicable elsewhere in North Carolina.

~~Upon~~ No later than September 30, 1994 and again upon the conclusion of the pilot program on December 1, 1994, June 30, 1995, the Board shall issue a report to the Wildlife Resources Commission ~~on the results of the program, program to date,~~ including recommendations on the feasibility of continuing the program in participating counties and the desirability of expanding the program into other counties. The Wildlife Resources Commission shall prepare a plan to implement a statewide program to control beaver damage on private and public lands. No later than January 1, 1995, the Wildlife Resources Commission shall present its plan in a report to the House Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources."

(b) Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, reads as rewritten:

"(h) Subsections (a) through (d) of this section expire ~~December 1, 1994.~~ June 30, 1995."

(c) Of the funds appropriated to the Wildlife Resources Commission in this act for the 1994-95 fiscal year, the sum of one hundred fifty thousand dollars (\$150,000) shall be used to provide the State share necessary to continue the beaver damage control pilot program established by Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws and this section, to Bladen, Brunswick, Columbus, Duplin, Edgecombe, Franklin, Halifax, Johnston, Nash, Onslow, Pender, Pitt, Robeson, Sampson, Vance, Warren, Wayne, and Wilson Counties, provided the sum of twenty-five thousand dollars (\$25,000) in federal funds is available to provide the federal share. These funds shall be matched by four thousand dollars (\$4,000) of local funds from each of the 18 participating counties.

Requested by: Representatives Bowman, Culp, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

MINING EDUCATION/TRAINING FUNDS

Sec. 27.4. The Department of Environment, Health, and Natural Resources, Division of Land Resources, may use twenty thousand dollars (\$20,000) of available

funds for the 1994-95 fiscal year to develop and publish a Mining Compliance Manual for mining applicants, permittees, and inspectors.

Requested by: Representatives Diamont, Bowman, Gottovi, Yongue, Culp, Jenkins, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

WATTS FARM CLEANUP STUDY FUNDS

Sec. 27.5. The Department of Environment, Health, and Natural Resources shall use available funds to study the cleanup of the mixed low-level radioactive and hazardous waste that is located in Wilkes County at the abandoned waste disposal site known as the Watts Retreat Farm. This study shall address the manner and costs of retrieving, transporting, and disposing of these wastes at this site, where the wastes will be disposed, the potential liability of current and previous landowners of the site, the State, and any other potentially responsible parties, the need for the State to monitor the area before, during, and after the cleanup, the costs of such monitoring efforts, and any other issues the Department considers needed to be included in the study. The Department shall report to the Joint Legislative Commission on Governmental Operations, to the Chairs of the House Appropriations Subcommittee on Natural and Economic Resources, to the Chair of the Senate Committee on Natural and Economic Resources, and to the Fiscal Research Division by January 15, 1995.

Requested by: Representatives Gottovi, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

INFANT MORTALITY FUNDS FOR MINORITY POPULATIONS

Sec. 27.6. (a) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, Division of Maternal and Child Health, the sum of seven hundred fifty thousand dollars (\$750,000) for the 1994-95 fiscal year shall be used to fund 15 grant projects in various communities to demonstrate means to lower infant mortality rates and percent of low birthweight babies among minority populations to bring the rates and percentage nearer those of the white population.

(b) The Division of Maternal and Child Health shall award the grants to the 15 projects based upon recommendations of a grant review team consisting of representatives of the Division of Maternal and Child Health, the Department's Office of Minority Health, and the North Carolina Governor's Commission on Reduction of Infant Mortality.

Requested by: Representatives Gottovi, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

INFANT MORTALITY REPORT EXTENSION

Sec. 27.7. Subsection (a) of Section 284 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"Sec. 284. (a) Of the funds appropriated in this act from the General Fund to the Department of Environment, Health, and Natural Resources for the Governor's Commission on the Reduction of Infant Mortality, the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year shall be used to contract with outside evaluators to

determine the extent to which the public and private health, social services and mental health, developmental disabilities, and substance abuse services systems in each county meet the health needs of pregnant women and infants up to age one, and of children ages one to five. The study shall include, but not be limited to: an examination of the percentage of pregnant women in each county that receive early and continuous prenatal care; the extent to which eligible pregnant women, infants, and children are receiving nutritional supplements, case management and other necessary health, social, mental health, and other support services; and the extent to which children are receiving age-appropriate immunizations. The study shall determine what barriers, if any, exist in each county which prevent pregnant women, infants, and children under the age of five from receiving timely and necessary health services. The Governor's Commission on the Reduction of Infant Mortality shall continue its study and shall report its findings to the General Assembly on or before May 15, 1994. September 15, 1994."

Requested by: Representatives Easterling, Diamont, Bowman, H. Hunter, Wright,
Senators Martin of Pitt, Cochrane

EXTEND CHILD FATALITY TASK FORCE/EXPAND MEMBERSHIP

Sec. 27.8. (a) G.S. 143-577(b) reads as rewritten:

"(b) The Task Force shall provide updated reports to the Governor and General Assembly within the first week of the convening of the 1993 General ~~Assembly and Assembly,~~ within the first week of the convening of the 1994 Regular Session of the 1993 General Assembly. Assembly, within the first week of the convening of the 1995 General Assembly, and within the first week of the convening of the 1996 Regular Session of the 1995 General Assembly. The Task Force shall provide a final report to the Governor and General Assembly within the first week of the convening of the ~~1995 1997~~ 1997 General Assembly. The final report shall include final conclusions and recommendations for each of the Task Force's duties, as well as any other recommendations for changes to any law, rule, and policy that it has determined will promote the safety and well-being of children. Any recommendations of changes to law, rule, or policy shall be accompanied by specific legislative or policy proposals and detailed fiscal notes setting forth the costs to the State."

(b) Section 285(e) of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(e) Subsections (b), (c), and (d) of this section become effective ~~February 1, 1995. February 1, 1997.~~ February 1, 1997. The ~~rest~~ remainder of this section is effective upon ratification of this act."

(c) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources the sum of eighty-five thousand dollars (\$85,000) for the 1994-95 fiscal year shall be used to continue the operations of the North Carolina Child Fatality Task Force.

(d) G.S. 143-573(b) reads as rewritten:

(b) The Task Force shall be composed of ~~30~~ 36 members, 12 of whom shall be ex officio members, four of whom shall be appointed by the Governor, ~~seven~~ ten of whom shall be appointed by the Speaker of the House of Representatives, and ~~seven~~ ten of

whom shall be appointed by the President Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner shall be nonvoting members and may designate representatives from their particular departments, divisions, or offices to represent them on the Task Force. The members shall be as follows:

- (1) The Chief Medical Examiner;
- (2) The Attorney General;
- (3) The Director of the Division of Social Services;
- (4) The Director of the State Bureau of Investigation;
- (5) The Director of the Division of Maternal and Child Health of the Department of Environment, Health, and Natural Resources;
- (6) The Director of the Governor's Youth Advocacy and Involvement Office;
- (7) The Superintendent of Public Instruction;
- (8) The Chairman of the State Board of Education;
- (9) The Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services;
- (10) The Secretary of the Department of Human Resources;
- (11) The Secretary of the Department of Environment, Health, and Natural Resources;
- (11.1) The Director of the Administrative Office of the Courts;
- (12) A director of a county department of social services appointed by the Governor upon recommendation of the President of the North Carolina Association of County Directors of Social Services;
- (13) A representative from a Sudden Infant Death Syndrome counseling and education program appointed by the Governor upon recommendation of the Director of the Division of Maternal and Child Health of the Department of Environment, Health, and Natural Resources;
- (14) A representative from the North Carolina Child Advocacy Institute appointed by the Governor upon recommendation of the President of the Institute;
- (14.1) A director of a local department of health, appointed by the Governor upon the recommendation of the President of the North Carolina Association of Local Health Directors;
- (15) A representative from a private group, other than the North Carolina Child Advocacy Institute, that advocates for children, appointed by the Speaker of the House of Representatives upon recommendation of private child advocacy organizations;
- (16) A pediatrician, licensed to practice medicine in North Carolina, appointed by the Speaker of the House of Representatives upon recommendation of the North Carolina Pediatric Society;
- (17) A representative from the North Carolina League of Municipalities appointed by the Speaker of the House of Representatives upon recommendation of the League;

- (18) Two public members appointed by the Speaker of the House of Representatives;
- (19) A county or municipal law enforcement officer appointed by the President Pro Tempore of the Senate upon recommendation of organizations that represent local law enforcement officers;
- (20) A district attorney appointed by the President Pro Tempore of the Senate upon recommendation of the President of the North Carolina Conference of District Attorneys;
- (21) A representative from the North Carolina Association of County Commissioners appointed by the President Pro Tempore of the Senate upon recommendation of the Association;
- (22) Two public members appointed by the President Pro Tempore of the Senate; and
- (23) ~~Two~~Five members of the Senate appointed by the President Pro Tempore of the Senate and ~~two~~five members of the House of Representatives appointed by the Speaker of the House of Representatives."

Requested by: Representatives Diamont, Michaux, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

WOMEN'S HEALTH SERVICE FUND

Sec. 27.9. (a) Fund established. The Women's Health Service Fund is created within the Department of Environment, Health, and Natural Resources. The Department may make reimbursements from the Fund to approved medical providers for services rendered to eligible women who voluntarily request the insertion, implantation, or injection of a long-term, reversible contraceptive device or drug.

(b) Definitions. As used in this section, unless the context clearly requires otherwise:

- (1) "Device or drug" means a long-term, reversible contraceptive device or drug the implantation, insertion, or injection of which is a service covered under this section.
- (2) "Long-term, reversible contraceptive device or drug" means a device or drug approved for contraceptive purposes by the United States Food and Drug Administration, that, when implanted under the skin, inserted into the uterus, or injected into the bloodstream of a woman of child-bearing age will inhibit or prevent conception for a definite period of time, the contraceptive effects of which are reversible upon removal or discontinuance of the device or drug.
- (3) "Medical provider" means a licensed physician, physician's assistant, nurse practitioner, or other health care provider approved by the Department to provide services under this section.
- (4) "Woman" or "women" means one or more females of child-bearing age.

(c) Rules. The Department shall adopt rules for the administration of and allocations from the Fund. The rules shall include the following:

- (1) Eligibility requirements enabling women, whether married or unmarried, to obtain upon request the implantation, insertion, or injection of a long-term, reversible contraceptive device or drug. Except in cases of medical necessity, women may receive contraceptive devices under this section on a one-time basis only.
- (2) Services under this section shall be conditioned upon agreement by the recipient to attend, prior to insertion, implantation, or injection of the device or drug, education programs approved by the Department. The education programs shall include:
 - a. Comprehensive preinsertion or preprescription counseling on implantation, insertion, injection, and removal procedures,
 - b. Potential side effects and costs of the device or drug,
 - c. Other options for preventing conception, including newly approved long-term, reversible contraceptive devices or drugs that become available, and family planning education and counseling, including parenting skills,
 - d. Information on sexually transmitted diseases and the fact that long-term, reversible contraceptive devices and drugs do not protect against such diseases, and
 - e. Counseling for applicants who do not have a high school diploma regarding the benefits of completing her high school education either by remaining in school or obtaining her GED.
- (3) A long-term, reversible contraceptive device or drug shall be prescribed only upon request voluntarily initiated by the recipient and only when there are clear benefits to the recipient as determined by the recipient in consultation with an approved medical provider.
- (4) Procedures for the safe removal or discontinuance of the device or drug, where applicable.
- (5) Written notice to applicants for services that the Department has no obligation to reimburse providers for the reimplantation or reinsertion of a device that has been prematurely removed from the individual except in cases where the premature removal was prescribed for medical reasons.

(d) Coercion prohibited. The Department shall adopt procedures and rules to ensure that application information, education, and counseling provided to women about the services available under this section are not coercive in any manner, do not offer financial or other incentives to request or refuse the services, and do not impose penalties for the refusal of services.

(e) Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of seven hundred fifty thousand dollars (\$750,000) shall be allocated to the Women's Health Service Fund created in subsection (a) of this section.

(f) Nothing in this section creates an entitlement to services authorized under this section.

Requested by: Representatives Diamont, H. Hunter, Bowman, Wright, Lemmond, Senators Martin of Pitt, Cochrane

ADOLESCENT PREGNANCY PREVENTION/MEDIA CAMPAIGN AND ABSTINENCE UNTIL MARRIAGE EDUCATION FUNDS

Sec. 27.10. (a) Of the funds appropriated in Section 3 of Chapter 321 of the 1993 Session Laws to the Department of Environment, Health, and Natural Resources for health programs, the sum of up to one hundred thirty thousand dollars (\$130,000) for the 1994-95 fiscal year may be used as follows:

- (1) Seventy-seven percent (77%) of these funds, not to exceed the sum of one hundred thousand dollars (\$100,000), to initiate a statewide media campaign, in conjunction with the North Carolina Coalition on Adolescent Pregnancy, for the purpose of promoting abstinence, reducing pregnancy, and promoting healthy behavior in North Carolina's children ages 9-14. These funds shall be used to purchase the rights to the Maryland Media Campaign, which is an abstinence-based campaign, to purchase print media, radio ads, television ads, and for distribution of campaign material.
- (2) Twenty-three percent (23%) of these funds, not to exceed the sum of thirty thousand dollars (\$30,000), to fund a sex education curriculum that promotes abstinence until marriage. Systems that apply for these funds may receive up to two thousand five hundred dollars (\$2,500) each. Nothing shall prohibit a school system from receiving private funds to provide this curriculum.

(b) All applications for grants for funds prescribed in subdivision (2) of subsection (a) of this section shall contain a detailed description of the curriculum to be offered and a full set of materials to be used. Prior to making any grants, the Department shall review all curriculum descriptions and materials and shall use the results of this review in determining whether to award grants. If any of the initial school systems that apply for grants are rejected by the review process, other school systems may apply.

(c) The Department shall report on the status and funding of the statewide media campaign and abstinence until marriage education to the House Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources by January 15, 1995.

Requested by: Representatives Bowman, Culp, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

SOIL SURVEY POSITIONS FUNDS

Sec. 27.11. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of one hundred three thousand dollars (\$103,000) shall be used to continue, for the 1994-95 fiscal year, support for

three soil scientist positions in the Soil Survey Section. These positions work with counties to conduct soil surveys throughout the State and to map soil locations and identities. Funds authorized under this section may be used to establish, support, and provide travel expenses for these positions.

Requested by: Representatives Bowman, Gottovi, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

AGRICULTURE COST SHARE PROGRAM FUNDS

Sec. 27.12. Of the funds appropriated to the Department of Environment, Health, and Natural Resources in Section 3 of Chapter 321 of the 1993 Session Laws, for the Agriculture Cost Share Program for Nonpoint Source Pollution Control for the 1994-95 fiscal year, the sum of forty thousand dollars (\$40,000) shall be used to install best management practices to protect water quality, including tide gates, water control structures, and waste management measures in rural environs, in the subbasin of the Cape Fear River and Atlantic drainage east of Cypress Creek and north of Walden Creek, under the Rural Clean Water Demonstration Program and in accordance with the match and program requirements specified in G.S. 143-215.74(b)(6).

Requested by: Representatives Nesbitt, Diamont, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

STATE PARKS FUNDS

Sec. 27.13. Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of one million dollars (\$1,000,000) for the 1994-95 fiscal year shall be allocated to the Parks and Recreation Trust Fund established under Senate Bill 733 as enacted by the 1993 Session and expended as provided by G.S. 113-44.15(b) as enacted by Senate Bill 733, 1993 Session.

Requested by: Representatives Bowman, Gottovi, James, Culp, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

STATE PARKS RETIREMENT

Sec. 27.14. The Department of Environment, Health, and Natural Resources may use up to two hundred seventy thousand two hundred twenty-four dollars (\$270,224) of available funds for retroactive retirement benefits for eligible employees in the Division of Parks and Recreation, as authorized under the Supplemental Retirement Income Plan for State Law Enforcement Officers.

Requested by: Representatives Diamont, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

REALLOCATION OF FUNDS

Sec. 27.15. Notwithstanding the provisions of Section 112 of Chapter 1034 of the 1984 Session Laws and Section 238.2 of Chapter 689 of the 1991 Session Laws, the funds allocated for the Town Fork Flood Control and Water Supply (Stokes County) shall be reallocated as a grant to the Pilot Mountain Foundation, Inc., for capital improvements. The funds appropriated in Chapter 480 of the 1985 Session Laws and

Chapter 754 of the 1989 Session Laws for construction of the Town Forks Reservoir Project in Stokes County are extended for the purpose authorized and shall not revert until June 30, 1997.

Requested by: Senators Daniel, Plyler, Martin of Pitt, Cochrane, Representatives Redwine, Bowman, H. Hunter, Wright

BLUE RIBBON ADVISORY COUNCIL ON OYSTERS

Sec. 27.16. (a) There is established the Blue Ribbon Advisory Council on Oysters (hereinafter referred to as "Advisory Council"). The Advisory Council shall consist of 19 members appointed as follows:

- (1) Chair of the Oyster, Clam, and Scallops Committee of the Marine Fisheries Commission (or designee).
- (2) Director of the Marine Fisheries Division of the Department of Environment, Health, and Natural Resources (or designee).
- (3) Cochairs of the Joint Legislative Commission on Seafood and Aquaculture (or designees).
- (4) Director of the North Carolina Sea Grant College Program of North Carolina State University (or designee).
- (5) Two representatives from the commercial oyster fishery, one of whom shall represent the northern coastal region and the other shall represent the Pamlico coastal region, appointed by the President Pro Tempore of the Senate.
- (6) Two representatives from the commercial oyster fishery, one of whom shall represent the southern coastal region and the other shall represent the central coastal region, appointed by the Speaker of the House of Representatives.
- (7) One representative from oyster aquaculture appointed by the President Pro Tempore of the Senate.
- (8) One representative with expertise in oyster production and restoration appointed by the President Pro Tempore of the Senate.
- (9) One economist appointed by the Governor.
- (10) One representative with expertise in oyster disease research appointed by the President Pro Tempore of the Senate.
- (11) One representative with expertise in oyster sales and marketing appointed by the Governor.
- (12) One representative with expertise in health considerations and sanitation of oysters appointed by the Speaker of the House of Representatives.
- (13) One representative with expertise in oyster harvesting appointed by the Speaker of the House of Representatives.
- (14) One representative with expertise in oyster processing appointed by the Speaker of the House of Representatives.
- (15) One representative with expertise in water quality appointed by the Governor.

(16) One social scientist appointed by the Governor.

(b) The Advisory Council shall assist the Marine Fisheries Commission and the Joint Legislative Commission on Seafood and Aquaculture in an advisory capacity and shall study and make recommendations relating to the oyster resource including, but not limited to:

- (1) Restoration of oyster production on public beds.
- (2) Development of aquaculture production of oysters.
- (3) Management of oyster reefs to maximize production.
- (4) Zoning and protective measures concerning oyster reefs and culture operations.
- (5) Marketing and economic development of oysters.
- (6) Development of value-added products and processing.
- (7) Changes in the leasing of oyster bottoms and water columns for culture.
- (8) Expenditure of public funds in relation to private funding of oyster production.
- (9) Development of a management plan for restoration of the oyster resource.

(c) The Chair of the Advisory Council shall be the Chair of the Oyster, Clam, and Scallops Committee of the Marine Fisheries Commission. The Advisory Council shall meet upon the call of the Chair. A majority of the Advisory Council shall constitute a quorum for the transaction of business.

(d) Any person who is a member of the Advisory Council may hold such membership concurrently with and in addition to any other elective or appointive office or offices such person is permitted to hold under G.S. 128-1.1.

(e) Members of the Advisory Council shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(f) The Advisory Council shall make written quarterly reports to the Marine Fisheries Commission and the Joint Legislative Commission on Seafood and Aquaculture beginning October 1, 1994. The Advisory Council shall complete its study and make its final written report on or before October 1, 1995. Upon making its final written report, the Advisory Council shall terminate.

(g) The Department of Environment, Health, and Natural Resources shall provide secretarial and other support staff for the Advisory Council.

(h) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources for the 1994-95 fiscal year, the sum of one hundred thousand dollars (\$100,000) shall be used for administrative and other expenses incurred by the Blue Ribbon Advisory Council on Oysters.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, H. Hunter, Redwine, Wright

FISHERY RESOURCE GRANT PROGRAM

Sec. 27.17. (a) Creation. There is created within the Department of Environment, Health, and Natural Resources, the Fishery Resource Grant Program. The purpose of the program is to enhance the State's coastal fishery resources through individual grants to test new equipment, research industry trends, perform environmental pilot studies, and study other fishery issues.

(b) Administration. The Marine Fisheries Commission shall administer the Fishery Resource Grant Program, provide technical assistance to grant applicants and recipients, select grant recipients, evaluate pilot programs, and develop guidelines for implementing successful grant programs. Grants shall be evenly distributed among the northern, southern, central, and Pamlico coastal regions.

(c) Application procedure. An applicant may apply for grant funds to the Secretary of the Department of Environment, Health, and Natural Resources. An application must include, but is not limited to, the following:

- (1) A description of the project;
- (2) A detailed statement of the projected costs of the project including the cost to plan and design the project;
- (3) An explanation of how the project will enhance the fishery resource; and
- (4) Any other information needed by the Secretary of the Department to enable the Secretary to make a decision on the application.

(d) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of one million dollars (\$1,000,000) for the 1994-95 fiscal year shall be allocated for the Fishery Resource Grant Program established under this section.

Requested by: Representative Redwine

**OCCONEECHEE MOUNTAIN, BIRD ISLAND, HAMMOCKS BEACH STATE
PARK LAND ACQUISITION FUNDS**

Sec. 27.18. Notwithstanding G.S. 143-16.3, the Divisions of Parks and Recreation and of Coastal Management of the Department of Environment, Health, and Natural Resources may apply to the North Carolina Recreation and Natural Heritage Trust, and other State and federal agencies for funds to acquire Occoneechee Mountain, Bird Island, and additional land at Hammocks Beach State Park.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, H. Hunter, Wright

REGIONAL STATE PARK STUDY

Sec. 27.21. Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of fifteen thousand dollars (\$15,000) for the 1994-95 fiscal year shall be used for the Department of Environment, Health, and Natural Resources to review the needs of the State Parks System as described in the Plan in accordance with G.S. 113-44.14(b) and determine the feasibility and cost of developing the Mountain Island Lake Area in Gaston, Lincoln, and Mecklenburg

Counties as a regional State Park. The Department shall report the results of this study to the 1995 General Assembly.

PART 28. DEPARTMENT OF COMMERCE

Requested by: Senator Martin of Pitt, Representative Bowman

WTTF FUNDS TO EMPLOYMENT SECURITY COMMISSION

Sec. 28. There is appropriated from the Worker Training Trust Fund to the Department of Commerce, Employment Security Commission, the sum of five hundred twenty-five thousand dollars (\$525,000) for the 1994-95 fiscal year to be allocated as follows:

- (1) \$225,000 to continue the operation of the common follow-up tracking system; and
- (2) \$300,000 to fund salary increases enacted in this act for State employees.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, H. Hunter, Wright

RURAL ECONOMIC DEVELOPMENT CENTER/COMMUNITY DEVELOPMENT GRANTS

Sec. 28.1. (a) Definition. – For purposes of this section, the term "community development corporation" means a nonprofit corporation:

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

(a1) Community Development Grants. – Of the funds appropriated in this act from the General Fund to the Rural Economic Development Center, Inc., the sum of one million three hundred thousand dollars (\$1,300,000) for the 1994-95 fiscal year shall be used to support community development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center shall establish performance-based criteria for determining which community development corporations will receive a grant and the grant amount. Funding will also

be allocated to the North Carolina Association of Community Development Corporations, Inc.

The Rural Economic Development Center, Inc., shall allocate these funds as follows:

- (1) \$950,000 for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;
- (2) \$100,000 for direct grants to local community development organizations that have not previously received State funds;
- (3) \$200,000 to the North Carolina Association of Community Development Corporations, Inc. to provide training, technical assistance, resource development, project assistance, and support for local community development corporations statewide; and
- (4) \$50,000 to the Rural Economic Development Center, Inc. for the 1994-95 fiscal year to be used to cover expenses in administering this act.

The Rural Economic Development Center, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(a2) The North Carolina Community Development Initiative, Inc. – Of the funds appropriated in this act from the General Fund to the Rural Economic Development Center, Inc., the sum of two million dollars (\$2,000,000) shall be used to support the loan fund and operations of the North Carolina Community Development Initiative, Inc., and the sum of one hundred seventy-five thousand dollars (\$175,000) for the 1994-95 fiscal year shall be used to support operations and local projects of the SERCDC. The Initiative shall provide operating and project activity grants to mature community development corporations that have demonstrated project and organizational capacity.

The North Carolina Community Development Initiative, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(a3) Microenterprise Loan Program. – Of the funds appropriated in this act from the General Fund to the Rural Economic Development Center, Inc., the sum of six hundred fifty thousand dollars (\$650,000) for the 1994-95 fiscal year shall be used to support the loan fund and operations of the Microenterprise Loan Program. The Rural Economic Development Center, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(a4) The North Carolina Minority Support Center, Inc. – Of the funds appropriated in this act from the General Fund to the Rural Economic Development Center, Inc., the sum of three hundred thousand dollars (\$300,000) for the 1994-95 fiscal year shall be allocated to the North Carolina Minority Support Center, Inc., to provide technical assistance to community-based credit unions. The Rural Economic Development Center, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(a5) The Office of State Budget and Management, the Department of Commerce, and the Rural Economic Development Center, Inc., shall ensure that funds allocated to the following organizations are disbursed within 15 working days of the receipt of a request for the funds from the organization:

- (1) The North Carolina Community Development Initiative, Inc.
- (2) The North Carolina Minority Support Center, Inc.
- (3) The Microenterprise Loan Program.

(a6) Capacity Building Grants Program. – Of the funds appropriated in this act from the General Fund to the Rural Economic Development Center, Inc., the sum of six hundred thousand dollars (\$600,000) for the 1994-95 fiscal year shall be used to provide grants to depressed counties and municipalities to enable them to acquire short-term capacity for immediate needs for economic development planning and writing of grant applications. The Center shall establish standards for determining each local government's needs and shall make grants on the basis of need.

Definitions. – For the purposes of this subsection the following definitions apply:

- (1) Economically depressed area. – Any of the following:
 - a. A county that the Secretary of Commerce has designated one of the most economically depressed counties in the State pursuant to G.S. 143B-437A.
 - b. That part of a rural county whose poverty rate is at least one hundred fifty percent (150%) of the State poverty rate. For the purpose of this subsection, the poverty rate is the percentage of the population with income below the latest annual federal poverty guidelines issued by the United States Department of Health and Human Services.
 - c. That part of a rural county whose rate of unemployment is at least double the State rate of unemployment.
 - d. That part of a rural county that experiences an actual or imminent loss of jobs in a number that is equal to or exceeds five percent (5%) of the total number of jobs in the part.
- (2) Rural county. – A county that the United States Office of Management and Budget has not designated as a metropolitan county.

The Rural Economic Development Center, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Department of Commerce on the use of the funds allocated in this subsection and on the outcomes achieved by the program.

(a7) The North Carolina Capital Access Program – Of the funds appropriated in this act from the General Fund to the Rural Economic Development Center, Inc., the sum of one million dollars (\$1,000,000) for the 1994-95 fiscal year shall be used to establish the North Carolina Capital Access Program. The program shall leverage this public investment along with private sector resources to stimulate additional financing opportunities for a broad portfolio of small business concerns in North Carolina. The Program shall encourage commercial banks and other depository

institutions to provide access to debt capital, thereby promoting a more effective and efficient debt market to provide economic opportunity, create jobs, enhance productivity, and spur innovation.

- (1) Definitions – The following definitions apply in this subsection:
 - a. Financial institution – Any federally chartered or state chartered commercial bank, savings and loan, savings bank, or credit union.
 - b. Participating financial institution – Any financial institution that has entered into a participation agreement with the Center in accordance with the provisions set forth in this section.
 - c. Enrolled loan – Loan made by a participating financial institution in accordance with this section.
- (2) The Center may enter into participating agreements with any financial institution determined to have sufficient lending experience and financial and managerial capacity to participate in the Program.
- (3) Participating financial institutions – Upon entering into the participation agreement with the Center, the financial institution shall become a participating financial institution eligible to enroll loans under the Program.
- (4) The Rural Economic Development Center shall administer the Program as established in this section and monitor the Program to ensure compliance with applicable State and federal laws, rules, and relevant court decisions.
- (5) The Program will have as a goal to leverage public funds with private sector resources on the basis of 20 private dollars to every one public dollar.
- (6) Of the funds appropriated for the Capital Access Program, the sum of fifty thousand dollars (\$50,000) for the 1994-95 fiscal year shall be used to cover expenses in administering this Program.

The Rural Economic Development Center shall report quarterly to the Joint Legislative Commission on Governmental Operations on the implementation and operation of the Program.

(b) Section 104.1(a) of Chapter 561 of the 1993 Session Laws reads as rewritten:

"(a) Supplemental Funding Pilot Project. – Of the funds appropriated in this act from the General Fund to the Rural Economic Development Center, Inc., the sum of one million six hundred fifty thousand dollars (\$1,650,000) for the ~~1993-94~~ 1994-95 fiscal year shall be used for a pilot program to provide supplemental funding for matching requirements for economic development in economically depressed areas. The Center shall use the funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for necessary economic development projects and activities in economically depressed areas. The grant recipients shall be selected on the basis of need."

(c) Subsections (a1) and (a2) of Section 104.1 of Chapter 561 of the 1993 Session laws apply to this section.

(d) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one hundred thousand dollars (\$100,000) shall be allocated as follows:

- (1) \$25,000 to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;
- (2) \$25,000 to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;
- (3) \$25,000 to Pitt-Greenville Opportunities Industrialization Center, Inc., for its ongoing job training programs; and
- (4) \$25,000 to the Opportunities Industrialization Center of Lenoir, Greene, and Jones Counties.

The Rural Economic Development Center, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of funds allocated in this subsection.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, H. Hunter, Wright

BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES

Sec. 28.2. Section 99 of Chapter 561 of the 1993 Session Laws reads as rewritten:

"Sec. 99. Of the funds appropriated in this act from the General Fund to the North Carolina Biotechnology Center for the ~~1993-94-1994-95~~ fiscal year, the sum of ~~one million dollars (\$1,000,000)~~ two million dollars (\$2,000,000), ~~one million dollars (\$1,000,000)~~ of which is appropriated for the 1994-95 fiscal year only, shall be used to develop a special biotechnology program initiative for North Carolina's Public Historically Black Universities and Pembroke State University. This program initiative is a means to get more funds to these institutions of higher education in the short run to help them develop their biotechnology programs and a means to develop a mechanism to improve these institutions' capacity over the long term. The Center's special initiative shall, at a minimum, provide for:

- (1) A range of program activities, including grants, designed to enhance the existing strengths and capabilities of Pembroke University, and the public Historically Black Universities;
- (2) A Facilities and Infrastructure Review Committee to advise the Center on major program elements and priority projects that would be most helpful to these institutions; and
- (3) A Program Advisory Panel with representation from these institutions to advise and make recommendations to the Center's President and Board of Directors on funding proposals under this initiative.

~~The Beginning September 15, 1994, the Center shall report quarterly throughout the 1994-95 fiscal year to the General Assembly by March 15, 1994, on the development and implementation of this special initiative. its biotechnology program~~

grants to universities. These reports shall include the current number of enrollments and the capacity of enrollments in the biotechnology program in each of the universities, the number of faculty in the biotechnology program in each of the universities, whether and to what extent the enrollments, capacity, and number of faculty have changed in the last three academic years in the biotechnology program in each of the universities, how the funds allocated by this section are being used in each of the universities, and any other information that indicates whether these grants are accomplishing their purpose.

In awarding grant funds pursuant to this section, the Center shall ensure that the grant funds are distributed equally among the eligible universities."

Requested by: Representatives Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

ECONOMIC DEVELOPMENT FUNDS

Sec. 28.3. Section 310 of Chapter 321 of the 1993 Session Laws reads as rewritten:

"(a) Of the funds appropriated in this act to the Department of Commerce, three hundred thousand dollars (\$300,000) for the ~~1993-94-1994-95~~ fiscal year shall be allocated for the Land Loss Prevention Project, Inc., to provide free legal representation to ~~low-income~~ financially distressed small-family farmers. The Land Loss Prevention Project, Inc., shall not use these funds to represent farmers who have income and assets that would make them financially ineligible for legal services pursuant to Title 45, Part 1611 of the Code of Federal Regulations. The Land Loss Prevention Project, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(b) Of the funds appropriated in this act to the Department of Commerce, two hundred fifty thousand dollars (\$250,000) for the ~~1993-94-1994-95~~ fiscal year shall be allocated for the North Carolina Coalition of Farm and Rural Families, Inc., for its Small Farm Economic Development Project. These funds shall be used to foster economic development within the State's rural farm communities by offering financial, marketing, and technical assistance to small and limited resource farmers. The North Carolina Coalition of Farm and Rural Families, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(c) Of the funds appropriated in this act to the Department of Commerce, ~~two seven~~ hundred thousand dollars (~~\$200,000~~) (\$700,000) for the ~~1993-94-1994-95~~ fiscal year shall be allocated to the North Carolina Institute for Minority Economic Development, Inc., to foster minority economic development within the State through policy analysis, information and technical assistance, and resource expansion. The North Carolina Institute for Minority Economic Development, Inc., shall research and identify key issues affecting the economic well-being of the State's ethnic minority community and issue annual reports with appropriate recommendations; provide information and technical ~~assistance to~~ assistance, training, and capacity-building for organizations with minority economic development-based projects in common areas of need and interests; develop a resource bank of data and information; facilitate training in appropriate areas of need; and provide technical assistance to minority construction

contractors. The North Carolina Institute for Minority Economic Development, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds."

Requested by: Senators Martin of Pitt, Hoyle, Cochrane, Representatives Bowman, H. Hunter, Wright, Luebke

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

Sec. 28.4.(a) Of the funds appropriated to the Department of Commerce in this act, the sum of seven million dollars (\$7,000,000) shall be allocated to the Industrial Recruitment Competitive Fund for the 1994-95 fiscal year to be used, notwithstanding the provisions of Section 314.3 of Chapter 321 of the 1993 Session Laws, to assist new and expanding businesses and industries. The Governor's guidelines and procedures for the commitment of monies from this Fund shall provide that existing businesses and industries be considered in the same manner and have the same access to the monies as new businesses and industries.

(b) In determining the allocation of these funds, the Department shall consider the extent to which a business uses recycled materials and the extent to which a business generates high levels of environmental pollution. Where the Department of Commerce disburses these funds to eligible recipients through units of local government, the Department shall develop procedural guidelines to assure that the requirements of the Local Government Budget and Fiscal Control Act are observed in the allocation and accounting of these funds.

Requested by: Representatives Nesbitt, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

MCNC GATEWAY FOR NCIHS

Sec. 28.6. Funds appropriated in this act to MCNC for Migration of Current Network to the North Carolina Information Highway System (NCIHS) shall be used as follows:

- (1) To cover the costs of connecting and operating the North Carolina Research and Education Network through the North Carolina Information Highway so that universities and research centers will continue to have the capability currently available through the North Carolina Research and Education Network,
- (2) For program support, and
- (3) For MCNC to serve as gateway to the North Carolina Information Highway for the 18 sites.

Requested by: Representatives Nesbitt, Redwine, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

EXPAND REGIONAL ECONOMIC DEVELOPMENT EFFORTS

Sec. 28.7. (a) **Regional Economic Development Commission Expansion Program:** The Department of Commerce shall develop a program for promoting the expansion of economic development efforts such that all counties in the

State participate in and benefit from organized regional economic development activities. The Department shall encourage county participation in public/private partnerships for economic development through membership in regional economic development commissions. In developing the program, the Department shall identify those counties not participating in existing regional economic development commissions as of July 1, 1994. After consultation with appropriate parties in each nonparticipating county, the Department shall assign each nonparticipating county to either (i) a commission established under G.S. 158-8, (ii) a new regional commission made up of nonparticipating counties created in accordance with this section, or (iii) a regional economic development commission established under G.S. 158-8.1, 158-8.2, or 158-8.3, as appropriate. Regional economic development commissions created under this section shall be subject to the provisions of Article 2 of Chapter 158 of the General Statutes and shall have the powers and duties authorized thereunder, in addition to powers and duties authorized under this section.

(b) **Scope:** This section applies to regional economic development commissions created under this section, and to the Piedmont Triad Partnership, the Carolinas Partnership, Inc., the Raleigh-Durham Regional Association, and the Global TransPark Development Zone established pursuant to Article 4 of Chapter 158 of the General Statutes. Except as otherwise provided in this section, this section shall not apply to regional economic development commissions established pursuant to G.S. 158-8.1, 158-8.2, and 158-8.3.

(c) **Requirements for regional commissions:** Notwithstanding G.S. 158-8, each regional economic development commission created pursuant to this section shall include a sufficient number of counties, and municipalities of those counties, to ensure that each new commission:

- (1) Is of adequate size in population and geographic scope to effectively undertake economic development activities, to market as a distinct and viable region for attraction of new investment, and to generate adequate local resources to effectively cooperate with the Department of Commerce;
- (2) Is economically integrated as determined by commuting patterns, economic base, economic interrelationships, major employers, or other indicators of economic integration; and
- (3) Has an identifiable focal point of economic activity, known as an economic engine or driver, within the regional boundaries on which to build an effective economic development and marketing strategy, such as a metropolitan area, a cluster of manufacturing or nonmanufacturing industries, a natural resource base, or other clearly identifiable economic resources.

(d) **Criteria for regional boundaries:** In facilitating the creation of regional economic development commissions under this section, the Department and the counties involved shall consider economic interrelationships, existing development organizations and relationships, natural boundaries, anticipated major projects, and other factors that promote effectiveness and efficiency and foster local cooperation.

(e) **State funding:** Regional economic development commissions created under this section shall receive State funds as follows. The Department shall allocate to each newly created regional economic development commission the sum of the allocations to each county that is a member of the commission. Each county's allocation shall be determined by dividing the county's distress factor by the sum of the distress factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this section, the term "distress factor" means a county's distress factor as calculated under G.S. 105-130.40(c). For counties that are assigned by the Department to regional economic development commissions established under G.S. 158-8, or to a regional economic development commission established under G.S. 158-8.1, 158-8.2, or 158-8.3, the Department shall allocate to each regional economic development commission the funding share of each county that joins that commission pursuant to subsection (a) of this section.

(f) **Use of funds:** Funds allocated to a regional economic development commission created under this section shall be used for administrative and operating expenses of the commission, marketing, advertising, promotion, and economic development activities to secure jobs and new investment in the region served by the commission. In addition to the powers and duties authorized under Article 2 of Chapter 158, the newly created commissions may use funds for the following activities:

- (1) Marketing the region to promote new investment from out-of-state companies;
- (2) Promoting travel and tourism or natural resource-based attractions;
- (3) Trade missions;
- (4) Marketing and promoting existing industries;
- (5) Encouraging attraction or retention of entrepreneurial development;
- (6) Promoting and marketing local crafts, industries, or other specialized economic development opportunities; and
- (7) Research-related economic development activities such as industry sector studies for targeted marketing, buyer-supplier analyses for targeted marketing or to support existing industry, development of necessary supporting information and data, or linking the region with the Department of Commerce's Economic Development Information System.

(g) **Duties of the Department of Commerce:** The Department shall have the following duties under this section:

- (1) Actively assist each regional economic development commission, including those established under G.S. 158-8.1, 158-8.2, and 158-8.3, in organizing and carrying out its economic development activities. To this end, the Department shall:
 - a. Ensure that each commission is linked to the Economic Development Information System; and
 - b. Develop procedures that ensure that each region has maximum opportunity to attract new jobs and investment, that all inquiries from companies concerning location in North Carolina are

fairly and equitably handled within the confines of the inquiring company's requirements and needs, and that all inquiries and prospective investments are handled efficiently and effectively.

- (2) Institute a process to organize programs and services in a manner that will assist each region in taking maximum advantage of potential development opportunities. This process shall include all of the following:
 - a. Integrating each regional economic development commission into the Economic Development Information System and the Geographic Information System;
 - b. Developing joint marketing strategies and materials for targeted industries, services, or promotional markets based on each region's strengths and priorities;
 - c. Assigning an economic development specialist to work with each regional economic development commission;
 - d. Providing technical assistance and training, if needed, to help build regional capacity;
 - e. Developing cooperative marketing and advertising campaigns to ensure consistency of image and quality, and to secure discounts on media presentations; and
 - f. Customizing the services and programs within the Department, where practicable, to better link departmental resources with the diverse needs and opportunities within the boundaries of each regional commission.
- (3) Study and determine whether certain counties currently participating in existing commissions should be transferred to other regional commissions, and make recommendations to the 1995 General Assembly by January 15, 1995, regarding the advisability of such transfers and regarding the effectiveness of the current structure of regional commissions.
- (4) Recommend to the 1995 General Assembly by January 15, 1995, a strategy for reducing duplication and fragmentation in State-funded regional economic development organizations.

(h) As used in this subsection, the term "Authority" means the North Carolina Air Cargo Airport Authority doing business as the North Carolina Global TransPark Authority. For purposes of this section, the Global TransPark Development Zone is a regional economic development commission, except that no funds authorized under subsection (i) of this section shall be allocated by the Department to the Global TransPark Development Commission for the Global TransPark Development Zone because funds have been appropriated by the General Assembly for the same fiscal year to the Authority for administration of the Authority and to the Department for promotion of the Global TransPark.

(i) Of the funds appropriated in this act to the Department of Commerce, the sum of two million one hundred thousand dollars (\$2,100,000) shall be used for

allocation to regional economic development commissions in accordance with this section. These funds shall not revert but shall remain available until used for the purposes set forth in this section.

(j) G.S. 158-8.1(a) reads as rewritten:

"(a) There is created the Western North Carolina Regional Economic Development Commission to serve Buncombe, Cherokee, Clay, Cleveland, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Polk, Rutherford, Swain, Transylvania, and Yancey ~~Counties~~. Counties, and any other county assigned to the Commission by the Department of Commerce as authorized by law. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce."

(k) G.S. 158-8.2(a) reads as rewritten:

"(a) There is created the Northeastern North Carolina Regional Economic Development Commission to facilitate economic development and tourism development in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington ~~Counties~~. Counties, and any other county assigned to the Commission by the Department of Commerce as authorized by law. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce."

(l) G.S. 158-8.2(b) reads as rewritten:

"(b) The Commission shall consist of 17 members appointed as follows:

- (1) Five members shall be appointed by the Governor, including one developer of northeastern North Carolina, one banker, one county commissioner from Camden, Currituck, Pasquotank, or Perquimans ~~Counties~~, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law, and one county commissioner from Beaufort, Bertie, Chowan, or Martin ~~Counties~~; Counties, or from the county or counties assigned to the Commission by the Department of Commerce as authorized by law;
- (2) Five members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Dare, Hyde, Tyrrell, or Washington ~~Counties~~;
- (3) Five members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Halifax, Hertford, Gates, or Northampton ~~Counties~~;
- (4) The Secretary of Commerce or a designee; and
- (5) The Secretary of Environment, Health, and Natural Resources, or a designee.

Any person appointed to the Commission in a categorical appointment as a county commissioner may hold such office in addition to the offices permitted by G.S 128-1.1."

(m) G.S. 158-8.3(a) reads as rewritten:

"(a) There is created the Southeastern North Carolina Regional Economic Development Commission to serve Bladen, Brunswick, Columbus, Cumberland, Hoke, New Hanover, Pender, Richmond, Robeson, Sampson, and Scotland ~~Counties~~ Counties, and any other county assigned to the Commission by the Department of Commerce as authorized by law. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce."

Requested by: Representatives Nesbitt, H. Hunter, Bowman, Wright, Senators Martin of Pitt, Cochrane

REGIONAL ECONOMIC DEVELOPMENT COMMISSIONS

Sec. 28.8. (a) G.S. 158-8.1(a) reads as rewritten:

"(a) There is created the Western North Carolina Regional Economic Development Commission to serve Buncombe, Cherokee, Clay, Cleveland, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Polk, Rutherford, Swain, Transylvania, and Yancey Counties. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce. Funds appropriated for the Commission by the General Assembly shall be disbursed directly to the Commission at the beginning of each fiscal year."

(b) G.S. 158-8.1(d) reads as rewritten:

"(d) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem ~~and travel expenses of one hundred dollars (\$100.00) a day for each day of service when the Commission meets and shall be reimbursed for travel and subsistence as provided in G.S. 138-5. The Commission may adopt policies authorizing additional per diem of one hundred dollars (\$100.00) a day for non-State employee members' additional days of service including Commission subcommittee meetings or other Commission activities, plus reimbursement for related travel and subsistence as provided in G.S. 138-5.~~"

(c) G.S. 158-8.2(a) reads as rewritten:

"(a) There is created the Northeastern North Carolina Regional Economic Development Commission to facilitate economic development and tourism development in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce. Funds appropriated for the Commission by the General Assembly shall be disbursed directly to the Commission at the beginning of each fiscal year."

(d) G.S. 158-8.2(h) reads as rewritten:

"(h) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem

and travel expenses of one hundred dollars (\$100.00) a day for each day of service when the Commission meets and shall be reimbursed for travel and subsistence as provided in G.S. 138-5. The Commission may adopt policies authorizing additional per diem of one hundred dollars (\$100.00) a day for non-State employee members' additional days of service including Commission subcommittee meetings or other Commission activities, plus reimbursement for related travel and subsistence as provided in G.S. 138-5. Members of the advisory boards who are State employees shall receive travel expenses as provided in G.S. 138-6 for participating in meetings and other official activities authorized by the Commission. Other members of the advisory boards shall receive per diem and travel expenses as provided in G.S. 138-5 for participating in meetings and other official activities authorized by the Commission."

(e) G.S. 158-8.3(a) reads as rewritten:

"(a) There is created the Southeastern North Carolina Regional Economic Development Commission to serve Bladen, Brunswick, Columbus, Cumberland, Hoke, New Hanover, Pender, Richmond, Robeson, Sampson, and Scotland Counties. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce. Funds appropriated for the Commission by the General Assembly shall be disbursed directly to the Commission at the beginning of each fiscal year."

(f) G.S. 158-8.3(d) reads as rewritten:

"(d) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem and travel expenses of one hundred dollars (\$100.00) a day for each day of service when the Commission meets and shall be reimbursed for travel and subsistence as provided in G.S. 138-5. The Commission may adopt policies authorizing additional per diem of one hundred dollars (\$100.00) a day for non-State employee members' additional days of service including Commission subcommittee meetings or other Commission activities, plus reimbursement for related travel and subsistence as provided in G.S. 138-5."

Requested by: Representatives James, Bowman, Wright, Senators Martin of Pitt, Cochrane

NORTHEASTERN REGIONAL COMMISSION

Sec. 28.9. G.S. 158-8.2(g) reads as rewritten:

~~"(g) The Governor shall appoint and set the salary of a Director of Economic Development who shall coordinate the Commission's activities with regard to the economic development program. The Governor shall appoint and set the salary of a Director of Tourism who shall coordinate the Commission's activities with regard to the tourism program.~~

Within the limits of funds available, the Commission may hire and fix the compensation of any ~~other~~ personnel necessary to its operations, contract with consultants for any services as it may require, and contract with the State of North Carolina or the federal government, or any agency or department thereof, for any services as may be provided by those agencies. The Commission may carry out the provisions of any contracts as it may enter.

Within the limits of funds available, the Commission may lease, rent, or purchase, or otherwise obtain suitable quarters and office space for its staff, and may lease, rent, or purchase necessary furniture, fixtures, and other equipment."

Requested by: Senators Martin of Pitt, Cochrane, Hoyle, Representatives Bowman, H. Hunter, Wright

POLYMERS EXTENSION PROGRAM

Sec. 28.11. (a) Four hundred thousand dollars (\$400,000) appropriated to the Department of Commerce in this act for the 1994-95 fiscal year shall be transferred to the Board of Governors of The University of North Carolina to be used at the University of North Carolina at Charlotte for the operating expenses of a polymers extension program, a program involving the Industrial Extension Service of North Carolina State University, the University of North Carolina at Charlotte, and the polymer industry to expand the educational, applied research, and technical assistance regarding the State's polymers processing industry.

Requested by: Senators Plyler, Martin of Pitt, Cochrane, Representatives Bowman, H. Hunter, Wright

TRAVEL AND TOURISM AREA PROMOTER

Sec. 28.12. (a) The additional position of Travel and Tourism Area Promoter is added to the Division of Travel and Tourism in the Department of Commerce.

(b) Funds appropriated to the Department of Commerce in this act for fiscal year 1994-95 in the amount of thirty-six thousand five hundred dollars (\$36,500) shall be used for the position authorized in this section.

Requested by: Senators Plyler, Martin of Pitt, Cochrane, Representatives Bowman, H. Hunter, Wright

RURAL TOURISM DEVELOPMENT FUNDS

Sec. 28.13. Of the funds appropriated in this act from the General Fund to the Department of Commerce for the 1994-95 fiscal year, the sum of four hundred thousand dollars (\$400,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. Grant funds shall not be allocated for projects or activities eligible to receive funds from the Department's Tourism Promotion Grant Program. The Secretary shall establish guidelines for eligibility to receive grants under the Rural Tourism Development Grant Program. No recipient or new tourism project shall receive a total of more than fifty thousand dollars (\$50,000) of these grant funds for the 1994-95 fiscal year.

Requested by: Representatives H. Hunter, Bowman, Wright, Senators Martin of Pitt, Cochrane

SMALL BUSINESS SURETY BONDS FUNDS CONTINGENCY

Sec. 28.14. The funds appropriated in this act to the Department of Commerce for the Small Business Surety Bond Fund established in Part 16 of Article 10 of Chapter 143B of the General Statutes shall be contingent upon the ratification of House Bill 2057 by the 1993 General Assembly, Regular Session 1994.

Requested by: Representatives Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

EXPAND NORTH CAROLINA INDUSTRIAL COMMISSION

Sec. 28.15. (a) G.S. 97-77 reads as rewritten:

"§ 97-77. North Carolina Industrial Commission created; members appointed by Governor; terms of office; chairman.

(a) There is hereby created a commission to be known as the North Carolina Industrial Commission, consisting of ~~three~~seven commissioners who shall devote their entire time to the duties of the Commission. The Governor shall appoint the members of the Commission, one for a term of two years, one for a term of four years, and one for a term of six years. Of the additional appointments made in 1994, one shall be for a term expiring June 30, 1996, one for a term expiring June 30, 1998, and two for terms expiring June 30, 2000. Upon the expiration of each term as above mentioned, the Governor shall appoint a successor for a term of six years, and thereafter the term of office of each commissioner shall be six years. Not more than ~~one appointee~~three appointees shall be ~~a person~~persons who, on account of ~~his~~their previous ~~vocation~~vocations, employment or affiliations, can be classed as ~~a representative~~representatives of employers, and not more than ~~one appointee~~three appointees shall be ~~a person~~persons who, on account of ~~his~~their previous ~~vocation~~vocations, employment or affiliations, can be classed as ~~a representative~~representatives of employees.

(b) One member, to be designated by the Governor, shall act as chairman. The chairman shall be the chief judicial officer and the chief executive officer of the Industrial Commission; such authority shall be exercised pursuant to the provisions of Chapter 126 of the General Statutes and the rules and policies of the State Personnel Commission. Notwithstanding the provisions of this Chapter, the chairman shall have such authority as is necessary to direct and oversee the Commission. The chairman may delegate any duties and responsibilities as may be necessary to ensure the proper management of the Industrial Commission. Notwithstanding the provisions of this Chapter, Chapter 143A, and Chapter 143B of the General Statutes, the chairman may hire or fire personnel and transfer personnel within the Industrial Commission.

The Governor may designate one vice-chairman from the remaining ~~two~~ commissioners. The vice-chairman shall assume the powers of the chairman upon request of the chairman or when the chairman is absent for 24 hours or more. The authority delegated to the vice-chairman shall be relinquished immediately upon the return of the chairman or at the request of the chairman."

(b) This section becomes effective August 1, 1994, and applies to appointments made on and after that date.

Requested by: Representatives Alphin, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochran

ECONOMIC DEVELOPMENT OF DUPLIN COUNTY

Sec. 28.16. If G.S. 160A-457.1 or any other provision of Part 8 of Article 19 of Chapter 160A of the General Statutes, read together with G.S. 160A-360(a), limits the territory in which the Town of Faison may use Community Development Block Grant funds, then notwithstanding G.S. 160A-360(a), the Town of Faison may use such funds for financing of extension of natural gas lines from Mt. Olive to the Bowden area.

Requested by: Representatives Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochran

CENTER FOR COMMUNITY SELF-HELP FUNDS

Sec. 28.17. (a) Of the funds appropriated in this act to the Department of Commerce, the sum of five million dollars (\$5,000,000) for the 1994-95 fiscal year shall be allocated to the Center for Community Self-Help to further a statewide program of lending for home ownership throughout North Carolina. These funds will be leveraged on a ten-to-one basis, generating at least ten dollars (\$10.00) of nontraditional home loans for every one dollar (\$1.00) of State funds. Payments of principal shall be available for further loans or loan guarantees.

(b) The Center for Community Self-Help shall submit, within 180 days after the close of its fiscal year, audited financial statements to the State Auditor. All records pertaining to the use of State funds shall be made available to the State Auditor upon request. The Center for Community Self-Help shall make quarterly reports on the use of State funds to the State Auditor, in form and format prescribed by the State Auditor or his designee. The Center for Community Self-Help shall make a written report by May 1 of each year for the next three years to the General Assembly on the use of the funds allocated under this section.

(c) The Center for Community Self-Help shall report to the Joint Legislative Commission on Governmental Operations, the House Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Department of Commerce on a quarterly basis for the next three years.

(d) The Office of the State Auditor may conduct an annual end-of-year audit of the revolving fund for economic development lending created by this appropriation for each year of the life of the revolving fund.

(e) If the Center for Community Self-Help dissolves, the corporation shall transfer the remaining assets of the revolving fund to the State and shall refrain from disposing of the revolving fund assets without approval of the State Treasurer.

(f) The Office of State Budget and Management shall disburse this appropriation within 15 working days of the receipt of a request for the funds from the Center for Community Self-Help. The request shall include a commitment of the leveraged funds by the Center for Community Self-Help or its affiliates.

Requested by: Senator Plyler

UNINSURED EMPLOYERS' FUND

Sec. 28.19. Of the funds appropriated in this act to the Department of Commerce, the sum of three hundred thousand dollars (\$300,000) shall be allocated to the Uninsured Employers' Fund for fiscal year 1994-95 to carry out the purposes of the Fund as provided under Chapter 97 of the General Statutes.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, H. Hunter, Wright

FRAUD INVESTIGATION FUNDS

Sec. 28.20 Of the funds appropriated in this act to the Department of Commerce for the North Carolina Industrial Commission for the 1994-95 fiscal year, the sum of one hundred thousand dollars (\$100,000) shall be transferred to the Department of Insurance to be used to investigate suspected fraud and all violations related to workers' compensation claims, by or against insurers or self-funded employers, pursuant to G.S. 97-88.2, as enacted by Chapter 679 of the 1993 Session Laws.

Requested by: Senators Cochrane, Daniel, Folger, Kaplan, Lee, Martin of Guilford, Sands, Seymour, Shaw, Walker, & Ward

PIEDMONT SPORTS AND ENTERTAINMENT FACILITIES STUDY COMMISSION

Sec. 28.21. (a) The Piedmont Sports and Entertainment Study Commission is created. The Commission shall consist of 35 members. The boards of county commissioners of Alamance, Caswell, Davidson, Davie, Forsyth, Guilford, Randolph, Rockingham, Stokes, Surry, and Yadkin Counties shall, each, appoint two members of the Commission; one of whom shall be a county commissioner of that county and one of whom is a resident of that county recommended by the chamber of commerce serving that county. Eleven members shall be appointed by the Chair of the Commission. The chair and vice-chair of the Piedmont State Legislative Caucus, as the Caucus existed during the 1994 Regular Session, shall be ex officio members of the Commission and shall serve, respectively, as the chair and vice-chair of the Commission.

(b) The Commission shall study the need for and feasibility of creating regional sports and entertainment facilities to serve the Piedmont area of the State; and, if the Commission determines the facilities are needed and their creation feasible, the best method to establish an Authority to implement these facilities.

(c) The Commission shall submit a report of its findings and recommendations to the General Assembly on or before the first day the 1995 General Assembly by filing the report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives. Upon filing its report, the Commission shall terminate.

(d) The Commission may meet at any time upon the call of the chair. The Commission may meet, with the approval of the Legislative Services Commission, in the State Legislative Building or the Legislative Office Building.

(e) Notwithstanding any other provision of law, members of the Commission shall receive no per diem compensation, but shall receive reimbursement of subsistence and travel expenses, as provided by law.

(f) The Commission may contract for professional, clerical, or consultant services. The Department of Commerce shall assign professional and clerical staff to assist in the work of the Commission.

(g) When a vacancy occurs in the membership of the Commission, the vacancy shall be filled by the original appointing authority employing the same criteria as used in the original appointment.

(h) From the funds appropriated to the Department of Commerce for fiscal year 1994-95, the sum of twenty-five thousand dollars (\$25,000) shall be used for the expenses of the Commission.

PART 29. DEPARTMENT OF LABOR

Requested by: Representative Bowman, Senator Martin of Pitt

PRIVATE PERSONNEL SERVICE ADVISORY COUNCIL

Sec. 29. (a) G.S. 95-47.4(b) reads as rewritten:

"(b) Any contract that obligates an applicant to pay a fee to the private personnel service shall include:

- (1) The name, address and telephone number of the private personnel service;
 - (2) The name of the applicant;
 - (3) The date the contract was signed;
 - (4) A clear schedule of the fees to be charged to the applicant at various salary levels;
 - (5) A clear explanation of when the applicant becomes obligated to pay a fee;
 - (6) A clear refund policy (or no refund policy) that conforms to the requirements of G.S. 95-47.4(f) and (g);
 - (7) If the applicant is obligated whether or not the applicant accepts employment, a clear explanation of the services provided and a statement that the private personnel service does not guarantee that the applicant will obtain employment as a result of its services;
 - (8) A statement, in a type size no smaller than nine point, directly above the place for the applicant's signature, that reads as follows: 'I have read and received a copy of this CONTRACT, which I understand makes me legally obligated to pay a fee under conditions outlined ~~below~~above.' In the preceding statement the word 'CONTRACT' and no others shall be in all capitals; and
 - (9) A statement that the private personnel service is licensed and regulated by the Commissioner and the address at which a copy of laws and regulations governing private personnel services may be obtained."
- (b) G.S. 95-47.7(a) reads as rewritten:

"(a) There is hereby established the North Carolina Private Personnel Service Advisory Council. The Council shall be composed of 12 members appointed by the Commissioner. Each member of the Council shall be domiciled in this State for at least three years immediately preceding his appointment and be of good moral character. At least five members shall have occupied for at least three years immediately preceding their appointment, and shall occupy at the time of appointment, executive or managerial positions in the private personnel service industry in North Carolina; and at least three shall have occupied, for at least three years immediately preceding their appointment, executive or managerial positions as personnel officers in companies which regularly utilize the services of private personnel services in obtaining employees. Members of the Council shall serve without ~~salary~~-salary, but shall be paid per diem, subsistence, and travel allowance in accordance with Chapter 138 of the General Statutes."

(c) This section is effective upon ratification of this act.

TITLE II. CAPITAL IMPROVEMENTS

PART 30. INTRODUCTION

Sec. 30. The appropriations made by the 1994 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and for acquiring buildings and land for State government purposes.

PART 31. PROCEDURES FOR DISBURSEMENTS

Sec. 31. The appropriations made by the 1994 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency, until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 1994 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act.

PART 32. CAPITAL IMPROVEMENTS/GENERAL FUND

Sec. 32. Appropriations are made from the General Fund for the 1994-95 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

<u>1994-95</u>		
GENERAL ASSEMBLY (Total)		6,200,000
1. Complete Renovation of HVAC System		6,200,000
DEPARTMENT OF ADMINISTRATION (Total)		51,364,500
1. Reserve for Repairs/Renovation of the Old Education and Revenue Buildings		20,000,000
2. Natural Science Museum and Wet Lab Collection		30,934,500
3. State Government Visitors' Center-Planning		430,000
DEPARTMENT OF AGRICULTURE (Total)		10,120,950
1. Eastern North Carolina Agricultural Center - Phase I Completion		3,600,000
2. Cattle and Livestock Exposition Center		737,350
3. Dairy Milking Parlor - Umstead Research Station - Supplement Requirements	\$387,000	
Timber Receipts	<u>387,000</u>	
State Appropriation		
4. Southeastern Farmer's Market - Development		3,600,000
5. Western North Carolina Agricultural Facilities Development		1,900,000
6. Tidewater Research Station		283,600
UNIVERSITY - BOARD OF GOVERNORS (Total)		47,300,000
1. UNC-Chapel Hill - Planning funds for Law School		1,000,000
2. UNC-Chapel Hill - Institute of Government - Renovation/Planning		700,000
3. UNC-Chapel Hill - Renovate Hill Hall		850,000
4. UNC-Chapel Hill - School Leadership Academy Facility - Planning		100,000
5. N.C. State University - Centennial Center		6,500,000

6.	N.C. State University - Agricultural Extension - Planning and Construction of 4-H Youth Development Center - Northeastern North Carolina - Planning/Site Preparation	500,000
7.	N.C. State University Ag Extension: 4-H Youth Development (ADA)	2,000,000
8.	UNC-Asheville - Kellogg Center	250,000
9.	UNC-Charlotte - Library Planning Funds	900,000
10.	UNC-Greensboro - University Center	5,000,000
11.	School of the Arts - Student Activities Center	2,250,000
12.	East Carolina University - Life Sciences Building	4,850,000
13.	Winston-Salem State University - Land Acquisition	1,000,000
14.	Fayetteville State University - Fine Arts Center Planning	750,000
15.	N.C. Central University Biotechnology	8,000,000
16.	N.C. A.& T. - Land Acquisitions	1,000,000
17.	Appalachian State University Convocation Center-Planning/Design/Site Preparation	9,750,000
18.	UNC-Wilmington - Marine Sciences Building- Planning Supplement	1,100,000
19.	Pembroke - Sampson Hall Business Building Renovations	800,000
DEPARTMENT OF COMMUNITY COLLEGES (Total)		300,000
1.	Center for Applied Textile Technology - Renovations, Parking, and Site Improvements	300,000
DEPARTMENT OF CULTURAL RESOURCES (Total)		9,720,000
1.	Fort Fisher State Historic Site Erosion Control Measures	
	Requirements	\$8,340,000
	Receipts-Federal	<u>4,170,000</u>
	State Appropriation	4,170,000
2.	Elizabeth II State Historic Site	5,000,000
3.	Spencer Shops	300,000
4.	Museum of the Cape Fear - Branch of the State Museum of History	250,000
DEPARTMENT OF ENVIRONMENT, HEALTH AND NATURAL RESOURCES (Total)		24,224,000
1.	North Carolina Aquariums - Planning	950,000
2.	Water Resources (Civil Works) Development	

Projects	2,750,000
3. Wilmington Harbor Ocean Bar Deepening	10,906,000
4. Falls Lake Recreation/Jordan Water Supply - Repayment	9,527,000
5. Bulkhead Project - Town of Oriental	91,000
DEPARTMENT OF HUMAN RESOURCES (Total)	3,224,100
1. Detention Center, Buncombe County Capital Needs	205,000
2. Student Activity/Recreation Complex at the Eastern N.C. School for the Deaf	3,019,100
DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY (Total)	62,500
1. Beulaville Armory - Renovations	50,000
2. Warsaw Armory - Renovations	12,500
STATE BUDGET (Total)	250,000
1. Prison Chapels Reserve	250,000
TOTAL CAPITAL IMPROVEMENTS/GENERAL FUND	<u>\$152,766,050</u>

PART 33. CAPITAL IMPROVEMENTS/HIGHWAY FUND

Department of Transportation	
1. Reserve for Capital Improvements	2,500,000
Appropriations for Other State Agencies	
1. Crime Control and Public Safety Leaking Underground Storage Tank	500,000
GRAND TOTAL CAPITAL IMPROVEMENTS/HIGHWAY FUND	\$ 3,000,000

PART 34. OFFICE OF STATE BUDGET AND MANAGEMENT

Requested by: Senators Conder, Plyler

RICHMOND EDUCATIONAL CENTER FUNDS

Sec. 34. Funds appropriated in this act to the Office of State Budget and Management for the 1994-95 fiscal year for Richmond County to use to renovate the Leak Street Educational Center for use as a facility to help at-risk children through counseling, job interview training, and computer training shall be allocated to Richmond County provided that the funds are matched on the basis of one dollar (\$1.00) of non-State funds for every one dollar (\$1.00) of State funds.

Requested by: Senator Plyler

WORLD LANGUAGE CENTER FUNDS

Sec. 34.1. Funds appropriated in this act to the Office of State Budget and Management for the 1994-95 fiscal year for the North Carolina Center for World Languages and Cultures, Inc., shall be used for planning of the Center. The funds may be used for concept development, concept refinement, preliminary specifications and drawings, development of complete and comprehensive plan and specifications, and preliminary infrastructure development.

Requested by: Senators Richardson, Blackmon, Odom, Plyler, Winner of Mecklenburg, Martin of Pitt, Cochrane, Representatives Easterling, Black, Lemmond, McLaughlin, Dickson, Bowman, H. Hunter, Wright

DISCOVERY PLACE/CAPITAL FUNDS

Sec. 34.3. Of the funds appropriated in this act to the Department of Agriculture for the 1994-95 fiscal year the sum of two million six hundred thousand dollars (\$2,600,000) shall be used for capital expenses of Discovery Place in Charlotte. These funds shall be matched on the basis of three dollars (\$3.00) of non-State funds for every one dollar (\$1.00) of State funds.

PART 35. GENERAL GOVERNMENT

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont
EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND RENOVATIONS

Sec. 35. Section 22 of Chapter 561 of the 1993 Session Laws reads as rewritten:

"Sec. 22. Of the funds in the Reserve for Repairs and Renovations for the ~~1993-94~~ 1994-95 fiscal year, fifty-five percent (55%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations to General Fund supported facilities and related infrastructure in The University of North Carolina, including the North Carolina School of Science and Math, and forty-five percent (45%) shall be allocated to the Office of State Budget and Management for necessary repairs and renovations to all other General Fund supported facilities and related infrastructure. From this Reserve the Board of Governors may expend thirty-three million dollars (\$33,000,000), and the Office of State Budget and Management may expend twenty-seven million dollars (\$27,000,000) for repairs and renovation, improvements to roads and walks, architectural barrier removal, and North Carolina Occupational Safety and Health Act projects.

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

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

PART 36. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Senator Martin of Guilford

AFRICAN-AMERICAN TOURISM SITE COMMITTEE

Sec. 36. (a) The Secretary of the Department of Cultural Resources is encouraged to appoint an Advisory Committee on Tourism at North Carolina Sites Highlighting African-American Accomplishments. Should such a committee be appointed, the Secretary is encouraged to include as members persons who:

- (1) Directly participated in the planning, leadership, or implementation of the North Carolina sit-in movement of 1960;
- (2) Have done scholarly work related to the Civil Rights Movement of the 1960s as was manifested in this State;
- (3) Are knowledgeable about North Carolina's travel and tourism industry;
- (4) Have an understanding of and appreciation for the contributions made by African-Americans relative to development and evolution of this State; or
- (5) Are members of the North Carolina General Assembly.

(b) The committee, should it be appointed, is encouraged to study and make recommendations to the Secretary of Cultural Resources, the Governor, and the General Assembly on all of the following:

- (1) Programming, activities, and site development that will best enhance ongoing public visitation and attract national and international travel and tourism attention for sites that highlight and reflect African-American accomplishments, while placing initial emphasis on those sites that have been designated as State Historic Sites.
- (2) Related to the State's role in supporting programming and activities, equipping, assisting with renovations, or otherwise promoting efforts to create a civil rights center and museum commemorating the sit-in movement of the 1960s. Such recommendations, if any, should be designed to promote the general public's understanding of and appreciation for the sit-in movement and other civil rights efforts encompassing the 1960s.
- (3) Regarding the expenditure of any State funds related to a civil rights center and museum.

Requested by: Senators Daniel, Plyler, Representatives Diamont, Nesbitt, H. Hunter, Bowman

LOCAL HISTORICAL ORGANIZATIONS GRANTS

Sec. 36.1. Of the funds appropriated in this act for the 1994-95 fiscal year to the Department of Cultural Resources the sum of two million dollars (\$2,000,000) shall be distributed as grants-in-aid to nonprofit historical organizations, nonprofit museums, or local governmental entities on a competitive basis in accordance with administrative guidelines issued by the Secretary of the Department of Cultural Resources. The purpose of the grants shall be to encourage, through the use of grants-in-aid, the protection, preservation, and interpretation of historic assets with local or regional significance. Priority consideration shall be given to the local historical organization's educational objectives. Grants shall be limited to amounts of one hundred thousand dollars (\$100,000) or less.

Requested by: Senators Daniel, Plyler, Representatives Diamont, Nesbitt, H. Hunter, Bowman

LOCAL CULTURAL AND ARTISTIC ORGANIZATIONS GRANTS

Sec. 36.2. Of the funds appropriated in this act for the 1994-95 fiscal year to the Department of Cultural Resources the sum of two million dollars (\$2,000,000) shall be distributed as grants-in-aid to nonprofit local cultural or artistic organizations or local governmental entities on a competitive basis in accordance with administrative guidelines issued by the Secretary of the Department of Cultural Resources. The purpose of the grants shall be to support and promote, through the use of grants-in-aid, local cultural and artistic organizations with local or regional significance. Priority consideration shall be given to the local cultural or artistic organization's educational objectives. Grants shall be limited to amounts of one hundred thousand dollars (\$100,000) or less.

Requested by: Representatives Nesbitt, Diamont

ART MUSEUM AMPHITHEATER

Sec. 36.3. The Department of Cultural Resources, North Carolina Museum of Art, may use additional gifts and grants to supplement the Art Museum Amphitheater capital project authorized in Section 4 of Chapter 1044 of the 1991 Session Laws, Regular Session 1992. The total scope of the project shall not exceed two million dollars (\$2,000,000) and shall not include any appropriated State funds.

PART 37. COLLEGES AND UNIVERSITIES

Requested by: Senators Warren, Martin of Pitt, Ward, Representatives Black, Rogers, Nesbitt, Diamont

ECU MEDICAL SCHOOL FUNDS

Sec. 37. There is appropriated to the Board of Governors of The University of North Carolina from Medicare reimbursements being held in the special fund account on deposit with the State Treasurer created pursuant to Section 87(a)(3) of Chapter 321

of the 1993 Session Laws the sum of five million fifty-four thousand six hundred sixty-five dollars (\$5,054,665) for the 1994-95 fiscal year which shall be allocated by the Board of Governors for the East Carolina School of Medicine as follows:

- (1) \$2,300,000 for construction of a medical waste incinerator;
- (2) \$1,574,000 for a linear accelerator; and
- (3) \$1,180,665 for clinic renovations.

Requested by: Senator Warren

4-H YOUTH DEVELOPMENT CENTER FUNDS

Sec. 37.1. Of the funds appropriated in this act from the General Fund to the Board of Governors of The University of North Carolina the sum of five hundred thousand dollars (\$500,000) for the 1994-95 fiscal year shall be used for the planning and construction of a 4-H Center, provided that these funds are matched on the basis of one dollar (\$1.00) of non-State funds for every one dollar (\$1.00) of State funds not to include federal appropriations over a period of four years beginning the first year of operation. The appropriated funds will be disbursed based upon the approval of the design of the 4-H Center by the State of North Carolina.

Requested by: Senators Daniel, Plyler

UNC-G UNIVERSITY CENTER FUNDS

Sec. 37.2. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for UNC-Greensboro - University Center, the sum of three million six hundred thousand dollars (\$3,600,000) shall be available for land needs and the sum of one million four hundred thousand dollars (\$1,400,000) shall be available to help support the Spring Garden Street traffic and safety project.

Requested by: Senator Martin of Guilford

NORTH CAROLINA AGRICULTURAL AND TECHNICAL STATE UNIVERSITY FUNDS

Sec. 37.3. Of the funds appropriated to the Board of Governors of The University of North Carolina in Section 6 of Chapter 561 of the 1993 Session Laws for the Applied Manufacturing and Education Center affiliated with North Carolina Agricultural and Technical State University that are unencumbered as of the effective date of this act, the sum of four hundred fifty thousand dollars (\$450,000) may be used by the Board for planning, development, and one-time initial costs of the Center. The Board of Governors shall present a plan for the use of the funds to the Joint Legislative Commission on Governmental Operations. The plan shall include all financial, organizational, and legal arrangements pertaining to the use of these funds and the proposed use of the balance of the three million five hundred thousand dollars (\$3,500,000) appropriated for this purpose. The plan shall include projections and plans for the operation of the facility, including operating costs.

PART 38. DEPARTMENT OF TRANSPORTATION

Requested by: Senator Lee, Representatives McAllister, McLaughlin
RESERVE FOR CAPITAL IMPROVEMENTS-HIGHWAY FUND

Sec. 38. There is created in the Highway Fund a reserve for capital improvements in the amount of two million five hundred thousand dollars (\$2,500,000). These funds may be used by the Department of Transportation for capital improvements and for repairs and renovations.

PART 39. DEPARTMENT OF HUMAN RESOURCES

Requested by: Representatives Easterling, Nye, Nesbitt, Diamont, Senators Daniel, Plyler

CAPITAL FUNDS FOR MENTAL HEALTH INSTITUTIONS

Sec. 39. The Office of State Budget and Management shall review the capital needs of the State Mental Health, Developmental Disabilities, and Substance Abuse Facilities, and shall ensure that these needs are considered in the expenditure of Repairs and Renovations funds.

PART 40. DEPARTMENT OF AGRICULTURE

Requested by: Representatives James, Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

CATTLE AND LIVESTOCK EXPOSITION CENTER

Sec. 40. Of the funds appropriated in this act to the Department of Agriculture for the 1994-95 fiscal year, the sum of seven hundred thirty-seven thousand three hundred fifty dollars (\$737,350) shall be used for planning the construction of the Cattle and Livestock Exposition Center in Alamance County. The Center will house livestock shows and exhibits, educational programs, and a laboratory for embryo transfer research, semen evaluation, and livestock blood work.

PART 41. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

Requested by: Representatives Bowman, H. Hunter, Wright, Senators Martin of Pitt, Cochrane

WATER RESOURCES DEVELOPMENT PROJECTS FUNDS

Sec. 41. (a) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources for the 1994-95 fiscal year the sum of two million seven hundred fifty thousand dollars (\$2,750,000) shall be used for water resources development projects. The Department shall allocate funds for the following projects whose estimated costs are as indicated:

- | | | |
|-----|--------------------------------------|------------|
| (1) | Wilmington Harbor
Deepening Study | \$ 300,000 |
| (2) | Wilmington Harbor | |

	38-ft. Navigation	400,000
(3)	Aquatic Plant Control (Statewide) includes Lake Gaston	150,000
(4)	Carolina Beach Renourishment (New Hanover County)	900,000
(5)	Dare County Beaches Feasibility Study	200,000
(6)	State-Local Projects	800,000

(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1994-95 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund:

- (1) Corps of Engineers project feasibility studies, or
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1994-95, or
- (3) State-local Water Resources Development Projects.

Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1995-96 fiscal year.

(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include:

- (1) All projects listed in this section;
- (2) The estimated cost of each project;
- (3) The date that work on each project began or is expected to begin;
- (4) The date that work on each project was completed or is expected to be completed; and
- (5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

PART 42. GENERAL CAPITAL PROVISIONS

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

RESERVE FOR ADVANCE PLANNING

Sec. 42. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research

Division on how it intends to spend funds from the Reserve for Advance Planning at least 45 days before it spends the funds.

The Office of State Budget and Management shall also report the results of any project on which it uses funds from the Reserve for Advance Planning to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUND

Sec. 42.1. When each capital improvement project appropriated by the 1993 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

PROJECT COST INCREASE

Sec. 42.2. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

NEW PROJECT AUTHORIZATION

Sec. 42.3. Upon the request of the administration of any State agency, department, or institution, the Governor may authorize the construction of a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at University of North Carolina Hospitals at

Chapel Hill, or self-liquidating indebtedness. Provided, however, that if the Director of the Budget authorizes the construction of such a capital improvement project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

Sec. 42.4. Funds which become available by gifts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this revolving fund may not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

Sec. 42.5. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 1993 General Assembly may be expended only for specific projects set out by the 1993 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 1993 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

TITLE III. MISCELLANEOUS OPERATING AND CAPITAL APPROPRIATIONS PROVISIONS

PART 43. MISCELLANEOUS PROVISIONS

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Daniel

EXECUTIVE BUDGET ACT APPLIES

Sec. 43. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

COMMITTEE REPORT

Sec. 43.1. (a) The Senate and House Conference Report on Base Budget Reductions and Expansion Budget, dated July 16, 1994, which was distributed in the Senate and House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act.

(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 1993-95 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The General Assembly amended the itemized budget requests submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission, in accordance with the steps that follow, and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

- (1) Negative reserves set out in the submitted budget were deleted and the totals were increased accordingly.
- (2) The base budget was adjusted in accordance with the base budget cuts and additions that were set out in the The Senate and House Conference Report on Base Budget Reductions and Expansion Budget, dated July 16, 1994.
- (3) The expansion budget items were added in accordance with the The Senate and House Conference Report on Base Budget Reductions and Expansion Budget, dated July 16, 1994. Some of those expansion budget items were in the budget submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission.

Expansion budget items that were funded from new receipts are included in the budget enacted by the General Assembly with program-level detail.

- (4) Transfers of funds supporting programs were made in accordance with the The Senate and House Conference Report on Base Budget Reductions and Expansion Budget, dated July 16, 1994, and any accompanying correction sheets.

The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

MOST TEXT APPLIES ONLY TO 1994-95

Sec. 43.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1994-95 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 1994-95 fiscal year.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

1993-94 APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY

Sec. 43.3. (a) Except where expressly repealed or amended by this act, the provisions of Chapters 321, 561, and 591 of the 1993 Session Laws, and Chapter 24 of the Session Laws of the 1994 Extra Session remain in effect.

(b) Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 1994-95 fiscal year in Chapters 321 and 561 of the 1993 Session Laws, and Chapter 24 of the Session Laws of the 1994 Extra Session, that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations and budget reductions of this act for those same particular purposes.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

EFFECT OF HEADINGS

Sec. 43.4. The headings to the titles, parts, and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

SEVERABILITY CLAUSE

Sec. 43.5. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

EFFECTIVE DATE

Sec. 43.6. Except as otherwise provided, this act becomes effective July 1, 1994.

In the General Assembly read three times and ratified this the 16th day of July, 1994.

Dennis A. Wicker
President of the Senate

Daniel Blue, Jr.
Speaker of the House of Representatives