

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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SENATE BILL 1005

Short Title: The Appropriations Act.

(Public)

Sponsors: Senators Plyler, Odom, and Lee.

Referred to: Appropriations/Base Budget.

April 5, 2001

1 A BILL TO BE ENTITLED
2 AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT
3 OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND
4 AGENCIES, AND FOR OTHER PURPOSES.

5 The General Assembly of North Carolina enacts:

6 **PART I. INTRODUCTION AND TITLE OF ACT**

7

8 **INTRODUCTION**

9 **SECTION 1.** The appropriations made in this act are for maximum amounts
10 necessary to provide the services and accomplish the purposes described in the budget.
11 Savings shall be effected where the total amounts appropriated are not required to
12 perform these services and accomplish these purposes and, except as allowed by the
13 Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the
14 end of each fiscal year.

15

16 **TITLE OF ACT**

17 **SECTION 2.** This act shall be known as "The Current Operations
18 Appropriations Act of 2001."

19 An outline of the provisions of the act follows this section. The outline shows the
20 heading "CONTENTS/INDEX" and it lists by general category the descriptive captions
21 for the various sections and groups of sections that make up the act.

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23

CONTENTS/INDEX

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25 (This outline is designed for reference only, and the outline and the corresponding
26 entries throughout the act in no way limit, define, or prescribe the scope or application
27 of the text of the act.)

28

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24
25 **PART I. CURRENT OPERATIONS/GENERAL FUND**

26
27 **SECTION 3.** Appropriations from the General Fund of the State for the
28 maintenance of the State departments, institutions, and agencies, and for other purposes
29 as enumerated are made for the biennium ending June 30, 2003, according to the
30 following schedule:

31		2001-2002	2002-2003
32	Current Operations – General Fund		
33			
34	General Assembly	\$ 39,953,848	\$ 39,953,848
35	Judicial Department	377,356,206	377,356,206
36	Office of the Governor		
37	01. Office of the Governor	5,497,905	5,497,905
38	02. Office of State Budget, Planning, and		
39	Management	5,702,900	5,722,900
40	03. Flood Mapping and Surveying	1,211,845	1,211,845
41	04. Housing Finance	5,220,000	5,220,000
42	Department of Juvenile Justice and Delinquency		
43	Prevention	144,568,423	146,318,423
44	Office of the Lieutenant Governor	676,308	676,308

1	Department of Secretary of State	8,730,901	8,730,901
2	Department of State Auditor	11,984,518	11,984,518
3	Department of State Treasurer		
4	01. State Treasurer	7,719,007	7,719,007
5	02. Special Contributions	12,294,780	12,294,780
6	Department of Public Education	5,958,233,628	6,310,194,196
7	Department of Justice	75,557,337	75,557,337
8	Department of Agriculture and Consumer Services	55,845,276	55,845,276
9	Department of Labor	16,368,178	16,368,178
10	Department of Insurance		
11	01. Insurance	23,362,288	23,362,288
12	02. Direct Appropriation	1,500,000	4,500,000
13	Department of Administration	61,917,180	61,917,180
14	Office of the State Controller	11,640,271	11,640,271
15			
16	Current Operations – General Fund	2001-2002	2002-2003
17	Department of Transportation\$	10,451,882	\$ 14,486,443
18	Department of Environment and Natural Resources	161,778,842	161,778,842
19	Clean Water Management Trust Fund	30,000,000	70,000,000
20	Office of Administrative Hearings	2,864,088	2,864,088
21	Rules Review Commission	329,085	329,085
22	Department of Health and Human Services		
23	01. Central Management and Support	48,106,360	80,171,660
24	02. Division of Aging	29,825,449	29,825,449
25	03. Division of Child Development	326,213,681	326,213,681
26	04. Division of Early Intervention and Education	75,633,148	75,633,148
27	05. Division of Public Health	109,739,919	109,739,919
28	06. Division of Social Services	190,252,330	197,325,624
29	07. Division of Medical Assistance	1,971,138,483	2,213,749,436
30	08. N.C. Health Choice	34,975,528	45,908,556
31	09. Division of Services for the Blind and		
32	Deaf/Hard of Hearing	10,334,149	10,334,149
33	10. Division of Mental Health/DD/SAS	579,477,510	579,477,510
34	11. Division of Facility Services	17,334,502	17,334,502
35	12. Division of Vocational Rehabilitation		
36	Services	41,827,726	41,827,726
37	Total Department of Health and Human Services\$	3,434,858,785	\$ 3,727,541,360
38			
39	Department of Correction	920,050,075	920,620,289
40	Department of Commerce		
41	01. Commerce	47,352,944	47,352,944
42	02. State Aid to Nonstate Entities	16,931,308	16,931,308
43	Department of Revenue	75,812,784	75,812,784
44	Department of Cultural Resources		

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1	01.	Cultural Resources	60,027,696	60,027,696
2	02.	Roanoke Island Commission	1,878,245	1,878,245
3		Department of Crime Control and Public Safety	37,083,513	37,083,513
4		University of North Carolina - Board of Governors		
5	01.	General Administration	49,707,473	50,702,897
6	02.	University Institutional Programs	44,567,132	44,567,132
7	03.	Related Educational Programs	100,411,702	100,411,702
8				
9		Current Operations – General Fund	2001-02	2002-03
10	04.	University of North Carolina at Chapel Hill		
11	a.	Academic Affairs	203,797,548	204,307,062
12	b.	Health Affairs	155,432,746	156,912,962
13	c.	Area Health Education Centers	45,968,111	45,968,111
14	05.	North Carolina State University at Raleigh		
15	a.	Academic Affairs	\$ 268,505,282	\$ 268,990,234
16	b.	Agricultural Research Service	47,593,717	47,567,601
17	c.	Agricultural Extension Service	38,184,585	38,184,585
18	06.	University of North Carolina at Greensboro	94,522,180	94,599,504
19	07.	University of North Carolina at Charlotte	96,481,603	96,952,829
20	08.	University of North Carolina at Asheville	25,659,665	25,815,764
21	09.	University of North Carolina at Wilmington	60,052,512	60,403,894
22	10.	East Carolina University		
23	a.	Academic Affairs	121,570,399	122,833,467
24	b.	Division of Health Affairs	46,430,612	46,430,612
25	11.	North Carolina Agricultural and Technical State		
26		University	60,032,233	60,032,233
27	12.	Western Carolina University	52,333,202	52,601,461
28	13.	Appalachian State University	85,813,636	86,076,636
29	14.	University of North Carolina at Pembroke	24,752,283	24,693,596
30	15.	Winston-Salem State University	28,325,317	28,748,906
31	16.	Elizabeth City State University	21,784,296	21,784,296
32	17.	Fayetteville State University	30,978,475	30,978,475
33	18.	North Carolina Central University	44,740,396	44,740,396
34	19.	North Carolina School of the Arts	16,569,303	16,842,922
35	20.	North Carolina School of Science and		
36		Mathematics	11,450,501	11,802,687
37	21.	UNC Hospitals at Chapel Hill	40,052,381	40,052,381
38		Total University of North Carolina	\$ 1,815,717,289	\$ 1,823,002,344
39				
40		Community Colleges System	663,330,949	663,330,949
41		State Board of Elections	3,218,453	3,218,453
42		Contingency and Emergency	1,125,000	1,125,000
43		Reserve for Special Appropriation	3,080,000	3,080,000
44		Reserve for Compensation Increase	184,538,436	184,538,436

1	Reserve for Motor Pool Reduction	(1,200,000)	(1,200,000)
2	Reserve for Salary Adjustments	500,000	500,000
3	Reserve for Retirement Rate Adjustment	(181,027,500)	(181,027,500)
4			
5	Current Operations – General Fund	2001-02	2002-03
6	Reserve for State Health Plan	\$ 150,000,000	200,000,000
7	Debt Service		
8	01. Debt Service	\$ 275,120,390	\$ 52,266,860
9	02. Federal	1,155,948	1,155,948
10			
11	GRAND TOTAL CURRENT OPERATIONS-		
12	GENERAL FUND	\$ 14,540,319,011	\$ 15,368,768,454

PART II. CURRENT OPERATIONS/HIGHWAY FUND

SECTION 4. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 2003, according to the following schedule:

21	Current Operations – Highway Fund	2001-02	2002-03
22	Department of Transportation		
23	01. Administration	\$ 69,195,895	\$ 69,195,895
24	02. Division of Highways		
25	a. Administration and Operations	28,801,650	28,801,650
26	b. State Construction		
27	(01) Primary Construction		
28	(02) Secondary Construction	87,462,000	89,387,000
29	(03) Urban Construction	14,000,000	14,000,000
30	(04) Access and Public Service Roads	2,000,000	2,000,000
31	(05) Discretionary Fund	10,000,000	10,000,000
32	(06) Spot Safety Improvements	9,100,000	9,100,000
33	c. State Funds to Match Federal Highway Aid		
34	Planning Survey and Highway Planning		
35	Research	3,959,649	3,959,649
36	d. State Maintenance		
37	(01) Primary	135,631,083	133,781,935
38	(02) Secondary	243,698,549	239,098,503
39	(03) Urban	43,765,075	43,191,298
40	(04) Contract Resurfacing	145,529,734	145,529,734
41	e. Ferry Operations	19,747,132	19,747,132
42	03. Division of Motor Vehicles	101,969,376	108,325,115
43	04. Governor's Highway Safety Program	357,277	357,277
44	05. State Aid to Municipalities	87,462,000	89,387,000

1	06.	State Aid for Public Transportation	54,746,921	54,746,921
2	07.	Salary Adjustments for Highway Fund		
3		Employees	400,000	400,000
4	08.	Asphalt Plant Cleanup	425,000	425,000
5	09.	State Aid to Railroads	36,507,088	36,507,088
6	10.	Capital Improvements	10,000,000	-
7	11.	Stormwater Discharge Permit	500,000	500,000
8	Current Operations – Highway Fund		2001-2002	2002-2003
9	12.	Minority Contractor Development	\$ 150,000	\$ 150,000
10	13.	DMV Systems Reserve	3,300,000	3,300,000
11	14.	State Fire Protection	150,000	150,000
12	15.	Reserve for Compensation Increases	8,600,000	8,600,000
13	16.	State Health Plan	7,000,000	9,000,000
14	17.	State Employee Health Reserve	3,700,000	3,700,000
15	18.	Visitor's Centers	175,000	175,000
16	19.	Retirement Rate Reduction	(9,155,000)	(9,155,000)
17	20.	Airports	5,000,000	--
18				
19	Appropriations for Other State Agencies			
20	01.	Department of Crime Control and		
21		Public Safety	133,687,067	135,875,855
22	02.	Department of Agriculture and		
23		Consumer Services	3,697,157	3,615,136
24	03.	Department of Revenue	4,038,525	4,038,525
25	04.	Department of Environment and Natural		
26		Resources-LUST Trust Fund	5,144,318	5,586,339
27	05.	Department of Health and Human Services –		
28		Chemical Test Program	437,623	437,623
29	06.	Global Transpark	1,211,098	1,259,542
30	07.	Department of Public Education	31,185,783	31,185,783
31	08.	State Treasurer – Sales Tax	14,560,000	15,360,000
32				
33				
34	GRAND TOTAL CURRENT OPERATIONS –			
35	HIGHWAY FUND		\$ 1,318,140,000	\$ 1,311,720,000
36				

PART III. HIGHWAY TRUST FUND

SECTION 5. Appropriations from the Highway Trust Fund are made for the fiscal biennium ending June 30, 2003, according to the following schedule:

Highway Trust Fund	2001-2002	2002-2003
01. Intrastate System	\$ 446,546,841	\$ 471,654,615
02. Secondary Roads Construction	81,965,608	85,583,142

1	03.	Urban Loops	180,564,946	190,717,483
2	04.	State Aid – Municipalities	46,853,179	49,487,571
3	05.	Program Administration	32,792,426	34,831,189
4	06.	Transfer to General Fund	200,000,000	200,000,000
5				
6		GRAND TOTAL—HIGHWAY TRUST FUND	\$ 988,723,000	\$ 1,032,274,000

PART IV. GENERAL FUND AVAILABILITY STATEMENT

BUDGET REFORM STATEMENTS

SECTION 6. The General Fund and availability used in developing the 2001-2003 budget is shown below:

	2001-2002	2002-2003
	<u>(In Millions)</u>	<u>(In Millions)</u>
Beginning Unrestricted Fund Balance	\$ 0.0	\$ 0.0
Revenues Existing Tax Structure	13,659.0	14,507.8
Non-tax Revenues	433.4	447.7
Transfer from Highway Trust Fund	200.0	200.0
Disproportionate Share Receipts	107.0	106.0
Highway Fund Transfer	14.5	15.3
Additional Resources:		
N.C. Efficiency & Tax Preference Commission	175.0	175.0
Other Measures	<u>34.0</u>	<u>318.0</u>
Total Availability	\$14,622.9	\$15,769.8

PART V. GENERAL PROVISIONS

SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL RECEIPTS/AUTHORIZATION FOR EXPENDITURES

SECTION 7. There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute. The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act may not be spent in a manner, which would cause a deficit in expenditures.

Pursuant to G.S. 143-34.2, State departments, agencies, institutions, boards, or commissions may make application for, receive, or disburse any form of nonstate aid. All nonstate monies received shall be deposited with the State Treasurer unless otherwise provided by State law. These funds shall be expended in accordance with the terms and conditions of the fund award that are not contrary to the laws of North Carolina.

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INSURANCE AND FIDELITY BONDS

SECTION 7.1. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Department of Insurance, and the cost of placement shall be paid by the affected department, institution, or agency with the approval of the Insurance Commissioner.

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

SECTION 7.2. Of the funds appropriated in this act to the Contingency and Emergency Fund, the sum of nine hundred thousand dollars (\$900,000) for the 2001-2002 fiscal year and the sum of nine hundred thousand dollars (\$900,000) for the 2002-2003 fiscal year shall be designated for emergency allocations, which are for expenditures:

- (1) Required by a court, Industrial Commission, or administrative hearing officer's order or award or match unanticipated federal funds;
- (2) Required to respond to an unanticipated disaster such as a fire, hurricane, or tornado; or
- (3) Required to call out the National Guard.

Two hundred twenty-five thousand dollars (\$225,000) for the 2001-2002 fiscal year and two hundred twenty-five thousand dollars (\$225,000) for the 2002-2003 fiscal year shall be designated for other allocations from the Contingency and Emergency Fund.

AUTHORIZED TRANSFERS

SECTION 7.3. The Director of the Budget may transfer to General Fund budget codes from the General Fund Salary Adjustment Reserves appropriation, and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Reserve appropriation amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds may be transferred only when salary reserve funds in individual operating budgets are not available.

EXPENDITURES OF FUNDS IN RESERVES LIMITED

SECTION 7.4. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established, except as otherwise provided.

SECTION 7.5. Each private, nonprofit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations where any of these individuals may directly or indirectly benefit, except as the entity's employees or

1 members of the board or other governing body, from the entity's disbursing of State
2 funds, and shall include actions to be taken by the entity or the individual, or both, to
3 avoid conflicts of interest and appearance of impropriety.

4 **PART VI. PUBLIC EDUCATION**

6 **CLASS-SIZE REDUCTION**

7 **SECTION 8.** Funds are appropriated to reduce class size in kindergarten to
8 1:18 in fiscal year 2001-2002. Funds are also appropriated to reduce the class size in
9 grades 1-3 in under-performing schools to 1:18. In fiscal biennium 2002-2003 grade 1
10 will be reduced to 1:18.
11

12 **LITIGATION RESERVE**

13 **SECTION 8.1.(a)** Funds in the State Board of Education's Litigation
14 Reserve that are not expended or encumbered on June 30, 2001, shall not revert on July
15 1, 2001, but shall remain available for expenditure until June 30, 2002.

16 **SECTION 8.1.(b)** Subsection (a) of this section becomes effective June 30,
17 2001.
18

19 **SECTION 8.1.(c)** The State Board of Education may expend up to five
20 hundred thousand dollars (\$500,000) for the 2001-2002 fiscal year from unexpended
21 funds for certified employees' salaries to pay expenses related to pending litigation.
22

23 **FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION PROGRAM**

24 **SECTION 8.2.** The State Board of Education shall use State Aid to Local
25 School Administrative Units funds to provide incentive funding for schools that met or
26 exceeded the projected levels of improvement in student performance during the
27 2000-2001 and 2001-2002 school years, payable in 2001-2002 and 2002-2003 fiscal
28 years, in accordance with the ABCs of Public Education Program. In accordance with
29 State Board of Education Policy:
30

31 (1) Incentive awards in schools that achieve higher than expected
32 improvements may be up to:

33 (a) \$1,500 for each teacher and for certified personnel; and

34 (b) \$500 for each teacher assistant.
35

36 (2) Incentive awards in schools that meet the expected improvements may
37 be up to:

38 (a) \$750 for each teacher and for certified personnel; and

39 (b) \$375 for each teacher assistant.
40

41 **UNIFORM EDUCATION REPORTING SYSTEM (UERS)/STUDENT** 42 **INFORMATION MANAGEMENT SYSTEM (SIMS) FUNDS**

SECTION 8.3.(a) Funds appropriated for the Uniform Education Reporting System and the Student Information Management System shall not revert at the end of the 2001-2002 and 2002-2003 fiscal years, but shall remain available until expended.

SECTION 8.3.(b) This section becomes effective June 30, 2001.

TEACHER SALARY SCHEDULES

SECTION 8.4.(a) Effective for the 2001-2002 school year, the Director of the Budget may transfer from the Reserve for Compensation Increase for the 2001-2002 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer’s retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service. The salary schedule will commence July 1, 2001, for all teachers whose salaries are supported from the State’s General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION 8.4.(b) For the 2001-2002 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

2001-2002 Monthly Salary Schedule
“A” Teachers

Years of Experience	“A” Teachers	NBCTS Certification
0	\$2,525	N/A
1	\$2,567	N/A
2	\$2,611	N/A
3	\$2,764	\$3,096
4	\$2,904	\$3,252
5	\$3,036	\$3,400
6	\$3,164	\$3,543
7	\$3,266	\$3,658
8	\$3,314	\$3,711
9	\$3,362	\$3,765
10	\$3,412	\$3,821
11	\$3,461	\$3,876
12	\$3,511	\$3,932
13	\$3,561	\$3,988
14	\$3,614	\$4,047
15	\$3,667	\$4,107

1	16	\$3,722	\$4,168
2	17	\$3,777	\$4,230
3	18	\$3,834	\$4,294
4	19	\$3,892	\$4,358
5	20	\$3,950	\$4,424
6	21	\$4,011	\$4,491
7	22	\$4,072	\$4,560
8	23	\$4,136	\$4,632
9	24	\$4,200	\$4,703

10

11 2001-2002 Monthly Salary Schedule

12 "A" Teachers - Continued

13

14 **Years of Experience** **"A" Teachers** **NBCTS Certification**

15

16	25	\$4,264	\$4,775
17	26	\$4,330	\$4,849
18	27	\$4,398	\$4,925
19	28	\$4,467	\$5,003
20	29+	\$4,538	\$5,082

21

22 2001-2002 Monthly Salary Schedule

23 "M" Teachers

24

24 **Years of Experience** **"M" Teachers** **NBCTS Certification**

25

25	0	\$2,778	N/A
26	1	\$2,824	N/A
27	2	\$2,872	N/A
28	3	\$3,041	\$3,406
29	4	\$3,195	\$3,578
30	5	\$3,340	\$3,741
31	6	\$3,480	\$3,898
32	7	\$3,593	\$4,023
33	8	\$3,645	\$4,082
34	9	\$3,699	\$4,142
35	10	\$3,753	\$4,203
36	11	\$3,808	\$4,264
37	12	\$3,862	\$4,325
38	13	\$3,918	\$4,387
39	14	\$3,975	\$4,452
40	15	\$4,034	\$4,518
41	16	\$4,095	\$4,585
42	17	\$4,155	\$4,653
43	18	\$4,218	\$4,724
44	19	\$4,280	\$4,793

1	20	\$4,345	\$4,866
2	21	\$4,412	\$4,941
3	22	\$4,479	\$5,017
4	23	\$4,550	\$5,095
5	24	\$4,620	\$5,173
6	25	\$4,690	\$5,253
7	26	\$4,763	\$5,334
8	27	\$4,837	\$5,417
9	28	\$4,914	\$5,502
10	29+	\$4,991	\$5,590

11 **SECTION 8.4.(c)** Certified public school teachers with certification based
 12 on academic preparation at the six-year degree level shall receive a salary supplement of
 13 one hundred twenty-six dollars (\$126.00) per month in addition to the compensation
 14 provided for certified personnel of the public schools who are classified as “M”
 15 teachers. Certified public school teachers with certification based on academic
 16 preparation at the doctoral degree level shall receive a salary supplement of two
 17 hundred fifty-three (\$253.00) per month in addition to the compensation provided for
 18 certified personnel of the public schools who are classified as “M” teachers.

19 **SECTION 8.4.(d)** Effective for the 2001-2002 school year, the first step of
 20 the salary schedule for school psychologists shall be equivalent to Step 5, corresponding
 21 to five years of experience, on the salary schedule established in this section for
 22 certified personnel of the public schools who are classified as “M” teachers. Certified
 23 psychologists shall be placed on the salary schedule at an appropriate step based on their
 24 years of experience. Certified psychologists shall receive longevity payments based on
 25 years of State service in the same manner as teachers.

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

33 **SECTION 8.4.(e)** Effective for the 2001-2002 school year, speech
 34 pathologists who are certified as speech pathologists at the master’s degree level and
 35 who are employed in the public schools as speech and language specialists and
 36 audiologists shall be paid on the school psychologist salary schedule.

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

SECTION 8.4.(f) Certified school nurses who are employed in the public schools as nurses shall be paid on the “M” salary schedule.

SCHOOL-BASED ADMINISTRATOR SALARIES

SECTION 8.5.(a) Funds appropriated to the Reserve for Compensation Increase shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION 8.5.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2001-2002 fiscal year, commencing July 1, 2001, is as follows:

2001-2002
Principal and Assistant Principal Salary Schedules
Classification

Yrs. of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	\$3,227				
5	\$3,373				
6	\$3,515				
7	\$3,629				
8	\$3,681	\$3,681			
9	\$3,736	\$3,736			
10	\$3,791	\$3,791	\$3,846		
11	\$3,846	\$3,846	\$3,901		
12	\$3,901	\$3,901	\$3,957	\$4,015	
13	\$3,957	\$3,957	\$4,015	\$4,074	\$4,136
14	\$4,015	\$4,015	\$4,074	\$4,136	\$4,197
15	\$4,074	\$4,074	\$4,136	\$4,197	\$4,260
16	\$4,136	\$4,136	\$4,197	\$4,260	\$4,323
17	\$4,197	\$4,197	\$4,260	\$4,323	\$4,388
18	\$4,260	\$4,260	\$4,323	\$4,388	\$4,456
19	\$4,323	\$4,323	\$4,388	\$4,456	\$4,524
20	\$4,388	\$4,388	\$4,456	\$4,524	\$4,596
21	\$4,456	\$4,456	\$4,524	\$4,596	\$4,666
22	\$4,524	\$4,524	\$4,596	\$4,666	\$4,737
23	\$4,596	\$4,596	\$4,666	\$4,737	\$4,811
24	\$4,666	\$4,666	\$4,737	\$4,811	\$4,885
25	\$4,737	\$4,737	\$4,811	\$4,986	\$4,963
26	\$4,811	\$4,811	\$4,885	\$4,963	\$5,041
27	\$4,885	\$4,885	\$4,963	\$5,041	\$5,142
28	\$4,963	\$4,963	\$5,041	\$5,142	\$5,245
29	\$5,041	\$5,041	\$5,142	\$5,245	\$5,350

1	30	\$5,142	\$5,142	\$5,245	\$5,350	\$5,457
2	31	\$5,245	\$5,245	\$5,350	\$5,457	\$5,566
3	32		\$5,350	\$5,457	\$5,566	\$5,677
4	33			\$5,566	\$5,677	\$5,790
5	34			\$5,677	\$5,790	\$5,906
6	35				\$5,906	\$6,025
7	36				\$6,025	\$6,145
8	37					\$6,268

2001-2002

Principal and Assistant Principal Salary Schedules

Classification

	Yrs. of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101 +)
17	14	\$4,260			
18	15	\$4,323			
19	16	\$4,388	\$4,456		
20	17	\$4,456	\$4,524	\$4,666	
21	18	\$4,524	\$4,596	\$4,737	\$4,811
22	19	\$4,596	\$4,666	\$4,811	\$4,885
23	20	\$4,666	\$4,737	\$4,885	\$4,963
24	21	\$4,811	\$4,885	\$5,041	\$5,142
25	23	\$4,885	\$4,963	\$5,142	\$5,245
26	24	\$4,963	\$5,041	\$5,245	\$5,350
27	25	\$5,041	\$5,142	\$5,350	\$5,457
28	26	\$5,142	\$5,245	\$5,457	\$5,566
29	27	\$5,245	\$5,350	\$5,566	\$5,677
30	28	\$5,350	\$5,457	\$5,677	\$5,790
31	29	\$5,457	\$5,566	\$5,790	\$5,906
32	30	\$5,566	\$5,677	\$5,906	\$6,025
33	31	\$5,677	\$5,790	\$6,025	\$6,145
34	32	\$5,790	\$5,906	\$6,145	\$6,268
35	33	\$5,906	\$6,025	\$6,268	\$6,393
36	34	\$6,025	\$6,145	\$6,393	\$6,522
37	35	\$6,145	\$6,268	\$6,522	\$6,652
38	36	\$6,268	\$6,393	\$6,652	\$6,785
39	37	\$6,393	\$6,522	\$6,785	\$6,921
40	38	\$6,522	\$6,652	\$6,921	\$7,059
41	39		\$6,785	\$7,059	\$7,200
42	40		\$6,921	\$7,200	\$7,345
43	41			\$7,345	\$7,491

1 **SECTION 8.5.(c)** The appropriate classification for placement of principals
2 and assistant principals on the salary schedule, except for principals in alternative
3 schools, shall be determined in accordance with the following schedule:

4	Number of Teachers	
5	Classification	Supervised
6	Assistant Principal	
7	Principal I	Fewer than 11 Teachers
8	Principal II	11-21 Teachers
9	Principal III	22-32 Teachers
10	Principal IV	33-43 Teachers
11	Principal V	44-54 Teachers
12	Principal VI	55-65 Teachers
13	Principal VII	66-100 Teachers
14	Principal VIII	More than 100 Teachers

15
16 The number of teachers supervised includes teachers and assistant principals paid from
17 State funds only; it does not include teachers or assistant principals paid from non-State
18 funds or the principal or teacher assistants. The beginning classification for principals in
19 alternative schools shall be the Principal III level. Principals in alternative schools who
20 supervise 33 or more teachers shall be classified according to the number of teachers
21 supervised.

22 **SECTION 8.5.(d)** A principal shall be placed on the salary schedule step
23 that reflects total number of years of experience as a certified employee of the public
24 schools and an additional step for every three years of experience as a principal.

25 **SECTION 8.5.(e)** For the 2001-2002 fiscal year and subsequent years, a
26 principal or assistant principal shall be placed on the appropriate step plus one percent
27 (1%) if:

- 28 (1) The employee's school met or exceeded the projected levels of
29 improvement in student performance for the 1998-99 fiscal year, in
30 accordance with the ABCs of Public Education Program;
- 31 (2) The local board of education found in 1998-99 that the employee's
32 school met objectively measurable goals set by the local board of
33 education for maintaining a safe and orderly school;
- 34 (3) The employee's school met or exceeded the projected levels of
35 improvement in student performance for the 1999-00 fiscal year, in
36 accordance with the ABCs of Public Education Program;
- 37 (4) The local board of education found in 1999-00 that the employee's
38 school met objectively measurable goals set by the local board of
39 education for maintaining a safe and orderly school;
- 40 (5) The employee's school met or exceeded the projected levels of
41 improvement in student performance for the 2000-01 fiscal year, in
42 accordance with the ABCs of Public Education Program; or

1 (6) The local board of education found in 2000-01 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 an
5 additional one percent (1%) for meeting each additional condition set out in
6 subdivisions (1) through (6). Under no circumstance shall placement of a principal or
7 assistant principal be higher than six percent (6%) above the appropriate step on the
8 salary schedule.

9 **SECTION 8.5.(f)** Principals and assistant principals with certification based
10 on academic preparation at the six-year degree level shall be paid a salary supplement of
11 one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level
12 shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per
13 month.

14 **SECTION 8.5.(g)** There shall be no State requirement that superintendents
15 in each local school unit shall receive in State-paid salary at least one percent (1%)
16 more than the highest paid principal receives in State salary in the school unit:
17 Provided, however, the additional State-paid salary a superintendent who was employed
18 by a local school administrative unit for the 1992-93 fiscal year received because of that
19 requirement shall not be reduced because of this subsection for subsequent fiscal years
20 that the superintendent is employed by that local school administrative unit so long as
21 the superintendent is entitled to at least that amount of additional State-paid salary under
22 the rules in effect for the 1992-93 fiscal year.

23 **SECTION 8.5.(h)** Longevity pay for principals and assistant principals shall
24 be as provided for State employees under the State Personnel Act.

25 **SECTION 8.5.(i)**

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

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

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

40 **SECTION 8.5.(j)** Participants in an approved full-time masters in school
41 administration program shall receive up to a 10-month stipend at the beginning salary of
42 an assistant principal during the internship period of the masters program. Certification
43 of eligible full-time interns shall be supplied to the Department of Public Instruction by

1 the Principal Fellows Program or a school of education where the intern participates in a
2 full-time masters in school administration.

3 **SECTION 8.5.(k)** During the 2001-2002 fiscal year, the placement on the
4 salary schedule of an administrator with a one-year provisional assistant principal's
5 certificate shall be at the entry-level salary for an assistant principal or the appropriate
6 step on the teacher salary schedule, whichever is higher.

7 8 **SCHOOL CENTRAL OFFICE SALARIES**

9 **SECTION 8.6.(a)** The following monthly salary ranges apply to public
10 school superintendents, assistant superintendents, associate superintendents,
11 directors/coordinators, supervisors, and finance officers for the 2001-2002 fiscal year,
12 beginning July 1, 2001:

13	School Administrator I:	\$2,932 - \$5,318
14	School Administrator II:	\$3,112 - \$5,645
15	School Administrator III:	\$3,303 - \$5,990
16	School Administrator IV:	\$3,436 - \$6,232
17	School Administrator V:	\$3,574 - \$6,485
18	School Administrator VI:	\$3,792- \$6,882
19	School Administrator VII:	\$3,945 - \$7,160

20 The local board of education shall determine the appropriate category and placement
21 for each assistant superintendent, associate superintendent, director/coordinator,
22 supervisor, or finance officer, within the salary ranges and within funds appropriated by
23 the General Assembly for central office administrators and superintendents. The
24 category in which an employee is placed shall be included in the contract of any
25 employee hired on or after July 1, 2001.

26 **SECTION 8.6.(b)** The following monthly salary ranges apply to public
27 school superintendents for the 2001-2002 fiscal year, beginning July 1, 2001:

- | | | |
|----|--|-------------------|
| 28 | (1) Superintendent I (Up to 2,500 ADM): | \$4,187- \$7,600 |
| 29 | (2) Superintendent II (2,501 - 5,000 ADM): | \$4,445 - \$8,062 |
| 30 | (3) Superintendent III (5,001 - 10,000 ADM): | \$4,716 - \$8,557 |
| 31 | (4) Superintendent IV (10,001 - 25,000 ADM): | \$5,005 - \$9,079 |
| 32 | (5) Superintendent V (Over 25,000 ADM): | \$5,312 - \$9,636 |

33 The local board of education shall determine the appropriate category and placement
34 for the superintendent based on the average daily membership of the local school
35 administrative unit and within funds appropriated by the General Assembly for central
36 office administrators and superintendents.

37 Notwithstanding the provisions of this subsection, a local board of education may
38 pay an amount in excess of the applicable range to a superintendent who is entitled to
39 receive the higher amount under Section 8.5. (g) of this act.

40 **SECTION 8.6.(c)** Longevity pay for superintendents, assistant
41 superintendents, associate superintendents, directors/coordinators, supervisors, and
42 finance officers shall be as provided for State employees under the State Personnel Act.

43 **SECTION 8.6.(d)** Superintendents, assistant superintendents, associate
44 superintendents, directors/coordinators, supervisors, and finance officers with

1 certification based on academic preparation at the six-year degree level shall receive a
2 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to
3 the compensation provided for pursuant to this section.

4 Superintendents, assistant superintendents, associate superintendents,
5 directors/coordinators, supervisors, and finance officers with certification based on
6 academic preparation at the doctoral degree level shall receive a salary supplement of
7 two hundred fifty-three dollars (\$253.00) per month in addition to the compensation
8 provided for under this section.

9 **SECTION 8.6.(e)** The State Board shall not permit local school
10 administrative units to transfer State funds from other funding categories for salaries for
11 public school central office administrators.

12 13 **NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE**

14 **SECTION 8.7.(a)** The Director of the Budget may transfer from the Reserve
15 for Compensation Increases created in this act for fiscal year 2001-2002, commencing
16 July 1, 2001, funds necessary to provide a salary increase of two percent (2%),
17 including funds for the employer's retirement and social security contributions, for all
18 noncertified public school employees, except school bus drivers, whose salaries are
19 supported from the State's General Fund. These funds shall not be used for any purpose
20 other than for the salary increases and necessary employer contributions provided by
21 this subsection.

22 **SECTION 8.7.(b)** The fiscal year 2001-2002 pay rates adopted by local boards of
23 education for school bus drivers shall be increased by at least two percent (2%) to the
24 extent that such rates of pay are supported by the allocation of State funds from the
25 State Board of Education. Local boards of education shall increase the rates of pay for
26 all school bus drivers who were employed during fiscal year 2000-01 and who continue
27 their employment for fiscal year 2001-2002 by at least two percent (2%). The Director
28 of the Budget may transfer from the compensation increase reserve fund created in this
29 act for fiscal year beginning July 1, 2001, funds necessary to provide the salary
30 increases for school bus drivers whose salaries are supported from the State's General
31 Fund in accordance with the provisions of this subsection.

32 33 **PART VII. COMMUNITY COLLEGES**

34 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

35 **SECTION 9.** A local community college may use all State funds allocated to
36 it, except for Literacy Funds and Funds for New and Expanding Industries, for any
37 authorized purpose that is consistent with the college's Institutional Effectiveness Plan.
38 Each local community college shall include in its Institutional Effectiveness Plan a
39 section on how funding flexibility allows the college to meet the demands of the local
40 community and maintain a presence in all previously funded categorical programs.

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

1
2 **PERMIT TRANSFERS OF FUNDS TO THE NEW AND EXPANDING**
3 **INDUSTRY TRAINING PROGRAM**

4 **SECTION 9.1.** Notwithstanding G.S. 143-16.3, G.S. 143-23, or any other
5 provision of law, the Director of the Budget may, after consultation with the Joint
6 Legislative Commission on Governmental Operations, transfer funds from any agency
7 or program funded from the General Fund to the New and Expanding Industry Training
8 Program to supplement the needs of this Program during the 2001-2003 biennium.
9

10 **RESTRUCTURE HUMAN RESOURCES DEVELOPMENT PROGRAM**

11 **SECTION 9.2.** The Human Resources Development (HRD) program is
12 designed to recruit, train and/or place in employment unemployed or underemployed
13 adults. Effective July 1, 2001, the HRD program shall be restructured into the JobLink
14 Training program. Serving as a liaison to community college training and educational
15 programs, each JobLink training coordinator will be located at a JobLink Career
16 Center(s) to provide skill assessments and employability training assistance. The State
17 Board of Community Colleges shall develop policies to implement the restructured
18 program.
19

20 **MANAGEMENT INFORMATION SYSTEM FUNDS**

21 **SECTION 9.3.(a)** Funds appropriated for the Community College System
22 Management Information System shall not revert at the end of the 2001-2002 and
23 2002-2003 fiscal years but shall remain available until expended.

24 **SECTION 9.3.(b)** This section becomes effective June 30, 2001.
25

26 **PART VIII. COLLEGES AND UNIVERSITIES**
27

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

29 **SECTION 10.(a)** Funds appropriated in this act to the Board of Governors
30 of The University of North Carolina for aid to private colleges shall be disbursed in
31 accordance with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall
32 provide up to one thousand one hundred dollars (\$1,100) per full-time equivalent North
33 Carolina undergraduate student enrolled at a private institution as of October 1, 2001,
34 for the 2001-2002 fiscal year and up to one thousand one hundred dollars (\$1,100) per
35 full-time equivalent North Carolina undergraduate student enrolled at a private
36 institution as of October 1, 2002, for the 2002-2003 fiscal year.

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

43 **SECTION 10.(b)** In addition to any funds appropriated pursuant to G.S.
44 116-19 and in addition to all other financial assistance made available to private

1 educational institutions located within the State, or to students attending these
2 institutions, there is granted to each full-time North Carolina undergraduate student
3 attending an approved institution as defined in G.S. 116-22, a sum, not to exceed one
4 thousand eight hundred dollars (\$1,800) for the 2001-2002 academic year and one
5 thousand eight hundred dollars (\$1,800) for the 2002-2003 academic year, which shall
6 be distributed to the student as hereinafter provided.

7 The tuition grants provided for in this section shall be administered by the State
8 Education Assistance Authority pursuant to rules adopted by the State Education
9 Assistance Authority not inconsistent with this section.

10 The State Education Assistance Authority shall not approve any grant until it
11 receives proper certification from an approved institution that the student applying for
12 the grant is an eligible student. Upon receipt of the certification, the State Education
13 Assistance Authority shall remit at such times, as it shall prescribe the grant to the
14 approved institution on behalf, and to the credit, of the student.

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

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

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

31 Any remaining funds shall revert to the General Fund.

32 **SECTION 10.(c)** Expenditures made pursuant to this section may be used
33 only for secular educational purposes at nonprofit institutions of higher learning.
34 Expenditures made pursuant to this section shall not be used for any student who:

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

40 **SECTION 10.(d)** The State Education Assistance Authority shall document
41 the number of full-time equivalent North Carolina undergraduate students that are
42 enrolled in off-campus programs and the State funds collected by each institution
43 pursuant to G.S. 116-19 for those students. The State Education Assistance Authority
44 shall also document the number of scholarships and the amount of the scholarships that

1 are awarded under G.S. 116-19 to students enrolled in off-campus programs. An
2 'off-campus program' is any program offered for degree credit away from the
3 institution's main permanent campus.

4 The State Education Assistance Authority shall include in its annual report to the
5 Joint Legislative Education Oversight Committee the information it has compiled and
6 its findings regarding this program.

7 8 **AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT** 9 **LIMITATIONS**

10 **SECTION 10.1.(a)** No Legislative Tuition Grant funds shall be expended
11 for a program at an off-campus site of a private institution, as defined in G.S. 116-22(1),
12 established after May 15, 1987, unless (i) the private institution offering the program
13 has previously notified and secured agreement from other private institutions operating
14 degree programs in the county in which the off-campus program is located or operating
15 in the counties adjacent to that county or (ii) the degree program is neither available nor
16 planned in the county with the off-campus site or in the counties adjacent to that county.

17 An "off-campus program" is any program offered for degree credit away from the
18 institution's main, permanent campus.

19 **SECTION 10.1.(b)** Any member of the armed services, as defined in G.S.
20 116-143.3(a), abiding in this State incident to active military duty, who does not qualify
21 as a resident for tuition purposes, as defined under G.S. 116-143.1, is eligible for a
22 legislative tuition grant pursuant to this section if the member is enrolled as a full-time
23 student. The member's legislative tuition grant shall not exceed the cost of tuition less
24 any tuition assistance paid by the member's employer.

25 26 **WAKE FOREST AND DUKE MEDICAL SCHOOLS ASSISTANCE/FUNDING** 27 **FORMULA**

28 **SECTION 10.2.(a)** Funds appropriated in this act to the Board of Governors
29 of The University of North Carolina for continuation of financial assistance to the
30 medical schools of Duke University and Wake Forest University shall be disbursed on
31 certifications of the respective schools of medicine that show the number of North
32 Carolina residents as first-year, second-year, third-year, and fourth-year students in the
33 medical school as of November 1, 2001, and November 1, 2002. Disbursement to
34 Wake Forest University shall be made in the amount of eight thousand dollars (\$8,000)
35 for each medical student who is a North Carolina resident, one-thousand dollars
36 (\$1,000) of which shall be placed by the school in a fund to provide financial aid to
37 needy North Carolina students who are enrolled in the medical school. The maximum
38 aid given to any student from this fund in a given year may not exceed the amount of
39 the difference in tuition and academic fees charged by the school and those charged at
40 the School of Medicine at the University of North Carolina at Chapel Hill.

41 Disbursement to Duke University shall be made in the amount of five thousand
42 dollars (\$5,000) for each medical student who is a North Carolina resident, five hundred
43 dollars (\$500) of which shall be placed by the school in a fund to be used to provide
44 student financial aid to financially needy North Carolina students who are enrolled in

1 the medical school. No individual student may be awarded assistance from this fund in
2 excess of two thousand dollars (\$2,000) each year. In addition to this basic
3 disbursement for each year of the biennium, a disbursement of one thousand dollars
4 (\$1,000) shall be made for each medical student who is a North Carolina resident in the
5 first-year, second-year, third-year, and fourth-year classes to the extent that enrollment
6 of each of those classes exceeds 30 North Carolina students.

7 The Board of Governors shall establish the criteria for determining the eligibility for
8 financial aid of needy North Carolina students who are enrolled in the medical schools
9 and shall review the grants or awards to eligible students. The Board of Governors shall
10 adopt rules for determining which students are residents of North Carolina for the
11 purposes of these programs. The Board shall also make any regulations as necessary to
12 ensure that these funds are used directly for instruction in the medical programs of the
13 schools and not for religious or other nonpublic purposes. The Board shall encourage
14 the two schools to orient students toward primary care, consistent with the directives of
15 G.S. 143-613(a). The two schools shall supply information necessary for the Board to
16 comply with G.S. 143-613(d).

17 **SECTION 10.2.(b)** If the funds appropriated in this act to the Board of
18 Governors of The University of North Carolina for continuation of financial assistance
19 to the medical schools of Duke University and Wake Forest University are insufficient
20 to cover the enrolled students in accordance with this section, then the Board of
21 Governors with the approval of the Office of State Budget, Planning, & Management,
22 may transfer unused funds from other programs in the Related Educational Programs
23 budget code to cover the extra students.

24 **BOARD OF GOVERNORS' MEDICAL SCHOLARSHIPS**

25 **SECTION 10.3.** The current Board of Governors' Medical Scholarship
26 Program, under the purview of the Board of Governors of the University of North
27 Carolina, shall make any awards to students admitted after July 1, 2001, as scholarship
28 loan awards. The Board of Governors' Medical Scholarship program is administered by
29 the Board of Governors of the University of North Carolina. The Board of Governors'
30 Medical Scholarship Program shall be used to provide a four-year scholarship loan of
31 relevant tuition and fees, mandatory medical insurance, required laptop computers, and
32 an annual stipend of \$5,000 per year to students who have been accepted for admission
33 to either Duke University School of Medicine, Brody School of Medicine at East
34 Carolina University, the University of North Carolina at Chapel Hill School of
35 Medicine, or the Wake Forest University School of Medicine. The Board may adopt
36 standards, including minimum grade point average and scholastic aptitude test scores,
37 for awarding these scholarship loans to ensure that only the most qualified students
38 receive them. The Board shall make an effort to identify and encourage minority and
39 economically disadvantaged youth to enter the program. All scholarship loans shall be
40 evidenced by notes made payable to the Board that shall bear interest at the rate of ten
41 percent (10%) per year beginning September 1 after completion of the program, or
42 immediately after termination of the scholarship loan, whichever is earlier. The
43 scholarship loan may be terminated by the recipient withdrawing from school or by the
44

1 recipient not meeting the standards set by the Board. The Board shall forgive the loan if,
2 within seven years after graduation, the recipient practices medicine in North Carolina
3 for four years. The Board shall also forgive the loan if it finds that it is impossible for
4 the recipient to practice medicine in North Carolina for four years, within seven years
5 after graduation, because of the death or permanent disability of the recipient. All
6 unused funds appropriated to or otherwise received by the Board for scholarships, all
7 funds received as repayment of scholarship loans, and all interest earned on these funds,
8 shall revert to the General Fund at the end of each
9 fiscal year.

10 11 **BOARD OF GOVERNORS' DENTAL SCHOLARSHIPS**

12 **SECTION 10.4.** The current Board of Governors' Dental Scholarship
13 Program, under the purview of the Board of Governors of the University of North
14 Carolina, shall make any awards to students admitted after July 1, 2001, as scholarship
15 loan awards. The Board of Governors' Dental Scholarship program is administered by
16 the Board of Governors of the University of North Carolina. The Board of Governors'
17 Dental Scholarship Program shall be used to provide a four-year scholarship loan of
18 relevant tuition and fees, mandatory medical insurance, required laptop computers for
19 first-year students, required dental equipment and an annual stipend of \$5,000 per year
20 to students who have been accepted for admission to the School of Dentistry at the
21 University of North Carolina at Chapel Hill. The Board may adopt standards, including
22 minimum grade point average and scholastic aptitude test scores, for awarding these
23 scholarship loans to ensure that only the most qualified students receive them. The
24 Board shall make an effort to identify and encourage minority and economically
25 disadvantaged youth to enter the program. All scholarship loans shall be evidenced by
26 notes made payable to the Board that shall bear interest at the rate of ten percent (10%)
27 per year beginning September 1 after completion of the program, or immediately after
28 termination of the scholarship loan, whichever is earlier. The scholarship loan may be
29 terminated by the recipient withdrawing from school or by the recipient not meeting the
30 standards set by the Board. The Board shall forgive the loan if, within seven years after
31 graduation, the recipient practices medicine in North Carolina for four years. The
32 Board shall also forgive the loan if it finds that it is impossible for the recipient to
33 practice medicine in North Carolina for four years, within seven years after graduation,
34 because of the death or permanent disability of the recipient. All unused funds
35 appropriated to or otherwise received by the Board for scholarships, all funds received
36 as repayment of scholarship loans, and all interest earned on these funds, shall revert to
37 the General Fund at the end of each fiscal year.

38 39 **NORTH CAROLINA TEACHER ASSISTANT EDUCATION DEGREE** 40 **PROGRAM**

41 **SECTION 10.5.** The North Carolina Teacher Assistant Education Degree
42 Program is created. The North Carolina Teacher Assistant Education Degree Program
43 shall be used to provide scholarship loans to teacher assistants in North Carolina who
44 are interested in becoming certified classroom teachers. Scholarship loans in the

1 amount of two thousand dollars (\$2,000) per year shall be awarded to North Carolina
2 teacher assistants to complete a college transfer program/associate degree appropriate
3 for entry into a teacher education program in the University of North Carolina for up to
4 two years of study at a North Carolina Community College. For participants enrolled
5 less than full-time, the scholarship loan amount shall be prorated. The purpose of this
6 program is to achieve the degree necessary to enter UNC teacher education degree
7 program with Junior-level status. Scholarship loans in the amount of three thousand
8 dollars (\$3,000) per year shall be awarded to North Carolina teacher assistants to
9 complete a baccalaureate degree for up to two years of study at a UNC institution. For
10 participants enrolled less than full-time, the scholarship loan amount shall be prorated.
11 The University of North Carolina Board of Governors and the North Carolina State
12 Board of Community Colleges shall adopt rules and policies for the disbursement of
13 North Carolina Teacher Assistant Education Degree Program funds. The Boards shall
14 make an effort to identify and encourage minority students to enter the program. All
15 scholarship loans shall be evidenced by notes made payable to the North Carolina State
16 Board of Community Colleges or the UNC Board of Governors that shall bear interest
17 at the rate of ten percent (10%) per year beginning September 1 after completion of the
18 program, or immediately after termination of the scholarship loan, whichever is earlier.
19 The scholarship loan shall be terminated by the recipient withdrawing from the
20 community college associate degree program, by the recipient not completing the
21 baccalaureate degree at a UNC institution, or by the recipient not meeting the standards
22 set by the Boards. The Boards shall forgive each year of the scholarship loan for each
23 year the recipient serves as a certified classroom teacher in a North Carolina public
24 school or at a school operated by the United States government in North Carolina. For
25 loan forgiveness to occur, the service requirement must be completed within seven
26 years after the recipient graduates from a UNC institution. The Boards shall also
27 forgive the loan if it finds that it is impossible for the recipient to complete the service
28 requirement within seven years after graduation at a North Carolina public school or at a
29 school operated by the United States government in North Carolina; because of the
30 death or permanent disability of the recipient; or other unforeseen events as determined
31 by the Boards. All unused funds appropriated to or otherwise received by the North
32 Carolina Teacher Assistant Degree Program for scholarship loans, all funds received as
33 repayment of scholarship loans, and all interest earned on these funds, shall revert to the
34 General Fund at the end of each fiscal year. The North Carolina State Board of
35 Community Colleges may contract with the State Education Assistance Authority for
36 administration of the program.

37 38 **PART IX. DEPARTMENT OF TRANSPORTATION**

39 40 **GLOBAL TRANSPARK AUTHORITY TO REIMBURSE HIGHWAY FUND** 41 **FROM FEDERAL SOURCES**

42 **SECTION 11.** When funds are provided from the Highway Fund to the
43 Global TransPark Authority for environmental impact statements or assessments and the
44 Global TransPark Authority applies for and receives reimbursement for those expenses

1 from federal sources, up to one million eight hundred thousand dollars (\$1,800,000) of
2 the federal reimbursements shall be paid over by the Global TransPark Authority into
3 the Highway Fund within 30 days of receipt. These funds shall be allocated to
4 State-funded maintenance appropriations in the manner approved by the Board of
5 Transportation.

6 7 **AIRCRAFT AND FERRY ACQUISITIONS**

8 **SECTION 11.1.** Before approving the purchase of an aircraft from the
9 Equipment Fund or a ferry in a Transportation Improvement Program, the Board of
10 Transportation shall prepare an estimate of the operational costs and capital costs
11 associated with the addition of the aircraft or ferry and shall report those additional costs
12 to the General Assembly pursuant to G.S. 136-12(b), and to the Joint Legislative
13 Commission on Governmental Operations.

14 15 **HIGHWAY FUND ALLOCATIONS BY CONTROLLER**

16 **SECTION 11.2.** The Controller of the Department of Transportation shall
17 allocate at the beginning of each fiscal year from the various appropriations made to the
18 Department of Transportation in this act, Titles:

19 State Construction

20 State Funds to Match Federal Highway Aid

21 State Maintenance

22 Ferry Operations,

23 sufficient funds to eliminate all overdrafts on State maintenance and construction
24 projects, and these allocations may not be diverted to other purposes.

25 26 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**

27 **APPROPRIATIONS**

28 **SECTION 11.3.(a)** The General Assembly authorizes and certifies
29 anticipated revenues of the Highway Fund as follows:

30 For Fiscal Year 2003-04 \$1,340.3 Million

31 For Fiscal Year 2004-05 \$1,370.7 Million

32 For Fiscal Year 2005-06 \$1,401.4 Million

33 For Fiscal Year 2006-07 \$1,444.1 Million

34
35 **SECTION 11.3.(b)** The General Assembly authorizes and certifies
36 anticipated revenues of the Highway Trust Fund as follows:

37 For Fiscal Year 2003-04 \$1,073.8 Million

38 For Fiscal Year 2004-05 \$1,118.2 Million

39 For Fiscal Year 2005-06 \$1,163.9 Million

40 For Fiscal Year 2006-07 \$1,213.7 Million

41 42 **HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES**

43 **SECTION 11.4.(a)** Overexpenditures from Section 4 of this act may be
44 made by authorization of the Director of the Budget, Titles:

1 State Construction Primary Construction
2 State Construction Urban Construction
3 Spot Safety Construction
4 State Construction Access and Public Service Roads
5 State Funds to Match Federal Highway Aid
6 State Maintenance
7 Ferry Operations,

8 provided that there are corresponding underexpenditures from these same Titles.
9 Overexpenditures or underexpenditures in any Titles may not vary by more than ten
10 percent (10%) without prior consultation with the Advisory Budget Commission.
11 Written reports covering overexpenditures or underexpenditures of more than ten
12 percent (10%) shall be made to the Joint Legislative Oversight Committee. The reports
13 shall be delivered to the Director of the Fiscal Research Division not less than 96 hours
14 prior to the beginning of the Commission's full meeting.

15 **SECTION 11.4.(b)** Overexpenditures from Section 4 of this act, Titles:

16 State Construction Primary Construction
17 State Construction Urban Construction
18 Spot Safety Construction
19 State Construction Access and Public Service Roads
20 State Funds to Match Federal Highway Aid
21 State Maintenance
22 Ferry Operations,

23 for the purpose of providing additional positions shall be approved by the Director of
24 the Budget and shall be reported on a quarterly basis to the Joint Legislative Highway
25 Oversight Committee and to the Fiscal Research Division.

26

27 **HIGHWAY FUND ADJUSTMENTS TO REFLECT ACTUAL REVENUE**

28 **SECTION 11.5.** Any unreserved credit balance in the Highway Fund on
29 June 30 of each of the fiscal years of this biennium shall support appropriations in the
30 succeeding fiscal year. If all of the balance is not needed for these appropriations, the
31 Director of the Budget may use the remaining excess to establish a reserve for access
32 and public roads, a reserve for unforeseen happening of a state of affairs requiring
33 prompt action as provided by G.S. 136-44.1, and other required reserves. If all of the
34 remaining excess is not used to establish these reserves, the remainder shall be allocated
35 to the State-funded maintenance appropriations in the manner approved by the Board of
36 Transportation. The Board of Transportation shall report monthly to the Joint
37 Legislative Highway Oversight Committee and the Fiscal Research Division about the
38 use of the reserve for highway and maintenance.

39

40 **DEPARTMENT OF TRANSPORTATION EXEMPTION FROM GENERAL** 41 **STATUTES FOR EXPERIMENTAL PROJECT--CONGESTION** 42 **MANAGEMENT**

43 **SECTION 11.6.** The Department of Transportation may enter into a
44 design-build-warrant contract to develop, with Federal Highway Administration

1 participation under The 1991 Intermodal Surface Transportation Efficiency Act, Title
2 VI, Part B, Sections 6051-6059, a “Congestion Avoidance and Reduction for Autos and
3 Trucks (CARAT)” system of traffic management for the greater Charlotte-Mecklenburg
4 urban areas. Notwithstanding any other provision of law, contractors, contractors’
5 employees, and Department of Transportation employees involved in this project only
6 do not have to be licensed by occupational licensing boards as “license” and
7 “occupational licensing board” are defined in G.S. 93B-1 and for the purpose of
8 entering into contracts, the Department of Transportation is exempted from the
9 provisions of the following General Statutes: G.S. 136-28.1, 143-52, 143-53, 143-58,
10 143-128, and 143-129. These statutory exemptions are limited and available only to the
11 extent necessary to comply with federal rules, regulations, and policies for completion
12 of this project.

13 The Department of Transportation shall report quarterly to the Joint Legislative
14 Highway Oversight Committee on its efforts to enter into a design-build-warrant
15 contract and to award and construct the project. The report shall include, but not be
16 limited to, the number of types of firms bidding on the project, special qualifications of
17 the firms bidding, and the effect statutory exemptions might have had on the award and
18 construction of the project and the receipt of federal discretionary funding for the
19 project.

20 21 **ALLOCATION OF FUNDS FOR DRIVER TRAINING**

22 **SECTION 11.7.** In allocating funds for driver training, the State Board of
23 Education shall consider the needs of small and low-wealth local school administrative
24 units.

25 26 **INCREASE IN TRANSFER AMOUNT FROM HIGHWAY TRUST FUND TO 27 GENERAL FUND**

28 **SECTION 11.8.** Pursuant to G.S. 105-187.9 Highway Use Taxes collected
29 at the rate of three percent (3%) shall be credited to the North Carolina Highway Trust
30 Fund. The amount of the highway use tax to be transferred to the General Fund is
31 increased from one hundred seventy million dollars (\$170,000,000) to two hundred
32 million dollars (\$200,000,000). The increase in the amount to be transferred is based on
33 inflation since 1989.

34 35 **AIRPORT GRANTS**

36 **SECTION 11.9.** Recommendation is made to transfer \$5,000,000 from
37 Highway Fund availability to support airport grants for fiscal year 2001-2002.

38 39 **PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

40 41 **PHYSICIAN SERVICES**

42 **SECTION 12.** With the approval of the Office of State Budget, Planning,
43 and Management, the Department of Health and Human Services may use funds
44 appropriated in this act for across-the-board salary increases and performance pay to

1 offset similar increases in the costs of contracting with private and independent
2 universities for the provision of physician services to clients in facilities operated by the
3 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
4 This offsetting shall be done in the same manner as is currently done with constituent
5 institutions of The University of North Carolina.

7 **PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT**

8 **SECTION 12.1.** To ensure uniformity in rates charged to area programs and
9 funded with State-allocated resources, the Division of Mental Health, Developmental
10 Disabilities, and Substance Abuse Services of the Department of Health and Human
11 Services may require a private agency that provides services under contract with two or
12 more area programs, except for hospital services that have an established Medicaid rate,
13 to complete an agency-wide uniform cost finding in accordance with G.S.
14 122C-143.2(a) and G.S.122C-147.2. The resulting cost shall be the maximum included
15 for the private agency in the contracting area program's unit cost finding.

17 **NONSUPPLANTING OF MENTAL HEALTH, DEVELOPMENTAL 18 DISABILITIES, AND SUBSTANCE ABUSE FUNDS**

19 **SECTION 12.2.** The Department of Health and Human Services shall
20 ensure that counties do not reduce county appropriations and expenditures for area
21 mental health, developmental disabilities, and substance abuse authorities because the
22 authorities have received additional State appropriations for services.

24 **TRANSFERS OF CERTAIN FUNDS AUTHORIZED**

25 **SECTION 12.3.** In order to assure maximum utilization of funds in county
26 departments of social services, county or district health agencies, and area mental
27 health, developmental disabilities and substance abuse authorities, the Director of the
28 Budget is authorized to transfer excess funds appropriated to a specific service,
29 program, or fund whether specified service in a block grant plan or General Fund
30 appropriation, into another service, program, or fund for local services within the budget
31 of the respective State agency.

33 **LIABILITY INSURANCE**

34 **SECTION 12.4.** The Department of Health and Human Services and the
35 Department of Correction may provide medical liability coverage not to exceed one
36 million dollars (\$1,000,000) on behalf of employees of the Department licensed to
37 practice medicine or dentistry and on behalf of physicians in all residency training
38 programs from The University of North Carolina who are in training at institutions
39 operated by the Department of Health and Human Services. This coverage may include
40 commercial insurance or self-insurance and shall cover these individuals for their acts or
41 omissions only while they are engaged in providing medical and dental services
42 pursuant to their State employment or training.

43 The coverage provided under this section shall not cover any individual for any act
44 or omission that, the individual knows or reasonably should know constitutes a violation

1 of the applicable criminal laws of any state or the United States, or that arises out of any
2 sexual, fraudulent, criminal or malicious act, or out of any act amounting to willful or
3 wanton negligence.

4 The coverage provided pursuant to this section shall not require any additional
5 appropriations and shall not apply to any individual providing contractual service to the
6 Department of Health and Human Services or the Department of Correction, with the
7 exception that coverage may include physicians in all residency training programs from
8 The University of North Carolina who are in training at institutions operated by the
9 Department of Health and Human Services.

10 11 **LIMITATION ON USE OF SPECIAL ALZHEIMER'S UNITS**

12 **SECTION 12.5.** The Special Alzheimer's Unit established in Wilson by
13 funds appropriated in Chapter 507 of the 1995 Session Laws and the Special
14 Alzheimer's Unit in Black Mountain shall serve only those clients who cannot be served
15 by a similar private facility.

16 17 **MEDICAID**

18 **SECTION 12.6.(a)** Funds appropriated in this Title for services provided in
19 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
20 categorically needy and the medically needy. Funds appropriated for these services
21 shall be expended in accordance with the following schedule of services and payment
22 bases. All services and payments are subject to the language at the end of this
23 subsection.

24 Services and payment bases:

- 25 (1) Hospital-Inpatient - Payment for hospital inpatient services will be
26 prescribed in the State Plan as established by the Department of Health
27 and Human Services. Administrative days for any period of
28 hospitalization shall be limited to a maximum of three days.
- 29 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a
30 prospective reimbursement plan as established by the Department of
31 Health and Human Services.
- 32 (3) Nursing Facilities - Payment for nursing facility services will be
33 prescribed in the State Plan as established by the Department of Health
34 and Human Services. Nursing facilities providing services to Medicaid
35 recipients, who also qualify for Medicare, must be enrolled in the
36 Medicare program as a condition of participation in the Medicaid
37 program. State facilities are not subject to the requirement to enroll in
38 the Medicare Program.
- 39 (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed
40 in the State Plan as established by the Department of Health and
41 Human Services.
- 42 (5) Drugs - Drug costs as allowed by federal regulations plus a
43 professional services fee per month excluding refills for the same drug
44 or generic equivalent during the same month. Reimbursement shall be

1 available for up to six prescriptions per recipient, per month, including
2 refills. Payments for drugs are subject to the provisions of subsection
3 (f) of this section and to the provisions at the end of subsection (a) of
4 this section, or in accordance with the State Plan adopted by the
5 Department of Health and Human Services consistent with federal
6 reimbursement regulations. Payment of the professional services fee
7 shall be made in accordance with the plan adopted by the Department
8 of Health and Human Services, consistent with federal reimbursement
9 regulations. The professional services fee shall be five dollars and
10 sixty cents (\$5.60) per prescription. Adjustments to the professional
11 services fee shall be established by the General Assembly.

- 12 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
13 Nurse Midwife Services, Nurse Practitioners - Fee schedules as
14 developed by the Department of Health and Human Services.
15 Payments for dental services are subject to the provisions of subsection
16 (g) of this section.
- 17 (7) Community Alternative Program, EPSDT Screens - Payment to be
18 made in accordance with rate schedule developed by the Department
19 of Health and Human Services.
- 20 (8) Home Health and Related Services, Private Duty Nursing, Clinic
21 Services, Prepaid Health Plans, Durable Medical Equipment - Payment
22 to be made according to reimbursement plans developed by the
23 Department of Health and Human Services.
- 24 (9) Medicare Buy-In - Social Security Administration premium.
- 25 (10) Ambulance Services - Uniform fee schedules as developed by the
26 Department of Health and Human Services. Public ambulance
27 providers will be reimbursed at cost.
- 28 (11) Hearing Aids - Actual cost plus a dispensing fee.
- 29 (12) Rural Health Clinic Services - Provider based - reasonable cost;
30 non-provider based - single cost reimbursement rate per clinic visit.
- 31 (13) Family Planning - Negotiated rate for local health departments. For
32 other providers - see specific services, for instance, hospitals,
33 physicians.
- 34 (14) Independent Laboratory and X-Ray Services - Uniform fee schedules
35 as developed by the Department of Health and Human Services.
- 36 (15) Optical Supplies - One hundred percent (100%) of reasonable
37 wholesale cost of materials.
- 38 (16) Ambulatory Surgical Centers - Payment as prescribed in the
39 reimbursement plan established by the Department of Health and
40 Human Services.
- 41 (17) Medicare Crossover Claims - An amount up to the actual coinsurance
42 or deductible or both, in accordance with the Plan, as approved by the
43 Department of Health and Human Services.

- 1 (18) Physical Therapy and Speech Therapy - Services limited to EPSDT
2 eligible children. Payments are to be made only to qualified providers
3 at rates negotiated by the Department of Health and Human Services.
- 4 (19) Personal Care Services - Payment in accordance with Plan approved
5 by the Department of Health and Human Services.
- 6 (20) Case Management Services - Reimbursement in accordance with the
7 availability of funds to be transferred within the Department of Health
8 and Human Services.
- 9 (21) Hospice - Services may be provided in accordance with Plan
10 developed by the Department of Health and Human Services.
- 11 (22) Other Mental Health Services - Unless otherwise covered by this
12 section, coverage is limited to:
- 13 (a) Agencies meeting the requirements of the rules established by
14 the Commission for Mental Health, Developmental Disabilities,
15 and Substance Abuse Services, and reimbursement is made in
16 accordance with a Plan developed by the Department of Health
17 and Human Services not to exceed the upper limits established
18 in federal regulations, and
- 19 (b) For children eligible for EPSDT services:
- 20 1. Licensed or certified psychologists, certified mental
21 health nurse practitioners, and licensed clinical social
22 workers when Medicaid-eligible children are referred by
23 the primary care physician or the area mental health
24 program, and
- 25 2. Institutional providers of residential services for children
26 and Psychiatric Residential Treatment Facility services,
27 that meet federal and State requirements as defined by
28 the Department.
- 29 The Department of Health and Human Services may adopt
30 temporary rules in accordance with Chapter 150B of the
31 General Statutes further defining the qualifications of providers
32 and referral procedures in order to implement this subdivision.
- 33 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible
34 Children - Reimbursement in accordance with Plan approved by the
35 Department of Health and Human Services.
- 36 (24) Health Insurance Premiums - Payments to be made in accordance with
37 the plan adopted by the Department of Health and Human Services
38 consistent with federal regulations.
- 39 (25) Medical Care/Other Remedial Care - Services not covered elsewhere
40 in this section include related services in schools; health professional
41 services provided outside the clinic setting to meet maternal and infant
42 health goals; and services to meet federal EPSDT mandates. Services
43 addressed by this paragraph are limited to those prescribed in the State
44 Plan as established by the Department of Health and Human Services.

Providers of these services must be certified as meeting program standards of the Department of Health and Human Services.

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

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

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

SECTION 12.6(b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

SECTION 12.6(c) Co-payment for Medicaid Services. The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

SECTION 12.6.(d) Medicaid and Work First Family Assistance Eligibility Standards. The maximum net family annual income eligibility standards for Medicaid and the Standard of Need for Work First Family Assistance shall be as follows:

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

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

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

1 These standards may be changed with the approval of the Director of the Budget
2 with the advice of the Advisory Budget Commission.

3 **SECTION 12.6.(e)** The Department of Health and Human Services,
4 Division of Medical Assistance, shall provide Medicaid coverage to all elderly and
5 disabled people who have incomes equal to or less than one hundred percent (100%) of
6 the federal poverty guidelines, as revised each April 1.

7 **SECTION 12.6.(f)** ICF and ICF/MR Work Incentive Allowances. The
8 Department of Health and Human Services may provide an incentive allowance to
9 Medicaid eligible recipients of ICF and ICF/MR facilities who are regularly engaged in
10 work activities as part of their developmental plan and for whom retention of additional
11 income contributes to their achievement of independence. The State funds required to
12 match the federal funds that are required by these allowances shall be provided from
13 savings within the Medicaid budget or from other unbudgeted funds available to the
14 Department. The incentive allowances may be as follows:

15	Monthly Net Wages	Monthly Incentive Allowance
16	\$ 1.00 to \$100.99	Up to \$ 50.00
17	\$101.00 to \$200.99	\$ 80.00
18	\$201.00 to \$300.99	\$ 130.00
19	\$301.00 and greater	\$ 212.00

20 **SECTION 12.6.(g)** Dental Coverage Limits. Dental services shall be
21 provided on a restricted basis in accordance with rules adopted by the Department to
22 implement this subsection.

23 **SECTION 12.6.(h)** Dispensing of Generic Drugs. Notwithstanding G.S.
24 90-85.27 through G.S. 90-85.31, under the Medical Assistance Program (Title XIX of
25 the Social Security Act) a prescription order for a drug designated by a trade or brand
26 name shall be considered to be an order for the drug by its established or generic name,
27 except when the prescriber personally indicates, either orally or in his own handwriting
28 on the prescription order, "dispense as written" or words of similar meaning. Generic
29 drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical
30 Assistance Program rather than trade or brand name drugs, subject to the prescriber's
31 "dispense as written" order as noted above.

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

37 **SECTION 12.6.(i)** Exceptions to Service Limitations, Eligibility
38 Requirements, and Payments. Service limitations, eligibility requirements, and
39 payments, and payments bases in this section may be waived by the Department of
40 Health and Human Services, with the approval of the Director of the Budget, to allow
41 the Department to carry out pilot programs for prepaid health plans, managed care
42 plans, or community based services programs in accordance with plans approved by the
43 United States Department of Health and Human Services, or when the Department

1 determines that such a waiver will result in a reduction in the total Medicaid costs for
2 the recipient.

3 **SECTION 12.6.(j)** Volume Purchase Plans and Single Source Procurement.
4 The Department of 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 **SECTION 12.6.(k)** Cost Containment Programs. The Department of 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 **SECTION 12.6.(l)** For all Medicaid eligibility classifications for which the
14 federal poverty level is used as an income limit for eligibility determination, the income
15 limits will be updated each April 1 immediately following publication of federal poverty
16 guidelines.

17 **SECTION 12.6.(m)** The Department of Health and Human Services shall
18 provide Medicaid to 19, -20, -and-21 year-olds in accordance with federal rules and
19 regulations.

20 **SECTION 12.6.(n)** The Department of Health and Human Services shall
21 provide coverage to pregnant women and children according to the following schedule:

- 22 (1) Pregnant women with incomes equal to or less than one hundred
23 eighty five percent (185%) of the federal poverty guidelines as revised
24 each April 1 shall be covered for Medicaid benefits. Medicaid
25 enrollment of categorically needy families with children shall be
26 continuous for one year without regard to charges in income or assets.
- 27 (2) Infants under the age of 1 with family incomes equal to or less than
28 one hundred eighty five percent (185%) of the federal poverty
29 guidelines as revised each April 1, shall be covered for Medicaid
30 benefits.
- 31 (3) Children aged 1 through 5 with family incomes equal to or less than
32 one hundred thirty three percent (133%) of the federal poverty
33 guidelines as revised each April 1 shall be covered for Medicaid
34 benefits.
- 35 (4) Children aged 6 through 18 with family incomes equal to or less than
36 the federal poverty guidelines as revised each April 1, shall be covered
37 for Medicaid benefits.
- 38 (5) The Department of Health and Human Services shall provide Medicaid
39 coverage for adoptive children with special or rehabilitative needs
40 regardless of the adoptive family's income.

41 Services to pregnant women eligible under this subsection continue throughout the
42 pregnancy but include only those related to pregnancy and to those other conditions
43 determined by the Department as conditions that may complicate pregnancy. In order to
44 reduce county administrative costs and to expedite the provision of medical services to

1 pregnant women, to infants, and to children described in subdivisions (3) and (4) of this
2 subsection, no resources test shall be applied.

3 **SECTION 12.6.(o)** Medicaid enrollment of categorically needy families
4 with children shall be continuous for one year without regard to changes in income or
5 assets.

6 **SECTION 12.6.(p)** The Department of Health and Human Services shall
7 submit a quarterly status report on expenditures for acute care and long-term care
8 services to the Fiscal Research Division and to the Office of State Budget, Planning and
9 Management. This report shall include an analysis of budgeted versus actual experience
10 for eligibles by category and for long-term care beds. In addition, the Department shall
11 revise the program's projected spending for the current fiscal year and the estimated
12 spending for the subsequent fiscal year on a quarterly basis. The quarterly expenditure
13 report and the revised forecast for the preceding month shall be forwarded to the Fiscal
14 Research Division and to the Office of State Budget, Planning and Management no later
15 than the third Thursday of the month following the end of each quarter.

16 **SECTION 12.6.(q)** The Division of Medical Assistance, Department of
17 Health and Human Services, may provide incentives to counties that successfully
18 recover fraudulently spent Medicaid funds by sharing State savings with counties
19 responsible for the recovery of the fraudulently spent funds.

20 **SECTION 12.6.(r)** If first approved by the Office of State Budget, Planning,
21 and Management, the Division of Medical Assistance, Department of Health and
22 Human Services, may use funds that are identified to support the cost of development
23 and acquisition of equipment and software through contractual means to improve and
24 enhance information systems that provide management information and claims
25 processing.

26 **SECTION 12.6.(s)** The Department of Health and Human Services may
27 adopt temporary rules according to the procedures established in G.S. 150B-21.1 when
28 it finds that such rules are necessary to maximize receipt of federal funds, to reduce
29 Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these
30 temporary rules with the Office of Administrative Hearings, the Department shall
31 consult with the Office of State Budget, Planning, and Management on the possible
32 fiscal impact of the temporary rule and its effect on state appropriations and local
33 governments.

34 35 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

36 **SECTION 12.7.(a)** Disproportionate share receipts reserved at the end of the
37 2001-02 fiscal year shall be deposited with the Department of State Treasurer as nontax
38 revenue for the 2001-02 fiscal year.

39 **SECTION 12.7.(b)** For the 2001-02 fiscal year, as it receives funds
40 associated with Disproportionate Share Payments from the State hospitals, the
41 Department of Health and Human Services, Division of Medical Assistance, shall
42 deposit up to one hundred seven million dollars (\$107,000,000) of these
43 Disproportionate Share Payments to the Department of State Treasurer for deposit as
44 nontax revenues. Any Disproportionate Share Payments collected in excess of the one

1 hundred seven million dollars (\$107,000,000) shall be reserved by the State Treasurer
 2 for future appropriations.

3
 4 **NONMEDICAID REIMBURSEMENT**

5 **SECTION 12.8.** Providers of medical services under the various State
 6 programs, other than Medicaid, offering medical care to citizens of the State shall be
 7 reimbursed at rates no more than those under the North Carolina Medical Assistance
 8 Program. Hospitals that provide psychiatric inpatient care for Thomas S. Class
 9 members or adults with mental retardation and mental illness may be paid an additional
 10 incentive payment not to exceed fifteen percent (15%) of their regular daily per diem
 11 reimbursement.

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

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

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

28		Medical Eye	All	
29	Family Size	Care Adults	Rehabilitation	Other
30	1	\$ 4,860	\$ 8,364	\$ 4,200
31	2	5,940	10,944	5,300
32	3	6,204	13,500	6,400
33	4	7,284	16,092	7,500
34	5	7,824	18,648	7,900
35	6	8,220	21,228	8,300
36	7	8,772	21,708	8,800
37	8	9,312	22,220	9,300

38
 39 The eligibility level for children in the Medical Eye Care Program in the Division of
 40 Services for the Blind and for adults in the Atypical Antipsychotic Medication program
 41 in the Division of Mental, Health, Developmental Disabilities, and Substance Abuse
 42 Services shall be one hundred percent (100%) of the federal poverty guidelines, as
 43 revised annually by the United States Department of Health and Human Services and in
 44 effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical

1 Antipsychotic Medication Program who become gainfully employed may continue to be
 2 eligible to receive State support, in decreasing amounts, for the purchase of atypical
 3 antipsychotic medication and related services up to three hundred percent (300%) of the
 4 poverty level. State financial participation in the Atypical Antipsychotic Medication
 5 Program for these enrollees who become gainfully employed is as follows:

6	Income	State Participation	Client Participation
7	(% of poverty)		
8	0-100%	100%	0%
9	101-120%	95%	5%
10	121-140%	85%	15%
11	141-160%	75%	25%
12	161-180%	65%	35%
13	181-200%	55%	45%
14	201-220%	45%	55%
15	221-240%	35%	65%
16	241-260%	25%	75%
17	261-280%	15%	85%
18	281-300%	5%	95%
19	301%-over	0%	100%

20
 21 The Department of Health and Human Services shall contract at, or as close as possible
 22 to, Medicaid rates for medical services provided to residents of State facilities of the
 23 Department.

24
 25 **ADULT CARE HOMES REIMBURSEMENT RATE/ADULT CARE HOMES**
 26 **ALLOCATION OF NONFEDERAL COST OF MEDICAID**
 27 **PAYMENTS/STAFFING GRANT**

28 **SECTION 12.9.(a)** The eligibility of Special Assistance recipients residing
 29 in adult care homes on August 1, 1995, shall not be affected by an income reduction in
 30 the Special Assistance eligibility criteria resulting from adoption of the Rate Setting
 31 Methodology Report and Related Services, providing these recipients are otherwise
 32 eligible.

33 **SECTION 12.9.(b)** Effective August 1, 1995, the State shall pay fifty
 34 percent (50%) and the county shall pay fifty percent (50%) of the nonfederal costs of
 35 Medicaid services paid to adult care home facilities. As Medicaid personal care
 36 requirements increase, the county matching share shall be capped until it equals fifteen
 37 percent (15%) of the nonfederal Medicaid personal care requirements.

38
 39 **ADOPTION SUBSIDY**

40 **SECTION 12.10.** The maximum rates for state participation in the adoption
 41 assistance program are established on a graduated scale as follows:

- 42 (1) \$315.00 per child per month for children aged birth through 5;
 43 (2) \$365.00 per child per month for children aged 6 through 12; and
 44 (3) \$415.00 per child per month for children aged 13 through 18.

1

2 FOSTER CARE

3 **SECTION 12.11.** The maximum rates for state participation in the foster
4 care assistance program are established on a graduated scale as follows:

- 5 (1) \$315.00 per child per month for children aged birth through 5;
- 6 (2) \$365.00 per child per month for children aged 6 through 12; and
- 7 (3) \$415.00 per child per month for children aged 13 through 18.

8 Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.

9

**10 CLARIFICATION OF AUTHORIZED ADDITIONAL USE OF HIV FOSTER
11 CARE AND ADOPTIVE FAMILY FUNDS**

12 **SECTION 12.12.(a)** In addition to providing board payments to foster and
13 adoptive families of HIV-infected children as prescribed in Chapter 324 of the 1995
14 Session Laws, any additional funds remaining that were appropriated in Chapter 324 of
15 the 1995 Session Laws for this purpose shall be used to provide medical training in
16 avoiding HIV transmission in the home.

17 **SECTION 12.12.(b)** The maximum rates for the State participation in HIV
18 foster care and adoptions assistance are established on a graduated scale as follows:

- 19 (1) 800.00 per month per child with indeterminate HIV status;
- 20 (2) 1,000 per month per child confirmed HIV-infected, asymptomatic;
- 21 (3) 1,200 per month per child confirmed HIV-infected, symptomatic; and
- 22 (4) 1,600 per month per child terminally ill with complex care needs.

23

24 SENIOR CENTER OUTREACH

25 **SECTION 12.12A.(a)** Funds appropriated to the Department of Health and
26 Human Services, Division of Aging, for the 2001-2003 fiscal biennium, shall be used by
27 the Division of Aging to enhance senior center programs as follows:

- 28 (1) To expand the outreach capacity of senior centers to reach unserved or
29 underserved areas; or
- 30 (2) To provide start-up funds for new senior centers.

31 All of these funds shall be allocated by October 1 of each fiscal year.

32 **SECTION 12.12A.(b)** Prior to funds being allocated pursuant to this section
33 for start-up funds for a new senior center, the county commissioners of the county in
34 which the new center will be located shall:

- 35 (1) Formally endorse the need for such a center;
- 36 (2) Formally agree on the sponsoring agency for the center; and
- 37 (3) Make a formal commitment to use local funds to support the ongoing
38 operation of the center.

39 **SECTION 12.12A.(c)** State funding shall not exceed ninety percent (90%)
40 of reimbursable costs.

41

42 DAY CARE ALLOCATION FORMULA

43 **SECTION 12.13.(a)** To simplify current day care allocation methodology
44 and more equitably distribute State day care funds, the Department of Health and

1 Human Services shall apply the following allocation formula to all noncategorical
2 federal and State day care funds used to pay the costs of necessary day care for minor
3 children of needy families:

- 4 (1) One-third of budgeted funds shall be distributed according to the
5 county's population in relation to the total population of the State;
- 6 (2) One-third of the budgeted funds shall be distributed according to the
7 number of children under 6 years of age in a county who are living in
8 families whose income is below the State poverty level in relation to
9 the total number of children under 6 in the State in families whose
10 income is below the poverty level; and
- 11 (3) One-third of budgeted funds shall be distributed according to the
12 number of working mothers with children under 6 years of age in a
13 county in relation to the total number of working mothers with
14 children under 6 in the State.

15 **SECTION 12.13.(b)** A county's initial allocation shall not be less than
16 that county's total expenditures for childcare in fiscal year 1995-96.

17 18 **DAY CARE FUNDS MATCHING REQUIREMENT**

19 **SECTION 12.14.** No local matching funds may be required by the
20 Department of Health and Human Services as a condition of any locality's receiving any
21 State day care funds appropriated by this act unless federal law requires such a match.

22 23 **CHILD DAY CARE REVOLVING LOAN FUND**

24 **SECTION 12.15.** Notwithstanding any law to the contrary, funds budgeted
25 for the Child Day Care Revolving Loan Fund may be transferred to and invested by the
26 financial institution contracted to operate the Fund. The principal and any income to the
27 Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral
28 for borrowers, pay the contractor's cost of operating the Fund, or to pay the
29 Department's cost of administering the program.

30 31 **CHILD PROTECTIVE SERVICES**

32 **SECTION 12.16.(a)** The funds appropriated in this act to the Department of
33 Health and Human Services, Division of Social Services, for the 2001-2003 fiscal
34 biennium for Child Protective Services shall be allocated to county departments of
35 social services based upon a formula which takes into consideration the number of
36 Child Protective Services cases in the county and the number of Child Protective
37 Services workers necessary to meet recommended standards adopted by the North
38 Carolina Association of County Directors of Social Services.

39 **SECTION 12.16.(b)** Funds allocated under subsection (a) of this section
40 shall be used by county departments for carrying out investigations of reports of child
41 abuse or neglect or for providing protective or preventive services in which the
42 department confirms abuse, neglect, or dependency.

43 **SECTION 12.16.(c)** The Division of Social Services, Department of Health
44 and Human Services, shall establish criteria and guidelines to ensure that the allocations

1 to county departments of social services are used in accordance with this section and
2 that available Federal Emergency Assistance funds for Child Protective Services are
3 maximized.

4 **SECTION 12.16.(d)** As long as Federal Emergency Assistance funds are
5 available, counties shall use these federal funds, State Child Protective Services
6 appropriations, and county funds to provide Child Protective Services.

7 8 **MATCH REQUIREMENTS FOR MEDICAID SERVICES**

9 **SECTION 12.17.** The Department of Health and Human Services will
10 continue to administer the matching funds for public Mental Health Services reimbursed
11 by the Medicaid program. Growth in the non-federal share of Medicaid budget for
12 Mental Health Services will be borne equally by the state and county/local entity until
13 the county/local entity share totals 15% of the nonfederal share of the Medicaid budget
14 for public Mental Health services.

15 16 **ELIMINATE STATE EMPLOYEE REPORT**

17 **SECTION 12.18.** G.S. 108A 27.10(b) is repealed.

18 19 **LEASE-PURCHASE OF OFFICE AND INSTITUTIONAL FACILITIES**

20 **SECTION 12.19.(a)** Authorization. – The Secretary of the Department of
21 Health and Human Services may, as provided in this section, enter into contracts with
22 private for-profit or nonprofit firms for the construction of office and institutional
23 facilities to be operated by the Department pursuant to a lease that contains a schedule
24 for purchase of the facilities over a period of up to 20 years or other periods that may be
25 appropriate and advantageous to the State.

26 The State, with the prior approval of the Council of State and the State Treasurer as
27 provided in this section, is authorized to execute and deliver one or more lease-purchase
28 agreements with a special nonprofit corporation in connection with and under an
29 arrangement whereby certificates of participation are sold and delivered by the special
30 nonprofit corporation in order to provide funds to pay the purchase price of the Projects.
31 The projects will be constructed by selected contractors designated to the special
32 nonprofit corporation by the State Property Office of the Department of Administration
33 in consultation with the Department of Health and Human Services. The selected
34 contractors will be responsible for arranging for and obtaining their own construction
35 financing, which will consist solely of private funds. The projects will be sold to the
36 special nonprofit corporation, with the purchase price paid by the special nonprofit
37 corporation from the proceeds of the certificates of participation. The State may lease
38 the real property upon which the Projects will be located, if owned by the State, to the
39 selected contractors constructing the Projects and to the special nonprofit corporation
40 for nominal consideration.

41 **SECTION 12.19.(b)** Definitions. – The following definitions apply in this
42 section:

- 43 (1) Certificates of participation. – Certificates or other instruments
44 delivered by a special nonprofit corporation as provided in this section

1 evidencing the assignment of proportionate and undivided interests in
2 the rights to receive lease payments to be made by the State pursuant
3 to a lease-purchase agreement.

4 (2) Construction contract agreement. – A contract between the Department
5 of Health and Human Services and the selected contractors for
6 construction of the Projects, under which the selected contractors will
7 be responsible for arranging for and obtaining their own construction
8 financing, which will consist solely of private funds.

9 (3) Lease-purchase agreement. – A lease-purchase agreement entered into
10 pursuant to this section, under which the State will lease the Projects
11 from the special nonprofit corporation, with option to purchase.

12 (4) Projects. – Office and institutional facilities to be constructed by
13 selected contractors, sold to the special nonprofit corporation, and
14 leased to the State pursuant to this section.

15 (5) Purchase agreement. – A contract under which the special nonprofit
16 corporation will purchase the Projects from the selected contractors.

17 (6) Selected contractors. – One or more private firms selected to construct
18 the Projects.

19 (7) Special nonprofit corporation. – A nonprofit corporation created under
20 Chapter 55A of the General Statutes and designated by the State
21 Treasurer for entering into the transactions contemplated by this
22 section.

23 **SECTION 12.19.(c)** Request for Proposals. – The Secretary of the
24 Department of Health and Human Services may issue a request for proposals to private
25 firms for the private firms to construct the Projects in accordance with the plans and
26 specifications developed by the Department of Health and Human Services and
27 reviewed by the Office of State Construction. The Secretary of the Department of
28 Health and Human Services shall make recommendations to the State Property Office of
29 the Department of Administration on the final award decision. The Department of
30 Health and Human Services and the State Property Office of the Department of
31 Administration shall consult with the Joint Legislative Commission on Governmental
32 Operations before making the final award decision. The Department of Administration
33 shall make the final award decision, which shall then be subject to the approval of the
34 Council of State. The Department of Health and Human Services will enter into a
35 construction contract agreement with the selected contractors for the construction of the
36 Projects. The special nonprofit corporation will enter into a purchase agreement with
37 the selected contractors for the sale of the constructed Projects to the special nonprofit
38 corporation. The Department of Health and Human Services shall furnish plans and
39 specifications for review by the State Construction Office. Construction contract
40 agreements entered into under this section shall provide that the Department of Health
41 and Human Services and the Office of State Construction shall inspect and review each
42 facility during construction to ensure and determine jointly that the facility is suitable
43 for use as an office or institutional facility and for future acquisition by the State. The

1 Department of Health and Human Services may contract with a design consortium for
2 construction administration services.

3 **SECTION 12.19.(d)** Approval of Lease-Purchase Agreement. – A
4 lease-purchase agreement may not be entered into pursuant to this section unless the
5 following conditions are met before the lease-purchase agreement is entered into: (i)
6 the Council of State, by resolution, approves the execution and delivery of the
7 lease-purchase agreement, and (ii) the State Treasurer approves the lease-purchase
8 agreement and all other documentation related to it, including any leasehold deed of
9 trust or trust agreement in connection with it. The resolution of the Council of State
10 may include any matters the Council of State determines. In determining whether to
11 approve the lease-purchase agreement, the State Treasurer may consider any factors as
12 the State Treasurer considers relevant in order to find and determine that all of the
13 following conditions are met:

- 14 (1) The principal amount to be financed under the lease-purchase
15 agreement is adequate and not excessive for the purpose of paying the
16 cost of the Projects.
- 17 (2) The increase, if any, in State revenues necessary to pay the sums to
18 become due under the lease-purchase agreement is not excessive.
- 19 (3) The lease-purchase agreement can be entered into on terms desirable
20 to the State.
- 21 (4) The sale of certificates of participation will not have any adverse effect
22 on any scheduled or proposed sale of obligations of the State or any
23 State agency or of any unit of local government in the State.

24 **SECTION 12.19.(e)** Terms and Conditions. – The following provisions
25 apply to a lease-purchase agreement entered into under this section:

- 26 (1) In order to secure the performance by the State of its obligations under
27 the lease-purchase agreement, the lease-purchase agreement may
28 require the eviction of the State from the occupancy of one or more of
29 the Projects in the event that the State breaches its obligations and
30 agreements under the lease-purchase agreement.
- 31 (2) No deficiency judgement may be rendered against the State or any
32 agency, department, or commission of the State in any action for
33 breach of any obligation contained in the lease-purchase agreement or
34 any other related documentation, and the taxing power of the State or
35 any agency, department, or commission of the State is not and may not
36 be pledged to secure any monies due under the lease-purchase
37 agreement.
- 38 (3) The lease-purchase agreement shall not contain a non-substitution
39 clause that restricts the right of the State to replace or provide a
40 substitute for the Projects.
- 41 (4) The lease-purchase agreement may include provisions requesting the
42 Governor to submit in the Governor's budget proposal, or any
43 amendments or supplements to it, appropriations necessary to make
44 the payments required under the lease-purchase agreement.

- 1 (5) The lease-purchase agreement may contain any provisions for
2 protecting and enforcing the rights and remedies of the special
3 nonprofit corporation that are reasonable and proper and not in
4 violation of law, including covenants setting forth the duties of the
5 State with respect to the Projects, which may include provisions
6 relating to insuring, operating, and maintaining the Projects and the
7 custody, safeguarding, investment, and application of monies.
- 8 (6) The lease-purchase agreement may designate the lease payments to be
9 paid by the State under it to be ‘principal components’ and ‘interest
10 components.’ Any interest component of the lease payments may be
11 calculated based upon a fixed or variable interest rate or rates as
12 determined by the State Treasurer.
- 13 (7) The lease-purchase agreement may be entered into by the State, and
14 certificates of participation may be delivered by the special nonprofit
15 corporation, at any time, including at times prior to the delivery of the
16 Projects to the special nonprofit corporation for purchase, and the
17 related delivery of occupancy of the Projects to the State by the special
18 nonprofit corporation. The costs incurred in connection with the
19 preparation of the lease-purchase agreement and related documents
20 and the delivery of the certificates of participation may be paid from
21 the proceeds of the certificates of participation.
- 22 (8) The State is authorized to agree in the lease-purchase agreement to
23 indemnify the special corporation and its directors and agents for any
24 liabilities that arise to the special corporation or directors or agents on
25 account of their participation in the activities contemplated by this act.

26 **SECTION 12.19.(f)** Faith and Credit Not Pledged. – The payment of
27 amounts payable by the State under the lease-purchase agreement and other related
28 documentation during any fiscal biennium or fiscal year is limited to funds appropriated
29 for that purpose by the General Assembly in its discretion. No provision of this section
30 and no lease-purchase agreement creates any pledge of the faith and credit of the State
31 or any agency, department, or commission of the State within the meaning of any
32 constitutional debt limitation.

33 **SECTION 12.19.(g)** Certificates of Participation. – The State may cooperate
34 as necessary to effectuate the delivery by the special nonprofit corporation of
35 tax-exempt certificates of participation, including participating in the preparation of
36 offering documents, the filing of required tax forms and agreeing to comply with
37 restrictions on the use of the Projects as required in order for the interest component of
38 the lease payments to be tax-exempt. Disclosures and compliance with other federal
39 law requirements by the special nonprofit corporation shall be under the direction of the
40 State Treasurer. Certificates of participation may be sold at the direction of the State
41 Treasurer in the manner, either at public or private sale, and for any price or prices that
42 the State Treasurer determines to be in the best interest of the State and to effect the
43 purposes of this section. Interest payable with respect to certificates of participation
44 shall accrue at the rate or rates determined by the State Treasurer with the approval of

1 the special nonprofit corporation. Certificates of participation may be delivered
2 pursuant to a trust agreement with a corporate trustee approved by the State Treasurer.
3 The corporate trustee may be any trust company or bank having the powers of a trust
4 company within or without the State. A trust agreement may (i) provide for security
5 and pledges and assignments with respect to the security as may be permitted under this
6 section and further provide for the enforcement of any lien or security interest created
7 pursuant to this section, and (ii) contain any provisions for protecting and enforcing the
8 rights and remedies of the owners of any certificates of participation that are reasonable
9 and proper and not in violation of law as determined by the State Treasurer. The State
10 Treasurer shall designate the professionals providing legal or financial services relating
11 to the lease-purchase agreement and the delivery of certificates of participation,
12 including the provider of any credit facility and the underwriter or placement agent for
13 any certificates of participation.

14 **SECTION 12.19.(h)** Tax exemption. – The lease-purchase agreement and
15 any certificates of participation relating to it shall at all times be free from taxation by
16 the State or any political subdivision or any of their agencies, excepting estate,
17 inheritance, or gift taxes, income taxes on the gain from the transfer of the
18 lease-purchase agreement and certificates of participation, and franchise taxes. The
19 interest component of the lease payments made by the State under the lease-purchase
20 agreement, including the interest payable with respect to any certificates of
21 participation, is not subject to taxation as income.

22 **SECTION 12.19.(i)** This section, being necessary for the health and welfare
23 of the people of the State, shall be liberally construed to affect its purposes.

24 25 **PART XI. DEPARTMENT OF CULTURAL RESOURCES**

26 27 **DEPARTMENT OF CULTURAL RESOURCES MAY RETAIN HISTORICAL** 28 **PUBLICATIONS RECEIPTS**

29
30 **SECTION 14.** The Historical Publications Section, Division of Archives and
31 History, Department of Cultural Resources, may retain the receipts, including
32 over-realized receipts, from the sale of its publications during each year of the
33 2001-2003 biennium. The receipts from the sale of those publications retained by the
34 Historical Publications Section shall not revert but shall be used to reprint the
35 publications.

36 37 **PART XII. SALARIES AND BENEFITS**

38 39 **SALARY INCREASES/SALARY RELATED CONTRIBUTIONS**

40 **SECTION 15.(a)** The Director of the Budget may budget funds appropriated
41 in Sections 3 and 4 of this Act for the purpose of providing compensation increases to
42 public school employees, community college institutional personnel, and all other
43 permanent state employees. Increases shall be granted equating to 2% funding of
44 current salaries.

1 **SECTION 15.(b)** Required employer salary-related contributions for
 2 employees whose salaries are paid from department, office, institution, or agency
 3 receipts shall be paid from the same source as the source of the employees' salary. If an
 4 employee's salary is paid in part from the General Fund or Highway Fund and in part
 5 from department, office, institution, or agency receipts, required employer salary-related
 6 contributions may be paid from the General Fund or Highway Fund only to the extent of
 7 the proportionate part paid from the General Fund or Highway Fund in support of the
 8 salary of the employee, and the remainder of the employer's requirements shall be paid
 9 from the source that supplies the remainder of the employee's salary.

10 **SECTION 15.(c)** The State's employer contribution rates budgeted for
 11 retirement and related benefits as percentage of covered salaries for the 2001-02 fiscal
 12 year is (i) five and fifty-one hundredths percent (5.51%) - Teachers and State
 13 Employees; (ii) (ten and fifty-one hundredths percent (10.51%) - State Law
 14 Enforcement Officers; (iii) nine and thirty-six hundredths percent (9.36%) - University
 15 employees' Optional Retirement System; (iv) seventeen and sixteen hundredths percent
 16 (17.16%) - Consolidated Judicial Retirement System; and (v) twenty-four and seventy
 17 hundredths percent (24.70%) - Legislative Retirement System. Each of the foregoing
 18 contribution rates includes two percent (2.0%) for hospital and medical benefits. The
 19 rate for Teachers & State Employees, State Law Enforcement Officers, and for the
 20 University Employees' Optional Retirement Program includes fifty-two hundredths
 21 percent (0.52%) for the Disability Income Plan. The rates for Teachers and State
 22 Employees and Law Enforcement Officers include sixteen-hundredths percent (0.16%)
 23 for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five
 24 percent (5%) for Supplemental Retirement Income.

25 **SECTION 15.1.** Notwithstanding any other provision of law, the Board of
 26 Trustees of the Teachers' and State Employees' Retirement System shall adopt such
 27 assumptions as necessary to put into effect the asset cap of 77% of market value
 28 removed to allow for a 5-year smooth market method of asset value and increase the
 29 amortization period for the retirement fund from a 9-year period to a 15-year period.

30 31 **GOVERNOR AND COUNCIL OF STATE**

32 **SECTION 15.2.(a)** Effective July 1, 2001, G.S. 147-11(a) reads as
 33 rewritten:

34 “(a) The salary of the Governor shall be one hundred twenty thousand seven
 35 hundred ninety-nine dollars (\$120,799) annually, payable monthly.”

36 **SECTION 15.2.(b)** Effective July 1, 2001, the annual salaries for the
 37 members of the Council of State, payable monthly, for the 2001-2002 and 2002-2003
 38 fiscal years are:

Council of State	Annual Salary
Lieutenant Governor	\$ 106,613
Attorney General	\$ 106,613
Secretary of State	\$ 106,613
State Treasurer	\$ 106,613

1	State Auditor	\$ 106,613
2	Superintendent of Public Instruction	\$ 106,613
3	Agriculture Commissioner	\$ 106,613
4	Insurance Commissioner	\$ 106,613
5	Labor Commissioner	\$ 106,613

6

7 **NON-ELECTED DEPARTMENT HEAD/SALARY INCREASES**

8 **SECTION 15.3.** In accordance with G.S. 143B-9, the maximum annual
9 salaries, payable monthly, for the non-elected heads of the principal State departments
10 for the 2001-2002 and 2002-2003 fiscal years are:

11

12	Non-elected Department Heads	Annual Salary
13	Secretary of Administration	\$ 104,161
14	Secretary of Correction	104,161
15	Secretary of Crime Control and Public Safety	104,161
16	Secretary of Cultural Resources	104,161
17	Secretary of Commerce	104,161
18	Secretary of Environment, Health, and Natural Resources	104,161
19	Secretary of Human Resources	104,161
20	Secretary of Revenue	104,161
21	Secretary of Transportation	104,161

22

23 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

24 **SECTION 15.4.** The annual salaries, payable monthly, for the 2001-2002
25 and 2002-2003 fiscal years for the following executive branch officials are:

26

26	Executive Branch Officials	Annual Salary
27	Chairman, Alcoholic Beverage Control Commission	\$ 94,805
28	State Controller	132,680
29	Commissioner of Motor Vehicles	94,805
30	Commissioner of Banks	106,613
31	Chairman, Employment Security Commission	132,511
32	State Personnel Director	104,161
33	Chairman, Parole Commission	86,568
34	Members of the Parole Commission	79,923
35	Chairman, Utilities Commission	118,733
36	Members of the Utilities Commission	106,613
37	Executive Director, Agency for Public Telecommunications	79,923
38	General Manager, Ports Railway Commission	72,170
39	Director, Museum of Art	97,145
40	Executive Director, North Carolina Housing Finance Agency	117,332
41	Executive Director, North Carolina Agricultural Finance Authority	92,279

42

43 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASE**

1 **SECTION 15.5.(a)** The annual salaries, payable monthly, for specified
 2 judicial branch officials the 2001-2002 and 2002-2003 fiscal years are:

Judicial Branch Officials	Annual Salary
Chief Justice, Supreme Court	\$ 120,799
Associate Justice, Supreme Court	117,643
Chief Judge, Court of Appeals	114,701
Judge, Court of Appeals	112,741
Judge, Senior Regular Resident Superior Court	\$ 109,678
Judge, Superior Court	106,613
Chief Judge, District Court	96,810
Judge, District Court	93,747
Administrative Officer of the Courts	109,678
Assistant Administrative Officer of the Courts	100,180

15 **SECTION 15.5.(b)** The district attorney or public defender of a judicial district,
 16 with the approval of the Administrative Officer of the Courts, shall set the salaries of
 17 assistant district attorneys or assistant public defenders, respectively, in that district such
 18 that the average salaries of assistant district attorneys or assistant public defenders in
 19 that district do not exceed sixty thousand seven hundred fifty-seven dollars (\$60,757),
 20 and the minimum salary of any assistant district attorney or assistant public defender is
 21 at thirty-one thousand eighteen dollars (\$31,018) effective July 1, 2001.

23 **CLERK OF SUPERIOR COURT SALARY INCREASES**

24 **SECTION 15.6.** Effective July 1, 2001 G.S. 7A-101(a) reads as rewritten:

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

<u>Population</u>	<u>Annual Salary</u>	
Less than 100,000	\$ 69,286	\$ <u>70,672</u>
100,000 to 149,999	77,827	<u>79,384</u>
150,000 to 249,999	88,369	<u>88,096</u>
250,000 and above	94,912	<u>96,810</u>

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

Population	Annual Salary
Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%

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

ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES/ELIMINATE DEPUTY CLERK HIRING RATE

SECTION 15.7. Effective July 1, 2001, G.S. 7A-102(c1) reads as rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary	
Minimum	\$ 25,890	<u>\$ 26,408</u>
Maximum	45,839	<u>46,756</u>
Deputy Clerks	Annual Salary	
Minimum	\$ 21,940	<u>\$ 22,379</u>
Maximum	35,309	<u>36,015"</u>

MAGISTRATES’ SALARY INCREASES

SECTION 15.8. Effective July 1, 2001, G.S. 7A-171.1 reads as rewritten:

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

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

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

Table of Salaries of Full-time Magistrates

Level	Annual Salary	
Entry Rate	\$27,811	\$28,367

1	Step 1	30,601	31,213
2	Step 2	33,639	34,312
3	Step 3	36,853	37,692
4	Step 4	40,582	41,394
5	Step 5	44,523	45,464
6	Step 6	48,961	49,939

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

(3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted

1 to a salary based on Step 4 in the Table, and, thereafter, shall advance
 2 in accordance with the provision in subdivision (2) of this subsection.

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

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

8			
9	Less than 1 year of service	\$ 20,700	\$ 21,114
10	1 or more but less than 3 years of service	21,764	22,199
11	3 or more but less than 5 years of service	23,905	24,383
12			

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

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

18		
19	Salary level on	Salary level on
20	<u>June 30, 1994</u>	<u>July 1, 1994</u>
21		
22	5 or more but less than 7 years of service	Entry Rate
23	7 or more but less than 9 years of service	Step 1
24	9 or more but less than 11 years of service	Step 2
25	11 or more years of service	Step 3
26		

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

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

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

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

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

42
 43 **GENERAL ASSEMBLY PRINCIPAL CLERKS**

44 **SECTION 15.9.** Effective July 1, 2001, G.S. 120-37(c) reads as rewritten:

1 “(c) The principal clerks shall be full-time officers. Each principal clerk shall be
2 entitled to other benefits available to permanent legislative employees and shall be paid
3 an annual salary of ~~eighty-four thousand one hundred forty-seven dollars (\$84,147)~~
4 eighty-nine thousand four hundred thirty-five dollars (\$89,435) payable monthly. The
5 Legislative Services Commission shall review the salary of the principal clerks prior to
6 submission of the proposed operating budget of the General Assembly to the Governor
7 and Advisory Budget Commission and shall make appropriate recommendations for
8 changes in those salaries. Any changes enacted by the General Assembly shall be by
9 amendment to this paragraph.”

10 11 **SERGEANT-AT-ARMS AND READING CLERKS**

12 **SECTION 15.10.** Effective July 1, 2001, G.S. 120-37(b) reads as rewritten:

13 “(b) The sergeant-at-arms and the reading clerk in each house shall be paid a
14 salary of ~~two hundred seventy four dollars (\$274.00)~~ two hundred ninety-two dollars
15 (\$292.00) per week plus subsistence at the same daily rate provided for members of the
16 General Assembly, plus mileage at the rate provided for members of the General
17 Assembly for one round trip only from their homes to Raleigh and return. The
18 sergeants-at-arms shall serve during sessions of the General Assembly and at such time
19 prior to the convening of, and subsequent to adjournment or recess of, sessions as may
20 be authorized by the Legislative Services Commission. The reading clerks shall serve
21 during sessions only.”

22 23 **LEGISLATIVE EMPLOYEES**

24 **SECTION 15.11.** The Legislative Services Officer shall increase the salaries
25 of non-elected employees of the General Assembly in effect for fiscal year 2001-2002
26 by two percent (2%). Nothing in this act limits any of the provisions of G.S. 120-32.

27 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

28 **SECTION 15.12.** The Director of the Budget shall transfer from the Reserve
29 for Compensation Increase, created in this act for fiscal year 2001-02, funds to the
30 Community Colleges System Office necessary to provide an average annual salary
31 increase of two percent (2%), including funds for the employer’s retirement and social
32 security contributions, commencing July 1, 2001, for all permanent full-time
33 community college institutional personnel supported by State funds. The State Board of
34 Community Colleges shall establish guidelines for providing their salary increases to
35 community college institutional personnel. Salary funds shall be used to provide an
36 average annual salary increase of two percent (2%) to all full-time employees and
37 part-time employees on a pro-rata basis.

38 39 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**

40 **SECTION 15.13.(a)** The Director of the Budget shall transfer to the Board
41 of Governors of the University of North Carolina sufficient funds from the Reserve for
42 Compensation Increase, created in this act for fiscal year 2001-2002, to provide an
43 annual average salary increase of two percent (2%), including funds for the employer’s
44 retirement and social security contributions, commencing July 1, 2001, for all

1 employees of The University of North Carolina, as well as employees other than
 2 teachers of the North Carolina School of Science and Mathematics, supported by State
 3 funds and whose salaries are exempt from the State Personnel Act (EPA). These funds
 4 shall be allocated to individuals according to the rules adopted by the Board of
 5 Governors or the Board of Trustees of the North Carolina School of Science and
 6 Mathematics, as appropriate, and may not be used for any purpose other than for salary
 7 increases and necessary employer contributions provided by this section.

8 **SECTION 15.13. (b)** The Director of the Budget shall transfer to the Board
 9 of Governors of The University of North Carolina sufficient funds from the Reserve for
 10 Compensation Increase, created in this act for fiscal biennium 2001-2003, to provide an
 11 annual average salary increase of two percent (2%) in fiscal year 2001-2002, including
 12 funds for the employer's retirement and social security contributions, commencing July
 13 1, 2001, for all teaching employees of the North Carolina School of Science and
 14 Mathematics supported by State funds and whose salaries are exempt from the State
 15 Personnel Act (EPA). These funds shall be allocated to individuals according to the
 16 rules adopted by the Board of Trustees of the North Carolina School of Science and
 17 Mathematics and may not be used for any purpose other than for salary increases and
 18 necessary employer contributions provided by this section.

19 20 **MOST STATE EMPLOYEES**

21 **SECTION 15.14.** The salaries in effect June 30, 2001, of all permanent
 22 full-time State employees whose salaries are set in accordance with the State Personnel
 23 Act, and who are paid from the General Fund or the Highway Fund shall be increased,
 24 on or after July 1, 2001, unless otherwise provided by this act, pursuant to the
 25 Comprehensive Compensation System set forth in G.S. 126-7 and rules adopted by the
 26 State Personnel Commission as follows two percent cost of living increase (2%).

27 28 **PART XIII. GENERAL CAPITAL APPROPRIATIONS/PROVISIONS**

29 30 **CAPITAL APPROPRIATIONS/GENERAL FUND**

31 **SECTION 16.** There is appropriated from the General Fund for the
 32 2001-2002 fiscal year the following amount for capital improvements:

	2001-2002
34 Department of Environment and Natural Resources	
35 Water Resource Projects	\$ 15,000,000
36	
37 TOTAL CAPITAL APPROPRIATION	\$ 15,000,000

38 39 **PART XIV. MISCELLANEOUS PROVISIONS**

40 41 **EFFECT OF HEADINGS**

42 **SECTION 17.** The headings to the Parts and sections of this act are a
 43 convenience to the reader and are for reference only. The headings do not expand,
 44 limit, or define the text of this act.

1

2 MOST TEXT APPLIES ONLY TO 2001-2003

3 **SECTION 17.1.** Except for statutory changes or other provisions that clearly
4 indicate an intention to have effects beyond the 2001-2003 fiscal biennium, the textual
5 provisions of this act shall apply only to funds appropriated for and activities occurring
6 during the 2001-2003 fiscal biennium.

7

8 SEVERABILITY CLAUSE

9 **SECTION 17.2.** If any section or provision of this act is declared
10 unconstitutional or invalid by the courts, it does not affect the validity of the act as a
11 whole or any part other than the part so declared to be unconstitutional or invalid.

12

13 EFFECTIVE DATE

14 **SECTION 17.3.** Except as otherwise provided, this act shall become
15 effective July 1, 2001.