

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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**SENATE BILL 1115
Appropriations/Base Budget Committee Substitute as amended Adopted 6/18/02
As amended by Pensions & Retirement and Aging Committee 6/18/02
Third Edition Engrossed 6/19/02
House Committee Substitute Favorable 8/9/02
Fifth Edition Engrossed 8/13/02**

Short Title: Modify Appropriations Act of 2001.

(Public)

Sponsors:

Referred to:

May 29, 2002

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT
OF 2001, TO PROVIDE FOR A TEN PERCENT (10%) REDUCTION IN THE
SALARY OF MEMBERS OF THE GENERAL ASSEMBLY FOR THE
REMAINDER OF THE 2002-2003 FISCAL YEAR, AND TO MAKE OTHER
CHANGES IN THE BUDGET OPERATION OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

INTRODUCTION

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

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

TITLE OF ACT

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

PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

CURRENT OPERATIONS - GENERAL FUND

SECTION 2.1. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes

1 as enumerated are made for the fiscal year ending June 30, 2003, according to the
 2 schedule that follows. Amounts set out in brackets are reductions from General Fund
 3 appropriations for the 2002-2003 fiscal year.

4
 5 **Current Operations - General Fund**

2002-2003

6
 7 **EDUCATION**

8		
9	Community Colleges System Office	31,351,893
10		
11	Department of Public Instruction	(35,901,988)
12		
13	University of North Carolina - Board of Governors	
14	Appalachian State University	(2,739,189)
15	East Carolina University	
16	Academic Affairs	(4,152,403)
17	Health Affairs	(1,381,862)
18	Elizabeth City State University	(663,037)
19	Fayetteville State University	(946,700)
20	NC Agricultural and Technical University	(1,939,938)
21	North Carolina Central University	(1,483,534)
22	North Carolina School of the Arts	(908,639)
23	North Carolina State University	
24	Academic Affairs	(10,360,334)
25	Agricultural Extension	(1,123,032)
26	Agricultural Research	(1,418,351)
27	University of North Carolina at Asheville	(842,476)
28	University of North Carolina at Chapel Hill	
29	Academic Affairs	(9,263,397)
30	Health Affairs	(5,762,030)
31	Area Health Education Centers	(1,382,170)
32	University of North Carolina at Charlotte	(3,479,570)
33	University of North Carolina at Greensboro	(3,322,120)
34	University of North Carolina at Pembroke	(750,292)
35	University of North Carolina at Wilmington	(2,067,193)
36	Western Carolina University	(1,855,666)
37	Winston-Salem State University	(1,111,749)
38	General Administration	(3,213,801)
39	University Institutional Programs	34,263,134
40	Related Educational Programs	(2,798,032)
41	North Carolina School of Science and Mathematics	(36,334)
42	UNC Hospitals at Chapel Hill	(1,217,620)
43	Total	(29,956,334)

44
 45 **HEALTH AND HUMAN SERVICES**

46
 47 Department of Health and Human Services

48	Office of the Secretary	22,761,495
49	Division of Aging	(926,000)
50	Division of Blind Services/Deaf/HH	(643,013)
51	Division of Child Development	(3,428,035)
52	Division of Education Services	(3,936,077)
53	Division of Facility Services	(646,705)
54	Division of Medical Assistance	(13,302,696)
55	Division of Mental Health	(7,098,502)

1	NC Health Choice	(1,007,492)
2	Division of Public Health	(14,989,332)
3	Division of Social Services	(18,454,750)
4	Division of Vocation Rehabilitation	(3,922,522)
5	Total	(18,988,237)
6		
7	NATURAL AND ECONOMIC RESOURCES	
8		
9	Department of Agriculture and Consumer Services	(4,822,458)
10		
11	Department of Commerce	
12	Commerce	(10,395,595)
13	Commerce State-Aid	5,145,100
14	NC Biotechnology Center	(627,047)
15	Rural Economic Development Center	(423,851)
16		
17	Department of Environment and Natural Resources	
18	Environment and Natural Resources	(10,017,863)
19	Clean Water Management Trust Fund	(30,000,000)
20		
21	Office of the Governor - Housing Finance Agency	(540,600)
22		
23	Department of Labor	(951,725)
24		
25	JUSTICE AND PUBLIC SAFETY	
26		
27	Department of Correction	(31,186,462)
28		
29	Department of Crime Control and Public Safety	(7,596,481)
30		
31	Judicial Department	(10,169,988)
32	Judicial Department - Indigent Defense	3,394,903
33		
34	Department of Justice	(2,422,581)
35		
36	Department of Juvenile Justice and Delinquency Prevention	(14,893,541)
37		
38	GENERAL GOVERNMENT	
39		
40	Department of Administration	(5,354,207)
41		
42	Office of Administrative Hearings	(233,742)
43		
44	Department of State Auditor	(983,908)
45		
46	Office of State Controller	(1,101,040)
47		
48	Department of Cultural Resources	
49	Cultural Resources	(3,610,213)
50	Roanoke Island Commission	(401,222)
51		
52	State Board of Elections	209,622
53		
54	General Assembly	(4,081,885)
55		

1	Office of the Governor	
2	Office of the Governor	(563,763)
3	Office of State Budget and Management	(383,824)
4	OSBM – Reserve for Special Appropriations	50,000
5		
6	Department of Insurance	
7	Insurance	(1,882,104)
8	Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
9		
10	Office of Lieutenant Governor	(72,367)
11		
12	Department of Revenue	(2,384,400)
13		
14	Rules Review Commission	(9,981)
15		
16	Department of Secretary of State	(345,281)
17		
18	Department of State Treasurer	
19	State Treasurer	671,618
20	State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
21		
22	TRANSPORTATION	
23		
24	Department of Transportation	(2,490,841)
25		
26	RESERVES, ADJUSTMENTS AND DEBT SERVICE	
27		
28	Salary Reduction Adjustment	(165,000)
29		
30	Reserve for Compensation Increases	(4,247,868)
31		
32	Statewide Reserve for State Health Plan	(12,621,872)
33		
34	Reserve for Teachers' and State Employees' Retirement	
35	Rate Adjustment	(142,300,000)
36		
37	Retirement Incentive	(31,000,000)
38		
39	Payroll Adjustment Reserve	(70,000,000)
40		
41	Reserve for Employee Severance Compensation	20,000,000
42		
43	Implementation of Recommendations of	
44	Governor's Efficiency Commission	(25,000,000)
45		
46	Reserve for Information Technology Rate Adjustment	(2,414,318)
47		
48	Reserve to Implement HIPPA	2,000,000
49		
50	Reserve for Experience Step Increase for Teachers and	
51	Principals in Public Schools	51,937,267
52		
53	Assistant/Deputy Clerks/Magistrates Salary Steps	1,980,700
54		
55	Debt Service	

1 General Debt Service (97,750,000)

2
3 **TOTAL CURRENT OPERATIONS – GENERAL FUND** (509,300,085)

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

6 **GENERAL FUND AVAILABILITY STATEMENT**

7 **SECTION 2.2.(a)** The General Fund availability used in adjusting the
8 2002-2003 fiscal year budget is shown below:

9
10 **2002-2003**
11 Beginning Unreserved Credit Balance 119,800,000

12
13 Revenues Based on Existing Tax Structure 12,788,200,000

14
15 **Nontax Revenues**

16 Investment Income 115,300,000

17 Judicial Fees 111,300,000

18 Disproportionate Share 107,000,000

19 Insurance 46,600,000

20 Other Nontax Revenues 98,900,000

21 Highway Trust Fund Transfer 172,400,000

22 Highway Fund Transfer 15,300,000

23 **Subtotal Nontax Revenues** **666,800,000**

24
25 **Total General Fund Availability** **13,574,800,000**

26
27 **Other Adjustments to Availability: 2002 Session**

28 Project Tax Collect 15,000,000

29 Highway Trust Fund – recurring inflationary adjustment 80,000,000

30 Highway Trust Fund Transfer – one time transfer 125,000,000

31 Tobacco Settlement Trust Funds – divert MSA receipts for one year 140,634,712

32 Transfer of Cash from Trust and Special Funds 22,263,259

33 Adjustment to Transfer from Insurance Regulatory Fund (851,366)

34 Nontax Revenue Offsets – State Treasurer 671,618

35 Increase Collection Rates for Offender Fees 1,160,000

36 Reimbursement for Unauthorized Substance Tax Division 885,884

37 Budget Revenue Act of 2002 (SB 1292) 322,300,000

38 2002 Fee Bill (HB 1670) 22,900,000

39 **Subtotal Adjustments to Availability: 2002 Session** **729,964,107**

40
41 **REVISED GENERAL FUND AVAILABILITY** **14,304,764,107**

42
43 **GENERAL FUND APPROPRIATIONS** **(14,304,518,541)**

44
45 **UNAPPROPRIATED BALANCE** **245,566**

46
47 **SECTION 2.2.(b)** Effective July 1, 2002, cash balances remaining in special
48 funds on June 30, 2002, shall be transferred to the State Controller to be deposited in
49 Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that
50 follows. These funds shall be used to support General Fund appropriations for the
51 2002-2003 fiscal year.

52
53 **Fund** **Amount Transferred**
54 Administrative Office of the Courts
55 Budget Code, 22005, (Worthless Check Fund) 150,000

1	(Appellate Copying Fees)	275,000
2		
3	Department of Environment and Natural Resources	
4	Budget Code 24300, Fund Code 2104 (ADM – Mooresville RO Vending)	472
5	Budget Code 24308, Fund Code 2105 (DEE - Env	
6	Educ Certification)	10,000
7	Budget Code 24300, Fund Code 2331 (DAQ Air Permits)	250,000
8	Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	300,000
9	Budget Code 24300, Fund Code 2754 (DEH GSWW	
10	System Account)	10,900
11	Budget Code 24310, Fund Code 2711 (DFR Forestry Fire Supp)	78,225
12	Budget Code 24310, Fund Code 2712 (DFR Forestry Restoration)	771,333
13	Budget Code 24308, Fund Code 2255 (DFR Special	
14	Air Operations)	6,759
15	Budget Code 24300, Fund Code 2610 (DLR Mineral Interest)	20,000
16	Budget Code 24300, Fund Code 2740 (DLR Dam	
17	Safety Account)	100,000
18	Budget Code 24300, Fund Code 2745 (DLR Mining Fees)	25,000
19	Budget Code 24300, Fund Code 2392 (DMF Advance	
20	License Sale)	1,600,000
21	Budget Code 24300, Fund Code 2393 (DWM Septage Fees)	100,000
22	Budget Code 24308, Fund Code 2387 (DWM Hazardous	
23	Waste Fees)	68,189
24	Budget Code 24300, Fund Code 2341 (DWQ Water Permits)	1,000,000
25	Budget Code 24308, Fund Code 2465 (MSN Mus	
26	Nat Sci/Scientific Publicat)	3,177
27	Budget Code 24308, Fund Code 2515 (SWC Agric Waste	
28	Small Farms)	20,000
29	Budget Code 24308, Fund Code 2520 (SWC Animal Waste	
30	Cost Share)	500,000
31	Budget Code 64302, Fund Code 6710 (Natural Heritage	
32	Trust Fund)	3,287,582
33	Budget Code 24308, Fund Code 2525 (Neuse Animal	
34	Waste Cost Share)	366,335
35	Budget Code 24300, Fund Code 2221 (Bladen Lakes	
36	State Forest Fund)	440,000
37		
38	Department of Agriculture and Consumer Services	
39	Budget Code 53750, Fund Code 5100 (State Fair)	1,000,000
40		
41	Department of Commerce	
42	Budget Code 24600, Fund Code 2683 (Empl & Train	
43	Grants Prgm)	750,000
44	Budget Code 24600, Fund Code 2711 (Industrial	
45	Development Fund)	3,000,000
46	Budget Code 24600, Fund Code 2881 (ABC Commission)	500,000
47	Budget Code 24600, Fund Code 2882 (ABC Warehouse)	500,000
48		
49	Department of Health and Human Services	
50	Budget Code 24470, Fund Code 2101 (Facility Finance Act)	95,000
51		
52	Information Technology Services	
53	Budget Code 24668, Fund Code 2800 (E-Grant)	495,040
54		
55	Department of Agriculture and Consumer Services	

1	Budget Code 23700, Fund Code 2103 (Livestock	
2	Acquisition Fund)	300,000
3	Budget Code 23701, Fund Code 2201 (Warehouse	
4	Investment Fund)	225,000
5	Budget Code 53750, Fund Code 5190 (State Fair Reserves	
6	and Transfers)	250,000
7	Budget Code 63700, Fund Code 6902 (Reforestation Fund)	23,915
8	Budget Code 63700, Fund Code 6105 (Forest	
9	Management Reserve)	50,000
10		
11	Department of Labor	
12	Budget Code 23800, Fund Code 2422 (Pre-Apprenticeship-PBC)	491,332
13		
14	Department of Correction	
15	Budget Code 24502, (Inmate Canteen/	
16	Welfare Fund)	500,000
17	Budget Code 74500, Fund Code 7100 (Enterprise Spec Fund/	
18	Prison Enterprises)	2,000,000
19		
20	Office of the State Controller	
21	Budget Code 24172, (State Controller	
22	Special Reserve Account)	1,300,000
23	Office of the State Controller	
24	Budget Code 24160, Fund Code 2000 (Flexible Benefits Reserve)	1,400,000
25		
26	Total Amount Transferred	\$22,263,259
27		

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

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

36 **"SECTION 2.2.(f)** The transfer of cash from Department of Correction, Budget
 37 Code 74500, Fund Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra
 38 State Transfers) shall be increased by one million dollars (\$1,000,000), effective July 1,
 39 2001, for the 2001-2002 fiscal year.

40 The transfer of cash from Department of Correction, Budget Code 74500, Fund
 41 Code 7100 (Prison Enterprises) to Nontax Budget Code 19978 (Intra State Transfers)
 42 shall be increased by ~~five hundred thousand dollars (\$500,000), effective July 1, 2002,~~
 43 ~~for the 2002-2003 fiscal year and for subsequent fiscal years. two million five hundred~~
 44 ~~thousand dollars (\$2,500,000), effective July 1, 2002, for the 2002-2003 fiscal year. Of~~
 45 ~~the two million five hundred thousand dollar (\$2,500,000) increase for the 2002-2003~~
 46 ~~fiscal year, five hundred thousand dollars (\$500,000) is recurring."~~

47 **SECTION 2.2.(e)** When the Highway Trust Fund was created in 1989, the
 48 revenue from the sales tax on motor vehicles was transferred from the General Fund to
 49 the Highway Trust Fund. To offset this loss of revenue from the General Fund, the
 50 Highway Trust Fund was required to transfer one hundred seventy million dollars
 51 (\$170,000,000) to the General Fund each year, an amount equal to the revenue in 1989
 52 from the sales tax on motor vehicles. This transfer did not, however, make the General
 53 Fund whole after the transfer of the sales tax revenue because no provision has been
 54 made to adjust the amount for the increased volume of transactions and increased
 55 vehicle prices. The additional eighty million dollars (\$80,000,000) transferred from the

1 Highway Trust Fund to the General Fund by this act is an effort to recover a portion of
2 the sales tax revenues that would have gone to the General Fund over the last 13 years.

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

6 **SECTION 2.2.(g)** There is transferred from the Highway Trust Fund to the
7 General Fund the sum of one hundred twenty-five million dollars (\$125,000,000) for the
8 2002-2003 fiscal year. It is the intent of the General Assembly that the Highway Trust
9 Fund shall be held harmless because of this transfer. The General Assembly shall
10 transfer funds from the General Fund back to the Highway Trust Fund during fiscal
11 years 2004-2005 through 2008-2009 including interest at the net rate of return generated
12 by the State Treasurer's Short Term Investment Fund.

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

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

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

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

33 Notwithstanding G.S. 143-16.4(a1), of the funds credited to the Health Trust
34 Account from the Master Settlement Agreement pursuant to Section 6(2) of S.L. 1999-2
35 during the 2002-2003 fiscal year, the sum of thirty-two million two hundred sixty
36 thousand dollars (\$32,260,000) shall be transferred from the Department of State
37 Treasurer, Budget Code 23460 (Health and Wellness Trust Fund) to the State Controller
38 to be deposited in Nontax Budget Code 19978 (Intra State Transfers) to support General
39 Fund appropriations for the 2002-2003 fiscal year.

40 Notwithstanding G.S. 143-86.30(c), the Health and Wellness Trust Fund
41 Commission shall transfer no more than twenty-seven million three hundred sixty-five
42 thousand two hundred eighty-eight dollars (\$27,365,288) during the 2002-2003 fiscal
43 year as follows:

- 44 (1) Eighteen million dollars (\$18,000,000) to be expended in accordance
45 with G.S. 143-86.30(d).
- 46 (2) One million dollars (\$1,000,000) for Residential Substance Abuse
47 Services for Women with Children administered through the
48 Department of Health and Human Services.
- 49 (3) Seven hundred fifty thousand dollars (\$750,000) for Healthy
50 Carolinians administered through the Department of Health and
51 Human Services.
- 52 (4) Two hundred fifty thousand dollars (\$250,000) for the Healthy Start
53 Foundation administered through the Department of Health and
54 Human Services.

- 1 (5) One hundred thousand dollars (\$100,000) for the Asthma Education
2 Program administered through the Department of Health and Human
3 Services.
4 (6) One million three hundred thousand dollars (\$1,300,000) for Health
5 Promotion administered through the Department of Health and Human
6 Services.
7 (7) One million two hundred seventy-eight thousand dollars (\$1,278,000)
8 for the Loan Repayment Incentive Program administered through the
9 Department of Health and Human Services.
10 (8) One million two hundred seventy-two thousand dollars (\$1,272,000)
11 for Children with Special Needs administered through the Department
12 of Health and Human Services.
13 (9) Seven hundred ninety thousand dollars (\$790,000) for WIC/Infant
14 Formula administered through the Department of Health and Human
15 Services.
16 (10) One million dollars (\$1,000,000) for Cancer Control Prevention
17 Activities administered through the Department of Health and Human
18 Services.
19 (11) One million six hundred twenty-five thousand two hundred
20 eighty-eight dollars (\$1,625,288) for the purchase of vaccines as
21 administered through the Department of Health and Human Services.

22 Pursuant to Section 2(b) of S.L. 1999-2, eighty million dollars (\$80,000,000)
23 of the fifty percent (50%) of the annual installment payment to the North Carolina State
24 Specific Account otherwise transferred and assigned to The Golden L.E.A.F.
25 (Long-Term Economic Advancement Foundation), Inc., during the 2002-2003 fiscal
26 year is transferred to the State Controller to be deposited in Nontax Budget Code 19978
27 (Intra State Transfers) to support General Fund appropriations for the 2002-2003 fiscal
28 year. The Attorney General shall take all necessary actions to notify the court in the
29 action entitled State of North Carolina v. Philip Morris Incorporated, et al., 98 CVS
30 14377, in the General Court of Justice, Superior Court Division, Wake County, North
31 Carolina, and the administrators of the State Specific Account established under the
32 Master Settlement Agreement of this action by the General Assembly redirecting this
33 payment.

34 **SECTION 2.2.(i)** The funds appropriated in this act from the Insurance
35 Regulatory Fund include an increase of six hundred thousand dollars (\$600,000) in
36 recurring funds from the amount appropriated in S.L. 2001-424. These funds shall be
37 used to pay for the costs and expenses incurred by the Department of Justice in the
38 2002-2003 fiscal year and subsequent fiscal years in representing the Department of
39 Insurance in its regulation of the insurance industry and other related programs and
40 industries in this State that fall under the jurisdiction of the Department of Insurance.

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

42 **"§ 7A-11. Clerk of the Supreme Court; salary; bond; fees; oath.**

43 The clerk of the Supreme Court shall be appointed by the Supreme Court to serve at
44 its pleasure. The annual salary of the clerk shall be fixed by the Administrative Officer
45 of the Courts, subject to the approval of the Supreme Court. The clerk may appoint
46 assistants in the number and at the salaries fixed by the Administrative Officer of the
47 Courts. The clerk shall perform such duties as the Supreme Court may assign, and shall
48 be bonded to the State, for faithful performance of duty, in the same manner as the clerk
49 of the superior court, and in such amount as the Administrative Officer of the Courts
50 shall determine. He shall adopt a seal of office, to be approved by the Supreme Court. A
51 fee bill for services rendered by the clerk shall be fixed by rules of the Supreme Court,
52 and all such fees shall be remitted to the State treasury, ~~except that charges to litigants~~
53 ~~for the reproduction of appellate records and briefs shall be fixed and administered as~~
54 ~~provided by rule of the Supreme Court.~~ treasury. Charges to litigants for the
55 reproduction of appellate records and briefs shall be fixed by rule of the Supreme Court

1 and remitted to the Appellate Courts Printing and Computer Operations Fund
 2 established in G.S. 7A-343.3. The operations of the Clerk of the Supreme Court shall be
 3 subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of
 4 the General Statutes. Before entering upon the duties of his office, the clerk shall take
 5 the oath of office prescribed by law."

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

7 "**§ 7A-20. Clerk; oath; bond; salary; assistants; fees.**

8 (b) Subject to approval of the Supreme Court, the Court of Appeals shall
 9 promulgate from time to time a fee bill for services rendered by the clerk, and such fees
 10 shall be remitted to the State Treasurer, ~~except that charges to litigants for the~~
 11 ~~reproduction of appellate records and briefs shall be fixed and administered as provided~~
 12 ~~by rule of the Supreme Court.~~ Treasurer. Charges to litigants for the reproduction of
 13 appellate records and briefs shall be fixed by rule of the Supreme Court and remitted to
 14 the Appellate Courts Printing and Computer Operations Fund established in G.S.
 15 7A-343.3. The operations of the Court of Appeals shall be subject to the oversight of the
 16 State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes."

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

22 **SECTION 2.2.(m)** General Fund availability generated by subsections (j)
 23 and (k) of this section is shown in special funds transfers made in subsection (b) of this
 24 section.

25
 26 **PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

27
 28 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

29 **HIGHWAY FUND APPROPRIATIONS**

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

36 Current Operations - Highway Fund	37 2002-2003
38 Administration	-
39 Operations	-
40 Construction and Maintenance	
41 a. Construction	
42 (01) Primary Construction	-
43 (02) Secondary Construction	(1,887,000)
44 (03) Urban Construction	-
45 (04) Access and Public Service Roads	-
46 (05) Contingency Construction	5,000,000
47 (06) Spot Safety Construction	-
48 b. State Funds to Match Federal Highway Aid	-
49 c. State Maintenance	17,642,295
50 d. Ferry Operations	-
51 e. Capital Improvements	-
52 f. State Aid to Municipalities	(1,887,000)
53 g. State Aid for Public Transportation and Railroads	17,168,884
54 h. OSHA - State	-
55 Governor's Highway Safety Program	-

1	Division of Motor Vehicles	–
2	Transfer to Highway Patrol	–
3	Transfer to Driver Education	236,109
4	Transfer to G.F. for Sales Tax	–
5	Other Reserves and Transfers	(6,275,660)
6	GRAND TOTAL HIGHWAY FUND	\$ 29,997,628

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

9 **HIGHWAY FUND AVAILABILITY STATEMENT**

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

13		2002-2003
14	<u>Revenue and Availability</u>	
15	Estimated Revenue	\$1,276,600,000
16	Credit Balance	41,300,000
17	Transfer to General Fund	–
18		
19	TOTAL HIGHWAY FUND AVAILABILITY	\$1,317,900,000

20
21 **PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

22
23 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

24 **HIGHWAY TRUST FUND APPROPRIATIONS**

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

30		
31	Current Operations and Expansion - Highway Trust Fund	2002-2003
32		
33	Intrastate System	(159,218,286)
34	Secondary Roads	(18,065,569)
35	Urban Loops	(64,381,244)
36	Aid to Municipalities	(16,705,712)
37	Program Administration	(4,073,189)
38	Transfer to General Fund	205,000,000
39		
40	Grand Total/Highway Trust Fund	(57,444,000)

41
42 **PART V. BLOCK GRANTS**

43
44 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
45 Thompson

46 **DHHS BLOCK GRANTS**

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

49
50 **COMMUNITY SERVICES BLOCK GRANT**

51		
52	01. Community Action Agencies	\$ 15,266,973
53		
54	02. Limited Purpose Agencies	979,017

1	03.	Department of Health and Human Services	
2		to administer and monitor	
3		the activities of the	
4		Community Services Block Grant	717,313
5			
6		TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 16,963,303
7			
8		SOCIAL SERVICES BLOCK GRANT	
9			
10	01.	County departments of social services	\$ 27,095,289
11		(Transfer from TANF - \$4,500,000)	
12			
13	02.	Allocation for in-home services provided	
14		by county departments of	
15		social services	2,101,113
16			
17	03.	Division of Mental Health, Developmental	
18		Disabilities, and Substance Abuse Services	3,234,601
19			
20	04.	Division of Services for the Blind	3,105,711
21			
22	05.	Division of Facility Services	426,836
23			
24	06.	Division of Aging - Home and Community	
25		Care Block Grant	1,840,234
26			
27	07.	Child Care Subsidies	3,000,000
28			
29	08.	Division of Vocational Rehabilitation -	
30		United Cerebral Palsy	71,484
31			
32	09.	State administration	1,693,368
33			
34	10.	Child Medical Evaluation Program	238,321
35			
36	11.	Adult day care services	2,155,301
37			
38	12.	Comprehensive Treatment Services	
39		Program	422,003
40			
41	13.	Department of Administration	
42		for the N.C. State Commission of Indian Affairs	
43		In-Home Services Program for the Elderly	203,198
44			
45	14.	Division of Vocational Rehabilitation -	
46		Easter Seals Society	116,779
47			
48	15.	UNC-CH CARES Program for training and	
49		consultation services	247,920
50			
51	16.	Office of the Secretary - Office of Economic	
52		Opportunity for N.C. Senior Citizens'	
53		Federation for outreach services to	
54		low-income elderly persons	41,302
55			

1	17.	Division of Social Services - Child	
2		Caring Agencies	1,500,000
3			
4	18.	Division of Mental Health,	
5		Developmental Disabilities, and	
6		Substance Abuse Services - Developmentally	
7		Disabled Waiting List for services	5,000,000
8			
9	19.	Transfer to Preventive Health Services Block	
10		Grant for HIV/AIDS education, counseling, and	
11		testing	145,819
12			
13	20.	Division of Facility Services -	
14		Mental Health Licensure	213,128
15			
16	TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 52,852,407
17			
18	LOW-INCOME ENERGY BLOCK GRANT		
19			
20	01.	Energy Assistance Programs	\$ 11,395,026
21			
22	02.	Crisis Intervention	6,598,934
23			
24	03.	Administration	2,459,510
25			
26	04.	Weatherization Program	3,457,189
27			
28	05.	Department of Administration -	
29		N.C. State Commission of Indian Affairs	45,189
30			
31	06.	Heating Air Repair and Replacement Program	1,613,355
32			
33	TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 25,569,203
34			
35	MENTAL HEALTH SERVICES BLOCK GRANT		
36			
37	01.	Provision of community-based	
38		services for severe and persistently	
39		mentally ill adults	\$ 5,442,798
40			
41	02.	Provision of community-based	
42		services to children	2,513,141
43			
44	03.	Comprehensive Treatment Services	
45		Program for Children	1,500,000
46			
47	04.	Administration	783,911
48			
49	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 10,239,850
50			
51	SUBSTANCE ABUSE PREVENTION		
52	AND TREATMENT BLOCK GRANT		
53			
54	01.	Provision of community-based	
55		alcohol and drug abuse services,	

1	tuberculosis services, and services	
2	provided by the Alcohol and Drug Abuse	
3	Treatment Centers	\$ 15,401,711
4		
5	02. Continuation of services for	
6	pregnant women and women	
7	with dependent children	8,069,524
8		
9	03. Continuation of services to	
10	IV drug abusers and others at risk	
11	for HIV diseases	4,616,378
12		
13	04. Provision of services to children	
14	and adolescents	7,740,611
15		
16	05. Juvenile Services - Family Focus	851,156
17		
18	06. Allocation to the Division of Public Health	
19	for HIV/STD Risk Reduction Projects	383,980
20		
21	07. Allocation to the Division of Public Health	
22	for HIV/STD Prevention by County Health	
23	Departments	209,576
24		
25	08. Allocation to the Division of Public Health	
26	for the Maternal and Child Health Hotline	37,779
27		
28	09. Administration	2,596,307
29		
30	TOTAL SUBSTANCE ABUSE PREVENTION	
31	AND TREATMENT BLOCK GRANT	\$ 39,907,022
32		
33	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
34		
35	01. Child care subsidies	\$150,180,415
36		
37	02. Quality and availability initiatives	16,496,620
38		
39	03. Administrative expenses	6,550,000
40		
41	04. Transfer from TANF Block Grant for	
42	child care subsidies	72,812,189
43		
44	TOTAL CHILD CARE AND DEVELOPMENT FUND	
45	BLOCK GRANT	\$246,039,224
46		
47	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
48	(TANF) BLOCK GRANT	
49		
50	01. Work First Cash Assistance	\$129,396,275
51		
52	02. Work First County Block Grants	92,018,855
53		
54	03. Transfer to the Child Care and	
55	Development Fund Block Grant	

1	for child care subsidies	72,812,189
2		
3	04. Allocation to the Division of Mental	
4	Health, Developmental Disabilities, and	
5	Substance Abuse Services for Work First	
6	substance abuse screening, diagnostic, and	
7	support treatment services and drug testing	500,000
8		
9	05. Child Care Subsidies for TANF Recipients	26,621,241
10		
11	06. County Child Protective Services,	
12	Foster Care, and Adoption Workers	2,727,550
13		
14	07. Transfer to Social Services Block Grant for	
15	County Departments of Social Services for	
16	Children's Services	4,500,000
17		
18	08. Support Our Students - Department	
19	Juvenile Justice and Delinquency	
20	Prevention	1,425,000
21		
22	09. Residential Substance Abuse Services	
23	for Women With Children	1,975,142
24		
25	10. Domestic Violence Services	
26	for Work First Families	900,000
27		
28	11. After-School Services for	
29	At-Risk Children	1,425,000
30		
31	12. Division of Social Services -	
32	Administration	400,000
33		
34	13. Child Welfare workers and services for	
35	local departments of social services	7,654,841
36		
37	14. Child Welfare Training	1,000,000
38		
39	15. DSS Evaluation	250,000
40		
41	16. SACWIS Payback	4,643,454
42		
43	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
44	(TANF) BLOCK GRANT	\$348,249,547
45		
46	MATERNAL AND CHILD HEALTH BLOCK GRANT	
47		
48	01. Healthy Mothers/Healthy Children	
49	Block Grants to Local Health	
50	Departments	9,838,074
51		
52	02. High-Risk Maternity Clinic Services,	
53	Perinatal Education and Training,	
54	Childhood Injury Prevention,	
55	Public Information and Education, and	

1	Technical Assistance to Local Health	
2	Departments	2,012,102
3		
4	03. Services to Children With Special Health	
5	Care Needs	5,078,647
6		
7	TOTAL MATERNAL AND CHILD	
8	HEALTH BLOCK GRANT	\$ 16,928,823
9		
10	PREVENTIVE HEALTH SERVICES BLOCK GRANT	
11		
12	01. Statewide Health Promotion Programs	\$3,171,651
13		
14	02. Rape Crisis/Victims' Services	
15	Program - Council for Women	197,112
16		
17	03. HIV/AIDS Prevention Activities	
18	Coordination	111,159
19		
20	04. Transfer from Social Services	
21	Block Grant -	
22	HIV/AIDS education, counseling, and	
23	testing	145,819
24		
25	05. Office of Minority Health	159,459
26		
27	06. Administrative Costs	108,546
28		
29	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,893,746
30		

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

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

47 Decreases in federal fund availability shall be allocated for the Maternal and
48 Child Health and Preventive Health Services federal block grants by the Department of
49 Health and Human Services after considering the effectiveness of the current level of
50 services.

51 **SECTION 5.1.(c)** Increases in Federal Fund Availability. – Any block grant
52 funds appropriated by the United States Congress in addition to the funds specified in
53 this act shall be expended by the Department of Health and Human Services, with the
54 approval of the Office of State Budget and Management, provided the resultant

1 increases are in accordance with federal block grant requirements and are within the
2 scope of the block grant plan approved by the General Assembly.

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

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

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

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

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

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

- 36 (1) Continue the current evaluation of the Work First Program to assess
37 former recipients' earnings, barriers to advancement to economic
38 self-sufficiency, utilization of community support services, and other
39 longitudinal employment data. Assessment periods shall include six
40 and 18 months following closure of the case.
- 41 (2) Continue the current evaluation of the Work First Program to profile
42 the State's child-only caseload to include indicators of economic and
43 social well-being, academic and behavioral performance, demographic
44 data, description of living arrangements including length of placement
45 out of the home, social and other human services provided to families,
46 and other information needed to assess the needs of the child-only
47 Work First Family Assistance clients and families.

48 The Division of Social Services may use up to two hundred fifty thousand
49 dollars (\$250,000) in TANF funds to complete the evaluation of Work First.

50 The Department of Health and Human Services shall make a report on its
51 progress in complying with this subsection to the Senate Appropriations Committee on
52 Health and Human Services, the House of Representatives Appropriations
53 Subcommittee on Health and Human Services, and the Fiscal Research Division no later
54 than September 30, 2002.

1 **SECTION 5.1.(h)** The sum of one million five hundred thousand dollars
2 (\$1,500,000) appropriated in this act in the Social Services Block Grant to the
3 Department of Health and Human Services, Division of Social Services, for child caring
4 agencies for the 2002-2003 fiscal year shall be allocated to the State Private Child
5 Caring Agencies Fund. These funds shall be combined with all other funds allocated to
6 the State Private Child Caring Agencies Fund for the reimbursement of the State's
7 portion of the cost of care for the placement of certain children by the county
8 departments of social services who are not eligible for federal IV-E funds. These funds
9 shall not be used to match other federal funds.

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

14 **SECTION 5.1.(j)** Payment for subsidized child care services provided with
15 federal TANF funds shall comply with all regulations and policies issued by the
16 Division of Child Development for the subsidized child care program.

17 **SECTION 5.1.(k)** The sum of four hundred thousand dollars (\$400,000)
18 appropriated in this section in the TANF Block Grant to the Department of Health and
19 Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
20 used to support administration of TANF-funded programs.

21 **SECTION 5.1.(l)** The sum of one million nine hundred seventy-five
22 thousand one hundred forty-two dollars (\$1,975,142) appropriated in this section in the
23 TANF Block Grant to the Department of Health and Human Services, Division of
24 Mental Health, Developmental Disabilities, and Substance Abuse Services, for the
25 2002-2003 fiscal year shall be used to provide regional residential substance abuse
26 treatment and services for women with children. The Department of Health and Human
27 Services, the Division of Social Services, and the Division of Mental Health,
28 Developmental Disabilities, and Substance Abuse Services, in consultation with local
29 departments of social services, area mental health programs, and other State and local
30 agencies or organizations, shall coordinate this effort in order to facilitate the expansion
31 of regionally based substance abuse services for women with children. These services
32 shall be culturally appropriate and designed for the unique needs of TANF women with
33 children.

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

37 The Department of Health and Human Services, the Division of Social
38 Services, and the Division of Mental Health, Developmental Disabilities, and Substance
39 Abuse Services, shall report on their progress in complying with this subsection no later
40 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on
41 Health and Human Services, the House of Representatives Appropriations
42 Subcommittee on Health and Human Services, and the Fiscal Research Division. These
43 reports shall include all of the following:

- 44 (1) The number and location of additional beds created.
- 45 (2) The types of facilities established.
- 46 (3) The delineation of roles and responsibilities at the State and local
47 levels.
- 48 (4) Demographics of the women served, the number of women served,
49 and the cost per client.
- 50 (5) Demographics of the children served, the number of children served,
51 and the services provided.
- 52 (6) Job placement services provided to women.
- 53 (7) A plan for follow-up and evaluation of services provided with an
54 emphasis on outcomes.
- 55 (8) Barriers identified to the successful implementation of the expansion.

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

3 (10) Other information as requested.

4 **SECTION 5.1.(m)** The sum of one million four hundred twenty-five
5 thousand dollars (\$1,425,000) appropriated in this section in the TANF Block Grant to
6 the Department of Health and Human Services and transferred to the Department of
7 Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year shall be used
8 to support the existing Support Our Students Program and to expand the Program
9 statewide, focusing on low-income communities in unserved areas. These funds shall
10 not be used for administration of the program.

11 **SECTION 5.1.(n)** The sum of nine hundred thousand dollars (\$900,000)
12 appropriated under this section in the TANF Block Grant to the Department of Health
13 and Human Services, Division of Social Services, for the 2002-2003 fiscal year shall be
14 used to provide domestic violence services to Work First recipients. These funds shall
15 be used to provide domestic violence counseling, support, and other direct services to
16 clients. These funds shall not be used to establish new domestic violence shelters or to
17 facilitate lobbying efforts. The Division of Social Services may use up to seventy-five
18 thousand dollars (\$75,000) in TANF funds to establish one administrative position
19 within the Division of Social Services to implement this subsection.

20 Each county department of social services and the local domestic violence
21 shelter program serving the county shall jointly develop a plan for utilizing these funds.
22 The plan shall include the services to be provided and the manner in which the services
23 shall be delivered. The county plan shall be signed by the county social services director
24 or the director's designee and the domestic violence program director or the director's
25 designee and submitted to the Division of Social Services by December 1, 2002. The
26 Division of Social Services, in consultation with the Council for Women, shall review
27 the county plans and shall provide consultation and technical assistance to the
28 departments of social services and local domestic violence shelter programs, if needed.

29 The Division of Social Services shall allocate these funds to county
30 departments of social services according to the following formula: (i) each county shall
31 receive a base allocation of five thousand dollars (\$5,000) and (ii) each county shall
32 receive an allocation of the remaining funds based on the county's proportion of the
33 statewide total of the Work First caseload as of July 1, 2002, and the county's proportion
34 of the statewide total of the individuals receiving domestic violence services from
35 programs funded by the Council for Women as of July 1, 2002. The Division of Social
36 Services may reallocate unspent funds to counties that submit a written request for
37 additional funds.

38 The Department of Health and Human Services shall report on the uses of
39 these funds no later than March 1, 2003, to the Senate Appropriations Committee on
40 Health and Human Services, the House of Representatives Appropriations
41 Subcommittee on Health and Human Services, and the Fiscal Research Division.

42 **SECTION 5.1.(o)** The sum of one million four hundred twenty-five
43 thousand dollars (\$1,425,000) appropriated in this section in the TANF Block Grant to
44 the Department of Health and Human Services, Division of Social Services, shall be
45 used to expand after-school programs and services for at-risk children. The Department
46 shall develop and implement a grant program to award grants to community-based
47 programs that demonstrate the ability to reach children at risk of teen pregnancy and
48 school dropout. The Department shall award grants to community-based organizations
49 that demonstrate the ability to develop and implement linkages with local departments
50 of social services, area mental health programs, schools, and other human services
51 programs in order to provide support services and assistance to the child and family.
52 These funds may be used to establish one position within the Division of Social
53 Services to coordinate at-risk after-school programs and shall not be used for other State
54 administration. The Department shall report no later than March 1, 2003, on its progress
55 in complying with this section to the Senate Appropriations Committee on Health and

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

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

12 **SECTION 5.1.(q)** The sum of one million five hundred thousand dollars
13 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the
14 Department of Health and Human Services, Division of Mental Health, Developmental
15 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum
16 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this
17 section in the Social Services Block Grant to the Department of Health and Human
18 Services, Division of Social Services, for the 2002-2003 fiscal year shall be used to
19 continue a Comprehensive Treatment Services Program for Children in accordance with
20 Section 21.60 of S.L. 2001-424, as amended.

21 **SECTION 5.1.(r)** The sum of one million dollars (\$1,000,000) appropriated
22 in this section in the TANF Block Grant to the Department of Health and Human
23 Services, Division of Social Services, for fiscal year 2002-2003 shall be used to support
24 various child welfare training projects as follows:

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

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

35 **SECTION 5.1.(t)** The sum of one hundred ten thousand four hundred
36 sixty-nine dollars (\$110,469) appropriated in this section in the Preventive Health
37 Service Block Grant to the Department of Health and Human Services for the
38 2002-2003 fiscal year for HIV/AIDS Prevention Activities shall be used to enhance
39 activities for HIV/AIDS awareness and education within the Division of Public Health.
40 The position shall be responsible for all planning, programming, and budgeting for
41 compliance with this subsection. These prevention activities shall be targeted to the
42 general public and programs identified in this subsection and shall not be used to
43 augment the current grant programs that target high-risk populations through the
44 community-based organizations.

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

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

- 54 (1) Division of Social Services programs and services:
 - 55 a. Domestic Violence Prevention and Awareness.

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

24 Other State agencies, including the Department of Public Instruction, the

25 Department of Juvenile Justice and Delinquency Prevention, and the Department of

26 Administration, shall ensure the incorporation of developmentally appropriate

27 HIV/AIDS education, awareness, and outreach information into their programs.

28 The Department shall report on the implementation of this subsection not

29 later than May 1, 2003, to the Senate Appropriations Committee on Health and Human

30 Services, the House of Representatives Appropriations Subcommittee on Health and

31 Human Services, and the Fiscal Research Division.

32 **SECTION 5.1.(u)** The sum of four hundred thirty-eight thousand dollars

33 (\$438,000) appropriated in this section in the TANF Block Grant to the Department of

34 Health and Human Services shall be used to purchase services at maternity homes

35 throughout the State.

36

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

38 Thompson

39 **NER BLOCK GRANT FUNDS**

40 **SECTION 5.2.(a)** Appropriations from federal block grant funds are made

41 for the fiscal year ending June 30, 2003, according to the following schedule:

42

43 **COMMUNITY DEVELOPMENT BLOCK GRANT**

44		
45	01. State Administration	\$1,000,000
46		
47	02. Urgent Needs and Contingency	1,000,000
48		
49	03. Scattered Site Housing	13,100,000
50		
51	04. Economic Development	8,710,000
52		
53	05. Community Revitalization	13,500,000
54		
55	06. State Technical Assistance	450,000

07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT		
BLOCK GRANT - 2002 Program Year		\$45,000,000

SECTION 5.2.(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 in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

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

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

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

PART VI. GENERAL PROVISIONS

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

SECTION 6.5.(a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the

1 amount he allots to that institution, department, or agency from appropriations from that
2 Fund by the amount of the excess, unless the Director of the Budget finds that the
3 appropriations from the Fund are necessary to maintain the function that generated the
4 receipts at the level anticipated in the certified Budget Codes for that Fund.

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

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

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

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

24 **SECTION 6.5.(b)** There is appropriated from the Reserve for
25 Reimbursements to Local Governments and Shared Tax Revenues for each fiscal year
26 an amount equal to the amount of the distributions required by law to be made from that
27 reserve for that fiscal year.

28 **SECTION 6.5.(c)** The Director of the Budget shall develop necessary
29 budget controls, regulations, and systems to ensure that these funds and other State
30 funds subject to the Executive Budget Act are not spent in a manner that would cause a
31 deficit in expenditures.

32
33 Requested by: Representative Blust

34 **ZERO-BASED BUDGETING**

35 **SECTION 6.5A.(a)** The General Assembly finds that the traditional method
36 of budget development, which relies upon incremental adjustments to expenditures
37 made in the previous financial period, insulates governmental activities from the
38 thorough fiscal review expected by taxpaying citizens. New and changing demands for
39 public services are met through excessive budget growth rather than by pruning obsolete
40 programs and redirecting existing funds. Some programs were established so long ago
41 that the original statutory basis has either been forgotten or is out-of-date. In time the
42 budget is driven by inertia rather than by clear and defensible purposes. The General
43 Assembly finds that zero-based budgeting is an effective method to counter the
44 tendency toward perpetuation of outdated State programs.

45 **SECTION 6.5A.(b)** The Director of the Budget shall subject every program
46 in State government to zero-based budget review no less often than once every five
47 years. In order to implement this, approximately one-fifth of the budget shall be subject
48 to zero-based budgeting in each year beginning in 2003. To accommodate zero-based
49 budget review, the Director of the Budget shall require agencies to prepare and submit a
50 zero-based budget plan in addition to any other information that may be required by
51 statute, rule, or directive. At a minimum, the plan shall contain the following
52 information:

53 (1) A description of those discrete activities that comprise the agency, and
54 a justification for the existence of each activity by reference to statute
55 or other legal authority.

- 1 (2) For each activity, a quantitative estimate of any adverse impacts that
2 could reasonably be expected should the activity be discontinued,
3 together with a full description of the methods by which the adverse
4 impact is estimated.
- 5 (3) For each activity, an itemized account of expenditures that would be
6 required to maintain the activity at the minimum level of service
7 required by the statutory authority, together with a concise statement
8 of the quantity and quality of services required at that minimum level.
- 9 (4) For each activity, an itemized account of expenditures required to
10 maintain the activity at current levels of service, together with a
11 concise statement of the quantity and quality of services being
12 provided.
- 13 (5) A ranking of all activities that shows the relative contribution of each
14 activity to the overall goals and purposes of the agency at current
15 service levels.

16 **SECTION 6.5A.(c)** The Governor shall submit a zero-based budget to the
17 General Assembly each fiscal biennium.

18
19 Requested by: Representatives Easterling, Oldham, Redwine, Thompson,
20 McComas, Smith, Preston

21 **REPEAL PORTS RAILWAY COMMISSION/TRANSFER TO STATE PORTS**
22 **AUTHORITY**

23 **SECTION 6.6.(a)** Part 11 of Article 10 of Chapter 143B of the General
24 Statutes, G.S. 143B-469 through G.S. 143B-469.3, is repealed.

25 **SECTION 6.6.(b)** G.S. 120-123(25) is repealed.

26 **SECTION 6.6.(c)** G.S. 143B-454(a)(4) reads as rewritten:

27 "(4) Be authorized and empowered to acquire, construct, maintain, equip
28 and operate any wharves, docks, piers, quays, elevators, compresses,
29 refrigeration storage plants, warehouses and other structures, and any
30 and all facilities needful for the convenient use of the same in the aid
31 of commerce, including the dredging of approaches thereto, and the
32 construction of beltline roads and highways and bridges and
33 causeways thereon, and other bridges and causeways necessary or
34 useful in connection therewith, and shipyards, shipping facilities, and
35 transportation facilities incident thereto and useful or convenient for
36 the use thereof, ~~excluding terminal railroads;~~ and to acquire, construct,
37 and maintain, but not operate, such rail facilities as may be necessary
38 or useful in connection with the operation of the State Ports, provided
39 that nothing in this subdivision shall be construed as requiring or
40 allowing the North Carolina State Ports Authority to become a carrier
41 by rail subject to the federal laws regulating those carriers;"

42 **SECTION 6.6.(d)** Within 30 days of the date this section becomes law, the
43 North Carolina Ports Railway Commission shall provide the North Carolina State Ports
44 Authority with a complete list of its assets and liabilities. All of the assets, real and
45 personal, tangible and intangible, and all of the liabilities, including contractual
46 obligations, of the North Carolina Ports Railway Commission are transferred to the
47 North Carolina State Ports Authority. If and to the extent that such transfers require the
48 execution of any documents or instruments of transfer by the North Carolina Ports
49 Railway Commission, those documents may be executed by the current officers and
50 members of the Commission and shall be executed within 60 days of the date this
51 section becomes law.

52 **SECTION 6.6.(e)** As part of a plan to reorganize and consolidate rail
53 operations at the State Ports, the North Carolina State Ports Authority may sell or
54 transfer the Beaufort and Morehead Railway, Inc., or any part thereof or interest therein,

1 to a terminal switching or short line railroad company, or to the North Carolina Railroad
2 Company, on such terms and conditions as the parties may agree to.

3 **SECTION 6.6.(f)** Subsection (a) of this section becomes effective 60 days
4 after this act becomes law. The remainder of this section is effective when it becomes
5 law.

6
7 Requested by: Representatives Easterling, Oldham, Redwine, Baddour

8 **PROCEDURE BEFORE REDUCING APPROPRIATIONS TO A SCHOOL**
9 **ADMINISTRATIVE UNIT**

10 **SECTION 6.7.** G.S. 159-13(b)(9) reads as rewritten:

11 "(b) The following directions and limitations shall bind the governing board in
12 adopting the budget ordinance:

13
14 (9) Appropriations made to a school administrative unit by a county may
15 not be reduced after the budget ordinance is adopted, unless the board
16 of education of the administrative unit agrees by resolution to a
17 reduction, or unless a general reduction in county expenditures is
18 required because of prevailing economic conditions. Before a board of
19 county commissioners may reduce appropriations to a school
20 administrative unit as part of a general reduction in county
21 expenditures required because of prevailing economic conditions, it
22 must do all of the following:

23 a. Hold a public meeting at which the school board is given an
24 opportunity to present information on the impact of the
25 reduction.

26 b. Take a public vote on the decision to reduce appropriations to a
27 school administrative unit."

28
29 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Earle,
30 Nye, Baddour

31 **SENIOR PRESCRIPTION DRUG ACCESS PROGRAM**

32 **SECTION 6.8.(a)** Notwithstanding G.S. 147-86.30, the Health and Wellness
33 Trust Fund Commission may for the fiscal year 2002-2003 expend not more than three
34 million dollars (\$3,000,000) of the funds reserved pursuant to G.S. 147-86.30(c) to
35 develop and implement a Senior Prescription Drug Access Program. As used in this
36 section, the term "senior" means an individual age 65 years and older. The purpose of
37 the Program is to reduce costs of and improve access to and use of prescription drugs
38 by:

- 39 (1) Providing one-on-one assistance to seniors and low-income citizens in
40 accessing public and private prescription drug assistance programs.
41 (2) Making available pharmacist evaluators to review all prescriptions and
42 to provide face-to-face counseling for seniors to promote compliance
43 and identify potential adverse effects from interactions among the
44 prescribed drugs.
45 (3) Utilizing software currently licensed by the Department of Health and
46 Human Services to guide patients through the complexities of all drug
47 coverage options, including drug acquisition through low-cost or
48 discount drug programs provided through manufacturer's card
49 programs, and by government programs.

50 Drug acquisition services under the Program shall be available to senior citizens and to
51 low-income citizens eligible for assistance under these public and private prescription
52 drug programs. Counseling services provided by the Program shall be available to
53 senior citizens age 65 and older. There shall be no fee for Program medication
54 counseling services to seniors who are Medicaid recipients and seniors enrolled in
55 Carolina CARxES. The Commission may authorize a reasonable fee to be charged by

1 the pharmacist evaluator to other seniors using medication counseling services,
2 provided that the fee is charged on a sliding scale based on individual or family income.
3 In no event may the fee exceed the actual cost of the service provided. The Commission
4 shall consult with other State agencies and public and private entities to avoid
5 duplication and enhance cooperation and collaboration in providing Program services.
6 In allocating funds under the Program, the Commission shall consider diversity of
7 populations served, geographic representation, and increasing community capacity to
8 respond to health needs. The Commission may phase in the availability of services such
9 that initially all geographic regions of the State have services available.

10 **SECTION 6.8.(b)** In developing and implementing the Senior Prescription
11 Drug Access Program, the Commission may do the following:

- 12 (1) Establish a centralized database with linkages to Medicaid databases to
13 enable review of each participant's prescription drug regimen and to
14 ensure quality of services, quality of care, and cost-effectiveness. The
15 database shall comply with all State and federal privacy protection
16 requirements and shall be accessible only to participating pharmacists,
17 primary care physicians, and case managers.
- 18 (2) Use reserved funds authorized under this section to contract with
19 public and private entities to provide prescription drug assistance
20 services.
- 21 (3) Use reserved funds authorized under this section to award grants to
22 applicants eligible under G.S. 147-86.31 to receive grant funds. Grant
23 funds may be used to subsidize costs of hiring and training staff to
24 operate drug acquisition software.

25 **SECTION 6.8.(c)** The Commission shall provide for ongoing evaluation of
26 the Program to measure its usage and effectiveness. The Commission shall include in its
27 annual report required under G.S. 147-86.35 the use of funds for and activities of the
28 Senior Prescription Drug Access Program and the results of its Program evaluation. The
29 report shall include data on the number of persons who received services, fees
30 authorized, and the geographic distribution of Program services.

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

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

35 **SECTION 6.9.** G.S. 58-3-230(a) reads as rewritten:

36 "(a) An insurer that provides a health benefit plan and that credentials providers
37 for its networks shall maintain a process to assess and verify the qualifications of a
38 licensed health care practitioner, or applicant for licensure as a health care practitioner,
39 within 60 days of receipt of a completed provider credentialing application form
40 approved by the Commissioner. When a health care practitioner joins a practice that is
41 under contract with an insurer to participate in a health benefit plan, the effective date of
42 the health care practitioner's participation in the health benefit plan network shall be the
43 date the insurer approves the practitioner's credentialing application."

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

47 **SALE OF UNDERUTILIZED STATE-OWNED AIRCRAFT**

48 **SECTION 6.10.(a)** Any department of State government possessing
49 State-owned operational aircraft that are not being used for spare parts and have not
50 been used for the intended purpose a minimum of two times during the 2001-2002 fiscal
51 year shall sell that aircraft during the 2002-2003 fiscal year pursuant to the provisions of
52 Article 3A of Article 143 of the General Statutes or by other procedures based upon
53 competitive bidding that the head of the department finds to be acceptable for this
54 purpose.

1 **SECTION 6.10.(b)** The Department of Commerce shall sell its Bell 206
 2 helicopter during the 2002-2003 fiscal year.

3 **SECTION 6.10.(c)** Proceeds of the sale of aircraft pursuant to this section
 4 shall be deposited in the General Fund.

5
 6 Requested by: Representative Pope
 7 **TERMINATE HURRICANE FRAN ACCOUNT**

8 **SECTION 6.11A.** Effective June 30, 2003, Executive Order #99 as
 9 amended, dated September 5, 1996, is terminated. All funds in the Hurricane Fran
 10 Account that were not contractually obligated on August 12, 2002 revert on June 30,
 11 2003 and shall be credited to the Savings Reserve Account.

12
 13 **PART VII. PUBLIC SCHOOLS**

14
 15 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 16 Oldham, Redwine, Thompson

17 **TEACHER SALARY SCHEDULES**

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

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

35
 36 **2002-2003 MONTHLY SALARY SCHEDULE**
 37 **"A" TEACHERS**

39 Years of	40 "A"	41 NBPTS
42 Experience	43 Teachers	44 Certification
45 0	46 \$2,525	47 N/A
48 1	49 \$2,567	50 N/A
51 2	52 \$2,611	53 N/A
54 3	55 \$2,764	\$3,096
56 4	\$2,904	\$3,252
57 5	\$3,036	\$3,400
58 6	\$3,164	\$3,544
59 7	\$3,266	\$3,658
60 8	\$3,314	\$3,712
61 9	\$3,362	\$3,765
62 10	\$3,412	\$3,821
63 11	\$3,461	\$3,876
64 12	\$3,511	\$3,932
65 13	\$3,561	\$3,988

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

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

Years of Experience	"M" Teachers	NBPTS Certification
0	\$2,778	N/A
1	\$2,824	N/A
2	\$2,872	N/A
3	\$3,040	\$3,405
4	\$3,194	\$3,577
5	\$3,340	\$3,741
6	\$3,480	\$3,898
7	\$3,593	\$4,024
8	\$3,645	\$4,082
9	\$3,698	\$4,142
10	\$3,753	\$4,203
11	\$3,807	\$4,264
12	\$3,862	\$4,325
13	\$3,917	\$4,387
14	\$3,975	\$4,452
15	\$4,034	\$4,518
16	\$4,094	\$4,585
17	\$4,155	\$4,654
18	\$4,217	\$4,723
19	\$4,281	\$4,795
20	\$4,345	\$4,866
21	\$4,412	\$4,941
22	\$4,479	\$5,016
23	\$4,550	\$5,096
24	\$4,620	\$5,174
25	\$4,690	\$5,253
26	\$4,763	\$5,335
27	\$4,838	\$5,419
28	\$4,914	\$5,504
29	\$4,992	\$5,591
30+	\$4,992	\$5,591

1
2 **SECTION 7.1.(c)** Certified public school teachers with certification based
3 on academic preparation at the six-year degree level shall receive a salary supplement of
4 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation
5 provided for certified personnel of the public schools who are classified as "M"
6 teachers. Certified public school teachers with certification based on academic
7 preparation at the doctoral degree level shall receive a salary supplement of two
8 hundred fifty-three dollars (\$253.00) per month in addition to the compensation
9 provided for certified personnel of the public schools who are classified as "M"
10 teachers.

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

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

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

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

37 **SECTION 7.1.(f)** Certified school nurses who are employed in the public
38 schools as nurses shall be paid on the "M" salary schedule.
39

40 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
41 Oldham, Redwine, Thompson

42 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

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

48 **SECTION 7.2.(b)** The base salary schedule for school-based administrators
49 shall apply only to principals and assistant principals. The base salary schedule for the
50 2002-2003 fiscal year, commencing July 1, 2002, is as follows:
51

52 **2002-2003**
53 **PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**
54 **CLASSIFICATION**
55

	Yrs of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
1						
2						
3						
4						
5	0-4	\$3,226	—	—	—	—
6	5	\$3,373	—	—	—	—
7	6	\$3,515	—	—	—	—
8	7	\$3,629	—	—	—	—
9	8	\$3,681	\$3,681	—	—	—
10	9	\$3,735	\$3,735	—	—	—
11	10	\$3,791	\$3,791	\$3,845	—	—
12	11	\$3,845	\$3,845	\$3,901	—	—
13	12	\$3,901	\$3,901	\$3,956	\$4,015	—
14	13	\$3,956	\$3,956	\$4,015	\$4,074	\$4,135
15	14	\$4,015	\$4,015	\$4,074	\$4,135	\$4,197
16	15	\$4,074	\$4,074	\$4,135	\$4,197	\$4,259
17	16	\$4,135	\$4,135	\$4,197	\$4,259	\$4,324
18	17	\$4,197	\$4,197	\$4,259	\$4,324	\$4,388
19	18	\$4,259	\$4,259	\$4,324	\$4,388	\$4,456
20	19	\$4,324	\$4,324	\$4,388	\$4,456	\$4,524
21	20	\$4,388	\$4,388	\$4,456	\$4,524	\$4,596
22	21	\$4,456	\$4,456	\$4,524	\$4,596	\$4,666
23	22	\$4,524	\$4,524	\$4,596	\$4,666	\$4,737
24	23	\$4,596	\$4,596	\$4,666	\$4,737	\$4,811
25	24	\$4,666	\$4,666	\$4,737	\$4,811	\$4,886
26	25	\$4,737	\$4,737	\$4,811	\$4,886	\$4,963
27	26	\$4,811	\$4,811	\$4,886	\$4,963	\$5,042
28	27	\$4,886	\$4,886	\$4,963	\$5,042	\$5,143
29	28	\$4,963	\$4,963	\$5,042	\$5,143	\$5,246
30	29	\$5,042	\$5,042	\$5,143	\$5,246	\$5,351
31	30	\$5,143	\$5,143	\$5,246	\$5,351	\$5,458
32	31	\$5,246	\$5,246	\$5,351	\$5,458	\$5,567
33	32	—	\$5,351	\$5,458	\$5,567	\$5,678
34	33	—	—	\$5,567	\$5,678	\$5,792
35	34	—	—	\$5,678	\$5,792	\$5,908
36	35	—	—	—	\$5,908	\$6,026
37	36	—	—	—	\$6,026	\$6,147
38	37	—	—	—	—	\$6,270

2002-2003

PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

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

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

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

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

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

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

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

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

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

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

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

10 **SECTION 7.2.(h)**

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

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

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

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

36
37 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
38 Oldham, Redwine, Thompson

39 **LITIGATION RESERVE FUNDS**

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

43
44 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
45 Oldham, Redwine, Thompson

46 **CHILDREN WITH DISABILITIES**

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

1 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
2 Oldham, Redwine, Thompson

3 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

4 **SECTION 7.5.** The State Board of Education shall allocate funds for
5 academically or intellectually gifted children on the basis of eight hundred eighty-eight
6 dollars (\$888.00) per child. A local school administrative unit shall receive funds for a
7 maximum of four percent (4%) of its 2002-2003 allocated average daily membership,
8 regardless of the number of children identified as academically or intellectually gifted in
9 the unit. The State Board shall allocate funds for no more than 53,075 children for the
10 2002-2003 school year.

11
12 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
13 Oldham, Redwine, Thompson

14 **FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW**
15 **STUDENT INFORMATION SYSTEM**

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

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

24
25 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
26 Oldham, Redwine, Thompson

27 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION**

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

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

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

48
49 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
50 Oldham, Redwine, Thompson

51 **REVISION OF READING AND WRITING ASSESSMENTS**

52 **SECTION 7.8.(a)** Of the funds appropriated to State Aid to Local School
53 Administrative Units, the State Board of Education may use up to one million dollars
54 (\$1,000,000) for the 2002-2003 fiscal year to revise the reading and writing
55 assessments.

1 **SECTION 7.8.(b)** Beginning with the 2002-2003 school year, the State
2 Board of Education shall assure that a copy of a student's scored writing test is available
3 to that student's parents, guardians, or others who have legal right to see that student's
4 records. This subsection applies only to the State writing tests administered in fourth
5 grade.

6
7 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
8 Oldham, Redwine, Thompson

9 **FUNDS FOR INSTRUCTIONAL SUPPLIES**

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

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

19
20 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
21 Oldham, Redwine, Thompson

22 **FUNDS FOR MENTOR PAY**

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

28
29 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
30 Oldham, Redwine, Thompson

31 **CONVERSION OF ACCUMULATED LEAVE TIME**

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

33 **"115C-302.1. Salary.**

34 ~~...~~
35 ~~(c1) Conversion of Leave.—Teachers may accumulate annual vacation leave days~~
36 ~~without any applicable maximum until June 30 of each year. In order that only 30 days~~
37 ~~of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or~~
38 ~~other personnel paid on the teacher salary schedule who has accumulated more than 30~~
39 ~~days of annual vacation leave shall:~~

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

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

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

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

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

- 1 (1) ~~Convert to either sick leave or to pay the excess accumulation that is~~
 2 ~~the result of the teacher having to forfeit annual vacation leave in order~~
 3 ~~to attend required workdays; and~~
 4 (2) ~~Convert to sick leave the remaining excess accumulation which may~~
 5 ~~be used for creditable service at retirement in accordance with G.S.~~
 6 ~~135-4(e).~~

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

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

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

22 "

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

25
 26 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 27 Oldham, Redwine, Thompson

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

29 **SECTION 7.12.(a)** Funds allocated to local school administrative units for
 30 Regional Education and Technical Assistance Centers and not expended prior to July 1,
 31 2002, shall remain available to local school administrative units for the 2002-2003 fiscal
 32 year. These funds shall be transferred to the staff development funding allotment and
 33 shall be used only for staff development.

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

35
 36 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
 37 Oldham, Redwine, Thompson

38 **BASE BUDGET REDUCTION TO DEPARTMENT OF PUBLIC**
 39 **INSTRUCTION**

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

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

51 The Request for Proposals may include contingency proposals based on
 52 potential savings.

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

1 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
2 Oldham, Redwine, Thompson

3 **REPLACEMENT SCHOOL BUS FUNDS**

4 **SECTION 7.14.(a)** Of the funds appropriated to the State Board of
5 Education for the 2002-2003 fiscal year, the Board may use up to ten million dollars
6 (\$10,000,000) for grants to local boards of education for replacement school buses
7 under G.S. 115C-249(c) and (d). In making these grants, the State Board of Education
8 may impose any of the following conditions:

- 9 (1) The local board of education must use the funds only to make the first
10 year's payment on a financing contract entered into pursuant to G.S.
11 115C-528.
- 12 (2) The term of a financing contract entered into under this section shall
13 not exceed three years.
- 14 (3) The local board of education must purchase the buses only from
15 vendors selected by the State Board of Education and on terms
16 approved by the State Board of Education.
- 17 (4) The State Board of Education shall solicit bids for the direct purchase
18 of buses and for the purchasing of buses through financing. The State
19 Board of Education may solicit separate bids for financing if the Board
20 determines that multiple financing options are more cost-efficient.
- 21 (5) A bus financed pursuant to this section must meet all federal motor
22 vehicle safety regulations for school buses.
- 23 (6) Any other condition the State Board of Education considers
24 appropriate.

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

27
28 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
29 Oldham, Redwine, Thompson

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

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

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

50 High school course content standards shall include the knowledge
51 and skills necessary to enter the workforce and also shall be aligned
52 with the coursework required for admission to the constituent
53 institutions of The University of North Carolina. The Board shall
54 develop and implement a plan for end-of-course tests for the minimum

1 courses required for admission to the constituent institutions. All
2 end-of-course tests shall be aligned with the content standards.

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

18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
19 Oldham, Redwine, Thompson

20 CORPORATE TAX TRANSFER MORATORIUM

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

26 **SECTION 7.16.(b)** Notwithstanding the provisions of G.S. 115C-546.1(b),
27 the Secretary of Revenue shall not remit any funds for credit to the Public School
28 Building Capital Fund during the 2002-2003 fiscal year but shall deposit in the State
29 Public School Fund the funds that would have otherwise been deposited in the Public
30 School Building Capital Fund pursuant to G.S. 115C-546.1(b). The Department of
31 Public Instruction may continue to use these funds to support six positions in the School
32 Planning Division.
33

34 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
35 Oldham, Redwine, Thompson

36 STUDY MODIFICATIONS

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

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

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

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

49 **SECTION 7.17.(c)** Study of the Textbook Distribution System. – Section
50 28.24 of S.L. 2001-424 reads as rewritten:

51 "**SECTION 28.24.** The State Board of Education shall contract for an analysis of the
52 best and most efficient method to manage textbook distribution to the local schools. The
53 Board shall prepare a Request for Proposals (RFP) outlining the scope of the analysis
54 required and select a private consultant to perform the analysis. The analysis shall
55 include such issues as timely delivery, total costs to the local school systems in

1 providing textbooks to school buildings, use of currently available technology in the
2 process, pricing practices among the textbook publishing industry, and other issues the
3 Board considers relevant to a comprehensive review of the system.

4 Prior to award of a contract, the State Board shall present the Request for Proposals
5 to the Joint Legislative Education Oversight Committee for comment. The State Board
6 shall report to the Joint Legislative Education Oversight Committee on the results of the
7 consultant's analysis, including the Board's recommendations for changes in the current
8 system. The Board shall make its final report to the Committee by ~~April 1,~~
9 ~~2002.~~February 1, 2003."

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

12 "**SECTION 28.34.** The Joint Legislative Education Oversight Committee shall
13 study the salaries of food service workers and custodians employed by the public
14 schools. The Committee shall report its findings to the ~~2002 Regular Session of the~~
15 ~~2001 General Assembly.~~2003 General Assembly."

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

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

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

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

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

1 is preferable, then it shall determine whether it must be administered to
 2 all students or limited to certain students, for example, those who do
 3 not take the SAT or a certain number of courses for which there are
 4 end-of-course tests.

5 (6) The extent to which additional testing, including field testing, practice
 6 testing, and locally mandated testing, is occurring and whether this
 7 should be limited or prohibited.

8 (7) Evaluate alternative schools to determine how educational
 9 achievement is being advanced in these alternative school programs
 10 and that placement in these programs is to improve student
 11 performance rather than improve the performance of the school in
 12 which the student originally was assigned.

13 (7a) The extent to which the State tests assist in compliance with the
 14 assessment and accountability provisions of the federal "No Child Left
 15 Behind" law and regulations, the ABC's model, and the Leandro
 16 rulings.

17 (8) Any other issue the Committee considers relevant.

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

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

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

31 Requested by: Representative Shubert

32 **PERFORMANCE-BASED LICENSURE PROGRAM**

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

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

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

52 The State Board of Education, in consultation with the Board of Governors of The
 53 University of North Carolina, shall evaluate and develop enhanced requirements for
 54 continuing certification. The new requirements shall reflect more rigorous standards for
 55 continuing certification and to the extent possible shall be aligned with quality

1 professional development programs that reflect State priorities for improving student
2 achievement. These rigorous standards shall not include a portfolio requirement for
3 teachers.

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

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

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

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

27 **SECTION 7.18.(c)** Section 28.19(b) of S.L. 2001-424 is repealed.
28

29 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
30 Oldham, Redwine, Thompson

31 **STUDY OF COORDINATION OF CENTRAL OFFICE DUTIES**

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

40 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
41 Oldham, Redwine, Thompson

42 **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

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

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

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

4
5 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
6 Oldham, Redwine, Thompson

7 **HIGH SCHOOL EXIT EXAMINATION**

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

17
18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
19 Oldham, Redwine, Thompson

20 **CLARIFICATION TO PROVISION ON ADDRESSING TEACHER**
21 **SHORTAGE**

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

23 "(2) The sum of \$1,500,000 for the 2001-2002 fiscal year and the sum of
24 \$1,500,000 for the 2002-2003 fiscal year shall be used to provide
25 annual bonuses of one thousand eight hundred dollars (\$1,800) to
26 teachers certified in and teaching in the fields of mathematics, science,
27 or special education in grades 6 through 12 at middle and high schools
28 with eighty percent (80%) or more of the students eligible for free or
29 reduced lunch or with fifty percent (50%) or more of students
30 performing below grade level in Algebra I and Biology. The bonus
31 shall be paid monthly with matching benefits. Teachers shall remain
32 eligible for the bonuses so long as they continue to teach in one of
33 these disciplines at a school that was eligible for the bonus program
34 when the teacher first received the bonus."
35

36 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
37 Oldham, Redwine, Thompson

38 **SUPPORT FOR THE BUSINESS SYSTEMS IMPROVEMENT PROJECT**
39 **(BSIP)**

40 **SECTION 7.23.** The State Board of Education may use up to one hundred
41 twenty thousand dollars (\$120,000) of driver education funds for the 2002-2003 fiscal
42 year for software maintenance and other support for the Business Systems Improvement
43 Project (BSIP), a new school bus transportation system operated by the Department of
44 Transportation.
45

46 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
47 Oldham, Redwine, Thompson

48 **EXTEND ALTERNATIVE LATERAL ENTRY PROGRAM**

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

50 **"Section 2.** This act is effective when it becomes law and expires ~~September 1,~~
51 ~~2002, September 1, 2006,~~ except that it remains effective for any teacher employed
52 under this act before ~~September 1, 2002. September 1, 2006.~~"
53

54 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
55 Oldham, Redwine, Thompson

ADDITIONAL TEACHER POSITIONS FOR KINDERGARTEN AND FIRST GRADE

SECTION 7.25.(a) The class size allotment for kindergarten for the 2002-2003 school year shall be one teacher for every 17 students. The maximum class size for kindergarten for the 2002-2003 fiscal year shall be one less than the class size limits established by the State Board of Education for the 2001-2002 school year, which shall be an average kindergarten class size of 21 students and no more than 24 students in a classroom.

The class size allotment for first grade for the 2002-2003 school year shall be one teacher for every 18 students. The average class size for first grade within a local school administrative unit shall not exceed 21 students. The maximum class size for first grade for individual classes for the 2002-2003 fiscal year shall be 24 students.

SECTION 7.25.(b) For the 2002-2003 school year only, a local school administrative unit shall use these additional teacher positions to reduce class size in kindergarten and first grade.

SECTION 7.25.(c) For the 2003-2004 school year and subsequent school years, the State Board of Education shall reduce the maximum class size limits for kindergarten by two students from the limits in effect for the 2001-2002 school year. These limits are based on an allotment ratio of one teacher for every 17 students.

For the 2003-2004 school year and subsequent school years, the maximum class size limit for first grade shall be based on an allotment ratio of one teacher for every 18 students.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

LOCAL EDUCATION AGENCY FLEXIBILITY

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

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

The General Assembly urges local school administrators to make every effort to reduce spending whenever and wherever such budget reductions are appropriate as long as the targeted reductions do not directly impact classroom services or any services for students at risk or children with special needs, including those services or supports that are called for in students' Personal Education Plans (PEP) and/or Individual Education Plans (IEP). If reductions to these allotment categories are necessary in order to meet the reduction target, the local board of education shall submit an explanation of the anticipated impact of the reductions to student services along with the budget reductions to the Department of Public Instruction.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

BUSINESS AND EDUCATION TECHNOLOGY ALLIANCE

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

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

- (1) The Superintendent of Public Instruction or his or her designee;

- 1 (2) One member of the State Board of Education appointed by the chair of
2 the State Board of Education;
- 3 (3) One parent of a public school child appointed by the State Board of
4 Education after receiving recommendations from the North Carolina
5 State Parent Teacher Association;
- 6 (4) Two members of the Senate appointed by the President Pro Tempore
7 of the Senate;
- 8 (5) Two members of the House of Representatives appointed by the
9 Speaker of the House of Representatives;
- 10 (6) One member of a local board of education who represents a local
11 education agency (LEA) that has successfully incorporated technology
12 into its schools, who is appointed by the Governor, after receiving
13 recommendations from the North Carolina School Boards Association;
- 14 (7) One member of a local board of education who represents a local
15 education agency (LEA) that has limited access to technology, who is
16 appointed by the Governor, after receiving recommendations from the
17 North Carolina School Boards Association;
- 18 (8) Two at-large members appointed by the Governor;
- 19 (9) One representative of business and industry appointed by the State
20 Board of Education after receiving recommendations from the North
21 Carolina Citizens for Business and Industry;
- 22 (10) Four members appointed by the President Pro Tempore of the Senate.
23 In making these appointments the President Pro Tempore is
24 encouraged to consider appointing a local school superintendent or a
25 local school administrator who represents a local education agency that
26 has limited access to technology, a school principal who works in a
27 school that successfully incorporates technology into its instructional
28 program, a school teacher who works in a school with limited access to
29 technology, and a technology director who represents a local education
30 agency (LEA) that has successfully incorporated technology into its
31 schools. Professional associations representing school administrators
32 and professional associations representing teachers may recommend
33 appointees to the President Pro Tempore;
- 34 (11) Four members appointed by the Speaker of the House of
35 Representatives. In making these appointments the Speaker of the
36 House of Representatives is encouraged to consider appointing a local
37 school superintendent or a local school administrator from a local
38 education agency that has successfully incorporated the use of
39 technology into its instructional programs, a school principal working
40 in a school with limited access to technology, a school teacher who has
41 successfully incorporated the use of technology into classroom
42 instruction, and a technology director who represents a local education
43 agency (LEA) that has limited access to technology. Professional
44 associations representing school administrators and professional
45 associations representing teachers may recommend appointees to the
46 Speaker of the House of Representatives;
- 47 (12) One chancellor or his or her designee of institutions of higher
48 education who has demonstrated effective and innovative use of
49 technology for education, appointed by the Board of Governors of The
50 University of North Carolina;
- 51 (13) One president or his or her designee of the Community College
52 System who has demonstrated effective and innovative use of
53 technology for education, appointed by the State Board of Community
54 Colleges;

- 1 (14) Two county commissioners, one of whom represents a county that has
2 successfully incorporated technology into its schools and community,
3 who are appointed by the State Board of Education, after receiving
4 recommendations from the North Carolina Association of County
5 Commissioners;
- 6 (15) Two representatives of technology businesses who have either
7 successfully developed innovative technology programs for education
8 or have partnered with a local education agency (LEA) to develop a
9 technology-based education environment in that LEA, who are
10 appointed by the State Board of Education, after receiving
11 recommendations from North Carolina Electronics and Information
12 Technologies Association and the North Carolina Citizens for
13 Business and Industry; and
- 14 (16) One representative of the Information Resource Management
15 Commission appointed by the Commission's Chair.

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

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

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

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

- 32 (1) Advise the State Board of Education on the development of a vision
33 for a technologically literate citizen in 2025. This vision should
34 contain the educational standards needed to accomplish that vision, the
35 educational uses of technology to accomplish that vision, and a plan
36 for educating the community, educators, and business people about the
37 vision and educational uses of technology. The vision and the plan for
38 educating the public about the vision may include:
- 39 a. Various models and frameworks of the high quality and
40 effective use of technology for education purposes including
41 those students who have not learned with traditional
42 approaches. The models may include the Cumberland County
43 Schools Web Academy, the Virtual High School, and Nova
44 Net.
- 45 b. Opportunities for teachers to experience the uses of technology
46 in work and business settings, which is the world for which they
47 are preparing students to work.
- 48 c. Production of multimedia presentations such as videos,
49 commercials, and publications that help citizens, students, and
50 educators see and understand the current and future power of
51 technology for educating our children and impacting our lives.
- 52 (2) Advise the State Board of Education on the development of a
53 technology infrastructure, delivery, and support system that provides
54 equity and access to all segments of the population in North Carolina.
55 The infrastructure, delivery, and support system may include:

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

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

28 **SECTION 7.27.(g)** Federal funds and private funds may be used to support
29 the Alliance. State funds shall not be used to support the Alliance.
30

31 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Gibson,
32 Easterling, Oldham, Redwine, Thompson

33 **HIGH PRIORITY SCHOOL PROGRAM WAIVER**

34 **SECTION 7.28.** Section 29.6(c) of S.L. 2001-424 reads as rewritten:

35 "**SECTION 29.6.(c)** If a local board of education determines that the local school
36 administrative unit is unable to implement the class-size limitation in accordance with
37 this section for any high-priority school located in the unit, the local board may request
38 a waiver for the school for the 2001-2002 school year and for the 2002-2003
39 school year. The request shall include the documentation required in G.S.
40 115C-105.26(a). If the State Board grants the waiver, the State Board shall withdraw the
41 additional teacher positions allotted to the local school administrative unit for the school
42 and reinstate the regular allotment for teacher assistants for the school."
43

44 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
45 Oldham, Redwine, Thompson

46 **AUTHORIZING THE USE OF MENTOR FUNDS FOR FULL-TIME**
47 **MENTORS**

48 **SECTION 7.29.** Section 28.18 of S.L. 2001-424 reads as rewritten:

49 "**SECTION 28.18.(a)** The State Board of Education shall ~~establish a pilot program~~
50 ~~to permit the Charlotte-Mecklenburg School Administrative Unit, the Forsyth County~~
51 ~~School Administrative Unit, and the Wake County School Administrative Unit permit~~
52 all local school administrative units to use funds allocated for mentors for full-time
53 mentors.

54 Funds allocated for mentors ~~in these units~~ shall be used only for teachers and
55 instructional support personnel assigned to newly certified teachers, second-year

1 teachers who were assigned mentors during the prior school year, or as authorized by
2 Section 28.31 of this act, and entry-level instructional support personnel who have not
3 previously been teachers. These funds shall be used only for:

- 4 (1) Salary supplements to teachers and instructional support personnel
5 who are serving as mentors. The amount of the salary supplement shall
6 not be based on the number of teachers or instructional support
7 personnel to whom the mentor is assigned; or
8 (2) Payments to teachers or instructional support personnel who are
9 employed solely to serve as mentors. An individual employed solely to
10 serve as a mentor shall receive a payment for each individual, up to 15
11 individuals, to whom the mentor is assigned. The amount of each such
12 payment shall be the same as the amount of the salary supplement for a
13 mentor.

14 **SECTION 28.18.(b)** ~~The Charlotte-Mecklenburg Board of Education, the Forsyth~~
15 ~~County Board of Education, and the Wake County Board of Education shall report to~~
16 ~~the State Board of Education shall evaluate~~ on an annual basis on the impact that the
17 mentor program has had on retention of teachers. The State Board shall report on this
18 information to the Joint Legislative Education Oversight Committee."
19

20 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
21 Oldham, Redwine, Thompson

22 **NOTIFICATION OF FIELD TESTING**

23 **SECTION 7.30.** G.S. 115C-174.12 reads as rewritten:

24 **"§ 115C-174.12. Responsibilities of agencies.**

25 (a) The State Board of Education shall establish policies and guidelines
26 necessary for minimizing the time students spend taking tests administered through
27 State and local testing ~~programs~~ programs, for minimizing the frequency of field testing
28 at any one school, and for otherwise carrying out the provisions of this Article. These
29 policies shall reflect standard testing practices to insure reliability and validity of the
30 sample testing. The results of the field tests shall be used in the final design of each
31 test. The State Board of Education's policies regarding the testing of children with
32 disabilities shall (i) provide broad accommodations and alternate methods of assessment
33 that are consistent with a child's individualized education program and section 504 (29
34 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of
35 decisions about a child's graduation or promotion, and (iii) provide parents with
36 information about the Statewide Testing Program and options for students with
37 disabilities. The State Board shall report its proposed policies and proposed changes in
38 policies to the Joint Legislative Education Oversight Committee prior to adoption.

39 The State Board of Education may appoint an Advisory Council on Testing to assist
40 in carrying out its responsibilities under this Article.

41 (b) The Superintendent of Public Instruction shall be responsible, under policies
42 adopted by the State Board of Education, for the statewide administration of the testing
43 program provided by this Article.

44 (b1) The Superintendent shall notify local boards of education by October 1 of
45 each year of any field tests that will be administered in their schools during the school
46 year, the schools at which the field tests will be administered, and the specific field tests
47 that will be administered at each school.

48 (c) Local boards of education shall cooperate with the State Board of Education
49 in implementing the provisions of this Article, including the regulations and policies
50 established by the State Board of Education. Local school administrative units shall use
51 the annual and competency testing programs to fulfill the purposes set out in this
52 Article. Local school administrative units are encouraged to continue to develop local
53 testing programs designed to diagnose student needs further."
54

55 Requested by: Representative Yongue

DRIVERS EDUCATION FUNDING

SECTION 7.31. From funds appropriated by this act to the Department of Transportation, the Department shall pay for the increased costs for drivers education due to the projected increase in average daily membership in the ninth grade drivers education program.

In allocating funds for driver training, the State Board of Education shall consider the needs of small and low-wealth local school administrative units.

Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling, Oldham, Redwine, Thompson

INTERVENTION STRATEGIES FOR CONTINUALLY LOW-PERFORMING SCHOOLS

SECTION 7.32. Section 29.5 of S.L. 2001-424 reads as rewritten:

"SECTION 29.5. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of one million eight hundred seven thousand two hundred fifty-six dollars (\$1,807,256) for the 2001-2002 fiscal year and the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars (\$1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's chronically low-performing schools with tools needed to dramatically improve student achievement. These funds shall be used to implement any of the following strategies at the schools that have not previously been implemented with State or other funds:

- (1) The sum of \$471,366 for the 2001-2002 fiscal year and the sum of \$471,366 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted for students in grades four and five is one for every 17 students; and
- (2) The sum of \$1,207,595 for the 2001-2002 fiscal year and the sum of \$1,207,595 for the 2002-2003 fiscal year shall be used to reduce class size at a continually low-performing school to ensure that the number of teachers allotted in grades six through eight is one for every 17 students, and that the number of teachers allotted in grades nine through twelve is one for every 20 students; and
- (3a) The sum of \$128,295 for fiscal year 2001-2002 shall be used to extend teachers' contracts at these schools by five days for staff development, including methods to individualize instruction in smaller classes and preparation for the 2001-2002 school year. Of these funds, the sum of \$10,175 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of \$118,120 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2001-2002 school year; and
- (3b) The sum of \$307,730 for fiscal year 2002-2003 shall be used to extend teachers' contracts for a total of 10 days, including five days of additional instruction with related costs for other than teachers' salaries for the 2002-2003 school year. Of these funds, the sum of \$24,405 shall be used for the extension of contracts of the additional teachers in grades four and five provided in subdivision (1) of this section and the sum of \$283,325 shall be used for the extension of all teachers' contracts at continually low-performing middle and high schools for the 2002-2003 school year.

Notwithstanding any other provision of law, the State Board of Education may implement intervention strategies for the 2001-2002 and 2002-2003 school year ~~years~~ that it deems appropriate."

1 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
2 Oldham, Redwine, Thompson

3 **STUDY VOC. ED. TESTS**

4 **SECTION 7.33.** The Joint Legislative Education Oversight Committee shall
5 study the extent to which standardized tests are utilized in Vocational Education classes
6 for the purpose of grading students. The Committee shall examine whether appropriate
7 grading weight also is assigned to the assessment of actual student skill performance
8 and knowledge. The Committee shall report its findings, which may include legislative
9 recommendations, to the 2003 General Assembly.

10
11 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Michaux,
12 Easterling, Oldham, Redwine, Thompson

13 **ADDITIONAL PURCHASING FLEXIBILITY FOR ALL SCHOOL SYSTEMS**

14 **SECTION 7.35.** Purchases by local school administrative units of supplies,
15 equipment, and materials valued at two thousand five hundred dollars (\$2,500) or less
16 are not subject to the provisions of G.S. 115C-522.1 or Article 3 of Chapter 143 of the
17 General Statutes, except for G.S. 143-48 and G.S. 143-58.1.

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

20 **AVAILABILITY OF INFORMATION ON EMPLOYEE QUALIFICATIONS**

21 **SECTION 7.36.** G.S. 115C-319 reads as rewritten:

22 **"§ 115C-319. Personnel files not subject to inspection.**

23 Personnel files of employees of local boards of education, former employees of local
24 boards of education, or applicants for employment with local boards of education shall
25 not be subject to inspection and examination as authorized by G.S. 132-6. For purposes
26 of this Article, a personnel file consists of any information gathered by the local board
27 of education which employs an individual, previously employed an individual, or
28 considered an individual's application for employment, and which information relates to
29 the individual's application, selection or nonselection, promotion, demotion, transfer,
30 leave, salary, suspension, performance evaluation, disciplinary action, or termination of
31 employment wherever located or in whatever form.

32 Nothing in this section shall be construed to prevent local boards of education from
33 disclosing the certification status and other information about employees as required by
34 Section 1111(h)(6) of P.L. 107-110."

35
36 Requested by: Representative Wright

37 **DUTIES OF SCHOOL COUNSELORS**

38 **SECTION 7.37.(a)** Article 21 of Chapter 115C of the General Statutes is
39 amended by adding a new section to read:

40 **"§ 115C-316.1. Duties of school counselors.**

41 School counselors shall implement a comprehensive developmental school-
42 counseling program in their schools. Counselors shall spend at least eighty percent
43 (80%) of their work time providing direct services to students. These direct services
44 shall consist of:

- 45 (1) Delivery of the school guidance curriculum through large-group
46 guidance, interdisciplinary curriculum development, group activities,
47 and parent workshops;
- 48 (2) Individual student planning through individual or small-group
49 assistance and individual or small-group advisement; and
- 50 (3) Responsive services through consultation with students, families and
51 staff, individual and small-group counseling, crisis counseling,
52 referrals, and peer facilitation.

53 Direct services do not include the coordination of standardized testing.

1 During the remainder of their work time, counselors shall spend adequate time on
2 school-counseling program support activities that consist of professional development;
3 consultation, collaboration, and training; and program management and operations."

4 **SECTION 7.37.(b)** Prior to the 2003-2004 school year, each local board of
5 education shall develop a transition plan for implementing subsection (a) of this act,
6 within existing resources, by reassigning duties within its schools.

7 The State Board of Education shall distribute guidelines to all school systems
8 on the implementation of this section.

9 **SECTION 7.37.(c)** The State Board shall report to the Joint Legislative
10 Education Oversight Committee on the implementation of this section.

11 **SECTION 7.37.(d)** Subsection (a) of this section is effective when it
12 becomes law and applies to school years beginning with the 2003-2004 school year.

13
14 Requested by: Representative Creech

15 **DEFINITION OF RETIRED TEACHER MODIFIED**

16 **SECTION 7.38.** G.S. 115C-325(a)(5a) reads as rewritten:

17 "**§ 115C-325. System of employment for public school teachers.**

18 (a) Definition of Terms. – As used in this section unless the context requires
19 otherwise:

20 (5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary
21 of the Teachers' and State Employees' Retirement System of North
22 Carolina who has been retired at least six months, has not been
23 employed in any capacity, other than as a substitute teacher or a
24 part-time tutor, with a local board of education for at least six months,
25 immediately preceding the effective date of reemployment, is
26 determined by a local board of education to have had satisfactory
27 performance during the last year of employment by a local board of
28 education, and who is employed to teach as provided in G.S.
29 135-3(8)c. A retired teacher shall be treated the same as a probationary
30 teacher except that (i) a retired teacher is not eligible for career
31 status-status and (ii) the performance of a retired teacher who had
32 attained career status prior to retirement shall be evaluated in
33 accordance with a local board of education's policies and procedures
34 applicable to career teachers."

35
36 Requested by: Representative Warner

37 **LIMIT CERTIFICATION RENEWAL FOR RETIRED TEACHERS**

38 **SECTION 7.39.** G.S. 115C-296(b) reads as rewritten:

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

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

5 The State Board of Education, in consultation with the Board of Governors of The
6 University of North Carolina, shall evaluate and develop enhanced requirements for
7 continuing certification. The new requirements shall reflect more rigorous standards for
8 continuing certification and to the extent possible shall be aligned with quality
9 professional development programs that reflect State priorities for improving student
10 achievement.

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

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

23 All North Carolina institutions of higher education that offer teacher education
24 programs, masters degree programs in education, or masters degree programs in school
25 administration shall provide performance reports to the State Board of Education. The
26 performance reports shall follow a common format, shall be submitted according to a
27 plan developed by the State Board, and shall include the information required under the
28 plan developed by the State Board."
29

30 Requested by: Representative Howard

31 **ON-LINE SERVICES AVAILABLE FOR ALL**

32 **SECTION 7.40.** By October 1, 2002, the State Board of Education shall
33 assure that the on-line resources of the Department of Public Instruction available to
34 students enrolled in public schools are made available without charge to students
35 enrolled in schools subject to Article 39 of Chapter 115C of the General Statutes. By
36 October 1, 2002, the State Board of Education and the Board of Governors of The
37 University of North Carolina shall assure that the on-line resources available to parents
38 and teachers of public school students also are made available without charge to parents
39 and teachers of students enrolled in schools subject to Article 39 of Chapter 115C of the
40 General Statutes.
41

42 Requested by: Representative Thompson

43 **CERTIFICATION OF SCHOOL NURSES**

44 **SECTION 7.41.(a)** G.S. 115C-315 is amended by adding the following new
45 subsection to read:

46 "(d1) Certification for School Nurses. – Notwithstanding any other law or rule,
47 school nurses employed in the public schools shall hold a current North Carolina
48 registered nurse license. School nurses employed in the public schools shall not be
49 required to obtain national certification."

50 **SECTION 7.41.(b)** This section is effective when it becomes law, and
51 applies to school nurses employed on or after July 1, 1993.
52

53 Requested by: Representative Yongue

54 **FUNDS FOR THE TOTAL QUALITY EDUCATION PROGRAM**

1 **SECTION 7.42.** The State Board of Education shall reduce allocations to
2 local school administrative units for central office administration for the 2002-2003
3 fiscal year by five thousand dollars (\$5,000). The State Board shall use these funds for
4 the Total Quality Education Program, a nonpublic school agency.

5 The Joint Legislative Education Oversight Committee shall continue to
6 review how nonpublic school agencies, such as the Total Quality Education Program,
7 are helping local school administrative units enhance student performance.

8 The Department of Public Instruction shall report to the Joint Legislative
9 Education Oversight Committee on the use of State and nonstate funds by local boards
10 of education to contract with nonpublic school agencies.

11 **PART VIII. COMMUNITY COLLEGES**

12
13
14 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
15 Oldham, Redwine, Thompson

16 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

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

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

27
28 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
29 Oldham, Redwine

30 **HAYWOOD REGIONAL HIGH TECHNOLOGY CENTER**

31 **SECTION 8.4.(a)** The Office of State Budget and Management shall
32 transfer funding for Haywood Regional High Technology Center from the special
33 allotments line item to a new line item entitled "Haywood Regional High Technology
34 Center".

35 **SECTION 8.4.(b)** The State Board of Community Colleges shall study the
36 operations of the Haywood Regional High Technology Center, the economic impact of
37 the Center on the region, and the costs of the Center to determine whether similar
38 centers should be created in other regions of the State. The Board shall report the
39 results of this study to the Joint Legislative Education Oversight Committee prior to
40 March 1, 2003.

41
42 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
43 Oldham, Redwine, Thompson

44 **REALIGNMENT OF FUNDING**

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

51 Nothing in this section shall be construed to provide or to indicate the intent
52 of the General Assembly to provide additional funding for the Academic Support
53 Supplement.

54 **SECTION 8.5.(b)** Formula Modification Restrictions. – The State Board of
55 Community Colleges may examine and recommend to the General Assembly new State

1 Aid allocation options that more closely align the allocation and expenditure of
2 State-appropriated resources. The State Board shall report any recommendations
3 regarding modifications to the formula to the Senate Appropriations Committee on
4 Education/Higher Education, the House Appropriations Subcommittee on Education,
5 the President Pro Tempore of the Senate, the Speaker of the House of Representatives,
6 and the Fiscal Research Division.

7
8 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
9 Oldham, Redwine, Thompson

10 **TEMPORARY RULES ON FTE FOR TRAINING PROVIDED TO LAW**
11 **ENFORCEMENT PERSONNEL AND ON GENERIC FEES**

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

16 **SECTION 8.6.(b)** The State Board of Community Colleges may adopt
17 temporary rules clarifying the provisions of 23NCAC2(D).0201(c)(1) and (c)(2)
18 pertaining to the definition of generic fees and specific fees charged to students
19 attending community colleges.

20 **SECTION 8.6.(c)** This section constitutes a recent act of the General
21 Assembly within the meaning of G.S. 150B-21.1(a)(2). Prior to adopting temporary
22 rules pursuant to this section, the State Board of Community Colleges shall:

- 23 (1) Publish the proposed temporary rules in the North Carolina Register at
24 least 30 days prior to adopting the temporary rules.
- 25 (2) Notify persons on its mailing list maintained pursuant to G.S.
26 150B-21.2(d) and any other interested parties of its intent to adopt
27 temporary rules.
- 28 (3) Hold at least one public hearing on the proposed temporary rules.

29 **SECTION 8.6.(d)** This section becomes effective when this act becomes
30 law and expires 180 days after that date.

31
32 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
33 Oldham, Redwine, Thompson

34 **COMMUNITY COLLEGE SYSTEM STUDY**

35 **SECTION 8.7.(a)** The Joint Legislative Education Oversight Committee
36 shall hire an outside consultant to consider:

- 37 (1) The organization and structure of the Community College System, the
38 number of colleges within the System, the location and size of the
39 colleges, and whether the State could realize any administrative
40 savings from the consolidation of some colleges or programs;
- 41 (2) The formula used to fund administration at the colleges, appropriate
42 funding levels for administration of the various colleges, and the
43 appropriate number of administrative staff members for colleges of
44 different sizes; and
- 45 (3) The funding of multicampus colleges and off-campus centers,
46 including the appropriate number of administrative staff members, and
47 an appropriate funding mechanism for administration and for other
48 purposes.

49 **SECTION 8.7.(b)** The Joint Legislative Education Oversight Committee
50 may hire an outside consultant to study Community College System funding, including
51 State funds, county funds, and tuition rates. In the course of this study, the consultant
52 shall:

- 53 (1) Compare the level of community college funding in North Carolina to
54 that of other states, in view of the differences in their missions;
- 55 (2) Consider an appropriate level of county funding; and

- 1 (3) Consider the current level of resident tuition in view of the availability
2 of financial aid at community colleges, the availability of financial aid
3 at other institutions of higher education, and the current level of State
4 funding.

5 **SECTION 8.7.(c)** The Committee shall report the results of these studies to
6 the 2003 General Assembly.

7
8 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
9 Oldham, Redwine, Thompson

10 **FLEXIBILITY TO IMPLEMENT BUDGET REDUCTIONS**

11 **SECTION 8.8.(a)** Notwithstanding G.S. 143-23 or any other provision of
12 law, the State Board of Community Colleges may transfer funds within the budget of
13 the Community Colleges System Office to the extent necessary to implement base
14 budget reductions and to reorganize the System Office to maintain management
15 efficiencies.

16 **SECTION 8.8.(b)** This section expires June 30, 2003.

17
18 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
19 Oldham, Redwine, Thompson

20 **TRANSFER OF COMMUNITY COLLEGE POSITION**

21 **SECTION 8.9.** Personnel position # 6800-1500-0075-052, High School
22 Apprenticeship Consultant, is transferred from the North Carolina Community College
23 System to the Department of Public Instruction.

24
25 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Buchanan,
26 Easterling, Oldham, Redwine, Thompson

27 **HOSIERY CENTER FUNDS**

28 **SECTION 8.10.** Notwithstanding any other provision of law, all fees
29 collected by the Hosiery Technology Center of Catawba Valley Community College for
30 the testing of hosiery products shall be retained by the Center and used for the
31 operations of the Center. Purchases made by the Center using these funds are not
32 subject to the provisions of Article 3 of Chapter 143 of the General Statutes.

33
34 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Baker,
35 Easterling, Oldham, Redwine, Thompson

36 **VITICULTURE/ENOLOGY COURSE AUTHORIZATION**

37 **SECTION 8.11.(a)** Article 11 of Chapter 18B of the General Statutes is
38 amended by adding a new section to read:

39 **"§ 18B-1114.4. Viticulture/Enology course authorization.**

40 **(a) Authorization. – The holder of a viticulture/enology course authorization**
41 **may:**

- 42 **(1) Manufacture wine from grapes grown on the school's own campus or**
43 **property for the purpose of providing instruction and education on the**
44 **making of unfortified wines.**
45 **(2) Possess wines manufactured during the viticulture/enology program**
46 **for the purpose of conducting wine-tasting seminars and classes for**
47 **students who are 21 years of age or older.**
48 **(3) Sell wines produced during the course to wholesalers or to retailers**
49 **upon obtaining a wine wholesaler permit under G.S. 18B-1107, except**
50 **that the permittee may not receive shipments of wines from other**
51 **producers.**

52 **(b) Limitation. – Authorization for a viticulture/enology course shall be granted**
53 **by the Commission only for a community college or college that offers a**
54 **viticulture/enology program as a part of its curriculum offerings for students of the**
55 **school. No retail sales of wine shall be made by the students, instructor, or school.**

1 Wines may be manufactured only from grapes grown in a research vineyard, not to
2 exceed five acres, that is located on the school's campus or property.

3 (c) The holder of a viticulture/enology course authorization may manufacture
4 wines from grapes grown by others until June 30, 2004. Otherwise, wine may be
5 manufactured only as provided in subsection (b) of this section.

6 (d) The holder of a viticulture/enology course authorization shall not be
7 considered a winery for the purposes of this Chapter or Chapter 105 of the General
8 Statutes."

9 **SECTION 8.11.(b)** G.S. 66-58(c) is amended by adding a new subdivision
10 to read:

11 "(1a) The sale of products raised or produced incident to the operation of a
12 community college viticulture/enology program as authorized by G.S.
13 18B-1114.4."

14
15 Requested by: Representatives Clary, Underhill

16 **COMMUNITY COLLEGE RADIO STATION FUNDING**

17 **SECTION 8.12.** The Office of State Budget and Management and the
18 Community College System Office shall increase the amount budgeted for receipts for
19 the 2002-2003 fiscal year by the sum of two hundred ninety-nine thousand eight
20 hundred twenty-four dollars (\$299,824). These funds shall be used to increase funding
21 for public radio stations as follows:

- 22 (1) Craven Community College - \$74,956;
- 23 (2) Isothermal Community College - \$74,956
- 24 (3) Gaston Community College - \$149,912.

25 26 **PART IX. UNIVERSITIES**

27
28 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
29 Oldham, Redwine, Thompson, Haire

30 **ELIZABETH CITY STATE UNIVERSITY PHARMACY SCHOOL/EAST** 31 **CAROLINA UNIVERSITY ENGINEERING SCHOOL/ENGINEERING** 32 **PROGRAMS AT WESTERN CAROLINA UNIVERSITY AND THE** 33 **UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE**

34 **SECTION 9.1.(a)** The Board of Governors of The University of North
35 Carolina shall establish an accredited and fully staffed stand-alone school of pharmacy
36 at Elizabeth City State University no later than the 2004-2005 academic year. The
37 Board of Governors shall begin to implement immediately the proposals to establish a
38 fully staffed stand-alone school of pharmacy at Elizabeth City State University. The
39 Board of Governors shall establish this school as set forth in the feasibility study
40 conducted in compliance with Section 31.10(c) of S.L. 2001-424.

41 **SECTION 9.1.(b)** The Board of Governors of The University of North
42 Carolina shall establish an accredited and fully staffed stand-alone school of
43 engineering at East Carolina University no later than the 2004-2005 academic year.

44 **SECTION 9.1.(c)** The Board of Governors of The University of North
45 Carolina shall establish a bachelor of science degree in electrical and computer
46 engineering at Western Carolina University no later than the 2004-2005 academic year.

47 **SECTION 9.1.(d)** The Board of Governors of The University of North
48 Carolina shall establish a bachelor of arts degree in engineering at the University of
49 North Carolina at Asheville no later than the 2004-2005 academic year.

50
51 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
52 Oldham, Redwine, Thompson

53 **TRANSFER COLLECTION RESPONSIBILITIES FOR CERTAIN** 54 **SCHOLARSHIP PROGRAMS TO STATE EDUCATION ASSISTANCE** 55 **AUTHORITY**

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

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

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

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

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

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

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

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

34 "**§ 115C-472.1. State Education Assistance Authority collect loan repayments.**

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

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

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

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

46
47 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
48 Oldham, Redwine, Thompson

49 **SUBSTITUTION OF UNC BOND PROJECTS**

50 **SECTION 9.3.(a)** Pursuant to Section 2(b) of S.L. 2000-3, the General
51 Assembly finds that it is in the best interest of the State to respond to current
52 educational and research program requirements at North Carolina State University by
53 substituting a project entitled Animal and Food Science Facilities for the Meat
54 Processing Laboratory, as contained in Section 2(a) of S.L. 2000-3, and by transferring
55 a portion of the funds from the project entitled Main Campus – Infrastructure (Including

1 Water System), as contained in Section 2(a) of S.L. 2000-3, to this substitute project.
2 Section 2(a) of S.L. 2000-3 is therefore amended as follows:

- 3 (1) In the portion under Projects Whose Funding Was Transferred to
4 Disaster Recovery Fund – North Carolina State University, by deleting
5 "Meat Processing Laboratory....\$4,853,755".
- 6 (2) In the portion under North Carolina State University, by adding
7 "Animal and Food Science Facilities....\$6,460,980" and by decreasing
8 by \$1,607,225 the \$9,330,700 for Main Campus – Infrastructure
9 (Including Water System) so that it reads "Main Campus -
10 Infrastructure (Including Water System)....\$7,723,475".

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

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

22
23 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
24 Oldham, Redwine, Thompson

25 **UNC SCHOLARSHIP PROGRAMS CONSOLIDATED**

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

- 29 (1) Minority Presence Grants for undergraduate and doctoral, law and
30 veterinary medicine students as described in the 1979 Consent Decree
31 between the University of North Carolina and the United States
32 Department of Health Education and Welfare at § VI, paragraphs 6.a.
33 and 6.b.
- 34 (2) Minority Presence Grants-II as established in Section 17.3A of S.L.
35 1994-769.
- 36 (3) Incentive Scholarship Program for Native Americans as established in
37 Section 17.3 of S.L. 1994-769.
- 38 (4) Elizabeth City State University Incentive Program as established by
39 Chapter 738 of the 1987 of the Session Laws.
- 40 (5) Incentive Grants for Certain Constituent Institutions as established by
41 S.L. 1991-689.
- 42 (6) Freshman Scholars Programs as established by Section 46 of S.L.
43 1993- 561.
- 44 (7) Legislative College Opportunity Program as established by Section
45 17.14 of S.L. 1994-769.

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

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

54 **SECTION 9.4.(d)** Funds in the UNC Campus Scholarships allocated for
55 doctoral study shall be reallocated based on the proportion of doctoral students enrolled

1 at each of the campuses that have doctoral students. These funds shall continue to be
2 committed only to doctoral students who are North Carolina residents and shall be
3 allocated based on need. The funds previously in the Incentive Scholarship Program for
4 Native Americans at the doctoral level shall be distributed evenly among the campuses
5 with doctoral programs.

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

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

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

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

39
40 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
41 Oldham, Redwine, Thompson

42 **ELIMINATE UNC MAILING LIST DUPLICATION**

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

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

52
53 Requested by: Representative Justus

54 **NO FUNDING FOR REQUIRED COURSES ON ONE RELIGION**

1 **SECTION 9.5A.** No state funds or overhead receipts may be expended by a
2 constituent institution of The University of North Carolina to offer for entering
3 freshman students prior to their first semester for credit or otherwise any course or
4 summer reading program in any religion unless all other known religions are offered in
5 an equal or incremental way. This section is not intended to interfere with academic
6 freedom, but to ensure that all religions are taught in a nondiscriminatory fashion.

7
8 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
9 Oldham, Redwine, Thompson

10 **AID TO PRIVATE COLLEGES TECHNICAL CORRECTIONS**

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

12 "(a) Expenditures made pursuant to G.S. 116-19, 116-20, 116-21.1, or 116-21.2
13 may be used only for secular educational purposes at ~~an institution as defined by G.S.~~
14 116-22 nonprofit institutions of higher learning that meet the qualifications set out in
15 G.S. 116-22."

16
17 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
18 Oldham, Redwine, Thompson

19 **UNC FLEXIBILITY GUIDELINES**

20 **SECTION 9.7.** The Chancellor of each constituent institution shall report to
21 the Board of Governors of The University of North Carolina on the reductions made to
22 the General Fund budget codes in order to meet the reduction reserve amounts for that
23 institution. The President of The University of North Carolina shall report to the Board
24 of Governors of The University of North Carolina on the reductions made to the
25 General Fund budget codes controlled by the Board in order to meet the reduction
26 reserve amounts for those entities. The Board of Governors shall make a summary
27 report to the Fiscal Research Division by October 31, 2002, on all reductions made by
28 these entities and constituent institutions in order to reduce the budgets by the targeted
29 amounts.

30
31 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
32 Oldham, Redwine, Thompson

33 **FOCUSED GROWTH PILOT PROGRAM**

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

50
51 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Nesbitt, Sherrill,
52 Easterling, Oldham, Redwine, Thompson

53 **UMSTEAD ACT EXEMPTION FOR THE NORTH CAROLINA ARBORETUM**

54 **SECTION 9.10.** G.S. 66-58(b) is amended by adding a new subdivision to
55 read:

1 "(b) The provisions of subsection (a) of this section shall not apply to:

2 ...
3 (8a) The University of North Carolina with regard to the operation of gift
4 shops and snack or food service facilities connected to the North
5 Carolina Arboretum, provided that the resulting profits are used to
6 support the operation of the North Carolina Arboretum."
7

8 Requested by: Representative Nesbitt

9 **REPORT ON UMSTEAD ACT EXEMPTIONS**

10 **SECTION 9.10A.(a)** The Board of Governors of The University of North
11 Carolina shall report to the Joint Legislative Commission on Governmental Operations
12 prior to March 1, 2003, on activities undertaken under exemptions to the Umstead Act,
13 which are set out in G.S. 66-58(b)(8), for the Centennial Campus of North Carolina
14 State University at Raleigh, the Horace Williams Campus of the University of North
15 Carolina at Chapel Hill, and a Millennial Campus of a constituent institution of The
16 University of North Carolina.

17 **SECTION 9.10A.(b)** The report shall include the following information on
18 all such activities undertaken since July 1, 1999:

- 19 (1) The reasons the exemptions were necessary for the development and
20 operation of facilities on the Centennial Campus of North Carolina
21 State University at Raleigh, the Horace Williams Campus of the
22 University of North Carolina at Chapel Hill, or a Millennial Campus of
23 a constituent institution of The University of North Carolina, and
24 (2) A specific list of the activities that would have been prohibited without
25 the exemptions.

26 **SECTION 9.10A.(c)** The report shall also include:

- 27 (1) A specific list of activities that are necessary to continue the
28 development and operation of these facilities and that would be
29 prohibited if the facilities were not exempt from the provisions of G.S.
30 66-58(a), and
31 (2) A list of the specific exemptions from G.S. 66-58(a) that would be
32 necessary to continue the development and operation of these facilities
33 prohibited if G.S. 66-58(a) applied to the facilities.
34

35 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
36 Oldham, Redwine, Thompson

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

38 **SECTION 9.11.(a)** G. S. 116-22 reads as rewritten:

39 **"§ 116-22. Definitions applicable to §§ 116-19 to 116-22.**

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

- 41 (1) "Institution" shall mean an educational institution with ~~its main a main~~
42 permanent campus located in this State that is not owned or operated
43 by the State of North Carolina or by an agency or political subdivision
44 of the State or by any combination thereof, ~~that is accredited by the~~
45 ~~Southern Association of Colleges and Schools under the standards of~~
46 ~~the College Delegate Assembly of said Association thereof that~~
47 satisfies all of the following:

- 48 a. Is accredited by the Southern Association of Colleges and
49 Schools under the standards of the College Delegate Assembly
50 of the Association or by the New England Association of
51 Schools and Colleges through its Commission on Institutions of
52 Higher Education.
53 b. Awards a postsecondary degree as defined in G.S. 116-15. and
54 that is

1 c. Is not a seminary, Bible school, Bible college or similar
2 religious institution.

3 (1a) "Main permanent campus" shall mean a campus owned by the
4 institution that provides permanent on-premises housing, food
5 services, and classrooms with full-time faculty members and
6 administration that engages in postsecondary degree activity as defined
7 in G.S. 116-15.

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

22 **SECTION 9.11.(b)** Notwithstanding the provisions of G.S. 116-22 as
23 enacted by this section, any institution that met the definition of "institution" under G.S.
24 116-22 on January 1, 2001, shall continue to be eligible to receive funds appropriated in
25 compliance with G.S. 116-19 through G.S. 116-22 when this act becomes law, if it
26 received funds for these purposes as of January 1, 2001.

27
28 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
29 Oldham, Redwine, Thompson

30 NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

31 **SECTION 9.12.(a)** The Joint Legislative Education Oversight Committee
32 shall study the North Carolina School of Science and Mathematics. In its study the
33 Committee may consider all of the following with regard to the School: the purpose
34 and goals of the School and whether those are still appropriate; the academic programs;
35 student admission policies; administrative functions and personnel policies; finances,
36 properties, and any financial obligations of the School; and any other relevant issues.
37 The Joint Legislative Education Oversight Committee shall report its findings and
38 recommendations to the 2003 General Assembly.

39 **SECTION 9.12.(b)** Notwithstanding any other provision of law, neither the
40 fee of eight hundred fifty dollars (\$850.00) proposed by the Board of Trustees or any
41 other fee shall be imposed for the 2002-2003 academic year.

42 **SECTION 9.12.(c)** G.S. 116-235(d) is amended by adding a new
43 subdivision to read:

44 "(7) The Board of Trustees shall not impose any fee without the approval
45 of the General Assembly, unless the fee is a traffic, parking, or motor
46 vehicle registration fee authorized under subsection (e) of this section."
47

48 Requested by: Representatives Gibson, Easterling, Oldham, Redwine

49 HORACE WILLIAMS AIRPORT

50 **SECTION 9.13.** The University of North Carolina at Chapel Hill shall
51 maintain and continue to operate the Horace Williams Airport as a base for the Medical
52 Air, Inc., operations in support of the Area Health Education Cooperative, and as a local
53 public access airport, until the General Assembly otherwise provides.
54

1 Requested by: Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,
2 Oldham, Redwine, Thompson

3 **COOPERATIVE EXTENSION/AGRICULTURAL RESEARCH FACULTY**

4 **SECTION 9.14.** The Board of Governors shall promulgate policies that
5 permit currently designated "EPA Non-Teaching" positions in the Cooperative
6 Extension Service or Agricultural Research budgets of the constituent institutions of the
7 university to be changed to "EPA Teaching" positions, if it is deemed by the Chancellor
8 of any constituent institution of the university to be a more accurate definition of the
9 faculty positions' job responsibilities.

10
11 Requested by: Representative Rogers

12 **UNC INSTITUTIONS PROHIBITED FROM OPERATING TRANSIENT**
13 **ACCOMMODATIONS EXCEPT UNDER CERTAIN CIRCUMSTANCES**

14 **SECTION 9.15.(a)** G.S. 66-58 is amended by adding the following
15 subsections to read:

16 "(h) Notwithstanding the provisions of G.S. 66-58(b)(8), it is unlawful for The
17 University of North Carolina, its constituent institutions, the Centennial Campus of
18 North Carolina State University, the Horace Williams Campus of the University of
19 North Carolina at Chapel Hill, a Millennial Campus of a constituent institution of The
20 University of North Carolina, or any corporation or other legal entity created or directly
21 controlled by or using land owned by The University of North Carolina to develop,
22 construct, own, or operate a golf course or a transient accommodations facility,
23 including a hotel or motel, unless all the following conditions are met:

24 (1) The facility is developed and constructed in conjunction with a
25 conference center, and the purpose and use of the conference center
26 and facility are limited to continuing education, degree programs,
27 research, or other activities that support the academic and research
28 mission of The University of North Carolina.

29 (2) All funding for the operation, construction, or debt service associated
30 with the facility is from private contributions or revenues generated
31 from actual services rendered in connection with the operation of the
32 facility, exclusive of infrastructure that is ordinarily associated with
33 such a facility.

34 (3) Before the beginning of construction or the issuance of debt, the
35 operating plans of the facility must be submitted, upon the
36 recommendation of the Board of Governors, to the General Assembly
37 for its approval.

38 (i) The day-to-day business management of a facility that meets the criteria of
39 subsection (h) of this section may be conducted by a private entity under contract with
40 The University of North Carolina, its constituent institutions, the Centennial Campus of
41 North Carolina State University, the Horace Williams Campus of the University of
42 North Carolina at Chapel Hill, or a Millennial Campus of a constituent institution of
43 The University of North Carolina."

44 **SECTION 9.15.(b)** This section does not apply to any golf course or
45 transient accommodations facility constructed, owned, operated, or leased on or before
46 July 1, 2002, by The University of North Carolina, its constituent institutions, the
47 Centennial Campus of North Carolina State University, the Horace Williams Campus of
48 the University of North Carolina at Chapel Hill, a Millennial Campus of a constituent
49 institution of The University of North Carolina, or any corporation or other legal entity
50 created or directly controlled by The University of North Carolina. This section is
51 effective when it becomes law.

52
53 Requested by: Representative Nesbitt

54 **REPORT ON UNIVERSITY FISCAL LIABILITIES**

1 **SECTION 9.16.** The Board of Governors shall report on an annual basis to
2 the Joint Legislative Commission on Governmental Operations on:

- 3 (1) Any financing of buildings or other facilities, regardless of the
4 ownership of those buildings or other facilities, located on land owned
5 by The University of North Carolina or the constituent institutions of
6 The University of North Carolina; and
7 (2) All fiscal liabilities or contingent liabilities, including payments for
8 debt service or other contractual arrangements, of The University of
9 North Carolina or any constituent institution.

10
11 Requested by: Representative Michaux

12 **FUNDS FOR FOCUSED GROWTH CAMPUSES**

13 **SECTION 9.17.** Of the funds appropriated in this act to the Board of
14 Governors of The University of North Carolina for university institutional programs for
15 the 2002-2003 fiscal year, the Board of Governors shall reduce by ten million dollars
16 (\$10,000,000) the amount allocated to the constituent institutions. This reduction shall
17 be allocated among the constituent institutions in proportion to the amount of overhead
18 receipts each institution is projected to receive in the 2002-2003 fiscal year. Each
19 constituent institution shall budget this amount of overhead receipts to support operation
20 of its physical plant in its General Fund budget codes.

21 The Board of Governors of The University of North Carolina shall use these
22 funds to provide an equal amount of additional funds to each Focused Growth Campus.

23
24 Requested by: Representative Carpenter

25 **BOND PROJECT REPORT**

26 **SECTION 9.18.** The Board of Governors of The University of North
27 Carolina and the State Board of Community Colleges shall report by October 1, 2002, to
28 the Joint Legislative Education Oversight Committee on any capital projects in process
29 as well as any new construction projects that will require immediate funding from the
30 March 2003 bond issuance under S.L. 2000-3.

31
32 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

33
34 **SUBPART 1. ADMINISTRATION**

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

38 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

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

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

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

50
51 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
52 Thompson

53 **ADMINISTRATIVE CONSOLIDATION OF DIVISIONS OF SERVICES FOR**
54 **THE DEAF AND THE HARD OF HEARING, SERVICES FOR THE BLIND,**
55 **AND VOCATIONAL REHABILITATION SERVICES**

1 **SECTION 10.2.(a)** The following three divisions shall continue
2 consolidating their administrative functions and reducing the number of cities where
3 there are two or more district offices:

- 4 (1) Division of Services for the Deaf and the Hard of Hearing.
- 5 (2) Division of Services for the Blind.
- 6 (3) Division of Vocational Rehabilitation Services.

7 **SECTION 10.2.(b)** The Department shall report to the Senate
8 Appropriations Committee on Health and Human Services, the House of
9 Representatives Appropriations Subcommittee on Health and Human Services, and the
10 Fiscal Research Division on activities carried out under this section not later than June
11 1, 2003. This report shall include the following:

- 12 (1) An organizational chart showing how the administrative structure of
13 the divisions has changed.
- 14 (2) A plan for reducing the number of cities where there are two or more
15 district offices.
- 16 (3) A plan for reducing the budget of the three divisions by seven hundred
17 fifty thousand dollars (\$750,000).

18
19 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
20 Thompson

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

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

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

- 35 (1) Number of staff required per resident.
- 36 (2) Education/work experience required and preferred as a basis for hire.
- 37 (3) Specific job duties outlined in job descriptions.
- 38 (4) Rationale and justification for establishing the existing staff ratios in
39 the Division of Aging's policy for adult day care and adult day health
40 care.
- 41 (5) An analysis of the variance in staffing requirements among adult day
42 care and adult day health programs, adult care homes, assisted living
43 facilities, and nursing homes.
- 44 (6) Identification of the entities responsible for licensing and monitoring
45 quality for all providers of long-term care in the State.
- 46 (7) Recommendations for changes to existing policies based on findings of
47 the Department's review.

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

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

52 **SECTION 10.4.** The Department of Health and Human Services, Office of
53 Long-Term Care shall report to the Senate Appropriations Committee on Health and
54 Human Services, the House of Representatives Appropriations Subcommittee on Health

1 and Human Services, and the Fiscal Research Division on services provided to older
2 adults. The report shall provide information as follows:

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

9 The Office of Long-Term Care shall consult with experts in long-term care
10 and other relevant information sources to develop a plan to streamline services for older
11 adults at the local level. The Department shall submit its report not later than February
12 1, 2003.

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

16 **RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM**

17 **SECTION 10.5.** The Department of Health and Human Services, Office of
18 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment
19 Incentive Program. The assessment shall consider whether the Program should be
20 continued and shall identify ways to recruit additional providers to rural areas within
21 existing funds. The Department shall report on its activities and progress of the
22 assessment to the Senate Appropriations Committee on Health and Human Services, the
23 House of Representatives Appropriations Subcommittee on Health and Human
24 Services, and the Fiscal Research Division no later than December 1, 2002. The report
25 shall provide detailed information on the number of providers recruited, identification of
26 the counties in which the providers are recruited, and the amount of loan repayment and
27 length of service to a community for each provider.

28
29 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
30 Thompson

31 **ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG** 32 **PROGRAMS**

33 **SECTION 10.6.** Section 21.6(a) of S.L. 2001-424, as amended by S.L.
34 2001-513, reads as rewritten:

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

46
47 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
48 Thompson

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

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

1 This section shall not be construed to prohibit the Institute from using State
2 funds to contract with other nongovernmental entities for the purchase of goods or
3 services.

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

7 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

8 **SECTION 10.8.(a)** The Department of Health and Human Services shall
9 develop a plan to consolidate building maintenance activities at the North Carolina
10 School for the Deaf at Morganton, the Western Carolina Center, and Broughton
11 Hospital. The plan shall assess the needs for maintenance at all three centers, determine
12 the level of staff necessary to carry out all of the current activities with fewer managers,
13 supervisors, and other staff, and develop a new single budget for the maintenance
14 activities.

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

19 **SECTION 10.8.(c)** The Department of Health and Human Services shall
20 report on activities carried out under this section to the Senate Appropriations
21 Committee on Health and Human Services, the House of Representatives
22 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
23 Division no later than December 1, 2002.

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

27 **WEATHERIZATION ASSISTANCE**

28 **SECTION 10.10B.** The Department of Health and Human Services is
29 authorized to administer the Weatherization Assistance Program for Low-Income
30 Families and the Heating/Air Repair and Replacement Program functions.

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

34 **LONG-TERM CARE CRIMINAL CHECKS SUSPENDED FOR NONDIRECT 35 CARE EMPLOYMENT POSITIONS**

36 **SECTION 10.10C.** The requirements of G.S. 131E-265 for nursing homes
37 to conduct national criminal history record checks for employment positions other than
38 those involving direct patient care are suspended until January 1, 2004. The
39 requirements of G.S. 131D-2 for adult care homes to conduct national criminal records
40 checks for all staff positions are suspended until January 1, 2004.

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

44 **TRANSFER NORTH CAROLINA COUNCIL ON THE HOLOCAUST TO 45 DEPARTMENT OF PUBLIC INSTRUCTION**

46 **SECTION 10.10D.(a)** G.S. 143B-216.20, 143B-216.21, 143B-216.22, and
47 143B-216.23 are recodified as subsections (a) through (d) of new G.S. 143A-48.1 in
48 Article 5 of Chapter 143A of the General Statutes.

49 **SECTION 10.10D.(b)** G.S. 143A-48.1, as codified by this section, reads as
50 rewritten:

51 "**§ 143A-48.1. North Carolina Council on the Holocaust; creation;
52 ~~purpose; purpose; membership; expenses; assistance.~~**

53 (a) There is hereby created the North Carolina Council on the Holocaust. The
54 purpose of the Council is to prevent future atrocities similar to the systematic program

of genocide of six million Jews and others by the Nazis. This purpose shall be accomplished by developing a program of education and observance of the Holocaust.

(b) The Council shall consist of 24 members, six appointed by the Governor, six appointed by the President Pro Tempore of the Senate, six appointed by the Speaker of the House of Representatives, and six appointed by the other 18 members. Members shall be appointed ~~in 1985 for two year terms to begin July 1, 1985. In 1987 and biennially thereafter, successors shall be appointed for two year terms.~~ for two-year terms to begin July 1 of each odd-numbered year. The six at-large appointments shall be made by the Council at its first meeting after July 1 of each odd-numbered year. To be eligible for appointment as an at-large member, a person must either be a survivor of the Holocaust or a first-generation lineal descendant of such person. A majority of the members shall constitute a quorum for the transaction of business.

(c) The members of the Council shall be compensated and reimbursed for their expenses in accordance with G.S. 138-5.

(d) ~~The Secretary Superintendent of Public Instruction~~ may arrange for clerical or other assistance required by the Council."

SECTION 10.10D.(c) G.S. 143B-138.1(b)(14) is repealed.

SECTION 10.10D.(d) The North Carolina Council on the Holocaust, as created by Part 28 of Article 3 of Chapter 143B of the General Statutes, and recodified as G.S. 143A-48.1 by this section, is transferred to the Department of Public Instruction by a Type II transfer, as defined in G.S. 143A-6.

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

NONMEDICAID REIMBURSEMENT CHANGES

SECTION 10.10E. Section 21.59 of S.L. 2001-424 reads as rewritten:

"**SECTION 21.59.** Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program.

The Department of Health and Human Services may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days. When the Medical Assistance Program's per diem rates for inpatient services and its interim rates for outpatient services are used to reimburse providers in non-Medicaid medical service programs, retroactive adjustments to claims already paid shall not be required.

Notwithstanding the provisions of paragraph one, the Department of Health and Human Services may negotiate with providers of medical services under the various Department of Health and Human Services programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

Maximum net family annual income eligibility standards for services in these programs shall be as follows:

<u>Family Size</u>	<u>Medical Eye Care Adults</u>	All Rehabilitation <u>Rehabilitation Except DSB Over 55 Grant</u>	<u>Other</u>
1	\$4,860	\$8,364	\$4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,821	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

1 The eligibility level for children in the Medical Eye Care Program in the Division of
 2 Services for the Blind shall be one hundred percent (100%) of the federal poverty
 3 guidelines, as revised annually by the United States Department of Health and Human
 4 Services and in effect on July 1 of each fiscal year. The eligibility level for adults 55
 5 years of age or older who qualify for services through the Division of Services for the
 6 Blind, Independent Living Rehabilitation Program, shall be two hundred percent
 7 (200%) of the federal poverty guidelines, as revised annually by the United States
 8 Department of Health and Human Services and in effect on July 1 of each fiscal year.
 9 The eligibility level for adults in the Atypical Antipsychotic Medication Program in the
 10 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services
 11 shall be one hundred fifty percent (150%) of the federal poverty guidelines, as revised
 12 annually by the United States Department of Health and Human Services and in effect
 13 on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical
 14 Antipsychotic Medication Program who become gainfully employed may continue to be
 15 eligible to receive State support, in decreasing amounts for the purchase of atypical
 16 antipsychotic medication and related services up to three hundred percent (300%) of the
 17 poverty level.

18 State financial participation in the Atypical Antipsychotic Medication Program for
 19 those enrollees who become gainfully employed is as follows:

<u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
(% of poverty)		
0-150%	100%	0%
151-200%	75%	25%
201-250%	50%	50%
251-300%	25%	75%
300% and over	0%	100%

27 The Department of Health and Human Services shall contract at, or as close as
 28 possible to, Medicaid rates for medical services provided to residents of State facilities
 29 of the Department."
 30

31 Requested by: Representative Insko

32 **FUNDS FOR AREA AGENCY ON AGING ADMINISTRATION**

33 **SECTION 10.10F.(a)** Reductions in State funds appropriated in this act to
 34 the Department of Health and Human Services, Division of Aging, for central office
 35 administration shall be increased by forty thousand dollars (\$40,000) for the 2002-2003
 36 fiscal year.

37 **SECTION 10.10F.(b)** Reductions in State funds appropriated in this act to
 38 the Department of Health and Human Services, Division of Aging, for Senior Centers
 39 for outreach and development shall be increased by forty thousand dollars (\$40,000) for
 40 the 2002-2003 fiscal year.

41 **SECTION 10.10F.(c)** Reductions in State funds appropriated in this act to
 42 the Department of Health and Human Services, Division of Aging, for Area Agency on
 43 Aging Administration shall be decreased by eighty thousand dollars (\$80,000) for the
 44 2002-2003 fiscal year.

45
 46 Requested by: Representative Redwine

47 **RESTORE BUDGET CUTS IN VARIOUS PROGRAMS AND SERVICES**

48 **SECTION 10.10G.** Of the funds appropriated in this act to the Department
 49 of Health and Human Services for the purchase of vaccines for the 2002-2003 fiscal
 50 year, the sum of one million six hundred twenty-five thousand two hundred eighty-eight
 51 dollars (\$1,625,288) shall instead be allocated as follows for the following purposes:

- 52 (1) Outpatient Hospital Co- Payments – avoids establishment of minimum
 53 co-payments. – three hundred thousand dollars (\$300,000).

- 1 (2) Maintain Current Co-payments under NC Health Choice – seven
2 hundred seventy-one thousand one hundred twenty-eight dollars
3 (\$771,128).
- 4 (3) Home and Community Care Block Grant – maintain current funding. –
5 three hundred seventy-four thousand one hundred sixty dollars
6 (\$374,160).
- 7 (4) Health Promotion Funding – maintain current funding. – one hundred
8 eighty thousand dollars (\$180,000).
- 9

10 SUBPART 2. DIVISION OF MEDICAL ASSISTANCE

11
12 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
13 Thompson

14 MEDICAID PROGRAM

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

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

21 Services and payment bases:

- 22 (1) Hospital-Inpatient – Payment for hospital inpatient services will be
23 prescribed in the State Plan as established by the Department of Health
24 and Human Services.
- 25 (2) Hospital-Outpatient – Eighty percent (80%) of allowable costs or a
26 prospective reimbursement plan as established by the Department of
27 Health and Human Services.
- 28 (3) Nursing Facilities – Payment for nursing facility services will be
29 prescribed in the State Plan as established by the Department of Health
30 and Human Services. Nursing facilities providing services to Medicaid
31 recipients who also qualify for Medicare must be enrolled in the
32 Medicare program as a condition of participation in the Medicaid
33 program. State facilities are not subject to the requirement to enroll in
34 the Medicare program. Residents of nursing facilities who are eligible
35 for Medicare coverage of nursing facility services must be placed in a
36 Medicare certified bed. Medicaid shall cover facility services only
37 after the appropriate services have been billed to Medicare. The
38 Division of Medical Assistance shall allow nursing facility providers
39 sufficient time from the effective date of this act to certify additional
40 Medicare beds if necessary. In determining the date that the
41 requirements of this subdivision become effective, the Division of
42 Medical Assistance shall consider the regulations governing
43 certification of Medicare beds and the length of time required for this
44 process to be completed.
- 45 (4) Intermediate Care Facilities for the Mentally Retarded – As prescribed
46 in the State Plan as established by the Department of Health and
47 Human Services.
- 48 (5) Drugs – Drug costs as allowed by federal regulations plus a
49 professional services fee per month excluding refills for the same drug
50 or generic equivalent during the same month. Reimbursement shall be
51 available for up to six prescriptions per recipient, per month, including
52 refills. Payments for drugs are subject to the provisions of subsection
53 (h) of this section and to the provisions at the end of subsection (a) of
54 this section, or in accordance with the State Plan adopted by the
55 Department of Health and Human Services consistent with federal

1 reimbursement regulations. Payment of the professional services fee
2 shall be made in accordance with the State Plan adopted by the
3 Department of Health and Human Services, consistent with federal
4 reimbursement regulations. The professional services fee shall be five
5 dollars and sixty cents (\$5.60) per prescription for generic drugs and
6 four dollars (\$4.00) per prescription for brand name drugs.
7 Adjustments to the professional services fee shall be established by the
8 General Assembly.

- 9 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
10 Nurse Midwife Services, Nurse Practitioners – Fee schedules as
11 developed by the Department of Health and Human Services.
12 Payments for dental services are subject to the provisions of subsection
13 (g) of this section.
- 14 (7) Community Alternative Program, EPSDT Screens – Payment to be
15 made in accordance with rate schedule developed by the Department
16 of Health and Human Services.
- 17 (8) Home Health and Related Services, Private Duty Nursing, Clinic
18 Services, Prepaid Health Plans, Durable Medical Equipment –
19 Payment to be made according to reimbursement plans developed by
20 the Department of Health and Human Services.
- 21 (9) Medicare Buy-In – Social Security Administration premium.
- 22 (10) Ambulance Services – Uniform fee schedules as developed by the
23 Department of Health and Human Services. Public ambulance
24 providers will be reimbursed at cost.
- 25 (11) Hearing Aids – Actual cost plus a dispensing fee.
- 26 (12) Rural Health Clinic Services – Provider-based, reasonable cost;
27 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 28 (13) Family Planning – Negotiated rate for local health departments. For
29 other providers, see specific services, for instance, hospitals,
30 physicians.
- 31 (14) Independent Laboratory and X-Ray Services – Uniform fee schedules
32 as developed by the Department of Health and Human Services.
- 33 (15) Optical Supplies – One hundred percent (100%) of reasonable
34 wholesale cost of materials.
- 35 (16) Ambulatory Surgical Centers – Payment as prescribed in the
36 reimbursement plan established by the Department of Health and
37 Human Services.
- 38 (17) Medicare Crossover Claims – An amount up to the actual coinsurance
39 or deductible or both, in accordance with the State Plan, as approved
40 by the Department of Health and Human Services.
- 41 (18) Physical Therapy and Speech Therapy – Services limited to EPSDT
42 eligible children. Payments are to be made only to qualified providers
43 at rates negotiated by the Department of Health and Human Services.
44 Physical therapy (including occupational therapy) and speech therapy
45 services are subject to prior approval and utilization review.
- 46 (19) Personal Care Services – Payment in accordance with the State Plan
47 approved by the Department of Health and Human Services.
- 48 (20) Case Management Services – Reimbursement in accordance with the
49 availability of funds to be transferred within the Department of Health
50 and Human Services.
- 51 (21) Hospice – Services may be provided in accordance with the State Plan
52 developed by the Department of Health and Human Services.
- 53 (22) Other Mental Health Services – Unless otherwise covered by this
54 section, coverage is limited to:

- 1 a. Services as defined by the Division of Mental Health,
2 Developmental Disabilities, and Substance Abuse Services and
3 approved by the Centers for Medicare and Medicaid Services
4 (CMS) when provided in agencies meeting the requirements of
5 the rules established by the Commission for Mental Health,
6 Developmental Disabilities, and Substance Abuse Services, and
7 reimbursement is made in accordance with a State Plan
8 developed by the Department of Health and Human Services
9 not to exceed the upper limits established in federal regulations,
10 and
11 b. For children eligible for EPSDT services:
12 1. Licensed or certified psychologists, licensed clinical
13 social workers, certified clinical nurse specialists in
14 psychiatric mental health advanced practice, and nurse
15 practitioners certified as clinical nurse specialists in
16 psychiatric mental health advanced practice, when
17 Medicaid-eligible children are referred by the Carolina
18 ACCESS primary care physician or the area mental
19 health program, and
20 2. Institutional providers of residential services as defined
21 by the Division of Mental Health, Developmental
22 Disabilities, and Substance Abuse Services and approved
23 by the Centers for Medicare and Medicaid Services
24 (CMS) for children and Psychiatric Residential
25 Treatment Facility services that meet federal and State
26 requirements as defined by the Department.

27 Notwithstanding G.S. 150B-121.1(a), the Department of Health and
28 Human Services may adopt temporary rules in accordance with
29 Chapter 150B of the General Statutes further defining the
30 qualifications of providers and referral procedures in order to
31 implement this subdivision. Coverage policy for services defined by
32 the Division of Mental Health, Developmental Disabilities, and
33 Substance Abuse Services under paragraphs a. and b.2 of this
34 subdivision shall be established by the Division of Medical Assistance.

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

51 Services and payment bases may be changed with the approval of the Director of the
52 Budget. Payment is limited to Medicaid enrolled providers that provide evidence of
53 medical malpractice insurance coverage, purchase a performance bond in the amount of
54 one hundred thousand dollars (\$100,000) naming as beneficiary the Department of
55 Health and Human Services, Division of Medical Assistance, or provide to the

1 Department a validly executed letter of credit or other financial instrument issued by a
 2 financial institution or agency honoring a demand for payment in an equivalent amount.

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

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

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

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

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

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 36 *Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB);
 37 and Aid to the Disabled (AD).
 38

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

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

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

47 **SECTION 21.19.(f)** ICF and ICF/MR Work Incentive Allowances. – The
 48 Department of Health and Human Services may provide an incentive allowance to
 49 Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
 50 work activities as part of their developmental plan and for whom retention of additional
 51 income contributes to their achievement of independence. The State funds required to
 52 match the federal funds that are required by these allowances shall be provided from
 53 savings within the Medicaid budget or from other unbudgeted funds available to the
 54 Department. The incentive allowances may be as follows:
 55

Monthly Net WagesMonthly Incentive Allowance

\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

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

SECTION 21.19.(h) Dispensing of Generic Drugs. – Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical Assistance Program (Title XIX of the Social Security Act), and except as otherwise provided in this subsection for atypical antipsychotic drugs and drugs listed in the narrow therapeutic index, a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber has determined, at the time the drug is prescribed, that the brand name drug is medically necessary and has written on the prescription order the phrase "medically necessary". An initial prescription order for an atypical antipsychotic drug or a drug listed in the narrow therapeutic drug index that does not contain the phrase "medically necessary" shall be considered an order for the drug by its established or generic name, except that a pharmacy shall not substitute a generic or established name prescription drug for subsequent brand or trade name prescription orders of the same prescription drug without explicit oral or written approval of the prescriber given at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs. As used in this subsection, "brand name" means the proprietary name the manufacturer places upon a drug product or on its container, label, or wrapping at the time of packaging; and "established name" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

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

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

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

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

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

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

- 3 (1) Pregnant women with incomes equal to or less than one hundred
4 eighty-five percent (185%) of the federal poverty guidelines as revised
5 each April 1 shall be covered for Medicaid benefits. In determining
6 income eligibility under this subdivision, the income of a minor's
7 parents shall be counted if the minor is residing in the home.
- 8 (2) Infants under the age of 1 with family incomes equal to or less than
9 one hundred eighty-five percent (185%) of the federal poverty
10 guidelines as revised each April 1 shall be covered for Medicaid
11 benefits.
- 12 (3) Children aged 1 through 5 with family incomes equal to or less than
13 one hundred thirty-three percent (133%) of the federal poverty
14 guidelines as revised each April 1 shall be covered for Medicaid
15 benefits.
- 16 (4) Children aged 6 through 18 with family incomes equal to or less than
17 the federal poverty guidelines as revised each April 1 shall be covered
18 for Medicaid benefits.
- 19 (5) The Department of Health and Human Services shall provide Medicaid
20 coverage for adoptive children with special or rehabilitative needs
21 regardless of the adoptive family's income.

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

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

30 **SECTION 21.19.(p)** The Department shall disregard earned income for recipients
31 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the
32 Social Security Act due to earnings. This disregard shall be applied for a maximum of
33 12 consecutive months.

34 **SECTION 21.19.(q)** The Department of Health and Human Services shall submit a
35 quarterly status report on expenditures for acute care and long-term care services to the
36 Fiscal Research Division and to the Office of State Budget and Management. This
37 report shall include an analysis of budgeted versus actual expenditures for eligibles by
38 category and for long-term care beds. In addition, the Department shall revise the
39 program's projected spending for the current fiscal year and the estimated spending for
40 the subsequent fiscal year on a quarterly basis. The quarterly expenditure report and the
41 revised forecast shall be forwarded to the Fiscal Research Division and to the Office of
42 State Budget and Management no later than the third Thursday of the month following
43 the end of each quarter.

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

48 **SECTION 21.19.(s)** If first approved by the Office of State Budget and
49 Management, the Division of Medical Assistance, Department of Health and Human
50 Services, may use funds that are identified to support the cost of development and
51 acquisition of equipment and software through contractual means to improve and
52 enhance information systems that provide management information and claims
53 processing. The Department of Health and Human Services shall identify adequate
54 funds to support the implementation and first year's operational costs that exceed the

1 currently allocated funds for the new contract for the fiscal agent for the Medicaid
2 Management Information System.

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

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

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

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

30 **SECTION 21.19.(x)** The Department of Health and Human Services, Division of
31 Medical Assistance, shall implement a new coding system for therapeutic mental health
32 services as required by the Health Insurance Portability and Accountability Act of 1996.
33 In implementing the new coding system, the Division shall ensure that the new coding
34 system does not discriminate between providers of therapeutic mental health services
35 with similar qualifications and training. In meeting the requirements of this subsection,
36 the Division shall consult with the Division of Mental Health, Developmental
37 Disabilities, and Substance Abuse Services and the professional licensing boards
38 responsible for licensing the affected professionals.

39 **SECTION 21.19.(y)** The Department of Health and Human Services may apply
40 federal transfer of assets policies, as described in Title XIX, Section 1917(c) of the
41 Social Security Act Act, including the attachment of liens, to real property excluded as
42 "income producing" "income producing", tenancy-in-common, or as nonhomesite
43 property made "income producing" under Title XIX, Section 1902(r)(2) of the Social
44 Security Act. The transfer of assets policy shall apply only to an institutionalized
45 individual or the individual's spouse as defined in Title XIX, Section 1917(c) of the
46 Social Security Act. This subsection becomes effective no earlier than October 1, 2001.
47 Federal transfer of asset policies and attachment of liens to properties excluded as
48 tenancy-in-common or as nonhomesite property made "income producing" in
49 accordance with this subsection shall become effective no earlier than October 1, 2002."

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

52 "(b) As used in this section:

- 53 (1) "Medical assistance" means medical care services paid for by the
54 North Carolina Medicaid Program on behalf of the recipient:

- 1 a. If the recipient is receiving these medical care services as an
 2 inpatient in a nursing facility, intermediate care facility for the
 3 mentally retarded, or other medical institution, and cannot
 4 reasonably be expected to be discharged to return home; or
 5 b. If the recipient is 55 years of age or older and is receiving these
 6 medical care services, including related hospital care and
 7 prescription drugs, for nursing facility ~~services—services,~~
 8 ~~personal care services,~~ or home- and community-based services.
 9 (2) "Estate" means all the real and personal property considered assets of
 10 the estate available for the discharge of debt pursuant to G.S.
 11 28A-15-1."
 12

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

15 **CAROLINA ACCESS PROGRAM IMPROVEMENTS**

16 **SECTION 10.12.(a)** In its effort to achieve anticipated savings in the
 17 Medicaid Program of nine million four hundred twenty-five thousand dollars
 18 (\$9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS
 19 II and Carolina ACCESS III programs, the Department of Health and Human Services
 20 shall monitor cost-savings activities of these programs. Carolina ACCESS II and
 21 Carolina ACCESS III programs shall provide the Department detailed information on
 22 savings realized from the following cost-savings activities:

- 23 (1) Reductions in hospital admissions;
 24 (2) Reductions in emergency room visits;
 25 (3) Use of best-prescribing practices;
 26 (4) Increased prescriptions of generic drugs;
 27 (5) Implementation of polypharmacy review;
 28 (6) Reductions in therapy visits;
 29 (7) Improved management of high-risk/high-cost patients; and
 30 (8) Other strategies implemented by the programs to achieve anticipated
 31 savings.
 32

33 **SECTION 10.12.(b)** The Department of Health and Human Services shall
 34 implement a process for the assessment and review of cost-effectiveness of the Carolina
 35 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance
 36 shall confirm actual savings realized from the use of case management strategies of the
 37 Carolina ACCESS II and Carolina ACCESS III demonstration sites. Beginning October
 38 1, 2002, the Department shall report quarterly the cost-effectiveness of these programs
 39 based on actual savings achieved. The Department shall submit the report to the Senate
 40 Appropriations Committee on Health and Human Services, the House of
 41 Representatives Appropriations Subcommittee on Health and Human Services, the
 42 Office of State Budget and Management, and the Fiscal Research Division.

43 Requested by: Representatives Earle, Nye, Oldham

44 **REPEAL CIRCUMCISION FUNDS**

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

46 **"SECTION 19.** Notwithstanding any other provision of law to the contrary, from
 47 funds available in the General Fund, there is appropriated to the Department of Health
 48 and Human Services, Division of Medical Assistance, the sum of two hundred forty-six
 49 thousand, seven hundred sixty-two dollars (\$246,762) for the 2001-2002 fiscal year ~~and~~
 50 ~~the sum of four hundred thousand dollars (\$400,000) for the 2002-2003 fiscal year.~~
 51 These funds shall be used to provide optional circumcision procedures for newborns
 52 eligible for Medicaid."
 53

54 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 55 Thompson

MEDICAID CASE MANAGEMENT SERVICES

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

- (1) Elimination of all duplicative case management services.
- (2) Consolidation of similar case management services.
- (3) Provision of only one case manager per family reimbursed through the Medicaid Program, when feasible.
- (4) Equitable allocation of reductions in case management services reimbursed by Medicaid among the different programs that provide case management services.
- (5) Identification of the children and adults with the greatest case management needs to determine how to allocate reductions and remaining resources.
- (6) Reductions in administrative costs associated with providing case management services reimbursed by Medicaid.
- (7) Reductions in reimbursement to case management service providers.

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

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

FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT

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

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

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

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

- 1 (2) Description of how the waiver will help achieve long-term cost
2 containment in the State's Medicaid program.
- 3 (3) Description of legislation necessary to implement the proposed waiver.
4

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

7 **COMMUNITY ALTERNATIVES PROGRAMS**

8 **SECTION 10.16.(a)** The Department of Health and Human Services shall
9 administer all Community Alternatives Program (CAP) waivers in the most economical
10 and efficient manner possible to support within funds appropriated the maximum
11 number of persons meeting participation requirements under the waivers. The
12 Department shall amend the waivers to ensure that participation requirements and
13 payment and service limits will ensure that the maximum number of persons meeting
14 participation requirements are served by all waivers. Not later than October 1, 2002, the
15 Department shall submit a report that outlines efficient use of funds appropriated and
16 that demonstrates the participation requirements, payment and service limits, and other
17 administrative actions to support the maximum number of persons to be served in the
18 applicable State fiscal year. The report shall be submitted to the Senate Appropriations
19 Committee on Health and Human Services, the House of Representatives
20 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research
21 Division.

22 **SECTION 10.16.(b)** CAP-DA services shall be provided for the 2002-2003
23 fiscal year to any eligible person who entered a nursing facility on or before June 1,
24 2002, notwithstanding that the availability of CAP-DA services may be suspended for
25 that fiscal year.

26 **SECTION 10.16.(c)** The North Carolina Institute of Medicine shall conduct
27 a study of the Community Alternatives Program for Disabled Adults (CAP/DA)
28 administered by the Department of Health and Human Services and shall recommend
29 ways of improving the administration of CAP/DA. In conducting the study, the Institute
30 shall consider the following:

- 31 (1) Whether the lead agency for CAP/DA should also be a provider of
32 direct services under CAP/DA.
- 33 (2) Whether case managers should be employed by the provider agency.
- 34 (3) Whether funds for CAP/DA should be reduced below the ninety
35 percent (90%) maximum that currently exists.
- 36 (4) Review current policy for service requirements, management, and
37 supervision as it pertains to strengthening the family and case manager
38 and agency requirements.
- 39 (5) Whether case managers and provider agencies should have increased
40 responsibility for upholding guidelines.
- 41 (6) Whether oversight of CAP/DA by the Division of Medical Assistance
42 needs strengthening.
- 43 (7) Alternative funding sources for CAP/DA.
- 44 (8) Determination of funding needs for CAP/DA based on corroboration
45 with long-term care policy initiatives.
- 46 (9) What changes should be made to CAP/DA to reduce cost of services
47 per person in order to serve more individuals within existing funds.
- 48 (10) Any other matters the North Carolina Institute of Medicine considers
49 pertinent to the study.

50 The North Carolina Institute of Medicine shall report its findings and recommendations
51 to the 2003 General Assembly upon its convening.
52

53 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
54 Thompson

55 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

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

4 **SECTION 10.17.(b)** For the 2002-2003 fiscal year, as it receives funds
5 associated with Disproportionate Share Payments from State hospitals, the Department
6 of Health and Human Services, Division of Medical Assistance, shall deposit up to one
7 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments
8 to the Department of State Treasurer for deposit as nontax revenue. Any
9 Disproportionate Share Payments collected in excess of the one hundred seven million
10 dollars (\$107,000,000) shall be reserved by the State Treasurer for future
11 appropriations.
12

13 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine

14 **MEDICAID HOSPITAL PAYMENTS**

15 **SECTION 10.18.** The Department of Health and Human Services shall
16 reduce Medicaid payments to hospitals by one-half of one percent (.5%) for the
17 2002-2003 State fiscal year. The Department shall evaluate all medical payment
18 programs and policies administered by the Department that may affect the future
19 viability and sustainability of financially vulnerable hospitals. Based on the evaluation
20 of the medical payments programs and policies affecting hospitals, the Department shall
21 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal
22 year such that the reduction has the least impact on the future viability and sustainability
23 of financially vulnerable hospitals. The Department shall also review the status of
24 financially vulnerable hospitals to determine whether additional State actions are
25 appropriate to ensure that communities served by these hospitals continue to receive
26 essential medical services. The Department shall consult with the North Carolina
27 Hospital Association while conducting the evaluation of medical payment programs and
28 policies and determining how to implement the one-half of one percent (.5%) reduction.
29 The Department shall report to the Senate Appropriations Committee on Health and
30 Human Services, the House of Representatives Appropriations Subcommittee on Health
31 and Human Services, and the Fiscal Research Division on its activities under this
32 section not later than October 1, 2002.
33

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

36 **MEDICAID PROGRAM MANAGEMENT**

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

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

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

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

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

20 The Department may adopt temporary rules in accordance with G.S. 150B-21.1
 21 when it finds these rules are necessary to clarify recipient appeal rights related to the
 22 pharmacy management plan. In adopting and implementing any pharmacy management
 23 plan, the Department shall not deny any Medicaid patient access to any FDA approved
 24 drugs."

25
 26 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 27 Thompson

28 LONG-TERM CARE REIMBURSEMENT METHODOLOGY

29 **SECTION 10.19A.** When establishing a new reimbursement methodology
 30 for long-term care services including nursing facilities, ICF-MRs, and adult care homes,
 31 the Department of Health and Human Services, Division of Medical Assistance, shall do
 32 the following:

- 33 (1) Use the latest cost data available;
- 34 (2) Establish reimbursement rates that will allow Medicaid long-term care
- 35 providers to comply with certification requirements, licensure rules, or
- 36 other mandated quality or safety standards;
- 37 (3) Consider available data related to long-term care industry costs and
- 38 losses, including those resulting from the health care workforce crisis
- 39 and the increase in professional liability insurance premiums; and
- 40 (4) Consider the effect on future viability and sustainability of financially
- 41 vulnerable long-term care providers.

42 The Division of Medical Assistance and any contract agencies performing the functions
 43 associated with this section shall consult with provider organizations, including the
 44 North Carolina Health Care Facilities Association, the Long-Term Care Facilities
 45 Association of North Carolina, the North Carolina Assisted Living Association, the
 46 North Carolina Developmental Disabilities Facilities Association, and the North
 47 Carolina Association of Non-Profit Homes for the Aging. The Department shall report
 48 on the reimbursement methodology not later than October 1, 2002, to the House of
 49 Representatives Appropriations Subcommittee on Health and Human Services, the
 50 Senate Appropriations Committee on Health and Human Services, and the Fiscal
 51 Research Division.

52
 53 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 54 Thompson

MEDICAID MAXIMUM ALLOWABLE CHARGE FOR TEMPORARY NURSING SERVICES

SECTION 10.19B. The Department of Health and Human Services, Division of Medical Assistance, shall establish as the maximum allowable per hour charge under the Medicaid Program for temporary nursing services an amount equal to one hundred thirty percent (130%) of the average salary cost per hour for direct care nursing staff employed by the health care facility or provider.

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

INCREASES IN FEDERAL MEDICAID FUNDS

SECTION 10.19C.(a) Notwithstanding any other provision of law to the contrary, the total amount of State funds that become available to the Department of Health and Human Services for the 2002-2003 fiscal year due to an increase in federal Medicaid funds resulting from increases in the Federal Financial Participation rate shall be used to increase funds appropriated to the Department for the 2002-2003 fiscal year for the Medicaid program without any reduction in what is otherwise allocated to the Department from appropriated funds.

SECTION 10.19C.(b) The Department of Health and Human Services, Division of Medical Assistance, may reinstate eligibility policies changed by this act when all of the following conditions are met:

- (1) Congress approves enhanced Federal Financial Participation for State Medicaid programs.
- (2) Receipt of the enhanced Federal Financial Participation is dependent on a state's maintenance of effort in Medicaid eligibility.
- (3) The Department has concluded that the enacted policy changes render the State ineligible for the enhanced Federal Financial Participation.
- (4) Enhanced Federal Financial Participation receipts exceed the anticipated savings in State funds from the enacted policy changes.

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

NC HEALTH CHOICE

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

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

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

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

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

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

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

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

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

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

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

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

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

54 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a
55 12-month period, full mouth X rays once every 60 months,

1 supplemental bitewing X rays showing the back of the teeth once
2 during a 12-month period, fluoride applications twice during a
3 12-month period, sealants, simple extractions, therapeutic
4 pulpotomies, prefabricated stainless steel crowns, and routine fillings
5 of amalgam or other tooth-colored filling material to restore diseased
6 teeth. No benefits are to be provided for services under this subsection
7 that are not performed by or upon the direction of a dentist, doctor, or
8 other professional provider approved by the Plan nor for services and
9 materials that do not meet the standards accepted by the American
10 Dental Association.

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

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

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

43 (d) Cost-Sharing. – There shall be no deductibles, copayments, or other cost-
44 sharing charges for families covered under the Program whose family income is at or
45 below one hundred fifty percent (150%) of the federal poverty level. Families covered
46 under the Program whose family income is above one hundred fifty percent (150%) of
47 the federal poverty level shall be responsible for copayments to providers as follows:

- 48 (1) Five dollars (\$5.00) per child for each visit to a provider, except that
49 there shall be no copayment required for well-baby, well-child, or
50 age-appropriate immunization services;
- 51 (2) Five dollars (\$5.00) per child for each outpatient hospital visit;
- 52 (3) A six-dollar (\$6.00) fee for each outpatient prescription drug
53 purchased;
- 54 (4) Twenty dollars (\$20.00) for each emergency room visit unless:
55 a. The child is admitted to the hospital, or

- 1 b. No other reasonable care was available as determined by the
2 Claims Processing Contractor of the North Carolina Teachers'
3 and State Employees' Comprehensive Major Medical Plan.

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

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

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

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

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

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

42 (h) No State Funds for Voluntary Participation. – No State or federal funds shall
43 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under
44 subsection (g) of this section."
45

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

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

49 **SECTION 10.21.** The Department of Health and Human Services may
50 rewrite and submit to the federal government the State Plan for the North Carolina
51 Health Choice Program solely for the purpose of incorporating amendments enacted by
52 the 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the
53 2001 General Assembly, and to otherwise comply with applicable federal requirements.
54 Nothing in this section authorizes the Department to make amendments to the State Plan
55 for the North Carolina Health Choice Program not otherwise authorized by the General

1 Assembly. Amendments to the State Plan required by the federal government to be
2 implemented after the effective date of this section, other than those authorized by this
3 section, shall comply with G.S. 108A-70.25.

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

7 **NC HEALTH CHOICE BENEFITS AND CLAIMS PROCESSING**
8 **ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN**
9 **SERVICES**

10 **SECTION 10.21A.(a)** G.S. 108A-70.20 reads as rewritten:

11 **"§ 108A-70.20. Program established.**

12 The Health Insurance Program for Children is established. The Program shall be
13 administered by the Department of Health and Human ~~Services~~ Services, including
14 administration of Program benefits and claims processing, in accordance with this Part
15 and as required under Title XXI and related federal rules and regulations.
16 ~~Administration of Program benefits and claims processing shall be as provided under~~
17 ~~Part 5 of Article 3 of Chapter 135 of the General Statutes."~~

18 **SECTION 10.21A.(b)** G.S. 108A-70.22 reads as rewritten:

19 **"§ 108A-70.22. Allocation of federal and State funds for Program; consultation**
20 **with Joint Legislative Health Care Oversight Committee.**

21 The Department of Health and Human Services, after having consulted with and
22 received advice from the Joint Legislative Health Care Oversight Committee established
23 under G.S. 120-70.110, shall from total funds available to the Department for Program
24 implementation, allocate and adjust, as needed, funds to pay ~~the North Carolina~~
25 ~~Teachers' and State Employees' Major Medical Plan in accordance with G.S.~~
26 ~~108A-70.23 and Part 5 of Article 3 of Chapter 135 of the General Statutes, and funds to~~
27 ~~pay~~ for eligible services provided for children with special needs in accordance with
28 G.S. 108A-70.23."

29 **SECTION 10.21A.(c)** G.S. 108A-70.23 reads as rewritten:

30 **"§ 108A-70.23. Services for children with special needs established; definition;**
31 **eligibility; services; limitation; recommendations; no entitlement.**

32 (a) Special Needs Services Authorized. – The Department shall, from federal
33 funds received and State funds appropriated for the Program, pay for services for
34 children with special needs as authorized under this section. As used in this section, the
35 term "children with special needs" or "special needs child" means children who have
36 been diagnosed as having one or more of the following conditions which in the opinion
37 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily
38 routine, and (iii) require extensive medical intervention and extensive family
39 management:

- 40 (1) Birth defect, including genetic, congenital, or acquired disorders;
- 41 (2) Developmental disability as defined under G.S. 122C-3;
- 42 (3) Mental or behavioral disorder; or
- 43 (4) Chronic and complex illnesses.

44 (b) Eligibility for Services. – In order to be eligible for services under this section
45 a special needs child must be enrolled in the Program.

46 (c) Services Provided. – The services authorized to be provided to children
47 eligible under this section are as follows:

- 48 (1) The same level of services as provided for special needs children under
49 the Medical Assistance Program as authorized in the Current
50 Operations Appropriations Act except that no services for long-term
51 care shall be provided under this section, and except that services for
52 respite care shall be provided only under emergency circumstances;
53 and

1 (2) Only those services eligible under this section that are not covered or
2 otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the~~
3 ~~General Statutes, this Part.~~

4 (d) Limitation. – Funds may be expended for services under this section only if
5 the special needs child is enrolled in the Program, the services provided under this
6 section are not provided under ~~Part 5 of Article 3 of Chapter 135 of the General~~
7 ~~Statutes, this Part,~~ and the child meets the definition of a special needs child under this
8 section.

9 (e) Case Management Services. – The Department shall develop procedures for
10 the provision of case management services by the Department to eligible special needs
11 children. Case management services shall be developed to ensure to the maximum
12 extent possible that services are provided in the most efficient and effective manner
13 considering the special needs of the child. The cost of providing case management
14 services for children with special needs shall be paid from funds available for services
15 under this section.

16 (f) Recommendations by Commission on Children With Special Health Care
17 Needs. – In implementing this section the Department shall consider the
18 recommendations of the Commission on Children With Special Health Care Needs
19 established under Article 71 of Chapter 143 of the General Statutes. The Department, in
20 consultation with the Commission on Children With Special Health Care Needs shall
21 develop procedures for providing respite care services under emergency circumstances.

22 (g) No Entitlement. – Nothing in this section shall be construed as entitling any
23 person to services under this section."

24 **SECTION 10.21A.(d)** G.S. 108A-70.24 is repealed.

25 **SECTION 10.21A.(e)** G.S. 108A-70.27(c) is repealed.

26 **SECTION 10.21A.(f)** G.S. 108A-25 is amended by adding the following
27 new subsection to read:

28 "**(b2)** The Health Insurance Program for Children is a program of public assistance
29 and shall be supervised and administered as provided in Part 8 of this Article."

30 **SECTION 10.21A.(g)** G.S. 108A-80(d) reads as rewritten:

31 "(d) The Social Services Commission may adopt rules governing access to case
32 files for social services and public assistance programs, except the Medical Assistance
33 ~~Program~~ Program and the Health Insurance Program for Children. The Secretary of the
34 Department of Health and Human Services shall have the authority to adopt rules
35 governing access to medical assistance case ~~files~~ files and Health Insurance Program for
36 Children case files."

37 **SECTION 10.21A.(h)** G.S. 120-70.111(c) reads as rewritten:

38 "(c) The Committee may use employees of the Legislative Services Office and
39 may employ contractual services as approved by the Legislative Services Commission
40 to review and monitor, on a continuing basis, the implementation of the Health
41 Insurance Program for Children established under Part 8 of Article 2 of Chapter 108A
42 of the General Statutes. The Committee shall have access to all records of the
43 Department of Health and Human Services pertaining to the Health Insurance Program
44 for ~~Children~~ Children, except for confidential case files, and shall be kept apprised by
45 the Department of communications between the Department and the ~~Health Care~~
46 ~~Financing Administration~~ Centers for Medicare and Medicaid Services with respect to
47 development, submission, and approval of and amendments to the State Plan for the
48 Health Insurance Program for Children. ~~The Committee and its employees shall also be~~
49 ~~entitled to attend all meetings and have access to all records of the North Carolina~~
50 ~~Teachers' and State Employees' Comprehensive Major Medical Plan pertaining to the~~
51 ~~Health Insurance Program for Children that are not confidential in accordance with G.S.~~
52 ~~135-37. G.S. 135-37 shall be applicable to the Health Insurance Program for Children to~~
53 ~~the same extent that is applicable to teachers and State employees."~~

54 **SECTION 10.21A.(i)** Part 5 of Article 3 of Chapter 135 of the General
55 Statutes is repealed.

1 **SECTION 10.21A.(j)** G.S. 135-39.6(d) and G.S. 135-39.6A(c) are repealed.

2 **SECTION 10.21A.(k)** G.S. 58-50-75(b) reads as rewritten:

3 "(b) This Part applies to all insurers that offer a health benefit plan and that
4 provide or perform utilization review pursuant to G.S. 58-50-61, and the Teachers' and
5 State Employees' Comprehensive Major Medical Plan, ~~and the Health Insurance~~
6 ~~Program for Children, Plan.~~ With respect to second-level grievance review decisions,
7 this Part applies only to second-level grievance review decisions involving
8 noncertification decisions."

9 **SECTION 10.21A.(l)** G.S. 90-21.50(1) reads as rewritten:

10 "(1) 'Health benefit plan' means an accident and health insurance policy or
11 certificate; a nonprofit hospital or medical service corporation
12 contract; a health maintenance organization subscriber contract; a
13 self-insured indemnity program or prepaid hospital and medical
14 benefits plan offered under the Teachers' and State Employees'
15 Comprehensive Major Medical Plan and subject to the requirements of
16 Article 3 of Chapter 135 of the General Statutes, a plan provided by a
17 multiple employer welfare arrangement; or a plan provided by another
18 benefit arrangement, to the extent permitted by the Employee
19 Retirement Income Security Act of 1974, as amended, or by any
20 waiver of or other exception to that act provided under federal law or
21 regulation. ~~Except for the Health Insurance Program for Children~~
22 ~~established under Part 8 of Article 2 of Chapter 108A of the General~~
23 ~~Statutes,~~ 'Health benefit plan' does not mean any plan implemented or
24 administered by the North Carolina or United States Department of
25 Health and Human Services, or any successor agency, or its
26 representatives. 'Health benefit plan' does not mean any of the
27 following kinds of insurance:

- 28 a. Accident.
29 b. Credit.
30 c. Disability income.
31 d. Long-term or nursing home care.
32 e. Medicare supplement.
33 f. Specified disease.
34 g. Dental or vision.
35 h. Coverage issued as a supplement to liability insurance.
36 i. Workers' compensation.
37 j. Medical payments under automobile or homeowners.
38 k. Hospital income or indemnity.
39 l. Insurance under which benefits are payable with or without
40 regard to fault and that is statutorily required to be contained in
41 any liability policy or equivalent self-insurance.
42 m. Short-term limited duration health insurance policies as defined
43 in Part 144 of Title 45 of the Code of Federal Regulations."

44 **SECTION 10.21A.(m)** G.S. 90-21.50(7) reads as rewritten:

45 "(7) 'Managed care entity' means an insurer that:

- 46 a. Delivers, administers, or undertakes to provide for, arrange for,
47 or reimburse for health care services or assumes the risk for the
48 delivery of health care services; and
49 b. Has a system or technique to control or influence the quality,
50 accessibility, utilization, or costs and prices of health care
51 services delivered or to be delivered to a defined enrollee
52 population.

53 Except for the Teachers' and State Employees' Comprehensive Major
54 ~~Medical Plan and the Health Insurance Program for Children, Plan,~~
55 'managed care entity' does not include: (i) an employer purchasing

1 coverage or acting on behalf of its employees or the employees of one
2 or more subsidiaries or affiliated corporations of the employer, or (ii) a
3 health care provider."

4 **SECTION 10.21A.(n)** This section becomes effective October 1, 2002. The
5 Teachers' and State Employees' Comprehensive Major Medical Plan shall complete
6 processing of claims under the Health Insurance Program for Children filed prior to and
7 pending on and after October 1, 2002.

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

11 **NC HEALTH CHOICE PROGRAM ENROLLMENT MANAGEMENT**

12 **SECTION 10.21B.** The Department of Health and Human Services shall
13 manage NC Health Choice program enrollment through attrition and, as necessary, by
14 imposing a freeze on the enrollment of children in order to achieve and maintain a
15 sustainable per member per month enrollment within the 2002-2003 budget. In the
16 current State fiscal year one-time matching funds in an amount not to exceed three
17 million dollars (\$3,000,000) may be transferred to support State fiscal year 2002-2003
18 program expenditures that are attributable to excess program enrollment.

19 20 **SUBPART 3. DIVISION OF MENTAL HEALTH, DEVELOPMENTAL** 21 **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

22
23 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
24 Thompson

25 **ALLOCATION OF REDUCTIONS IN FUNDS FOR MENTAL HEALTH,** 26 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES** 27 **PROGRAMS**

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

- 31 (1) The support of direct services to individuals served in State facilities
32 and local programs;
- 33 (2) The Division's ability to reorganize and continue implementation of
34 the State Plan for Mental Health, Developmental Disabilities, and
35 Substance Abuse Services; and
- 36 (3) The Division's ability to meet State and federal requirements such as
37 monitoring, program oversight, and reporting.

38 **SECTION 10.23.(b)** All reductions designated for Division-operated State
39 facilities shall be allocated as follows:

- 40 (1) In a manner that has the least impact possible on the State's ability to
41 comply with Olmstead v. L.C. & E.W. and The Civil Rights of
42 Institutionalized Persons Act (CRIPA);
- 43 (2) Maximum resources shall be retained for the purpose of transfer to
44 local programs for community capacity building as the population in
45 State facilities decreases and the principal focus of services transitions
46 to community-based programs;
- 47 (3) As deemed essential by the Secretary of the Department of Health and
48 Human Services for compliance with implementation of the State Plan
49 for Mental Health, Developmental Disabilities, and Substance Abuse
50 Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction
51 amounts and total number of positions reduced may be shifted among
52 facilities so long as the aggregate reduction in State appropriations is
53 achieved.

54 **SECTION 10.23.(c)** The Department shall report not later than October 1,
55 2002, on a plan for allocating the reductions required under this section. The plan shall

1 describe each reduction allocation demonstrating compliance with this section. The
2 Department shall submit the report to the Senate Appropriations Committee on Health
3 and Human Services, the House of Representatives Appropriations Subcommittee on
4 Health and Human Services, and the Fiscal Research Division.

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

8 **SUBSTANCE ABUSE PREVENTION SERVICES**

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

- 13 (1) Designate an Office of Substance Abuse Prevention within the
14 Department as outlined in the North Carolina Comprehensive Strategic
15 Plan for Substance Abuse Prevention. This Office shall be responsible
16 for the implementation of the goals in the Comprehensive Strategic
17 Plan for Substance Abuse Prevention. The Office shall also maintain
18 the Interagency Agreement for Substance Abuse Prevention Services
19 and ensure continuing collaboration between agencies that are parties
20 to the Agreement.
- 21 (2) Provide only those prevention services that are evidence-based and
22 have been determined to be effective in preventing alcohol and other
23 drug problems.
- 24 (3) Propose rules for the licensure of prevention programs to ensure
25 quality of service delivery in local communities. Rules shall be subject
26 to review and adoption by the Commission for Mental Health,
27 Developmental Disabilities, and Substance Abuse Services.
- 28 (4) Ensure that services are provided by qualified prevention
29 professionals.
- 30 (5) Implement an outcome-based system utilizing standard risk
31 assessments and data elements consistent with appropriate evaluation
32 of prevention programs.

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

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

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

41 **SECTION 10.25.** Section 21.56 of S.L. 2001-424, as amended by S.L.
42 2001-513, reads as rewritten:

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

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

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

4 **WHITAKER SCHOOL**

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

6 "SECTION 21.61.(a) The Department of Health and Human Services shall work
7 with families and guardians, the Department of Public Instruction, the Department of
8 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,
9 area mental health, developmental disabilities, and substance abuse programs, and local
10 departments of social services to develop a plan for the transition of children from the
11 Whitaker School to their homes or alternative facilities. The Plan shall ensure
12 appropriate and safe placement for those children who, in accordance with the
13 assessment, need an institutional setting. The Plan shall also include transition plans that
14 facilitate and support children living in their natural environments and utilizing existing
15 resources and natural supports. Assessments and service planning alternatives shall also
16 be undertaken for children on the waiting list for placement at Whitaker School to
17 ensure appropriate and safe placement for those children. The Department shall report
18 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~
19 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations
20 Committee on Health and Human Services, the House of Representatives
21 Appropriations Subcommittee on Health and Human Services, the Joint Legislative
22 Commission on Governmental Operations, and the Fiscal Research Division."
23

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

26 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS**

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

28 "SECTION 21.65.(a) Area mental health, developmental disabilities, and substance
29 abuse authorities or counties administering mental health, developmental disabilities,
30 and substance abuse services shall develop and implement plans to reduce local
31 administrative costs. The plans shall be developed in accordance with guidelines
32 adopted by the Secretary, in consultation with the Local Government Commission and
33 the North Carolina Association of County Commissioners, and in accordance with the
34 following:

- 35 (1) For the 2001-2002 fiscal year, administrative costs for:
36 a. Area mental health, developmental disabilities, and substance
37 abuse services programs shall not exceed fifteen percent (15%).
38 b. Counties administering mental health, developmental
39 disabilities, and substance abuse services through a county
40 program shall not exceed fifteen percent (15%).
41 (2) For the 2002-2003 fiscal year, administrative costs for:
42 a. Area mental health, developmental disabilities, and substance
43 abuse services programs shall not exceed thirteen percent
44 (13%).
45 b. Counties administering mental health, developmental
46 disabilities, and substance abuse services through a county
47 program shall not exceed thirteen percent (13%).

48 **SECTION 21.65.(b)** The Department of Health and Human Services shall report its
49 progress in complying with this section not later than January 1, 2002, and April 15,
50 2002. The reports shall be submitted to the Senate Appropriations Committee on Health
51 and Human Services, the House of Representatives Appropriations Subcommittee on
52 Health and Human Services, and the Fiscal Research Division and shall include:

- 53 (1) A description of the process used and the participants involved in
54 complying with subsection (a) of this section.
55 (2) The guidelines developed under subsection (a) of this section.

- 1 (3) A description of local compliance initiatives and efforts including
- 2 program or function consolidation.
- 3 (4) A list of area programs at or below the targeted thirteen percent (13%)
- 4 for the 2000-2001 fiscal year.
- 5 (5) Projected savings in administrative costs as a result of implementation
- 6 of the targeted limits required under this section.

7 **SECTION 21.65.(c)** Beginning in the 2002-2003 fiscal year, the Department may
8 implement alternative approaches to establish reasonable administrative cost limitations
9 for Local Management Entities (LMEs), including both county programs and area
10 authority models, and service providers in accordance with system reform and changes
11 in system funding structures."
12

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

15 **MENTAL RETARDATION CENTER DOWNSIZING**

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

17 "**SECTION 21.67.(a)** In accordance with the Department of Health and Human
18 Services' plan for downsizing the State's regional mental retardation facilities by four
19 percent (4%) each year, the Department shall implement cost-containment and
20 reduction strategies to ensure the corresponding financial and staff downsizing of each
21 facility. The Department shall manage the client population of the mental retardation
22 centers in order to ensure that placements for ICF/MR level of care shall be made in
23 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last
24 resort and only upon approval of the Department. The corresponding budgets for each
25 of the State mental retardation centers shall be reduced, and positions shall be
26 eliminated as the census of each facility decreases. At no time shall mental retardation
27 center positions be transferred to other units within a facility or assigned nondirect care
28 activities such as outreach.

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

- 32 (1) Nonrecurring savings shall be placed in the Trust Fund for Mental
33 Health, Developmental Disabilities, and Substance Abuse Services and
34 Bridge Funding Needs and shall be used to facilitate the transition of
35 clients into appropriate community-based services and support in
36 accordance with Section 21.58 of this act, and
- 37 (2) Recurring savings realized through implementation of this section
38 shall be retained by the Department of Health and Human Services,
39 Division of Mental Health, Developmental Disabilities, and Substance
40 Abuse Services to support the recurring costs of additional
41 community-based placements from Division facilities in accordance
42 with Olmstead vs. L.C. & E.W. In determining the savings in this
43 section, savings shall include all savings realized from the downsizing
44 of the State mental retardation centers including both the savings in
45 direct State appropriations in the budgets of the State mental
46 retardation centers as well as the savings in the State matching portion
47 of reduced Medicaid payments associated with downsizing.

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

54 **SECTION 21.67.(c)** Downsizing of mental retardation centers which occurs in the
55 2001-2002 fiscal year shall be maintained for the 2002-2003 fiscal year. Effective July

1 1, 2002, downsizing shall be accomplished in accordance with this section and the State
2 Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services. All
3 savings resulting from downsizing occurring on and after July 1, 2002, shall be utilized
4 as set forth in subsection (a1) of this section."
5

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

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

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

10 **"SECTION 21.68A.** The Department of Health and Human Services shall develop
11 and implement a plan that provides for the allocation of State psychiatric hospital ~~beds~~
12 bed days among counties served by the State's regional psychiatric hospitals. The Plan
13 shall incorporate policies that take into consideration State and county fiscal
14 responsibilities and capacity, cost efficiency, and the principles and guidance embodied
15 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the
16 implementation of this section to the House of Representatives Appropriations
17 Subcommittee on Health and Human Services, the Senate Appropriations Committee on
18 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~
19 November 1, 2002."
20

21 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
22 Thompson

23 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON** 24 **FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

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

26 **"SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1,
27 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~
28 ~~appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.~~
29 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2
30 of this act becomes effective July 1 of the fiscal year for which funds are appropriated
31 by the 2003 General Assembly for that purpose. The remainder of this act is effective
32 when it becomes law."
33

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

36 **DHHS COORDINATION OF RULES**

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

- 43 (1) How to identify on a routine basis proposed rules that duplicate in
44 whole or in part other rules proposed or adopted and ways of avoiding
45 the duplication without interfering with the agency's statutory duty to
46 adopt the rule and without impairing the effectiveness of the rule in
47 carrying out the statutory mandate.
- 48 (2) How to identify on a routine basis adopted rules that are in conflict,
49 proposed rules that conflict with other proposed or adopted rules, and
50 ways of addressing the conflict without interfering with the agency's
51 statutory duty to adopt the rule and without impairing the effectiveness
52 of the rule in carrying out the statutory mandate.

53 The following Commissions shall collaborate with the Secretary on the
54 development of this process: the Commission for Mental Health, Developmental
55 Disabilities, and Substance Abuse Services, the Social Services Commission, the

1 Commission for Health Services, the Medical Care Commission, and other
2 Commissions that adopt rules affecting the area of mental health, developmental
3 disabilities, and substance abuse services that the Secretary has a duty to implement.
4 The Secretary shall also involve a representative of the Division of Medical Assistance
5 in this effort.

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

- 11 (1) The status of the review of rules conducted by the Department for
12 determining the existence of ambiguity, duplication, or conflict.
- 13 (2) Specific rules identified that are in conflict and the recommended
14 action for resolving the conflict.
- 15 (3) Statutory changes necessary to accomplish the purposes of the rules
16 review process required by Section 1 of this act.

17
18 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
19 Thompson

20 **PATIENT ADVOCATE POSITIONS ORGANIZATIONAL CHANGE**

21 **SECTION 10.31A.** In order to better achieve the purposes of patient
22 advocate positions, the Department of Health and Human Services shall develop a plan
23 for restructuring the organizational framework for patient advocate positions such that
24 patient advocates in the State psychiatric hospitals and mental retardation centers are
25 under the supervision of and report directly to Department officials rather than to the
26 Directors of these facilities. In developing the plan, the Department shall not relocate
27 the patient advocates nor change their duties and responsibilities, but shall determine the
28 best organizational structure within the Department for these positions. In developing
29 the plan the Department shall also consider contracting for patient advocate services.
30 The Department shall report on the development of the plan to restructure the patient
31 advocate position organizational framework. The report shall include the following
32 information:

- 33 (1) The various potential organizational structures under the Department's
34 organizational framework considered for the patient advocate
35 positions.
- 36 (2) The organizational framework recommended by the Department.
- 37 (3) The Department officials responsible for supervision of the patient
38 advocates under the new organizational framework.
- 39 (4) Whether the Department considered contracting for patient advocate
40 services and the reasons for its decision about contracting for these
41 services.

42 The Department shall submit the report not later than December 1, 2002, to
43 the House of Representatives Appropriations Subcommittee on Health and Human
44 Services, the Senate Appropriations Committee on Health and Human Services, and the
45 Fiscal Research Division.

46 47 **SUBPART 4. DIVISION OF SOCIAL SERVICES**

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

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

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

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

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

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

6 **CHILD WELFARE SYSTEMS PILOTS REPORTS**

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

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

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

20
21 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
22 Thompson

23 **FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT**

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

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

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

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

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

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

42
43 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
44 Thompson

45 **STATE/COUNTY SPECIAL ASSISTANCE**

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

47 "SECTION 21.44.(d) Effective October 1, 2002, the maximum monthly rate for
48 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~
49 ~~(\$1,120) per month per resident.~~ one thousand ninety-one dollars (\$1,091) per month per
50 resident."

51
52 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
53 Thompson

54 **ELECTING COUNTY TANF FUNDS REVERT**

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

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

11
12 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
13 Thompson

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

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

16 **"SECTION 21.54.(b)** The Department shall submit a progress report on the
17 development of the model to the Senate Appropriations Committee on Health and
18 Human Services, the House of Representatives Appropriations Subcommittee on Health
19 and Human Services, and the Fiscal Research Division on or before January 1, 2002,
20 and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the
21 following:

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

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

35 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM**
36 **REPEALED**

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

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

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

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

- 46 (1) Setting the rate at the median plus a percentage;
- 47 (2) Excluding low-occupancy facilities from the rate-setting methodology;
- 48 and
- 49 (3) Adjusting fixed costs for inflation.

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

- 52 (1) Revise the Direct Cost category to exclude personal care and medical
53 related transportation;
- 54 (2) Revise the Indirect Cost category to exclude property/ownership/use;

- 1 (3) Revise the category of other Cost centers to include: personal care,
 2 medically related transportation, and mental health services;
 3 (4) Create a capital cost center category to include
 4 property/ownership/use;
 5 (5) Create a nonreimbursable cost category; and
 6 (6) Define allowable and nonallowable expenditures.

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

9 **SECTION 10.40.(c)** The Department shall expand current audit policies and
 10 procedures for auditing provider costs. The Department shall create an audit function
 11 that is directly answerable to the State and involves fewer but more detailed audits. All
 12 providers of services to State/County Special Assistance recipients shall be subject to a
 13 State audit if selected. The specific audit requirements shall be based on auditing
 14 requirements of governmental programs providing similar services. The Department
 15 shall combine Division of Medical Assistance audits for personal care services and
 16 audits for State/County Special Assistance. The Department shall use the sum of three
 17 hundred thousand dollars (\$300,000) in available resources for State/County Special
 18 Assistance and Medicaid funds to cover the additional auditing costs. The Department
 19 in consultation with the Office of the State Auditor shall contract with an independent
 20 consultant for this service.

21 **SECTION 10.40.(d)** The Department shall apply for federal waivers to pay
 22 facilities directly for residential services for State/County Special Assistance recipients.

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

28
 29 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
 30 Thompson

31 SPECIAL CHILDREN ADOPTION FUND

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

33 **"SECTION 21.40.(b)** Of the total funds appropriated for the Special Children
 34 Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the
 35 total funds available shall be reserved for payment to participating private adoption
 36 agencies. If the funds reserved in this subsection for payments to private adoption
 37 agencies have not been spent on or before March 31, ~~2002, 2003,~~ the Division of Social
 38 Services may reallocate those funds, in accordance with this section, to other
 39 participating adoption agencies."
 40

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

43 BOYS AND GIRLS CLUBS

44 **SECTION 10.41A.** The sum of five hundred fifty thousand dollars
 45 (\$550,000) appropriated in this act to the Department of Health and Human Services for
 46 Boys and Girls Clubs shall be used to make grants for approved programs. The
 47 Department of Health and Human Services shall administer a grant program to award
 48 funds to the Boys and Girls Clubs across the State in order to implement programs that
 49 improve the motivation, performance, and self-esteem of youths and to implement other
 50 initiatives that would be expected to reduce school dropout and teen pregnancy rates.
 51 The Department shall encourage and facilitate collaboration between the Boys and Girls
 52 Clubs and Support Our Students, Communities in Schools, and similar programs to
 53 submit joint applications for the funds if appropriate.
 54

55 Requested by: Representative Earle

STATE/COUNTY SPECIAL ASSISTANCE TRANSFER OF ASSETS POLICY

SECTION 10.41B.(a) Notwithstanding any other provision of law to the contrary, Supplemental Security Income (SSI) policy applicable to transfer of assets and estate recovery, as prescribed by federal law, shall apply to applicants for State/County Special Assistance.

SECTION 10.41B.(b) The Department of Health and Human Services shall continue to review whether policy for State/County Special Assistance should be changed to permit an assisted living facility to accept from a family member of a resident who qualifies for State/County Special Assistance payment for the difference in the monthly rate for room, board, and services available. In reviewing current policy, the Department shall consider the following conditions on family contributions to the resident's cost of care:

- (1) Ensuring that the resident meets all income and resource eligibility requirements for State/County Special Assistance.
- (2) Not counting payments made by family members to the facility as income to the resident or as an in-kind contribution when calculating the monthly rate applicable to the resident.
- (3) Ensuring that supplemental payments are made on a voluntary basis as specified in the resident agreement.

SECTION 10.41B.(c) Subsection (a) of this section becomes effective September 1, 2002.

SUBPART 5. DIVISION OF AGING**SUBPART 6. OFFICE OF EDUCATIONAL SERVICES**

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

RESIDENTIAL SCHOOLS REPORTING

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

SUBPART 7. DIVISION OF PUBLIC HEALTH

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

HEART DISEASE AND STROKE PREVENTION TASK FORCE

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

"SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended, shall submit to the Governor and the General Assembly a sixth interim report within the first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a seventh interim report within the first week of the convening of the 2003 General Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall submit a final report to the Governor and the General Assembly by June 30, 2003, and a report to each subsequent regular legislative session within one week of its convening. ~~by June 30, 2003, and, upon submission of its final report to the Governor and the General Assembly, the Task Force shall expire."~~

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

3 **NEWBORN HEARING SCREENING PROGRAM REPORT**

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

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

- 7 (1) Unduplicated number of infants screened.
- 8 (2) Number of infants who failed the second hearing screening.
- 9 (3) Number of infants receiving the diagnostic evaluation.
- 10 (4) Number and types of services provided.
- 11 (5) Number and types of follow-up services provided to children.

12 The Department shall submit the report not later than May 1, 2002, to the Senate
13 Appropriations Committee on Health and Human Services, the House of
14 Representatives Appropriations Subcommittee on Health and Human Services, and the
15 Fiscal Research Division. The Department shall report not later than January 1, 2003, on
16 its activities to the Senate Appropriations Committee on Health and Human Services,
17 the House of Representatives Appropriations Subcommittee on Health and Human
18 Services, and the Fiscal Research Division."

19
20 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
21 Thompson

22 **INTENSIVE HOME VISITING**

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

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

- 33 (1) Number of clients/families enrolled per county.
- 34 (2) Attrition and reasons why families leave the program.
- 35 (3) Average number of home visits per month.
- 36 (4) Average time involved per home visit.
- 37 (5) Baseline family characteristics.
- 38 (6) Health behaviors.
- 39 (7) Perinatal and birth outcomes.
- 40 (8) Other relevant outcome information.

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

43
44 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
45 Thompson

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

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

48 "SECTION 21.90.(b) For the 2001-2002 fiscal year and for the 2002-2003 fiscal
49 year, HIV-positive individuals with incomes at or below one hundred twenty-five
50 percent (125%) of the federal poverty level are eligible for participation in ADAP.
51 ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to~~
52 ~~one hundred fifty percent (150%) of the federal poverty level only after the Office of~~
53 ~~State Budget and Management certifies in writing that the Department has developed an~~
54 ~~information management system pursuant to subsection (a) of this section. Until the~~
55 ~~Office of State Budget and Management makes this certification, eligibility~~Eligibility

1 for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended
2 to individuals with incomes above one hundred twenty-five percent (125%) of the
3 federal poverty level. ~~Following six months of increased eligibility at one hundred fifty~~
4 ~~percent (150%) of the federal poverty level, eligibility for participation in ADAP shall~~
5 ~~be extended to individuals with incomes up to one hundred seventy five percent (175%)~~
6 ~~of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning~~
7 ~~July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals~~
8 ~~with incomes up to two hundred percent (200%) of the federal poverty level."~~

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

- 13 (1) Limiting the drug formulary.
- 14 (2) Capping expenditures on a per participant/per month basis.
- 15 (3) Providing financial assistance to participants for health care program
16 premiums.

17 **SECTION 10.48.(c)** The Department shall report on activities conducted
18 under this section and under Section 21.90 of S.L. 2001-424 to the Senate
19 Appropriations Committee on Health and Human Services, the House of
20 Representatives Subcommittee on Health and Human Services, and the Fiscal Research
21 Division. The Department shall submit an interim report not later than December 1,
22 2002, and a final report not later than May 1, 2003.

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

26 **PRESCRIPTION DRUG ASSISTANCE PROGRAM**

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

28 **"SECTION 21.88.** Of the funds appropriated in this act to the Department of Health
29 and Human Services, the sum of five hundred thousand dollars (\$500,000) for the
30 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars (\$500,000) for the~~
31 ~~2002-2003 fiscal year~~ shall be used to pay the cost of outpatient prescription drugs for
32 persons:

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

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

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

45
46 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,
47 Thompson

48 **EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT**

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

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

3 **DEVELOPMENTAL EVALUATION CENTERS**

4 **SECTION 10.53.(a)** The Department of Health and Human Services,
5 Division of Public Health, shall administer the reduction in funds for the 2002-2003
6 fiscal year of two million seventy-six thousand four hundred twenty-six dollars
7 (\$2,076,426) to all Developmental Evaluation Centers (DECs) based upon the
8 following:

- 9 (1) Prior years' expenditures of the DEC,
10 (2) Elimination of vacant positions, and
11 (3) Overall needs of the DEC.

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

15 **SECTION 10.53.(b)** The Division of Public Health shall prepare a plan for
16 the future of Developmental Evaluation Centers that will involve a needs-assessment of
17 services and geographical needs. The plan shall also include an assessment of the
18 number of DECs needed and recommendations for future downsizing or growth based
19 on data to be provided in the report. The plan will augment the Early Intervention
20 Services Plan submitted to the General Assembly. The Division shall report on its plan
21 not later than December 1, 2002, to the Senate Appropriations Committee on Health and
22 Human Services, the House of Representatives Appropriations Subcommittee on Health
23 and Human Services, and the Fiscal Research Division.

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

27 **STATE LABORATORY COST ANALYSIS**

28 **SECTION 10.53A.(a)** The Fiscal Research Division of the Legislative
29 Services Office shall contract with an independent consultant to conduct a cost
30 identification and fully allocated cost analysis of services provided by the North
31 Carolina State Laboratory, Division of Public Health of the Department of Health and
32 Human Services. The identification and analysis shall include at least the following
33 services: cancer cytology, environmental sciences, newborn screening testing, and
34 infectious and communicable disease testing. The Fiscal Research Division shall issue
35 a Request for Proposal to obtain the services of the independent consultant, shall
36 manage the contract, and shall consult with the Division of Public Health in the
37 development of the Request for Proposal.

38 **SECTION 10.53A.(b)** The Department of Health and Human Services shall
39 transfer not more than fifty thousand dollars (\$50,000) to the General Assembly, Fiscal
40 Research Division of the Legislative Services Office. These funds shall be used to
41 conduct the identification and analysis required in subsection (a) of this section.

42 **SECTION 10.53A.(c)** The contractor conducting the analysis shall report to
43 the House of Representatives Appropriations Subcommittee on Health and Human
44 Services and the Senate Appropriations Committee on Health and Human Services no
45 later than May 1, 2003, on the results of the analysis and recommendations.

46
47 **SUBPART 8. DIVISION OF CHILD DEVELOPMENT**

48
49 Requested by: Representatives Earle, Nye, Baddour, Easterling, Oldham, Redwine
50 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**
51 **ENHANCEMENTS**

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

53 **"SECTION 21.75.(d)** The Department of Health and Human Services and the
54 North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds
55 for Early Childhood Education and Development Initiatives for State fiscal ~~year~~-years

1 2001-2002 and 2002-2003 shall be administered and distributed in the following
2 manner:

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

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

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

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

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

32 **SECTION 10.55.(d)** G.S. 143B-168.12 is amended by adding a new
33 subsection to read:

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

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

- 41 "(1a) Develop and conduct a statewide needs and resource assessment every
42 third year, beginning in the 1997-98 fiscal year. This needs assessment
43 shall be conducted in cooperation with the North Carolina Partnership
44 and with the local partnerships. This needs assessment shall include a
45 statewide assessment of capital needs. The data and findings of this
46 needs assessment shall form the basis for annual program plans
47 developed by local partnerships and approved by the North Carolina
48 Partnership."

49 **SECTION 10.55.(f)** Section 21.72(a) of S.L. 2001-424 reads as rewritten:

50 "**SECTION 21.72.(a)** Administrative costs shall be equivalent to, on an average
51 statewide basis for all local partnerships, not more than eight percent (8%) of the total
52 statewide allocation to all local partnerships. ~~What counts as administrative costs shall~~
53 ~~be as defined in the Smart Start Performance Audit.~~ For the purposes of this subsection,
54 administrative costs shall include costs associated with partnership oversight, business

1 and financial management, general accounting, human resources, budgeting,
2 purchasing, contracting, and information systems management."

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

5 **MORE AT FOUR PROGRAM**

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

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

10 (1) Contract with an independent research organization, outside the
11 Department of Health and Human Services and the Department of
12 Public Instruction, with proven expertise in evaluation of
13 prekindergarten programs, ~~for the design of an evaluation component.~~
14 ~~The evaluation component shall facilitate longitudinal review of the~~
15 ~~program and child specific outcomes to include, at a minimum,~~
16 ~~participants' readiness for kindergarten, percentage of participants~~
17 ~~scoring at or above grade level on the third grade end of grade test,~~
18 ~~and high school graduation rates.~~ pre- and post-assessments of children
19 participating in the More At Four program. Of the funds appropriated
20 in this act, the Department shall not spend more than three hundred
21 thousand dollars (\$300,000) on this contract.

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

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

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

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

44 **"SECTION 21.76B.(g)** The Department of Health and Human Services, the
45 Department of Public Instruction, and the Task Force shall report by January 1, 2002,
46 and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the
47 Joint Legislative Education Oversight Committee, the Senate Appropriations
48 Committee on Health and Human Services, and the House of Representatives
49 Appropriations Subcommittee on Health and Human Services on the progress in
50 complying with this section. A final report along with recommendations for changes or
51 expansion of the program shall be presented to the ~~2003 General Assembly.~~ Senate
52 Appropriations Committee on Health and Human Services, the House of
53 Representatives Appropriations Subcommittee on Health and Human Services, and the
54 Fiscal Research Division no later than December 1, 2002. This final report shall include
55 the following:

- (1) The number of children participating in the program.
- (2) The number of children participating in the program who have never been served in other early education programs such as child care, public or private preschool, Head Start, Early Head Start, or early intervention programs.
- (3) The expected expenditures for the fiscal year.
- (4) The location of program sites and the corresponding number of children participating in the program at each site.
- (5) Recommendations regarding most efficient and effective use of State, local, and federal funds to maximize the provision of services to at-risk preschoolers and to eliminate duplication of efforts."

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

"SECTION 21.76B.(a) Of the funds appropriated to the Department of Health and Human Services the sum of six million four hundred fifty-six thousand five hundred dollars (\$6,456,500) in ~~each year of the 2001-2003 fiscal biennium~~ the 2001-2002 fiscal year and the sum of thirty-four million five hundred twenty-one thousand eight hundred dollars (\$34,521,800) in the 2002-2003 fiscal year shall be used to develop and implement "More At Four", a voluntary prekindergarten pilot program for at-risk four-year-olds. The Department of Health and Human Services, in consultation with the Department of Public Instruction, shall develop "More At Four" for four-year-old children in North Carolina to ensure that all children have an opportunity to succeed in kindergarten."

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

CHILD CARE SUBSIDY RATES

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

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

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

SECTION 10.57.(b) Section 21.73(d) of S.L. 2001-424 reads as rewritten:

"SECTION 21.73.(d) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Effective ~~October 1, 2001,~~ October 1, 2002, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	10% <u>10.5%</u>
4-5	9% <u>9.5%</u>
6 or more	8% <u>8.5%.</u> "

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

REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL REPAYMENT REQUIREMENTS

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

PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

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

3 **CLOSE ROBBINS DIAGNOSTIC LABORATORY**

4 **SECTION 11.1.** The Department of Agriculture and Consumer Services
5 shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in
6 Moore County and reassign one veterinarian position and one medical laboratory
7 technician position to the Rollins Animal Disease Diagnostic Laboratory located in
8 Raleigh. In order to preserve current laboratory capability, poultry diagnostic services
9 currently performed at the Poultry Disease Diagnostic Laboratory located in the Town
10 of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory
11 located in Raleigh or at other animal disease diagnostic laboratories of the Department
12 of Agriculture and Consumer Services.
13

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

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

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

21 **SECTION 11.2.(b)** Notwithstanding G.S. 143-23, the Division of Research
22 Stations of the Department of Agriculture and Consumer Services shall not spend more
23 during the 2002-2003 fiscal year than is appropriated under this act for the Division of
24 Research Stations of the Department of Agriculture and Consumer Services for the
25 2002-2003 fiscal year.
26

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

29 **TRANSFER MOUNTAIN STATE FAIR RECEIPTS**

30 **SECTION 11.3.** The Department of Agriculture and Consumer Services
31 shall transfer the sum of seventy thousand dollars (\$70,000) from the Mountain State
32 Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development
33 Association, Inc., to be used to promote agricultural development in the western part of
34 the State.
35

36 Requested by: Representatives Nye, Easterling, Oldham, Redwine, Thompson
37 **NC FARMERS' MARKETS/ANALYZE CERTAIN OPERATIONAL**
38 **GUIDELINES AND ENFORCEMENT OF GUIDELINES**

39 **SECTION 11.4.(a)** It is the intent of the General Assembly to support small
40 farms that are family farms and that farmers' markets operated by the Department of
41 Agriculture and Consumer Services are operated in a manner that provides retail outlets
42 for these farmers to sell the farm products they produce on these farms.

43 **SECTION 11.4.(b)** The Department of Agriculture and Consumer Services
44 shall analyze the operational guidelines of the farmers' markets operated by the
45 Department of Agriculture and Consumer Services with respect to the current
46 requirements for the percentage of farm products that a farmer must produce on the
47 farmer's own farm to be eligible to sell farm products at retail in the main areas of these
48 farmers' markets. The Department of Agriculture and Consumer Services also shall
49 analyze the current enforcement of the operational guidelines of the farmers' markets
50 operated by the Department of Agriculture and Consumer Services. No later than
51 December 1, 2002, the Department of Agriculture and Consumer Services shall report
52 any recommendations concerning the matters analyzed under this section to the Senate
53 and House of Representatives Appropriations Subcommittees on Natural and Economic
54 Resources, the Joint Legislative Commission on Governmental Operations, and the
55 Fiscal Research Division.

Requested by: Representative Underhill

FUNDS FOR THE FARMLAND PRESERVATION TRUST FUND/SHIFT FUNDING FOR TWO DEPARTMENT POSITIONS

SECTION 11.5.(a) Of the funds appropriated to the Department of Agriculture and Consumer Services, the sum of two hundred thousand dollars (\$200,000) shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year as follows:

- (1) The sum of thirty-four thousand seven hundred forty dollars (\$34,740) that was appropriated to the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year for the Division of Agricultural Statistics to continue and support one Lithographic Press Operator position shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year;
- (2) The sum of sixteen thousand five hundred thirty-one dollars (\$16,531) that was appropriated to the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year to provide part of the funds to continue and support one Construction and Renovation Design Technician position shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year; and
- (3) The sum of one hundred forty-eight thousand seven hundred twenty-nine dollars (\$148,729) that remains available to the Department of Agriculture and Consumer Services for the 2002-2003 fiscal year for capital improvements for a swine facility at Cherry Farm shall be allocated for the Farmland Preservation Trust Fund for the 2002-2003 fiscal year.

SECTION 11.5.(b) The Lithographic Press Operator and the Construction and Renovation Design Technician positions under subsection (a) of this section shall be continued and supported from North Carolina State Fair receipts.

PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

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

GRASSROOTS SCIENCE PROGRAM

SECTION 12.1. Section 19.2 of S.L. 2001-424 reads as rewritten:

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

	2001-2002	2002-2003
Aurora Fossil Museum	\$58,733	\$58,733 <u>\$57,535</u>
Cape Fear Museum	\$209,018	\$209,018 <u>\$187,205</u>
Catawba Science Center	\$167,833	\$167,833 <u>\$151,669</u>
Colburn Gem and Mineral Museum, Inc.	\$71,336	\$71,336 <u>\$68,409</u>
Discovery Place	\$699,985	\$699,985 <u>\$610,826</u>
Granville County Museum Commission, Inc. - Harris Gallery	\$61,553	\$61,553 <u>\$59,968</u>
The Health Adventure Museum of Pack		

1	Place Education, Arts and			
2	Science Center, Inc.	\$157,305	\$157,305	\$142,585
3	Imagination Station	\$94,815	\$94,815	\$88,668
4	Iredell County Children's Museum	\$58,342	\$58,342	\$57,198
5	Museum of Coastal Carolina	\$64,141	\$64,141	\$62,201
6	Natural Science Center of Greensboro	\$250,850	\$250,850	\$223,299
7	North Carolina Museum of Life			
8	and Science	\$445,843	\$445,843	\$391,545
9	Rocky Mount Children's Museum	\$88,855	\$88,855	\$83,525
10	Schiele Museum of Natural History	\$348,433	\$348,433	\$307,496
11	Sci Works Science Center and			
12	Environmental Park of Forsyth County	\$178,947	\$178,947	\$161,259
13	Western North Carolina Nature Center	\$164,011	\$164,011	\$148,372
14				
15	Total	\$3,120,000	\$3,120,000	\$2,801,760"

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

19 **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

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

21 **"SECTION 19.1.** Of the funds appropriated in this act to the Wildlife Resources
22 Commission, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002
23 fiscal year and the sum of ~~five hundred thousand dollars (\$500,000)~~ four hundred forty-
24 nine thousand dollars (\$449,000) for the 2002-2003 fiscal year shall be used to provide
25 the State share necessary to support the beaver damage control program established in
26 G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars (\$25,000) in
27 federal funds is available each fiscal year of the biennium to provide the federal share."
28

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

31 **REORGANIZATION OF DENR/CONFORMING CHANGES**

32 **SECTION 12.3.(a)** The positions of Division Director and of Administrative
33 Assistant I within the Division of Radiation Protection of the Department of
34 Environment and Natural Resources are eliminated. All other positions within the
35 Division of Radiation Protection of the Department of Environment and Natural
36 Resources are reassigned to the Division of Environmental Health of the Department of
37 Environment and Natural Resources. All functions, powers, duties, and obligations of
38 the Division of Radiation Protection of the Department of Environment and Natural
39 Resources shall be performed by the Division of Environmental Health of the
40 Department of Environment and Natural Resources. The Division of Radiation
41 Protection of the Department of Environment and Natural Resources is abolished.

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

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

- 46 (1) The Utilities Commission;
- 47 (2) The Commission for Health Services;
- 48 (3) The Environmental Management Commission;
- 49 (4) The Board of Transportation;
- 50 (5) The Division of Emergency Management of the Department of Crime
51 Control and Public Safety;
- 52 (6) The Division of ~~Radiation Protection~~ Environmental Health of the
53 Department;
- 54 (7) The Department of Labor;
- 55 (8) The Industrial Commission;

- 1 (9) The Department of Insurance;
2 (10) The Medical Care Commission."

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

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

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

11 **"§ 120-70.33. Powers and duties.**

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

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

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

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

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

54 **SECTION 12.3.(g)** This section is effective when it becomes law.
55

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

3 **DENR POSITION FOR SCRAP TIRE PROGRAM**

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

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

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

14 **"§ 130A-309.63. Scrap Tire Disposal Account.**

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

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

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

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

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

52 (4) The Department may use the remaining revenue in the Account only to
53 clean up scrap tire collection sites that the Department has determined
54 are a nuisance. The Department may use funds in the Account to clean

1 up a nuisance tire collection site only if no other funds are available for
2 that purpose.

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

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

14 (e) Reporting. – The Department shall include in the report to be delivered to the
15 Environmental Review Commission on or before 15 January of each year pursuant to
16 G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap
17 Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of
18 the implementation of the North Carolina Scrap Tire Disposal Act shall include the
19 beginning and ending balances in the Account for the reporting period, the amount
20 credited to the Account during the reporting period, and the amount of revenue used for
21 grants and to clean up nuisance tire collection sites."
22

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

25 **FUNDS FOR CLEANUP OF WARREN COUNTY PCB LANDFILL**

26 **SECTION 12.6.** The Department of Environment and Natural Resources
27 may use up to two million five hundred thousand dollars (\$2,500,000) from the Inactive
28 Hazardous Sites Cleanup Fund established in G.S. 130A-310.11 for the 2002-2003
29 fiscal year for the detoxification and remediation of the landfill located in Warren
30 County that contains polychlorinated biphenyl (PCBs) and dioxin/furan contaminated
31 materials.
32

33 Requested by: Representatives Fox, Owens, Mitchell, Easterling, Oldham,
34 Redwine, Thompson

35 **DIVISION OF ENVIRONMENTAL HEALTH POSITION RECLASSIFIED**

36 **SECTION 12.7.** The vacant position of Administrative Assistant II in the
37 Division of Environmental Health of the Department of Environment and Natural
38 Resources is reclassified as the position of Environmental Engineer II and is assigned to
39 the On-Site Wastewater Section of the Division of Environmental Health of the
40 Department of Environment and Natural Resources.
41

42 Requested by: Representatives Thompson, Gillespie, Nye

43 **POSITIONS/EMPLOYEES AT LAKE JAMES AND SINGLETARY LAKE** 44 **STATE PARKS**

45 **SECTION 12.8.(a)** None of the following positions shall be eliminated for
46 the 2002-2003 fiscal year at Lake James State Park located in McDowell and Burke
47 Counties:

- 48 (1) Park Ranger I.
- 49 (2) Park Ranger II.
- 50 (3) Maintenance Mechanic III.
- 51 (4) Office Assistant III.

52 **SECTION 12.8.(b)** The employees currently filling the positions under
53 subsection (a) of this section shall not be reduced in force for the 2002-2003 fiscal year.

54 **SECTION 12.8.(c)** None of the following positions shall be eliminated for
55 the 2002-2003 fiscal year at Singletary Lake State Park located in Bladen County:

- 1 (1) Park Ranger II.
- 2 (2) Office Assistant III.
- 3 (3) Maintenance Mechanic III.
- 4 (4) General Utility Worker.

5 **SECTION 12.8.(d)** The employees currently filling the positions under
6 subsection (c) of this section shall not be reduced in force for the 2002-2003 fiscal year.

7 **SECTION 12.8.(e)** It is the intent of the General Assembly that Lake James
8 State Park and Singletary Lake State Park remain open to the public during the
9 2002-2003 fiscal year.

10
11 Requested by: Representative Gillespie

12 **DWR TO DEVELOP PLAN CONCERNING FUNDS FOR WATER**
13 **RESOURCES DEVELOPMENT PROJECTS IN EACH REGION OF THE**
14 **STATE/FEDERAL PARTICIPATION IN GEOGRAPHICALLY**
15 **DISTRIBUTED PROJECTS**

16 **SECTION 12.9.(a)** The Division of Water Resources of the Department of
17 Environment and Natural Resources shall develop a plan that is designed to inform and
18 assist local governmental entities in each geographical region of the State to apply to the
19 Division of Water Resources for State funds for water resources development projects.

20 **SECTION 12.9.(b)** The Department of Environment and Natural Resources
21 shall seek federal participation in water resources development projects that are
22 geographically distributed across the State.

23 **SECTION 12.9.(c)** The Department of Environment and Natural Resources
24 shall report to the 2003 General Assembly no later than January 15, 2003, on the status
25 of its efforts under this section. This report shall include any recommendations,
26 including legislative proposals, that would enhance the Department's efforts under this
27 section.

28
29 **PART XIII. DEPARTMENT OF COMMERCE**

30
31 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,
32 Thompson

33 **OREGON INLET FUNDS**

34 **SECTION 13.1.** Funds appropriated to the Department of Commerce for the
35 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and
36 unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30,
37 2002, but shall remain available to the Department for legal costs associated with the
38 Project. This section becomes effective June 30, 2002.

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

42 **COUNCIL OF GOVERNMENT FUNDS**

43 **SECTION 13.2.(a)** Section 20.12(a) of S.L. 2001-424 reads as rewritten:

44 **"SECTION 20.12.(a)** Of the funds appropriated in this act to the Department of
45 Commerce, nine hundred thirty-five thousand dollars (\$935,000) for the 2001-2002
46 fiscal year and ~~nine hundred thirty five thousand dollars (\$935,000)~~ eight hundred
47 thirty-two thousand one hundred fifty dollars (\$832,150) for the 2002-2003 fiscal year
48 shall only be used as provided by this section. Each regional council of government or
49 lead regional organization is allocated up to ~~fifty five thousand dollars (\$55,000)~~ forty-
50 eight thousand nine hundred fifty dollars (\$48,950) for ~~each the 2002-2003 fiscal year,~~
51 ~~with the actual amount calculated as provided in subsection (b) of this section year."~~

52 **SECTION 13.2.(b)** Section 20.12(b) of S.L. 2001-424 is repealed.

53 **SECTION 13.2.(c)** Section 20.12 of S.L. 2001-424 is amended by adding a
54 new subsection to read:

1 "SECTION 20.12.(c1) The funds appropriated by this section shall be paid by
2 electronic transfer in two equal installments, the first no later than September 1, 2002,
3 and the second subsequent to acceptable submission of the annual report due to the Joint
4 Legislative Commission on Governmental Operations and the Fiscal Research Division
5 by January 15, 2003, as specified in subdivision (f)(2) of this section."
6

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

9 **WORKER TRAINING TRUST FUND APPROPRIATIONS**

10 **SECTION 13.3.(a)** There is appropriated from the Worker Training Trust
11 Fund to the Employment Security Commission of North Carolina the sum of six million
12 three hundred thousand dollars (\$6,300,000) for the 2002-2003 fiscal year for the
13 operation of local offices.

14 **SECTION 13.3.(b)** Notwithstanding the provisions of G.S. 96-5(f), there is
15 appropriated from the Worker Training Trust Fund to the following agencies the
16 following sums for the 2002-2003 fiscal year for the following purposes:

- 17 (1) Nine hundred eleven thousand one hundred twenty-one dollars
18 (\$911,121) for the 2002-2003 fiscal year to the Department of
19 Commerce, Division of Employment and Training, for the
20 Employment and Training Grant Program;
- 21 (2) Eight hundred ninety-seven thousand five hundred eighty-seven
22 dollars (\$897,587) for the 2002-2003 fiscal year to the Community
23 Colleges System Office for customized training of the unemployed and
24 the working poor for specific jobs needed by employers through the
25 Training Initiatives Program;
- 26 (3) One million four hundred fifty thousand dollars (\$1,450,000) for the
27 2002-2003 fiscal year to the Community Colleges System Office to
28 continue the Focused Industrial Training Program;
- 29 (4) Two hundred one thousand nine hundred fifty-seven dollars
30 (\$201,957) for the 2002-2003 fiscal year to the Employment Security
31 Commission for the State Occupational Information Coordinating
32 Committee to develop and operate an interagency system to track
33 former participants in State education and training programs;
- 34 (5) Three hundred fifty-nine thousand thirty-five dollars (\$359,035) for
35 the 2002-2003 fiscal year to the Community Colleges System Office
36 for a training program in entrepreneurial skills to be operated by North
37 Carolina REAL Enterprises;
- 38 (6) Fifty-three thousand eight hundred fifty-six dollars (\$53,856) for the
39 2002-2003 fiscal year to the Employment Security Commission to
40 maintain compliance with Chapter 96 of the General Statutes, which
41 directs the Commission to employ the Common Follow-Up
42 Management Information System to evaluate the effectiveness of the
43 State's job training, education, and placement programs;
- 44 (7) Eight hundred ninety-seven thousand five hundred eighty-seven
45 dollars (\$897,587) for the 2002-2003 fiscal year to the Department of
46 Labor to continue the Apprenticeship Program; and
- 47 (8) Two hundred fifty thousand dollars (\$250,000) for the 2002-2003
48 fiscal year to the Community Colleges System Office for the operation
49 of the Hosiery Technology Center.

50 **SECTION 13.3.(c)** North Carolina REAL Enterprises and the other agencies
51 listed in subsections (a) and (b) of this section shall do the following for the programs
52 for which funds are appropriated in this section:

53 By January 15, 2003, and more frequently as requested, report to the Joint
54 Legislative Commission on Governmental Operations and the Fiscal Research Division
55 the following information:

- 1 (1) State fiscal year 2002-2003 program activities, objectives, and
2 accomplishments;
3 (2) State fiscal year 2002-2003 itemized expenditures and fund sources;
4 (3) State fiscal year 2003-2004 planned activities, objectives, and
5 accomplishments including actual results through December 31, 2002;
6 and
7 (4) State fiscal year 2003-2004 estimated itemized expenditures and fund
8 sources including actual expenditures and fund sources through
9 December 31, 2002.

10 **SECTION 13.3.(d)** North Carolina REAL Enterprises shall, in addition to
11 satisfying the reporting requirements in subsection (c) of this section, provide to the
12 Fiscal Research Division a copy of the organization's annual audited financial statement
13 within 30 days of issuance of the statement.
14

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

17 **NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS**

18 **SECTION 13.4.(a)** During the interim between the end of the 2002 Regular
19 Session of the 2001 General Assembly and the beginning of the 2003 General
20 Assembly, the Senate and House of Representatives Appropriations Subcommittees on
21 Natural and Economic Resources may study the feasibility and desirability of
22 designating the Small Business and Technology Development Center (SBTDC), the
23 Department of Commerce, the Community Colleges System Office, or any other
24 government or nonprofit entity as the State's presumptive provider of small business
25 development assistance, including: (i) promoting the development of small business
26 incubators; and (ii) investing in early-stage technology-based businesses.

27 **SECTION 13.4.(b)** The subcommittees shall report their recommendations,
28 including any proposed changes to the General Statutes, to the 2003 General Assembly
29 no later than January 15, 2003. The subcommittees may seek and obtain assistance
30 from any agencies and resources outside the General Assembly that the subcommittees
31 determine are needed to adequately perform the study.
32

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

35 **REPORT ON TDA**

36 **SECTION 13.4A.** By January 15, 2003, the Attorney General shall report to
37 the Senate and House of Representatives Appropriations Subcommittees on Natural and
38 Economic Resources, the chairs of the Senate and House Appropriations Committees,
39 and to the Joint Commission on Governmental Operations regarding any expenditure of
40 funds by the Technological Development Authority, Inc., for purposes outside the scope
41 of activities for which they were appropriated by the General Assembly. The report
42 shall include legal recommendations for the recovery of any misspent funds and a
43 proposed course of action designed to prevent future misuse of State appropriated funds.
44

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

47 **ONE NORTH CAROLINA FUND**

48 **SECTION 13.4B.(a)** Funds appropriated to the Department of Commerce
49 for the 2001-2002 fiscal year for the One North Carolina Fund that are unexpended and
50 unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30,
51 2002, but shall remain available to the Department for providing financial assistance to
52 those businesses and industries deemed by the Governor to be vital to a healthy and
53 growing State economy and that are making significant efforts to establish or expand in
54 North Carolina.

55 **SECTION 13.4B.(b)** This section becomes effective June 30, 2002.

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

4 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

5 **SECTION 13.6.** Section 20.10 of S.L. 2001-424 reads as rewritten:

6 **"SECTION 20.10.(a)** Funds appropriated in this act to the Department of
7 Commerce for regional economic development commissions shall be allocated to the
8 following ~~commissions~~ Commissions in accordance with subsection (b) of this section:
9 Western North Carolina Regional Economic Development Commission, Research
10 Triangle Regional Commission, Southeastern North Carolina Regional Economic
11 Development Commission, Piedmont Triad Partnership, Northeastern North Carolina
12 Regional Economic Development Commission, Global TransPark Development
13 Commission, and Carolinas Partnership, Inc.

14 **SECTION 20.10.(b)** Funds appropriated pursuant to subsection (a) of this section
15 shall be allocated to each ~~regional economic development commission~~ Regional
16 Economic Development Commission as follows:

- 17 (1) First, the Department shall establish each ~~commission's~~ Commission's
18 allocation by determining the sum of allocations to each county that is
19 a member of that ~~commission~~ Commission. Each county's allocation
20 shall be determined by dividing the county's enterprise factor by the
21 sum of the enterprise factors for eligible counties and multiplying the
22 resulting percentage by the amount of the appropriation. As used in
23 this subdivision, the term "enterprise factor" means a county's
24 enterprise factor as calculated under ~~G.S. 105-129.3; G.S. 105-129.3.~~
25 (2) Next, the Department shall subtract from funds allocated to the Global
26 TransPark Development ~~Zone~~ Commission the sum of two hundred
27 four thousand four hundred thirty-three dollars (\$204,433) in ~~each~~
28 ~~fiscal year, the 2001-2002 fiscal year and the sum of one hundred~~
29 ~~seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in~~
30 ~~the 2002-2003 fiscal year~~ which sum represents the interest earnings in
31 each fiscal year on the estimated balance of seven million five hundred
32 thousand dollars (\$7,500,000) appropriated to the Global TransPark
33 Development Zone in Section 6 of Chapter 561 of the 1993 Session
34 ~~Laws; and Laws.~~
35 (3) Next, the Department shall redistribute the sum of two hundred four
36 thousand four hundred thirty-three dollars (\$204,433) in ~~each fiscal~~
37 ~~year the 2001-2002 fiscal year and the sum of one hundred seventy-~~
38 ~~one thousand nine hundred seventy-nine dollars (\$171,979) in the~~
39 ~~2002-2003 fiscal year~~ to the seven ~~regional economic development~~
40 ~~commissions~~ Regional Economic Development Commissions named
41 in subsection (a) of this section. Each ~~commission's~~ Commission's
42 share of this redistribution shall be determined according to the
43 enterprise factor formula set out in subdivision (1) of this subsection.
44 This redistribution shall be in addition to each
45 ~~commission's~~ Commission's allocation determined under subdivision
46 (1) of this subsection.
47 (4) For the 2002-2003 fiscal year, the reduction in appropriation of funds
48 allocated pursuant to subdivisions (1), (2), and (3) of this subsection
49 was managed by first using the formula applied against the amount
50 appropriated for the 2001-2002 fiscal year and then reducing by the
51 sum of seventy-five thousand dollars (\$75,000) the allocation for each
52 of the Regional Economic Development Commissions listed in
53 subsection (a) of this section.

1 (5) Funds appropriated in this act to the Department of Commerce for the
2 Regional Economic Development Commissions shall be budgeted in
3 Budget Code 14601 (Commerce-State Aid)."
4

5 Requested by: Representative Mitchell

6 **REGIONAL COMMISSION REPORTS**

7 **SECTION 13.7.** Section 20.11(a) of S.L. 2001-424 reads as rewritten:

8 "**SECTION 20.11.(a)** ~~Each regional economic development commission~~ Regional
9 Economic Development Commission receiving a grant-in-aid from the Department of
10 Commerce shall:

11 (1) By January 15, 2002, and more frequently as requested, report to the
12 Joint Legislative Commission on Governmental Operations, the Fiscal
13 Research Division, and the Department of Commerce the following
14 information:

- 15 a. State fiscal year 2000-2001 program activities, objectives, and
16 accomplishments;
17 b. State fiscal year 2000-2001 itemized expenditures and fund
18 sources;
19 c. State fiscal year 2001-2002 planned activities, objectives, and
20 accomplishments as specified in subdivisions (b)(1) through
21 (b)(6) of this section including actual results through December
22 31, 2001;
23 d. State fiscal year 2001-2002 estimated itemized expenditures
24 and fund sources including actual expenditures and fund
25 sources through December 31, 2001.

26 ~~(2) By January 15, 2003, and more frequently as requested, report to the~~
27 ~~Joint Legislative Commission on Governmental Operations, the Fiscal~~
28 ~~Research Division, and the Department of Commerce the following~~
29 ~~information:~~

- 30 ~~a. State fiscal year 2001-2002 program activities, objectives, and~~
31 ~~accomplishments;~~
32 ~~b. State fiscal year 2001-2002 itemized expenditures and fund~~
33 ~~sources;~~
34 ~~c. State fiscal year 2002-2003 planned activities, objectives, and~~
35 ~~accomplishments as specified in subdivisions (b)(1) through~~
36 ~~(b)(6) of this section including actual results through December~~
37 ~~31, 2002;~~
38 ~~d. State fiscal year 2002-2003 estimated itemized expenditures~~
39 ~~and fund sources including actual expenditures and fund~~
40 ~~sources through December 31, 2002.~~

41 (2) Report by February 15, 2003, on the first and second quarters of the
42 2002-2003 fiscal year, and by August 15, 2003, on the third and fourth
43 quarters of the 2002-2003 fiscal year, regarding the following:

- 44 a. Program activities, objectives, and accomplishments for its
45 region, to include:
46 1. Specific businesses and/or industries that have been
47 recruited.
48 2. Businesses and/or industries that have located as a result
49 of recruitment efforts, and number of new jobs created as
50 a result of that location decision.
51 3. Existing businesses and/or industries that have expanded
52 as a result of assistance, and number of new jobs created
53 as a result of that expansion.

- 1 4. Existing businesses and/or industries that have remained
2 as a result of retention efforts, and number of jobs saved
3 as a result of that retention.
4 5. For sub-sub-subdivisions 1. through 4. of this
5 sub-subdivision, each Commission shall describe its role
6 in the activities and identify the relative contributions of
7 the Commission and the Department of Commerce to the
8 activities.
9 6. Number and description of marketing outreach events,
10 including trade shows, recruitment missions, and related
11 activities.
12 7. Initiatives undertaken to establish certified sites and shell
13 buildings.
14 8. Number of referrals or leads handled that were generated
15 by the Department of Commerce, and number that were
16 generated by the Commission.
17 b. Total itemized actual revenues and expenditures, by fund
18 source.
19 The report required by this subsection shall be made to the Department
20 of Commerce, the Joint Legislative Commission on Governmental
21 Operations, and the Fiscal Research Division.
22 (3) Report by February 15, 2003, to the Joint Legislative Commission on
23 Governmental Operations, the Fiscal Research Division, and the
24 Department of Commerce on the following:
25 a. State fiscal year 2001-2002 program activities, objectives, and
26 accomplishments.
27 b. State fiscal year 2001-2002 itemized expenditures, including
28 salary and benefits for all employees regardless of funding
29 sources, and fund sources.
30 (4) Report by February 15, 2003, to the Department of Commerce on the
31 number and listing of available sites and buildings within the region.
32 (3)(5) Provide to the Fiscal Research Division and the Department of
33 Commerce a copy of its annual audited financial statement within 30
34 days of issuance of the statement."
35

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

38 **NONPROFIT REPORTING REQUIREMENTS**

39 **SECTION 13.10.** Section 20.14 of S.L. 2001-424 reads as rewritten:

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

- 45 (1) By January 15, 2002, and more frequently as requested, report to the
46 Joint Legislative Commission on Governmental Operations and the
47 Fiscal Research Division the following information:
48 a. State fiscal year 2000-2001 program activities, objectives, and
49 accomplishments;
50 b. State fiscal year 2000-2001 itemized expenditures and fund
51 sources;
52 c. State fiscal year 2001-2002 planned activities, objectives, and
53 accomplishments including actual results through December 31,
54 2001; and

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

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

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

RURAL ECONOMIC DEVELOPMENT CENTER

SECTION 13.11.(a) Section 20.15(a) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million seven hundred eighty-eight thousand seven hundred forty-nine dollars (\$1,788,749) for the 2001-2002 fiscal year and the sum of ~~one million seven hundred eighty eight thousand seven hundred forty nine dollars (\$1,788,749)~~ one million seven hundred forty-four thousand seven hundred forty-nine dollars (\$1,744,749) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	\$444,000	\$444,000 <u>\$400,000</u>
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	437,278	437,278
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000."

SECTION 13.11.(b) Section 20.15(e) of S.L. 2001-424 reads as rewritten:

"**SECTION 20.15.(e)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred two thousand dollars (\$2,902,000) for the 2001-2002 fiscal year and the sum of ~~two million nine hundred two thousand dollars (\$2,902,000)~~ two million five hundred forty-two thousand one hundred

1 forty-nine dollars (\$2,542,149) for the 2002-2003 fiscal year shall be allocated as
2 follows:

- 3 (1) \$1,124,000 in each for the 2001-2002 fiscal year and \$1,067,800 for
4 the 2002-2003 fiscal year for community development grants to
5 support development projects and activities within the State's minority
6 communities. Any community development corporation as defined in
7 this section is eligible to apply for funds. The Rural Economic
8 Development Center, Inc., shall establish performance-based criteria
9 for determining which community development corporation will
10 receive a grant and the grant amount. The Rural Economic
11 Development Center, Inc., shall allocate these funds as follows:
- 12 a. \$837,720 in each for the 2001-2002 fiscal year and \$810,000 for
13 the 2002-2003 fiscal year for direct grants to the local
14 community development corporations that have previously
15 received State funds for this purpose to support operations and
16 project activities;
- 17 b. \$236,280 in each for the 2001-2002 fiscal year and \$207,800 for
18 the 2002-2003 fiscal year for direct grants to local community
19 development corporations that have not previously received
20 State funds; and
- 21 c. \$50,000 in each fiscal year to the Rural Economic Development
22 Center, Inc., to be used to cover expenses in administering this
23 section.
- 24 (2) \$234,000 in each for the 2001-2002 fiscal year and \$210,600 for the
25 2002-2003 fiscal year to the Microenterprise Loan Program to support
26 the loan fund and operations of the Program; and
- 27 (3) \$1,344,000 in each for the 2001-2002 fiscal year and \$1,063,749 for
28 the 2002-2003 fiscal year shall be used for a program to provide
29 supplemental funding for matching requirements for projects and
30 activities authorized under this subdivision. The Center shall allocate
31 these funds as follows:
- 32 a. \$1,094,000 in each for the 2001-2002 fiscal year and \$838,749
33 for the 2002-2003 fiscal year to make grants to local
34 governments and nonprofit corporations to provide funds
35 necessary to match federal grants or other grants for:
- 36 1. Necessary economic development projects and activities
37 in economically distressed areas;
- 38 2. Necessary water and sewer projects and activities in
39 economically distressed communities to address health
40 or environmental quality problems except that funds
41 shall not be expended for the repair or replacement of
42 low-pressure pipe wastewater systems. If a grant is
43 awarded under this sub-subdivision, then the grant shall
44 be matched on a dollar-for-dollar basis in the amount of
45 the grant awarded; or
- 46 3. Projects that demonstrate alternative water and waste
47 management processes for local governments. Special
48 consideration should be given to cost-effectiveness,
49 efficacy, management efficiency, and the ability of the
50 demonstration project to be replicated.
- 51 b. \$250,000 in each for the 2001-2002 fiscal year and \$225,000 for
52 the 2002-2003 fiscal year to make grants to local governments
53 and nonprofit corporations to provide funds necessary to match
54 federal grants or other grants related to water, sewer, or
55 business development projects.

1 (4) \$200,000 in each fiscal year for the Agricultural Advancement
2 Consortium. These funds shall be placed in a reserve and allocated as
3 follows:

- 4 a. \$75,000 in each fiscal year for operating expenses associated
5 with the Consortium; and
6 b. \$125,000 in each fiscal year for research initiatives funded by
7 the Consortium.

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

11 The grant recipients in this subsection shall be selected on the basis of need."
12

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

15 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

16 **SECTION 13.12.** Section 20.16(a) of S.L. 2001-424 reads as rewritten:

17 "**SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural Economic
18 Development Center, Inc., the sum of four hundred thousand dollars (\$400,000) for the
19 2001-2002 fiscal year and the sum of ~~four hundred thousand dollars (\$400,000)~~three
20 hundred eighty thousand dollars (\$380,000) for the 2002-2003 fiscal year shall be
21 allocated as follows:

- 22 (1) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
23 2002-2003 fiscal year to the Opportunities Industrialization Center of
24 Wilson, Inc., for its ongoing job training programs;
25 (2) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
26 2002-2003 fiscal year to the Opportunities Industrialization Center,
27 Inc., in Rocky Mount, for its ongoing job training programs;
28 (3) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
29 2002-2003 fiscal year to the Opportunities Industrialization Centers
30 Kinston and Lenoir County, North Carolina, Inc.; and
31 (4) ~~\$100,000 in each for the 2001-2002 fiscal year and \$95,000 for the~~
32 2002-2003 fiscal year to the Opportunities Industrialization Center of
33 Elizabeth City, Inc."
34

35 **PART XIV. JUDICIAL DEPARTMENT**

36
37 Requested by: Representative Daughtry

38 **SPECIAL SUPERIOR COURT JUDGES FUNDING**

39 **SECTION 14.1.** In lieu of the proposed reduction of funding by delaying the
40 reappointment of Special Superior Court Judges, the proposed nonrecurring reduction of
41 non-salary line items in the Budget of the Department of Correction is increased by
42 \$512,693.
43

44 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
45 Thompson

46 **RESTRICT DISTRICT COURT MANDATORY ARBITRATION**

47 **SECTION 14.3.** G.S. 7A-37.1(c) reads as rewritten:

48 "(c) This procedure may be employed in civil actions where claims do not exceed
49 fifteen thousand dollars ~~(\$15,000).~~ (\$15,000), except that it shall not be employed in
50 actions in which the sole claim is an action on an account, including appeals from
51 magistrates on such actions."
52

53 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
54 Thompson

55 **FEDERAL GRANT FUNDS**

1 **SECTION 14.4.** The Judicial Department shall use up to the sum of eight
2 hundred seventy-five thousand dollars (\$875,000) from funds available to the
3 Department to provide the State match needed in order to receive federal grant funds.
4 Prior to using funds for this purpose, the Department shall report to the Chairs of the
5 Senate and House of Representatives Appropriations Subcommittees on Justice and
6 Public Safety and the Joint Legislative Commission on Governmental Operations on the
7 grants to be matched using these funds.
8

9 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine
10 **TRANSFER SENTENCING SERVICES PROGRAM TO OFFICE OF**
11 **INDIGENT DEFENSE SERVICES**

12 **SECTION 14.7.(a)** The statutory authority, powers, duties, and functions,
13 records, personnel, property, unexpended balances of appropriations, allocations or
14 other funds, including the functions of budgeting and purchasing, of the Administrative
15 Office of the Courts to conduct the Sentencing Services Program, as provided by Article
16 61 of Chapter 7A of the General Statutes, are transferred to the Office of Indigent
17 Defense Services.

18 **SECTION 14.7.(b)** G.S. 7A-498.2(a) reads as rewritten:

19 "(a) The Office of Indigent Defense Services, which is administered by the
20 Director of Indigent Defense Services and includes the Commission on Indigent
21 Defense Services, ~~Services and the Sentencing Services Program established in Article~~
22 61 of this Chapter, is created within the Judicial Department. As used in this Article,
23 "Office" means the Office of Indigent Defense Services, "Director" means the Director
24 of Indigent Defense Services, and "Commission" means the Commission on Indigent
25 Defense Services."

26 **SECTION 14.7.(c)** G.S. 7A-498.6(b) reads as rewritten:

27 "(b) The Director shall:

- 28 (1) Prepare and submit to the Commission a proposed budget for the
29 Office of Indigent Defense Services, an annual report containing
30 pertinent data on the operations, costs, and needs of the Office, and
31 such other information as the Commission may require;
- 32 (2) Assist the Commission in developing rules and standards for the
33 delivery of services under this Article;
- 34 (3) Administer and coordinate the operations of the Office and supervise
35 compliance with standards adopted by the Commission;
- 36 (4) Subject to policies and procedures established by the Commission, hire
37 such professional, technical, and support personnel as deemed
38 reasonably necessary for the efficient operation of the Office of
39 Indigent Defense Services;
- 40 (5) Keep and maintain proper financial records for use in calculating the
41 costs of the operations of the Office of Indigent Defense Services;
- 42 (6) Apply for and accept on behalf of the Office of Indigent Defense
43 Services any funds that may become available from government
44 grants, private gifts, donations, or bequests from any source;
- 45 (7) Coordinate the services of the Office of Indigent Defense Services
46 with any federal, county, or private programs established to provide
47 assistance to indigent persons in cases subject to this Article and
48 consult with professional bodies concerning improving the
49 administration of indigent services;
- 50 (8) Conduct training programs for attorneys and others involved in the
51 legal representation of persons subject to this Article; ~~and~~
- 52 (8a) Administer the Sentencing Services Program established in Article 61
53 of this Chapter; and
- 54 (9) Perform other duties as the Commission may assign."

55 **SECTION 14.7.(d)** G.S. 7A-771(2a) reads as rewritten:

1 "(2a) "Director" means the Director of ~~the Administrative Office of the~~
2 ~~Courts.~~ Indigent Defense Services."

3 **SECTION 14.7.(e)** G.S. 7A-772(b) reads as rewritten:

4 "(b) The Director may establish local sentencing services programs and appoint
5 those staff as the Director deems necessary. These personnel may serve as full-time or
6 part-time State employees or may be hired on a contractual basis when determined
7 appropriate by the director. Contracts entered under the authority of this subsection shall
8 be exempt from the competitive bidding procedures under Chapter 143 of the General
9 Statutes. ~~The Administrative Office of the Courts~~ Office of Indigent Defense Services
10 shall adopt rules necessary and appropriate for the administration of the program. Funds
11 appropriated by the General Assembly for the establishment and maintenance of
12 sentencing services programs under this Article shall be administered by the
13 ~~Administrative Office of the Courts.~~ Office of Indigent Defense Services."

14 **SECTION 14.7.(f)** Each Sentencing Services Program shall review its
15 procedures and implement methods of (i) minimizing the frequency with which plans
16 are prepared but not presented to the court, and (ii) ensuring the efficient management
17 of probation revocation cases when they are referred by a judge.

18 **SECTION 14.7.(g)** As of July 1, 2002, the number of State positions
19 assigned as administrative staff is reduced from 11 to three. Notwithstanding the
20 provisions of G.S. 7A-772(b), the number of State positions shall not exceed 26. The
21 Office of Indigent Defense Services may reallocate State employee positions in order to
22 provide sentencing services in any of the districts formerly served by non-State
23 agencies. The Office of Indigent Defense Services shall renegotiate contractual
24 arrangements with some of the highest performing nonprofits that have administered
25 sentencing services program to date. Within existing funding, the Office of Indigent
26 Defense Services may also contract with individuals or organizations to provide
27 additional sentencing services.

28 **SECTION 14.7.(h)** The Office of Indigent Defense Services shall report by
29 November 1, 2002, to the Chairs of the Senate and House Appropriations Committees
30 and the Senate and House Appropriations Subcommittees on Justice and Public Safety
31 on the reorganization of the Sentencing Services Program pursuant to this section. The
32 report shall include the specific assignments for the State positions, the districts in
33 which sentencing services will be available, the means by which those services will be
34 provided, and an estimated number of plans and cost per plan for the 2002-2003 fiscal
35 year.

36
37 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
38 Thompson

39 **DRUG TREATMENT COURT PROGRAM**

40 **SECTION 14.8.(a)** The Drug Treatment Court Program shall maintain the
41 existing State-funded programs in Districts 5, 9, 9A, 10, 14, 21, and 26 during the
42 2002-2003 fiscal year.

43 **SECTION 14.8.(b)** It is the intent of the General Assembly that State Drug
44 Treatment Court funds not be used to fund case manager positions when those services
45 can be reasonably provided by the Treatment Alternatives to Street Crime (TASC)
46 program in the Department of Health and Human Services or by other existing
47 resources. The Drug Treatment Court Program shall identify areas of potential cost
48 savings in the local programs that would result from reducing the number of case
49 manager positions. The Program shall also identify areas in which federal funding might
50 absorb administrative costs.

51 The Drug Treatment Court Program shall report by February 1, 2003, to the
52 Chairs of the Senate and House Appropriations Committees and the Chairs of the
53 Senate and House Appropriations Subcommittees on Justice and Public Safety on the
54 savings identified.

1 **SECTION 14.8.(c)** Prior to the establishment of any new local drug
 2 treatment court programs, the local drug treatment court management committee shall
 3 consult with the TASC program as to the availability of case management services in
 4 that community.

5
 6 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 7 Thompson

8 **SUPERIOR COURT JUDGES' SUBSISTENCE ALLOWANCE**

9 **SECTION 14.10.** Notwithstanding the provisions of G.S. 7A-44(a), during
 10 the 2002-2003 fiscal year each superior court judge shall be allowed three thousand five
 11 hundred dollars (\$3,500) per year in lieu of necessary subsistence expenses while
 12 attending court or transacting official business at a place other than in the county of the
 13 judge's residence and in lieu of other professional expenses incurred in the discharge of
 14 the judge's official duties.

15
 16 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 17 Thompson

18 **ADDITIONAL PUBLIC DEFENDER OFFICE**

19 **SECTION 14.11.(a)** G.S. 7A-498.7(a) reads as rewritten:

20 "(a) The following counties of the State are organized into the defender districts
 21 listed below, and in each of those defender districts an office of public defender is
 22 established:

<u>Defender District</u>	<u>Counties</u>
26 3A	Pitt
27 3B	Carteret
28 12	Cumberland
29 14	Durham
30 15B	Orange, Chatham
31 16A	Scotland, Hoke
32 16B	Robeson
33 18	Guilford
34 <u>21</u>	<u>Forsyth</u>
35 26	Mecklenburg
36 27A	Gaston
37 28	Buncombe

38 After notice to, and consultation with, the affected district bar, senior resident
 39 superior court judge, and chief district court judge, the Commission on Indigent Defense
 40 Services may recommend to the General Assembly that a district or regional public
 41 defender office be established. A legislative act is required in order to establish a new
 42 office or to abolish an existing office."

43 **SECTION 14.11.(b)** The Office of Indigent Defense Services may use up to
 44 the sum of one million two hundred twenty-five thousand dollars (\$1,225,000) in funds
 45 appropriated to create new positions for the Forsyth County Public Defender's office.
 46 These positions shall include the public defender, up to 13 assistant public defenders,
 47 and up to 7 support positions.

48 **SECTION 14.11.(c)** This section becomes effective September 1, 2002.

49
 50 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 51 Thompson

52 **APPELLATE COURTS PRINTING AND COMPUTER OPERATIONS**

53 **SECTION 14.12.** Article 29 of Chapter 7A of the General Statutes is
 54 amended by adding a new section to read:

55 "**§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

1 The Appellate Courts Printing and Computer Operations Fund is established within
2 the Judicial Department as an interest-bearing special revenue account. Accordingly,
3 interest and other investment income earned by the Fund shall be credited to it. All
4 moneys collected through charges to litigants for the reproduction of appellate records
5 and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State Treasurer
6 and held in this Fund. Moneys in the Fund shall be used to support the print shop
7 operations of the Supreme Court and the Court of Appeals, including personnel,
8 maintenance, and capital costs. The Judicial Department may create and maintain
9 receipt-supported positions for these purposes. Revenue in the Fund at the end of each
10 fiscal year shall be transferred to the Court Information Technology Fund established in
11 G.S. 7A-343.2."
12

13 **PART XV. DEPARTMENT OF JUSTICE**

14
15 Requested by: Representatives Baddour, Easterling, Oldham, Redwine

16 **NO-CALL REGISTRY AUTHORIZATION**

17 **SECTION 15.2.(a)** The Department of Justice may use funds available to
18 the Department up to seven hundred thousand dollars (\$700,000) during the 2002-2003
19 fiscal year to establish and implement a no-call registry to stop unwanted telemarketing
20 calls and to increase protections for consumers in transactions initiated by telemarketers.
21 These funds shall also be used to develop programs to protect citizens from improper
22 electronic invasions of privacy.

23 **SECTION 15.2.(b)** This section becomes effective only when legislation
24 authorizing the Department of Justice to establish and implement a no-call registry
25 becomes law.
26

27 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
28 Thompson

29 **INSURANCE REGULATORY FUND REIMBURSEMENT**

30 **SECTION 15.5.** G.S. 58-6-25(d) reads as rewritten:

31 "(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State
32 treasury, under the control of the Office of State Budget and Management. The proceeds
33 of the charge levied in this section and all fees collected under Articles 69 through 71 of
34 this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be
35 credited to the Fund. The Fund shall be placed in an interest-bearing account and any
36 interest or other income derived from the Fund shall be credited to the Fund. Moneys in
37 the Fund may be spent only pursuant to appropriation by the General Assembly and in
38 accordance with the line item budget enacted by the General Assembly. The Fund is
39 subject to the provisions of the Executive Budget Act, except that no unexpended
40 surplus of the Fund shall revert to the General Fund. All money credited to the Fund
41 shall be used to reimburse the General Fund for the following:

- 42 (1) Money appropriated to the Department of Insurance to pay its
43 expenses incurred in regulating the insurance industry and other
44 industries in this State.
- 45 (2) Money appropriated to State agencies to pay the expenses incurred in
46 regulating the insurance industry, in certifying statewide data
47 processors under Article 11A of Chapter 131E of the General Statutes,
48 and in purchasing reports of patient data from statewide data
49 processors certified under that Article.
- 50 (3) Money appropriated to the Department of Revenue to pay the expenses
51 incurred in collecting and administering the taxes on insurance
52 companies levied in Article 8B of Chapter 105 of the General Statutes.
- 53 (4) Money appropriated for the office of Managed Care Patient Assistance
54 Program established under G.S. 143-730 to pay the actual costs of
55 administering the program.

- 1 (5) Money appropriated to the Department of Insurance for the
2 implementation and administration of independent external review
3 procedures required by Part 4 of Article 50 of this Chapter.
4 (6) Money appropriated to the Department of Justice to pay its expenses
5 incurred in representing the Department of Insurance in its regulation
6 of the insurance industry and other related programs and industries in
7 this State that fall under the jurisdiction of the Department of
8 Insurance."
9

10 Requested by: Representative Redwine

11 **AMBER ALERT PROGRAM**

12 **SECTION 15.6.** Funds in the amount of one hundred twenty-five thousand
13 dollars (\$125,000) are appropriated by this act to the Department of Justice for the
14 2002-2003 fiscal year for the America's Missing Broadcast Emergency Response
15 (AMBER) Alert program. The Department of Justice shall use these funds to assist the
16 Department of Crime Control and Public Safety to expand statewide the AMBER Alert
17 program. AMBER is a voluntary cooperative program between law-enforcement
18 agencies and local broadcasters to send an emergency alert to the public when a child
19 has been abducted and it is believed that the child's life is in grave danger. Under the
20 AMBER plan, area radio and television stations interrupt programming to broadcast
21 information about the missing child using the Emergency Alert System.

22 The purpose of the AMBER plan is to provide a rapid response to the most
23 serious child-abduction cases. When an alert is activated, law-enforcement agencies
24 immediately gain the assistance of thousands of broadcast and cable listeners and
25 viewers throughout the area. The plan relies on the community to safely recover the
26 abducted child. Currently, the North Carolina Child Alert Notification (NC CAN)
27 system is housed under the North Carolina Center for Missing Persons, a section of the
28 North Carolina Department of Crime Control and Public Safety. The Attorney
29 General's Office is working with the NC CAN system to raise awareness and find
30 financial resources in order to implement the program statewide.
31

32 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**
33 **PREVENTION**
34

35 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
36 Thompson

37 **USE OF FUNDS FOR YOUTH DEVELOPMENT CENTER AND**
38 **MULTIPURPOSE BEDS**

39 **SECTION 16.1.(a)** The Department of Juvenile Justice and Delinquency
40 Prevention may use funds available during the 2002-2003 fiscal year to (i) establish new
41 Youth Development Center beds, (ii) reestablish one multipurpose group home, and (iii)
42 convert one of the 50-bed modular camps in the Eckerd Wilderness Camp Program for
43 use as a Youth Development Center, as defined in G.S. 7B-1501. Any conversion shall
44 be effectuated with existing contract funds.

45 **SECTION 16.1.(b)** The Department shall consult with the Joint Legislative
46 Commission on Governmental Operations and the Corrections, Crime Control, and
47 Juvenile Justice Oversight Committee prior to:

- 48 (1) Converting any Eckerd Wilderness Camp beds to secure confinement
49 beds during the 2002-2003 fiscal year;
50 (2) Establishing bed capacity at the standard or expanded capacity level
51 greater than 730 beds, including beds converted at Eckerd Wilderness
52 Camps, during the 2002-2003 fiscal year; or
53 (3) Reestablishing one multipurpose group home during the 2002-2003
54 fiscal year.

55 The report shall include the sources of funding for any additional beds.

1
2 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
3 Thompson

4 **FUNDING OF TEEN COURT PROGRAMS**

5 **SECTION 16.2.(a)** Of the funds appropriated in this act to the Department
6 of Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year, the sum
7 of four hundred eighty-eight thousand six hundred sixty dollars (\$488,660) shall be used
8 to continue the operations of teen court programs which received direct State
9 appropriations from the Department in the 2001-2002 fiscal year. For the 2002-2003
10 fiscal year, the Department shall allocate funds to the Juvenile Crime Prevention
11 Councils in the counties in which those teen court programs are located. For each teen
12 court program, the allocation shall be in an amount equal to the appropriation received
13 by that program in the 2001-2002 fiscal year. The allocations authorized by this
14 subsection are in addition to the formula allocations for the applicable counties.

15 **SECTION 16.2.(b)** G.S. 143B-520(b) reads as rewritten:

16 "(b) Every teen court program that receives ~~State funds, including~~ funds from
17 Juvenile Crime Prevention ~~Councils, Councils~~ shall comply with rules and reporting
18 requirements of the Department of Juvenile Justice and Delinquency Prevention. ~~In~~
19 ~~particular, teen court programs receiving State funds shall report to the Department on~~
20 ~~the expenditure of State funds and the number of cases served each year."~~

21
22 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
23 Thompson

24 **COMMUNITIES IN SCHOOLS REDUCTIONS**

25 **SECTION 16.3.** The General Fund appropriation to the Department of
26 Juvenile Justice and Delinquency Prevention for Communities in Schools of North
27 Carolina, Inc., is reduced by the sum of one hundred two thousand five hundred dollars
28 (\$102,500) for the 2002-2003 fiscal year. This reduction in funding shall be
29 accomplished by reducing expenditures at the State office and not through reductions in
30 funding to individual sites.

31
32 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
33 Thompson

34 **FUNDING FOR ECKERD WILDERNESS CAMP**

35 **SECTION 16.4.** For each youth admitted to the Eckerd Wilderness Camp
36 program from an area mental health authority or a local education agency, the referring
37 authority or agency shall pay the costs associated with the support and treatment of that
38 youth in the program. The Department of Juvenile Justice and Delinquency Prevention
39 shall continue to administer the contract for services with the Eckerd Wilderness Camp
40 program and local education agencies and local mental health authorities shall
41 reimburse the Department at the rates of forty dollars (\$40.00) per day for basic camp
42 slots and sixty dollars (\$60.00) per day for modular camp slots.

43
44 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
45 Thompson

46 **STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS**

47 **SECTION 16.5.** Section 24.4 of S.L. 2001-424 reads as rewritten:

48 **"SECTION 24.4.** Funds appropriated in this act to the Department of Juvenile
49 Justice and Delinquency Prevention for the ~~2001-2002-2002-2003~~ fiscal year may be
50 used as matching funds for the Juvenile Accountability Incentive Block Grants. If North
51 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds
52 to be awarded, the Office of State Budget and Management and the Governor's Crime
53 Commission shall consult with the Department of Juvenile Justice and Delinquency
54 Prevention regarding the criteria for awarding federal funds. The Office of State Budget
55 and Management, the Governor's Crime Commission, and the Department of Juvenile

1 Justice and Delinquency Prevention shall report to the Appropriations Committees of
2 the Senate and House of Representatives and the Joint Legislative Commission on
3 Governmental Operations prior to allocation of the federal funds. The report shall
4 identify the amount of funds to be received for the ~~2001-2002~~ 2002-2003 fiscal year,
5 the amount of funds anticipated for the ~~2002-2003~~ 2003-2004 fiscal year, and the
6 allocation of funds by program and purpose."
7

8 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
9 Thompson

10 **PLANNING FOR NEW YOUTH DEVELOPMENT CENTER**

11 **SECTION 16.6.** The Department of Juvenile Justice and Delinquency
12 Prevention may initiate the planning and design of a new 300- to 500-bed youth
13 development center using funds allocated to the Department of Administration for the
14 planning and design of juvenile justice facilities. The Department shall report by
15 November 1, 2002, to the Joint Legislative Commission on Governmental Operations
16 and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight
17 Committee on its progress in the planning and design phase. The Department shall also
18 provide a preliminary report on how its plan for a new center will ensure effective
19 security and programming while achieving staffing efficiencies.
20

21 Requested by: Representatives Sherrill, Nesbitt

22 **OPERATION OF BUNCOMBE YOUTH DETENTION CENTER**

23 **SECTION 16.7.** The Department of Juvenile Justice and Delinquency
24 Prevention shall continue to operate the Buncombe Youth Detention Center at its
25 current site during the 2002-2003 fiscal year. To the extent practicable during the
26 2002-2003 fiscal year, the Department shall operate the Buncombe Youth Detention
27 Center at the same average population and staffing levels and at the same budget as the
28 2001-2002 fiscal year.
29

30 **PART XVII. DEPARTMENT OF CORRECTION**

31
32 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
33 Thompson

34 **ALL COUNTIES TRANSFERRING SAFEKEEPERS TO THE DEPARTMENT**
35 **OF CORRECTION TO REIMBURSE DEPARTMENT REGARDLESS OF**
36 **SAFEKEEPERS' RESIDENCY**

37 **SECTION 17.1.** G.S. 162-39(c) reads as rewritten:

38 "(c) The sheriff of the county from which the prisoner is removed shall be
39 responsible for conveying the prisoner to the jail or prison unit where he is to be held,
40 and for returning him to the common jail of the county from which he was transferred.
41 The return shall be made at the expiration of the time designated in the court order
42 directing the transfer unless the judge, by appropriate order, shall direct otherwise. The
43 sheriff or keeper of the jail of the county designated in the court order, or the officer in
44 charge of the prison unit designated by the Secretary of Correction, shall receive and
45 release custody of the prisoner in accordance with the terms of the court order. If a
46 prisoner is transferred to a unit of the State prison system, the county from which the
47 prisoner is transferred shall pay the Department of Correction for maintaining the
48 prisoner for the time designated by the court at the per day, per inmate rate at which the
49 Department of Correction pays a local jail for maintaining a prisoner. The county shall
50 also pay the Department of Correction for the costs of extraordinary medical care
51 incurred while the prisoner was in the custody of the Department of Correction, defined
52 as follows:

- 53 (1) Medical expenses incurred as a result of providing health care to a
54 prisoner as an inpatient (hospitalized);

- 1 (2) Other medical expenses when the total cost exceeds thirty-five dollars
2 (\$35.00) per occurrence or illness as a result of providing health care
3 to a prisoner as an outpatient (nonhospitalized); and
4 (3) Cost of replacement of eyeglasses and dental prosthetic devices if
5 those eyeglasses or devices are broken while the prisoner is
6 incarcerated, provided the prisoner was using the eyeglasses or devices
7 at the time of his commitment and then only if prior written consent of
8 the county is obtained by the Department.

9 ~~However, a county is not required to reimburse the State for maintaining a prisoner who~~
10 ~~was a resident of another state or county at the time he committed the crime for which~~
11 ~~he is imprisoned.~~ If the prisoner is transferred to a jail in some other county, the county
12 from which the prisoner is transferred shall pay to the county receiving the prisoner in
13 its jail the actual cost of maintaining the prisoner for the time designated by the court.
14 Counties are hereby authorized to enter into contractual agreements with other counties
15 to provide jail facilities to which prisoners may be transferred as deemed necessary
16 under this section.

17 Whenever prisoners are arrested in such numbers that county jail facilities are
18 insufficient and inadequate for the safekeeping of such prisoners, the resident judge of
19 the superior court or any superior or district court judge holding court in the district may
20 order the prisoners transferred to a unit of the State Department of Correction
21 designated by the Secretary of Correction or his authorized representative, where the
22 prisoners may be held for such length of time as the judge may direct, such detention to
23 be in cell separate from that used for imprisonment of persons already convicted of
24 crimes, except when admission to an inpatient prison medical or mental health unit is
25 required to provide services deemed necessary by a prison health care clinician. The
26 sheriff of the county from which the prisoners are removed shall be responsible for
27 conveying the prisoners to the prison unit or units where they are to be held, and for
28 returning them to the common jail of the county from which they were transferred.
29 However, if due to the number of prisoners to be conveyed the sheriff is unable to
30 provide adequate transportation, he may request the assistance of the Department of
31 Correction, and the Department of Correction is hereby authorized and directed to
32 cooperate with the sheriff and provide whatever assistance is available, both in vehicles
33 and manpower, to accomplish the conveying of the prisoners to and from the county to
34 the designated prison unit or units. The officer in charge of the prison unit designated by
35 the Secretary of Correction or his authorized representative shall receive and release the
36 custody of the prisoners in accordance with the terms of the court order. The county
37 from which the prisoners are transferred shall pay to the Department of Correction the
38 actual cost of transporting the prisoners and the cost of maintaining the prisoners at the
39 per day, per inmate rate at which the Department of Correction pays a local jail for
40 maintaining a prisoner, provided, however, that a county is not required to reimburse the
41 State for transporting or maintaining a prisoner who was a resident of another state or
42 county at the time he was arrested. However, if the county commissioners shall certify
43 to the Governor that the county is unable to pay the bill submitted by the State
44 Department of Correction to the county for the services rendered, either in whole or in
45 part, the Governor may recommend to the Council of State that the State of North
46 Carolina assume and pay, in whole or in part, the obligation of the county to the
47 Department of Correction, and upon approval of the Council of State the amount so
48 approved shall be paid from Contingency and Emergency Fund to the Department of
49 Correction.

50 When, due to an emergency, it is not feasible to obtain from a judge of the superior
51 or district court a prior order of transfer, the sheriff of the county and the Department of
52 Correction may exercise the authority hereinafter conferred; provided, however, that the
53 sheriff shall, as soon as possible after the emergency, obtain an order from the judge
54 authorizing the prisoners to be held in the designated place of confinement for such
55 period as the judge may direct. All provisions of this subsection shall be applicable to

1 municipalities whenever prisoners are arrested in such numbers that the municipal jail
2 facilities and the county jail facilities are insufficient and inadequate for the safekeeping
3 of the prisoners. The chief of police is hereby authorized to exercise the authority herein
4 conferred upon the sheriff, and the municipality shall be liable for the cost of
5 transporting and maintaining the prisoners to the same extent as a county would be
6 unless action is taken by the Governor and Council of State as herein provided for
7 counties which are unable to pay such costs."
8

9 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
10 Thompson

11 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY**
12 **MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE**
13 **SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

14 **SECTION 17.2.** Section 25.4 of S.L. 2001-424 reads as rewritten:

15 "**SECTION 25.4.** The Department of Correction may use funds ~~appropriated~~
16 ~~available~~ to the Department for the ~~2001-2002 fiscal year~~ 2001-2003 biennium to pay
17 the sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost of
18 housing convicted inmates, parolees, and post-release supervisees awaiting transfer to
19 the State prison system, as provided in G.S. 148-29. The Department shall report by
20 December 1 and May 1 of each year to the Joint Legislative Commission on
21 Governmental Operations, the Joint Legislative Corrections, Crime Control, and
22 Juvenile Justice Oversight Committee, the Chairs of the Senate and House of
23 Representatives Appropriations Committees, and the Chairs of the Senate and House of
24 Representatives Appropriations Subcommittees on Justice and Public Safety on the
25 expenditure of funds to reimburse counties for prisoners awaiting transfer and on its
26 progress in reducing the jail backlog."
27

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

30 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

31 **SECTION 17.3.** Section 25.21 of S.L. 2001-424 reads as rewritten:

32 "**SECTION 25.21.** The Post-Release Supervision and Parole Commission shall
33 ~~provide quarterly reports~~ report by January 15 and July 15 of each year to the Senate
34 and House of Representatives Appropriations Subcommittees on Justice and Public
35 Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
36 Oversight Committee on inmates eligible for parole. These reports shall include at least
37 the following:

- 38 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates
39 that were parole-eligible during the previous quarter and the total
40 number of those inmates that were paroled. The report should group
41 these inmates by offense ~~type and custody classification;~~ type, custody
42 classification, and type of parole;
43 (2) ~~A list of all those inmates paroled or released by category of parole or~~
44 ~~release, including each inmate's offense and custody classification at~~
45 ~~the time of the parole or release;~~
46 (3)(2) The average time served, by offense class, of Fair Sentencing and
47 Pre-Fair Sentencing inmates compared to inmates sentenced under
48 Structured Sentencing; and
49 (4)(3) The projected number of parole-eligible inmates to be paroled or
50 released by the end of the ~~2001-2002~~ 2002-2003 fiscal year and by the
51 end of the ~~2002-2003~~ 2003-2004 fiscal year."
52

53 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
54 Thompson

55 **SHIFT PAY AND HOLIDAY PAY FOR SECURITY STAFF**

1 **SECTION 17.4.** The Department of Correction may use funds appropriated
2 for the 2002-2003 fiscal year for the payment to security staff of (i) special premium
3 holiday pay that exceeds standard holiday pay by up to twenty-five percent (25%) or (ii)
4 special supplemental weekend shift premium pay that exceeds standard weekend shift
5 pay by up to ten percent (10%). The Department shall also continue to take steps to hold
6 down the cost of shift pay by converting prisons from three eight-hour shifts to two
7 12-hour shifts whenever practical.

8 The Department of Correction shall report to the Senate and House
9 Appropriations Subcommittees on Justice and Public Safety by April 1, 2003, on the
10 benefits to recruitment and retention of correctional staff as a result of the use of special
11 holiday pay and shift premium pay, as well as its progress in converting prison work
12 shifts from eight hours to 12 hours. The report shall include information on savings
13 generated to date and potential future savings, as well as any changes in employee
14 morale and leave usage, as a result of converting to 12-hour shifts.

15
16 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
17 Thompson

18 **DEPARTMENT OF CORRECTION SECURITY STAFFING FORMULAS**

19 **SECTION 17.5.(a)** The Department of Correction shall conduct security
20 staffing post-audits of each prison at least biannually, the first such audit to be
21 completed during the 2002-2003 fiscal year. The initial post-audit shall be conducted
22 jointly by Department staff and a consultant, external to the Department, and shall
23 include analysis of the staffing levels assigned for supervision of correctional officers.

24 **SECTION 17.5.(b)** The Department of Correction shall update the security
25 staffing relief formula biannually, the first update to be completed during the 2002-2003
26 fiscal year. Each update shall include a review of all annual training requirements for
27 security staff to determine which of these requirements should be mandatory and the
28 appropriate frequency of the training.

29 **SECTION 17.5.(c)** The Department of Correction shall report the results of
30 the initial security staffing post-audits and relief formula update to the Senate and
31 House Appropriations Subcommittees on Justice and Public Safety by April 1, 2003.

32
33 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
34 Thompson

35 **COMMUNITY WORK CREWS**

36 **SECTION 17.6.(a)** The Department of Correction shall implement a
37 reduction in inmate community work crews systemwide, but work crews shall not be
38 reduced at any locations that have fewer than three work crews.

39 The Department of Correction may use up to 39 work crews for Department
40 of Transportation litter control projects. The Department of Transportation shall transfer
41 at least one million three hundred thousand dollars (\$1,300,000) from the Highway
42 Fund to the Department of Correction during the 2002-2003 fiscal year to cover the cost
43 of those work crews. Should the two departments determine that the actual cost of
44 operating 39 work crews exceeds that amount, the Department of Transportation shall
45 transfer an additional amount as agreed upon by the two departments and the Office of
46 State Budget and Management.

47 **SECTION 17.6.(b)** The Department of Correction shall identify locations
48 where the number of inmate work crews is being reduced or diverted to perform litter
49 control for the Department of Transportation and, to the extent possible, arrange for
50 community service work program placements so that the affected work projects for
51 State and local government can be maintained. The Department shall report by March 1,
52 2003, to the Chairs of the Senate and House Appropriations Subcommittees on Justice
53 and Public Safety on all projects formerly performed by inmate work crews that have
54 been continued through the community service work program.

1 **SECTION 17.6.(c)** The Department of Correction shall identify all inmate
2 labor supplied to public agencies for which the Department does not receive
3 reimbursement for the costs of the labor and the supervision of the labor. The
4 Department shall report by March 1, 2003, to the Chairs of the Senate and House
5 Appropriations Subcommittees on Justice and Public Safety on the type of labor
6 provided, the number of security positions assigned for that labor, and the actual costs
7 of providing the labor and supervision. The report shall also identify alternative
8 methods for charging public agencies for the costs of inmate labor and the supervision
9 of that labor.

10
11 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
12 Thompson

13 **SUBSTANCE ABUSE PROGRAMS**

14 **SECTION 17.7.** G.S. 143B-262.1 reads as rewritten:

15 **"§ 143B-262.1. Department of Correction – Substance Abuse Program.**

16 (a) The Substance Abuse Program established by subsection (d) of § 143B-262
17 shall be offered in a ~~medium-custody~~ correctional facility, or a portion of a ~~medium~~
18 ~~eustody~~ correctional facility that is self-contained, so that the residential and program
19 space is separate from any other programs or inmate housing, and shall be operational
20 by January 1, 1988, at such unit as the Secretary may designate.

21 (b) An Assistant Secretary for Substance Abuse shall be employed and shall
22 report directly to the Office of the Secretary of Correction. ~~A Correctional~~
23 ~~Administrator I shall be employed to manage programs for offenders with substance~~
24 ~~abuse problems in the Department of Correction and its divisions. The Correctional~~
25 ~~Administrator I shall report to the Assistant Secretary for Substance Abuse. A Secretary~~
26 ~~IV shall be employed to assist the Correctional Administrator I. An Administrative~~
27 ~~Officer II and a Secretary IV shall be employed to assist the Assistant Secretary and~~
28 ~~work under his direction and management.~~ The duties of the Assistant Secretary shall
29 include the following:

- 30 (1) Administer and coordinate all substance abuse programs, grants,
31 contracts, and related functions in the Department of Correction;
- 32 (2) Develop and maintain working relationships and agreements with
33 agencies and organizations that will assist in developing and operating
34 a Substance Abuse Program in the Department of Correction;
- 35 (3) Develop and coordinate the use of volunteers in the Substance Abuse
36 Program;
- 37 (4) Develop and present training programs related to substance abuse for
38 employees and others at all levels in the agency;
- 39 (5) Develop programs that provide effective treatment for inmates,
40 probationers, and parolees with substance abuse problems;
- 41 (6) Maintain contact with key leaders in the substance abuse field and
42 active supporters of the Correction Program;
- 43 (7) Supervise directly the directors of treatment units, specialized
44 personnel, and programs that exist or may be developed in the
45 Department of Correction; and
- 46 (8) Develop employee assistance programs for employees with substance
47 abuse problems.

48 ~~(c) Ten additional program staff shall be employed. There shall be a Correctional~~
49 ~~Program Director II who is responsible to the Assistant Secretary for Substance Abuse.~~
50 ~~This employee shall be responsible for managing and implementing the inpatient~~
51 ~~treatment program. Also employed will be a Correctional Program Director I, two~~
52 ~~Correctional Program Supervisors, four Correctional Program Assistant II's, one~~
53 ~~Correctional Program Assistant I, and one Clerk Stenographer IV.~~

54 ~~(d) The duties of the Program Director shall include the following:~~

- 1 (1) ~~Implement and manage the inpatient treatment program for inmates~~
- 2 ~~with substance abuse problems;~~
- 3 (2) ~~Supervise personnel assigned to the inpatient treatment program;~~
- 4 (3) ~~Assist in developing the treatment program for inmates with substance~~
- 5 ~~abuse problems;~~
- 6 (4) ~~Recruit and develop staff for the inpatient program and other staff as~~
- 7 ~~required;~~
- 8 (5) ~~Assist in developing linkage and follow up of inmates between the~~
- 9 ~~inpatient program, related agencies, organizations, and other facilities~~
- 10 ~~of the Department of Correction;~~
- 11 (6) ~~Be responsible for treatment plans and daily activities and schedules~~
- 12 ~~for all assigned inmates;~~
- 13 (7) ~~Develop methods for involving families of inmates in the program to~~
- 14 ~~the extent deemed appropriate and useful; and~~
- 15 (8) ~~Other duties as required.~~

16 ~~Preference shall be accorded to qualified recovering alcoholics and substance abusers in~~
 17 ~~the employment of treatment counselors.~~

18 (e) In the unit there shall be a unit superintendent under the Division of Prisons
 19 and other custodial, administrative, and support staff as required for a medium custody
 20 facility for approximately 100 inmates. The unit superintendent shall be responsible for
 21 all matters pertaining to custody and administration of the unit. ~~The Correctional~~
 22 ~~Program Director II will Assistant Secretary shall designate an employee to administer~~
 23 the inpatient treatment program under the direction of the Assistant Secretary for
 24 Substance Abuse.

25 (f) Extensive use may be made of inmates working in the role of ancillary staff,
 26 peer counselors, role models, or group leaders as the program manager determines.
 27 Additional resource people who may be required for specialized treatment activities,
 28 presentations, or group work may be employed on a fee or contractual basis.

29 ~~(g) The Program in each unit shall be structured such that approximately 25~~
 30 ~~offenders will enter the Program on a weekly basis.~~

31 (h) Admission priorities shall be established as follows:

- 32 (1) Court recommendation.
- 33 (2) Evaluation and referral from reception and diagnostic centers.
- 34 (3) General staff referral.
- 35 (4) Self-referral.

36 The Program shall include extensive follow-up after the period of intensive treatment.
 37 There will be specific plans for each departing inmate for follow-up, including active
 38 involvement with Alcoholics Anonymous, community resources, and personal
 39 sponsorship."
 40

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

43 **USE OF CLOSED PRISON FACILITIES**

44 **SECTION 17.8.** Section 25.5 of S.L. 2001-424 reads as rewritten:

45 **"SECTION 25.5.** In conjunction with the closing of prison facilities, including
 46 small expensive prison units recommended for consolidation by the Government
 47 Performance Audit Committee, the Department of Correction shall consult with the
 48 county or municipality in which the unit is located, with the elected State and local
 49 officials, and with State agencies about the possibility of converting that unit to other
 50 use. The Department may also consult with any private for-profit or nonprofit firm
 51 about the possibility of converting the unit to other use. In developing a proposal for
 52 future use of each unit, the Department shall give priority to converting the unit to other
 53 criminal justice use. Consistent with existing law and the future needs of the
 54 Department of Correction, the State may provide for the transfer or the lease of any of
 55 these units to counties, municipalities, State agencies, or private firms wishing to

1 convert them to other use. The Department of Correction may also consider converting
2 some of the units recommended for closing from ~~medium security to minimum~~
3 ~~security, one security custody level to another,~~ where that conversion would be
4 cost-effective. A prison unit under lease to a county pursuant to the provisions of this
5 section for use as a jail is exempt for the period of the lease from any of the minimum
6 standards adopted by the Secretary of Health and Human Services pursuant to G.S.
7 153A-221 for the housing of adult prisoners that would subject the unit to greater
8 standards than those required of a unit of the State prison system.

9 Prior to any transfer or lease of these units, the Department of Correction shall report
10 on the terms of the proposed transfer or lease to the Joint Legislative Commission on
11 Governmental Operations and the Joint Legislative Corrections, Crime Control, and
12 Juvenile Justice Oversight Committee. The Department of Correction shall also provide
13 annual summary reports to the Joint Legislative Commission on Governmental
14 Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice
15 Oversight Committee on the conversion of these units to other use and on all leases or
16 transfers entered into pursuant to this section."
17

18 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
19 Thompson

20 **MEDICAL BUDGET FOR PRESCRIPTION DRUGS**

21 **SECTION 17.9.** Section 25.6(b) of S.L. 2001-424 reads as rewritten:

22 "**SECTION 25.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the
23 Department of Correction may use funds available during the ~~2001-2002 fiscal year~~
24 2001-2003 biennium for the purchase of prescription drugs for inmates if expenditures
25 are projected to exceed the Department's inmate medical continuation budget for
26 prescription drugs. The Department shall consult with the Joint Legislative Commission
27 on Governmental Operations prior to exceeding the continuation budget amount.

28 The Department of Administration, Purchase and Contract Division, and the
29 Department of Correction shall review the current statewide contract for purchase of
30 prescription drugs as it applies to the Department of Correction's purchases for inmates
31 to determine if the Department is receiving the lowest rate available and to determine
32 whether the Department should be authorized to issue a request for proposals for a
33 separate vendor or purchasing consortium for the provision of prescription drugs for
34 inmates. The Departments shall report on their findings to the Joint Legislative
35 Commission on Governmental Operations by February 1, 2002."
36

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

39 **ELECTRONIC MONITORING COSTS**

40 **SECTION 17.10.** Article 1 of Chapter 148 of the General Statutes is
41 amended by adding a new section to read:

42 "**§ 148-10.3. Electronic monitoring costs.**

43 Personnel, equipment, and other costs of providing electronic monitoring of pretrial
44 or sentenced offenders shall be reimbursed to the Department of Correction by the State
45 or local agency requesting the service in an amount not exceeding the actual costs."
46

47 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
48 Thompson

49 **COLLECTION OF OFFENDER FEES**

50 **SECTION 17.11.** The Department of Correction and the Judicial
51 Department shall jointly develop a plan to improve the collection rate of offender fees
52 for probationers and for nonprobationers sentenced to community service. The plan
53 should address improving both the rate at which offenders are levied fees and the rate at
54 which those offenders satisfy their obligations. The plan shall address steps to improve

1 the overall collection rate from thirty-seven percent (37%) to forty percent (40%) during
2 the 2002-2003 fiscal year.

3 The two departments shall report by April 1, 2003, to the Chairs of the Senate
4 and House Appropriations Committees and the Chairs of the Senate and House
5 Appropriations Subcommittees on Justice and Public Safety on the success of their
6 efforts to improve these collection rates. The report shall also include any
7 recommendations for statutory changes aimed at improving the collection rates.

8
9 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
10 Thompson

11 **CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

12 **SECTION 17.13.(a)** Notwithstanding the provisions of G.S. 143B-273.16,
13 Caswell, Graham, McDowell, and Union Counties shall not receive implementation
14 funding for the Criminal Justice Partnership Program for the 2002-2003 fiscal year.
15 However, those counties will be eligible to reapply for funding in future years.

16 **SECTION 17.13.(b)** It is the intent of the General Assembly that State
17 Criminal Justice Partnership Program funds not be used to fund case manager positions
18 when those services can be reasonably provided by Division of Community Corrections
19 personnel or by the Treatment Alternatives to Street Crime (TASC) program in the
20 Department of Health and Human Services. The Division of Community Corrections
21 shall identify at least the sum of eight hundred fifty-two thousand dollars (\$852,000) in
22 cost savings by eliminating funding for personnel in these cases and shall reduce the
23 amount of implementation grant funding for those affected counties. Within 20 days of
24 the date this act becomes law, each county Criminal Justice Partnership advisory board
25 shall review the Division's recommended modifications for providing Criminal Justice
26 Partnership Program case management services in its jurisdiction and determine
27 whether these services can be reasonably provided in the manner proposed. If the local
28 board determines that the services cannot be reasonably provided, the jurisdiction may
29 opt instead to have the designated reduction made from other items in its budget. If the
30 board determines that the services can be reasonably provided, the recommended
31 modifications shall be reviewed and approved by the State Criminal Justice Partnership
32 Advisory Board within another 10 days. Revised contracts should be sent to the counties
33 no later than 45 days after this act becomes law. The Division of Community
34 Corrections shall report to the Chairs of the Senate and House Appropriations
35 Committees and the Chairs of the Senate and House Appropriations Subcommittees on
36 Justice and Public Safety on the specific adjustments within 60 days of the enactment of
37 the budget for the 2002-2003 fiscal year.

38 **SECTION 17.13.(c)** For the 2002-2003 fiscal year only, funds provided to
39 the Criminal Justice Partnership Program for distribution as implementation grants are
40 reduced by an additional sum of one million four hundred five thousand dollars
41 (\$1,405,000).

42
43 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
44 Thompson

45 **CONVERSION OF CONTRACTED MEDICAL POSITIONS**

46 **SECTION 17.14.(a)** The Department of Correction may convert contract
47 medical positions to permanent State medical positions at individual correctional
48 facilities if the Department can document that the total savings generated will exceed
49 the total cost of the new positions for each facility. Where practical, the Department
50 shall convert contract positions to permanent positions by using existing vacancies in
51 medical positions.

52 **SECTION 17.14.(b)** The Department of Correction shall report by October
53 1, 2002, to the Joint Legislative Commission on Governmental Operations and the
54 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public

1 Safety on all conversions made pursuant to this section, by type of position and location,
2 and on the savings generated at each correctional facility.

3
4 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
5 Thompson

6 **REDUCE SUMMIT HOUSE APPROPRIATION**

7 **SECTION 17.15.** Subsection (a) of Section 25.14 of S.L. 2001-424 reads as
8 rewritten:

9 "**SECTION 25.14.(a)** The General Fund appropriation to the Department of
10 Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine
11 thousand six hundred fifty dollars (\$139,650) for ~~each year of the 2001-2003 biennium.~~
12 This the 2001-2002 fiscal year and by the sum of two hundred sixty-three thousand
13 three hundred dollars (\$263,300) for the 2002-2003 fiscal year. The ten percent (10%)
14 reduction in funding for the 2001-2002 fiscal year shall be accomplished by reducing
15 expenditures at the State office and not through reductions in funding to individual sites.
16 The additional ten percent (10%) reduction for the 2002-2003 fiscal year shall be
17 accomplished by reducing State funding for the State office by at least sixteen and
18 seven-tenths percent (16.7%) in order to minimize the impact on the individual sites.

19 The Summit House Management Team shall continue to explore ways to reduce the
20 use of State funds at the State office, including consideration of co-locating the State
21 office with one of the local programs and contracting for financial services in lieu of a
22 full-time staff. As of May 1, 2003, no State funds shall be used to support the State
23 office."

24
25 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
26 Thompson

27 **CHARGES FOR INMATE HEALTH CARE**

28 **SECTION 17.16.** UNC Health Care shall be reimbursed for medical
29 services rendered to inmates in the custody of the Department of Correction at a rate of
30 no more than the maximum allowable fee schedule established by the Department of
31 Health and Human Services in accordance with Title XIX of the Social Security Act
32 (Medicaid).

33
34 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
35 Thompson

36 **PRISON CHAPLAIN STUDY**

37 **SECTION 17.17.** The Department of Correction shall study the feasibility of
38 converting its prison chaplain program into a community-based program emphasizing
39 the use of volunteers and community funding and allowing for contracting for the
40 services of prison chaplains in areas where such volunteers or funding are not available.

41 The Department shall report the results of this study to the Chairs of the
42 House of Representatives and Senate Appropriations Subcommittees on Justice and
43 Public Safety by March 1, 2003. The report shall include an analysis of the cost savings
44 to be realized through the implementation of a community-based prison chaplain
45 program, as well as addressing the potential for securing the services of prison chaplains
46 through a statewide contract.

47
48 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
49 Thompson

50 **ELIMINATE IMPACT PROGRAM**

51 **SECTION 17.18.(a)** G.S. 15A-1343(b1)(2a) is repealed.

52 **SECTION 17.18.(b)** G.S. 15A-1343.1 is repealed.

53 **SECTION 17.18.(c)** The Department of Correction shall study the feasibility
54 of resuming the IMPACT program when adequate funds are available. The Department

1 shall report the results of its study to the Chairs of the House of Representatives and
2 Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2003.
3

4 Requested by: Representatives Thompson, Buchanan, Gillespie

5 **REESTABLISH OPERATIONS AT BLUE RIDGE CORRECTIONAL CENTER**

6 **SECTION 17.19.** The Department of Correction shall reestablish operations
7 at Blue Ridge Correctional Center and, to the extent practicable, shall restore the
8 prisoner population and staffing levels at Blue Ridge to the numbers existing on June
9 30, 2002. Any employee transferred from Blue Ridge since June 30, 2002 shall be
10 transferred back to Blue Ridge at that employee's request. Any employee whose
11 classification was reduced as a result of such a transfer shall be reinstated to that
12 employee's classification while at Blue Ridge.
13

14 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

15
16 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
17 Thompson

18 **TARHEEL CHALLENGE MATCHING FUNDS**

19 **SECTION 18.2.** The North Carolina National Guard shall identify
20 alternative sources of funding, including local and private funds, to be used to meet the
21 forty percent (40%) match requirement for federal funds.
22

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

25 **FUNDING ALE OPERATIONS**

26 **SECTION 18.4.(a)** G.S. 18B-805(b) reads as rewritten:

27 "(b) Primary Distribution. – Before making any other distribution, a local board
28 shall first pay the following from its gross receipts:

- 29 (1) The board shall pay the expenses, including salaries, of operating the
30 local ABC system.
- 31 (2) Each month the local board shall pay to the Department of Revenue
32 the taxes due the Department. In addition to the taxes levied under
33 Chapter 105 of the General Statutes, the local board shall pay to the
34 Department one-half of both the mixed beverages surcharge required
35 by G.S. 18B-804(b)(8) and the guest room cabinet surcharge required
36 by G.S. 18B-804(b)(9).
- 37 (3) Each month the local board shall pay to the Department of Health and
38 Human Services five percent (5%) of both the mixed beverages
39 surcharge required by G.S. 18B-804(b)(8) and the guest room cabinet
40 surcharge required by G.S. 18B-804(b)(9). The Department of Health
41 and Human Services shall spend those funds for the treatment of
42 alcoholism or substance abuse, or for research or education on alcohol
43 or substance abuse.
- 44 (4) Each month the local board shall pay to the county commissioners of
45 the county where the charge is collected the proceeds from the bottle
46 charge required by G.S. 18B-804(b)(6), to be spent by the county
47 commissioners for the purposes stated in subsection (h) of this section.
- 48 (5) By September 30, December 31, March 31, and June 30 of each year
49 the local board shall pay to the Department of Crime Control and
50 Public Safety an amount determined by the Commission to support the
51 ALE Division. The Commission shall calculate the amount owed by
52 each local board based on the board's proportionate share of gross
53 receipts in comparison to total statewide gross receipts for the most
54 recent fiscal year for which figures are available and apply that
55 percentage to the anticipated cost of operating the Division. The

1 Commission shall certify the amount owed by each local board to that
 2 board within 60 days of each quarterly payment date."

3 **SECTION 18.4.(b)** Notwithstanding the provisions of subsection (a) of this
 4 section, the distributions made pursuant to G.S. 18B-805(e) during the 2002-2003 fiscal
 5 year shall be equal to or exceed the amounts distributed pursuant to that subsection
 6 during the 2001-2002 fiscal year, unless the governing body of the city or county
 7 receiving the distribution agrees by resolution to accept a lesser amount.

8 **SECTION 18.4.(c)** This section expires July 1, 2003.

9
 10 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 11 Thompson

12 **EXEMPT STATE HIGHWAY PATROL FROM UMSTEAD ACT**

13 **SECTION 18.5.** G.S. 66-58(b) is amended by adding a new subdivision to
 14 read:

15 "(22) The North Carolina State Highway Patrol."

16
 17 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,
 18 Thompson

19 **COMPLY WITH FEDERAL VIOLENCE AGAINST WOMEN ACT**

20 **SECTION 18.6.(a)** G.S. 143B-480.2 reads as rewritten:

21 **"§ 143B-480.2. Victim assistance.**

22 (a) Eligibility for Assistance. – Sexual assault victims or victims of attempted
 23 sexual assault are eligible for assistance under this Program if the sexual assault or the
 24 attempted sexual assault is reported to a law enforcement officer within five days of the
 25 occurrence of the assault or the attempted sexual assault or if a forensic medical
 26 examination is performed within five days of the sexual assault or the attempted sexual
 27 assault. The Secretary may waive either five-day requirement for good cause. The term
 28 "sexual assault" as used in this section refers to the following crimes: Only victims who
 29 have reported the following crimes are eligible for assistance under this Program:
 30 first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in G.S.
 31 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree sexual
 32 offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A. or
 33 attempted first degree or second degree rape or attempted first degree or second degree
 34 sexual offense as defined in G.S. 14-27.6.

35 (b) Eligible Expenses. – Assistance is limited to the following expenses incurred
 36 by the victim:

- 37 (1) Immediateimmediate and short-term medical expenses, expenses.
 38 (2) Ambulance services from the place of the attack to a place where
 39 medical treatment is provided. ambulance services,
 40 (3) and mental-Mental health services provided by a professional licensed
 41 or certified by the State to provide such services.services, not to
 42 exceed one thousand dollars (\$1,000) incurred by the victim for the
 43 (4) A forensic medical examination. As used in this section, the term
 44 "forensic medical examination" means an examination provided to a
 45 sexual assault victim eligible for assistance under subsection (a) of this
 46 section by medical personnel who gather evidence of a sexual assault
 47 in a manner suitable for use in a court of law. The examination should
 48 include an examination of physical trauma, a patient interview, and a
 49 collection and evaluation of evidence.examination, medical procedures
 50 to collect evidence,
 51 (5) or counseling-Counseling treatment which follow-following the attack,
 52 attack.or ambulance services from the place of the attack to a place
 53 where medical treatment is provided.

54 (c) Amount of Assistance. – The Program shall pay for the full out-of-pocket
 55 cost of the victim's forensic medical examination. The Program shall pay for all other

1 eligible expenses set out in subsection (b) of this section in an amount not to exceed the
 2 difference between the full out-of-pocket cost of the forensic medical examination and
 3 one thousand dollars (\$1,000). If the full out-of-pocket cost for the forensic medical
 4 examination costs more than one thousand dollars (\$1,000), then the Program shall pay
 5 only for the full out-of-pocket cost of the forensic medical examination. Assistance not
 6 to exceed fifty dollars (\$50.00) shall be provided to victims to replace clothing that was
 7 held for evidence tests.

8 ~~(b)(d)~~ Payment Directly to Provider. – With the exception of assistance authorized
 9 under subsection ~~(e)(f)~~ of this section, assistance for expenses authorized under this
 10 section is to be paid directly to any hospital, ambulance service, attending physicians, or
 11 mental health professionals providing counseling, upon the filing of proper forms.
 12 Payment for the full out-of-pocket cost of the forensic medical examination shall be
 13 paid to the provider no later than 90 days after receiving the required written
 14 notification of the victim's expense.

15 ~~(e)~~ Assistance shall not be awarded unless the rape, attempted rape, sexual
 16 offense, or attempted sexual offense was reported to a law enforcement officer within
 17 72 hours after its occurrence or the Secretary finds there was good cause for the failure
 18 to report within that time.

19 ~~(d)(e)~~ Judicial Review. – Upon an adverse determination by the Secretary on a
 20 claim for medical expenses, a victim is entitled to judicial review of that decision. The
 21 person seeking review shall file a petition in the Superior Court of Wake County.

22 ~~(e)(f)~~ Examinations by Licensed Registered Nurse. – If the forensic medical
 23 examination is conducted by a licensed registered nurse who has successfully completed
 24 a program approved under G.S. 90-171.38(b), payment for the full out-of-pocket cost of
 25 the forensic medical examination may be made directly to the licensed registered nurse
 26 in lieu of any payment which may otherwise have been made under subsection (b),(d)
 27 of this section. Payment for the full out-of-pocket costs of a forensic medical
 28 examination under this subsection shall be paid no later than 90 days after receiving the
 29 required written notification of the victim's expense. ~~assistance for expenses for services~~
 30 ~~authorized under this section that are provided for the purpose of collecting evidence~~
 31 ~~from victims of crimes identified in G.S. 90-171.38(b) may be paid directly to any~~
 32 ~~licensed registered nurse who has successfully completed a program approved under~~
 33 ~~G.S. 90-171.38(b).~~ The Secretary shall adopt rules to facilitate the payments authorized
 34 under this subsection and to encourage, whenever practical, the use of licensed
 35 registered nurses trained under G.S. 90-171.38(b) to conduct medical examinations and
 36 procedures."

37 **SECTION 18.6.(b)** The Department of Crime Control and Public Safety
 38 may use funds available to the Department in order to implement the provisions of this
 39 section.

40 **SECTION 18.6.(c)** This section becomes effective October 1, 2002.

41 42 **PART XIX. DEPARTMENT OF ADMINISTRATION**

43
44 Requested by: Representatives Insko, Hackney, Jeffus, Sherrill, Easterling,
 45 Oldham, Redwine, Thompson

46 **OCCANEECHI BAND OF THE SAPONI NATION ON THE NORTH** 47 **CAROLINA STATE COMMISSION OF INDIAN AFFAIRS**

48 **SECTION 19.1A.(a)** G.S. 143B-407 reads as rewritten:

49 **"§ 143B-407. North Carolina State Commission of Indian Affairs - membership;**
 50 **term of office; chairman; compensation.**

51 (a) The State Commission of Indian Affairs shall consist of two persons
 52 appointed by the General Assembly, the Secretary of Health and Human Services, the
 53 Director of the State Employment Security Commission, the Secretary of
 54 Administration, the Secretary of Environment and Natural Resources, the
 55 Commissioner of Labor or their designees and ~~20~~ 21 representatives of the Indian

1 community. These Indian members shall be selected by tribal or community consent
2 from the Indian groups that are recognized by the State of North Carolina and are
3 principally geographically located as follows: the Coharie of Sampson and Harnett
4 Counties; the Eastern Band of Cherokees; the Haliwa Saponi of Halifax, Warren, and
5 adjoining counties; the Lumbees of Robeson, Hoke and Scotland Counties; the
6 Meherrin of Hertford County; the Waccamaw-Siouan from Columbus and Bladen
7 Counties; the Indians of Person County; the Occaneechi Band of the Saponi Nation of
8 Alamance and Orange Counties, and the Native Americans located in Cumberland,
9 Guilford, Johnston, Mecklenburg, Orange, and Wake Counties. The Coharie shall have
10 two members; the Eastern Band of Cherokees, two; the Haliwa Saponi, two; the
11 Lumbees, three; the Meherrin, one; the Waccamaw-Siouan, two; the Indians of Person
12 County, one; the Cumberland County Association for Indian People, two; the Guilford
13 Native Americans, two; the Metrolina Native Americans, two; the Occaneechi Band of
14 the Saponi Nation, one, the Triangle Native American Society, one. Of the two
15 appointments made by the General Assembly, one shall be made upon the
16 recommendation of the Speaker, and one shall be made upon recommendation of the
17 President Pro Tempore of the Senate. Appointments by the General Assembly shall be
18 made in accordance with G.S. 120-121 and vacancies shall be filled in accordance with
19 G.S. 120-122.

20 (b) Members serving by virtue of their office within State government shall serve
21 so long as they hold that office. Members representing Indian tribes and groups shall be
22 elected by the tribe or group concerned and shall serve for three-year terms except that
23 at the first election of Commission members by tribes and groups one member from
24 each tribe or group shall be elected to a one-year term, one member from each tribe or
25 group to a two-year term, and one member from the Lumbees to a three-year term. The
26 initial appointment from the Indians of Person County shall expire on June 30, 1999.
27 The initial appointment from the Triangle Native American Society shall expire June
28 30, 2003. The initial appointment of the Occaneechi Band of the Saponi Nation shall
29 expire June 30, 2005. Thereafter, all Commission members will be elected to three-year
30 terms. All members shall hold their offices until their successors are appointed and
31 qualified. Vacancies occurring on the Commission shall be filled by the tribal council or
32 governing body concerned. Any member appointed to fill a vacancy shall be appointed
33 for the remainder of the term of the member causing the vacancy. The Governor shall
34 appoint a chairman of the Commission from among the Indian members of the
35 Commission, subject to ratification by the full Commission. The initial appointments by
36 the General Assembly shall expire on June 30, 1983. Thereafter, successors shall serve
37 for terms of two years.

38 (c) Commission members who are seated by virtue of their office within the State
39 government shall be compensated at the rate specified in G.S. 138-6. Commission
40 members who are members of the General Assembly shall be compensated at the rate
41 specified in G.S. 120-3.1. Indian members of the commission shall be compensated at
42 the rate specified in G.S. 138-5."

43 **SECTION 19.1A.(b)** Any expenses incurred under this section shall be paid
44 by the Department of Administration out of existing appropriations.

45
46 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
47 Thompson

48 **INCREASE EFFICIENCY OF MAIL SERVICE CENTER**

49 **SECTION 19.2.** G.S. 143-341(8)g. reads as rewritten:

50 "g. To establish and operate a central mailing system for all State
51 agencies, and in connection therewith and in the discretion of
52 the Secretary, to make application for and procure a post-office
53 substation for that purpose, and to do all things necessary in
54 connection with the maintenance of the central mailing system.
55 The Secretary may allocate and charge against the respective

1 departments and agencies their proportionate parts of the cost of
 2 the maintenance of the central mailing system. The Secretary
 3 shall develop a plan for the efficient operation of the center that
 4 meets the needs of State agencies and ensures timely delivery of
 5 mail, and shall present that plan to the Office of State Budget
 6 and Management and the General Assembly no later than the
 7 convening date of the 2003 General Assembly."

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

10 **SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS AMENDMENTS**

11 **SECTION 19.3.** G.S. 165-20(3) reads as rewritten:

12 **"§ 165-20. Definitions.**

13 As used in this Article the terms defined in this section shall have the following
 14 meaning:

15
 16 (3) 'Child' means a person: (i) under 25 years of age at the time of
 17 application for a scholarship, (ii) who is a domiciliary of North
 18 Carolina and is a resident of North Carolina when applying for a
 19 scholarship, ~~(ii) who is a senior in high school or its equivalent and~~
 20 ~~who will graduate at the end of the academic year or a person (iii) who~~
 21 has completed high school or its equivalent, ~~(iii) equivalent prior to~~
 22 receipt of a scholarship awarded under this Article, (iv) who has
 23 complied with the requirements of the Selective Service System, if
 24 applicable, and ~~(iv)(v)~~ (v) who further meets one of the following
 25 requirements:

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

30 b. A veteran's child who was born in North Carolina and has ~~lived~~
 31 ~~in been a resident of North Carolina continuously since birth.~~
 32 ~~Provided, that the requirement in the preceding sentence as to~~
 33 ~~birth in North Carolina may be waived by the Department of~~
 34 ~~Administration if it is shown to the satisfaction of the~~
 35 ~~Department that the child's mother was a native born resident of~~
 36 ~~North Carolina and was such resident at the time of her~~
 37 ~~marriage to the veteran and was outside the State temporarily at~~
 38 ~~the time of the child's birth, following which the child was~~
 39 ~~returned to North Carolina within a reasonable period of time~~
 40 ~~where said child has since lived continuously.~~

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

44 **SECTION 19.3.(b)** G.S. 165-21 reads as rewritten:

45 **"§ 165-21. Scholarship.**

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

48 (1) With respect to State educational institutions, unless expressly limited
 49 elsewhere in this Article, a scholarship shall consist of:

50 a. Tuition,

51 b. A reasonable board allowance,

52 c. A reasonable room allowance,

53 d. Matriculation and other institutional fees required to be paid as
 54 a condition to remaining in said institution and pursuing the

1 course of study selected, excluding charges or fees for books,
2 supplies, tools and clothing.

- 3 (2) With respect to private educational institutions, a scholarship shall
4 consist of a monetary allowance as prescribed in G.S. 165-22.1(d).
5 (3) Only one scholarship may be granted pursuant to this Article with
6 respect to each child and it shall not extend for a longer period than
7 four academic years, which years, however, need not be consecutive.
8 (4) No educational assistance shall be afforded a child under this Article
9 after the end of a ~~10 year~~ an eight-year period beginning on the date
10 the scholarship is first awarded. Those persons who have been granted
11 a scholarship under this Article prior to the effective date of this act
12 shall be entitled to the remainder of their period of scholarship
13 eligibility if used prior to August 1, ~~1999~~ 2010. Whenever a child is
14 enrolled in an educational institution and the period of entitlement
15 ends while enrolled in a term, quarter or semester, such period shall be
16 extended to the end of such term, quarter or semester, but not beyond
17 the entitlement limitation of four academic years.

18 ~~(b) If a child is awarded a scholarship under this Article and the child is a senior
19 in high school or its equivalent, then the scholarship shall be awarded pending the
20 graduation of the child.~~

21 (c) If a child is awarded a scholarship under this Article, the Commission shall
22 notify the recipient by May 1st of the year in which the recipient enrolls in college."

23 **SECTION 19.3.(c)** G.S. 165-22 reads as rewritten:

24 **"§ 165-22. Classes or categories of eligibility under which scholarships may be
25 awarded.**

26 A child, as defined in this Article, who falls within the provisions of any eligibility
27 class described below shall, upon proper application be considered for a scholarship,
28 subject to the provisions and limitations set forth for the class under which he is
29 considered:

- 30 (1) Class I-A: Under this class a scholarship shall be awarded to any child
31 whose veteran parent
32 a. Was killed in action or died from wounds or other causes not
33 due to his own ~~wilful~~ willful misconduct while a member of the
34 armed forces during a period of war, or
35 b. Has died of service-connected injuries, wounds, illness or other
36 causes incurred or aggravated during wartime service in the
37 armed forces, as rated by the United States Department of
38 Veterans Affairs.
- 39 (2) Class I-B: Under this class a limited scholarship providing only those
40 benefits set forth in G.S. 165-21(1)a and d and 165-21(2) of this
41 Article, shall be awarded to any child whose veteran parent, at the time
42 the benefits pursuant to this Article are sought to be availed of, is or
43 was at the time of his death receiving compensation for a wartime
44 service-connected disability of one hundred percent (100%) as rated by
45 the United States Department of Veterans Affairs. Provided, that if the
46 veteran parent of a recipient under this class should die of his wartime
47 service-connected condition before the recipient shall have utilized all
48 of his scholarship eligibility time, then the North Carolina Department
49 of Administration shall amend the recipient's award from Class I-B to
50 Class I-A for the remainder of the recipient's eligibility time. The
51 effective date of such an amended award shall be determined by the
52 Department of Administration, but, in no event shall it predate the date
53 of the veteran parent's death.

- 1 (3) Class II: Under this class a scholarship may be awarded to not more
 2 than 100 children yearly, each of whose veteran parent, at the time the
 3 benefits pursuant to this Article are sought to be availed of:
 4 a. Is or was at the time of his death receiving compensation for a
 5 wartime service-connected disability of twenty percent (20%)
 6 or more, but less than one hundred percent (100%), as rated by
 7 the United States Department of Veterans Affairs, or
 8 b. ~~Is or was at the time of his death receiving wartime~~
 9 ~~compensation for a statutory award for arrested pulmonary~~
 10 ~~tuberculosis, as rated by the United States Department of~~
 11 ~~Veterans Affairs.~~ Was awarded a Purple Heart for wounds
 12 received as a result of an act of any opposing armed force, as a
 13 result of an international terrorist attack, or as a result of
 14 military operations while serving as part of a peacekeeping
 15 force.
- 16 (4) Class III: Under this class a scholarship may be awarded to not more
 17 than 100 children yearly, each of whose veteran parent, at the time the
 18 benefits pursuant to this Article are sought to be availed of:
 19 a. Is or was at the time of his death drawing pension for
 20 permanent and total disability, nonservice-connected, as rated
 21 by the United States Department of Veterans Affairs, ~~or Affairs.~~
 22 b. Is deceased and who does not fall within the provisions of any
 23 other eligibility class described in G.S. 165-22(1), (2), (3), (4)a.,
 24 nor ~~(5) provided such child is less than 23 years of age at the~~
 25 ~~time of application for such scholarship.~~ (5).
 26 c. Served in a combat zone, or waters adjacent to a combat zone,
 27 or any other campaign, expedition, or engagement for which the
 28 United States Department of Defense authorizes a campaign
 29 badge or medal, who does not fall within the provisions of any
 30 other class described in G.S. 165-22(1), (2), (3), (4)a., or (5).
- 31 (5) Class IV: Under this class a scholarship as defined in G.S.
 32 165-21 shall be awarded to any child whose parent, while
 33 serving honorably as a member of the armed forces of the
 34 United States in active federal service during a period of war, as
 35 defined in G.S. 165-20(4), was listed by the United States
 36 government as (i) missing in action, (ii) captured in line of duty
 37 by a hostile force, or (iii) forcibly detained or interned in line of
 38 duty by a foreign government or power."

39 **SECTION 19.3.(d)** G.S. 165-22.1(c) reads as rewritten:

40 "(c) Allowances for room and board in State educational institutions shall be at
 41 such rate as ~~the Director of the Budget may determine to be reasonable.~~ established by
 42 the Secretary of the Department of Administration."

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

46 **REGIONAL OFFICE CONSOLIDATION PLAN**

47 **SECTION 19.4.** The Department of Administration, State Property Office,
 48 in consultation with all other state agencies, shall identify regional offices established
 49 throughout the State in all State agencies and shall develop a plan that provides for the
 50 consolidation of the individual regional offices into a central facility in each region,
 51 giving consideration to sharing space and utilizing vacant space, and to availability of
 52 space in all agencies, including university and community college campuses. The
 53 Department shall report its findings and recommendations to the Chairs of the
 54 Appropriations Committees of the Senate and House of Representatives and to the
 55 Fiscal Research Division by November 1, 2002.

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

4 **PETROLEUM OVERCHARGE FUNDS ALLOCATION**

5 **SECTION 19.6.(a)** There is appropriated from funds and interest thereon
6 received from the case of United States v. Exxon that remain in the Special Reserve for
7 Oil Overcharge Funds to the Department of Health and Human Services the sum of one
8 million dollars (\$1,000,000) for the 2002-2003 fiscal year. The Department shall
9 allocate these funds to the Weatherization Assistance Program.

10 **SECTION 19.6.(b)** Any funds remaining in the Special Reserve for Oil
11 Overcharge funds after the allocation is made pursuant to subsection (a) of this section
12 may be expended only as authorized by the General Assembly. All interest or income
13 accruing from all deposits or investments of cash balances shall be credited to the
14 Special Reserve for Oil Overcharge Funds.

15
16 **PART XX. OFFICE OF THE STATE AUDITOR**

17
18 **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

19
20 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
21 Thompson

22 **NC ARTS COUNCIL LIMIT USE OF CONSULTANTS**

23 **SECTION 21.1.** The North Carolina Arts Council shall limit the use of
24 consultants to evaluate and approve applications for arts and cultural grants for
25 individuals and organizations and shall conduct the grants process with the Division of
26 Arts Council staff.

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

30 **MUSEUM ADMISSION FEE STUDY**

31 **SECTION 21.2.** The Office of State Budget and Management shall study the
32 feasibility of charging an admission fee to the State's museums and other similar
33 facilities open to the public. The Office of State Budget and Management shall conduct
34 the study in consultation with the Fiscal Research Division of the Legislative Services
35 Office. The Office of State Budget and Management shall complete this study and
36 report to the Chairs of the Senate and House of Representatives Appropriations
37 Committees by November 1, 2002.

38
39 **PART XXII. DEPARTMENT OF REVENUE**

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

43 **LOCAL SALES TAX ADMINISTRATIVE COSTS**

44 **SECTION 22.1.** To the extent the Department of Revenue's nonrecurring
45 costs of implementing and administering Article 44 of Chapter 105 of the General
46 Statutes, as amended, exceed funds available in its budget for the 2002-2003 fiscal year,
47 the Department may pay the excess cost by withholding up to two hundred seventy-five
48 thousand dollars (\$275,000) from collections under Subchapter VIII of Chapter 105 of
49 the General Statutes.

50
51 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
52 Thompson

53 **DOR REPORTS ON DEBT COLLECTION**

54 **SECTION 22.2.** G.S. 105-243.1(f) reads as rewritten:

1 "(f) Reports. – The Department must report to the Joint Legislative Commission
2 on Governmental Operations and to the Revenue Laws Study Committee on its efforts
3 to collect tax debts. Reports must be submitted quarterly beginning November 1, 2001,
4 through ~~November 1, 2002, June 30, 2005,~~ and semiannually thereafter. Each report
5 must include a breakdown of the amount and age of tax debts collected by collection
6 agencies on contract, the amount and age of tax debts collected by the Department
7 through warning letters, and the amount and age of tax debts otherwise collected by
8 Department personnel. The report must itemize collections by type of tax. Each report
9 must also include a long-term collection plan, a timeline for implementing each step of
10 the plan, a summary of steps taken since the last report and their results, and any other
11 data requested by the Commission or the Committee."
12

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

15 **DOR VACANT POSITIONS**

16 **SECTION 22.3.** The Department of Revenue shall reclassify vacant
17 positions and allocate up to eight hundred fifty-five thousand forty-seven dollars
18 (\$855,047) in recurring funds for the 2002-2003 fiscal year, and up to two hundred
19 thousand one hundred dollars (\$200,100) in nonrecurring funds for the 2002-2003 fiscal
20 year as follows:

- 21 (1) To increase staff and provide operating costs in the Criminal
22 Investigations Division to expand fraud investigations.
- 23 (2) To support the Department of Justice's personnel and operating
24 expenses for legal services related to the expansion of fraud
25 investigations.

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

29 **DOR DEBT COLLECTION FUNDS**

30 **SECTION 22.4.** The Department of Revenue may use up to six hundred
31 thousand dollars (\$600,000) during the 2002-2003 fiscal year from the collection
32 assistance fee account created in G.S. 105-243.1 to be allocated as follows:

- 33 (1) Two hundred thousand dollars (\$200,000) for contractual services
34 related to system changes for managing and filing bankruptcies.
- 35 (2) Four hundred thousand dollars (\$400,000) for identifying delinquent
36 taxpayers.

37
38 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,
39 Thompson

40 **DOR REPORT ON LOCAL TAX ADMINISTRATION EXPENSES**

41 **SECTION 22.5.** G.S. 105-256 is amended by adding a new subsection to
42 read:

43 "(e) Local Tax Administration Expenses. – The Secretary must report quarterly to
44 the chairs of the Appropriations Committees and Finance Committees of each house of
45 the General Assembly and to the Fiscal Research Division on the Department's
46 expenditures of funds withheld from distributions to local governments to cover its costs
47 of administering local taxes and local programs. The report must itemize expenditures
48 for personnel, operating expenses, and nonrecurring expenses by division and must
49 specify the source of the withheld funds in each case. The report is due 20 days after the
50 end of each quarter."
51

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

54 **DOR TAXPAYER TELECOMMUNICATIONS SERVICE**

1 **SECTION 22.6.** The Department of Revenue may draw up to three million
2 dollars (\$3,000,000) through June 30, 2004, from the collection assistance fee account
3 created in G.S. 105-243.1 in order to pay for the costs of establishing and equipping a
4 central taxpayer telecommunications service center for collections and assistance, and
5 for the costs associated with aligning local field offices with the new center. Before any
6 funds may be expended for these purposes, the Secretary of Revenue must present a
7 detailed plan with proposed costs to the Joint Legislative Commission on Governmental
8 Operations. This plan must be presented by October 31, 2002.

9 10 **PART XXIII. RULES REVIEW COMMISSION**

11 12 **PART XXIII.A. OFFICE OF ADMINISTRATIVE HEARINGS**

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

16 **CONFORMING APA AMENDMENTS**

17 **SECTION 23A.1.** G.S. 150B-21.24 reads as rewritten:

18 **"§ 150B-21.24. Free copies of Access to Register and Code.**

19 (a) Register. – The Codifier of Rules must ~~distribute copies of the North Carolina~~
20 ~~Register as soon after publication as practical, without charge, to the following:~~

21 (1) ~~A person who receives a free copy of the North Carolina~~
22 ~~Administrative Code.~~

23 (2) ~~Upon request, one copy to each member of the General Assembly.~~
24 make available the North Carolina Register on the Internet at no
25 charge. The Codifier must provide a free copy of the current volume of
26 the Register to any person who receives a free copy of the North
27 Carolina Administrative Code or any member of the General
28 Assembly, only upon request.

29 (b) Code. – The Codifier of Rules must make available the North Carolina
30 Administrative Code on the Internet at no charge. The Codifier must distribute copies of
31 the North Carolina Administrative Code as soon after publication as practical, without
32 charge, to the following:

33 (1) One copy to the board of commissioners of each ~~county, county that~~
34 specifically requests a printed copy, to be placed at the county clerk of
35 court's office or at another place selected by the board of
36 commissioners. The Codifier of Rules is not required to provide a copy
37 of the Administrative Code to any board of county commissioners
38 unless a request is made.

39 (2) One copy to the Commission.

40 (3) One copy to the Clerk of the Supreme Court and to the Clerk of the
41 Court of Appeals of North Carolina.

42 (4) One copy to the Supreme Court Library and one copy to the library of
43 the Court of Appeals.

44 (5) One copy to the Administrative Office of the Courts.

45 (6) One copy to the Governor.

46 (7) ~~Five copies.~~ One copy to the Legislative Services Commission for the
47 use of the General Assembly.

48 (8) ~~Upon request, one copy to each State official or department to whom~~
49 ~~or to which copies of the appellate division reports are furnished under~~
50 ~~G.S. 7A-343.1.~~

51 (9) ~~Five copies.~~ One copy to the Division of State Library of the
52 Department of Cultural Resources pursuant to G.S. 125-11.7."

53 54 **PART XXIV. SECRETARY OF STATE**

PART XXV. OFFICE OF THE STATE CONTROLLER

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

OVERPAYMENTS AUDIT

SECTION 25.1.(a) During the 2002-2003 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S.147-86.22(c) are to be deposited in the Special Reserve Account 24172.

SECTION 25.1.(b) For the 2002-2003 fiscal year, two hundred thousand dollars (\$200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or other information technology initiatives.

SECTION 25.1.(c) Of the unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section, the sum of up to five hundred thousand dollars (\$500,000) for the 2002-2003 fiscal year may be used to continue the State Business Infrastructure Study enacted in Section 17.1 of S.L. 2001-491.

SECTION 25.1.(d) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

PART XXVI. DEPARTMENT OF TRANSPORTATION

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
Thompson

**CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND
APPROPRIATIONS**

SECTION 26.1. Section 27.4(a) of S.L. 2001-424 reads as rewritten:

"SECTION 27.4.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2003-2004	\$1,334.6 million	<u>\$1,328.9 million</u>
FY 2004-2005	\$1,369.8 million	<u>\$1,374.0 million</u>
FY 2005-2006	\$1,406.1 million	<u>\$1,422.4 million</u>
FY 2006-2007	\$1,445.5 million	<u>\$1,472.6 million</u>

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2003-2004	\$1,127.6 million	<u>\$1,019.4 million</u>
FY 2004-2005	\$1,176.5 million	<u>\$1,058.5 million</u>
FY 2005-2006	\$1,226.8 million	<u>\$1,110.2 million</u>
FY 2006-2007	\$1,278.4 million	<u>\$1,162.5 million</u>

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
Thompson

HIGHWAY TRUST FUND STUDY COMMITTEE CONTINUED

SECTION 26.2.(a) Section 27.6(b) of S.L. 2001-424 reads as rewritten:

"SECTION 27.6. (b) Membership. – The Study Committee shall be composed of ~~16~~18 members as follows:

- (1) The Chairs of the Joint Legislative Transportation Oversight Committee.
- (2) Four Representatives and ~~three~~four public members appointed by the Speaker of the House of Representatives.

- 1 (3) Four Senators and ~~three~~ four public members appointed by the
2 President Pro Tempore of the Senate.

3 The appointing authorities shall make their appointments to reflect the urban-rural
4 diversity of the population of the State."

5 **SECTION 26.2.(b)** Section 27.6(c) of S.L. 2001-424 reads as rewritten:

6 "**SECTION 27.6.(c)** Duties of the Study Committee. – The Committee may study
7 all aspects of the Highway Trust Fund. The study shall include the examination of all
8 the following:

- 9 (1) The current status, cost estimates, and feasibility of Highway Trust
10 Fund projects currently listed in Article 14 of Chapter 136 of the
11 General Statutes.
12 (2) Unanticipated problems with the structure of the Highway Trust Fund.
13 (3) The gap between transportation funding structures and the actual
14 transportation needs of the State.
15 (4) Allocation issues raised by the structure of the transportation funding
16 equity distribution formula in G.S. 136-17.2A.
17 (5) The feasibility of altering the project eligibility requirements of the
18 Highway Trust Fund, including permitting the Department of
19 Transportation to add projects as long as adding those projects does
20 not delay projects already to be funded by the Highway Trust Fund,
21 projects scheduled under the 2002-2008 Transportation Improvement
22 Program, and does not impair the cash-flow provisions of G.S.
23 136-176(a1).
24 (6) The feasibility of altering the funding allocation structure of the
25 Highway Trust Fund, including the possible use of the Highway
26 Trust Fund to provide the State match for available federal aid
27 highway funds as long as using the funds in this manner does not delay
28 projects already funded by the Highway Trust Fund, projects
29 scheduled under the 2002-2008 Transportation Improvement Program,
30 and does not impair the cash-flow provisions of G.S. 136-176(a1).
31 (7) Any other issue related to the Highway Trust Fund or transportation
32 funding."

33 **SECTION 26.2.(c)** Section 27.6(k) of S.L. 2001-424 reads as rewritten:

34 "**SECTION 27.6.(k)** Report. – The report of the study shall be made to the Joint
35 Legislative Transportation Oversight Committee no later than ~~April 1, 2002.~~ the first
36 day of the 2003 Session of the General Assembly. Upon the filing of its final report, the
37 Study Committee shall terminate."
38

39 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
40 Thompson

41 **BILTMORE AVENUE AIRSPACE ENCROACHMENT**

42 **SECTION 26.3.** The Department of Transportation shall permit private use
43 of and encroachment upon the airspace above Biltmore Avenue located inside the
44 corporate limits of the City of Asheville for the purpose of construction and
45 maintenance of a pedestrian bridge to connect the campuses of Mission St. Joseph's
46 Health System unless, in the opinion of the Department, the bridge will unreasonably
47 interfere with and impair the property rights and easement of abutting owner or
48 unreasonably interfere with or obstruct the public use of Biltmore Avenue.
49

50 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
51 Thompson

52 **CASH MANAGEMENT PROGRAM MODIFICATION**

53 **SECTION 26.4.(a)** G.S. 136-176(a2) is repealed.

1 **SECTION 26.4.(b)** The Department of Transportation is encouraged to use
2 all existing resources including bonded indebtedness to mitigate any delays in the
3 construction of Transportation Improvement Program projects.

4
5 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
6 Thompson

7 **DEPARTMENT OF TRANSPORTATION PRINTING EFFICIENCIES STUDY**

8 **SECTION 26.5.** The Department of Transportation shall study, develop, and
9 implement a more cost-effective method of providing printing services for the Division
10 of Motor Vehicles. The Department shall report the efficiencies and projected cost
11 savings to the Chairmen of the House Appropriations Subcommittee on Transportation
12 and the Chairman of the Senate Appropriations on Department of Transportation
13 Subcommittee during the 2003 General Assembly.

14
15 Requested by: Representatives Cole, J. Crawford, Bonner, Sutton, Easterling,
16 Oldham, Redwine, Thompson

17 **COMMERCIAL DRIVER LICENSE TRAINING STANDARDS**

18 **SECTION 26.8.** By January 1, 2003, the Division of Motor Vehicles shall
19 issue rules authorizing certified Commercial Truck Driver Training Schools to offer an
20 80-hour curriculum appropriate to prepare a student to meet the requirements for a Class
21 B Commercial Drivers License. These rules shall be consistent with existing rules
22 governing Commercial Truck Driver Training Schools as provided for in G.S. 20-320
23 through G.S. 20-328 and applicable administrative code sections, except for the hours of
24 instruction required.

25
26 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
27 Thompson

28 **SMALL URBAN AND CONTINGENCY FUNDS**

29 **SECTION 26.9.** Section 27.3 of S.L. 2001-424 reads as rewritten:

30 **"SECTION 27.3.** Of the funds appropriated in this act to the Department of
31 Transportation:

32 (1) Fourteen million dollars (\$14,000,000) shall be allocated in each fiscal
33 year for small urban construction projects. These funds shall be
34 allocated equally in each fiscal year of the biennium among the 14
35 Highway Divisions for the small urban construction program for small
36 construction projects that are located within the area covered by a
37 ~~one-mile~~ two-mile radius of the municipal corporate limits.

38 (2) Fifteen million dollars (\$15,000,000) in fiscal year 2001-2002 and ~~ten~~
39 ~~million dollars (\$10,000,000)~~ fifteen million dollars (\$15,000,000) in
40 fiscal year 2002-2003 shall be used statewide for rural or small urban
41 highway improvements and related transportation enhancements to
42 public roads and public facilities, industrial access roads, and spot
43 safety projects as approved by the Secretary of Transportation.

44 None of these funds used for rural secondary road construction are subject to the
45 county allocation formulas in G.S. 136-44.5(b) and (c).

46 These funds are not subject to G.S. 136-44.7.

47 The Department of Transportation shall report to the members of the General
48 Assembly on projects funded pursuant to this section in each member's district prior to
49 the Board of Transportation's action. The Department shall make a quarterly
50 comprehensive report on the use of these funds to the Joint Legislative Transportation
51 Oversight Committee and the Fiscal Research Division."

52
53 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
54 Thompson

55 **URBAN LOOP TERMINI**

1 **SECTION 26.10.(a)** G.S. 136-180 reads as rewritten:

2 "**§ 136-180. (For contingent repeal see editor's note) Urban loops.**

3 (a) Funds allocated from the Trust Fund for urban loops may be used only for the
4 following urban loops:

5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53
Loop	Description	Affected Counties																																														
Asheville Western Loop	Multilane facility on new location from I-26 west of Asheville to US-19/23 north of Asheville for the purpose of connecting these roads. The funds may be used to improve existing corridors.	Buncombe																																														
Charlotte Outer Loop	Multilane facility on new location encircling City of Charlotte	Mecklenburg																																														
Durham Northern Loop	Multilane facility on new location from I-85 west of Durham to US-70 east of Durham	Durham, Orange																																														
<u>or</u>																																																
<u>Durham East End Connector</u>	<u>Multilane facility connecting NC-147 to US-70 near Miami Boulevard, including improvements along US-70 and the US-70, NC-98 interchange</u>	<u>Durham</u>																																														
Greensboro Loop	Multilane facility on new location encircling City of Greensboro	Guilford																																														
Raleigh Outer Loop	Multilane facility on new location from US-1 southwest of Cary northerly to US-64 in eastern Wake County	Wake																																														
Wilmington Bypass	Multilane facility on new location from US-17 northeast of Wilmington to US-17 southwest of Wilmington	New Hanover																																														
Winston-Salem Northbelt	Multilane facility on new location from I-40 west of Winston-Salem northerly to I-40 in eastern Forsyth County	Forsyth																																														

54 (b) The Board of Transportation may, by official resolution, accept a new
55 interstate or freeway as the revised termini of an urban loop described in subsection (a)

1 of this section, and the revised project shall be eligible for funding with funds described
2 in G.S. 136-176(b)(2) if the following conditions are met:

- 3 (1) The Department of Transportation has constructed a new interstate or
4 freeway facility since 1989 and has changed the official route
5 designation from the termini described in subsection (a) of this section
6 to the new facility.
7 (2) The Board of Transportation finds that the purposes of the urban loop
8 facility, specifically including reduced congestion and high-speed,
9 safe, regional through-travel service, would be enhanced by the
10 action."

11 **SECTION 26.10.(b)** G.S. 136-180.1 is repealed.
12

13 Requested by: Representatives J. Crawford, Easterling, Oldham, Redwine,
14 Thompson

15 **SCHOOL SPONSORED BUS TRANSPORTATION SAFETY STUDY**

16 **SECTION 26.11.** The Division of Motor Vehicles, in consultation with the
17 Department of Public Instruction, the private motor coach industry, and other interested
18 parties, shall study the issue of school sponsored bus transportation safety. As a part of
19 its study, the Division is directed to study all of the following:

- 20 (1) The feasibility of increased centralized inspection of all companies that
21 offer motor coach services to schools, and the anticipated cost of
22 increased inspection.
23 (2) Appropriate use of school activity buses.
24 (3) Providing training and guidance to schools about school sponsored
25 bus transportation safety.

26 The Division shall report its findings and recommendations to the Joint Legislative
27 Transportation Oversight Committee and the Joint Legislative Education Oversight
28 Committee by December 1, 2002.
29

30 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
31 Thompson

32 **CURRITUCK COUNTY TO NORTHERN OUTER BANKS FERRY STUDY**

33 **SECTION 26.12.** The Department of Transportation shall study and
34 determine the feasibility of establishing ferry service from Currituck County to the
35 northern Outer Banks. The Department of Transportation shall report the results of the
36 study to the General Assembly on or before June 1, 2003.
37

38 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
39 Thompson

40 **DEPARTMENT OF TRANSPORTATION MAY USE RECEIPTS FOR**
41 **FACILITIES IMPROVEMENTS**

42 **SECTION 26.13.** The Secretary of Transportation may approve the use of
43 receipts from the sale of Department of Transportation real property, other than
44 right-of-way property, to make needed improvements to its facilities. Prior to the sale
45 of the real property and the use of the funds for improvements to facilities, the Secretary
46 shall report to the Joint Legislative Transportation Oversight Committee and the Joint
47 Legislative Commission on Governmental Operations on the planned implementation of
48 this section.
49

50 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
51 Thompson

52 **PAYBACK SCHEDULE FOR TRANSFER IN EXCESS OF THAT**
53 **AUTHORIZED BY THE GENERAL STATUTES FROM THE HIGHWAY**
54 **TRUST FUND TO THE GENERAL FUND**

1 **SECTION 26.14.** Any funds transferred from the Highway Trust Fund to the
2 General Fund in addition to the transfer authorized by G.S. 105-187.9(b) shall be fully
3 repaid to the Highway Trust Fund in five years beginning in the 2004-2005 fiscal year,
4 using the sum of the digits formula, according to the following repayment schedule: FY
5 2004-2005 – 7%, FY 2005-2006 – 13%, FY 2006-2007 – 20%, FY 2007-2008 – 27%,
6 and FY 2008-2009 – 33%. The repayment shall include interest at the net rate of return
7 generated by the State Treasurer's Short Term Investment Fund.

8
9 Requested by: Representatives Cole, J. Crawford, Sutton, Easterling, Oldham,
10 Redwine, Thompson

11 **COMMISSION TO STUDY COMMISSION CONTRACTS FOR THE**
12 **ISSUANCE OF MOTOR VEHICLE REGISTRATION PLATES AND**
13 **CERTIFICATES**

14 **SECTION 26.15.(a)** The Commission to Study Commission Contracts for
15 the Issuance of Motor Vehicle Registration Plates and Certificates is created. The
16 Commission shall consist of 11 members:

- 17 (1) Four Senators appointed by the President Pro Tempore of the Senate
18 and four Representatives appointed by the Speaker of the House of
19 Representatives.
- 20 (2) The President Pro Tempore of the Senate and the Speaker of the House
21 of Representatives shall each appoint one person currently contracted
22 with the Division of Motor Vehicles to issue registration plates and
23 certificates.
- 24 (3) The Commissioner of Motor Vehicles or the Commissioner's designee
25 shall serve as a voting member of the Commission.

26 **SECTION 26.15.(b)** The President Pro Tempore of the Senate shall
27 designate one Senator as cochair and the Speaker of the House of Representatives shall
28 designate one Representative as cochair.

29 **SECTION 26.15.(c)** The Commission shall:

- 30 (1) Review the history and policies that led to the enactment of G.S.
31 20-63(h) providing for contracts for the issuance of registration plates
32 and certificates.
- 33 (2) Study the current implementation and consequences of the provisions
34 of G.S. 20-63(h).
- 35 (3) Study how registration plates and certificates are issued in other states.
- 36 (4) Study the implications and potential effects on the contract agents of
37 the authority of the Division of Motor Vehicles to use electronic
38 applications and collections authorized in G.S. 20-63(i).
- 39 (5) Study any other factors it deems relevant related to the use of contract
40 agents for the issuance of registration plates and certificates.
- 41 (6) Make findings and recommendations on improving the services related
42 to the issuance of registration plates and certificates to the citizens of
43 North Carolina while reducing the costs to the State.

44 **SECTION 26.15.(d)** The Commission shall submit a final report of its
45 findings and recommendations on or before the first day of the 2003 Session of the
46 General Assembly by filing a report with the President Pro Tempore of the Senate and
47 the Speaker of the House of Representatives. Upon filing its final report, the
48 Commission shall terminate.

49 **SECTION 26.15.(e)** The Commission, while in the discharge of its official
50 duties, may exercise all the powers provided for under the provisions of G.S. 120-19
51 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon
52 the call of the cochairs. The Commission may meet in the State Legislative Building or
53 the Legislative Office Building.

54 **SECTION 26.15.(f)** Legislative members of the Commission shall receive
55 subsistence and travel expenses at the rates set forth in G.S. 120-3.1. Nonlegislative

1 members shall receive subsistence and travel expenses at the rates set forth in
2 G.S.138-5.

3 **SECTION 26.15.(g)** The Commission may contract for professional,
4 clerical, or consultant services as provided by G.S. 120-32.02. The Legislative Services
5 Commission, through the Legislative Administrative Officer, shall assign professional
6 staff to assist in the work of the Commission. The House of Representatives' and the
7 Senate's Supervisors of Clerks shall assign clerical staff to the Commission, upon the
8 direction of the Legislative Services Commission. The expenses relating to clerical
9 employees shall be borne by the Commission.

10 **SECTION 26.15.(h)** If a vacancy occurs in the membership of the
11 Commission, the vacancy shall be filled by the same appointing officer who made the
12 initial appointment.

13 **SECTION 26.15.(i)** All State departments and agencies and local
14 governments and their subdivisions shall furnish to the Commission, upon request, any
15 information in their possession or available to them.

16 **SECTION 26.15.(j)** The Division of Motor Vehicles, in consultation and
17 cooperation with the Commission contract agents, shall conduct a comprehensive and
18 updated productivity study of all transactions and other activity in contract agencies.
19 The Division, in consultation and cooperation with the agents, shall use this data to
20 develop a detailed proposal for compensating agents based on the tasks they undertake.
21 The proposal shall include a mechanism to adjust the schedule periodically to account
22 for inflation. The Division shall submit its proposal to the Commission on or before
23 November 1, 2002.

24 **SECTION 26.15.(k)** From funds available to the Department of
25 Transportation in this act the sum of twenty-five thousand dollars (\$25,000) shall be
26 transferred to the General Assembly for the 2002-2003 fiscal year for the expenses of
27 the Commission.

28
29 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,
30 Thompson

31 **TRANSPORTATION OF WOOD CHIPS AND OTHER WOOD PRODUCTS**

32 **SECTION 26.16.** G.S. 20-118(c) is amended by adding a new subdivision to
33 read:

34 "(c) Exceptions. – The following exceptions apply to G.S. 20-118(b) and
35 20-118(e).

36
37 (15) Subsections (b) and (e) of this section do not apply to a vehicle or
38 vehicle combination that meets all of the conditions below, but all
39 other enforcement provisions of this Article remain applicable:

- 40 a. Is hauling wood residuals, including wood chips, saw dust,
41 mulch, or tree bark.
42 b. Does not operate on an interstate highway, a posted light-traffic
43 road, or a posted bridge.
44 c. Does not exceed a maximum gross weight 4,000 pounds in
45 excess of what is allowed in subsection (b) of this section.
46 d. Does not exceed a single-axle weight of more than 22,000
47 pounds and a tandem-axle weight of more than 42,000 pounds."

48 49 **PART XXVII. INFORMATION TECHNOLOGY**

50
51 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
52 Thompson

53 **ELECTRONIC PROCUREMENT/INFORMATION TECHNOLOGY** 54 **PROCUREMENT STUDY**

55 **SECTION 27.1.(a)** G.S. 143-48.3(a) reads as rewritten:

1 "(a) The Department of Administration and the shall develop and maintain
2 electronic or digital standards for procurement. The Department of Administration shall
3 consult with the Office of the State Controller, in conjunction with the Office of
4 Information Technology Services (ITS), the Department of State Auditor, the
5 Department of State Treasurer, The University of North Carolina General
6 Administration, the Community Colleges System Office, and the Department of Public
7 Instruction shall collaborate to develop electronic or digital procurement
8 standards.Instruction."

9 **SECTION 27.1.(b)** G.S. 143-48.3(c) reads as rewritten:

10 "(c) The Department of Administration shall utilize the Office of Information
11 Technology Services shall act as an Application Service Provider for an electronic
12 procurement system and shall establish, manage, and system. The Office of Information
13 Technology Services shall operate this electronic procurement system, through State
14 ownership or commercial leasing, in accordance with the requirements and operating
15 standards developed by the Department of Administration, the Office of the State
16 Controller, and ITS.Administration and the financial reporting and accounting
17 procedures of the Office of the State Controller."

18 **SECTION 27.1.(c)** G.S. 143-48.3 is amended by adding a new subsection to
19 read:

20 "(a1) The Department of Administration shall comply with the State
21 government-wide technical architecture for information technology, as required by the
22 Information Resources Management Commission."

23 **SECTION 27.1.(d)** G.S. 143-48.3(e) is repealed.

24 **SECTION 27.1.(e)** The Joint Select Committee on Information Technology
25 shall study and evaluate the procurement of information technology in the State. The
26 Committee shall consider the governance of information technology procurement and
27 associated costs, the use of appropriate procurement methodology, how to maximize the
28 efficiency of the State's procurement process as it relates to information technology
29 procurement, and the enterprise management of the State's information technology
30 assets. The Office of State Budget and Management, the Department of Administration,
31 and the Office of Information Technology Services shall provide information and data
32 analysis for the purposes of the study. The Committee may solicit information and
33 analysis from any other resources, as needed. The Committee shall report its findings
34 and recommendations to the Chairs of the House of Representatives Appropriations
35 Subcommittee on Information Technology and Senate Appropriations Committee on
36 Information Technology by January 15, 2003.

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

40 **INFORMATION TECHNOLOGY SECURITY PRACTICES/STATE AUDITOR**

41 **SECTION 27.2.(a)** G.S. 147-33.82(d) is amended by adding a new
42 subdivision to read:

43 "(3) Before a State agency may enter into any contract with another party
44 for an assessment of network vulnerability, including network
45 penetration or any similar procedure, the State agency shall notify the
46 State Chief Information Officer and obtain approval of the request.
47 The State Chief Information Officer shall refer the request to the State
48 Auditor for a determination of whether the Auditor's office can
49 perform the assessment and testing. If the State Auditor determines
50 that he can perform the assessment and testing, then the State Chief
51 Information Officer shall authorize the assessment and testing by the
52 Auditor. If the State Auditor determines that his office cannot perform
53 the assessment and testing, then with the approval of the State Chief
54 Information Officer and State Auditor, the State agency may enter into
55 a contract with another party for the assessment and testing. If the

1 State agency enters into a contract with another party for assessment
2 and testing, the State agency shall issue public reports on the general
3 results of the reviews undertaken pursuant to this subdivision, but the
4 contractor must provide the State agency with detailed reports of the
5 security issues identified pursuant to this subdivision that shall not be
6 disclosed as provided in G.S. 132-6.1(c). The State agency shall
7 provide the State Chief Information Officer and the State Auditor with
8 copies of the detailed reports."

9 **SECTION 27.2.(b)** G.S. 147-64.6(c)(18) reads as rewritten:

10 "(18) The Auditor shall, after consultation and in coordination with the State
11 Chief Information Officer, assess, confirm, and report on the security
12 practices of information technology systems. If an agency has adopted
13 standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in
14 accordance with those standards. The Auditor's assessment of
15 information security practices shall include an assessment of network
16 vulnerability. The Auditor may conduct network penetration or any
17 similar procedure as the Auditor may deem necessary. The Auditor
18 may enter into a contract with a State agency under G.S.
19 147-33.82(d)(3) for an assessment of network vulnerability, including
20 network penetration or any similar procedure. Any contract with the
21 Auditor for the assessment and testing shall be on a
22 cost-reimbursement basis. The Auditor may investigate reported
23 information technology security breaches, cyber attacks, and cyber
24 fraud in State government. The Auditor shall issue public reports on
25 the general results of the reviews undertaken pursuant to this
26 subdivision but may provide agencies with detailed reports of the
27 security issues identified pursuant to this subdivision which shall not
28 be disclosed as provided in G.S. 132-6.1(c). For the purposes of this
29 subdivision only, the Auditor is exempt from the provisions of Article
30 3 of Chapter 143 of the General Statutes in retaining contractors."

31
32 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,
33 Thompson

34 **OFFICE OF ADMINISTRATIVE HEARINGS/AUTOMATION REVIEW**

35 **SECTION 27.3.** By February 15, 2003, the Office of Administrative
36 Hearings, in consultation with the Office of Information Technology Services, shall
37 report to the Chairs of the Joint Select Committee on Information Technology, to the
38 Chairs of the Joint Legislative Administrative Procedure Oversight Committee, and to
39 the Fiscal Research Division on the cost and feasibility of developing or acquiring an
40 enterprise-wide automated system for the rule-making process. The report shall include
41 an estimate, based on an agency survey, of the costs incurred by State agencies in the
42 current rule-making process. The Office of Administrative Hearings shall contact the
43 rule-making agencies in other states to determine best practices in automating this
44 process, and may present options for automating the State's rule-making process,
45 including costs. The Office of Information Technology Services shall assist in the
46 survey process on technical issues.

47
48 Requested by: Representatives Tucker, Tolson, Easterling, Oldham, Redwine,
49 Thompson

50 **HIPAA IMPLEMENTATION**

51 **SECTION 27.4.(a)** The Office of State Budget and Management ("Office")
52 shall coordinate the State's implementation of the federal Health Insurance Portability
53 and Accountability Act ("HIPAA"), Title II Subtitle F (Administrative Simplification).
54 Specifically, the powers and duties of coordination shall include:

- 1 (1) Initiating and responding to all correspondence between the State and
2 the United States government on all matters relating to HIPAA
3 Administrative Simplification requirements under Subtitle F of Title II
4 of HIPAA.
- 5 (2) Coordinating official State comments on proposed federal regulations
6 and the federal rule-making process pertaining to HIPAA
7 Administrative Simplification.
- 8 (3) Obtaining from the North Carolina Attorney General legal
9 interpretations of federal rules pertaining to HIPAA Administrative
10 Simplification compliance, implementation, and enforcement.
- 11 (4) Reviewing State agency requests for funds to comply with HIPAA
12 requirements.
- 13 (5) Contracting for consultative and other professional services necessary
14 to carry out the State's HIPAA implementation effort.
- 15 (6) Obtaining from State agencies the necessary data on a regular basis to
16 effectively review and monitor compliance with HIPAA
17 Administrative Simplification requirements and to comply with
18 reporting requirements.
- 19 (7) Coordinating with the Information Resource Management
20 Commission to ensure that its policies and activities and those of the
21 Office are complementary to ensure effective and efficient
22 implementation and monitoring of HIPAA Administrative
23 Simplification requirements.

24 **SECTION 27.4.(b)** The University of North Carolina system and the
25 Teachers' and State Employees' Comprehensive Major Medical Plan may develop and
26 implement HIPAA Administrative Simplification compliance efforts independently of
27 the Office, except that each of these entities shall report bimonthly to the Office on its
28 implementation status and activities, and shall comply with requests from the Office for
29 additional information and reports.

30 **SECTION 27.4.(c)** Funds appropriated to the Reserve for Health Insurance
31 Portability and Accountability Compliance that are unexpended and unencumbered at
32 the end of the fiscal year shall not revert to the General Fund but shall remain in the
33 Reserve for use in accordance with the purposes of the Reserve.
34

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

37 **STATE HUMAN RESOURCE AND RETIREMENT SYSTEMS INFORMATION**
38 **TECHNOLOGY LRC STUDY**

39 **SECTION 27.5.(a)** The Legislative Research Commission shall:

- 40 (1) Examine how information technology is used in the administration of
41 the State's human resource systems, including personnel, benefits,
42 leave reporting, and payroll.
- 43 (2) Consider how information technology solutions can streamline human
44 resource management processes and eliminate unnecessary or
45 duplicative paperwork.
- 46 (3) Review how an enterprise approach will improve the effectiveness and
47 efficiency of the State's human resource management system and the
48 State's administration of retirement and employee benefits. In making
49 this inquiry, the Commission shall take into account and coordinate
50 efforts with the State Business Infrastructure Study authorized by
51 Section 17.1 of S.L. 2001-491, without duplicating the work of that
52 study.
- 53 (4) Review any other matter that relates to the State's use of information
54 technology for personnel, retirement, and benefits administration.

1 **SECTION 27.5.(b)** The Legislative Research Commission shall report its
2 findings to the 2003 Regular Session of the General Assembly, along with any
3 legislative recommendations.

4
5 **PART XXVIII. SALARIES AND EMPLOYEE BENEFITS**

6
7 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

8 **FUND PAYROLL AND RELATED EMPLOYMENT CONTRIBUTIONS AT**
9 **NINETY-EIGHT PERCENT OF BUDGETED REQUIREMENTS**

10 **SECTION 28.2.** The purpose of the payroll turnover adjustment set out in
11 Section 2.1 of this act is to adjust the amount of funds appropriated to the General Fund
12 for State-paid salaries and wages to more accurately reflect actual salary and wage
13 requirements for full-time and part-time State-paid personnel. The Office of State
14 Budget and Management shall allocate to State departments and agencies funds
15 necessary to support salaries and wages and related employer contributions for social
16 security and retirement at an average rate of ninety-eight percent (98%) of budgeted
17 requirements for salaries and related employer contributions. The provisions of this
18 section shall not apply to salary and related employer contributions funded by the State
19 for the community colleges and the public school system.

20
21 Requested by: Representative Fox

22 **TEMPORARY REDUCTION IN LEGISLATIVE COMPENSATION**

23 **SECTION 28.2A.(a)** G.S. 120-3(a) reads as rewritten:

24 "(a) The Speaker of the House shall be paid an annual salary of ~~thirty eight~~
25 ~~thousand one hundred fifty one dollars (\$38,151)~~ thirty-four thousand three hundred
26 thirty-five dollars (\$34,335) payable monthly, and an expense allowance of one
27 thousand four hundred thirteen dollars (\$1,413) per month. The President Pro Tempore
28 of the Senate shall be paid an annual salary of ~~thirty eight thousand one hundred fifty~~
29 ~~one dollars (\$38,151)~~ thirty-four thousand three hundred thirty-five dollars (\$34,335)
30 payable monthly, and an expense allowance of one thousand four hundred thirteen
31 dollars (1,413) per month. The Speaker Pro Tempore of the House shall be paid an
32 annual salary of ~~twenty one thousand seven hundred thirty nine dollars (\$21,739)~~
33 nineteen thousand five hundred sixty-five dollars (\$19,565) payable monthly, and an
34 expense allowance of eight hundred thirty-six dollars (836.00) per month. The Deputy
35 President Pro Tempore of the Senate shall be paid an annual salary of ~~twenty one~~
36 ~~thousand seven hundred thirty nine dollars (\$21,739)~~ nineteen thousand five hundred
37 sixty-five dollars (\$19,565) payable monthly, and an expense allowance of eight
38 hundred thirty-six dollars (\$836.00) per month. The majority and minority leaders in the
39 House and the majority and minority leaders in the Senate shall be paid an annual salary
40 of ~~seventeen thousand forty eight dollars (\$17,048)~~ fifteen thousand three hundred
41 forty-three dollars (\$15,343) payable monthly, and an expense allowance of six hundred
42 sixty-six dollars (\$666.00) per month."

43 **SECTION 28.2A.(b)** G.S. 120-3(b) reads as rewritten:

44 "(b) Every other member of the General Assembly shall receive increases in
45 annual salary only to the extent of and in the amounts equal to the average increases
46 received by employees of the State, effective upon convening of the next Regular
47 Session of the General Assembly after enactment of these increased amounts, except no
48 such increase is granted upon the convening of the 1997 Regular Session of the General
49 Assembly. Accordingly, ~~upon convening of the 1997 Regular Session of the General~~
50 ~~Assembly,~~ every other member of the General Assembly shall be paid an annual salary
51 of ~~thirteen thousand nine hundred fifty one dollars (\$13,951)~~ twelve thousand five
52 hundred fifty-six dollars (\$12,556) payable monthly, and an expense allowance of five
53 hundred fifty-nine dollars (\$559.00) per month."

54 **SECTION 28.2A.(c)** This section is effective when it becomes law, and
55 expires June 30, 2003.

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

3 **ESTABLISH SEVERANCE EXPENDITURE RESERVE**

4 **SECTION 28.3.(a)** Section 32.19 of S.L. 2001-424 is repealed.

5 **SECTION 28.3.(b)** There is established in the Office of State Budget and
6 Management a General Fund reserve budget code for the purpose of funding severance-
7 related obligations to employees subject to the State Personnel Act, and to exempt State
8 employees, who are separated from State service due to a reduction-in-force action.
9 Severance-related expenditures from this reserve shall include obligations to fund (i) an
10 employee's severance salary continuation with an age adjustment factor as defined by
11 the State Personnel Commission in State Personnel Manual Section 11, Revision No. 7,
12 9/22/2000, (ii) noncontributory health premiums for up to 12 months, (iii)
13 employer-related contributions for social security, and (iv) payment of an employee's
14 unused vacation leave not to exceed 240 hours.

15 **SECTION 28.3.(c)** The Director of the Budget shall allocate funds
16 appropriated in Section 2.1. of this act to the Reserve for Severance Benefits to State
17 agencies to fund severance-related obligations incurred by the agencies as a result of
18 reduction-in-force actions taken by the Director of the Budget that cause State
19 employees to be terminated from State employment. Funds appropriated to the Reserve
20 for Severance Benefits shall be expended in their entirety before funds appropriated to a
21 State agency for personal services expenditures may be used to fund any
22 severance-related obligations.

23 **SECTION 28.3.(d)** The provisions of this section shall not apply to local
24 school administrative units, to community colleges, or to The University of North
25 Carolina.

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

28 **SPECIAL ANNUAL LEAVE BONUS**

29 **SECTION 28.3A.** Any person who is a full-time permanent employee on
30 September 30, 2002, of (i) a local board of education, except for an employee who
31 receives a salary increment pursuant to Section 7.1 or 7.2 of this act, or (ii) the State,
32 who is eligible for annual leave shall have a one-time additional 10 days of annual leave
33 credited on that date. That leave shall be accounted for separately, and shall remain
34 available until used, notwithstanding any other limitation on the total number of days of
35 annual leave that may be carried forward. Part-time permanent employees and 9- or
36 10-month employees shall receive a pro rata amount of the 10 days.

37 The General Assembly encourages the State Board of Community Colleges to
38 adopt rules authorizing the colleges to provide special annual leave bonuses,
39 compensation bonuses, or other employee benefits to their employees.

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

42 **ADDITIONAL FAMILY AND MEDICAL LEAVE**

43 **SECTION 28.3B.** A State employee is entitled to take up to 52 weeks of
44 leave without pay during a five-year period in order to care for the employee's child,
45 spouse, or parent, where that child, spouse, or parent has a serious health condition. For
46 State employees subject to the State Personnel Act, this leave shall be administered
47 under the Family and Medical Leave procedures of the State Personnel Commission.
48 Benefits under this section for employees not subject to the State Personnel Act shall be
49 administered under the Family and Medical Leave procedures applicable to those
50 employees. Benefits under this section are supplemental to any benefit an employee
51 may otherwise be entitled to.

52
53 Requested by: Representative Mitchell

54 **SUSPENSION OF LEGISLATIVE SUBSISTENCE ALLOWANCE**

SECTION 28.3C. No member of the General Assembly may receive any subsistence allowance under G.S. 120-3.1(a)(3) from the date of sine die adjournment of the 2001 Regular Session through December 31, 2002.

Requested by: Representative Allred
REDUCE EXECUTIVE BRANCH SALARIES

SECTION 28.3D.(a) Effective when this section becomes law, Section 32.2 of S.L. 2001-424 reads as rewritten:

SECTION 32.2. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 2001-2002 and 2002-2003 fiscal years are:

Table with 2 columns: Nonelected Department Heads, Annual Salary. Lists various departments like Secretary of Administration, Secretary of Correction, etc., with salary amounts.

SECTION 28.3D.(b) The General Assembly urges the members of the Council of State, to waive voluntarily ten percent (10%) of their State pay for the remainder of the 2002-2003 fiscal year as a cost reduction to help defray the State's budget deficit.

SECTION 28.3D.(c) The written voluntary waiver of pay may be made in the form prescribed by this section or it may be made in any format substantially equivalent hereto that contains at least the following information:

STATE OF NORTH CAROLINA
VOLUNTARY WAIVER OF STATE PAY

I, _____, the undersigned State official, do hereby waive for the remainder of the 2002-2003 fiscal year compensation in an amount equal to ten percent (10%) of my annual salary as set by the General Assembly.

This voluntary waiver is made this the _____ day of _____, _____.

BY: _____
Signature
Office/Title

Authorized Salary Amount Waived"

SECTION 28.3D.(d) Effective January 1, 2005, Section 32.1(b) of S.L. 2001-242 reads as rewritten:

1 "SECTION 32.1.(b) ~~Effective July 1, 2001, the~~ The annual salaries for the
 2 members of the Council of State, ~~payable monthly, for the 2001-2002 and 2002-2003~~
 3 ~~fiscal years are:~~ are:

	Annual Salary
4 Council of State	
5 Lieutenant Governor	\$104,523 94,071
6 Attorney General	104,523 94,071
7 Secretary of State	104,523 94,071
8 State Treasurer	104,523 94,071
9 State Auditor	104,523 94,071
10 Superintendent of Public Instruction	104,523 94,071
11 Agriculture Commissioner	104,523 94,071
12 Insurance Commissioner	104,523 94,071
13 Labor Commissioner	104,523 94,071 "

14 **SECTION 28.3D.(e)** Effective when this section becomes law, Section 32.3
 15 of S.L. 2001-424 reads as rewritten:

16 "SECTION 32.3. The annual salaries, payable monthly, for the ~~2001-2002 and~~
 17 ~~2002-2003 fiscal years~~ year for the following executive branch officials are:

	Annual Salary
18 Executive Branch Officials	
19 Chairman, Alcoholic Beverage Control Commission	\$92,946 83,651
20 State Controller	130,078 117,070
21 Commissioner of Motor Vehicles	92,946 83,651
22 Commissioner of Banks	104,523 94,071
23 Chairman, Employment Security Commission	129,913 116,922
24 State Personnel Director	102,119 91,907
25 Chairman, Parole Commission	84,871 76,384
26 Members of the Parole Commission	78,356 70,520
27 Chairman, Utilities Commission	116,405 104,765
28 Members of the Utilities Commission	104,523 94,071
29 Executive Director, Agency for Public Telecommunications	78,356 70,520
30 General Manager, Ports Railway Commission	70,755 63,680
31 Director, Museum of Art	95,240 85,716
32 Executive Director, North Carolina Housing Finance Agency	115,031 103,528
33 Executive Director, North Carolina Agricultural	
34 Finance Authority	90,470 81,423
35 State Chief Information Officer	130,000 117,000 "

36 **SECTION 28.3D.(f)** Effective when this section becomes law, G.S. 97-78(a)
 37 reads as rewritten:

38 "(a) The salary of each commissioner shall be ~~the same as~~ ninety percent (90%) of
 39 that fixed from time to time for district attorneys except that the commissioner
 40 designated as chair shall receive ~~one thousand five hundred dollars (\$1,500) one~~
 41 thousand three hundred fifty dollars (\$1,350) additional per annum."

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

44 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

45 **SECTION 28.5.** Section 32.21(b) of S.L. 2001-424 reads as rewritten:

46 "SECTION 32.21.(b) The State's employer contribution rates budgeted for
 47 retirement and related benefits as percentage of covered salaries for ~~the 2001-2002~~
 48 ~~fiscal year and the 2002-2003 fiscal year~~ are (i) ~~five percent (5.00%)~~ three and three
 49 one-hundredths percent (3.03%) – Teachers and State Employees; (ii) ~~ten percent~~
 50 ~~(10.00%)~~ eight and three one-hundredths percent (8.03%) – State Law Enforcement
 51 Officers; (iii) nine and seventy-one hundredths percent (9.71%) – University
 52 Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent
 53 (9.71%) – Community College Optional Retirement Program; (v) ~~sixteen and forty~~
 54 ~~hundredths percent (16.40%)~~ fourteen and twenty-seven hundredths percent (14.27%) –
 55 Consolidated Judicial Retirement System; and (vi) ~~twenty five and fifty five hundredths~~

1 ~~percent (25.55%)~~ two and thirty-five hundredths percent (2.35%) – Legislative
2 Retirement System. Each of the foregoing contribution rates includes two and thirty-five
3 hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and
4 State Employees, State Law Enforcement Officers, Community College Optional
5 Retirement Program, and for the University Employees' Optional Retirement Program
6 includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates
7 for Teachers and State Employees and State Law Enforcement Officers include
8 sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law
9 Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

10
11 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

12 **PUBLIC EMPLOYEE SPECIAL PAY PLAN STUDY**

13 **SECTION 28.6.(a)** There is established the Special Pay Plan Study
14 Commission, to be composed of 11 members, as follows:

- 15 (1) Three members appointed by the Speaker of the House of
16 Representatives.
- 17 (2) Three members appointed by the President Pro Tempore of the Senate.
- 18 (3) Three members appointed by the Governor
- 19 (4) The State Treasurer, ex officio.
- 20 (5) The Secretary of the Department of Administration, ex officio.

21 **SECTION 28.6.(b)** The Commission shall study establishment of a Special
22 Pay Plan for State employees, which shall enhance, and not diminish, existing Special
23 Pay benefits. A Special Pay Plan is a qualified retirement plan, approved by the Internal
24 Revenue Service, that reduces the federal tax burden on special compensation paid to
25 State employees, including bonuses, accumulated sick leave, accumulated vacation
26 leave, and any other payment or benefit designated as special pay by the Internal
27 Revenue Code. The Commission shall examine issues such as:

- 28 (1) The extent of coverage of State employees based on their age or
29 amount of special compensation.
- 30 (2) The extent to which the program would be mandatory.
- 31 (3) How the program would be administered.
- 32 (4) The extent to which it would apply to persons subject to a Reduction in
33 Force (RIF).
- 34 (5) The financial advantages and disadvantages to the employer and
35 employee, including savings of employer and employee taxes, and the
36 effect on social security and State retirement benefits.

37 **SECTION 28.6.(c)** The Commission shall report to the 2003 General
38 Assembly within 60 days after its convening, and shall terminate upon such report.

39 **SECTION 28.6.(d)** The Legislative Services office may provide
40 professional and support staff assistance to the Commission.

41
42 Requested by: Representatives Baddour, Barefoot, Cox, Easterling, Oldham,
43 Redwine, Thompson

44 **INCREASE FIRE AND RESCUE PENSION BENEFITS**

45 **SECTION 28.7.** G.S. 58-86-55 reads as rewritten:

46 **"§ 58-86-55. Monthly pensions upon retirement.**

47 Any member who has served 20 years as an "eligible fireman" or "eligible rescue
48 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S.
49 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly
50 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~
51 ~~fifty one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month. Any
52 retired fireman receiving a pension shall, effective ~~July 1, 2000,~~ July 1, 2002, receive a
53 pension of ~~one hundred fifty one dollars (\$151.00)~~ one hundred fifty-six dollars
54 (\$156.00) per month.

1 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
2 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad
3 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a
4 pension hereunder until the member's official duties as a fireman or rescue squad
5 worker for which the member is paid compensation shall have been terminated and the
6 member shall have retired as such according to standards or rules fixed by the board of
7 trustees.

8 A member who is totally and permanently disabled while in the discharge of the
9 member's official duties as a result of bodily injuries sustained or as a result of extreme
10 exercise or extreme activity experienced in the course and scope of those official duties
11 and who leaves the fire or rescue squad service because of this disability shall be
12 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred fifty-~~
13 ~~one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month beginning the
14 first month after the member's fifty-fifth birthday. All applications for disability are
15 subject to the approval of the board who may appoint physicians to examine and
16 evaluate the disabled member prior to approval of the application, and annually
17 thereafter. Any disabled member shall not be required to make the monthly payment of
18 ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

19 A member who is totally and permanently disabled for any cause, other than line of
20 duty, who leaves the fire or rescue squad service because of this disability and who has
21 at least 10 years of service with the pension fund, may be permitted to continue making
22 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made
23 contributions for a total of 240 months. The member shall upon attaining the age of 55
24 years be entitled to receive a pension as provided by this section. All applications for
25 disability are subject to the approval of the board who may appoint physicians to
26 examine and evaluate the disabled member prior to approval of the application and
27 annually thereafter.

28 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
29 Article 4 of Chapter 160A of the General Statutes, or whose department is closed
30 because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A
31 of the General Statutes, and because of such annexation is unable to perform as a
32 fireman of any status, and if the member has at least 10 years of service with the
33 pension fund, may be permitted to continue making a monthly contribution of ten
34 dollars (\$10.00) to the fund until the member has made contributions for a total of 240
35 months. The member upon attaining the age of 55 years and completion of such
36 contributions shall be entitled to receive a pension as provided by this section. Any
37 application to make monthly contributions under this section shall be subject to a
38 finding of eligibility by the Board of Trustees upon application of the member.

39 The pensions provided shall be in addition to all other pensions or benefits under any
40 other statutes of the State of North Carolina or the United States, notwithstanding any
41 exclusionary provisions of other pensions or retirement systems provided by law."
42

43 Requested by: Representatives Easterling, Oldham, Redwine, Thompson,
44 Barefoot, Cox

45 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**
46 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**
47 **LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE**
48 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM AND THE**
49 **LEGISLATIVE RETIREMENT SYSTEM.**

50 **SECTION 28.8.(a)** G.S. 135-5 is amended by adding a new subsection to
51 read:

52 "(jjj) From and after July 1, 2002, the retirement allowance to or on account of
53 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased
54 by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002, in
55 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2002, the retirement

1 allowance to or on account of beneficiaries whose retirement commenced after July 1,
2 2001, but before June 30, 2002, shall be increased by a prorated amount of one and
3 four-tenths percent (1.4%) of the allowance payable as determined by the Board of
4 Trustees based upon the number of months that a retirement allowance was paid
5 between July 1, 2001, and June 30, 2002."

6 **SECTION 28.8.(b)** G.S. 128-27 is amended by adding a new subsection to
7 read:

8 "(bbb) From and after July 1, 2002, the retirement allowance to or on account of
9 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased
10 by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002, in
11 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2002,
12 the retirement allowance to or on account of beneficiaries whose retirement commenced
13 after July 1, 2001, but before June 30, 2002, shall be increased by a prorated amount of
14 one and four-tenths percent (1.4%) of the allowance payable as determined by the Board
15 of Trustees based upon the number of months that a retirement allowance was paid
16 between July 1, 2001, and June 30, 2002."

17 **SECTION 28.8.(c)** G.S. 135-65 is amended by adding a new subsection to
18 read:

19 "(w) From and after July 1, 2002, the retirement allowance to or on account of
20 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased
21 by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002.
22 Furthermore, from and after July 1, 2002, the retirement allowance to or on account of
23 beneficiaries whose retirement commenced after July 1, 2001, but before June 30, 2002,
24 shall be increased by a prorated amount of one and four-tenths percent (1.4%) of the
25 allowance payable as determined by the Board of Trustees based upon the number of
26 months that a retirement allowance was paid between July 1, 2001, and June 30, 2002."

27 **SECTION 28.8.(d)** G.S. 120-4.22A is amended by adding a new subsection
28 to read:

29 "(q) In accordance with subsection (a) of this section, from and after July 1, 2002,
30 the retirement allowance to or on account of beneficiaries whose retirement commenced
31 on or before January 1, 2002, shall be increased by one and four-tenths percent (1.4%)
32 of the allowance payable on June 1, 2002. Furthermore, from and after July 1, 2002, the
33 retirement allowance to or on account of beneficiaries whose retirement commenced
34 after January 1, 2002, but before June 30, 2002, shall be increased by a prorated amount
35 of one and four-tenths percent (1.4%) of the allowance payable as determined by the
36 Board of Trustees based upon the number of months that a retirement allowance was
37 paid between January 1, 2002, and June 30, 2002."

38
39 Requested by: Representatives Easterling, Oldham, Redwine, Thompson,
40 Barefoot, Cox

41 **ENHANCE BENEFITS PAYABLE FROM THE TEACHERS' AND STATE**
42 **EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL**
43 **GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

44 **SECTION 28.9.(a)** G.S. 135-5(b18) reads as rewritten:

45 "(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000-
46 2000, but Before July 1, 2002. – Upon retirement from service in accordance with
47 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2002, a member
48 shall receive the following service retirement allowance.

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

52 a. If the member's service retirement date occurs on or after his
53 55th birthday, and completion of five years of creditable service
54 as a law enforcement officer, or after the completion of 30 years
55 of creditable service, the allowance shall be equal to one and

- 1 eighty-one hundredths percent (1.81%) of his average final
2 compensation, multiplied by the number of years of his
3 creditable service.
- 4 b. If the member's service retirement date occurs on or after his
5 50th birthday and before his 55th birthday with 15 or more
6 years of creditable service as a law enforcement officer and
7 prior to the completion of 30 years of creditable service, his
8 retirement allowance shall be equal to the greater of:
- 9 1. The service retirement allowance payable under G.S.
10 135-5(b18)(1)a. reduced by one-third of one percent ($1/3$
11 of 1%) thereof for each month by which his retirement
12 date precedes the first day of the month coincident with
13 or next following the month the member would have
14 attained his 55th birthday; or
- 15 2. The service retirement allowance as computed under
16 G.S. 135-5(b18)(1)a. reduced by five percent (5%) times
17 the difference between 30 years and his creditable
18 service at retirement.
- 19 (2) A member who is not a law enforcement officer or an eligible former
20 law enforcement officer shall receive a service retirement allowance
21 computed as follows:
- 22 a. If the member's service retirement date occurs on or after his
23 65th birthday upon the completion of five years of membership
24 service or after the completion of 30 years of creditable service
25 or on or after his 60th birthday upon the completion of 25 years
26 of creditable service, the allowance shall be equal to one and
27 eighty-one hundredths percent (1.81%) of his average final
28 compensation, multiplied by the number of years of creditable
29 service.
- 30 b. If the member's service retirement date occurs after his 60th
31 birthday and before his 65th birthday and prior to his
32 completion of 25 years or more of creditable service, his
33 retirement allowance shall be computed as in G.S.
34 135-5(b18)(2)a. but shall be reduced by one-quarter of one
35 percent ($1/4$ of 1%) thereof for each month by which his
36 retirement date precedes the first day of the month coincident
37 with or next following his 65th birthday.
- 38 c. If the member's early service retirement date occurs on or after
39 his 50th birthday and before his 60th birthday and after
40 completion of 20 years of creditable service but prior to the
41 completion of 30 years of creditable service, his early service
42 retirement allowance shall be equal to the greater of:
- 43 1. The service retirement allowance as computed under
44 G.S. 135-5(b18)(2)a. but reduced by the sum of
45 five-twelfths of one percent ($5/12$ of 1%) thereof for
46 each month by which his retirement date precedes the
47 first day of the month coincident with or next following
48 the month the member would have attained his 60th
49 birthday, plus one-quarter of one percent ($1/4$ of 1%)
50 thereof for each month by which his 60th birthday
51 precedes the first day of the month coincident with or
52 next following his 65th birthday; or
- 53 2. The service retirement allowance as computed under
54 G.S. 135-5(b18)(2)a. reduced by five percent (5%) times

1 the difference between 30 years and his creditable
2 service at retirement; or

3 3. If the member's creditable service commenced prior to
4 July 1, 1994, the service retirement allowance equal to
5 the actuarial equivalent of the allowance payable at the
6 age of 60 years as computed in G.S. 135-5(b18)b.

7 d. Notwithstanding the foregoing provisions, any member whose
8 creditable service commenced prior to July 1, 1963, shall not
9 receive less than the benefit provided by G.S. 135-5(b)."

10 **SECTION 28.9.(b)** G.S. 135-5 is amended by adding a new subsection to

11 read:

12 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2002.
13 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
14 after July 1, 2002, a member shall receive the following service retirement allowance:

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

18 a. If the member's service retirement date occurs on or after his
19 55th birthday, and completion of five years of creditable service
20 as a law enforcement officer, or after the completion of 30 years
21 of creditable service, the allowance shall be equal to one and
22 eighty-two hundredths percent (1.82%) of his average final
23 compensation, multiplied by the number of years of his
24 creditable service.

25 b. If the member's service retirement date occurs on or after his
26 50th birthday and before his 55th birthday with 15 or more
27 years of creditable service as a law enforcement officer and
28 prior to the completion of 30 years of creditable service, his
29 retirement allowance shall be equal to the greater of:

30 1. The service retirement allowance payable under G.S.
31 135-5(b19)(1)a. reduced by one-third of one percent (1/3
32 of 1%) thereof for each month by which his retirement
33 date precedes the first day of the month coincident with
34 or next following the month the member would have
35 attained his 55th birthday; or

36 2. The service retirement allowance as computed under
37 G.S. 135-5(b19)(1)a. reduced by five percent (5%) times
38 the difference between 30 years and his creditable
39 service at retirement.

40 (2) A member who is not a law enforcement officer or an eligible former
41 law enforcement officer shall receive a service retirement allowance
42 computed as follows:

43 a. If the member's service retirement date occurs on or after his
44 65th birthday upon the completion of five years of membership
45 service or after the completion of 30 years of creditable service
46 or on or after his 60th birthday upon the completion of 25 years
47 of creditable service, the allowance shall be equal to one and
48 eighty-two hundredths percent (1.82%) of his average final
49 compensation, multiplied by the number of years of creditable
50 service.

51 b. If the member's service retirement date occurs after his 60th
52 birthday and before his 65th birthday and prior to his
53 completion of 25 years or more of creditable service, his
54 retirement allowance shall be computed as in G.S. 135-
55 5(b19)(2)a. but shall be reduced by one-quarter of one percent

1 (1/4 of 1%) thereof for each month by which his retirement date
2 precedes the first day of the month coincident with or next
3 following his 65th birthday.

4 c. If the member's early service retirement date occurs on or after
5 his 50th birthday and before his 60th birthday and after
6 completion of 20 years of creditable service but prior to the
7 completion of 30 years of creditable service, his early service
8 retirement allowance shall be equal to the greater of:

9 1. The service retirement allowance as computed under
10 G.S. 135-5(b19)(2)a. but reduced by the sum of five-
11 twelfths of one percent (5/12 of 1%) thereof for each
12 month by which his retirement date precedes the first day
13 of the month coincident with or next following the
14 month the member would have attained his 60th
15 birthday, plus one-quarter of one percent (1/4 of 1%)
16 thereof for each month by which his 60th birthday
17 precedes the first day of the month coincident with or
18 next following his 65th birthday; or

19 2. The service retirement allowance as computed under
20 G.S. 135-5(b19)(2)a. reduced by five percent (5%) times
21 the difference between 30 years and his creditable
22 service at retirement; or

23 3. If the member's creditable service commenced prior to
24 July 1, 1994, the service retirement allowance equal to
25 the actuarial equivalent of the allowance payable at the
26 age of 60 years as computed in G.S. 135-5(b19)b.

27 d. Notwithstanding the foregoing provisions, any member whose
28 creditable service commenced prior to July 1, 1963, shall not
29 receive less than the benefit provided by G.S. 135-5(b)."

30 **SECTION 28.9.(c)** G.S. 135-5 is amended by adding a new subsection to

31 read:

32 "(kkk) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. –
33 From and after July 1, 2002, the retirement allowance to or on account of beneficiaries
34 on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent
35 (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on
36 the allowance payable and in effect on June 30, 2002, so as not to be compounded on
37 any other increase granted by act of the 2002 Regular Session of the 2001 General
38 Assembly."

39 **SECTION 28.9.(d)** G.S. 135-5(m) reads as rewritten:

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

46 (1) a. The member had attained such age and/or creditable service to
47 be eligible to commence retirement with an early or service
48 retirement allowance, or

49 b. The member had obtained 20 years of creditable service in
50 which case the retirement allowance shall be computed in
51 accordance with ~~G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c.,~~
52 G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding
53 the requirement of obtaining age 50.

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

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

16 **SECTION 28.9.(e)** G.S. 128-27(b19) reads as rewritten:

17 "(b19) Service Retirement Allowance of Member Retiring on or After July 1, ~~2001~~
18 2001, But Before July 1, 2002. – Upon retirement from service in accordance with
19 subsection (a) or (a1) above, on or after July 1, 2001, but before July 1, 2002, a member
20 shall receive the following service retirement allowance:

- 21 (1) A member who is a law enforcement officer or an eligible former law
22 enforcement officer shall receive a service retirement allowance
23 computed as follows:
24 a. If the member's service retirement date occurs on or after his
25 55th birthday and completion of five years of creditable service
26 as a law enforcement officer, or after the completion of 30 years
27 of creditable service, the allowance shall be equal to one and
28 eighty-one hundredths percent (1.81%) of his average final
29 compensation, multiplied by the number of years of his
30 creditable service.
31 b. If the member's service retirement date occurs on or after his
32 50th birthday and before his 55th birthday with 15 or more
33 years of creditable service as a law enforcement officer and
34 prior to the completion of 30 years of creditable service, his
35 retirement allowance shall be equal to the greater of:
36 1. The service retirement allowance payable under G.S.
37 128-27(b19)(1)a. reduced by one-third of one percent
38 (1/3 of 1%) thereof for each month by which his
39 retirement date precedes the first day of the month
40 coincident with or next following the month the member
41 would have attained his 55th birthday;
42 2. The service retirement allowance as computed under
43 G.S. 128-27(b19)(1)a. reduced by five percent (5%)
44 times the difference between 30 years and his creditable
45 service at retirement.
46 (2) A member who is not a law enforcement officer or an eligible former
47 law enforcement officer shall receive a service retirement allowance
48 computed as follows:
49 a. If the member's service retirement date occurs on or after his
50 65th birthday upon the completion of five years of creditable
51 service or after the completion of 30 years of creditable service
52 or on or after his 60th birthday upon the completion of 25 years
53 of creditable service, the allowance shall be equal to one and
54 eighty-one hundredths percent (1.81%) of average final

1 compensation, multiplied by the number of years of creditable
2 service.

3 b. If the member's service retirement date occurs after his 60th
4 birthday and before his 65th birthday and prior to his
5 completion of 25 years or more of creditable service, his
6 retirement allowance shall be computed as in G.S.
7 128-27(b19)(2)a. but shall be reduced by one-quarter of one
8 percent (1/4 of 1%) thereof for each month by which his
9 retirement date precedes the first day of the month coincident
10 with or next following his 65th birthday.

11 c. If the member's early service retirement date occurs on or after
12 his 50th birthday and before his 60th birthday and after
13 completion of 20 years of creditable service but prior to the
14 completion of 30 years of creditable service, his early service
15 retirement allowance shall be equal to the greater of:

16 1. The service retirement allowance as computed under
17 G.S. 128-27(b19)(2)a. but reduced by the sum of
18 five-twelfths of one percent (5/12 of 1%) thereof for
19 each month by which his retirement date precedes the
20 first day of the month coincident with or next following
21 the month the member would have attained his 60th
22 birthday, plus one-quarter of one percent (1/4 of 1%)
23 thereof for each month by which his 60th birthday
24 precedes the first day of the month coincident with or
25 next following his 65th birthday; or

26 2. The service retirement allowance as computed under
27 G.S. 128-27(b19)(2)a. reduced by five percent (5%)
28 times the difference between 30 years and his creditable
29 service at retirement; or

30 3. If the member's creditable service commenced prior to
31 July 1, 1995, the service retirement allowance equal to
32 the actuarial equivalent of the allowance payable at the
33 age of 60 years as computed in G.S. 128-27(b19)(2)b.

34 d. Notwithstanding the foregoing provisions, any member whose
35 creditable service commenced prior to July 1, 1965, shall not
36 receive less than the benefit provided by G.S. 128-27(b)."

37 **SECTION 28.9.(f)** G.S. 128-27 is amended by adding a new subsection to

38 read:

39 "(b20) Service Retirement Allowance of Member Retiring on or After July 1, 2002.
40 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or
41 after July 1, 2002, a member shall receive the following service retirement allowance:

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

45 a. If the member's service retirement date occurs on or after his
46 55th birthday and completion of five years of creditable service
47 as a law enforcement officer, or after the completion of 30 years
48 of creditable service, the allowance shall be equal to one and
49 eighty-two hundredths percent (1.82%) of his average final
50 compensation, multiplied by the number of years of his
51 creditable service.

52 b. If the member's service retirement date occurs on or after his
53 50th birthday and before his 55th birthday with 15 or more
54 years of creditable service as a law enforcement officer and

1 prior to the completion of 30 years of creditable service, his
2 retirement allowance shall be equal to the greater of:

- 3 1. The service retirement allowance payable under G.S.
4 128-27(b20)(1)a. reduced by one-third of one percent
5 (1/3 of 1%) thereof for each month by which his
6 retirement date precedes the first day of the month
7 coincident with or next following the month the member
8 would have attained his 55th birthday;
- 9 2. The service retirement allowance as computed under
10 G.S. 128-27(b20)(1)a. reduced by five percent (5%)
11 times the difference between 30 years and his creditable
12 service at retirement.

13 (2) A member who is not a law enforcement officer or an eligible former
14 law enforcement officer shall receive a service retirement allowance
15 computed as follows:

16 a. If the member's service retirement date occurs on or after his
17 65th birthday upon the completion of five years of creditable
18 service or after the completion of 30 years of creditable service
19 or on or after his 60th birthday upon the completion of 25 years
20 of creditable service, the allowance shall be equal to one and
21 eighty-two hundredths percent (1.82%) of average final
22 compensation, multiplied by the number of years of creditable
23 service.

24 b. If the member's service retirement date occurs after his 60th
25 birthday and before his 65th birthday and prior to his
26 completion of 25 years or more of creditable service, his
27 retirement allowance shall be computed as in G.S. 128-
28 27(b20)(2)a. but shall be reduced by one-quarter of one percent
29 (1/4 of 1%) thereof for each month by which his retirement date
30 precedes the first day of the month coincident with or next
31 following his 65th birthday.

32 c. If the member's early service retirement date occurs on or after
33 his 50th birthday and before his 60th birthday and after
34 completion of 20 years of creditable service but prior to the
35 completion of 30 years of creditable service, his early service
36 retirement allowance shall be equal to the greater of:

37 1. The service retirement allowance as computed under
38 G.S. 128-27(b20)(2)a. but reduced by the sum of five-
39 twelfths of one percent (5/12 of 1%) thereof for each
40 month by which his retirement date precedes the first day
41 of the month coincident with or next following the
42 month the member would have attained his 60th
43 birthday, plus one-quarter of one percent (1/4 of 1%)
44 thereof for each month by which his 60th birthday
45 precedes the first day of the month coincident with or
46 next following his 65th birthday; or

47 2. The service retirement allowance as computed under
48 G.S. 128-27(b20)(2)a. reduced by five percent (5%)
49 times the difference between 30 years and his creditable
50 service at retirement; or

51 3. If the member's creditable service commenced prior to
52 July 1, 1995, the service retirement allowance equal to
53 the actuarial equivalent of the allowance payable at the
54 age of 60 years as computed in G.S. 128-27(b20)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

SECTION 28.9.(g) G.S. 128-27 is amended by adding a new subsection to read:

"(ccc) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. – From and after July 1, 2002, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on the allowance payable and in effect on June 30, 2002, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 2002 Regular Session of the 2001 General Assembly."

SECTION 28.9.(h) G.S. 128-27(m) reads as rewritten:

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

- (1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
- b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b19)(1)b. or G.S. 128-27(b19)(2)e.~~, G.S. 128-27(b20)(1)b. or G.S. 128-27(b20)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

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

SECTION 28.9.(i) This section becomes effective July 1, 2002.

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

RETIRED TEACHERS RETURNING TO THE CLASSROOM WITHOUT LOSS OF RETIREMENT BENEFITS/OPTION EXTENDED

SECTION 28.10.(a) Subsection (d) of Section 28.24 of S.L. 1998-212 reads as rewritten:

"(d) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~ June 30, 2004."

SECTION 28.10.(a1) The State Treasurer shall seek a private letter ruling from the Internal Revenue Service that G.S. 135-3(8)c. could be amended from six months to two months without adverse affect on the tax qualification of the Teachers' and State Employees' Retirement System.

SECTION 28.10.(b) The catch line to Section 67 of S.L. 1998-217 reads as rewritten:

1 "SECTION 67. Effective January 1, 1999, through ~~June 30, 2003, June 30, 2004,~~
2 G.S. 135-3(8)c., as rewritten by Section 28.24(a) of ~~Senate Bill 1366 of the 1997~~
3 ~~General Assembly, as enacted, S.L. 1998-212~~ reads as rewritten:"

4 SECTION 28.10.(c) Subsection (b) of Section 67.1 of S.L. 1998-217 reads
5 as rewritten:

6 "(b) This section becomes effective January 1, 1999, and expires ~~June 30, 2003-~~
7 ~~June 30, 2004.~~"

8 SECTION 28.10.(d) Subsection (c) of Section 32.25 of S.L. 2001-424 reads
9 as rewritten:

10 "SECTION 32.25.(c) This section becomes effective July 1, 2001, and expires
11 ~~June 30, 2003. June 30, 2004.~~"

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

14 **MODIFY BENEFIT RESTRICTIONS FOR REEMPLOYED RETIREES IN THE**
15 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND IN**
16 **THE LOCAL GOVERNMENTAL EMPLOYEES RETIREMENT SYSTEM**

17 SECTION 28.13.(a) G.S. 135-3(8)c. reads as rewritten:

18 "c. Should a beneficiary who retired on an early or service
19 retirement allowance under this Chapter be reemployed, or
20 otherwise engaged to perform services, by an employer
21 participating in the Retirement System on a part-time,
22 temporary, interim, or on a fee-for-service basis, whether
23 contractual or otherwise, and if such beneficiary earns an
24 amount during the 12-month period immediately following the
25 effective date of retirement or in any calendar year which
26 exceeds fifty percent (50%) of the reported compensation,
27 excluding terminal payments, during the 12 months of service
28 preceding the effective date of retirement, or twenty thousand
29 dollars (\$20,000), whichever is greater, as hereinafter indexed,
30 then the retirement allowance shall be suspended as of the first
31 day of the month following the month in which the
32 reemployment earnings exceed the amount above, for the
33 balance of the calendar year. The retirement allowance of the
34 beneficiary shall be reinstated as of January 1 of each year
35 following suspension. The amount that may be earned before
36 suspension shall be increased on January 1 of each year by the
37 ratio of the Consumer Price Index to the Index one year earlier,
38 calculated to the nearest tenth of a percent (1/10 of 1%).

39 The computation of postretirement earnings of a beneficiary
40 under this sub-subdivision, G.S. 135-3(8)c., who has been
41 retired at least six months and has not been employed in any
42 capacity, except as a substitute teacher or a part-time tutor, with
43 a public school for at least six months immediately preceding
44 the effective date of reemployment, shall not include earnings
45 while the beneficiary is employed to teach on a substitute,
46 interim, or permanent basis in a public school. The Department
47 of Public Instruction shall certify to the Retirement System that
48 a beneficiary is employed to teach by a local school
49 administrative unit under the provisions of this sub-subdivision
50 and as a retired teacher as the term is defined under the
51 provisions of G.S. 115C-325(a)(5a).

52 Beneficiaries employed under this sub-subdivision are not
53 entitled to any benefits otherwise provided under this Chapter
54 as a result of this period of employment."

55 SECTION 28.13.(b) G.S. 128-24(5)c. reads as rewritten:

1 "c. Should a beneficiary who retired on an early or service
2 retirement allowance be reemployed, or otherwise engaged to
3 perform services, by an employer participating in the
4 Retirement System on a part-time, temporary, interim, or on
5 fee-for-service basis, whether contractual or otherwise, and if
6 such beneficiary earns an amount during the 12-month period
7 immediately following the effective date of retirement or in any
8 calendar year which exceeds fifty percent (50%) of the reported
9 compensation, excluding terminal payments, during the 12
10 months of service preceding the effective date of retirement, or
11 twenty thousand dollars (\$20,000), whichever is greater, as
12 hereinafter indexed, then the retirement allowance shall be
13 suspended as of the first day of the month following the month
14 in which the reemployment earnings exceed the amount above,
15 for the balance of the calendar year. The retirement allowance
16 of the beneficiary shall be reinstated as of January 1 of each
17 year following suspension. The amount that may be earned
18 before suspension shall be increased on January 1 of each year
19 by the ratio of the Consumer Price Index to the Index one year
20 earlier, calculated to the nearest tenth of a percent (1/10 of
21 1%)."

22 **SECTION 28.13.(c)** This section does not apply during the 2002-2003 fiscal
23 year to any person who prior to September 1, 2002, entered into an employment
24 contract or commitment for some or all of that year.

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

27 **RETIREMENT INCENTIVE**

28 **SECTION 28.15.(a)** Any member of the Teachers' and State Employees'
29 Retirement System, except for employees of the community colleges and the public
30 schools, with 25 or more years of creditable service and who is a minimum of age 55
31 who retires between September 1, 2002, and July 1, 2003, shall be eligible for a
32 Separation Allowance for State Employees as provided in this section. Persons who
33 attain the age and service requirements on or before February 28, 2003, must retire on
34 or before March 1, 2003 in order to be eligible for benefits under this section. Persons
35 who attain the age and service requirements after February 28, 2003 but before July 1,
36 2003, must retire on or before July 1, 2003 in order to be eligible for benefits under this
37 section.

38 **SECTION 28.15.(b)** Notwithstanding any other provision of law, every
39 State employee (except law enforcement officers), employed by a State department,
40 agency, or institution, except for employees of the community colleges and the public
41 schools, who qualifies under this section shall receive, beginning on the last day of the
42 month in which he retires from active employment on a basic early or service retirement
43 under the provisions of G.S. 135-5(a) or G.S. 135-5(a1), an annual separation allowance
44 equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate
45 of compensation most recently applicable to him for each year of creditable service. The
46 allowance shall be paid in 12 equal installments on the last day of each month. To
47 qualify for the allowance the employee shall:

- 48 (1) Have attained 55 years of age and completed 25 or more years of
49 creditable service;
50 (2) Not have attained 62 years of age; and
51 (3) Has been actively employed during the 12 months immediately prior
52 to the retirement date.

53 **SECTION 28.15.(c)** As used in this section, "creditable service" means the
54 service for which credit is allowed under the retirement system.

1 **SECTION 28.15.(d)** Payment to a retired employee under the provisions of
2 this section shall be made monthly on a continuous basis and shall not cease until the
3 earlier of (i) the death of the individual, (ii) the last day of the month in which the
4 individual attains 62 years of age, or (iii) the first day of reemployment by any State
5 department, institution, agency, public school, board, or commission on a part-time,
6 temporary, interim, or on a fee-for-service basis, whether contractual or otherwise.

7 **SECTION 28.15.(e)** This section does not affect the benefits to which an
8 individual may be entitled from State, federal, or private retirement systems. The
9 benefits payable under this section shall not be subject to any increases in salary or
10 retirement allowances that may be authorized by the General Assembly for employees
11 of the State or retired employees of the State.

12 **SECTION 28.15.(f)** The head of each State department, agency, or
13 institution shall determine the eligibility of employees in accordance with this section
14 for the benefits provided herein.

15 **SECTION 28.15.(g)** The Director of the Budget may authorize from time to
16 time the transfer of funds within the budgets of each State department, agency, or
17 institution necessary to carry out the purposes of this Article. These funds shall be taken
18 from those appropriated to the department, agency, or institution for salaries and related
19 fringe benefits. The payment of the allowance shall be from the same source of funds
20 from which the employee was paid.

21 **SECTION 28.15.(h)** The head of each State department, agency, or
22 institution shall make the payments set forth in subsection (b) of this section to those
23 persons certified under subsection (f) of this section from funds available under
24 subsection (g) of this section.

25 **SECTION 28.15.(i)** The Director of the Budget shall reduce the personal
26 services budget of each State department, agency, or institution by the difference
27 between the budgeted salary and benefits for that position and the amount paid under
28 this section as a retirement incentive.

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

31 **EMPLOYEE HEALTH PLAN TRUSTEES AND COMMITTEES**

32 **SECTION 28.16.(a)** G.S. 135-39 reads as rewritten:

33 **"§ 135-39. Board of Trustees established.**

34 (a) There is hereby established the Board of Trustees of the Teachers' and State
35 Employees' Comprehensive Major Medical Plan.

36 (a1) The Board of Trustees of the Teachers' and State Employees' Comprehensive
37 Major Medical Plan shall consist of ~~nine~~ 15 members.

38 (b) ~~Three~~ Five members shall be appointed by the Governor. Of the initial
39 members, one shall serve a term to expire June 30, 1983, and two shall serve terms to
40 expire June 30, 1984. Subsequent terms shall be for two years. Vacancies shall be filled
41 by the Governor. ~~The member appointed by the Governor to serve a term beginning~~
42 ~~July 1, 1985, shall be an employee enrolled in the Plan. Any successor to such member~~
43 ~~shall also be an employee enrolled in the Plan. Of the members appointed by the~~
44 Governor, one shall be an employee of a State department, agency, or institution, one
45 shall be a teacher employed by a North Carolina public school system, and one shall be
46 a retired employee of a State department, agency, or institution, or a retired teacher from
47 a North Carolina public school system.

48 (c) ~~Three~~ Five members shall be appointed by the General Assembly upon the
49 recommendation of the Speaker of the House of Representatives in accordance with
50 G.S. 120-121. Of the initial members, two shall serve terms expiring June 30, 1983, and
51 one shall serve a term expiring June 30, 1984. Vacancies shall be filled in accordance
52 with G.S. 120-122. Of these members, one shall be an employee of a State department,
53 agency, or institution, one shall be a teacher employed in a North Carolina public school
54 system, and one shall be a retired employee of a State department, agency, or institution,
55 or a retired teacher from a North Carolina public school system.

1 ~~One of the members appointed by the General Assembly upon the recommendation~~
2 ~~of the Speaker of the House of Representatives may be a retired employee enrolled in~~
3 ~~the Plan.~~

4 (d) ~~Three~~ Five members shall be appointed by the General Assembly upon the
5 recommendation of the President Pro Tempore of the Senate in accordance with G.S.
6 120-121. Of the initial members, two shall serve terms expiring June 30, 1983, and one
7 shall serve a term expiring June 30, 1984. Vacancies shall be filled in accordance with
8 G.S. 120-122. Of these members, one shall be an employee of a State department,
9 agency, or institution, one shall be a teacher employed in a North Carolina public school
10 system, and one shall be a retired employee of a State department, agency, or institution,
11 or a retired teacher from a North Carolina public school system.

12 ~~One of the members appointed by the General Assembly upon the recommendation~~
13 ~~of the President of the Senate for a term beginning July 1, 1985, shall be an employee~~
14 ~~enrolled in the Plan. Any successor to such member shall also be an employee enrolled~~
15 ~~in the Plan.~~

16 (d1) Repealed by Session Laws 1985, c. 732, s. 60.

17 (e) The Governor shall have the power to remove any member appointed by him
18 under subsection (b). The General Assembly may remove any member appointed under
19 subsections (c) or (d).

20 (f) The members of the Board of Trustees shall receive one hundred dollars
21 (\$100.00) per day, except employees eligible to enroll in the Plan, whenever the full
22 Board of Trustees holds a public session, and travel allowances under G.S. 138-6 when
23 traveling to and from meetings of the Board of Trustees or hearings under G.S.
24 135-39.7, but shall not receive any subsistence allowance or per diem under G.S. 138-5,
25 except when holding a meeting or hearing where this section does not provide for
26 payment of one hundred dollars (\$100.00) per day.

27 ~~(g) No State employee, member of the General Assembly, State officer, or~~
28 ~~anyone who is receiving benefits under the Plan or who is eligible to receive benefits~~
29 ~~under the Plan or who provides services, equipment or supplies under the Plan shall be~~
30 ~~eligible for membership on the Board of Trustees, except for the designated employees~~
31 ~~and retired employee appointed under subsections (b) through (d) of this section,~~
32 ~~provided that such designated persons may not serve on the executive committee.~~

33 (h) No member of the Board of Trustees may serve more than three consecutive
34 two-year terms.

35 (i) Meetings of the Board of Trustees may be called by the Executive
36 Administrator, the Chairman, or by any three members."

37 **SECTION 28.16.(b)** G.S. 135-39.4A(f) reads as rewritten:

38 "(f) The Executive Administrator may employ such clerical and professional staff,
39 and such other assistance as may be necessary to assist the Executive Administrator and
40 the Board of Trustees in carrying out their duties and responsibilities under this Article.
41 The Executive Administrator may also negotiate, renegotiate and execute contracts with
42 third parties in the performance of his duties and responsibilities under this Article;
43 provided any contract negotiations, renegotiations and execution with a Claims
44 Processor or with an optional prepaid hospital and medical benefit plan or with a
45 preferred provider of institutional or professional hospital and medical care or with a
46 pharmacy benefit manager shall be done only after consultation with the Committee on
47 Employee Hospital and Medical Benefits. Any committee or other group appointed or
48 used by the Executive Administrator for the purpose of formulating any policies, rules,
49 regulations, recommendations to the General Assembly or the Governor, or in any other
50 way affecting the operations or decisions of the Plan, including the pharmacy and
51 therapeutics committee pursuant to G.S. 135-40.5(g), shall include at least the
52 following:

- 53 (1) An employee of a State department, agency, or institution,
54 (2) A teacher employed in a North Carolina public school system, and

(3) A retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system."

SECTION 28.16.(c) G.S. 135-39.10 reads as rewritten:

~~"§ 135-39.10. Meaning of "Executive Administrator and Board of Trustees".~~

~~Whenever in this Article the words "Executive Administrator and Board of Trustees" appear, they mean that the Executive Administrator shall have the power, duty, right, responsibility, privilege or other function mentioned, after consulting with the Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan."~~

SECTION 28.16.(d) Subsection (a) of this section becomes effective October 1, 2002, and applies to appointments and reappointments made on and after that date. The remainder of this section becomes effective when this act becomes law.

Requested by: Representatives Redwine, Easterling, Oldham, Thompson, Wright, Nye

STATE EMPLOYEE HEALTH PLAN COVERAGE FOR SERVICES OF CLINICAL PHARMACIST PRACTITIONERS

SECTION 28.17. G.S. 135-40.6 is amended by adding the following new subdivision to read:

"(12) Coverage for services of Clinical Pharmacist Practitioners. – Notwithstanding any other provision of this section or the Plan, benefits shall be payable for services performed by a Clinical Pharmacist Practitioner subject to the following limitations:

- a. The service performed is within the Clinical Pharmacist Practitioner's limitations pursuant to G.S. 90-18.4.
- b. The Plan currently provides reimbursement for identical services provided by other health care providers.
- c. The reimbursement shall be at the discretion of the Executive Administrator regarding services covered and compensation.
- d. The reimbursement is made to the Clinical Pharmacist Practitioner.
- e. Nothing in this subdivision authorizes payment to more than one provider for the same service."

PART XXIX. CAPITAL APPROPRIATIONS

Requested by: Representatives Wright, Easterling, Oldham, Redwine, Thompson
CAPITAL APPROPRIATIONS/GENERAL FUND

SECTION 29.1. Appropriations are made from the General Fund of the State for the 2002-2003 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements -General Fund	2002-2003
Department of Environment and Natural Resources	31,248,000

Requested by: Representatives Wright, Easterling, Oldham, Redwine, Thompson
WATER RESOURCES DEVELOPMENT PROJECTS/USE DREDGE SPOILS TO NOURISH BEACH

SECTION 29.2.(a) The General Assembly finds that North Carolina is the tenth largest exporting state in the nation and that water resources development projects are vital to the economy of the State. North Carolina State Ports facilities, notably those in Wilmington, provide gateways to the global marketplace for North Carolina's importers and exporters. The State's ports annually generate thousands of jobs and millions of dollars in State and local taxes.

1 The General Assembly further finds that the ports are also invaluable assets to
 2 the communities that each serves. For example, according to the North Carolina State
 3 Ports Authority, nearly seven billion dollars (\$7,000,000,000) worth of goods, or
 4 nineteen million dollars (\$19,000,000) a day, were handled at the Port of Wilmington in
 5 1997. The harbor improvements in Wilmington, provided for in subsection (b) of this
 6 section, are projected to add thirty-four million dollars (\$34,000,000) in annual regional
 7 benefits.

8 The General Assembly also finds that particularly in times of heightened
 9 national and local security, the water resources projects provide strategic mobilization
 10 benefits to the Port of Wilmington and to the Military Ocean Terminal at Sunny Point.

11 **SECTION 29.2.(b)** The Department of Environment and Natural Resources
 12 shall allocate the funds appropriated in this act for water resources development projects
 13 to the following projects whose costs are as indicated:

Name of Project	2002-2003
(1) Wilmington Harbor Deepening	\$20,100,000
(2) Manteo (Shallowbag) Bay Channel Maintenance	3,100,000
(3) Wilmington Harbor Maintenance	500,000
(4) B. Everett Jordan Lake Water Supply	90,000
(5) John H. Kerr Reservoir Operations Evaluation	800,000
(6) Oregon Inlet Jetties	70,000
(7) Silver Lake Harbor Maintenance	600,000
(8) West Onslow Beach (Topsail Beach) Nourishment	203,000
(9) Wanchese Marsh Creation	180,000
(10) Bogue Banks Shore Protection Study	315,000
(11) Surf City/North Topsail Beach Protection Study	200,000
(12) Walter Slough Maintenance Dredging	58,000
(13) Currituck Sound Water Management Study	400,000
(14) Deep Creek (Yadkin County) Watershed Management	500,000
(15) State Local Projects	2,900,000
(16) Aquatic Weed Control, Lake Gaston and Statewide	300,000
(17) Swan Quarter (Hyde County) Flood Control Dikes	100,000
(18) North Topsail Beach Feasibility Study (nonfederal)	250,000
(19) Neuse River Basin Feasibility Study	100,000
(20) Edgewater Canal (Camden County) Drainage	25,000
(21) Emergency Flood Control Projects	187,000
(22) Projected Feasibility Studies	80,000
(23) Planning Assistance to Communities	100,000
(24) NC Resource Conservation and Development Councils	<u>90,000</u>
TOTAL	\$31,248,000

44 **SECTION 29.2.(c)** Where the actual costs are different from the estimated
 45 costs under subsection (b) of this section, the Department may adjust the allocations
 46 among projects as needed. If any projects listed in subsection (b) of this section are
 47 delayed and the budgeted State funds cannot be used during the 2002-2003 fiscal year,
 48 or if the projects listed in subsection (b) of this section are accomplished at a lower cost,
 49 the Department may use the resulting fund availability to fund any of the following:

- 50 (1) Corps of Engineers project feasibility studies.
- 51 (2) Corps of Engineers projects whose schedules have advanced and
 52 require State-matching funds in fiscal year 2002-2003.
- 53 (3) State-local water resources development projects.

54 Funds not expended or encumbered for these purposes shall revert to the
 55 General Fund at the end of the 2003-2004 fiscal year.

1 **SECTION 29.2.(d)** The Department shall make quarterly reports on the use
2 of these funds to the Joint Legislative Commission on Governmental Operations, the
3 Fiscal Research Division, and the Office of State Budget and Management. Each report
4 shall include all of the following:

- 5 (1) All projects that receive funding.
- 6 (2) The estimated cost of each project.
- 7 (3) The date that work on each project began or is expected to begin.
- 8 (4) The date that work on each project was completed or is expected to be
9 completed.
- 10 (5) The actual cost of each project.

11 The quarterly reports shall also show those projects advanced in schedule,
12 those projects delayed in schedule, and an estimate of the amount of funds expected to
13 revert to the General Fund.

14 **SECTION 29.2.(e)** Notwithstanding G.S. 143-23, if additional federal funds
15 that require a State match are received for water resources projects or for beach
16 nourishment projects for the 2002-2003 fiscal year, the Director of the Budget may,
17 after consultation with the Joint Legislative Commission on Governmental Operations,
18 transfer funds from General Fund appropriations to match the federal funds.

19 **SECTION 29.2.(f)** G.S. 113A-118.1 is amended by adding a new subsection
20 to read:

21 (e) The Commission shall allow the use of riprap in the construction of groins in
22 estuarine and public trust waters on the same basis as the Commission allows the use of
23 wood."

24 **SECTION 29.2.(g)** The Coastal Resources Commission shall not enforce
25 any provision of any rule that is inconsistent with G.S. 113A-118.1(e), as enacted by
26 this act, and the Commission shall amend its rules as may be required to conform with
27 G.S. 113A-118.1(e), as enacted by this act.

28 **SECTION 29.2.(h)** G.S. 113-229(h1) reads as rewritten:

29 "~~(h1) All~~ Except as provided in subsection (h2) of this section, all construction and
30 maintenance dredgings of beach-quality sand may be placed on the affected downdrift
31 ocean beaches or, if placed elsewhere, an equivalent quality and quantity of sand from
32 another location shall be placed on the downdrift ocean beaches."

33 **SECTION 29.2.(i)** G.S. 113-229 is amended by adding a new section to
34 read:

35 "(h2) Clean, beach quality material dredged from navigational channels within the
36 active nearshore, beach or inlet shoal systems shall not be removed permanently from
37 the active nearshore, beach or inlet shoal system. This dredged material shall be
38 disposed of on the ocean beach or shallow active nearshore area where it is
39 environmentally acceptable and compatible with other uses of the beach."

40 **SECTION 29.2.(j)** G.S. 113-229(i) reads as rewritten:

41 "(i) Subject to ~~subsection (h1)~~ subsections (h1) and (h2) of this section, all
42 materials excavated pursuant to such permit, regardless of where placed, shall be
43 encased or entrapped in such a manner as to minimize their moving back into the
44 affected water."

45
46 Requested by: Representative Wright

47 **JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON CAPITAL**
48 **IMPROVEMENTS ESTABLISHED**

49 **SECTION 29.3.** Chapter 120 of the General Statutes is amended by adding
50 the following new Article to read:

51 "Article 29.

52 "Joint Legislative Oversight Committee on Capital Improvements.

53 "§ 120-258. Committee created.

54 There is established the Joint Legislative Oversight Committee on Capital
55 Improvements. The Committee consists of 16 members as follows:

- 1 (1) Eight members of the House of Representatives appointed by the
2 Speaker of the House of Representatives, at least three of whom are
3 members of the minority party; and
4 (2) Eight members of the Senate appointed by the President Pro Tempore
5 of the Senate, at least three of whom are members of the minority
6 party.

7 Terms on the Committee are for two years and begin on the convening of the
8 General Assembly in each odd-numbered year, except the terms of the initial members,
9 which begin on appointment. Members may complete a term of service on the
10 Committee even if they do not seek reelection or are not reelected to the General
11 Assembly, but resignation or removal from service in the General Assembly constitutes
12 resignation or removal from service on the Committee.

13 A member continues to serve until the member's successor is appointed. A vacancy
14 shall be filled within 30 days by the officer who made the original appointment.

15 **"§ 120-259. Purpose and powers of the Committee.**

16 (a) The Joint Legislative Oversight Committee on Capital Improvements shall
17 examine, on a continuing basis, capital improvements approved and undertaken for
18 State facilities and institutions. As used in this section "capital improvements" includes
19 repairs and renovations, and "State facilities and institutions" includes facilities and
20 institutions of The University of North Carolina.

21 (b) The Committee shall have oversight over implementation of the Capital
22 Improvements Planning Act established under Article 1B of Chapter 143 of the General
23 Statutes, and shall consider the State six-year capital improvement plan developed
24 pursuant to G.S. 143-34.45.

25 (c) The Committee, while in discharge of official duties, shall have access to any
26 paper or document, and may compel the attendance of any State official or employee
27 before the Committee or secure any evidence under G.S. 120.19. In addition, G.S.
28 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it
29 were a joint committee of the General Assembly.

30 (d) The Committee may make interim reports to the General Assembly on
31 matters for which it may report to a regular session of the General Assembly. A report
32 to the General Assembly may contain any legislation needed to implement a
33 recommendation of the Committee.

34 **"§ 120-260. Organization of Committee.**

35 (a) The President Pro Tempore of the Senate and the Speaker of the House of
36 Representatives shall each designate a cochair of the Joint Legislative Oversight
37 Committee on Capital Improvements. The Committee shall meet at least once a quarter
38 and may meet at other times upon the joint call of the cochairs.

39 (b) A quorum of the Committee is nine members. No action may be taken except
40 by a majority vote at a meeting at which a quorum is present. While in the discharge of
41 its official duties, the Committee has the powers of a joint committee under G.S. 120-19
42 and G.S. 120-19.1 through G.S. 120-19.4.

43 (c) Members of the Committee receive subsistence and travel expenses as
44 provided in G.S. 120-3.1. The Committee may contract for consultants or hire
45 employees in accordance with G.S. 120-32.02. The Legislative Services Commission,
46 through the Legislative Services Officer, shall assign professional staff to assist the
47 Committee in its work. Upon the direction of the Legislative Services Commission, the
48 Supervisors of Clerks of the Senate and of the House of Representatives shall assign
49 clerical staff to the Committee. The expenses for clerical employees shall be borne by
50 the Committee."

51
52 **PART XXX. MISCELLANEOUS PROVISIONS**

53
54 Requested by: Representatives Easterling, Oldham, Redwine, Thompson
55 **EXECUTIVE BUDGET ACT APPLIES**

1 **SECTION 30.1.** The provisions of the Executive Budget Act, Chapter 143,
2 Article 1 of the General Statutes, are reenacted and shall remain in full force and effect
3 and are incorporated in this act by reference.
4

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

6 **COMMITTEE REPORT**

7 **SECTION 30.2.(a)** The House Appropriations Committee Report on the
8 Continuation, Expansion and Capital Budgets, dated August 8, 2002, which was
9 distributed in the House of Representatives and used to explain this act, shall indicate
10 action by the General Assembly on this act and shall therefore be used to construe this
11 act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes
12 shall be considered a part of this act and as such shall be printed as a part of the Session
13 Laws.

14 **SECTION 30.2.(b)** The budget enacted by the General Assembly for the
15 maintenance of the various departments, institutions, and other spending agencies of the
16 State for the 2002-2003 fiscal year is a line item budget, in accordance with the Budget
17 Code Structure and the State Accounting System Uniform Chart of Accounts set out in
18 the Administrative Policies and Procedures Manual of the Office of the State Controller.
19 This budget includes the appropriations made from all sources including the General
20 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental
21 receipts.

22 The General Assembly amended the requested adjustments to the budgets
23 submitted to the General Assembly by the Director of the Budget and the Advisory
24 Budget Commission, in accordance with the steps that follow and the line item detail in
25 the budget enacted by the General Assembly may be derived accordingly:

- 26 (1) The base budget was adjusted in accordance with the base budget cuts
27 and additions that were set out in the House Appropriations Committee
28 Report on the Continuation, Expansion and Capital Budgets.
29 (2) Transfers of funds supporting programs were made in accordance with
30 the House Appropriations Committee Report on the Continuation,
31 Expansion and Capital Budgets.

32 **SECTION 30.2.(c)** The budget enacted by the General Assembly shall also
33 be interpreted in accordance with the special provisions in this act and in accordance
34 with other appropriate legislation.

35 In the event that there is a conflict between the line item budget certified by
36 the Director of the Budget and the budget enacted by the General Assembly, the budget
37 enacted by the General Assembly shall prevail.
38

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

40 **MOST TEXT APPLIES ONLY TO 2002-2003**

41 **SECTION 30.3.** Except for statutory changes or other provisions that clearly
42 indicate an intention to have effects beyond the 2002-2003 fiscal year, the textual
43 provisions of this act apply only to funds appropriated for, and activities occurring
44 during, the 2002-2003 fiscal year.
45

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

47 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

48 **SECTION 30.4.(a)** Except where expressly repealed or amended by this act,
49 the provisions of S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L.
50 2001-496, and S.L. 2001-487 remain in effect.

51 **SECTION 30.4.(b)** Notwithstanding any modifications by this act in the
52 amounts appropriated, except where expressly repealed or amended, the limitations and
53 directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L.
54 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 that applied to
55 appropriations to particular agencies or for particular purposes apply to the newly

1 enacted appropriations and budget reductions of this act for those same particular
2 purposes.

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

5 **EFFECT OF HEADINGS**

6 **SECTION 30.5.** The headings to the parts and sections of this act are a
7 convenience to the reader and are for reference only. The headings do not expand,
8 limit, or define the text of this act, except for effective dates referring to a Part.

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

11 **SEVERABILITY CLAUSE**

12 **SECTION 30.6.** If any section or provision of this act is declared
13 unconstitutional or invalid by the courts, it does not affect the validity of this act as a
14 whole or any part other than the part so declared to be unconstitutional or invalid.

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

17 **EFFECTIVE DATE**

18 **SECTION 30.7.** Except as otherwise provided, this act becomes effective
19 July 1, 2002.