

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1366

Appropriations Committee Substitute With Amendments Adopted 6/30/98

Third Edition Engrossed 7/1/98

House Committee Substitute Favorable 7/21/98

Fifth Edition Engrossed 7/22/98

Short Title: Appropriations Act of 1998.

(Public)

Sponsors:

Referred to:

May 27, 1998

A BILL TO BE ENTITLED

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS ACT OF 1997 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

Section 1. 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.

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TITLE OF ACT

Section 1.1. This act shall be known as the "Current Operations Appropriations and Capital Improvement Appropriations Act of 1998".

PART II. CURRENT OPERATIONS/GENERAL FUND

Section 2. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 1999, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 1998-99 fiscal year.

<u>Current Operations - General Fund</u>	<u>1998-99</u>
General	Assembly
	\$ (50
0,000)	
Judicial	Department
	10,288,
571	
Office of the Governor	
01. Office of the Governor (77,255)	
02. Office of State Budget and Management	129,703
03. Office of State Planning	559,968
04. Housing Finance Agency	2,000,000
Office of the Lieutenant Governor	25,000
Department of Secretary of State	832,967
Department of State Auditor	1,583,2
58	
Department of State Treasurer	413,593
Department of Public Education	126,854
,583	

1	Department	of	Justice
2			3,241,4
3	60		
4			
5	Department of Administration		290,482
6			
7	Department of Agriculture and		
8	Consumer		Services
9			5,337,3
10	91		
11			
12	Department of Labor		220,000
13			
14	Department of Insurance		-0-
15			
16	Department of Transportation		-
17			
18	Department of Environment and		
19	Natural		Resources
20			3,895,2
21	59		
22			
23	Office of Administrative Hearings		277,641
24			
25	Rules Review Commission		-
26			
27	Department of Health and Human Services		
28	01. Office of the Secretary	8,828,375	
29	02. Division of Aging	8,546,044	
30	03. Division of Child Development	23,954,875	
31	04. Division of Services for the		
32	Deaf and Hard of Hearing	-0-	
33	05. Division of Social Services	(14,171,926)	
34	06. Division of Health Services	(1,688,000)	
35	07. Division of Medical Assistance	(46,433,341)	
36	08. Division of Services		
37	for the Blind	-0-	
38	09. Division of Mental Health,		
39	Developmental Disabilities, and		
40	Substance Abuse Services	49,753,003	
41	10. Division of Facility Services	704,402	
42	11. Division of Vocational		
43	Rehabilitation Services	2,200,000	

1 12. Division of Youth Services 1,800,000
 2 Total Department of Health and Human Services
 3 33,493,
 4 432
 5
 6 Department of Correction
 7 (21,548
 8 ,959)
 9
 10 Department of Commerce
 11 01. Commerce 9,004,825
 12 02. Biotechnology Center (25,483)
 13 03. MCNC 2,000,000
 14 04. Rural Economic Development
 15 Center 8,662,338
 16 05. State Aid to non-State
 17 Entities 8,941,400
 18 06. State Information Processing Services 5,871,630
 19
 20 Department of Revenue
 21 10,446,
 22 050
 23
 24 Department of Cultural Resources
 25 10,183,
 26 493
 27
 28 Department of Crime Control
 29 and Public Safety
 30 1,572,5
 31 86
 32
 33 Office of the State Controller
 34 2,146,9
 35 88
 36
 37 University of North Carolina - Board
 38 of Governors
 39 01. General Administration (38,720)
 40 02. University Institutional
 41 Programs 40,365,680
 42 03. Related Educational Programs 7,177,770
 43 04. University of North Carolina

- 1 at Chapel Hill
- 2 a. Academic Affairs (665,108)
- 3 b. Health Affairs (702,514)
- 4 c. Area Health Education
- 5 Centers(39,753)
- 6 05. North Carolina State University
- 7 at Raleigh
- 8 a. Academic Affairs (355,191)
- 9 b. Agricultural Research Service (42,451)
- 10 c. Cooperative Extension Service (33,652)
- 11 06. University of North Carolina at
- 12 Greensboro (232,914)
- 13 07. University of North Carolina at
- 14 Charlotte (111,070)
- 15 08. University of North Carolina at
- 16 Asheville (20,866)
- 17 09. University of North Carolina at
- 18 Wilmington (40,663)
- 19 10. East Carolina University
- 20 a. Academic Affairs (191,207)
- 21 b. Division of Health Affairs (42,480)
- 22 11. North Carolina Agricultural and
- 23 Technical State University (51,643)
- 24 12. Western Carolina University (70,087)
- 25 13. Appalachian State University (151,650)
- 26 14. The University of North
- 27 Carolina at Pembroke (19,141)
- 28 15. Winston-Salem State University (20,759)
- 29 16. Elizabeth City State
- 30 University (58,252)
- 31 17. Fayetteville State University (24,605)
- 32 18. North Carolina Central
- 33 University (3,525)
- 34 19. North Carolina School of the
- 35 Arts (12,280)
- 36 20. North Carolina School of
- 37 Science and Mathematics. (9,897)
- 38 UNC Hospitals at Chapel Hill
- 39 (36,783
- 40)
- 41 Total University of North

1	Carolina	-	Board	of	Governors
2					44,568,
3	239				
4					
5	Department	of	Community		Colleges
6					32,337,
7	705				
8					
9	State Board of Elections				745,000
10					
11	Contingency and Emergency				-
12					
13	Reserve	for	Compensation		Increase
14					386,442
15	,966				
16					
17	Retirement Rate Adjustment				
18	(44,381,870)				
19					
20	Reserve for Salary Adjustments				-
21					
22	Debt				Service
23					(14,179
24	,574)				
25					
26	Debt Service - Federal				-
27					
28	Postage Reduction				-
29					
30	Reserve	for	Juvenile	Justice	Initiatives
31					6,000,0
32	00				
33					
34	Reserve for Travel Rate Increase				
35	for State Employees				-0-
36					
37	Reserve	for	Global		TransPark
38					3,500,0
39	00				
40					
41	GRAND TOTAL CURRENT OPERATIONS –				

1 GENERAL FUND
 2 \$641,15
 3 3,387
 4

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

6 Section 3. Appropriations from the Highway Fund of the State for the
 7 maintenance and operation of the Department of Transportation, and for other purposes
 8 as enumerated, are made for the fiscal year ending June 30, 1999, according to the
 9 schedule that follows. Amounts set out in brackets are reductions from Highway Fund
 10 appropriations for the 1998-99 fiscal year.

11
 12 Current Operations - Highway Fund 1998-99

13
 14 Department of Transportation

- 15 01. Administration \$ 14,719,314
- 16 02. Operations -
- 17 03. Construction and Maintenance
 - 18 a. Construction
 - 19 (01) Primary Construction -
 - 20 (02) Secondary Construction (2,050,000)
 - 21 (03) Urban Construction -
 - 22 (04) Access and Public Service Roads -
 - 23 (05) Discretionary Fund -
 - 24 (06) Spot Safety Construction -
 - 25 b. State Funds to Match Federal Highway Aid (33,153,153)
 - 26 c. State Maintenance 22,974,044
 - 27 d. Ferry Operations -
 - 28 e. Capital Improvements 4,070,348
 - 29 f. State Aid to Municipalities (2,050,000)
 - 30 g. State Aid for Public Transportation and Railroads 13,400,000
 - 31 h. OSHA - State -
- 32 04. Governor's Highway Safety Program -
- 33 05. Division of Motor Vehicles 974,653
- 34 06. Reserves and Transfers (12,501,573)

35
 36 GRAND TOTAL CURRENT OPERATIONS/
 37 HIGHWAY FUND \$
 38 6,383,633

PART IV. HIGHWAY TRUST FUND

Section 4. Appropriations from the Highway Trust Fund are made for the fiscal year ending June 30, 1999, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 1998-99 fiscal year.

<u>Highway Trust Fund</u>	<u>1998-99</u>
01. Intrastate System(\$ 20,194,558)	
02. Secondary Roads Construction(393,452)	
03. Urban Loops (8,165,838)	
04. State Aid - Municipalities (2,118,880)	
05. Program Administration <u>143,380</u>	
GRAND TOTAL/HIGHWAY TRUST FUND	(\$
30,729,348)	

PART V. BLOCK GRANT FUNDS

Requested by: Representatives Gardner, Cansler, Clary, Howard, Berry

DHHS BLOCK GRANT PROVISIONS

Section 5. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1999, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	\$ 11,573,346
02. Limited Purpose Agencies	642,964
03. Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	642,964
TOTAL COMMUNITY SERVICES BLOCK GRANT	\$
12,859,274	

SOCIAL SERVICES BLOCK GRANT

01. County departments of social services	\$ 30,395,663
02. Allocation for in-home services provided by county departments of	

1	social services	2,101,113
2		
3	03. Division of Mental Health, Developmental	
4	Disabilities, and Substance Abuse Services	4,764,124
5		
6	04. Division of Services for the Blind	3,205,711
7		
8	05. Division of Youth Services	950,674
9		
10	06. Division of Facility Services	343,341
11		
12	07. Division of Aging - Home and Community	
13	Care Block Grant	1,915,234
14		
15	08. Transfer to Child Care and Development	
16	Fund Block Grant for child care subsidies	10,971,241
17		
18	09. Division of Vocational Rehabilitation -	
19	United Cerebral Palsy	71,484
20		
21	10. State administration	1,954,237
22		
23	11. Child Medical Evaluation Program	238,321
24		
25	12. Adult day care services	2,255,301
26		
27	13. County departments of social services for	
28	child abuse/prevention and	
29	permanency planning	394,841
30		
31	14. Transfer to Preventive Health	
32	Services Block Grant for	
33	emergency medical services	213,128
34		
35	15. Transfer to Preventive Health Services	
36	Block Grant for AIDS education, counseling,	
37	and testing	66,939
38		
39	16. Department of Administration	
40	for the N.C. Commission of Indian Affairs	
41	In-Home Services Program for the elderly	203,198
42		
43	17. Division of Vocational Rehabilitation -	

1	Easter Seals Society	116,779		
2				
3	18.	UNC-CH CARES Program for training and		
4		consultation services	247,920	
5				
6	19.	Allocation to the Adolescent		
7		Pregnancy Prevention Program	239,261	
8				
9	20.	Office of the Secretary - Office of Economic		
10		Opportunity for N.C. Senior Citizens'		
11		Federation for outreach services to		
12		low-income elderly persons	41,302	
13				
14	21.	County departments of social services		
15		for child welfare improvements	2,211,687	
16				
17	22.	Transfer from TANF - Division of		
18		Mental Health, Developmental		
19		Disabilities, and Substance Abuse		
20		Services for juvenile offenders	1,182,280	
21				
22	23.	Transfer from TANF - Division of		
23		Mental Health, Developmental		
24		Disabilities, and Substance Abuse		
25		Services for services for		
26		Developmentally Disabled Waiting List	6,000,000	
27				
28	24.	Transfer from TANF - Division of Social		
29		Services for Child Caring		
30		Institutions	1,500,000	
31				
32	25.	Transfer from TANF - Division of Aging		
33		for Home and Community Care Block Grant	3,853,956	
34				
35	TOTAL SOCIAL SERVICES BLOCK GRANT			\$
36	75,437,735			
37				
38	LOW-INCOME ENERGY BLOCK GRANT			
39				
40	01.	Energy Assistance Programs	\$ 6,350,240	
41				
42	02.	Crisis Intervention	6,461,000	
43				

1	03.	Administration	1,443,572	
2				
3	04.	Department of Commerce -		
4		Weatherization Program	4,171,960	
5				
6	05.	Department of Administration -		
7		N.C. Commission of Indian Affairs	33,228	
8				
9	TOTAL LOW-INCOME ENERGY BLOCK GRANT			\$
10	18,460,000			
11				
12	MENTAL HEALTH SERVICES BLOCK GRANT			
13				
14	01.	Provision of community-based		
15		services in accordance with the		
16		Mental Health Study Commission's		
17		Adult Severe and Persistently		
18		Mentally Ill Plan	\$ 3,794,179	
19				
20	02.	Provision of community-based		
21		services in accordance with the		
22		Mental Health Study Commission's		
23		Child Mental Health Plan	1,819,931	
24				
25	03.	Administration	624,231	
26				
27	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT			\$
28	6,238,341			
29				
30	SUBSTANCE ABUSE PREVENTION			
31	AND TREATMENT BLOCK GRANT			
32				
33	01.	Provision of community-based		
34		alcohol and drug abuse services,		
35		tuberculosis services, and services		
36		provided by the Alcohol, Drug Abuse		
37		Treatment Centers	\$ 11,502,939	
38				
39	02.	Continuation of services for		
40		pregnant women and women		
41		with dependent children	5,065,766	
42				
43	03.	Continuation and expansion of		

1	services to IV drug users and others		
2	at risk for HIV	4,843,456	
3			
4	04. Provision of services in accordance with		
5	the Mental Health Study Commission's		
6	Child and Adolescent Alcohol and Other		
7	Drug Abuse Plan	5,964,093	
8			
9	05. Services for former SSI recipients	1,123,757	
10			
11	06. Services for Work First recipients	893,811	
12			
13	07. Juvenile offender services and substance		
14	abuse pilot	300,000	
15			
16	08. Administration	2,171,228	
17			
18	TOTAL SUBSTANCE ABUSE PREVENTION		
19	AND TREATMENT BLOCK GRANT		\$
20	31,865,050		
21			
22	CHILD CARE AND DEVELOPMENT BLOCK GRANT		
23			
24	01. Before and After School Child Care Programs		
25	and Early Childhood Development Programs	\$845,598	
26			
27	02. Quality improvement activities	752,281	
28			
29	TOTAL CHILD CARE AND DEVELOPMENT		
30	BLOCK GRANT		\$
31	1,597,879		
32			
33	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
34			
35	01. Child care subsidies	\$108,625,251	
36			
37	02. Quality and availability initiatives	4,774,736	
38			
39	03. Administrative expenses	5,968,420	
40			
41	04. Transfer from TANF Block Grant for		
42	child care subsidies	5,599,759	
43			

1	05.	Transfer from TANF Block Grant for	
2		three child care centers at	
3		community colleges	500,000
4			
5	TOTAL CHILD CARE AND DEVELOPMENT FUND		
6	BLOCK		
7			GRANT
8	25,468,166		\$1
9			
10	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES		
11	(TANF) BLOCK GRANT		
12			
13	01.	Work First Cash Assistance:	
14		Standard Counties	\$160,230,540
15			
16	02.	Work First Cash Assistance/	
17		Flexible Funds:	
18		Electing Counties	55,678,913
19			
20	03.	Transfer to Child Care and Development Fund	
21		Block Grant for three child care centers	
22		at community colleges	500,000
23			
24	04.	Work First County Block Grants	
25		for child care, transportation, and other	
26		related TANF activities and support	
27		at county discretion	129,869,482
28			
29	05.	Transfer to the Child Care and	
30		Development Fund Block Grant	
31		for child care subsidies	5,599,759
32			
33	06.	Allocation to the Division of Mental	
34		Health, Developmental Disabilities, and	
35		Substance Abuse Services for Work First	
36		substance abuse support services	
37		and drug testing	2,000,000
38			
39	07.	Allocation to the Division of Social	
40		Services for evaluation	400,000
41			
42	08.	Allocation to the Division of Social	
43		Services for State and county	

1	staff development	500,000	
2			
3	09. Reduction of out-of-wedlock births	1,600,000	
4			
5	10. Allocation to the Division of Mental		
6	Health, Developmental Disabilities, and		
7	Substance Abuse Services for screening,		
8	diagnostic, and counseling services		
9	related to substance abuse services		
10	for Work First participants	2,300,000	
11			
12	11. Transfer to the Social Services Block Grant		
13	for substance abuse services for juveniles	1,182,280	
14			
15	12. Transfer to the Social Services Block Grant		
16	to establish the Special Children		
17	Adoption Fund	300,000	
18			
19	13. Department of Commerce -		
20	First Stop/Employment Security Commission	1,100,000	
21			
22	14. Allocation to Division of Mental Health,		
23	Developmental Disabilities, and Substance		
24	Abuse Services for Enhanced		
25	Employee Assistance Program	1,000,000	
26			
27	15. Allocation for Employment Security		
28	Commission for the Labor Market		
29	and Common Follow Up Systems and		
30	the NC WORKS Study	500,000	
31			
32	16. Transfer to Social Services Block Grant	11,353,956	
33			
34	TOTAL TEMPORARY ASSISTANCE FOR NEEDY FAMILIES		
35	(TANF)	BLOCK	GRANT
36			\$3
37	74,114,930		
38			
39	MATERNAL AND CHILD HEALTH BLOCK GRANT		
40			
41	01. Healthy Mother/Healthy Children		
42	Block Grants to Local Health		
43	Departments	\$ 9,838,074	

1			
2	02.	High Risk Maternity Clinic Services,	
3		Perinatal Education and Training,	
4		Childhood Injury Prevention,	
5		Public Information and Education, and	
6		Technical Assistance to Local Health	
7		Departments	1,722,869
8			
9	03.	Services to Children With Special Health	
10		Care Needs	4,969,002
11			
12	TOTAL MATERNAL AND CHILD		
13	HEALTH BLOCK GRANT		\$ 16,529,945
14			
15	PREVENTIVE HEALTH SERVICES BLOCK GRANT		
16			
17	01.	Transfer from Social Services	
18		Block Grant -	
19		Emergency Medical Services	\$ 213,128
20			
21	02.	Hypertension and Statewide	
22		Health Promotion Programs	3,320,637
23			
24	03.	Dental Health for Fluoridation	
25		of Water Supplies	213,308
26			
27	04.	Rape Prevention and Rape	
28		Crisis Programs	190,134
29			
30	05.	Rape Prevention and Rape Education	1,144,957
31			
32	06.	Transfer from Social Services	
33		Block Grant -	
34		AIDS/HIV Education, Counseling,	
35		and Testing	66,939
36			
37	07.	Office of Minority Health and	
38		Minority Health Council	177,442
39			
40	08.	Administrative and Indirect Cost	207,210
41			
42	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$ 5,533,755
43			

1 (b) Decreases in Federal Fund Availability -

2 Decreases in federal fund availability in all block grants except the TANF Block Grant,
3 the Social Services Block Grant, the Maternal and Child Health Block Grant, and the
4 Preventive Health Services Block Grant shall be reduced as follows: if federal funds are
5 reduced below the amounts specified above after the effective date of this act, then every
6 program in each of the federal block grants listed above shall be reduced by equal
7 percentages to total the reduction in federal funds.

8 Decreases in federal fund availability in the Social Services Block Grant shall
9 be allocated as follows: if funds are decreased by less than ten percent (10%) of the
10 amounts appropriated in this section, then every program shall be reduced by equal
11 percentages of the total reduction in federal funds for the block grant. If funds are
12 decreased by ten percent (10%) or more of the amounts appropriated in this section, then
13 the Department of Health and Human Services shall allocate these decreases giving
14 priority first to those direct services mandated by State law, then to those programs
15 providing direct services that have demonstrated effectiveness in meeting the federally
16 mandated services goals established for the Social Services Block Grant. The
17 Department shall ensure that reductions in block grant funds allocated for State
18 administration shall be subject to all reductions. The Department shall not include
19 transfers from TANF in any calculations of reductions to the Social Services Block
20 Grant.

21 The Department of Health and Human Services shall cooperate with all other
22 State and local agencies and public and private entities (i) that are impacted by the Social
23 Services Block Grant and (ii) that will be affected by future reductions in the Social
24 Services Block Grant in the preparation of a State/local report, setting out concrete plans
25 for dealing with future cuts in the Social Services Block Grant. The Department shall
26 present this report to the members of the Senate Appropriations Committee on Human
27 Resources and the House of Representatives Appropriations Subcommittee on Human
28 Resources within a week of the convening of the 1999 General Assembly.

29 If the United States Congress reduces the amount of TANF funds below the
30 amounts specified above after the effective date of this act, then the Department shall
31 reduce every item in the TANF Block Grant section listed above by equal percentages to
32 the total reduction in federal funds. Any TANF funds appropriated by the United States
33 Congress in addition to the funds specified in this act shall not be expended until
34 appropriated by the General Assembly. Any TANF Block Grant fund changes shall be
35 reported to the members of the Senate Appropriations Committee on Human Resources
36 and the House of Representatives Appropriations Subcommittee on Human Resources
37 and to the Fiscal Research Division.

38 Decreases in federal fund availability shall be allocated for the Maternal and
39 Child Health and Preventive Health Services federal block grant as follows: if federal
40 funds are reduced less than ten percent (10%) below the amounts specified above after
41 the effective date of this act, then every program in the Maternal and Child Health and in
42 the Preventive Health Services Block Grants shall be reduced by the same percentage as
43 the reduction in federal funds. If federal funds are reduced by ten percent (10%) or more

1 below the amounts specified above after the effective date of this act, then for the
2 Maternal and Child Health and the Preventive Health Services Block Grants the
3 Department of Health and Human Services shall allocate the decrease in funds after
4 considering the effectiveness of the current level of services.

5 (c) Increases in Federal Fund Availability -

6 Any increases in the Community Services Block Grant and the Low-Income Energy
7 Block Grant Funds Grant shall be expended as follows: any block grant funds
8 appropriated by the United States Congress in addition to the funds specified in this act
9 shall be expended by the Department of Health and Human Services, provided that the
10 resultant increases are in accordance with federal block grant requirements, by allocating
11 the additional funds for direct services only among the programs funded in this section.

12 Any increases in block grant funds appropriated by the United States Congress
13 and any other additional Social Services Block Grant funds in addition to the funds
14 specified in this act shall be expended by the Department of Health and Human Services,
15 provided the resultant increases are in accordance with federal block grant requirements,
16 as follows:

- 17 (1) Fifty percent (50%) of the funds shall be allocated to the county
18 departments of social services for mandatory services; and
- 19 (2) The remaining fifty percent (50%) shall be allocated for direct services
20 only among the programs funded in this section.

21 The Child Care and Development Fund Block Grant funds appropriated by the
22 United States Congress in addition to the funds specified in this act shall be expended by
23 the Department of Health and Human Services, provided the resultant increases are in
24 accordance with federal block grant requirements and are within the scope of the block
25 grant plan approved by the General Assembly.

26 Any block grant funds appropriated by the Congress of the United States for
27 the Maternal and Child Health Block Grant and the Preventive Health Services Block
28 Grant in addition to the funds specified in this act shall be expended as follows:

- 29 (1) For the Maternal and Child Health Block Grant – Thirty percent (30%)
30 of these additional funds shall be allocated to services for children with
31 special health care needs and seventy percent (70%) shall be allocated to
32 local health departments to assist in the reduction of infant mortality.
- 33 (2) For the Preventive Health Services Block Grant – These additional
34 funds may be budgeted by the Department, with the approval of the
35 Office of State Budget and Management, after considering the
36 effectiveness of the current level of services and the effectiveness of
37 services to be funded by the increase, provided the resultant increases
38 are in accordance with federal block grant requirements and are within
39 the scope of the block grant plan approved by the General Assembly.

40 (d) Changes to the budgeted allocations to the block grants appropriated in this
41 act due to decreases or increases in federal funds shall be reported to the members of the
42 Senate Appropriations Committee on Human Resources and the House of

1 Representatives Appropriations Subcommittee on Human Resources and to the Fiscal
2 Research Division.

3 (e) Limitations on Preventive Health Services Block Grant Funds

4 Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape
5 Education shall be allocated as grants to nonprofit organizations to provide rape
6 prevention and education programs targeted for middle, junior high, and high school
7 students.

8 If federal funds are received under the Maternal and Child Health Block Grant
9 for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. §
10 710), for the 1998-99 fiscal year, then those funds shall be transferred to the State Board
11 of Education to be administered by the Department of Public Instruction. The
12 Department shall use the funds to establish an Abstinence Until Marriage Education
13 Program and shall delegate to one or more persons the responsibility of implementing the
14 program and G.S. 115C-81(e1)(4). The Department shall carefully and strictly follow
15 federal guidelines in implementing and administering the abstinence education grant
16 funds.

17 (g) The sum of one million three hundred thousand dollars (\$1,300,000)
18 appropriated in this section in the Social Services Block Grant to the Department of
19 Health and Human Services, Division of Social Services, for the 1998-99 fiscal year shall
20 be allocated to county departments of social services for hiring or contracting for
21 additional child protective services, foster care, and adoption worker and supervisor
22 positions created effective July 1, 1997, based upon a formula which takes into
23 consideration the number of child protective services, foster care, and adoption cases, and
24 child protective services, foster care, and adoption workers and supervisors necessary to
25 meet recommended standards adopted by the North Carolina Association of County
26 Directors of Social Services. No local match shall be required as a condition for receipt
27 of these funds.

28 (h) The sum of nine hundred eleven thousand six hundred eighty-seven dollars
29 (\$911,687) appropriated in this section in (i) the Social Services Block Grant and (ii) in
30 the TANF Block Grant transferred to the Social Services Block Grant to the Department
31 of Health and Human Services, Special Children Adoption Fund, for the 1998-99 fiscal
32 year shall be used to implement this subsection. Of the monies in the Special Children
33 Adoption Fund, the Department shall award a minimum of four hundred thousand dollars
34 (\$400,000) to licensed private adoption agencies. The Department of Health and Human
35 Services, Division of Social Services, in consultation with the North Carolina Association
36 of County Directors of Social Services and representatives of licensed private adoption
37 agencies, shall develop guidelines for the awarding of funds to licensed public and
38 private adoption agencies upon successful placement for adoption of children described
39 in G.S. 108A-50 and in foster care. No local match shall be required as a condition for
40 receipt of these funds.

41 The Department of Health and Human Services, Division of Social Services,
42 shall evaluate the cost-effectiveness of county departments of social services and licensed
43 public and private adoption agencies in placing children who are in the custody of the

1 department of social services and report the results of this evaluation by May 1, 1999, to
2 the Senate Appropriations Committee on Human Resources and the House of
3 Representatives Appropriations Subcommittee on Human Resources.

4 (i) The sum of six million dollars (\$6,000,000) appropriated in the TANF
5 Block Grant in this section and transferred to the Social Services Block Grant to the
6 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
7 Department of Health and Human Services, for services for the Developmentally
8 Disabled waiting list shall be used for the 1998-99 fiscal year to provide person-centered
9 and family support services to developmentally disabled individuals who are not eligible
10 for regular Medicaid or the Medicaid Community Alternative Program for Mentally
11 Retarded/Developmentally Disabled persons and who are on the Department's waiting
12 list for services.

13 (j) The sum of one million five hundred thousand dollars (\$1,500,000)
14 appropriated in this act in the TANF Block Grant and transferred to the Social Services
15 Block Grant for the Division of Social Services for Child Caring Institutions for the
16 1998-99 fiscal year shall be allocated to the following private nonprofit child-caring
17 agencies as State Private Child Caring Institution Grant-in-Aid:

- 18 (1) Agape House, Inc. (McDowell County)
- 19 (2) Ashe Youth Services, Inc. (Ashe County)
- 20 (3) Haven House, Inc. (Wake County)
- 21 (4) Phoenix Group Homes, Inc. (Burke County)
- 22 (5) Rutherford Youth Services (Rutherford County)
- 23 (6) Watauga - Avery Youth Services, Inc. (Watauga County)
- 24 (7) Wilkes County Group Homes, Inc. (Wilkes County)
- 25 (8) Ebenezer Gardens Christian Childrens Home (Wilkes County)
- 26 (9) Emergency Child Care Homes of Iredell County, Inc. (Iredell County)
- 27 (10) Family Center, Inc. (Mecklenburg County)
- 28 (11) LifeGains, Inc. (Burke County)
- 29 (12) Mountain Youth Resources, Inc. (Jackson County)
- 30 (13) The Presbyterian Home for Children, of Black Mountain, North
31 Carolina (Buncombe County)
- 32 (14) Rainbow Center for Wilkes, Inc. (Wilkes County)
- 33 (15) Volunteer Families for Children of NC, Inc. (Wake County)
- 34 (16) Youth Focus, Inc. (Guilford County)
- 35 (17) Youth Opportunities, Incorporated (Forsyth County)
- 36 (18) Youth Unlimited, Inc. (Guilford County).

37 Funds allocated under this section shall be used to provide reimbursement for
38 the State portion of the cost of care for the placement of certain children by the county
39 department of social services who are not eligible for IV-E or other federal subsidies.
40 Funds allocated under this subsection shall be combined with all other funds allocated to
41 the State Private Child Caring Institution Grant-in-Aid Fund for payment to private child-
42 caring institutions for the provision of care and services, and the 18 agencies named in
43 this subsection shall be added to the list of agencies eligible to share proportionately in

1 the child-caring institution grant-in-aid funds in accordance with rules adopted by the
2 Social Services Commission pertaining to payments of grants-in-aid to private child-
3 caring institutions. Any future request for child-caring institution grant-in-aid to the 18
4 private child-caring agencies designated in this subsection shall be submitted as part of
5 the requests of other eligible private child-caring institutions according to the rules
6 adopted by the Social Services Commission pertaining to payments of grants-in-aid to
7 private child-caring institutions.

8 (k) The sum of three million eight hundred fifty-three thousand nine hundred
9 fifty-six dollars (\$3,853,956) appropriated in this section in the TANF Block Grant and
10 transferred to the Social Services Block Grant for the Division of Aging for the Home
11 and Community Care Block Grant in fiscal year 1998-99 shall be allocated via the Home
12 and Community Care Block Grant for home and community care services for older
13 people who are not eligible for Medicaid and who are on the waiting list for these
14 services. These funds shall be used only for direct services. Service recipients shall pay
15 for services based on their income in accordance with G.S. 143B-181.1(a)(10).

16 (l) If funds appropriated through the Child Care and Development Fund,
17 which includes the Child Care and Development Block Grant, for any program cannot be
18 obligated or spent in that program within the obligation or liquidation periods allowed by
19 the federal grants, the Department may move funds to other programs, in accordance with
20 federal requirements of the grant, in order to use the federal funds fully.

21 (m) Notwithstanding the amounts specified in this section for the components
22 of the Temporary Assistance for Needy Families (TANF) Block Grant, the Department
23 may expend TANF Block Grant funds during the first quarter of the 1998-99 fiscal year
24 for the same purposes for which those funds were expended during the last quarter of the
25 fiscal year ending June 30, 1998.

26 (n) The sum of one million dollars (\$1,000,000) appropriated in this section in
27 the TANF Block Grant to the Department of Health and Human Services, Division of
28 Mental Health, Developmental Disabilities, and Substance Abuse Services, shall be used
29 for the Enhanced Employee Assistance Program, to implement a grant program of
30 financial incentives for private businesses employing former and current Work First
31 recipients. These grants may supply funds to private employers who agree to hire former
32 or current Work First recipients or their spouses at entry level positions and wages and to
33 supply enhanced grant funds to private employers who agree to hire former or current
34 Work First recipients or their spouses at a level higher than entry level positions, paying
35 more than the minimum wage, including fringe benefits. The Department of Health and
36 Human Services shall report on the use of these funds to the Senate Appropriations
37 Committee on Human Resources and the House of Representatives Appropriations
38 Subcommittee on Human Resources and to the Fiscal Research Division by April 1,
39 1999.

40 (o) The sum of five hundred thousand dollars (\$500,000) appropriated in the
41 TANF Block Grant in this section and transferred to the Child Care and Development
42 Fund Block Grant for three child care centers at community colleges shall be used to
43 continue the establishment of the three model child care programs begun during the

1 1997-98 fiscal year. Any of these funds remaining after the completed establishment of
 2 these three model programs shall be used to establish no more than three additional
 3 model programs across the State. The Department of Health and Human Services shall
 4 report on the use of these funds to the Senate Appropriations Committee on Human
 5 Resources and the House of Representatives Appropriations Subcommittee on Human
 6 Resources and to the Fiscal Research Division by April 1, 1999.

7 (p) The funds appropriated in the TANF Block Grant and allocated to counties
 8 as Work First County Block Grants may be (i) used directly to fund Work First recipients'
 9 child care and (ii) transferred to the State's Child Care and Development Fund Block
 10 Grant for child care subsidies.

11 (q) It is the intent of the General Assembly to promote State and local activities
 12 that facilitate the success of the Work First Program and assist Work First recipients and
 13 families in attaining self-sufficiency. It is the policy of the General Assembly that the
 14 Department of Health and Human Services allow maximum flexibility in the Work First
 15 Program while ensuring that counties comply with federal and State law, regulations, and
 16 rules and meet the overall goals of the Work First Program, including federal work
 17 participation rates. The General Assembly strongly encourages counties to allocate the
 18 flexible Work First County Block Grant funds made available to them through the TANF
 19 Block Grant appropriated in this section for child care services needed to ensure
 20 continued success of welfare reform.

21 (r) The sum of eight hundred ninety-three thousand eight hundred eleven
 22 dollars (\$893,811) appropriated in the Substance Abuse Prevention and Treatment Block
 23 Grant in this section for services for Work First recipients shall be allocated to TROSA
 24 Therapeutic Community, FIRST Therapeutic Community, when these programs become
 25 licensed by the State, and other related licensed substance abuse services for start-up and
 26 support costs for Work First recipients and their families.

27
 28 Requested by: Representatives Mitchell, Baker, Carpenter

29 **NER BLOCK GRANT FUNDS**

30 Section 5.1. (a) Appropriations from federal block grant funds are made for
 31 the fiscal year ending June 30, 1999, according to the following schedule:

32
 33 WELFARE-TO-WORK \$25,332,173

34
 35 COMMUNITY DEVELOPMENT BLOCK GRANT

- 36
 37 01. State Administration \$ 980,000
 38
 39 02. Urgent Needs and Contingency 1,277,400
 40
 41 03. Community Empowerment 2,767,700
 42
 43 04. Economic Development 8,516,000

1			
2	05.	Community Revitalization	28,528,600
3			
4	06.	State Technical Assistance	440,000
5			
6	07.	Housing Development	1,490,300
7			
8	TOTAL COMMUNITY DEVELOPMENT		
9	BLOCK GRANT - 1999 Program Year		\$ 44,000,000
10			

11 (b) Decreases in Federal Fund Availability

12 Decreases in federal fund availability for the Community Development Block
13 Grants – If federal funds are reduced below the amounts specified above after the
14 effective date of this act, then every program in each of these federal block grants shall be
15 reduced by the same percentage as the reduction in federal funds.

16 (c) Increases in Federal Fund Availability for Community Development Block
17 Grant

18 Any block grant funds appropriated by the Congress of the United States in
19 addition to the funds specified in this section shall be expended as follows: – Each
20 program category under the Community Development Block Grant shall be increased by
21 the same percentage as the increase in federal funds.

22 (d) Limitations on Community Development Block Grant Funds – Of the funds
23 appropriated in this section for the Community Development Block Grant, the following
24 shall be allocated in each category for each program year: up to nine hundred thousand
25 dollars (\$900,000) may be used for State administration; up to one million two hundred
26 seventy-seven thousand four hundred dollars (\$1,277,400) may be used for Urgent Needs
27 and Contingency; up to two million seven hundred sixty-seven thousand seven hundred
28 dollars (\$2,767,700) may be used for Community Empowerment; up to eight million five
29 hundred sixteen thousand dollars (\$8,516,000) may be used for Economic Development;
30 not less than twenty-eight million five hundred twenty-eight thousand six hundred dollars
31 (\$28,528,600) shall be used for Community Revitalization; up to four hundred forty
32 thousand dollars (\$440,000) may be used for State Technical Assistance; up to one
33 million four hundred ninety thousand three hundred dollars (\$1,490,300) may be used for
34 Housing Development. If federal block grant funds are reduced or increased by the
35 Congress of the United States after the effective date of this act, then these reductions or
36 increases shall be allocated in accordance with subsection (b) or (c) of this section, as
37 applicable.

38 (e) Scattered Sites Program Improvements – The Department shall implement
39 improvements to the system for distributing Scattered Sites awards in the Community
40 Revitalization category to maximize funding opportunities. The Department shall make
41 changes in the funding cycle for Scattered Sites projects, shall reduce the cap on grants
42 for these projects to three hundred fifty thousand dollars (\$350,000), and shall increase
43 funding allocations by up to fifteen percent (15%) to address outhouses and other critical

1 on-site water/wastewater needs. The Department may adopt temporary rules to
 2 implement these changes.

3 (f) Welfare-to-Work Block Grant – The Office of State Budget and
 4 Management may identify in the budgets of the Department of Commerce, the
 5 Employment Security Commission, and the Department of Health and Human Services
 6 potential sources of State funds which may be used as a match for the federal Welfare-to-
 7 Work Block Grant.

8
 9 **PART VI. GENERAL FUND AND HIGHWAY FUND AVAILABILITY**
 10 **STATEMENTS**

11 **GENERAL FUND AVAILABILITY STATEMENTS**

12
 13 Section 6. The General Fund and availability used in developing the 1998-99
 14 budget is shown below:

15 (\$ Millions)

16 01. Composition of the 1998-99 beginning availability:

17 a. Revenue collections unaddressed in 1997-98 \$ 121.5

18 b. Revenue collections in 1997-98 in excess of
 19 authorized estimates
 20 531.1

21 c. Unexpended appropriations during 1997-98 (reversions) 100.0

22 d. Adjustment for Emergency Appro./Yr. 2000 Conversion (20.5)

23 e. Transfer of overcollections to the Reserve for
 24 Bailey/Emory/Patton Case Refunds
 25 (400.0)
 26 Beginning Credit Balance
 27 332.1

28
 29 02. Earmarked Transfers from Credit Balance:

30 a. Transfer to Savings Reserve (21.6)

31 b. Transfer for Reserve for Repairs & Renovations (145.0)

32 c. Transfer to Clean Water Management Reserve (30.0)

33 Total Transfers
 34 (196.6)

35
 36 03. Beginning Unrestricted Fund Balance 135.5

37
 38 04. Revenues Based on Existing Tax Structure:

39 a. Tax Revenues Originally Projected 11,547.7

40 Additional Projected Tax Revenue
 41 235.9

42 Total Tax Revenues
 43 11,783.6

1	b.	Tax Changes:					
2	01.	SB 1092:					
3		(a)	Personal	Income	Tax	Exemption	
4			(56.1)				
5		(b)	Food	Tax	Repeal	Effective	Oct. 1
6			(122.8)				
7		(c)	Inheritance Tax Repeal				(-)
8		(d)	Homestead Exemption				(-)
9	02.	S.L. 1998-22 No Tax on Gas Cities (1.3)					
10	03.	HB 74 Long-Term Care(13.3)					
11	04.	HB 1318 Limit Nonresident Withholding (7.0)					
12	05.	HB 1326 Update IRC Ref./Conform Gift Tax (13.1)					
13	06.	HB 1367 Sales Tax Changes (3.3)					
14	07.	HB 1422 Make Credits Constitutional(.6)					
15	08.	SB 1569 Economic Opportunities Act of 1998 (2.2)					
16	09.	Repeal Income Tax on Retired Gov't. Emp. (Bailey Case) (128.6)					
17	10.	Continue Earmarked Refund for Federal Retirees (35.5)					
18			Total		Tax		Changes
19			(383.8)				
20							
21	c.	Non-Tax Revenues 472.4					
22		Additional Non-Tax Revenue:					
23			Treasurer's Banking Division				0.1
24			Disaster Relief Fund Reversion				1.0
25			DHHS-Certificate of Need Fees				1.5
26			Fed. Retiree Refund Program-Administration				0.7
27			Intangibles Tax Reserve Balance				7.4
28			Fed. Retiree Refund Reserve Balance				9.7
29			Transfer from Insurance Regulatory Fund				.5
30			Total		Non-Tax		Revenues
31			493.3				
32							
33	d.	Disproportionate Share Receipts		85.0			
34		1997-98	Reserved		DSH		Receipts
35		35.4					
36			Total		DSH		Receipts
37			120.4				
38							
39	e.	Highway Trust Fund Transfer 170.0					
40	f.	Highway Fund Sales Tax Transfer 13.4					
41							
42	TOTAL GENERAL FUND AVAILABILITY						\$
43	12,332.4						

1		
2	TOTAL 1998-99 APPROPRIATIONS	
3	BY 1997 AND 1998 EXTRA SESSION	\$
4	11,547.6	
5		
6	REMAINING GENERAL FUND AVAILABILITY	\$
7	784.8	

8
9 **HIGHWAY FUND AVAILABILITY**

10 Section 6.1. The Highway Fund appropriations availability used in developing
11 modifications to the 1998-99 Highway Fund budget contained in this act is shown below:

12		
13	<u>1998-99</u>	
14	Beginning Credit Balance	\$
15	5,159,370	
16	Estimated Revenue	
17	<u>1,224,263</u>	
18	TOTAL HIGHWAY FUND AVAILABILITY	\$
19	6,383,633	

20
21 **PART VII. GENERAL PROVISIONS**

22 Requested by: Representatives Holmes, Esposito, Creech, Crawford

23 **NATURAL DISASTER ASSISTANCE**

24 Section 7.1. Of the unencumbered funds remaining in the Reserve for Disaster
25 Relief for the 1997-98 fiscal year, the sum of one million dollars (\$1,000,000) shall revert
26 to the General Fund on July 1, 1998. The balance shall remain available for disaster
27 relief including natural disasters caused by flooding, wind or tornado damage, rockslides,
28 blizzards, drought, hurricanes, and forest fires. The balance may also be used to match
29 federal funds or any other funds that may be made available for disaster relief.

30
31 Requested by: Representative Davis

32 **FEDERAL AND FOUNDATION FUNDS CLEARLY SHOWN**

33 Section 7.2. G.S. 143-16.1 reads as rewritten:

34 **"§ 143-16.1. Federal and foundation funds.**

35 (a) All federal and foundation funds shall be expended and reported in accordance
36 with provisions of the Executive Budget Act, except as otherwise provided by law.
37 Proposed budgets recommended to the General Assembly by the Governor and Advisory
38 Budget Commission shall include information concerning the federal and foundation
39 expenditures in State agencies, departments and institutions in the same manner as State
40 funds. Each budgetary category shall show the total received and anticipated State,
41 federal, and foundation expenditures, along with a description of the purpose for which
42 the federal and foundation funds will be spent at the program level. All expenditures for
43 the prior fiscal year and all expenditures anticipated in the proposed budget shall be

1 reported by objects of expenditure by purpose and shall be identified by each federal
2 grant or by each foundation responsible for the expenditure. For the purpose of this
3 section, 'federal and foundation funds' are any financial assistance made to a State agency
4 by the United States government or a private foundation, whether a loan, grant, subsidy,
5 augmentation, reimbursement, or any other form. The Director of the Budget may adopt
6 rules and regulations establishing uniform planning, budgeting and fiscal procedures, not
7 inconsistent with federal law, that ensure that all federal funds shall be expended in a
8 standardized manner. The function of the Advisory Budget Commission under this
9 section applies only if the Director of the Budget consults with the Commission in
10 preparation of the budget.

11 (b) The Secretary of each State agency that receives and administers federal Block
12 Grant funds shall prepare and submit the agency's Block Grant plans to the Fiscal
13 Research Division of the General Assembly not later than April 20 of each fiscal year.
14 The agency shall submit a separate Block Grant plan for each Block Grant received and
15 administered by the agency, and each plan shall include, but not be limited to, the
16 following:

- 17 (1) A delineation of the proposed dollar amount allocations by activity and
18 by category, including dollar amounts to be used for administrative
19 costs; and
20 (2) A comparison of the proposed funding with two prior years' program
21 budgets.

22 The Director of the Budget shall review for accuracy, consistency, and uniformity
23 each State agency's Block Grant plans prior to submission of the plans to the General
24 Assembly."

26 PART VIII. RESERVES

27 Requested by: Representatives Holmes, Esposito, Creech, Crawford

28 BAILEY/EMORY/PATTON CASES REFUNDS RESERVE

29 Section 8. There is established in the Office of State Treasurer a Reserve Fund
30 for the Bailey/Emory/Patton Cases Refunds.

31 There is transferred from General Fund overcollections for the 1997-98 fiscal
32 year to the Office of State Treasurer, Reserve for the Bailey/Emory/Patton Cases
33 Refunds, the sum of four hundred million dollars (\$400,000,000). These funds shall be
34 held in reserve and allocated pursuant to the Consent Order entered in the
35 Bailey/Emory/Patton cases, 92 CVS 10221, 94 CVS 06904, 95 CVS 06625, 95 CVS
36 08230, 98 CVS 00738, and 95 CVS 04346, in Wake County Superior Court on 10 June
37 1998.

38
39 Requested by: Representatives Holmes, Esposito, Creech, Crawford

40 JUVENILE JUSTICE RESERVE/JUVENILE JUSTICE INFORMATION 41 SYSTEM/REORGANIZATION PLAN FOR THE DIVISION OF YOUTH 42 SERVICES OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

1 **AND THE DIVISION OF JUVENILE SERVICES OF THE ADMINISTRATIVE**
2 **OFFICE OF THE COURTS**

3 Section 8.1. (a) There is established in the Office of State Budget and
4 Management a reserve fund entitled the "Juvenile Justice Reserve Fund" to provide funds
5 to implement recommendations of the Governor's Commission on Juvenile Crime and
6 Justice. There is appropriated in Section 2 of this act from the General Fund to the Office
7 of State Budget and Management the sum of six million dollars (\$6,000,000) for the
8 1998-99 fiscal year for the Juvenile Justice Reserve Fund. The Director of the Budget
9 shall allocate funds from the Juvenile Justice Reserve Fund as follows:

- 10 (1) \$750,000 nonrecurring to the Department of Health and Human
11 Services to plan and design 208 additional training school beds and
12 support facilities.
- 13 (2) \$726,666 recurring and \$21,000 nonrecurring to the Department of
14 Health and Human Services to make 32 beds at Umstead Detention
15 Center permanent effective October 1, 1998.
- 16 (3) \$985,165 recurring and \$383,919 nonrecurring to the Administrative
17 Office of the Courts for court counselors and support staff (22 court
18 counselors, effective December 1, 1998; 50 court counselors, 3 court
19 counselor supervisors, and 10 juvenile court secretaries, effective April
20 1, 1999, and June 1, 1999).
- 21 (4) \$1,400,000 nonrecurring to the Department of Health and Human
22 Services to expand the Community-Based Alternatives Program.
- 23 (5) \$700,000 nonrecurring to the Department of Health and Human
24 Services to construct a new modular Eckerd Wilderness Camp.
- 25 (6) \$100,000 recurring to the Judicial Department to provide funds to lease
26 field monitoring units for electronic house arrest.
- 27 (7) \$200,000 recurring and \$575,996 nonrecurring to the Department of
28 Justice for the juvenile justice information system to provide one project
29 coordinator and two business systems analysts effective October 1,
30 1998, and contractual funds to develop the scope and design of the
31 system.
- 32 (8) \$47,498 recurring and \$109,756 nonrecurring to the Judicial
33 Department for the North Carolina Sentencing and Policy Advisory
34 Commission to provide one research analyst to support juvenile data
35 collection needs and to contract for assistance with data collection and
36 update of the juvenile population simulation model.

37 (b) The Director of the Budget shall allocate the sum of five hundred twenty-five
38 thousand dollars (\$525,000) for the 1998-99 fiscal year from the Repairs and Renovation
39 Reserve Account established in G.S. 143-15.3A to the Department of Health and Human
40 Services to plan and design the renovation of three 24-bed detention centers at
41 Department of Correction GPAC units.

42 (c) If North Carolina receives Juvenile Accountability Incentive Block Grants, or a
43 notice of funds to be awarded, the Office of State Budget and Management and the

1 Governor's Crime Commission of the Department of Crime Control and Public Safety
2 shall report to the Appropriations Committees of the House of Representatives and the
3 Senate and to the Joint Legislative Commission on Governmental Operations prior to
4 allocation of these funds. The report shall identify the amount of funds to be received for
5 the 1998-99 fiscal year, the amount of funds anticipated for the 1999-2000 fiscal year,
6 and the allocation of funds by program and purpose.

7 (d) The Department of Health and Human Services shall report to the Joint
8 Legislative Commission on Governmental Operations prior to finalizing site selection for
9 training school beds and detention beds authorized pursuant to this section.

10 (e) The Criminal Justice Information Network Governing Board of the
11 Department of Justice shall develop a juvenile justice information plan. The plan shall
12 ensure that the information system will enable the State to evaluate the efficiency and
13 effectiveness of the overall juvenile justice system as well as to monitor and evaluate the
14 progress of individual clients and shall specify the:

- 15 (1) Scope and purpose of the system;
- 16 (2) Management information that will be collected and tracked;
- 17 (3) General design of the system;
- 18 (4) Estimates of the short- and long-range cost of the system and the
19 potential sources and amounts of federal funding; and
- 20 (5) Estimated time required to develop the system.

21 The plan shall include priorities for system development, implementation, and
22 options, including cost estimates for phasing in components of the system. In developing
23 the plan, the Criminal Justice Information Network Governing Board shall consult with
24 the Information Resources Management Commission on the design and estimated cost of
25 the system. The Board shall also consult with the Sentencing and Policy Advisory
26 Commission and with all agencies likely to be part of or need access to the juvenile
27 justice information system.

28 Prior to expending more than the sum of six hundred thousand dollars
29 (\$600,000) from the Juvenile Justice Reserve Fund for the juvenile justice information
30 system, the Department of Justice shall submit the plan to the Appropriations Committees
31 of the House of Representatives and the Senate. In the report, the Information Resources
32 Management Commission shall comment on the design and estimated cost of the plan.

33 (f) The Governor, in consultation with the Department of Health and Human
34 Services, the Administrative Office of the Courts, and the Department of Crime Control
35 and Public Safety, shall develop a plan of reorganization to transfer all authority, powers,
36 duties, and functions of the Division of Youth Services of the Department of Health and
37 Human Services and of the Division of Juvenile Services of the Administrative Office of
38 the Courts to the Department of Crime Control and Public Safety (" Department"). The
39 plan shall include a proposed budget for the new division or divisions of the Department
40 and shall specify that:

- 41 (1) The transfer of the authority, powers, duties, and functions of the
42 Division of Youth Services and the Division of Juvenile Services to the
43 Department shall occur as if by a Type I Transfer as defined in G.S.

1 143A-6 and shall include a transfer of all records, personnel, property,
2 and budgeting and purchasing functions and powers.

3 (2) Institutions operated by the Division of Youth Services and
4 administered by the Department of Health and Human Services and the
5 present central office of the Division, including land, buildings,
6 equipment, supplies, personnel, or other properties rented or controlled
7 by the Division, shall be administered by the Department.

8 (3) Institutions operated by the Division of Juvenile Services and
9 administered by the Administrative Office of the Courts and the present
10 central office of the Division, including land, buildings, equipment,
11 supplies, personnel, or other properties rented or controlled by the
12 Division, shall be administered by the Department.

13 (4) The transfer of the Division of Youth Services of the Department of
14 Health and Human Services and of the Division of Juvenile Services of
15 the Administrative Office of the Courts to the Department shall become
16 effective July 1, 1999.

17 In developing the plan of reorganization, the Governor shall also review all
18 agency divisions, councils, and programs that provide services to and treatment of
19 juveniles, including other divisions of the Department of Health and Human Services, the
20 Center for the Prevention of School Violence, School Resource Officers, and the
21 Guardian ad Litem Program of the Administrative Office of the Courts, to determine
22 whether the agency divisions, councils, or programs would operate more effectively and
23 efficiently if consolidated within the Department under the plan of reorganization.

24 Prior to the transfer of any funds, personnel, equipment, or supplies within the
25 Department of Health and Human Services from the Division of Youth Services during
26 the 1998-99 fiscal year, as may be authorized by other provisions of law, the Department
27 of Health and Human Services shall report the proposed transfer to the Joint Legislative
28 Commission on Governmental Operations. Prior to the transfer of any funds, personnel,
29 equipment, or supplies within the Administrative Office of the Courts from the Division
30 of Juvenile Services during the 1998-99 fiscal year, as may be authorized by other
31 provisions of law, the Administrative Office of the Courts shall report the proposed
32 transfer to the Joint Legislative Commission on Governmental Operations.

33 On or before April 1, 1999, the Governor shall report the plan of
34 reorganization, including any legislative proposals and funding requirements that are
35 required to implement the plan of reorganization, to the General Assembly. The plan of
36 reorganization developed pursuant to this subsection shall not become effective until it is
37 approved by the General Assembly.

38 **PART IX. PUBLIC SCHOOLS**

39 Requested by: Representatives Arnold, Grady, Preston

40 **ALLOCATIONS FOR PUBLIC SCHOOLS**

41

1 Section 9. There is allocated from unexpended 1997-98 General Fund
 2 appropriations the sum of fifty-five million twenty-seven thousand six hundred eighty
 3 dollars (\$55,027,680) which shall not revert and shall be used as follows:

- 4 (1) \$17,118,003 to fulfill the State's obligations to public school employees
 5 who qualified for performance bonuses for the 1997-98 school year
 6 under the ABC's of Public Education Program;
- 7 (2) \$9,010,274 to fulfill the State's obligations to public school teachers
 8 who qualified for longevity payments for the 1997-98 school year;
- 9 (3) \$24,199,403 to permit the State Board of Education to order school
 10 buses needed for the 1998-99 school year; and
- 11 (4) \$4,700,000 for the State School Technology Fund to provide additional
 12 school technology funds prior to the beginning of the 1998-99 school
 13 year.

14
 15 Requested by: Representatives Arnold, Grady, Preston

16 **TEACHER SALARY SCHEDULES**

17 Section 9.1. (a) Effective for the 1998-99 school year, the Director of the Budget
 18 may transfer from the Reserve for Compensation Increase for the 1998-99 fiscal year
 19 funds necessary to implement the teacher salary schedule set out in subsection (b) of this
 20 section, including funds for the employer's retirement and social security contributions
 21 and funds for annual longevity payments at one percent (1%) of base salary for 10 to 14
 22 years of State service, one and one-half percent (1.5%) of base salary for 15 to 19 years
 23 of State service, two percent (2%) of base salary for 20 to 24 years of State service, and
 24 four and one-half percent (4.5%) of base salary for 25 or more years of State service,
 25 commencing July 1, 1998, for all teachers whose salaries are supported from the State's
 26 General Fund. These funds shall be allocated to individuals according to rules adopted
 27 by the State Board of Education and the Superintendent of Public Instruction. The
 28 longevity payment shall be paid in a lump sum once a year.

29 (b)(1) For the 1998-99 school year, the following monthly salary schedules
 30 shall apply to certified personnel of the public schools who are
 31 classified as teachers. The schedule contains 30 steps with each step
 32 corresponding to one year of teaching experience.

33
 34 **1998-99 MONTHLY SALARY SCHEDULE**
 35 **"A"TEACHERS**

37 Years of	"A"	NBPTS
38 Experience	Teachers	Certification
40 0	2,310	N/A
41 1	2,352	N/A
42 2	2,395	N/A
43 3	2,551	2,857

1	4	2,678	2,999
2	5	2,779	3,112
3	6	2,826	3,165
4	7	2,874	3,218
5	8	2,923	3,273
6	9	2,972	3,328
7	10	3,021	3,383
8	11	3,071	3,439
9	12	3,123	3,497
10	13	3,176	3,557
11	14	3,230	3,617
12	15	3,285	3,679
13	16	3,341	3,741
14	17	3,398	3,805
15	18	3,456	3,870
16	19	3,516	3,937
17	20	3,577	4,006
18	21	3,640	4,076
19	22	3,703	4,147
20	23	3,767	4,219
21	24	3,832	4,291
22	25	3,899	4,366
23	26	3,968	4,444
24	27	4,038	4,522
25	28	4,109	4,602
26	29+	4,182	4,683

**1998-99 MONTHLY SALARY SCHEDULE
"G"TEACHERS**

31	Years of	"G"	NBPTS
32	Experience	Teachers	Certification
33			
34	0	2,454	N/A
35	1	2,499	N/A
36	2	2,545	N/A
37	3	2,710	3,035
38	4	2,845	3,186
39	5	2,953	3,307
40	6	3,003	3,363
41	7	3,054	3,420
42	8	3,106	3,478
43	9	3,158	3,536

1	10	3,210	3,595
2	11	3,263	3,654
3	12	3,318	3,716
4	13	3,375	3,780
5	14	3,432	3,843
6	15	3,490	3,908
7	16	3,550	3,976
8	17	3,610	4,043
9	18	3,672	4,112
10	19	3,736	4,184
11	20	3,801	4,257
12	21	3,868	4,332
13	22	3,934	4,406
14	23	4,002	4,482
15	24	4,072	4,560
16	25	4,143	4,640
17	26	4,216	4,721
18	27	4,290	4,804
19	28	4,366	4,889
20	29+	4,443	4,976

21 (2) Certified public school teachers with certification based on academic
 22 preparation at the six-year degree level shall receive a salary supplement
 23 of one hundred twenty-six dollars (\$126.00) per month in addition to the
 24 compensation provided for certified personnel of the public schools who
 25 are classified as "G"teachers. Certified public school teachers with
 26 certification based on academic preparation at the doctoral degree level
 27 shall receive a salary supplement of two hundred fifty-three dollars
 28 (\$253.00) per month in addition to the compensation provided for
 29 certified personnel of the public schools who are classified as
 30 "G"teachers.

31 (c) Effective for the 1998-99 school year, the first step of the salary schedule for
 32 school psychologists shall be equivalent to Step 5, corresponding to five years of
 33 experience, on the salary schedule established in this section for certified personnel of the
 34 public schools who are classified as "G"teachers. Certified psychologists shall be placed
 35 on the salary schedule at an appropriate step based on their years of experience. Certified
 36 psychologists shall receive longevity payments based on years of State service in the
 37 same manner as teachers.

38 Certified psychologists with certification based on academic preparation at the
 39 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars
 40 (\$126.00) per month in addition to the compensation provided for certified psychologists.
 41 Certified psychologists with certification based on academic preparation at the doctoral
 42 degree level shall receive a salary supplement of two hundred fifty-three dollars
 43 (\$253.00) per month in addition to the compensation provided for certified psychologists.

1 (d) Effective for the 1998-99 school year, speech pathologists who are certified
2 as speech pathologists at the masters degree level and audiologists who are certified as
3 audiologists at the masters degree level and who are employed in the public schools as
4 speech and language specialists and audiologists shall be paid on the school psychologist
5 salary schedule.

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

13 (e) The State Board of Education shall study the current salary schedules for
14 nurses and other allied health professionals. The State Board shall report to the Joint
15 Legislative Education Oversight Committee prior to December 15, 1998, on the results of
16 its study and on any recommended modifications to the current salary schedules.

17
18 Requested by: Representatives Arnold, Grady, Preston

19 **FUNDS TO IMPLEMENT THE ABC'S OF PUBLIC EDUCATION PROGRAM**

20 Section 9.2. Section 8.36 of S.L. 1997-443 reads as rewritten:

21 "Section 8.36. (a) Of the funds appropriated to State Aid to Local School
22 Administrative Units, the State Board of Education ~~may use up to seventy-two million~~
23 ~~four hundred thousand dollars (\$72,400,000) for the 1997-98 fiscal year to shall provide~~
24 incentive funding for schools that meet or exceed the projected levels of improvement in
25 student performance, in accordance with the ABC's of Public Education Program. In
26 accordance with State Board of Education policy, incentive awards in schools that
27 achieve higher than expected improvements may be up to: (i) one thousand five hundred
28 dollars (\$1,500) for each teacher and for certified personnel; and (ii) five hundred dollars
29 (\$500.00) for each teacher assistant. In accordance with State Board of Education policy,
30 incentive awards in schools that meet the expected improvements may be up to: (i) seven
31 hundred fifty dollars (\$750.00) for each teacher and for certified personnel; and (ii) three
32 hundred seventy-five dollars (\$375.00) for each teacher assistant.

33 (b) The State Board of Education may use funds appropriated to State Aid to Local
34 School Administrative Units for assistance teams to low-performing schools."

35
36 Requested by: Representatives Arnold, Grady, Preston

37 **STATE BOARD STUDY MENTOR TEACHERS**

38 Section 9.3. The State Board of Education may use funds for the mentor
39 program to evaluate the program. The State Board shall report the results of its
40 evaluation to the Joint Legislative Education Oversight Committee prior to March 5,
41 2000.

42
43 Requested by: Representatives Arnold, Grady, Preston

AID TO LOW-PERFORMING AND AT-RISK SCHOOLS

Section 9.4. (a) Funds appropriated for the 1998-99 fiscal year for aid to low-performing and at-risk schools shall be used to provide services to:

- (1) Elementary schools at which fifty percent (50%) of the students are below grade level on previous year's end-of-grade test, during the 1997-98 school year or the 1998-99 school year;
- (2) Middle schools at which fifty percent (50%) of the students in the sixth grade were below grade level on their end-of-grade fifth grade tests during the 1997-98 school year or the 1998-99 school year; and
- (3) The five percent (5%) of high schools in the State that have the lowest composite scores on the ABC's accountability measures.

(b) Funds for salary-related items in the amounts of twelve million four hundred five thousand five hundred sixty-one dollars (\$12,405,561) in recurring funds and three million one hundred sixty thousand four hundred fifty-four dollars (\$3,160,454) in nonrecurring funds shall be used as follows:

- (1) Up to fifteen percent (15%) of the nonrecurring funds on a statewide basis may be used for salary supplements for teachers assigned to local assessment teams.
- (2) The remainder of the funds shall be used for extra pay for extra duties for teachers for such activities as Saturday academies and after-school tutoring, for professional development, and for additional days of work outside of the 220 paid days in the school calendar. These days should be cooperatively planned by the principal and the faculty.

These funds shall be allocated by the State Board based on additional teacher days based on average daily membership of the school.

The Director of the Budget is encouraged to include these funds in the continuation budget for the 1999-2001 fiscal biennium.

(c) Funds for nonsalary items in the amount of one million two hundred fifteen thousand four hundred sixty-six dollars (\$1,215,466) shall be used only for staff development costs, and for textbooks, instructional supplies, materials, and equipment.

(d) The principal of a low-performing or at-risk school, in consultation with the faculty and the site-based management team, shall develop an initial plan for improving the school. The plan shall include whole-staff training. The plan shall be submitted to the local superintendent and approved by the local board prior to submission to the State Board of Education. The plan shall be revised annually.

The plan shall be reviewed and accepted or rejected by the State Board of Education within 30 days after receipt of the plan. The State Board may delegate to the State Superintendent the responsibility for accepting or rejecting the plan.

The local board shall receive the money for each school for which a plan is approved. The local board shall receive for each school for which a plan is approved a minimum of ten thousand dollars (\$10,000) from the funds in subsection (c) of this section; the remainder of these funds shall be allocated on the basis of average daily membership.

1 (e) The State Board of Education is encouraged to use federal funds such as
 2 Goals 2000 and Comprehensive School Reform Demonstration Grants to assist low-
 3 performing and at-risk schools.

4 (f) Funds allocated in subsections (b) and (c) of this section shall revert on
 5 August 31, 1999.

6 (g) The State Board of Education shall report to the Joint Legislative
 7 Education Oversight Committee prior to December 15, 1998, on the plans and on the use
 8 of funds for Aid to Low-Performing and At-Risk Schools.

9
 10 Requested by: Representatives Arnold, Grady, Preston

11 **ABC'S HIGH SCHOOL ACCOUNTABILITY MODEL**

12 Section 9.5. The State Board of Education shall continue its efforts to improve
 13 the standards for determining whether high schools meet or exceed their projected levels
 14 of improvement in student performance in accordance with the ABC's of Public
 15 Education Program. The General Assembly urges the State Board to consider including
 16 in the standards (i) a measurement of improvement in individual students' performance,
 17 (ii) dropout rates, and (iii) a measurement of student enrollment and achievement in
 18 courses required for graduation, advanced placement courses, or other upper level
 19 courses.

20
 21 Requested by: Representatives Arnold, Grady, Preston

22 **SCHOOL-BASED ADMINISTRATOR SALARIES**

23 Section 9.6. (a) Funds appropriated to the Reserve for Compensation Increase shall
 24 be used for the implementation of the salary schedule for school-based administrators as
 25 provided in this section. These funds shall be used for State-paid employees only.

26 (b) The salary schedule for school-based administrators shall apply only to
 27 principals and assistant principals. The salary schedule for the 1998-99 fiscal year,
 28 commencing July 1, 1998, is as follows:

	Assistant Principals			Principal I		
Step	Base	Base + 1%	Base + 2%	Base	Base + 1%	Base + 2%
34 4	\$2,873	\$2,902	\$2,930	—	—	—
35 5	2,983	3,013	3,043	—	—	—
36 6	3,033	3,063	3,094	—	—	—
37 7	3,085	3,116	3,147	—	—	—
38 8	3,137	3,168	3,200	\$3,137	\$3,168	\$3,200
39 9	3,190	3,222	3,254	3,190	3,222	3,254
40 10	3,242	3,274	3,307	3,242	3,274	3,307
41 11	3,296	3,329	3,362	3,296	3,329	3,362
42 12	3,351	3,385	3,418	3,351	3,385	3,418
43 13	3,409	3,443	3,477	3,409	3,443	3,477

1	14	3,466	3,501	3,535	3,466	3,501	3,535
2	15	3,525	3,560	3,596	3,525	3,560	3,596
3	16	3,586	3,622	3,658	3,586	3,622	3,658
4	17	3,646	3,682	3,719	3,646	3,682	3,719
5	18	3,709	3,746	3,783	3,709	3,746	3,783
6	19	3,773	3,811	3,848	3,773	3,811	3,848
7	20	3,839	3,877	3,916	3,839	3,877	3,916
8	21	3,907	3,946	3,985	3,907	3,946	3,985
9	22	3,973	4,013	4,052	3,973	4,013	4,052
10	23	4,042	4,082	4,123	4,042	4,082	4,123
11	24	4,113	4,154	4,195	4,113	4,154	4,195
12	25	4,184	4,226	4,268	4,184	4,226	4,268
13	26	4,258	4,301	4,343	4,258	4,301	4,343
14	27	4,333	4,376	4,420	4,333	4,376	4,420
15	28	4,410	4,454	4,498	4,410	4,454	4,498
16	29	4,487	4,532	4,577	4,487	4,532	4,577
17	30	4,577	4,623	4,669	4,577	4,623	4,669
18	31	4,669	4,716	4,762	4,669	4,716	4,762
19	32	—	—	—	4,762	4,810	4,857
20							
21			Principal II			Principal III	
22	Step	Base	Base	Base	Base	Base	Base
23			+ 1%	+ 2%		+ 1%	+ 2%
24							
25	4	—	—	—	—	—	—
26	5	—	—	—	—	—	—
27	6	—	—	—	—	—	—
28	7	—	—	—	—	—	—
29	8	—	—	—	—	—	—
30	9	—	—	—	—	—	—
31	10	\$3,296	\$3,329	\$3,362	—	—	—
32	11	3,351	3,385	3,418	—	—	—
33	12	3,409	3,443	3,477	\$3,466	\$3,501	\$3,535
34	13	3,466	3,501	3,535	3,525	3,560	3,596
35	14	3,525	3,560	3,596	3,586	3,622	3,658
36	15	3,586	3,622	3,658	3,646	3,682	3,719
37	16	3,646	3,682	3,719	3,709	3,746	3,783
38	17	3,709	3,746	3,783	3,773	3,811	3,848
39	18	3,773	3,811	3,848	3,839	3,877	3,916
40	19	3,839	3,877	3,916	3,907	3,946	3,985
41	20	3,907	3,946	3,985	3,973	4,013	4,052
42	21	3,973	4,013	4,052	4,042	4,082	4,123
43	22	4,042	4,082	4,123	4,113	4,154	4,195

1	23	4,113	4,154	4,195	4,184	4,226	4,268
2	24	4,184	4,226	4,268	4,258	4,301	4,343
3	25	4,258	4,301	4,343	4,333	4,376	4,420
4	26	4,333	4,376	4,420	4,410	4,454	4,498
5	27	4,410	4,454	4,498	4,487	4,532	4,577
6	28	4,487	4,532	4,577	4,577	4,623	4,669
7	29	4,577	4,623	4,669	4,669	4,716	4,762
8	30	4,669	4,716	4,762	4,762	4,810	4,857
9	31	4,762	4,810	4,857	4,857	4,906	4,954
10	32	4,857	4,906	4,954	4,954	5,004	5,053
11	33	4,954	5,004	5,053	5,053	5,104	5,154
12	34	5,053	5,104	5,154	5,154	5,206	5,257
13	35	—	—	—	5,257	5,310	5,362
14	36	—	—	—	5,362	5,416	5,469
15							
16		Principal IV			Principal V		
17	Step	Base	Base	Base	Base	Base	Base
18			+ 1%	+ 2%		+ 1%	+ 2%
19							
20	4	—	—	—	—	—	—
21	5	—	—	—	—	—	—
22	6	—	—	—	—	—	—
23	7	—	—	—	—	—	—
24	8	—	—	—	—	—	—
25	9	—	—	—	—	—	—
26	10	—	—	—	—	—	—
27	11	—	—	—	—	—	—
28	12	—	—	—	—	—	—
29	13	\$3,586	\$3,622	\$3,658	—	—	—
30	14	3,646	3,682	3,719	\$3,709	\$3,746	\$3,783
31	15	3,709	3,746	3,783	3,773	3,811	3,848
32	16	3,773	3,811	3,848	3,839	3,877	3,916
33	17	3,839	3,877	3,916	3,907	3,946	3,985
34	18	3,907	3,946	3,985	3,973	4,013	4,052
35	19	3,973	4,013	4,052	4,042	4,082	4,123
36	20	4,042	4,082	4,123	4,113	4,154	4,195
37	21	4,113	4,154	4,195	4,184	4,226	4,268
38	22	4,184	4,226	4,268	4,258	4,301	4,343
39	23	4,258	4,301	4,343	4,333	4,376	4,420
40	24	4,333	4,376	4,420	4,410	4,454	4,498
41	25	4,410	4,454	4,498	4,487	4,532	4,577
42	26	4,487	4,532	4,577	4,577	4,623	4,669
43	27	4,577	4,623	4,669	4,669	4,716	4,762

1	28	4,669	4,716	4,762	4,762	4,810	4,857
2	29	4,762	4,810	4,857	4,857	4,906	4,954
3	30	4,857	4,906	4,954	4,954	5,004	5,053
4	31	4,954	5,004	5,053	5,053	5,104	5,154
5	32	5,053	5,104	5,154	5,154	5,206	5,257
6	33	5,154	5,206	5,257	5,257	5,310	5,362
7	34	5,257	5,310	5,362	5,362	5,416	5,469
8	35	5,362	5,416	5,469	5,469	5,524	5,578
9	36	5,469	5,524	5,578	5,578	5,634	5,690
10	37	5,578	5,634	5,690	5,689	5,746	5,803
11	38	—	—	—	5,803	5,861	5,919
12	39	—	—	—	—	—	—
13	40	—	—	—	—	—	—
14	41	—	—	—	—	—	—
15							
16			Principal VI			Principal VII	
17	Step	Base	Base	Base	Base	Base	Base
18			+ 1%	+ 2%		+ 1%	+ 2%
19							
20	4	—	—	—	—	—	—
21	5	—	—	—	—	—	—
22	6	—	—	—	—	—	—
23	7	—	—	—	—	—	—
24	8	—	—	—	—	—	—
25	9	—	—	—	—	—	—
26	10	—	—	—	—	—	—
27	11	—	—	—	—	—	—
28	12	—	—	—	—	—	—
29	13	—	—	—	—	—	—
30	14	—	—	—	—	—	—
31	15	—	—	—	—	—	—
32	16	\$3,907	\$3,946	\$3,985	—	—	—
33	17	3,973	4,013	4,052	\$4,113	\$4,154	\$4,195
34	18	4,042	4,082	4,123	4,184	4,226	4,268
35	19	4,113	4,154	4,195	4,258	4,301	4,343
36	20	4,184	4,226	4,268	4,333	4,376	4,420
37	21	4,258	4,301	4,343	4,410	4,454	4,498
38	22	4,333	4,376	4,420	4,487	4,532	4,577
39	23	4,410	4,454	4,498	4,577	4,623	4,669
40	24	4,487	4,532	4,577	4,669	4,716	4,762
41	25	4,577	4,623	4,669	4,762	4,810	4,857
42	26	4,669	4,716	4,762	4,857	4,906	4,954
43	27	4,762	4,810	4,857	4,954	5,004	5,053

1	28	4,857	4,906	4,954	5,053	5,104	5,154
2	29	4,954	5,004	5,053	5,154	5,206	5,257
3	30	5,053	5,104	5,154	5,257	5,310	5,362
4	31	5,154	5,206	5,257	5,362	5,416	5,469
5	32	5,257	5,310	5,362	5,469	5,524	5,578
6	33	5,362	5,416	5,469	5,578	5,634	5,690
7	34	5,469	5,524	5,578	5,689	5,746	5,803
8	35	5,578	5,634	5,690	5,803	5,861	5,919
9	36	5,689	5,746	5,803	5,920	5,979	6,038
10	37	5,803	5,861	5,919	6,038	6,098	6,159
11	38	5,920	5,979	6,038	6,159	6,221	6,282
12	39	6,038	6,098	6,159	6,282	6,345	6,408
13	40	6,159	6,221	6,282	6,407	6,471	6,535
14	41	—	—	—	6,536	6,601	6,667

15				
16			Principal VIII	
17	Step	Base	Base	Base
18			+ 1%	+ 2%
19				
20	4	—	—	—
21	5	—	—	—
22	6	—	—	—
23	7	—	—	—
24	8	—	—	—
25	9	—	—	—
26	10	—	—	—
27	11	—	—	—
28	12	—	—	—
29	13	—	—	—
30	14	—	—	—
31	15	—	—	—
32	16	—	—	—
33	17	—	—	—
34	18	\$4,258	\$4,301	\$4,343
35	19	4,333	4,376	4,420
36	20	4,410	4,454	4,498
37	21	4,487	4,532	4,577
38	22	4,577	4,623	4,669
39	23	4,669	4,716	4,762
40	24	4,762	4,810	4,857
41	25	4,857	4,906	4,954
42	26	4,954	5,004	5,053
43	27	5,053	5,104	5,154

1	28	5,154	5,206	5,257
2	29	5,257	5,310	5,362
3	30	5,362	5,416	5,469
4	31	5,469	5,524	5,578
5	32	5,578	5,634	5,690
6	33	5,689	5,746	5,803
7	34	5,803	5,861	5,919
8	35	5,920	5,979	6,038
9	36	6,038	6,098	6,159
10	37	6,159	6,221	6,282
11	38	6,282	6,345	6,408
12	39	6,407	6,471	6,535
13	40	6,536	6,601	6,667
14	41	6,667	6,734	6,800

15
 16 (c) The appropriate classification for placement of principals and assistant
 17 principals on the salary schedule, except for principals in alternative schools, shall be
 18 determined in accordance with the following schedule:

19	Number of Teachers	
20	Classification	Supervised
21	Assistant Principal	
22	Principal I	Fewer than 11 Teachers
23	Principal II	11-21 Teachers
24	Principal III	22-32 Teachers
25	Principal IV	33-43 Teachers
26	Principal V	44-54 Teachers
27	Principal VI	55-65 Teachers
28	Principal VII	66-100 Teachers
29	Principal VIII	More than 100 Teachers

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

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

36 (d) A principal shall be placed on the step on the salary schedule that reflects total
 37 number of years of experience as a certificated employee of the public schools and an
 38 additional step for every three years of experience as a principal.

39 (e) For the 1998-99 fiscal year, a principal or assistant principal shall be placed
 40 on the appropriate step plus one percent (1%) if:

- 41 (1) The employee's school met or exceeded the projected levels of
- 42 improvement in student performance for the 1997-98 fiscal year, in
- 43 accordance with the ABCs of Public Education Program; or

- 1 (2) The local board of education found in 1997-98 that the employee's
2 school met objectively measurable goals set by the local board of
3 education for maintaining a safe and orderly school.

4 The principal or assistant principal shall be placed on the appropriate step plus two
5 percent (2%) if the conditions set out in both subdivisions (1) and (2) are satisfied.

6 (f) For the 1998-99 fiscal year, a principal or assistant principal shall receive a
7 lump-sum payment of:

- 8 (1) One percent (1%) of his or her State-paid salary if the employee's school
9 meets or exceeds the projected levels of improvement in student
10 performance for the 1998-99 fiscal year, in accordance with the ABCs
11 of Public Education Program; or

- 12 (2) One percent (1%) of his or her State-paid salary if the local board of
13 education finds that the employee's school has met the goals of the local
14 plan for maintaining a safe and orderly school.

15 The principal or assistant principal shall receive a lump-sum payment of two percent
16 (2%) if the conditions set out in both subdivisions (1) and (2) are satisfied.

17 The lump sum shall be paid as determined by guidelines adopted by the State
18 Board. Placement on the salary schedule in the following year shall be based upon these
19 increases.

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

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

33 (i) Longevity pay for principals and assistant principals shall be as provided
34 for State employees.

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

- 40 (2) If a principal is reassigned to a lower job classification because the
41 principal is transferred to a school within a local school administrative
42 unit with a smaller number of State-allotted teachers, the principal shall

1 be placed on the salary schedule as if the principal had served the
2 principal's entire career as a principal at the lower job classification.

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

8 (k) Participants in an approved full-time masters in school administration
9 program shall receive up to a 10-month stipend at the beginning salary of an assistant
10 principal during the internship period of the masters program. Certification of eligible
11 full-time interns shall be supplied to the Department of Public Instruction by the
12 Principal's Fellow Program or a school of education where the intern participates in a
13 full-time masters in school administration.

14
15 Requested by: Representatives Arnold, Grady, Preston

16 **PRINCIPAL SALARY STUDIES**

17 Section 9.7. Section 8.43(d) of S.L. 1997-443 reads as rewritten:

18 "(d) The State Board of Education may use up to fifty thousand dollars (\$50,000) of
19 funds appropriated by this act to State Aid to Local School Administrative Units for the
20 ~~1997-98-1998-99~~ fiscal year to study principals' salaries ~~including the~~ including:

21 (1) The relationship of principals' salaries to the salaries of teachers and
22 other certified school ~~personnel.~~ personnel;

23 (2) Whether the current relationship between the teacher and principal
24 salary schedules should be increased to a three percent (3%) differential;

25 (3) Whether assistant principals should be given additional steps for years
26 of experience; and

27 (4) The appropriate relationship of principal's salary to size of school.

28 The State Board of Education shall report the results of the study to the Joint Legislative
29 Education Oversight Committee prior to December 15, 1998."

30
31 Requested by: Representatives Arnold, Grady, Preston

32 **COMMUNITIES IN SCHOOLS FUNDS/DO NOT REVERT**

33 Section 9.8. Section 13(b) of S.L. 1998-23 reads as rewritten:

34 "(b) This section becomes effective June 30, ~~1998, and expires when the Current~~
35 ~~Operations Appropriations and Capital Improvement Appropriations Act of 1998~~
36 ~~becomes a law.~~ 1998."

37
38 [SECTIONS 9.9, 9.10 RESERVED]

39
40 Requested by: Representatives Arnold, Grady, Preston

41 **LITIGATION RESERVE**

42 Section 9.11. (a)Section 14 of S.L. 1998-23 reads as rewritten:

1 "Section 14. (a) Funds in the State Board of Education's Litigation Reserve that are
2 not expended or encumbered on June 30, 1998, shall not revert on July 1, 1998, but shall
3 remain available for expenditure until ~~the Current Operations Appropriations and Capital~~
4 ~~Improvement Appropriations Act of 1998 becomes a law. June 30, 1999.~~

5 (b) Subsection (a) of this section becomes effective June 30, 1998, ~~and expires~~
6 ~~when the Current Operations Appropriations and Capital Improvement Appropriations~~
7 ~~Act of 1998 becomes a law. 1998."~~

8 (b) The State Board of Education may expend up to five hundred thousand
9 dollars (\$500,000) for the 1998-99 fiscal year from unexpended funds for certified
10 employees' salaries to pay expenses related to pending litigation.

11
12 Requested by: Representatives Arnold, Grady, Preston

13 **EXCEPTIONAL CHILDREN FUNDS**

14 Section 9.12. (a) The funds appropriated for exceptional children in this act
15 shall be allocated as follows:

16 (1) Each local school administrative unit shall receive for academically
17 gifted children the sum of seven hundred forty-six dollars and ninety-
18 five cents (\$746.95) per child for four percent (4%) of the 1998-99
19 allocated average daily membership in the local school administrative
20 unit, regardless of the number of children identified as academically
21 gifted in the local school administrative unit. The total number of
22 children for which funds shall be allocated pursuant to this subdivision
23 is 49,828 for the 1998-99 school year.

24 (2) Each local school administrative unit shall receive for exceptional
25 children other than academically gifted children the sum of two
26 thousand two hundred forty-eight dollars and thirty-nine cents
27 (\$2,248.39) per child for the lesser of (i) all children who are identified
28 as exceptional children other than academically gifted children or (ii)
29 twelve and five-tenths percent (12.5%) of the 1998-99 allocated average
30 daily membership in the local school administrative unit. The maximum
31 number of children for which funds shall be allocated pursuant to this
32 subdivision is 147,334 for the 1998-99 school year.

33 The dollar amounts allocated under this subsection for exceptional children shall also
34 increase in accordance with legislative salary increments for personnel who serve
35 exceptional children.

36 (b) To the extent that funds appropriated for exceptional children other than
37 academically gifted children are adequate to do so, the State Board of Education may
38 allocate the excess of these funds to provide services for severely disabled children in
39 school units and in group homes.

40
41 Requested by: Representatives Arnold, Grady, Preston

42 **ALTERNATIVE SCHOOLS/AT-RISK STUDENTS**

1 Section 9.13. The State Board of Education may use up to two hundred
2 thousand dollars (\$200,000) of the funds in the Alternative Schools/At-Risk Student
3 allotment for the 1998-99 fiscal year to implement G.S. 115C-12(24) and to conduct
4 studies of alternative schools.

5
6 Requested by: Representatives Arnold, Grady, Preston

7 CHARTER SCHOOLS-1

8 Section 9.14. (a) G.S. 115C-238.29F(d) reads as rewritten:

9 "(d) Instructional Program. –

- 10 (1) The school shall provide instruction each year for at least 180 days.
11 (2) The school shall design its programs to at least meet the student
12 performance standards adopted by the State Board of Education and the
13 student performance standards contained in the charter.
14 (3) A charter school shall ~~conduct the student assessments required for~~
15 ~~charter schools by the State Board of Education.~~ administer the tests
16 adopted by the State Board of Education under G.S. 115C-174.11 that
17 are used to implement the School-Based Management and
18 Accountability Program in other public schools.
19 (4) The school shall comply with policies adopted by the State Board of
20 Education for charter schools relating to the education of children with
21 special needs.
22 (5) The school is subject to and shall comply with Article 27 of Chapter
23 115C of the General Statutes, except that a charter school may also
24 exclude a student from the charter school and return that student to
25 another school in the local school administrative unit in accordance with
26 the terms of its charter."

27 (b) G.S. 115C-238.29G(a) reads as rewritten:

28 "(a) The State Board of Education, or a chartering entity subject to the approval of
29 the State Board of Education, may terminate or not renew a charter upon any of the
30 following grounds:

- 31 (1) Failure to meet the requirements for student performance contained in
32 the ~~charter;~~ charter or to meet the requirements for student testing
33 contained in G.S. 115C-238.29F(d)(3).
34 (2) Failure to meet generally accepted standards of fiscal management;
35 (3) Violations of law;
36 (4) Material violation of any of the conditions, standards, or procedures set
37 forth in the charter;
38 (5) Two-thirds of the faculty and instructional support personnel at the
39 school request that the charter be terminated or not renewed; or
40 (6) Other good cause identified."

41 (c) This section becomes effective July 1, 1998, and applies to school years
42 beginning with the 1998-99 school year.
43

1 Requested by: Representative Daughtry

2 **CHARTER SCHOOLS-2**

3 Section 9.14A. (a) G.S. 115C-238.29F(e) reads as rewritten:

4 "(e) Employees. –

5 (1) An employee of a charter school operated by a private nonprofit
6 corporation is not an employee of the local school administrative unit in
7 which the charter school is located. An employee of a charter school
8 operated by a local school administrative unit is an employee of the
9 local school administrative unit in which the charter school is located.

10 The charter school's board of directors shall employ and contract with
11 necessary teachers to perform the particular service for which they are
12 employed in the school; at least seventy-five percent (75%) of these
13 teachers in grades kindergarten through five, at least fifty percent (50%)
14 of these teachers in grades six through eight, and at least fifty percent
15 (50%) of these teachers in grades nine through 12 shall hold teacher
16 certificates. The board also may employ necessary employees who are
17 not required to hold teacher certificates to perform duties other than
18 teaching and may contract for other services. The board may discharge
19 teachers and noncertificated employees.

20 (2) No local board of education shall require any employee of the local
21 school administrative unit to be employed in a charter school.

22 (3) If a teacher employed by a local school administrative unit makes a
23 written request for an extended leave of absence to teach at a charter
24 ~~school,~~ school operated by a private nonprofit corporation, the local
25 school administrative unit shall grant the leave. The local school
26 administrative unit shall grant a leave for any number of years requested
27 by the teacher, shall extend the leave for any number of years requested
28 by the teacher, and shall extend the leave at the teacher's request. For
29 the initial year of a charter school's operation, the local school
30 administrative unit may require that the request for a leave or extension
31 of leave be made up to 45 days before the teacher would otherwise have
32 to report for duty. For subsequent years, the local school administrative
33 unit may require that the request for a leave or extension of leave be
34 made up to 90 days before the teacher would otherwise have to report
35 for duty. A teacher who has career status under G.S. 115C-325 prior to
36 receiving an extended leave of absence to teach at a charter school may
37 return to a public school in the local school administrative unit with
38 career status at the end of the leave of absence or upon the end of
39 employment at the charter school if an appropriate position is available.
40 If an appropriate position is unavailable, the teacher's name shall be
41 placed on a list of available teachers and that teacher shall have priority
42 on all positions for which that teacher is qualified in accordance with
43 G.S. 115C-325(e)(2).

1 (4) The employees of the charter school operated by a private nonprofit
2 corporation shall be deemed employees of the local school
3 administrative unit for purposes of providing certain State-funded
4 employee benefits, including membership in the Teachers' and State
5 Employees' Retirement System and the Teachers' and State Employees'
6 Comprehensive Major Medical Plan. The State Board of Education
7 provides funds to charter ~~schools, schools operated by private nonprofit~~
8 corporations, approves the original members of the boards of directors
9 of the charter schools, has the authority to grant, supervise, and revoke
10 charters, and demands full accountability from charter schools for
11 school finances and student performance. Accordingly, it is the
12 determination of the General Assembly that charter schools operated by
13 private nonprofit corporations are public schools and that the employees
14 of these charter schools are public school ~~employees and are "teachers"~~
15 ~~for purposes of membership in the North Carolina Teachers' and State~~
16 ~~Employees' Retirement System and State Employees' Comprehensive~~
17 ~~Major Medical Plan.~~ employees. Employees of a charter school
18 operated by a private nonprofit corporation whose board of directors
19 elects to become a participating employer under G.S. 135-5.3 are
20 'teachers' for the purpose of membership in the North Carolina Teachers'
21 and State Employees' Retirement System. Employees of a charter
22 school operated by a private nonprofit corporation whose board of
23 directors elects to become a participating employer under G.S. 135-
24 40.3A are 'teachers' for the purpose of membership in the North
25 Carolina Teachers' and State Employees' Comprehensive Major Medical
26 Plan. In no event shall anything contained in this Part require the North
27 Carolina Teachers' and State Employees' Retirement System to accept
28 employees of a private employer as members or participants of the
29 System."

30 (b) Article 1 of Chapter 135 of the General Statutes is amended by adding the
31 following new section:

32 **"§ 135-5.3. Optional participation for charter schools operated by private nonprofit**
33 **corporations.**

34 (a) The board of directors of each charter school operated by a private nonprofit
35 corporation shall elect whether to become a participating employer in the Retirement
36 System in accordance with this Article. This election shall be in writing, shall be made
37 no later than September 1, 1998, and shall be filed with the Retirement System and with
38 the State Board of Education. For each charter school employee who is employed on or
39 before the date the board makes the election, membership in the System is effective as of
40 the date the board makes the election. For each charter school employee who is
41 employed after the date the board makes the election, membership in the System is
42 effective as of the date of that employee's entry into eligible service. This subsection

1 applies only to charter schools that received State Board of Education approval under
2 G.S. 115C-238.29D in 1997 or 1998.

3 (b) No later than 30 days after both parties have signed the written charter under
4 G.S. 115C-238.29E, the board of directors of a charter school operated by a private
5 nonprofit corporation shall elect whether to become a participating employer in the
6 Retirement System in accordance with this Article. This election shall be in writing and
7 filed with the Retirement System and with the State Board of Education and is effective
8 for each charter school employee as of the date of that employee's entry into eligible
9 service. This subsection applies to charter schools that receive State Board of Education
10 approval under G.S. 115C-238.29D after 1998.

11 (c) A board's election to become a participating employer in the Retirement
12 System under this section is irrevocable and shall require all eligible employees of the
13 charter school to participate.

14 (d) No retirement benefit, death benefit, or other benefit payable under the
15 Retirement System shall be paid by the State of North Carolina or the Board of Trustees
16 of the Teachers' and State Employees' Retirement System with respect to any employee,
17 or with respect to any beneficiary of an employee, of a charter school whose board of
18 directors does not elect to become a participating employer in the Retirement System
19 under this section.

20 (e) The board of directors of each charter school shall notify each of its employees
21 as to whether the board elected to become a participating employer in the Retirement
22 System under this section. This notification shall be in writing and shall be provided
23 within 30 days of the board's election or at the time an initial offer for employment is
24 made, whichever occurs last. If the board did not elect to join the Retirement System, the
25 notice shall include a statement that the employee shall have no legal recourse against the
26 board or the State for any possible credit or reimbursement under the Retirement System.
27 The employee shall provide written acknowledgment of the employee's receipt of the
28 notification under this subsection."

29 (c) G.S. 135-4 is amended by adding the following new subsection to read:

30 "(bb) Credit for Employment in Charter School Operated by a Private Nonprofit
31 Corporation. – Any member may purchase creditable service for any employment as an
32 employee of a charter school operated by a private nonprofit corporation whose board of
33 directors did not elect to participate in the Retirement System under G.S. 135-5.3 upon
34 completion of five years of membership service after that charter school employment by
35 making a lump-sum payment into the Annuity Savings Fund. The payment by the
36 member shall be equal to the full liability of the service credits calculated on the basis of
37 the assumptions used for purposes of the actuarial valuation of the Retirement System's
38 liabilities, taking into account the additional retirement allowance arising on account of
39 the additional service credits commencing at the earliest age at which the member could
40 retire with an unreduced retirement allowance, as determined by the Board of Trustees
41 upon the advice of the actuary plus an administrative expense fee to be determined by the
42 Board of Trustees. Notwithstanding the foregoing provisions of this subsection that
43 provide for the purchase of service credits, the terms 'full cost', 'full liability', and 'full

1 actuarial cost' include assumed annual postretirement allowance increases, as determined
2 by the Board of Trustees, from the earliest age at which a member could retire on an
3 unreduced service allowance."

4 (d) G.S. 135-40.1(6) reads as rewritten:

5 "(6) Employing Unit. – A North Carolina School System; Community
6 College; State Department, Agency or Institution; Administrative Office
7 of the Courts; or Association or Examining Board whose employees are
8 eligible for membership in a State-Supported Retirement System. An
9 employing unit also shall mean a charter school operated by a private
10 nonprofit corporation in accordance with Part 6A of Chapter 115C of
11 the General Statutes ~~whose employees are deemed to be public~~
12 ~~employees and members of a State-Supported Retirement System.~~
13 whose board of directors elects to join become a participating employer
14 in the Plan under G.S. 135-40.3A."

15 (e) Part 3 of Article 3 of Chapter 135 is amended by adding the following new
16 section:

17 **"§ 135-40.3A. Optional participation for charter schools operated by private**
18 **nonprofit corporations.**

19 (a) The board of directors of each charter school operated by a private nonprofit
20 corporation shall elect whether to become a participating employer in the Plan in
21 accordance with this Article. This election shall be in writing, shall be made no later than
22 September 1, 1998, and shall be filed with the Executive Administrator and Board of
23 Trustees and with the State Board of Education. For each charter school employee who
24 is employed on or before the date the board makes the election, membership in the Plan is
25 effective as of the date the board makes the election. For each charter school employee
26 who is employed after the date the board makes the election, membership in the Plan is
27 effective as of the date of that employee's entry into eligible service. This subsection
28 applies only to charter schools that received State Board of Education approval under
29 G.S. 115C-238.29D in 1997 or 1998.

30 (b) No later than 30 days after both parties have signed the written charter under
31 G.S. 115C-238.29E, the board of directors of a charter school operated by a private
32 nonprofit corporation shall elect whether to become a participating employer in the Plan
33 in accordance with this Article. This election shall be in writing and filed with the
34 Executive Administrator, the Board of Trustees, and the State Board of Education. This
35 election is effective for each charter school employee as of the date of that employee's
36 entry into eligible service. This subsection applies to charter schools that receive State
37 Board of Education approval under G.S. 115C-238.29D after 1998.

38 (c) A board's election to become a participating employer in the Plan under this
39 section is irrevocable and shall require all eligible employees of the charter school to
40 participate.

41 (d) If a charter school's board of directors does not elect to become a participating
42 employer in the Plan under this section, that school's employees and the dependents of
43 those employees are not eligible for any benefits under the Plan.

1 (e) The board of directors of each charter school shall notify each of its employees
2 as to whether the board elected to become a participating employer in the Plan under this
3 section. This notification shall be in writing and shall be provided within 30 days of the
4 board's election or at the time an initial offer for employment is made, whichever occurs
5 last. If the board did not elect to become a participating employer in the Plan, the notice
6 shall include a statement that the employee shall have no legal recourse against the board
7 or the State for any possible benefit under the Plan. The employee shall provide written
8 acknowledgment of the employee's receipt of the notification under this subsection."

9 (f) G.S. 105-228.90(b) reads as rewritten:

10 "(b) Definitions. – The following definitions apply in this Article:

11 (1) Reserved.

12 (2) Charter school board. – A nonprofit corporation that has a charter under
13 G.S. 115D-238.29D to operate a charter school.

14 ~~(1)~~(3) City. – A city as defined by G.S. 160A-1(2). The term also includes
15 an urban service district defined by the governing board of a
16 consolidated city-county, as defined by G.S. 160B-2(1).

17 ~~(1a)~~(4) Code. – The Internal Revenue Code as enacted as of January 1, 1997,
18 including any provisions enacted as of that date which become
19 effective either before or after that date.

20 ~~(1b)~~(5) County. – Any one of the counties listed in G.S. 153A-10. The term
21 also includes a consolidated city-county as defined by G.S. 160B-
22 2(1).

23 ~~(2)~~(6) Reserved.

24 ~~(3)~~(7) Electronic Funds Transfer. – A transfer of funds initiated by using an
25 electronic terminal, a telephone, a computer, or magnetic tape to
26 instruct or authorize a financial institution or its agent to credit or
27 debit an account.

28 ~~(4)~~(8) Reserved.

29 ~~(5)~~(9) Person. – An individual, a fiduciary, a firm, an association, a
30 partnership, a limited liability company, a corporation, a unit of
31 government, or another group acting as a unit. The term includes an
32 officer or employee of a corporation, a member, a manager, or an
33 employee of a limited liability company, and a member or employee
34 of a partnership who, as officer, employee, member, or manager, is
35 under a duty to perform an act in meeting the requirements of
36 Subchapter I, V, or VIII of this Chapter or of Article 3 of Chapter 119
37 of the General Statutes.

38 ~~(6)~~(10) Secretary. – The Secretary of Revenue.

39 ~~(7)~~(11) Tax. – A tax levied under Subchapter I, V, or VIII of this Chapter or
40 an inspection tax levied under Article 3 of Chapter 119 of the General
41 Statutes. Unless the context clearly requires otherwise, the terms "tax"
42 and "additional tax" include penalties and interest as well as the
43 principal amount.

1 ~~(8)~~(12) Taxpayer. – A person subject to the tax or reporting requirements of
2 Subchapter I, V, or VIII of this Chapter or of Article 3 of Chapter 119
3 of the General Statutes."

4 (g) G.S. 105-449.88 reads as rewritten:

5 **"§ 105-449.88. Exemptions from the excise tax.**

6 The excise tax on motor fuel does not apply to the following:

7 (1) Motor fuel removed, by transport truck or another means of transfer
8 outside the terminal transfer system, from a terminal for export, if the
9 supplier of the motor fuel collects tax on it at the rate of the motor fuel's
10 destination state.

11 (2) Motor fuel sold to the federal government.

12 (3) Motor fuel sold to the State for its use.

13 (4) Motor fuel sold to a local board of education for use in the public school
14 system.

15 (5) Motor fuel sold to a charter school board for use for charter school
16 purposes."

17 (h) G.S. 20-84 reads as rewritten:

18 **"§ 20-84. Vehicles owned by State, municipalities or orphanages, etc.; certain**
19 **vehicles operated by the local chapters of American National Red Cross.**

20 The Division upon proper proof being filed with it that any motor vehicle for which
21 registration is herein required is owned by the State or any department thereof, or by any
22 county, township, city or town, or by any board of education, or by any nonprofit
23 corporation that has a charter under G.S. 115C-238.29D to operate a charter school, or by
24 any orphanage or civil air patrol, or incorporated emergency rescue squad, or
25 incorporated REACT (" Radio Emergency Association of Citizen Teams") Team, or for
26 any motor vehicle involved exclusively in the support of a disaster relief effort, shall
27 collect six dollars (\$6.00) for the registration of such motor vehicles, but shall not collect
28 any fee for application for certificate of title in the name of the State or any department
29 thereof, or by any county, township, city or town, or by any board of education or
30 orphanage: Provided, that the term "owned" shall be construed to mean that such motor
31 vehicle is the actual property of the State or some department thereof or of the county,
32 township, city or town, or of the board of education, and no motor vehicle which is the
33 property of any officer or employee of any department named herein shall be construed
34 as being "owned" by such department. Provided, that the above exemptions from
35 registration fees shall also apply to any church-owned bus used exclusively for
36 transporting children and parents to Sunday school and church services and for no other
37 purpose.

38 In lieu of the annual six dollars (\$6.00) registration provided for in this section, the
39 Division may for the license year 1950 and thereafter provide for a permanent
40 registration of the vehicles described in this section and issue permanent registration
41 plates for such vehicles. The permanent registration plates issued pursuant to this
42 paragraph shall be of a distinctive color and shall bear thereon the word "permanent."
43 Such plates may be transferred as provided in G.S. 20-78 to a replacement vehicle of the

1 same classification. For the permanent registration and issuance of permanent registration
2 plates provided for in this paragraph, the Division shall collect a fee of six dollars (\$6.00)
3 for each vehicle so registered and licensed.

4 The provisions of this section are hereby made applicable to vehicles owned by a rural
5 fire department, agency or association.

6 The Division of Motor Vehicles shall issue to the North Carolina Tuberculosis
7 Association, Incorporated, or any local chapter or association of said corporation, for a
8 fee of six dollars (\$6.00) for each plate a permanent registration plate which need not be
9 thereafter renewed for each motor vehicle in the form of a mobile X-ray unit which is
10 owned by said North Carolina Tuberculosis Association, Incorporated, or any local
11 chapter or local association thereof and operated exclusively in this State for the purpose
12 of diagnosis, treatment and discovery of tuberculosis. The initial six dollars (\$6.00) fee
13 required by this section and for this purpose shall be in full payment of the permanent
14 registration plates issued for such vehicle operated as a mobile X-ray unit, and such
15 plates need not thereafter be renewed, and such plates may be transferred as provided in
16 G.S. 20-78 to replacement vehicles to be used for the purposes above described and for
17 which the plates were originally issued.

18 The Division of Motor Vehicles shall issue to the American National Red Cross, upon
19 application of any local chapter thereof and payment of a fee of six dollars (\$6.00) for
20 each plate, a permanent registration plate, which need not be thereafter renewed, for all
21 disaster vans, bloodmobiles, handivans, and such sedans and station wagons as are used
22 for emergency or disaster work, and operated by a local chapter in this State in the
23 business of the American National Red Cross. Such plates may be transferred as provided
24 in G.S. 20-78 to a replacement vehicle to be used for the purposes above described and
25 for which the plates were originally issued. In the event of transfer of ownership to any
26 other person, firm or corporation, or transfer or reassignment of any vehicle bearing such
27 registration plate to any chapter or association of the American National Red Cross in any
28 other state, territory or country, the registration plate assigned to such vehicle shall be
29 surrendered to the Division of Motor Vehicles.

30 In lieu of all other registration requirements, the Commissioner shall each year assign
31 to the State Highway Patrol, upon payment of six dollars (\$6.00) per registration plate, a
32 sufficient number of regular registration plates of the same letter prefix and in numerical
33 sequence beginning with number 100 to meet the requirements of the State Highway
34 Patrol for use on Division vehicles assigned to the State Highway Patrol. The commander
35 of the Patrol shall, when such plates are assigned, issue to each member of the State
36 Highway Patrol a registration plate for use upon the Division vehicle assigned to him
37 pursuant to G.S. 20-190 and assign a registration plate to each Division service vehicle
38 operated by the Patrol. An index of such assignments of registration plates shall be kept
39 at each State Highway Patrol radio station and a copy thereof shall be furnished to the
40 registration division of the Division. Information as to the individual assignments of such
41 registration plates shall be made available to the public upon request to the same extent
42 and in the same manner as regular registration information. The commander, when

1 necessary, may reassign registration plates provided that such reassignment shall be made
2 to appear upon the index required herein within 20 days after such reassignment.

3 The Division of Motor Vehicles shall, upon appropriate certification of financial
4 responsibility, issue to sheltered workshops recognized or approved by the Division of
5 Vocational Rehabilitation Services and to public and nonprofit agencies or organizations
6 which provide transportation for or operate programs subject to and approved in
7 accordance with standards adopted by the Commission for Mental Health,
8 Developmental Disabilities, and Substance Abuse Services of the Department of Health
9 and Human Services upon application and payment of a fee of six dollars (\$6.00) for each
10 plate, a permanent registration plate for vehicles registered to and operated by such
11 agencies. The initial six dollars (\$6.00) fee required by this section and for this purpose
12 shall be in full payment of the permanent registration plate issued for such vehicle
13 operated by a sheltered workshop and such plates need not thereafter be renewed, and
14 such plates may be transferred as provided in G.S. 20-78 to a replacement vehicle to be
15 used by the sheltered workshop designated on the registration card.

16 On and after January 1, 1972, permanent registration plates used on all vehicles
17 owned by the State of North Carolina or a department thereof shall be of a distinctive
18 color and design which shall be readily distinguishable from all other permanent
19 registration plates issued pursuant to this section or G.S. 20-84.1. For the purpose of
20 carrying out the intent of this paragraph, all vehicles owned by the State of North
21 Carolina or a department thereof in operation as of October 1, 1971, and bearing a
22 permanent registration shall be reregistered during the months of October, November and
23 December, 1971, and upon reregistration, registration plates issued for such vehicles shall
24 be of a distinctive color and design as provided for hereinabove."

25 (i) G.S. 115C-238.29B(a) reads as rewritten:

26 "(a) Any person, group of persons, ~~or nonprofit corporation~~ corporation, or local
27 board of education seeking to establish a charter school may apply to establish a charter
28 school. If ~~the~~ an applicant other than a local board of education seeks to convert a public
29 school to a charter school, the application shall include a statement signed by a majority
30 of the teachers and instructional support personnel currently employed at the school
31 indicating that they favor the conversion and evidence that a significant number of
32 parents of children enrolled in the school favor conversion. If a local board of education
33 seeks a charter for a school, the application shall include a statement that the local board
34 understands that no employee shall be required to work at the charter school and no
35 student shall be assigned to the school except at the request of the student's parent or
36 guardian."

37 (j) G.S. 115C-238.29B(b)(3) reads as rewritten:

38 "(3) The governance structure of the ~~school~~ school, if the applicant is not a
39 local board of education, including the names of the proposed initial
40 members of the board of directors of the nonprofit, tax-exempt
41 corporation and the process to be followed by the school to ensure
42 parental involvement."

43 (k) G.S. 115C-238.29B(b)(11) reads as rewritten:

1 "(11) The procedures by which students can be excluded from the charter
2 school and returned to a public ~~school~~school other than a charter
3 school. Notwithstanding any law to the contrary, any local board may
4 refuse to admit any student who is suspended or expelled from a charter
5 school due to actions that would lead to suspension or expulsion from a
6 public school under G.S. 115C-391 until the period of suspension or
7 expulsion has expired."

8 (1) G.S. 115C-238.29B(c) reads as rewritten:

9 "(c) An applicant shall submit the application to a chartering entity for
10 preliminary approval. A chartering entity may be:

11 (1) The local board of education of the local school administrative unit in
12 which the charter school will be ~~located~~located, unless the applicant is
13 a local board of education;

14 (2) The board of trustees of a constituent institution of The University of
15 North Carolina, so long as the constituent institution is involved in the
16 planning, operation, or evaluation of the charter school; or

17 (3) The State Board of Education.

18 Regardless of which chartering entity receives the application for preliminary
19 approval, the State Board of Education shall have final approval of the charter school.

20 Notwithstanding the provisions of this subsection, if the State Board of Education
21 finds that an applicant (i) submitted an application to a local board of education and
22 received final approval from the State Board of Education, but (ii) is unable to find a
23 suitable location within that local school administrative unit to operate, the State Board of
24 Education may authorize the charter school to operate within an adjacent local school
25 administrative unit for one year only. The charter school cannot operate for more than
26 one year unless it reapplies, in accordance with subdivision (1), (2), or (3) of this
27 subsection, and receives final approval from the State Board of Education."

28 (m) G.S. 115C-238.29B(d) is repealed.

29 (n) G.S. 115C-238.29D(b) is repealed.

30 (o) G.S. 115C-238.29E reads as rewritten:

31 "**§ 115C-238.29E. Charter school operation.**

32 (a) A charter school that is approved by the State shall be a public school within
33 the local school administrative unit in which it is located. It shall be accountable to the
34 local board of education if the applicant for the charter is the local board of education or
35 if it applied for and received preliminary approval from that local board for purposes of
36 ensuring compliance with applicable laws and the provisions of its charter. All other
37 charter schools shall be accountable to the State Board for ensuring compliance with
38 applicable laws and the provisions of their charters, except that any of these charter
39 schools may agree to be accountable to the local board of the school administrative unit
40 in which the charter school is located rather than to the State Board.

41 (b) A charter school other than a charter school for which the applicant is a local
42 board of education shall be operated by a private nonprofit corporation that shall have
43 received federal tax-exempt status no later than 24 months following final approval of the

1 application. A charter school for which the applicant is a local board of education shall
2 be operated by the local board of education.

3 (c) ~~A charter school shall operate under the written charter signed by the entity to~~
4 ~~which it is accountable under subsection (a) of this section and the applicant. A charter~~
5 ~~school is not required to enter into any other contract. The charter shall incorporate the~~
6 ~~information provided in the application, as modified during the charter approval process,~~
7 ~~and any terms and conditions imposed on the charter school by the State Board of~~
8 ~~Education. No other terms may be imposed on the charter school as a condition for~~
9 ~~receipt of local funds.~~ The State Board shall issue the written charter no later than 30
10 days after the date on which the State Board grants final approval for the charter. The
11 written charter shall incorporate the information provided in the application, as modified
12 during the charter approval process, and any terms and conditions applicable to all charter
13 schools under the rules of the State Board. The charter school is not required to agree to
14 any additional terms, whether requested by the State Board, the local board where the
15 charter school is located, or the entity to which the charter school is accountable. No
16 additional terms may be imposed on the charter school as a condition for receipt of local
17 funds. The charter school shall operate under the written charter signed by the entity to
18 which it is accountable and the applicant.

19 (d) The board of directors of the charter school operated by a private nonprofit
20 corporation shall decide matters related to the operation of the school, including
21 budgeting, curriculum, and operating procedures. The local board of education shall
22 decide these matters for a charter school operated by a local board.

23 (e) ~~A charter school's specific location~~ The specific location of a charter school
24 operated by a private nonprofit corporation shall not be prescribed or limited by a local
25 board or other authority except a zoning authority. The school may lease space from a
26 local board of education or as is otherwise lawful in the local school administrative unit
27 in which the charter school is located. If a charter school leases space from a sectarian
28 organization, the charter school classes and students shall be physically separated from
29 any parochial students, and there shall be no religious artifacts, symbols, iconography, or
30 materials on display in the charter school's entrance, classrooms, or hallways.
31 Furthermore, if a charter school leases space from a sectarian organization, the charter
32 school shall not use the name of that organization in the name of the charter school.

33 At the request of the charter school, the local board of education of the local school
34 administrative unit in which the charter school will be located shall lease or may sell any
35 available building or land to the charter school unless the board demonstrates that the
36 lease or sale is not economically or practically feasible or that the local board does not
37 have adequate classroom space to meet its enrollment needs. Notwithstanding any other
38 law, a local board of education may provide a school facility to a charter school free of
39 charge; however, the charter school is responsible for the maintenance of and insurance
40 for the school facility.

41 (f) Except as provided in this Part and pursuant to the provisions of its charter, a
42 charter school is exempt from statutes and rules applicable to a local board of education
43 or local school administrative unit. The State Board shall not adopt any rules, policies,

1 procedures, requirements, standards, terms, conditions, or regulations governing charter
2 schools unless they are authorized specifically under this Part; they are applicable
3 uniformly to all charter schools; and the Board proceeds under Chapter 150B of the
4 General Statutes. Only those rules, policies, procedures, requirements, standards, terms,
5 conditions, and regulations that are adopted by the Board shall apply to charter schools
6 and may be included in the written charter and amendments to that charter. The Board
7 may adopt guidelines to assist charter schools. These guidelines are not binding on
8 charter schools and shall not be included in any written charter unless the charter school
9 agrees to the inclusion."

10 (p) G.S. 115C-238.29F(b) reads as rewritten:

11 "(b) School Nonsectarian. – A charter school shall be nonsectarian in its programs,
12 admission policies, employment practices, and all other operations and shall not charge
13 ~~tuition or tuition, application fees, or admission fees.~~ A charter school shall not be
14 affiliated with a nonpublic sectarian school or a religious institution."

15 (q) G.S. 115C-238.29F(c) is amended by adding the following new
16 subdivision:

17 "(3) The civil liability for a charter school operated by a local school
18 administrative unit shall be the same as for any other school operated by
19 the unit."

20 (r) G.S. 115C-238.29F(h) reads as rewritten:

21 "(h) Transportation. – The charter school may provide transportation for students
22 enrolled at the school. The charter school shall develop a transportation plan so that
23 transportation is not a barrier to any student who resides in the local school administrative
24 unit in which the school is located. The charter school is not required to provide
25 transportation to any student who lives within one and one-half miles of the school. At
26 the request of the charter school and if the local board of the local school administrative
27 unit in which the charter school is located operates a school bus system, then that local
28 board may contract with the charter school to provide transportation in accordance with
29 the charter school's transportation plan to students who reside in the local school
30 administrative unit and who reside at least one and one-half miles of the charter school. A
31 local board may charge the charter school a reasonable charge that is sufficient to cover
32 the cost of providing this transportation. Furthermore, a local board may refuse to provide
33 transportation under this subsection if it demonstrates there is no available space on buses
34 it intends to operate during the term of the contract or it would not be practically feasible
35 to provide this transportation.

36 A student who attends a charter school operated by a local board of education and
37 who resides within the local school administrative unit in which the school is located has
38 the same right to school transportation as students assigned to other public schools in the
39 local school administrative unit."

40 (s) G.S. 115C-238.29F(g)(5) reads as rewritten:

41 "(5) A charter school shall not discriminate against any student on the basis
42 of ethnicity, national origin, gender, or disability. Except as otherwise
43 provided by law or the mission of the school as set out in the charter, the

1 school shall not limit admission to students on the basis of intellectual
2 ability, measures of achievement or aptitude, athletic ability, disability,
3 race, creed, gender, national origin, religion, or ancestry. The charter
4 school may give enrollment priority to siblings of currently enrolled
5 students who were admitted to the charter school in a previous year and
6 to children of the school's principal, teachers, and teacher assistants. In
7 addition, and only for its first year of operation, the charter school may
8 give enrollment priority to children of the initial members of the charter
9 school's board of directors, so long as (i) these children are limited to no
10 more than ten percent (10%) of the school's total enrollment or to 20
11 students, whichever is less, and (ii) the charter school is not a former
12 public or private school. ~~Within one year after the charter school begins~~
13 ~~operation, The charter school shall make a good faith effort to attract~~
14 ~~and enroll students so that the population of the school shall reasonably~~
15 ~~reflect reflects the racial and ethnic composition of the general~~
16 ~~population residing within the local school administrative unit in which~~
17 ~~the school is located or the racial and ethnic composition of the special~~
18 ~~population that the school seeks to serve residing within the local school~~
19 ~~administrative unit in which the school is located. The school shall be~~
20 ~~subject to any court-ordered desegregation plan in effect for the local~~
21 ~~school administrative unit."~~

22 (t) G.S. 115C-238.29G(c) reads as rewritten:

23 "(c) The State Board and the charter school are encouraged to make a good faith
24 attempt to resolve the differences that may arise between them. ~~They Furthermore, the~~
25 ~~local board of the local school administrative unit in which the charter school is located~~
26 ~~and the charter school are encouraged to make a good faith attempt to resolve any~~
27 ~~differences that may arise between them. The parties in dispute may agree to jointly~~
28 ~~select a mediator. The mediator shall act as a neutral facilitator of disclosures of factual~~
29 ~~information, statements of positions and contentions, and efforts to negotiate an~~
30 ~~agreement settling the differences. The mediator shall, at the request of either the State~~
31 ~~Board or a charter school, party, commence a mediation immediately or within a~~
32 ~~reasonable period of time. The mediation shall be held in accordance with rules and~~
33 ~~standards of conduct adopted under Chapter 7A of the General Statutes governing~~
34 ~~mediated settlement conferences but modified as appropriate and suitable to the~~
35 ~~resolution of the particular issues in disagreement.~~

36 Notwithstanding Article 33C of Chapter 143 of the General Statutes, the mediation
37 proceedings shall be conducted in private. Evidence of statements made and conduct
38 occurring in a mediation are not subject to discovery and are inadmissible in any court
39 action. However, no evidence otherwise discoverable is inadmissible merely because it is
40 presented or discussed in a mediation. The mediator shall not be compelled to testify or
41 produce evidence concerning statements made and conduct occurring in a mediation in
42 any civil proceeding for any purpose, except disciplinary hearings before the State Bar or
43 any agency established to enforce standards of conduct for mediators. The mediator may

1 determine that an impasse exists and discontinue the mediation at any time. The mediator
2 shall not make any recommendations or public statement of findings or conclusions. The
3 ~~State Board and the charter school parties in dispute~~ shall share equally the mediator's
4 compensation and expenses. The mediator's compensation shall be determined according
5 to rules adopted under Chapter 7A of the General Statutes."

6 (u) G.S. 115C-238.29H reads as rewritten:

7 **"§ 115C-238.29H. State and local funds for a charter school.**

8 (a) The State Board of Education shall allocate to each charter school (i) an
9 amount equal to the average per pupil allocation for average daily membership from the
10 local school administrative unit allotments in which the charter school is located for each
11 child attending the charter school except for the allocation for children with special needs
12 and (ii) an additional amount for each child attending the charter school who is a child
13 with special needs. In accordance with G.S. 115C-238.29D(d), the State Board shall
14 allow for annual adjustments to the amount allocated to a charter school based on its
15 enrollment growth in school years subsequent to the initial year of operation.

16 In the event a child with special needs leaves the charter school and enrolls in a public
17 school during the first 60 school days in the school year, the charter school shall return a
18 pro rata amount of funds allocated for that child to the State Board, and the State Board
19 shall reallocate those funds to the local school administrative unit in which the public
20 school is located. In the event a child with special needs enrolls in a charter school during
21 the first 60 school days in the school year, the State Board shall allocate to the charter
22 school the pro rata amount of additional funds for children with special needs.

23 (a1) Funds allocated by the State Board of Education may be used to enter into
24 operational and financing leases for real property or mobile classroom units for use as
25 school facilities for charter schools and may be used for payments on loans made to
26 charter schools for facilities or equipment. However, State funds shall not be used to
27 obtain any other interest in real property or mobile classroom units. No indebtedness of
28 any kind incurred or created by the charter school shall constitute an indebtedness of the
29 State or its political subdivisions, and no indebtedness of the charter school shall involve
30 or be secured by the faith, credit, or taxing power of the State or its political ~~subdivisions.~~
31 subdivisions, unless the charter school is operated by a local board of education. Every
32 contract or lease into which a charter school enters except for contracts or leases entered
33 into by a local board of education shall include the previous sentence. The school also
34 may own land and buildings it obtains through non-State sources.

35 (b) If a student attends a charter school, the local school administrative unit in
36 which the child resides shall transfer to the charter school an amount equal to the per
37 pupil local current expense appropriation to the local school administrative unit for the
38 fiscal year. The per pupil local current expense appropriation shall be calculated by
39 dividing the total county appropriation to the local school administrative unit's local
40 current expense fund, including appropriations funded by supplemental taxes, by the
41 unit's average daily membership for the budget year as determined by and certified to the
42 unit and the board of county commissioners by the State Board. In order to establish the
43 number of children for whom these funds are to be transferred, the local administrative

1 unit may require the charter school to provide electronically an invoice that identifies
2 each child for whom these funds are to be remitted, that child's address, and that child's
3 Student Information Management System identification number. The local school
4 administrative unit shall not require any other information from the charter school as a
5 condition of the unit's remission of these funds. If the local school administrative unit
6 requires this invoice, the unit shall provide to the charter school the local current expense
7 appropriation based on the number of children in the most recent invoice. If no invoice is
8 required, the local current expense appropriation shall be based on the number of children
9 as mutually agreed upon by the local school administrative unit and the charter school.
10 The local school administrative unit shall remit these funds to the charter school at times
11 that are mutually agreed upon by the unit and the charter school, but if no agreement is
12 reached, then the unit shall remit these funds to the charter school no later than one week
13 after the unit receives the funds from the board of county commissioners as established
14 under G.S. 115C-437 and upon receipt of an invoice, if required. The State Board may
15 withhold money used for payment of salaries for the superintendent and school finance
16 officer of any local school administrative unit if the Board finds that the unit is not using
17 its best efforts to remit these funds on a timely basis.

18 (c) The board of county commissioners of the county in which the charter school
19 is located may allocate to the charter school funds that may be used for capital outlay
20 purposes."

21 (v) G.S. 115C-452 reads as rewritten:

22 **"§ 115C-452. Fines and forfeitures.**

23 The clear proceeds of all penalties and forfeitures and of all fines collected in the
24 General Court of Justice in each county shall be remitted by the clerk of the superior
25 court to the county finance officer, who shall forthwith determine what portion of the
26 total is due to each local school administrative unit and to each charter school in the
27 county and remit the appropriate portion of the amount to the finance officer of each local
28 school administrative unit—unit and each charter school. ~~Fines—~~The first twenty-five
29 percent (25%) of fines and forfeitures shall be apportioned according to the projected
30 average daily membership of each local school administrative unit as determined by and
31 certified to the local school administrative units and the board of county commissioners
32 by the State Board of Education pursuant to G.S. 115C-430. ~~The remainder of the fines~~
33 and forfeitures shall be apportioned according to the projected average daily membership
34 of each local school administrative unit and each charter school as determined by and
35 certified to the local school administrative units, the charter schools, and the board of
36 county commissioners by the State Board of Education pursuant to G.S. 115C-430 or
37 G.S. 115C-238.29H(b)."

38 (w) G.S. 115C-457.3 reads as rewritten:

39 **"§ 115C-457.3. Transfer of funds to the State School Technology Fund.**

40 The Office of State Budget and Management shall transfer funds accruing to the Civil
41 Penalty and Forfeiture Fund to the State School Technology Fund. ~~These—~~The first
42 twenty-five percent (25%) of these funds shall be allocated to local school administrative
43 units on the basis of average daily membership. ~~The remaining funds shall be allocated~~

1 to local school administrative units and charter schools on the basis of average daily
2 membership. Notwithstanding any other law, the funds allocated to charter schools under
3 this section shall be used for school technology; however, in accordance with G.S. 115C-
4 238.29E(f), the charter school is not required to develop or submit a school technology
5 plan under Part 3A of Article 8 of this Chapter."

6 (x) G.S. 150B-2(8a) reads as rewritten:

7 "(8a) 'Rule' means any agency regulation, standard, or statement of general
8 applicability that implements or interprets an enactment of the General
9 Assembly or Congress or a regulation adopted by a federal agency or
10 that describes the procedure or practice requirements of an agency. The
11 term includes the establishment of a fee and the amendment or repeal of
12 a prior rule. The term also includes any State Board of Education or
13 Department of Public Instruction rule, policy, procedure, requirement,
14 standard, term, condition, or regulation that is authorized specifically
15 under Part 6A of Article 16 of Chapter 115C of the General Statutes.

16 The term does not include the following:

- 17 a. Statements concerning only the internal management of an
18 agency or group of agencies within the same principal office or
19 department enumerated in G.S. 143A-11 or 143B-6, including
20 policies and procedures manuals, if the statement does not
21 directly or substantially affect the procedural or substantive
22 rights or duties of a person not employed by the agency or group
23 of agencies.
- 24 b. Budgets and budget policies and procedures issued by the
25 Director of the Budget, by the head of a department, as defined
26 by G.S. 143A-2 or G.S. 143B-3, by an occupational licensing
27 board, as defined by G.S. 93B-1, or by the State Board of
28 Elections.
- 29 c. Nonbinding interpretative statements within the delegated
30 authority of an agency that merely define, interpret, or explain
31 the meaning of a statute or rule.
- 32 d. A form, the contents or substantive requirements of which are
33 prescribed by rule or statute.
- 34 e. Statements of agency policy made in the context of another
35 proceeding, including:
36 1. Declaratory rulings under G.S. 150B-4.
37 2. Orders of establishing or fixing rates or tariffs.
- 38 f. Requirements, communicated to the public by the use of signs or
39 symbols, concerning the use of public roads, bridges, ferries,
40 buildings, or facilities.
- 41 g. Statements that set forth criteria or guidelines to be used by the
42 staff of an agency in performing audits, investigations, or
43 inspections; in settling financial disputes or negotiating financial

1 arrangements; or in the defense, prosecution, or settlement of
2 cases.

3 h. Scientific, architectural, or engineering standards, forms, or
4 procedures, including design criteria and construction standards
5 used to construct or maintain highways, bridges, or ferries.

6 i. Job classification standards, job qualifications, and salaries
7 established for positions under the jurisdiction of the State
8 Personnel Commission.

9 j. Establishment of the interest rate that applies to tax assessments
10 under G.S. 105-241.1 and the variable component of the excise
11 tax on motor fuel under G.S. 105-449.80."

12 (y) Article 2A of Chapter 150B of the General Statutes is amended by adding
13 the following new Part:

14 **"PART 6. RULES AFFECTING CHARTER SCHOOLS.**

15 **"§ 150B-21.30. Procedures applicable to rules affecting charter schools.**

16 (a) G.S. 150B-21.2(a)(1) shall not apply to proposed rules adopted by the State
17 Board of Education if the proposed rules are authorized specifically under Part 6A of
18 Article 16 of Chapter 115C of the General Statutes.

19 (b) Notwithstanding G.S. 150B-21.3(b), a permanent rule that is adopted by the
20 State Board of Education, is approved by the Rules Review Commission, and is
21 authorized specifically under Part 6A of Article 16 of Chapter 115C of the General
22 Statutes, becomes effective five business days after the Commission delivers the rule to
23 the Codifier of Rules, unless the rule specifies a later effective date. If the State Board of
24 Education specifies a later effective date, the rule becomes effective upon that date. A
25 permanent rule that is adopted by the State Board of Education to implement Part 6A of
26 Article 16 of Chapter 115C of the General Statutes, but is not approved by the Rules
27 Review Commission, shall not become effective.

28 (c) The rule proposed by the State Board of Education may create, amend, or
29 repeal a rule. The State Board of Education shall indicate in the notice of proposed text
30 that the rule is authorized specifically under Part 6A of Article 16 of Chapter 115C of the
31 General Statutes and that the State Board of Education is proceeding under that authority.

32 **"§ 150B-21.31. Procedures applicable to charters.**

33 The State Board of Education shall submit to the Commission the standard written
34 charter agreement that the State Board of Education approved and issued under Part 6A
35 of Article 16 of Chapter 115C of the General Statutes to charter schools that received
36 State Board approval under G.S. 115C-238.29D in 1997 or 1998. The State Board of
37 Education also shall submit to the Commission any modifications to that written charter
38 agreement that the State Board approves after July 1, 1998, for issuance to charter
39 schools approved in subsequent years. The Commission shall review each portion of the
40 charter and each modification to that charter as if it is a rule and shall follow the
41 procedure established in Part 3 of this Article. The Commission shall determine whether
42 each portion or modification is authorized specifically under Part 6A of Article 16 of
43 Chapter 115C of the General Statutes. The Commission may approve only portions and

1 modifications of the charter that are so authorized. All approved portions and
2 modifications of the charter are binding on the charter school. Each portion or
3 modification of the charter that is not approved is void and shall not apply to any charter
4 school unless the charter school's board of directors agrees to its applicability. The board
5 of directors is not required to agree to any portion or modification of the charter that the
6 Commission does not approve. This section shall not apply to information in a charter
7 school's application, as modified during the approval process, that is incorporated in each
8 charter school's charter agreement."

9 (z)(1) The State Board of Education, in collaboration with the Charter
10 School Professional Association, shall evaluate the Uniform
11 Education Reporting System to determine whether this is the best
12 way for charter schools to report information to the State Board or
13 whether there is a mutually functional alternative that could be
14 implemented. The State Board shall report the results of this
15 evaluation and its recommendations, including any proposed
16 legislative changes, to the Joint Legislative Commission on
17 Governmental Operations by December 1, 1998.

18 (2) If, at any time, a majority of charter schools present to the State
19 Board of Education an alternative reporting system that is the
20 functional equivalent of the Uniform Education Reporting System
21 and the alternative system has been benchmarked, the State Board
22 shall consider the adoption of that system for charter schools.

23 (aa) G.S. 105-164.14(c) reads as rewritten:

24 "(c) Certain Governmental Entities. – A governmental entity listed in this
25 subsection is allowed an annual refund of sales and use ~~tax~~ taxes paid by it under this
26 Article, except under G.S. 105-164.4(a)(4a) and G.S. 105-164.4(a)(4c), on direct
27 purchases of tangible personal property. Sales and use tax liability indirectly incurred by
28 a governmental entity on building materials, supplies, fixtures, and equipment that
29 become a part of or annexed to any building or structure that is owned or leased by the
30 governmental entity and is being erected, altered, or repaired for use by the governmental
31 entity is considered a sales or use tax liability incurred on direct purchases by the
32 governmental entity for the purpose of this subsection. A request for a refund must be in
33 writing and must include any information and documentation required by the Secretary.
34 A request for a refund is due within six months after the end of the governmental entity's
35 fiscal year.

36 This subsection applies only to the following governmental entities:

- 37 (1) A county.
38 (2) A city as defined in G.S. 160A-1.
39 (2a) A consolidated city-county as defined in G.S. 160B-2.
40 (2b) A local school administrative unit.
41 (3) A metropolitan sewerage district or a metropolitan water district in
42 this State.

- 1 (4) A water and sewer authority created under Chapter 162A of the
2 General Statutes.
- 3 (5) A lake authority created by a board of county commissioners
4 pursuant to an act of the General Assembly.
- 5 (6) A sanitary district.
- 6 (7) A regional solid waste management authority created pursuant to
7 G.S. 153A-421.
- 8 (8) An area mental health, developmental disabilities, and substance
9 abuse authority, other than a single-county area authority,
10 established pursuant to Article 4 of Chapter 122C of the General
11 Statutes.
- 12 (9) A district health department.
- 13 (10) A regional council of governments created pursuant to G.S. 160A-
14 470.
- 15 (11) A regional planning and economic development commission or a
16 regional economic development commission created pursuant to
17 Chapter 158 of the General Statutes.
- 18 (12) A regional planning commission created pursuant to G.S. 153A-
19 391.
- 20 (13) A regional sports authority created pursuant to G.S. 160A-479.
- 21 (14) A public transportation authority created pursuant to Article 25 of
22 Chapter 160A of the General Statutes.
- 23 (14a) A facility authority created pursuant to Part 4 of Article 20 of
24 Chapter 160A of the General Statutes.
- 25 (15) A regional public transportation authority created pursuant to
26 Article 26 of Chapter 160A of the General Statutes.
- 27 (16) A local airport authority that was created pursuant to a local act of
28 the General Assembly and has at least one of the following
29 characteristics:
 - 30 a. It has all of the rights of a municipality.
 - 31 b. A local act of the General Assembly declares it to be a
32 municipality.
 - 33 c. A local act of the General Assembly specifically authorizes it to
34 receive a refund under this section.
- 35 (17) A joint agency created by interlocal agreement pursuant to G.S.
36 160A-462 to operate a public broadcasting television station.
- 37 (18) The North Carolina Low-Level Radioactive Waste Management
38 Authority created pursuant to Chapter 104G of the General
39 Statutes.
- 40 (19) The North Carolina Hazardous Waste Management Commission
41 created pursuant to Chapter 130B of the General Statutes.
- 42 (20) A constituent institution of The University of North Carolina, but
43 only with respect to sales and use tax paid by it for tangible

1 personal property acquired by it through the expenditure of contract
2 and grant funds.

3 (21) The University of North Carolina Hospitals at Chapel Hill."

4 (bb) Subsections (a) through (e) of this section become effective February 1,
5 1998. The remainder of this section becomes effective July 1, 1998. Subsection (aa) of
6 this section applies to taxes paid on or after July 1, 1998.

7
8 Requested by: Representatives Arnold, Grady, Preston

9 **TESTING**

10 Section 9.15. (a) Of the funds appropriated for State Aid to Local School
11 Administrative Units, the State Board of Education may use up to two million dollars
12 (\$2,000,000) for the 1998-99 fiscal year to:

- 13 (1) Cover cost increases in end-of-grade, end-of-course, and other tests
14 previously authorized by the SBE and the General Assembly, that
15 are caused by increases in average daily membership;
16 (2) Reestablish high school end-of-course tests previously established
17 by the State Board of Education in accordance with Section 8.27 of
18 S.L. 1997-443;
19 (3) Develop new end-of-course tests required for high school, in
20 accordance with Section 8.27 of S.L. 1997-443; and
21 (4) Begin the development of alternative assessments for children with
22 special needs.

23 The General Assembly encourages the Director of the Budget to include these
24 funds in the continuation budget request for the 1999-2000 fiscal year and subsequent
25 fiscal years.

26 (b) G.S. 115C-174.11(c)(1) reads as rewritten:

- 27 "(1) The State Board of Education shall adopt a system of annual testing
28 for grades three through 12. These tests shall be designed to
29 measure progress toward reading, communication skills, and
30 mathematics for grades three through eight, and toward
31 competencies designated by the State Board for grades nine
32 through 12. Notwithstanding subsection (a) of this section, the
33 State Board shall develop and implement a study allowing selected
34 local school administrative units that volunteer to administer a
35 standardized test in May, 12 months prior to the third grade end-of-
36 grade test, in order to establish a baseline that will be used to
37 measure academic growth at the end of third grade. Initially, the
38 State Board shall select 12 volunteer local school administrative
39 units that are diverse in geography and size to participate in the
40 study. If the State Board determines that a standardized test
41 administered in May, 12 months prior to the third grade end-of-
42 grade test, is more reliable than a standardized test administered at
43 the beginning of third grade for the purpose of measuring academic

1 growth, the State Board may change the test date for additional
2 local school units. The State Board shall report the results of the
3 study to the Joint Legislative Education Oversight Committee by
4 October 15, 2000.

5 Baseline measurements administered in May, 12 months prior
6 to the third grade end-of-grade test, are not public records as
7 provided in Chapter 132 of the General Statutes."
8

9 Requested by: Representatives Arnold, Grady, Preston

10 **SUBSTITUTE TEACHERS**

11 Section 9.16. (a) G.S. 115C-12(8) reads as rewritten:

12 "(8) Power to Make Provisions for Sick Leave and for Substitute
13 Teachers. – The Board shall provide for sick leave with pay for all
14 public school employees in accordance with the provisions of this
15 Chapter and shall promulgate rules and regulations providing for
16 necessary substitutes on account of sick leave and other teacher
17 absences.

18 ~~The pay for a substitute shall be fixed by the Board. The~~
19 minimum pay for a substitute teacher who holds a teaching certificate
20 shall be fifty-four and five-tenths percent (54.5%) of the daily pay rate
21 of an entry-level teacher with an 'A' certificate. The minimum pay for a
22 substitute teacher who does not hold a teaching certificate shall be
23 thirty-eight and five-tenths percent (38.5%) of the daily pay rate of an
24 entry-level teacher with an 'A' certificate. The pay for noncertified
25 substitutes shall not exceed the pay of certified substitutes.

26 Local boards may use State funds allocated for substitute
27 teachers to hire full-time substitute teachers.

28 If a teacher assistant acts as a substitute teacher, the salary of the
29 teacher assistant for the day shall be the same as the daily salary of an
30 entry-level teacher with an 'A' certificate.

31 ~~The Board may provide to each local school administrative unit~~
32 ~~not exceeding one percent (1%) of the cost of instructional services for~~
33 ~~the purpose of providing substitute teachers for those on sick leave as~~
34 ~~authorized by law or by regulations of the Board, but not exceeding the~~
35 ~~provisions made for other State employees."~~

36 (b) If the average number of substitute teacher days taken by teachers in a local
37 school administrative unit is higher than the statewide average, the local board of
38 education shall determine the reasons unit average is high and shall develop a plan for
39 decreasing the unit average.

40
41 Requested by: Representatives Arnold, Grady, Preston

42 **TORT CLAIM LIABILITY/SCHOOL BUSES**

43 Section 9.17. (a) G.S. 115C-257 reads as rewritten:

1 **"§ 115C-257. Attorney General to pay claims.**

2 The Attorney General is hereby authorized to pay reasonable medical expenses, not to
3 exceed ~~six hundred dollars (\$600.00)~~, three thousand dollars (\$3,000), incurred within
4 one year from the date of accident to or for each pupil who sustains bodily injury or death
5 caused by accident, while boarding, riding on, or alighting from a school bus operated by
6 any local school administrative unit."

7 (b) G.S. 143-300.1 reads as rewritten:

8 **"§ 143-300.1. Claims against county and city boards of education for accidents**
9 **involving school buses or school transportation service vehicles.**

10 (a) The North Carolina Industrial Commission shall have jurisdiction to hear and
11 determine tort claims against any county board of education or any city board of
12 education, which claims arise as a result of any alleged mechanical defects or other
13 defects which may affect the safe operation of a public school bus or school
14 transportation service vehicle resulting from an alleged negligent act of maintenance
15 personnel or as a result of any alleged negligent act or omission of the ~~driver-driver,~~
16 transportation safety assistant, or monitor of a public school bus or school transportation
17 service vehicle when:

18 (1) The salary of that driver is paid or authorized to be paid from the State
19 Public School Fund, and the driver is an employee of the county or city
20 administrative unit of which that board is the governing body,

21 (1a) The monitor was appointed and acting in accordance with G.S. 115C-
22 245(d),

23 (1b) The transportation safety assistant was employed and acting in
24 accordance with G.S. 115C-245(e), or

25 (2) The driver is an unpaid school bus driver trainee under the supervision
26 of an authorized employee of the Department of Transportation,
27 Division of Motor Vehicles, or an authorized employee of that board or
28 a county or city administrative unit thereof,

29 and which driver was at the time of the alleged negligent act or omission operating a
30 public school bus or school transportation service vehicle in the course of his
31 employment by or training for that administrative unit or ~~board-board,~~ which monitor
32 was at the time of the alleged negligent act or omission acting as such in the course of
33 serving under G.S. 115C-245(d), or which transportation safety assistant was at the time
34 of the alleged negligent act or omission acting as such in the course of serving under G.S.
35 115C-245(e). The liability of such county or city board of education, the defenses which
36 may be asserted against such claim by such board, the amount of damages which may be
37 awarded to the claimant, and the procedure for filing, hearing and determining such
38 claim, the right of appeal from such determination, the effect of such appeal, and the
39 procedure for taking, hearing and determining such appeal shall be the same in all
40 respects as is provided in this Article with respect to tort claims against the State Board of
41 Education except as hereinafter provided. Any claim filed against any county or city
42 board of education pursuant to this section shall state the name and address of such board,
43 the name of the employee upon whose alleged negligent act or omission the claim is

1 based, and all other information required by G.S. 143-297 in the case of a claim against
2 the State Board of Education. Immediately upon the docketing of a claim, the Industrial
3 Commission shall forward one copy of the plaintiff's affidavit to the superintendent of the
4 schools of the county or city administrative unit against the governing board of which
5 such claim is made, one copy of the plaintiff's affidavit to the State Board of Education
6 and one copy of the plaintiff's affidavit to the office of the Attorney General of North
7 Carolina. All notices with respect to tort claims against any such county or city board of
8 education shall be given to the superintendent of schools of the county or city
9 administrative unit of which such board is a governing board, to the State Board of
10 Education and also to the office of the Attorney General of North Carolina.

11 (b) The Attorney General shall be charged with the duty of representing the city or
12 county board of education in connection with claims asserted against them pursuant to
13 this section where the amount of the claim, in the opinion of the Attorney General, is of
14 sufficient import to require and justify such appearance.

15 (c) In the event that the Industrial Commission shall make award of damages
16 against any county or city board of education pursuant to this section, the Attorney
17 General shall draw a voucher for the amount required to pay such award. The funds
18 necessary to cover vouchers written by the Attorney General for claims against county
19 and city boards of education for accidents involving school buses and school
20 transportation service vehicles shall be made available from funds appropriated to the
21 Department of Public Instruction. Neither the county or city boards of education, or the
22 county or city administrative unit shall be liable for the payment of any award made
23 pursuant to the provisions of this section in excess of the amount paid upon such voucher
24 by the Attorney General. Settlement and payment may be made by the Attorney General
25 as provided in G.S. 143-295.

26 (d) The Attorney General may defend any civil action which may be brought
27 against the ~~driver~~ driver, transportation safety assistant, or monitor of a public school bus
28 or school transportation service vehicle or school bus maintenance mechanic when such
29 driver or mechanic is paid or authorized to be paid from the State Public School ~~Fund~~
30 Fund, when the monitor is acting in accordance with G.S. 115C-245(d), when the
31 transportation safety assistant is acting in accordance with G.S. 115C-245(e), or when the
32 driver is an unpaid school bus driver trainee under the supervision of an authorized
33 employee of the Department of Transportation, Division of Motor Vehicles, or an
34 authorized employee of a county or city board of education or administrative unit thereof.
35 The Attorney General may afford this defense through the use of a member of his staff
36 or, in his discretion, employ private counsel. The Attorney General is authorized to pay
37 any judgment rendered in such civil action not to exceed the limit provided under the
38 Tort Claims Act. The Attorney General may compromise and settle any claim covered by
39 this section to the extent that he finds the same to be valid, up to the limit provided in the
40 Tort Claims Act, provided that the authority granted in this subsection shall be limited to
41 only those claims which would be within the jurisdiction of the Industrial Commission
42 under the Tort Claims Act."

43 (c) This section applies as to claims arising on or after July 1, 1998.

1
2 Requested by: Representatives Arnold, Grady, Preston

3 **EXTRA PAY FOR FORFEITED VACATION DAYS**

4 Section 9.18. (a) Of the funds appropriated to State Aid to Local School
5 Administrative Units, the sum of four million two hundred fifty thousand dollars
6 (\$4,250,000) for the 1998-99 fiscal year shall be used by local boards of education to pay
7 teachers for working on, and thereby forfeiting, vacation days, in accordance with G.S.
8 115C-302.1(c). The State Board of Education shall make available to each local school
9 administrative unit sufficient funds to provide pay for a maximum of six days for each
10 teacher who is qualified to receive additional pay for forfeited vacation days under G.S.
11 115C-302.1(c). For the 1998-99 fiscal year, the funds allotted under this subsection shall
12 be available for days scheduled by local boards and individual schools as follows: two for
13 days scheduled by the local board of education under G.S. 115C-84.2(a)(4); and four for
14 days scheduled by school principals in consultation with school improvement teams
15 under G.S. 115C-84.2(a)(5).

16 (b) G.S. 115C-84.2 reads as rewritten:

17 **"§ 115C-84.2. School calendar.**

18 (a) School Calendar. – Each local board of education shall adopt a school calendar
19 consisting of 220 days all of which shall fall within the fiscal year. A school calendar
20 shall include the following:

- 21 (1) A minimum of 180 days and 1,000 hours of instruction covering at least
22 nine calendar months. The local board shall designate when the 180
23 instructional days shall occur. The number of instructional hours in an
24 instructional day may vary according to local board policy and does not
25 have to be uniform among the schools in the administrative unit. Local
26 boards may approve school improvement plans that include days with
27 varying amounts of instructional time. If school is closed early due to
28 inclement weather, the day and the scheduled amount of instructional
29 hours may count towards the required minimum to the extent allowed
30 by State Board policy. The school calendar shall include a plan for
31 making up days and instructional hours missed when schools are not
32 opened due to inclement weather.
- 33 (2) A minimum of 10 annual vacation leave days.
- 34 (3) The same or an equivalent number of legal holidays occurring within
35 the school calendar as those designated by the State Personnel
36 Commission for State employees.
- 37 (4) Ten days, as designated by the local board, for use as teacher workdays,
38 additional instructional days, or other lawful purposes. A local board
39 may delegate to the individual schools some or all of the 10 days to
40 schedule under subdivision (5) of this subsection. A local board may
41 schedule different purposes for different personnel on any given day and
42 is not required to schedule the same dates for all personnel.

- 1 (5) The remaining days shall be scheduled by each individual school by the
2 school's principal in consultation with the school improvement team.
3 Days may be scheduled for any of the purposes allowed under
4 subdivision (4) of this subsection. Days may be scheduled for different
5 purposes for different personnel and there is no requirement to schedule
6 the same dates for all personnel.

7 Local boards and individual schools are encouraged to use the calendar flexibility in
8 order to meet the annual performance standards set by the State Board. Local boards of
9 education shall consult with parents and the employed public school personnel in the
10 development of the school calendar.

11 Local boards and individual schools shall give teachers at least 14 calendar days'
12 notice before requiring a teacher to work instead of taking vacation leave on days
13 scheduled in accordance with subdivision (4) or (5) of this subsection. A teacher may
14 elect to waive this notice requirement for one or more such days.

15 (b) Limitations. – The following limitations apply when developing the school
16 calendar:

- 17 (1) The total number of teacher workdays for teachers employed for a 10
18 month term shall not exceed 200 days.
- 19 (2) The calendar shall include at least ~~30~~42 consecutive days when teacher
20 attendance is not required unless: (i) the school is a year-round school;
21 or (ii) the teacher is employed for a term in excess of 10 months. At the
22 request of the local board of education or of the principal of a school, a
23 teacher may elect to work on one of the 42 days when teacher
24 attendance is not required in lieu of another scheduled workday.
- 25 (3) School shall not be held on Sundays.
- 26 (4) Veteran's Day shall be a holiday for all students enrolled in the public
27 schools.

28 (c) Emergency Conditions. – During any period of emergency in any section of
29 the State where emergency conditions make it necessary, the State Board of Education
30 may order general, and if necessary, extended recesses or adjournment of the public
31 schools.

32 (d) Opening and Closing Dates. – Local boards of education shall determine the
33 dates of opening and closing the public schools under subdivision (a)(1) of this section. A
34 local board may revise the scheduled closing date if necessary in order to comply with
35 the minimum requirements for instructional days or instructional time. Different opening
36 and closing dates may be fixed for schools in the same administrative unit."

37 (c) The amendments to G.S. 115C-84.2(b)(2) set out in subsection (b) of this
38 section apply to school years beginning with the 1999-2000 school year.

39
40 [SECTION 9.19 RESERVED]

41
42 Requested by: Representatives Arnold, Grady, Preston

43 **LIMITED ENGLISH PROFICIENCY**

1 Section 9.20. (a) The State Board of Education shall develop guidelines for
2 identifying and providing services to students with limited proficiency in the English
3 language.

4 The State Board shall allocate the funds to local school administrative units on
5 the basis of the number of students they serve with limited English proficiency, with a
6 minimum of 20 students per unit and a maximum of ten and six-tenths percent (10.6%) of
7 the average daily membership of the unit.

8 Local school administrative units shall use funds allocated to them to pay for
9 classroom teachers, textbooks, classroom materials/instructional supplies/equipment, and
10 staff development for students with limited English proficiency.

11 A county in which a local school administrative unit receives funds under this
12 section shall use the funds to supplement local current expense funds and shall not
13 supplant local current expense funds.

14 (b) G.S. 115C-105.25(b)(4) reads as rewritten:

15 "(4) Funds allocated for children with special needs, for students with
16 limited English proficiency, and ~~funds allocated~~ for driver's education
17 shall not be transferred."

18 (c) The State Board of Education shall review its certification requirements for
19 English as a Second Language (ESL) and determine whether the requirements should be
20 revised in order to assist local school administrative units to quickly obtain adequate
21 numbers of qualified teachers. The State Board and the Board of Governors of The
22 University of North Carolina shall coordinate efforts to provide ESL certification
23 programs that are geographically disbursed throughout the State. The Board of
24 Governors shall examine providing ESL certification programs through distance learning
25 methods and off-campus programs.

26 (d) The State Board of Education shall identify existing or develop new
27 programs that provide instructional personnel with in-service, noncertificate training for
28 assisting students with limited English proficiency in the regular classroom. The Board
29 of Governors of The University of North Carolina and the State Board of Community
30 Colleges shall collaborate with the State Board of Education in order to deliver these
31 programs to geographically diverse locations.

32 (e) The State Board of Education shall survey local school administrative units
33 to determine whether schools are able to recruit and retain ESL certified teachers. The
34 State Board shall provide the results of this survey to the Joint Legislative Education
35 Oversight Committee prior to December 15, 1999.

36
37 Requested by: Representatives Arnold, Grady, Preston

38 **DRIVERS EDUCATION FUNDS DO NOT REVERT**

39 Section 9.21. (a) Section 12(b) of S.L. 1998-23 reads as rewritten:

40 "(b) This section becomes effective June 30, 1998, and ~~expires when the Current~~
41 ~~Operations Appropriations and Capital Improvement Appropriations Act of 1998~~
42 ~~becomes a law.~~ 1998."

1 (b) The State Board of Education may use funds appropriated for drivers education
2 for the 1998-99 fiscal year to implement S.L. 1997-507.

3
4 Requested by: Representatives Arnold, Grady, Preston

5 **ADDITIONAL TEACHERS FOR MIDDLE SCHOOL CHILDREN WHO ARE**
6 **ACADEMICALLY BELOW GRADE LEVEL**

7 Section 9.22. Section 8.29(c) of S.L. 1997-443 reads as rewritten:

8 "(c) Of the funds appropriated to State Aid to Local School Administrative Units,
9 the sum of three million two hundred thousand dollars (\$3,200,000) for the 1997-98
10 fiscal year and the sum of three million two hundred thousand dollars (\$3,200,000) for
11 the 1998-99 fiscal year shall be used to provide additional teachers for middle school
12 children who are academically below grade level. Middle school children are children in
13 a school that serves grades six, seven, and eight, and no other grades.

14 (1) The State Board of Education shall allocate these teacher positions to
15 pilot middle schools on the basis of the number of students in grade six
16 who scored at proficiency Level I on the end-of-grade test in
17 mathematics, on the end-of-grade test in reading, or on both, at the end
18 of their last school year. The funds shall be used in schools ~~that have at~~
19 ~~least 50 such students~~ at a ratio of one teacher to every 50 students. ~~No~~
20 ~~partial positions shall be allocated.~~ Positions shall be rounded to the
21 nearest one-half position.

22 (2) The purpose of these funds is to improve the academic performance and
23 the behavior of these students during the first school year after
24 elementary school by placing them in classes with a low student-to-
25 teacher ratio for either all of their core academic subjects or for the
26 subject or subjects in which they are below grade level. In order to
27 accomplish this purpose, local school administrative units shall use (i)
28 the teachers allocated for these students pursuant to the regular teacher
29 allotment and (ii) the teachers allocated for these students under this
30 section only to improve the academic performance and the behavior of
31 these students. Local boards of education shall adopt rules to ensure that
32 each student for whom funds for additional teacher positions are
33 allocated under this section shall be assigned a teacher who is
34 responsible for monitoring the academic progress of the student.

35 (3) Of the funds appropriated in this section, the State Board of Education
36 may use up to twenty-five thousand dollars (\$25,000) to evaluate the
37 effectiveness of these smaller classes in improving academic
38 performance and discipline in middle schools."
39

40 Requested by: Representatives Arnold, Grady, Preston

41 **UNIFORM EDUCATION REPORTING SYSTEMS FUNDS/BUILDING LEVEL**
42 **REPORTS ON SCHOOL FUNDING**

43 Section 9.23. G.S. 115C-12(18) reads as rewritten:

1 "(18) Duty to Develop and Implement a Uniform Education Reporting
2 System, Which Shall Include Standards and Procedures for Collecting
3 Fiscal and Personnel Information.

4 a. The State Board of Education shall adopt standards and
5 procedures for local school administrative units to provide
6 timely, accurate, and complete fiscal and personnel information,
7 including payroll information, on all school personnel. All local
8 school administrative units shall comply with these standards and
9 procedures by the beginning of the 1987-88 school year.

10 b. The State Board of Education shall develop and implement a
11 Uniform Education Reporting System that shall include
12 requirements for collecting, processing, and reporting fiscal,
13 personnel, and student data, by means of electronic transfer of
14 data files from local computers to the State Computer Center
15 through the State Communications Network. All local school
16 administrative units shall comply with the requirements of the
17 Uniform Education Reporting System by the beginning of the
18 1989-90 school year.

19 c. The State Board of Education shall comply with the provisions of
20 G.S. 116-11(10a) to plan and implement an exchange of
21 information between the public schools and the institutions of
22 higher education in the State. The State Board of Education shall
23 require local boards of education to provide to the parents of
24 children at a school all information except for confidential
25 information received about that school from institutions of higher
26 education pursuant to G.S. 116-11(10a) and to make that
27 information available to the general public.

28 d. The State Board of Education shall modify the Uniform
29 Education Reporting System to provide clear, accurate, and
30 standard information on the use of funds at the unit and school
31 level. The plan shall provide information that will enable the
32 General Assembly to determine State, local, and federal
33 expenditures for personnel at the unit and school level. The plan
34 also shall allow the tracking of expenditures for textbooks,
35 educational supplies and equipment, capital outlay, at-risk
36 students, and other purposes. The revised Uniform Education
37 Reporting System shall be implemented beginning with the
38 1999-2000 school year."

39
40 [SECTION 9.25 RESERVED]

41
42 Requested by: Representatives Arnold, Grady, Preston

UNIFORM EDUCATION REPORTING SYSTEM (UERS)/STUDENT INFORMATION MANAGEMENT SYSTEM (SIMS) FUNDS

Section 9.26. (a) The State Board of Education shall use funds appropriated for the Uniform Education Reporting System and the Student Information Management System for the 1998-99 fiscal year to begin the development of a replacement for the existing Student Information System. In developing the new system, the State Board shall give priority to the development of applications that maintain student records, maintain ABC accountability data, allow for the transfer of student records between local school administrative units, and facilitate the transfer of transcripts to institutions of higher education.

In designing the new system, the State Board shall develop a model for statewide implementation that maximizes the economies of scale with respect to operations, personnel, and hardware. The State Board's goal shall be to develop a new system that provides information to local schools, local school boards, and the State Board in the most cost-efficient manner.

The new system shall follow guidelines established by the Information Resources Management System.

The State Board may develop pilots of the new system.

(b) The State Board shall provide periodic reports to the Joint Legislative Education Oversight Committee on the development of the new system and shall report to the 1999 General Assembly on implementation of the pilot projects.

(c) Funds appropriated for the Uniform Education Reporting System and the Student Information Management System shall not revert at the end of the fiscal year but shall remain available until expended on the project.

[SECTION 9.27 RESERVED]

Requested by: Representatives Arnold, Grady, Preston

SCHOOL ADMINISTRATION INTERNS

Section 9.29. During the 1998-99 fiscal year, a local school administrative unit may employ a person in an assistant principal position who is not certified as an assistant principal if (i) the person is participating in a local school administrative unit-sponsored masters program in school administration as a part-time student, (ii) the placement of the person in the School Building Administration Allotment is part of the unit-sponsored program and is in cooperation with an accredited masters in administration program, and (iii) the person continues to participate in the unit-sponsored program and successfully completes the program within one year. A person meeting these criteria shall be placed for no more than one year on the assistant principal salary schedule as if the individual were certified as a school administrator.

PART X. COMMUNITY COLLEGES

Requested by: Representatives Arnold, Grady, Preston

1 **DELETE SUNSET ON ONE-YEAR EXTENSION ON THE DEADLINE FOR**
2 **MATCHING COMMUNITY COLLEGE BOND FUNDS**

3 Section 10. Section 8(b) of S.L. 1998-23 reads as rewritten:

4 "(b) This section becomes effective June 30, 1998, and expires when the Current
5 Operations Appropriations and Capital Improvement Appropriations Act of 1998
6 becomes a law. 1998."

7
8 Requested by: Representatives Arnold, Grady, Preston

9 **INDEPENDENT STUDY OF CAPITAL BUDGET AND OPERATING BUDGET**
10 **FUND ALLOCATIONS**

11 Section 10.1. The State Board of Community Colleges shall contract with an
12 outside consultant to:

13 (1) Review the community college capital allocation process and
14 recommend modifications to the process necessary to make the process
15 more equitable; and

16 (2) Study performance budget measures and recommend options for
17 allocating community college funds on a performance budgeting basis.

18 The State Board may use funds from the State Board Reserve to implement
19 this section.

20 The State Board shall report to the Joint Legislative Appropriations
21 Subcommittees on Education and the Fiscal Research Division prior to February 1, 1999,
22 on the implementation of this section.

23
24 Requested by: Representatives Arnold, Grady, Preston

25 **COMMUNITY COLLEGE EQUIPMENT RESERVE FUND**

26 Section 10.2. (a) G.S. 115D-31 reads as rewritten:

27 **"§ 115D-31. State financial support of institutions.**

28 (a) The State Board of Community Colleges shall be responsible for providing,
29 from sources available to the State Board, funds to meet the financial needs of
30 institutions, as determined by policies and regulations of the State Board, for the
31 following budget items:

32 (1) Plant Fund. – Furniture and equipment for administrative and
33 instructional purposes, library books, and other items of capital outlay
34 approved by the State Board. Provided, the State Board may, on an
35 equal matching-fund basis from appropriations made by the State for the
36 purpose, grant funds to individual institutions for the purchase of land,
37 construction and remodeling of institutional buildings determined by the
38 State Board to be necessary for the instructional programs or
39 administration of such institutions. For the purpose of determining
40 amount of matching State funds, local funds shall include expenditures
41 made prior to the enactment of this Chapter or prior to an institution
42 becoming a community college pursuant to the provisions of this
43 Chapter, when such expenditures were made for the purchase of land,

1 construction, and remodeling of institutional buildings subsequently
2 determined by the State Board to be necessary as herein specified, and
3 provided such local expenditures have not previously been used as the
4 basis for obtaining matching State funds under the provisions of this
5 Chapter or any other laws of the State. Notwithstanding the provisions
6 of this subdivision, G.S. 116-53(b), or G.S. 143-31.4, appropriations by
7 the State of North Carolina for capital or permanent improvements for
8 community colleges may be matched with any prior expenditure of non-
9 State funds for capital construction or land acquisition not already used
10 for matching purposes.

11 (2) Current Operating Expenses:

- 12 a. General administration. – Salaries and other costs as determined
13 by the State Board necessary to carry out the functions of general
14 administration.
15 b. Instructional services. – Salaries and other costs as determined by
16 the State Board necessary to carry out the functions of
17 instructional services.
18 c. Support services. – Salaries and other costs as determined by the
19 State Board necessary to carry out the functions of support
20 services.

21 (3) Additional Support for Regional Institutions as Defined in G.S. 115D-
22 2(4). – Matching funds to be used with local funds to meet the financial
23 needs of the regional institutions for the items set out in G.S. 115D-
24 32(a)(2)a. Amount of matching funds to be provided by the State under
25 this section shall be determined as follows: The population of the
26 administrative area in which the regional institution is located shall be
27 called the 'local factor,' the combined populations of all other counties
28 served by the institution shall be called the 'State factor.' When the
29 budget for the items listed in G.S. 115D-32(a)(2)a has been approved
30 under the procedures set out in G.S. 115D-45, the administrative area in
31 which the regional institution is located shall provide a percentage to be
32 determined by dividing the local factor by the sum of the local factor
33 and the State factor. The State shall provide a percentage of the
34 necessary funds to meet this budget, the percentage to be determined by
35 dividing the State factor by the sum of the local factor and the State
36 factor. If the local administrative area provides less than its
37 proportionate share, the amount of State funds provided shall be reduced
38 by the same proportion as were the administrative area funds.

39 Wherever the word 'population' is used in this subdivision, it shall
40 mean the population of the particular area in accordance with the latest
41 United States census.

42 (b) The State Board is authorized to accept, receive, use, or reallocate to the
43 institutions any federal funds or aids that have been or may be appropriated by the

1 government of the United States for the encouragement and improvement of any phase of
2 the programs of the institutions.

3 (c) State funds appropriated to the State Board of Community Colleges for
4 equipment and library ~~books~~ books, except for funds appropriated to the Equipment
5 Reserve Fund, shall revert to the General Fund 12 months after the close of the fiscal year
6 for which they were appropriated. Encumbered balances outstanding at the end of each
7 period shall be handled in accordance with existing State budget policies. The
8 Department shall identify to the Office of State Budget and Management the funds that
9 revert at the end of the 12 months after the close of the fiscal year.

10 (d) State funds appropriated to the State Board of Community Colleges for the
11 Equipment Reserve Fund shall be allocated to institutions in accordance with the
12 equipment allocation formula for the fiscal period. An institution to which these funds
13 are allocated shall spend the funds only in accordance with an equipment acquisition plan
14 developed by the institution and approved by the State Board.

15 These funds shall not revert and shall remain available until expended in accordance
16 with an approved plan."

17 (b) The State Board of Community Colleges shall allocate equipment funds
18 appropriated for the 1998-99 fiscal year, including funds appropriated to the Equipment
19 Reserve Fund, in accordance with the formula proposed to the General Assembly by the
20 Board at its May 1998 meeting.

21
22 Requested by: Representatives Arnold, Grady, Preston

23 **BUDGET REALIGNMENT TO IMPLEMENT REORGANIZATION**
24 **AUTHORIZED**

25 Section 10.3. Notwithstanding G.S. 143-23 or any other provision of law, the
26 State Board of Community Colleges may transfer funds within the budget of the
27 Department of Community Colleges to the extent necessary to implement the
28 departmental reorganization plan recommended by the President of the North Carolina
29 Community College System and adopted by the State Board.

30
31 Requested by: Representatives Arnold, Grady, Preston

32 **CONTINUING BUDGET CONCEPT**

33 Section 10.4. (a) The State Board of Community Colleges shall implement the
34 continuing budget concept for full-time equivalent students (FTE) earned for the 1998-99
35 fiscal year as follows:

36 (1) Community colleges that experience a decline in enrollment shall not
37 receive a decrease in full-time equivalent student (FTE) enrollment
38 funds until their enrollment declines more than three percent (3%). At
39 that time, they shall experience a decline of only the amount over three
40 percent (3%);

41 (2) Community colleges that experience an increase in enrollment shall not
42 receive an increase in full-time equivalent student (FTE) enrollment
43 funds until their enrollment increases more than two percent (2%). At

1 that time, they shall experience an increase of only the amount over two
2 percent (2%).

3 (b) The State Board of Community Colleges shall implement the continuing
4 budget concept for subsequent fiscal years by funding (i) the average earned full-time
5 equivalent student (FTE) enrollment for the prior three fiscal years, or (ii) the earned full-
6 time equivalent student (FTE) enrollment for the prior fiscal year, whichever is greater.

7
8 Requested by: Representatives Arnold, Grady, Preston

9 **ANNUAL REVIEW ACCOUNTABILITY ENHANCED**

10 Section 10.5. The General Assembly finds that the current annual program
11 review standards are not adequate to ensure that programs are meeting the needs of
12 students, employers, and the general public; therefore, the State Board of Community
13 Colleges shall review the current standard to ensure a higher degree of program
14 accountability and shall establish appropriate levels of performance for each measure
15 based on sound methodological practices.

16 The State Board shall make an interim report to the Joint Legislative Education
17 Oversight Committee and to the Fiscal Research Division on its improved accountability
18 measures prior to November 1, 1998, and a final report prior to February 1, 1999.

19
20 Requested by: Representatives Arnold, Grady, Preston

21 **DEVELOPMENT OF MANAGEMENT INFORMATION SYSTEM**

22 Section 10.6. The State Board of Community Colleges shall develop a plan for
23 an efficient and effective technology and management information system. The system
24 shall be designed to support the Community College System's planning, evaluation,
25 communication, resource management, full-time equivalent student (FTE) reporting, and
26 decision-making processes. The plan shall identify the technology and management
27 information needs of the local colleges and the Department of Community Colleges, the
28 costs of meeting these needs, and the benefits of meeting them.

29 The State Board shall report to the Joint Legislative Education Oversight
30 Committee prior to February 1, 1999, on the plan it develops.

31
32 Requested by: Representatives Arnold, Grady, Preston

33 **COOPERATIVE HIGH SCHOOL EDUCATION PROGRAM**
34 **ACCOUNTABILITY**

35 Section 10.7. (a) It is the goal of the General Assembly to increase the number of
36 qualified high school students participating in cooperative high school education
37 programs that are provided by local community colleges through cost-effective programs
38 that do not duplicate high school Advanced Placement courses that are currently being
39 offered or that could feasibly be offered. These programs shall provide additional higher
40 education opportunities for qualified high school students while minimizing overlapping
41 costs to the State for public schools and community colleges.

42 (b) The State Board of Community Colleges and the State Board of Education
43 shall create a joint task force to study the existing policies for cooperative high school

1 education programs and to recommend changes necessary to improve the programs'
2 success and accountability. The Boards shall report their findings and recommendations
3 to the Joint Legislative Education Oversight Committee and the Fiscal Research Division
4 prior to March 1, 1999.

5
6 Requested by: Representatives Arnold, Grady, Preston

7 **REPORTING REQUIREMENTS**

8 Section 10.8. The local institutions of the North Carolina Community College
9 System shall comply with annual reporting requirements established by the State Board
10 of Community Colleges; therefore, the State Board of Community Colleges shall develop
11 an action plan to improve the timeliness and accuracy of the data that are required to be
12 reported to the State Board by each institution. This plan shall include withholding State
13 funds from the institution if an institution is not in compliance.

14 The plan shall be approved and implemented by October 30, 1998.

15
16 Requested by: Representatives Arnold, Grady, Preston

17 **COMMUNITY COLLEGE TUITION STUDY**

18 Section 10.9. The Joint Legislative Education Oversight Committee shall study
19 community college tuition in light of federal "Hope Scholarships". The Committee shall
20 report the results of its study to the Appropriations Subcommittees on Education of the
21 Senate and the House of Representatives prior to January 15, 1999.

22
23 Requested by: Representatives Arnold, Grady, Preston

24 **HOSPITALITY AND TOURISM JOB TRAINING PROGRAMS**

25 Section 10.10. (a) The State Board of Community Colleges shall study
26 hospitality and tourism job training programs offered by the local institutions of the
27 North Carolina Community College System. The State Board of Community Colleges
28 shall collaborate with the Board of Governors of The University of North Carolina, the
29 State Board of Education, and the Department of Commerce to improve articulation
30 between institutions with regard to hospitality and tourism job training programs. The
31 efforts to improve articulations shall be considered a joint venture of these educational
32 institutions that are participating members of the Culinary, Hospitality, Tourism
33 Education Alliance (CHTEA), and of the Department of Commerce and the travel and
34 tourism industry.

35 (b) The State Board of Community Colleges, the State Board of Education, the
36 Board of Governors of The University of North Carolina, and the Department of
37 Commerce shall report jointly to the Joint Legislative Education Oversight Committee
38 prior to April 1, 1999, on the following:

- 39 (1) An inventory of all curriculum, continuing education, and job training
40 programs offered in the State that support the travel, tourism, and
41 hospitality industries;
- 42 (2) Recommendations for improvements to the programs and a system of
43 program accountability; and

- 1 (3) Recommendations on ways to improve communication between the
2 industry and the Boards and to enhance efforts to promote the programs.
3

4 Requested by: Representatives Arnold, Grady, Preston

5 **ROANOKE-CHOWAN COMMUNITY COLLEGE/SHELTERED WORKSHOP**

6 Section 10.11. (a) Roanoke-Chowan Community College may use proceeds
7 derived from the lease of buildings associated with the sheltered workshop to phase out
8 the sheltered workshop operation.

9 (b) This section shall remain in effect until the closeout of the sheltered
10 workshop has been accomplished.

11
12 Requested by: Representative Shubert

13 **ESTABLISHMENT OF UNION COMMUNITY COLLEGE**

14 Section 10.12. Notwithstanding Section 9.7 of S.L. 1997-443 or any other
15 provision of law, the State Board of Community Colleges shall establish a new
16 community college in Union County. The institution shall begin operation with the
17 second semester of the 1998-99 community college year and shall operate under the
18 provisions of Chapter 115D of the General Statutes and shall be dedicated primarily to
19 the educational needs of Union County. No legislators shall serve on the board of the
20 new community college.

21 Community college bond proceeds that were allocated to the Union County
22 Satellite of Anson Community College prior to July 1, 1998, but not expended or
23 encumbered by that date shall be reallocated to the new community college for
24 construction of a planned community college facility in Union County.

25 Effective with the second semester of the 1998-99 community college year,
26 Union County shall no longer be assigned to either the Anson Community College or the
27 Stanly Community College service delivery area. Union County shall be the only county
28 in the service delivery area of the new community college established in this act.
29

30 **PART XI. UNIVERSITIES**

31 Requested by: Representatives Arnold, Grady, Preston

32 **UNC INCENTIVE FUNDING**

33 Section 11. G.S. 116-30.3 reads as rewritten:

34 **"§ 116-30.3. Reversions.**

35 (a) Of the General Fund current operations appropriations credit balance
36 remaining at the end of each fiscal year in each budget code of a special responsibility
37 constituent institution, except for the budget code of the Area Health Education Centers
38 of the University of North Carolina at Chapel Hill, any amount greater than two percent
39 (2%) of the General Fund appropriation for that fiscal year may be carried forward by the
40 institution to the next fiscal year and may be used for one-time expenditures that will not
41 impose additional financial obligations on the State. Of the General Fund current
42 operations appropriations credit balance remaining in the budget code of the Area Health
43 Education Centers of the University of North Carolina at Chapel Hill, any amount greater

1 than one percent (1%) of the General Fund appropriation for that fiscal year may be
2 carried forward in that budget code to the next fiscal year and may be used for one-time
3 expenditures that will not impose additional financial obligations on the State. However,
4 the amount carried forward under this section shall not exceed two and one-half percent
5 (2 1/2%) of the General Fund ~~appropriation.~~ appropriation, plus the amount of the
6 reversions to be retained under subsections (d) and (e) of this section. The Director of the
7 Budget, under the authority set forth in G.S. 143-25, shall establish the General Fund
8 current operations credit balance remaining in each budget code of each institution.

9 (b) An institution shall cease to be a special responsibility constituent institution
10 under the following circumstances:

- 11 (1) An institution, other than the Area Health Education Centers of the
12 University of North Carolina, does not revert at least two percent (2%)
13 of its General Fund current operations credit balance remaining in each
14 budget code of that institution, or
15 (2) The Area Health Education Centers of the University of North Carolina
16 at Chapel Hill does not revert at least one percent (1%) of its General
17 Fund current operations credit balance remaining in its budget code.

18 However, if the Board of Governors finds that the low reversion rate is due to adverse
19 and unforeseen conditions, the Board may allow the institution to remain a special
20 responsibility constituent institution for one year to come into conformity with this
21 section. The Board may make this exception only one time for any special responsibility
22 constituent institution, and shall report these exceptions to the Joint Legislative
23 Commission on Governmental Operations.

24 (c) ~~One half of the~~ The reversions required in subsection (a) and (b) of this section
25 shall be returned to the General Fund credit balance at the end of each fiscal ~~year.~~ year,
26 less the amounts retained by the special responsibility constituent institutions under
27 subsections (d) and (e) of this section.

28 (d) For fiscal year ~~1997-98 and each subsequent fiscal year, 1997-98,~~ one-half of
29 the reversions required in subsections (a) and (b) of this section shall be available to each
30 special responsibility constituent institution of The University of North Carolina. Those
31 funds shall be used by the institution at the campus level for any of the following: the
32 nonrecurring costs of technology, including the installation of technology infrastructure
33 for academic facilities on the campus of the special responsibility constituent institution,
34 the implementation by the constituent institution of its campus technology plan as
35 approved by the Board of Governors, or for libraries. The funds shall not be used to
36 support positions. Each special responsibility constituent institution shall report annually
37 to the Board of Governors regarding how the institution spent the funds made available
38 under this section.

39 (e) For fiscal year 1998-99 and each subsequent fiscal year, the reversions
40 required in subsections (a) and (b) of this section shall be available to each special
41 responsibility constituent institution of The University of North Carolina if the
42 constituent institution meets the following conditions during the fiscal year 1998-99: the
43 institution spent an amount on technology equal to or greater than the total of (i) the

1 amount spent by the institution in the preceding fiscal year on technology and (ii) the
2 amount equal to or greater than one-half of the reversion required in subsections (a) and
3 (b) of this section; for subsequent fiscal years, each special responsibility constituent
4 institution shall spend an amount on technology equal to or greater than the amount
5 expended on technology for the base year 1998-99. Those funds made available under
6 this subsection shall be used by the institution at the campus level for any of the
7 following: the nonrecurring costs of technology, including the installation of technology
8 infrastructure for academic facilities on the campus of the special responsibility
9 constituent institution, the implementation by the constituent institution of its campus
10 technology plan as approved by the Board of Governors, or for libraries. The funds shall
11 not be used to support positions. Each special responsibility constituent institution shall
12 report annually to the Board of Governors regarding how the institution spent the funds
13 made available under this section."

14
15 Requested by: Representatives Arnold, Grady, Preston

16 **NATURAL RESOURCES LEADERSHIP INSTITUTE**

17 Section 11.1. For the 1998-99 fiscal year, the requirement for reversion of
18 General Fund appropriations as required by G.S. 116-30.3 for the Cooperative Extension
19 Service budget code at North Carolina State University is reduced by one hundred
20 seventy thousand dollars (\$170,000) in order to provide funding for the Natural Resource
21 Leadership Institute sponsored by the Cooperative Extension Service.

22
23 Requested by: Representatives Arnold, Grady, Preston

24 **INCENTIVE SCHOLARSHIP FOR NATIVE AMERICANS**

25 Section 11.2. Section 17.3(a) of Chapter 769 of the 1993 Session Laws, reads
26 as rewritten:

27 "Sec. 17.3. (a) The Board of Governors of The University of North Carolina shall
28 establish the Incentive Scholarship Program for Native Americans to provide
29 opportunities for Native Americans who are residents of North Carolina to attend
30 constituent institutions of The University of North Carolina under rules adopted by the
31 Board of Governors. Scholarships awarded under the program shall carry a maximum
32 value of three thousand dollars (\$3,000) per recipient per academic year, ~~reduced by any~~
33 ~~amount of need-based aid that the recipient may receive from Pell Grants, North Carolina~~
34 ~~Student Incentive Grants, Supplemental Educational Opportunity Grants, or the~~
35 ~~American Indian Student Legislative Grant Program.~~ to be awarded after all other need-
36 based grants for which the recipient is eligible have been included in the student's
37 financial aid package. The maximum amount of the award shall not exceed the cost of
38 attendance budget used to calculate financial aid less other need-based aid received, and
39 in no case shall the award exceed three thousand dollars (\$3,000). To be eligible for such
40 a scholarship, a student shall be a Native American, defined as an individual who
41 maintains cultural identification as a Native American through membership in an Indian
42 tribe recognized by the United States or by the State of North Carolina or through other
43 tribal affiliation or community recognition."

1
2 Requested by: Representatives Arnold, Grady, Preston

3 **AID TO STUDENTS ATTENDING PRIVATE COLLEGES PROCEDURE**

4 Section 11.3. Section 10.4 of S.L. 1997-443 reads as rewritten:

5 "Section 10.4. (a) Funds appropriated in this act to the Board of Governors of
6 The University of North Carolina for aid to private colleges shall be disbursed in
7 accordance with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall
8 provide up to ~~seven hundred fifty dollars (\$750.00)~~ nine hundred dollars (\$900.00) per
9 full-time equivalent North Carolina undergraduate student enrolled at a private institution
10 as of October 1 each year.

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

17 (b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition
18 to all other financial assistance made available to private educational institutions located
19 within the State, or to students attending these institutions, there is granted to each full-
20 time North Carolina undergraduate student attending an approved institution as defined in
21 G.S. 116-22, a sum, not to exceed ~~one thousand four hundred fifty dollars (\$1,450)~~ one
22 thousand six hundred dollars (\$1,600) per academic year, which shall be distributed to
23 the student as hereinafter provided.

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

32 In the event a student on whose behalf a grant has been paid is not enrolled and
33 carrying a minimum academic load as of the tenth classroom day following the beginning
34 of the school term for which the grant was paid, the institution shall refund the full
35 amount of the grant to the State Education Assistance Authority. Each approved
36 institution shall be subject to examination by the State Auditor for the purpose of
37 determining whether the institution has properly certified eligibility and enrollment of
38 students and credited grants paid on the behalf of the students.

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

- 41 (1) The Board of Governors of The University of North Carolina, with the
42 approval of the Office of State Budget and Management, may transfer

1 available funds to meet the needs of the programs provided by
2 subsections (a) and (b) of this section; and

- 3 (2) Each eligible student shall receive a pro rata share of funds then
4 available for the remainder of the academic year within the fiscal period
5 covered by the current appropriation.

6 Any remaining funds shall revert to the General Fund.

7 (c) Expenditures made pursuant to this section may be used only for secular
8 educational purposes at nonprofit institutions of higher learning. Expenditures made
9 pursuant to this section shall not be used for any student who:

- 10 (1) Is incarcerated in a State or federal correctional facility for committing a
11 Class A, B, B1, or B2 felony; or
12 (2) Is incarcerated in a State or federal correctional facility for committing
13 a Class C through I felony and is not eligible for parole or release within
14 10 years.

15 (d) The State Education Assistance Authority shall document the number of full-
16 time equivalent North Carolina undergraduate students that are enrolled in off-campus
17 programs and the State funds collected by each institution pursuant to G.S. 116-19 for
18 those students. The State Education Assistance Authority shall also document the
19 number of scholarships and the amount of the scholarships that are awarded under G.S.
20 116-19 to students enrolled in off-campus programs. An "off-campus program" is any
21 program offered for degree credit away from the institution's main permanent campus.

22 The State Education Assistance Authority shall include in its annual report to the Joint
23 Legislative Education Oversight Committee the information it has compiled and its
24 findings regarding this program."
25

26 Requested by: Representatives Arnold, Grady, Preston

27 **UNC EQUITY FUNDS/CAPITAL FACILITIES STUDY**

28 Section 11.4. Section 10.1 of S.L. 1997-443 reads as rewritten:

29 "Section 10.1. (a) The funds appropriated to the Board of Governors of The
30 University of North Carolina for equity funds are to address relative inequities in State
31 operating funding revealed through a study of the constituent institutions in the university
32 system. The General Assembly notes that the study dealt with equity based upon current
33 funding from State appropriations and tuition for operations and did not consider
34 historical equity in funding for physical facilities or funding from non-State sources.
35 Therefore, in making this appropriation, the General Assembly does not conclude that the
36 total funding of any institution, including specifically the historically black universities,
37 is adequate in light of all considerations.

38 (b) Based on findings of the Legislative Study Commission on the Status of
39 Education at The University of North Carolina, the General Assembly is still concerned
40 about perceived differences in the quality of capital facilities on the different campuses,
41 which may impact the ability of some campuses to attract students and faculty. Since the
42 Board of Governors has recently completed studies of equity of funding for operating
43 costs among the constituent institutions and of the Board of Governors' capital

1 improvements request process, it is timely that the question of equity of facilities be
2 addressed.

3 The Board of Governors of The University of North Carolina shall study the relative
4 equity and adequacy of the physical facilities of its constituent institutions. The study
5 shall consider the condition of the facilities, whether or not facilities are comparable
6 among the campuses given the different missions of the institutions, comparable
7 adequacy of the physical facilities given the size and projected growth of the school, and
8 such other factors deemed appropriate by the Board of Governors. The study shall
9 include all facilities contributing to the accomplishment of the campuses' missions. First,
10 the Board of Governors shall study those facilities considered central to the academic
11 missions of the campuses that are generally supported from General Fund appropriations.
12 Secondly, the Board of Governors shall study those facilities that contribute to the overall
13 missions of the campuses, including residential, dining, research, and other facilities
14 regardless of the sources of funding. The Board of Governors shall consider its policies
15 on funding of self-liquidating projects and whether those policies contribute to any
16 inequities among the campuses, including the overall costs to the students.

17 ~~The Board of Governors shall report to the General Assembly by January 15, 1999,~~
18 ~~with the results of its study. The report shall include recommendations to rectify any~~
19 ~~inequities or inadequacies found in the study.~~

20 (c) The Board of Governors shall contract with a private consulting firm with
21 expertise in higher education matters to assess the additional capital needs of the
22 constituent institutions of The University of North Carolina. The needs assessment shall
23 project the needs for capital funding for a 10-year period, and shall include a detailed
24 plan for making funding allocations based on the priorities of needs.

25 The plan shall provide a detailed capital spending plan for the next 10 years to assist
26 the General Assembly in making funding decisions relating to The University of North
27 Carolina, as the State plans for major increases in enrollment in higher education and
28 prepares its citizens to compete in a global economy. The plan shall include
29 considerations of the costs and changes in capital needs caused by new technologies and
30 alternative systems for delivery of higher education services.

31 The consultant shall visit each campus in The University of North Carolina System to
32 understand the needs of each campus based on their assigned missions, physical needs,
33 and plans.

34 The Board and its consultant shall provide interim progress reports to the General
35 Assembly on a periodic basis. The Board of Governors shall report to the General
36 Assembly by April 15, 1999, with the results of its study and plan.

37 Of the funds appropriated to the Board of Governors for fiscal year 1998-99, up to
38 two hundred fifty thousand dollars (\$250,000) may be reallocated for the purposes of this
39 section, including funds that would normally revert to the General Fund at the end of the
40 fiscal year."

41
42 [SECTIONS 11.5, 11.6 RESERVED]
43

1 Requested by: Representatives Arnold, Grady, Preston

2 **UNC DISTANCE EDUCATION**

3 Section 11.7. This act provides funding to The University of North Carolina
4 Board of Governors for degree-related courses provided away from the campus sites of
5 the constituent institutions of The University of North Carolina. The intent of this
6 commitment is to provide expanded opportunities for higher education to more North
7 Carolina residents, including nontraditional students, and to increase the number of North
8 Carolina residents who earn postsecondary degrees.

9 These funds shall be used for the provision of off-campus higher education
10 programs, including the costs for the development or adaptation of programs for this
11 purpose, and the funds may be used for the costs of providing space and services at the
12 off-campus sites.

13 Prior to approving funding for off-campus programs in nursing, the Board shall
14 consult with the central office of the Area Health Education Centers (AHEC) to obtain
15 information about regional needs and priorities and to coordinate funding with AHEC
16 efforts in nursing education.

17 The Board of Governors shall track these funds separately in order to provide
18 data on the costs of providing these programs, including the different costs for various
19 methods of delivery of educational programs. The Board of Governors shall provide for
20 evaluation of these off-campus programs, including comparisons to the costs and quality
21 of on-campus delivery of similar programs, as well as the impact on access to higher
22 education and the educational attainment levels of North Carolina residents. The Board
23 shall provide a preliminary report to the General Assembly by May 1, 2000, and
24 subsequent evaluations, including recommendations for changes, shall be made at least
25 biennially to the Joint Legislative Education Oversight Committee.

26
27 [SECTION 11.8 RESERVED]

28
29 Requested by: Representatives Arnold, Grady, Preston

30 **UNC APPLICATIONS POOL**

31 Section 11.9. The Board of Governors of The University of North Carolina
32 shall create a system that provides for the sharing of selected applications for admissions
33 from North Carolina residents among the constituent institutions. The intent of the system
34 shall be to increase the number of qualified North Carolina high school graduates who
35 participate in higher education by providing information about applicants to other schools
36 as well as providing information to applicants about alternative higher education
37 opportunities in North Carolina. The Board of Governors may cooperate with the State
38 Board of Community Colleges and with the private colleges and universities in North
39 Carolina in creating such a system.

40 The Board of Governors shall report on its progress in developing such a
41 system to the Joint Legislative Education Oversight Committee by January 15, 1999.

42
43 Requested by: Representatives Arnold, Grady, Preston

PRIVATE COLLEGES/INCENTIVE FUNDS

Section 11.10. G.S. 116-20 reads as rewritten:

"§ 116-20. Scholarship and contract terms; base period.

In order to encourage and assist private institutions to educate additional numbers of North Carolinians, the Board of Governors of the University of North Carolina is hereby authorized to enter into contracts within the institutions under the terms of which an institution receiving any funds that may be appropriated pursuant to this section would agree that, during any fiscal year in which such funds were received, the institution would provide and administer scholarship funds for needy North Carolina students in an amount at least equal to the amount paid to the institution, pursuant to this section, during the fiscal year. Under the terms of the contracts the Board of Governors of the University of North Carolina would agree to pay to the institutions, subject to the availability of funds, a fixed sum of money for each North Carolina student enrolled as of October 1 of any year for which appropriated funds may be available, over and above the number of North Carolina students enrolled in that institution as of October 1, ~~1970~~, 1997, which shall be the base date for the purpose of this calculation. Funds appropriated pursuant to this section shall be paid by the ~~Department of Administration~~ State Education Assistance Authority to an institution upon recommendation of the Board of Governors of the University of North Carolina and on certification of the institution showing the number of North Carolina students enrolled at the institution as of October 1 of any year for which funds may be appropriated over the number enrolled on the base date. In the event funds are appropriated for expenditure pursuant to this section and funds are also appropriated, for the same fiscal year, for expenditure pursuant to G.S. 116-19, students who are enrolled at an institution in excess of the number enrolled on the base date may be counted under this section for the purpose of calculating the amount to be paid to the institution, but the same students may ~~not~~ also be counted under G.S. 116-19, for the purpose of calculating payment to be made under that section."

Requested by: Representatives Arnold, Grady, Preston

SUSTAINABLE OYSTER AQUACULTURE STUDY

Section 11.11. (a) Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for fiscal year 1998-99, the sum of one hundred thousand dollars (\$100,000) shall be allocated to the Institute of Marine Sciences at the University of North Carolina at Chapel Hill to study the potential for sustainable oyster aquaculture of triploid *Crassostrea sikamea* (Kumamoto), triploid *Crassostrea ariakensis* (Suminoe), triploid *Crassostrea gigas* (Pacific), and triploid *Ostrea edulis* (European flat). Testing shall be carried out under a variety of environmental conditions, including, but not limited to, the evaluation of oyster growth of each type of oyster in polluted waters and the ability of each type of oyster to purify polluted waters.

(b) The Primary Investigator or Researcher receiving funding pursuant to subsection (a) of this section shall provide progress reports to the Joint Legislative Commission on Seafood and Aquaculture, the Environmental Review Commission, the Marine Fisheries Commission, and the Fiscal Research Division on January 1 and July 1

1 of each year until the project or study is complete. Upon completion of the project or
2 study, the Primary Investigator or Researcher shall provide a final report of its findings
3 and recommendations to the above entities.

4
5 Requested by: Representative Arnold

6 **ALIGN UNC PROFESSIONAL DEVELOPMENT PROGRAMS**

7 Section 11.12. (a) G.S. 116-11 is amended by adding a new subsection to read:
8 "(12b) The Board of Governors of The University of North Carolina shall
9 create a Board of Directors for the UNC Center for School Leadership
10 Development. The Board of Governors shall determine the powers and
11 duties of the Board of Directors. Notwithstanding any other law, the
12 governing boards for all professional development programs located
13 under the UNC Center for School Leadership Development shall serve
14 in an advisory capacity to the Board of Directors."

15 (b) The Joint Legislative Education Oversight Committee shall study whether
16 additional statutory changes are needed to implement the intent of this section and shall
17 report its recommendations to the 1999 General Assembly.

18
19 Requested by: Representatives Arnold, Grady, Preston

20 **INCREASE THE NUMBER OF SCHOOL ADMINISTRATOR PROGRAMS**
21 **THAT MAY BE ESTABLISHED BY UNC BOARD OF GOVERNORS**

22 Section 11.13. (a) G.S. 116-74.21(b) reads as rewritten:

23 "(b) No more than ~~eight~~nine school administrator programs shall be established
24 under the competitive proposal program. In selecting campus sites, the Board of
25 Governors shall be sensitive to the racial, cultural, and geographic diversity of the State.
26 Special priority shall be given to the following factors: (i) the historical background of
27 the institutions in training educators; (ii) the ability of the sites to serve the geographic
28 regions of the State, such as, the far west, the west, the triad, the piedmont, and the east;
29 and, (iii) whether the type of roads and terrain in a region make commuting difficult. A
30 school administrator program may provide for instruction at one or more campus sites."

31 (b) The Board of Governors of The University of North Carolina shall include
32 the Master of School Administration program at North Carolina State University in
33 Raleigh as one of the nine school administrator programs established pursuant to G.S.
34 116-74.21.

35
36 Requested by: Representatives Arnold, Grady, Preston

37 **UNC HOSPITALS/MANAGEMENT FLEXIBILITY**

38 Section 11.14. (a) G.S. 116-37 reads as rewritten:

39 **"§ 116-37. University of North Carolina Hospitals at Chapel Hill.**

40 (a) Composition. – The Board of Governors of the University of North Carolina is
41 hereby directed to create a board of directors for the University of North Carolina
42 Hospitals at Chapel Hill consisting of 12 members of which nine shall be appointed by
43 the Board of Governors. Three members ex officio of said board shall be the University

1 of North Carolina at Chapel Hill Vice-Chancellor for Health Affairs, University of North
2 Carolina at Chapel Hill Vice-Chancellor for Business and Finance, and the Dean of the
3 University of North Carolina at Chapel Hill Medical School, or successors to these
4 offices under other titles with similar responsibilities. Nine members shall be appointed
5 from the business and professional public-at-large, none of whom shall be Governors of
6 the University, and, thereafter, the nine appointive members shall select one of their
7 number to serve as chairman. Members of this board shall include, but not be limited to,
8 persons with special competence in business management, hospital administration, and
9 medical practice not affiliated with University faculty. The Governors may remove any
10 member for cause. Board members, other than ex officio members, shall each receive
11 such per diem and necessary travel and subsistence expenses while engaged in the
12 discharge of their official duties as is provided by law for members of State boards and
13 commissions generally.

14 (a1) Appointment to Board. – Each of the nine persons who, as of June 30, 1989, is
15 serving as an appointed member of the Board shall be reassigned by the Governors, each
16 to a different term, ending June 30, 1989, June 30, 1990, June 30, 1991, June 30, 1992,
17 June 30, 1993, June 30, 1994, June 30, 1995, June 30, 1996, or June 30, 1997. After July
18 1, 1989, the term of office for new appointments shall commence on July 1, and all
19 members shall serve for four-year terms; provided, however, that no person may be
20 appointed to (i) more than three full four-year terms in succession, or (ii) a four-year term
21 if preceded immediately by 12 years of service. Resignation from a term of office shall
22 not constitute a break in service for the purpose of this subsection. Board member
23 vacancies shall be filled by the Governors for the remainder of the unexpired term.

24 (b) Meetings and Powers of Board. – The board of directors shall meet at least
25 every 60 days and may hold special meetings at any time and place within the State at the
26 call of its chairman. The board of directors shall make rules, regulations, and policies
27 governing the management and operation of the University of North Carolina Hospitals at
28 Chapel Hill, consistent with basic State statutes and procedures, to meet the goals of
29 education, research, patient care, and community service. The board's action on matters
30 within its jurisdiction is final, except that appeals may be made, in writing, to the Board
31 of Governors with a copy of the appeal to the University administration. The board of
32 directors shall elect and may remove the executive director of the University of North
33 Carolina Hospitals at Chapel Hill. The board of directors may enter into formal
34 agreements with the University of North Carolina at Chapel Hill, Division of Health
35 Affairs, with respect to the provision of clinical experience for students and may also
36 enter into formal agreements with the University of North Carolina at Chapel Hill for the
37 provision of maintenance and supporting services.

38 (c) Executive Director. – The chief administrative officer of the University of
39 North Carolina Hospitals at Chapel Hill shall be the executive director, who shall be
40 appointed by the board of directors to serve at its pleasure. The executive director shall
41 administer the affairs of the University of North Carolina Hospitals at Chapel Hill subject
42 to the duly adopted policies, rules, and regulations of the board of directors, including the
43 appointment, promotion, demotion, and discharge of all personnel. The executive director

1 shall report to the board of directors quarterly or more often as required. The executive
2 director will serve as secretary to the board of directors.

3 (d) Personnel. – The University of North Carolina Hospitals at Chapel Hill shall
4 maintain a personnel office for personnel administration. ~~Notwithstanding the provisions~~
5 ~~of Chapter 126 of the General Statutes to the contrary, the Board of Directors of the~~
6 ~~University of North Carolina Hospitals at Chapel Hill shall establish policies and rules~~
7 ~~governing the study and implementation of competitive position classification and~~
8 ~~compensation plans for registered and licensed practical nurse positions that have been~~
9 ~~approved by the Board of Directors. These plans shall provide for minimum, maximum,~~
10 ~~and intermediate rates of pay, and may include provisions for range revisions and shift~~
11 ~~premium pay and for salary adjustments to address internal inequities, job performance,~~
12 ~~and market conditions. The Office of State Personnel shall review the classification and~~
13 ~~compensation plans on an annual basis. All changes in compensation plans for these~~
14 ~~registered and licensed practical nurse positions shall be submitted to the Office of State~~
15 ~~Personnel upon implementation. All employees of the University of North Carolina~~
16 ~~Hospitals at Chapel Hill shall be deemed to be employees of the State and shall be subject~~
17 ~~to all provisions of State law relevant thereto; provided, however, that except as to the~~
18 ~~provisions of Articles 5, 6, 7, and 14 of Chapter 126 of the General Statutes, the~~
19 ~~provisions of Chapter 126 shall not apply to employees of the University of North~~
20 ~~Carolina Hospitals at Chapel Hill, and the policies and procedures governing the terms~~
21 ~~and conditions of employment of such employees shall be adopted by the Board of~~
22 Directors.

23 (1) The Board of Directors shall fix or approve the schedules of pay,
24 expense allowances, and other compensation and adopt position
25 classification plans for all employees of the University of North
26 Carolina Hospitals at Chapel Hill.

27 (2) The Board of Directors shall adopt or provide for rules and regulations
28 concerning, but not limited to, annual leave, sick leave, special leave
29 with full pay or with partial pay supplementing workers' compensation
30 payments for employees injured in accidents arising out of and in the
31 course of employment, working conditions, service awards, and
32 incentive award programs, grounds for dismissal, demotion, or
33 discipline, other personnel policies, and any other measures that
34 promote the hiring and retention of capable, diligent, and effective
35 career employees. However, an employee who has achieved career
36 State employee status as defined by G.S. 126-1.1 by October 31, 1998,
37 shall not have his or her compensation reduced as a result of this
38 subdivision. Further, an employee who has achieved career State
39 employee status as defined by G.S. 126-1.1 by October 31, 1998, shall
40 be subject to the rules regarding discipline or discharge that were
41 effective on October 31, 1998, and shall not be subject to the rules
42 regarding discipline or discharge adopted after October 31, 1998.

1 (3) The Board of Directors may prescribe the office hours, workdays, and
2 holidays to be observed by the various offices and departments of the
3 University of North Carolina Hospitals at Chapel Hill.

4 (4) The Board of Directors shall establish boards, committees, or councils
5 to conduct hearings upon the appeal of employees who have been
6 suspended, demoted, otherwise disciplined, or discharged, to hear
7 employee grievances, or to undertake any other duties relating to
8 personnel administration that the Board of Directors may direct.

9 (e) Finances. – The University of North Carolina Hospitals at Chapel Hill shall be
10 subject to the provisions of the Executive Budget Act. There shall be maintained a
11 business and budget office to administer the budget and financial affairs of the University
12 of North Carolina Hospitals at Chapel Hill. The executive director, subject to the board of
13 directors, shall be responsible for all aspects of budget preparation, budget execution, and
14 expenditure reporting. Subject to the approval of the Director of the Budget: All
15 operating funds of the University of North Carolina Hospitals at Chapel Hill may be
16 budgeted and disbursed through a special fund code, all receipts of the University of
17 North Carolina Hospitals at Chapel Hill may be deposited directly to the special fund
18 code; and general fund appropriations for support of the University of North Carolina
19 Hospitals at Chapel Hill may be budgeted in a general fund code under a single purpose,
20 'Contribution to University of North Carolina Hospitals at Chapel Hill Operations' and be
21 transferable to the special fund operating code as receipts. Prior to taking any action
22 under this subsection, the Director of the Budget may consult with the Advisory Budget
23 Commission.

24 (e1) Finances – Patient/Hospital Benefit. – The Executive Director of the
25 University of North Carolina Hospitals at Chapel Hill or the Director's designee, may
26 expend operating budget funds, including State funds, of the University of North Carolina
27 Hospitals at Chapel Hill for the direct benefit of a patient, when, in the judgment of the
28 Executive Director or the Director's designee, the expenditure of these funds would result
29 in a financial benefit to the University of North Carolina Hospitals at Chapel Hill. Any
30 such expenditures are declared to result in the provision of medical services and create
31 charges of the University of North Carolina Hospitals at Chapel Hill for which the
32 hospitals may bill and pursue recovery in the same way as allowed by law for recovery of
33 other hospitals' charges for services that are unpaid.

34 These expenditures shall be limited to no more than seven thousand five hundred
35 dollars (\$7,500) per patient per admission and shall be restricted (i) to situations in which
36 a patient is financially unable to afford ambulance or other transportation for discharge;
37 (ii) to afford placement in an after-care facility pending approval of third party
38 entitlement benefits; (iii) to assure availability of a bed in an after-care facility after
39 discharge from the hospitals; (iv) to secure equipment or other medically appropriate
40 services after discharge; (v) or to pay health insurance premiums. The Executive Director
41 or the Director's designee shall reevaluate at least once a month the cost-effectiveness of
42 any continuing payment on behalf of a patient.

1 To the extent that the University of North Carolina Hospitals at Chapel Hill advance
2 anticipated government entitlement benefits for a patient's benefit, for which the patient
3 later receives a lump sum 'backpay' award from an agency of the State, whether for the
4 current admission or subsequent admission, the State agency shall withhold from this
5 backpay an amount equal to the sum advanced on the patient's behalf by the University of
6 North Carolina Hospitals at Chapel Hill, if, prior to the disbursement of the backpay, the
7 applicable State program has received notice from the University of North Carolina
8 Hospitals at Chapel Hill of the advancement.

9 (f) Purchases. —~~The University of North Carolina Hospitals at Chapel Hill shall~~
10 ~~be subject to all provisions of Articles 3 and 3A of Chapter 143 of the General Statutes~~
11 ~~relating to the Department of Administration, Purchase and Contract Division.~~—There
12 shall be maintained a purchasing office to handle all purchasing requirements of the
13 University of North Carolina Hospitals at Chapel Hill. The Purchase and Contract
14 Division may enter into such arrangements with the board of directors as the Division
15 may deem necessary in consideration of the special requirements of the University of
16 North Carolina Hospitals at Chapel Hill for procurement of certain supplies, materials,
17 equipments and services. Notwithstanding the provisions of Articles 3 and 3A of Chapter
18 143 of the General Statutes to the contrary, the Board of Directors shall establish policies
19 and regulations governing the purchasing requirements of the University of North
20 Carolina Hospitals at Chapel Hill. These policies and regulations shall provide for
21 requests for proposals, competitive bidding or purchasing by means other than
22 competitive bidding, contract negotiations and contract awards for purchasing supplies,
23 materials, equipment, and services which are necessary and appropriate to fulfill the
24 clinical, educational, research, and community service missions of the University of
25 North Carolina Hospitals at Chapel Hill. The Board of Directors shall seek the advice of
26 the Director of the Purchase and Contract Division on an annual basis concerning the
27 adequacy of the University of North Carolina Hospitals at Chapel Hill management staff
28 and internal controls to administer the additional authorities authorized under this section.

29 (g) Property. —~~The board of directors shall be responsible to the University Board~~
30 ~~of Governors for the maintenance, operation, and control of the University of North~~
31 ~~Carolina Hospitals at Chapel Hill and grounds.~~ Notwithstanding the provisions of Article
32 6 of Chapter 146 of the General Statutes to the contrary, the Board of Directors shall
33 establish rules and regulations to perform the functions otherwise prescribed for the
34 Department of Administration in acquiring or disposing of any interest in real property by
35 the University of North Carolina Hospitals at Chapel Hill. These rules and regulations
36 shall include provisions for development of specifications, advertisement, and
37 negotiations with owners for acquisition by purchase, gift, lease, or rental, but not by
38 condemnation or exercise of eminent domain, on behalf of the University of North
39 Carolina Hospitals at Chapel Hill. This section does not authorize the Board of Directors
40 to encumber real property. The Board of Directors shall seek the advice of the State
41 Property Office on an annual basis concerning the adequacy of the University of North
42 Carolina Hospitals at Chapel Hill management staff and internal controls to administer
43 the additional authorities permitted by this section. After review by the Attorney General

1 as to form and after the consummation of any such acquisition, the University of North
2 Carolina Hospitals at Chapel Hill shall promptly file a report concerning the acquisition
3 or disposition with the Governor and Council of State.

4 (h) Patient Information. – The University of North Carolina Hospitals at Chapel
5 Hill shall, at the earliest possible opportunity, specifically make a verbal and written
6 request to each patient to disclose the patient's Social Security number, if any. If the
7 patient does not disclose that number, the University of North Carolina Hospitals at
8 Chapel Hill shall deny benefits, rights, and privileges of the University of North Carolina
9 Hospitals at Chapel Hill to the patient as soon as practical, to the maximum extent
10 permitted by federal law or federal regulations. The University of North Carolina
11 Hospitals at Chapel Hill shall make the disclosure to the patient required by Section 7(b)
12 of P.L. 93-579. This subsection is supplementary to G.S. 105A-3(c).

13 (i) Property Construction. – Notwithstanding G.S. 143-341(3) and G.S. 143-
14 135.1, the Board of Directors shall, with respect to the design, construction, and
15 renovation of buildings, utilities, and other property developments of the University of
16 North Carolina Hospitals at Chapel Hill requiring the expenditure of public money:

17 (1) Conduct the fee negotiations for all design contracts and supervise the
18 letting of all construction and design contracts.

19 (2) Develop procedures governing the responsibilities of the University of
20 North Carolina Hospitals at Chapel Hill to perform the duties of the
21 Department of Administration, the Office of State Construction, and the
22 State Building Commission under G.S. 133-1.1(d), Article 8 of Chapter
23 143 of the General Statutes, and G.S. 143-341(3).

24 (3) Develop procedures and limitations governing the use of open-end
25 design agreements.

26 (4) As appropriate, submit construction documents for review and approval
27 by the Department of Insurance and the Division of Facility Services of
28 the Department of Human Resources.

29 (5) Use the standard contracts for design and construction currently in use
30 for State capital improvement projects by the Office of State
31 Construction of the Department of Administration.

32 (6) Seek the advice of the Director of the Office of State Construction on an
33 annual basis concerning the adequacy of the University of North
34 Carolina Hospitals at Chapel Hill management staff and internal
35 controls to administer the additional authorities authorized by this
36 section."

37 (b) G.S. 126-5 is amended by adding a new subsection to read:

38 "(c8) Except as to the provisions of Articles 5, 6, 7, and 14 of this Chapter, the
39 provisions of this Chapter shall not apply to:

40 (1) Employees of the University of North Carolina Hospitals at Chapel Hill.

41 (2) Employees of the Medical Faculty Practice Plan, a division of the
42 School of Medicine of East Carolina University.

1 (3) Employees of UNC Physicians and Associates, a division of the School
2 of Medicine of the University of North Carolina at Chapel Hill."

3 (c) G.S. 143-56 reads as rewritten:

4 **"§ 143-56. Certain purchases excepted from provisions of Article.**

5 Unless as may otherwise be ordered by the Secretary of Administration, the purchase
6 of supplies, materials and equipment through the Secretary of Administration shall be
7 mandatory in the following cases:

8 (1) Published books, manuscripts, maps, pamphlets and periodicals.

9 (2) Perishable articles such as fresh vegetables, fresh fish, fresh meat, eggs,
10 and others as may be classified by the Secretary of Administration.

11 Purchase through the Secretary of Administration shall not be mandatory for a purchase
12 of supplies, materials or equipment for the General Assembly if the total expenditures is
13 less than the expenditure benchmark established under the provisions of G.S. ~~143-53.1 or~~
14 143-53.1, for group purchases made by hospitals through a competitive bidding
15 purchasing program, as defined in G.S. ~~143-129-143-129,~~ by the University of North
16 Carolina Hospitals at Chapel Hill pursuant to G.S. 116-37(f), by the University of North
17 Carolina at Chapel Hill on behalf of UNC Physicians and Associates pursuant to G.S.
18 116-37.2(c), or by East Carolina University on behalf of the Medical Faculty Practice
19 Plan pursuant to G.S. 116-40.6(c).

20 All purchases of the above articles made directly by the departments, institutions and
21 agencies of the State government shall, whenever possible, be based on competitive bids.
22 Whenever an order is placed or contract awarded for such articles by any of the
23 departments, institutions and agencies of the State government, a copy of such order or
24 contract shall be forwarded to the Secretary of Administration and a record of the
25 competitive bids upon which it was based shall be retained for inspection and review."

26 (d) G.S. 146-22 reads as rewritten:

27 **"§ 146-22. All acquisitions to be made by Department of Administration.**

28 Every acquisition of land on behalf of the State or any State agency, whether by
29 purchase, condemnation, lease, or rental, shall be made by the Department of
30 Administration and approved by the Governor and Council of State; provided that if the
31 proposed acquisition is a purchase of land with an appraised value of at least twenty-five
32 thousand dollars (\$25,000), and the acquisition is for other than a transportation purpose,
33 the acquisition may only be made after consultation with the Joint Legislative
34 Commission on Governmental ~~Operations—Operations;~~ and provided further, that
35 acquisitions on behalf of the University of North Carolina Hospitals at Chapel Hill shall
36 be made in accordance with G.S. 116-37(g), acquisitions on behalf of the UNC
37 Physicians and Associates shall be made in accordance with G.S. 116-37.2(d), and
38 acquisitions on behalf of the Medical Faculty Practice Plan made in accordance with G.S.
39 116-40.6(d). In determining whether the appraised value is at least twenty-five thousand
40 dollars (\$25,000), the value of the property in fee simple shall be used. The State may not
41 purchase land as a tenant-in-common without consultation with the Joint Legislative
42 Commission on Governmental Operations if the appraised value of the property in fee
43 simple is at least twenty-five thousand dollars (\$25,000)."

1 (e) G.S. 133-1.1(d) reads as rewritten:

2 "(d) On projects on which no registered architect or engineer is required pursuant to
3 the provisions of this section, the governing board or awarding authority shall require a
4 certificate of compliance with the State Building Code from the city or county inspector
5 for the specific trade or trades involved or from a registered architect or engineer, except
6 that the provisions of this subsection shall not apply on projects (i) wherein plans and
7 specifications are approved by the Department of Administration, Division of State
8 Construction, and the completed project is inspected by the Division of State
9 Construction and the State Electrical Inspector, (ii) that are exempt from the State
10 Building Code, or (iii) that are subject to G.S. 116-31.11 and the completed project is
11 inspected by the State Electrical Inspector and by The University of North Carolina or its
12 constituent or affiliated institution—, (iv) that are subject to G.S. 116-37(i) and the
13 completed project is inspected by the State Electrical Inspector and by the University of
14 North Carolina Hospitals at Chapel Hill, (v) that are subject to G.S. 116-37.2(e) and the
15 completed project is inspected by the State Electrical Inspector and by the University of
16 North Carolina at Chapel Hill on behalf of the UNC Physicians and Associates, or (vi)
17 that are subject to G.S. 116-40.6(e) and the completed project is inspected by the State
18 Electrical Inspector and by East Carolina University on behalf of the Medical Faculty
19 Practice Plan."

20 (f) Chapter 116 of the General Statutes is amended by adding the following:

21 "**§ 116-37.2. The University of North Carolina Physicians and Associates.**

22 (a) UNC Physicians and Associates. – 'UNC Physicians and Associates,' a division
23 of the School of Medicine of the University of North Carolina at Chapel Hill, operates
24 clinical programs and facilities for the purpose of providing medical care to the general
25 public and training physicians and other health care professionals.

26 (b) Personnel. – All employees of UNC Physicians and Associates shall be
27 deemed to be employees of the State and shall be subject to all provisions of State law
28 relevant thereto; provided, however, that except as to the provisions of Articles 5, 6, 7,
29 and 14 of Chapter 126 of the General Statutes, the provisions of Chapter 126 shall not
30 apply to employees of UNC Physicians and Associates, and the policies and procedures
31 governing the terms and conditions of employment of such employees shall be adopted
32 by the Board of Trustees of the University of North Carolina at Chapel Hill; provided,
33 that with respect to such employees as may be members of the faculty of the University
34 of North Carolina at Chapel Hill, no such policies and procedures may be inconsistent
35 with policies established by, or adopted pursuant to delegation from, the Board of
36 Governors of the University of North Carolina. Such policies and procedures shall be
37 implemented on behalf of UNC Physicians and Associates by a personnel office
38 maintained by the University of North Carolina at Chapel Hill.

39 (1) The Board of Trustees shall fix or approve the schedules of pay,
40 expense allowances, and other compensation and adopt position
41 classification plans for employees of UNC Physicians and Associates.

42 (2) The Board of Trustees may adopt or provide for rules and regulations
43 concerning, but not limited to, annual leave, sick leave, special leave

1 with full pay or with partial pay supplementing workers' compensation
2 payments for employees injured in accidents arising out of and in the
3 course of employment, working conditions, service awards, and
4 incentive award programs, grounds for dismissal, demotion, or
5 discipline, other personnel policies, and any other measures that
6 promote the hiring and retention of capable, diligent, and effective
7 career employees. However, an employee who has achieved career
8 State employee status as defined by G.S. 126-1.1 by October 31, 1998,
9 shall not have his or her compensation reduced as a result of this
10 subdivision. Further, an employee who has achieved career State
11 employee status as defined by G.S. 126-1.1 by October 31, 1998, shall
12 be subject to the rules regarding discipline or discharge that were
13 effective on October 31, 1998, and shall not be subject to the rules
14 regarding discipline or discharge adopted after October 31, 1998.

15 (3) The Board of Trustees may prescribe the office hours, workdays, and
16 holidays to be observed by the various offices and departments of UNC
17 Physicians and Associates.

18 (4) The Board of Trustees shall establish boards, committees, or councils to
19 conduct hearings upon the appeal of employees who have been
20 suspended, demoted, otherwise disciplined, or discharged, to hear
21 employee grievances, or to undertake any other duties relating to
22 personnel administration that the Board of Trustees may direct.

23 (c) Purchases. – Notwithstanding the provisions of Articles 3 and 3A of Chapter
24 143 of the General Statutes to the contrary, the Board of Trustees of the University of
25 North Carolina at Chapel Hill shall establish policies and regulations governing the
26 purchasing requirements of UNC Physicians and Associates. These policies and
27 regulations shall provide for requests for proposals, competitive bidding or purchasing by
28 means other than competitive bidding, contract negotiations and contract awards for
29 purchasing supplies, materials, equipment, and services which are necessary and
30 appropriate to fulfill the clinical and educational missions of UNC Physicians and
31 Associates. Pursuant to such policies and regulations, purchases for UNC Physicians and
32 Associates shall be effected by a purchasing office maintained by the University of North
33 Carolina at Chapel Hill. The Board of Trustees shall seek the advice of the Director of
34 the Purchase and Contract Division on an annual basis concerning the adequacy of the
35 University of North Carolina at Chapel Hill management staff and internal controls to
36 administer the additional authorities authorized under this section.

37 (d) Property. – Notwithstanding the provisions of Article 6 of Chapter 146 of the
38 General Statutes to the contrary, the Board of Trustees shall establish rules and
39 regulations to perform the functions otherwise prescribed for the Department of
40 Administration in acquiring or disposing of any interest in real property for the use of
41 UNC Physicians and Associates. These rules and regulations shall include provisions for
42 development of specifications, advertisement, and negotiations with owners for
43 acquisition by purchase, gift, lease, or rental, but not by condemnation or exercise of

1 eminent domain, on behalf of UNC Physicians and Associates. This section does not
2 authorize the Board of Trustees to encumber real property. Such rules and regulations
3 shall be implemented by a property office maintained by the University of North Carolina
4 at Chapel Hill. The Board of Trustees shall seek the advice of the State Property Office
5 on an annual basis concerning the adequacy of the University of North Carolina at Chapel
6 Hill management staff and internal controls to administer the additional authorities
7 permitted by this section. After review by the Attorney General as to form and after the
8 consummation of any such acquisition, the University of North Carolina at Chapel Hill
9 shall promptly file, on behalf of UNC Physicians and Associates, a report concerning the
10 acquisition or disposition with the Governor and Council of State.

11 (e) Property Construction. – Notwithstanding G.S. 143-341(3) and G.S. 143-
12 135.1, the Board of Trustees shall adopt policies and procedures to be implemented by
13 the administration of the University of North Carolina at Chapel Hill, with respect to the
14 design, construction, and renovation of buildings, utilities, and other property
15 developments for the use of UNC Physicians and Associates, requiring the expenditure of
16 public money for:

- 17 (1) Conducting the fee negotiations for all design contracts and supervising
18 the letting of all construction and design contracts.
- 19 (2) Performing the duties of the Department of Administration, the Office
20 of State Construction, and the State Building Commission under G.S.
21 133-1.1(d), Article 8 of Chapter 143 of the General Statutes, and G.S.
22 143-341(3).
- 23 (3) Using open-end design agreements.
- 24 (4) As appropriate, submitting construction documents for review and
25 approval by the Department of Insurance and the Division of Facility
26 Services of the Department of Human Resources.
- 27 (5) Using the standard contracts for design and construction currently in use
28 for State capital improvement projects by the Office of State
29 Construction of the Department of Administration.

30 The Board of Trustees shall seek the advice of the Director of the Office of State
31 Construction on an annual basis concerning the adequacy of the University of North
32 Carolina at Chapel Hill management staff and internal controls to administer the
33 additional authorities authorized by this section.

34 **"§ 116-40.6. East Carolina University Medical Faculty Practice Plan.**

35 (a) Medical Faculty Practice Plan. – The 'Medical Faculty Practice Plan,' a
36 division of the School of Medicine of East Carolina University, operates clinical
37 programs and facilities for the purpose of providing medical care to the general public
38 and training physicians and other health care professionals.

39 (b) Personnel. – Employees of the Medical Faculty Practice Plan shall be deemed
40 to be employees of the State and shall be subject to all provisions of State law relevant
41 thereto; provided, however, that except as to the provisions of Articles 5, 6, 7, and 14 of
42 Chapter 126 of the General Statutes, the provisions of Chapter 126 shall not apply to
43 employees of the Medical Faculty Practice Plan, and the policies and procedures

1 governing the terms and conditions of employment of such employees shall be adopted
2 by the Board of Trustees of East Carolina University; provided, that with respect to such
3 employees as may be members of the faculty of East Carolina University, no such
4 policies and procedures may be inconsistent with policies established by, or adopted
5 pursuant to delegation from, the Board of Governors of the University of North Carolina.
6 Such policies and procedures shall be implemented on behalf of the Medical Faculty
7 Practice Plan by a personnel office maintained by East Carolina University.

8 (1) The Board of Trustees shall fix or approve the schedules of pay,
9 expense allowances, and other compensation and adopt position
10 classification plans for employees of the Medical Faculty Practice Plan.

11 (2) The Board of Trustees may adopt or provide for rules and regulations
12 concerning, but not limited to, annual leave, sick leave, special leave
13 with full pay or with partial pay supplementing workers' compensation
14 payments for employees injured in accidents arising out of and in the
15 course of employment, working conditions, service awards, and
16 incentive award programs, grounds for dismissal, demotion, or
17 discipline, other personnel policies, and any other measures that
18 promote the hiring and retention of capable, diligent, and effective
19 career employees. However, an employee who has achieved career State
20 employee status as defined by G.S. 126-1.1 by October 31, 1998, shall
21 not have his or her compensation reduced as a result of this subdivision.
22 Further, an employee who has achieved career State employee status as
23 defined by G.S. 126-1.1 by October 31, 1998, shall be subject to the
24 rules regarding discipline or discharge that were effective on October
25 31, 1998, and shall not be subject to the rules regarding discipline or
26 discharge adopted after October 31, 1998.

27 (3) The Board of Trustees may prescribe the office hours, workdays, and
28 holidays to be observed by the various offices and departments of the
29 Medical Faculty Practice Plan.

30 (4) The Board of Trustees shall establish boards, committees or councils to
31 conduct hearings upon the appeal of employees who have been
32 suspended, demoted, otherwise disciplined, or discharged, to hear
33 employee grievances, or to undertake any other duties relating to
34 personnel administration that the Board of Trustees may direct.

35 (c) Purchases. – Notwithstanding the provisions of Articles 3 and 3A of Chapter
36 143 of the General Statutes to the contrary, the Board of Trustees of East Carolina
37 University shall establish policies and regulations governing the purchasing requirements
38 of the Medical Faculty Practice Plan. These policies and regulations shall provide for
39 requests for proposals, competitive bidding or purchasing by means other than
40 competitive bidding, contract negotiations and contract awards for purchasing supplies,
41 materials, equipment, and services which are necessary and appropriate to fulfill the
42 clinical and educational missions of the Medical Faculty Practice Plan. Pursuant to such
43 policies and regulations, purchases for the Medical Faculty Practice Plan shall be effected

1 by a purchasing office maintained by East Carolina University. The Board of Trustees
2 shall seek the advice of the Director of the Purchase and Contract Division on an annual
3 basis concerning the adequacy of the East Carolina University management staff and
4 internal controls to administer the additional authorities authorized under this section.

5 (d) Property. – Notwithstanding the provisions of Article 6 of Chapter 146 of the
6 General Statutes to the contrary, the Board of Trustees shall establish rules and
7 regulations to perform the functions otherwise prescribed for the Department of
8 Administration in acquiring or disposing of any interest in real property for the use of the
9 Medical Faculty Practice Plan. These rules and regulations shall include provisions for
10 development of specifications, advertisement, and negotiations with owners for
11 acquisition by purchase, gift, lease, or rental, but not by condemnation or exercise of
12 eminent domain, on behalf of the Medical Faculty Practice Plan. This section does not
13 authorize the Board of Trustees to encumber real property. Such rules and regulations
14 shall be implemented by a property office maintained by East Carolina University. The
15 Board of Trustees shall seek the advice of the State Property Office on an annual basis
16 concerning the adequacy of the East Carolina University management staff and internal
17 controls to administer the additional authorities permitted by this section. After review
18 by the Attorney General as to form and after the consummation of any such acquisition,
19 East Carolina University shall promptly file, on behalf of the Medical Faculty Practice
20 Plan, a report concerning the acquisition or disposition with the Governor and Council of
21 State.

22 (e) Property Construction. – Notwithstanding G.S. 143-341(3) and G.S. 143-
23 135.1, the Board of Trustees shall adopt policies and procedures, to be implemented by
24 the administration of East Carolina University, with respect to the design, construction,
25 and renovation of buildings, utilities, and other property developments for the use of the
26 Medical Faculty Practice Plan, requiring the expenditure of public money for:

- 27 (1) Conducting the fee negotiations for all design contracts and supervising
28 the letting of all construction and design contracts.
- 29 (2) Performing the duties of the Department of Administration, the Office
30 of State Construction, and the State Building Commission under G.S.
31 133-1.1(d), Article 8 of Chapter 143 of the General Statutes, and G.S.
32 143-341(3).
- 33 (3) Using open-end design agreements.
- 34 (4) As appropriate, submitting construction documents for review and
35 approval by the Department of Insurance and the Division of Facility
36 Services of the Department of Human Resources.
- 37 (5) Using the standard contracts for design and construction currently in use
38 for State capital improvement projects by the Office of State
39 Construction of the Department of Administration.

40 The Board of Trustees shall seek the advice of the Director of the Office of State
41 Construction on an annual basis concerning the adequacy of East Carolina University
42 management staff and internal controls to administer the additional authorities authorized
43 by this section."

1 (g) This section becomes effective November 1, 1998.

2
3 Requested by: Representative Creech

4 **FOREST BIOTECHNOLOGY/NCSU FUNDS**

5 Section 11.15. Of the funds appropriated in this act to the Board of Governors
6 of The University of North Carolina, the sum of one hundred two thousand seven
7 hundred seventy dollars (\$102,770) for the 1998-99 fiscal year shall be allocated to the
8 Forest Biotechnology Group at North Carolina State University for faculty or technical
9 positions and operating funds.

10
11 **PART XII. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

12
13 **SUBPART 1. ADMINISTRATION**

14 Requested by: Representatives Gardner, Cansler, Clary

15 **HOSPITAL FACILITY AUDITED COST REPORT DUE DATE**

16 Section 12.1A. G.S. 131D-4.2(e) reads as rewritten:

17 "(e) ~~The first audited cost report shall be for the period from January 1, 1995,~~
18 ~~through September 30, 1995, and shall be due March 1, 1996. Thereafter, the~~ Except as
19 otherwise provided in this subsection, the annual reporting period for facilities licensed
20 pursuant to this Chapter or Chapter 131E of the General Statutes shall be October 1
21 through September 30, with the annual report due by the following December 31, unless
22 the Department determines there is good cause for delay. The annual report for
23 combination facilities and free-standing adult care home facilities owned and operated by
24 a hospital shall be due 15 days after the hospital's Medicare cost report is due. The annual
25 report for combination facilities not owned and operated by a hospital shall be due 15
26 days after the nursing facility's Medicaid cost report is due. The annual reporting period
27 for facilities licensed pursuant to Chapter 122C of the General Statutes shall be July 1
28 through June 30, with the annual report due by the following December 31, unless the
29 Department determines there is good cause for delay. Under this subsection, good cause
30 is an action that is uncontrollable by the provider. If the Department finds good cause for
31 delay, it may extend the deadline for filing a report for up to an additional 30 days."

32
33 Requested by: Representatives Gardner, Cansler, Clary

34 **OFFICE OF STRATEGIC PLANNING**

35 Section 12.2. It is the intent of the General Assembly that the Department of
36 Health and Human Services provide coordinated and strategic planning for the State's
37 health and human services. The Department shall study the advisability of creating an
38 Office of Strategic Planning in the Office of the Secretary of Health and Human Services.
39 The Director of the Office of Strategic Planning would report directly to the Secretary
40 and would have the following responsibilities:

- 41 (1) Implementing ongoing strategic planning that integrates budget,
42 personnel, and resources with the mission and operational goals of the
43 Department;

- 1 (2) Improving program functioning and performance within the agency,
2 across agency lines, and with non-State agencies; and
3 (3) Reviewing, disseminating, monitoring, and evaluating best practice
4 models.

5 The Department shall report its findings and recommendations, which shall
6 include the advantages and disadvantages of creating an Office of Strategic Planning and
7 projected costs of implementation. The report shall be made to the members of the Senate
8 Appropriations Committee on Human Resources and the House of Representatives
9 Appropriations Subcommittee on Human Resources and shall be submitted not later than
10 February 1, 1999.

11
12 Requested by: Representatives Clary, Nye

13 **NORTH CAROLINA BOARD OF PHARMACY/WAIVER FOR DISASTERS**
14 **AND EMERGENCIES/RULES PERTAINING TO MAIL DELIVERY OF**
15 **DISPENSED LEGEND DRUGS**

16 Section 12.3B. (a) G.S. 90-85.25 reads as rewritten:

17 "**§ 90-85.25. Disaster reports-Disasters and emergencies.**

18 (a) In the event of a disaster or emergency, and in accordance with the provisions
19 of Chapter 166A of the General Statutes and with G.S. 143B-474, the Board may waive
20 the requirements of this Article in order to permit the provision of drugs, devices, and
21 professional services to the public. As used in this section, the term:

22 (1) 'Disaster' means any natural or man-made event which causes sufficient
23 damage to life or property, the response to which requires resources that
24 exceed local capabilities.

25 (2) 'Emergency' means any natural or man-made event which causes
26 sufficient damage to life or property, the response to which can be
27 handled with resources routinely available to the community.

28 (b) The pharmacist in charge of a pharmacy shall report within 10 days to the
29 Board any disaster, accident, theft, or emergency which may affect the strength, purity, or
30 labeling of drugs and devices in the pharmacy."

31 (b) G.S. 90-85.21A reads as rewritten:

32 "**§ 90-85.21A. Applicability to out-of-state operations.**

33 (a) Any pharmacy operating outside the State which ships, mails, or delivers in
34 any manner a dispensed legend drug into this State shall annually register with the Board
35 on a form provided by the Board.

36 (b) Any pharmacy subject to this section shall at all times maintain a valid
37 unexpired license, permit, or registration necessary to conduct such pharmacy in
38 compliance with the laws of the state in which such pharmacy is located. No pharmacy
39 operating outside the State may ship, mail, or deliver in any manner a dispensed legend
40 drug into this State unless such drug is lawfully dispensed by a licensed pharmacist in the
41 state where the pharmacy is located.

1 (c) The Board shall be entitled to charge and collect not more than two hundred
2 fifty dollars (\$250.00) for original registration of a pharmacy under this section, and for
3 renewal thereof, not more than one hundred twenty-five dollars (\$125.00).

4 (d) The Board may deny a nonresident pharmacy registration upon a determination
5 that the pharmacy has a record of being formally disciplined in its home state for
6 violations that relate to the compounding or dispensing of legend drugs and presents a
7 threat to the public health and safety.

8 (e) Except as otherwise provided in this subsection, The the Board may adopt
9 rules to protect the public health and safety that are needed-necessary to implement this
10 section. Notwithstanding G.S. 90-85.6, the Board shall not adopt rules pertaining to the
11 shipment, mailing, or other manner of delivery of dispensed legend drugs by pharmacies
12 required to register under this section that are more restrictive than federal statutes or
13 regulations governing the delivery of prescription medications by mail or common
14 carrier. A pharmacy required to register under this section shall comply with these rules-
15 rules adopted pursuant to this section.

16 (f) The Board may deny, revoke, or suspend a nonresident pharmacy registration
17 for failure to comply with any requirement of this section."

18 (c) G.S. 90-85.32 reads as rewritten:

19 "**§ 90-85.32. Filling and refilling regulations. Rules pertaining to filling, refilling,**
20 **transfer, and mail or common-carrier delivery of prescription orders.**

21 (a) The-Except as otherwise provided in this section, the Board may promulgate
22 adopt rules governing the filling, refilling and transfer of prescription orders not
23 inconsistent with other provisions of law regarding the distribution of drugs and devices.
24 Such regulations-The rules shall assure the safe and secure distribution of drugs and
25 devices. Prescriptions marked PRN shall not be refilled more than one year after the date
26 issued by the prescriber unless otherwise specified.

27 (b) Notwithstanding G.S. 90-85.6, the Board shall not adopt rules pertaining to
28 the shipment, mailing, or other manner of delivery of dispensed legend drugs that are
29 more restrictive than federal statutes or regulations governing the delivery of prescription
30 medications by mail or common carrier."

31
32 Requested by: Representatives Gardner, Cansler, Clary

33 **COLLABORATIVE EFFORT TO IMPROVE QUALITY OF ACADEMIC**
34 **PROGRAMS AT RESIDENTIAL SCHOOLS**

35 Section 12.3C. The Department of Health and Human Services, the State
36 Board of Education, and the superintendents or their designees of the Burke, Guilford,
37 Wake, and Wilson local education agencies shall work together to develop and
38 implement strategies for strengthening the relationship between the agencies and the
39 Governor Morehead School and the three residential schools for the deaf over the next
40 five years. The goal of this collaborative effort is to improve the quality of the academic
41 programs at the residential schools and to utilize more fully and effectively the unique
42 resources and expertise available on these residential campuses to the benefit of visually

1 impaired and hearing-impaired students statewide. This collaborative effort shall
2 identify, at a minimum, the following:

- 3 (1) Strategies for assisting in the implementation of the Standard Course of
4 Study and the ABCs Program on the residential campuses;
- 5 (2) Opportunities for collaboration and sharing of resources in other areas
6 such as staff development, student exchange, transportation, and use of
7 technology; and
- 8 (3) Options for transferring to the local education agencies direct
9 responsibility for the management of the academic programs on the
10 residential campuses, including the preschool programs.

11 The Department of Health and Human Services, the State Board of Education, and the
12 designated representatives of the Burke, Guilford, Wake, and Wilson local education
13 agencies shall submit a joint report to the Joint Legislative Education Oversight
14 Committee, the House of Representatives Appropriations Subcommittee on Human
15 Resources, the Senate Appropriations Committee on Human Resources, and the Fiscal
16 Research Division on the results of the effort required under this section. The report shall
17 be submitted no later than April 1, 1999.

18 19 **SUBPART 2. MEDICAL ASSISTANCE**

20 Requested by: Representatives Gardner, Cansler, Clary

21 **MEDICAID GROWTH REDUCTION**

22 Section 12.5. Section 11.10 of S.L. 1997-443 reads as rewritten:

23 "Section 11.10. (a) The Department of ~~Human Resources~~ Health and Human
24 Services shall develop and implement a plan that is designed to reduce the growth of
25 Medicaid to eight percent (8%) by the year 2001. However, the Department shall not
26 eliminate categories of eligibles or categories of services to achieve this reduction unless
27 the General Assembly identifies specific categories of eligibles or categories of services
28 that it wants eliminated.

29 (b) The Division of Medical Assistance, Department of ~~Human Resources~~, Health
30 and Human Services, shall consider the following actions in developing the plan to
31 reduce Medicaid growth:

- 32 (1) Changes in the methods of reimbursement;
- 33 (2) Changes in the method of determining or limiting inflation factors or
34 both;
- 35 (3) Recalibration of existing methods of reimbursement;
- 36 (4) Develop more specific criteria for determining medical necessity of
37 services;
- 38 (5) Contracting for services;
- 39 (6) Application of limits on specific numbers of slots or expenditure levels
40 for certain services or both;
- 41 (7) Expansion of managed care; and
- 42 (8) Recommend changes in statutes to enhance the ability of the
43 Department to manage the program.

1 (c) In considering the actions listed in subsection (b) of this section and in the
2 development of the Medicaid growth reduction plan, the Division of Medical Assistance,
3 Department of ~~Human Resources~~, Health and Human Services, shall not adjust
4 reimbursement rates to levels which would cause Medicaid providers of service to be out
5 of compliance with certification requirements, licensure rules, or other mandated quality
6 or safety standards.

7 (d) The Division of Medical Assistance, Department of ~~Human Resources~~, Health
8 and Human Services, may make periodic progress reports to the ~~Chairs-members~~ of the
9 ~~House and Senate Appropriations Subcommittees on Human Resources~~ Senate
10 Appropriations Committee on Human Resources and the House of Representatives
11 Appropriations Subcommittee on Human Resources and shall make a final report no later
12 than September 1, 1997, on any actions the Department intends to take to meet the
13 required reductions for 1998-99. The Division of Medical Assistance shall not
14 implement any of these actions until after the intended actions have been reported to the
15 ~~Chairs-members~~.

16 (e) The Division of Medical Assistance, Department of ~~Human Resources~~, Health
17 and Human Services, shall report to the ~~Chairs-members~~ of the ~~House and Senate~~
18 ~~Appropriations Subcommittees on Human Resources~~ Senate Appropriations Committee
19 on Human Resources and the House of Representatives Appropriations Subcommittee on
20 Human Resources by ~~April 1, 1998~~, February 1, 1999, on the final plan to reduce
21 Medicaid growth to eight percent (8%) by the year 2001."
22

23 Requested by: Representatives Gardner, Cansler, Clary

24 **RULES GOVERNING TRANSFER OF MEDICAID BENEFITS BETWEEN** 25 **COUNTIES**

26 Section 12.6. Chapter 108A of the General Statutes is amended by inserting a
27 new section to read:

28 "**§ 108A-57.1. Rules governing transfer of medical assistance benefits between**
29 **counties.**

30 Any recipient of medical assistance who moves from one county to another county of
31 this State shall continue to receive medical assistance if eligible. The county director of
32 social services of the county from which the recipient has moved shall transfer all
33 necessary records relating to the recipient to the county director of social services of the
34 county to which the recipient has moved. The county from which the recipient has
35 moved shall pay the county portion of the nonfederal share of medical assistance
36 payments paid for services provided to the recipient during the month following the
37 recipient's move. Thereafter, the county to which the recipient has moved shall pay the
38 county portion of the nonfederal share of medical assistance payments paid for the
39 services provided to the recipient."

40
41 Requested by: Representatives Gardner, Cansler, Clary

42 **CONTINUOUS MEDICAID COVERAGE FOR CATEGORICALLY NEEDY** 43 **FAMILIES WITH CHILDREN**

1 Section 12.7. (a) Section 11.11 of S.L. 1997-443 is amended by inserting a new
2 subsection to read:

3 "(n1) Medicaid enrollment of categorically needy families with children shall be
4 continuous for one year without regard to changes in income or assets."

5 (b) The Department of Health and Human Services shall study the effect of this
6 section on both the Medicaid Program and the Health Insurance Program for Children.
7 The Department shall make an interim report on the results of this study to the members
8 of the Senate Appropriations Committee on Human Resources and the House of
9 Representatives Appropriations Subcommittee on Human Resources by October 1, 1999,
10 and shall make a final report by January 1, 2000.

11 (c) This section becomes effective October 1, 1998.
12

13 Requested by: Representatives Gardner, Cansler, Clary

14 **ALLOCATION OF G.S. 143-23.2 MEDICAID FUNDS**

15 Section 12.8. Of the funds transferred to the Department of Health and Human
16 Services for Medicaid programs pursuant to G.S. 143-23.2, thirteen million dollars
17 (\$13,000,000) shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid
18 programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not
19 reduce State general revenue funding, these funds shall replace the thirteen million dollar
20 (\$13,000,000) reduction in general revenue funding effected in this act.
21

22 [SECTION 12.9 RESERVED]
23

24 Requested by: Representatives Cansler, Clary

25 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

26 Section 12.10. (a) Disproportionate share receipts reserved at the end of the
27 1997-98 fiscal year shall be deposited with the Department of State Treasurer as a nontax
28 revenue for the 1998-99 fiscal year.

29 (b) For the 1998-99 fiscal year, as it receives funds associated with
30 Disproportionate Share Payments from the State hospitals, the Department of Health and
31 Human Services, Division of Medical Assistance, shall deposit up to eighty-five million
32 dollars (\$85,000,000) of these Disproportionate Share Payments to the Department of
33 State Treasurer for deposit as nontax revenues. Any Disproportionate Share Payments
34 collected in excess of the eighty-five million dollars (\$85,000,000) shall be reserved by
35 the State Treasurer for future appropriations.
36

37 Requested by: Representatives Gardner, Cansler, Clary

38 **CHILD HEALTH INSURANCE TECHNICAL CHANGES**

39 Section 12.11. G.S. 108A-70.18(8), as enacted by Section 1 of S.L. 1998-1
40 Extra Session, reads as rewritten:

41 "(8) 'Uninsured' means the applicant for Program benefits was not covered
42 under any private or employer-sponsored comprehensive health
43 insurance plan for the six-month period immediately preceding the date

1 ~~the Program becomes effective.~~ of application for Program benefits.
2 ~~Effective six months from date the Program becomes effective,~~ April 1,
3 1999, 'uninsured' means the applicant is and was not covered under any
4 private or employer-sponsored comprehensive health insurance plan for
5 60 days immediately preceding the date of application. The waiting
6 periods required under this subdivision shall be waived if the child has
7 been enrolled in Medicaid and has lost Medicaid eligibility due to a
8 change in family income eligibility, has lost health care benefits due to
9 cessation of a nonprofit organization program that provides health care
10 benefits to low-income children, or has lost employer-sponsored
11 comprehensive health care coverage due to termination of employment,
12 cessation by the employer of employer-sponsored health coverage, or
13 cessation of the employer's business."
14

15 Requested by: Representatives Gardner, Cansler, Clary

16 **CHILD HEALTH INSURANCE STUDY/OTHER CHANGES**

17 Section 12.12A. (a) The Department of Health and Human Services shall
18 conduct a study to identify Department programs where savings in State funds could be
19 realized because some or all of the services provided by the programs are now provided
20 under the Health Insurance Program for Children. The Department shall report its
21 findings to members of the Senate Appropriations Committee on Human Resources and
22 the House of Representatives Appropriations Subcommittee on Human Resources not
23 later than March 1, 1999.

24 (b) The Office of State Budget and Management shall examine the
25 expenditures and services of State agencies other than the Department of Health and
26 Human Services to determine whether the expenditures and services could be covered
27 under the State Health Insurance Program for Children. The study shall also examine
28 services provided by non-State agencies and funded in whole or in part with State funds.
29 The Office of State Budget and Management shall report its findings to members of the
30 Senate Appropriations Committee on Human Resources and the House of
31 Representatives Appropriations Subcommittee on Human Resources not later than March
32 1, 1999.

33 (c) Section 8 of S.L. 1998-1 Extra Session, reads as rewritten:

34 ~~"Section 8. Except for immunization, no State funds, federal funds, or funds from any~~
35 ~~other source may be used under the Health Insurance Program for Children established~~
36 ~~under this act to reimburse medical services performed in school based health clinic~~
37 ~~settings. The Executive Administrator and Board of Trustees of the Teachers' and State~~
38 ~~Employees' Comprehensive Major Medical Plan shall conduct a survey of any claims~~
39 ~~paid by the Plan's self insured indemnity program during each of the last three plan years.~~
40 ~~Any results of the survey shall be used by the Plan in conducting a study of the array of~~
41 ~~medical services delivered in school based settings and whether or not such services~~
42 ~~should be eliminated, curtailed, or expanded. No later than March 31, 1999, the Plan~~
43 ~~shall make its findings and recommendations pursuant to this study known to the~~

1 ~~Committee on Employee Hospital and Medical Benefits, the Joint Legislative Health~~
2 ~~Care Oversight Committee, and the 1999 Session of the General Assembly. Before a~~
3 ~~school-based health center or clinic may be reimbursed for services, other than~~
4 ~~immunization services, under the Health Insurance Program for Children, the center or~~
5 ~~clinic must develop and use parental consent forms which reflect a listing of the basic~~
6 ~~categories of health services offered at the school-based center or clinic, including~~
7 ~~referral services to other health care providers. If the center or clinic provides services~~
8 ~~for sexually transmitted diseases, reproductive health services, or family planning~~
9 ~~services, then these services shall be specifically identified in the listing of basic services.~~
10 ~~The school-based center or clinic must make available, if requested by the parent, a more~~
11 ~~detailed explanation of the types of services included within the listed categories. The~~
12 ~~parent shall be advised in writing that detailed explanations of services are available upon~~
13 ~~request. The Department of Health and Human Services shall request the assistance of~~
14 ~~the North Carolina Pediatric Society in developing a model listing of services for~~
15 ~~consideration by the school-based health centers or clinics and shall present the model~~
16 ~~listing to the Joint Legislative Health Care Oversight Committee not later than December~~
17 ~~1, 1998. Consent forms must be signed by the parent prior to the provision of services,~~
18 ~~except that a signature shall not be required for emergency services or treatment as~~
19 ~~authorized under Article 1A of Chapter 90 of the General Statutes, and must contain all~~
20 ~~of the following to provide parents the option to:~~

- 21 (1) ~~Withhold consent from all services provided by the center or clinic~~
22 ~~under the Program;~~
23 (2) ~~Consent to only those categories of health services specified by the~~
24 ~~parent on the form; or~~
25 (3) ~~Consent to all services provided by the center or clinic under the~~
26 ~~Program."~~

27 (d) G.S. 143-682, as enacted by Section 3 of S.L. 1998-1 Extra Session, reads
28 as rewritten:

29 **"§ 143-682. Commission established.**

30 (a) There is established the Commission on Children With Special Health Care
31 Needs. The Department of Health and Human Services shall provide staff services and
32 space for Commission meetings. The purpose of the Commission is to monitor and
33 evaluate the availability and provision of health services to special needs children in this
34 State, and to monitor and evaluate services provided to special needs children under the
35 Health Insurance Program for Children established under Part 8 of Article 2 of Chapter
36 108A of the General Statutes.

37 (b) The Commission shall consist of ~~seven~~eight members appointed by the
38 Governor, as follows:

- 39 (1) ~~A parent of a special needs child;~~ Two parents, not of the same family,
40 each of whom has a special needs child. In appointing parents, the
41 Governor shall consider appointing one parent of a child with chronic
42 illness and one parent of a child with a developmental disability or
43 behavioral disorder;

- 1 (2) A licensed psychiatrist recommended by the North Carolina Psychiatric
2 Association;
- 3 (3) A licensed psychologist recommended by the North Carolina
4 Psychological Association;
- 5 (4) A licensed pediatrician whose practice includes services for special
6 needs children, recommended by the Pediatric Society of North
7 Carolina;
- 8 (5) A representative of one of the children's hospitals in the State,
9 recommended by the Pediatric Society of North Carolina;
- 10 (6) A local public health director recommended by the Association of Local
11 Health Directors; and
- 12 (7) An educator providing education services to special needs children,
13 recommended by the North Carolina Council of Administrators of
14 Special Education.

15 (c) The Governor shall appoint from among Commission members the person who
16 shall serve as chair of the Commission. Of the initial appointments, two shall serve one-
17 year terms, ~~two~~three shall serve two-year terms, and three shall serve three-year terms.
18 Thereafter, terms shall be for two years. Vacancies occurring before expiration of a term
19 shall be filled from the same appointment category in accordance with subsection (b) of
20 this section."

21

22 Requested by: Representatives Cansler, Gardner, Clary

23 **MEDICAID/REPORTING ANTICIPATED CHANGES**

24 Section 12.12B. (a) Section 11.11 of S.L. 1997-443 reads as rewritten:

25 "Section 11.11. (a) Funds appropriated in this act for services provided in
26 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
27 categorically needy and the medically needy. Funds appropriated for these services shall
28 be expended in accordance with the following schedule of services and payment bases.
29 All services and payments are subject to the language at the end of this subsection.

30 Services and payment bases:

- 31 (1) Hospital-Inpatient - Payment for hospital inpatient services will be
32 prescribed in the State Plan as established by the Department of ~~Human~~
33 ~~Resources~~Health and Human Services. Administrative days for any
34 period of hospitalization shall be limited to a maximum of three days.
- 35 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a
36 prospective reimbursement plan as established by the Department of
37 ~~Human Resources~~Health and Human Services.
- 38 (3) Nursing Facilities - Payment for nursing facility services will be
39 prescribed in the State Plan as established by the Department of ~~Human~~
40 ~~Resources~~Health and Human Services. Nursing facilities providing
41 services to Medicaid recipients who also qualify for Medicare, must be
42 enrolled in the Medicare program as a condition of participation in the

- 1 Medicaid program. State facilities are not subject to the requirement to
2 enroll in the Medicare program.
- 3 (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed
4 in the State Plan as established by the Department of ~~Human Resources~~
5 Health and Human Services.
- 6 (5) Drugs - Drug costs as allowed by federal regulations plus a professional
7 services fee per month excluding refills for the same drug or generic
8 equivalent during the same month. Reimbursement shall be available
9 for up to six prescriptions per recipient, per month, including refills.
10 Payments for drugs are subject to the provisions of subsection (h) of this
11 section and to the provisions at the end of subsection (a) of this section,
12 or in accordance with the State Plan adopted by the Department of
13 ~~Human Resources~~ Health and Human Services consistent with federal
14 reimbursement regulations. Payment of the professional services fee
15 shall be made in accordance with the State Plan adopted by the
16 Department of ~~Human Resources~~, Health and Human Services,
17 consistent with federal reimbursement regulations. The professional
18 services fee shall be five dollars and sixty cents (\$5.60) per prescription.
19 Adjustments to the professional services fee shall be established by the
20 General Assembly.
- 21 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
22 Nurse Midwife Services - Fee schedules as developed by the
23 Department of ~~Human Resources~~ Health and Human Services.
24 Payments for dental services are subject to the provisions of subsection
25 (g) of this section.
- 26 (7) Community Alternative Program, EPSDT Screens - Payment to be
27 made in accordance with rate schedule developed by the Department of
28 ~~Human Resources~~ Health and Human Services.
- 29 (8) Home Health and Related Services, Private Duty Nursing, Clinic
30 Services, Prepaid Health Plans, Durable Medical Equipment - Payment
31 to be made according to reimbursement plans developed by the
32 Department of ~~Human Resources~~ Health and Human Services.
- 33 (9) Medicare Buy-In - Social Security Administration premium.
- 34 (10) Ambulance Services - Uniform fee schedules as developed by the
35 Department of ~~Human Resources~~ Health and Human Services.
- 36 (11) Hearing Aids - Actual cost plus a dispensing fee.
- 37 (12) Rural Health Clinic Services - Provider-based, reasonable cost;
38 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 39 (13) Family Planning - Negotiated rate for local health departments. For
40 other providers - see specific services, for instance, hospitals,
41 physicians.

- 1 (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as
2 developed by the Department of ~~Human Resources~~ Health and Human
3 Services.
- 4 (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale
5 cost of materials.
- 6 (16) Ambulatory Surgical Centers - Payment as prescribed in the
7 reimbursement plan established by the Department of ~~Human~~
8 ~~Resources~~ Health and Human Services.
- 9 (17) Medicare Crossover Claims - An amount up to the actual coinsurance or
10 deductible or both, in accordance with the State Plan, as approved by
11 the Department of ~~Human Resources~~ Health and Human Services.
- 12 (18) Physical Therapy and Speech Therapy - Services limited to EPSDT
13 eligible children. Payments are to be made only to qualified providers
14 at rates negotiated by the Department of ~~Human Resources~~ Health and
15 Human Services.
- 16 (19) Personal Care Services - Payment in accordance with the State Plan
17 approved by the Department of ~~Human Resources~~ Health and Human
18 Services.
- 19 (20) Case Management Services - Reimbursement in accordance with the
20 availability of funds to be transferred within the Department of ~~Human~~
21 ~~Resources~~ Health and Human Services.
- 22 (21) Hospice - Services may be provided in accordance with the State Plan
23 developed by the Department of ~~Human Resources~~ Health and Human
24 Services.
- 25 (22) Other Mental Health Services - Unless otherwise covered by this
26 section, coverage is limited to agencies meeting the requirements of the
27 rules established by the Commission for Mental Health, Developmental
28 Disabilities, and Substance Abuse Services, and reimbursement is made
29 in accordance with a State Plan developed by the Department of ~~Human~~
30 ~~Resources~~ Health and Human Services not to exceed the upper limits
31 established in federal regulations.
- 32 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
33 Children - Reimbursement in accordance with the State Plan approved
34 by the Department of ~~Human Resources~~ Health and Human Services.
- 35 (24) Health Insurance Premiums - Payments to be made in accordance with
36 the State Plan adopted by the Department of ~~Human Resources~~ Health
37 and Human Services consistent with federal regulations.
- 38 (25) Medical Care/Other Remedial Care - Services not covered elsewhere in
39 this section include related services in schools; health professional
40 services provided outside the clinic setting to meet maternal and infant
41 health goals; and services to meet federal EPSDT mandates. Services
42 addressed by this paragraph are limited to those prescribed in the State
43 Plan as established by the Department of ~~Human Resources~~ Providers

1 Health and Human Services. Except for related services in schools,
 2 providers of these services shall be certified as meeting program
 3 standards of the Department of Environment, Health, and Natural
 4 Resources. Department of Health and Human Services, Division of
 5 Women's and Children's Health.

6 (26) Pregnancy Related Services - Covered services for pregnant women
 7 shall include nutritional counseling, psychosocial counseling, and
 8 predelivery and postpartum home visits by maternity care coordinators
 9 and public health nurses.

10 Services and payment bases may be changed with the approval of the Director of the
 11 Budget.

12 Reimbursement is available for up to 24 visits per recipient per year to any one or
 13 combination of the following: physicians, clinics, hospital outpatient, optometrists,
 14 chiropractors, and podiatrists. Prenatal services, all EPSDT children, and emergency
 15 rooms are exempt from the visit limitations contained in this paragraph. Exceptions may
 16 be authorized by the Department of ~~Human Resources~~ Health and Human Services where
 17 the life of the patient would be threatened without such additional care. Any person who
 18 is determined by the Department to be exempt from the 24-visit limitation may also be
 19 exempt from the six-prescription limitation.

20 (b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five
 21 percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all
 22 applicable services listed in this section.

23 (c) Copayment for Medicaid Services. The Department of ~~Human Resources~~
 24 Health and Human Services may establish copayment up to the maximum permitted by
 25 federal law and regulation.

26 (d) Medicaid and ~~Aid to Families With Dependent Children~~ Work First Family
 27 Assistance, Income Eligibility Standards. The maximum net family annual income
 28 eligibility standards for Medicaid and ~~Aid to Families with Dependent Children,~~ Work
 29 First Family Assistance and the Standard of Need for ~~Aid to Families with Dependent~~
 30 ~~Children~~ Work First Family Assistance shall be as follows:

	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	Family Standard	AFDC Payment		
<u>Size</u>	<u>of Need</u>	<u>Level*</u>	<u>AA, AB, AD*</u>	
35	1	\$ 4,344	\$ 2,172	\$ 2,900
36	2	5,664	2,832	3,800
37	3	6,528	3,264	4,400
38	4	7,128	3,564	4,800
39	6	8,376	4,188	5,600
40	7	8,952	4,476	6,000
41	8	9,256	4,680	6,300

42 *~~Aid to Families With Dependent Children~~ (AFDC); Work First Family Assistance
 43 (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

1
2 The payment level for ~~Aid to Families With Dependent Children~~ Work First Family
3 Assistance shall be fifty percent (50%) of the standard of need.

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

6 (e) All Elderly, Blind, and Disabled Persons who receive Supplemental Security
7 Income are eligible for Medicaid coverage.

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

16
17 Monthly Net Wages Monthly Incentive Allowance

18	\$1.00 to \$100.99	Up to \$50.00
19	\$101.00 - \$200.99	\$80.00
20	\$201.00 to \$300.99	\$130.00
21	\$301.00 and greater	\$212.00.

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

24 (h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through G.S.
25 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security Act) a
26 prescription order for a drug designated by a trade or brand name shall be considered to
27 be an order for the drug by its established or generic name, except when the prescriber
28 personally indicates, either orally or in the prescriber's own handwriting on the
29 prescription order, "dispense as written" or words of similar meaning. Generic drugs,
30 when available in the pharmacy, shall be dispensed at a lower cost to the Medical
31 Assistance Program rather than trade or brand name drugs, subject to the prescriber's
32 "dispense as written" order as noted above.

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

37 (i) Exceptions to Service Limitations, Eligibility Requirements, and Payments.
38 Service limitations, eligibility requirements, and payments bases in this section may be
39 waived by the Department of ~~Human Resources~~, Health and Human Services, with the
40 approval of the Director of the Budget, to allow the Department to carry out pilot
41 programs for prepaid health plans, managed care plans, or community-based services
42 programs in accordance with plans approved by the United States Department of Health

1 and Human Services, or when the Department determines that such a waiver will result in
2 a reduction in the total Medicaid costs for the recipient.

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

9 (k) Cost Containment Programs. The Department of ~~Human Resources, Health~~
10 ~~and Human Services,~~ Division of Medical Assistance, may undertake cost containment
11 programs including preadmissions to hospitals and prior approval for certain outpatient
12 surgeries before they may be performed in an inpatient setting.

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

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

19 (n) The Department of ~~Human Resources-Health and Human Services~~ shall
20 provide coverage to pregnant women and to children according to the following schedule:

21 (1) Pregnant women with incomes equal to or less than one hundred eighty-
22 five percent (185%) of the federal poverty guidelines as revised each
23 April 1 shall be covered for Medicaid benefits.

24 (2) Infants under the age of 1 with family incomes equal to or less than one
25 hundred eighty-five percent (185%) of the federal poverty guidelines as
26 revised each April 1 shall be covered for Medicaid benefits.

27 (3) Children aged 1 through 5 with family incomes equal to or less than one
28 hundred thirty-three percent (133%) of the federal poverty guidelines as
29 revised each April 1 shall be covered for Medicaid benefits.

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

33 (5) The Department of ~~Human Resources-Health and Human Services~~ shall
34 provide Medicaid coverage for adoptive children with special or
35 rehabilitative needs regardless of the adoptive family's income.

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

1 (n1) Effective October 1, 1998, Medicaid enrollment of categorically needy
2 families with children shall be continuous for one year without regard to changes in
3 income or assets.

4 ~~(o) The Department of Human Resources may use Medicaid funds budgeted from~~
5 ~~program services to support the cost of administrative activities to the extent that these~~
6 ~~administrative activities produce a net savings in services requirements. Administrative~~
7 ~~initiatives funded by this section shall be first approved by the Office of State Budget and~~
8 ~~Management.~~

9 (p) The Department of ~~Human Resources~~ Health and Human Services shall submit
10 a monthly status report on expenditures for acute care and long-term care services to the
11 Fiscal Research Division and to the Office of State Budget and Management. This report
12 shall include an analysis of budgeted versus actual expenditures for eligibles by category
13 and for long-term care beds. In addition, the Department shall revise the program's
14 projected spending for the current fiscal year and the estimated spending for the
15 subsequent fiscal year on a quarterly basis. Reports for the preceding month shall be
16 forwarded to the Fiscal Research Division and to the Office of State Budget and
17 Management no later than the third Thursday of the month.

18 (q) The Division of Medical Assistance, Department of ~~Human Resources~~, Health
19 and Human Services, may provide incentives to counties that successfully recover
20 fraudulently spent Medicaid funds by sharing State savings with counties responsible for
21 the recovery of the fraudulently spent funds.

22 (r) If first approved by the Office of State Budget and Management, the Division
23 of Medical Assistance, Department of ~~Human Resources~~, Health and Human Services,
24 may use funds that are identified to support the cost of development and acquisition of
25 equipment and software through contractual means to improve and enhance information
26 systems that provide management information and claims processing.

27 (s) The Division of Medical Assistance, Department of ~~Human Resources~~, Health
28 and Human Services, may administer Medicaid estate recovery mandated by the
29 Omnibus Budget Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and
30 G.S. 108-70.5 using temporary rules pending approval of final rules promulgated
31 pursuant to Chapter 150B of the General Statutes.

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

39 (u) The Department shall report to the Fiscal Research Division of the Legislative
40 Services Office and to the Senate Appropriations Committee on Human Resources and
41 the House of Representatives Appropriations Subcommittee on Human Resources or the
42 Joint Legislative Commission on Health Care Oversight on any change it anticipates

1 making in the Medicaid Program or service, including changes to rates, to waivers, and to
2 positions, prior to making this change."

3 (b) The Department of Health and Human Services shall study the effect of
4 subsection (n1) of Section 11.11 of S.L. 1997-443 on both the Medicaid Program and the
5 Health Insurance Program for Children. The Department shall make an interim report on
6 the results of this study to the members of the Senate Appropriations Committee on
7 Human Resources and the House of Representatives Appropriations Subcommittee on
8 Human Resources by October 1, 1999, and shall make a final report by January 1, 2000.

9 (c) G.S. 108A-55(c) reads as rewritten:

10 "(c) The Department shall reimburse providers of services, equipment, or supplies
11 under the Medical Assistance Program in the following amounts:

12 (1) The amount approved by the Health Care Financing Administration of
13 the United States Department of Health and Human Services, if that
14 Administration approves an exact reimbursement amount;

15 (2) The amount determined by application of a method approved by the
16 Health Care Financing Administration of the United States Department
17 of Health and Human Services, if that Administration approves the
18 method by which a reimbursement amount is determined, and not the
19 exact amount.

20 The Department shall establish the methods by which reimbursement amounts are
21 determined in accordance with Chapter 150B of the General Statutes. A change in a
22 reimbursement amount becomes effective as of the date for which the change is approved
23 by the Health Care Financing Administration of the United States Department of Health
24 and Human Services. The Department shall report to the Fiscal Research Division of the
25 Legislative Services Office and to the Senate Appropriations Committee on Human
26 Resources and the House of Representatives Appropriations Subcommittee on Human
27 Resources or the Joint Legislative Commission on Health Care Oversight on any change
28 in a reimbursement amount at the same time as it sends out public notice of this change
29 prior to presentation to the Health Care Financing Administration."

30
31 Requested by: Representative Gardner

32 **PARTICIPATION IN MEDICAID DENTAL PROGRAM**

33 Section 12.12C. It is the intent of the General Assembly, in funding the
34 increase of the Medicaid reimbursement rate to dentists in 1998, to increase substantially
35 the participation of dentists in the Medicaid dental program and to improve the program's
36 provision of dental preventive services to Medicaid patients while ensuring the integrity
37 and accountability of the program.

38 The General Assembly finds that, by June 1, 1999, the statewide participation
39 rate should have increased by ten percent (10%) from the June 1, 1998, participation rate
40 and by June 30, 2000, by forty percent (40%). The General Assembly further finds that,
41 ultimately, all dentists practicing in North Carolina should accept at least ten percent
42 (10%) of their patients from the Medicaid population. The Department of Health and

1 Human Services shall adopt this goal and shall pursue every avenue available to it to
2 ensure that this goal is realized, including:

- 3 (1) Developing strategies to aid dentists in increasing the number of their
4 Medicaid patients;
- 5 (2) Developing a statewide outreach plan;
- 6 (3) Educating dental professionals in strategies to integrate successfully the
7 Medicaid patients into the practice by November 1, 1998; and
- 8 (4) Expanding the capacity of targeted local health departments and
9 community health centers by using fully registered dental hygienists to
10 provide preventive services such as sealant treatment, fluoride
11 treatment, and basic dental hygiene treatment.

12 The Department of Health and Human Services shall report to the Senate
13 Appropriations Committee on Human Resources and the House of Representatives
14 Appropriations Subcommittee on Human Resources on its progress in reaching this goal
15 and on any other results of increasing the Medicaid reimbursement rate by June 30, 1999,
16 and by June 30, 2000.

17 The Department of Health and Human Services shall ensure that dentists
18 participating in the Medicaid program are fully accountable for their participation and
19 that the integrity of the Medicaid program is maintained by all participants, including
20 ensuring that Medicaid is billed only for services provided and not for missed
21 appointments.

22 The Department of Health and Human Services, together with the North
23 Carolina Dental Board of Examiners, shall study existing laws and rules that may serve
24 as barriers to adequate dental treatment for Medicaid and other patients, including
25 barriers to licensed dental hygienists from other states receiving licenses in North
26 Carolina. The Department shall report the results of this study, together with any
27 recommendations of laws or rules that need to be changed, to the Senate Appropriations
28 Committee on Human Resources and the House of Representatives Appropriations
29 Subcommittee on Human Resources by March 15, 1999.

30
31 Requested by: Representatives Gardner, Cansler, Clary

32 **MEDICAID COVERAGE FOR ELDERLY AND DISABLED PEOPLE**

33 Section 12.12D. Effective January 1, 1999, the Department of Health and
34 Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all
35 elderly and disabled people who have incomes equal to or less than one hundred percent
36 (100%) of the federal poverty guidelines, as revised each April 1.

37
38 [SECTION 12.13 RESERVED]

39 **SUBPART 3. FACILITY SERVICES**

40
41 Requested by: Representatives Gardner, Cansler, Clary

42 **TRANSFER OF CHARITABLE SOLICITATION PROGRAM TO THE** 43 **SECRETARY OF STATE**

1 Section 12.14. (a) All functions, powers, duties, and obligations previously
2 vested in the Department of Health and Human Services under Chapter 131F of the
3 General Statutes are transferred to and vested in the Department of the Secretary of State
4 as if by a Type I transfer defined in G.S. 143A-6. All statutory authority, powers, duties,
5 functions, records, personnel, property, and unexpended balances of appropriations or
6 other funds of the program transferred pursuant to this section shall be transferred in their
7 entirety.

8 (b) G.S. 131F-2(7) reads as rewritten:

9 "(7) ~~'Department'~~ means the Department of ~~Health and Human Services.~~ the
10 Secretary of State."

11 (c) G.S. 147-36 reads as rewritten:

12 **"§ 147-36. Duties of Secretary of State.**

13 It is the duty of the Secretary of State:

- 14 (1) To perform such duties as may then be devolved upon ~~him~~ the Secretary
15 by resolution of the two houses of the General Assembly or either of
16 them;
- 17 (2) To attend the Governor, whenever required by ~~him~~ the Governor, for
18 the purpose of receiving documents which have passed the great seal;
- 19 (3) To receive and keep all conveyances and mortgages belonging to the
20 State;
- 21 (4) To distribute annually the statutes and the legislative journals;
- 22 (5) To distribute the acts of Congress received at ~~his~~ the Secretary's office
23 in the manner prescribed for the statutes of the State;
- 24 (6) To keep a receipt book, in which ~~he~~ the Secretary shall take from every
25 person to whom a grant shall be delivered, a receipt for the same; but ~~he~~
26 may inclose grants by mail in a registered letter at the expense of the
27 grantee, unless otherwise directed, first entering the same upon the
28 receipt book;
- 29 (7) To issue charters and all necessary certificates for the incorporation,
30 domestication, suspension, reinstatement, cancellation and dissolution
31 of corporations as may be required by the corporation laws of the State
32 and maintain a record thereof;
- 33 (8) To issue certificates of registration of trademarks, labels and designs as
34 may be required by law and maintain a record thereof;
- 35 (9) To maintain a Division of Publications to compile data on the State's
36 several governmental agencies and for legislative reference;
- 37 (10) To receive, enroll and safely preserve the Constitution of the State and
38 all amendments thereto;
- 39 (11) To serve as a member of such boards and commissions as the
40 Constitution and laws of the State may designate;
- 41 (12) To administer the Securities Law of the State, regulating the issuance
42 and sale of securities, as is now or may be directed;

- 1 (13) To receive and keep all oaths of public officials required by law to be
2 filed in ~~his~~the Secretary's office, and as Secretary of State, ~~he~~ is fully
3 empowered to administer official oaths to any public official of whom
4 an oath is required; ~~and~~
- 5 (14) To receive and maintain a journal of all appointments made to any State
6 board, agency, commission, council or authority which is filed in the
7 office of the Secretary of State~~-State~~; and
- 8 (15) To regulate the solicitation of contributions pursuant to Chapter 131F of
9 the General Statutes."
- 10 (d) This section becomes effective January 1, 1999.

11
12 [SECTION 12.15 RESERVED]

13
14 Requested by: Representatives Gardner, Cansler, Clary

15 **ADULT CARE HOME STAFFING RATIO CHANGES**

16 Section 12.16B. Effective January 1, 1999, G.S. 131D-4.3 reads as rewritten:

17 **"§ 131D-4.3. Adult care home rules.**

18 (a) Pursuant to G.S. 143B-153, the Social Services Commission shall adopt rules
19 to ensure at a minimum, but shall not be limited to, the provision of the following by
20 adult care homes:

- 21 (1) Client assessment and independent case management;
- 22 (2) A minimum of 75 hours of training for personal care aides performing
23 heavy care tasks and a minimum of 40 hours of training for all personal
24 care aides. The training for aides providing heavy care tasks shall be
25 comparable to State-approved Certified Nurse Aide I training. For those
26 aides meeting the 40-hour requirement, at least 20 hours shall be
27 classroom training to include at a minimum:
- 28 a. Basic nursing skills;
 - 29 b. Personal care skills;
 - 30 c. Cognitive, behavioral, and social care;
 - 31 d. Basic restorative services; and
 - 32 e. Residents' rights.

33 A minimum of 20 hours of training shall be provided for aides in family
34 care homes that do not have heavy care residents. Persons who either
35 pass a competency examination developed by the Department of Health
36 and Human Services, have been employed as personal care aides for a
37 period of time as established by the Department, or meet minimum
38 requirements of a combination of training, testing, and experience as
39 established by the Department shall be exempt from the training
40 requirements of this subdivision;

- 41 (3) Monitoring and supervision of residents; ~~and~~
- 42 (4) Oversight and quality of care as stated in ~~G.S. 131D-4.1.~~ G.S. 131D-4.1;
43 and

1 (5) Adult care homes shall comply with all of the following staffing
2 requirements:

3 a. First shift (morning): 8.0 hours of aide duty per each 20 residents
4 (licensed capacity or resident census);

5 b. Second shift (afternoon): 8.0 hours of aide duty per each 20
6 residents (licensed capacity or resident census);

7 c. Third shift (evening): 8.0 hours of aide duty per 30 or fewer
8 residents (licensed capacity or resident census).

9 (b) Rules to implement this section shall be adopted as emergency rules in
10 accordance with Chapter 150B of the General Statutes. ~~These rules shall be in effect no~~
11 ~~later than January 1, 1996.~~

12 (c) The Department may suspend or revoke a facility's license, subject to the
13 provisions of Chapter 150B, to enforce compliance by a facility with this section or to
14 punish noncompliance."
15

16 Requested by: Representatives Gardner, Cansler, Clary

17 **ADULT CARE HOME BED VACANCIES/EXTENSION**

18 Section 12.16C. (a) Section 11.69(b) of S.L. 1997-443 reads as rewritten:

19 "~~(b) From the effective date of this act until 12 months after the effective date of~~
20 ~~this act, Effective until August 26, 1999,~~ the Department of Health and Human Services
21 shall not approve the addition of any adult care home beds for any type home or facility
22 in the State, except as follows:

23 (1) Plans submitted for approval prior to May 18, 1997, may continue to be
24 processed for approval;

25 (2) Plans submitted for approval subsequent to May 18, 1997, may be
26 processed for approval if the individual or organization submitting the
27 plan demonstrates to the Department that on or before August 25, 1997,
28 the individual or organization purchased real property, entered into a
29 contract to purchase or obtain an option to purchase real property,
30 entered into a binding real property lease arrangement, or has otherwise
31 made a binding financial commitment for the purpose of establishing or
32 expanding an adult care home facility. An owner of real property who
33 entered into a contract prior to August 25, 1997, for the sale of an
34 existing building together with land zoned for the development of not
35 more than 50 adult care home beds with a proposed purchaser who
36 failed to consummate the transaction may, after August 25, 1997, sell
37 the property to another purchaser and the Department may process and
38 approve plans submitted by the purchaser for the development of not
39 more than 50 adult care home beds. It shall be the responsibility of the
40 applicant to establish, to the satisfaction of the Department, that any of
41 these conditions have been met;

- 1 (3) Adult care home beds in facilities for the developmentally disabled with
2 six beds or less which are or would be licensed under G.S. 131D or G.S.
3 122C may continue to be approved;
- 4 (4) If the Department determines that the vacancy rate of available adult
5 care home beds in a county is fifteen percent (15%) or less of the total
6 number of available beds in the county as of ~~the effective date of this act~~
7 August 26, 1997, and no new beds have been approved or licensed in
8 the county or plans submitted for approval in accordance with
9 subdivision (1) or (2) of this section which would raise the vacancy rate
10 above fifteen percent (15%) in the county, then the Department may
11 accept and approve the addition of beds in that county; or
- 12 (5) If a county board of commissioners determines that a substantial need
13 exists for the addition of adult care home beds in that county, the board
14 of commissioners may request that a specified number of additional
15 beds be licensed for development in their county. In making their
16 determination, the board of commissioners shall give consideration to
17 meeting the needs of Special Assistance clients. The Department may
18 approve licensure of the additional beds from the first facility that files
19 for licensure and subsequently meets the licensure requirements."
- 20 (b) The Division of Facility Services shall notify all persons who have filed
21 plans and received initial approval for a project to develop and construct new adult care
22 facilities but who have not proceeded with the development of the facilities within 18
23 months of the date of approval, that the project has been classified as inactive. A person
24 who has an approved project may request that the project be placed on inactive status by
25 providing a written statement to the Division that the person does not intend to begin
26 development or construction of the project within the ensuing State fiscal year. Projects
27 classified as inactive may remain in that classification indefinitely. A person whose
28 approved project has been classified as inactive may reactivate the project as approved at
29 any time, without having to reapply for initial approval, by notifying the Division in
30 writing of the intent to proceed with project development and construction. Changes to
31 projects classified as inactive made subsequent to initial approval are subject to approval
32 of the Division.

33

34 Requested by: Representatives Gardner, Cansler, Clary

35 **DIVISION OF FACILITY SERVICES/PROPOSE FEE SCHEDULE**

36 Section 12.16D. The Department of Health and Human Services, Division of
37 Facility Services, shall develop a proposed schedule of fees to defray the cost of
38 processing and reviewing construction plans for social and health care facilities and for
39 conducting physical plant inspections of these facilities. The Department shall report the
40 proposed fee schedule to members of the House of Representatives Appropriations
41 Subcommittee on Human Resources and the Senate Appropriations Committee on
42 Human Resources, and the Joint Legislative Health Care Oversight Committee, not later

1 than December 1, 1998. The report shall include recommended legislation for enactment
2 of the fee schedule by the 1999 General Assembly.

3
4 Requested by: Representative Culp

5 **HEALTH CARE PERSONNEL REGISTRY**

6 Section 12.16E. (a) Of the funds appropriated in this act to the Department of
7 Health and Human Services to reduce the waiting list for developmental disability
8 services, the sum of two hundred thirty-three thousand three hundred sixty-eight dollars
9 (\$233,368) for the 1998-99 fiscal year shall be used to implement the requirements of
10 House Bill 1435 of the 1997 Session of the General Assembly to include State-operated
11 facilities as well as residential facilities and hospitals for the mentally ill,
12 developmentally disabled, and substance abusers in the Health Care Personnel Registry.

13 (b) This section becomes effective only if House Bill 1435 is enacted by the 1997
14 Session (1998 Regular Session) of the General Assembly and, as enacted, provides for
15 the registry of State-operated facilities as well as residential facilities and hospitals for the
16 mentally ill, developmentally disabled, and substance abusers in the Health Care
17 Personnel Registry.

18
19 [SECTION 12.17 RESERVED]

20 21 **SUBPART 4. AGING**

22 Requested by: Representatives Gardner, Cansler, Clary

23 **SENIOR CENTER FUNDS**

24 Section 12.18A. Section 11.17 of S.L. 1997-443 reads as rewritten:

25 "Section 11.17. (a) Of the funds appropriated in this act to the Department of
26 ~~Human Resources,~~ Health and Human Services, the sum of one million dollars
27 (\$1,000,000) for the 1997-98 fiscal year and the sum of two million dollars (\$2,000,000)
28 for the 1998-99 fiscal year shall be used to support existing senior centers and to assist in
29 the development of new senior centers. The Department shall allocate funds equally
30 among senior centers throughout the State as determined by the Division of Aging.
31 Expenditures of State funds for senior centers shall not exceed ninety percent (90%) of all
32 funds expended for this purpose.

33 (b) Of the funds appropriated in this act to the Department of Health and Human
34 Services, the sum of one million five hundred thousand dollars (\$1,500,000) for the 1998-
35 99 fiscal year shall be used to provide grants-in-aid for the construction, renovation, and
36 equipping of new senior centers. Grant awards may not exceed fifty thousand dollars
37 (\$50,000) for each new senior center. Each grant award shall be matched by local funds
38 in the amount of twenty-five percent (25%) of the total grant award."

39
40 Requested by: Representatives Gardner, Cansler, Clary

41 **IN-HOME AND CAREGIVER SUPPORT FUNDS**

42 Section 12.19A. Section 11.18 of S.L. 1997-443 reads as rewritten:

1 "Section 11.18. Of the funds appropriated in this act to the Department of ~~Human~~
2 ~~Resources,~~ Health and Human Services, Division of Aging, the sum of five million
3 dollars (\$5,000,000) for the 1997-98 fiscal year and the sum of ~~five~~ nine million one
4 hundred forty-six thousand forty-four dollars (~~\$5,000,000~~) (~~\$9,146,044~~) for the 1998-99
5 fiscal year shall be allocated via the Home and Community Care Block Grant for home
6 and community care services for older persons who are not eligible for Medicaid and who
7 are on the waiting list for these services. These funds shall be used only for direct
8 services. Service recipients shall pay for services based on their income in accordance
9 with G.S. 143B-181.1(a)(10)."

10
11 Requested by: Representatives Gardner, Cansler, Clary

12 **FUNDS FOR ALZHEIMER'S ASSOCIATION CHAPTERS IN NC**

13 Section 12.20. Of the funds appropriated in this act to the Department of
14 Health and Human Services, Division of Aging, the sum of one hundred thousand dollars
15 (\$100,000) for the 1998-99 fiscal year shall be allocated among the three chapters of the
16 Alzheimer's Association, as follows:

- 17 (1) \$25,000 for the Western Alzheimer's Chapter;
- 18 (2) \$50,000 for the Southern Piedmont Alzheimer's Chapter; and
- 19 (3) \$25,000 for the Eastern Alzheimer's Chapter.

20 Before funds may be allocated to any Chapter under this section, the Chapter shall submit
21 to the Division of Aging, for its approval, a plan for the use of these funds.

22
23 Requested by: Representatives Gardner, Cansler, Clary

24 **FUNDS FOR LONG-TERM CARE SYSTEMS REFORM**

25 Section 12.20B. Of the funds appropriated in this act to the Department of
26 Health and Human Services, Office of Long-Term Care, the sum of one million two
27 hundred thousand dollars (\$1,200,000) for the 1998-99 fiscal year may be used to provide
28 grants to not more than eight projects for long term care system reform efforts. Annual
29 grant awards may not exceed two hundred fifty thousand dollars (\$250,000) per grant
30 recipient. Grants shall be awarded on an RFP basis. Criteria for grant awards shall be
31 consistent with Department concepts and goals and shall include the extent to which the
32 project application addresses service delivery systems that serve multicounty areas and
33 both physically disabled and elderly adults.

34
35 Requested by: Representatives Gardner, Cansler, Clary

36 **FUNDS FOR AREA AGENCIES ON AGING**

37 Section 12.20C. Of the funds appropriated in this act to the Department of
38 Health and Human Services, the sum of nine hundred thousand dollars (\$900,000) for the
39 1998-99 fiscal year shall be allocated equally among the 18 Area Agencies on Aging.
40 These funds shall be used for planning, coordination, and operational activities that
41 enhance each agency's ability to provide services, information, and education to
42 consumers, and to better meet the data and technical assistance needs of providers, local
43 planning committees, and local governments.

1
2 **SUBPART 5. SOCIAL SERVICES**

3 Requested by: Representatives Gardner, Cansler, Clary

4 **AUTHORIZED ADDITIONAL USE OF HIV FOSTER CARE AND ADOPTION**
5 **FAMILY FUNDS**

6 Section 12.21. Section 11.23 of S.L. 1997-443 reads as rewritten:

7 "Section 11.23. (a) In addition to providing board payments to foster and
8 adoptive families of HIV-infected children, as prescribed in Chapter 324 of the 1995
9 Session Laws, any additional funds remaining that were appropriated in ~~Chapter 324 of~~
10 ~~the 1995 Session Laws~~ for this purpose shall be used as follows:

11 (1) To provide medical training in avoiding HIV transmission in the home;
12 and

13 (2) To ~~transfer provide funds to the Department of Environment, Health,~~
14 ~~and Natural Resources to create to support~~ three social work positions
15 ~~created~~ within the Department of ~~Environment, Health, and Natural~~
16 ~~Resources, Health and Human Services,~~ for the eastern part of North
17 Carolina to enable the case managing of families with HIV-infected
18 children so that the children and the parents get access to medical care
19 and so that child protective services issues are addressed rapidly and
20 effectively. The three positions shall be medically based and located:

21 a. One in the northeast, covering Northampton, Hertford, Halifax,
22 Gates, Chowan, Perquimans, Pasquotank, Camden, Currituck,
23 Bertie, Wilson, Edgecombe, and Nash Counties;

24 b. One in the central east, covering Martin, Pitt, Washington,
25 Tyrrell, Dare, Hyde, Beaufort, Jones, Greene, Craven, and
26 Pamlico Counties; and

27 c. One in the southeast, covering New Hanover, Robeson,
28 Brunswick, Carteret, Onslow, Lenoir, Pender, Duplin, Bladen,
29 and Columbus Counties.

30 (b) The maximum rates for State participation in HIV foster care and adoptions
31 assistance are established on a graduated scale as follows:

32 (1) \$800.00 per month per child with indeterminate HIV status;

33 (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;

34 (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and

35 (4) \$1,600 per month per child terminally ill with complex care needs."
36

37 Requested by: Representatives Gardner, Cansler, Clary

38 **CHILD WELFARE SYSTEM IMPROVEMENTS**

39 Section 12.22. Section 11.57 of S.L. 1997-443 reads as rewritten:

40 "Section 11.57. (a) Of the funds appropriated in this act to the Department of
41 ~~Human Resources, Health and Human Services,~~ Division of Social Services, the sum of
42 two million two hundred sixty-nine thousand seven hundred fifty-two dollars
43 (\$2,269,752) for the 1997-98 fiscal year and the sum of two million two hundred sixty-

1 nine thousand seven hundred fifty-two dollars (\$2,269,752) for the 1998-99 fiscal year
2 shall be allocated to county departments of social services for hiring or contracting for
3 additional foster care and adoption worker and supervisor positions created after July 1,
4 1997, based upon a formula which takes into consideration the number of ~~foster care and~~
5 ~~adoption cases~~ and the number of ~~foster care and adoption workers~~ and supervisors
6 necessary to meet recommended standards adopted by the North Carolina Association of
7 County Directors of Social Services. County departments of social services shall make
8 diligent efforts to hire staff with a professional social work degree from an accredited
9 social work program.

10 (b) Of the funds appropriated in this act to the Department of ~~Human Resources,~~
11 Health and Human Services, Division of Social Services, the sum of one hundred fifty-
12 nine thousand dollars (\$159,000) for the 1997-98 fiscal year and the sum of one hundred
13 sixty-three thousand dollars (\$163,000) for the 1998-99 fiscal year shall be used to
14 provide funds for the State Child Fatality Review Team established and maintained
15 pursuant to Part 4B of Article 3 of Chapter 143B of the General Statutes. ~~establish and~~
16 ~~maintain a State Child Fatality Review Team to conduct in-depth reviews of any child~~
17 ~~fatalities which have occurred involving children and families involved with local~~
18 ~~departments of social services child protective services in the 12 months preceding the~~
19 ~~fatality.~~

20 The purpose of these reviews shall be to implement a team approach to identifying
21 factors which may have contributed to conditions leading to the fatality and to develop
22 recommendations for improving coordination between local and State entities which
23 might have avoided the threat of injury or fatality and to identify appropriate remedies.
24 The Division of Social Services shall make public the findings and recommendations
25 developed for each fatality reviewed relating to improving coordination between local
26 and State entities.

27 The State Child Fatality Review Team shall include representatives of the local
28 departments of social services and the Division of Social Services, a member of the local
29 Community Child Protection Team, a member of the local child fatality prevention team,
30 a representative from local law enforcement, a prevention specialist, and a medical
31 professional.

32 The State Child Fatality Review Team shall have access to all medical records,
33 hospital records, and records maintained by this State, any county, or any local agency as
34 necessary to carry out the purposes of this subsection, including police investigative data,
35 ~~medical examiner investigative data, health records, mental health records, and social~~
36 ~~services records.~~ Any member of the State Child Fatality Review Team may share, only
37 in an official meeting of the State Child Fatality Review Team, any information available
38 to that member that the State Child Fatality Review Team needs to carry out its duties.

39 Meetings of the State Child Fatality Review Team are not subject to the provisions of
40 Article 33C of Chapter 143 of the General Statutes. However, the State Child Fatality
41 Review Team may hold periodic public meetings to discuss, in a general manner not
42 revealing confidential information about children and families, the findings of their
43 reviews and their recommendations for preventive actions. Minutes of all public

1 meetings, excluding those of executive sessions, shall be kept in compliance with Article
2 33C of Chapter 143 of the General Statutes. Any minutes or any other information
3 generated during any executive session shall be sealed from public inspection.

4 All otherwise confidential information and records acquired by the State Child
5 Fatality Review Team, in the exercise of its duties are confidential; are not subject to
6 discovery or introduction into evidence in any proceedings except pursuant to an order of
7 the court; and may only be disclosed as necessary to carry out the purposes of the State
8 Child Fatality Review Team. In addition, all otherwise confidential information and
9 records created by the State Child Fatality Review Team in the exercise of its duties are
10 confidential; are not subject to discovery or introduction into evidence in any
11 proceedings; and may only be disclosed as necessary to carry out the purposes of the
12 State Child Fatality Review Team. No member of the State Child Fatality Review Team,
13 nor any person who attends a meeting of the State Child Fatality Review Team, may
14 testify in any proceeding about what transpired at the meeting, about information
15 presented at the meeting, or about opinions formed by the person as a result of the
16 meetings. This subsection shall not, however, prohibit a person from testifying in a civil
17 or criminal action about matters within that person's independent knowledge.

18 Each member of the State Child Fatality Review Team and invited participant shall
19 sign a statement indicating an understanding of and adherence to confidentiality
20 requirements, including the possible civil or criminal consequences of any breach of
21 confidentiality.

22 Funds allocated under this subsection shall be used as follows:

- 23 (1) To contract as needed with a statewide prevention organization and a
24 statewide medical organization to identify and orient prevention
25 specialists and medical professionals with experience in reviewing child
26 fatalities to serve on the State Child Fatality Review Team; and
- 27 (2) To pay per diem expenses as needed for the five participants in each
28 review who are not employed by the Division of Social Services or
29 county departments of social services.

30 The Division of Social Services, Department of ~~Human Resources, Health and~~
31 Human Services, shall report quarterly to the ~~Cochairs-members~~ of the ~~House and Senate~~
32 Appropriations Subcommittees on Human Resources-Senate Appropriations Committee
33 on Human Resources and the House of Representatives Appropriations Subcommittee on
34 Human Resources and the Fiscal Research Division on the activities of the State Child
35 Fatality Review Team and shall provide a final report to the ~~House and Senate~~
36 Appropriations Subcommittees on Human Resources-Senate Appropriations Committee
37 on Human Resources and the House of Representatives Appropriations Subcommittee on
38 Human Resources within one week of the convening of the 1997 General Assembly,
39 Regular Session 1998, including recommendations for changes in the statewide child
40 protection system.

41 (c) Counties shall not use State funds appropriated for child welfare services to
42 supplant county funds or reduce county expenditures for child welfare services.

1 (d) Notwithstanding G.S. 131D-10.6A, the Division of Social Services shall
2 establish training requirements for child welfare services staff initially hired on and after
3 January 1, 1998. The minimum training requirements established by the Division shall
4 be as follows:

- 5 (1) Child welfare services workers must complete a minimum of 72 hours
6 of preservice training before assuming direct client contact
7 responsibilities;
- 8 (2) Child protective services workers must complete a minimum of 18
9 hours of additional training that the Division determines is necessary to
10 adequately meet training needs;
- 11 (3) Foster care and adoption social workers must complete a minimum of
12 39 hours of additional training that the Division determines is necessary
13 to adequately meet training needs;
- 14 (4) Child Welfare Services supervisors must complete a minimum of 72
15 hours of preservice training before assuming supervisory
16 responsibilities, and a minimum of 54 hours of additional training that
17 the Division determines is necessary to adequately meet training needs;
18 and
- 19 (5) Child welfare services staff must complete 24 hours of continuing
20 education annually thereafter.

21 The Division of Social Services shall ensure that training opportunities are available
22 for county departments of social services and consolidated human services agencies to
23 meet the training requirements of this subsection.

24 ~~This subsection shall expire June 30, 1999. This subsection shall continue in effect~~
25 ~~until explicitly repealed.~~

26 (e) Article 3 of Chapter 143B of the General Statutes is amended by inserting a
27 new Part to read:

28 **'PART 4B. STATE CHILD FATALITY REVIEW TEAM.**

29 **"§ 143B-150.20. State Child Fatality Review Team; establishment; purpose;**
30 **powers; duties.**

31 There is established in the Department of Health and Human Services, Division of
32 Social Services, a State Child Fatality Review Team to conduct in-depth reviews of any
33 child fatalities which have occurred involving children and families involved with local
34 departments of social services child protective services in the 12 months preceding the
35 fatality. Steps in this in-depth review shall include interviews with any individuals
36 determined to have pertinent information as well as examination of any written materials
37 containing pertinent information.

38 The purpose of these reviews shall be to implement a team approach to identifying
39 factors which may have contributed to conditions leading to the fatality and to develop
40 recommendations for improving coordination between local and State entities which
41 might have avoided the threat of injury or fatality and to identify appropriate remedies.
42 The Division of Social Services shall make public the findings and recommendations
43 developed for each fatality reviewed relating to improving coordination between local

1 and State entities. The State Child Fatality Review Team shall consult with the
2 appropriate district attorney in accordance with G.S. 7A-675(d) prior to the public
3 release of the findings and recommendations.

4 The State Child Fatality Review Team shall include representatives of the local
5 departments of social services and the Division of Social Services, a member of the local
6 Community Child Protection Team, a member of the local child fatality prevention team,
7 a representative from local law enforcement, a prevention specialist, and a medical
8 professional.

9 The State Child Fatality Review Team shall have access to all medical records,
10 hospital records, and records maintained by this State, any county, or any local agency as
11 necessary to carry out the purposes of this subsection, including police investigative data,
12 medical examiner investigative data, health records, mental health records, and social
13 services records. The State Child Fatality Review Team may receive a copy of any
14 reviewed materials necessary to the conduct of the fatality review. Any member of the
15 State Child Fatality Review Team may share, only in an official meeting of the State
16 Child Fatality Review Team, any information available to that member that the State
17 Child Fatality Review Team needs to carry out its duties.

18 Meetings of the State Child Fatality Review Team are not subject to the provisions of
19 Article 33C of Chapter 143 of the General Statutes. However, the State Child Fatality
20 Review Team may hold periodic public meetings to discuss, in a general manner not
21 revealing confidential information about children and families, the findings of their
22 reviews and their recommendations for preventive actions. Minutes of all public
23 meetings, excluding those of closed sessions, shall be kept in compliance with Article
24 33C of Chapter 143 of the General Statutes. Any minutes or any other information
25 generated during any executive session shall be sealed from public inspection.

26 All otherwise confidential information and records acquired by the State Child
27 Fatality Review Team, in the exercise of its duties are confidential; are not subject to
28 discovery or introduction into evidence in any proceedings except pursuant to an order of
29 the court; and may only be disclosed as necessary to carry out the purposes of the State
30 Child Fatality Review Team. In addition, all otherwise confidential information and
31 records created by the State Child Fatality Review Team in the exercise of its duties are
32 confidential; are not subject to discovery or introduction into evidence in any
33 proceedings; and may only be disclosed as necessary to carry out the purposes of the
34 State Child Fatality Review Team. No member of the State Child Fatality Review Team,
35 nor any person who attends a meeting of the State Child Fatality Review Team, may
36 testify in any proceeding about what transpired at the meeting, about information
37 presented at the meeting, or about opinions formed by the person as a result of the
38 meetings. This subsection shall not, however, prohibit a person from testifying in a civil
39 or criminal action about matters within that person's independent knowledge.

40 Each member of the State Child Fatality Review Team and invited participant shall
41 sign a statement indicating an understanding of and adherence to confidentiality
42 requirements, including the possible civil or criminal consequences of any breach of
43 confidentiality."

1
2 Requested by: Representatives Gardner, Cansler, Clary

3 **CHILD PROTECTIVE SERVICES**

4 Section 12.23. Section 11.25 of S.L. 1997-443 reads as rewritten:

5 "Section 11.25. (a) The funds appropriated in this act to the Department of
6 ~~Human Resources, Health and Human Services,~~ Division of Social Services, for the
7 1997-99 fiscal biennium for Child Protective Services shall be allocated to county
8 departments of social services based upon a formula which takes into consideration the
9 number of Child Protective Services cases and the number of Child Protective Services
10 workers and supervisors necessary to meet recommended standards adopted by the North
11 Carolina Association of County Directors of Social Services.

12 (b) Funds allocated under subsection (a) of this section shall be used by county
13 departments of social services for carrying out ~~investigations of reports~~ investigative
14 assessments of child abuse or neglect or for providing protective or preventive services in
15 which the department confirms abuse, neglect, or dependency."

16
17 [SECTION 12.24 RESERVED]
18

19 Requested by: Representatives Gardner, Cansler, Clary

20 **REPORT ON PROGRESS TOWARDS AUTOMATED APPLICATION SYSTEM**

21 Section 12.25. The Department of Health and Human Services shall make an
22 interim report by November 1, 1998, and a final report within a week of the convening of
23 the 1999 General Assembly to the members of the Senate Appropriations Committee on
24 Human Resources and the House of Representatives Appropriations Subcommittee on
25 Human Resources on its progress in developing and implementing a single statewide
26 automated application system for all means-tested public assistance benefit programs.
27

28 Requested by: Representatives Gardner, Cansler, Clary, Howard, Berry

29 **BIOMETRICS LAW CHANGES**

30 Section 12.26A. (a) G.S. 108A-25.1 reads as rewritten:

31 **"§ 108A-25.1. Recipient identification system.**

32 (a) The Department shall establish and maintain a uniform system in the
33 Department and in all counties of identifying all Work First, food stamp, child care, and
34 medical assistance program ~~recipients.~~ recipients, applicants, and payees, except those
35 who are institutionalized adults, children under the age of 18 unless they are minor
36 parents who are applying for or receiving assistance, or other individuals that federal law
37 or regulation mandate be excluded. For purposes of this section, the term 'payee' means a
38 responsible adult who receives assistance, whether cash assistance or services, on behalf
39 of a recipient. This system shall provide security and portability throughout the State and
40 between the departments within the State involved in means-tested public assistance
41 programs and shall have the capability of identifying recipients of assistance from all
42 means-tested programs administered or funded through the Department.

1 (b) The identification system established in this section shall use multiple
2 biometrics to ensure greater than ninety-nine percent (99%) accuracy for
3 interdepartmental identification.

4 (c) The Department shall ensure that the biometric identification system will be
5 compatible with any existing departmental biometric identification system.

6 (d) The Department shall make biometric identification a condition of eligibility
7 for Work First, food stamp, child care, and medical assistance programs for all recipients,
8 applicants, and payees, described in subsection (a) of this section. If any recipient,
9 applicant, or payee is denied Work First, food stamp, or child care assistance on the basis
10 of the identification system established in this section, the recipient's, applicant's, or
11 payee's whole case, or group of individuals whose eligibility for Work First, food stamp,
12 and child care assistance is dependent on all the other group members' financial and
13 nonfinancial situation, shall be denied Work First, food stamp, or child care assistance."

14 (b) Section 12.35 of S.L. 1997-443 reads as rewritten:

15 "Section 12.35. The Department of Health and Human Services shall have the
16 uniform system of recipient identification established in G.S. 108A-25.1 in place and
17 operating ~~before October 1, 1998.~~ no later than October 1, 2000. The Department shall
18 implement the start of the phase-in process no later than October 1, 1999, and shall report
19 on a quarterly basis to the Joint Legislative Public Assistance Commission on its progress
20 towards statewide implementation. Except as otherwise provided in this Part, this Part is
21 effective when it becomes law."

22 (c) If the United States Department of Health and Human Services or the
23 United States Department of Agriculture or both reject by written documentation any of
24 the specifics of the biometric identification system prescribed in G.S. 108A-25.1, the
25 North Carolina Department of Health and Human Services shall implement any
26 remaining unrejected specifics.

27 (d) The Department of Health and Human Services shall report to the Joint
28 Legislative Public Assistance Commission (i) whenever it determines that federal law or
29 regulation mandates that other individuals than the ones specified in G.S. 108A-25.1(a)
30 must be excluded from the biometric identification system prescribed in G.S. 108A-25.1
31 and (ii) whenever it is notified by written documentation that the United States
32 Department of Health and Human Services or the United States Department of
33 Agriculture or both have rejected any of the specifics of the biometric identification
34 system prescribed in G.S. 108A-25.1.

35 (e) Funds appropriated by S.L. 1997-443 to the Department of Health and
36 Human Services and the Office of State Budget and Management for the Biometrics
37 Recipient Identification System for the 1997-98 fiscal year shall not revert but shall
38 remain available to the Department for this purpose.

39 (f) Subsection (e) of this section becomes effective June 30, 1998.

40
41 Requested by: Representatives Gardner, Cansler, Clary, Howard, Berry

42 **WELFARE LAW CHANGES**

1 Section 12.27A. (a) The General Assembly approves the plan titled "North
2 Carolina's Temporary Assistance for Needy Families State Plan FY 1998-2000", prepared
3 by the Department of Health and Human Services and presented to the General Assembly
4 on May 15, 1998, and amended by the Temporary Assistance for Needy Families
5 Welfare-to-Work Formula Grant Plan, prepared by the Department of Commerce and
6 presented to the General Assembly on July 2, 1998, as amended by changes to the
7 welfare law required by this section and any other act of the General Assembly.

8 (b) G.S. 108A-27.9(a) reads as rewritten:

9 "(a) The Department shall prepare and submit to the Director of the ~~Budget~~, in
10 ~~accordance with the procedures established in G.S. 143-16.1 for federal block grant~~
11 ~~funds~~, Budget a biennial State Plan that proposes the goals and requirements for the State
12 and the terms of the Work First Program for each fiscal year. Prior to submitting a State
13 Plan to the General Assembly, the Department shall submit the State Plan to the Joint
14 Legislative Public Assistance Commission for its review and then consult with local
15 governments and private sector organizations regarding the design of the State Plan and
16 allow 45 days to receive comments from them."

17 (c) Section 12.20(b) of S.L. 1997-443 reads as rewritten:

18 "(b) The requirement that the Department prepare and submit the State Plan to the
19 General Assembly for approval ~~in accordance with the procedures set forth in G.S. 143-~~
20 ~~16.1 as prescribed in G.S. 108A-27.9(a)~~ shall not be applicable for fiscal year 1997-98.
21 Until the counties have prepared their county plans and the State has prepared the State
22 Plan in accordance with this Part and that State Plan has been enacted by the General
23 Assembly and it becomes law, the provisions of the State Plan submitted to the federal
24 government on October 16, 1996, shall remain in effect. State Plans submitted after the
25 1997-98 fiscal year shall be enacted by the General Assembly and become law in order to
26 be effective."

27 (d) Section 12.36(a) of S.L. 1997-443 reads as rewritten:

28 "Section 12.36. (a) Of the funds appropriated in this act to the Office of State
29 Budget and Management, the sum of five million seventy-five thousand two hundred two
30 dollars (\$5,075,202) for the 1997-98 fiscal year and the sum of ~~three million nine~~
31 ~~hundred thousand dollars (\$3,900,000)~~ three million eight hundred seventeen thousand
32 dollars (\$3,817,000) for the 1998-99 fiscal year shall be placed in a Restrictive Reserve to
33 Implement Welfare Reform. These funds shall be allocated from the Reserve as follows:

- 34 (1) \$275,000 for the 1997-98 fiscal year and \$400,000 for the 1998-99
35 fiscal year to support the establishment of a uniform system of public
36 assistance programs as authorized under G.S. 108A-25.1, and to provide
37 counties with workstations for biometric imaging;
- 38 (2) \$2,500,000 in each fiscal year to fund program integrity activities in
39 each ~~county~~, county. These funds shall be given to the counties in a
40 lump sum and unexpended funds shall revert to the General Fund;
- 41 (3) \$500,000 for the 1997-98 fiscal year to establish and support an Office
42 of Inspector General in the Department of Justice;

- 1 (4) \$300,000 in each fiscal year to establish a pilot project in the
2 Department of Labor for creation of Individual Development Accounts;
3 (5) \$1,500,202 for the 1997-98 fiscal year for the following purposes:
4 a. To establish First Stop Employment Assistance in the
5 Department of Commerce;
6 b. To expand the Labor Market Information System in the
7 Employment Security Commission; and
8 c. To assist the Job Service Employer Committees or the Workforce
9 Development Boards in their completion of the study of the
10 working poor.

11 Funds shall not be allocated under this subdivision unless and until the
12 Office of State Budget and Management has certified that federal funds
13 are not available to the Department of Commerce for these purposes;
14 and

- 15 (6) ~~\$700,000~~ \$617,000 for the 1998-99 fiscal year for the continued support
16 of the Office of Inspector General in the Department of ~~Justice, and for~~
17 ~~the First Stop Employment Assistance in the Department of Commerce.~~
18 Justice. These funds shall be allocated by the Office of State Budget
19 and Management on the basis of need."

20 (e) G.S. 114-41(a)(2) reads as rewritten:

- 21 "(2) Establish policies and standards for the investigation, detection, and
22 elimination of fraud, abuse, waste, and mismanagement in the means-
23 tested public assistance ~~programs; programs.~~ The Inspector General
24 shall provide each of the county directors of social services with a copy
25 of the policies and standards for investigation established pursuant to
26 this provision, including any amendments. When the Inspector General
27 determines that a county social services agency has not complied with
28 the policies and standards, the Inspector General shall notify the director
29 of that agency of the agency's noncompliance and recommend
30 appropriate action;".

31 (f) G.S. 108A-27.1 reads as rewritten:

32 "**§ 108A-27.1. Time limitations on assistance.**

33 (a) Under the Standard Work First Program, unless an extension or an exemption
34 is provided pursuant to the provisions of the Part or the State ~~Plan, Plan,~~ or unless a board
35 of county commissioners of a Standard County votes otherwise, any cash assistance
36 provided to a person or family in the employment program shall only be provided for a
37 cumulative total of 24 months. After having received cash assistance for 24 months, the
38 person or the family may reapply for cash assistance, but not until after 36 months from
39 the last month the person or the family received cash assistance. This subsection shall not
40 apply to child-only cases. A board of county commissioners in a Standard County may
41 vote, by majority vote, once every State Plan biennium during the same time period that
42 other counties are certified or recertified as Electing Counties to modify these time limits
43 as long as the new time limits do not conflict with or exceed any federal time limitations.

1 These new time limits shall apply (i) to recipients applying for assistance on or after the
2 date specified in the voted motion and (ii) to recipients currently receiving assistance
3 after 90 days following the formal modification of their personal responsibility
4 agreement. Standard Counties that vote to modify their time limits shall notify the
5 Department of their intent as soon as the vote is taken. For the 1998-2000 State Plan
6 biennium, a board of county commissioners of a Standard County may vote to modify
7 these time limits within one month following the date of ratification of this section.

8 (b) Electing Counties may set any time limitations on assistance it finds
9 appropriate, so long as the time limitations do not conflict with or exceed any federal
10 time limitations."

11 (g) G.S. 108A-27.2(13) reads as rewritten:

12 "(13) Make recommendations to the General Assembly for approval of
13 counties to become Electing Counties ~~which represent, in aggregate, no~~
14 ~~more than fifteen and one half percent (15.5%) of the total Work First~~
15 ~~easeload at October 1 of each year and, for each county submitting a~~
16 ~~plan, the reasons individual counties were or were not recommended.~~
17 Any county may apply to become an Electing County. For the 1998-
18 2000 State Plan biennium, all counties that submitted plans by February
19 1, 1998, that are in compliance with State and federal law and
20 regulations as of the date of ratification of this act shall be Electing
21 Counties."

22 (h) G.S. 108A-27.3(a)(7) reads as rewritten:

23 "(7) ~~Provide~~ Consider providing community service work for any recipient
24 who cannot find employment;"

25 (i) G.S. 108A-27.11 reads as rewritten:

26 "**§ 108A-27.11. Work First Program funding.**

27 (a) County block grants, except funds for Work First Family Assistance, shall be
28 computed based on the percentage of each county's total AFDC (including AFDC-EA)
29 and JOBS expenditures, except expenditures for cash assistance, to statewide actual
30 expenditures for those programs in fiscal year 1995-96. The resulting percentage shall be
31 applied to the State's total ~~budgeted funds, certified budget enacted by the General~~
32 Assembly for each fiscal year, except funds budgeted for Work First Family Assistance,
33 for Work First Program expenditures at the county level.

34 (b) The following shall apply to funding for Standard Program Counties:

35 (1) The Department shall make payments of Work First Family Assistance
36 and Work First Diversion Assistance subject to the availability of
37 federal, State, and county funds.

38 (2) The Department shall reimburse counties for county expenditures under
39 the Work First Program subject to the availability of federal, State, and
40 county funds.

41 (c) Each Electing County's allocation for Work First Family Assistance shall be
42 computed based on the percentage of each Electing County's total expenditures for cash
43 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting

1 percentage shall be applied to the ~~total budgeted funds for Work First Family Assistance.~~
2 federal TANF block grant funds appropriated for cash assistance by the General
3 Assembly each fiscal year. The Department shall transmit the federal funds contained in
4 the county block grants to Electing Counties as soon as practicable after they become
5 available to the State and in accordance with federal cash management laws and
6 regulations. The Department shall transmit one-fourth of the State funds contained in
7 county block grants to Electing Counties at the beginning of each quarter. Once paid, the
8 county block grant funds shall not revert."

9 (j) G.S. 108A-27.12 reads as rewritten:

10 **"§ 108A-27.12. Maintenance of effort.**

11 (a) The Department shall define in the State Plan or by rule the term "maintenance
12 of effort" based on that term as defined in Title IV-A and shall provide to counties a list
13 of activities that qualify for federal maintenance of effort requirements.

14 (b) If a county fails to comply with the maintenance of effort requirement in
15 subsection (a) of this section, the Director of the Budget may withhold State moneys
16 appropriated to the county pursuant to G.S. 108A-93.

17 (c) The Department shall maintain the State's maintenance of effort at one hundred
18 percent (100%) of the ~~amount the State budgeted~~ State certified budget enacted by the
19 General Assembly for programs under this Part during fiscal year 1996-97. At no time
20 shall the Department reduce or reallocate State or county funds previously obligated or
21 appropriated for Work First County Block Grants or child welfare services. State and
22 county funds previously obligated or appropriated under this section shall be used only
23 for activities that qualify for federal maintenance of effort and as a nonfederal match for
24 the Temporary Assistance for Needy Families Welfare-to-Work Formula Grant Plan.

25 (d) For Standard Program Counties, using the ~~preceding 1996-97~~ fiscal year as the
26 base year, counties shall maintain a financial commitment to the Work First Program
27 equal to the proportion of State funds allocated to the Work First Program. At no time
28 shall a Standard Program County reduce State or county funds previously obligated or
29 appropriated for child welfare services.

30 (e) During the first year a county operates as an Electing County, the county's
31 maintenance of effort shall be no less than ninety percent (90%) of the amount the county
32 budgeted for programs under this Part during fiscal year 1996-97. If during the first year
33 of operation as Electing the Electing County achieves one hundred percent (100%) of its
34 goals as set forth in its Electing County Plan, then the Electing County may reduce its
35 maintenance of effort to eighty percent (80%) of the amount the county budgeted for
36 programs under this Part during fiscal year 1996-97 for the second year of the Electing
37 County's operation and for all years thereafter that the county maintains Electing Status."

38 (k) G.S. 108A-27.16 reads as rewritten:

39 **"§ 108A-27.16. Use of Work First Reserve Fund.**

40 (a) By the fifteenth of each month, the Secretary shall certify to the Director of the
41 Budget and the Fiscal Research Division of the General Assembly the actual expenditures
42 for Work First Family Assistance for the fiscal year up until the beginning of that month
43 and the projected expenditures for the remainder of the fiscal year. ~~If on March 1 the~~

1 actual expenditures for the fiscal year exceed two thirds of the total amount of
2 expenditures expected for the entire fiscal year, If a state of economic emergency is
3 declared for the State, an individual county, or an individual region with regard to lack of
4 funds available for Work First Family Assistance through events beyond their control,
5 then the Director of the Budget shall direct the Secretary ~~shall to~~ attempt to access any
6 available federal funds. If federal funds are unavailable and the General Assembly is not
7 in session, the Director of the Budget may, in the order below:

- 8 (1) Use funds available from the Work First Reserve Fund established
9 pursuant to ~~G.S. 143-15.3C~~; G.S. 143-15.3C to provide Work First
10 Family Assistance funds for the State, the individual counties, or the
11 individual region;
12 (2) Use funds available to the ~~Department~~; Department to provide Work
13 First Family Assistance funds for the State, the individual counties, or
14 the individual region; or
15 (3) Notwithstanding G.S. 143-23, use funds available from other
16 departments, institutions, or other spending agencies of the ~~State~~. State
17 to provide Work First Family Assistance funds for the State, the
18 individual counties, or the individual region.

19 (b) The Director of the Budget shall report to the Joint Legislative Commission on
20 Governmental Operations, the Joint Legislative Public Assistance Commission, and the
21 ~~House of Representatives and Senate Appropriations Subcommittees on Human~~
22 ~~Resources~~ Senate Appropriations Committee on Human Resources and the House of
23 Representatives Appropriations Subcommittee on Human Resources prior to making any
24 transfer pursuant to this section.

25 (c) Except as provided in this section, funds from the Work First Reserve Fund
26 established pursuant to G.S. 143-15.3C shall not be expended until appropriated by the
27 General Assembly."

28 (l) G.S. 108A-29(o) is recodified as G.S. 108A-29(d); G.S. 108A-29(p) is
29 recodified as G.S. 108A-29(e); G.S. 108A-29(e) is recodified as G.S. 108A-29(g); G.S.
30 108A-29(i) is recodified as G.S. 108A-29(h); G.S. 108A-29(k) is recodified as G.S.
31 108A-29(i); G.S. 108A-29(l) is recodified as G.S. 108A-29(j); G.S. 108A-29(m) is
32 recodified as G.S. 108A-29(k); G.S. 108A-29(j) is recodified as G.S. 108A-29(l); G.S.
33 108A-29(n) is recodified as G.S. 108A-29(m); G.S. 108A-29(g) is recodified as G.S.
34 108A-29(n); G.S. 108A-29(h) is recodified as G.S. 108A-29(o); G.S. 108A-29(d) is
35 recodified as G.S. 108A-29(p); G.S. 108A-29(r) is recodified as G.S. 108A-29(s).

36 (m) G.S. 108A-29 reads as rewritten:

37 **"§ 108A-29. First Stop Employment Assistance; priority for employment services.**

38 (a) There is established in the ~~Department of Commerce~~ Employment Security
39 Commission a program to be called First Stop Employment Assistance. The ~~Secretary of~~
40 ~~the Department of Commerce~~ Chair of the Employment Security Commission shall
41 administer the program with the participation and cooperation of the ~~Employment~~
42 ~~Security Commission~~, Department of Commerce, county boards of commissioners, the
43 Department of Health and Human Services, the Department of Labor, the Department of

1 Crime Control and Public Safety, and the community college system. The responsibilities
2 of each agency shall be specified in a Memorandum of Understanding between the
3 ~~Departments of Commeree and Employment Security Commission and the Department~~
4 ~~of Health and Human Services, in consultation with the Employment Security~~
5 ~~Commission, Department of Commerce, the Department of Labor, and the community~~
6 college system. The Employment Security Commission shall be the presumptive primary
7 deliverer of job placement services for the Work First Program.

8 (b) Individuals seeking to apply or reapply for Work First Program assistance and
9 who are not exempt from work requirements shall register with the First Stop
10 Employment Assistance Program. The point of registration shall be at an office of the
11 Employment Security Commission in the county in which the individual resides or at
12 another location designated in a Memorandum of Understanding between the
13 Employment Security Commission and the local department of social services.

14 (c) Individuals who are not otherwise exempt shall present verification of
15 registration at the time of applying for Work First Program assistance. Unless exempt, the
16 individual shall not be approved for Work First Program assistance until verification is
17 received. Child-only cases are exempt from this requirement.

18 (d) Once an individual has registered as required in subsection (c) of this section
19 and upon verification of the registration by the agency or contractor providing the Work
20 First Program assistance, the individual's eligibility for Work First Program assistance
21 may be evaluated and the application completed. Continued receipt of Work First
22 Program benefits is contingent upon successful participation in the First Stop
23 Employment Program, and lack of cooperation and participation in the First Stop
24 Employment Program may result in the termination of benefits to the individual.

25 (e) The county board of commissioners shall determine which agencies or
26 nonprofit or private contractors will participate with the Employment Security
27 Commission and the local department of social services in developing the rules to
28 implement the First Stop Employment Program.

29 (f) At the county's option, the Employment Security Commission, in consultation
30 with and with the assistance of the agencies specified in the Memorandum of
31 Understanding described in subsection (b) of this section, shall provide to Work First
32 Program registrants the continuum of services available through its ~~Employment Services~~
33 ~~division. Security Commission.~~ Each County Plan may provide that the county
34 department of social services enter into a cooperative agreement with the Employment
35 Security Commission ~~for job registration, job search, and job placement to operate the~~
36 ~~Job Search component~~ on behalf of Work First Program registrants. The cooperative
37 agreement shall include a provision for payment to the Employment Security
38 Commission by the county department of social services for the cost of providing ~~the~~
39 ~~services those services, not otherwise available to all clients of the Employment Security~~
40 ~~Commission,~~ described in this subsection as the same are reflected as a component of the
41 County Plan payable from fund allocations in the county block grant. The county
42 department of social services may also enter into a cooperative agreement with the
43 community college system or any other entity to operate the Job Preparedness

1 component. This cooperative agreement shall include a provision for payment to that
2 entity by the county department of social services for the cost of providing those services,
3 not otherwise available to all clients of the Employment Security Commission, described
4 in this subsection as the same are reflected as a component of the County Plan payable
5 from fund allocations in the county block grant.

6 (g) The Employment Security Commission shall be the primary job placement
7 entity of the Work First Program. The Employment Security Commission shall further
8 assist registrants through job search, job placement, or referral to community ~~service.~~
9 service, if contracted to do so.

10 (h) An individual placed in the Job Search component of the First Stop
11 Employment Program shall look for work and shall accept any suitable employment. ~~The~~
12 If contracted, the Employment Security Commission shall refer individuals to current job
13 openings and shall make job development contacts for individuals. Individuals so referred
14 shall be required to keep a record of their job search activities on a job search record form
15 provided by the Commission, and the Employment Security Commission will monitor
16 these activities. A 'job search record' means a written list of dates, times, places,
17 addresses, telephone numbers, names, and circumstances of job interviews. The Job
18 Search component shall include at least one weekly contact with the Employment
19 Security Commission. The Employment Security Commission shall adopt rules to
20 accomplish this subsection.

21 (i) The Employment Security Commission shall notify all employers in the State
22 of the 'Exclusive No-Fault' Referral Service available through the Employment Security
23 Commission to employers who hire personnel through Job Service referrals.

24 (j) All individuals referred to jobs through the Employment Security Commission
25 shall be instructed in the procedures for applying for the Federal Earned Income Credit
26 (FEIC). All individuals referred to jobs through the Employment Security Commission
27 who qualify for the FEIC shall apply for the FEIC by filing a W-5 form with their
28 employers.

29 (k) The FEIC shall not be counted as income when eligibility is determined for
30 Work First Program assistance, Medicaid, food stamps, subsidies, public housing, or
31 Supplemental Security Income.

32 (l) The Employment Security Commission shall work with the Department of
33 Labor to develop a relationship with these private employment agencies to utilize their
34 services and make referrals of individuals registered with the Employment Security
35 Commission.

36 (m) An individual who has not found a job within 12 weeks of being placed in the
37 Job Search component of the Program may also be placed in the Community Service
38 component at the county's option.

39 (n) If after evaluation of an individual the Employment Security Commission
40 believes it necessary, the Employment Security Commission or the county department of
41 social services also may refer an individual ~~placed in to~~ the Job Preparedness component
42 ~~of the First Stop Employment Program to a local community college for enrollment in~~
43 Program. The local community college should include General Education Development,

1 Adult Basic Education, or Human Resources Development programs ~~which that are~~
2 already in ~~existence.~~ existence as a part of the Job Preparedness component.
3 Additionally, the Commission or the county department of social services may refer an
4 individual to a literacy council. Through a Memorandum of Understanding between the
5 Employment Security ~~Commission and Commission,~~ the local department of social
6 services, and other contracted entities, a system shall be established to monitor an
7 individual's progress through close communications with the agencies assisting the
8 individual. The Employment Security Commission or Job Preparedness provider shall
9 adopt rules to accomplish this subsection.

10 (o) The Job Preparedness component of the Program shall last a maximum of 12
11 weeks unless the recipient is registered and is satisfactorily progressing in a program that
12 requires additional time to complete. Every reasonable effort shall be made to place the
13 recipient in part-time employment or part-time community service if the time required
14 exceeds the 12-week maximum. The ~~Employment Security Commission~~ county
15 department of social services may contract with service providers to provide the services
16 described in this section and shall monitor the provision of the services by the service
17 providers. Registrants may participate in more than one component at a time.

18 (p) The Employment Security Commission shall expand its Labor Market
19 Information System. The expansion shall at least include: statistical information on
20 unemployment rates and other labor trends by county; and publications dealing with
21 licensing requirements, economic development, and career projections, and information
22 technology systems which can be used to track participants through the employment and
23 training process.

24 (q) Each county shall organize a Job Service Employer Committee, based on the
25 membership makeup of the Job Service Employer Committees in existence at the time
26 this act becomes law. Each Job Service Employer Committee in counties participating in
27 the First Stop Employment Program shall oversee the operation of the First Stop
28 Employment Program in that county and shall report to the local Employment Security
29 Commission quarterly on its recommendations to improve the First Stop Employment
30 Program. The Employment Security Commission shall develop the reporting method and
31 time frame and shall coordinate a full report to be presented to the Joint Legislative
32 Public Assistance Commission by the end of each calendar year. Counties having a
33 Workforce Development Board may designate the Board to perform the duties described
34 in this section rather than organizing a Job Service Employer Committee.

35 (r) Each county's Job Service Employer Committee shall continue the study of the
36 working poor, titled 'NC WORKS', in their respective counties and shall include the
37 following in the study:

- 38 (1) Determination of the extent to which current labor market participation
39 enables individuals and families to earn the amount of disposable
40 income necessary to meet their basic needs;
- 41 (2) Determination of how many North Carolinians work and earn wages
42 below one hundred fifty percent (150%) of the Federal Poverty

- 1 Guideline and study trends in the size and demographic profiles of this
2 underemployed group within the respective county;
3 (3) Examination of job market factors that contribute to any changes in the
4 composition and numbers of the working poor including, but not limited
5 to, shifts from manufacturing to service, from full-time to part-time
6 work, from permanent to temporary or their contingent employment;
7 (4) Consideration and determination of the respective responsibilities of the
8 public and private sectors in ensuring that working families and
9 individuals have disposable income adequate to meet their basic needs;
10 (5) Evaluation of the effectiveness of the unemployment insurance system
11 in meeting the needs of low-wage workers when they become
12 unemployed;
13 (6) Examination of the efficacy of a State-earned income tax credit that
14 would enable working families to meet the requirements of the basic
15 needs budget;
16 (7) Examination of the wages, benefits, and protections available to part-
17 time and temporary workers, leased employees, independent
18 contractors, and other contingent workers as compared to regular full-
19 time workers;
20 (8) Solicitation, receipt, and acceptance of grants or other funds from any
21 person or entity and enter into agreements with respect to these grants or
22 other funds regarding the undertaking of studies or plans necessary to
23 carry out the purposes of the committee; and
24 (9) A request of any necessary data from either public or private entities
25 that relate to the needs of the committee or board.

26 Each committee or board shall prepare and submit a report on the finding for the
27 county which it represents by May 1 of each year to the Joint Legislative Public
28 Assistance Commission, the Senate Appropriations Committee on Human Resources, the
29 House of Representatives Appropriations Subcommittee on Human Resources, the Senate
30 Appropriations Committee on Natural and Economic Resources, and the House of
31 Representatives Appropriations Subcommittee on Natural and Economic Resources.

32 (s) Members of families with dependent children and with aggregate family
33 income at or below the level required for eligibility for Work First Family Assistance,
34 regardless of whether or not they have applied for such assistance, shall be given priority
35 in obtaining employment services including training and community service provided by
36 or through State agencies or counties or with funds which are allocated to the State of
37 North Carolina directly or indirectly through prime sponsors or otherwise for the purpose
38 of employment of unemployed persons.

39 (t) The Joint Legislative Public Assistance Commission shall further examine
40 ways that Work First Program recipients can overcome obstacles to finding employment
41 and remaining employed."

42 (n) Section 12.7(b) and Section 12.20A of S.L. 1997-443 are repealed.

43 (o) G.S. 105-259(b) is amended by adding a new subdivision to read:

1 "(9a) To furnish information to the Employment Security Commission to the
2 extent required for its NC WORKS study of the working poor pursuant
3 to G.S. 108A-29(r). The Employment Security Commission shall use
4 information furnished to it under this subdivision only in a
5 nonidentifying form for statistical and analytical purposes related to its
6 NC WORKS study. The information that may be furnished under this
7 subdivision is the following with respect to individual income
8 taxpayers, as shown on the North Carolina income tax forms:

- 9 a. Name, social security number, spouse's name, and county of
10 residence.
11 b. Filing status and federal personal exemptions.
12 c. Federal taxable income, additions to federal taxable income, and
13 total of federal taxable income plus additional income.
14 d. Income while a North Carolina resident, total income from North
15 Carolina sources while a nonresident, and total income from all
16 sources."

17 (p) G.S. 96-14 is amended by adding a new subdivision to read:

18 "(1f) For the purposes of this Chapter, any claimant's leaving work, or
19 discharge, if the claimant has been adjudged an aggrieved party as set
20 forth by Chapter 50B of the General Statutes as the result of domestic
21 violence committed upon the claimant or upon a minor child with or in
22 the custody of the claimant by a person who has or has had a familial
23 relationship with the claimant or minor child, shall constitute good
24 cause for leaving work. Benefits paid on the basis of this section shall
25 be noncharged."

26 (q) The Department of Health and Human Services shall apply to the United
27 States Department of Agriculture to operate a simplified Food Stamp Program, to make it
28 possible to include the value of food stamp payments as compensation for community
29 service or work experience.

30 (r) Notwithstanding any law to the contrary, the Department of Health and
31 Human Services and Electing Counties shall ensure that Individual Development
32 Accounts' allowable purposes include purchase of a vehicle.

33 (s) Subsection (d) of this section becomes effective June 30, 1998. The
34 remainder of this section becomes effective July 1, 1998.

35
36 [SECTION 12.28 RESERVED]

37
38 Requested by: Representatives Gardner, Cansler, Clary
39 **CHILD PLACING AGENCIES' RATE STUDY**

40 Section 12.29A. From funds appropriated to the Department of Health and
41 Human Services in this act, the Department shall contract with an independent consultant
42 to conduct a study of the rate setting of the State's licensed child placing agencies. This
43 study shall:

- 1 (1) Review the agencies' current rate-setting process; and
- 2 (2) Determine whether this process is resulting in adequate reimbursement.

3 The Department shall report the results of this study, together with any
4 recommendations, to the members of the Senate Appropriations Committee on Human
5 Resources and the House of Representatives Appropriations Subcommittee on Human
6 Resources by January 1, 1999.

7
8 Requested by: Representatives Gardner, Cansler, Clary, Howard, Berry

9 **LABOR MARKET INFORMATION/COMMON FOLLOW UP SYSTEMS'**
10 **FUNDS**

11 Section 12.29B. Of the funds appropriated for the 1998-99 fiscal year to the
12 Department of Health and Human Services for automation, the sum of one million dollars
13 (\$1,000,000) shall be transferred to the Employment Security Commission for the Labor
14 Market Information and the Common Follow Up Systems.

15
16 Requested by: Representatives Gardner, Cansler, Clary

17 **REPEAL REVIEW OF AUTOMATED COLLECTION AND TRACKING**
18 **SYSTEM**

19 Section 12.29C. Section 11.28 of S.L. 1997-443 is repealed.

20
21 Requested by: Representatives Gardner, Cansler, Clary

22 **CHILD WELFARE SYSTEM PILOTS**

23 Section 12.29D. (a) The Department of Health and Human Services, Division
24 of Social Services, shall work with local departments of social services to develop and
25 implement a dual response system of child protection in no fewer than two and no more
26 than five demonstration areas in the State during the 1998-99 fiscal year. These pilots
27 shall implement dual response systems in which:

- 28 (1) Local child protective services and law enforcement work together as
29 coinvestigators in serious abuse cases; and
- 30 (2) Local departments of social services respond to reports of child abuse or
31 neglect with a family assessment and services approach.

32 (b) The Department of Health and Human Services shall develop data
33 collection processes that enable the General Assembly to assess the impact of these pilots
34 on:

- 35 (1) Child safety;
- 36 (2) Timeliness of response;
- 37 (3) Timeliness of services;
- 38 (4) Coordination of local human services;
- 39 (5) Cost effectiveness;
- 40 (6) Any other related issues.

41 (c) Based on the data collected pursuant to subsection (b) of this section, the
42 Department of Health and Human Services, Division of Social Services, shall contract
43 with an independent consultant with proven expertise in evaluation of child welfare

1 services to develop an evaluation component that compares the outcomes of the pilot
2 programs to the outcomes of programs of county departments of social services not
3 participating in the pilots. The Division shall report to the Senate Appropriations
4 Committee on Human Resources and the House of Representatives Appropriations
5 Subcommittee on Human Resources on its progress on implementing these pilots by
6 December 1, 1998, and by March 1, 1999.

7
8 Requested by: Representatives Gardner, Cansler, Clary

9 **ADULT CARE HOMES REIMBURSEMENT RATE INCREASE**

10 Section 12.29E. (a) Section 11.70(d) of S.L. 1997-443 reads as rewritten:

11 "(d) Effective ~~July 1, 1998, October 1, 1998,~~ the maximum monthly rate for
12 residents in adult care home facilities shall be nine hundred ~~fifteen~~fifty-six dollars
13 ~~(\$915.00)~~(\$956.00) per month per resident."

14 (b) Effective January 1, 1999, the maximum monthly rate for residents in adult
15 care home facilities shall be nine hundred seventy-two dollars (\$972.00) per month per
16 resident.

17 (c) Subsection (b) of this section becomes effective only if a law is enacted by
18 the 1997 General Assembly, Regular Session 1998, requiring adult care homes to provide
19 for the third shift 8.0 hours of aide duty per 30 or fewer residents.

20
21 **SUBPART 6. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND**
22 **SUBSTANCE ABUSE SERVICES**

23 Requested by: Representatives Gardner, Cansler, Clary

24 **THOMAS S. COST CONTAINMENT REPORT EXTENSION**

25 Section 12.30. Section 11.37 of S.L. 1997-443 reads as rewritten:

26 "Section 11.37. (a) ~~If Thomas S. funds are not sufficient, then notwithstanding~~
27 ~~G.S. 143-16.3 and G.S. 143-23, the Director of the Budget may use funds available to the~~
28 ~~Department in an amount not to exceed fifteen million two hundred thousand dollars~~
29 ~~(\$15,200,000).~~

30 (b) (a) ~~The Department of Human Resources, Health and Human Services,~~ in
31 conjunction with area mental health programs, shall develop and implement cost
32 containment measures to reduce the cost of direct services. The Department shall
33 develop these strategies to emphasize positive client outcomes through developmental
34 disability long-term managed supports rather than to emphasize process. These measures
35 shall include, but not be limited to, the following:

36 (1) Reduction of those process-oriented tasks required by the State,
37 including, but not limited to, tasks required by the Divisions of: Medical
38 Assistance, Vocational Rehabilitation Services, Social Services,
39 Facilities Services, and Mental Health, Developmental Disabilities, and
40 Substance Abuse Services;

41 (2) Single stream funding from all available sources;

42 (3) Waivers of federal requirements in order to comply with the federal
43 court order; and

1 (4) Review and, if necessary, amendment or repeal of rules that conflict or
2 otherwise interfere with cost containment measures.

3 (e) (b) The Department shall provide to the members of the House and Senate
4 Appropriations Subcommittees on Human Resources, and to the Fiscal Research Division
5 a detailed report of the status of development and implementation of cost containment
6 measures required under this section. The report shall address each of the measures listed
7 in subsection (b) of this section, and any other related cost containment measures
8 developed by the Department. The Department shall provide the report on ~~December 1,~~
9 ~~1997, and May 1, 1998.~~ May 1, 1999."

10
11 Requested by: Representatives Gardner, Cansler, Clary

12 **MENTAL HEALTH RESERVE FOR MEDICAID MATCH**

13 Section 12.31A. Of the funds appropriated in this act to the Department of
14 Health and Human Services, the sum of thirty-eight million dollars (\$38,000,000) for the
15 1998-99 fiscal year shall be placed in a Mental Health Restricted Reserve in the Office of
16 the Controller of the Department of Health and Human Services. In addition to these
17 funds, the Department shall transfer to the Mental Health Restricted Reserve from the
18 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,
19 the total amount of funds in the Division's budget allocated as matching funds for
20 Medicaid payments to area mental health authorities. Funds placed in the Reserve may
21 only be used as a State match for Medicaid payments to area mental health authorities for
22 the 1998-99 fiscal year. Funds in the Reserve that are unexpended and unencumbered as
23 of June 30, 1999, shall revert to the General Fund.

24
25 Requested by: Representative Ellis

26 **FUNDS TO REDUCE WAITING LIST FOR DEVELOPMENTAL DISABILITIES** 27 **SERVICES**

28 Section 12.31B. Of the funds appropriated in this act to the Department of
29 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
30 Substance Abuse Services, the sum of thirty-one million six hundred nineteen thousand
31 six hundred ninety-seven dollars (\$31,619,697) shall be used to reduce the waiting list for
32 people waiting for developmental disabilities services.

33
34 Requested by: Representatives Gardner, Cansler, Clary

35 **EARLY INTERVENTION SERVICES/REFERRALS/STUDY**

36 Section 12.32A. (a) Section 11.43 of S.L. 1997-443 reads as rewritten:

37 "Section 11.43. Of the funds appropriated in this act to the Department of Human
38 Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse
39 Services, the sum of five million dollars (\$5,000,000) for the 1997-98 fiscal year and the
40 sum of five million dollars (\$5,000,000) for the 1998-99 fiscal year shall be allocated
41 based on a plan developed in consultation with the affected divisions within the
42 Department and the North Carolina Interagency Coordinating Council to meet the needs
43 of those children who are on the waiting list for early intervention services. The

1 Department may create up to 41 new positions, as needed, in the Division of Services for
2 the Blind and the Division of Services for the Deaf and the Hard of Hearing to expand
3 early intervention-related preschool ~~services--services for children from birth through five~~
4 years of age with priority given to children birth through two years of age.

5 The North Carolina Schools for the Deaf and other agencies providing early
6 intervention services to children from birth through five years of age shall ~~work together~~
7 ~~to develop procedures to ensure that Beginnings for Parents of Hearing Impaired~~
8 ~~Children, Inc., shall be notified of children newly identified with hearing loss and~~
9 ~~determined to be eligible for services--~~ implement procedures to ensure that:

- 10 (1) Parents of children newly identified with hearing loss and determined to
11 be eligible for services are informed of the services available to them
12 through Beginnings for Parents of Hearing-Impaired Children, Inc., and
13 (2) Beginnings for Parents of Hearing-Impaired Children, Inc., with the
14 consent of parents, is notified of these children in a timely and
15 appropriate manner."

16 (b) The North Carolina Interagency Coordinating Council, with the assistance
17 of the Department of Health and Human Services and the Department of Public
18 Instruction, shall conduct a comprehensive review of North Carolina's system for
19 delivering early intervention services to children ages birth through five years. This
20 study shall identify issues and recommend solutions to the following:

- 21 (1) Eligibility for services,
22 (2) Quality, availability, and timeliness of services,
23 (3) Improving transition from the infant-toddler program to the pre-school
24 program,
25 (4) Management of and focus on preschool services for children with vision
26 and hearing impairments, and
27 (5) Matters pertaining to interagency coordination, and to funding.

28 The ICC shall report its findings and recommendations to the members of the Senate
29 Appropriations Committee on Human Resources and the House of Representatives
30 Appropriations Subcommittee on Human Resources, the Education Oversight
31 Committee, and the Fiscal Research Division not later than March 1, 1999.

32
33 Requested by: Representatives Gardner, Cansler, Clary

34 **NONMEDICAID REIMBURSEMENT CHANGES**

35 Section 12.33. Section 11.12 of S.L. 1997-443 reads as rewritten:

36 "Section 11.12. Providers of medical services under the various State programs, other
37 than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates
38 no more than those under the North Carolina Medical Assistance Program. Hospitals that
39 provide psychiatric inpatient care for Thomas S. class members or adults with mental
40 retardation and mental illness may be paid an additional incentive payment not to exceed
41 fifteen percent (15%) of their regular daily per diem reimbursement.

42 The Department of ~~Human Resources--~~ Health and Human Services may reimburse
43 hospitals at the full prospective per diem rates without regard to the Medical Assistance

1 Program's annual limits on hospital days. When the Medical Assistance Program's per
 2 diem rates for inpatient services and its interim rates for outpatient services are used to
 3 reimburse providers in non-Medicaid medical service programs, retroactive adjustments
 4 to claims already paid shall not be required.

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

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

16		Medical Eye	All	
17	<u>Family Size</u>	<u>Care Adults</u>	<u>Rehabilitation</u>	<u>Other</u>
18	1	\$ 4,860	\$ 8,364	\$ 4,200
19	2	5,940	10,944	5,300
20	3	6,204	13,500	6,400
21	4	7,284	16,092	7,500
22	5	7,824	18,648	7,900
23	6	8,220	21,228	8,300
24	7	8,772	21,708	8,800
25	8	9,312	22,220	9,300

26
 27 The eligibility level for children in the Medical Eye Care Program in the Division of
 28 Services for the Blind ~~and for adults in the Atypical Antipsychotic Medication Program~~
 29 ~~in the Division of Mental Health, Developmental Disabilities, and Substance Abuse~~
 30 ~~Services~~ shall be one hundred percent (100%) of the federal poverty guidelines, as
 31 revised annually by the United States Department of Health and Human Services and in
 32 effect on July 1 of each fiscal year. The eligibility level for people in the Atypical
 33 Antipsychotic Medication Program in the Division of Mental Health, Developmental
 34 Disabilities, and Substance Abuse Services shall be one hundred fifteen percent (115%)
 35 of the federal poverty guidelines, as revised annually by the United States Department of
 36 Health and Human Services and in effect on July 1 of each fiscal year. Additionally,
 37 those adults enrolled in the Atypical Antipsychotic Medication Program who become
 38 gainfully employed may continue to be eligible to receive State support, in decreasing
 39 amounts, for the purchase of atypical antipsychotic medication and related services up to
 40 three hundred percent (300%) of the poverty level.

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

	<u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
1			
2	(% of poverty)		
3	0-100%	100%	0%
4	101-120%	95%	5%
5	121-140%	85%	15%
6	141-160%	75%	25%
7	161-180%	65%	35%
8	181-200%	55%	45%
9	201-220%	45%	55%
10	221-240%	35%	65%
11	241-260%	25%	75%
12	261-280%	15%	85%
13	281-300%	5%	95%
14	301%-over	0%	100%.

15

16 The Department of ~~Human Resources~~ Health and Human Services shall contract at, or
 17 as close as possible to, Medicaid rates for medical services provided to residents of State
 18 facilities of the Department."

19

20 Requested by: Representatives Gardner, Cansler, Clary

21 **DEVELOPMENTAL DISABILITY SERVICES REVIEW AND INITIATIVES**

22 Section 12.34A. The Department of Health and Human Services shall review
 23 and implement initiatives to provide and enhance person-centered and family support
 24 services to developmentally disabled individuals served by the State and local public
 25 mental health services system. In order to accomplish this, the Department shall do all of
 26 the following:

- 27 (1) Immediately pursue approval from the Health Care Financing
 28 Administration to implement flexible funding under the CAP-MR/DD
 29 Waiver as soon as possible;
- 30 (2) Study the feasibility of providing new or additional services as part of
 31 the regular Medicaid program which are aimed at keeping
 32 developmentally disabled individuals in their homes rather than using
 33 the current criterion used in the Medicaid CAP-MR/DD Waiver
 34 Program. The study shall include a projected cost-benefit analysis;
- 35 (3) Work with area mental health authorities to determine why Medicaid-
 36 eligible individuals are waiting for services in the area mental health
 37 programs;
- 38 (4) Establish goals for the State and area mental health programs that
 39 require not more than a six-month wait for services for developmentally
 40 disabled individuals;
- 41 (5) Collaborate with area mental health programs to maximize the use of
 42 existing funds to increase services to the developmentally disabled, non-
 43 Medicaid and non-CAP-MR/DD eligible population; and

- 1 (6) Pursue additional Medicaid waivers which emphasize person-centered
2 and family support services for developmentally disabled individuals.

3 The Department shall work with other State agencies as necessary to implement this
4 section.

5 The Department shall report the results of its compliance with this section to
6 the members of the Senate Appropriations Committee on Human Resources and the
7 House of Representatives Appropriations Subcommittee on Human Resources not later
8 than November 1, 1998. The report shall also include the impact of expansion funds on
9 the waiting list for services for developmentally disabled individuals.

10
11 Requested by: Representatives Gardner, Cansler, Clary

12 **STUDY OF STATE PSYCHIATRIC HOSPITALS/AREA MENTAL HEALTH**
13 **PROGRAMS**

14 Section 12.35A. (a) Of the funds appropriated in this act to the Department of
15 Health and Human Services, the sum of seven hundred fifty thousand dollars (\$750,000)
16 for the 1998-99 fiscal year shall be used to study the State psychiatric hospitals and area
17 mental health programs. The study shall build upon results of the MGT, Inc., study and
18 shall assess:

- 19 (1) How many and what type of beds are needed statewide;
20 (2) The capacity and ability of area mental health programs to efficiently
21 and effectively absorb specific services now provided within the
22 existing State hospital system;
23 (3) The mission, management, operations, and governance of the 40 area
24 mental health programs including the potential for achieving cost
25 efficiencies and improved effectiveness and quality of services to clients
26 through changes in size, operating practices, increased use of private
27 providers, and governance of area programs; and
28 (4) The nonpublic system's capacity to absorb specific services identified
29 by MGT as being inappropriately provided by the current State hospital
30 system.

31 The study shall also make recommendations for other system changes as identified in
32 order to appropriately downsize the State hospital system while maintaining existing
33 service levels and ultimately increasing services to clients in the community. The
34 Department shall solicit proposals to conduct the study.

35 (b) The Department shall make an interim report to the members of the Senate
36 Appropriations Committee on Human Resources and the House of Representatives
37 Appropriations Subcommittee on Human Resources not later than March 15, 1999, and
38 shall make a final report not later than May 1, 1999.

39
40 Requested by: Representatives Gardner, Cansler, Clary

41 **CIVIL COMMITMENT/FORENSIC UNIT**

42 Section 12.35B. (a) G.S. 15A-1321 reads as rewritten:

1 **"§ 15A-1321. Automatic civil commitment of defendants found not guilty by reason**
2 **of insanity.**

3 (a) When a defendant charged with a ~~crime~~ crime, wherein it is not alleged that the
4 defendant inflicted or attempted to inflict serious physical injury or death, is found not
5 guilty by reason of insanity by verdict or upon motion pursuant to G.S. 15A-959(c), the
6 presiding judge shall enter an order finding that the defendant has been found not guilty
7 by reason of insanity of a crime and committing the defendant to a State 24-hour facility
8 designated pursuant to G.S. 122C-252. The court order shall also grant custody of the
9 defendant to a law enforcement officer who shall take the defendant directly to that
10 facility. Proceedings thereafter are in accordance with Part 7 of Article 5 of Chapter 122C
11 of the General Statutes.

12 (b) When a defendant charged with a crime, wherein it is alleged that the
13 defendant inflicted or attempted to inflict serious physical injury or death, is found not
14 guilty by reason of insanity, by verdict, or upon motion pursuant to G.S. 15A-959(c),
15 notwithstanding any other provision of law, the presiding judge shall enter an order
16 finding that the defendant has been found not guilty by reason of insanity of a crime and
17 committing the defendant to a Forensic Unit operated by the Department of Health and
18 Human Services, where the defendant shall reside until the defendant's release in
19 accordance with Chapter 122C of the General Statutes. The court order shall also grant
20 custody of the defendant to a law enforcement officer who shall take the defendant
21 directly to the facility. Proceedings not inconsistent with this section shall thereafter be
22 in accordance with Part 7 of Article 5 of Chapter 122C of the General Statutes."

23 (b) This section becomes effective December 1, 1998, and applies to offenses
24 committed on and after that date.

25
26 Requested by: Representative Cansler

27 **AREA MENTAL HEALTH AUTHORITY PROGRAM ACCOUNTABILITY**

28 Section 12.35C. (a) The Secretary of Health and Human Services shall
29 develop proposed standards for the fiscal and administrative practices of area mental
30 health programs to ensure that the programs are accountable to the State for the
31 management and use of federal and State funds allocated for mental health,
32 developmental disabilities, and substance abuse services. The proposed standards shall be
33 designed to ensure maximum accountability by area programs for rate-setting
34 methodologies, reimbursement procedures, billing procedures, provider contracting
35 procedures, record keeping, documentation, and other matters pertaining to financial
36 management and fiscal accountability. Proposed standards shall be consistent with
37 professionally accepted accounting and management principles. In addition to
38 developing the proposed standards for fiscal and administrative practices of area
39 programs, the Secretary shall propose methods for monitoring the clinical practices of
40 area programs to ensure compliance with established laws, rules, and regulations
41 governing the clinical practices.

42 (b) The Secretary shall submit a report to the Legislative Study Commission on
43 Mental Health, Developmental Disabilities, and Substance Abuse Services, and to the

1 Joint Legislative Health Care Oversight Committee not later than December 1, 1998. The
2 report shall include all of the following:

- 3 (1) Proposed standards required under subsection (a) of this section.
- 4 (2) Proposed methods for ensuring area mental health compliance with the
5 standards. Methods shall take into account the Secretary's existing
6 authority over area programs under G.S. 122C-124, 122C-125, 122C-
7 125.1, and 122C-126, as well as the general powers and duties conferred
8 upon the Secretary under Chapter 122C of the General Statutes.
- 9 (3) Proposed methods for ensuring area mental health program compliance
10 with existing laws, rules, and regulations governing clinical practices.
- 11 (4) Proposed methods for assisting area mental health programs in
12 complying with State and federal laws, rules, regulations, and standards.
- 13 (5) Any other recommendations, including proposed legislation, the
14 Secretary may have to enhance accountability of area mental health
15 programs.

16
17 Requested by: Representative Cansler

18 **AGENCY OVERSIGHT OF CARE PROVIDED TO PERSONS WITH MENTAL** 19 **ILLNESS AND DEVELOPMENTAL DISABILITIES**

20 Section 12.35D. The Department of Health and Human Services shall review
21 the effectiveness of existing agency oversight with respect to family care centers, foster
22 homes, nursing homes, and adult care homes which provide care for persons with mental
23 illness and for persons with developmental disabilities. The report shall include, but not
24 be limited to, all of the following:

- 25 (1) The current status of enforcement of existing laws, rules, and
26 regulations in local settings, who is responsible for enforcement and
27 under what authority,
- 28 (2) Whether and to what extent clients, families, and staff in small
29 residential settings feel free to speak to responsible authorities
30 empowered to resolve problems without fear of reprisal, and
- 31 (3) What can be done about problems in facilities that require immediate
32 resolution for which no enforcement remedies are immediately
33 available.

34 The Department shall report its findings and recommendations to the Joint Legislative
35 Health Care Oversight Committee and the Legislative Study Commission on Mental
36 Health, Developmental Disabilities, and Substance Abuse Services no later than February
37 1, 1999.

38
39 Requested by: Representative Cansler

40 **AREA MENTAL HEALTH PROGRAMS/STANDARDIZED CONTRACTS**

41 Section 12.35E. (a) Effective January 1, 1999, Article 4 of Chapter 122C of the
42 General Statutes is amended by adding the following new section to read:

43 **"§ 122C-117.1. Standardized contract for services.**

1 The Secretary shall develop and make available to all area authorities a standardized
2 contract form for use by area authorities contracting for services with private or public
3 agency providers. Area authorities shall use the standard contract form developed by the
4 Secretary for all contracts between the area authority and private or public agency
5 providers for mental health, developmental disability, and substance abuse services."

6 (b) This section applies to contracts entered into, renewed, or amended on and
7 after January 1, 1999.

8
9 Requested by: Representative Cansler

10 **FUNDS FOR ADULT MENTAL HEALTH RESIDENTIAL SERVICES**

11 Section 12.35F. Of the funds appropriated in this act to the Department of
12 Health and Human Services, Division of Mental Health, Developmental Disabilities, and
13 Substance Abuse Services, to reduce the waiting list for developmental disability
14 services, the sum of three hundred thousand dollars (\$300,000) for the 1998-99 fiscal
15 year shall be used as matching funds for adult mental health residential services.

16
17 [SECTION 12.36 RESERVED]

18 19 **SUBPART 7. CHILD DEVELOPMENT**

20 Requested by: Representatives Gardner, Cansler, Clary, Shubert

21 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES** 22 **REFORM**

23 Section 12.37A. (a) GENERAL STATUTES LAW ON EARLY CHILDHOOD
24 EDUCATION AND DEVELOPMENT INITIATIVES.

25 Part 10B of Article 3 of Chapter 143B of the General Statutes reads as
26 rewritten:

27 **"PART 10B. EARLY CHILDHOOD INITIATIVES.**

28 **"§ 143B-168.10. Early childhood initiatives; findings.**

29 The General Assembly finds, upon consultation with the Governor, that every child
30 can benefit from, and should have access to, high-quality early childhood education and
31 development ~~services~~ services to prepare each child for school. The economic future
32 and well-being of the State depend upon it. To ensure that all children have access to
33 high quality early childhood education and development services, the General Assembly
34 further finds that:

- 35 (1) Parents have the primary duty to raise, educate, and transmit values to
36 young preschool children;
- 37 (2) The State can assist parents in their role as the primary caregivers and
38 educators of young preschool ~~children~~; children to help these children
39 be prepared for school; and
- 40 (3) There is a need to explore innovative approaches and strategies for
41 aiding parents and families in the education and development of young
42 preschool children.

43 **"§ 143B-168.11. Early childhood initiatives; purpose; definitions.**

1 (a) The purpose of this Part is to establish a framework whereby the General
2 Assembly, upon consultation with the Governor, may support through financial and other
3 means, the North Carolina Partnership for Children, Inc. and comparable local
4 partnerships, which have as their missions the development of a comprehensive, long-
5 range strategic plan for early childhood ~~development to prepare children for school~~ and
6 the provision, through public and private means, of high-quality early childhood
7 education and development services for children and ~~families.~~ families to prepare
8 children for school. It is the intent of the General Assembly that communities be given
9 the maximum flexibility and discretion practicable in developing their ~~plans.~~ plans while
10 remaining subject to the approval of the North Carolina Partnership and accountable to
11 the North Carolina Partnership and to the General Assembly for their plans and for the
12 programmatic and fiscal integrity of the programs and services provided to implement
13 them. It is also the intent of the General Assembly that the services provided be focused
14 on preparing children for school and for success in school.

15 (b) The following definitions apply in this Part:

16 (1) Board of Directors. – The Board of Directors of the North Carolina
17 Partnership for Children, Inc.

18 ~~(2) Department. – The Department of Health and Human Services.~~

19 ~~(2) Early childhood. – Birth through five years of age.~~

20 (3) Local Partnership. – A ~~local,~~ county or regional private, nonprofit
21 501(c)(3) organization established to coordinate a local demonstration
22 ~~project~~ project, to provide ongoing analyses of their local needs that
23 must be met to ensure that children are ready for school, and, in
24 consultation with the North Carolina Partnership and subject to the
25 approval of the North Carolina Partnership, to provide programs and
26 services to meet these needs under this Part. ~~Part, while remaining~~
27 ~~accountable for the programmatic and fiscal integrity of their programs~~
28 ~~and services to the North Carolina Partnership.~~

29 (4) North Carolina Partnership. – The North Carolina Partnership for
30 Children, Inc.

31 ~~(5) Secretary. – The Secretary of Health and Human Services.~~

32 **"§ 143B-168.12. North Carolina Partnership for Children, Inc.; conditions.**

33 (a) In order to receive State funds, the following conditions shall be met:

34 (1) The North Carolina Partnership shall have a Board of Directors
35 consisting of the following ~~38-25~~ members:

36 a. The Secretary of Health and Human Services, ex officio;

37 b. Repealed by Session Laws 1997, c. 443, s. 11A.105.

38 c. The Superintendent of Public Instruction, ex officio;

39 d. The President of the Department of Community Colleges, ex
40 officio;

41 e. ~~One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th~~
42 ~~Congressional Districts, appointed by the President Pro Tempore~~
43 ~~of the Senate;~~ Four members of the public, including one child

- 1 care provider, one other who is a parent, one other who is a
2 representative of the faith community, and one other who is a
3 representative of a local partnership, appointed by the General
4 Assembly upon recommendation of the President Pro Tempore
5 of the Senate;
- 6 f. ~~One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th~~
7 ~~Congressional Districts, appointed by the Speaker of the House~~
8 ~~of Representatives; Four members of the public, including one~~
9 ~~child care provider, one other who is a parent, one other who is a~~
10 ~~representative of the faith community, and one other who is a~~
11 ~~representative of a local partnership, appointed by the General~~
12 ~~Assembly upon recommendation of the Speaker of the House of~~
13 ~~Representatives;~~
- 14 g. ~~Seventeen~~ Ten members, of whom four appointed by the
15 Governor. Three of these ten members shall be members of the
16 party other than the Governor's party, appointed by the Governor;
17 Governor. Seven of these ten members shall be appointed as
18 follows: one who is a child care provider, one other who is a
19 pediatrician, one other who is a health care provider, one other
20 who is a parent, one other who is a member of the business
21 community, one other who is a member representing a
22 philanthropic agency, and one other who is an early childhood
23 educator;
- 24 h. The President Pro Tempore of the Senate, or a designee;
- 25 i. The Speaker of the House of Representatives, or a designee;
- 26 j. ~~The~~ One member of the public appointed by the General
27 Assembly upon recommendation of the Majority Leader of the
28 Senate, or a designee; Senate;
- 29 k. ~~The~~ One member of the public appointed by the General
30 Assembly upon recommendation of the Majority Leader of the
31 House of Representatives, or a designee; Representatives;
- 32 l. ~~The~~ One member of the public appointed by the General
33 Assembly upon recommendation of the Minority Leader of the
34 Senate, or a designee; Senate; and
- 35 m. ~~The~~ One member of the public appointed by the General
36 Assembly upon recommendation of the Minority Leader of the
37 House of Representatives, or a designee. Representatives.

38 All appointed board members shall avoid conflicts of interests and
39 the appearance of impropriety. Should instances arise when a conflict
40 may be perceived, any individual who may benefit directly or indirectly
41 from the North Carolina Partnership's disbursement of funds shall
42 abstain from participating in any decision or deliberations by the North
43 Carolina Partnership regarding the disbursement of funds.

1 All ex officio members are voting members. Each ex officio
2 member may be represented by a designee selected to replace the ex
3 officio member and to function as a permanent replacement. These
4 designees shall be voting members. No legislators shall serve as
5 members.

6 The North Carolina Partnership shall establish a nominating
7 committee and, in making their recommendations of members to be
8 appointed by the General Assembly or by the Governor, the President
9 Pro Tempore of the Senate, the Speaker of the House of
10 Representatives, the Majority Leader of the Senate, the Majority Leader
11 of the House of Representatives, the Minority Leader of the Senate, the
12 Minority Leader of the House of Representatives, and the Governor
13 shall consult with and consider the recommendations of this nominating
14 committee.

15 The North Carolina Partnership shall establish a policy on members'
16 attendance, which policy shall include provisions for reporting
17 absences of at least three meetings immediately to the appropriate
18 appointing authority.

19 Members who miss more than three consecutive meetings without
20 excuse or members who vacate their membership shall be replaced by
21 the appropriate appointing authority and the replacing member shall
22 serve either until the General Assembly and the Governor can appoint a
23 successor or until the replaced member's term expires, whichever is
24 earlier.

25 The membership of local boards shall be at least 25 members, 18 of
26 whom shall be selected from the following areas: county commissioner,
27 county manager, director of the local department of social services,
28 director of the local area mental health agency, director of the local
29 health agency, superintendent of the public schools, president of the
30 community college, two business leaders, a Head Start representative,
31 two parents with children receiving subsidies, a child care provider, a
32 representative from the child care resource and referral agency or a
33 representative of another nonprofit organization related to child care, a
34 representative of the faith community, a representative of the
35 interagency coordinating council or a parent with a child with a
36 disability, a foundation representative, a representative of the municipal
37 government, the chair of the local cooperative extension agency, and the
38 director of the local public library. No legislators shall sit on the local
39 board.

40 The North Carolina Partnership may establish a policy on
41 membership of the local board, which policy shall include the
42 requirement that all local board members be residents of the county or
43 the partnership region they are representing. Within these requirements

1 for local board membership, the North Carolina Partnership shall allow
2 local partnerships that are regional to have flexibility in the composition
3 of their boards so that all counties in the region have adequate
4 representation.

5 All appointed local board members shall avoid conflicts of interests
6 and the appearance of impropriety. Should instances arise when a
7 conflict may be perceived, any individual who may benefit directly or
8 indirectly from the partnership's disbursement of funds shall abstain
9 from participating in any decision or deliberations by the partnership
10 regarding the disbursement of funds.

11 (2) The North Carolina Partnership and the local partnerships shall agree to
12 adopt procedures for its operations that are comparable to those of
13 Article 33C of Chapter 143 of the General Statutes, the Open Meetings
14 Law, and Chapter 132 of the General Statutes, the Public Records Law.
15 Law, and provide for enforcement by the Department. The North
16 Carolina Partnership shall enforce these provisions in the event that a
17 local partnership fails to abide by these procedures and the Office of the
18 Attorney General shall enforce these provisions in the event that the
19 North Carolina Partnership fails to follow them.

20 (3) The North Carolina Partnership shall oversee the development and
21 implementation of the local demonstration projects as they are selected.
22 selected and shall approve the ongoing plans, programs, and services
23 developed and implemented by the local partnerships, and hold the local
24 partnerships accountable for the financial and programmatic integrity of
25 the programs and services.

26 In the event that the North Carolina Partnership determines that a
27 local partnership is not fulfilling its mandate to provide programs and
28 services to prepare children for school and is not being accountable for
29 the programmatic and fiscal integrity of its programs and services, the
30 North Carolina Partnership shall suspend all funds to the partnership
31 until the partnership demonstrates that these defects are corrected.
32 Further, at its discretion, the North Carolina Partnership may assume the
33 managerial responsibilities for the partnership's programs and services
34 until the North Carolina Partnership determines that it is appropriate to
35 return the programs and services to the local partnership.

36 (4) The North Carolina Partnership shall develop and implement a
37 comprehensive standard fiscal accountability plan to ensure the fiscal
38 integrity and accountability of State funds appropriated to it and to the
39 local partnerships. The standard fiscal accountability plan shall, at a
40 minimum, include a uniform, ~~standardized~~ standardized, automated
41 system of accounting, internal controls, payroll, fidelity bonding, chart
42 of accounts, and contract management and monitoring. The North
43 Carolina Partnership may contract with outside firms to develop and

1 implement the standard fiscal accountability plan. All local partnerships
2 shall be required to participate in the standard fiscal accountability plan
3 developed and adopted by the North Carolina Partnership pursuant to
4 this subdivision.

5 (5) The North Carolina Partnership shall develop and implement a
6 centralized accounting and contract management system ~~which~~
7 ~~incorporates features of as an integral part of~~ the required standard fiscal
8 accountability plan described in subdivision (4) of subsection (a) of this
9 section. ~~The following local partnerships shall be required to participate~~
10 ~~in the centralized accountability system developed by the North~~
11 ~~Carolina Partnership pursuant to this subdivision:~~

12 a: ~~Local partnerships which have significant deficiencies in their~~
13 ~~accounting systems, internal controls, and contract management~~
14 ~~systems, as determined by the North Carolina Partnership based~~
15 ~~on the annual financial audits of the local partnerships conducted~~
16 ~~by the Office of the State Auditor; and~~

17 b: ~~Local partnerships which are in the first two years of operation~~
18 ~~following their selection, except for those created by combination~~
19 ~~with existing local partnerships. At the end of this two year~~
20 ~~period, local partnerships shall continue to participate in the~~
21 ~~centralized accounting and contract management system. With~~
22 ~~the approval of the North Carolina Partnership, local partnerships~~
23 ~~may perform accounting and contract management functions at~~
24 ~~the local level using the standardized and uniform accounting~~
25 ~~system, internal controls, and contract management systems~~
26 ~~developed by the North Carolina Partnership.~~

27 ~~Local partnerships which otherwise would not be required to participate~~
28 ~~in the centralized accounting and contract management system pursuant~~
29 ~~to this subdivision may voluntarily choose to participate in the system.~~
30 ~~Participation or nonparticipation shall be for a minimum of two years,~~
31 ~~unless, in the event of nonparticipation, the North Carolina Partnership~~
32 ~~determines that any partnership's annual financial audit reveals serious~~
33 ~~deficiencies in accounting or contract management. The North Carolina~~
34 ~~Partnership shall establish criteria by which local partnerships' capacity~~
35 ~~to perform their own contracting and accounting services will be~~
36 ~~assessed annually. Effective June 30, 1999, all local partnerships shall~~
37 ~~participate in the centralized accounting and contract management~~
38 ~~system that the North Carolina Partnership shall provide to them at no~~
39 ~~cost unless partnerships meet these criteria and undertake their own~~
40 ~~accounting and contract management, in which case the cost shall count~~
41 ~~against their administrative cap. These local partnerships shall continue~~
42 ~~to participate in those portions of the standard fiscal accountability plan~~
43 ~~prescribed in subdivision (4) of this subsection. In the event that the~~

1 Partnership determines that such a partnership's annual financial audit
2 reveals serious deficiencies in accounting or contract management, the
3 Partnership shall assume the responsibilities of the accounting and
4 contract management of the partnership.

5 (6) The North Carolina Partnership shall develop a formula for allocating
6 direct services funds appropriated for this purpose to local partnerships.

7 (7) The North Carolina Partnership ~~may~~ shall adjust its allocations on the
8 basis of local partnerships' performance assessments. In determining
9 whether to adjust its allocations to local partnerships, the North Carolina
10 Partnership shall consider whether the local partnerships are meeting the
11 outcome goals and objectives of the North Carolina Partnership and the
12 goals and objectives set forth by the local partnerships in their approved
13 annual program plans.

14 The North Carolina Partnership ~~may~~ shall use additional factors to
15 determine whether to adjust the local partnerships' allocations. These
16 additional factors shall be developed with input from the local
17 partnerships and shall be communicated to the local partnerships when
18 the additional factors are selected. These additional factors ~~may~~ shall
19 include board involvement, family and community outreach,
20 collaboration among public and private service agencies, and family
21 involvement.

22 On the basis of performance assessments, local partnerships annually
23 shall be rated 'superior', 'satisfactory', or 'needs improvement'. Local
24 partnerships rated 'superior' may receive, to the extent that funds are
25 available, a ten percent (10%) increase in their annual funding
26 allocation. Local partnerships rated 'satisfactory' may receive their
27 annual funding allocation. Local partnerships rated 'needs improvement'
28 may receive up to ninety percent (90%) of their annual funding
29 allocation.

30 The North Carolina Partnership may contract with outside firms to
31 conduct the performance assessments of local partnerships.

32 (8) The North Carolina Partnership shall establish a local partnership
33 advisory committee comprised of 15 members. Eight of the members
34 shall be chairs of local partnerships' board of directors, and seven shall
35 be staff of local partnerships. Members shall be chosen by the Chair of
36 the North Carolina Partnership from a pool of candidates nominated by
37 their respective boards of directors. The local partnership advisory
38 committee shall serve in an advisory capacity to the North Carolina
39 Partnership and shall establish a schedule of regular meetings. Members
40 shall serve two-year terms and shall not serve more than two
41 consecutive terms. Members shall be chosen from local partnerships on
42 a rotating basis. The advisory committee shall annually elect a chair
43 from among its members.

1 The Partnership may establish a Professional Advisory Board of
2 providers of programs and services and of experts in the fields related to
3 Early Childhood Education and Development.

- 4 (9) The North Carolina Partnership shall report (i) quarterly to the Joint
5 Legislative Commission on Governmental Operations and (ii) to the
6 General Assembly and the Governor on the ongoing progress of all the
7 local partnerships' work, including all details of the use to which the
8 allocations were put, and on the continuing plans of the North Carolina
9 Partnership and of the Department, together with legislative proposals,
10 including proposals to implement the program statewide.

11 (b) The North Carolina Partnership shall be subject to audit and review by the
12 State Auditor under Article 5A of Chapter 147 of the General Statutes. The State Auditor
13 shall conduct annual financial and compliance audits of the North Carolina Partnership.

14 "**§ 143B-168.13. Implementation of program; ~~duties of Department and Secretary.~~**
15 **additional duties of North Carolina Partnership.**

16 (a) ~~The Department~~ North Carolina Partnership shall:

- 17 (1) ~~Develop a statewide process, in cooperation with the North Carolina~~
18 ~~Partnership, to select the local demonstration projects. The first 12 local~~
19 ~~demonstration projects developed and implemented shall be located in~~
20 ~~the 12 congressional districts, one to a district. The Develop a process to~~
21 ~~determine the locations of subsequent selections of local demonstration~~
22 ~~projects shall to represent the various geographic areas of the State.~~

- 23 (2) Develop and conduct a statewide needs and resource assessment every
24 third year, beginning in the 1997-98 fiscal year. This needs assessment
25 shall be conducted in cooperation with ~~the North Carolina Partnership~~
26 ~~and with the~~ local partnerships. ~~The Department~~ North Carolina
27 Partnership may contract with an independent firm to conduct the needs
28 assessment. The needs assessment shall be conducted in a way which
29 enables ~~the Department and~~ the North Carolina Partnership to review,
30 and revise as necessary, the total program cost estimate and
31 methodology. The data and findings of this needs assessment shall form
32 the basis for annual program plans developed by local partnerships and
33 approved by the North Carolina Partnership. A report of the findings of
34 the needs assessment shall be presented to the General Assembly prior
35 to the beginning of the 1999 Session and every three years after that
36 date.

37 ~~(2a) Develop and maintain an automated, publicly accessible database of all~~
38 ~~regulated child care programs.~~

- 39 (3) Repealed by Session Laws 1997, c. 443, s. 11.55(m).

- 40 (4) ~~Adopt, in cooperation with the North Carolina Partnership,~~ Adopt any
41 rules necessary to implement this Part, including rules to ensure that
42 State leave policy is not applied to the North Carolina Partnership and
43 the local partnerships. In order to allow local partnerships to focus on

1 the development of long-range ~~plans in their initial year of funding, the~~
2 ~~Department and ongoing plans, the North Carolina Partnership may~~
3 adopt rules that limit the categories of direct services for young children
4 and their families for which funds are made available ~~during the initial~~
5 ~~year available.~~

6 (5) Repealed by Session Laws 1996, Second Extra Session, c. 18, s.
7 24.29(c).

8 (6) Annually update its funding formula using the most recent data
9 available. These amounts shall serve as the basis for determining 'full
10 funding' amounts for each local partnership.

11 (7) Monitor each partnership to require programmatic and fiscal integrity as
12 follows:

13 a. Monitor each local partnership's contracts, contractors, and
14 subcontractors;

15 b. Limit each contract to one level of subcontractor, when practical;

16 c. Require each partnership to place in each of its new contracts a
17 statement that the contract is subject to monitoring by the North
18 Carolina Partnership, that contractors and subcontractors shall be
19 bonded as required by the State Auditor, and that contractors and
20 subcontractors are subject to audit oversight by the State Auditor;
21 and

22 d. Ensure that local partnerships, their contractors, and their
23 subcontractors are bonded as required by the State Auditor.

24 (b) ~~The Secretary shall approve, upon recommendation of the North Carolina~~
25 ~~Partnership, North Carolina Partnership shall approve all allocations of State funds to~~
26 ~~local demonstration projects. The Secretary projects and also shall approve all local~~
27 ~~plans.~~

28 (c) The North Carolina Partnership shall implement the performance-based
29 evaluation system after June 30, 1999. The Office of State Budget and Management shall
30 include this item in its continuation budget request for the North Carolina Partnership for
31 the 1999-2001 fiscal biennium.

32 (d) The North Carolina Partnership shall not mandate that any of the local
33 partnerships establish or otherwise support a child care resource and referral organization
34 or service.

35 **"§ 143B-168.14. Local partnerships; conditions.**

36 (a) In order to receive State funds, the following conditions shall be met:

37 (1) Each local demonstration project shall be coordinated by a new local
38 partnership responsible for developing a comprehensive, collaborative,
39 long-range plan of services to children and families in the service-
40 delivery area. The board of directors of each local partnership shall
41 consist of members ~~including representatives of public and private~~
42 ~~nonprofit health and human service agencies, child care providers, the~~
43 ~~business community, foundations, county and municipal governments,~~

1 ~~local education units, and families, concerned with early childhood~~
2 ~~education and development who are appointed pursuant to the policy~~
3 ~~adopted by the North Carolina Partnership pursuant to G.S. 143B-~~
4 ~~168.12(a)(1) and subject to the limitations prescribed in that~~
5 ~~subdivision. The Department, in cooperation with the North Carolina~~
6 ~~Partnership, North Carolina Partnership may specify in its requests for~~
7 applications the local agencies that shall be represented on a local board
8 of directors. No existing local, private, nonprofit 501(c)(3) organization,
9 other than one established on or after July 1, 1993, and that meets the
10 guidelines for local partnerships as established under this Part, shall be
11 eligible to apply to serve as the local partnership for the purpose of this
12 Part.

13 (2) Each local partnership shall agree to adopt procedures for its operations
14 that are comparable to those of Article 33C of Chapter 143 of the
15 General Statutes, the Open Meetings Law, and Chapter 132 of the
16 General Statutes, the Public Records Law, and provide for enforcement
17 by the ~~Department, North Carolina Partnership.~~

18 (3) Each local partnership shall adopt procedures to ensure that all
19 personnel who provide services to young children and their families
20 under this Part know and understand their responsibility to report
21 suspected child abuse, neglect, or dependency, as defined in G.S. 7A-
22 517.

23 (4) Each local partnership shall participate in the uniform, standard fiscal
24 accountability plan developed and adopted by the North Carolina
25 Partnership.

26 (b) Each local partnership shall be subject to audit and review by the State Auditor
27 under Article 5A of Chapter 147 of the General Statutes. The State Auditor shall conduct
28 annual financial and compliance audits of the local partnerships.

29 (c) Local partnerships may establish Professional Advisory Boards of providers of
30 programs and services and of experts in the fields related to early childhood education
31 and development.

32 **"§ 143B-168.15. Use of State funds.**

33 (a) State funds allocated to local projects for services to children and families shall
34 be used to meet assessed ~~needs, needs to prepare children for school,~~ expand coverage,
35 and improve the quality of these services. The local plan shall address the assessed needs
36 of all children to the extent feasible. It is the intent of the General Assembly that the
37 needs of both young children below poverty who remain in the home, as well as the
38 needs of young children below poverty who require services ~~beyond those offered in~~
39 ~~child care settings, to prepare them for school,~~ be addressed. Therefore, as local
40 partnerships address the assessed needs of all children, they should devote an appropriate
41 amount of their State allocations, considering these needs and other available resources,
42 to meet the needs of children below poverty and their families.

1 (b) Depending on local, regional, or statewide needs, funds may be used to support
2 activities and services that will prepare children for school that shall be made available
3 and accessible to providers, children, and families on a voluntary basis. Of the total funds
4 allocated to all local partnerships for direct services, seventy percent (70%) shall be used
5 in child care-related activities and programs which improve access to child care services,
6 develop new child care services, or improve the quality of child care services in all
7 settings.

8 (c) Long-term plans for local projects that do not receive their full allocation in the
9 first year, other than those selected in 1993, should consider how to meet the assessed
10 needs of low-income children and families within their neighborhoods or ~~communities.~~
11 communities to prepare these children for school. These plans also should reflect a
12 process to meet these needs as additional allocations and other resources are received.

13 (d) State funds designated for start-up and related activities may be used for capital
14 expenses or to support activities and services for children, families, and ~~providers.~~
15 providers to prepare children for school. State funds designated to support direct services
16 for children, families, and providers to prepare children for school shall not be used for
17 major capital expenses unless the North Carolina Partnership approves this use of State
18 funds based upon a finding that a local partnership has demonstrated that (i) this use is a
19 clear priority need for the local ~~plan,~~ plan to prepare children for school, (ii) it is
20 necessary to enable the local partnership to provide services and activities to underserved
21 children and ~~families,~~ families to prepare children for school, and (iii) the local
22 partnership will not otherwise be able to meet this priority need by using State or federal
23 funds available to that local partnership. The funds approved for capital projects in any
24 two consecutive fiscal years may not exceed ten percent (10%) of the total funds for
25 direct services allocated to a local partnership in those two consecutive fiscal years.

26 (e) State funds allocated to local partnerships shall not supplant current
27 expenditures by counties on behalf of young children and their families, and maintenance
28 of current efforts on behalf of these children and families shall be sustained. State funds
29 shall not be applied without the ~~Secretary's~~ North Carolina Partnership's approval where
30 State or federal funding sources, such as Head Start, are available or could be made
31 available to that county.

32 (f) Local partnerships may carry over funds from one fiscal year to the ~~next,~~ next
33 with the approval of the North Carolina Partnership, subject to the following conditions:

34 (1) Local partnerships in their first year of receiving direct services funding
35 may, on a one-time basis only, carry over any unspent funds to the
36 subsequent fiscal year.

37 (2) Any local partnership may carry over any unspent funds to the
38 subsequent fiscal year, subject to the limitation that funds carried over
39 may not exceed the increase in funding the local partnership received
40 during the current fiscal year over the prior fiscal year.

41 (g) Not less than thirty percent (30%) of each local partnership's direct services
42 allocation shall be used to expand child care subsidies. To the extent practicable, these
43 funds shall be used to enhance the affordability, availability, and quality of child care

1 services as described in this section. No State Early Childhood Education and
2 Development funds or public non-State matching funds may be used by any local
3 partnership or by the North Carolina Partnership for early childhood education and
4 development purposes, activities, programs, or services that have been disapproved by
5 the General Assembly. No State Early Childhood Education and Development funds or
6 non-State Early Childhood Education and Development-related funds shall be used by
7 any local partnership or by the North Carolina Partnership for any lobbying before the
8 General Assembly. Nothing in this section prohibits any citizen from expressing his or
9 her views to a member of the General Assembly in his or her capacity as a citizen.

10 (h) The North Carolina Partnership is subject to the Executive Budget Act and its
11 concomitant accountability.

12 **"§ 143B-168.16. Home-centered services; consent.**

13 No home-centered services including home visits or in-home parenting training shall
14 be allowed under this Part unless the written, informed consent of the participating
15 parents authorizing the home-centered services is first obtained by the local partnership,
16 educational institution, local school administrative unit, private school, not-for-profit
17 organization, governmental agency, or other entity that is conducting the parenting
18 program. The participating parents may revoke at any time their consent for the home-
19 centered services.

20 The consent form shall contain a clear description of the program including (i) the
21 activities and information to be provided by the program during the home visits, (ii) the
22 number of expected home visits, (iii) any responsibilities of the parents, (iv) the fact, if
23 applicable, that a record will be made and maintained on the home visits, (v) the fact that
24 the parents may revoke at any time the consent, and (vi) any other information as may be
25 necessary to convey to the parents a clear understanding of the program.

26 Parents at all times shall have access to any record maintained on home-centered
27 services provided to their family and may place in that record a written response to any
28 information with which they disagree that is in the record."

29 (b) UNCODIFIED STATUTE PROVISIONS ON EARLY CHILDHOOD
30 EDUCATION AND DEVELOPMENT INITIATIVES

31 Section 11.55 of S.L. 1997-443 reads as rewritten:

32 "Section 11.55. (a) The General Assembly finds that it is essential to continue
33 developing comprehensive programs that provide high quality early childhood education
34 and development services locally for children and their ~~families.~~ families, to prepare
35 children for school. The General Assembly intends to expand the Early Childhood
36 Education and Development Initiatives Program (the "Program") in a manner which
37 ensures quality assurance and performance-based accountability for the Program.

38 (b) ~~Notwithstanding any provision of Part 10B of Article 3 of Chapter 143B of the~~
39 ~~General Statutes or any other provision of law or policy, the Department of Human~~
40 ~~Resources and the The North Carolina Partnership for Children, Inc., jointly~~ shall
41 continue to implement the recommendations contained in the Smart Start Performance
42 Audit prepared pursuant to Section 27A(1)b. of Chapter 324 of the 1995 Session Laws, as
43 modified by Section 24.29 of Chapter 18 of the Session Laws, Second Extra Session

1 ~~1996-1996, insofar as possible pursuant to Part 10B of Article 3 of Chapter 143B of the~~
2 ~~General Statutes.~~ The North Carolina Partnership for Children, Inc., shall continue to
3 report quarterly to the Joint Legislative Commission on Governmental Operations on its
4 progress toward full implementation of the modified audit recommendations.

5 (c) The Joint Legislative Commission on Governmental Operations shall,
6 consistent with current law, continue to be the legislative oversight body for the Program.
7 The President Pro Tempore of the Senate and the Speaker of the House of
8 Representatives may appoint a subcommittee of the Joint Legislative Commission on
9 Governmental Operations to carry out this function. This subcommittee may conduct all
10 initial reviews of plans, reports, and budgets relating to the Program and shall make
11 recommendations to the Joint Legislative Commission on Governmental Operations.

12 (d) Administrative costs shall be equivalent to, on an average statewide basis for
13 all local partnerships, not more than eight percent (8%) of the total statewide allocation to
14 all local partnerships. What counts as administrative costs shall be as defined in the
15 Smart Start Performance Audit.

16 (e) Any local partnership, before receiving State funds, shall be required annually
17 to submit a plan and budget for State funds for appropriate programs to the North
18 Carolina Partnership for Children, Inc., and the Joint Legislative Commission on
19 Governmental Operations. State funds to implement the programs shall not be allocated
20 to a local partnership until the program plan is approved by the North Carolina
21 Partnership for Children, Inc.

22 (f) The North Carolina Partnership for Children, Inc., and all local partnerships
23 shall use competitive bidding practices in contracting for goods and services on ~~all~~
24 contract amounts ~~of one thousand five hundred dollars (\$1,500) and above, and, where~~
25 ~~practicable, on contracts for amounts of less than one thousand five hundred dollars~~
26 ~~(\$1,500)-as follows:~~

- 27 (1) For amounts of five thousand dollars (\$5,000) or less, three verbal
28 quotes;
- 29 (2) For amounts greater than five thousand dollars (\$5,000) but less than
30 fifteen thousand dollars (\$15,000), three written quotes;
- 31 (3) For amounts of fifteen thousand dollars (\$15,000) or more but less than
32 forty thousand dollars (\$40,000), a request for proposal process; and
- 33 (4) For amounts of forty thousand dollars (\$40,000) or more, request for
34 proposal process and advertising in a newspaper with statewide
35 circulation.

36 ~~(g) The role of the North Carolina Partnership for Children, Inc., shall continue to~~
37 ~~be expanded to incorporate all the aspects of the new role determined for the Partnership~~
38 ~~in the Smart Start Performance Audit recommendations and to provide technical~~
39 ~~assistance to local partnerships, assess outcome goals for children and families, ensure~~
40 ~~that statewide goals and legislative guidelines are being met, help establish policies and~~
41 ~~outcome measures, obtain non-State resources for early childhood and family services,~~
42 ~~and document and verify the cumulative contributions received by the partnerships.~~

1 (h) The North Carolina Partnership for Children, Inc., and all local partnerships shall,
2 in the aggregate, be required to match no less than fifty percent (50%) of the total amount
3 budgeted for the Program in each fiscal year of the biennium as follows: contributions of
4 cash equal to at least ten percent (10%) and in-kind donated resources equal to no more
5 than ten percent (10%) for a total match requirement of twenty percent (20%) for each
6 fiscal year. Only in-kind contributions that are quantifiable, as determined in the Smart
7 Start Performance Audit, shall be applied to the in-kind match requirement. Expenses,
8 including both those paid by cash and in-kind contributions, incurred by other
9 participating non-State entities contracting with the North Carolina Partnership for
10 Children or the local partnerships, also may be considered resources available to meet the
11 required private match. In order to qualify to meet the required private match, the
12 expenses shall:

- 13 (1) Be verifiable from the contractor's records;
- 14 (2) If in-kind, be quantifiable in accordance with generally accepted
15 accounting principles for nonprofit organizations;
- 16 (3) Not include expenses funded by State funds;
- 17 (4) Be supplemental to and not supplant preexisting resources for related
18 program activities;
- 19 (5) Be incurred as a direct result of the Early Childhood Initiatives Program
20 and be necessary and reasonable for the proper and efficient
21 accomplishment of the Program's objectives;
- 22 (6) Be otherwise allowable under federal or State law;
- 23 (7) Be required and described in the contractual agreements approved by
24 the North Carolina Partnership for Children or the local partnership; and
- 25 (8) Be reported to the North Carolina Partnership for Children or the local
26 partnership by the contractor in the same manner as reimbursable
27 expenses.

28 The North Carolina Partnership shall establish uniform guidelines and reporting
29 format for local partnerships to document the qualifying expenses occurring at the
30 contractor level. Local partnerships shall monitor qualifying expenses to ensure they
31 have occurred and meet the requirements prescribed in this subsection.

32 Failure to obtain a twenty percent (20%) match by May 1 of each fiscal year shall
33 result in a dollar-for-dollar reduction in the appropriation for the Program for the next
34 fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for
35 compiling information on the private cash and in-kind contributions into a report that is
36 submitted to the Joint Legislative Commission on Governmental Operations pursuant to
37 G.S. 143B-168.13(5) in a format that allows verification by the Department of Revenue.
38 The same match requirements shall apply to any expansion funds appropriated by the
39 General Assembly.

40 (i) Counties participating in the Program may use the county's allocation of State
41 and federal child care funds to subsidize child care according to the county's Early
42 Childhood Education and Development Initiatives Plan as approved by the North
43 Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with

1 the appropriate federal regulations. Child care providers shall, at a minimum, comply
2 with the applicable requirements for State licensure or registration pursuant to Article 7
3 of Chapter 110 of the General Statutes, with other applicable requirements of State law or
4 rule, including rules adopted for nonregistered child care by the Social Services
5 Commission, and with applicable federal regulations.

6 ~~(j) The Department of Human Resources shall continue to implement the~~
7 ~~performance-based evaluation system.~~

8 (k) The Frank Porter Graham Child Development Center shall continue its evaluation
9 of the ~~Program.~~ Program until June 30, 1999. After this date, the North Carolina
10 Partnership shall open the process for individuals and entities interested in bidding for a
11 contract to evaluate the Program. The Frank Porter Graham Child Development Center
12 may submit a bid. Notwithstanding any policy to the contrary, the Frank Porter Graham
13 Child Development Center or any subsequent individual or entity that operates under
14 contract to evaluate the Program may use any method legally available to it to track
15 children who are participating or who have participated in any Early Childhood
16 Education and Development Initiative in order to carry out its ongoing evaluation of the
17 Program.

18 ~~(l) G.S. 143B-168.12(a) reads as rewritten:~~

19 ~~"(a) In order to receive State funds, the following conditions shall be met:~~

20 ~~(1) The North Carolina Partnership shall have a Board of Directors~~
21 ~~consisting of the following 38 members:~~

22 ~~a. The Secretary of Health and Human Services, ex officio;~~

23 ~~b. Repealed;~~

24 ~~c. The Superintendent of Public Instruction, ex officio;~~

25 ~~d. The President of the Department of Community Colleges, ex~~
26 ~~officio;~~

27 ~~e. One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th~~
28 ~~Congressional Districts, appointed by the President Pro Tempore~~
29 ~~of the Senate;~~

30 ~~f. One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th~~
31 ~~Congressional Districts, appointed by the Speaker of the House~~
32 ~~of Representatives;~~

33 ~~g. Seventeen members, of whom four shall be members of the party~~
34 ~~other than the Governor's party, appointed by the Governor;~~

35 ~~h. The President Pro Tempore of the Senate, or a designee;~~

36 ~~i. The Speaker of the House of Representatives, or a designee;~~

37 ~~j. The Majority Leader of the Senate, or a designee;~~

38 ~~k. The Majority Leader of the House of Representatives, or a~~
39 ~~designee;~~

40 ~~l. The Minority Leader of the Senate, or a designee; and~~

41 ~~m. The Minority Leader of the House of Representatives, or a~~
42 ~~designee.~~

- 1 (2) ~~The North Carolina Partnership shall agree to adopt procedures for its~~
2 ~~operations that are comparable to those of Article 33C of Chapter 143 of~~
3 ~~the General Statutes, the Open Meetings Law, and Chapter 132 of the~~
4 ~~General Statutes, the Public Records Law, and provide for enforcement~~
5 ~~by the Department.~~
- 6 (3) ~~The North Carolina Partnership shall oversee the development and~~
7 ~~implementation of the local demonstration projects as they are selected.~~
- 8 (4) ~~The North Carolina Partnership shall develop and implement a~~
9 ~~comprehensive standard fiscal accountability plan to ensure the fiscal~~
10 ~~integrity and accountability of State funds appropriated to it and to the~~
11 ~~local partnerships. The standard fiscal accountability plan shall, at a~~
12 ~~minimum, include a uniform, standardized system of accounting,~~
13 ~~internal controls, payroll, fidelity bonding, chart of accounts, and~~
14 ~~contract management and monitoring. The North Carolina Partnership~~
15 ~~may contract with outside firms to develop and implement the standard~~
16 ~~fiscal accountability plan. All local partnerships shall be required to~~
17 ~~participate in the standard fiscal accountability plan developed and~~
18 ~~adopted by the North Carolina Partnership pursuant to this subdivision.~~
- 19 (5) ~~The North Carolina Partnership shall develop and implement a~~
20 ~~centralized accounting and contract management system which~~
21 ~~incorporates features of the required standard fiscal accountability plan~~
22 ~~described in subdivision (4) of subsection (a) of this section. The~~
23 ~~following local partnerships shall be required to participate in the~~
24 ~~centralized accountability system developed by the North Carolina~~
25 ~~Partnership pursuant to this subdivision:~~
- 26 a. ~~Local partnerships which have significant deficiencies in their~~
27 ~~accounting systems, internal controls, and contract management~~
28 ~~systems, as determined by the North Carolina Partnership based~~
29 ~~on the annual financial audits of the local partnerships conducted~~
30 ~~by the Office of the State Auditor; and~~
- 31 b. ~~Local partnerships which are in the first two years of operation~~
32 ~~following their selection, except for those created by combination~~
33 ~~with existing local partnerships. At the end of this two-year~~
34 ~~period, local partnerships shall continue to participate in the~~
35 ~~centralized accounting and contract management system. With~~
36 ~~the approval of the North Carolina Partnership, local partnerships~~
37 ~~may perform accounting and contract management functions at~~
38 ~~the local level using the standardized and uniform accounting~~
39 ~~system, internal controls, and contract management systems~~
40 ~~developed by the North Carolina Partnership.~~
- 41 ~~Local partnerships which otherwise would not be required to participate~~
42 ~~in the centralized accounting and contract management system pursuant~~
43 ~~to this subdivision may voluntarily choose to participate in the system.~~

1 Participation or nonparticipation shall be for a minimum of two years,
2 unless, in the event of nonparticipation, the North Carolina Partnership
3 determines that any partnership's annual financial audit reveals serious
4 deficiencies in accounting or contract management.

5 (6) The North Carolina Partnership shall develop a formula for allocating
6 direct services funds appropriated for this purpose to local partnerships.

7 (7) The North Carolina Partnership may adjust its allocations on the basis
8 of local partnerships' performance assessments. In determining whether
9 to adjust its allocations to local partnerships, the North Carolina
10 Partnership shall consider whether the local partnerships are meeting the
11 outcome goals and objectives of the North Carolina Partnership and the
12 goals and objectives set forth by the local partnerships in their approved
13 annual program plans.

14 The North Carolina Partnership may use additional factors to
15 determine whether to adjust the local partnerships' allocations. These
16 additional factors shall be developed with input from the local
17 partnerships and shall be communicated to the local partnerships when
18 the additional factors are selected. These additional factors may include
19 board involvement, family and community outreach, collaboration
20 among public and private service agencies, and family involvement.

21 On the basis of performance assessments, local partnerships annually
22 shall be rated 'superior', 'satisfactory', or 'needs improvement'. Local
23 partnerships rated 'superior' may receive, to the extent that funds are
24 available, a ten percent (10%) increase in their annual funding
25 allocation. Local partnerships rated 'satisfactory' may receive their
26 annual funding allocation. Local partnerships rated 'needs
27 improvement' may receive ninety percent (90%) of their annual funding
28 allocation.

29 The North Carolina Partnership may contract with outside firms to
30 conduct the performance assessments of local partnerships.

31 (8) The North Carolina Partnership shall establish a local partnership
32 advisory committee comprised of 15 members. Eight of the members
33 shall be chairs of local partnerships' board of directors, and seven shall
34 be staff of local partnerships. Members shall be chosen by the Chair of
35 the North Carolina Partnership from a pool of candidates nominated by
36 their respective boards of directors. The local partnership advisory
37 committee shall serve in an advisory capacity to the North Carolina
38 Partnership and shall establish a schedule of regular meetings.
39 Members shall serve two-year terms and shall not serve more than two
40 consecutive terms. Members shall be chosen from local partnerships on
41 a rotating basis. The advisory committee shall annually elect a chair
42 from among its members.

- 1 ~~(9) The North Carolina Partnership shall report (i) quarterly to the Joint~~
2 ~~Legislative Commission on Governmental Operations and (ii) to the~~
3 ~~General Assembly and the Governor on the ongoing progress of all the~~
4 ~~local partnerships' work, including all details of the use to which the~~
5 ~~allocations were put, and on the continuing plans of the North Carolina~~
6 ~~Partnership and of the Department, together with legislative proposals,~~
7 ~~including proposals to implement the program statewide."~~
- 8 (m) G.S. 143B-168.13(a) reads as rewritten:
- 9 "(a) The Department shall:
- 10 (1) ~~Develop a statewide process, in cooperation with the North Carolina~~
11 ~~Partnership, to select the local demonstration projects. The first 12 local~~
12 ~~demonstration projects developed and implemented shall be located in~~
13 ~~the 12 congressional districts, one to a district. The locations of~~
14 ~~subsequent selections of local demonstration projects shall represent the~~
15 ~~various geographic areas of the State.~~
- 16 (2) ~~Develop and conduct a statewide needs and resource assessment every~~
17 ~~third year, beginning in the 1997-98 fiscal year. This needs assessment~~
18 ~~shall be conducted in cooperation with the North Carolina Partnership~~
19 ~~and with the local partnerships. The Department may contract with an~~
20 ~~independent firm to conduct the needs assessment. The needs~~
21 ~~assessment shall be conducted in a way which enables the Department~~
22 ~~and the North Carolina Partnership to review, and revise as necessary,~~
23 ~~the total program cost estimate and methodology. The data and findings~~
24 ~~of this needs assessment shall form the basis for annual program plans~~
25 ~~developed by local partnerships and approved by the North Carolina~~
26 ~~Partnership. A report of the findings of the needs assessment shall be~~
27 ~~presented to the General Assembly prior to the beginning of the 1999~~
28 ~~Session and every three years after that date.~~
- 29 (2a) ~~Develop and maintain an automated, publicly accessible database of all~~
30 ~~regulated child care programs.~~
- 31 (3) ~~Repealed.~~
- 32 (4) ~~Adopt, in cooperation with the North Carolina Partnership, any rules~~
33 ~~necessary to implement this Part, including rules to ensure that State~~
34 ~~leave policy is not applied to the North Carolina Partnership and the~~
35 ~~local partnerships. In order to allow local partnerships to focus on the~~
36 ~~development of long range plans in their initial year of funding, the~~
37 ~~Department may adopt rules that limit the categories of direct services~~
38 ~~for young children and their families for which funds are made available~~
39 ~~during the initial year.~~
- 40 (5) ~~Repealed by Session Laws 1996, Second Extra Session, c. 18, s.~~
41 ~~24.29(e).~~

1 ~~(6) Annually update its funding formula using the most recent data~~
2 ~~available. These amounts shall serve as the basis for determining 'full~~
3 ~~funding' amounts for each local partnership."~~

4 ~~(n) G.S. 143B-168.15 reads as rewritten:~~

5 ~~"§ 143B-168.15. Use of State funds.~~

6 ~~(a) State funds allocated to local projects for services to children and families shall~~
7 ~~be used to meet assessed needs, expand coverage, and improve the quality of these~~
8 ~~services. The local plan shall address the assessed needs of all children to the extent~~
9 ~~feasible. It is the intent of the General Assembly that the needs of both young children~~
10 ~~below poverty who remain in the home, as well as the needs of young children below~~
11 ~~poverty who require services beyond those offered in child care settings, be addressed.~~
12 ~~Therefore, as local partnerships address the assessed needs of all children, they should~~
13 ~~devote an appropriate amount of their State allocations, considering these needs and other~~
14 ~~available resources, to meet the needs of children below poverty and their families.~~

15 ~~(b) Depending on local, regional, or statewide needs, funds may be used to support~~
16 ~~activities and services that shall be made available and accessible to providers, children,~~
17 ~~and families on a voluntary basis. Of the total funds allocated to partnerships for direct~~
18 ~~services, seventy percent (70%) shall be used in child care related activities and programs~~
19 ~~which improve access to child care services, develop new child care services, or improve~~
20 ~~the quality of child care services in all settings.~~

21 ~~(c) Long term plans for local projects that do not receive their full allocation in the~~
22 ~~first year, other than those selected in 1993, should consider how to meet the assessed~~
23 ~~needs of low income children and families within their neighborhoods or communities.~~
24 ~~These plans also should reflect a process to meet these needs as additional allocations and~~
25 ~~other resources are received.~~

26 ~~(d) State funds designated for start up and related activities may be used for capital~~
27 ~~expenses or to support activities and services for children, families, and providers. State~~
28 ~~funds designated to support direct services for children, families, and providers shall not~~
29 ~~be used for major capital expenses unless the North Carolina Partnership approves this~~
30 ~~use of State funds based upon a finding that a local partnership has demonstrated that (i)~~
31 ~~this use is a clear priority need for the local plan, (ii) it is necessary to enable the local~~
32 ~~partnership to provide services and activities to underserved children and families, and~~
33 ~~(iii) the local partnership will not otherwise be able to meet this priority need by using~~
34 ~~State or federal funds available to that local partnership. The funds approved for capital~~
35 ~~projects in any two consecutive fiscal years may not exceed ten percent (10%) of the total~~
36 ~~funds for direct services allocated to a local partnership in those two consecutive fiscal~~
37 ~~years.~~

38 ~~(e) State funds allocated to local partnerships shall not supplant current~~
39 ~~expenditures by counties on behalf of young children and their families, and maintenance~~
40 ~~of current efforts on behalf of these children and families shall be sustained. State funds~~
41 ~~shall not be applied without the Secretary's approval where State or federal funding~~
42 ~~sources, such as Head Start, are available or could be made available to that county.~~

1 (f) ~~Local partnerships may carry over funds from one fiscal year to the next,~~
2 ~~subject to the following conditions:~~

3 (1) ~~Local partnerships in their first year of receiving direct services funding~~
4 ~~may, on a one-time basis only, carry over any unspent funds to the~~
5 ~~subsequent fiscal year.~~

6 (2) ~~Any local partnership may carry over any unspent funds to the~~
7 ~~subsequent fiscal year, subject to the limitation that funds carried over~~
8 ~~may not exceed the increase in funding the local partnership received~~
9 ~~during the current fiscal year over the prior fiscal year.~~

10 (g) ~~Not less than thirty percent (30%) of each local partnership's direct services~~
11 ~~allocation shall be used to expand child care subsidies. To the extent practicable, these~~
12 ~~funds shall be used to enhance the affordability, availability, and quality of child care~~
13 ~~services as described in this section. The North Carolina Partnership may increase this~~
14 ~~percentage requirement up to a maximum of fifty percent (50%) when, based upon the~~
15 ~~local waiting list for subsidized child care or the total percentage of children served~~
16 ~~whose families are income eligible for subsidized child care, the North Carolina~~
17 ~~Partnership determines a higher percentage is justified."~~

18 (o) The North Carolina Partnership shall not apply the subsidy requirement in G.S.
19 143B-168.15(g) to the 45 counties eligible to receive planning funds in 1997-98.

20 (p) There is allocated from the funds appropriated to the Department of Human
21 Resources, Health and Human Services, Division of Child Development, in this act, the
22 sum of twenty-two million two hundred fifty-eight thousand six hundred twenty-five
23 dollars (\$22,258,625) for the 1997-98 fiscal year ~~and pursuant to subdivisions (1) through~~
24 ~~(6) of this subsection.~~

25 There is transferred from the funds appropriated to the Department of Health and
26 Human Services, Division of Child Development, for the 1998-99 fiscal year to the
27 Office of State Budget and Management the sum of ninety-eight million one hundred
28 fifty-five thousand eight hundred twenty-eight dollars (\$98,155,828) for the North
29 Carolina Partnership for Children, Inc. Of these funds, the sum of twenty-five million two
30 hundred ninety-eight thousand eight hundred thirty-eight dollars (\$25,298,838) for the
31 1998-99 fiscal year to be shall be used as follows:

32 (1) Of the 35 partnerships existing as of the 1996-97 fiscal year, funds for
33 direct services shall be increased a total of \$15,215,912 for the 1997-98
34 fiscal year to the Department and \$15,215,912 for the 1998-99 fiscal
35 year. ~~year to the North Carolina Partnership.~~ The North Carolina
36 Partnership for Children, Inc., may use up to \$1,500,000 of these funds
37 in the 1997-98 fiscal year as planning funds for the remaining 45
38 unfunded counties.

39 (2) For the 12 new partnerships planned for as of the 1996-97 fiscal year,
40 funds shall be \$5,252,713 for the 1997-98 fiscal year for the Department
41 and \$9,142,926 for the 1998-99 fiscal year for the North Carolina
42 Partnership to administer and deliver direct services.

- 1 (3) The North Carolina Partnership for Children, Inc., shall receive an
2 additional \$700,000 in the 1997-98 fiscal year and an additional
3 \$700,000 in the 1998-99 fiscal year for the State-level administration of
4 the Program.
- 5 (4) The Department of ~~Human Resources~~ Health and Human Services shall
6 receive \$750,000 in nonrecurring funds in the 1997-98 fiscal year to
7 conduct a statewide needs and resources assessment.
- 8 (5) The Department of ~~Human Resources~~ Health and Human Services shall
9 receive \$100,000 in nonrecurring funds in the 1997-98 fiscal year to
10 complete the automation of a database of all regulated child care
11 programs.
- 12 (6) The Department of ~~Human Resources~~ Health and Human Services shall
13 receive \$240,000 in the 1997-98 fiscal year and the North Carolina
14 Partnership shall receive \$240,000 in the 1998-99 fiscal year for
15 professional development programs.

16 In addition to these funds, the sum of twenty-five million eighty-six thousand three
17 hundred twenty-nine dollars (\$25,086,329) shall be used to administer and deliver the
18 direct services in all 100 counties. Of this amount, the North Carolina Partnership for
19 Children, Inc., may use up to two million dollars (\$2,000,000) for State level
20 administration of the program.

21 (q) Of the funds appropriated to the Department of ~~Human Resources~~ Health and
22 Human Services for the Program for the 1997-99 biennium, the Frank Porter Graham
23 Child Development Center shall receive the sum of eight hundred fifty thousand dollars
24 (\$850,000) for the 1997-98 fiscal year and the sum of eight hundred fifty thousand
25 dollars (\$850,000) for the 1998-99 fiscal year.

26 (r) Except for replacements of legislative members, the changes required of the
27 membership of the North Carolina Partnership in G.S. 143B-168.12(a)(1) and the
28 changes required of the membership of the local boards in G.S. 143B-168.12(a)(1) and
29 G.S. 143B-168.14(a)(1), made in subsection (a) of this section, shall be effected as the
30 current members' terms expire. The legislative members of the North Carolina
31 Partnership and of the local boards shall be replaced immediately by the appropriate
32 appointing authority."

33 (c) The General Assembly finds that two important, recent studies of the Early
34 Childhood Education and Development Initiatives Program have stressed that local
35 partnerships should, generally, be regional rather than single-county, in order to ensure
36 the greatest cost-efficiency and the greatest administrative efficiency.

37 Effective July 1, 1999, the North Carolina Partnership for Children, Inc., shall
38 implement a plan to regionalize appropriate local partnerships across the State.

39 The North Carolina Partnership shall develop the plan to be implemented after
40 careful consideration of the Coopers and Lybrand Smart Start Program Performance
41 Audit Final Report, dated April, 1996, and the McGladrey and Pullen Study of
42 Administrative Structure, dated June 24, 1998.

1 The North Carolina Partnership shall report this plan, together with the criteria
2 it used and with a detailed cost/benefit analysis, to the Senate Appropriations Committee
3 on Human Resources and the House of Representatives Appropriations Subcommittee on
4 Human Resources and to the Fiscal Research Division by March 15, 1999.

5
6 [SECTION 12.38 RESERVED]

7
8 **SUBPART 8. YOUTH SERVICES**

9 Requested by: Representatives Gardner, Cansler, Clary

10 **DYS TRAINING SCHOOLS EVALUATION**

11 Section 12.39. (a) Of the funds appropriated in this act to the Department of
12 Health and Human Services, the sum of four hundred seventy-five thousand dollars
13 (\$475,000) shall be used to ensure that multidisciplinary diagnoses and evaluations, as
14 provided for in G.S. 115C-113, are made on all students in training schools operated by
15 the Division of Youth Services and that the requisite resources and services are provided
16 for all DYS training school students who are identified as children with special needs.
17 The Department shall use these funds to provide evaluations, resources, and services, but
18 shall not reduce current DYS services. Lapsed salary funds shall not be used to create
19 new permanent positions.

20 (b) Within 30 days of adjournment sine die of the 1997 General Assembly, the
21 Department shall report to the members of the Senate Appropriations Committee on
22 Human Resources and the House of Representatives Appropriations Subcommittee on
23 Human Resources and the Fiscal Research Division the line items in the Department's
24 budget from which funds allocated under this section will be taken.

25
26 [SECTIONS 12.40, 12.41 RESERVED]

27
28 **SUBPART 9. HEALTH SERVICES**

29 Requested by: Representatives Gardner, Cansler, Clary

30 **WIC PROGRAM FUNDS**

31 Section 12.42. Section 15.27 of S.L. 1997-443 reads as rewritten:

32 "Section 15.27. Of the funds appropriated to the Department of ~~Environment, Health,~~
33 ~~and Natural Resources~~ Health and Human Services for the Women, Infants, and Children
34 (WIC) Program, the sum of one million two hundred eighty thousand dollars
35 (\$1,280,000) for the 1997-98 fiscal year and the sum of one million two hundred eighty
36 thousand dollars (\$1,280,000) for the 1998-99 fiscal year shall, if sufficient federal food
37 funds are available, be used for the WIC Program as follows:

38 (1) Not more than \$500,000 in each fiscal year shall be used to establish
39 new WIC Programs in Head Start or other private or public nonprofit
40 agencies to serve additional mothers, infants, and children. The
41 Department shall utilize these funds for local program operations
42 including staff to provide eligibility determination, nutrition education,
43 and health care referrals. In selecting the new WIC Programs, the

1 Department shall consider accessibility to the target population
2 including location and hours of operation.

3 (2) Not more than \$250,000 in each fiscal year shall be used to renovate
4 facilities of existing programs where space constraints limit program
5 expansion, and to fund rental costs in areas where accessible donated
6 space is not available. In selecting the facilities the Department shall
7 consider accessibility to the target population including location and
8 extended hours of operation. In determining whether to fund rental of
9 space, the Department shall ensure that options for using donated
10 accessible space have been considered. Not more than \$75,000 of funds
11 allocated under this subdivision for each fiscal year shall be used for
12 rental of space.

13 (3) Not more than \$300,000 in each fiscal year shall be used to purchase
14 physician-prescribed special formulas and nutritional supplements for
15 infants, children, and women.

16 (4) Not more than ~~\$60,000~~ \$180,000 in ~~each~~ the 1998-99 fiscal year shall
17 be used to provide the required State match to the WIC farmers' market
18 project.

19 (5) Not more than ~~\$170,000~~ \$50,000 in ~~each~~ the 1998-99 fiscal year shall
20 be used for the purpose of establishing and maintaining a Public Health
21 Nutritionist Internship Program.

22 If sufficient federal food funds are not available then funds appropriated for the WIC
23 Program under this section shall be used to supplement federal food funds and any
24 balance in funds remaining after the supplemental use shall be used in accordance with
25 subdivisions (1) through (5) of this section."
26

27 Requested by: Representatives Gardner, Cansler, Clary

28 **HEALTHY MOTHERS/HEALTHY CHILDREN PILOT PROGRAM**

29 Section 12.43. (a) The Department of Health and Human Services may initiate
30 a Healthy Mothers/Healthy Children Grant Program in up to six local health departments.
31 The Department may consolidate federal Maternal and Child Health Block Grant funds
32 and State funds appropriated for the Maternal Health, Women's Preventive Health, Child
33 Health, Child Service Coordination and Immunization programs into a Healthy
34 Mothers/Healthy Children Grant Program for each participating local health department.
35 Local health departments participating in the Healthy Mothers/Healthy Children Grant
36 Program may use grant funds to do any of the following:

37 (1) Improve the health status of women of childbearing age by expanding
38 preventive health services and reducing and/or controlling health risk
39 factors.

40 (2) Reduce infant mortality and morbidity by preventing high-risk
41 pregnancies, improving the health status of women before pregnancy,
42 improving access to prenatal care, reducing prematurity, and improving
43 survival rates of preterm and other high-risk infants.

1 (3) Reduce mortality and morbidity among children and youth by reducing
2 the incidence of communicable disease and other preventable
3 conditions, the occurrence and severity of injuries, the incidence of
4 genetic disorders, and the incidence of chronic illnesses and
5 developmental disabilities.

6 (4) Enhance the health and functional status of children and youth with
7 chronic handicapping conditions by reducing the severity of the
8 conditions through the provision of early identification, diagnosis,
9 treatment, and care coordination services.

10 (b) The Department shall not include federal categorical funds, competitive
11 special project funds, and funds for regionalized services in grant funds awarded to local
12 health departments under the Healthy Mothers/Healthy Children Grant Program.

13 (c) The Department shall require participating local health departments to
14 identify and report expenditures by program in order to monitor and track the use of
15 Healthy Mothers/Healthy Children Grant Program funds to meet federal and State
16 reporting requirements. In addition, the Department shall require local health
17 departments to report on the administrative, programmatic, and health outcome benefits
18 which are realized by providing localities greater flexibility.

19 (d) The Department shall report to members of the Senate Appropriations
20 Committee on Human Resources and the House of Representatives Appropriations
21 Subcommittee on Human Resources on the implementation of the Healthy
22 Mothers/Healthy Children Grant Program not later than April 1, 1999.

23
24 Requested by: Representatives Gardner, Cansler, Clary

25 **CHILD FATALITY TASK FORCE**

26 Section 12.44. (a) Subsections (b), (c), and (d) of Section 285 of Chapter 321
27 of the 1993 Session Laws are repealed.

28 (b) G.S. 143-573(c) reads as rewritten:

29 "(c) All members of the Task Force are voting members. Vacancies in the
30 appointed membership shall be filled by the appointing officer who made the initial
31 appointment. ~~The Speaker of the House of Representatives shall call the first meeting no~~
32 ~~later than October 1, 1991. At the first meeting the members shall elect a chair who shall~~
33 ~~preside for the duration of the Task Force. Terms shall be two years. The members shall~~
34 elect a chair who shall preside for the duration of the chair's term as member. In the
35 event a vacancy occurs in the chair before the expiration of the chair's term, the members
36 shall elect an acting chair to serve for the remainder of the unexpired term."

37 (c) G.S. 143-574 reads as rewritten:

38 **"§ 143-574. Task Force – duties.**

39 The Task Force shall:

40 (1) Undertake a statistical study of the incidence and causes of child deaths
41 in this State ~~during 1988 and 1989~~, and establish a profile of child
42 deaths. The study shall include (i) an analysis of all community and
43 private and public agency involvement with the decedents and their

1 families prior to death, and (ii) an analysis of child deaths by age, cause,
2 and geographic distribution;

3 (2) Develop a system for multidisciplinary review of child deaths. In
4 developing such a system, the Task Force shall study the operation of
5 existing local teams. The Task Force shall also consider the feasibility
6 and desirability of local or regional review teams and, should it
7 determine such teams to be feasible and desirable, develop guidelines
8 for the operation of the teams. The Task Force shall also examine the
9 laws, rules, and policies relating to confidentiality of and access to
10 information that affect those agencies with responsibilities for children,
11 including State and local health, mental health, social services,
12 education, and law enforcement agencies, to determine whether those
13 laws, rules, and policies inappropriately impede the exchange of
14 information necessary to protect children from preventable deaths, and,
15 if so, recommend changes to them;

16 (3) Receive and consider reports from the State Team; and

17 (4) Perform any other studies, evaluations, or determinations the Task Force
18 considers necessary to carry out its mandate."

19 (d) G.S. 143-577 reads as rewritten:

20 **"§ 143-577. Task Force – reports.**

21 (a) The Task Force shall ~~provide a preliminary~~ report annually to the Governor
22 and General Assembly, within the first week of the convening or reconvening of the ~~1992~~
23 ~~Session of the 1991~~ General Assembly. ~~This preliminary~~ The report shall contain at least
24 a summary of ~~preliminary~~ the conclusions and recommendations for each of the Task
25 Force's duties, as well as any other recommendations for changes to any law, rule, and
26 policy that it has determined will promote the safety and well-being of children. Any
27 recommendations of changes to law, rule, or policy shall be accompanied by specific
28 legislative or policy proposals and detailed fiscal notes setting forth the costs to the State.

29 (b) ~~The Task Force shall make a written report to the Governor and General~~
30 ~~Assembly within the first week of the convening of the 1997 General Assembly. The~~
31 ~~Task Force may make a written report to the Governor and General Assembly within one~~
32 ~~week of the convening of the 1998 Regular Session of the 1997 General Assembly. The~~
33 ~~Task Force shall make a final written report to the Governor and General Assembly~~
34 ~~within the first week of the convening of the 1999 General Assembly. The final report~~
35 ~~shall include final conclusions and recommendations for each of the Task Force's duties,~~
36 ~~as well as any other recommendations for changes to any law, rule, and policy that it has~~
37 ~~determined will promote the safety and well-being of children. Any recommendations of~~
38 ~~changes to law, rule, or policy shall be accompanied by specific legislative or policy~~
39 ~~proposals and detailed fiscal notes setting forth the costs to the State.~~

40 (c) ~~After the Task Force provides its final report to the Governor and General~~
41 ~~Assembly, the Task Force shall cease to be in existence."~~

42
43 Requested by: Representatives Gardner, Cansler, Clary

MATERNAL OUTREACH

Section 12.45. (a) The Department of Health and Human Services shall ensure that local communities who receive State funds for intensive home visiting programs, including the Olds and Healthy Families America models, collect and report data to the Department which will allow a valid and reliable evaluation of the long-term effectiveness of this intervention in improving maternal and child outcomes. The Department shall design a standard reporting system for local programs to use in supplying this data. At a minimum, the data should provide information on the effect of prenatal and infancy home visits by nurses on all of the following:

- (1) Preterm delivery, low-birth weight, and infant morbidity/mortality.
- (2) Childhood injuries.
- (3) Childhood maltreatment.
- (4) Immunizations.
- (5) Mental development and behavioral problems.

The data shall also provide information on maternal life course, as measured by:

- (6) Subsequent pregnancy.
- (7) Educational achievement.
- (8) Labor force participation.
- (9) Use of public assistance programs.

(b) The Department shall report on its plans for developing and implementing a scientifically sound methodology for evaluating these programs by February 1, 1999, to the members of the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Human Resources and to the Fiscal Research Division.

Requested by: Representatives Gardner, Cansler, Clary

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

Section 12.46A. (a) The Department of Health and Human Services shall develop and implement a cost-containment plan for the purpose of serving additional clients of the HIV Medications Program. In developing the Plan, the Department shall do the following:

- (1) Explore the feasibility of obtaining a Medicaid expansion waiver;
- (2) Estimate the potential cost savings to the State of participating in the 340B Drug Pricing Program by studying various ways of adhering to program requirements while also realizing cost savings;
- (3) Examine, for possible adoption, ADAP and other similar program cost-saving strategies in other states, including, but not limited to, restrictive formularies, prescription limitations, insurance continuity, and insurance purchasing programs, and biannual or quarterly reauthorizations; and
- (4) Conduct other activities that will assist in the development of a viable plan.

(b) The Department shall implement cost-containment programs or mechanisms, other than pharmaceutical rebates, by October 1, 1998, and shall report to

1 the members of the Senate Appropriations Committee on Human Resources and the
2 House of Representatives Appropriations Subcommittee on Human Resources
3 not later than December 15, 1998, on the following:

4 (1) The realized and projected savings;

5 (2) Findings from subdivisions (1), (2), and (3) of subsection (a) of this
6 section; and

7 (3) Recommendations for legislative action.

8 (c) Savings realized through cost-containment measures shall be used to serve
9 additional ADAP participants in fiscal year 1998-99. Funds not expended for authorized
10 program costs shall revert to the General Fund.

11 (d) The Department shall also develop a comprehensive information system on
12 AIDS/HIV clients receiving services from the State. This system shall include
13 information on program usage patterns of ADAP participants, including, but not limited
14 to, frequency of prescription purchases, and types of medications prescribed. The
15 Department shall also develop a plan for monitoring patient compliance with physician
16 treatment recommendations. In developing the plan, the Department shall identify ways
17 of obtaining information without interfering with physician-patient confidentiality. The
18 Department shall report on this plan to the members of the House of Representatives
19 Appropriations Subcommittee on Human Resources and the Senate Appropriations
20 Committee on Human Resources not later than December 15, 1998.

21
22 [SECTIONS 12.47, 12.48, 12.49 RESERVED]

23
24 Requested by: Representatives Gardner, Cansler, Clary

25 **HIV MEDICATIONS DISPENSED BY CERTAIN LOCAL HEALTH**
26 **DEPARTMENT PHARMACIES**

27 Section 12.50. A local health department or county agency providing public
28 health services that has a full-time, on-site pharmacy may contract with the Department
29 of Health and Human Services to be the sole dispenser of medications to participants in
30 the HIV Medication Program in the county or counties served by the local health
31 department or county agency providing public health services.

32
33 Requested by: Representatives Gardner, Cansler, Clary

34 **LOCAL HEALTH DEPARTMENTS PROVIDE HIV/STD PREVENTION**
35 **SERVICES**

36 Section 12.51. The Department of Health and Human Services, Division of
37 Epidemiology, shall allocate HIV/STD Prevention Services Program funds for
38 community-based organizations to local health departments. Local health departments
39 may contract with community-based organizations, including HIV Care Consortia and
40 Community Planning Regional Organizations, to ensure that services are provided to
41 high-risk individuals. Contracts between local health departments and community-based
42 organizations shall provide for the local health director or his or her designee to serve as a
43 liaison to the organization's board of directors.

1
2 Requested by: Representatives Gardner, Cansler, Clary

3 **IMPROVE IMMUNIZATION PROGRAM ACCOUNTABILITY**

4 Section 12.52. (a) The Department of Health and Human Services, Division of
5 Women's and Children's Health, shall develop and implement strategies to improve
6 accountability in the Immunization Program. The Division shall examine and report on
7 the following options for improving Program accountability:

- 8 (1) Enhancing the current doses administered reporting system;
- 9 (2) Converting to a vaccine replacement system;
- 10 (3) Collecting child-specific immunization and Program eligibility
11 information;
- 12 (4) Expediting implementation of the North Carolina Immunization
13 Registry;
- 14 (5) Conducting site visits to twenty percent (20%) of private providers
15 annually;
- 16 (6) Sanctioning providers who fail to comply with Program requirements;
- 17 (7) Identifying means to verify and reduce wastage; and
- 18 (8) Other options that will improve Program accountability.

19 The Department shall submit its report to the members of the House of
20 Representatives Appropriations Subcommittee on Human Resources and the Senate
21 Appropriations Committee on Human Resources within one week of the convening of the
22 1999 General Assembly. This report shall include the Division's recommendations for
23 improving Program accountability and shall identify the resources required to implement
24 these recommendations and to meet State and federal program reporting requirements.

25 (b) The Department of Health and Human Services shall study the feasibility of
26 changing the vaccine distribution system such that private providers obtain vaccines from
27 the local health department. The study shall include the method that would be used to
28 enable local health departments to obtain sufficient quantities of vaccine, and cost-
29 savings that could be realized in changing from a centralized vaccine distributions system
30 to a decentralized system. The Department shall report its findings and recommendations
31 to the members of the House of Representatives Appropriations Subcommittee on Human
32 Resources and the Senate Appropriations Committee on Human Resources within one
33 week of the convening of the 1999 General Assembly.

34
35 Requested by: Representative Aldridge

36 **NO APPROPRIATIONS FOR ADOLESCENT PARENTING PROGRAM**

37 Section 12.53. Appropriations made in this act and in S.L. 1997-443 for the
38 Adolescent Parenting Program for the 1998-99 fiscal year are reduced to zero.

39
40 Requested by: Representative Berry

41 **DIVISION OF VOCATIONAL REHABILITATION CAPITAL FUNDS**

42 Section 12.54. Of the funds appropriated in this act to the Department of
43 Health and Human Services, the sum of one million dollars (\$1,000,000) for the 1998-99

1 fiscal year shall be used for capital expenditures for community rehabilitation programs.
2 The funds shall be distributed through the Division of Vocational Rehabilitation to
3 community rehabilitation programs and Industries of the Blind based on a needs list
4 provided to the Division by the North Carolina Association of Rehabilitation Facilities.

6 PART XIII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

7
8 [SECTION 13.1 RESERVED]

9
10 Requested by: Representatives Mitchell, Baker, Carpenter

11 SPECIAL RESERVE FUNDS FOR CERTAIN AGRICULTURAL CENTERS

12 Section 13.2. Article 1 of Chapter 106 of the General Statutes is amended by
13 adding a new section to read:

14 "§ 106-6.2. Create special revenue funds for certain agricultural centers.

15 (a) The Eastern North Carolina Agricultural Center Fund is created within the
16 Department of Agriculture and Consumer Services as a special revenue fund. This Fund
17 shall consist of receipts from the sale of naming rights to any facility located at the
18 Eastern North Carolina Agricultural Center at Williamston, investments earnings on these
19 moneys, and any gifts, bequests, or grants from any source for the benefit of the Eastern
20 North Carolina Agricultural Center. All interest that accrues to this Fund shall be
21 credited to this Fund. Any balance remaining in this Fund at the end of any fiscal year
22 shall not revert. The Department may use this Fund only to promote, improve, repair,
23 maintain, or operate the Eastern North Carolina Agricultural Center.

24 (b) The Southeastern North Carolina Agricultural Center Fund is created within
25 the Department of Agriculture and Consumer Services as a special revenue fund. This
26 Fund shall consist of receipts from the sale of naming rights to any facility located at the
27 Southeastern North Carolina Agricultural Center at Lumberton, investments earnings on
28 these moneys, and any gifts, bequests, or grants from any source for the benefit of the
29 Southeastern North Carolina Agricultural Center. All interest that accrues to this Fund
30 shall be credited to this Fund. Any balance remaining in this Fund at the end of any fiscal
31 year shall not revert. The Department may use this Fund only to promote, improve,
32 repair, maintain, or operate the Southeastern North Carolina Agricultural Center."

33
34 Requested by: Representatives Mitchell, Baker, Carpenter

35 UMSTEAD ACT EXEMPTION FOR DEPARTMENT AGRICULTURAL 36 CENTERS AND LIVESTOCK FACILITIES

37 Section 13.3. G.S. 66-58(b) is amended by inserting the following subdivision:

38 "(13d) Agricultural centers or livestock facilities operated by the Department of
39 Agriculture and Consumer Services."

40
41 Requested by: Representatives Mitchell, Baker, Carpenter, Hall

42 GUIDELINES FOR GRANTS FOR LOCAL AGRICULTURAL FAIRS

1 Section 13.4. The Department of Agriculture and Consumer Services shall
2 adopt guidelines for the disbursement of funds appropriated to the Department for the
3 1998-99 fiscal year for grants for local agricultural fairs.

4
5 Requested by: Representatives Mitchell, Baker, Carpenter

6 **ANIMAL WASTE MANAGEMENT EQUIPMENT GRANTS FOR FAMILY-**
7 **OWNED DAIRIES**

8 Section 13.5. (a) The funds appropriated in this act to the Department of Agriculture
9 and Consumer Services for the 1998-99 fiscal year for animal waste management
10 equipment grants to farmers of family-owned dairies shall be used for the purchase of
11 equipment that is a component of an animal waste management system and that is used
12 solely for the purpose of transporting, storing, or distributing animal waste. This
13 equipment shall be limited to: pumps, spraying equipment, scrape blades, box blades,
14 storage equipment, and any transport equipment, including tanks, spreaders, and
15 applicators.

16 (b) No funds allocated under this section shall be used to enlarge anaerobic
17 lagoons or for the maintenance of anaerobic lagoons.

18 (c) The Department of Agriculture and Consumer Services shall adopt rules
19 that establish guidelines for disbursing the funds in a fair and equitable manner and any
20 other rules needed to implement this section. Each recipient of grant funds under this
21 section shall enter into a contract with the Department that contains provisions of the loan
22 that are consistent with these guidelines. This contract shall provide for the enforcement
23 of the terms of the contract. This contract shall provide that the recipient continue to
24 operate at the current level of dairy production for a period of at least five years. This
25 contract shall provide that if the recipient reduces the number of dairy cows or ceases
26 operation in fewer than five years, the recipient shall repay the Department of Agriculture
27 and Consumer Services a prorated share of the grant funds received by that recipient.

28 (d) Only dairies with fewer than 300 dairy cows that were in operation prior to
29 January 1, 1998, are eligible for grants under this section.

30
31 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

32 **ASSISTANCE FOR SMALL, FAMILY FARMS**

33 Section 13.6. Of the funds appropriated in this act to the Department of
34 Agriculture and Consumer Services for the 1998-99 fiscal year, the sum of fifty thousand
35 dollars (\$50,000) shall be used to provide assistance to farmers who operate small, family
36 farms. By March 1, 1999, the Department shall report to the Joint Legislative
37 Commission on Governmental Operations, the Appropriations Subcommittees on Natural
38 and Economic Resources in both the House of Representatives and the Senate, and the
39 Fiscal Research Division on the use of these funds, including the number and geographic
40 location of the small, family farms assisted through this allocation of funds, the type of
41 assistance provided, and any other information or indicators that demonstrate the overall
42 impact of this allocation of funds.

1 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

2 **GRANTS FOR LOCAL FARMERS' MARKETS**

3 Section 13.7. For the funds appropriated in this act to the Department of
4 Agriculture and Consumer Services for the 1998-99 fiscal year for grants to local farmers'
5 markets for the purpose of promoting or selling farm products produced by local small,
6 family-owned farms, the Department shall establish guidelines and procedures for
7 disbursing the grants in a fair and equitable manner. A grant to a local farmers' market
8 under this section shall not exceed the sum of ten thousand dollars (\$10,000). The
9 Department shall adopt any rules needed to implement this section.

10
11 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

12 **LOAN PROGRAM FOR SMALL, FAMILY-OWNED FARMS**

13 Section 13.8. (a) The funds appropriated in this act to the North Carolina Rural
14 Rehabilitation Corporation within the Department of Agriculture and Consumer Services
15 for the 1998-99 fiscal year shall be used to make loans to those farmers of small, family-
16 owned farms having financial difficulty as shown by their inability to obtain affordable
17 conventional loans from other sources.

18 (b) Priority for loans from the funds allocated under this section shall be extended
19 for the following small, family-owned farms:

- 20 (1) Dairy farms with fewer than 300 dairy cows.
21 (2) Turkey farms that have lost contracts with integrators for reasons not
22 related to having violated environmental laws or rules.
23 (3) Swine farms of fewer than 500 swine at any time.
24 (4) Peach or apple farms that have lost fifty percent (50%) or more of their
25 fruit crop due to frost or freeze damage.

26 (c) The term of the loans under this section shall not exceed 20 years. These
27 loans shall be provided in accordance with the lending requirements of the North
28 Carolina Rural Rehabilitation Corporation pursuant to Article 2 of Chapter 137 of the
29 General Statutes.

30 (d) The Department of Agriculture and Consumer Services shall adopt rules to
31 implement this section.

32
33 Requested by: Representative Tolson

34 **LEWIS STEAM POWERED SAWMILL RELOCATION**

35 Section 13.9. The Department of Agriculture and Consumer Services may use
36 up to two hundred twenty-five thousand dollars (\$225,000) in available funds for the
37 State fair for the 1998-99 fiscal year for the expenses of relocating the Lewis Steam
38 Powered Sawmill from Pitt County to the State Fairgrounds in Raleigh, restoring and
39 rendering the sawmill operational at its new site, and operating the sawmill.

40
41 Requested by: Representative Mitchell

42 **POULTRY/RATITE DEALERS REGISTRATION**

43 Section 13.10. (a) G.S. 106-540(3) reads as rewritten:

1 "(3) Regulate hatching egg dealers, chick dealers, poult dealers, poultry
2 dealers, ratite dealers, and jobbers."

3 (b) G.S. 106-541 reads as rewritten:

4 "**§ 106-541. Definitions.**

5 For the purpose of this ~~Article~~, ~~a hatchery shall be defined as~~ Article, the following
6 definitions apply:

7 (1) 'Hatchery' means any establishment that operates hatchery equipment
8 for the production of baby chicks or poults.

9 (2) ~~A hatching~~ 'Hatching egg dealer, chick dealer or jobber shall mean
10 dealer, or jobber' means any person, firm-firm, or corporation that buys
11 hatching eggs, baby chicks-chicks, or turkey poults and sells or offers
12 them for sale.

13 (3) 'Live poultry or ratite dealer' means a person who sells or offers for sale
14 to the general public live poultry or ratites. Live poultry or ratite dealer
15 does not include persons who sell on their own premises live poultry or
16 ratites that were raised on the same premises.

17 (4) ~~The term "mixed~~ 'Mixed chicks' or 'assorted chicks' shall mean-means
18 chicks produced from eggs from purebred females of a distinct breed
19 mated to a purebred male of a distinct breed.

20 (5) 'Poultry' means live chickens, doves, ducks, geese, grouse, guinea fowl,
21 partridges, pea fowl, pheasants, pigeons, quail, swans, or turkeys other
22 than chicks or poults.

23 (6) 'Ratite' has the same meaning as in G.S. 106-549.15."

24 (c) G.S. 106-542 is amended by adding the following new subsections:

25 "(b1) It shall be unlawful for any person, firm, or corporation to operate as a live
26 poultry or ratite dealer without first registering with the Department of Agriculture and
27 Consumer Services.

28 (b2) It shall be unlawful for a specialty market operator, as defined in G.S. 66-250,
29 to knowingly and willfully permit an unregistered poultry or ratite dealer to operate on
30 the premises of the specialty market, as defined in G.S. 66-250, more than 10 days after
31 being notified in writing by the Department of Agriculture and Consumer Services that
32 the dealer is not registered."

33 (d) G.S. 106-547 reads as rewritten:

34 "**§ 106-547. Records to be kept.**

35 Every hatchery, hatching egg dealer, chick ~~dealer~~ dealer, poultry dealer, ratite dealer,
36 or jobber shall keep such records of operation as the regulations of the Department of
37 Agriculture and Consumer Services may require for the proper inspection of said
38 hatchery, ~~dealer~~dealer, or jobber."

39 (e) The Department of Agriculture and Consumer Services shall use available
40 funds for the 1998-99 fiscal year for the enforcement of registration requirements for
41 poultry and ratite dealers as provided for in this section.

42 (f) Sections (a) through (d) of this section become effective December 1, 1998.

43

1 Requested by: Representative Mitchell

2 **TRANSPORTATION AGRICULTURAL PRODUCTS EXEMPTION**

3 Section 13.11. The definitions set out in 49 Code of Federal Regulations §
4 171.8 apply to this section. The citations to the Code of Federal Regulations (CFR) refer
5 to the 1 October 1997 Edition of the CFR. The transportation of an agricultural product,
6 other than a Class 2 material, over local roads between fields of the same farm by a
7 farmer operating as an intrastate private motor carrier is exempt from the requirements of
8 Parts 171 through 180 of 49 CFR as provided in 49 CFR § 173.5. The Department of
9 Transportation may adopt temporary rules to implement this section.

10
11 **PART XIV. DEPARTMENT OF ENVIRONMENT AND NATURAL**
12 **RESOURCES**

13
14 [SECTION 14.1 RESERVED]

15
16 Requested by: Representatives Mitchell, Baker, Carpenter

17 **MARINE FISHERIES APPEALS PANEL/ROTATE MEETING LOCATIONS**

18 Section 14.2. Section 3(d) of Chapter 576 of the 1993 Session Laws, Regular
19 Session 1994, as amended by Section 1 of Chapter 770 of the 1993 Session Laws,
20 Regular Session 1994, reads as rewritten:

21 "(d) During the moratorium, there shall be an Appeals Panel to consider license
22 applications for new licenses.

23 (1) The Appeals Panel shall consist of the Fisheries Director, the Chairman
24 of the Marine Fisheries Commission, and one other person selected by
25 the Cochairs of the Joint Legislative Commission on Seafood and
26 Aquaculture to review hardship or emergency license cases.

27 (2) The Marine Fisheries Commission shall adopt temporary rules to
28 govern the operation of the Appeals Panel. The Appeals Panel is
29 exempt from the provisions of Article 3 of Chapter 150B of the General
30 Statutes. Decisions of the Appeals Panel shall be subject to judicial
31 review under the provisions of Article 4 of Chapter 150B of the General
32 Statutes.

33 (3) The Appeals Panel may grant a license if it finds that the denial of the
34 license application would create an emergency or hardship on the
35 individual or the State. In no event shall the Appeals Panel grant a
36 license when the total number of licenses in the specific category would
37 exceed the number of licenses in effect on June 30, 1994.

38 (4) The Appeals Panel may grant an emergency temporary license due to
39 death, illness, or incapacity, for a period not to exceed 30 days.
40 Emergency temporary licenses shall be limited to vessel crab licenses
41 authorized under G.S. 113-153.1(d).

42 (5) Beginning in July 1998, the Appeals Panel shall rotate the location of its
43 meetings among the three districts of the State in the following order:

1 Northeastern district, Central district, Southern district, Central district,
2 Northeastern district, Central district, Southern district. The order of
3 rotation is arranged so that the meeting location for every other meeting
4 is in the Central district of the State. The meeting location for July 1998
5 shall be in the Northeastern district of the State and the rotation of the
6 meeting locations shall continue as provided by this subdivision.

7 If an applicant who is appealing a licensing decision in accordance
8 with this section requests in writing that the Appeals Panel schedule the
9 person's hearing when it meets in that person's home district, the
10 Appeals Panel shall calendar that person's hearing for his or her home
11 district as requested."

12
13 Requested by: Representatives Mitchell, Baker, Carpenter

14 **FISHERY MANAGEMENT PLANS/REGIONAL ADVISORY COMMITTEE**

15 Section 14.3. G.S. 113-182.1(c) reads as rewritten:

16 "(c) ~~To assist in the development of each Fishery Management Plan, the~~ The Chair
17 of the Marine Fisheries Commission shall appoint ~~an Advisory Council.~~ a fishery
18 management plan advisory committee for each Fishery Management Plan that is being
19 developed. ~~Each Advisory Council~~ fishery management plan advisory committee shall
20 be composed of commercial fishermen, recreational fishermen, and scientists, all with
21 expertise in the fishery for which the Fishery Management Plan is being developed. ~~The~~
22 fishery management plan advisory committees shall assist the Department and the Marine
23 Fisheries Commission in the development of all aspects of the Fishery Management
24 Plans, including the development of preservation management measures. ~~The~~
25 Department shall keep the regional advisory committees established under G.S. 143B-
26 289.57 advised as the Fishery Management Plans are developed and consider the
27 comments by the committees on the Fishery Management Plans."

28
29 Requested by: Representatives Preston, Mitchell, Baker, Carpenter, Redwine

30 **UP ADMINISTRATIVE CAP FOR FISHERY RESOURCE GRANT PROGRAM**

31 Section 14.3B. Section 5 of Chapter 633 of the 1995 Session Laws, Regular
32 Session 1996, reads as rewritten:

33 "Sec. 5. Funds appropriated to the Department of ~~Environment, Health, Environment~~
34 and Natural Resources for the Fishery Resource Grant Program under Section 2 of
35 Chapter 324 of the 1994 Session Laws shall be transferred to the Board of Governors of
36 The University of North Carolina for the Sea Grant College Program to administer the
37 Fishery Resource Grant Program. The Sea Grant College Program may use up to ~~twenty-~~
38 ~~five thousand dollars (\$25,000)~~ seventy-five thousand dollars (\$75,000) for
39 administrative expenses relating to the Fishery Resource Grant Program. ♦"

40
41 Requested by: Representatives Mitchell, Baker, Carpenter

42 **GRASSROOTS SCIENCE PROGRAM**

43 Section 14.4. Section 15.1 of S.L. 1997-443 reads as rewritten:

"Section 15.1. Funds appropriated in this act for the Grassroots Science Program shall be allocated as grants-in-aid as follows:1997-98 1998-99

4	Iredell County Children's Museum	\$56,500	\$50,000
5	Museum of Coastal Carolina	\$66,750	\$50,000
6	Rocky Mount Children's Museum	\$109,750	\$50,000
7	Imagination Station	\$111,000	\$50,000
8	Western North Carolina Nature Center	\$130,750	\$15,000
9	<u>\$50,000</u>		
10	The Health Adventure Museum		
11	of Pack Place Education,		
12	Arts and Science Center, Inc.	\$162,500	\$35,000
13	Cape Fear Museum	\$188,500	\$50,000
14	Catawba Science Center	\$190,500	\$50,000
15	Sci Works Science Center and		
16	Environmental Park of		
17	Forsyth County	\$231,000	\$50,000
18	Natural Science		
19	Center of Greensboro	\$333,000	\$50,000
20	Schiele Museum of Natural History	\$383,750	\$50,000
21	North Carolina Museum of		
22	Life and Science	\$398,750	\$50,000
23	Discovery Place	\$887,250	\$50,000
24			
25	TOTAL	\$3,250,000	\$600,000

\$635,000Discovery Place may use up to one hundred thousand dollars (\$100,000) of the funds allocated to it in the 1997-98 fiscal year to study the feasibility of an expansion of Discovery Place."

Requested by: Representatives Mitchell, Baker, Carpenter, Hall

ENVIRONMENTAL EDUCATION GRANTS

Section 14.5. (a)Of the two hundred thousand dollars (\$200,000) appropriated in this act to the Department of Environment and Natural Resources for the 1998-99 fiscal year for environmental education grants, up to fifty thousand dollars (\$50,000) may be used by the Department for the 1998-99 fiscal year for the costs of administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

- (1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or
- (2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

1 (b) The Department shall report to the Joint Legislative Commission on
2 Governmental Operations, the Environmental Review Commission, and the Fiscal
3 Research Division by January 1, 1999, and again by July 1, 1999, on the grant program.
4 The report shall include a list of amounts awarded and project descriptions for each grant
5 recipient.

6
7 Requested by: Representatives Mitchell, Baker, Carpenter

8 **PARKS AND RECREATION/NATURAL HERITAGE TRUST FUNDS**
9 **REPORTING REQUIREMENTS**

10 Section 14.6. (a)G.S. 113-44.15(c) reads as rewritten:

11 "(c) The North Carolina Parks and Recreation Authority shall report ~~on an annual~~
12 ~~basis no later than October 1 of each year~~ to the Joint Legislative Commission on
13 Governmental Operations, the ~~appropriations committees of the House of Representatives~~
14 ~~and the Senate, and House and Senate Appropriations Subcommittees on Natural and~~
15 ~~Economic Resources, the Fiscal Research Division~~ Division, and the Environmental
16 Review Commission on allocations from the Trust Fund ~~Fund from the prior fiscal year.~~
17 The Authority also shall provide a progress report no later than March 15 of each year to
18 the same recipients on the activities of and the expenditures from the Trust Fund for the
19 current fiscal year."

20 (b) G.S. 113-77.9(e) reads as rewritten:

21 "(e) The Secretary shall maintain and ~~annually~~ revise twice each year a list of
22 acquisitions made pursuant to this Article. The list shall include the acreage of each tract,
23 the county in which the tract is located, the amount paid from the Fund to acquire the
24 tract, and the State department or division responsible for managing the tract. The
25 Secretary shall furnish a copy of the list to each ~~Trustee and to each House of the General~~
26 ~~Assembly~~ Trustee, the Joint Legislative Commission on Governmental Operations, the
27 House and Senate Appropriations Subcommittees on Natural and Economic Resources,
28 the Fiscal Research Division, and the Environmental Review Commission within 30 days
29 after each revision."

30
31 Requested by: Representatives Mitchell, Baker, Carpenter

32 **NEUSE AND TAR-PAMLICO RIVER BASIN ASSISTANCE**

33 Section 14.6B. The Department of Environment and Natural Resources shall
34 provide progress reports on an initiative by the Division of Soil and Water Conservation
35 to assist local soil and water conservation districts in the Neuse and Tar-Pamlico River
36 Basins in targeting and tracking nutrient reduction efforts of agriculture operations, as
37 well as evaluating the cost-effectiveness of best management practices. The Department
38 shall report on the activities and accomplishments of this initiative by January 15 and
39 April 15, 1999, to the House and Senate Appropriations Subcommittees on Natural and
40 Economic Resources and the Fiscal Research Division.

41
42 [SECTIONS 14.7, 14.8 RESERVED]
43

1 Requested by: Representatives Mitchell, Baker, Carpenter

2 **EXTEND AND EXPAND ENVIRONMENTAL HEALTH PROGRAMS STUDY**

3 Section 14.9. (a)Section 11A.127 of S.L. 1997-443 reads as rewritten:

4 "Section 11A.127. Pending ~~the results of action by the General Assembly on the~~
5 recommendations of the Environmental Review Commission resulting from the study to
6 be undertaken by the Environmental Review Commission as provided in this Part, on-site
7 wastewater functions, public drinking water programs, and environmental health
8 programs shall remain in the Department of Environment and Natural Resources, the
9 Division of Environmental Health, shall remain intact in the Department of Environment
10 and Natural Resources, and the Department of Environment and Natural Resources shall
11 not consolidate on-site wastewater functions or drinking water programs in the Division
12 of Water Quality."

13 (b) Section 11A.128 of S.L. 1997-443 reads as rewritten:

14 "Section 11A.128. The Environmental Review Commission shall study the following
15 issues and report its findings to the ~~1997 General Assembly, Regular Session 1998, 1999~~
16 General Assembly, along with any legislation it proposes to address these issues:

- 17 (1) The appropriate roles and financing of local and state agencies in
18 reviewing, permitting, inspecting, and monitoring private wells,
19 community wells, municipal wells, and municipal surface water
20 supplies;
- 21 (2) The appropriate roles and financing of local and State agencies in
22 reviewing, permitting, inspecting, monitoring, and maintaining septic
23 tanks, package wastewater treatment plants, municipal wastewater
24 treatment plants, industrial treatment plants, and animal waste
25 operations;
- 26 (3) The appropriate roles and financing of local and State agencies in
27 administering the various environmental health programs;
- 28 (4) The integration of State's review of the financial integrity of applicants
29 for drinking water and wastewater discharge permits;
- 30 (5) Policies to monitor the quality and prevent and reduce pollution of
31 groundwaters;
- 32 (6) Consistent State policies for cleaning up contaminated groundwater and
33 soils;
- 34 (7) Coordination of adoption and development of policies by the Coastal
35 Resources Commission, Environmental Management Commission,
36 Commission on Health Services, Marine Fisheries Commission, and
37 other commissions having roles in water quality or wastewater issues;
- 38 (8) Policies to monitor the quality and prevent and reduce pollution of
39 surface waters;
- 40 (9) Organization of the State's water planning agencies;
- 41 (10) Technical and financial assistance to business, industry, local
42 governments, and citizens;
- 43 (11) Policies to encourage water conservation;

- 1 (12) Policies to encourage regional water supply and wastewater treatment
2 planning; ~~and~~
3 (13) The role of the North Carolina Cooperative Extension Services, North
4 Carolina Department of Agriculture, and the North Carolina Department
5 of Transportation in the protection of water ~~supplies~~; supplies; and
6 (14) The organization, functions, powers, and duties of the various boards,
7 commissions, and councils having jurisdiction over environmental,
8 public health, and natural resources programs, including whether those
9 functions, powers, and duties should be consolidated in a single
10 commission."

11 (c) Section 11A.129 of S.L. 1997-443 reads as rewritten:

12 "Section 11A.129. The Secretary of Health and Human Services may reorganize the
13 Department of Health and Human Services in accordance with G.S. 143B-10 and shall
14 report as required by that section. In addition, the Department of Health and Human
15 Services shall do the following:

- 16 (1) Report to the Joint Legislative Commission on Governmental
17 Operations by December 31, 1997, on the Department's progress in
18 incorporating health functions and agencies into the Department;
19 (2) Report to the General Assembly by ~~May 1, 1998~~, 1 February 1999 on
20 additional changes, including proposed legislation necessary to
21 effectuate the purposes of this Part including the findings of the
22 Environmental Review Commission's ~~study~~; study;
23 (3) Report to the Joint Legislative Commission on Governmental
24 Operations by ~~October 31, 1998~~, 1 February 1999 on any proposed
25 changes in the Department's structure of boards and commissions not
26 already implemented as a result of the Environmental Review
27 Commission's study or necessary to effectuate the purposes of this Part
28 and to deliver services more efficiently; and
29 (4) Report to the General Assembly by February 1, 1999, on the
30 Department's progress in adopting any rule changes necessary to
31 effectuate the purposes of this Part and any proposed legislation
32 necessary to change the structure of any boards and commissions as
33 reported to the Joint Legislative Commission on Governmental
34 Operations."

35
36 Requested by: Representative Baker

37 **CREATE NEW CLASSIFICATION OF ABANDONED WELLS**

38 Section 14.9B. G.S. 87-88(k) is amended by adding a new subdivision to read:

- 39 "(3) Abandonment of Water Supply Wells for Other Use: Any water supply
40 well that is removed from service as a potable water supply source may
41 be used for other purposes, including, but not limited to, irrigation,
42 commercial use, or industrial use, and such well is not subject to either

1 subdivision (1) or (2) of this subsection during its use for other
2 purposes."

3
4 Requested by: Representative Culp

5 **RANDLEMAN DAM FUNDS DO NOT REVERT**

6 Section 14.9C. Section 8(c) of Chapter 777 of the 1993 Session Laws, as
7 rewritten by Section 26.2 of Chapter 507 of the 1995 Session Laws and Section 15.47(a)
8 of S.L. 1997-443, reads as rewritten:

9 "(c) All funds appropriated in Chapter 769 of the 1993 Session Laws for the
10 construction of Randleman Dam shall revert to the General Fund on ~~October 1, 1999,~~
11 October 1, 2000, if construction has not begun before that date."

12
13 Requested by: Representative McComas

14 **STUDY FEASIBILITY OF RELOCATING CHANNEL OF MASON'S INLET**

15 Section 14.9D. The Division of Coastal Management and the Division of
16 Water Resources of the Department of Environment and Natural Resources jointly shall
17 study the feasibility of relocating the channel of Mason's Inlet to an alignment that is
18 protective of the north end of the town of Wrightsville Beach against the forces of
19 erosion threatening property located at or adjacent to the inlet and that does not create a
20 threat to the houses located on the south end of Figure Eight Island. The study shall
21 identify the time within which the relocation must be achieved to bring meaningful relief
22 to the threatened property and what permit requirements apply and shall establish a time
23 schedule for any recommended relocation. The study shall include local participation in
24 the inlet channel relocation project and acquisition of property. The study shall presume
25 that no State funds will be available for the inlet channel relocation project. By October
26 15, 1998, the Department shall complete a final report of this study, including its findings
27 and recommendations, and shall present this report at the next meeting of the Joint
28 Legislative Commission on Governmental Operations.

29
30 Requested by: Representatives Mitchell, Baker, Carpenter, Hall

31 **CLEAN WATER MANAGEMENT TRUST FUND/WATER QUALITY**
32 **MONITORING**

33 Section 14.9E. For the 1998-99 fiscal year, of the funds reserved under G.S.
34 143-15.3B to the Clean Water Management Trust Fund, the State Controller shall transfer
35 the sum of one million dollars (\$1,000,000) to the Department of Environment and
36 Natural Resources to expand ambient water quality monitoring efforts across the State
37 and to increase the monitoring of flow and nutrient data in the coastal river basins
38 through the use of automated monitors.

39
40 Requested by: Representatives Mitchell, Baker, Carpenter

41 **CLEAN WATER MANAGEMENT TRUST FUND/UPPER NEUSE RIVER BASIN**
42 **WATERSHED MANAGEMENT PLAN**

1 Section 14.9F. For the 1998-99 fiscal year, of the funds reserved under G.S.
2 143-15.3B to the Clean Water Management Trust Fund, the State Controller shall transfer
3 the sum of three hundred thousand dollars (\$300,000) to the Department of Environment
4 and Natural Resources to be allocated to the Upper Neuse River Basin Association to
5 develop a comprehensive and coordinated State-local watershed management plan for the
6 Upper Neuse River Basin. The plan will serve as a model watershed management
7 approach for river basins and subbasins in North Carolina.

8
9 Requested by: Representatives Mitchell, Baker, Carpenter, Hall

10 **STATE MATCH FOR FEDERAL WATER SUPPLY AND WASTEWATER**
11 **ASSISTANCE FUNDS**

12 Section 14.9G. For the 1998-99 fiscal year, of the funds reserved under G.S.
13 143-15.3B to the Clean Water Management Trust Fund, the State Controller shall transfer
14 the sum of seven million four hundred thirty-two thousand four hundred twelve dollars
15 (\$7,432,412) to the Department of Environment and Natural Resources to be allocated as
16 follows:

- 17 (1) The sum of \$4,860,352 shall be used for the twenty percent (20%) State
18 match required to receive federal wastewater assistance funds for
19 revolving construction loans and other assistance as set forth in Chapter
20 159G of the General Statutes. The funds allocated under this section
21 shall be deposited in the State Revolving Water Fund account of the
22 Clean Water Pollution Control Revolving Fund.
- 23 (2) The sum of \$2,571,880 shall be used for the twenty percent (20%) State
24 match required to receive federal water supply assistance funds for
25 revolving construction loans and other assistance as set forth in Title I,
26 section 130 of the federal Safe Drinking Water Act Amendments of
27 1996. The funds allocated under this section are to be deposited in a
28 State fund that is available from year to year for the purpose of
29 providing revolving loans and grants to local government units for water
30 supply assistance.

31
32 Requested by: Representatives Mitchell, Baker, Carpenter, Allred

33 **NITROGEN LIMITS APPLY ONLY IF NITROGEN IS NUTRIENT OF**
34 **CONCERN**

35 Section 14.9H. G.S. 143-215.1(c1) reads as rewritten:

36 "(c1) Any person who is required to obtain an individual wastewater permit under
37 this section for a facility discharging to the surface waters of the State that have been
38 classified as nutrient sensitive waters (NSW) under rules adopted by the Commission
39 where nitrogen is designated by the Commission as a nutrient of concern shall not
40 discharge more than an average annual mass load of total nitrogen than would result from
41 a discharge of the permitted flow, determined at the time the Commission makes a
42 finding that those waters are experiencing or are subject to excessive growth of
43 microscopic or macroscopic vegetation, having a total nitrogen concentration of five and

1 one-half milligrams of nitrogen per liter (5.5 mg/l). The total nitrogen concentration of
2 5.5 mg/l for nutrient sensitive waters required by this subsection applies only to:

- 3 (1) Facilities that were placed into operation prior to 1 July 1997 or for
4 which an authorization to construct was issued prior to 1 July 1997 and
5 that have a design capacity to discharge 500,000 gallons per day or
6 more.
7 (2) Facilities for which an authorization to construct is issued on or after 1
8 July 1997."

9
10 [SECTION 14.10 RESERVED]

11
12 Requested by: Representatives Mitchell, Baker, Carpenter, Tolson

13 **TAR-PAMLICO RIVER BASIN/RULE CORRECTION**

14 Section 14.11. The Environmental Management Commission may adopt a
15 temporary rule pursuant to G.S. 150B-21.1 to provide that the boundaries of a WS-IV
16 watershed protected area are measured by linear miles rather than "river miles" (as the
17 river flows) if the Environmental Management Commission finds that the permanent rule
18 being amended was approved by the Rules Review Commission in the 1997-98 fiscal
19 year, the local governments affected by the rule inadvertently chose "river miles" rather
20 than linear miles based on a misunderstanding of the different effects of the two
21 measurement choices, and the public interest would be served by changing the method of
22 measurement. The temporary rule shall become effective at the same time as the rule it
23 amends.

24
25 Requested by: Representatives Mitchell, Baker, Carpenter, Hall

26 **PROGRESS REPORTS/ISOTOPE STUDY TO IDENTIFY SOURCES OF**
27 **NITROGEN IN NEUSE AND CAPE FEAR RIVER BASINS**

28 Section 14.11B. The Primary Investigator or Researcher receiving funding
29 from funds appropriated in this act to the Department of Environment and Natural
30 Resources for the 1998-99 fiscal year for the isotope study to identify sources of nitrogen
31 in the waters of the Neuse and Cape Fear River Basins shall satisfy the same reporting
32 requirements as those set forth in Section 15.10 of S.L. 1997-443 for all the agriculture
33 waste research reports.

34
35 [SECTION 14.12 RESERVED]

36
37 Requested by: Representatives Mitchell, Baker, Carpenter, Hall

38 **PROGRESS REPORTS/ALTERNATIVE ANIMAL WASTE TECHNOLOGIES**
39 **STUDY**

40 Section 14.13. The Primary Investigator or Researcher receiving funding
41 from funds appropriated in this act to the Department of Environment and Natural
42 Resources for the 1998-99 fiscal year for the study of alternative animal waste

1 technologies shall satisfy the same reporting requirements as those set forth in Section
2 15.10 of S.L. 1997-443 for all the agriculture waste research reports.

3
4 [SECTIONS 14.14, 14.15, 14.16 RESERVED]

5
6 Requested by: Representatives Mitchell, Baker, Carpenter

7 **CHATHAM FUNDS FOR LOW-LEVEL RADIOACTIVE WASTE SITING**

8 Section 14.17. Of the funds appropriated to the Department of Environment
9 and Natural Resources in this act for the 1998-99 fiscal year, the sum of one hundred
10 thousand dollars (\$100,000) shall be used to reimburse Chatham County for the
11 unreimbursed costs to Chatham County for providing technical assistance regarding the
12 site selection of a low-level radioactive waste facility pursuant to Chapter 104G of the
13 General Statutes and for other expenses incurred by Chatham County related to licensing
14 and siting a low-level radioactive waste facility.

15
16 Requested by: Representatives Mitchell, Baker, Carpenter

17 **OREGON INLET STABILIZATION STUDY COMMISSION**

18 Section 14.17B. (a) Section 32.22 of S.L. 1997-443 is repealed.

19 (b) There is created the Oregon Inlet Stabilization Study Commission, an
20 independent study commission, to continue the investigations undertaken by the
21 Legislative Research Commission's Oregon Inlet Stabilization Study Committee during
22 the 1997-98 interim as authorized by Section 32.22 of S.L. 1997-443.

23 The membership and chairmanship of the Study Commission shall be the same
24 as that of the former Study Committee. Vacancies shall be filled by the person who made
25 the initial appointment. Members of the Commission shall receive subsistence and travel
26 allowances in accordance with G.S. 120-3.1 or G.S. 138-5, as appropriate.

27 The Study Commission may hold hearings to receive public input on the
28 potential benefits and costs to the State of stabilizing the inlet and consider alternative
29 procedures and actions for the stabilization of the inlet along with the environmental,
30 economic, governmental, and cultural costs and benefits that may result from the
31 stabilization.

32 In analyzing the benefits and costs of stabilizing the Oregon Inlet, the Study
33 Commission may employ the expertise of the Departments of Environment and Natural
34 Resources, Transportation, and Justice and may solicit the assistance of the United States
35 Army Corps of Engineers and any other federal or State agencies that might assist the
36 study.

37 Upon approval of the Legislative Services Commission, the Legislative
38 Services Officer shall assign appropriate professional staff from the Legislative Services
39 Office of the General Assembly to assist with the study. The House of Representatives'
40 and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, upon
41 the direction of the Legislative Services Commission. The Commission may meet in the
42 Legislative Building or the Legislative Office Building upon the approval of the
43 Legislative Services Commission.

1 The Study Commission may consider any of the following:

- 2 (1) Continuation of the study beyond the current biennium until the issues
3 surrounding the stabilization of the Oregon Inlet are finally resolved.
4 (2) Additional detailed studies of the benefits and costs of stabilizing the
5 Oregon Inlet including a long-range plan for the stabilization of the inlet
6 and a projection for the State's future costs of participation in that
7 stabilization.
8 (3) Necessary statutory changes needed to implement any planned inlet
9 stabilization.
10 (4) Alternatives to the stabilization of the Oregon Inlet.
11 (5) Funding sources for any stabilization projects or studies.

12 The Commission shall submit an interim or final report with any
13 recommendations to the 1999 Session of the General Assembly prior to the adjournment
14 of that session. The Commission may meet during the 1999 Session of the General
15 Assembly at any time when neither the House of Representatives nor the Senate are in
16 session.

17 The Commission shall terminate upon the issuance of its final report.

18 (c) The Department of Environment and Natural Resources is designated as the
19 lead State agency for monitoring, studying, analyzing, and making recommendations for
20 the State on the stabilization of the Oregon Inlet. The Department shall carry out all
21 duties associated with this designation using funds already appropriated to the
22 Department.

23 (d) G.S. 143B-279.2 reads as rewritten:

24 **"§ 143B-279.2. Department of Environment and Natural Resources – duties.**

25 It shall be the duty of the Department:

- 26 (1) To provide for the protection of the environment;
27 (1a) To administer the State Outer Continental Shelf (OCS) Task Force and
28 coordinate State participation activities in the federal outer continental
29 shelf resource recovery programs as provided under the OCS Lands Act
30 Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act
31 Amendments of 1986 (43 USC §§ 1331 et seq.).
32 (1b) To provide for the protection of the environment and public health
33 through the regulation of solid waste and hazardous waste management
34 and the administration of environmental health programs.
35 (2) Repealed by Session Laws 1997-443, s. 11A.5.
36 (2a) To provide and keep a museum or collection of the natural history of the
37 State and to maintain the North Carolina Biological Survey; and
38 (3) To provide for the management of the State's natural resources.
39 (4) To monitor, study, analyze, and make recommendations for the State on
40 the stabilization of the Oregon Inlet."

41
42 Requested by: Representatives Mitchell, Baker, Carpenter, Hall, H. Hunter

43 **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

1 Section 14.18. (a) Subsections (e) through (h) of Section 69 of Chapter 1044
2 of the 1991 Session Laws, as amended, are repealed.

3 (b) Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by
4 Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of Chapter 769 of the
5 1993 Session Laws, Section 26.6 of Chapter 507 of the 1995 Session Laws, Section 27.15
6 of Chapter 18 of the Session Laws of the 1996 Second Extra Session, Section 15.44 of
7 S.L. 1997-443, and subsection (a) of this section reads as rewritten:

8 "Sec. 69. (a) There is established the Beaver Damage Control Advisory Board.
9 The Board shall consist of nine members, as follows:

- 10 (1) The Executive Director of the North Carolina Wildlife Resources
11 Commission, or his designee, who shall serve as chair;
- 12 (2) The Commissioner of ~~Agriculture~~, Agriculture and Consumer Services,
13 or a designee;
- 14 (3) The Director of the Division of Forest Resources of the Department of
15 ~~Environment, Health, Environment~~ and Natural Resources, or a
16 designee;
- 17 (4) The Director of the Soil and Water Conservation Division of the
18 Department of ~~Environment, Health, Environment~~ and Natural
19 Resources, or a designee;
- 20 (5) The Director of the North Carolina Cooperative Extension Service, or a
21 designee;
- 22 (6) The Secretary of Transportation, or a designee;
- 23 (7) The State Director of the Animal Damage Control Division of the
24 Animal and Plant Health Inspection Service, U.S. Department of
25 Agriculture, or a designee;
- 26 (8) The President of the North Carolina Farm Bureau Federation, Inc., or a
27 designee, representing private landowners ~~in the participating counties;~~
28 landowners; and
- 29 (9) A representative of the North Carolina Forestry Association.

30 (b) The Beaver Damage Control Advisory Board shall develop a statewide
31 program to control beaver damage on private and public lands. ~~Anson, Bertie, Bladen,~~
32 ~~Brunswick, Carteret, Chatham, Chowan, Craven, Columbus, Cumberland, Duplin,~~
33 ~~Edgecombe, Franklin, Gates, Granville, Greene, Halifax, Harnett, Hertford, Hoke,~~
34 ~~Johnston, Jones, Lee, Lenoir, Lincoln, Martin, Nash, Northampton, Onslow, Pamlico,~~
35 ~~Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren, Washington, Wayne, and~~
36 ~~Wilson Counties shall participate in the program.~~ The Beaver Damage Control Advisory
37 Board shall act in an advisory capacity to the Wildlife Resources Commission in the
38 implementation of the program. In developing the program, the Board shall:

- 39 (1) Orient the program primarily toward public health and safety and
40 toward landowner assistance, providing some relief to landowners
41 through beaver control and management rather than eradication;
- 42 (2) Develop a priority system for responding to complaints about beaver
43 damage;

- 1 (3) Develop a system for documenting all activities associated with beaver
2 damage control, so as to facilitate evaluation of the program;
- 3 (4) Provide educational activities as a part of the program, such as printed
4 materials, on-site instructions, and local workshops; and
- 5 (5) Provide for the hiring of personnel necessary to implement beaver
6 damage control activities, administer the program, and set salaries of
7 personnel;
- 8 (6) ~~Evaluate the costs and benefits of the program that might be applicable
9 elsewhere in North Carolina. personnel.~~

10 No later than ~~January 15, 1998, March 15 of each year~~, the Board shall issue a report
11 to the Wildlife Resources ~~Commission—Commission~~, the Senate and House
12 Appropriations Subcommittees on Natural and Economic Resources, and the Fiscal
13 Research Division on the program to date, including recommendations on the feasibility
14 of continuing the program in participating counties and the desirability of expanding the
15 program into other counties. results of the program during the preceding year. The
16 Wildlife Resources Commission shall prepare a plan to implement a statewide program to
17 control beaver damage on private and public lands. No later than March 15, 1998, the
18 Wildlife Resources Commission shall present its plan in a report to the House
19 Appropriations Subcommittee on Natural and Economic Resources, the Senate
20 Appropriations Committee on Natural and Economic Resources, and the Fiscal Research
21 Division.

22 (c) The Wildlife Resources Commission shall implement the program, and may
23 enter a cooperative agreement with the Animal Damage Control Division of the Animal
24 and Plant Health Inspection Service, United States Department of Agriculture, to
25 accomplish the program.

26 (d) Notwithstanding G.S. 113-291.6(d) or any other law, it is lawful to use snares
27 when trapping beaver pursuant to the beaver damage control program developed pursuant
28 to this section. The provisions of Chapter 218 of the 1975 Session Laws; Chapter 492 of
29 the 1951 Session Laws, as amended by Chapter 506 of the 1955 Session Laws; and
30 Chapter 1011 of the 1983 Session Laws do not apply to trapping carried out in
31 implementing the beaver damage control program developed pursuant to this section.

32 (d1) In case of any conflict between G.S. 113-291.6(a) and G.S. 113-291.6(b) and
33 this section, this section prevails.

34 (d2) Each county that volunteers to participate in this program for a given fiscal
35 year shall provide written notification of its wish to participate no later than September
36 30 of that year and shall commit the sum of four thousand dollars (\$4,000) in local funds
37 no later than September 30 of that year."

38 (c) The Revisor of Statutes shall codify in Chapter 113 of the General Statutes
39 Section 69 of Chapter 1044 of the 1991 Session Laws as amended.

40 (d) Of the funds appropriated in this act to the Wildlife Resources Commission for
41 the 1998-99 fiscal year, up to the sum of five hundred thousand dollars (\$500,000) shall
42 be used to provide the State share necessary to support the beaver damage control
43 program as revised in this section, provided the sum of twenty-five thousand dollars

1 (\$25,000) in federal funds is available for the 1998-99 fiscal year to provide the federal
2 share.

3
4 **PART XV. DEPARTMENT OF COMMERCE**

5 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

6 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

7 Section 15. Section 16.11 of S.L. 1997-443 reads as rewritten:

8 "Section 16.11. (a) Funds appropriated in this act to the Department of
9 Commerce for regional economic development commissions shall be allocated to the
10 following commissions in accordance with subsection (b) of this section: Western North
11 Carolina Regional Economic Development Commission, Research Triangle Regional
12 Commission, Southeastern North Carolina Regional Economic Development
13 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional
14 Economic Development Commission, Global TransPark Development Commission, and
15 Carolinas Partnership, Inc.

16 (b) Funds appropriated pursuant to subsection (a) of this section shall be allocated
17 to each regional economic development commission as follows:

18 (1) First, the Department shall establish each commission's allocation by
19 determining the sum of allocations to each county that is a member of
20 that commission. Each county's allocation shall be determined by
21 dividing the county's enterprise factor by the sum of the enterprise
22 factors for eligible counties and multiplying the resulting percentage by
23 the amount of the appropriation. As used in this subdivision, the term
24 "enterprise factor" means a county's enterprise factor as calculated under
25 G.S. 105-129.3;

26 (2) Next, the Department shall subtract from funds allocated to the Global
27 TransPark Development Zone the sum of two hundred ~~seventy-six~~
28 ~~thousand nine hundred twenty three dollars (\$276,923)~~ eighty thousand
29 five hundred two dollars (\$280,502) in each fiscal year, in the 1998-99
30 fiscal year, which sum represents the interest earnings in each fiscal
31 year on the estimated balance of seven million five hundred thousand
32 dollars (\$7,500,000) appropriated to the Global TransPark Development
33 Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and

34 (3) Next, the Department shall redistribute the sum of two hundred ~~seventy-~~
35 ~~six thousand nine hundred twenty three dollars (\$276,923)~~ eighty
36 thousand five hundred two dollars (\$280,502) in each fiscal year in the
37 1998-99 fiscal year to the seven regional economic development
38 commissions named in subsection (a) of this section. Each
39 commission's share of this redistribution shall be determined according
40 to the enterprise factor formula set out in subdivision (1) of this
41 subsection. This redistribution shall be in addition to each commission's
42 allocation determined under subdivision (1) of this subsection.

1 (c) Of the funds appropriated in this act to the Department of Commerce for
2 allocation to Regional Economic Development Commissions, the sum of two hundred
3 twenty-five thousand dollars for the 1998-99 fiscal year shall be allocated to the
4 Southeastern North Carolina Regional Economic Development Commission as follows:

- 5 (1) \$150,000 for the purchase of land and an office building; and
- 6 (2) \$75,000 to enhance recruiting and promotion of the film industry in the
7 region.

8 These funds shall be in addition to funds allocated under subsections (a) and (b) of this
9 section."

10
11 [SECTION 15.1 RESERVED]

12
13 Requested by: Representatives Mitchell, Baker, Carpenter

14 **MARKETING OF GLOBAL TRANSPARK BY DEPARTMENT OF**
15 **COMMERCE**

16 Section 15.2. The Division of Business and Industry of the Department of
17 Commerce shall assume responsibility for the marketing of the North Carolina Global
18 TransPark. Funds designated in the Department's budget for marketing of the North
19 Carolina Global TransPark shall remain in the Department and shall be used by the
20 Division to carry out this purpose.

21
22 Requested by: Representatives Mitchell, Baker, Carpenter, Hardy, H. Hunter, Preston

23 **HISTORIC WATERFRONT REVITALIZATION**

24 Section 15.2B. (a) Planning Grants. – A unit of local government that is located
25 within a county assigned to the Northeastern North Carolina Regional Economic
26 Development Commission established by G.S. 158-8.2, the Southeastern North Carolina
27 Regional Economic Development Commission established by G.S. 158-8.3, or the Global
28 TransPark Development Commission established by G.S. 158-35, is eligible for planning
29 grants for a proposed revitalization project as provided in this section if it meets all of the
30 following conditions:

- 31 (1) The unit is, or is located in, a Tier One, Tier Two, or Tier Three
32 Enterprise Area as defined in G.S. 105-129.3 as of the date it applies for
33 certification of planning stage eligibility.
- 34 (2) The proposed revitalization project is located in a National Register
35 Historic District or includes the rehabilitation of a certified historic
36 structure as defined in G.S. 105-130.42.
- 37 (3) The area of the proposed revitalization project is either contiguous to a
38 navigable waterway or connected to a navigable waterway by a
39 pedestrian walkway or alternative vehicular access trail that is natural,
40 historically significant, or both.
- 41 (4) The Northeastern North Carolina Regional Economic Development
42 Commission, the Southeastern North Carolina Regional Economic
43 Development Commission, or the Global TransPark Development

1 Commission, as applicable, agrees to provide matching funds for the
2 planning grant as required under subsection (b) of this section.

3 (b) Matching Requirement. – Planning grants awarded by the Department are
4 contingent upon matching funds provided by the Northeastern North Carolina Regional
5 Economic Development Commission, the Southeastern North Carolina Regional
6 Economic Development Commission, or the Global TransPark Development
7 Commission, as applicable, on the basis of one dollar (\$1.00) of Commission funds for
8 every two dollars (\$2.00) of State funds allocated under the grant.

9 (c) Application; Grant Limitations. – A unit of local government may apply to the
10 Department of Commerce for certification of planning stage eligibility for the benefits
11 provided in this section with respect to a revitalization project. The application must
12 include all information required by the Department to determine the eligibility of the unit.
13 Within funds appropriated for this purpose, the Department of Commerce shall award
14 grants to applicants eligible under this section. Grants shall be awarded on a competitive
15 basis. The Department shall develop procedures and guidelines for the application for and
16 award of grants. Initial grant awards shall not exceed fifty thousand dollars (\$50,000) per
17 grant. If at the end of the third quarter of the 1998-99 fiscal year funds remain available
18 for grant purposes, then the Department may make supplemental awards to any prior
19 grant recipient if in the Department's judgment a supplemental grant award has merit.
20 Supplemental grant awards shall be matched on the same basis as required under
21 subsection (b) of this section.

22 (d) Technical Assistance. – The Department of Commerce is encouraged to
23 provide technical assistance to eligible local governments in preparing State and federal
24 grant and loan applications with respect to the proposed revitalization project.

25 (e) Reports. – The Department of Commerce shall report annually to the Joint
26 Legislative Commission on Governmental Operations and to the House of
27 Representatives Appropriations Subcommittee on Natural and Economic Resources and
28 the Senate Appropriations Committee on Natural and Economic Resources on the grants
29 awarded to and assistance provided to eligible local governments with respect to
30 proposed historic waterfront revitalization projects, including information regarding to
31 whom grants were made, in what amounts, and for what projects.

32
33 Requested by: Representatives Mitchell, Baker, Carpenter, Hall

34 **COMPETITIVE GOVERNMENT INITIATIVE**

35 Section 15.2C. (a) The General Statutes are amended by adding a new Chapter
36 to read:

37 **"CHAPTER 143C.**

38 **"NORTH CAROLINA GOVERNMENT COMPETITION ACT OF 1998.**

39 **"§ 143C-1. Short title.**

40 This Chapter shall be known and may be cited as the 'North Carolina Government
41 Competition Act'.

42 **"§ 143C-2. Definitions.**

43 As used in this Chapter, unless the context requires otherwise:

1 (1) 'Commission' means the North Carolina Government Competition
2 Commission.

3 (2) 'State agency' means any State department, agency, or institution.

4 **"§ 143C-3. North Carolina Government Competition Commission created; duties.**

5 (a) The North Carolina Government Competition Commission is created within
6 the Department of Commerce. The Commission shall exercise its powers independently
7 of the Secretary of Commerce and shall be subject to the direction and supervision of the
8 Secretary of Commerce only with respect to the management functions of coordination
9 and reporting. The purpose of the Commission is to be the catalyst for the use of
10 competition to improve the delivery of State government services, to make State
11 government more effective and more efficient, and to reduce the costs of government to
12 taxpayers.

13 (b) The Commission shall:

14 (1) Develop an institutional framework for a statewide competition
15 initiative to encourage innovation and competition within State
16 government.

17 (2) Establish a system to encourage the use of feasibility studies and
18 innovation to determine where competition could reduce government
19 costs without adversely affecting essential services.

20 (3) Monitor the activities, products, and services of State agencies to bring
21 an element of competition and to ensure a spirit of innovation and
22 entrepreneurship to compete with the private sector to increase the
23 quality of services or reduce costs to taxpayers.

24 (4) Identify any barriers to competition in State government and
25 recommend actions to overcome those barriers.

26 (5) Promote acceptance of competition by State government officials and
27 State employees as a viable alternative to in-house operations for
28 delivering State government services where savings to the State may be
29 realized through competition, including the development and
30 implementation of State employee adjustment and incentive programs.

31 (6) Advocate, develop, and accelerate implementation of a competitive
32 program for State agencies to ensure competition for the provision or
33 production of government services from both public sector and private
34 sector entities.

35 (7) Establish approval, planning, and reporting processes required to carry
36 out the functions of the Commission.

37 (8) Determine the competition potential of a State program or activity,
38 perform cost and benefit analyses, and conduct public and private
39 competition analyses.

40 (9) Devise evaluation criteria to be used in conducting performance reviews
41 of any State program or activity that is subject to a competition
42 recommendation.

1 (10) Assess the short-term and long-term results of State government
2 competition efforts.

3 (11) Appoint, as needed, ad hoc committees relating to specific matters
4 within the Commission's purview.

5 **"§ 143C-4. Membership; appointment; terms; vacancies; chair; quorum;**
6 **compensation.**

7 (a) The Commission shall be composed of nine members to be appointed as
8 follows:

9 (1) Three members appointed by the Governor, one of whom shall be a
10 State employee and two of whom shall be members of the private
11 sector. One of these private sector members shall have large-scale
12 purchasing experience.

13 (2) Three members appointed by the Speaker of the House of
14 Representatives, two of whom shall be members of the private sector
15 and one of whom shall be a State employee.

16 (3) Three members appointed by the President Pro Tempore of the Senate,
17 two of whom shall be members of the private sector and one of whom
18 shall be a State employee.

19 Members of the Commission shall serve two-year terms. In making the initial
20 appointments to the Commission, the respective appointing authorities shall appoint at
21 least one member for a one-year term so that subsequent terms stagger.

22 (b) All initial appointments shall become effective July 1, 1998. The initial
23 members' terms shall end on June 30 of the applicable year in which a term expires, with
24 the subsequent term beginning on July 1 of that year. No member may serve more than
25 two consecutive terms. Vacancies shall be filled by the appointing authority for any
26 unexpired portion of a term. Members shall receive subsistence, per diem, and travel
27 allowances as provided by G.S. 138-5.

28 (c) A majority of the members shall constitute a quorum. The Commission shall
29 annually elect its chair and vice-chair from among its members.

30 (d) The Commission shall appoint an executive director and other necessary staff
31 within funds available to it.

32 **"§ 143C-5. Cooperation of other State agencies.**

33 All State agencies shall cooperate with the Commission and, upon request, assist the
34 Commission in the performance of its duties and responsibilities. The Commission shall
35 not impose unreasonable burdens or costs in connection with requests of State agencies.

36 **"§ 143C-6. Application for and acceptance of certain gifts and grants; authority to**
37 **enter into contract; applicability of State purchasing laws.**

38 (a) The Commission may apply for, accept, and expend gifts, grants, or donations
39 from governmental sources or from private nonprofit foundations organized for taxation
40 purposes under section 501(c)(3) of the Internal Revenue Code to enable it to better carry
41 out its objectives. No entity that provides a gift, donation, or grant shall be eligible for a
42 contract award that results from action of a Commission recommendation.

1 (b) The Commission may contract for professional or consultant service. Any
2 consultant awarded a contract shall be ineligible for a contract award resulting from the
3 consultant's recommendations.

4 (c) The Commission is subject to the provisions of Articles 3, 3C, and 3D of
5 Chapter 143 of the General Statutes.

6 **"§ 143C-7. Public-private competition analysis; proposals for competition.**

7 (a) The Governor, the General Assembly, or the Commission may direct a State
8 agency to perform a public-private competition analysis covering any service for which
9 the Commission has received from a private entity a qualifying unsolicited proposal for
10 competition that is consistent with the Commission's purposes and duties as provided in
11 this Chapter.

12 (b) The Commission may solicit competition proposals from private entities for
13 the purposes of making cost-comparison analyses. Any State agency may submit
14 proposals to the Commission for cost-comparison analyses.

15 (c) If a service contract is awarded to a private vendor as a result of a
16 recommendation by the Commission, cancellation of the contract requires the prior
17 approval of both the Commission and the Division of Purchase and Contract. The
18 Commission's executive director may act on behalf of the Commission under this
19 subsection pursuant to rules adopted by the Commission.

20 **"§ 143C-8. Duties of the Office of State Budget and Management.**

21 The Office of State Budget and Management shall determine the amount of an
22 existing appropriation that would no longer be needed by a State agency as the result of
23 savings realized through competition and shall report annually, by February 1, the nature
24 and amount of the savings to the Governor and to the Joint Legislative Commission on
25 Governmental Operations.

26 **"§ 143C-9. Reports to the Governor and General Assembly.**

27 The Commission shall report annually, by February 1, its findings and
28 recommendations to the Governor and the Joint Legislative Commission on
29 Governmental Operations and may make other interim reports it deems advisable."

30 (b) Funds appropriated in this act to the Department of Commerce for the
31 Competitive Government Initiative shall be used by the Department to implement this
32 section.

33
34 Requested by: Representatives Mitchell, Baker, Carpenter, Hall, H. Hunter

35 **RURAL TOURISM DEVELOPMENT GRANT PROGRAM**

36 Section 15.3. Of the funds appropriated in this act to the Department of
37 Commerce, the sum of one hundred thousand dollars (\$100,000) for the 1998-99 fiscal
38 year shall be allocated for the Rural Tourism Development Grant Program. The
39 Department shall establish and implement this Program to provide grants to local
40 governments and nonprofit organizations to encourage the development of new tourism
41 projects and activities in rural areas of the State. The Department shall develop
42 procedures for the administration and distribution of funds allocated to the Rural Tourism
43 Development Grant Program under the following guidelines:

- 1 (1) Eligible organizations shall make application under procedures
2 established by the Department;
- 3 (2) Eligible organizations shall be nonprofit tourism-related organizations
4 located in the State's rural regions;
- 5 (3) Priority shall be given to eligible organizations that have significant
6 involvement of travel- and tourism-related businesses;
- 7 (4) Priority shall be given to eligible organizations serving economically
8 distressed rural counties;
- 9 (5) Priority shall be given to eligible organizations that match funds; and
- 10 (6) Funds shall not be used for renting or purchasing land or buildings or
11 for financing debt.

12 No recipient or new tourism project shall receive a total of more than fifty
13 thousand dollars (\$50,000) of these grant funds for the 1998-99 fiscal year.

14
15 [SECTIONS 15.4, 15.5 RESERVED]

16
17 Requested by: Representatives Mitchell, Baker, Carpenter

18 **WORKER TRAINING TRUST FUND APPROPRIATIONS**

19 Section 15.6A. Section 16 of Chapter 443 of the 1997 Session Laws reads as
20 rewritten:

21 "Section 16. (a) There is appropriated from the Worker Training Trust Fund to the
22 Employment Security Commission of North Carolina the sum of six million six hundred
23 eighty-nine thousand nine hundred sixty-four dollars (\$6,689,964) for the 1997-98 fiscal
24 year and the sum of ~~six million six hundred eighty-nine thousand nine hundred sixty-four~~
25 ~~dollars (\$6,689,964)~~ seven million twenty-one thousand three hundred seventy-four
26 dollars (\$7,021,374) for the 1998-99 fiscal year for the operation of local offices.

27 (b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the
28 Worker Training Trust Fund to the following agencies the following sums for the 1997-
29 98 and the 1998-99 fiscal years for the following purposes:

- 30 (1) \$2,400,000 for the 1997-98 fiscal year and ~~\$2,400,000~~ \$2,050,000 for
31 the 1998-99 fiscal year to the Department of Commerce, Division of
32 Employment and Training, for the Employment and Training Grant
33 Program;
- 34 (2) \$1,000,000 for the 1997-98 fiscal year and \$1,000,000 for the 1998-99
35 fiscal year to the Department of Labor for customized training of the
36 unemployed and the working poor for specific jobs needed by
37 employers through the Department's Bureau for Training Initiatives;
- 38 (3) \$1,746,000 for the 1997-98 fiscal year and \$1,746,000 for the 1998-99
39 fiscal year to the Department of Community Colleges to continue the
40 Focused Industrial Training Program;
- 41 (4) \$225,000 for the 1997-98 fiscal year and \$225,000 for the 1998-99
42 fiscal year to the Employment Security Commission for the State
43 Occupational Information Coordinating Committee to develop and

1 operate an interagency system to track former participants in State
2 education and training programs;

3 (5) \$400,000 for the 1997-98 fiscal year and \$400,000 for the 1998-99
4 fiscal year to the Department of Community Colleges for a training
5 program in entrepreneurial skills to be operated by North Carolina
6 REAL Enterprises;

7 (6) \$50,000 for the 1997-98 fiscal year and \$50,000 for the 1998-99 fiscal
8 year to the Office of State Budget and Management to maintain
9 compliance with Chapter 96 of the General Statutes, which directs the
10 Office of State Budget and Management to employ the Common
11 Follow-Up Management Information System to evaluate the
12 effectiveness of the State's job training, education, and placement
13 programs;

14 (7) \$500,000 for the 1997-98 fiscal year and \$1,000,000 for the 1998-99
15 fiscal year to the Department of Labor to expand the Apprenticeship
16 Program. It is intended that the appropriation of funds in this
17 subdivision will result in the Department of Labor serving a benchmark
18 performance level of 10,000 adult and youth apprentices by the year
19 2000; and

20 (8) \$100,000 for the 1997-98 fiscal year and \$100,000 for the 1998-99
21 fiscal year to the State Board of Education for the Teacher
22 Apprenticeship Program.

23 The State Board of Education may use funds appropriated from the
24 Worker Training Trust Fund in this subdivision to design and
25 implement a public school teacher apprenticeship program.

26 (9) \$350,000 for the 1998-99 fiscal year to the Department of Community
27 Colleges for the Hosiery Technology Center of North Carolina. It is the
28 intent of the General Assembly that the Center operate in subsequent
29 fiscal years without any special or supplemental funding."

30
31 Requested by: Representatives Mitchell, Baker, Carpenter

32 YEAR 2000 CLARIFICATIONS

33 Section 15.7. Section 28.1 of S.L. 1997-443 reads as rewritten:

34 "Section 28.1. (a) ~~The Office of State Controller shall include in its charges for~~
35 ~~data processing services costs of converting computer applications to operate properly at~~
36 ~~the turn of the century.~~ The Department of Commerce shall not reduce rates for data
37 processing services for the first six months of the 1998-99 fiscal year. If at the end of the
38 first six months the Department determines that additional Year 2000 funds for the 1998-
39 99 fiscal year are not needed from data processing services reserve funds, then the
40 Department may reduce data processing services rates upon approval of the reduction by
41 the Information Resources Management Commission. The State Controller Department
42 shall develop and maintain procedures for managing the year 2000 conversion.

1 (b) ~~The State Controller Department of Commerce shall analyze the needs of State~~
2 ~~agencies for funds to convert their systems. In the course of the analysis, the State~~
3 ~~Controller Department shall consider an agency's need for each system it wishes to~~
4 ~~convert and the most cost-effective manner in which to manage conversion. The State~~
5 ~~Controller Department shall certify to the Office of State Budget and Management the~~
6 ~~cost of each State agency for the year 2000 conversion.~~

7 (c) ~~The Director of the Budget may use up to twenty five million dollars~~
8 ~~(\$25,000,000) of projected 1997-98 General Fund reversions to cover the cost of the year~~
9 ~~2000 conversion in General Fund agencies during the 1997-98 fiscal year.~~

10 (d) ~~Beginning October 1, 1997, and quarterly thereafter, the Office of State~~
11 ~~Controller shall report to the Joint Legislative Commission on Governmental Operations~~
12 ~~on the status of the conversion and cost projections."~~

13
14 Requested by: Representatives Mitchell, Baker, Carpenter

15 NORTH CAROLINA INFORMATION HIGHWAY

16 Section 15.8. Section 28 of S.L. 1997-443 reads as rewritten:

17 "Section 28. (a) ~~The funds appropriated in this act to the Office of State Controller~~
18 ~~Department of Commerce for the operation of the North Carolina Information Highway~~
19 ~~shall be used only for costs incurred by the Office of State Controller Department related~~
20 ~~to the operations and support of the North Carolina Information Highway. No funds~~
21 ~~appropriated in this act shall be expended to pay Minimum Monthly usage charges for~~
22 ~~North Carolina Information Highway Services.~~

23 (b) ~~The Office of State Controller may use the two hundred twenty four thousand~~
24 ~~dollars (\$224,000) in savings that accrued in fiscal year 1996-97 to fund new sites in~~
25 ~~fiscal year 1997-98.~~

26 (c) ~~The Office of State Controller is encouraged to consider new technologies and~~
27 ~~capabilities as a means of providing NCIH users access to the existing ATM SONET~~
28 ~~network. The Office of State Controller shall report to the General Assembly in 1998~~
29 ~~before the reconvening of the regular session on its findings.~~

30 (d) ~~The State Controller shall report quarterly to the Joint Legislative Commission~~
31 ~~on Governmental Operations regarding the costs incurred by the Office of State~~
32 ~~Controller related to the operations and support of the North Carolina Information~~
33 ~~Highway.~~

34 (e) ~~Given the appropriations subcommittees meet in the interim, the House and~~
35 ~~Senate Appropriations Subcommittees on General Government will consider information~~
36 ~~leading to a recommendation to adopt an alternate approach to State funding of sites,~~
37 ~~effective in fiscal year 1998-99. The subcommittee is not limited to the information that~~
38 ~~may be considered and may include in the review cost sharing measures that require sites~~
39 ~~to participate in the annual cost of network charges; the phasing out of one hundred~~
40 ~~percent (100%) State funding of site network charges; and the cost of adding new sites~~
41 ~~with a specific period of time designated for State funding of network charges. The~~
42 ~~Department of Commerce shall develop a Migration Plan for converting existing and~~
43 ~~proposed North Carolina Information Highway sites to the H.320 international~~

1 telecommunications standard for delivering audio and video services to participating
2 sites. The Department shall include at a minimum the following information in the Plan:

- 3 (1) A list of sites categorized by institutional purpose to be converted under
4 the Plan;
- 5 (2) A timeline for converting each site;
- 6 (3) The cost of conversion for each site;
- 7 (4) The estimated operating cost savings for each site post conversion;
- 8 (5) The estimated monthly and annual operating cost subsidy for each site
9 post conversion;
- 10 (6) The estimated total recurring dollar impact to the State's budget upon
11 full implementation of the Plan; and
- 12 (7) A detailed plan for providing connectivity or bridging between the
13 current DV-45 proprietary standard sites and the converted H.320
14 international standard sites.

15 The Plan shall also identify any participating information highway sites that utilize
16 telecommunication standards other than the H.320 international standard offered by the
17 Department along with the estimated costs for providing connectivity or bridging among
18 these sites and between these sites and the converted H.320 international standard sites.
19 The Plan shall be submitted by October 1, 1998, to the House and Senate Appropriations
20 Subcommittees on Natural and Economic Resources, the Joint Legislative Commission
21 on Governmental Operations, and the Fiscal Research Division."

22
23 Requested by: Representatives Mitchell, Baker, Carpenter, Dickson

24 **EXTEND UNIVERSAL SERVICE RULES DEADLINE**

25 Section 15.8B. G.S. 62-110(f1) reads as rewritten:

26 "(f1) Except as provided in subsection (f2) of this section, the Commission is
27 authorized, following notice and an opportunity for interested parties to be heard, to issue
28 a certificate to any person applying to provide local exchange or exchange access
29 services as a public utility as defined in G.S. 62-3(23)a.6., without regard to whether
30 local telephone service is already being provided in the territory for which the certificate
31 is sought, provided that the person seeking to provide the service makes a satisfactory
32 showing to the Commission that (i) the person is fit, capable, and financially able to
33 render such service; (ii) the service to be provided will reasonably meet the service
34 standards that the Commission may adopt; (iii) the provision of the service will not
35 adversely impact the availability of reasonably affordable local exchange service; (iv) the
36 person, to the extent it may be required to do so by the Commission, will participate in
37 the support of universally available telephone service at affordable rates; and (v) the
38 provision of the service does not otherwise adversely impact the public interest. In its
39 application for certification, the person seeking to provide the service shall set forth with
40 particularity the proposed geographic territory to be served and the types of local
41 exchange and exchange access services to be provided. Except as provided in G.S. 62-
42 133.5(f), any person receiving a certificate under this section shall, until otherwise
43 determined by the Commission, file and maintain with the Commission a complete list of

1 the local exchange and exchange access services to be provided and the prices charged
2 for those services, and shall be subject to such reporting requirements as the Commission
3 may require.

4 Any certificate issued by the Commission pursuant to this subsection shall not permit
5 the provision of local exchange or exchange access service until July 1, 1996, unless the
6 Commission shall have approved a price regulation plan pursuant to G.S. 62-133.5(a)

7 for a local exchange company with an effective date prior to July 1, 1996. In
8 the event a price regulation plan becomes effective prior to July 1, 1996, the Commission
9 is authorized to permit the provision of local exchange or exchange access service by a
10 competing local provider in the franchised area of such local exchange company.

11 The Commission is authorized to adopt rules it finds necessary (i) to provide for
12 the reasonable interconnection of facilities between all providers of telecommunications
13 services; (ii) to determine when necessary the rates for such interconnection; (iii) to
14 provide for the reasonable unbundling of essential facilities where technically and
15 economically feasible; (iv) to provide for the transfer of telephone numbers between
16 providers in a manner that is technically and economically reasonable; (v) to provide for
17 the continued development and encouragement of universally available telephone service
18 at reasonably affordable rates; and (vi) to carry out the provisions of this subsection in a
19 manner consistent with the public interest, which will include a consideration of whether
20 and to what extent resale should be permitted.

21 Local exchange companies and competing local providers shall negotiate the rates for
22 local interconnection. In the event that the parties are unable to agree within 90 days of a
23 bona fide request for interconnection on appropriate rates for interconnection, either party
24 may petition the Commission for determination of the appropriate rates for
25 interconnection. The Commission shall determine the appropriate rates for
26 interconnection within 180 days from the filing of the petition.

27 Each local exchange company shall be the universal service provider in the area in
28 which it is certificated to operate on July 1, 1995, until otherwise determined by the
29 Commission. In continuing this State's commitment to universal service, the Commission
30 shall, by December 31, 1996, adopt interim rules that designate the person that should be
31 the universal service provider and to determine whether universal service should be
32 funded through interconnection rates or through some other funding mechanism. By ~~July~~
33 ~~1, 1998, July 1, 1999,~~ the Commission shall complete an investigation and adopt final
34 rules concerning the provision of universal services, the person that should be the
35 universal service provider, and whether universal service should be funded through
36 interconnection rates or through some other funding mechanism.

37 The Commission shall make the determination required pursuant to this subsection in
38 a manner that furthers this State's policy favoring universally available telephone service
39 at reasonable rates."
40

41 Requested by: Representatives Mitchell, Baker, Carpenter

42 **FUNDS FOR CERTIFIED ECONOMIC DEVELOPMENT TRAINING**

1 Section 15.8C. Notwithstanding G.S. 143-16.3, of the funds appropriated in
2 this act to the Department of Commerce, the Department may use up to twenty-five
3 thousand dollars (\$25,000) to provide economic developers with Certified Economic
4 Development (CED) training, the nationally recognized training standard for economic
5 development professionals.

6
7 [SECTIONS 15.9, 15.10 RESERVED]
8

9 Requested by: Representatives Mitchell, Baker, Carpenter

10 **NORTH CAROLINA INSTITUTE OF MINORITY ECONOMIC**
11 **DEVELOPMENT, INC./REPORT**

12 Section 15.11. The North Carolina Institute of Minority Economic
13 Development, Inc., shall:

- 14 (1) By January 15, 1999, and more frequently as requested, report to the
15 Joint Legislative Commission on Governmental Operations and the
16 Fiscal Research Division the following information:
17 a. State fiscal year 1997-98 program activities, objectives, and
18 accomplishments;
19 b. State fiscal year 1997-98 itemized expenditures and fund
20 sources;
21 c. State fiscal year 1998-99 planned activities, objectives, and
22 accomplishments including actual results through December 31,
23 1998; and
24 d. State fiscal year 1998-99 estimated itemized expenditures and
25 fund sources including actual expenditures and fund sources
26 through December 31, 1998.
27 (2) Provide to the Fiscal Research Division a copy of the organization's
28 annual audited financial statement within 30 days of issuance of the
29 statement.
30

31 Requested by: Representatives Mitchell, Baker, Carpenter

32 **LAND LOSS PREVENTION PROJECT, INC./REPORT**

33 Section 15.12. The Land Loss Prevention Project, Inc., shall:

- 34 (1) By January 15, 1999, and more frequently as requested, report to the
35 Joint Legislative Commission on Governmental Operations and the
36 Fiscal Research Division the following information:
37 a. State fiscal year 1997-98 program activities, objectives, and
38 accomplishments;
39 b. State fiscal year 1997-98 itemized expenditures and fund
40 sources;
41 c. State fiscal year 1998-99 planned activities, objectives, and
42 accomplishments including actual results through December 31,
43 1998; and

- 1 d. State fiscal year 1998-99 estimated itemized expenditures and
2 fund sources including actual expenditures and fund sources
3 through December 31, 1998.
- 4 (2) Provide to the Fiscal Research Division a copy of the organization's
5 annual audited financial statement within 30 days of issuance of the
6 statement.

7
8 [SECTION 15.13 RESERVED]

9
10 Requested by: Representatives Mitchell, Baker, Carpenter

11 **NC MINORITY SUPPORT CENTER/REPORT**

12 Section 15.14. The North Carolina Minority Support Center shall:

- 13 (1) By January 15, 1999, and more frequently as requested, report to the
14 Joint Legislative Commission on Governmental Operations and the
15 Fiscal Research Division the following information:
- 16 a. State fiscal year 1997-98 program activities, objectives, and
17 accomplishments;
- 18 b. State fiscal year 1997-98 itemized expenditures and fund
19 sources;
- 20 c. State fiscal year 1998-99 planned activities, objectives, and
21 accomplishments including actual results through December 31,
22 1998; and
- 23 d. State fiscal year 1998-99 estimated itemized expenditures and
24 fund sources including actual expenditures and fund sources
25 through December 31, 1998.
- 26 (2) Provide to the Fiscal Research Division a copy of the organization's
27 annual audited financial statement within 30 days of issuance of the
28 statement.

29
30 Requested by: Representatives Mitchell, Baker, Carpenter

31 **WORLD TRADE CENTER OF NORTH CAROLINA/REPORT**

32 Section 15.14B. The World Trade Center of North Carolina shall:

- 33 (1) By January 15, 1999, and more frequently as requested, report to the
34 Joint Legislative Commission on Governmental Operations and the
35 Fiscal Research Division the following information:
- 36 a. State fiscal year 1997-98 program activities, objectives, and
37 accomplishments;
- 38 b. State fiscal year 1997-98 itemized expenditures and fund
39 sources;
- 40 c. State fiscal year 1998-99 planned activities, objectives, and
41 accomplishments including actual results through December 31,
42 1998; and

- 1 d. State fiscal year 1998-99 estimated itemized expenditures and
2 fund sources including actual expenditures and fund sources
3 through December 31, 1998.
- 4 (2) Provide to the Fiscal Research Division a copy of the organization's
5 annual audited financial statement within 30 days of issuance of the
6 statement.

7
8 [SECTIONS 15.15, 15.16 RESERVED]

9
10 Requested by: Representatives Mitchell, Baker, Carpenter

11 **MCNC**

12 Section 15.17. Section 16.21 of S.L. 1997-443 reads as rewritten:

13 "Section 16.21. (a) MCNC shall report on all of its programs including
14 contractual services for the Supercomputer and the Research and Education Network.
15 The reports shall:

- 16 (1) By January 15, 1998, and more frequently as requested, report to the
17 Joint Legislative Commission on Governmental Operations and the
18 Fiscal Research Division the following information:
- 19 a. State fiscal year 1996-97 program activities, objectives, and
20 accomplishments;
 - 21 b. State fiscal year 1996-97 itemized expenditures and fund
22 sources;
 - 23 c. State fiscal year 1997-98 planned activities, objectives, and
24 accomplishments including actual results through December 31,
25 1997;
 - 26 d. State fiscal year 1997-98 estimated itemized expenditures and
27 fund sources including actual expenditures and fund sources
28 through December 31, 1997.
 - 29 e. The users, major projects and benefits resulting from the
30 activities of the Supercomputer and the Research and Education
31 Network.
 - 32 f. The organization's progress toward achieving self-sufficiency by
33 July 1, 1999.
- 34 (2) By January 15, 1999, and more frequently as requested, report to the
35 Joint Legislative Commission on Governmental Operations and the
36 Fiscal Research Division the following information:
- 37 a. State fiscal year 1997-98 program activities, objectives, and
38 accomplishments;
 - 39 b. State fiscal year 1997-98 itemized expenditures and fund
40 sources;
 - 41 c. State fiscal year 1998-99 planned activities, objectives, and
42 accomplishments including actual results through December 31,
43 1998;

- d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.
- e. The users, major projects and benefits resulting from the activities of the Supercomputer and the Research and Education Network.
- f. The organization's progress toward achieving self-sufficiency by July 1, 1999.

(3) Provide to the Fiscal Research Division a copy of MCNC's annual audited financial statement within 30 days of issuance of the statement.

(b) The funds appropriated in this act to MCNC shall be used as follows:

	<u>FY 1997-98</u>	<u>FY 1998-99</u>
Electronic and Information Technologies Programs	\$4,500,000	
	\$2,500,000 <u>\$4,500,000</u>	

(c) Of the funds appropriated for the Electronic and Information Technologies Programs, four million five hundred thousand dollars (\$4,500,000) for the 1997-98 fiscal year and ~~two~~ four million five hundred thousand dollars (~~\$2,500,000~~) (\$4,500,000) for the 1998-99 fiscal year is contingent upon a dollar-for-dollar match in non-State funds.

(d) It is the intent of the General Assembly that State funds shall not be appropriated for MCNC in fiscal years 1999-2000 and beyond."

Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

RURAL ECONOMIC DEVELOPMENT CENTER

Section 15.18. Section 16.24 of S.L. 1997-443 reads as rewritten:

"Section 16.24. (a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million two hundred seventy thousand dollars (\$1,270,000) for the 1997-98 fiscal year and the sum of one million ~~two~~ four hundred ~~seventy~~ fifty-seven thousand ~~three~~ hundred thirty-eight dollars (~~\$1,270,000~~) (\$1,457,338) for the 1998-99 fiscal year shall be allocated as follows:

	<u>1997-98 FY</u>	<u>1998-99 FY</u>
Research and Demonstration Grants	\$475,864	\$475,864 <u>525,864</u>
Technical Assistance and Center Administration of Research and Demonstration Grants	444,136	444,136
Center Administration, Oversight, and Other Programs	350,000	<u>350,000</u> 487,338

(a1) Of the funds allocated under subsection (a) of this section for Research and Development Grants, the sum of thirty-five thousand dollars (\$35,000) shall be allocated to the Fisheries Development Foundation for mariculture activities.

(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State

1 Budget and Management in the same manner as State departments and agencies in
2 preparation for biennium budget requests.

3 (c) Not more than fifty percent (50%) of the interest earned on State funds
4 appropriated to the Rural Economic Development Center, Inc., may be used by the
5 Center for administrative purposes, including salaries and fringe benefits.

6 (d) For purposes of this section, the term 'community development corporation'
7 means a nonprofit corporation:

8 (1) Chartered pursuant to Chapter 55A of the General Statutes;

9 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code
10 of 1986;

11 (3) Whose primary mission is to develop and improve low-income
12 communities and neighborhoods through economic and related
13 development;

14 (4) Whose activities and decisions are initiated, managed, and controlled by
15 the constituents of those local communities; and

16 (5) Whose primary function is to act as deal-maker and packager of projects
17 and activities that will increase their constituencies' opportunities to
18 become owners, managers, and producers of small businesses,
19 affordable housing, and jobs designed to produce positive cash flow and
20 curb blight in the targeted community.

21 (e) Of the funds appropriated in this act to the Rural Economic Development
22 Center, Inc., the sum of five million seven hundred fifty thousand dollars (\$5,750,000)
23 for the 1997-98 fiscal year and the sum of two million four hundred ten million eight
24 hundred seventy-five thousand dollars (~~\$2,400,000~~) (~~\$10,875,000~~) for the 1998-99 fiscal
25 year shall be allocated as follows:

26 (1) \$1,400,000 in fiscal year 1997-98 and ~~\$1,200,000~~ 1,475,000 in fiscal
27 year 1998-99 for community development grants to support
28 development projects and activities within the State's minority
29 communities. Any community development corporation as defined in
30 this section is eligible to apply for funds. The Rural Economic
31 Development Center, Inc., shall establish performance-based criteria for
32 determining which community development corporation will receive a
33 grant and the grant amount. Funding shall also be allocated to the North
34 Carolina Association of Community Development Corporations, Inc.
35 The Rural Economic Development Center, Inc., shall allocate these
36 funds as follows:

37 a. \$900,000 in each fiscal year for direct grants to the local
38 community development corporations that have previously
39 received State funds for this purpose to support operations and
40 project activities;

41 b. \$250,000 in each fiscal year for direct grants to local community
42 development corporations that have not previously received State
43 funds;

- 1 c. ~~\$200,000-\$275,000~~ in fiscal year ~~1997-98-1998-99~~ to the North
2 Carolina Association of Community Development Corporations,
3 Inc., to provide training, technical assistance, resource
4 development, and support for local community development
5 corporations statewide; of these funds, the sum of fifty thousand
6 dollars (\$50,000) shall be used to coordinate a special project
7 targeting grassroot nonprofit organizations for economic
8 development activities in distressed areas of Eastern North
9 Carolina focusing on issues of infrastructure and affordable
10 housing, and the sum of twenty-five thousand dollars (\$25,000)
11 shall be allocated to the Walnut Cove Colored School, Inc., for
12 operational and program support; and
- 13 d. \$50,000 in each fiscal year to the Rural Economic Development
14 Center, Inc., to be used to cover expenses in administering this
15 section.
- 16 (2) \$250,000 in each fiscal year to the Microenterprise Loan Program to
17 support the loan fund and operations of the Program; ~~and~~
- 18 (3) \$4,100,000 for the 1997-98 fiscal year and ~~\$950,000-\$8,950,000~~ for the
19 1998-99 fiscal year shall be used for a program to provide supplemental
20 funding for matching requirements for projects and activities authorized
21 under this subdivision. The Center shall use these funds to make grants
22 to local governments and nonprofit corporations to provide funds
23 necessary to match federal grants or other grants for:
- 24 a. Necessary economic development projects and activities in
25 economically distressed areas, ~~or~~
- 26 b. Necessary water and sewer projects and activities in
27 economically distressed communities to address health or
28 environmental quality problems except that funds shall not be
29 expended for the repair or replacement of low pressure pipe
30 wastewater systems. If a grant is awarded under this sub-
31 subdivision, then the grant shall be matched on a dollar for dollar
32 basis in the amount of the grant ~~awarded.~~ awarded, or
- 33 c. Projects that demonstrate alternative waste management
34 processes for local governments. Special consideration should be
35 given to cost-effectiveness, efficacy, management efficacy, and
36 the ability of the demonstration project to be replicated.
- 37 The grant recipients in this subsection shall be selected on the basis of
38 ~~need.~~ need; and
- 39 (4) \$200,000 in fiscal year 1998-99 to the Capacity Building Grants
40 Program. Grants shall be awarded to units of local government to pay
41 all or a portion of the costs associated with the planning and writing of a
42 grant or loan application, a capital improvement plan, or other efforts
43 that support growth and development of rural areas.

- 1 (f) The Rural Economic Development Center, Inc., shall:
- 2 (1) By January 15, 1998, and more frequently as requested, report to the
- 3 Joint Legislative Commission on Governmental Operations and the
- 4 Fiscal Research Division the following information:
- 5 a. State fiscal year 1996-97 program activities, objectives, and
- 6 accomplishments;
- 7 b. State fiscal year 1996-97 itemized expenditures and fund
- 8 sources;
- 9 c. State fiscal year 1997-98 planned activities, objectives, and
- 10 accomplishments including actual results through December 31,
- 11 1997; and
- 12 d. State fiscal year 1997-98 estimated itemized expenditures and
- 13 fund sources including actual expenditures and fund sources
- 14 through December 31, 1997.
- 15 (2) By January 15, 1999, and more frequently as requested, report to the
- 16 Joint Legislative Commission on Governmental Operations and the
- 17 Fiscal Research Division the following information:
- 18 a. State fiscal year 1997-98 program activities, objectives, and
- 19 accomplishments;
- 20 b. State fiscal year 1997-98 itemized expenditures and fund
- 21 sources;
- 22 c. State fiscal year 1998-99 planned activities, objectives, and
- 23 accomplishments including actual results through December 31,
- 24 1998; and
- 25 d. State fiscal year 1998-99 estimated itemized expenditures and
- 26 fund sources including actual expenditures and fund sources
- 27 through December 31, 1998.
- 28 (3) Provide to the Fiscal Research Division a copy of each grant recipient's
- 29 annual audited financial statement within 30 days of issuance of the
- 30 statement."
- 31

32 Requested by: Representatives Holmes, Esposito, Creech, Crawford

33 **BLUE RIDGE REGIONAL DESTINATION CENTER**

34 Section 15.18B. Funds appropriated in Section 2 of this act for the

35 construction of a Blue Ridge Regional Destination Center to be located next to the Blue

36 Ridge Parkway Headquarters Building in Buncombe County shall not be expended unless

37 federal funds become available for this purpose.

38

39 **PART XVA. DEPARTMENT OF LABOR**

40 Requested by: Representatives Mitchell, Baker, Carpenter

41 **DEPARTMENT OF LABOR/BUDGET OVER-REALIZED INDIRECT COST**

42 **RECEIPTS**

1 Section 15A.1. The Department of Labor may budget over-realized indirect
2 cost receipts in the 1998-99 fiscal year to fund the following:

- 3 (1) Departmental technology needs, and
- 4 (2) Costs to relocate selected Divisions of the Department of Labor to the
5 Old Revenue Building.

7 **PART XV B. HOUSING FINANCE AGENCY**

8 Requested by: Representatives Mitchell, Baker, Carpenter, Hall, H. Hunter

9 **HOUSING TRUST FUND/FUNDS FOR AFFORDABLE HOUSING FOR** 10 **ELDERLY**

11 Section 15B. Funds appropriated in this act to the Housing Finance Agency
12 for the Housing Trust Fund for the 1998-99 fiscal year shall be used exclusively for
13 affordable housing for elderly persons.

15 **PART XVI. JUDICIAL DEPARTMENT**

16 Requested by: Representatives Justus, Kiser, Thompson

17 **IRMC REVIEW OF AOC INFORMATION TECHNOLOGY PLANS/LONG-** 18 **RANGE REPORT**

19 Section 16. (a) G.S. 143B-472.41 reads as rewritten:

20 **"§ 143B-472.41. Information Resource Management Commission.**

21 (a) Creation; Membership. – The Information Resource Management Commission
22 is created in the Department of Commerce. The Commission consists of the following
23 members:

- 24 (1) Four members of the Council of State, appointed by the Governor.
- 25 (1a) The Secretary of State.
- 26 (2) The Secretary of Administration.
- 27 (3) The State Budget Officer.
- 28 (4) Two members of the Governor's cabinet, appointed by the Governor.
- 29 (5) One citizen of the State of North Carolina with a background in and
30 familiarity with information systems or telecommunications, appointed
31 by the General Assembly upon the recommendation of the President Pro
32 Tempore of the Senate in accordance with G.S. 120-121.
- 33 (6) One citizen of the State of North Carolina with a background in and
34 familiarity with information systems or telecommunications, appointed
35 by the General Assembly upon the recommendation of the Speaker of
36 the House of Representatives in accordance with G.S. 120-121.
- 37 (7) The Chair of the Governor's Committee on Data Processing and
38 Information Systems.
- 39 (8) The Chair of the State Information Processing Services Advisory Board.
- 40 (9) The Chair of the Criminal Justice Information Network Governing
41 Board.
- 42 (10) The State Controller.

1 (11) The Director of the Administrative Office of the Courts or the Director's
2 designee.

3 Members of the Commission shall not be employed by or serve on the board of
4 directors or other corporate governing body of any information systems, computer
5 hardware, computer software, or telecommunications vendor of goods and services to the
6 State of North Carolina.

7 The two initial cabinet members appointed by the Governor and the two initial citizen
8 members appointed by the General Assembly shall each serve a term beginning
9 September 1, 1992, and expiring on June 30, 1995. Thereafter, their successors shall be
10 appointed for four-year terms, commencing July 1. Members of the Governor's cabinet
11 shall be disqualified from completing a term of service of the Commission if they are no
12 longer cabinet members.

13 The appointees by the Governor from the Council of State shall each serve a term
14 beginning on September 1, 1992, and expiring on June 30, 1993. Thereafter, their
15 successors shall be appointed for four-year terms, commencing July 1. Members of the
16 Council of State shall be disqualified from completing a term of service on the
17 Commission if they are no longer members of the Council of State.

18 Vacancies in the two legislative appointments shall be filled as provided in G.S. 120-
19 122.

20 The Commission chair shall be elected in the first meeting of each calendar year from
21 among the appointees of the Governor from the Council of State and shall serve a term of
22 one year. The Secretary of Commerce shall be secretary to the Commission.

23 No member of the Information Resource Management Commission shall vote on an
24 action affecting solely his or her own State agency.

25 (b) Powers and Duties. – The Commission has the following powers and duties:

26 (1) To develop, approve, and publish a statewide information technology
27 strategy covering the current and following biennium that shall be
28 updated annually and shall be submitted to the General Assembly on the
29 first day of each regular session.

30 (2) To develop, approve, and sponsor statewide technology initiatives and
31 to report on those initiatives in the annual update of the statewide
32 information technology strategy.

33 (3) To review and approve biennially the information technology plans of
34 the executive agencies and ~~to review and comment biennially on the~~
35 ~~information technology plans of the~~ Administrative Office of the
36 Courts. This review shall include plans for the procurement and use of
37 personal computers and workstations.

38 (4) To recommend to the Governor and the Office of State Budget and
39 Management the relative priorities across executive agency information
40 technology plans.

41 (5) To establish a quality assurance policy for all agency information
42 technology projects, information systems training programs, and
43 information systems documentation.

- 1 (6) To establish and enforce a quality review and expenditure review
2 procedure for major agency information technology projects.
- 3 (7) To review and approve expenditures from appropriations made to the
4 Office of State Budget and Management for the purpose of creating a
5 Computer Reserve Fund.
- 6 (8) To develop and promote a policy and procedures for the fair and
7 competitive procurement of information technology consistent with the
8 rules of the Department of Administration and consistent with published
9 industry standards for open systems that provide agencies with a
10 vendor-neutral operating environment where different information
11 technology hardware, software, and networks operate together easily
12 and reliably.
- 13 (c) Meetings. – The Information Resources Management Commission shall adopt
14 bylaws containing rules governing its meeting procedures. The Information Resources
15 Management Commission shall meet at least monthly."
- 16 (b) The Administrative Office of the Courts shall develop a strategic information
17 systems and technology plan to both serve the courts in the present and assist the courts
18 in adapting to future changes. The plan shall:
- 19 (1) Identify and document the information technology goals and objectives
20 of the Judicial Department;
- 21 (2) Review and evaluate the findings and recommendations outlined in the
22 Maddox and Ferguson report completed in September 1996;
- 23 (3) Provide an inventory of existing hardware and software in the court
24 system statewide, including the age of and proposed replacement
25 schedules, for personal computers, laptop computers, mainframe and
26 midrange computers, servers, terminals, printers, and communications
27 infrastructure devices;
- 28 (4) Assess the effectiveness of existing computer-based applications,
29 including the district attorney and public defender case management
30 system, courtroom automation, the civil case processing system, and the
31 financial management system, and outline any changes that may be
32 needed to meet the future needs of the court system;
- 33 (5) Develop an architectural strategy and quality assurance review that is
34 consistent with existing State standards;
- 35 (6) Identify areas where the use of information technology would improve
36 the efficiency and effectiveness of the court system in providing
37 services to the public;
- 38 (7) Develop a long-term implementation plan and cost analysis for the new
39 Magistrates Criminal Information System; and
- 40 (8) Recommend alternative five-year proposals for implementing the court
41 system's technology plan, including a cost analysis of each alternative
42 that specifies the order of priority in which various projects should be
43 implemented.

1 The Administrative Office of the Courts shall report on the strategic
2 information systems and technology plan developed pursuant to this section to the Chairs
3 of the Senate and House Appropriations Committees and the Chairs of the Senate and
4 House Appropriations Subcommittees on Justice and Public Safety. The Administrative
5 Office of the Courts shall make an interim report by April 1, 1999, and a final report by
6 May 1, 1999.

7 (c) The Judicial Department may use up to the sum of two hundred fifty thousand
8 dollars (\$250,000) in funds appropriated to the Department for the 1998-99 fiscal year to
9 contract for consultant services in the development of the strategic information systems
10 and technology plan required by this section. Prior to expending these funds, the
11 Department shall report to the Joint Legislative Commission on Governmental
12 Operations, the Chairs of the Senate and House Appropriations Committees, and the
13 Chairs of the Senate and House Subcommittees on Justice and Public Safety on the
14 consultant selected and the proposed uses of these funds.

15
16 Requested by: Representatives Justus, Kiser, Thompson

17 **STUDY OF PUBLIC DEFENDER PROGRAMS**

18 Section 16.1. The Administrative Office of the Courts shall study the
19 efficiency and cost-effectiveness of the public defender programs established in 11
20 judicial districts. The report shall include:

- 21 (1) A comparison outlining the number of defendants in each district
22 represented by public defenders and privately assigned counsel by type
23 of offense;
- 24 (2) An analysis of the average cost per defendant or case for each public
25 defender program and a comparison of that average to payments made
26 to privately assigned counsel in those districts;
- 27 (3) An implementation plan for potential expansion of public defender
28 programs to additional districts, including possible locations, a cost
29 analysis of necessary personnel and equipment to operate the programs,
30 and the estimate of savings to be realized in using those programs rather
31 than providing for privately assigned counsel.

32 The Administrative Office of the Courts shall report the results of its study to
33 the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate
34 and House Appropriations Subcommittees on Justice and Public Safety, and the Indigent
35 Fund Study Commission established in Section 16.5 of this act by April 1, 1999.

36
37 Requested by: Representatives Justus, Kiser, Thompson

38 **REVISE RECIDIVISM REPORTING DATE**

39 Section 16.2. G.S. 7A-675.3 reads as rewritten:

40 **"§ 7A-675.3. Juvenile recidivism rates.**

41 (a) On an annual basis, the Administrative Office of the Courts shall compute the
42 recidivism rate of juveniles who are adjudicated delinquent for offenses that would be
43 Class A, B1, B2, C, D, or E felonies if committed by adults and who subsequently are

1 adjudicated delinquent or convicted and shall report the statistics to the Joint Legislative
2 Commission on Governmental Operations by ~~December 31~~ February 15 each year.

3 (b) The Chief Court Counselor of each judicial district shall forward to the
4 Administrative Office of the Courts relevant information, as determined by the
5 Administrative Office of the Courts, regarding every juvenile who is adjudicated
6 delinquent for an offense that would be a Class A, B1, B2, C, D, or E felony if committed
7 by an adult for the purpose of computing the statistics required by this section."
8

9 Requested by: Representatives Justus, Kiser, Thompson, Redwine, Sexton, Smith

10 **EXTEND SUNSET ON BAD CHECK PROGRAM/ADD LINCOLN AND WAKE**
11 **COUNTY PILOTS**

12 Section 16.3. (a) Subsection (e) of Section 18.22 of S.L. 1997-443 reads as
13 rewritten:

14 "(e) This ~~act~~ section becomes effective October 1, 1997, and expires June 30, ~~1998~~.
15 1999."

16 (b) Subsection (c) of Section 18.22 of S.L. 1997-443 reads as rewritten:

17 "(c) Of the funds appropriated to the Judicial Department for the 1997-98 fiscal
18 year, the sum of one hundred fifty thousand dollars (\$150,000) shall be used to establish
19 bad check collection pilot programs in Columbus, Durham, and Rockingham Counties.

20 Of the funds appropriated to the Judicial Department for the 1998-99 fiscal year, the
21 sum of two hundred seventy-two thousand six hundred forty-seven dollars (\$272,647)
22 shall be used to continue the bad check collection pilot programs in Columbus, Durham,
23 and Rockingham Counties and to establish bad check collection pilot programs in
24 Lincoln and Wake Counties.

25 The Administrative Office of the Courts shall report by ~~May 1, 1998~~, April 1, 1999, to
26 the Chairs of the Senate and House Appropriations Committees and the Chairs of the
27 Senate and House Appropriations Subcommittees on Justice and Public Safety on the
28 implementation of the programs, including their effectiveness in assisting the recipients
29 of worthless checks in obtaining restitution and the amount of time saved in prosecuting
30 worthless check cases."

31 (c) Subsection (d) of Section 18.22 of S.L. 1997-443 reads as rewritten:

32 "(d) This act applies only to Columbus, Durham, ~~and Rockingham~~ Lincoln,
33 Rockingham, and Wake Counties."

34 (d) Subsection (a) of this section becomes effective June 30, 1998.
35

36 Requested by: Representatives Justus, Kiser, Thompson, Redwine, Sexton, Smith

37 **TEEN COURT FUNDS DO NOT REVERT/ESTABLISH TEEN COURT**
38 **PROGRAMS IN DUPLIN, GUILFORD, AND ONSLOW COUNTIES**

39 Section 16.4. (a) The funds appropriated in S.L. 1997-443 to the Judicial
40 Department for teen court programs throughout the State shall not revert at the end of the
41 1997-98 fiscal year and shall remain available to the Department for the 1998-99 fiscal
42 year to be used for teen court programs.

1 (b) Of the funds appropriated in this act to the Judicial Department, the
2 Administrative Office of the Courts shall use the sum of twenty thousand dollars
3 (\$20,000) for the 1998-99 fiscal year to establish a teen court program in Duplin County
4 pursuant to the guidelines and objectives set forth in Section 40 of Chapter 24 of the
5 Session Laws of the 1994 Extra Session.

6 (c) Of the funds appropriated in this act to the Judicial Department, the
7 Administrative Office of the Courts shall use the sum of twenty thousand dollars
8 (\$20,000) for the 1998-99 fiscal year to establish a teen court program in Guilford
9 County pursuant to the guidelines and objectives set forth in Section 40 of Chapter 24 of
10 the Session Laws of the 1994 Extra Session.

11 (d) Of the funds appropriated in this act to the Judicial Department, the
12 Administrative Office of the Courts shall use the sum of twenty thousand dollars
13 (\$20,000) for the 1998-99 fiscal year to establish a teen court program in Onslow County
14 pursuant to the guidelines and objectives set forth in Section 40 of Chapter 24 of the
15 Session Laws of the 1994 Extra Session.

16 (e) Subsection (a) of this section becomes effective June 30, 1998.

17
18 Requested by: Representatives Justus, Kiser, Thompson

19 **INDIGENT FUND STUDY COMMISSION**

20 Section 16.5. (a) The Administrative Office of the Courts shall establish a Study
21 Commission on the Indigent Persons' Attorney Fee Fund. The Commission shall consist
22 of nine voting members as follows:

- 23 (1) Two members appointed by the Speaker of the House of
24 Representatives;
- 25 (2) Two members appointed by the President Pro Tempore of the Senate;
- 26 (3) One member appointed by the Chief Justice of the Supreme Court;
- 27 (4) One member appointed by the North Carolina Association of Public
28 Defenders;
- 29 (5) One member appointed by the North Carolina Academy of Trial
30 Lawyers;
- 31 (6) One member appointed by the North Carolina Bar Association; and
- 32 (7) One member appointed by the Conference of District Attorneys of
33 North Carolina.

34 The Commission shall elect a chair upon being convened at the call of the
35 Chief Justice's appointee.

36 (b) The Commission shall study methods for improving the management and
37 accountability of funds being expended to provide counsel to indigent defendants without
38 compromising the quality of legal representation mandated by State and federal law. In
39 conducting its study, the Commission shall:

- 40 (1) Evaluate the current procedures for determining the indigency of
41 defendants and recommend any possible improvements in those
42 procedures;

- 1 (2) Determine whether sufficient information is available when evaluating
2 compensation requests from assigned private counsel and expert
3 witnesses;
- 4 (3) Assess the effectiveness of the current management structure for the
5 Indigent Persons' Attorney Fee Fund and outline any additional
6 standards or guidelines that could be implemented to allow for greater
7 accountability of the funds being expended;
- 8 (4) Evaluate whether establishing an Indigent Defense Council to oversee
9 the State's expenditure of funds on a district, regional, or statewide basis
10 would make the functioning of the Indigent Persons' Attorney Fee Fund
11 more efficient and economical;
- 12 (5) Evaluate the effectiveness of existing methods of providing legal
13 representation to indigent defendants, including the use of public
14 defenders, appointed counsel, and contract lawyers;
- 15 (6) Review methods used by other states to provide legal representation to
16 indigent defendants;
- 17 (7) Assess the potential effectiveness of distributing funds in other ways,
18 including the hiring of contract attorneys on a retainer basis and the
19 expansion of public defender programs; and
- 20 (8) Outline additional suggestions that would improve the provision of legal
21 representation to indigent defendants.

22 The Administrative Office of the Courts shall assign professional and clerical
23 staff to assist in the work of the Commission. The Commission shall report its findings
24 and recommendations to the Chairs of the Senate and House Appropriations Committees
25 and the Chairs of the Senate and House Appropriations Subcommittees on Justice and
26 Public Safety no later than May 1, 1999. The report shall include a cost analysis
27 demonstrating the additional personnel and equipment necessary to implement the
28 Commission's recommendations. The report shall also include any legislation necessary
29 to implement the Commission's recommendations.

30 (c) The Administrative Office of the Courts may use up to the sum of fifty
31 thousand dollars (\$50,000) from the Indigent Persons' Attorney Fee Fund to contract for
32 consultant services to assist in meeting the Commission's responsibilities.

33
34 Requested by: Representatives Justus, Kiser, Thompson

35 **CUMBERLAND JUVENILE ASSESSMENT CENTER**

36 Section 16.6. (a) Section 18.21 of S.L. 1997-443 reads as rewritten:

37 "Section 18.21. (a) Of the funds appropriated in this act to the Administrative
38 Office of the Courts for the 1997-98 fiscal year, the sum of one hundred fifty thousand
39 dollars (\$150,000) shall be used to fund the Juvenile Assessment Project authorized by
40 this section. These funds shall be matched by local funds on the basis of one dollar
41 (\$1.00) of local funds for every three dollars (\$3.00) of State funds. These funds shall
42 not revert at the end of the 1997-98 fiscal year, but shall remain in the Department during
43 the 1998-99 fiscal year to implement this section.

1 (b) The Administrative Office of the Courts, in collaboration with the Chief Court
2 Counselor of District Court District 12, the Cumberland County Department of Social
3 Services, and the appropriate local school administrative units, shall develop and
4 implement a Juvenile Assessment Center Project in District Court District 12 to operate
5 from the effective date of this act to ~~June 30, 1998.~~ June 30, 1999. The purpose of the
6 Project is to facilitate efficient prevention and intervention service delivery to juveniles
7 who are (i) alleged to be delinquent or undisciplined and have been taken into custody or
8 (ii) at risk of becoming delinquent or undisciplined because they have behavioral
9 problems and have committed delinquent acts even though they have not been taken into
10 custody. The Project shall assist these juveniles by providing a centralized point of
11 intake and assessment for the juveniles, by addressing the educational, emotional, and
12 physical needs of the juveniles, and by providing juveniles with an atmosphere for
13 learning personal responsibility, self-respect, and respect for others. The Administrative
14 Office of the Courts shall consider the recommendations of the Juvenile Assessment
15 Advisory Board in developing and implementing the Project.

16 (c) The Project shall be modeled after the Juvenile Assessment Center in
17 Hillsborough County, Florida, and shall:

- 18 (1) Identify those juveniles who are alleged to be delinquent or
19 undisciplined or are at risk of becoming delinquent or undisciplined;
- 20 (2) Evaluate the educational, emotional, and physical needs of the juveniles
21 identified and determine whether the juveniles have problems related to
22 substance abuse, depression, or other emotional conditions;
- 23 (3) Develop in-depth and comprehensive assessment plans for the juveniles
24 identified that recommend appropriate treatment, counseling, and
25 disposition of the juveniles; and
- 26 (4) Provide services to juveniles identified and their families through
27 collaboration with public and private resources, including local law
28 enforcement, parents' organizations, the Fayetteville Chamber of
29 Commerce, and county and community programs and organizations that
30 provide substance abuse treatment and child and family counseling.

31 (d) There is established the Juvenile Assessment Advisory Board to make
32 recommendations to the Administrative Office of the Courts regarding the development
33 and operations of the Project. The Board shall consist of 13 members, including:

- 34 (1) The director of the Department of Social Services of Cumberland
35 County, or the director's designee.
- 36 (2) A representative from the local mental health area authority of
37 Cumberland County.
- 38 (3) A member of the Cumberland County Board of Education.
- 39 (4) The sheriff of Cumberland County, or the sheriff's designee.
- 40 (5) The chief of police of the Fayetteville Police Department, or the
41 designee of the chief of police.
- 42 (6) A judge of District Court District 12.
- 43 (7) A juvenile court counselor from District Court District 12.

- 1 (8) The director of the Guardian Ad Litem program in Cumberland County,
2 or the director's designee.
- 3 (9) The director of the Health Department of Cumberland County, or the
4 director's designee.
- 5 (10) Two public members appointed by the Fayetteville City Council.
- 6 (11) Two public members appointed by the Board of County Commissioners
7 of Cumberland County.

8 The members of the Board shall, within 30 days after the initial appointment is made,
9 meet and elect one member as chair. The Board shall meet at least once a month at the
10 call of the chair, and a quorum of the Board shall consist of a majority of its members.
11 The Board of County Commissioners of Cumberland County shall provide necessary
12 clerical and professional assistance to the Board.

13 Initial appointments shall be made by October 1, 1997, and all terms shall expire ~~June~~
14 ~~30, 1998.~~ June 30, 1999.

15 (e) The Administrative Office of the Courts, in consultation with the Department
16 of ~~Human Resources, Health and Human Services,~~ shall evaluate the Project and report to
17 the Chairs of the House and Senate Appropriations Committees, the Chairs of the House
18 and Senate Appropriations Subcommittees on Justice and Public Safety and ~~Human~~
19 ~~Resources, Health and Human Services,~~ and the Fiscal Research Division of the General
20 Assembly by ~~May 1, 1998,~~ May 1, 1999, on the progress of the development and
21 implementation of the Project. In the report, the Administrative Office of the Courts, in
22 consultation with the Department of ~~Human Resources, Health and Human Services,~~
23 shall evaluate the effectiveness of the Project, including the number of juveniles served or
24 expected to be served, and shall recommend whether the Project should be continued. If
25 the report recommends that the Project be continued, it shall also provide a cost analysis
26 outlining the long-term staffing and operating needs of the Project."

27 (b) This section becomes effective June 30, 1998.

28
29 [SECTIONS 16.7, 16.8 RESERVED]

30
31 Requested by: Representatives Justus, Kiser, Thompson, Redwine

32 **ADD NEW DISTRICT COURT CIVIL CASE MANAGEMENT PILOTS/REPORT**

33 Section 16.9. Section 18.23 of S.L. 1997-443 reads as rewritten:

34 "Section 18.23. The Administrative Office of the Courts shall report by ~~May 1, 1998,~~
35 April 1, 1999, to the Chairs of the Senate and House Appropriations Committees and the
36 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
37 Safety on the civil case management pilot programs established in District Court Districts
38 13, 18, 27B, 29, and 30. The report shall assess the success of these programs in reducing
39 the backlog of civil court cases and in resolving new cases more quickly."

40
41 [SECTION 16.10 RESERVED]

42
43 Requested by: Representatives Justus, Kiser, Thompson, Redwine

AUTHORIZE ADDITIONAL MAGISTRATES

Section 16.11. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

County	Min.-Max.	Magistrates Court	Additional Seats of
Camden	1 2		
Chowan	2 3		
Currituck	1 3 <u>4</u>		
Dare	3 8		
Gates	2 3		
Pasquotank	3 5		
Perquimans	2 3		
Martin	5 8		
Beaufort	4 8		
Tyrrell	1 3		
Hyde	2 4		
Washington	3 4		
Pitt	10 12 <u>13</u>	Farmville	
Craven	7 10	Havelock	Ayden
Pamlico	2 3		
Carteret	5 8		
Sampson	6 8		
Duplin	9 11		
Jones	2 3		
Onslow	8 14		
New Hanover	6 11		
Pender	4 6		
Halifax	9 14	Roanoke	Rapids, Scotland Neck
Northampton	5 7		
Bertie	4 6		
Hertford	5 6		
Nash	7 10	Rocky Mount	
Edgecombe	4 7	Rocky Mount	
Wilson	4 7		
Wayne	5 12	Mount Olive	
Greene	2 4		

1	Lenoir	4	10	La Grange	
2	Granville	3	7		
3	Vance	3	6		
4	Warren	3	4		
5	Franklin	3	7		
6	Person	3	4		
7	Caswell	2	5		
8	Wake	12	20	Apex,	
9					Wendell,
10					Fuquay-
11					Varina,
12					Wake Forest
13	Harnett	7	11	Dunn	
14	Johnston	10	12	Benson,	
15					Clayton,
16					Selma
17	Lee	4	6		
18	Cumberland		10	18	
19	Bladen	4	6		
20	Brunswick		4	7-8	
21	Columbus	6	9	Tabor City	
22	Durham	8	13		
23	Alamance	7	10	Burlington	
24	Orange	4	11	Chapel Hill	
25	Chatham	3	8	Siler City	
26	Scotland	3	5		
27	Hoke	4	5		
28	Robeson	8	16	Fairmont,	
29					Maxton,
30					Pembroke,
31					Red Springs,
32					Rowland,
33					St. Pauls
34	Rockingham		4	9	Reidsville,
35					Eden,
36					Madison
37	Stokes	2	5		
38	Surry	5	9	Mt. Airy	
39	Guilford	20	26	High Point	
40	Cabarrus	5	9	Kannapolis	
41	Montgomery		2	4	
42	Randolph	5	10	Liberty	
43	Rowan	5	10		

1	Stanly	5	6	
2	Union	4	6	
3	Anson	4	5	
4	Richmond		5	6 Hamlet
5	Moore	5	8	Southern
6				Pines
7	Forsyth	3	4 16	Kernersville
8	Alexander		2	3
9	Davidson	7	10	Thomasville
10	Davie	2	3	
11	Iredell	4	9	Mooresville
12	Alleghany		1	2
13	Ashe	3	4	
14	Wilkes		4	6
15	Yadkin	3	3	5
16	Avery	3	4 5	
17	Madison	4	4	5
18	Mitchell	3	3	4
19	Watauga	4	4	6
20	Yancey	2	2	4
21	Burke	4	4	7
22	Caldwell	4	4	7
23	Catawba	6	10	Hickory
24	Mecklenburg		15	26 27
25	Gaston	11	21 22	
26	Cleveland	5	5	8
27	Lincoln	4	4	7
28	Buncombe		6	15
29	Henderson		4	7
30	McDowell		3	5
31	Polk	3	3	4
32	Rutherford		6	8
33	Transylvania		2	4
34	Cherokee	3	3	4
35	Clay	1	1	2
36	Graham	2	2	3
37	Haywood	5	7	Canton
38	Jackson	3	3	4
39	Macon	3	3	4
40	Swain	2	3."	

42 Requested by: Representatives Justus, Kiser, Thompson

43 **ASSISTANT PUBLIC DEFENDERS**

1 Section 16.12. From funds appropriated to the Indigent Persons' Attorney Fee
 2 Fund for the 1998-99 fiscal year, the Administrative Office of the Courts may use up to
 3 one hundred thirty-four thousand four hundred fifteen dollars (\$134,415) for salaries,
 4 benefits, equipment, and related expenses to establish up to three new assistant public
 5 defender positions.

6
 7 [SECTIONS 16.13, 16.14 RESERVED]
 8

9 Requested by: Representatives Justus, Kiser, Thompson

10 **EXTEND SUNSET ON DRUG TREATMENT COURT**

11 Section 16.15. Section 21.6(c) of Chapter 507 of the 1995 Session Laws reads
 12 as rewritten:

13 "(c) Subsection (a) of this section becomes effective July 1, 1995, and expires ~~June~~
 14 ~~30, 1998.~~ June 30, 1999. The remainder of this section becomes effective October 1,
 15 1995."

16
 17 Requested by: Representatives Justus, Kiser, Thompson

18 **ADDITIONAL DISTRICT COURT JUDGES**

19 Section 16.16. (a) G.S. 7A-133(a) reads as rewritten:

20 "(a) Each district court district shall have the numbers of judges as set forth in the
 21 following table:

District	Judges	County
1	4	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	3 Martin	Beaufort Tyrrell Hyde Washington
3A	4 Pitt	
3B	5 Craven	
		Pamlico Carteret
4	67 Sampson	
		Duplin

1			Jones
2			Onslow
3	5	6	New Hanover
4			Pender
5	6A	2	Halifax
6	6B	3	Northampton
7			Bertie
8			Hertford
9	7	67	Nash
10			Edgecombe
11			Wilson
12	8	6	Wayne
13			Greene
14			Lenoir
15	9	4	Granville
16			(part of Vance
17			see subsection (b))
18			Franklin
19	9A	2	Person
20			Caswell
21	9B	1	Warren
22			(part of Vance
23			see subsection (b))
24	10	12 <u>13</u>	Wake
25	11	67	Harnett
26			Johnston
27			Lee
28	12	89	Cumberland
29	13	5	Bladen
30			Brunswick
31			Columbus
32	14	56	Durham
33	15A	3	Alamance
34	15B	4	Orange
35			Chatham
36	16A	3	Scotland
37			Hoke
38	16B	5	Robeson
39	17A	2	Rockingham
40	17B	3	Stokes
41			Surry
42	18	11	Guilford
43	19A	3	Cabarrus

1	19B	56	Montgomery	
2				Moore
3				Randolph
4	19C	3	Rowan	
5	20	7	Stanly	
6				Union
7				Anson
8				Richmond
9	21	78	Forsyth	
10	22	8	Alexander	
11				Davidson
12				Davie
13				Iredell
14	23	4	Alleghany	
15				Ashe
16				Wilkes
17				Yadkin
18	24	4	Avery	
19				Madison
20				Mitchell
21				Watauga
22				Yancey
23	25	78	Burke	
24				Caldwell
25				Catawba
26	26	14	Mecklenburg	
27	27A	5	Gaston	
28	27B	4	Cleveland	
29				Lincoln
30	28	5	Buncombe	
31	29	56	Henderson	
32				McDowell
33				Polk
34				Rutherford
35				Transylvania
36	30	4	Cherokee	
37				Clay
38				Graham
39				Haywood
40				Jackson
41				Macon
42				Swain."

1 (b) The vacancies created by subsection (a) of this section in District Court
2 Districts 11, 19B, 21, 25, and 29 shall be filled by appointment of the General Assembly
3 upon the recommendation of the Speaker of the House of Representatives in accordance
4 with G.S. 120-121. The vacancies created by subsection (a) of this section in District
5 Court Districts 4, 7, 10, 12, and 14 shall be filled by appointment of the General
6 Assembly upon the recommendation of the President Pro Tempore of the Senate in
7 accordance with G.S. 120-121. Successors to these judges shall be elected in the 2002
8 election for four-year terms commencing on the first Monday in December 2002.

9 (c) Subsection (a) of this section becomes effective December 15, 1998, as to any
10 district where no county is subject to Section 5 of the Voting Rights Act of 1965. As to
11 any district where any county is subject to Section 5 of the Voting Rights Act of 1965,
12 subsection (a) of this section becomes effective December 15, 1998 or 15 days after the
13 date upon which that subsection is approved under Section 5 of the Voting Rights Act,
14 whichever is later.

15
16 [SECTION 16.17 RESERVED]

17
18 Requested by: Representatives Justus, Kiser, Thompson

19 **EVALUATION OF CORRECTIONAL PROGRAMS**

20 Section 16.18. (a) The Judicial Department, through the North Carolina
21 Sentencing and Policy Advisory Commission, and the Department of Correction shall
22 jointly conduct ongoing evaluations of community corrections programs and in-prison
23 treatment programs and make a biennial report to the General Assembly. The report shall
24 include composite measures of program effectiveness based on recidivism rates, other
25 outcome measures, and costs of the programs.

26 During the 1998-99 fiscal year, the Sentencing and Policy Advisory
27 Commission shall coordinate the collection of all data necessary to create an expanded
28 database containing offender information on prior convictions, current conviction and
29 sentence, program participation, and outcome measures. Each program to be evaluated
30 shall assist the Commission in the development of systems and collection of data
31 necessary to complete the evaluation process. The first evaluation report shall be
32 presented to the Chairs of the Senate and House Appropriations Committees and the
33 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
34 Safety by April 15, 2000, and future reports shall be made by April 15 of each even-
35 numbered year.

36 The Judicial Department may use the sum of fifty thousand dollars (\$50,000)
37 in funds appropriated for the 1998-99 fiscal year to conduct the study provided for in this
38 section.

39 (b) Section 22.3 of Chapter 18 of the Session Laws of the 1996 Second Extra
40 Session is repealed.

41
42 Requested by: Representatives Justus, Kiser, Thompson, Baddour, Redwine

1 **ESTABLISH PILOT PROGRAM OF SETTLEMENT PROCEDURES IN**
2 **DISTRICT COURT ACTIONS INVOLVING FAMILY ISSUES**

3 Section 16.19. (a) G.S. 7A-38.4 reads as rewritten:

4 **"§ 7A-38.4. Mediated settlement conferences Settlement procedures in district court**
5 **actions.**

6 (a) The purpose of this section is to authorize the design, implementation, and
7 evaluation of a pilot program in which parties to district court actions involving equitable
8 distribution, alimony, and support may be required to attend a pretrial mediated
9 settlement conference or other settlement procedure.

10 (b) ~~The Dispute Resolution Commission established under the Judicial Department~~
11 ~~shall, with the advice of the Director of the Administrative Office of the Courts, design~~
12 ~~the pilot program and its coordination with existing settlement programs. The planning~~
13 ~~and design phase of the program shall include representatives from the Conference of~~
14 ~~Chief District Court Judges, the AOC Child Custody Mediation Advisory Committee, the~~
15 ~~Court Ordered Arbitration Subcommittee of the Supreme Court's Dispute Resolution~~
16 ~~Committee, the North Carolina Mediation Network, the North Carolina Association of~~
17 ~~Professional Family Mediators, the North Carolina Association of Clerks of Superior~~
18 ~~Court, the North Carolina Association of Trial Court Administrators, the Family Law~~
19 ~~Section of the North Carolina Bar Association, and the Dispute Resolution Section of the~~
20 ~~North Carolina Bar Association.~~

21 (c) The Supreme Court may adopt rules to implement this section. The definitions
22 in G.S. 7A-38.1(b)(2) and (b)(3) apply to this section.

23 (d) ~~The chief district court judge~~ District court judges of any participating district
24 may order a mediated settlement conference or another settlement procedure for any
25 action pending in the district involving issues of equitable distribution, alimony, or child
26 or spousal ~~support.~~ support, pursuant to rules adopted by the Supreme Court. The chief
27 district court judge may by local rule order all such cases, not otherwise exempted by
28 Supreme Court rule, to mediated settlement conference.

29 (e) The parties to a district court action in which a mediated settlement conference
30 is ordered, their attorneys, and other persons or entities with authority, by law or by
31 contract, to settle the parties' claims shall attend the mediated settlement conference, or
32 other settlement procedure ordered by ~~the court,~~ a district court judge pursuant to rules of
33 the Supreme Court, unless excused by ~~the rules of the Supreme Court or by order of the~~
34 ~~chief district court judge.~~ those rules. Nothing in this section shall require any party or
35 other participant in the conference to make a settlement offer or demand which it deems
36 is contrary to its best interests.

37 (f) Any person required to attend a mediated settlement conference or other
38 settlement procedure ordered by the court who, without good cause, fails to attend in
39 compliance with this section and the rules adopted under this section, shall be subject to
40 any appropriate monetary sanction imposed by a ~~chief or presiding district court judge,~~
41 judge pursuant to rules of the Supreme Court, including the payment of attorneys' fees,
42 mediator fees, and expenses incurred in attending the ~~conference.~~ settlement procedure.
43 If the court imposes sanctions, it shall do so, after notice and hearing, in a written order,

1 making findings of fact and conclusions of law. An order imposing sanctions shall be
2 reviewable upon appeal where the entire record as submitted shall be reviewed to
3 determine whether the order is supported by substantial evidence.

4 (g) The parties to a district court action in which a mediated settlement conference
5 is to be held pursuant to this section shall have the right to designate a mediator. Upon
6 failure of the parties to designate within the time established by the rules of the Supreme
7 Court, a mediator shall be appointed by ~~the chief a~~ district court judge ~~or its designee.~~
8 pursuant to rules of the Supreme Court.

9 (h) ~~The~~ Pursuant to rules of the Supreme Court, a chief district court judge, at the
10 request of a party and with the consent of ~~the all~~ parties, may order the parties to attend
11 and participate in any other settlement procedure authorized by rules ~~of adopted by~~ the
12 Supreme Court or adopted by local district court rules, in lieu of attending a mediated
13 settlement conference. ~~Neutral third parties~~ Neutrals acting pursuant to this section shall
14 be selected and compensated in accordance with ~~the rules of the Supreme Court or~~
15 pursuant to agreement of the parties. Nothing herein shall prohibit the parties from
16 participating in other dispute resolution procedures, including arbitration, to the extent
17 authorized under State or federal law.

18 (i) Mediators and other neutrals acting pursuant to this section shall have judicial
19 immunity in the same manner and to the same extent as a judge of the General Court of
20 Justice, except that mediators and other neutrals may be disciplined in accordance with
21 enforcement procedures adopted by the Supreme Court pursuant to G.S. 7A-38.2.

22 (j) Costs of mediated settlement conferences and other settlement procedures shall
23 be borne by the parties. Unless otherwise ordered by the court or agreed to by the parties,
24 the mediator's fees shall be paid in equal shares by the parties. The rules adopted by the
25 Supreme Court implementing this section shall set out a method whereby parties found
26 by the court to be unable to pay the costs of settlement procedures are afforded an
27 opportunity to participate without cost to an indigent party and without expenditure of
28 State funds.

29 (k) Evidence of statements made and conduct occurring in a ~~mediated settlement~~
30 ~~conference~~ settlement proceeding conducted pursuant to this section shall not be subject
31 to discovery and shall be inadmissible in any proceeding in the action or other actions on
32 the same claim. However, no evidence otherwise discoverable shall be inadmissible
33 merely because it is presented or discussed in a ~~mediated settlement conference.~~
34 settlement proceeding.

35 No mediator, or other neutral conducting a settlement procedure pursuant to this
36 section, shall be compelled to testify or produce evidence concerning statements made
37 and conduct occurring in a mediated settlement conference or other settlement procedure
38 in any civil proceeding for any purpose, except proceedings for sanctions under this
39 section, disciplinary hearings before the State Bar or any agency established to enforce
40 standards of conduct for mediators, and proceedings to enforce laws concerning juvenile
41 or elder abuse.

42 (l) The Supreme Court may adopt standards for the certification and conduct of
43 mediators and other neutrals who participate ~~in the mediated settlement conference~~

1 ~~program established settlement procedures conducted pursuant to this section.~~ The
2 standards may also regulate mediator training programs. The Supreme Court may adopt
3 procedures for the enforcement of those standards. The administration of mediator
4 certification, regulation of mediator conduct, and decertification shall be conducted
5 through the Dispute Resolution Commission.

6 (m) An administrative fee not to exceed two hundred dollars (\$200.00) may be
7 charged by the Administrative Office of the Courts to applicants for certification and
8 annual renewal of certification for mediators and mediator training programs operation
9 under this section. The fees collected may be used by the Director of the Administrative
10 Office of the Courts to establish and maintain the operations of the Commission and its
11 staff. The administrative fee shall be set by the Director of the Administrative Office of
12 the Courts in consultation with the Dispute Resolution Commission.

13 (n) The Administrative Office of the Courts, in consultation with the Dispute
14 Resolution Commission, may require the chief district court judge of any participating
15 district to report statistical data about settlement procedures conducted pursuant to this
16 section for administrative purposes.

17 ~~(m)~~ (o) Nothing in this section or rules adopted pursuant to it shall restrict the right
18 to jury trial."

19 (b) G.S. 7A-38.2(c) reads as rewritten:

20 "(c) The Dispute Resolution Commission shall consist of ~~nine~~ 14 members: ~~two~~
21 five judges appointed by the Chief Justice of the Supreme ~~Court~~; Court, at least two of
22 whom shall be superior court judges, and at least two of whom shall be district court
23 judges; two mediators certified to conduct superior court mediated settlement conferences
24 and two mediators certified to conduct equitable distribution mediated settlement
25 conferences appointed by the Chief Justice of the Supreme Court; two practicing
26 attorneys who are not certified as mediators appointed by the President of the North
27 Carolina State ~~Bar~~; Bar, one of whom shall be a family law specialist; and three citizens
28 knowledgeable about mediation, one of whom shall be appointed by the Governor, one
29 by the General Assembly upon the recommendation of the Speaker of the House of
30 Representatives in accordance with G.S. 120-121, and one by the General Assembly
31 upon the recommendation of the President Pro Tempore of the Senate in accordance with
32 G.S. 120-121. Members appointed by the Governor, the Speaker of the House of
33 Representatives, and the President Pro Tempore of the Senate shall not be attorneys.
34 Members shall initially serve four-year terms, except that one judge, one mediator, one
35 attorney, and the citizen member appointed by the Governor, shall be appointed for an
36 initial term of two years. ~~Members may serve no more than two consecutive terms.~~ The
37 Chief Justice shall designate one of the judge members to serve as chair for a two-year
38 term. Members of the Commission shall be compensated pursuant to G.S. 138-5.

39 Vacancies shall be filled for unexpired terms and full terms in the same manner as
40 incumbents were appointed. Appointing authorities may receive and consider
41 suggestions and recommendations of persons for appointment from the Dispute
42 Resolution Commission, the Family Law, Litigation, and Dispute Resolution Sections of
43 the North Carolina Bar Association, the North Carolina Association of Professional

1 Family Mediators, the North Carolina Association of Clerks of Superior Court, the North
 2 Carolina Conference of Court Administrators, the Mediation Network of North Carolina,
 3 the Dispute Resolution Committee of the Supreme Court, the Conference of Chief
 4 District Court Judges, the Conference of Superior Court Judges, the Director of the
 5 Administrative Office of the Courts, and the Child Custody Mediation Advisory
 6 Committee of the Administrative Office of the Courts."

7 (c) The Administrative Office of the Courts may solicit and accept funds from
 8 private sources to evaluate the pilot program conducted pursuant to this section. The
 9 Administrative Office of the Courts shall report its findings and recommendations to the
 10 Chairs of the House and Senate Appropriations Committees and the Chairs of the House
 11 and Senate Appropriations Subcommittees on Justice and Public Safety by April 1, 2001.

12 (d) Of the funds appropriated to the Judicial Department for the 1998-99 fiscal
 13 year, the sum of fifty thousand dollars (\$50,000) shall be used to fund the activities of the
 14 Dispute Resolution Commission in association with the pilot program authorized by this
 15 section. No such funds shall be expended for the payment of mediator fees.

16 (e) This section becomes effective October 1, 1998.

17
 18 Requested by: Representatives Justus, Kiser, Thompson

19 **ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

20 Section 16.20. (a) G.S. 7A-60(a1) reads as rewritten:

21 "(a1) The counties of the State are organized into prosecutorial districts, and each
 22 district has the counties and the number of full-time assistant district attorneys set forth in
 23 the following table:

			No. of Full-Time Asst. District
Prosecutorial			
District	Counties	Attorneys	
1	Camden, Chowan, Currituck,	9	
	Dare, Gates, Pasquotank,		
	Perquimans		
2	Beaufort, Hyde, Martin, 5		
	Tyrrell, Washington		
3A	Pitt	9	
3B	Carteret, Craven, Pamlico	10	
4	Duplin, Jones, Onslow, 14		
	Sampson		
5	New Hanover, Pender	13	
6A	Halifax	4	
6B	Bertie, Hertford, 4		
	Northampton		
7	Edgecombe, Nash, Wilson	15	
8	Greene, Lenoir, Wayne	11	
9	Franklin, Granville,	10	

1 Vance, Warren
 2 9A Person, Caswell 4
 3 10 Wake 28
 4 11 Harnett, Johnston, Lee 14
 5 12 Cumberland 17
 6 13 Bladen, Brunswick, Columbus 9
 7 14 Durham 12
 8 15A Alamance 7
 9 15B Orange, Chatham 7
 10 16A Scotland, Hoke 5
 11 16B Robeson 9
 12 17A Rockingham 5
 13 17B Stokes, Surry 5
 14 18 Guilford 26
 15 19A Cabarrus 5
 16 19B Montgomery, Moore, Randolph 11
 17 19C Rowan 5
 18 20 Anson, Richmond, 14
 19 Stanly, Union
 20 21 Forsyth ~~45~~17
 21 22 Alexander, Davidson, Davie, 16
 22 Iredell
 23 23 Alleghany, Ashe, Wilkes, 5
 24 Yadkin
 25 24 Avery, Madison, Mitchell, 4
 26 Watauga, Yancey
 27 25 Burke, Caldwell, Catawba 14
 28 26 Mecklenburg 32
 29 27A Gaston 12
 30 27B Cleveland, 8
 31 Lincoln
 32 28 Buncombe ~~40~~11
 33 29 Henderson, McDowell, Polk, 11
 34 Rutherford, Transylvania
 35 30 Cherokee, Clay, Graham, 7
 36 Haywood, Jackson, Macon,
 37 Swain."

(b) This section becomes effective December 1, 1998.

Requested by: Representatives Justus, Thompson, Kiser, Redwine

ADDITIONAL INVESTIGATORIAL ASSISTANTS

Section 16.21. G.S. 7A-69 reads as rewritten:

"§ 7A-69. Investigatorial assistants.

1 The district attorney in prosecutorial districts 1, 3B, 4, 6B, 7, 8, 10, 11, 12, 13, 14,
2 15A, 15B, 18, 19B, 20, 21, 24, 25, 26, 27A, 27B, 28, 29, and 30 is entitled to one
3 investigatorial assistant to be appointed by the district attorney and to serve at his
4 pleasure.

5 It shall be the duty of the investigatorial assistant to investigate cases preparatory to
6 trial and to perform such other duties as may be assigned by the district attorney. The
7 investigatorial assistant is entitled to reimbursement for his subsistence and travel
8 expenses to the same extent as State employees generally."
9

10 Requested by: Representatives Justus, Kiser, Thompson, Daughtry, Hardy, Neely
11 **ADD TWO SPECIAL SUPERIOR COURT JUDGES/CLARIFY TERMS OF**
12 **EXISTING SPECIAL SUPERIOR COURT JUDGES**

13 Section 16.22. (a) G.S. 7A-45.1 is amended by adding a new subsection to read:
14 "(a3) Effective December 15, 1998, the Governor may appoint two special superior
15 court judges to serve terms expiring five years from the date that each judge takes office.
16 Successors to the special superior court judges appointed pursuant to this subsection shall
17 be appointed to five-year terms. A special judge takes the same oath of office and is
18 subject to the same requirements and disabilities as are or may be prescribed by law for
19 regular judges of the superior court, save the requirement of residence in a particular
20 district."

21 (b) G.S. 7A-45.1(a2) reads as rewritten:

22 "(a2) Effective December 15, 1996, the Governor may appoint four special superior
23 court judges to serve terms expiring ~~December 14, 2001.~~ five years from the date that
24 each judge takes office. Successors to the special superior court judges appointed
25 pursuant to this subsection shall be appointed to five-year terms. A special judge takes
26 the same oath of office and is subject to the same requirements and disabilities as are or
27 may be prescribed by law for regular judges of the superior court, save the requirement of
28 residence in a particular district."
29

30 Requested by: Representatives Justus, Kiser, Thompson
31 **REPORTS ON VACANT POSITIONS**

32 Section 16.23. The Judicial Department, the Department of Correction, the
33 Department of Justice, and the Department of Crime Control and Public Safety shall each
34 report by May 1 and December 1 of each year to the Chairs of the House and Senate
35 Appropriations Committees and the Chairs of the House and Senate Appropriations
36 Subcommittees on Justice and Public Safety on all positions within that department that
37 have remained vacant for 12 months or more. The report shall include the original
38 position vacancy dates, the dates of any postings or repostings of the positions, and an
39 explanation for the length of the vacancies.
40

41 Requested by: Representatives Justus, Kiser, Thompson
42 **PROJECT CHALLENGE REPORT**

1 Section 16.24. Subsection (a) of Section 18.20 of S.L. 1997-443 reads as
2 rewritten:

3 "(a) Of the funds appropriated in this act to the Administrative Office of the Courts
4 for the ~~1997-98 fiscal year, 1997-99 biennium,~~ the sum of one hundred thousand dollars
5 (\$100,000) for the 1997-98 fiscal year and the sum of two hundred thousand dollars
6 (\$200,000) for the 1998-99 fiscal year shall be used to support the operation of Project
7 Challenge North Carolina, Inc., a nonprofit corporation that provides alternative
8 dispositions and services to juveniles who have been adjudicated delinquent or
9 undisciplined in District Court ~~District~~ Districts 24, 25, 29, and 30 and for expansion of
10 the ~~program.~~ program into additional districts. The funds shall be used to:

- 11 (1) Provide community resources and dispositional alternatives for
12 juveniles in the form of community services, including services to the
13 elderly and economically disadvantaged;
- 14 (2) Promote the involvement of juveniles in community programs that
15 instill in juveniles pride in their communities and develop self-respect
16 and the skills needed for them to be productive, responsible members of
17 their communities;
- 18 (3) Coordinate with the local schools and State and local law enforcement
19 to educate juveniles regarding the justice system and to promote respect
20 for authority and an appreciation of societal laws and mores; and
- 21 (4) Collaborate with community agencies and organizations to provide
22 guidance to and positive role models for juveniles."

23
24 Requested by: Representatives Justus, Kiser, Thompson, McCrary

25 **RECONFORM THE MILEAGE REIMBURSEMENT FOR OUT-OF-STATE**
26 **WITNESSES TO THAT RECEIVED BY IN-STATE WITNESSES AND STATE**
27 **EMPLOYEES**

28 Section 16.25. (a) G.S. 7A-314(c) reads as rewritten:

29 "(c) A witness who resides in a state other than North Carolina and who appears for
30 the purpose of testifying in a criminal action and proves his attendance may be
31 compensated at the rate of ~~ten cents (10¢) a mile~~ allowed to State officers and employees
32 by subdivisions (1) and (2) of G.S. 138-6(a) for one round-trip from his place of
33 residence to the place of appearance, and five dollars (\$5.00) for each day that he is
34 required to travel and attend as a witness, upon order of the court based upon a finding
35 that the person was a necessary witness. If such a witness is required to appear more than
36 one day, he is also entitled to reimbursement for actual expenses incurred for lodging and
37 meals, not to exceed the maximum currently authorized for State employees."

38 (b) G.S. 15A-813 reads as rewritten:

39 **"§ 15A-813. Witness from another state summoned to testify in this State.**

40 If a person in any state which by its laws has made provision for commanding persons
41 within its borders to attend and testify in criminal prosecutions, or grand jury
42 investigations commenced or about to commence in this State, is a material witness in a
43 prosecution pending in a court of record in this State, or in a grand jury investigation

1 which has commenced or is about to commence, a judge of such court may issue a
2 certificate under the seal of the court, stating these facts and specifying the number of
3 days the witness will be required. Said certificate may include a recommendation that the
4 witness be taken into immediate custody and delivered to an officer of this State to assure
5 his attendance in this State. This certificate shall be presented to a judge of a court of
6 record in the county in which the witness is found.

7 If the witness is summoned to attend and testify in this State he shall be ~~tendered the~~
8 ~~sum of ten cents (10¢) a mile compensated at the rate allowed to State officers and~~
9 ~~employees by subdivisions (1) and (2) of G.S. 138-6(a) for each mile by the ordinary~~
10 ~~traveled route to and from the court where the prosecution is pending, and five dollars~~
11 ~~(\$5.00) for each day that he is required to travel and attend as a witness. A witness who~~
12 ~~has appeared in accordance with the provisions of the summons shall not be required to~~
13 ~~remain within this State a longer period of time than the period mentioned in the~~
14 ~~certificate unless otherwise ordered by the court. If such a witness is required to appear~~
15 ~~more than one day, he is also entitled to reimbursement for actual expenses incurred for~~
16 ~~lodging and meals, not to exceed the maximum currently authorized for State employees~~
17 ~~when traveling in the State. If such witness, after coming into this State, fails without~~
18 ~~good cause to attend and testify as directed in the summons, he shall be punished in the~~
19 ~~manner provided for the punishment of any witness who disobeys a summons issued~~
20 ~~from a court of record in this State."~~

21 (c) This section is effective when it becomes law and applies to all out-of-state
22 witness travel expenses incurred on or after that date.

23
24 Requested by: Representatives Justus, Kiser, Thompson

25 **COMPUTER REPLACEMENT FUNDS**

26 Section 16.26. The Judicial Department may use up to the sum of five hundred
27 thousand dollars (\$500,000) from funds available during the 1998-99 fiscal year to
28 replace computers and associated equipment in response to computer-related problems
29 that may occur during the fiscal year. The Department shall report quarterly to the Chairs
30 of the House and Senate Appropriations Committees and the Chairs of the House and
31 Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of
32 funds for this purpose.

33 34 **PART XVII. DEPARTMENT OF CORRECTION**

35 Requested by: Representatives Justus, Kiser, Thompson

36 **REALLOCATE LAND TO NC STATE UNIVERSITY**

37 Section 17. The 17.4-acre tract of State-owned land adjacent to Schenck
38 Forest that is described in the Memorandum of Agreement made in October 1992, by and
39 between the North Carolina Department of Correction and North Carolina State
40 University, is reallocated to North Carolina State University. The land shall be used for
41 the purpose of teaching, research, and extension, including timber management practices,
42 and forestry demonstration purposes associated with the North Carolina State University

1 College of Forest Resources. North Carolina State University shall maintain this land in
2 good condition according to current timber management practices.

3
4 Requested by: Representatives Justus, Kiser, Thompson

5 **REPORT ON BOOT CAMPS**

6 Section 17.1. Subsection (c) of Section 19 of Chapter 24 of the Session Laws
7 of the 1994 Extra Session, as amended by Section 19.3 of Chapter 324 of the 1995
8 Session Laws, reads as rewritten:

9 "(c) The Department of Correction shall evaluate the IMPACT program and the
10 post-Boot Camp probation program funded under this section and report by ~~January 1~~
11 March 1 of each year to the Joint Legislative Commission on Governmental Operations,
12 the Joint Legislative Corrections and Crime Control Oversight Committee, and the Fiscal
13 Research Division. The evaluation of the IMPACT program and the post-Boot Camp
14 probation program shall ~~include a comparison of that program's effectiveness, cost, and~~
15 ~~recidivism rate to other corrections programs for offenders in the same age group and~~
16 ~~similar offense classes as that covered by the IMPACT program. focus on the~~
17 performance, behavior, and attitudes of the offenders while in the program. Specific
18 topics shall include measures of participation and completion, data on completion of
19 educational, substance abuse treatment, and community service programs, drug testing
20 and probation revocation statistics, and the current status of IMPACT graduates. The
21 evaluation shall also include any available information on the difference in outcome
22 among offenders who attend the IMPACT program only, offenders who attend both the
23 IMPACT program and aftercare, and similar offenders who receive other intermediate
24 sanctions."

25
26 Requested by: Representatives Justus, Kiser, Thompson

27 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL**
28 **COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES**
29 **AWAITING TRANSFER TO STATE PRISON SYSTEM**

30 Section 17.2. Section 19(b) of S.L. 1997-443 reads as rewritten:

31 "(b) The Department of Correction may use funds appropriated to the Department
32 for the 1997-99 biennium to pay the sum of forty dollars (\$40.00) per day as
33 reimbursement to counties for the cost of housing convicted inmates and parolees and
34 post-release supervisees awaiting transfer to the State prison system, as provided in G.S.
35 148-29. The Department shall report quarterly to the Joint Legislative Commission on
36 Governmental Operations, the Joint Legislative Corrections Oversight Committee, the
37 Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate
38 and House Appropriations Subcommittees on Justice and Public Safety on the
39 expenditure of funds to reimburse counties for prisoners awaiting transfer and on its
40 progress in reducing the jail backlog.

41 Prior to the expenditure of more than the sum of six million five hundred thousand
42 dollars (\$6,500,000) for the 1997-98 fiscal year or more than the sum of ~~four million~~
43 ~~dollars (\$4,000,000)~~ two million dollars (\$2,000,000) for the 1998-99 fiscal year to

1 reimburse counties for prisoners awaiting transfer, the Department of Correction and the
2 Office of State Budget and Management shall report to the Joint Legislative Commission
3 on ~~Governmental Operations~~ Operations, the Chairs of the Senate and House
4 Appropriations Committees, and the Chairs of the Senate and House Appropriations
5 Subcommittees on Justice and Public Safety on the necessity of that expenditure."
6

7 Requested by: Representatives Justus, Kiser, Thompson

8 **INMATE HOUSING FUNDS**

9 Section 17.3. (a) The Department of Correction may use funds available to the
10 Department for the 1998-99 fiscal year to contract for prison beds to house inmates in
11 local jails. Prior to the expenditure of more than the sum of three million dollars
12 (\$3,000,000) in additional funds authorized by this section to contract for local jail beds,
13 the Department of Correction and the Office of State Budget and Management shall
14 report to the Chairs of the Senate and House Appropriations Committees and the Chairs
15 of the Senate and House Appropriations Subcommittees on Justice and Public Safety on
16 the necessity of that expenditure.

17 (b) The Department of Correction and the Office of State Budget and Management
18 shall report by December 1, 1998, to the Joint Legislative Corrections and Crime Control
19 Oversight Committee, the Chairs of the Senate and House Appropriations Committee,
20 and the Chairs of the Senate and House Appropriations Subcommittees on Justice and
21 Public Safety on the status of contracts to house inmates in local jails, including the
22 amount expended to date, the anticipated amount to be expended, and the dates each
23 contract is expected to terminate.

24
25 [SECTION 17.4 RESERVED]

26
27 Requested by: Representatives Justus, Kiser, Thompson

28 **MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA** 29 **STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT**

30 Section 17.5. Subsection (a) of Section 19.8 of S.L. 1997-443 reads as
31 rewritten:

32 "(a) Notwithstanding the funding formula set forth in G.S. 143B-273.15, ~~grants~~
33 appropriations made to the Department of Correction through the North Carolina State-
34 County Criminal Justice Partnership Act for the ~~1997-98 fiscal year~~ 1997-99 biennium
35 shall be distributed to the counties as specified in G.S. 143B-273.15(2) only, and not as
36 discretionary funds. The Department may also use funds from the State-County Criminal
37 Justice Partnership Account in order to maintain the counties' allocations of nine million
38 six hundred thousand dollars (\$9,600,000) as provided in previous fiscal years.
39 Appropriations not claimed or expended by the counties during the 1997-99 biennium
40 shall be distributed as specified in G.S. 143B-273.15(1)."
41

42 Requested by: Representatives Justus, Kiser, Thompson

1 **PROGRESS REPORT/PERFORMANCE AUDIT OF DIVISION OF ADULT**
2 **PROBATION AND PAROLE**

3 Section 17.6. The Division of Adult Probation and Parole shall report to the
4 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
5 Safety and the Fiscal Research Division by January 1, 1999, on any actions taken or
6 planned in response to the June 1, 1998, performance audit of the Division. The report
7 shall include details on any changes in funding, classification, staffing levels, or
8 organization structure that have occurred since the June 1 audit and should highlight
9 those changes that are directly related to issues raised in the audit.

10
11 Requested by: Representatives Justus, Kiser, Thompson

12 **FUNDING OF PRISON ROAD SQUADS**

13 Section 17.7. In preparing the continuation budget, the Office of State Budget
14 and Management shall adjust the estimated receipts from the Highway Fund to the
15 Department of Correction for the use of prison road squads to reflect only those costs
16 authorized for reimbursement by G.S. 148-26.5.

17
18 Requested by: Representatives Justus, Kiser, Thompson

19 **INMATE COSTS**

20 Section 17.8. Section 19.20 of S.L. 1997-443 reads as rewritten:

21 "Section 19.20. The Department of Correction may use funds available to the
22 Department for the 1997-99 biennium to pay the cost of providing food and health care to
23 inmates housed in the Division of Prisons if:

24 (1) ~~The prison population exceeds the December 1996 population~~
25 ~~projections of the North Carolina Sentencing and Policy Advisory~~
26 ~~Commission; and~~

27 (2) ~~The~~ if the cost of providing food and health care to inmates is anticipated to
28 exceed the continuation budget amounts provided for that purpose in this act.

29 Prior to making any expenditure authorized by this section, the Department of
30 Correction shall report on its need to use these additional funds to the Joint Legislative
31 Commission on Governmental Operations, ~~the Joint Legislative Corrections Oversight~~
32 ~~Committee, and the Chairs of the House and Senate Appropriations Committees.~~
33 Committees, and the Chairs of the House and Senate Appropriations Subcommittees on
34 Justice and Public Safety.

35 The Office of State Budget and Management, in consultation with the Department of
36 Correction, shall (i) analyze the basis for increases in the cost of providing food service
37 and health care to inmates since the 1994-95 fiscal year, including an analysis of the
38 major areas of expenditure growth, and an identification of major areas where cost-
39 efficient actions have been taken, and (ii) determine future actions that will improve
40 efficiency in the delivery of food service and health care to inmates. The Office of State
41 Budget and Management shall report on the results of this study to the Chairs of the
42 Senate and House Appropriations Committees and the Chairs of the Senate and House
43 Appropriations Subcommittees on Justice and Public Safety by February 15, 1999."

1
2 Requested by: Representatives Justus, Kiser, Thompson

3 **TITLE VII FUNDS/REPORT**

4 Section 17.9. Section 19.18 of S.L. 1997-443 reads as rewritten:

5 "Section 19.18. The Department of Correction may use funds available to the
6 Department during the ~~1997-98 fiscal year~~ 1997-99 biennium for payment to claimants as
7 part of the settlement of the Title VII lawsuit over the recruitment, hiring, and promotion
8 of females in the Department. Prior to final settlement of the lawsuit, the Department
9 shall report on the proposed settlement to the Joint Legislative Commission on
10 Governmental Operations, the Joint Legislative Corrections Oversight Committee, and
11 the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
12 Safety."

13
14 Requested by: Representatives Justus, Kiser, Thompson

15 **DIRECT CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS**
16 **COMMISSION TO REVISE HIRING AND RECORD-KEEPING PROCEDURES**
17 **FOR EMPLOYEES OF DEPARTMENT OF CORRECTION**

18 Section 17.10. (a) Section 19.28 of S.L. 1997-443 reads as rewritten:

19 "Section 19.28. No later than ~~June 30, 1998,~~ October 1, 1998, the Criminal Justice
20 Education and Training Standards Commission shall reestablish the hiring and record-
21 keeping procedures for the employment of certified positions in the Department of
22 Correction."

23 (b) The Criminal Justice Education and Training Standards Commission shall
24 report by October 1, 1998, to the Joint Legislative Corrections and Crime Control
25 Oversight Committee, the Chairs of the Senate and House Appropriations Committees,
26 and the Chairs of the Senate and House Appropriations Subcommittees on Justice and
27 Public Safety on its progress in complying with the provisions of this section.

28 (c) This section becomes effective June 30, 1998.

29
30 Requested by: Representatives Justus, Kiser, Thompson

31 **FEDERAL GRANT MATCHING FUNDS**

32 Section 17.11. Notwithstanding the provisions of G.S. 148-2, the Department
33 of Correction may use up to the sum of eight hundred seventy-five thousand dollars
34 (\$875,000) from funds available to the Department to provide the State match needed in
35 order to receive federal grant funds.

36
37 Requested by: Representatives Justus, Kiser, Thompson

38 **SUBSTANCE ABUSE FUNDS**

39 Section 17.12. (a) Of the four hundred sixty-seven thousand eight hundred six
40 dollars (\$467,806) appropriated in S.L. 1997-443 to the Department of Correction for the
41 1997-98 fiscal year to be allocated to the DART/DWI aftercare program at Cherry
42 Hospital, the sum of one hundred thousand dollars (\$100,000) shall not revert at the end
43 of the fiscal year but shall remain available to the Department during the 1998-99 fiscal

1 year to be used for the purchase of hardware and software needed to implement an
2 offender and inmate tracking and program evaluation system for the Substance Abuse
3 Program. These funds may not be expended until the Department has developed a plan
4 for this new system and reported on the plan to the Chairs of the Senate and House
5 Appropriations Committees and the Chairs of the Senate and House Appropriations
6 Subcommittees on Justice and Public Safety.

7 (b) Of the funds appropriated to the Department of Correction for the 1998-99
8 fiscal year, the Department may use up to the sum of three hundred nineteen thousand
9 seven hundred fifteen dollars (\$319,715) for DART/DWI aftercare.

10 (c) The Department of Correction shall report by March 1 of each year to the
11 Joint Legislative Corrections and Crime Control Oversight Committee, the Chairs of the
12 Senate and House Appropriations Committees, and the Chairs of the Senate and House
13 Appropriations Subcommittees on Justice and Public Safety on their efforts to provide
14 effective treatment to offenders with substance abuse problems. The report shall include:

- 15 (1) Details of any new initiatives and expansion or reduction of programs;
- 16 (2) Details on any treatment efforts conducted in conjunction with other
17 departments;
- 18 (3) Utilization of the DART/DWI program, including its aftercare program;
- 19 (4) Progress in the development of an offender and inmate tracking and
20 program evaluation system; and
- 21 (5) A report on the number of current inmates with substance abuse
22 problems, the number of inmates currently receiving treatment, the
23 number of these inmates who are receiving treatment for a second or
24 subsequent time, and the numbers who have completed treatment. As
25 an offender and inmate tracking system becomes operational, this report
26 shall also include information on the recidivism of inmates who have
27 previously completed substance abuse treatment and been released from
28 prison.

29
30 Requested by: Representatives Justus, Kiser, Thompson

31 **POST-RELEASE SUPERVISION AND PAROLE COMMISSION/REPORT ON**
32 **STAFFING REORGANIZATION AND REDUCTION**

33 Section 17.13. The Post-Release Supervision and Parole Commission shall
34 report by March 1, 1999, to the Chairs of the Senate and House Appropriations
35 Subcommittees on Justice and Public Safety and upon request of the Joint Legislative
36 Corrections and Crime Control Oversight Committee after March 1, 1999, on:

- 37 (1) The Commission's progress in reviewing cases requiring review in light
38 of the decision of the North Carolina Supreme Court in **Robbins v.**
39 **Freeman**; and
- 40 (2) An updated transition plan for implementing staff reductions through
41 the 2002-2003 fiscal year, including a minimum ten percent (10%)
42 reduction in staff positions in the 1999-2000 fiscal year over the 1998-
43 99 fiscal year.

1
2 Requested by: Representatives Justus, Kiser, Thompson

3 **PRIVATE PRISON CONTRACTS**

4 Section 17.14. If the Department of Correction determines, in consultation
5 with the Attorney General's Office, the Office of State Budget and Management, and the
6 Corrections Corporation of America, that it is appropriate to modify the terms of the
7 contracts for the leasing and operation of one or both of the two private confinement
8 facilities in Pamlico and Avery/Mitchell, the Department may use funds available to the
9 Department for the 1998-99 fiscal year to modify the lease contract and the operating
10 agreement as necessary. Prior to taking actions or obligating funds as authorized by this
11 section, the Department of Correction shall report to the Joint Legislative Commission on
12 Governmental Operations, the Chairs of the Senate and House Appropriations
13 Committees, and the Chairs of the Senate and House Appropriations Subcommittees on
14 Justice and Public Safety on the justification for using available funds to modify the
15 contracts.

16
17 Requested by: Representatives Justus, Kiser, Thompson

18 **STUDY SPECIAL EDUCATION OBLIGATIONS OF DEPARTMENT OF**
19 **CORRECTION**

20 Section 17.15. The Joint Legislative Corrections and Crime Control Oversight
21 Committee shall study the issue of limiting the obligations of the Department of
22 Correction to provide special education and related services to incarcerated youth ages 18
23 through 21. The Committee shall consider the recent amendment to the federal
24 Individuals with Disabilities Education Act (IDEA) that allows states to reduce the
25 responsibility of their prisons to identify and serve inmates not previously identified and
26 served in the public schools. The Committee shall report its findings and
27 recommendations to the 1999 General Assembly.

28
29 Requested by: Representatives Justus, Kiser, Thompson, Sexton

30 **ADDITIONAL PRISON BEDS/PROVIDE THAT A SENTENCE OF LIFE**
31 **IMPRISONMENT WITHOUT PAROLE SHALL BE IMPOSED FOR A SECOND**
32 **OR SUBSEQUENT CONVICTION OF A CLASS B1 FELONY IF THERE ARE**
33 **NO MITIGATING CIRCUMSTANCES AND THE VICTIM IS THIRTEEN**
34 **YEARS OF AGE OR YOUNGER/ENHANCE THE PUNISHMENT IMPOSED**
35 **FOR INJURING A PREGNANT WOMAN IN THE COMMISSION OF A**
36 **FELONY, ACT OF DOMESTIC VIOLENCE, OR UNLAWFUL OPERATION OF**
37 **A MOTOR VEHICLE CAUSING A MISCARRIAGE OR**
38 **STILLBIRTH/INCREASE THE PENALTY FOR CRUELTY TO**
39 **ANIMALS/INCREASE OR ESTABLISH CRIMINAL AND CIVIL PENALTIES**
40 **FOR THE OFFENSES OF SELLING DRUGS TO A MINOR, HIRING OR**
41 **INTENTIONALLY USING A MINOR TO COMMIT A DRUG LAW**
42 **VIOLATION, AND PURCHASING OR RECEIVING DRUGS FROM A MINOR**

1 Section 17.16. (a) Article 81B of Chapter 15A of the General Statutes is
2 amended by adding a new section to read:

3 **"§ 15A-1340.16B. Life imprisonment without parole for a second or subsequent**
4 **conviction of a Class B1 felony.**

5 (a) Notwithstanding the sentencing dispositions in G.S. 15A-1340.17, a person
6 convicted of a Class B1 felony shall be sentenced to life imprisonment without parole if:

7 (1) The offense was committed against a victim who was 13 years of age or
8 younger at the time of the offense;

9 (2) The person has one or more prior convictions of a Class B1 felony; and

10 (3) The court finds that there are no mitigating factors in accordance with
11 G.S. 15A-1340.16(e).

12 (b) If the sentencing court finds that there are mitigating circumstances, then the
13 court shall sentence the person in accordance with G.S. 15A-1340.17.

14 (c) A prior conviction of a Class B1 felony shall be proved in accordance with
15 G.S. 15A-1340.14."

16 (b) Article 6 of Chapter 14 of the General Statutes is amended by adding a new
17 section to read:

18 **"§ 14-18.2. Injury to pregnant woman.**

19 (a) Definitions. – The following definitions shall apply in this section:

20 (1) Miscarriage. – The interruption of the normal development of the fetus,
21 other than by a live birth, and which is not an induced abortion
22 permitted under G.S. 14-45.1, resulting in the complete expulsion or
23 extraction from a pregnant woman of the fetus.

24 (2) Stillbirth. – The death of a fetus prior to the complete expulsion or
25 extraction from a woman irrespective of the duration of pregnancy and
26 which is not an induced abortion permitted under G.S. 14-45.1.

27 (b) A person who in the commission of a felony causes injury to a woman,
28 knowing the woman to be pregnant, which injury results in a miscarriage or stillbirth by
29 the woman is guilty of a felony that is one class higher than the felony committed.

30 (c) A person who in the commission of a misdemeanor that is an act of domestic
31 violence as defined in Chapter 50B of the General Statutes causes injury to a woman,
32 knowing the woman to be pregnant, which results in miscarriage or stillbirth by the
33 woman is guilty of a misdemeanor that is one class higher than the misdemeanor
34 committed. If the offense was a Class A1 misdemeanor, the defendant is guilty of a Class
35 I felony.

36 (d) This section shall not apply to acts committed by a pregnant woman which
37 result in a miscarriage or stillbirth by the woman."

38 (c) Article 3 of Chapter 20 of the General Statutes is amended by adding a new
39 section to read:

40 **"§ 20-141.6. Injury to pregnant woman by vehicle.**

41 (a) Definitions. – The following definitions shall apply in this section:

42 (1) Miscarriage. – The interruption of the normal development of the fetus,
43 other than by a live birth, and which is not an induced abortion

1 permitted under G.S. 14-45.1, resulting in the complete expulsion or
2 extraction from a pregnant woman of the fetus.

3 (2) Stillbirth. – The death of a fetus prior to the complete expulsion or
4 extraction from a woman irrespective of the duration of pregnancy and
5 which is not an induced abortion permitted under G.S. 14-45.1.

6 (b) Any person who in the unlawful operation of a motor vehicle commits a felony
7 which causes a pregnant woman to suffer a miscarriage or stillbirth is guilty of a felony
8 that is one class higher than the felony committed."

9 (d) G.S. 14-360 reads as rewritten:

10 **"§ 14-360. Cruelty to animals; construction of section.**

11 (a) ~~If any person shall willfully overdrive, overload, wound, injure, torture,~~
12 ~~torment, or deprive of necessary sustenance, cruelly beat, needlessly mutilate or kill or~~
13 ~~cause or procure to be overdriven, overloaded, wounded, injured, tortured, tormented, or~~
14 ~~deprived of necessary sustenance, cruelly beaten, needlessly mutilated or killed as~~
15 ~~aforsaid, any useful beast, fowl or any animal, every such offender shall for every such~~
16 ~~offense be guilty of a Class 1 misdemeanor. In this section, and in every law which may~~
17 ~~be enacted relating to animals, the words "animal" and "dumb animal" shall be held to~~
18 ~~include every living creature; the words "torture," "torment" or "cruelty" shall be held to~~
19 ~~include every act, omission or neglect whereby unjustifiable physical pain, suffering or~~
20 ~~death is caused or permitted. Such terms shall not be construed to prohibit the lawful~~
21 ~~taking of animals under the jurisdiction and regulation of the Wildlife Resources~~
22 ~~Commission.~~

23 (b) If any person shall willfully torture, torment, mutilate, maim, cruelly beat,
24 disfigure, poison, or kill, or cause or procure to be tortured, tormented, mutilated,
25 maimed, cruelly beaten, disfigured, poisoned, or killed, any animal, every such offender
26 shall for every such offense be guilty of a Class I felony. The word 'willfully', as used in
27 this subsection, shall mean an act done intentionally, with bad motive or purpose and
28 without justifiable excuse.

29 (c) In this section, the term 'animal' shall be held to include every domestic or
30 otherwise useful animal. This section shall not apply to animals under the jurisdiction
31 and regulation of the Wildlife Resources Commission, lawful activities conducted for
32 purposes of biomedical research or training, lawful activities for sport or other lawful
33 entertainment, the production of livestock or poultry, or the lawful destruction of any
34 animal for the purpose of protecting the public, other animals, the public health, or for
35 lawful veterinary purposes."

36 (e) G.S. 90-95(e) reads as rewritten:

37 "(e) The prescribed punishment and degree of any offense under this Article shall
38 be subject to the following conditions, but the punishment for an offense may be
39 increased only by the maximum authorized under any one of the applicable conditions:

40 (1), (2) Repealed by Session Laws 1979, c. 760, s. 5.

41 (3) If any person commits a Class 1 misdemeanor under this Article and if
42 he has previously been convicted for one or more offenses under any
43 law of North Carolina or any law of the United States or any other state,

1 which offenses are punishable under any provision of this Article, he
2 shall be punished as a Class I felon. The prior conviction used to raise
3 the current offense to a Class I felony shall not be used to calculate the
4 prior record level;

5 (4) If any person commits a Class 2 misdemeanor, and if he has previously
6 been convicted for one or more offenses under any law of North
7 Carolina or any law of the United States or any other state, which
8 offenses are punishable under any provision of this Article, he shall be
9 guilty of a Class 1 misdemeanor. The prior conviction used to raise the
10 current offense to a Class 1 misdemeanor shall not be used to calculate
11 the prior conviction level;

12 (5) Any person 18 years of age or over who violates G.S. 90-95(a)(1) by
13 selling or delivering a controlled substance to a person under 16 years of
14 age but more than 13 years of age or a pregnant female shall be
15 punished as a Class D felon. Any person 18 years of age or over who
16 violates G.S. 90-95(a)(1) by selling or delivering a controlled substance
17 to a person who is 13 years of age or younger shall be punished as a
18 Class C felon. Mistake of age is not a defense to a prosecution under
19 this section. It shall not be a defense that the defendant did not know
20 that the recipient was pregnant;

21 (6) For the purpose of increasing punishment under G.S. 90-95(e)(3) and
22 (e)(4), previous convictions for offenses shall be counted by the number
23 of separate trials at which final convictions were obtained and not by the
24 number of charges at a single trial;

25 (7) If any person commits an offense under this Article for which the
26 prescribed punishment requires that any sentence of imprisonment be
27 suspended, and if he has previously been convicted for one or more
28 offenses under any law of North Carolina or any law of the United
29 States or any other state, which offenses are punishable under any
30 provision of this Article, he shall be guilty of a Class 2 misdemeanor;

31 (8) Any person 21 years of age or older who commits an offense under G.S.
32 90-95(a)(1) on property used for an elementary or secondary school or
33 within 300 feet of the boundary of real property used for an elementary
34 or secondary school shall be punished as a Class E felon. For purposes
35 of this subdivision, the transfer of less than five grams of marijuana for
36 no remuneration shall not constitute a delivery in violation of G.S. 90-
37 95(a)(1).

38 (9) Any person who violates G.S. 90-95(a)(3) on the premises of a penal
39 institution or local confinement facility shall be guilty of a Class H
40 felony."

41 (f) G.S. 90-95.4 reads as rewritten:

42 "**§ 90-95.4. Employing or intentionally using minor to commit a drug law violation.**

1 (a) A person who is at least 18 years old but less than 21 years old who hires or
2 intentionally uses a minor to violate G.S. 90-95(a)(1) shall be guilty of a felony. An
3 offense under this subsection shall be punishable as follows:

4 (1) If the minor was more than 13 years of age, then as a felony that is one
5 class more severe than the violation of G.S. 90-95(a)(1) for which the
6 minor was hired. ~~hired~~ or intentionally used.

7 (2) If the minor was 13 years of age or younger, then as a felony that is two
8 classes more severe than the violation of G.S. 90-95(a)(1) for which the
9 minor was hired or intentionally used.

10 (b) A person 21 years of age or older who hires or intentionally uses a minor to
11 violate G.S. 90-95(a)(1) shall be guilty of a felony. An offense under this subsection
12 shall be punishable as follows:

13 (1) If the minor was more than 13 years of age, then as a felony that is ~~two~~
14 three classes more severe than the violation of G.S. 90-95(a)(1) for
15 which the minor was hired. ~~hired~~ or intentionally used.

16 (2) If the minor was 13 years of age or younger, then as a felony that is four
17 classes more severe than the violation of G.S. 90-95(a)(1) for which the
18 minor was hired or intentionally used.

19 (c) Mistake of Age. Mistake of age is not a defense to a prosecution under this
20 section.

21 (d) The term 'minor' as used in this section is defined as an individual who is less
22 than 18 years of age."

23 (g) G.S. 90-95.5 reads as rewritten:

24 **"§ 90-95.5. Civil liability - employing a minor to commit a drug offense.**

25 A person 21 years of age or older, who ~~hires or employs~~ hires, employs, or
26 intentionally uses a person under 18 years of age to commit a violation of G.S. 90-95 is
27 liable in a civil action for damages for drug addiction proximately caused by the
28 violation. The doctrines of contributory negligence and assumption of risk are no defense
29 to liability under this section."

30 (h) Article 5 of Chapter 90 of the General Statutes is amended by adding the
31 following new sections to read:

32 **"§ 90-95.6. Promoting drug sales by a minor.**

33 (a) A person who is 21 years of age or older is guilty of promoting drug sales by a
34 minor if the person knowingly:

35 (1) Entices, forces, encourages, or otherwise facilitates a minor in violating
36 G.S. 90-95(a)(1).

37 (2) Supervises, supports, advises, or protects the minor in violating G.S. 90-
38 95(a)(1).

39 (b) Mistake of age is not a defense to a prosecution under this section.

40 (c) A violation of this section is a Class D felony.

41 **"§ 90-95.7. Participating in a drug violation by a minor.**

1 (a) A person 21 years of age or older who purchases or receives a controlled substance
 2 from a minor who possesses, sells, or delivers the controlled substance in violation of
 3 G.S. 90-95(a)(1) is guilty of participating in a drug violation of a minor.

4 (b) Mistake of age is not a defense to a prosecution under this section.

5 (c) A violation of this section is a Class F felony."

6 (i) This section becomes effective December 1, 1998, and applies to offenses
 7 committed on or after that date.

8
 9 Requested by: Representatives Holmes, Esposito, Creech, Crawford

10 **DISCLOSURE OF CONVICTION NOT REQUIRED IN SALE OR LEASE OF**
 11 **REAL PROPERTY**

12 Section 17.16A. (a) G.S. 39-50 reads as rewritten:

13 "~~§ 39-50. Death or illness of previous occupant.~~ Death, illness, or conviction of
 14 crime not a material fact.

15 In offering real property for sale it shall not be deemed a material fact that the real
 16 property was occupied previously by a person who died or had a serious illness while
 17 occupying the ~~property;~~ property or that a person convicted of any crime occupies,
 18 occupied, or resides near the property; provided, however, that no seller may knowingly
 19 make a false statement regarding ~~such past occupancy.~~ any such fact."

20 (b) G.S. 42-14.2 reads as rewritten:

21 "~~§ 42-14.2. Death or illness of previous occupant.~~ Death, illness, or conviction of
 22 crime not a material fact.

23 In offering real property for rent or lease it shall not be deemed a material fact that the
 24 real property was occupied previously by a person who died or had a serious illness while
 25 occupying the ~~property;~~ property or that a person convicted of any crime occupies,
 26 occupied, or resides near the property; provided, however, that no landlord or lessor may
 27 knowingly make a false statement regarding ~~such past occupancy.~~ any such fact."

28
 29 [SECTION 17.17 RESERVED]

30
 31 Requested by: Representatives Justus, Kiser, Thompson

32 **USE OF FEDERAL PRISON CONSTRUCTION GRANT FUNDS**

33 Section 17.18. Section 19.22 of S.L. 1997-443 reads as rewritten:

34 "Section 19.22. The Department of Correction shall use federal grant funds received
 35 from the U.S. Justice Department as part of the Violent Offender Incarceration Program
 36 and the Truth-In-Sentencing Incentive Grant Program and any State funds appropriated
 37 for the further planning and design and construction of the following State prison
 38 facilities, provided that the project meets the criteria of the federal grant program:

<u>Facility</u>	<u>Location</u>	<u>Number of Beds</u>	<u>Custody</u>
Central Prison	Wake	196	Close
Diagnostic Center			
Warren Correctional	Warren	168	Med/Close

1	Institution			
2	Improvements to	Wake	208	Med/Close
3	NCCIW			
4	Scotland Facility	Scotland	712	Close
5	Alexander Facility	Alexander	520	Close
6	<u>(or replacement site)</u>			
7	Metro Facility	Charlotte	520	Close
8		Area		

9 ~~No more than the sum of seventeen million five hundred thousand dollars~~
10 ~~(\$17,500,000) in federal funds may be allocated to the Central Prison Diagnostic Center~~
11 ~~Project, the proposed revised Phase I of the Central Prison Master Plan, or the planning~~
12 ~~and design of the Warren, NCCIW, or Metro projects until federal funds have been~~
13 ~~allocated to complete the working drawings phase of planning and design for the~~
14 ~~Alexander and Scotland Close Custody Prison Facilities.~~

15 If the Department of Correction identifies a replacement for the Alexander Facility,
16 the Department of Correction shall report on the site selected to the Chairs of the Senate
17 and House Appropriations Committees, the Senate and House Appropriations
18 Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections and
19 Crime Control Oversight Committee.

20 Prior to major redesign or expansion of plans for Scotland, Alexander, and Metro, the
21 Department of Correction shall report to the Chairs of the Senate and House
22 Appropriations Committees, the Senate and House Appropriations Subcommittees on
23 Justice and Public Safety, and the Joint Legislative Corrections and Crime Control
24 Oversight Committee.

25 The Department of Correction shall not initiate further construction on any of the
26 projects listed in this section other than the Central Prison Diagnostic Center, which is
27 already under contract, or on the Central Prison Medical Center project until the
28 Department reports to the Chairs of the Senate and House Appropriations Committees,
29 the Senate and House Appropriations Subcommittees on Justice and Public Safety, and
30 the Joint Legislative Corrections and Crime Control Oversight Committee on the
31 proposed construction plans and the short-term and long-term costs of the projects.

32 The Department of Correction shall report ~~quarterly~~ by October 1, 1998, to the Chairs
33 of the Senate and House Appropriations Committees, the Senate and House
34 Appropriations Subcommittees on Justice and Public Safety, ~~to the Joint Legislative~~
35 ~~Commission on Governmental Operations~~ and the Joint Legislative Corrections and
36 Crime Control Oversight Committee on the allocation of any federal funds received and
37 of anticipated future federal grant funds."

38
39 Requested by: Representatives Justus, Kiser, Thompson, Redwine, Sexton, Smith
40 **INCREASE PENALTY FOR DOMESTIC CRIMINAL TRESPASS IF THE**
41 **TRESPASS IS COMMITTED UPON PROPERTY OPERATED AS A SAFE**
42 **HOUSE FOR VICTIMS OF DOMESTIC VIOLENCE AND THE PERSON**
43 **TRESPASSING IS ARMED WITH A DEADLY WEAPON**

1 Section 17.19. (a) G.S. 14-134.3 reads as rewritten:

2 **"§ 14-134.3. Domestic criminal trespass.**

3 (a) Any person who enters after being forbidden to do so or remains after being
4 ordered to leave by the lawful occupant, upon the premises occupied by a present or
5 former spouse or by a person with whom the person charged has lived as if married, shall
6 be guilty of a misdemeanor if the complainant and the person charged are living apart;
7 provided, however, that no person shall be guilty if said person enters upon the premises
8 pursuant to a judicial order or written separation agreement which gives the person the
9 right to enter upon said premises for the purpose of visiting with minor children.
10 Evidence that the parties are living apart shall include but is not necessarily limited to:

11 (1) A judicial order of separation;

12 (2) A court order directing the person charged to stay away from the
13 premises occupied by the complainant;

14 (3) An agreement, whether verbal or written, between the complainant and
15 the person charged that they shall live separate and apart, and such
16 parties are in fact living separate and apart; or

17 (4) Separate places of residence for the complainant and the person
18 charged.

19 ~~On~~ Except as provided in subsection (b) of this section, upon conviction, said person is
20 guilty of a Class 1 misdemeanor.

21 (b) A person convicted of a violation of this section is guilty of a Class G
22 felony if the person is trespassing upon property operated as a safe house or haven for
23 victims of domestic violence and the person is armed with a deadly weapon at the time of
24 the offense."

25 (b) This section becomes effective December 1, 1998, and applies to offenses
26 committed on or after that date.

27
28 Requested by: Representatives Dockham, Justus, Kiser, Thompson, McCrary

29 **REQUIRE INMATE ROAD SQUADS IN DAVIDSON COUNTY TO WEAR**
30 **UNIFORMS IDENTIFYING THEM AS INMATES**

31 Section 17.20. The Department of Correction and the Department of
32 Transportation shall require all inmate road squads, maintenance road squads, and
33 community work crews working in Davidson County to wear horizontally striped
34 uniforms with stripes of three inches in width and color-coded by inmate classification in
35 a manner consistent with the color-coding used by Davidson County for its road squads.

36
37 Requested by: Representatives Justus, Kiser, Thompson

38 **REMOVE IMPACT AS OPTION FOR SPECIAL PROBATION**

39 Section 17.21. (a) G.S. 15A-1344(e) reads as rewritten:

40 "(e) Special Probation in Response to Violation. – When a defendant has violated a
41 condition of probation, the court may modify his probation to place him on special
42 probation as provided in this subsection. In placing him on special probation, the court
43 may continue or modify the conditions of his probation and in addition require that he

1 submit to a period or periods of imprisonment, either continuous or noncontinuous, at
2 whatever time or intervals within the period of probation the court determines. In addition
3 to any other conditions of probation which the court may impose, the court shall impose,
4 when imposing a period or periods of imprisonment as a condition of special probation,
5 the condition that the defendant obey the Rules and Regulations of the Department of
6 Correction governing conduct of inmates, and this condition shall apply to the defendant
7 whether or not the court imposes it as a part of the written order. If imprisonment is for
8 continuous periods, the confinement may be in either the custody of the Department of
9 Correction or a local confinement facility. Noncontinuous periods of imprisonment under
10 special probation may only be served in a designated local confinement or treatment
11 facility. Except for probationary sentences for impaired driving under ~~G.S. 20-138.1 and~~
12 ~~probationary sentences which include a period of imprisonment in the Intensive~~
13 ~~Motivational Program of Alternative Correctional Treatment (IMPACT) under G.S. 15A-~~
14 ~~1343(b1)(2a), G.S. 20-138.1, the total of all periods of confinement imposed as an~~
15 ~~incident of special probation, but not including an activated suspended sentence, may not~~
16 ~~exceed six months or one fourth the maximum sentence of imprisonment imposed for the~~
17 ~~offense, whichever is less. For probationary sentences for impaired driving under G.S.~~
18 ~~20-138.1, the total of all periods of confinement imposed as an incident of special~~
19 ~~probation, but not including an activated suspended sentence, shall not exceed one-fourth~~
20 ~~the maximum penalty allowed by law. For probationary sentences which include a period~~
21 ~~of imprisonment in the Intensive Motivational Program of Alternative Correctional~~
22 ~~Treatment (IMPACT) under G.S. 15A-1343(b1)(2a), the total of all periods of~~
23 ~~confinement imposed as an incident of special probation, but not including an activated~~
24 ~~suspended sentence, shall not exceed six months or one half the maximum term of the~~
25 ~~suspended sentence of imprisonment, whichever is less. No confinement other than an~~
26 ~~activated suspended sentence may be required beyond the period of probation or beyond~~
27 ~~two years of the time the special probation is imposed, whichever comes first."~~

28 (b) G.S. 15A-1351(a) reads as rewritten:

29 "(a) The judge may sentence to special probation a defendant convicted of a
30 criminal offense other than impaired driving under G.S. 20-138.1, if based on the
31 defendant's prior record or conviction level as found pursuant to Article 81B of this
32 Chapter, an intermediate punishment is authorized for the class of offense of which the
33 defendant has been convicted. A defendant convicted of impaired driving under G.S. 20-
34 138.1 may also be sentenced to special probation. Under a sentence of special probation,
35 the court may suspend the term of imprisonment and place the defendant on probation as
36 provided in Article 82, Probation, and in addition require that the defendant submit to a
37 period or periods of imprisonment in the custody of the Department of Correction or a
38 designated local confinement or treatment facility at whatever time or intervals within the
39 period of probation, consecutive or nonconsecutive, the court determines. In addition to
40 any other conditions of probation which the court may impose, the court shall impose,
41 when imposing a period or periods of imprisonment as a condition of special probation,
42 the condition that the defendant obey the Rules and Regulations of the Department of
43 Correction governing conduct of inmates, and this condition shall apply to the defendant

1 whether or not the court imposes it as a part of the written order. If imprisonment is for
2 continuous periods, the confinement may be in the custody of either the Department of
3 Correction or a local confinement facility. Noncontinuous periods of imprisonment under
4 special probation may only be served in a designated local confinement or treatment
5 facility. Except for probationary sentences of impaired driving under G.S. 20-138.1 and
6 probationary sentences which include a period of imprisonment in the Intensive
7 Motivational Program of Alternative Correctional Treatment (IMPACT) under G.S. 15A-
8 1343(b1)(2a), G.S. 20-138.1, the total of all periods of confinement imposed as an
9 incident of special probation, but not including an activated suspended sentence, may not
10 exceed six months or one fourth the maximum sentence of imprisonment imposed for the
11 offense, whichever is less, and no confinement other than an activated suspended
12 sentence may be required beyond two years of conviction. For probationary sentences for
13 impaired driving under G.S. 20-138.1, the total of all periods of confinement imposed as
14 an incident of special probation, but not including an activated suspended sentence, shall
15 not exceed one-fourth the maximum penalty allowed by law. For probationary sentences
16 which include a period of imprisonment in the Intensive Motivational Program of
17 Alternative Correctional Treatment (IMPACT) under G.S. 15A-1343(b1)(2a), the total of
18 all periods of confinement imposed as an incident of special probation, but not including
19 an activated suspended sentence, shall not exceed six months or one half of the maximum
20 term of the suspended sentence, whichever is less. In imposing a sentence of special
21 probation, the judge may credit any time spent committed or confined, as a result of the
22 charge, to either the suspended sentence or to the imprisonment required for special
23 probation. The original period of probation, including the period of imprisonment
24 required for special probation, shall be as specified in G.S. 15A-1343.2(d), but may not
25 exceed a maximum of five years, except as provided by G.S. 15A-1342(a). The court
26 may revoke, modify, or terminate special probation as otherwise provided for
27 probationary sentences."

28 (c) This section becomes effective December 1, 1998.

29
30 Requested by: Representatives Justus, Kiser

31 **ABOLISH EXECUTION BY LETHAL GAS AND PROVIDE THAT A PERSON**
32 **CONVICTED OF A CRIMINAL OFFENSE WHO IS SENTENCED TO DEATH**
33 **SHALL BE EXECUTED BY THE ADMINISTRATION OF LETHAL DRUGS**

34 Section 17.22. (a) G.S. 15-187 reads as rewritten:

35 "**§ 15-187. Death by administration of lethal gas or drugs.**

36 Death by electrocution under sentence of law is hereby abolished and death by the
37 administration of lethal gas substituted therefor, except that if any person sentenced to
38 death so chooses, he may at least five days prior to his execution date, elect in writing to
39 be executed by the administration of a lethal quantity of an ultrashort acting barbiturate
40 in combination with a chemical paralytic agent. under sentence of law are abolished.
41 Any person convicted of a criminal offense and sentenced to death shall be executed only
42 by the administration of a lethal quantity of an ultrashort-acting barbiturate in
43 combination with a chemical paralytic agent."

1 (b) G.S. 15-188 reads as rewritten:

2 **"§ 15-188. Manner and place of execution.**

3 ~~Except as otherwise provided in~~ In accordance with G.S. 15-187, the mode of
4 executing a death sentence must in every case be by ~~causing~~ administering to the convict
5 or felon to ~~inhale lethal gas of sufficient quantity to cause death, and the administration~~
6 ~~of such lethal gas must be continued until such a lethal quantity of an ultrashort-acting~~
7 ~~barbiturate in combination with a chemical paralytic agent until the convict or felon is~~
8 dead; and when any person, convict or felon shall be sentenced by any court of the State
9 having competent jurisdiction to be so executed, ~~such the punishment~~ shall only be
10 inflicted within a permanent death chamber which the superintendent of the State
11 penitentiary is hereby authorized and directed to provide within the walls of the North
12 Carolina penitentiary at Raleigh, North Carolina. The superintendent of the State
13 penitentiary shall also cause to be provided, in conformity with this Article and approved
14 by the Governor and Council of State, the necessary ~~appliances for the infliction of the~~
15 ~~punishment of death in accordance with the requirements of this Article.~~ appliances for
16 the infliction of the punishment of death and qualified personnel to set up and prepare the
17 injection, administer the preinjections, insert the IV catheter, and to perform other tasks
18 required for this procedure in accordance with the requirements of this Article."

19 (c) This section is effective when it becomes law and applies to all executions
20 after the effective date of this section.

21
22 Requested by: Representatives Justus, Kiser, Thompson

23 **PROHIBIT ESCAPE FROM PRIVATE CORRECTIONAL**
24 **FACILITIES/PROPOSED STANDARDS FOR PRIVATE PRISONS FOR OUT-**
25 **OF-STATE INMATES/**
26 **CLARIFY MORATORIUM ON PRIVATE PRISONS FOR OUT-OF-STATE**
27 **INMATES**

28 Section 17.23. (a) Chapter 14 of the General Statutes is amended by adding a
29 new section to read:

30 **"§ 14-256.1. Escape from private correctional facility.**

31 It is unlawful for any person convicted in a jurisdiction other than North Carolina but
32 housed in a private correctional facility located in North Carolina to escape from that
33 facility. Violation of this section is a Class I felony."

34 (b) Subsection (b) of Section 19.17 of S.L. 1997-443 reads as rewritten:

35 "(b) The Department of Correction, in cooperation with the Department of Justice,
36 Department of Insurance, and Office of State Construction, shall establish proposed
37 standards for any private correctional facilities in this State that are used to confine
38 inmates from a jurisdiction other than ~~North Carolina or North Carolina,~~ a political
39 subdivision of ~~North Carolina.~~ North Carolina, or the federal government. These
40 standards shall include provisions for all such facilities to:

- 41 (1) Meet minimum responsibility and insurance standards and may provide
42 for the posting of surety bonds;

- 1 (2) Meet or exceed all standards applicable to the State prison system,
2 particularly those standards relating to inmate care and treatment;
- 3 (3) Provide for the transfer or return of all inmates to the jurisdiction in
4 which the inmates were originally convicted prior to release of the
5 inmates;
- 6 (4) Permit officials of the State of North Carolina to conduct periodic
7 inspections of all such facilities; and
- 8 (5) Meet any other standards the departments deem advisable.

9 The Department of Correction shall report on these proposed standards to the
10 Joint Legislative Commission on Governmental Operations, the Joint Legislative
11 Corrections Oversight Committee, and the Chairs of the House and Senate
12 Appropriations Subcommittees on Justice and Public Safety by ~~May 1, 1998.~~ January 15,
13 1999. The report shall include a recommendation on the appropriate regulatory agency or
14 agencies to enforce these ~~standards.~~ standards and on the necessary enforcement authority
15 to be vested in that agency or agencies. The report shall also include a draft of legislation
16 necessary to enact the proposed standards and regulatory authority.

17 The Department of Correction shall also consult with the Department of Justice on the
18 appropriateness of the penalty provided for in G.S. 14-256.1, enacted in subsection (a)
19 of this section, and on the implications of convicting inmates already serving
20 sentences imposed by other jurisdictions in private prisons located in North Carolina.
21 The Department of Correction shall include the conclusions reached during its
22 consultation with the Department of Justice in the report required by this section."

23 (c) Subsection (c) of Section 19.17 of S.L. 1997-443 reads as rewritten:

24 "(c) No municipality, county, or private entity may authorize, construct, own, or
25 operate any type of correctional facility for the confinement of inmates from any
26 jurisdiction other than ~~North Carolina or Carolina,~~ a political subdivision of North
27 ~~Carolina~~ Carolina, or the federal government until the Department of Correction has
28 developed proposed standards for such private correctional facilities pursuant to
29 subsection (b) of this section and the General Assembly has acted upon those standards.
30 No private confinement facility authorized under G.S. 148-37(g) that receives payment
31 from this State for the housing of State prisoners may contain inmates from any
32 jurisdiction other than North Carolina or a political subdivision of North Carolina without
33 the written consent of the Secretary of Correction."

34 (d) Subsection (a) of this section becomes effective December 1, 1998, and applies
35 to offenses committed on or after that date.

36
37 Requested by: Representatives Justus, Kiser, Thompson

38 **WOMEN AT RISK FUNDS**

39 Section 17.24. Of the funds appropriated to the Department of Correction for
40 the 1998-99 fiscal year, the Department shall use the sum of thirty-five thousand dollars
41 (\$35,000) to expand the Women at Risk program into Burke and Catawba Counties.
42

43 Requested by: Representatives Allred, Cole, and Reynolds

1 **ESTABLISH A PILOT PROGRAM IN ALAMANCE COUNTY TO DETERMINE**
2 **THE COST-EFFECTIVENESS OF PLACING ALL INMATES ON WORK**
3 **RELEASE**

4 Section 17.25. The Department of Correction shall establish a pilot program
5 for determining the benefits of work-release prison units by placing all able-bodied
6 inmates in the Alamance Correctional Center on work release to the extent possible. The
7 Department shall report to the Chairs of the House and Senate Appropriations
8 Committees and the Chairs of the House and Senate Appropriations Subcommittees on
9 Justice and Public Safety by March 1, 1999, of the cost-effectiveness of the program.

10
11 **PART XVIII. DEPARTMENT OF JUSTICE**

12 Requested by: Representatives Justus, Kiser, Thompson, Sexton, Smith

13 **SALARY EQUITY FOR SBI LAW ENFORCEMENT**

14 Section 18. Subsection (a) of Section 20.9 of S.L. 1997-443 reads as rewritten:

15 "(a) Of the funds appropriated in this act to the Department of Justice for the State
16 Bureau of Investigation, the sum of two million seven hundred thousand dollars
17 (\$2,700,000) for the 1997-98 fiscal year and the sum of ~~two million seven hundred~~
18 ~~thousand dollars (\$2,700,000)~~ two million six hundred sixty-seven thousand five hundred
19 forty dollars (\$2,667,540) for the 1998-99 fiscal year shall be used to adjust the salaries
20 of law enforcement positions in the State Bureau of Investigation. These adjustments
21 shall be based on factors, such as employee salary, position class title, position grade, and
22 credible years of sworn service with the State Bureau of Investigation. No salary
23 adjustment shall result in an increase beyond the maximum salary set for an officer's pay
24 grade. If an officer's salary is near or at the top of the officer's pay grade, the officer shall
25 be eligible to receive a salary adjustment up to the top of the officer's pay grade. If an
26 officer is at the top of the officer's pay grade, then the officer is not eligible to receive a
27 salary adjustment. Sworn officers holding the following management positions are not
28 eligible to receive the salary adjustment: SBI Director, SBI Assistant Directors of
29 Support Services, SBI Assistant Director, SBI Assistant Directors of Field Services, SBI
30 Assistant Director of Crime Laboratory, Deputy Director of Medicaid Fraud."

31
32 Requested by: Representatives Justus, Kiser, Thompson

33 **LIMITS ON COMPUTER SYSTEM UPGRADE**

34 Section 18.1. Section 20.4 of S.L. 1997-443 reads as rewritten:

35 "Section 20.4. Any ~~proposed increase in mainframe computer capacity or major new~~
36 computer system or major computer system upgrade for the Judicial Department, the
37 Department of Correction, the Department of Justice, or the Department of Crime Control
38 and Public Safety, to be funded all or in part from the Continuation Budget, shall be
39 reported to the Joint Legislative Commission on Governmental Operations, to the Chairs
40 of the Senate and House of Representatives Appropriations Committees, and to the
41 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
42 Safety before the department enters into any contractual agreement. A major computer
43 system upgrade includes any proposed enhancement, modification, or capacity increase

1 to the computing and telecommunications infrastructure or to program applications where
2 the total cost is anticipated to exceed five hundred thousand dollars (\$500,000). This
3 report is to be made jointly by the Information Resource Management Commission, the
4 Office of State Budget and Management, and the requesting department."

5
6 Requested by: Representatives Justus, Kiser, Thompson

7 **CRIMINAL JUSTICE INFORMATION NETWORK REPORT**

8 Section 18.2. The Criminal Justice Information Network Governing Board
9 created pursuant to Section 23.3 of Chapter 18 of the Session Laws of the 1996 Second
10 Extra Session shall report by March 1, 1999, to the Chairs of the Senate and House
11 Appropriations Committees, the Chairs of the Senate and House Appropriations
12 Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the
13 General Assembly on:

- 14 (1) The operations of the Board, including the Board's progress in
15 developing data-sharing standards in cooperation with State and local
16 agencies and the estimated time of completion of the standards.
- 17 (2) The operating budget of the Board, the expenditures of the Board as of
18 the date of the report, and the amount of funds in reserve for the
19 operation of the Board.
- 20 (3) A long-term strategic plan and cost analysis for statewide
21 implementation of the Criminal Justice Information Network, and for
22 each component of the Network, the initial cost estimate of the
23 component, the amount of funds spent to date on the component, the
24 source of funds for expenditures to date, and a timetable for completion
25 of that component, including additional resources needed at each point.

26 The membership of the Criminal Justice Information Network Governing
27 Board established in G.S. 143-661 shall remain in effect for the 1998-99 fiscal year.

28
29 Requested by: Representatives Justus, Kiser, Thompson

30 **STUDY FEE ADJUSTMENT FOR CRIMINAL RECORDS CHECKS**

31 Section 18.3. The Office of State Budget and Management, in consultation
32 with the Department of Justice, shall study the feasibility of adjusting the fees charged for
33 criminal records checks conducted by the Division of Criminal Information of the
34 Department of Justice as a result of the increase in receipts from criminal records checks.
35 The study shall include an assessment of the Division's operational, personnel, and
36 overhead costs related to providing criminal records checks and how those costs have
37 changed since the 1995-96 fiscal year. The Office of State Budget and Management shall
38 report its findings and recommendations to the Chairs of the Senate and House
39 Appropriations Committees, the Chairs of the Senate and House Appropriations
40 Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the
41 General Assembly on or before March 1, 1999.

42
43 Requested by: Representatives Justus, Kiser, Thompson, Sexton

1 STUDY RECIPROcity OF CONCEALED HANDGUN PERMITS

2 Section 18.4. (a) The Joint Legislative Corrections and Crime Control
3 Oversight Committee shall study the issue of providing that a nonresident who has been
4 issued a valid handgun permit in a reciprocal state may carry a concealed handgun in
5 accordance with Article 54B of Chapter 14 of the General Statutes as if the permit were
6 issued by this State. The Committee shall report its findings and recommendations to the
7 1999 General Assembly.

8 (b) The Attorney General shall prepare a list of those states that provide for
9 concealed handgun permits that are equal to or more stringent than those required by
10 North Carolina in order to assist the Joint Legislative Corrections and Crime Control
11 Oversight Committee in its study.

12
13 Requested by: Representatives Justus, Kiser, Thompson

**14 USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE
15 LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

16 Section 18.5. Section 20.7(a) of S.L. 1997-443 reads as rewritten:

17 "(a) Assets transferred to the Department of Justice during the 1997-99 biennium
18 pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall
19 result in an increase of law enforcement resources for the Department. Assets transferred
20 to the Department of Crime Control and Public Safety during the 1997-99 biennium
21 pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall
22 result in an increase of law enforcement resources for the Department. The Departments
23 of Justice and Crime Control and Public Safety shall report to the Joint Legislative
24 Commission on Governmental Operations and the Joint Legislative Corrections and
25 Crime Control Oversight Committee upon receipt of the assets and, before using the
26 assets, shall report on the intended use of the assets and the departmental priorities on
27 which the assets may be expended.

28 The General Assembly finds that the use of assets transferred pursuant to 19 U.S.C. §
29 1616a for new personnel positions, new projects, the acquisition of real property, repair
30 of buildings where the repair includes structural change, and construction of or additions
31 to buildings may result in additional expenses for the State in future fiscal periods.
32 Therefore, the Department of Justice and the Department of Crime Control and Public
33 Safety are prohibited from using these assets for such purposes without the prior approval
34 of the General Assembly, except during the ~~1997-98~~ 1998-99 fiscal year, the Department
35 of Justice may:

- 36 (1) Use an amount not to exceed the sum of twenty-five thousand dollars
37 (\$25,000) of the funds to extend the lease of space in the Town of
38 Salemburg for SBI training; and
39 (2) Use an amount not to exceed fifty thousand dollars (\$50,000) of the
40 funds to lease space for its technical operations unit, storage of its
41 equipment and vehicles, and command post vehicle."
42

43 Requested by: Representatives Justus, Kiser, Thompson

SBI USE OF COURT-ORDERED REIMBURSEMENT FUNDS

Section 18.6. Section 20.2 of S.L. 1997-443 reads as rewritten:

"Section 20.2. The State Bureau of Investigation (SBI) may use funds available from court-ordered reimbursement in undercover drug operations. Any funds received from the court may be budgeted upon receipt from the court and may be used in addition to any funds appropriated by the General Assembly."

Requested by: Representative Creech

ESTABLISH SETTLEMENT RESERVE FUND/ATTORNEY GENERAL REPORT OF STATE SETTLEMENTS AND COURT ORDERS

Section 18.7. (a) Article 1 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-16.4. Settlement Reserve Fund.

The 'Settlement Reserve Fund' is established as a restricted reserve in the General Fund. Except if prohibited by order of the court, funds in excess of seventy-five thousand dollars (\$75,000) paid to the State or a State agency pursuant to a settlement agreement or final order or judgment of the court shall be deposited to the Settlement Reserve Fund. Funds shall be expended from the Settlement Reserve Fund only by appropriation by the General Assembly."

(b) Article 1 of Chapter 114 of the General Statutes is amended by adding a new section to read:

"§ 114-2.5. Attorney General to report payment of public monies pursuant to settlement agreements and final court orders.

(a) The Attorney General shall report to the Joint Legislative Commission on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the Senate and House of Representatives on the payments received pursuant to a settlement agreement or final order or judgment of the court and deposited to the Settlement Reserve Fund in accordance with G.S. 143-16.4. The Attorney General shall also report on the terms or conditions of payment set forth in the agreement or order. The Attorney General shall submit a written report to the Fiscal Research Division of the General Assembly.

(b) This section only applies to executed settlement agreements and final orders or judgments of the court and shall in no way affect the authority of the Attorney General to negotiate the settlement of cases in which the State or a State department, agency, institution, or officer is a party."

Requested by: Representatives Justus, Thompson, Kiser

SBI FUNDS/SPENDING PRIORITIES

Section 18.8. Section 20.1 of S.L. 1997-443 reads as rewritten:

"Section 20.1. Of the funds appropriated in this act to the Department of Justice, State Bureau of Investigation, for the 1997-99 biennium for overtime payments, the first priority for use of the funds by the Department shall be:

- 1 (1) To make overtime payments to SBI agents in the Field Investigations
2 ~~Division; and Division and in the crime laboratories; and~~
3 (2) To make overtime payments to supervisory personnel receiving
4 overtime payments as of June 30, 1997, up to a maximum of five
5 thousand two hundred dollars (\$5,200) annually per individual."
6

7 **PART XIX. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

8 Requested by: Representatives Justus, Kiser, Thompson, Esposito, Sexton

9 **ACTIVATION OF NATIONAL GUARD FOR SPECIAL OLYMPICS**

10 Section 19. With funds available, the Governor may place units or portions of
11 units of the North Carolina National Guard on State Active Duty during the period from
12 January 1, 1999, to September 30, 1999, to assist with the planning, support, and
13 execution of events associated with the International Special Olympic Games.
14

15 Requested by: Representatives Justus, Kiser, Thompson, Sexton

16 **STUDY TARHEEL CHALLENGE PROGRAM**

17 Section 19.1. With funds available, the Department of Crime Control and
18 Public Safety shall contract with an external consultant to study the effectiveness of the
19 National Guard Tarheel Challenge Program as an intervention method for preventing
20 delinquent or criminal behavior and improving individual skills and employment
21 potential of the participants in the Program. The study shall include:

- 22 (1) An evaluation of the goals of the Program and long-term effects of
23 participation in the Program;
24 (2) A comparison of the Program to (i) other similar programs that offer job
25 training and behavior modification and (ii) a control group of students
26 not participating in intervention programs; and
27 (3) A cost-benefit analysis of the Program.

28 The Department shall report the results of the study, including any recommendations, to
29 the Chairs of the Appropriations Subcommittees on Justice and Public Safety of the
30 Senate and House of Representatives by March 1, 1999.
31

32 Requested by: Representatives Justus, Kiser, Thompson

33 **VICTIMS ASSISTANCE NETWORK REPORT**

34 Section 19.2. The Department of Crime Control and Public Safety shall report
35 on the expenditure of funds allocated in Section 21.1 of S.L. 1997-443 for the Victims
36 Assistance Network. The Department shall also report on the Network's efforts to gather
37 data on crime victims and their needs, act as a clearinghouse for crime victims' services,
38 provide an automated crime victims' bulletin board for subscribers, coordinate and
39 support activities of other crime victims' advocacy groups, identify the training needs of
40 crime victims' services providers and criminal justice personnel, and coordinate training
41 for these personnel. The Department shall submit its report to the Chairs of the
42 Appropriations Subcommittees on Justice and Public Safety of the Senate and House of

1 Representatives and to the Joint Legislative Corrections and Crime Control Oversight
2 Committee by October 1, 1998.

3
4 [SECTIONS 19.3, 19.4, 19.5 RESERVED]

5
6 Requested by: Representatives Justus, Kiser, Thompson

7 **USE OF HIGHWAY PATROL AIRCRAFT**

8 Section 19.6. (a) G.S. 20-196.1 is repealed.

9 (b) G.S. 20-196.2 reads as rewritten:

10 "**§ 20-196.2. Use of ~~airplanes~~ aircraft to discover certain motor vehicle violations of**
11 **§§ 20-141 and 20-141.1; ~~violations; declaration of policy.~~**

12 The State Highway Patrol is hereby permitted the use of ~~airplanes~~ aircraft to discover
13 violations of Part 10 of Article 3 of Chapter 20 of the General Statutes relating to
14 operation of motor vehicles and rules of the road; ~~provided, however, neither the observer~~
15 ~~nor the pilot shall be competent to testify in any court of law in a criminal action charging~~
16 ~~violations of G.S. 20-141, 20-141.1, and 20-144. road.~~ It is hereby declared the public
17 policy of North Carolina that the ~~airplanes~~ aircraft should be used primarily for accident
18 prevention and should also be used incident to the issuance of warning citations in
19 accordance with the provisions of G.S. 20-183."
20

21 Requested by: Representatives Justus, Kiser, Thompson

22 **STUDY EMERGENCY MANAGEMENT POSITIONS**

23 Section 19.7. (a) The Joint Legislative Corrections and Crime Control
24 Oversight Committee shall study the State and local assistance funding eligibility criteria
25 of the Division of Emergency Management of the Department of Crime Control and
26 Public Safety that requires local governments to have a full-time or part-time Emergency
27 Program Manager. In its deliberations, the Committee shall consider:

- 28 (1) The burden placed on local governments to maintain a full-time or part-
29 time position pursuant to the funding eligibility requirements.
- 30 (2) The feasibility and advisability of revising the funding eligibility criteria
31 of the Division of Emergency Management to allow small local
32 governments to:
33 a. Share federal funds and an Emergency Program Manager; or
34 b. Add the responsibilities of an Emergency Program Manager to an
35 appropriate official or employee of the local government.
- 36 (3) The feasibility and advisability of opening regional emergency
37 management offices and allocating funds to regions rather than local
38 governments.

39 (b) The Committee shall report its findings and recommendations to the 1999
40 General Assembly.

41
42 Requested by: Representatives Justus, Kiser, Thompson

UPGRADE CLERICAL POSITIONS IN DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Section 19.8. Of the funds appropriated in this act to the Department of Crime Control and Public Safety for the 1998-99 fiscal year, up to fifteen thousand dollars (\$15,000) may be used to upgrade clerical positions to coordinator positions in the community service work program established in the Department pursuant to G.S. 143B-475.1. The Office of State Personnel shall approve each upgrade of clerical positions prior to the use of funds authorized by this section.

Requested by: Representatives Thompson, Justus, Kiser, Sexton

STUDY DISASTER MITIGATION AND RELIEF FUNDING

Section 19.9. The Department of Crime Control and Public Safety shall study the feasibility and advisability of establishing a disaster mitigation and relief fund to provide disaster relief and recovery assistance to individuals and local governments adversely affected by natural or man-made disasters through grants awarded to persons, corporations, nonprofit corporations, local governments, or other political subdivisions of the State. The Department shall consider and make recommendations regarding:

- (1) Administration of the fund, including the membership of the body that establishes grant criteria and awards grants to applicants.
- (2) Objectives and criteria for awarding grants, including the eligibility requirements that are appropriate for obtaining grants.
- (3) Limitations on the amount of funds to be awarded to individuals and private entities or corporations, including the requirement that grant recipients obtain and maintain insurance against future loss of the property to be replaced, restored, repaired, or constructed with the funds awarded.
- (4) Guidelines for prioritizing the allocation of funds to serve the needs of those citizens of the State who cannot obtain financial assistance under any other State or federal program or from any other source and who do not have insurance, including consideration of whether grants should be awarded on a competitive basis only or should be distributed equally to local governments for disaster mitigation on an annual basis.
- (5) The intended use of the funds awarded to local governments, including training, upgrade, and standardization of communications capabilities statewide.
- (6) Establishment of a system of damage assessment whereby the Secretary of the Department of Crime Control and Public Safety determines whether the damage involved and its effects are of a severity and magnitude as to be beyond the response capabilities of the affected local government or political subdivision and makes recommendations regarding whether a grant should be awarded.
- (7) The preferred method of funding a disaster mitigation and relief fund.

1 The Department shall report its recommendations and legislative proposals to the Joint
2 Legislative Commission on Governmental Operations, the Chairs of the Appropriations
3 Committees of the House of Representatives and the Senate, the Chairs of the
4 Appropriations Subcommittees on Justice and Public Safety of the House of
5 Representatives and the Senate, and the Joint Legislative Corrections and Crime Control
6 Oversight Committee by March 1, 1999. A written copy of the report shall be sent to the
7 Fiscal Research Division of the General Assembly by March 1, 1999.

8
9 Requested by: Representative Hardy

10 **COMMUNITY SERVICE NONCOMPLIANCE REPORT**

11 Section 19.10. The Division of Victim and Justice Services of the Department
12 of Crime Control and Public Safety shall review its procedures on response to offenders
13 who do not comply with community service requirements. The Division shall report to
14 the Joint Legislative Corrections and Crime Control Oversight Committee by March 1,
15 1999, on the extent to which offenders comply with the Community Service Work
16 Program. This report shall include statistics on compliance/noncompliance by category
17 of offender, statistics on the number of court hearings and probation violations related to
18 noncompliance, and any recommended changes in sanctions related to failure to complete
19 community service requirements.

20
21 Requested by: Representative Ellis

22 **TRANSFER BOXING COMMISSION TO DEPARTMENT OF CRIME** 23 **CONTROL AND PUBLIC SAFETY**

24 Section 19.11. (a) The statutory authority, powers, duties, functions, records,
25 property, and unexpended balances of appropriations, allocations, or other funds of the
26 North Carolina State Boxing Commission are transferred from the Department of the
27 Secretary of State to the Department of Crime Control and Public Safety.

28 (b) G.S. 143-652 reads as rewritten:

29 **"§ 143-652. State Boxing Commission.**

30 (a) Creation. – The North Carolina State Boxing Commission is created within the
31 Department of ~~the Secretary of State~~ Crime Control and Public Safety to regulate in
32 North Carolina live boxing and kickboxing matches, whether professional, amateur,
33 sanctioned amateur, or toughman events, in which admission is charged for viewing, or
34 the contestants compete for a purse or prize of value greater than twenty-five dollars
35 (\$25.00). The Commission shall consist of six voting members and two nonvoting
36 advisory members. All the members shall be residents of North Carolina and shall meet
37 requirements for membership under the Professional Boxing Safety Act of 1996. The
38 members shall be appointed as follows:

39 (1) One voting member shall be appointed by the Governor for an initial
40 term of two years.

41 (2) One voting member shall be appointed by the General Assembly upon
42 the recommendation of the President Pro Tempore of the Senate for an
43 initial term of one year, in accordance with G.S. 120-121.

- 1 (3) One voting member shall be appointed by the General Assembly upon
2 the recommendation of the Speaker of the House of Representatives for
3 an initial term of one year.
- 4 (4) Two voting members shall be appointed by the Secretary of ~~State-~~
5 Crime Control and Public Safety. One shall serve for an initial term of
6 three years, and the other shall serve for an initial term of two years.
- 7 (4a) One member shall be appointed by the Tribal Council of the Eastern
8 Band of the Cherokee for an initial term of three years.
- 9 (5) One nonvoting advisory member shall be appointed by the General
10 Assembly upon the recommendation of the Speaker of the House of
11 Representatives for an initial term of one year, in accordance with G.S.
12 120-121, from nominations made by the North Carolina Medical
13 Society, which shall nominate two licensed physicians for the position.
- 14 (6) One nonvoting advisory member shall be appointed by the General
15 Assembly upon the recommendation of the President Pro Tempore of
16 the Senate for an initial term of one year, in accordance with G.S. 120-
17 121, from nominations made by the North Carolina Medical Society,
18 which shall nominate two licensed physicians for the position.

19 The member appointed pursuant to subdivision (5) of subsection (a) of this section
20 may serve on the Commission only if an agreement exists and remains in effect between
21 the Tribal Council of the Eastern Band of the Cherokee and the Commission authorizing
22 the Commission to regulate professional boxing matches within the Cherokee Indian
23 Reservation as provided by the Professional Boxing Safety Act of 1996.

24 The two nonvoting advisory members appointed pursuant to subdivisions (6) and
25 (7) of subsection (a) of this section shall advise the Commission on matters concerning
26 the health and physical condition of boxers and health issues relating to the conduct of
27 exhibitions and boxing matches. They may prepare and submit to the Commission for its
28 consideration and approval any rules that in their judgment will safeguard the physical
29 welfare of all participants engaged in boxing.

30 Terms for all members of the Commission except for the initial appointments shall be
31 for three years.

32 The Secretary of ~~State-Crime Control and Public Safety~~ shall designate which member
33 of the Commission is to serve as chair. A member of the Commission may be removed
34 from office by the Secretary of ~~State-Crime Control and Public Safety~~ for cause. Each
35 member before entering upon the duties of a member shall take and subscribe an oath to
36 perform the duties of the office faithfully, impartially, and justly to the best of the
37 member's ability. A record of these oaths shall be filed in the Department of ~~the Secretary~~
38 of State-Crime Control and Public Safety.

39 (b) Vacancies. – Members shall serve until their successors are appointed and have
40 been qualified. Any vacancy in the membership of the Commission shall be filled in the
41 same manner as the original appointment. Vacancies for members appointed by the
42 General Assembly shall be filled in accordance with G.S. 120-122. A vacancy in the

1 membership of the Commission other than by expiration of term shall be filled for the
2 unexpired term only.

3 (c) Meetings. – Meetings of the Commission shall be called by the chair or by any
4 two members of the Commission, and meetings shall be held at least quarterly. Any three
5 voting members of the Commission shall constitute a quorum at any meeting. Action may
6 be taken and motions and resolutions adopted by the Commission at any meeting by the
7 affirmative vote of a majority of the members of the Commission present at a meeting at
8 which a quorum exists. Any or all members may participate in a regular or special
9 meeting by, or conduct the meeting through the use of, any means of communication by
10 which all members participating may simultaneously hear each other during the meeting.
11 A member participating in the meeting by this means is deemed to be present in person at
12 the meeting.

13 (d) Rule-Making Authority of the Commission. – The Commission shall have the
14 exclusive authority to approve and issue rules for the regulation of the conduct,
15 promotion, and performances of live boxing, kickboxing, sanctioned amateur, amateur,
16 and toughman matches and exhibitions in this State. The rules shall be issued pursuant to
17 the provisions of Chapter 150B of the General Statutes and may include, without
18 limitation, the following subjects:

- 19 (1) Requirements for issuance of licenses and permits required by this
20 Article.
- 21 (2) Regulation of ticket sales.
- 22 (3) Physical requirements for contestants, including classification by weight
23 and skill.
- 24 (4) Supervision of matches and exhibitions by licensed physicians and
25 referees.
- 26 (5) Insurance and bonding requirements.
- 27 (6) Compensation of participants and licensees.
- 28 (7) Contracts and financial arrangements.
- 29 (8) Prohibition of dishonest, unethical, and injurious practices.
- 30 (9) Facilities.
- 31 (10) Approval of sanctioning amateur sports organizations.
- 32 (11) Procedures and requirements for compliance with the Professional
33 Boxing Safety Act of 1996.

34 (e) Compensation. – None of the members of the Commission shall receive
35 compensation for serving on the Commission. However, members of the Commission
36 may be reimbursed for their expenses in accordance with the provisions of Chapter 138
37 of the General Statutes.

38 (f) Staff Assistance. – The Secretary of ~~State~~ Crime Control and Public Safety
39 shall hire a person to serve as Executive Director of the Commission and shall provide
40 staff assistance to the Executive Director. The Executive Director shall enforce this
41 Article through the Division of Alcohol Law Enforcement. If necessary, the Executive
42 Director may train and contract with independent contractors for the purpose of
43 regulating and monitoring events, issuing licenses, collecting fees, and enforcing rules of

1 the Commission. The Executive Director may initiate criminal background checks on
2 persons requesting to work as independent contractors for the Commission or persons
3 applying to be licensed by the Commission."

4 (c) G.S. 143-654(c) reads as rewritten:

5 "(c) Surety Bond. – An applicant for a promoter's license must submit, in addition
6 to any other forms, documents, or exhibits requested by the Commission, a surety bond
7 payable to the Commission for the benefit of any person injured or damaged by (i) the
8 promoter's failure to comply with any provision of this Article or any rules adopted by
9 the Commission or (ii) the promoter's failure to fulfill the obligations of any contract
10 between or among licensees related to the holding of a boxing event. The surety bond
11 shall be issued in an amount to be no less than five thousand dollars (\$5,000). The
12 amount of the surety bond shall be negotiable upon the sole discretion of the
13 Commission. All surety bonds shall be upon forms approved by the Secretary of ~~State~~
14 Crime Control and Public Safety and supplied by the Commission."

15 (d) G.S. 143-655(c) reads as rewritten:

16 "(c) State Boxing Commission Revenue Account. – There is created the State
17 Boxing Commission Revenue Account within the Department of ~~the Secretary of State.~~
18 Crime Control and Public Safety. Monies collected pursuant to the provisions of this
19 Article shall be credited to the Account and applied to the administration of the Article."

20 (e) G.S. 143-658 reads as rewritten:

21 "**§ 143-658. Violations.**

22 (a) Civil Penalties. – The Secretary of ~~State~~ Crime Control and Public Safety may
23 issue an order against a licensee or other person who willfully violates any provision of
24 this Article, imposing a civil penalty of up to five thousand dollars (\$5,000) for a single
25 violation or of up to twenty-five thousand dollars (\$25,000) for multiple violations in a
26 single proceeding or a series of related proceedings. No order under this subsection may
27 be entered without giving the licensee or other person 15 days' prior notice and an
28 opportunity for a contested case hearing conducted pursuant to Article 3 of Chapter 150B
29 of the General Statutes.

30 (b) Criminal Penalties. – A willful violation of any provision of this Article shall
31 constitute a Class 2 misdemeanor. The Secretary of ~~State~~ Crime Control and Public
32 Safety may refer any available evidence concerning violations of this Article to the
33 proper district attorney, who may, with or without such a reference, institute the
34 appropriate criminal proceedings.

35 ~~The attorneys employed by the Secretary of State shall be available to prosecute or~~
36 ~~assist in the prosecution of criminal cases when requested to do so by a district attorney~~
37 ~~and the Secretary of State approves.~~

38 (c) Injunction. – Whenever it appears to the Secretary of ~~State~~ Crime Control and
39 Public Safety that a person has engaged or is about to engage in an act or practice
40 constituting a violation of any provision of this Article or any rule or order hereunder, the
41 Secretary of ~~State~~ Crime Control and Public Safety may bring an action in any court of
42 competent jurisdiction to enjoin those acts or practices and to enforce compliance with
43 this Article or any rule or order issued pursuant to this Article.

1 (d) ~~Enforcement.—For purposes of enforcing this Article, the Department of the~~
2 ~~Secretary of State's law enforcement agents have statewide jurisdiction. These law~~
3 ~~enforcement agents may assist local law enforcement agencies in their investigations and~~
4 ~~may initiate and carry out, in coordination with local law enforcement agencies,~~
5 ~~investigations of violations of this Article. These law enforcement agents have all the~~
6 ~~powers and authority of law enforcement officers when executing arrest warrants."~~

7 (f) G.S. 18B-502(a) reads as rewritten:

8 "(a) Authority. – To procure evidence of violations of the ABC law, alcohol law-
9 enforcement agents, employees of the Commission, local ABC officers, and officers of
10 local law-enforcement agencies that have contracted to provide ABC enforcement under
11 G.S. 18B-501(f) shall have authority to investigate the operation of each licensed
12 premises for which an ABC permit has been issued, to make inspections that include
13 viewing the entire premises, and to examine the books and records of the permittee. The
14 inspection authorized by this section may be made at any time it reasonably appears that
15 someone is on the premises. Alcohol law-enforcement agents are also authorized to be
16 on the premises to the extent necessary to enforce the provisions of Article 68 of Chapter
17 143 of the General Statutes."

18 (g) Section 9 of S.L. 1997-504, as rewritten by Section 18 of S.L. 1998-23,
19 reads as rewritten:

20 "Section 9. Except as otherwise specified herein, this act is effective when it becomes
21 law. ~~This act expires October 1, 1998."~~

22 **PART XX. DEPARTMENT OF ADMINISTRATION**

23 Requested by: Representatives Holmes, Esposito, Creech, Crawford, Ives, McCombs,
24 Sherrill

25 **STATE VETERANS NURSING HOME LOCATION STUDY**

26 Section 20. Of funds appropriated to the Department of Administration by this
27 act, the Division of Veterans Affairs shall use up to twenty-five thousand dollars
28 (\$25,000) for the 1998-99 fiscal year to conduct a study for the siting and construction of
29 state veterans nursing homes in Western and Eastern North Carolina.

30 The study shall make recommendations on matters relevant to the siting,
31 construction, and operations of the veterans nursing homes, including:

- 32 (1) The need for geographical diversity in the location of the facilities
33 across North Carolina to serve the veterans and their families.
- 34 (2) The size and number of facilities required to meet the needs of the
35 present and predicted veterans population.
- 36 (3) The estimated cost of constructing and operating the needed facilities
37 and sources of funding for the construction and operations of the
38 facilities.

39 The Division of Veterans Affairs shall report the findings of the study to the
40 1999 Session of the General Assembly by submitting a report to the Joint Legislative
41 Commission on Governmental Operations and the Joint Appropriations Subcommittee on
42 General Government by February 1, 1999.

1
2 Requested by: Representative Sherrill

3 **DOMESTIC VIOLENCE—ADMINISTRATION OF GRANTS**

4 Section 20.1. (a) The North Carolina Council for Women of the Department of
5 Administration, the Division of Social Services of the Department of Health and Human
6 Services, and the Governor's Crime Commission shall develop a simplified process by
7 which eligible public and nonprofit entities may apply using a simplified grants process
8 with one application form for any domestic violence grant funds and other grant funds
9 administered by the North Carolina Council for Women, the Division of Social Services,
10 and the Governor's Crime Commission.

11 (b) The three State agencies listed in subsection (a) of this section shall jointly
12 report on the new process to the Joint Legislative Commission on Governmental
13 Operations by November 1, 1998.

14
15 Requested by: Representatives Ives, McCombs, Sherrill

16 **DOMESTIC VIOLENCE PREVENTION FUNDS**

17 Section 20.2. Of the funds appropriated to the Department of Administration,
18 the sum of one million dollars (\$1,000,000) for the 1998-99 fiscal year for the North
19 Carolina Council for Women for the prevention of domestic violence and the
20 continuation of domestic violence programs within the State. The Council for Women
21 shall provide grants from these funds to existing domestic violence programs, including
22 the North Carolina Coalition Against Domestic Violence, Inc., and for the development
23 of new domestic violence programs. The Department of Administration or the Council
24 for Women shall not use any of the funds for operating expenses.

25
26 Requested by: Representatives Ives, McCombs, Sherrill

27 **PROCUREMENT CARD PILOT PROGRAM**

28 Section 20.3. (a) Except as provided by this section, no State agency,
29 community college, constituent institution of The University of North Carolina, or local
30 school administrative unit may use procurement cards for the purchase of equipment or
31 supplies before March 31, 1999.

32 (b) The Secretary of Administration shall designate no more than 15 governmental
33 entities to participate in a pilot program on the purchase of supplies and equipment by
34 procurement card. Those designated shall represent a cross section of governmental
35 entities and shall include at least one State agency, one community college, two
36 constituent institutions of The University of North Carolina, and one local school
37 administrative unit.

38 (c) The Division of Purchase and Contract and the State Controller shall report to
39 the Joint Legislative Commission on Governmental Operations and the Joint
40 Appropriations Subcommittee on General Government on November 1, 1998, on this
41 pilot program.

42 The report shall include all of the following:

43 (1) Estimates from the pilot program of:

- 1 a. How many purchasing and accounts payable personnel hours
2 could be saved or redirected or both as a result of the
3 procurement card.
4 b. The impact of the procurement card on accounting and budgeting
5 records and on purchasing history records.
6 (2) A discussion of the effect of the procurement card on the State's ability
7 to track both:
8 a. Out-of-state sales taxes.
9 b. North Carolina State and local sales tax payments by county.
10 (3) A discussion of any other costs and benefits of the procurement card.
11 (d) This section does not affect contracts for procurement cards entered into prior
12 to March 31, 1997.
13

14 Requested by: Representatives Ives, McCombs, Sherrill

15 **ELIMINATE FUNDING FOR STATE HEALTH PLAN PURCHASING**
16 **ALLIANCE BOARD**

17 Section 20.4. Of funds appropriated to the Department of Administration, no
18 funds, from either General Fund accounts or Special Fund accounts shall be expended for
19 the operating expenses of the State Health Plan Purchasing Alliance Board after
20 December 31, 1998. Upon ratification of this act through December 31, 1998, funds may
21 be used to phase out the operations of the State Health Plan Purchasing Alliance Board.
22 Any funds remaining in either General Fund or Special Fund accounts on December 31,
23 1998 shall revert to the General Fund.

24 Effective January 1, 1999, the Secretary of Administration shall perform the
25 statutory duties and have the statutory authority of the State Health Plan Purchasing
26 Alliance Board under Article 66 of Chapter 143 of the General Statutes.
27

28 **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

29 Requested by: Representatives Ives, McCombs, Sherrill

30 **MARITIME MUSEUM/DISPOSITION OF OBJECTS**

31 Section 21.1. (a) G.S. 106-22.2 is recodified as G.S. 143B-344.22 and reads as
32 rewritten:

33 "**§ 106-22.2. 143B-344.22. Museum of Natural Sciences; Maritime Museum;**
34 **disposition of objects.**

35 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
36 or any other law pertaining to surplus State property, the Department of ~~Agriculture and~~
37 ~~Consumer Services~~ Environment and Natural Resources may sell or exchange any object
38 from the ~~collections~~ collection of the Museum of Natural Sciences ~~and the Maritime~~
39 ~~Museum~~ when it would be in the best ~~interests~~ interest of the ~~Museums~~ Museum to do so.
40 Sales or exchanges shall be conducted in accordance with generally accepted practices
41 for accredited museums. If an object is sold, the net proceeds of the sale shall be
42 deposited in the State treasury to the credit of a special fund to be used for the
43 improvement of the ~~Museums'~~ Museum's collections or exhibits."

1 (b) Chapter 121 of the General Statutes is amended by adding a new section to
2 read:

3 **"§ 121-7.1. Maritime Museum; disposition of artifacts.**

4 Notwithstanding Article 3A of Chapter 143 of the General Statutes, G.S. 143-49(4),
5 or any other law pertaining to surplus State property, the Department of Cultural
6 Resources, with the approval of the North Carolina Historical Commission, may sell,
7 trade, or place on permanent loan any artifact from the collection of the North Carolina
8 Maritime Museum unless the sale, trade, or loan would be contrary to the terms of the
9 acquisition. Sales or exchanges shall be conducted in accordance with generally accepted
10 practices for accredited museums. If an artifact is sold, the net proceeds of the sale shall
11 be deposited in the State treasury to the credit of a special fund to be used for the
12 improvement of the Museum's collections or exhibits."

13 (c) G.S. 121-7(a) reads as rewritten:

14 "(a) The Department of Cultural Resources shall maintain and administer State
15 historic attractions under the management of the Division of Archives and History and
16 the North Carolina Museum of History Division for the collection, preservation, study,
17 and exhibition of authentic artifacts and other historical materials relating to the history
18 and heritage of North Carolina. The Department, with the approval of the Historical
19 Commission, may acquire, either by purchase, gift, or loan such artifacts and materials,
20 and, having acquired them, shall according to accepted museum practices classify,
21 accession, preserve, and where feasible exhibit such materials and make them available
22 for study. Within available funds, one or more branch museums of history or specialized
23 regional history museums may be established and administered by the Department. The
24 Department of Cultural Resources, subject to the availability of staff and funds, may give
25 financial, technical, and professional assistance to nonstate historical museums sponsored
26 by governmental agencies and nonprofit organizations according to regulations adopted
27 by the North Carolina Historical Commission.

28 The Department of Cultural Resources may, with the explicit approval of the North
29 Carolina Historical Commission sell, trade, or place on permanent loan any artifact
30 owned by the State of North Carolina and in the custody of and curated by the Museum
31 of History Division or Division of Archives and History, unless the sale, trade, or loan
32 would be contrary to the terms of acquisition. Before a donated artifact is sold, the
33 Museum of History Division or Division of Archives and History may make a reasonable
34 attempt to notify the donor to allow the donor the first opportunity to purchase the
35 artifact. If the donor is deceased, the Museum of History Division or Division of
36 Archives and History shall make reasonable attempts to notify the donor's immediate
37 family through publication or other means reasonably likely to provide them notice. For
38 purposes of this section, 'immediate family' means spouse, parents, siblings, children, and
39 grandchildren. The net proceeds of any sale, after deduction of the expenses attributable
40 to that sale, shall be deposited to the State treasury to the credit of either the Division of
41 Archives and History Artifact Fund or the Museum of History Artifact Fund, as
42 appropriate, and shall be used only for the purchase of other artifacts. No artifact curated
43 by any agency of the Department of Cultural Resources may be pledged or mortgaged."

1
2 Requested by: Representative Davis

3 **PLANNING FUNDS FOR MILITARY MUSEUM**

4 Section 21.2. Of the funds appropriated in this act to the Department of
5 Cultural Resources for the Exploris Children's Museum, the sum of fifty thousand dollars
6 (\$50,000) shall be allocated to the William C. Lee Memorial Commission, Inc., for
7 planning the construction in Harnett County of a museum dedicated to all branches of
8 service of the military.

9
10 **PART XXIA. GENERAL ASSEMBLY**

11 Requested by: Representative Gray

12 **PERMIT LEGISLATIVE SERVICES COMMISSION TO OPERATE FOOD**
13 **FACILITIES IN THE LEGISLATIVE OFFICE BUILDING**

14 Section 21A. (a) G.S. 111-42(c) reads as rewritten:

15 "(c) 'State property or State building' means building and land owned, leased, or
16 otherwise controlled by the State, exclusive of schools, colleges and universities, the
17 North Carolina State Fair, the Legislative Office Building, and the State Legislative
18 Building."

19 (b) G.S. 66-58(c)(5) reads as rewritten:

20 "(5) The operation of a snack bar and cafeteria in the Legislative Office
21 Building and the State Legislative Building."

22
23 **PART XXII. OFFICE OF ADMINISTRATIVE HEARINGS**

24 Requested by: Representatives Ives, McCombs, Sherrill

25 **EEOC DEFERRED CASES TO OAH/REPEAL SUNSET**

26 Section 22. Section 5 of S.L. 1997-513 reads as rewritten:

27 "Section 5. Section 1 of this act is effective when it becomes law, applies to charges
28 pending or filed on and after that ~~date, and expires December 31, 1998.~~ date. The
29 remainder of this act becomes effective July 1, 1997, and applies to all suggestions and
30 innovations pending on that date that were submitted under the former State Employee
31 Suggestion Program as authorized by G.S. 143-340(1) on or before June 30, 1997."

32
33 **PART XXIII. OFFICE OF SECRETARY OF STATE**

34 **[RESERVED]**

35
36 **PART XXIV. STATE BOARD OF ELECTIONS**

37 Requested by: Representatives Ives, McCombs, Sherrill

38 **EXTEND STATEWIDE DATA ELECTIONS MANAGEMENT SYSTEM**

39 Section 24. Section 31(a) of S.L. 1997-443 reads as rewritten:

40 "(a) The State Board of Elections shall establish a statewide data elections
41 management system. The system shall prescribe data format standards, data
42 communication standards, and data content standards. The State Board of Elections shall
43 establish the system no later than November 1, 1997. Counties shall adhere to the

1 standards prescribed by the system no later than ~~August 31, 1998.~~ July 1, 1999. The
2 State Board of Elections may adopt rules to implement this section. Chapter 150B of the
3 General Statutes governs the adoption of rules by the State Board of Elections."
4

5 Requested by: Representatives Ives, McCombs, Sherrill

6 **NO STATE FUNDS FOR COUNCIL OF STATE MEMBER ADS**

7 Section 24.1. (a)G.S. 163-278.16A reads as rewritten:

8 **"§ 163-278.16A. Restriction-Prohibition on use of State funds by ~~declared candidate~~
9 ~~for~~ Council of State members for advertising or public service
10 announcements using their names, pictures, or voices.**

11 ~~After December 31 prior to a general election in which a Council of State office will~~
12 ~~be on the ballot, no declared candidate for that Council of State office shall use or permit~~
13 ~~the use of State funds for any advertisement or public service announcement in a~~
14 ~~newspaper, on radio, or on television that contains that declared candidate's name,~~
15 ~~picture, or voice, except in case of State or national emergency and only if the~~
16 ~~announcement is reasonably necessary to that candidate's official function. For purposes~~
17 ~~of this section, "declared candidate" means someone who has publicly announced an~~
18 ~~intention to run.~~

19 The use of State funds for an advertisement or public service announcement in a
20 newspaper, on radio, or on television that contains a Council of State member's name,
21 picture, or voice is strictly prohibited unless it is a legal notice where the name of the
22 officer is required under State or federal law to appear in the advertisement. Appearances
23 of members of the Council of State on bona fide noncommercial radio or television
24 broadcasting station programs are not public service announcements."

25 (b) This section is effective when it becomes law.
26

27 Requested by: Representative McMahan

28 **CHARTER AMENDMENT**

29 Section 24.2. (a)The second sentence of G.S. 160A-104 is amended by deleting the
30 term "State Board of Elections or 5,000, whichever is less." and substituting the term
31 "county board of elections."

32 (b) This section applies only to the City of Charlotte.

33 (c) This section becomes effective January 1, 1999.
34

35 **PART XXV. OFFICE OF STATE BUDGET AND MANAGEMENT**

36 Requested by: Representatives Ives, McCombs, Sherrill

37 **ALLOW VOLUNTEER FIRE DEPARTMENT/RESCUE EMS GRANT FUNDS** 38 **TO BE USED TO PAY HIGHWAY USE TAX ON EQUIPMENT PURCHASES**

39 Section 25. (a) G.S. 58-87-1(a) reads as rewritten:

40 "(a) There is created the Volunteer Fire Department Fund to provide matching
41 grants to volunteer fire departments to purchase equipment and make capital
42 improvements. The Fund shall be set up in the Department of Insurance. The State
43 Treasurer shall invest its assets according to law, and the earnings shall remain in the

1 Fund. The Fund shall be distributed under the direction of the Commissioner of
2 Insurance. Beginning January 1, 1988, an eligible fire department may apply to the
3 Commissioner of Insurance for a grant under this section. Beginning May 1, 1988, and on
4 each May 15, thereafter, the Commissioner shall make grants to eligible fire departments
5 subject to the following limitations:

- 6 (1) The size of a grant may not exceed twenty thousand dollars (\$20,000);
- 7 (2) The applicant shall match the grant on a dollar-for-dollar basis;
- 8 (3) The grant may be used only for equipment ~~purchases~~purchases,
9 payment of highway use taxes on those purchases, or capital
10 expenditures necessary to provide fire protection services; and
- 11 (4) An applicant may receive no more than one grant per fiscal year.

12 In awarding grants under this section, the Commissioner shall to the extent possible select
13 applicants from all parts of the State based upon need. Up to two percent (2%) of the
14 Fund may be used for additional staff and resources to administer the Fund in each fiscal
15 year.

16 No fire department may be declared ineligible for a grant under this section solely
17 because it is classified as a municipal fire department."

18 (b) G.S. 58-87-5(a) reads as rewritten:

19 "(a) There is created in the Department of Insurance the Volunteer Rescue/EMS
20 Fund to provide grants to volunteer rescue units providing rescue or rescue and
21 emergency medical services to purchase equipment and make capital improvements. An
22 eligible rescue or rescue/EMS unit may apply to the Department of Insurance for a grant
23 under this section. The application form and criteria for grants shall be established by the
24 Department. The Department of Health and Human Services shall provide the
25 Department with an advisory priority listing of EMS equipment eligible for funding. The
26 State Treasurer shall invest the Fund's assets according to law, and the earnings shall
27 remain in the Fund. On December 15 of each year, the Department shall make grants to
28 eligible rescue or rescue/EMS units subject to all of the following limitations:

- 29 (1) A grant to an applicant who is required to match the grant with non-
30 State funds may not exceed fifteen thousand dollars (\$15,000), and a
31 grant to an applicant who is not required to match the grant with non-
32 State funds may not exceed three thousand dollars (\$3,000).
- 33 (2) An applicant whose liquid assets, when combined with the liquid assets
34 of any corporate affiliate or subsidiary of the applicant, are more than
35 one thousand dollars (\$1,000) shall match the grant on a dollar-for-
36 dollar basis with non-State funds.
- 37 (3) The grant may be used only for equipment ~~purchases~~purchases,
38 payment of highway use taxes on those purchases, or capital
39 expenditures.
- 40 (4) An applicant may receive no more than one grant per fiscal year.

41 In awarding grants under this section, the Department shall to the extent possible select
42 applicants from all parts of the State based upon need. Up to two percent (2%) of the
43 Fund may be used for additional staff and resources to administer the Fund in each fiscal

1 year. In addition, notwithstanding G.S. 58-78-20, up to four percent (4%) of the Fund
2 may be used for additional staff and resources for the North Carolina Fire and Rescue
3 Commission."

4 5 **PART XXVI. OFFICE OF STATE CONTROLLER**

6 Requested by: Representatives Ives, McCombs, Sherrill

7 **PILOT PROGRAM ON REPORTING ON COLLECTION OF BAD DEBTS BY** 8 **STATE AGENCIES**

9 Section 26. (a) The General Assembly finds that a significant number of bad
10 debts are owed to State agencies, and even expansion of the Debt Collection Setoff Act
11 scheduled for 2000 may still leave room for improvement. The General Assembly has
12 been presented information on the extent of the debts but lacks sufficient information to
13 determine if the lack of collection in some cases relates to inability to the debtor to pay,
14 contractual discharges that may have been taken to receive partial recovery from third
15 parties, or need to improve collection procedures within State agencies. Focusing on
16 health care institutions within State government will allow maximum information without
17 disrupting other agencies which have small amounts of bad debts.

18 (b) The Office of State Controller shall establish a procedure by which health
19 care institutions under or affiliated with the Department of Health and Human Services or
20 The University of North Carolina shall report on collection of bad debts. This pilot
21 program is intended to concentrate on agencies that have a large amount of bad debts, in
22 order to determine the extent to which those debts may be better collected both in those
23 agencies and in the whole of State government.

24 (c) The procedures shall require that in the case of each bad debt, that debt is
25 reported to the Office of State Controller with its total amount and with standardized
26 codes indicating the type of debt, the actions taken to collect the debt, and the estimate of
27 the agency on the likelihood of being able to collect the bad debt.

28 (d) The Office of State Controller shall report the results of the pilot study to
29 the General Assembly no later than April 1, 1999, along with recommendations on
30 changes in law or procedure to better collect the bad debts.

31
32 Requested by: Representative Church

33 **RECOVERY OF OVERPAYMENTS BY STATE AGENCIES**

34 Section 26.1. G.S. 147-86.22(c) reads as rewritten:

35 "(c) Collection Techniques. – The State Controller, in conjunction with
36 the Office of the Attorney General, shall establish policies and procedures to govern
37 techniques for collection of accounts receivable. These techniques may include use of
38 credit reporting bureaus, judicial remedies authorized by law, and administrative setoff
39 by a reduction of an individual's tax refund pursuant to the Setoff Debt Collection Act,
40 Chapter 105A of the General Statutes, or a reduction of another payment, other than
41 payroll, due from the State to a person to reduce or eliminate an account receivable that
42 the person owes the State.

1 No later than October 1, 1998, the State Controller shall negotiate a contract with a
2 third party to perform an audit and collection process of inadvertent overpayments by
3 State agencies to vendors as a result of pricing errors, neglected rebates and discounts,
4 miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and
5 related errors. The third party shall be compensated only from funds recovered as a result
6 of the audit. Savings realized in excess of costs shall be transferred from the agency to
7 the Office of State Budget and Management and placed in a special reserve account for
8 future direction by the General Assembly. Any disputed savings shall be settled by the
9 State Controller. This paragraph does not apply to the purchase of medical services,
10 supplies, or equipment by State agencies that reimburse or otherwise pay for health care
11 costs."

13 **PART XXVIA. OFFICE OF STATE TREASURER**

14 Requested by: Representatives Ives, Sherrill, McCombs

15 **DEPARTMENT OF STATE TREASURER/OFFICE SPACE IN ALBEMARLE** 16 **BUILDING AND FUNDS FOR MOVING EXPENSES**

17 Section 26A. (a) The Secretary of Administration may allocate to the
18 Department of State Treasurer in the Albemarle Building the remaining space on the fifth
19 floor that is not already allocated to the Department, as the space becomes available
20 during the 1998-99 fiscal year, and 7,000 square feet of contiguous space on the sixth
21 floor, as the space becomes available during the 1998-99 fiscal year.

22 (b) If the Secretary of Administration allocates space as described in
23 subsection (a) of this section, the Department may expend up to four hundred seventy
24 thousand seven hundred fifty dollars (\$470,750) from departmental receipts and up to
25 forty-four thousand dollars (\$44,000) from funds appropriated in this act for expenses
26 that are incurred as a result of the Department's relocation.

27
28 Requested by: Representatives Ives, Sherrill, McCombs

29 **IMPROVE DISABILITY INCOME PLAN**

30 Section 26A.1. If House Bill 1669, 1997 Session, entitled "Improve Disability
31 Income Plan", becomes law, the Treasurer may expend departmental receipts in an
32 amount that does not exceed five hundred ninety-four thousand one hundred forty-seven
33 dollars (\$594,147) to implement the requirements of that act. This includes provision for
34 six additional employees and the necessary operating and initial preparation costs.

36 **PART XXVII. DEPARTMENT OF TRANSPORTATION**

37 Requested by: Representatives Bowie, Dockham, McMahan

38 **DESIGN-BUILD TRANSPORTATION CONSTRUCTION CONTRACTS** 39 **AUTHORIZED**

40 Section 27. Notwithstanding any other provision of law, the Board of
41 Transportation may award up to three contracts annually for construction of
42 transportation projects on a design-build basis. These contracts may be awarded after a
43 determination by the Department of Transportation that delivery of the projects must be

1 expedited and that it is not in the public interest to comply with normal design and
2 construction contracting procedures. Prior to the award of a design-build contract, the
3 Secretary of Transportation shall report to the Joint Legislative Transportation Oversight
4 Committee and to the Joint Legislative Commission on Governmental Operations on the
5 nature and scope of the project and the reasons an award on a design-build basis will best
6 serve the public interest.

7
8 [SECTION 27.1 RESERVED]

9
10 Requested by: Representatives Bowie, Dockham, McMahan

11 **DISCONTINUE BOND RETIREMENT TRANSFER FROM HIGHWAY FUND**
12 **TO HIGHWAY TRUST FUND FOR ONE YEAR**

13 Section 27.2. G.S. 136-176(a)(4) and G.S. 136-183 are suspended from July 1,
14 1998, to June 30, 1999.

15
16 Requested by: Representatives Bowie, Dockham, McMahan

17 **FEDERAL FUNDS FOR PUBLIC TRANSPORTATION IMPROVEMENTS**

18 Section 27.3. Section 32.18 of S.L. 1997-443 reads as rewritten:

19 "Section 32.18. To the extent allowable by federal law, the Department of
20 Transportation shall use ten million dollars (\$10,000,000) of federal highway funds
21 during each year of the 1997-99 biennium for improvements to public transportation."

22
23 Requested by: Representatives Bowie, Dockham, McMahan

24 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**
25 **APPROPRIATIONS**

26 Section 27.4. Section 32.13 of S.L. 1997-443 reads as rewritten:

27 "Section 32.13. The General Assembly authorizes and certifies anticipated revenues
28 of the Highway Fund as follows:

29 FY 1999-2000 ~~\$1,182.2~~ \$1,190.8 million
30 FY 2000-2001 ~~\$1,211.2~~ \$1,225.7 million
31 FY 2001-2002 ~~\$1,241.2~~ \$1,265.4 million
32 FY 2002-2003 ~~\$1,271.9~~ \$1,301.0 million

33 The General Assembly authorizes and certifies anticipated revenues of the Highway
34 Trust Fund as follows:

35 FY 1999-2000 ~~\$861.7~~ \$871.4 million
36 FY 2000-2001 ~~\$891.0~~ \$901.8 million
37 FY 2001-2002 ~~\$921.6~~ \$934.7 million
38 FY 2002-2003 ~~\$953.3~~ \$967.2 million."

39
40 Requested by: Representatives Bowie, Dockham, McMahan

41 **OUTDOOR ADVERTISING JUST COMPENSATION SUNSET EXTENDED**

42 Section 27.5. Section 2 of Chapter 1147 of the 1981 Session Laws, as
43 amended by all of the following:

1 Chapter 318 of the 1983 Session Laws
2 Chapter 1024 of the 1987 Session Laws
3 Section 1 of Chapter 166 of the 1989 Session Laws
4 Section 1 of Chapter 725 of the 1993 Session Laws

5 reads as rewritten:

6 "Sec. 2. This act is effective upon ratification, but shall expire ~~June 30, 1998~~, June
7 30, 2000, and shall have no force or effect after that date."
8

9 Requested by: Representatives Bowie, Dockham, McMahan

10 **PAYMENTS TO CONTRACT AGENTS FOR COLLECTING EMISSION**
11 **CONTROL CIVIL PENALTIES AND FOR MAKING SALES OF INSPECTION**
12 **STICKERS TO LICENSED INSPECTION STATIONS, AND A TECHNICAL**
13 **CHANGE TO A RELATED STATUTE**

14 Section 27.6. (a)G.S. 20-63(h) reads as rewritten:

15 "(h) Commission Contracts for Issuance of Plates and Certificates. – All
16 registration plates, registration certificates and certificates of title issued by the Division,
17 outside of those issued from the Raleigh offices of the said Division and those issued and
18 handled through the United States mail, shall be issued insofar as practicable and possible
19 through commission contracts entered into by the Division for the issuance of such plates
20 and certificates in localities throughout North Carolina with persons, firms, corporations
21 or governmental subdivisions of the State of North Carolina and the Division shall make
22 a reasonable effort in every locality, except as hereinbefore noted, to enter into a
23 commission contract for the issuance of such plates and certificates and a record of these
24 efforts shall be maintained in the Division. In the event the Division is unsuccessful in
25 making commission contracts as hereinbefore set out it shall then issue said plates and
26 certificates through the regular employees of the Division. Whenever registration plates,
27 registration certificates and certificates of title are issued by the Division through
28 commission contract arrangements, the Division shall provide proper supervision of such
29 distribution. Commission contracts entered under this subsection shall provide for the
30 payment of compensation for all transactions as set forth below. Nothing contained in this
31 subsection will allow or permit the operation of fewer outlets in any county in this State
32 than are now being operated.

33 A transaction is any of the following activities:

- 34 (1) Issuance of a registration plate, a registration card, a registration
35 renewal sticker, or a certificate of title.
36 (2) Issuance of a handicapped placard or handicapped identification card.
37 (3) Acceptance of an application for a personalized registration plate.
38 (4) Acceptance of a surrendered registration plate, registration card, or
39 registration renewal sticker, or acceptance of an affidavit stating why a
40 person cannot surrender a registration plate, registration card, or
41 registration renewal sticker.
42 (5) Cancellation of a title because the vehicle has been junked.

- 1 (6) Acceptance of an application for, or issuance of, a refund for a fee or a
2 tax, other than the highway use tax.
- 3 (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in
4 financial responsibility or receipt of the restoration fee imposed by that
5 statute.
- 6 (8) Acceptance of a notice of failure to maintain financial responsibility for
7 a motor vehicle.
- 8 (8a) Collection of civil penalties imposed for violations of G.S. 20-183.8A.
- 9 (8b) Sale of one or more inspection stickers in a single transaction to a
10 licensed inspection station.
- 11 (9) Collection of the highway use tax.

12 Performance at the same time of any combination of the items that are listed within
13 each subdivision or are listed within subdivisions (1) through ~~(8)-(8b)~~ of this section is
14 a single transaction for which a dollar and thirty-five cent (\$1.35) compensation shall be
15 paid. Performance of the item listed in subdivision (9) of this subsection in combination
16 with any other items listed in this subsection is a separate transaction for which a one
17 dollar and twenty cent (\$1.20) compensation shall be paid."

18 (b) G.S. 20-183.8A reads as rewritten:

19 "**§ 20-183.8A. Civil penalties against motorists for emissions violations.**

20 The Division ~~must~~shall assess a civil penalty against a person who owns or leases a
21 vehicle that is subject to an emissions inspection and who does any of the following:

- 22 (1) Fails to have the vehicle inspected within four months after it is required
23 to be inspected under this Part.
- 24 (2) Instructs or allows a person to tamper with an emission control device
25 of the vehicle so as to make the device inoperative or fail to work
26 properly.
- 27 (3) Incorrectly states the county of registration of the vehicle to avoid
28 having an emissions inspection of the vehicle.

29 The amount of penalty is one hundred dollars (\$100.00) if the vehicle is a pre-1981
30 vehicle and two hundred fifty dollars (\$250.00) if the vehicle is a 1981 or newer model
31 vehicle. As provided in G.S. 20-54, the registration of a vehicle may not be renewed until
32 a penalty imposed under this ~~subsection~~section has been paid."

33
34 [SECTION 27.7 RESERVED]

35
36 Requested by: Representative Weatherly

37 **BRANDED TITLE CLARIFICATION**

38 Section 27.8. (a)G.S. 20-71.3 reads as rewritten:

39 "**§ 20-71.3. Salvage and other vehicles.—~~Titles~~ titles and registration cards to be**
40 **branded.**

41 ~~Motor Vehicle certificates of title and registration cards issued pursuant to G.S. 20-57~~
42 ~~shall be branded. As used herein "branded" means that the title and registration card shall~~
43 ~~contain a designation that discloses if the vehicle is classified as (a) Flood Vehicle, (b)~~

~~1 Non-U.S.A. Vehicle, (c) Reconstructed Vehicle, (d) Salvage Motor Vehicle, or (e)
2 Salvage Rebuilt Vehicle or other classification authorized by law. Any motor vehicle up
3 to six model years old damaged by collision or other occurrence which is to be retitled in
4 this State shall be subject to preliminary and final inspections by the Enforcement Section
5 of the Division, and the Division shall refuse to issue a title to a vehicle up to six model
6 years old which has not undergone a preliminary inspection. These inspections serve as
7 an antitheft measure and do not certify the safety or roadworthiness of a vehicle. Any
8 motor vehicle which has been branded in another state shall be branded with the nearest
9 applicable brand specified in this section, except that no junk vehicle or vehicle that has
10 been branded junk in another state shall be titled or registered. A motor vehicle titled in
11 another state and damaged by collision or other occurrence may be repaired and an
12 unbranded title issued in North Carolina only if the cost of repairs, including parts and
13 labor, does not exceed seventy five percent (75%) of its fair market retail value. The
14 Commissioner shall prepare necessary forms and may adopt regulations required to carry
15 out the provisions of this Part 3A. The title shall reflect the branding until surrendered to
16 or cancelled by the Commissioner.~~

~~17 (a) Motor vehicle certificates of title and registration cards issued pursuant to G.S.
18 20-57 shall be branded in accordance with this section.~~

~~19 As used in this section, 'branded' means that the title and registration card shall
20 contain a designation that discloses if the vehicle is classified as any of the following:~~

~~21 (1) Salvage Motor Vehicle.~~

~~22 (2) Salvage Rebuilt Vehicle.~~

~~23 (3) Reconstructed Vehicle.~~

~~24 (4) Flood Vehicle.~~

~~25 (5) Non-U.S.A. Vehicle.~~

~~26 (6) Any other classification authorized by law.~~

~~27 (b) Any motor vehicle up to and including six model years old damaged by
28 collision or other occurrence, that is to be retitled in this State, shall be subject to
29 preliminary and final inspections by the Enforcement Section of the Division.~~

~~30 These inspections serve as antitheft measures and do not certify the safety or
31 roadworthiness of a vehicle.~~

~~32 (c) The Division shall not retitle a vehicle described in subsection (b) of this
33 section that has not undergone the preliminary and final inspections required by that
34 subsection.~~

~~35 (d) Any motor vehicle up to and including six model years old that has been
36 inspected pursuant to subsection (b) of this section may be retitled with an unbranded title
37 based upon a title application by the rebuilder with a supporting affidavit disclosing all of
38 the following:~~

~~39 (1) The parts used or replaced.~~

~~40 (2) The major components replaced.~~

~~41 (3) The hours of labor and the hourly labor rate.~~

~~42 (4) The total cost of repair.~~

1 The unbranded title shall be issued only if the cost of repairs, including parts and
2 labor, does not exceed seventy-five percent (75%) of its fair market retail value.

3 (e) Any motor vehicle more than six model years old damaged by collision or
4 other occurrence that is to be retitled by the State may be retitled, without inspection,
5 with an unbranded title based upon a title application by the rebuilder with a supporting
6 affidavit disclosing all of the following:

7 (1) The parts used or replaced.

8 (2) The major components replaced.

9 (3) The hours of labor and the hourly labor rate.

10 (4) The total cost of repair.

11 The unbranded title shall be issued only if the cost of repairs, including parts and
12 labor does not exceed seventy-five percent (75%) of its fair market retail value.

13 (f) The Division shall maintain the affidavits required by this section and make
14 them available for review and copying by persons researching the salvage and repair
15 history of the vehicle.

16 (g) Any motor vehicle that has been branded in another state shall be branded with
17 the nearest applicable brand specified in this section, except that no junk vehicle or
18 vehicle that has been branded junk in another state shall be titled or registered.

19 (h) A branded title for a salvage motor vehicle damaged by collision or other
20 occurrence shall be issued if the cost of repairs, including parts and labor, exceeds
21 seventy-five percent (75%) of its fair market retail value.

22 (i) Once the Division has issued a branded title for a motor vehicle all subsequent
23 titles for that motor vehicle shall continue to reflect the branding.

24 (j) The Division shall prepare necessary forms and may adopt rules required to
25 carry out the provisions of this Part."

26 (b) G.S. 20-71.4(a) reads as rewritten:

27 ~~"(a) It shall be unlawful and constitute a Class 2 misdemeanor for any transferor~~
28 ~~who knows or reasonably should know that a motor vehicle has been involved in a~~
29 ~~collision or other occurrence to the extent that the cost of repairing that vehicle exceeds~~
30 ~~twenty five percent (25%) of its fair market retail value, or that the motor vehicle is, or~~
31 ~~was, a flood vehicle, a reconstructed vehicle, or a salvage motor vehicle, to fail to~~
32 ~~disclose that fact in writing to the transferee prior to transfer of any vehicle up to five~~
33 ~~model years old. Failure to disclose any of the above information will also result in civil~~
34 ~~liability under G.S. 20-348. The Commissioner may prepare forms to carry out the~~
35 ~~provisions of this section.~~

36 (a) It shall be unlawful and constitute a Class 2 misdemeanor for any transferor
37 who knows or reasonably should know that:

38 (1) A motor vehicle up to and including five model years old has been
39 involved in a collision or other occurrence to the extent that the cost of
40 repairing that vehicle exceeds twenty-five percent (25%) of its fair
41 market retail value at the time of the damage; or

42 (2) The motor vehicle is, or was, a flood vehicle, a reconstructed vehicle, or
43 a salvage vehicle

1 to fail to disclose that fact in writing to the transferee prior to the transfer of the vehicle.
2 Failure to disclose any of the above information will also result in civil liability under
3 G.S. 20-348. The Commissioner may prepare forms to carry out the provisions of this
4 section."

5 (c) The Joint Legislative Transportation Oversight Committee shall study all
6 aspects of salvage titles, antitheft inspections, and damage disclosures and shall make
7 recommendations for any needed statutory changes to the 1999 Session of the General
8 Assembly.

9
10 Requested by: Representatives Bowie, Dockham, McMahan

11 **DMV ENFORCEMENT SECTION PAY EQUITY PLAN LIMITATIONS**

12 Section 27.9. Of the funds appropriated in this act to the Department of
13 Transportation, up to three million three hundred ninety thousand seven hundred eight
14 dollars (\$3,390,708) may be used to adjust the salaries and benefits of the enforcement
15 officers assigned to the Enforcement Section of the Division of Motor Vehicles.

16 These adjustments shall be based on factors such as: employee salary, position
17 class title, position grade, and creditable years of sworn service with the Enforcement
18 Section.

19 No salary adjustment shall result in an increase beyond the maximum salary set
20 for an officer's pay grade. If an officer's salary is near or at the top of the officer's pay
21 grade, the officer shall be eligible to receive a salary adjustment up to the top of the
22 officer's pay grade. If an officer is at the top of the officer's pay grade, then the officer is
23 not eligible to receive a salary adjustment.

24 Before adjusting salaries or benefits pursuant to this section, the Department of
25 Transportation shall do all of the following:

- 26 (1) Consult with and get approval of the Office of State Personnel.
- 27 (2) Report to the Joint Legislative Transportation Oversight Committee.
- 28 (3) Report to the Joint Legislative Commission on Governmental
29 Operations.

30
31 Requested by: Representative C. Wilson

32 **PERFORMANCE AUDIT OF PUBLIC TRANSPORTATION AND RAIL** 33 **DIVISIONS**

34 Section 27.10. The State Auditor shall conduct a performance audit of the
35 Public Transportation and Rail Divisions of the Department of Transportation. The
36 performance audit shall be conducted according to Government Auditing Standards as
37 promulgated by the Comptroller General of the United States. The results of the audit
38 shall be presented to the Fiscal Research Division of the General Assembly no later than
39 February 1, 1999.

40
41 Requested by: Representative Bowie

42 **BOARD OF TRANSPORTATION TO REPORT BEFORE ADDING** 43 **PERSONNEL**

1 Section 27.11. The Board of Transportation shall report a proposed staffing
2 plan to the Joint Legislative Transportation Oversight Committee before hiring or
3 reclassifying personnel as a result of any reorganization or restructuring of the Board or
4 staff mandated by the General Assembly.

5
6 Requested by: Representatives McMahan, Bowie, Dockham

7 **REGIONAL TRANSPORTATION COMMITTEE OF CENTRALINA COUNCIL**
8 **OF GOVERNMENTS FUNDS**

9 Section 27.12. From funds appropriated to the Department of Transportation
10 from the Highway Fund, the Department shall expend up to one hundred thousand dollars
11 (\$100,000) for the 1998-99 fiscal year and each of the subsequent four fiscal years to
12 fund an ongoing regional transportation study by the Regional Transportation Committee
13 of Centralina Council of Governments.

14 Funds expended for the regional transportation study shall be approved by the
15 Department of Transportation which shall make written reports to the Joint Legislative
16 Transportation Oversight Committee on the progress of the study.

17
18 Requested by: Representatives Cansler, Sherrill

19 **NONBETTERMENT RELOCATION COSTS**

20 Section 27.13. (a) G.S. 136-27.1 reads as rewritten:

21 "**§ 136-27.1. Relocation of water and sewer lines of municipalities and nonprofit**
22 **water or sewer corporations or associations.**

23 The Department of Transportation shall pay the nonbetterment cost for the relocation
24 of water and sewer lines, located within the existing State highway right-of-way, that are
25 necessary to be relocated for a State highway improvement project and that are owned
26 by: (i) a municipality with a population of 5,500 or less according to the latest
27 decennial census; (ii) a nonprofit water or sewer association or corporation; (iii) any
28 water or sewer system organized pursuant to Chapter 162A of the General Statutes; (iv) a
29 rural water system operated by county as an enterprise system; (v) any sanitary district
30 organized pursuant to Part 2 of Article 2 of Chapter 130A of the General Statutes; ~~or~~ (vi)
31 constructed by a water or sewer system organized pursuant to Chapter 162A of the
32 General Statutes and then sold or transferred to a municipality with a population of
33 greater than 5,500 according to the latest decennial ~~census~~-census; or (vii) constructed by
34 a water or sewer system organized pursuant to Article 20 of Chapter 160A of the General
35 Statutes."

36 (b) This section is effective when it becomes law and shall not affect pending
37 litigation.

38
39 [SECTION 27.14 RESERVED]

40
41 Requested by: Representatives McMahan, Bowie, Dockham

42 **BLUE RIBBON TRANSPORTATION FINANCE STUDY COMMISSION**

1 Section 27.15. (a) Commission established. – There is established a Blue
2 Ribbon Transportation Finance Study Commission.

3 (b) Membership. – The Commission shall be composed of 18 members, as
4 follows:

- 5 (1) Four members of the House of Representatives appointed by the
6 Speaker of the House.
- 7 (2) Four members of the Senate appointed by the President Pro Tempore of
8 the Senate.
- 9 (3) Three members of the public appointed by the Governor, two of whom
10 shall have expertise in transportation matters.
- 11 (4) Three members of the public appointed by the Speaker of the House,
12 two of whom have expertise in transportation matters.
- 13 (5) Three members of the public appointed by the President Pro Tempore of
14 the Senate, two of whom have expertise in transportation matters.
- 15 (6) The Secretary of Transportation or his designee who shall serve as a
16 nonvoting ex officio member.

17 (c) Duties of Commission. – The Commission shall study the following matters
18 related to Transportation Finance:

- 19 (1) The Highway Trust Fund Act of 1989. – The Commission shall review
20 the current law and recommend any revisions that may be necessary,
21 based on the nine-year history of the fund and the current transportation
22 needs of the State.
- 23 (2) Current revenue sources. – The Commission shall review all current
24 revenue sources that support State transportation programs, and
25 recommend changes, additions, or deletions based on projected needs
26 for the next 25 years.
- 27 (3) Transportation system maintenance. – The Commission shall review
28 current financing of transportation system maintenance, and recommend
29 changes to accommodate maintenance of new construction and
30 increased traffic volume.
- 31 (4) Public transportation. – The Commission shall evaluate funding public
32 transportation with dedicated sources of funds. The Commission's
33 recommendation shall include specific sources and amounts of any
34 dedicated funds, if recommended.
- 35 (5) Transfers from the Highway Fund to other State agencies; including
36 whether or not those funds would more appropriately come from the
37 General Fund.
- 38 (6) Other transportation financing issues. – The Commission may study any
39 other transportation finance-related issue approved by the cochairs, or
40 recommended by the Secretary of Transportation and approved by the
41 cochairs.

42 (d) Vacancies. – Any vacancy on the Commission shall be filled by the appointing
43 authority.

1 (e) Cochair. – Cochair persons of the Commission shall be designated by the
2 Speaker of the House and the President Pro Tempore of the Senate from among their
3 respective appointees. The Commission shall meet upon the call of the chairs. A quorum
4 of the Commission shall be eight members.

5 (f) Expenses of Members. – Members of the Commission shall receive per
6 diem, subsistence, and travel allowances in accordance with G.S. 120-3.1, 138-5, or 138-
7 6, as appropriate.

8 (g) Staff. – Adequate staff shall be provided to the Commission by the
9 Legislative Services Office.

10 (h) Consultants. – The Commission may hire consultants to assist with the
11 study. Before expending any funds for a consultant, the Commission shall report to the
12 Joint Legislative Commission on Governmental Operations on the consultant selected,
13 the work products to be provided by the consultant, and the cost of the contract, including
14 an itemization of the cost components.

15 (i) Meeting Location. – The Legislative Services Commission shall grant
16 adequate meeting space to the Commission in the State Legislative Building or the
17 Legislative Office Building.

18 (j) Report. – The Commission shall submit a final report to the General
19 Assembly by February 1, 2000. Upon the filing of its report, the Commission shall
20 terminate.

21 (k) Appropriation. – From appropriations to the General Assembly, the
22 Legislative Services Commission may allocate up to two hundred thousand dollars
23 (\$200,000) for the expenses of the Commission.

24
25 Requested by: Representatives Bowie, Dockham, McMahan

26 **MEDIUM CUSTODY ROAD CREW COMPENSATION**

27 Section 27.16. (a) Of funds appropriated to the Department of Transportation by
28 this act six million five hundred thousand dollars (\$6,500,000) shall be used by the
29 Department to reimburse the Department of Correction during the 1998-99 fiscal year for
30 costs authorized by G.S. 148-26.5 for reimbursement for highway related labor
31 performed by medium custody prisoners. The Department of Transportation may use
32 funds appropriated by this act to pay requested reimbursements submitted by the
33 Department of Correction over and above the six million five hundred thousand dollars
34 (\$6,500,000) but those reimbursement requests shall be subject to negotiations among the
35 Department of Transportation, the Department of Correction, and the Office of State
36 Budget and Management prior to payment by the Department of Transportation.

37 (b) Sections 19.16 and 32.2 of S.L. 1997-443 are repealed.

38
39 Requested by: Representative Hiatt

40 **DMV MEDICAL EVALUATION PROGRAM ENHANCEMENT FUNDS**

41 Section 27.17. Of funds appropriated from the Highway Fund to the Division
42 of Motor Vehicles the sum of ninety-three thousand five hundred thirteen dollars
43 (\$93,513) for the 1998-99 fiscal year shall be used to fund an additional Public Health

1 Physician II in the Department of Health and Human Services to review the medical
 2 records of the growing number of drivers referred to the Drivers Medical Evaluation
 3 Program. This implements a recommendation of the Driver Medical Evaluation Program
 4 Study Commission.

5
 6 **DISCLOSURE OF PERSONAL INFORMATION IN MOTOR VEHICLE**
 7 **RECORDS**

8 Section 27.18. G.S. 20-43.1 reads as rewritten:

9 **"§ 20-43.1. Disclosure of personal information in motor vehicle records.**

10 The Division shall disclose personal information contained in motor vehicle records
 11 in accordance with the federal Driver's Privacy Protection Act of 1994, as amended, 18
 12 U.S.C. §§ 2721, et seq.

13 As authorized in 18 U.S.C. § 2721, the Division shall not disclose personal
 14 information for the purposes specified in 18 U.S.C. § 2721(b)(11) or (12) or establish a
 15 waiver procedure described in 18 U.S.C. § 2721(d). ~~The Division shall establish~~
 16 ~~procedures to disclose personal information for the purposes and in the manner described~~
 17 ~~in 18 U.S.C. § 2721(b)(12) for titles and applications for leased vehicles issued on and~~
 18 ~~after July 1, 1998."~~

19
 20 **PART XXVIII. SALARIES AND BENEFITS**

21 Requested by: Representatives Holmes, Esposito, Creech, Crawford

22 **GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

23 Section 28. (a) G.S. 147-11(a) reads as rewritten:

24 "(a) The salary of the Governor shall be ~~one hundred seven thousand one hundred~~
 25 ~~thirty two dollars (\$107,132)~~ one hundred ten thousand three hundred forty-six dollars
 26 (\$110,346) annually, payable monthly."

27 (b) Section 33(b) of Chapter 443 of the 1997 Session Laws reads as rewritten:

28 "(b) The annual salaries for the members of the Council of State, payable monthly,
 29 for the ~~1997-98 and 1998-99 fiscal years, year, beginning July 1, 1997, July 1, 1998,~~
 30 are:

Council	of	State
<u>Annual Salary</u>		
Lieutenant Governor <u>\$97,388</u>		\$94,552
Attorney General <u>97,388</u>		94,552
Secretary of State <u>97,388</u>		94,552
State Treasurer <u>97,388</u>		94,552

1	State Auditor	94,552
2	<u>97,388</u>	
3	Superintendent of Public Instruction	94,552
4	<u>97,388</u>	
5	Agriculture Commissioner	94,552
6	<u>97,388</u>	
7	Insurance Commissioner	94,552
8	<u>97,388</u>	
9	Labor Commissioner	94,552.
10	<u>97,388."</u>	

11
 12 Requested by: Representatives Holmes, Esposito, Creech, Crawford
 13 **NONELECTED DEPARTMENT HEADS/SALARY INCREASES**

14 Section 28.1. Section 33.1 of Chapter 443 of the 1997 Session Laws reads as
 15 rewritten:

16 "Section 33.1. In accordance with G.S. 143B-9, the maximum annual salaries,
 17 payable monthly, for the nonelected heads of the principal State departments for the
 18 ~~1997-98 and 1998-99 fiscal years, year, beginning July 1, 1997, July 1, 1998, are:~~

19	<u>Nonelected</u>	<u>Department</u>	<u>Heads</u>
20	<u>Annual Salary</u>		
21			
22			
23	Secretary of Administration	\$ 92,378	
24	<u>\$95,149</u>		
25	Secretary of Correction	92,378	
26	<u>95,149</u>		
27	Secretary of Cultural Resources	92,378	
28	<u>95,149</u>		
29	Secretary of Commerce	92,378	
30	<u>95,149</u>		
31	Secretary of Environment, Health,		
32	<u>Environment</u> and Natural Resources	92,378	
33	<u>95,149</u>		
34	Secretary of <u>Health and Human Resources</u>		
35	<u>Services</u>	92,378	
36	<u>95,149</u>		
37	Secretary of Revenue	92,378	
38	<u>95,149</u>		
39	Secretary of Transportation	92,378	
40	<u>95,149</u>		
41	Secretary of Crime Control and Public Safety	92,378.	
42	<u>95,149."</u>		
43			

1 Requested by: Representatives Holmes, Esposito, Creech, Crawford

2 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

3 Section 28.2A. Section 33.2 of Chapter 443 of the 1997 Session Laws reads
4 as rewritten:

5 "Section 33.2. The annual salaries, payable monthly, for the ~~1997-98 and 1998-99~~
6 ~~fiscal years, year, beginning July 1, 1997, July 1, 1998,~~ for the following executive
7 branch officials are:

8	9	10	11
	<u>Executive</u>	<u>Branch</u>	<u>Officials</u>
	<u>Annual Salary</u>		
12	Chairman, Alcoholic Beverage Control		
13	Commissioner		84,080
14	\$86,602		
15	State Controller	117,669	
16	121,199		
17	Commissioner of Motor Vehicles	84,080	
18	86,602		
19	Commissioner of Banks	94,552	
20	97,389		
21	Chairman, Employment Security Commission	117,520	
22	121,046		
23	State Personnel Director	92,378	
24	95,149		
25	Chairman, Parole Commission	76,775	
26	79,078		
27	Members of the Parole Commission	70,881	
28	73,008		
29	Chairman of the Utilities Commission	95,592	
30	98,388		
31	Commissioners of the Utilities Commission	94,552	
32	97,388		
33	Executive Director, Agency for Public		
34	Telecommunications	70,881	
35	73,008		
36	General Manager, Ports Railway Commission	64,005	
37	65,925		
38	Director, Museum of Art	86,155	
39	88,739		
40	Executive Director, Wildlife Resources		
41	Commission	72,569	
42		74,746	
43	Executive Director, North Carolina Housing		

1	Finance Agency	104,057
2	<u>107,179</u>	
3	Executive Director, North Carolina Agricultural	
4	Finance Authority	81,839
5	<u>84,294</u>	
6	Director, Office of Administrative Hearings	83,141"

7
8 Requested by: Representatives Holmes, Esposito, Creech, Crawford

9 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

10 Section 28.3A. (a) Section 33.7 of Chapter 443 of the 1997 Session Laws
11 reads as rewritten:

12 "Section 33.7. (a) The annual salaries, payable monthly, for specified judicial
13 branch officials for the ~~1997-98 and 1998-99 fiscal years, year,~~ beginning ~~July 1, 1997,~~
14 July 1, 1998, are:

16	Judicial	Branch	Officials
17	<u>Annual Salary</u>		
18			
19	Chief Justice, Supreme Court		\$107,132
20	<u>\$110,346</u>		
21	Associate Justice, Supreme Court		104,333
22	<u>107,463</u>		
23	Chief Judge, Court of Appeals		101,724
24	<u>104,776</u>		
25	Judge, Court of Appeals		99,986
26	<u>102,985</u>		
27	Judge, Senior Regular Resident Superior Court		97,269
28	<u>100,187</u>		
29	Judge, Superior Court		94,552
30	<u>97,388</u>		
31	Chief Judge, District Court		85,857
32	<u>88,433</u>		
33	Judge, District Court		83,141
34	<u>85,635</u>		
35	District Attorney		87,596
36	<u>90,224</u>		
37	Administrative Officer of the Courts		97,269
38	<u>100,187</u>		
39	Assistant Administrative Officer of the Courts		81,684
40	<u>84,134</u>		
41	Public Defender		87,596.
42	<u>90,224.</u>		
43			

~~(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed fifty-three thousand eight hundred eighty-three dollars (\$53,883) and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-seven thousand five hundred nine dollars (\$27,509), effective July 1, 1997.~~

~~(c) The salaries in effect for the 1996-97 fiscal year on June 30, 1997, for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by four percent (4%), commencing July 1, 1997.~~

~~(d) The salaries in effect on June 30, 1997, June 30, 1998, for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1997, by pro rata amounts of four percent (4%)."~~

(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed fifty-five thousand five hundred dollars (\$55,500) and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-eight thousand three hundred thirty-four dollars (\$28,334), effective July 1, 1998.

(c) The salaries in effect for the 1997-98 fiscal year on June 30, 1998, for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by three percent (3%), commencing July 1, 1998.

(d) The salaries in effect on June 30, 1998, for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1998, by pro rata amounts of three percent (3%).

Requested by: Representatives Holmes, Esposito, Creech, Crawford

CLERKS OF SUPERIOR COURT/SALARY INCREASES

Section 28.4. G.S. 7A-101(a) reads as rewritten:

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

Population	Annual Salary
Less than 100,000	\$62,676
<u>\$64,556</u>	
100,000 to 149,999	70,403
<u>72,515</u>	

1	150,000 to 249,999	78,130
2	<u>80,474</u>	
3	250,000 and above	85,857.
4	<u>88,433.</u>	

5
6 The salary schedule in this subsection is intended to represent the following
7 percentage of the salary of a chief district court judge:
8

9	Population	Annual Salary
10	Less than 100,000	73%
11	100,000 to 149,999	82%
12	150,000 to 249,999	91%
13	250,000 and above	100%.

14
15 When a county changes from one population group to another, the salary of the clerk
16 shall be changed, on July 1 of the fiscal year for which the change is reported, to the
17 salary appropriate for the new population group, except that the salary of an incumbent
18 clerk shall not be decreased by any change in population group during his continuance in
19 office."
20

21 Requested by: Representatives Holmes, Esposito, Creech, Crawford

22 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT/SALARY**
23 **INCREASES**

24 Section 28.5. (a) Effective July 1, 1998, those State employees whose salaries
25 are determined by G.S. 7A-102 shall receive across-the-board salary increases in the
26 amount of three percent (3%) in addition to step increases associated with their respective
27 pay plans.

28 (b) G.S. 7A-102(c1) reads as rewritten:

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

32	Assistant	Clerks	and	Head	Bookkeeper
33					Annual
34	Minimum	Salary			Minimum
35					\$23
36					23
37					\$24
38					<u>24</u>
39	Maximum				
40					41,466
41					<u>42,710</u>
42	Deputy				Clerks
43	Annual Salary				

1	Minimum	\$18,724
2		\$19,286
3	Maximum	31,940.
4		<u>32,899.</u> "

5 Requested by: Representatives Holmes, Esposito, Creech, Crawford

6 **MAGISTRATES/SALARY INCREASES**

7 Section 28.6A. Effective July 1, 1998, magistrates shall receive salary
8 increases in the amount of three percent (3%), except that any person entitled to a step
9 increase pursuant to G.S. 7A-171.1 for the 1998-99 fiscal year shall not receive the three
10 percent increase provided by this section.

11
12 Requested by: Representatives Holmes, Esposito, Creech, Crawford

13 **GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

14 Section 28.7A. (a) G.S. 120-37(c) is repealed.

15 (b) G.S. 120-37 is amended by adding a new subsection to read:

16 "(c1) The principal clerks shall be full-time officers. Each principal clerk shall be
17 entitled to other benefits available to permanent legislative employees and shall be paid
18 an annual salary set by the Legislative Services Commission payable monthly."

19
20 Requested by: Representatives Holmes, Esposito, Creech, Crawford

21 **SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES**

22 Section 28.8. G.S. 120-37(b) reads as rewritten:

23 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary
24 of ~~two hundred fifty-eight dollars (\$258.00)~~ two hundred sixty-six dollars (\$266.00) per
25 week plus subsistence at the same daily rate provided for members of the General
26 Assembly, plus mileage at the rate provided for members of the General Assembly for
27 one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall
28 serve during sessions of the General Assembly and at such time prior to the convening of,
29 and subsequent to adjournment or recess of, sessions as may be authorized by the
30 Legislative Services Commission. The reading clerks shall serve during sessions only."

31
32 Requested by: Representatives Holmes, Esposito, Creech, Crawford

33 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

34 Section 28.9. The Legislative Administrative Officer shall increase the
35 salaries of nonelected employees of the General Assembly in effect for fiscal year 1997-
36 98 by three percent (3%). Nothing in this act limits any of the provisions of G.S. 120-32.

37
38 Requested by: Representatives Holmes, Esposito, Creech, Crawford

39 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

40 Section 28.10. The Director of the Budget shall transfer from the Reserve for
41 Salary Increases created in this act for fiscal year 1998-99 funds to the Department of
42 Community Colleges necessary to provide an average annual salary increase of three
43 percent (3%), including funds for the employer's retirement and social security

1 contributions, commencing July 1, 1998, for all permanent full-time community college
2 institutional personnel supported by State funds. The State Board of Community
3 Colleges shall establish guidelines for providing their salary increases to community
4 college institutional personnel to include consideration of increases based on
5 performance. Salary funds shall be used to provide an average annual salary increase of
6 three percent (3%) to all full-time employees and part-time employees on a pro rata basis.

7
8 Requested by: Representatives Holmes, Esposito, Creech, Crawford

9 **UNIVERSITY OF NORTH CAROLINA SYSTEM - EPA SALARY INCREASES**

10 Section 28.11. (a) The Director of the Budget shall transfer to the Board of
11 Governors of The University of North Carolina sufficient funds from the Reserve for
12 Compensation Increase created in this act for fiscal year 1998-99 to provide an annual
13 average salary increase of three percent (3%), including funds for the employer's
14 retirement and social security contributions, commencing July 1, 1998, for all employees
15 of The University of North Carolina, as well as employees other than teachers of the
16 North Carolina School of Science and Mathematics, supported by State funds and whose
17 salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated
18 to individuals according to the rules adopted by the Board of Governors, or the Board of
19 Trustees of the North Carolina School of Science and Mathematics, as appropriate, and
20 shall not be used for any purpose other than for salary increases and necessary employer
21 contributions provided by this section. The Board of Governors shall include
22 consideration of increases based on performance in its adoption of rules for the allocation
23 of funds for salary increases.

24 (b) The Director of the Budget shall transfer to the Board of Governors of The
25 University of North Carolina sufficient funds from the Reserve for Salary Increases
26 created in this act for fiscal year 1998-99 to provide an annual average salary increase
27 comparable to that provided in this act for public school teachers, including funds for the
28 employer's retirement and social security contributions, commencing July 1, 1998, for all
29 teaching employees of the North Carolina School of Science and Mathematics, supported
30 by State funds and whose salaries are exempt from the State Personnel Act (EPA). These
31 funds shall be allocated to individuals according to the rules adopted by the Board of
32 Trustees of the North Carolina School of Science and Mathematics and shall not be used
33 for any purpose other than for salary increases and necessary employer contributions
34 provided by this section.

35
36 Requested by: Representatives Holmes, Esposito, Creech, Crawford

37 **SCHOOL CENTRAL OFFICE SALARIES**

38 Section 28.12. (a) The following monthly salary ranges apply to assistant
39 superintendents, associate superintendents, directors/coordinators, supervisors, and
40 finance officers for the 1998-99 fiscal year, beginning July 1, 1998:

41 (1) School Administrator I:
42 \$2,846 - \$4,857

1	(2)	School Administrator II:
2		\$3,021 - \$5,155
3	(3)	School Administrator III:
4		\$3,206 - \$5,471
5	(4)	School Administrator IV:
6		\$3,335 - \$5,692
7	(5)	School Administrator V:
8		\$3,469 - \$5,923
9	(6)	School Administrator VI:
10		\$3,681 - \$6,286
11	(7)	School Administrator VII:
12		\$3,830 - \$6,540

13 The local board of education shall determine the appropriate category and placement for
14 each assistant superintendent, associate superintendent, director/coordinator, supervisor,
15 or finance officer within the salary ranges and within funds appropriated by the General
16 Assembly for central office administrators and superintendents. The category in which
17 an employee is placed shall be included in the contract of any employee hired on or after
18 July 1, 1998.

19 (b) The following monthly salary ranges apply to public school superintendents for
20 the 1998-99 fiscal year, beginning July 1, 1998:

- | | | | |
|----|-----|------------------------------------------|-------------------|
| 21 | (1) | Superintendent I (Up to 2,500 ADM): | \$4,065 - \$6,941 |
| 22 | (2) | Superintendent II (2,501 - 5,000 ADM): | \$4,315 - \$7,364 |
| 23 | (3) | Superintendent III (5,001 - 10,000 ADM): | \$4,578 - \$7,815 |
| 24 | (4) | Superintendent IV (10,001 - 25,000 ADM): | \$4,859 - \$8,293 |
| 25 | (5) | Superintendent V (Over 25,000 ADM): | \$5,157 - \$8,801 |

26 The local board of education shall determine the appropriate category and placement for
27 the superintendent based on the average daily membership of the local school
28 administrative unit and within funds appropriated by the General Assembly for central
29 office administrators and superintendents.

30 Notwithstanding the provisions of this subsection, a local board of education
31 may pay an amount in excess of the applicable range to a superintendent who is entitled
32 to receive the higher amount under Section 9.6 of this act.

33 (c) Longevity pay for superintendents, assistant superintendents, associate
34 superintendents, directors/coordinators, supervisors, and finance officers shall be as
35 provided for State employees.

36 (d) Superintendents, assistant superintendents, associate superintendents,
37 directors/coordinators, supervisors, and finance officers with certification based on
38 academic preparation at the six-year degree level shall receive a salary supplement of one
39 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
40 for pursuant to this section. Superintendents, assistant superintendents, associate
41 superintendents, directors/coordinators, supervisors, and finance officers with
42 certification based on academic preparation at the doctoral degree level shall receive a

1 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to
2 the compensation provided for under this section.

3 (e) The State Board shall not permit local school administrative units to
4 transfer State funds from other funding categories for salaries for public school central
5 office administrators.

6 (f) The Director of the Budget shall transfer from the Reserve for Salary
7 Increases created in this act for fiscal year 1998-99, beginning July 1, 1998, funds
8 necessary to provide an average annual salary increase of three percent (3%), including
9 funds for the employer's retirement and social security contributions, commencing July 1,
10 1998, for all permanent full-time personnel paid from the Central Office Allotment. The
11 State Board of Education shall allocate these funds to local school administrative units.
12 The local boards of education shall establish guidelines for providing their salary
13 increases to these personnel.

14
15 Requested by: Representatives Holmes, Esposito, Creech, Crawford

16 **NONCERTIFIED PERSONNEL SALARY FUNDS/TEACHER ASSISTANT**
17 **SALARY FUNDS**

18 Section 28.13. (a) The Director of the Budget may transfer from the Reserve
19 for Compensation Increase created in this act for fiscal year 1998-99, commencing July
20 1, 1998, funds necessary to provide a salary increase of three percent (3%), including
21 funds for the employer's retirement and social security contributions, commencing July 1,
22 1998, for all noncertified public school employees whose salaries are supported from the
23 State's General Fund. Local boards of education shall increase the rates of pay for all
24 such employees who were employed during fiscal year 1997-98 and who continue their
25 employment for fiscal year 1998-99 by at least three percent (3%), commencing July 1,
26 1998. These funds shall not be used for any purpose other than for the salary increases
27 and necessary employer contributions provided by this section.

28 The Director of the Budget may transfer from the Reserve for Compensation
29 Increase created in this act for fiscal year 1998-99, beginning July 1, 1998, funds
30 necessary to provide the salary increases for noncertified public school employees whose
31 salaries are supported from the State's General Fund in accordance with the provisions of
32 this section.

33 The State Board of Education may enact or create salary ranges for
34 noncertified personnel to support increases of three percent (3%) for the 1998-99 fiscal
35 year.

36 (b) G.S. 115C-12(16)b. reads as rewritten:

37 "b. Salary schedules for the following public school support
38 personnel shall be adopted by the State Board of Education:
39 school finance officer, office support personnel, teacher
40 assistants, maintenance supervisors, custodial personnel, and
41 transportation personnel. The Board shall classify these support
42 positions in terms of uniform pay grades included in the salary
43 schedule of the State Personnel Commission.

1 By the end of the third payroll period of the 1995-96 fiscal
2 year, local boards of education shall place State-allotted office
3 support personnel, teacher assistants, and custodial personnel on
4 the salary schedule adopted by the State Board of Education so
5 that the average salary paid is the State-allotted amount for the
6 category. In placing employees on the salary schedule, the local
7 board ~~shall~~ may consider the education, training, and experience
8 of each ~~employee.~~ employee, including experience in other local
9 school administrative units. It is the intent of the General
10 Assembly that a local school administrative unit not fail to
11 employ an employee who was employed for the prior school year
12 in order to implement the provisions of this sub-subdivision. A
13 local board of education is in compliance with this sub-
14 subdivision if the average salary paid is at least ninety-five
15 percent (95%) of the State-allotted amount for the category at the
16 end of the third payroll period of the 1995-96 fiscal year, and at
17 least ninety-eight percent (98%) of the State-allotted amount for
18 the category at the end of the third payroll period of each
19 subsequent fiscal year. The Department of Public Instruction
20 shall provide technical assistance to local school administrative
21 units regarding the implementation of this sub-subdivision."

22 (c) Subsection (b) of this section applies beginning with the 1999-2000 school
23 year.

24
25 Requested by: Representatives Holmes, Esposito, Creech, Crawford

26 **COMPENSATION BONUS/STATE EMPLOYEES/SCHOOL PERSONNEL**

27 Section 28.14A. (a) Any person:

- 28 (1) Whose salary is set by or under this Part, other than Sections 28, 28.1,
29 28.2A, 28.3A(a), 28.4, 28.15(a); and 28.15(c), 28.15(d), 28.15(e),
30 except that the exclusion of those under 28.15(c), 28.15(d), and 28.15(e)
31 only applies to those whose salaries are set by the State Personnel Act;
32 and
33 (2) Who was, on July 1, 1998, a permanent officer or permanent employee
34 whose salary is set by or under this Part shall receive not later than
35 September of 1998 a compensation bonus of one percent (1%), except
36 that:
37 a. The compensation bonus for persons subject to Section 28.10 of
38 this act shall be an average of one percent (1%) per year and shall
39 be allocated in accordance with guidelines adopted by the State
40 Board of Community Colleges;
41 b. The compensation bonus for persons subject to Section 28.11 of
42 this act shall be an average of one percent (1%) per year and shall
43 be allocated to individuals according to the rules adopted by the

1 Board of Governors, or the Board of Trustees of the North
2 Carolina School of Science and Mathematics, as appropriate; and
3 c. The guidelines and rules adopted under sub-subdivisions a. and
4 b. of this subdivision may cover employees of those institutions
5 whose first day of employment for the 1998-99 academic year
6 came after July 1, 1998.

7 (a1) Any person:

8 (1) Who did not receive a compensation bonus under subsection (a) of this
9 section; and

10 (2) Who was employed on the first day of the 1998-99 school year as a
11 permanent public school employee whose salary is set by or under this
12 Part

13 shall receive in the third payroll period of the 1998-99 school year a compensation bonus
14 of one percent (1%) of the annual salary for that position.

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

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

19
20 Requested by: Representatives Holmes, Esposito, Creech, Crawford

21 **MOST STATE EMPLOYEES/SALARY INCREASES**

22 Section 28.15A. (a) The salaries in effect June 30, 1998, of all permanent full-
23 time State employees whose salaries are set in accordance with the State Personnel Act,
24 and who are paid from the General Fund or the Highway Fund shall be increased, on or
25 after July 1, 1998, unless otherwise provided by this act, pursuant to the Comprehensive
26 Compensation System set forth in G.S. 126-7 and rules adopted by the State Personnel
27 Commission, as follows:

28 (1) Career growth recognition awards in the amount of two percent (2%);

29 (2) A cost-of-living adjustment in the amount of one percent (1%); and

30 (3) A performance bonus in the amount of one percent (1%).

31 Notwithstanding G.S. 126-7(4a), any permanent full-time State employee
32 whose salary is set in accordance with the State Personnel Act and whose salary is at the
33 top of the salary range or within two percent (2%) of the top of the salary range shall
34 receive a one-time bonus of two percent (2%) less the career growth recognition award
35 the employee receives. The employee shall receive the career growth bonus at the time
36 the employee is eligible for the career growth recognition award, but not earlier than July
37 1, 1998.

38 (a1) It is the intent of the General Assembly that the annual career growth
39 recognition award in the amount of two percent (2%) provided by G.S. 126-7(c)(4a) shall
40 be part of the continuation budget for each fiscal year of the 1999-2001 biennium.

41 (b) Except as otherwise provided in this act, salaries in effect June 30, 1998, for
42 permanent full-time State officials and persons in exempt positions that are recommended

1 by the Governor or the Governor and the Advisory Budget Commission and set by the
2 General Assembly shall be increased by three percent (3%), commencing July 1, 1998.

3 (c) The salaries in effect June 30, 1998, for all permanent part-time State
4 employees shall be increased on and after July 1, 1998, by pro rata amounts of the salary
5 increases provided for permanent full-time employees covered under subsection (a) of
6 this section.

7 (d) The Director of the Budget may allocate out of special operating funds or from
8 other sources of the employing agency, except tax revenues, sufficient funds to allow a
9 salary increase on and after July 1, 1998, in accordance with subsections (a), (b), or (c) of
10 this section, including funds for the employer's retirement and social security
11 contributions, of the permanent full-time and part-time employees of the agency.

12 (e) Within regular Executive Budget Act procedures as limited by this act, all
13 State agencies and departments may increase on an equitable basis the rate of pay of
14 temporary and permanent hourly State employees, subject to availability of funds in the
15 particular agency or department, by pro rata amounts the salary increase provided for
16 permanent full-time employees covered by the provisions of subsection (a) of this
17 section, commencing July 1, 1998.

18 (f) No State employee or officer shall receive a merit increment during the
19 1998-99 fiscal year except as otherwise provided by this act.

20
21 Requested by: Representatives Holmes, Esposito, Creech, Crawford

22 **ALL STATE-SUPPORTED PERSONNEL**

23 Section 28.16A. (a) Salaries and related benefits for positions that are funded
24 partially from the General Fund or Highway Fund and partially from sources other than
25 the General Fund or Highway Fund shall be increased from the General Fund or Highway
26 Fund appropriation only to the extent of the proportionate part of the salaries paid from
27 the General Fund or Highway Fund.

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

31 (c) The salary increases provided in this Part are to be effective July 1, 1998, do
32 not apply to persons separated from State service due to resignation, dismissal, reduction
33 in force, death, or retirement, whose last workday is prior to July 1, 1998.

34 Payroll checks issued to employees after July 1, 1998, which represent
35 payment of services provided prior to July 1, 1998, shall not be eligible for salary
36 increases provided for in this act. This subsection shall apply to all employees, subject to
37 or exempt from the State Personnel Act, paid from State funds, including public schools,
38 community colleges, and The University of North Carolina.

39 (d) The Director of the Budget shall transfer from the Reserve for Compensation
40 Increase in this act for fiscal year 1998-99 all funds necessary for the salary increases
41 provided by this act, including funds for the employer's retirement and social security
42 contributions.

1 (d1) The Director of the Budget shall transfer from the Reserve for
2 compensation Increase in this act for fiscal year 1998-99 one million four hundred
3 thousand dollars (\$1,400,000) to the University of North Carolina Board of Governors for
4 allocation to the Agricultural Research and Cooperative Extension budget codes of North
5 Carolina State University in order to provide sufficient operating support for those
6 programs.

7 (d2) The Director of the Budget shall transfer from the Reserve for
8 Compensation Increase in this act for fiscal year 1998-99 funds necessary to provide
9 statewide teacher supplements for State agency teachers who are paid on the teacher
10 salary schedule as set out in Section 9.1 of this act based on five percent (5%) of their
11 salaries.

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

14 Section 28.16B. (a) G.S. 126-7(c)(4b) reads as rewritten:

15 "(4b) An employee whose performance is rated at or above level two of the
16 rating scale and who ~~is has not involved in the final written stage of the~~
17 ~~disciplinary procedure received a suspension without pay or demotion~~
18 that has not been resolved shall receive a cost-of-living increase. Other
19 than the Commission, no agency, department, or institution shall set
20 limits or initiate written disciplinary procedures for the purpose of
21 precluding an eligible employee from receiving a cost-of-living
22 adjustment."

23 (b) This section becomes effective July 1, 1998, and applies to any employee
24 involved in the final written stage of a disciplinary procedure on or after January 1, 1997.

25
26 Requested by: Representatives Holmes, Esposito, Creech, Crawford

27 **SALARY ADJUSTMENT FUND**

28 Section 28.17. Any remaining appropriations for legislative salary increases
29 not required for that purpose may be used to supplement the Salary Adjustment Fund.
30 These funds shall first be used to provide reclassifications of those positions already
31 approved by the Office of State Personnel. The Office of State Budget and Management
32 shall report to the Joint Legislative Commission on Governmental Operations prior to the
33 allocation of these funds.

34
35 [SECTIONS 28.18, 28.19, 28.20 RESERVED]

36
37 Requested by: Representatives Holmes, Esposito, Creech, Crawford, Daughtry

38 **INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S** 39 **AND RESCUE SQUAD WORKERS' PENSION FUND**

40 Section 28.21. (a) G.S. 58-86-55 reads as rewritten:

41 "**§ 58-86-55. Monthly pensions upon retirement.**

42 Any member who has served 20 years as an 'eligible fireman' or 'eligible rescue squad
43 worker' in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30,

1 and who has attained the age of 55 years is entitled to be paid a monthly pension from
2 this fund. The monthly pension shall be in the amount of ~~one hundred forty one dollars~~
3 ~~(\$141.00)~~ one hundred forty-six dollars (\$146.00) per month. Any retired fireman
4 receiving a pension shall, effective ~~July 1, 1997,~~ July 1, 1998, receive a pension of ~~one~~
5 ~~hundred forty one dollars (\$141.00)~~ one hundred forty-six dollars (\$146.00) per month.

6 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and
7 G.S. 58-86-40 for a period of no longer than 20 years. No 'eligible rescue squad member'
8 shall receive a pension prior to July 1, 1983. No member shall be entitled to a pension
9 hereunder until the member's official duties as a fireman or rescue squad worker for
10 which the member is paid compensation shall have been terminated and the member shall
11 have retired as such according to standards or rules fixed by the board of trustees.

12 A member who is totally and permanently disabled while in the discharge of the
13 member's official duties as a result of bodily injuries sustained or as a result of extreme
14 exercise or extreme activity experienced in the course and scope of those official duties
15 and who leaves the fire or rescue squad service because of this disability shall be entitled
16 to be paid from the fund a monthly benefit in an amount of ~~one hundred forty one dollars~~
17 ~~(\$141.00)~~ one hundred forty-six dollars (\$146.00) per month beginning the first month
18 after the member's fifty-fifth birthday. All applications for disability are subject to the
19 approval of the board who may appoint physicians to examine and evaluate the disabled
20 member prior to approval of the application, and annually thereafter. Any disabled
21 member shall not be required to make the monthly payment of ten dollars (\$10.00) as
22 required by G.S. 58-86-35 and G.S. 58-86-40.

23 A member who is totally and permanently disabled for any cause, other than line of
24 duty, who leaves the fire or rescue squad service because of this disability and who has at
25 least 10 years of service with the pension fund, may be permitted to continue making a
26 monthly contribution of ten dollars (\$10.00) to the fund until the member has made
27 contributions for a total of 240 months. The member shall upon attaining the age of 55
28 years be entitled to receive a pension as provided by this section. All applications for
29 disability are subject to the approval of the board who may appoint physicians to examine
30 and evaluate the disabled member prior to approval of the application and annually
31 thereafter.

32 A member who, because his residence is annexed by a city under Part 2 or Part 3 of
33 Article 4 of Chapter 160A of the General Statutes, or whose department is closed because
34 of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the
35 General Statutes, and because of such annexation is unable to perform as a fireman of any
36 status, and if the member has at least 10 years of service with the pension fund, may be
37 permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund
38 until the member has made contributions for a total of 240 months. The member upon
39 attaining the age of 55 years and completion of such contributions shall be entitled to
40 receive a pension as provided by this section. Any application to make monthly
41 contributions under this section shall be subject to a finding of eligibility by the Board of
42 Trustees upon application of the member.

1 The pensions provided shall be in addition to all other pensions or benefits under any
2 other statutes of the State of North Carolina or the United States, notwithstanding any
3 exclusionary provisions of other pensions or retirement systems provided by law."

4 (b) This section becomes effective July 1, 1998.

5
6 Requested by: Representatives Holmes, Esposito, Creech, Crawford, Barbee

7 **RETIREE COLAS AND FORMULA INCREASE**

8 Section 28.22. (a) G.S. 135-5 is amended by adding a new subsection to read:

9 "(eee) From and after July 1, 1998, the retirement allowance to or on account of
10 beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased
11 by two and one-half percent (2.5%) of the allowance payable on June 1, 1998, in
12 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1998, the retirement
13 allowance to or on account of beneficiaries whose retirement commenced after July 1,
14 1997, but before June 30, 1998, shall be increased by a prorated amount of two and one-
15 half percent (2.5%) of the allowance payable as determined by the Board of Trustees
16 based upon the number of months that a retirement allowance was paid between July 1,
17 1997, and June 30, 1998."

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

19 "(s) From and after July 1, 1998, the retirement allowance to or on account of
20 beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased
21 by two and one-half percent (2.5%) of the allowance payable on June 1, 1998.
22 Furthermore, from and after July 1, 1998, the retirement allowance to or on account of
23 beneficiaries whose retirement commenced after July 1, 1997, but before June 30, 1998,
24 shall be increased by a prorated amount of two and one-half percent (2.5%) 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, 1997, and June 30, 1998."

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

28 "(m) In accordance with subsection (a) of this section, from and after July 1, 1998,
29 the retirement allowance to or on account of beneficiaries whose retirement commenced
30 on or before January 1, 1998, shall be increased by two and one-half percent (2.5%) of
31 the allowance payable on June 1, 1998. Furthermore, from and after July 1, 1998, the
32 retirement allowance to or on account of beneficiaries whose retirement commenced after
33 January 1, 1998, but before June 30, 1998, shall be increased by a prorated amount of two
34 and one-half percent (2.5%) of the allowance payable as determined by the Board of
35 Trustees based upon the number of months that a retirement allowance was paid between
36 January 1, 1998, and June 30, 1998."

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

38 "(uu) From and after July 1, 1998, the retirement allowance to or on account of
39 beneficiaries whose retirement commenced on or before July 1, 1997, shall be increased
40 by two and one-half percent (2.5%) of the allowance payable on June 1, 1998, in
41 accordance with subsection (k) of this section. Furthermore, from and after July 1, 1998,
42 the retirement allowance to or on account of beneficiaries whose retirement commenced
43 after July 1, 1997, but before June 30, 1998, shall be increased by a prorated amount of

1 two and one-half percent (2.5%) of the allowance payable as determined by the Board of
2 Trustees based upon the number of months that a retirement allowance was paid between
3 July 1, 1997, and June 30, 1998."

4 (e) G.S. 128-27(b16) reads as rewritten:

5 "(b16) Service Retirement Allowance of Member Retiring on or after July 1,
6 ~~1997~~.1997, but before July 1, 1998. – Upon retirement from service in accordance with
7 subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 1998, a member
8 shall receive the following service retirement allowance:

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

12 a. If the member's service retirement date occurs on or after his
13 55th birthday, and completion of five years of creditable service
14 as a law enforcement officer, or after the completion of 30 years
15 of creditable service, the allowance shall be equal to one and
16 seventy-six hundredths percent (1.76%) of his average final
17 compensation, multiplied by the number of years of his
18 creditable service.

19 b. If the member's service retirement date occurs on or after his
20 50th birthday and before his 55th birthday with 15 or more years
21 of creditable service as a law enforcement officer and prior to the
22 completion of 30 years of creditable service, his retirement
23 allowance shall be equal to the greater of:

24 1. The service retirement allowance payable under G.S. 128-
25 27(b16)(1)a. reduced by one-third of one percent (1/3 of
26 1%) thereof for each month by which his retirement date
27 precedes the first day of the month coincident with or next
28 following the month the member would have attained his
29 55th birthday; or

30 2. The service retirement allowance as computed under G.S.
31 128-27(b16)(1)a. reduced by five percent (5%) times the
32 difference between 30 years and his creditable service at
33 retirement.

34 (2) A member who is not a law enforcement officer or an eligible former
35 law enforcement officer shall receive a service retirement allowance
36 computed as follows:

37 a. If the member's service retirement date occurs on or after his
38 65th birthday upon the completion of five years of creditable
39 service or after the completion of 30 years of creditable service
40 or on or after his 60th birthday upon the completion of 25 years
41 of creditable service, the allowance shall be equal to one and
42 seventy-six hundredths percent (1.76%) 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 completion
5 of 25 years or more of creditable service, his retirement
6 allowance shall be computed as in G.S. 128-27(b16)(2)a. but
7 shall be reduced by one-quarter of one percent (1/4 of 1%)
8 thereof for each month by which his retirement date precedes the
9 first day of the month coincident with or next following his 65th
10 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 G.S.
17 128-27(b16)(2)a. but reduced by the sum of five-twelfths
18 of one percent (5/12 of 1%) thereof for each month by
19 which his retirement date precedes the first day of the
20 month coincident with or next following the month the
21 member would have attained his 60th birthday, plus one-
22 quarter of one percent (1/4 of 1%) thereof for each month
23 by which his 60th birthday precedes the first day of the
24 month coincident with or next following his 65th birthday;
25 or
- 26 2. The service retirement allowance as computed under G.S.
27 128-27(b16)(2)a. reduced by five percent (5%) times the
28 difference between 30 years and his creditable service at
29 retirement; or
- 30 3. If the member's creditable service commenced prior to
31 July 1, 1995, the service retirement allowance equal to the
32 actuarial equivalent of the allowance payable at the age of
33 60 years as computed in G.S. 128-27(b16)(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 (f) G.S. 128-27 is amended by adding a new subsection to read:
- 38 "(b17) Service Retirement Allowance of Member Retiring on or After July 1,
39 1998. – Upon retirement from service in accordance with subsection (a) or (a1) above, on
40 or after July 1, 1998, a member shall receive the following service retirement allowance:
- 41 (1) A member who is a law enforcement officer or an eligible former law
42 enforcement officer shall receive a service retirement allowance
43 computed as follows:

1 a. If the member's service retirement date occurs on or after his
2 55th birthday and completion of five years of creditable service
3 as a law enforcement officer, or after the completion of 30 years
4 of creditable service, the allowance shall be equal to one and
5 seventy-seven hundredths percent (1.77%) of his average final
6 compensation, multiplied by the number of years of his
7 creditable service.

8 b. If the member's service retirement date occurs on or after his
9 50th birthday and before his 55th birthday with 15 or more years
10 of creditable service as a law enforcement officer and prior to the
11 completion of 30 years of creditable service, his retirement
12 allowance shall be equal to the greater of:

13 1. The service retirement allowance payable under G.S. 128-
14 27(b17)(1)a. reduced by one-third of one percent (1/3 of
15 1%) thereof for each month by which his retirement date
16 precedes the first day of the month coincident with or next
17 following the month the member would have attained his
18 55th birthday; or

19 2. The service retirement allowance as computed under G.S.
20 128-27(b17)(1)a. reduced by five percent (5%) times the
21 difference between 30 years and his creditable service at
22 retirement.

23 (2) A member who is not a law enforcement officer or an eligible former
24 law enforcement officer shall receive a service retirement allowance
25 computed as follows:

26 a. If the member's service retirement date occurs on or after his
27 65th birthday upon the completion of five years of creditable
28 service or after the completion of 30 years of creditable service
29 or on or after his 60th birthday upon the completion of 25 years
30 of creditable service, the allowance shall be equal to one and
31 seventy-seven hundredths percent (1.77%) of average final
32 compensation, multiplied by the number of years of creditable
33 service.

34 b. If the member's service retirement date occurs after his 60th
35 birthday and before his 65th birthday and prior to his completion
36 of 25 years or more of creditable service, his retirement
37 allowance shall be computed as in G.S. 128-27(b17)(2)a. but
38 shall be reduced by one-quarter of one percent (1/4 of 1%)
39 thereof for each month by which his retirement date precedes the
40 first day of the month coincident with or next following his 65th
41 birthday.

42 c. If the member's early service retirement date occurs on or after
43 his 50th birthday and before his 60th birthday and after

1 completion of 20 years of creditable service but prior to the
2 completion of 30 years of creditable service, his early service
3 retirement allowance shall be equal to the greater of:

4 1. The service retirement allowance as computed under G.S.
5 128-27(b17)(2)a. but reduced by the sum of five-twelfths
6 of one percent (5/12 of 1%) thereof for each month by
7 which his retirement date precedes the first day of the
8 month coincident with or next following the month the
9 member would have attained his 60th birthday, plus one-
10 quarter of one percent (1/4 of 1%) thereof for each month
11 by which his 60th birthday precedes the first day of the
12 month coincident with or next following his 65th birthday;
13 or

14 2. The service retirement allowance as computed under G.S.
15 128-27(b17)(2)a. reduced by five percent (5%) times the
16 difference between 30 years and his creditable service at
17 retirement; or

18 3. If the member's creditable service commenced prior to
19 July 1, 1995, the service retirement allowance equal to the
20 actuarial equivalent of the allowance payable at the age of
21 60 years as computed in G.S. 128-27(b17)(2)b.

22 d. Notwithstanding the foregoing provisions, any member whose
23 creditable service commenced prior to July 1, 1965, shall not
24 receive less than the benefit provided by G.S. 128-27(b)."

25 (g) G.S. 128-27(m) reads as rewritten:

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

32 (1) a. The member had attained such age and/or creditable service to be
33 eligible to commence retirement with an early or service retirement
34 allowance, or

35 b. The member had obtained 20 years of creditable service in which
36 case the retirement allowance shall be computed in accordance
37 with ~~G.S. 128-27(b16)(1)b.~~ G.S. 128-27(b17)(1)b. or ~~G.S. 128-~~
38 ~~27(b16)(2)e.~~ G.S. 128-27(b17)(2)c., notwithstanding the
39 requirement of obtaining age 50.

40 (2) The member had designated as the principal beneficiary to receive a
41 return of his accumulated contributions one and only one person who is
42 living at the time of his death.

1 (3) The member had not instructed the Board of Trustees in writing that he
2 did not wish the provisions of this subsection apply.

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

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

11 "(vv) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1998. –
12 From and after July 1, 1998, the retirement allowance to or on account of beneficiaries on
13 the retirement rolls as of June 1, 1998, shall be increased by six-tenths of one percent
14 (0.6%) of the allowance payable on June 1, 1998. This allowance shall be calculated on
15 the allowance payable and in effect on June 30, 1998, so as not to be compounded on any
16 other increase payable under subsection (k) of this section or otherwise granted by act of
17 the 1997 General Assembly."

18 (i) This section becomes effective July 1, 1998.

19
20 Requested by: Representatives Holmes, Esposito, Creech, Crawford, Barbee

21 **EMPLOYER CONTRIBUTION RATES**

22 Section 28.23A. (a) Section 33.23(c) of S.L. 1997-443 reads as rewritten:

23 "(c) Effective July 1, 1998, the State's employer contribution rates budgeted for
24 retirement and related benefits as a percentage of covered salaries for the 1998-99 fiscal
25 year are (i) ~~ten and eighty-three hundredths percent (10.83%)~~ ten and one-tenth percent
26 (10.10%) - Teachers and State Employees; (ii) ~~fifteen and eighty-three hundredths~~
27 ~~percent (15.83%)~~ fifteen and one-tenth percent (15.10%) - State Law Enforcement
28 Officers; (iii) nine and thirty-six hundredths percent (9.36%) - University Employees'
29 Optional Retirement Program; (iv) ~~twenty-two and sixty-five hundredths percent~~
30 ~~(22.65%)~~ eighteen and ninety-seven hundredths percent (18.97%) - Consolidated Judicial
31 Retirement System; and (v) twenty-four and fifty-eight hundredths percent (24.58%) -
32 Legislative Retirement System. Each of the foregoing contribution rates includes two
33 percent (2%) for hospital and medical benefits. The rate for State Law Enforcement
34 Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The
35 rates for Teachers and State Employees, State Law Enforcement Officers, and for the
36 University Employees' Optional Retirement Program include fifty-two hundredths
37 percent (0.52%) for the Disability Income Plan."

38 (b) Required employer salary-related contributions for employees whose salaries
39 are paid from department, office, institution, or agency receipts shall be paid from the
40 same source as the source of the employees' salary. If an employee's salary is paid in part
41 from the General Fund or Highway Fund and in part from department, office, institution,
42 or agency receipts, required employer salary-related contributions may be paid from the
43 General Fund or Highway Fund only to the extent of the proportionate part paid from the

1 General Fund or Highway Fund in support of the salary of the employee, and the
2 remainder of the employer's requirements shall be paid from the source that supplies the
3 remainder of the employee's salary. The requirements of this section as to source of
4 payment are also applicable to payments on behalf of the employee for hospital-medical
5 benefits, longevity pay, unemployment compensation, accumulated leave, workers'
6 compensation, severance pay, separation allowances, and applicable disability income
7 and disability salary continuation benefits.

8
9 [SECTION 28.24 RESERVED]

10
11 Requested by: Representatives Holmes, Esposito, Creech, Crawford

12 **SALARY CONTINUATION BENEFITS FOR UNIVERSITY SYSTEM CAMPUS**
13 **LAW ENFORCEMENT OFFICERS**

14 Section 28.25. (a) G.S. 143-166.13(a) is amended by adding a new subdivision
15 to read:

16 "(19) Sworn State Law-Enforcement Officers with the power of arrest,
17 University System."

18 (b) This section becomes effective July 1, 1998, and applies to incapacities that
19 occur on or after that date.

20
21 [SECTION 28.26 RESERVED]

22
23 Requested by: Representatives Holmes, Esposito, Creech, Crawford, Barbee

24 **INCREASE RETIREE DEATH BENEFIT**

25 Section 28.27. (a) G.S. 135-5(l) reads as rewritten:

26 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan
27 (hereinafter called the 'Plan') which is established as an employee welfare benefit plan
28 that is separate and apart from the Retirement System and under which the members of
29 the Retirement System shall participate and be eligible for group life insurance benefits.
30 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees
31 under the Group Life Insurance Plan, of the death, in service, of a member who had
32 completed at least one full calendar year of membership in the Retirement System, there
33 shall be paid to such person as he shall have nominated by written designation duly
34 acknowledged and filed with the Board of Trustees, if such person is living at the time of
35 the member's death, otherwise to the member's legal representatives, a death benefit.
36 Such death benefit shall be equal to the greater of:

- 37 (1) The compensation on which contributions were made by the member
38 during the calendar year preceding the year in which his death occurs, or
39 (2) The greatest compensation on which contributions were made by the
40 member during a 12-month period of service within the 24-month
41 period of service ending on the last day of the month preceding the
42 month in which his last day of actual service occurs;

1 (3), (4) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1049, s.
2 2.

3 subject to a minimum of twenty-five thousand dollars (\$25,000) and to a maximum of
4 fifty thousand dollars (\$50,000). Such death benefit shall be payable apart and separate
5 from the payment of the member's accumulated contributions under the System on his
6 death pursuant to the provisions of subsection (f) of this section. For the purpose of the
7 Plan, a member shall be deemed to be in service at the date of his death if his death
8 occurs within 180 days from the last day of his actual service.

9 The death benefit provided in this subsection (l) shall not be payable,
10 notwithstanding the member's compliance with all the conditions set forth in the
11 preceding paragraph, if his death occurs

12 (1) After December 31, 1968 and after he has attained age 70; or

13 (2) After December 31, 1969 and after he has attained age 69; or

14 (3) After December 31, 1970 and after he has attained age 68; or

15 (4) After December 31, 1971 and after he has attained age 67; or

16 (5) After December 31, 1972 and after he has attained age 66; or

17 (6) After December 31, 1973 and after he has attained age 65; or

18 (7) After December 31, 1978, but before January 1, 1987, and after he has
19 attained age 70.

20 Notwithstanding the above provisions, the death benefit shall be payable on account
21 of the death of any member who died or dies on or after January 1, 1974, but before
22 January 1, 1979, after attaining age 65, if he or she had not yet attained age 65, if he or
23 she had not yet attained age 66, was at the time of death completing the work year for
24 those individuals under specific contract, or during the fiscal year for those individuals
25 not under specific contract, in which he or she attained 65, and otherwise met all
26 conditions for payment of the death benefit.

27 Notwithstanding the above provisions, the Board of Trustees may and is specifically
28 authorized to provide the death benefit according to the terms and conditions otherwise
29 appearing in this Plan in the form of group life insurance, either (i) by purchasing a
30 contract or contracts of group life insurance with any life insurance company or
31 companies licensed and authorized to transact business in this State for the purpose of
32 insuring the lives of members in service, or (ii) by establishing a separate trust fund
33 qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for
34 such purpose. To that end the Board of Trustees is authorized, empowered and directed to
35 investigate the desirability of utilizing group life insurance by either of the foregoing
36 methods for the purpose of providing the death benefit. If a separate trust fund is
37 established, it shall be operated in accordance with rules and regulations adopted by the
38 Board of Trustees and all investment earnings on the trust fund shall be credited to such
39 fund.

40 In administration of the death benefit the following shall apply:

41 (1) For the purpose of determining eligibility only, in this subsection
42 'calendar year' shall mean any period of 12 consecutive months or, if
43 less, the period covered by an annual contract of employment. For all

1 other purposes in this subsection "calendar year" shall mean the 12
2 months beginning January 1 and ending December 31.

3 (2) Last day of actual service shall be:

4 a. When employment has been terminated, the last day the member
5 actually worked.

6 b. When employment has not been terminated, the date on which an
7 absent member's sick and annual leave expire, unless he is on
8 approved leave of absence and is in service under the provisions
9 of G.S. 135-4(h).

10 (3) For a period when a member is on leave of absence, his status with
11 respect to the death benefit will be determined by the provisions of G.S.
12 135-4(h).

13 (4) A member on leave of absence from his position as a teacher or State
14 employee for the purpose of serving as a member or officer of the
15 General Assembly shall be deemed to be in service during sessions of
16 the General Assembly and thereby covered by the provisions of the
17 death benefit. The amount of the death benefit for such member shall be
18 the equivalent of the salary to which the member would have been
19 entitled as a teacher or State employee during the 12-month period
20 immediately prior to the month in which death occurred, not to be less
21 than twenty-five thousand dollars (\$25,000) nor to exceed fifty thousand
22 dollars (\$50,000).

23 The provisions of the Retirement System pertaining to Administration, G.S. 135-6,
24 and management of funds, G.S. 135-7, are hereby made applicable to the Plan.

25 A member who is a beneficiary of the Disability Income Plan provided for in Article
26 6 of this Chapter shall be eligible for group life insurance benefits as provided in this
27 subsection, notwithstanding that the member is no longer an employee or teacher or that
28 the member's death occurs after the eligibility period after active service. The basis of the
29 death benefit payable hereunder shall be the higher of the death benefit computed as
30 above or a death benefit based on compensation used in computing the benefit payable
31 under G.S. 135-105 and G.S. 135-106, as may be adjusted for percentage post-disability
32 increases, all subject to the maximum dollar limitation as provided above. A member in
33 receipt of benefits from the Disability Income Plan under the provisions of G.S. 135-112
34 whose right to a benefit accrued under the former Disability Salary Continuation Plan
35 shall not be covered under the provisions of this paragraph.

36 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
37 subsection, of the death of a retired member of the Retirement System on or after July 1,
38 1988, but before January 1, 1999, there shall be paid a death benefit to the surviving
39 spouse of the deceased retired member or to the deceased retired member's legal
40 representative if not survived by a spouse; provided the retired member has elected, when
41 first eligible, to make, and has continuously made, in advance of his death required
42 contributions as determined by the Board of Trustees on a fully contributory basis,
43 through retirement allowance deductions or other methods adopted by the Board of

1 Trustees, to a group death benefit trust fund administered by the Board of Trustees
2 separate and apart from the Retirement System's Annuity Savings Fund and Pension
3 Accumulation Fund. This death benefit shall be a lump-sum payment in the amount of
4 five thousand dollars (\$5,000) upon the completion of twenty-four months of
5 contributions required under this subsection. Should death occur before the completion of
6 twenty-four months of contributions required under this subsection, the deceased retired
7 member's surviving spouse or legal representative if not survived by a spouse shall be
8 paid the sum of the retired member's contributions required by this subsection plus
9 interest to be determined by the Board of Trustees.

10 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
11 subsection, of the death of a retired member of the Retirement System on or after January
12 1, 1999, there shall be paid a death benefit to the surviving spouse of the deceased retired
13 member or to the deceased retired member's legal representative if not survived by a
14 spouse; provided the retired member has elected, when first eligible, to make, and has
15 continuously made, in advance of his death required contributions as determined by the
16 Board of Trustees on a fully contributory basis, through retirement allowance deductions
17 or other methods adopted by the Board of Trustees, to a group death benefit trust fund
18 administered by the Board of Trustees separate and apart from the Retirement System's
19 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a
20 lump-sum payment in the amount of six thousand dollars (\$6,000) upon the completion
21 of 24 months of contributions required under this subsection. Should death occur before
22 the completion of 24 months of contributions required under this subsection, the deceased
23 retired member's surviving spouse or legal representative if not survived by a spouse shall
24 be paid the sum of the retired member's contributions required by this subsection plus
25 interest to be determined by the Board of Trustees."

26 (b) G.S. 135-64(g) reads as rewritten:

27 "(g) Upon the death of a retired member on or after July 1, 1988, but before
28 January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased
29 retired member or to the deceased retired member's legal representative if not survived by
30 a spouse; provided the retired member has elected, when first eligible, to make, and has
31 continuously made, in advance of his death required contributions as determined by the
32 Board of Trustees on a fully contributory basis, through retirement allowance deductions
33 or other methods adopted by the Board of Trustees, to a group death benefit trust fund
34 administered by the Board of Trustees separate and apart from the Retirement System's
35 Annuity Savings Fund and Pension Accumulation Fund. This death benefit shall be a
36 lump-sum payment in the amount of five thousand dollars (\$5,000) upon the completion
37 of 24 months of contributions required under this subsection. Should death occur before
38 the completion of 24 months of contributions required under this subsection, the deceased
39 retired member's surviving spouse or legal representative if not survived by a spouse shall
40 be paid the sum of the retired member's contributions required by this subsection plus
41 interest to be determined by the Board of Trustees."

42 (c) G.S. 135-64 is amended by adding a new subsection to read:

1 "(h) Upon the death of a retired member on or after January 1, 1999, there shall be
2 paid a death benefit to the surviving spouse of a deceased retired member or to the
3 deceased retired member's legal representative if not survived by a spouse; provided the
4 retired member has elected, when first eligible, to make, and has continuously made, in
5 advance of his death required contributions as determined by the Board of Trustees on a
6 fully contributory basis, through retirement allowance deductions or other methods
7 adopted by the Board of Trustees, to a group death benefit trust fund administered by the
8 Board of Trustees separate and apart from the Retirement System's Annuity Savings
9 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
10 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
11 contributions required under this subsection. Should death occur before the completion of
12 24 months of contributions required under this subsection, the deceased retired member's
13 surviving spouse or legal representative if not survived by a spouse shall be paid the sum
14 of the retired member's contributions required by this subsection plus interest to be
15 determined by the Board of Trustees."

16 (d) G.S. 120-4.27 reads as rewritten:

17 **"§ 120-4.27. Death benefit.**

18 The designated beneficiary of a member who dies while in service after completing
19 one year of creditable service shall receive a lump-sum payment of an amount equal to
20 the deceased member's highest annual salary, to a maximum of fifteen thousand dollars
21 (\$15,000). For purposes of this death benefit 'in service' means currently serving as a
22 member of the North Carolina General Assembly.

23 The death benefit provided by this section shall be designated a group life insurance
24 benefit payable under an employee welfare benefit plan that is separate and apart from
25 the Retirement System but under which the members of the Retirement System shall
26 participate and be eligible for group life insurance benefits. The Board of Trustees is
27 authorized to provide the death benefit in the form of group life insurance either by
28 purchasing a contract or contracts of group life insurance with any life insurance
29 company or companies licensed and authorized to transact business in the State of North
30 Carolina for the purpose of insuring the lives of qualified members in service, or by
31 establishing or affiliating with a separate trust fund qualified under Section 501(c)(9) of
32 the Internal Revenue Code of 1954, as amended.

33 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
34 member of the Retirement System or Retirement Fund on or after July 1, 1988, but before
35 January 1, 1999, there shall be paid a death benefit to the surviving spouse of a deceased
36 retired member, or to the deceased retired member's legal representative if not survived
37 by a spouse; provided the retired member has elected, when first eligible, to make, and
38 has continuously made, in advance of his death required contributions as determined by
39 the Retirement System on a fully contributory basis, through retirement allowance
40 deductions or other methods adopted by the Retirement System, to a group death benefit
41 trust fund administered by the Board of Trustees separate and apart from the Retirement
42 System's Annuity Savings Fund and Pension Accumulation Fund. This death benefit
43 shall be a lump-sum payment in the amount of five thousand dollars (\$5,000) upon the

1 completion of twenty-four months of contributions required under this subsection.
2 Should death occur before the completion of twenty-four months of contributions
3 required under this subsection, the deceased retired member's surviving spouse or legal
4 representative if not survived by a spouse shall be paid the sum of the retired member's
5 contributions required by this subsection plus interest to be determined by the Board of
6 Trustees.

7 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired
8 member of the Retirement System or Retirement Fund on or after January 1, 1999, there
9 shall be paid a death benefit to the surviving spouse of a deceased retired member, or to
10 the deceased retired member's legal representative if not survived by a spouse; provided
11 the retired member has elected, when first eligible, to make, and has continuously made,
12 in advance of his death required contributions as determined by the Retirement System
13 on a fully contributory basis, through retirement allowance deductions or other methods
14 adopted by the Retirement System, to a group death benefit trust fund administered by
15 the Board of Trustees separate and apart from the Retirement System's Annuity Savings
16 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
17 in the amount of six thousand dollars (\$6,000) upon the completion of 24 months of
18 contributions required under this subsection. Should death occur before the completion
19 of 24 months of contributions required under this subsection, the deceased retired
20 member's surviving spouse or legal representative if not survived by a spouse shall be
21 paid the sum of the retired member's contributions required by this subsection plus
22 interest to be determined by the Board of Trustees."

23 (e) G.S. 128-27(12) reads as rewritten:

24 "(12) Death Benefit for Retired Members. – Upon receipt of proof, satisfactory to the
25 Board of Trustees in its capacity under this subsection, of the death of a retired member
26 of the Retirement System on or after July 1, 1988, but before January 1, 1999, there shall
27 be paid a death benefit to the surviving spouse of the deceased retired member or to the
28 deceased retired member's legal representative if not survived by a spouse; provided the
29 retired member has elected, when first eligible, to make, and has continuously made, in
30 advance of his death required contributions as determined by the Board of Trustees on a
31 fully contributory basis through retirement allowance deductions or other methods
32 adopted by the Board of Trustees, to a group death benefit trust fund administered by the
33 Board of Trustees separate and apart from the Retirement System's Annuity Savings
34 Fund and Pension Accumulation Fund. This death benefit shall be a lump-sum payment
35 in the amount of five thousand dollars (\$5,000) upon the completion of 24 months of
36 contributions required under this subsection. Should death occur before the completion of
37 24 months of contributions required under this subsection, the deceased retired member's
38 surviving spouse or legal representative if not survived by a spouse shall be paid the sum
39 of the retired member's contributions required by this subsection plus interest to be
40 determined by the Board of Trustees."

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

42 "(13) Death Benefit for Retired Members. – Upon receipt of proof, satisfactory to the
43 Board of Trustees in its capacity under this subsection, of the death of a retired member

1 of the Retirement System on or after January 1, 1999, there shall be paid a death benefit
2 to the surviving spouse of the deceased retired member or to the deceased retired
3 member's legal representative if not survived by a spouse; provided the retired member
4 has elected, when first eligible, to make, and has continuously made, in advance of his
5 death required contributions as determined by the Board of Trustees on a fully
6 contributory basis through retirement allowance deductions or other methods adopted by
7 the Board of Trustees, to a group death benefit trust fund administered by the Board of
8 Trustees separate and apart from the Retirement System's Annuity Savings Fund and
9 Pension Accumulation Fund. This death benefit shall be a lump-sum payment in the
10 amount of six thousand dollars (\$6,000) upon the completion of 24 months of
11 contributions required under this subsection. Should death occur before the completion of
12 24 months of contributions required under this subsection, the deceased retired member's
13 surviving spouse or legal representative if not survived by a spouse shall be paid the sum
14 of the retired member's contributions required by this subsection plus interest to be
15 determined by the Board of Trustees."

16 (g) This section becomes effective January 1, 1999.

17
18 Requested by: Representatives Holmes, Esposito, Creech, Crawford

19 **RIF ABUSES PROHIBITED**

20 Section 28.28. G.S. 143-27.2 reads as rewritten:

21 **"§ 143-27.2. Discontinued service retirement allowance and severance wages for**
22 **certain State employees.**

23 (a) When the Director of the Budget determines that the closing of a State
24 institution or a reduction in force will accomplish economies in the State Budget, he shall
25 pay either a discontinued service retirement allowance or severance wages to any affected
26 State employee, provided reemployment is not available. As used in this section,
27 "economies in the State Budget" means economies resulting from elimination of a job
28 and its responsibilities or from a lack of funds to support the job. In determining whether
29 to pay a discontinued service retirement allowance or severance wages, the Director of
30 the Budget shall consider the recommendation of the department head involved and any
31 recommendation of the State Personnel Director. Severance wages shall not be paid to an
32 employee who chooses a discontinued service retirement. Severance wages shall not be
33 subject to employer or employee retirement contributions. Severance wages shall be paid
34 according to the policies adopted by the State Personnel Commission.

35 Notwithstanding any other provisions of the State's retirement laws, any employee of
36 the State who is a member of the Teachers' and State Employees' Retirement System or
37 the Law-Enforcement Officers' Retirement System and who has his job involuntarily
38 terminated as a result of economies in the State Budget may be entitled to a discontinued
39 service retirement allowance, subject to the approval of the employing agency and the
40 availability of agency funds. An unreduced discontinued service retirement allowance,
41 not otherwise allowed, may be approved for employees with 20 or more years of
42 creditable retirement service who are at least 55 years of age; or a discontinued service
43 retirement allowance, not otherwise allowed, may be approved for employees with 20 or

1 more years of creditable retirement service who are at least 50 years of age, reduced by
2 one-fourth of one percent (1/4 of 1%) for each month that retirement precedes his fifty-
3 fifth birthday. In cases where a discontinued service retirement allowance is approved,
4 the employing agency shall make a lump sum payment to the Administrator of the State
5 Retirement Systems equal to the actuarial present value of the additional liabilities
6 imposed upon the System, to be determined by the System's consulting actuary, as a
7 result of the discontinued service retirement, plus an administrative fee to be determined
8 by the Administrator.

9 The salary used to determine severance wages under this section is the last annual
10 salary except that if the employee was promoted within the previous 12 months, the last
11 annual salary is that annual salary prior to the promotion. If the annual salary prior to the
12 promotion is used, it shall be adjusted to account for any across-the-board legislative
13 salary increases. Excluded from any calculation are any benefits such as, but not limited
14 to, overtime pay, shift pay, holiday premium, or longevity pay.

15 (b) Any employee separated from State government and paid severance wages
16 under this section shall not be employed under a contractual arrangement by any State
17 agency until 12 months have elapsed since the separation. This subsection does not
18 affect any reduction in force rights that the employee may have."

19
20 Requested by: Representative Russell

21 **CLINICAL TRIALS COVERAGE**

22 Section 28.29. (a) G.S. 135-40.6(8) is amended by adding the following
23 paragraph to read:

24 "u. Clinical Trials: Notwithstanding the provisions of this Article,
25 coverage shall be extended to therapies still under investigation
26 when the treatment is being provided pursuant to a Phase II, III,
27 or IV clinical trial that has been approved by the National
28 Institutes of Health (NIH) or the Department of Defense. The
29 coverage of new therapy provided pursuant to a Phase II clinical
30 trial shall be required only for such portion of that treatment as is
31 provided as part of the Phase II clinical trial and is not otherwise
32 funded by a national agency or by commercial organizations.
33 Any portions of a Phase II trial that are customarily funded by
34 government, biotechnical or pharmaceutical or medical device
35 industry sources in North Carolina or in other states shall
36 continue to be so funded in North Carolina and coverage
37 pursuant to this section shall supplement not supplant such
38 customary funding."

39 (b) G.S. 135-40.1(7a) reads as rewritten:

40 "(7a) Experimental/Investigational Medical Procedures. – The use of a
41 service, supply, drug, or device not recognized as standard medical care
42 for the condition, disease, illness, or injury being treated as determined
43 by the Executive Administrator and Board of Trustees upon the advice

1 of the Claims Processor. Determinations are made after independent
2 review of scientific data. Opinions of experts in a particular field and
3 opinions and assessments of nationally recognized review organizations
4 shall also be considered by the Plan but are not determinative or
5 conclusive. The fact that an experimental/investigational treatment is the
6 only available treatment for a particular condition will not result in
7 coverage if the treatment is experimental/investigational in the treatment
8 of the particular condition, nor is it relevant for purposes of coverage
9 that the member has tried other more conventional therapies without
10 success. The following criteria are the basis for determination that a
11 service or supply is investigational:

- 12 a. Services or supplies requiring federal or other governmental
13 body approval, such as drugs and devices that do not have market
14 approval from the Food and Drug Administration (FDA) or final
15 approval from any other governmental regulatory body for use in
16 treatment of the condition being treated, or are not recognized for
17 the treatment of a condition in one of the standard reference
18 compendia or in generally accepted peer-reviewed medical
19 literature;
- 20 b. There is insufficient or inconclusive scientific evidence in peer
21 review medical literature to permit the Plan's evaluation of the
22 therapeutic value of the service or supply;
- 23 c. There is inconclusive evidence that the service or supply has a
24 beneficial effect on health outcomes;
- 25 d. Is provided as part of a research or clinical trial;
- 26 e. Are provided pursuant to a written protocol or other document
27 that lists an evaluation of the service's safety, toxicity, or efficacy
28 as among its objectives;
- 29 f. Are subject to approval or review of an Institutional Review
30 Board or other body that approves or reviews research; or
- 31 g. Are provided pursuant to informed consent documents that
32 describe the service as experimental, investigational, or part of a
33 research study.

34 Coverage shall be extended to therapies still under investigation
35 when the treatment is being provided pursuant to a Phase II, III, or IV
36 clinical trial that has been approved by the National Institutes of Health
37 (NIH) or the Department of Defense. The coverage of new therapy
38 provided pursuant to a Phase II clinical trial shall be required only for
39 such portion of that treatment as is provided as part of the Phase II
40 clinical trial and is not otherwise funded by a national agency or by
41 commercial organizations. Any portions of a Phase II trial that are
42 customarily funded by government, biotechnical or pharmaceutical or
43 medical device industry sources in North Carolina or in other states

shall continue to be so funded in North Carolina and coverage pursuant to this section shall supplement not supplant such customary funding."

**PART XXIX. GENERAL CAPITAL APPROPRIATIONS/PROVISIONS
CAPITAL APPROPRIATIONS/GENERAL FUND**

Section 29. Appropriations are made from the General Fund of the State for the 1998-99 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

1998-99

ADMINISTRATION

Reserve for Land Acquisitions-Government Complex	\$500,000
Reserve for State Veterans Nursing Home-Salisbury	
Renovation of a 100-bed nursing care unit	\$1,000,000

AGRICULTURE AND CONSUMER SERVICES

N.C. State Fair

Construction of Multipurpose Building-	
Site Development/Construction	\$3,000,000

Cattle and Livestock Exposition Center-

Construction of part of complex	\$6,000,000
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Center for Environmental Farming Planning and

Development at Cherry Farm-Design	\$600,000
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Umstead Farm Unit

Authorizes the Department to use timber receipts for fiscal year 1998-99 for the construction of nutrition and animal care facilities at the Umstead Farm Unit in Butner

Total Requirements	\$533,000
Less Receipts	(\$533,000)
<hr/>	
Appropriation	0

COMMUNITY COLLEGES

Center for Applied Textile Technology

1	Lab and Administration Building	\$2,000,000
2		
3	Yadkin County Satellite of Surry County	
4	Community College	\$1,500,000
5		
6	Blue Ridge Community College	\$2,000,000
7		
8	Franklin County Satellite of Vance-	
9	Granville Community College	\$1,000,000
10		
11	CORRECTION	
12		
13	Central Prison-Acute Care Hospital	
14	Design of a new 90-bed facility	\$2,500,000
15		
16	CULTURAL RESOURCES	
17		
18	Museum of Art-Expansion and Renovation	
19	Design funds	\$2,400,000
20		
21	ENVIRONMENT AND NATURAL RESOURCES	
22		
23	State Match-Water Resources Projects	
24	Funds for the State share of federal civil	\$7,000,000
25	works projects	
26		
27	Forestry-Construction of County Headquarters	
28	Facilities in Moore and Sampson Counties	\$700,000
29		
30	Museum of Natural Sciences-Project Supplement	
31	to cover cost overruns	\$1,000,000
32		
33	Land Acquisition-Jocassee Lake-Transylvania County	
34	Purchase land adjacent to Jocassee Lake to be preserved	
35	as a park, recreational, and scenic areas	\$5,000,000
36		
37	Channel Widening/Deepening-Wilmington Port	
38	To improve navigation for shipping terminals and industries	\$4,800,000
39		
40	HEALTH AND HUMAN SERVICES	
41		
42	Eastern School for the Deaf	
43	Construction of 11,000 square foot Independent Living	

1	Complex in Wilson	\$1,040,000	
2			
3	Cherry Hospital/Children and Youth Facility		
4	Replace an existing building which no longer		
5	meets federal standards	\$5,000,000	
6			
7	New Whitaker School-Planning		
8	Planning for a 33-bed facility		\$250,000
9			
10	Eastern Vocational Rehabilitation Facility/Goldsboro		
11	Purchase an existing building for the expansion of the		
12	Traumatic Brain Injured Program	\$300,000	
13			
14	Dorothea Dix Hospital-Planning and General Design		
15	of new Hospital Facility	\$2,000,000	
16			
17	STATE PORTS		
18			
19	Reserve for Continued Development of State Ports		
20	Continued development of the State ports		\$6,000,000
21			
22	UNIVERSITY OF NORTH CAROLINA-BOARD OF GOVERNORS		
23			
24	Appalachian State University:		
25	Rankin Science Building Addition and Renovations		\$6,276,500
26			
27	East Carolina University		
28	Science Laboratories and Technology Building-		
29	Site Development	\$4,000,000	
30			
31	North Carolina Central University		
32	Health and Safety Repairs and Renovations		\$2,000,000
33			
34	North Carolina State University		
35	Toxicology Building-Construction		\$13,806,100
36	Engineering Instructional Facility-Advanced Planning		\$2,500,000
37	Upfit and Equip Center for Marine Science and		
38	Technology Building		\$2,400,000
39	Undergraduate Science Teaching Laboratories		\$4,500,000
40	College of Veterinary Medicine Main Building		
41	Addition-Planning	\$2,000,000	
42			
43	UNC-Asheville		

1	Highsmith Center Renovation and Addition-Planning	\$1,000,000
2	Justice Center Gymnasium	
3	Partial renovation	\$500,000
4		
5	UNC-Chapel Hill	
6	Addition and renovation of the Knapp Building	
7	Completion	\$6,570,600
8		
9	UNC-Public Television	
10	Advanced Planning, Conversion to Digital TV	\$1,100,000
11		
12	UNC-Charlotte	
13	Academic Facilities-Humanities-Site Development/	
14	Construction	\$12,000,000
15		
16	UNC-Wilmington	
17	School of Education Building Planning	\$1,775,000
18		
19	Western Carolina University	
20	Fine and Performing Arts Center-Site Development	\$2,500,000
21		
22	University-Board of Governors:	
23	a. Land Acquisition	\$5,000,000
24	b. Technology Infrastructure	\$20,000,000
25	TOTAL CAPITAL APPROPRIATION	\$143,518,200

27 Requested by: Representatives Russell, G. Wilson

28 **EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND**
 29 **RENOVATIONS**

30 Section 29.1. Of the funds in the Reserve for Repairs and Renovations for the
 31 1998-99 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors
 32 of The University of North Carolina for repairs and renovations pursuant to G.S. 143-
 33 15.3A, in accordance with guidelines developed in The University of North Carolina
 34 Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the
 35 Board of Governors of The University of North Carolina, and fifty-four percent (54%)
 36 shall be allocated to the Office of State Budget and Management for repairs and
 37 renovations pursuant to G.S. 143-15.3A.

38 Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds
 39 for the repair and renovation of facilities not supported from the General Fund if the
 40 Board determines that sufficient funds are not available from other sources and that
 41 conditions warrant General Fund assistance. Any such finding shall be included in the
 42 Board's submission to the Joint Legislative Commission on Governmental Operations on
 43 the proposed allocation of funds.

1 The Board of Governors and the Office of State Budget and Management
2 shall submit to the Joint Legislative Commission on Governmental Operations and to the
3 Fiscal Research Division of the Legislative Services Office, for their review, the
4 proposed allocations of these funds. Subsequent changes in the proposed allocations
5 shall be reported prior to expenditure to the Joint Legislative Commission on
6 Governmental Operations and to the Fiscal Research Division of the Legislative Services
7 Office.

8
9 Requested by: Representatives Russell, G. Wilson

10 **UNC REPAIRS AND RENOVATIONS**

11 Section 29.2. The Board of Governors of The University of North Carolina
12 may allocate up to ten million dollars (\$10,000,000) of its funding from the Reserve for
13 Repairs and Renovations for improvements to the technology infrastructure on the
14 campuses of the constituent institutions. Such improvements to the technology
15 infrastructure shall include repairs to existing systems, improvements to improve the use
16 and suitability of existing space for technology, and other improvements to utilities
17 infrastructure that will allow the increased use of advanced technology for educational
18 and research purposes.

19 These funds shall be used in accordance with G.S. 143-15.3A.

20
21 Requested by: Representatives Russell, G. Wilson

22 **HISTORIC SITES REPAIRS AND RENOVATIONS FUNDS**

23 Section 29.3. (a) Funds allocated in this act to the Office of State Budget and
24 Management for the Repairs and Renovations Fund may be used to make needed repairs
25 and renovations at the State Historic Sites.

26 (b) There is established the Historic Sites Repairs and Renovations Review
27 Committee. The Committee shall consist of the following members: the three cochairs
28 of the Senate Appropriations and Base Budget Committee and the four cochairs of the
29 House of Representatives Appropriations Committee. The Office of State Budget and
30 Management shall submit its proposal for the use of funds from the Repairs and
31 Renovations Fund for Historic Sites to the Committee before submitting the proposal to
32 the Joint Legislative Commission on Governmental Operations in accordance with this
33 act.

34
35 Requested by: Representatives Russell, G. Wilson

36 **STATE CAPITOL AND VISITOR'S CENTER SITE**

37 Section 29.4. The new State Capitol and Visitor Center being planned for
38 construction shall be located at the site bounded by Blount Street, Wilmington Street,
39 Edenton Street, and Jones Street in Raleigh, unless that construction site is unacceptable
40 for structural reasons.

41
42 Requested by: Representatives Russell, G. Wilson

43 **TIMBER RECEIPTS FOR CAPITAL CONSTRUCTION**

1 Section 29.5. The sum of five hundred thirty-three thousand dollars
2 (\$533,000) shall be transferred from the Department of Agriculture and Consumer
3 Services' timber sales capital improvement account, established pursuant to G.S. 146-30,
4 to the Department of Agriculture and Consumer Services for the 1998-99 fiscal year for
5 construction of nutrition and animal care facilities at the Umstead Farm Unit in Butner.
6

7 Requested by: Representatives Gardner, Cansler, Clary

8 **FUNDS FOR DOROTHEA DIX HOSPITAL DESIGN**

9 Section 29.5B. Of the funds appropriated in this act to the Department of
10 Health and Human Services, the sum of two million dollars (\$2,000,000) for the 1998-99
11 fiscal year shall be allocated for planning and general design of a new Dorothea Dix
12 Hospital and to study the costs of construction and operation of new facilities as
13 compared to redesign and long-term operation of other existing State psychiatric
14 hospitals. The general design and planning and the study shall be done in coordination
15 with the Study of the State Psychiatric Hospitals/Area Mental Health Programs. Actual
16 design of a new Dorothea Dix Hospital with respect to the number and type of beds is
17 subject to completion of the Study of the State Psychiatric Hospitals/Area Mental Health
18 Programs. The Department shall make an interim progress report on the status of the
19 general design and the study to the members of the Senate Appropriations Committee on
20 Human Resources and the House of Representatives Appropriations Subcommittee on
21 Human Resources not later than February 1, 1999.
22

23 Requested by: Representatives Gardner, Cansler, Clary

24 **WHITAKER SCHOOL PLANNING FUNDS**

25 Section 29.5C. (a) Of the funds appropriated in this act to the Department of
26 Health and Human Services, the sum of two hundred fifty thousand dollars (\$250,000)
27 for the 1998-99 fiscal year shall be used to plan and design a replacement facility for the
28 Whitaker School reeducation facility for behaviorally and emotionally disturbed youth.
29 These funds shall be used to plan and design a facility with a bed capacity of up to 33
30 beds.

31 (b) The Department of Health and Human Services shall provide the results of
32 the planning and design including estimated costs to build and operate the facility to the
33 House Appropriations Subcommittee on Human Resources and the Senate
34 Appropriations Committee on Human Resources no later than one week after the
35 convening of the 1999 General Assembly.
36

37 Requested by: Representatives Russell, G. Wilson

38 **SOUTH BROAD PARK LAKE AND WATER CONSERVATION FUND** 39 **CONVERSION**

40 Section 29.6. Lands purchased by the State to establish a new State park in
41 Transylvania County shall be used as replacement property to fulfill the requirements of
42 the federal Land and Water Conservation Fund for the conversion of land within South
43 Broad Park in Brevard to a use other than outdoor recreation. Except for the tract

1 currently used for an arboretum, Transylvania County may use for library purposes lands
 2 in South Broad Park converted under this section.

3
 4 Requested by: Representatives Russell, G. Wilson

5 **CONSTRUCTION FUNDS FOR STATE PORTS**

6 Section 29.7. The State Ports Authority may expend the sum of six million
 7 dollars (\$6,000,000) appropriated in this act in Section 29 in accordance with its schedule
 8 of priority for capital improvements.

9
 10 Requested by: Representatives Russell, G. Wilson

11 **WATER RESOURCES DEVELOPMENT PROJECTS FUNDS**

12 Section 29.8. (a)The Department of Environment and Natural Resources shall
 13 allocate the funds appropriated in this act for water resources development projects to the
 14 following projects whose estimated costs are as indicated:

15 Name of Project

16		
17		
18	1. Morehead City Harbor Turning Basin	\$ 2,000,000
19		
20	2. Wilmington Harbor Maintenance Dredging	200,000
21		
22	3. B. Everett Jordan Lake Water Supply	110,000
23		
24	4. Wilmington Harbor Long-Term Disposal	1,400,000
25		
26	5. Aquatic Plant Control Statewide and Lake Gaston	150,000
27		
28	6. Beaufort Harbor Maintenance Dredging	80,000
29		
30	7. North Channel Maintenance Dredging	
31	and Disposal Site	1,000,000
32		
33	8. Manteo Shallowbag Bay Maintenance Dredging	200,000
34		
35	9. Rollinson Channel Maintenance Dredging	
36	(Dare County)	400,000
37		
38	10. State-Local Projects	
39		
40	a. Frisco Ditch Snagging (Dare County)	3,500
41	b. Moccasin Creek Restoration (Johnston County)	78,800
42	c. Avery Pond Jetties and Dredging	
43	(Town of Kitty Hawk)	140,800

1	d.	High Rock Lake Dredging Feasibility Study	20,000	
2	e.	Other Stream Restoration Projects	256,900	
3		Subtotal		500,000
4				
5	11.	Pine Knolls Shores Protection (Carteret Co.)		200,000
6				
7	12.	Tar River Road Streambank Protection		50,000
8		(City of Greenville)		
9				
10	13.	Battery Island Bird Habitat Restoration		140,000
11		(Brunswick County)		
12				
13	14.	Dare County Beaches Feasibility Study		70,000
14				
15	15.	Deep Creek Watershed Project (Yadkin Co.)		500,000
16				
17		Total		\$ 7,000,000

18 (b) Where the actual costs are different from the estimated costs under subsection
 19 (a) of this section, the Department may adjust the allocations among projects as needed.
 20 If any projects listed in subsection (a) of this section are delayed and the budgeted State
 21 funds cannot be used during the 1998-99 fiscal year, or if the projects listed in subsection
 22 (a) of this section are accomplished at a lower cost, the Department may use the resulting
 23 fund availability to fund any of the following:

- 24 (1) Corps of Engineers project feasibility studies.
 - 25 (2) Corps of Engineers projects whose schedules have advanced and require
 26 State matching funds in fiscal year 1998-99.
 - 27 (3) State-local water resources development projects.
- 28 Funds not expended or encumbered for these purposes shall revert to the
 29 General Fund at the end of the 1999-2000 fiscal year.

30 (c) The Department shall make quarterly reports on the use of these funds to the
 31 Joint Legislative Commission on Governmental Operations, the Fiscal Research
 32 Division, and the Office of State Budget and Management. Each report shall include all
 33 of the following:

- 34 (1) All projects listed in this section.
- 35 (2) The estimated cost of each project.
- 36 (3) The date that work on each project began or is expected to begin.
- 37 (4) The date that work on each project was completed or is expected to be
 38 completed.
- 39 (5) The actual cost of each project.

40 The quarterly reports shall also show those projects advanced in schedule,
 41 those projects delayed in schedule, and an estimate of the amount of funds expected to
 42 revert to the General Fund.

43

1 [SECTIONS 29.9, 29.10 RESERVED]
2

3 Requested by: Representatives Russell, G. Wilson

4 **CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING**
5 **APPROVAL/REPORTING REQUIREMENT**

6 Section 29.11. Each department receiving capital improvement appropriations
7 from the Highway Fund under this act shall report quarterly to the Director of the Budget
8 on the status of those capital projects. The reporting procedure to be followed shall be
9 developed by the Director of the Budget.

10 Capital improvement projects authorized in this act that have not been placed
11 under contract for construction due to insufficient funds may be supplemented with funds
12 identified by the Director of the Budget, provided:

- 13 (1) That the project was designed and bid within the scope as authorized by
14 the General Assembly;
15 (2) That the funds to supplement the project are the same source as
16 authorized for the original project;
17 (3) That the department to which the project was authorized has
18 unsuccessfully pursued all statutory authorizations to award the
19 contract; and
20 (4) That the action be reported to the Fiscal Research Division of the
21 Legislative Services Office.
22

23 Requested by: Representatives Russell, G. Wilson

24 **RELOCATE GLOBAL TRANSPARK AUTHORITY**

25 Section 29.12. Of funds available to the North Carolina Global TransPark
26 Authority from funds appropriated in this act for the 1998-99 fiscal year, the Authority
27 shall relocate its administrative offices from Raleigh to the site of the TransPark in
28 Kinston. No State funds shall be spent to lease office space in Raleigh after June 30,
29 1999. At the request of the Authority, the State Property Office shall assist the Authority
30 in locating State uses for that space, if practical and economical.

31 The Authority may maintain a contact person housed in the offices of the
32 Department of Transportation in Raleigh.
33

34 [SECTION 29.13 RESERVED]
35

36 Requested by: Representatives Russell, G. Wilson

37 **UNC AGRICULTURAL RESEARCH FACILITIES**

38 Section 29.14. Of the funds appropriated in this act to the Board of Governors
39 of The University of North Carolina for land acquisition, up to one million five hundred
40 thousand dollars (\$1,500,000) may be allocated for development of replacement facilities
41 and associated expenses of moving agricultural research facilities to a newly acquired
42 site.
43

1 Requested by: Representative Redwine

2 **UNC-WILMINGTON LAND SALE PROCEEDS**

3 Section 29.15. The University of North Carolina at Wilmington may retain the
4 proceeds from the sale of real property which is the site of the old Marine Science Center
5 near Wrightsville Beach to use for the completion and equipping of the new Marine
6 Science Center currently under construction.

7
8 **PART XXX. MISCELLANEOUS PROVISIONS**

9 Requested by: Representatives Holmes, Esposito, Creech, Crawford

10 **EXECUTIVE BUDGET ACT APPLIES**

11 Section 30. The provisions of the Executive Budget Act, Chapter 143, Article
12 1 of the General Statutes, are reenacted and shall remain in full force and effect and are
13 incorporated in this act by reference.

14
15 Requested by: Representatives Holmes, Esposito, Creech, Crawford

16 **COMMITTEE REPORT**

17 Section 30.1. (a) The House Appropriations Committee Report on the Continuation,
18 Expansion and Capital Budget, dated July 20, 1998, which was distributed in the Senate
19 and the House of Representatives and used to explain this act, shall indicate action by the
20 General Assembly on this act and shall therefore be used to construe this act, as provided
21 in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a
22 part of this act and as such shall be printed as a part of the Session Laws.

23 (b) The budget enacted by the General Assembly for the maintenance of the
24 various departments, institutions, and other spending agencies of the State for the 1998-
25 99 fiscal year is a line item budget, in accordance with the Budget Code Structure and the
26 State Accounting System Uniform Chart of Accounts set out in the Administrative
27 Policies and Procedures Manual of the Office of the State Controller. This budget
28 includes the appropriations made from all sources including the General Fund, Highway
29 Fund, special funds, cash balances, federal receipts, and departmental receipts.

30 The General Assembly amended the itemized budget requests submitted to the
31 General Assembly by the Director of the Budget, in accordance with the steps that follow
32 and the line item detail in the budget enacted by the General Assembly may be derived
33 accordingly:

- 34 (1) The base budget was adjusted in accordance with the base budget cuts
35 and additions that were set out in the House Appropriations Committee
36 Report on the Continuation, Expansion and Capital Budget, dated July
37 20, 1998, together with any accompanying correction sheets.
- 38 (2) Transfers of funds supporting programs were made in accordance with
39 the House Appropriations Committee Report on the Continuation,
40 Expansion and Capital Budget, dated July 20, 1998, together with any
41 accompanying correction sheets.

1 The budget enacted by the General Assembly shall also be interpreted in
2 accordance with the special provisions in this act and in accordance with other
3 appropriate legislation.

4 In the event that there is a conflict between the line item budget certified by the
5 Director of the Budget and the budget enacted by the General Assembly, the budget
6 enacted by the General Assembly shall prevail.

7
8 Requested by: Representatives Holmes, Esposito, Creech, Crawford

9 **MOST TEXT APPLIES ONLY TO 1998-99**

10 Section 30.2. Except for statutory changes or other provisions that clearly
11 indicate an intention to have effects beyond the 1998-99 fiscal year, the textual provisions
12 of this act apply only to funds appropriated for, and activities occurring during, the 1998-
13 99 fiscal year.

14
15 Requested by: Representatives Holmes, Esposito, Creech, Crawford

16 **1997-98 APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

17 Section 30.3. (a) Except where expressly repealed or amended by this act, the
18 provisions of S.L. 1997-443, S.L. 1998-1 Extra Session, and S.L. 1998-9 remain in effect.

19 (b) Notwithstanding any modifications by this act in the amounts appropriated,
20 except where expressly repealed or amended, the limitations and directions for the 1998-
21 99 fiscal year in S.L. 1997-443, S.L. 1998-1 Extra Session, and S.L. 1998-9 that applied
22 to appropriations to particular agencies or for particular purposes apply to the newly
23 enacted appropriations and budget reductions of this act for those same particular
24 purposes.

25
26 Requested by: Representatives Holmes, Esposito, Creech, Crawford

27 **EFFECT OF HEADINGS**

28 Section 30.4. The headings to the parts and sections of this act are a
29 convenience to the reader and are for reference only. The headings do not expand, limit,
30 or define the text of this act, except for effective dates referring to a Part.

31
32 Requested by: Representatives Holmes, Esposito, Creech, Crawford

33 **SEVERABILITY CLAUSE**

34 Section 30.5. If any section or provision of this act is declared unconstitutional
35 or invalid by the courts, it does not affect the validity of this act as a whole or any part
36 other than the part so declared to be unconstitutional or invalid.

37
38 Requested by: Representatives Holmes, Esposito, Creech, Crawford

39 **EFFECTIVE DATE**

40 Section 30.6. Except as otherwise provided, this act becomes effective July 1,
41 1998.