

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

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**4**

**SENATE BILL 1115**

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

Short Title: Modify Appropriations Act of 2001.

(Public)

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Sponsors:

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Referred to:

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May 29, 2002

A BILL TO BE ENTITLED

1 AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT  
2 OF 2001, TO PROVIDE FOR A TEN PERCENT (10%) REDUCTION IN THE  
3 SALARY OF MEMBERS OF THE GENERAL ASSEMBLY FOR THE  
4 REMAINDER OF THE 2002-2003 FISCAL YEAR, AND TO MAKE OTHER  
5 CHANGES IN THE BUDGET OPERATION OF THE STATE.  
6  
7

8 The General Assembly of North Carolina enacts:  
9

10 **PART I. INTRODUCTION AND TITLE OF ACT**  
11

12 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

13 **INTRODUCTION**

14 **SECTION 1.1.** The appropriations made in this act are for maximum  
15 amounts necessary to provide the services and accomplish the purposes described in the  
16 budget. Savings shall be effected where the total amounts appropriated are not required  
17 to perform these services and accomplish these purposes and, except as allowed by the  
18 Executive Budget Act, or this act, the savings shall revert to the appropriate fund at the  
19 end of each fiscal year.  
20

21 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

22 **TITLE OF ACT**

23 **SECTION 1.2.** This act shall be known as "The Current Operations and  
24 Capital Improvements Appropriations Act of 2002."  
25

26 **PART II. CURRENT OPERATIONS AND EXPANSION/GENERAL FUND**  
27

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

29 **CURRENT OPERATIONS - GENERAL FUND**

30 **SECTION 2.1.** Appropriations from the General Fund of the State for the  
31 maintenance of the State departments, institutions, and agencies, and for other purposes  
32 as enumerated are made for the fiscal year ending June 30, 2003, according to the

1 schedule that follows. Amounts set out in brackets are reductions from General Fund  
 2 appropriations for the 2002-2003 fiscal year.

3  
 4 **Current Operations - General Fund** **2002-2003**

5  
 6 **EDUCATION**

7  
 8 Community Colleges System Office 31,351,893

9  
 10 Department of Public Instruction (35,901,988)

11  
 12 University of North Carolina - Board of Governors

13 Appalachian State University (2,739,189)

14 East Carolina University

15 Academic Affairs (4,152,403)

16 Health Affairs (1,381,862)

17 Elizabeth City State University (663,037)

18 Fayetteville State University (946,700)

19 NC Agricultural and Technical University (1,939,938)

20 North Carolina Central University (1,483,534)

21 North Carolina School of the Arts (908,639)

22 North Carolina State University

23 Academic Affairs (10,360,334)

24 Agricultural Extension (1,123,032)

25 Agricultural Research (1,418,351)

26 University of North Carolina at Asheville (842,476)

27 University of North Carolina at Chapel Hill

28 Academic Affairs (9,263,397)

29 Health Affairs (5,762,030)

30 Area Health Education Centers (1,382,170)

31 University of North Carolina at Charlotte (3,479,570)

32 University of North Carolina at Greensboro (3,322,120)

33 University of North Carolina at Pembroke (750,292)

34 University of North Carolina at Wilmington (2,067,193)

35 Western Carolina University (1,855,666)

36 Winston-Salem State University (1,111,749)

37 General Administration (3,213,801)

38 University Institutional Programs 34,263,134

39 Related Educational Programs (2,798,032)

40 North Carolina School of Science and Mathematics (36,334)

41 UNC Hospitals at Chapel Hill (1,217,620)

42 Total (29,956,334)

43  
 44 **HEALTH AND HUMAN SERVICES**

45  
 46 Department of Health and Human Services

47 Office of the Secretary 22,761,495

48 Division of Aging (1,300,160)

49 Division of Blind Services/Deaf/HH (643,013)

50 Division of Child Development (3,428,035)

51 Division of Education Services (3,936,077)

52 Division of Facility Services (646,705)

53 Division of Medical Assistance 13,002,696

54 Division of Mental Health (7,098,502)

55 NC Health Choice (1,778,620)

1	Division of Public Health	(13,544,044)
2	Division of Social Services	(18,454,750)
3	Division of Vocation Rehabilitation	(3,922,522)
4	Total	(18,988,237)
5		
6	<b>NATURAL AND ECONOMIC RESOURCES</b>	
7		
8	Department of Agriculture and Consumer Services	(4,822,458)
9		
10	Department of Commerce	
11	Commerce	(10,395,595)
12	Commerce State-Aid	5,145,100
13	NC Biotechnology Center	(627,047)
14	Rural Economic Development Center	(423,851)
15		
16	Department of Environment and Natural Resources	
17	Environment and Natural Resources	(10,017,863)
18	Clean Water Management Trust Fund	(30,000,000)
19		
20	Office of the Governor - Housing Finance Agency	(540,600)
21		
22	Department of Labor	(951,725)
23		
24	<b>JUSTICE AND PUBLIC SAFETY</b>	
25		
26	Department of Correction	(30,673,769)
27		
28	Department of Crime Control and Public Safety	(7,596,481)
29		
30	Judicial Department	(10,682,681)
31	Judicial Department - Indigent Defense	3,394,903
32		
33	Department of Justice	(2,422,581)
34		
35	Department of Juvenile Justice and Delinquency Prevention	(14,893,541)
36		
37	<b>GENERAL GOVERNMENT</b>	
38		
39	Department of Administration	(5,354,207)
40		
41	Office of Administrative Hearings	(233,742)
42		
43	Department of State Auditor	(983,908)
44		
45	Office of State Controller	(1,101,040)
46		
47	Department of Cultural Resources	
48	Cultural Resources	(3,610,213)
49	Roanoke Island Commission	(401,222)
50		
51	State Board of Elections	209,622
52		
53	General Assembly	(4,081,885)
54		
55	Office of the Governor	

1	Office of the Governor	(563,763)
2	Office of State Budget and Management	(383,824)
3	OSBM – Reserve for Special Appropriations	50,000
4		
5	Department of Insurance	
6	Insurance	(1,882,104)
7	Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
8		
9	Office of Lieutenant Governor	(72,367)
10		
11	Department of Revenue	(2,384,400)
12		
13	Rules Review Commission	(9,981)
14		
15	Department of Secretary of State	(345,281)
16		
17	Department of State Treasurer	
18	State Treasurer	671,618
19	State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
20		
21	<b>TRANSPORTATION</b>	
22		
23	Department of Transportation	(2,490,841)
24		
25	<b>RESERVES, ADJUSTMENTS AND DEBT SERVICE</b>	
26		
27	Reserve for Compensation Increases	(4,247,868)
28		
29	Statewide Reserve for State Health Plan	(12,621,872)
30		
31	Reserve for Teachers' and State Employees' Retirement	
32	Rate Adjustment	(142,300,000)
33		
34	Retirement Incentive	(31,000,000)
35		
36	Payroll Adjustment Reserve	(70,000,000)
37		
38	Reserve for Employee Severance Compensation	20,000,000
39		
40	Implementation of Recommendations of	
41	Governor's Efficiency Commission	(25,000,000)
42		
43	Reserve for Information Technology Rate Adjustment	(2,414,318)
44		
45	Reserve to Implement HIPPA	2,000,000
46		
47	Reserve for Experience Step Increase for Teachers and	
48	Principals in Public Schools	51,937,267
49		
50	Assistant/Deputy Clerks/Magistrates Salary Steps	1,980,700
51		
52	Debt Service	
53	General Debt Service	(97,750,000)
54		
55	<b>TOTAL CURRENT OPERATIONS – GENERAL FUND</b>	<b>(509,135,085)</b>

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

**GENERAL FUND AVAILABILITY STATEMENT**

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

	<b>2002-2003</b>
Beginning Unreserved Credit Balance	119,800,000
Revenues Based on Existing Tax Structure	12,788,200,000
Nontax Revenues	
Investment Income	115,300,000
Judicial Fees	111,300,000
Disproportionate Share	107,000,000
Insurance	46,600,000
Other Nontax Revenues	98,900,000
Highway Trust Fund Transfer	172,400,000
Highway Fund Transfer	<u>15,300,000</u>
<b>Subtotal Nontax Revenues</b>	<b><u>666,800,000</u></b>
<b>Total General Fund Availability</b>	<b>13,574,800,000</b>

Other Adjustments to Availability: 2002 Session	
Project Tax Collect	15,000,000
Highway Trust Fund – recurring inflationary adjustment	80,000,000
Highway Trust Fund Transfer – one time transfer	125,000,000
Tobacco Settlement Trust Funds – divert MSA receipts for one year	142,260,000
Transfer of Cash from Trust and Special Funds	22,263,259
Adjustment to Transfer from Insurance Regulatory Fund	(851,366)
Nontax Revenue Offsets – State Treasurer	671,618
Increase Collection Rates for Offender Fees	1,160,000
Reimbursement for Unauthorized Substance Tax Division	885,884
Budget Revenue Act of 2002 (SB 1292)	322,300,000
2002 Fee Bill (HB 1670)	<u>22,900,000</u>
<b>Subtotal Adjustments to Availability: 2002 Session</b>	<b><u>731,589,395</u></b>

**REVISED GENERAL FUND AVAILABILITY** **14,306,389,395**

**GENERAL FUND APPROPRIATIONS** **(14,304,683,541)**

**UNAPPROPRIATED BALANCE** **1,705,854**

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

<b>Fund</b>	<b>Amount Transferred</b>
Administrative Office of the Courts	
Budget Code, 22005, (Worthless Check Fund)	150,000
(Appellate Copying Fees)	275,000
Department of Environment and Natural Resources	

1	Budget Code 24300, Fund Code 2104 (ADM – Mooresville RO Vending)	472
2	Budget Code 24308, Fund Code 2105 (DEE - Env	
3	Educ Certification)	10,000
4	Budget Code 24300, Fund Code 2331 (DAQ Air Permits)	250,000
5	Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	300,000
6	Budget Code 24300, Fund Code 2754 (DEH GSWW	
7	System Account)	10,900
8	Budget Code 24310, Fund Code 2711 (DFR Forestry Fire Supp)	78,225
9	Budget Code 24310, Fund Code 2712 (DFR Forestry Restoration)	771,333
10	Budget Code 24308, Fund Code 2255 (DFR Special	
11	Air Operations)	6,759
12	Budget Code 24300, Fund Code 2610 (DLR Mineral Interest)	20,000
13	Budget Code 24300, Fund Code 2740 (DLR Dam	
14	Safety Account)	100,000
15	Budget Code 24300, Fund Code 2745 (DLR Mining Fees)	25,000
16	Budget Code 24300, Fund Code 2392 (DMF Advance	
17	License Sale)	1,600,000
18	Budget Code 24300, Fund Code 2393 (DWM Septage Fees)	100,000
19	Budget Code 24308, Fund Code 2387 (DWM Hazardous	
20	Waste Fees)	68,189
21	Budget Code 24300, Fund Code 2341 (DWQ Water Permits)	1,000,000
22	Budget Code 24308, Fund Code 2465 (MSN Mus	
23	Nat Sci/Scientific Publicat)	3,177
24	Budget Code 24308, Fund Code 2515 (SWC Agric Waste	
25	Small Farms)	20,000
26	Budget Code 24308, Fund Code 2520 (SWC Animal Waste	
27	Cost Share)	500,000
28	Budget Code 64302, Fund Code 6710 (Natural Heritage	
29	Trust Fund)	3,287,582
30	Budget Code 24308, Fund Code 2525 (Neuse Animal	
31	Waste Cost Share)	366,335
32	Budget Code 24300, Fund Code 2221 (Bladen Lakes	
33	State Forest Fund)	440,000
34		
35	Department of Agriculture and Consumer Services	
36	Budget Code 53750, Fund Code 5100 (State Fair)	1,000,000
37		
38	Department of Commerce	
39	Budget Code 24600, Fund Code 2683 (Empl & Train	
40	Grants Prgm)	750,000
41	Budget Code 24600, Fund Code 2711 (Industrial	
42	Development Fund)	3,000,000
43	Budget Code 24600, Fund Code 2881 (ABC Commission)	500,000
44	Budget Code 24600, Fund Code 2882 (ABC Warehouse)	500,000
45		
46	Department of Health and Human Services	
47	Budget Code 24470, Fund Code 2101 (Facility Finance Act)	95,000
48		
49	Information Technology Services	
50	Budget Code 24668, Fund Code 2800 (E-Grant)	495,040
51		
52	Department of Agriculture and Consumer Services	
53	Budget Code 23700, Fund Code 2103 (Livestock	
54	Acquisition Fund)	300,000
55	Budget Code 23701, Fund Code 2201 (Warehouse	

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

24  
25 **SECTION 2.2.(c)** Notwithstanding G.S. 113-36(d), two hundred twenty  
26 thousand dollars (\$220,000) of the cash balance remaining in the Bladen Lakes State  
27 Forest Fund (Budget Code 24300, Fund Code 2221) on July 1, 2002, shall be  
28 transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra  
29 State Transfers). An additional two hundred twenty thousand dollars (\$220,000) shall  
30 be transferred on April 1, 2003. These funds shall be used to support General Fund  
31 appropriations for the 2002-2003 fiscal year.

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

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

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

44 **SECTION 2.2.(e)** When the Highway Trust Fund was created in 1989, the  
45 revenue from the sales tax on motor vehicles was transferred from the General Fund to  
46 the Highway Trust Fund. To offset this loss of revenue from the General Fund, the  
47 Highway Trust Fund was required to transfer one hundred seventy million dollars  
48 (\$170,000,000) to the General Fund each year, an amount equal to the revenue in 1989  
49 from the sales tax on motor vehicles. This transfer did not, however, make the General  
50 Fund whole after the transfer of the sales tax revenue because no provision has been  
51 made to adjust the amount for the increased volume of transactions and increased  
52 vehicle prices. The additional eighty million dollars (\$80,000,000) transferred from the  
53 Highway Trust Fund to the General Fund by this act is an effort to recover a portion of  
54 the sales tax revenues that would have gone to the General Fund over the last 13 years.

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

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

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

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

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

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

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

38           Notwithstanding G.S. 143-86.30(c), the Health and Wellness Trust Fund  
39 Commission shall transfer no more than twenty-five million seven hundred forty  
40 thousand dollars (\$25,740,000) during the 2002-2003 fiscal year as follows:

- 41           (1) Eighteen million dollars (\$18,000,000) to be expended in accordance  
42 with G.S. 143-86.30(d).
- 43           (2) One million dollars (\$1,000,000) for Residential Substance Abuse  
44 Services for Women with Children administered through the  
45 Department of Health and Human Services.
- 46           (3) Seven hundred fifty thousand dollars (\$750,000) for Healthy  
47 Carolinians administered through the Department of Health and  
48 Human Services.
- 49           (4) Two hundred fifty thousand dollars (\$250,000) for the Healthy Start  
50 Foundation administered through the Department of Health and  
51 Human Services.
- 52           (5) One hundred thousand dollars (\$100,000) for the Asthma Education  
53 Program administered through the Department of Health and Human  
54 Services.



- 1 (6) One million three hundred thousand dollars (\$1,300,000) for Health  
2 Promotion administered through the Department of Health and Human  
3 Services.  
4 (7) One million two hundred seventy-eight thousand dollars (\$1,278,000)  
5 for the Loan Repayment Incentive Program administered through the  
6 Department of Health and Human Services.  
7 (8) One million two hundred seventy-two thousand dollars (\$1,272,000)  
8 for Children with Special Needs administered through the Department  
9 of Health and Human Services.  
10 (9) Seven hundred ninety thousand dollars (\$790,000) for WIC/Infant  
11 Formula administered through the Department of Health and Human  
12 Services.  
13 (10) One million dollars (\$1,000,000) for Cancer Control Prevention  
14 Activities administered through the Department of Health and Human  
15 Services.

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

28 **SECTION 2.2.(i)** The funds appropriated in this act from the Insurance  
29 Regulatory Fund include an increase of six hundred thousand dollars (\$600,000) in  
30 recurring funds from the amount appropriated in S.L. 2001-424. These funds shall be  
31 used to pay for the costs and expenses incurred by the Department of Justice in the  
32 2002-2003 fiscal year and subsequent fiscal years in representing the Department of  
33 Insurance in its regulation of the insurance industry and other related programs and  
34 industries in this State that fall under the jurisdiction of the Department of Insurance.

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

36 **"§ 7A-11. Clerk of the Supreme Court; salary; bond; fees; oath.**

37 The clerk of the Supreme Court shall be appointed by the Supreme Court to serve at  
38 its pleasure. The annual salary of the clerk shall be fixed by the Administrative Officer  
39 of the Courts, subject to the approval of the Supreme Court. The clerk may appoint  
40 assistants in the number and at the salaries fixed by the Administrative Officer of the  
41 Courts. The clerk shall perform such duties as the Supreme Court may assign, and shall  
42 be bonded to the State, for faithful performance of duty, in the same manner as the clerk  
43 of the superior court, and in such amount as the Administrative Officer of the Courts  
44 shall determine. He shall adopt a seal of office, to be approved by the Supreme Court. A  
45 fee bill for services rendered by the clerk shall be fixed by rules of the Supreme Court,  
46 and all such fees shall be remitted to the State treasury, ~~except that charges to litigants~~  
47 ~~for the reproduction of appellate records and briefs shall be fixed and administered as~~  
48 ~~provided by rule of the Supreme Court.~~ treasury. Charges to litigants for the  
49 reproduction of appellate records and briefs shall be fixed by rule of the Supreme Court  
50 and remitted to the Appellate Courts Printing and Computer Operations Fund  
51 established in G.S. 7A-343.3. The operations of the Clerk of the Supreme Court shall be  
52 subject to the oversight of the State Auditor pursuant to Article 5A of Chapter 147 of  
53 the General Statutes. Before entering upon the duties of his office, the clerk shall take  
54 the oath of office prescribed by law."

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

1 **"§ 7A-20. Clerk; oath; bond; salary; assistants; fees.**

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

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

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

19  
 20 **PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

21  
 22 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

23 **HIGHWAY FUND APPROPRIATIONS**

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

30 <b>Current Operations - Highway Fund</b>	30 <b>2002-2003</b>
31 Administration	-
32 Operations	-
33 Construction and Maintenance	
34 a. Construction	
35 (01) Primary Construction	-
36 (02) Secondary Construction	(1,887,000)
37 (03) Urban Construction	-
38 (04) Access and Public Service Roads	-
39 (05) Contingency Construction	5,000,000
40 (06) Spot Safety Construction	-
41 b. State Funds to Match Federal Highway Aid	-
42 c. State Maintenance	17,642,295
43 d. Ferry Operations	-
44 e. Capital Improvements	-
45 f. State Aid to Municipalities	(1,887,000)
46 g. State Aid for Public Transportation and Railroads	17,168,884
47 h. OSHA - State	-
48 Governor's Highway Safety Program	-
49 Division of Motor Vehicles	-
50 Transfer to Highway Patrol	-
51 Transfer to Driver Education	236,109
52 Transfer to G.F. for Sales Tax	-
53 Other Reserves and Transfers	<u>(6,275,660)</u>
54 <b>GRAND TOTAL HIGHWAY FUND</b>	<b>\$ 29,997,628</b>

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

**HIGHWAY FUND AVAILABILITY STATEMENT**

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

	<b>2002-2003</b>
<b><u>Revenue and Availability</u></b>	
Estimated Revenue	\$1,276,600,000
Credit Balance	41,300,000
Transfer to General Fund	-
<b>TOTAL HIGHWAY FUND AVAILABILITY</b>	<b>\$1,317,900,000</b>

**PART IV. HIGHWAY TRUST FUND APPROPRIATIONS**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

**HIGHWAY TRUST FUND APPROPRIATIONS**

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

<b>Current Operations and Expansion - Highway Trust Fund</b>	<b>2002-2003</b>
Intrastate System	(159,218,286)
Secondary Roads	(18,065,569)
Urban Loops	(64,381,244)
Aid to Municipalities	(16,705,712)
Program Administration	(4,073,189)
Transfer to General Fund	205,000,000
<b>Grand Total/Highway Trust Fund</b>	<b>(57,444,000)</b>

**PART V. BLOCK GRANTS**

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

**DHHS BLOCK GRANTS**

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

**COMMUNITY SERVICES BLOCK GRANT**

01. Community Action Agencies	\$ 15,266,973
02. Limited Purpose Agencies	979,017
03. Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	717,313
<b>TOTAL COMMUNITY SERVICES BLOCK GRANT</b>	<b>\$ 16,963,303</b>

1  
2 SOCIAL SERVICES BLOCK GRANT  
3

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

1	Disabled Waiting List for services	5,000,000
2		
3	19. Transfer to Preventive Health Services Block	
4	Grant for HIV/AIDS education, counseling, and	
5	testing	145,819
6		
7	20. Division of Facility Services -	
8	Mental Health Licensure	213,128
9		
10	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 52,852,407
11		
12	LOW-INCOME ENERGY BLOCK GRANT	
13		
14	01. Energy Assistance Programs	\$ 11,395,026
15		
16	02. Crisis Intervention	6,598,934
17		
18	03. Administration	2,459,510
19		
20	04. Weatherization Program	3,457,189
21		
22	05. Department of Administration -	
23	N.C. State Commission of Indian Affairs	45,189
24		
25	06. Heating Air Repair and Replacement Program	1,613,355
26		
27	TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 25,569,203
28		
29	MENTAL HEALTH SERVICES BLOCK GRANT	
30		
31	01. Provision of community-based	
32	services for severe and persistently	
33	mentally ill adults	\$ 5,442,798
34		
35	02. Provision of community-based	
36	services to children	2,513,141
37		
38	03. Comprehensive Treatment Services	
39	Program for Children	1,500,000
40		
41	04. Administration	783,911
42		
43	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 10,239,850
44		
45	SUBSTANCE ABUSE PREVENTION	
46	AND TREATMENT BLOCK GRANT	
47		
48	01. Provision of community-based	
49	alcohol and drug abuse services,	
50	tuberculosis services, and services	
51	provided by the Alcohol and Drug Abuse	
52	Treatment Centers	\$ 15,401,711
53		
54	02. Continuation of services for	
55	pregnant women and women	

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

1	support treatment services and drug testing	500,000
2		
3	05. Child Care Subsidies for TANF Recipients	26,621,241
4		
5	06. County Child Protective Services,	
6	Foster Care, and Adoption Workers	2,727,550
7		
8	07. Transfer to Social Services Block Grant for	
9	County Departments of Social Services for	
10	Children's Services	4,500,000
11		
12	08. Support Our Students - Department	
13	Juvenile Justice and Delinquency	
14	Prevention	1,425,000
15		
16	09. Residential Substance Abuse Services	
17	for Women With Children	1,975,142
18		
19	10. Domestic Violence Services	
20	for Work First Families	900,000
21		
22	11. After-School Services for	
23	At-Risk Children	1,425,000
24		
25	12. Division of Social Services -	
26	Administration	400,000
27		
28	13. Child Welfare workers and services for	
29	local departments of social services	7,654,841
30		
31	14. Child Welfare Training	1,000,000
32		
33	15. DSS Evaluation	250,000
34		
35	16. SACWIS Payback	4,643,454
36		
37	<b>TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES</b>	
38	<b>(TANF) BLOCK GRANT</b>	<b>\$348,249,547</b>
39		
40	<b>MATERNAL AND CHILD HEALTH BLOCK GRANT</b>	
41		
42	01. Healthy Mothers/Healthy Children	
43	Block Grants to Local Health	
44	Departments	9,838,074
45		
46	02. High-Risk Maternity Clinic Services,	
47	Perinatal Education and Training,	
48	Childhood Injury Prevention,	
49	Public Information and Education, and	
50	Technical Assistance to Local Health	
51	Departments	2,012,102
52		
53	03. Services to Children With Special Health	
54	Care Needs	5,078,647
55		

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

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

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

41 Decreases in federal fund availability shall be allocated for the Maternal and  
 42 Child Health and Preventive Health Services federal block grants by the Department of  
 43 Health and Human Services after considering the effectiveness of the current level of  
 44 services.

45 **SECTION 5.1.(c)** Increases in Federal Fund Availability. – Any block grant  
 46 funds appropriated by the United States Congress in addition to the funds specified in  
 47 this act shall be expended by the Department of Health and Human Services, with the  
 48 approval of the Office of State Budget and Management, provided the resultant  
 49 increases are in accordance with federal block grant requirements and are within the  
 50 scope of the block grant plan approved by the General Assembly.

51 **SECTION 5.1.(d)** Changes to the budgeted allocations to the block grants  
 52 appropriated in this act and new allocations from the block grants not specified in this  
 53 act shall be submitted to the Joint Legislative Commission on Governmental Operations  
 54 for review prior to the change and shall be reported immediately to the Senate  
 55 Appropriations Committee on Health and Human Services, the House of



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

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

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

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

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

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

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

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

43 The Department of Health and Human Services shall make a report on its  
44 progress in complying with this subsection to the Senate Appropriations Committee on  
45 Health and Human Services, the House of Representatives Appropriations  
46 Subcommittee on Health and Human Services, and the Fiscal Research Division no later  
47 than September 30, 2002.

48 **SECTION 5.1.(h)** The sum of one million five hundred thousand dollars  
49 (\$1,500,000) appropriated in this act in the Social Services Block Grant to the  
50 Department of Health and Human Services, Division of Social Services, for child caring  
51 agencies for the 2002-2003 fiscal year shall be allocated to the State Private Child  
52 Caring Agencies Fund. These funds shall be combined with all other funds allocated to  
53 the State Private Child Caring Agencies Fund for the reimbursement of the State's  
54 portion of the cost of care for the placement of certain children by the county

1 departments of social services who are not eligible for federal IV-E funds. These funds  
2 shall not be used to match other federal funds.

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

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

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

14 **SECTION 5.1.(l)** The sum of one million nine hundred seventy-five  
15 thousand one hundred forty-two dollars (\$1,975,142) appropriated in this section in the  
16 TANF Block Grant to the Department of Health and Human Services, Division of  
17 Mental Health, Developmental Disabilities, and Substance Abuse Services, for the  
18 2002-2003 fiscal year shall be used to provide regional residential substance abuse  
19 treatment and services for women with children. The Department of Health and Human  
20 Services, the Division of Social Services, and the Division of Mental Health,  
21 Developmental Disabilities, and Substance Abuse Services, in consultation with local  
22 departments of social services, area mental health programs, and other State and local  
23 agencies or organizations, shall coordinate this effort in order to facilitate the expansion  
24 of regionally based substance abuse services for women with children. These services  
25 shall be culturally appropriate and designed for the unique needs of TANF women with  
26 children.

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

30 The Department of Health and Human Services, the Division of Social  
31 Services, and the Division of Mental Health, Developmental Disabilities, and Substance  
32 Abuse Services, shall report on their progress in complying with this subsection no later  
33 than October 1, 2002, and March 1, 2003, to the Senate Appropriations Committee on  
34 Health and Human Services, the House of Representatives Appropriations  
35 Subcommittee on Health and Human Services, and the Fiscal Research Division. These  
36 reports shall include all of the following:

- 37 (1) The number and location of additional beds created.
- 38 (2) The types of facilities established.
- 39 (3) The delineation of roles and responsibilities at the State and local  
40 levels.
- 41 (4) Demographics of the women served, the number of women served,  
42 and the cost per client.
- 43 (5) Demographics of the children served, the number of children served,  
44 and the services provided.
- 45 (6) Job placement services provided to women.
- 46 (7) A plan for follow-up and evaluation of services provided with an  
47 emphasis on outcomes.
- 48 (8) Barriers identified to the successful implementation of the expansion.
- 49 (9) Identification of other resources needed to appropriately and  
50 efficiently provide services to Work First recipients.
- 51 (10) Other information as requested.

52 **SECTION 5.1.(m)** The sum of one million four hundred twenty-five  
53 thousand dollars (\$1,425,000) appropriated in this section in the TANF Block Grant to  
54 the Department of Health and Human Services and transferred to the Department of  
55 Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year shall be used

1 to support the existing Support Our Students Program and to expand the Program  
2 statewide, focusing on low-income communities in unserved areas. These funds shall  
3 not be used for administration of the program.

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

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

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

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

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

51 **SECTION 5.1.(p)** The sum of seven million six hundred fifty-four thousand  
52 eight hundred forty-one dollars (\$7,654,841) appropriated in this section in the TANF  
53 Block Grant to the Department of Health and Human Services, Division of Social  
54 Services, for the 2002-2003 fiscal year for Child Welfare Improvements shall be  
55 allocated to the county departments of social services for hiring or contracting staff to

1 investigate and provide services in Child Protective Services cases; to provide foster  
2 care and support services; to recruit, train, license, and support prospective foster and  
3 adoptive families; and to provide interstate and post-adoption services for eligible  
4 families.

5 **SECTION 5.1.(q)** The sum of one million five hundred thousand dollars  
6 (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the  
7 Department of Health and Human Services, Division of Mental Health, Developmental  
8 Disabilities, and Substance Abuse Services, for the 2002-2003 fiscal year and the sum  
9 of four hundred twenty-two thousand three dollars (\$422,003) appropriated in this  
10 section in the Social Services Block Grant to the Department of Health and Human  
11 Services, Division of Social Services, for the 2002-2003 fiscal year shall be used to  
12 continue a Comprehensive Treatment Services Program for Children in accordance with  
13 Section 21.60 of S.L. 2001-424, as amended.

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

- 18 (1) Provide a regional training center in southeastern North Carolina.
- 19 (2) Support the Masters Degree in Social Work/Baccalaureate Degree in  
20 Social Work Collaborative.
- 21 (3) Provide training for residential child care facilities.
- 22 (4) Provide for various other child welfare training initiatives.

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

28 **SECTION 5.1.(t)** The sum of one hundred ten thousand four hundred  
29 sixty-nine dollars (\$110,469) appropriated in this section in the Preventive Health  
30 Service Block Grant to the Department of Health and Human Services for the  
31 2002-2003 fiscal year for HIV/AIDS Prevention Activities shall be used to enhance  
32 activities for HIV/AIDS awareness and education within the Division of Public Health.  
33 The position shall be responsible for all planning, programming, and budgeting for  
34 compliance with this subsection. These prevention activities shall be targeted to the  
35 general public and programs identified in this subsection and shall not be used to  
36 augment the current grant programs that target high-risk populations through the  
37 community-based organizations.

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

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

- 47 (1) Division of Social Services programs and services:
  - 48 a. Domestic Violence Prevention and Awareness.
  - 49 b. Domestic Violence Services for Work First Families.
  - 50 c. After School Services for At-Risk Children.
  - 51 d. Work First Boys/Girls Clubs.
- 52 (2) Division of Mental Health, Developmental Disabilities, and Substance  
53 Abuse Services programs and services:
  - 54 a. Substance Abuse Services for Juveniles.

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

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

22           The Department shall report on the implementation of this subsection not  
 23 later than May 1, 2003, to the Senate Appropriations Committee on Health and Human  
 24 Services, the House of Representatives Appropriations Subcommittee on Health and  
 25 Human Services, and the Fiscal Research Division.

26           **SECTION 5.1.(u)** The sum of four hundred thirty-eight thousand dollars  
 27 (\$438,000) appropriated in this section in the TANF Block Grant to the Department of  
 28 Health and Human Services shall be used to purchase services at maternity homes  
 29 throughout the State.

30  
 31 Requested by:       Representatives Fox, Owens, Easterling, Oldham, Redwine,  
 32 Thompson

33 **NER BLOCK GRANT FUNDS**

34           **SECTION 5.2.(a)** Appropriations from federal block grant funds are made  
 35 for the fiscal year ending June 30, 2003, according to the following schedule:

36  
 37 **COMMUNITY DEVELOPMENT BLOCK GRANT**

38		
39	01. State Administration	\$1,000,000
40		
41	02. Urgent Needs and Contingency	1,000,000
42		
43	03. Scattered Site Housing	13,100,000
44		
45	04. Economic Development	8,710,000
46		
47	05. Community Revitalization	13,500,000
48		
49	06. State Technical Assistance	450,000
50		
51	07. Housing Development	2,100,000
52		
53	08. Infrastructure	5,140,000

54  
 55 **TOTAL COMMUNITY DEVELOPMENT**

1 BLOCK GRANT - 2002 Program Year \$45,000,000  
2

3 **SECTION 5.2.(b)** Decreases in Federal Fund Availability. – If federal funds  
4 are reduced below the amounts specified above after the effective date of this act, then  
5 every program in each of these federal block grants shall be reduced by the same  
6 percentage as the reduction in federal funds.

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

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

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

## 34 **PART VI. GENERAL PROVISIONS**

35 Requested by: Representatives Easterling, Oldham, Redwine, Thompson  
36  
37 **SPECIAL FUNDS, FEDERAL FUNDS, DEPARTMENTAL RECEIPTS, AND**  
38 **CASH BALANCES/AUTHORIZATION FOR EXPENDITURES**

39 **SECTION 6.5.(a)** There is appropriated out of the cash balances, federal  
40 receipts, and departmental receipts available to each department, sufficient amounts to  
41 carry on authorized activities included under each department's operations. All these  
42 cash balances, federal receipts, and departmental receipts shall be expended and  
43 reported in accordance with provisions of the Executive Budget Act, except as  
44 otherwise provided by statute, and shall be expended at the level of service authorized  
45 by the General Assembly. If the receipts, other than gifts and grants that are  
46 unanticipated and are for a specific purpose only, collected in a fiscal year by an  
47 institution, department, or agency exceed the receipts certified for it in General Fund  
48 Codes or Highway Fund Codes, then the Director of the Budget shall decrease the  
49 amount he allots to that institution, department, or agency from appropriations from that  
50 Fund by the amount of the excess, unless the Director of the Budget finds that the  
51 appropriations from the Fund are necessary to maintain the function that generated the  
52 receipts at the level anticipated in the certified Budget Codes for that Fund.  
53

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

- 4 (1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4; or  
5 (2) If the Director of the Budget finds that the new permanent employee  
6 positions are necessary to maintain the function that generated the  
7 receipts at the level anticipated in the certified budget codes for that  
8 Fund. The Director of the Budget shall notify the President Pro  
9 Tempore of the Senate, the Speaker of the House of Representatives,  
10 the chairmen of the appropriations committees of the Senate and the  
11 House of Representatives, and the Fiscal Research Division of the  
12 Legislative Services Office that he intends to make such a finding at  
13 least 10 days before he makes the finding. The notification shall set out  
14 the reason the positions are necessary to maintain the function.

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

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

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

28  
29 Requested by: Representatives Easterling, Oldham, Redwine, Thompson,  
30 McComas, Smith, Preston

31 **REPEAL PORTS RAILWAY COMMISSION/TRANSFER TO STATE PORTS**  
32 **AUTHORITY**

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

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

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

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

52 **SECTION 6.6.(d)** Within 30 days of the date this section becomes law, the  
53 North Carolina Ports Railway Commission shall provide the North Carolina State Ports  
54 Authority with a complete list of its assets and liabilities. All of the assets, real and  
55 personal, tangible and intangible, and all of the liabilities, including contractual

1 obligations, of the North Carolina Ports Railway Commission are transferred to the  
2 North Carolina State Ports Authority. If and to the extent that such transfers require the  
3 execution of any documents or instruments of transfer by the North Carolina Ports  
4 Railway Commission, those documents may be executed by the current officers and  
5 members of the Commission and shall be executed within 60 days of the date this  
6 section becomes law.

7 **SECTION 6.6.(e)** As part of a plan to reorganize and consolidate rail  
8 operations at the State Ports, the North Carolina State Ports Authority may sell or  
9 transfer the Beaufort and Morehead Railway, Inc., or any part thereof or interest therein,  
10 to a terminal switching or short line railroad company, or to the North Carolina Railroad  
11 Company, on such terms and conditions as the parties may agree to.

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

15  
16 Requested by: Representatives Easterling, Oldham, Redwine, Baddour

17 **PROCEDURE BEFORE REDUCING APPROPRIATIONS TO A SCHOOL**  
18 **ADMINISTRATIVE UNIT**

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

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

22  
23 (9) Appropriations made to a school administrative unit by a county may  
24 not be reduced after the budget ordinance is adopted, unless the board  
25 of education of the administrative unit agrees by resolution to a  
26 reduction, or unless a general reduction in county expenditures is  
27 required because of prevailing economic conditions. Before a board of  
28 county commissioners may reduce appropriations to a school  
29 administrative unit as part of a general reduction in county  
30 expenditures required because of prevailing economic conditions, it  
31 must do all of the following:

- 32 a. Hold a public meeting at which the school board is given an  
33 opportunity to present information on the impact of the  
34 reduction.  
35 b. Take a public vote on the decision to reduce appropriations to a  
36 school administrative unit."

37  
38 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Earle,  
39 Nye, Baddour

40 **SENIOR PRESCRIPTION DRUG ACCESS PROGRAM**

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

- 48 (1) Providing one-on-one assistance to seniors and low-income citizens in  
49 accessing public and private prescription drug assistance programs.  
50 (2) Making available pharmacist evaluators to review all prescriptions and  
51 to provide face-to-face counseling for seniors to promote compliance  
52 and identify potential adverse effects from interactions among the  
53 prescribed drugs.  
54 (3) Utilizing software currently licensed by the Department of Health and  
55 Human Services to guide patients through the complexities of all drug



1 coverage options, including drug acquisition through low-cost or  
2 discount drug programs provided through manufacturer's card  
3 programs, and by government programs.

4 Drug acquisition services under the Program shall be available to senior citizens and to  
5 low-income citizens eligible for assistance under these public and private prescription  
6 drug programs. Counseling services provided by the Program shall be available to  
7 senior citizens age 65 and older. There shall be no fee for Program medication  
8 counseling services to seniors who are Medicaid recipients and seniors enrolled in  
9 Carolina CARxES. The Commission may authorize a reasonable fee to be charged by  
10 the pharmacist evaluator to other seniors using medication counseling services,  
11 provided that the fee is charged on a sliding scale based on individual or family income.  
12 In no event may the fee exceed the actual cost of the service provided. The Commission  
13 shall consult with other State agencies and public and private entities to avoid  
14 duplication and enhance cooperation and collaboration in providing Program services.  
15 In allocating funds under the Program, the Commission shall consider diversity of  
16 populations served, geographic representation, and increasing community capacity to  
17 respond to health needs. The Commission may phase in the availability of services such  
18 that initially all geographic regions of the State have services available.

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

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

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

40  
41 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Earle,  
42 Nye, Alexander

#### 43 **UNIFORM PROVIDER CREDENTIALING BY HEALTH INSURANCE PLANS**

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

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

53  
54 Requested by: Representatives Easterling, Oldham, Redwine, Thompson, Fox,  
55 Owens

**SALE OF UNDERUTILIZED STATE-OWNED AIRCRAFT**

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

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

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

**PART VII. PUBLIC SCHOOLS**

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

**TEACHER SALARY SCHEDULES**

**SECTION 7.1.(a)** Effective for the 2002-2003 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools for the 2002-2003 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, commencing July 1, 2002, 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 7.1.(b)** For the 2002-2003 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.

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

Years of Experience	"A" Teachers	NBPTS 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	\$3,544
7	\$3,266	\$3,658
8	\$3,314	\$3,712
9	\$3,362	\$3,765
10	\$3,412	\$3,821
11	\$3,461	\$3,876
12	\$3,511	\$3,932

1	13	\$3,561	\$3,988
2	14	\$3,614	\$4,048
3	15	\$3,667	\$4,107
4	16	\$3,722	\$4,169
5	17	\$3,777	\$4,230
6	18	\$3,834	\$4,294
7	19	\$3,892	\$4,359
8	20	\$3,950	\$4,424
9	21	\$4,011	\$4,492
10	22	\$4,072	\$4,561
11	23	\$4,136	\$4,632
12	24	\$4,200	\$4,704
13	25	\$4,264	\$4,776
14	26	\$4,330	\$4,850
15	27	\$4,398	\$4,926
16	28	\$4,467	\$5,003
17	29	\$4,538	\$5,083
18	30+	\$4,538	\$5,083

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

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

1           30+                           \$4,992                           \$5,591

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

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

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

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

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

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

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

#### 43 **SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE**

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

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

#### 52                                           2002-2003

#### 53                   **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	\$3,226	-	-	-	-
5	\$3,373	-	-	-	-
6	\$3,515	-	-	-	-
7	\$3,629	-	-	-	-
8	\$3,681	\$3,681	-	-	-
9	\$3,735	\$3,735	-	-	-
10	\$3,791	\$3,791	\$3,845	-	-
11	\$3,845	\$3,845	\$3,901	-	-
12	\$3,901	\$3,901	\$3,956	\$4,015	-
13	\$3,956	\$3,956	\$4,015	\$4,074	\$4,135
14	\$4,015	\$4,015	\$4,074	\$4,135	\$4,197
15	\$4,074	\$4,074	\$4,135	\$4,197	\$4,259
16	\$4,135	\$4,135	\$4,197	\$4,259	\$4,324
17	\$4,197	\$4,197	\$4,259	\$4,324	\$4,388
18	\$4,259	\$4,259	\$4,324	\$4,388	\$4,456
19	\$4,324	\$4,324	\$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	\$4,886
25	\$4,737	\$4,737	\$4,811	\$4,886	\$4,963
26	\$4,811	\$4,811	\$4,886	\$4,963	\$5,042
27	\$4,886	\$4,886	\$4,963	\$5,042	\$5,143
28	\$4,963	\$4,963	\$5,042	\$5,143	\$5,246
29	\$5,042	\$5,042	\$5,143	\$5,246	\$5,351
30	\$5,143	\$5,143	\$5,246	\$5,351	\$5,458
31	\$5,246	\$5,246	\$5,351	\$5,458	\$5,567
32	-	\$5,351	\$5,458	\$5,567	\$5,678
33	-	-	\$5,567	\$5,678	\$5,792
34	-	-	\$5,678	\$5,792	\$5,908
35	-	-	-	\$5,908	\$6,026
36	-	-	-	\$6,026	\$6,147
37	-	-	-	-	\$6,270

2002-2003

PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	\$4,259	-	-	-
15	\$4,324	-	-	-
16	\$4,388	\$4,456	-	-
17	\$4,456	\$4,524	\$4,666	-
18	\$4,524	\$4,596	\$4,737	\$4,811
19	\$4,596	\$4,666	\$4,811	\$4,886
20	\$4,666	\$4,737	\$4,886	\$4,963

1	21	\$4,737	\$4,811	\$4,963	\$5,042
2	22	\$4,811	\$4,886	\$5,042	\$5,143
3	23	\$4,886	\$4,963	\$5,143	\$5,246
4	24	\$4,963	\$5,042	\$5,246	\$5,351
5	25	\$5,042	\$5,143	\$5,351	\$5,458
6	26	\$5,143	\$5,246	\$5,458	\$5,567
7	27	\$5,246	\$5,351	\$5,567	\$5,678
8	28	\$5,351	\$5,458	\$5,678	\$5,792
9	29	\$5,458	\$5,567	\$5,792	\$5,908
10	30	\$5,567	\$5,678	\$5,908	\$6,026
11	31	\$5,678	\$5,792	\$6,026	\$6,147
12	32	\$5,792	\$5,908	\$6,147	\$6,270
13	33	\$5,908	\$6,026	\$6,270	\$6,395
14	34	\$6,026	\$6,147	\$6,395	\$6,523
15	35	\$6,147	\$6,270	\$6,523	\$6,653
16	36	\$6,270	\$6,395	\$6,653	\$6,786
17	37	\$6,395	\$6,523	\$6,786	\$6,922
18	38	\$6,523	\$6,653	\$6,922	\$7,060
19	39	—	\$6,786	\$7,060	\$7,201
20	40	—	\$6,922	\$7,201	\$7,345
21	41	—	—	\$7,345	\$7,492

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

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

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

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

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

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

1           **SECTION 7.2.(f)** There shall be no State requirement that superintendents  
2 in each local school unit shall receive in State-paid salary at least one percent (1%)  
3 more than the highest paid principal receives in State salary in that school unit:  
4 Provided, however, the additional State-paid salary a superintendent who was employed  
5 by a local school administrative unit for the 1992-93 fiscal year received because of that  
6 requirement shall not be reduced because of this subsection for subsequent fiscal years  
7 that the superintendent is employed by that local school administrative unit so long as  
8 the superintendent is entitled to at least that amount of additional State-paid salary under  
9 the rules in effect for the 1992-93 fiscal year.

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

12           **SECTION 7.2.(h)**

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

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

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

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

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

38  
39 Requested by:           Representatives Boyd-McIntyre, Rogers, Yongue, Easterling,  
40 Oldham, Redwine, Thompson

41 **LITIGATION RESERVE FUNDS**

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

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

48 **CHILDREN WITH DISABILITIES**

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

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

4 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

5 **SECTION 7.5.** The State Board of Education shall allocate funds for  
6 academically or intellectually gifted children on the basis of eight hundred eighty-eight  
7 dollars (\$888.00) per child. A local school administrative unit shall receive funds for a  
8 maximum of four percent (4%) of its 2002-2003 allocated average daily membership,  
9 regardless of the number of children identified as academically or intellectually gifted in  
10 the unit. The State Board shall allocate funds for no more than 53,075 children for the  
11 2002-2003 school year.  
12

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

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

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

18 **"SECTION 28.32.** The State Board of Education may transfer up to one million  
19 dollars (\$1,000,000) in funds appropriated for the Uniform Education Reporting System  
20 for the 2001-2002 fiscal year and up to one million dollars (\$1,000,000) in funds  
21 appropriated for the Uniform Education Reporting System for the 2002-2003 fiscal year  
22 to the Department of Public Instruction to lease or purchase equipment necessary for the  
23 testing and implementation of NC WISE, the new student information system in the  
24 public schools."  
25

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

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

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

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

46 **SECTION 7.7.(b)** The State Board of Education may use funds appropriated  
47 to State Aid to Local School Administrative Units for assistance teams to  
48 low-performing schools.  
49

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

52 **REVISION OF READING AND WRITING ASSESSMENTS**

53 **SECTION 7.8.(a)** Of the funds appropriated to State Aid to Local School  
54 Administrative Units, the State Board of Education may use up to one million dollars



1 (\$1,000,000) for the 2002-2003 fiscal year to revise the reading and writing  
2 assessments.

3 **SECTION 7.8.(b)** Beginning with the 2002-2003 school year, the State  
4 Board of Education shall assure that a copy of a student's scored writing test is available  
5 to that student's parents, guardians, or others who have legal right to see that student's  
6 records. This subsection applies only to the State writing tests administered in fourth  
7 grade.  
8

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

#### 11 **FUNDS FOR INSTRUCTIONAL SUPPLIES**

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

14 **SECTION 7.9.(b)** The Joint Legislative Education Oversight Committee  
15 shall study the viability of the State contracting with on-line school supply vendors to  
16 allow teachers free access to a specific amount of school supplies, textbooks, test, and  
17 other classroom related materials. The Committee shall determine if the establishment  
18 of an on-line debit account for each teacher is cost effective and an efficient way to  
19 meet the supply needs of teachers. The Committee shall report to the General Assembly  
20 its findings and any recommended action by January 15, 2003.  
21

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

#### 24 **FUNDS FOR MENTOR PAY**

25 **SECTION 7.10.** State funds appropriated for mentor pay shall be used only  
26 to provide mentors for employees who are in State-funded positions and who are either  
27 (i) newly certified teachers in their first two years of employment as teachers or (ii)  
28 entry-level instructional support personnel who have not previously been teachers and  
29 who are in their first year of employment as instructional support personnel.  
30

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

#### 33 **CONVERSION OF ACCUMULATED LEAVE TIME**

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

##### 35 **"115C-302.1. Salary.**

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

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

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

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

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

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

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

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

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

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

22           ...."

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

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

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

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

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

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

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

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

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

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

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

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

3 **REPLACEMENT SCHOOL BUS FUNDS**

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

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

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

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

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

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

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

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

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

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

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

#### 20 CORPORATE TAX TRANSFER MORATORIUM

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

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

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

#### 36 STUDY MODIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 Requested by: Representatives Yongue, Easterling

32 **PERFORMANCE-BASED LICENSURE PROGRAM/SUSPENSION OF**  
 33 **PORTFOLIO REQUIREMENT AND STUDY**

34 **SECTION 7.18.(a)** The State Board of Education, in consultation with the  
 35 Board of Governors of The University of North Carolina and the Education Cabinet,  
 36 shall review teacher preparation programs and the continuing certification process to  
 37 determine how these programs can be modified to enhance the continuing teacher  
 38 certification process and to reduce the burden the continuing certification process places  
 39 on newly certified teachers. This evaluation shall consider strategies for streamlining  
 40 the current continuing certification process and reducing the amount of documentation  
 41 required in the applicant's portfolio.

42 The State Board of Education shall suspend the portfolio requirement for all  
 43 teachers who are required, under the current law, to submit portfolios from August 1,  
 44 2002, through July 31, 2003. Teachers who are not required to submit portfolios during  
 45 the period the portfolio requirement is suspended shall be subject to new requirements  
 46 adopted by the State Board and shall complete the new requirements during their third  
 47 year of employment.

48 **SECTION 7.18.(b)** The State Board of Education shall contract with an  
 49 outside consultant to study and propose modifications to the current North Carolina  
 50 initial certification, continuing certification and recertification programs that ensure  
 51 high standards, support for teachers, and high retention rates. Specifically, the  
 52 contractor shall:

53 (1) Review the administration and implementation of the certification  
 54 programs and identify significant strengths and weaknesses of the  
 55 programs;

- 1 (2) Identify issues related to administration, staffing, and paperwork at the  
2 school, local, and State levels;
- 3 (3) Investigate and identify communication concerns about the  
4 certification programs between the school, local, and State levels;
- 5 (4) Randomly survey and interview participating teachers and  
6 administrators regarding key aspects of the certification programs and  
7 ways to improve them;
- 8 (5) Examine the possibility of making the programs more focused on and  
9 supportive of early teacher development and integrating them more  
10 appropriately into a teacher's daily work;
- 11 (6) Examine the portfolios previously submitted and identify the elements  
12 that are most troublesome to teachers, schools, and school systems;
- 13 (7) Identify alternatives to the portfolio approach and ways to keep  
14 paperwork requirements to a minimum;
- 15 (8) Review the State's mentor program and the mentor's role in support of  
16 certification efforts to determine whether the two programs are  
17 complementary;
- 18 (9) Examine the effect of the certification programs on teacher retention,  
19 using valid evidence; and
- 20 (10) Examine the impact the certification programs have on improving  
21 teaching practices, using valid evidence.

22 **SECTION 7.18.(c)** The State Board of Education shall use the results of the  
23 study to make recommendations to:

- 24 (1) Improve the administration and implementation of the certification  
25 programs, including improving the process for teachers;
- 26 (2) Resolve the issues surrounding the portfolio process and the collection  
27 of professional evidence during initial certification;
- 28 (3) Reduce paperwork and bureaucracy in initial certification, continuing  
29 certification, and recertification for teachers, schools, and school  
30 systems;
- 31 (4) Provide schools and districts incentives and flexibility to participate in  
32 more rigorous certification processes;
- 33 (5) Effectively use information regarding teacher supply and demand,  
34 standards and retention to inform policy decisions;
- 35 (6) Improve the relationship and coordination between the certification  
36 programs and mentoring programs;
- 37 (7) Provide appropriate sample work to teachers including lesson plans,  
38 unit plans, and other professional work required during initial  
39 certification; and
- 40 (8) Provide ongoing program evaluation to monitor the quality of the  
41 programs and to inform policymakers.

42 **SECTION 7.18.(d)** The State Board of Education shall enlist the assistance  
43 of the Southern Regional Education Board in evaluating the responses to the request for  
44 proposals. Prior to awarding the contract for the consultant study, the State Board shall  
45 consult with the Joint Legislative Education Oversight Committee.

46 The State Board shall use federal No Child Left Behind State Grants for  
47 Improving Teacher Quality, to the extent possible, to cover the cost of the consultant  
48 and study.

49 The State Board shall report the findings of the consultant and the  
50 recommendations required by this section to the Joint legislative Education Oversight  
51 Committee by March 15, 2003.

52 **SECTION 7.18.(e)** The Joint Legislative Education Oversight Committee  
53 shall make recommendations to the General Assembly on any changes to law or policy  
54 affecting certification of teachers on or after August 1, 2003, after reviewing the  
55 findings and recommendations of the consultant and State Board of Education.

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

4 **STUDY OF COORDINATION OF CENTRAL OFFICE DUTIES**

5 **SECTION 7.19.** The State Board of Education shall study whether local  
6 school administrative units can effectively and efficiently coordinate central office  
7 operations and functions between systems. The State Board shall report to the Senate  
8 Appropriations Committee on Education/Higher Education and the House  
9 Appropriations Subcommittee on Education prior to March 1, 2003, on how base  
10 funding formulas for central office administrations can be reduced based on the  
11 coordination of duties.  
12

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

15 **DISCREPANCIES BETWEEN ANTICIPATED AND ACTUAL ADM**

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

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

27 The allotments reduced pursuant to this subsection shall include only those  
28 allotments that may be increased pursuant to the Allotment Adjustments for ADM  
29 Growth provisions of the North Carolina Public Schools Allotment Policy Manual.  
30

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

33 **HIGH SCHOOL EXIT EXAMINATION**

34 **SECTION 7.21.** Notwithstanding Section 8.27(f) of S.L. 1997-443, the State  
35 Board of Education shall review the requirements of the federal "No Child Left Behind  
36 Act of 2001." (20 USCS §§ 6301 et seq.) and any regulations adopted to implement this  
37 legislation before the Board completes the development of the high school exit  
38 examinations and implements the high school exit examinations. The Board shall  
39 consider whether revisions to the State testing program and School-Based Management  
40 and Accountability Program are necessary to comply with federal requirements. The  
41 Board shall not adopt any revisions prior to reporting them and a proposed timetable for  
42 their implementation to the Joint Legislative Education Oversight Committee.  
43

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

46 **CLARIFICATION TO PROVISION ON ADDRESSING TEACHER**  
47 **SHORTAGE**

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

49 "(2) The sum of \$1,500,000 for the 2001-2002 fiscal year and the sum of  
50 \$1,500,000 for the 2002-2003 fiscal year shall be used to provide  
51 annual bonuses of one thousand eight hundred dollars (\$1,800) to  
52 teachers certified in and teaching in the fields of mathematics, science,  
53 or special education in grades 6 through 12 at middle and high schools  
54 with eighty percent (80%) or more of the students eligible for free or  
55 reduced lunch or with fifty percent (50%) or more of students



1 performing below grade level in Algebra I and Biology. The bonus  
2 shall be paid monthly with matching benefits. Teachers shall remain  
3 eligible for the bonuses so long as they continue to teach in one of  
4 these disciplines at a school that was eligible for the bonus program  
5 when the teacher first received the bonus."  
6

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

9 **SUPPORT FOR THE BUSINESS SYSTEMS IMPROVEMENT PROJECT**  
10 **(BSIP)**

11 **SECTION 7.23.** The State Board of Education may use up to one hundred  
12 twenty thousand dollars (\$120,000) of driver education funds for the 2002-2003 fiscal  
13 year for software maintenance and other support for the Business Systems Improvement  
14 Project (BSIP), a new school bus transportation system operated by the Department of  
15 Transportation.  
16

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

19 **EXTEND ALTERNATIVE LATERAL ENTRY PROGRAM**

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

21 "**Section 2.** This act is effective when it becomes law and expires ~~September 1,~~  
22 ~~2002, September 1, 2006,~~ except that it remains effective for any teacher employed  
23 under this act before ~~September 1, 2002.~~ September 1, 2006."  
24

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

27 **ADDITIONAL TEACHER POSITIONS FOR KINDERGARTEN AND FIRST**  
28 **GRADE**

29 **SECTION 7.25.(a)** The class size allotment for kindergarten for the  
30 2002-2003 school year shall be one teacher for every 17 students. The maximum class  
31 size for kindergarten for the 2002-2003 fiscal year shall be one less than the class size  
32 limits established by the State Board of Education for the 2001-2002 school year, which  
33 shall be an average kindergarten class size of 21 students and no more than 24 students  
34 in a classroom.

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

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

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

46 For the 2003-2004 school year and subsequent school years, the maximum  
47 class size limit for first grade shall be based on an allotment ratio of one teacher for  
48 every 18 students.  
49

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

52 **LOCAL EDUCATION AGENCY FLEXIBILITY**

53 **SECTION 7.26.** Within seven days of the date this act becomes law, the  
54 State Board of Education shall notify each local school administrative unit of the  
55 amount the unit must reduce from State General Fund appropriations. The State Board

1 shall determine the amount of the reduction for each unit on the basis of average daily  
2 membership.

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

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

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

18 **BUSINESS AND EDUCATION TECHNOLOGY ALLIANCE**

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

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

- 26 (1) The Superintendent of Public Instruction or his or her designee;
- 27 (2) One member of the State Board of Education appointed by the chair of  
28 the State Board of Education;
- 29 (3) One parent of a public school child appointed by the State Board of  
30 Education after receiving recommendations from the North Carolina  
31 State Parent Teacher Association;
- 32 (4) Two members of the Senate appointed by the President Pro Tempore  
33 of the Senate;
- 34 (5) Two members of the House of Representatives appointed by the  
35 Speaker of the House of Representatives;
- 36 (6) One member of a local board of education who represents a local  
37 education agency (LEA) that has successfully incorporated technology  
38 into its schools, who is appointed by the Governor, after receiving  
39 recommendations from the North Carolina School Boards Association;
- 40 (7) One member of a local board of education who represents a local  
41 education agency (LEA) that has limited access to technology, who is  
42 appointed by the Governor, after receiving recommendations from the  
43 North Carolina School Boards Association;
- 44 (8) Two at-large members appointed by the Governor;
- 45 (9) One representative of business and industry appointed by the State  
46 Board of Education after receiving recommendations from the North  
47 Carolina Citizens for Business and Industry;
- 48 (10) Four members appointed by the President Pro Tempore of the Senate.  
49 In making these appointments the President Pro Tempore is  
50 encouraged to consider appointing a local school superintendent or a  
51 local school administrator who represents a local education agency that  
52 has limited access to technology, a school principal who works in a  
53 school that successfully incorporates technology into its instructional  
54 program, a school teacher who works in a school with limited access to  
55 technology, and a technology director who represents a local education

- 1 agency (LEA) that has successfully incorporated technology into its  
2 schools. Professional associations representing school administrators  
3 and professional associations representing teachers may recommend  
4 appointees to the President Pro Tempore;
- 5 (11) Four members appointed by the Speaker of the House of  
6 Representatives. In making these appointments the Speaker of the  
7 House of Representatives is encouraged to consider appointing a local  
8 school superintendent or a local school administrator from a local  
9 education agency that has successfully incorporated the use of  
10 technology into its instructional programs, a school principal working  
11 in a school with limited access to technology, a school teacher who has  
12 successfully incorporated the use of technology into classroom  
13 instruction, and a technology director who represents a local education  
14 agency (LEA) that has limited access to technology. Professional  
15 associations representing school administrators and professional  
16 associations representing teachers may recommend appointees to the  
17 Speaker of the House of Representatives;
- 18 (12) One chancellor or his or her designee of institutions of higher  
19 education who has demonstrated effective and innovative use of  
20 technology for education, appointed by the Board of Governors of The  
21 University of North Carolina;
- 22 (13) One president or his or her designee of the Community College  
23 System who has demonstrated effective and innovative use of  
24 technology for education, appointed by the State Board of Community  
25 Colleges;
- 26 (14) Two county commissioners, one of whom represents a county that has  
27 successfully incorporated technology into its schools and community,  
28 who are appointed by the State Board of Education, after receiving  
29 recommendations from the North Carolina Association of County  
30 Commissioners;
- 31 (15) Two representatives of technology businesses who have either  
32 successfully developed innovative technology programs for education  
33 or have partnered with a local education agency (LEA) to develop a  
34 technology-based education environment in that LEA, who are  
35 appointed by the State Board of Education, after receiving  
36 recommendations from North Carolina Electronics and Information  
37 Technologies Association and the North Carolina Citizens for  
38 Business and Industry; and
- 39 (16) One representative of the Information Resource Management  
40 Commission appointed by the Commission's Chair.

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

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

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

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

- (1) Advise the State Board of Education on the development of a vision for a technologically literate citizen in 2025. This vision should contain the educational standards needed to accomplish that vision, the educational uses of technology to accomplish that vision, and a plan for educating the community, educators, and business people about the vision and educational uses of technology. The vision and the plan for educating the public about the vision may include:
  - a. Various models and frameworks of the high quality and effective use of technology for education purposes including those students who have not learned with traditional approaches. The models may include the Cumberland County Schools Web Academy, the Virtual High School, and Nova Net.
  - b. Opportunities for teachers to experience the uses of technology in work and business settings, which is the world for which they are preparing students to work.
  - c. Production of multimedia presentations such as videos, commercials, and publications that help citizens, students, and educators see and understand the current and future power of technology for educating our children and impacting our lives.
- (2) Advise the State Board of Education on the development of a technology infrastructure, delivery, and support system that provides equity and access to all segments of the population in North Carolina. The infrastructure, delivery, and support system may include:
  - a. Opportunities for access to high-speed connectivity to the Internet which impacts on the quality of instruction that can be provided for students at school and in the community.
  - b. Technology networks that enable communities to encompass the student and his/her family while maintaining the rights to privacy for all citizens, i.e., a social service, health, education, and mental health network. This network will increase collaboration among agencies and provide a coordinated, systemic service approach.
  - c. Continue to evaluate the status of current technology systems and structures from the State to local level as it relates to employing technology for improving instruction.
  - d. Continue to provide access to technology equipment and infrastructure at home, school, and in the community such as extended hours of operation for schools and other community facilities and on-loan laptop computers for student and parent use.
  - e. Continue to develop surveys that provide information about the types and results of technological tools utilized by teachers, students, and others at school, in the community, and home.
  - f. Sufficient personnel to maintain the operation of information technology systems.
  - g. Coordination with regional economic development planners to position local education agencies as an integral part of economic development.
- (3) Advise the State Board of Education on the development of professional development programs for teachers to successfully implement and use technology in public schools for all students. These programs should also develop their leadership skills so that they can use technology as a tool to support the rethinking of the core business

1 of schools: student learning. The professional development programs  
2 may include:

- 3 a. Models of staff development from the State that are considered  
4 state of the art, support the vision for technology, and that could  
5 be used by local districts to train their staffs.  
6 b. Designated time for professional development for using  
7 technology as well as skills for using technology as a delivery  
8 for curriculum and instructional programs.  
9 c. Collegial planning time so that colleagues can coach and  
10 support each other in learning new ways in which to think about  
11 instruction.  
12 d. Teacher and administrator preparation and other programs that  
13 ensure the Department of Public Instruction's Technology  
14 Foundation Standards for Teachers and Administrators in  
15 higher education are incorporated into classroom instruction.  
16 e. Training teachers with skill sets to teach technical courses that  
17 are in growing demand to function at home and work.  
18 f. Increase opportunities for sharing best practices in all areas of  
19 instruction.  
20 g. Increase opportunities for learning how to use technology to  
21 customize instruction for all students.  
22 h. Increase opportunities for learning how to use technology to  
23 diagnose student learning.
- 24 (4) Advise the State Board of Education on the development of a Funding  
25 and Accountability system to ensure statewide access and equity. The  
26 Funding and Accountability system may include:  
27 a. Public-private partnerships.  
28 b. Identification of resources and the cost of those resources.  
29 c. Funding to keep hardware/software current.  
30 d. Evaluating progress toward realizing the technology vision.  
31 e. Evaluating the impact of various technology initiatives on  
32 alleviating some of the State's education and economic  
33 development problems.  
34 f. Incentives to encourage risk taking and innovative uses of  
35 technology.  
36 g. Funding for only those initiatives that are well-planned,  
37 demonstrate high commitment, and have a solid evaluation  
38 component.
- 39 (5) Report annually to the State Board of Education on the progress of the  
40 Alliance's recommendations for education technology in the public  
41 schools on the first Friday in December. This report may contain a  
42 summary of recommendations for changes to any law, rule, and policy  
43 that would improve implementing education technology in the public  
44 schools.
- 45 (6) Report annually to the Joint Legislative Education Oversight  
46 Committee in the General Assembly on the recommendations for  
47 education technology in the public schools on the first Friday in  
48 January. This report may contain a summary of recommendations for  
49 changes to any law, rule, and policy that would improve implementing  
50 education technology in the public schools.

51 **SECTION 7.27.(g)** Federal funds and private funds may be used to support  
52 the Alliance. State funds shall not be used to support the Alliance.  
53

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

**HIGH PRIORITY SCHOOL PROGRAM WAIVER**

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

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

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

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

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

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

Funds allocated for mentors ~~in these units~~ shall be used only for teachers and instructional support personnel assigned to newly certified teachers, second-year teachers who were assigned mentors during the prior school year, or as authorized by Section 28.31 of this act, and entry-level instructional support personnel who have not previously been teachers. These funds shall be used only for:

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

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

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

**NOTIFICATION OF FIELD TESTING**

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

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

(a) The State Board of Education shall establish policies and guidelines necessary for minimizing the time students spend taking tests administered through State and local testing ~~programs~~ programs, for minimizing the frequency of field testing at any one school, and for otherwise carrying out the provisions of this Article. These policies shall reflect standard testing practices to insure reliability and validity of the sample testing. The results of the field tests shall be used in the final design of each test. The State Board of Education's policies regarding the testing of children with disabilities shall (i) provide broad accommodations and alternate methods of assessment

1 that are consistent with a child's individualized education program and section 504 (29  
2 U.S.C. § 794) plans, (ii) prohibit the use of statewide tests as the sole determinant of  
3 decisions about a child's graduation or promotion, and (iii) provide parents with  
4 information about the Statewide Testing Program and options for students with  
5 disabilities. The State Board shall report its proposed policies and proposed changes in  
6 policies to the Joint Legislative Education Oversight Committee prior to adoption.

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

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

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

16 (c) Local boards of education shall cooperate with the State Board of Education  
17 in implementing the provisions of this Article, including the regulations and policies  
18 established by the State Board of Education. Local school administrative units shall use  
19 the annual and competency testing programs to fulfill the purposes set out in this  
20 Article. Local school administrative units are encouraged to continue to develop local  
21 testing programs designed to diagnose student needs further."  
22

23 Requested by: Representative Yongue

#### 24 **DRIVERS EDUCATION FUNDING**

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

29 In allocating funds for driver training, the State Board of Education shall  
30 consider the needs of small and low-wealth local school administrative units.  
31

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

#### 34 **INTERVENTION STRATEGIES FOR CONTINUALLY LOW-PERFORMING** 35 **SCHOOLS**

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

37 "**SECTION 29.5.** Of funds appropriated from the General Fund to State Aid to  
38 Local School Administrative Units, the sum of one million eight hundred seven  
39 thousand two hundred fifty-six dollars (\$1,807,256) for the 2001-2002 fiscal year and  
40 the sum of one million nine hundred eighty-six thousand six hundred ninety-one dollars  
41 (\$1,986,691) for the 2002-2003 fiscal year shall be used to provide the State's  
42 chronically low-performing schools with tools needed to dramatically improve student  
43 achievement. These funds shall be used to implement any of the following strategies at  
44 the schools that have not previously been implemented with State or other funds:

- 45 (1) The sum of \$471,366 for the 2001-2002 fiscal year and the sum of  
46 \$471,366 for the 2002-2003 fiscal year shall be used to reduce class  
47 size at a continually low-performing school to ensure that the number  
48 of teachers allotted for students in grades four and five is one for every  
49 17 students; and
- 50 (2) The sum of \$1,207,595 for the 2001-2002 fiscal year and the sum of  
51 \$1,207,595 for the 2002-2003 fiscal year shall be used to reduce class  
52 size at a continually low-performing school to ensure that the number  
53 of teachers allotted in grades six through eight is one for every 17  
54 students, and that the number of teachers allotted in grades nine  
55 through twelve is one for every 20 students; and

1 (3a) The sum of \$128,295 for fiscal year 2001-2002 shall be used to extend  
2 teachers' contracts at these schools by five days for staff development,  
3 including methods to individualize instruction in smaller classes and  
4 preparation for the 2001-2002 school year. Of these funds, the sum of  
5 \$10,175 shall be used for the extension of contracts of the additional  
6 teachers in grades four and five provided in subdivision (1) of this  
7 section and the sum of \$118,120 shall be used for the extension of all  
8 teachers' contracts at continually low-performing middle and high  
9 schools for the 2001-2002 school year; and

10 (3b) The sum of \$307,730 for fiscal year 2002-2003 shall be used to extend  
11 teachers' contracts for a total of 10 days, including five days of  
12 additional instruction with related costs for other than teachers' salaries  
13 for the 2002-2003 school year. Of these funds, the sum of \$24,405  
14 shall be used for the extension of contracts of the additional teachers in  
15 grades four and five provided in subdivision (1) of this section and the  
16 sum of \$283,325 shall be used for the extension of all teachers'  
17 contracts at continually low-performing middle and high schools for  
18 the 2002-2003 school year.

19 Notwithstanding any other provision of law, the State Board of Education  
20 may implement intervention strategies for the 2001-2002 and 2002-2003 school ~~year~~  
21 years that it deems appropriate."  
22

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

#### 25 **STUDY VOC. ED. TESTS**

26 **SECTION 7.33.** The Joint Legislative Education Oversight Committee shall  
27 study the extent to which standardized tests are utilized in Vocational Education classes  
28 for the purpose of grading students. The Committee shall examine whether appropriate  
29 grading weight also is assigned to the assessment of actual student skill performance  
30 and knowledge. The Committee shall report its findings, which may include legislative  
31 recommendations, to the 2003 General Assembly.  
32

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

#### 35 **ADDITIONAL PURCHASING FLEXIBILITY FOR ALL SCHOOL SYSTEMS**

36 **SECTION 7.35.** Purchases by local school administrative units of supplies,  
37 equipment, and materials valued at two thousand five hundred dollars (\$2,500) or less  
38 are not subject to the provisions of G.S. 115C-522.1 or Article 3 of Chapter 143 of the  
39 General Statutes, except for G.S. 143-48 and G.S. 143-58.1.  
40

41 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

#### 42 **AVAILABILITY OF INFORMATION ON EMPLOYEE QUALIFICATIONS**

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

#### 44 **"§ 115C-319. Personnel files not subject to inspection.**

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



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

4  
5 Requested by: Representative Wright

6 **DUTIES OF SCHOOL COUNSELORS**

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

9 **"§ 115C-316.1. Duties of school counselors.**

10 School counselors shall implement a comprehensive developmental school-  
11 counseling program in their schools. Counselors shall spend at least eighty percent  
12 (80%) of their work time providing direct services to students. These direct services  
13 shall consist of:

- 14 (1) Delivery of the school guidance curriculum through large-group  
15 guidance, interdisciplinary curriculum development, group activities,  
16 and parent workshops;
- 17 (2) Individual student planning through individual or small-group  
18 assistance and individual or small-group advisement; and
- 19 (3) Responsive services through consultation with students, families and  
20 staff, individual and small-group counseling, crisis counseling,  
21 referrals, and peer facilitation.

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

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

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

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

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

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

35  
36 Requested by: Representative Creech

37 **DEFINITION OF RETIRED TEACHER MODIFIED**

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

39 **"§ 115C-325. System of employment for public school teachers.**

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

- 42 (5a) **(Effective until June 30, 2003)** "Retired teacher" means a beneficiary  
43 of the Teachers' and State Employees' Retirement System of North  
44 Carolina who has been retired at least six months, has not been  
45 employed in any capacity, other than as a substitute teacher or a  
46 part-time tutor, with a local board of education for at least six months,  
47 immediately preceding the effective date of reemployment, is  
48 determined by a local board of education to have had satisfactory  
49 performance during the last year of employment by a local board of  
50 education, and who is employed to teach as provided in G.S.  
51 135-3(8)c. A retired teacher shall be treated the same as a probationary  
52 teacher except that (i) a retired teacher is not eligible for career  
53 status-status and (ii) the performance of a retired teacher who had  
54 attained career status prior to retirement shall be evaluated in

1 accordance with a local board of education's policies and procedures  
2 applicable to career teachers."  
3

4 Requested by: Representative Warner

5 **LIMIT CERTIFICATION RENEWAL FOR RETIRED TEACHERS**

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

7 "(b) It is the policy of the State of North Carolina to maintain the highest quality  
8 teacher education programs and school administrator programs in order to enhance the  
9 competence of professional personnel certified in North Carolina. To the end that  
10 teacher preparation programs are upgraded to reflect a more rigorous course of study,  
11 the State Board of Education, as lead agency in coordination and cooperation with the  
12 University Board of Governors, the Board of Community Colleges and such other  
13 public and private agencies as are necessary, shall continue to refine the several  
14 certification requirements, standards for approval of institutions of teacher education,  
15 standards for institution-based innovative and experimental programs, standards for  
16 implementing consortium-based teacher education, and standards for improved  
17 efficiencies in the administration of the approved programs. The certification program  
18 shall provide for initial certification after completion of preservice training, continuing  
19 certification after three years of teaching experience, and certificate renewal every five  
20 years ~~thereafter.~~ thereafter, until the retirement of the teacher. The last certificate  
21 renewal received prior to retirement shall remain in effect for seven years after  
22 retirement.

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

27 The State Board of Education, in consultation with the Board of Governors of The  
28 University of North Carolina, shall evaluate and develop enhanced requirements for  
29 continuing certification. The new requirements shall reflect more rigorous standards for  
30 continuing certification and to the extent possible shall be aligned with quality  
31 professional development programs that reflect State priorities for improving student  
32 achievement.

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

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

45 All North Carolina institutions of higher education that offer teacher education  
46 programs, masters degree programs in education, or masters degree programs in school  
47 administration shall provide performance reports to the State Board of Education. The  
48 performance reports shall follow a common format, shall be submitted according to a  
49 plan developed by the State Board, and shall include the information required under the  
50 plan developed by the State Board."  
51

52 Requested by: Representative Howard

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

54 **SECTION 7.40.** By October 1, 2002, the State Board of Education shall  
55 assure that the on-line resources of the Department of Public Instruction available to

1 students enrolled in public schools are made available without charge to students  
2 enrolled in schools subject to Article 39 of Chapter 115C of the General Statutes. By  
3 October 1, 2002, the State Board of Education and the Board of Governors of The  
4 University of North Carolina shall assure that the on-line resources available to parents  
5 and teachers of public school students also are made available without charge to parents  
6 and teachers of students enrolled in schools subject to Article 39 of Chapter 115C of the  
7 General Statutes.

8  
9 Requested by: Representative Thompson

#### 10 **CERTIFICATION OF SCHOOL NURSES**

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

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

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

#### 19 20 **PART VIII. COMMUNITY COLLEGES**

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

#### 24 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

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

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

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

#### 38 **HAYWOOD REGIONAL HIGH TECHNOLOGY CENTER**

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

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

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

#### 52 **REALIGNMENT OF FUNDING**

53 **SECTION 8.5.(a)** Academic Support Supplement. – Effective July 1, 2002,  
54 funding for the Academic Support Supplement shall no longer be included as part of the  
55 curriculum instruction formula but shall be allocated from a separate line item in State

1 Aid fund code 1600. The State Board of Community Colleges shall allocate these funds  
2 to the colleges on the basis of the budgeted FTE curriculum student enrollment for the  
3 current fiscal year.

4 Nothing in this section shall be construed to provide or to indicate the intent  
5 of the General Assembly to provide additional funding for the Academic Support  
6 Supplement.

7 **SECTION 8.5.(b)** Formula Modification Restrictions. – The State Board of  
8 Community Colleges may examine and recommend to the General Assembly new State  
9 Aid allocation options that more closely align the allocation and expenditure of  
10 State-appropriated resources. The State Board shall report any recommendations  
11 regarding modifications to the formula to the Senate Appropriations Committee on  
12 Education/Higher Education, the House Appropriations Subcommittee on Education,  
13 the President Pro Tempore of the Senate, the Speaker of the House of Representatives,  
14 and the Fiscal Research Division.

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

18 **TEMPORARY RULES ON FTE FOR TRAINING PROVIDED TO LAW**  
19 **ENFORCEMENT PERSONNEL AND ON GENERIC FEES**

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

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

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

- 31 (1) Publish the proposed temporary rules in the North Carolina Register at  
32 least 30 days prior to adopting the temporary rules.
- 33 (2) Notify persons on its mailing list maintained pursuant to G.S.  
34 150B-21.2(d) and any other interested parties of its intent to adopt  
35 temporary rules.
- 36 (3) Hold at least one public hearing on the proposed temporary rules.

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

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

42 **COMMUNITY COLLEGE SYSTEM STUDY**

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

- 45 (1) The organization and structure of the Community College System, the  
46 number of colleges within the System, the location and size of the  
47 colleges, and whether the State could realize any administrative  
48 savings from the consolidation of some colleges or programs;
- 49 (2) The formula used to fund administration at the colleges, appropriate  
50 funding levels for administration of the various colleges, and the  
51 appropriate number of administrative staff members for colleges of  
52 different sizes; and
- 53 (3) The funding of multicampus colleges and off-campus centers,  
54 including the appropriate number of administrative staff members, and

1 an appropriate funding mechanism for administration and for other  
2 purposes.

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

- 7 (1) Compare the level of community college funding in North Carolina to  
8 that of other states, in view of the differences in their missions;
- 9 (2) Consider an appropriate level of county funding; and
- 10 (3) Consider the current level of resident tuition in view of the availability  
11 of financial aid at community colleges, the availability of financial aid  
12 at other institutions of higher education, and the current level of State  
13 funding.

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

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

#### 19 **FLEXIBILITY TO IMPLEMENT BUDGET REDUCTIONS**

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

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

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

#### 29 **TRANSFER OF COMMUNITY COLLEGE POSITION**

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

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

#### 36 **HOSIERY CENTER FUNDS**

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

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

#### 45 **VITICULTURE/ENOLOGY COURSE AUTHORIZATION**

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

#### 48 **"§ 18B-1114.4. Viticulture/Enology course authorization.**

49 (a) Authorization. – The holder of a viticulture/enology course authorization  
50 may:

- 51 (1) Manufacture wine from grapes grown on the school's own campus or  
52 property for the purpose of providing instruction and education on the  
53 making of unfortified wines.

1           (2) Possess wines manufactured during the viticulture/enology program  
2 for the purpose of conducting wine-tasting seminars and classes for  
3 students who are 21 years of age or older.

4           (3) Sell wines produced during the course to wholesalers or to retailers  
5 upon obtaining a wine wholesaler permit under G.S. 18B-1107, except  
6 that the permittee may not receive shipments of wines from other  
7 producers.

8           (b) Limitation. – Authorization for a viticulture/enology course shall be granted  
9 by the Commission only for a community college or college that offers a  
10 viticulture/enology program as a part of its curriculum offerings for students of the  
11 school. No retail sales of wine shall be made by the students, instructor, or school.  
12 Wines may be manufactured only from grapes grown in a research vineyard, not to  
13 exceed five acres, that is located on the school's campus or property.

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

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

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

22           "(1a) The sale of products raised or produced incident to the operation of a  
23 community college viticulture/enology program as authorized by G.S.  
24 18B-1114.4."

## 25 26 **PART IX. UNIVERSITIES**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### 49 **SUBSTITUTION OF UNC BOND PROJECTS**

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

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

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

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

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

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

#### 25 **UNC SCHOLARSHIP PROGRAMS CONSOLIDATED**

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

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

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

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

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



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

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

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

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

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

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

#### 42 **ELIMINATE UNC MAILING LIST DUPLICATION**

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

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

52  
53 Requested by: Representative Justus

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

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

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

10 **AID TO PRIVATE COLLEGES TECHNICAL CORRECTIONS**

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

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

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

19 **UNC FLEXIBILITY GUIDELINES**

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

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

33 **FOCUSED GROWTH PILOT PROGRAM**

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

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

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

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

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

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

Requested by: Representative Nesbitt

#### REPORT ON UMSTEAD ACT EXEMPTIONS

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

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

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

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

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

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

#### OUT-OF-STATE INSTITUTIONS WITH NC CAMPUSES

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

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

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

- (1) "Institution" shall mean an educational institution with ~~its main a main~~ permanent campus located in this State that is not owned or operated by the State of North Carolina or by an agency or political subdivision of the State or by any combination thereof, ~~that is accredited by the Southern Association of Colleges and Schools under the standards of the College Delegate Assembly of said Association thereof that satisfies all of the following:~~
  - a. Is accredited by the Southern Association of Colleges and Schools under the standards of the College Delegate Assembly of the Association or by the New England Association of Schools and Colleges through its Commission on Institutions of Higher Education.
  - b. Awards a postsecondary degree as defined in G.S. 116-15. and that is

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

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

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

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

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

### 30 **NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS**

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

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

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

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

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

### 49 **HORACE WILLIAMS AIRPORT**

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

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

3 **COOPERATIVE EXTENSION/AGRICULTURAL RESEARCH FACULTY**

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

10  
11 Requested by: Representative Rogers

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

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

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

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

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

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

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

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

52  
53 Requested by: Representative Nesbitt

54 **REPORT ON UNIVERSITY FISCAL LIABILITIES**

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

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

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

12  
13 **SUBPART 1. ADMINISTRATION**

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

17 **INFORMATION TECHNOLOGY PROJECT CONTRACTS**

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

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

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

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

32 **ADMINISTRATIVE CONSOLIDATION OF DIVISIONS OF SERVICES FOR**  
33 **THE DEAF AND THE HARD OF HEARING, SERVICES FOR THE BLIND,**  
34 **AND VOCATIONAL REHABILITATION SERVICES**

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

- 38           (1) Division of Services for the Deaf and the Hard of Hearing.  
39           (2) Division of Services for the Blind.  
40           (3) Division of Vocational Rehabilitation Services.

41           **SECTION 10.2.(b)** The Department shall report to the Senate  
42 Appropriations Committee on Health and Human Services, the House of  
43 Representatives Appropriations Subcommittee on Health and Human Services, and the  
44 Fiscal Research Division on activities carried out under this section not later than June  
45 1, 2003. This report shall include the following:

- 46           (1) An organizational chart showing how the administrative structure of  
47 the divisions has changed.  
48           (2) A plan for reducing the number of cities where there are two or more  
49 district offices.  
50           (3) A plan for reducing the budget of the three divisions by seven hundred  
51 fifty thousand dollars (\$750,000).

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

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

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

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

- 14           (1) Number of staff required per resident.
- 15           (2) Education/work experience required and preferred as a basis for hire.
- 16           (3) Specific job duties outlined in job descriptions.
- 17           (4) Rationale and justification for establishing the existing staff ratios in  
18 the Division of Aging's policy for adult day care and adult day health  
19 care.
- 20           (5) An analysis of the variance in staffing requirements among adult day  
21 care and adult day health programs, adult care homes, assisted living  
22 facilities, and nursing homes.
- 23           (6) Identification of the entities responsible for licensing and monitoring  
24 quality for all providers of long-term care in the State.
- 25           (7) Recommendations for changes to existing policies based on findings of  
26 the Department's review.

27  
28 Requested by:           Representatives Earle, Nye, Easterling, Oldham, Redwine,  
29 Thompson

#### 30 **REPORT ON SERVICES PROVIDED TO OLDER ADULTS**

31           **SECTION 10.4.** The Department of Health and Human Services, Office of  
32 Long-Term Care shall report to the Senate Appropriations Committee on Health and  
33 Human Services, the House of Representatives Appropriations Subcommittee on Health  
34 and Human Services, and the Fiscal Research Division on services provided to older  
35 adults. The report shall provide information as follows:

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

42           The Office of Long-Term Care shall consult with experts in long-term care  
43 and other relevant information sources to develop a plan to streamline services for older  
44 adults at the local level. The Department shall submit its report not later than February  
45 1, 2003.

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

#### 49 **RURAL HEALTH LOAN REPAYMENT INCENTIVE PROGRAM**

50           **SECTION 10.5.** The Department of Health and Human Services, Office of  
51 Rural Health, shall conduct an assessment of the Rural Health Loan Repayment  
52 Incentive Program. The assessment shall consider whether the Program should be  
53 continued and shall identify ways to recruit additional providers to rural areas within  
54 existing funds. The Department shall report on its activities and progress of the  
55 assessment to the Senate Appropriations Committee on Health and Human Services, the

1 House of Representatives Appropriations Subcommittee on Health and Human  
2 Services, and the Fiscal Research Division no later than December 1, 2002. The report  
3 shall provide detailed information on the number of providers recruited, identification of  
4 the counties in which the providers are recruited, and the amount of loan repayment and  
5 length of service to a community for each provider.

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

9 **ACCESS TO PHARMACEUTICAL COMPANY PRESCRIPTION DRUG**  
10 **PROGRAMS**

11 **SECTION 10.6.** Section 21.6(a) of S.L. 2001-424, as amended by S.L.  
12 2001-513, reads as rewritten:

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

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

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

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

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

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

39 **CONSOLIDATION OF MAINTENANCE ACTIVITIES**

40 **SECTION 10.8.(a)** The Department of Health and Human Services shall  
41 develop a plan to consolidate building maintenance activities at the North Carolina  
42 School for the Deaf at Morganton, the Western Carolina Center, and Broughton  
43 Hospital. The plan shall assess the needs for maintenance at all three centers, determine  
44 the level of staff necessary to carry out all of the current activities with fewer managers,  
45 supervisors, and other staff, and develop a new single budget for the maintenance  
46 activities.

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

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



1  
2 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
3 Thompson

4 **WEATHERIZATION ASSISTANCE**

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

8  
9 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
10 Thompson

11 **LONG-TERM CARE CRIMINAL CHECKS SUSPENDED FOR NONDIRECT**  
12 **CARE EMPLOYMENT POSITIONS**

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

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

21 **TRANSFER NORTH CAROLINA COUNCIL ON THE HOLOCAUST TO**  
22 **DEPARTMENT OF PUBLIC INSTRUCTION**

23 **SECTION 10.10D.(a)** G.S. 143B-216.20, 143B-216.21, 143B-216.22, and  
24 143B-216.23 are recodified as subsections (a) through (d) of new G.S. 143A-48.1 in  
25 Article 5 of Chapter 143A of the General Statutes.

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

28 "**§ 143A-48.1. North Carolina Council on the Holocaust; creation;**  
29 **~~purpose; purpose; membership; expenses; assistance.~~**

30 (a) There is hereby created the North Carolina Council on the Holocaust. The  
31 purpose of the Council is to prevent future atrocities similar to the systematic program  
32 of genocide of six million Jews and others by the Nazis. This purpose shall be  
33 accomplished by developing a program of education and observance of the Holocaust.

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

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

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

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

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

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

**NONMEDICAID REIMBURSEMENT CHANGES**

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

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

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

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

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

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

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

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

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

1	251-300%	25%	75%
2	300% and over	0%	100%

3 The Department of Health and Human Services shall contract at, or as close as  
4 possible to, Medicaid rates for medical services provided to residents of State facilities  
5 of the Department."  
6

## 7 SUBPART 2. DIVISION OF MEDICAL ASSISTANCE

8  
9 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
10 Thompson

### 11 MEDICAID PROGRAM

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

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

18 Services and payment bases:

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

1 reimbursement regulations. The professional services fee shall be five  
2 dollars and sixty cents (\$5.60) per prescription for generic drugs and  
3 four dollars (\$4.00) per prescription for brand name drugs.  
4 Adjustments to the professional services fee shall be established by the  
5 General Assembly.

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

1 the rules established by the Commission for Mental Health,  
 2 Developmental Disabilities, and Substance Abuse Services, and  
 3 reimbursement is made in accordance with a State Plan  
 4 developed by the Department of Health and Human Services  
 5 not to exceed the upper limits established in federal regulations,  
 6 and

7 b. For children eligible for EPSDT services:

- 8 1. Licensed or certified psychologists, licensed clinical  
 9 social workers, certified clinical nurse specialists in  
 10 psychiatric mental health advanced practice, and nurse  
 11 practitioners certified as clinical nurse specialists in  
 12 psychiatric mental health advanced practice, when  
 13 Medicaid-eligible children are referred by the Carolina  
 14 ACCESS primary care physician or the area mental  
 15 health program, and
- 16 2. Institutional providers of residential services as defined  
 17 by the Division of Mental Health, Developmental  
 18 Disabilities, and Substance Abuse Services and approved  
 19 by the Centers for Medicare and Medicaid Services  
 20 (CMS) for children and Psychiatric Residential  
 21 Treatment Facility services that meet federal and State  
 22 requirements as defined by the Department.

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

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

47 Services and payment bases may be changed with the approval of the Director of the  
 48 Budget. Payment is limited to Medicaid enrolled providers that provide evidence of  
 49 medical malpractice insurance coverage, purchase a performance bond in the amount of  
 50 one hundred thousand dollars (\$100,000) naming as beneficiary the Department of  
 51 Health and Human Services, Division of Medical Assistance, or provide to the  
 52 Department a validly executed letter of credit or other financial instrument issued by a  
 53 financial institution or agency honoring a demand for payment in an equivalent amount.

54 Reimbursement is available for up to 24 visits per recipient per year to any one or  
 55 combination of the following: physicians, clinics, hospital outpatient, optometrists,

1 chiropractors, and podiatrists. Prenatal services, all EPSDT children, emergency rooms,  
 2 and mental health services subject to independent utilization review are exempt from the  
 3 visit limitations contained in this paragraph. Exceptions may be authorized by the  
 4 Department of Health and Human Services where the life of the patient would be  
 5 threatened without such additional care. Any person who is determined by the  
 6 Department to be exempt from the 24-visit limitation may also be exempt from the  
 7 six-prescription limitation.

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

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

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

	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	<u>WFFA*</u>			
	<u>Family</u>	<u>Standard</u>	<u>Families and</u>	
	<u>Size</u>	<u>of Need</u>	<u>Children Income</u>	
			<u>Level</u>	<u>AA, AB, AD*</u>
24	1	\$4,344	\$2,172	\$2,900
25	2	5,664	2,832	3,800
26	3	6,528	3,264	4,400
27	4	7,128	3,564	4,800
28	5	7,776	3,888	5,200
29	6	8,376	4,188	5,600
30	7	8,952	4,476	6,000
31	8	9,256	4,680	6,300

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

34  
 35 The payment level for Work First Family Assistance shall be fifty percent (50%) of the  
 36 standard of need.

37 These standards may be changed with the approval of the Director of the Budget  
 38 with the advice of the Advisory Budget Commission.

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

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

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00

1           \$301.00 and greater                                                 \$212.00.

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

5       **SECTION 21.19.(h)** Dispensing of Generic Drugs. – Notwithstanding G.S.  
6 90-85.27 through G.S. 90-85.31, or any other law to the contrary, under the Medical  
7 Assistance Program (Title XIX of the Social Security Act), and except as otherwise  
8 provided in this subsection for atypical antipsychotic drugs and drugs listed in the  
9 narrow therapeutic index, a prescription order for a drug designated by a trade or brand  
10 name shall be considered to be an order for the drug by its established or generic name,  
11 except when the prescriber has determined, at the time the drug is prescribed, that the  
12 brand name drug is medically necessary and has written on the prescription order the  
13 phrase "medically necessary". An initial prescription order for an atypical antipsychotic  
14 drug or a drug listed in the narrow therapeutic drug index that does not contain the  
15 phrase "medically necessary" shall be considered an order for the drug by its established  
16 or generic name, except that a pharmacy shall not substitute a generic or established  
17 name prescription drug for subsequent brand or trade name prescription orders of the  
18 same prescription drug without explicit oral or written approval of the prescriber given  
19 at the time the order is filled. Generic drugs shall be dispensed at a lower cost to the  
20 Medical Assistance Program rather than trade or brand name drugs. As used in this  
21 subsection, "brand name" means the proprietary name the manufacturer places upon a  
22 drug product or on its container, label, or wrapping at the time of packaging; and  
23 "established name" has the same meaning as in section 502(e)(3) of the Federal Food,  
24 Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

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

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

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

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

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

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

- 54       (1) Pregnant women with incomes equal to or less than one hundred  
55           eighty-five percent (85%) of the federal poverty guidelines as revised

1 each April 1 shall be covered for Medicaid benefits. In determining  
2 income eligibility under this subdivision, the income of a minor's  
3 parents shall be counted if the minor is residing in the home.

- 4 (2) Infants under the age of 1 with family incomes equal to or less than  
5 one hundred eighty-five percent (185%) of the federal poverty  
6 guidelines as revised each April 1 shall be covered for Medicaid  
7 benefits.
- 8 (3) Children aged 1 through 5 with family incomes equal to or less than  
9 one hundred thirty-three percent (133%) of the federal poverty  
10 guidelines as revised each April 1 shall be covered for Medicaid  
11 benefits.
- 12 (4) Children aged 6 through 18 with family incomes equal to or less than  
13 the federal poverty guidelines as revised each April 1 shall be covered  
14 for Medicaid benefits.
- 15 (5) The Department of Health and Human Services shall provide Medicaid  
16 coverage for adoptive children with special or rehabilitative needs  
17 regardless of the adoptive family's income.

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

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

26 **SECTION 21.19.(p)** The Department shall disregard earned income for recipients  
27 who would otherwise lose Medicaid eligibility under section 1931 of Title XIX of the  
28 Social Security Act due to earnings. This disregard shall be applied for a maximum of  
29 12 consecutive months.

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

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

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

53 **SECTION 21.19.(t)** The Department of Health and Human Services may adopt  
54 temporary rules according to the procedures established in G.S. 150B-21.1 when it finds  
55 that these rules are necessary to maximize receipt of federal funds within existing State



1 appropriations, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to  
2 the filing of these temporary rules with the Office of Administrative Hearings, the  
3 Department shall consult with the Office of State Budget and Management on the  
4 possible fiscal impact of the temporary rule and its effect on State appropriations and  
5 local governments.

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

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

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

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

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

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

47 "(b) As used in this section:

- 48 (1) "Medical assistance" means medical care services paid for by the  
49 North Carolina Medicaid Program on behalf of the recipient:  
50 a. If the recipient is receiving these medical care services as an  
51 inpatient in a nursing facility, intermediate care facility for the  
52 mentally retarded, or other medical institution, and cannot  
53 reasonably be expected to be discharged to return home; or  
54 b. If the recipient is 55 years of age or older and is receiving these  
55 medical care services, including related hospital care and

- 1 prescription drugs, for nursing facility ~~services—services,~~  
2 ~~personal care services,~~ or home- and community-based services.  
3 (2) "Estate" means all the real and personal property considered assets of  
4 the estate available for the discharge of debt pursuant to G.S.  
5 28A-15-1."  
6

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

### 9 CAROLINA ACCESS PROGRAM IMPROVEMENTS

10 SECTION 10.12.(a) In its effort to achieve anticipated savings in the  
11 Medicaid Program of nine million four hundred twenty-five thousand dollars  
12 (\$9,425,000) for the 2002-2003 fiscal year through expansion of the Carolina ACCESS  
13 II and Carolina ACCESS III programs, the Department of Health and Human Services  
14 shall monitor cost-savings activities of these programs. Carolina ACCESS II and  
15 Carolina ACCESS III programs shall provide the Department detailed information on  
16 savings realized from the following cost-savings activities:

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

26 SECTION 10.12.(b) The Department of Health and Human Services shall  
27 implement a process for the assessment and review of cost-effectiveness of the Carolina  
28 ACCESS II and Carolina ACCESS III programs. The Division of Medical Assistance  
29 shall confirm actual savings realized from the use of case management strategies of the  
30 Carolina ACCESS II and Carolina ACCESS III demonstration sites. Beginning October  
31 1, 2002, the Department shall report quarterly the cost-effectiveness of these programs  
32 based on actual savings achieved. The Department shall submit the report to the Senate  
33 Appropriations Committee on Health and Human Services, the House of  
34 Representatives Appropriations Subcommittee on Health and Human Services, the  
35 Office of State Budget and Management, and the Fiscal Research Division.

36  
37 Requested by: Representatives Earle, Nye, Oldham

### 38 REPEAL CIRCUMCISION FUNDS

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

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

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

### 50 MEDICAID CASE MANAGEMENT SERVICES

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

1 management services reimbursed by the Medicaid Program, and shall consider the  
2 following issues:

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

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

21  
22 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
23 Thompson

#### 24 **FEDERAL WAIVERS TO ASSIST IN MEDICAID COST CONTAINMENT**

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

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

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

- 49 (1) Copy of the application for the waiver.
- 50 (2) Description of how the waiver will help achieve long-term cost  
51 containment in the State's Medicaid program.
- 52 (3) Description of legislation necessary to implement the proposed waiver.

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

**COMMUNITY ALTERNATIVES PROGRAMS**

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

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

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

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

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

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

**DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CHANGE**

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

**SECTION 10.17.(b)** For the 2002-2003 fiscal year, as it receives funds associated with Disproportionate Share Payments from State hospitals, the Department of Health and Human Services, Division of Medical Assistance, shall deposit up to one

1 hundred seven million dollars (\$107,000,000) of these Disproportionate Share Payments  
2 to the Department of State Treasurer for deposit as nontax revenue. Any  
3 Disproportionate Share Payments collected in excess of the one hundred seven million  
4 dollars (\$107,000,000) shall be reserved by the State Treasurer for future  
5 appropriations.  
6

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

8 **MEDICAID HOSPITAL PAYMENTS**

9 **SECTION 10.18.** The Department of Health and Human Services shall  
10 reduce Medicaid payments to hospitals by one-half of one percent (.5%) for the  
11 2002-2003 State fiscal year. The Department shall evaluate all medical payment  
12 programs and policies administered by the Department that may affect the future  
13 viability and sustainability of financially vulnerable hospitals. Based on the evaluation  
14 of the medical payments programs and policies affecting hospitals, the Department shall  
15 implement the one half of one percent (.5%) reduction for the 2002-2003 State fiscal  
16 year such that the reduction has the least impact on the future viability and sustainability  
17 of financially vulnerable hospitals. The Department shall also review the status of  
18 financially vulnerable hospitals to determine whether additional State actions are  
19 appropriate to ensure that communities served by these hospitals continue to receive  
20 essential medical services. The Department shall consult with the North Carolina  
21 Hospital Association while conducting the evaluation of medical payment programs and  
22 policies and determining how to implement the one-half of one percent (.5%) reduction.  
23 The Department shall report to the Senate Appropriations Committee on Health and  
24 Human Services, the House of Representatives Appropriations Subcommittee on Health  
25 and Human Services, and the Fiscal Research Division on its activities under this  
26 section not later than October 1, 2002.  
27

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

30 **MEDICAID PROGRAM MANAGEMENT**

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

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

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

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

- 50 (2) Limiting prescription drugs to a 34-day supply for some or all drugs.  
51 (3) Developing physician prescribing practice profiles and other  
52 educational tools to enable physicians to better manage their  
53 prescriptions.  
54 (4) Establishing therapeutic limits based on appropriate dosage or usage  
55 standards.

- 1 (5) Encouraging use of generic drugs.
- 2 (6) Using maximum allowable pricing.
- 3 (7) Contracting with a pharmacy benefits manager to implement more
- 4 extensive drug utilization review.
- 5 (8) Studying the impact of eliminating the six prescription drug monthly
- 6 limit combined with a more rigorous prior authorization program to
- 7 ensure cost decisions are made based on evidence-based clinical
- 8 guidelines.
- 9 (9) Expanding disease management initiatives.
- 10 (10) Working with ACCESS physicians to develop and implement drug
- 11 utilization management initiatives.
- 12 (11) If cost-effective, expanding Medicaid drug coverage to include
- 13 selected over-the-counter medications.

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

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

#### 22 **LONG-TERM CARE REIMBURSEMENT METHODOLOGY**

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

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

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

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

#### 49 **MEDICAID MAXIMUM ALLOWABLE CHARGE FOR TEMPORARY** 50 **NURSING SERVICES**

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

1  
2 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
3 Thompson

4 **INCREASES IN FEDERAL MEDICAID FUNDS**

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

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

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

23  
24 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
25 Thompson

26 **NC HEALTH CHOICE**

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

28 "**§ 108A-70.21. Program eligibility; benefits; enrollment fee and other**  
29 **cost-sharing; coverage from private plans; purchase of extended**  
30 **coverage.**

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

- 34 (1) Children must:
  - 35 a. Be under the age of 19;
  - 36 b. Be ineligible for Medicaid, Medicare, or other federal  
37 government-sponsored health insurance;
  - 38 c. Be uninsured;
  - 39 d. Be in a family that meets the following family income  
40 requirements:
    - 41 1. Infants under the age of one year whose family income is  
42 from one hundred eighty-five percent (185%) through  
43 two hundred percent (200%) of the federal poverty level;
    - 44 2. Children age one year through five years whose family  
45 income is above one hundred thirty-three percent (133%)  
46 through two hundred percent (200%) of the federal  
47 poverty level; and
    - 48 3. Children age six years through eighteen years whose  
49 family income is above one hundred percent (100%)  
50 through two hundred percent (200%) of the federal  
51 poverty level;
  - 52 e. Be a resident of this State and eligible under federal law; and
  - 53 f. Have paid the Program enrollment fee required under this Part.
- 54 (2) Proof of family income and residency and declaration of uninsured  
55 status shall be provided by the applicant at the time of application for

1 Program coverage. The family member who is legally responsible for  
2 the children enrolled in the Program has a duty to report any change in  
3 the enrollee's status within 60 days of the change of status.

- 4 (3) If a responsible parent is under a court order to provide or maintain  
5 health insurance for a child and has failed to comply with the court  
6 order, then the child is deemed uninsured for purposes of determining  
7 eligibility for Program benefits if at the time of application the  
8 custodial parent shows proof of agreement to notify and cooperate  
9 with the child support enforcement agency in enforcing the order.

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

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

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

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

- 46 (1) Dental: Oral examinations, teeth cleaning, and scaling twice during a  
47 12-month period, full mouth X rays once every 60 months,  
48 supplemental bitewing X rays showing the back of the teeth once  
49 during a 12-month period, fluoride applications twice during a  
50 12-month period, sealants, simple extractions, therapeutic  
51 pulpotomies, prefabricated stainless steel crowns, and routine fillings  
52 of amalgam or other tooth-colored filling material to restore diseased  
53 teeth. No benefits are to be provided for services under this subsection  
54 that are not performed by or upon the direction of a dentist, doctor, or  
55 other professional provider approved by the Plan nor for services and



1 materials that do not meet the standards accepted by the American  
2 Dental Association.

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

- 20 (3) Hearing: Auditory diagnostic testing services and hearing aids and  
21 accessories when provided by a licensed or certified audiologist,  
22 otolaryngologist, or other hearing aid specialist approved by the Plan.  
23 Prior approval of the Plan is required for hearing aids, accessories,  
24 earmolds, repairs, loaners, and rental aids.

25 (c) Annual Enrollment Fee. – There shall be no enrollment fee for Program  
26 coverage for enrollees whose family income is at or below one hundred fifty percent  
27 (150%) of the federal poverty level. The enrollment fee for Program coverage for  
28 enrollees whose family income is above one hundred fifty percent (150%) of the federal  
29 poverty level shall be fifty dollars (\$50.00) per year per child with a maximum annual  
30 enrollment fee of one hundred dollars (\$100.00) for two or more children. The  
31 enrollment fee shall be collected by the county department of social services and  
32 retained to cover the cost of determining eligibility for services under the Program.  
33 County departments of social services shall establish procedures for the collection of  
34 enrollment fees.

35 (d) Cost-Sharing. – ~~There shall be no deductibles, copayments, or other cost-~~  
36 ~~sharing charges for families covered under the Program whose family income is at or~~  
37 ~~below one hundred fifty percent (150%) of the federal poverty level.~~

- 38 (1) Families covered under the Program whose family income is at or  
39 below one hundred fifty percent (150%) of the federal poverty level  
40 shall be responsible for copayments to providers as follows:

41 a. Five dollars (\$5.00) per child for each visit to a provider, except  
42 that there shall be no copayment required for well-baby, well-  
43 child, or age-appropriate immunization services;

44 b. Five dollars (\$5.00) per child for each outpatient hospital visit;

45 c. One dollar (\$1.00) for each outpatient generic prescription drug  
46 purchased;

47 d. Three dollars (\$3.00) for each outpatient brand-name  
48 prescription drug purchased;

49 e. Ten dollars (\$10.00) for each emergency room visit unless:

50 1. The child is admitted to the hospital, or

51 2. No other reasonable care was available as determined by  
52 the Claims Processing Contractor of the North Carolina  
53 Teachers' and State Employees' Comprehensive Major  
54 Medical Plan.

- 1           (2) Families covered under the Program whose family income is above  
2 one hundred fifty percent (150%) of the federal poverty level shall be  
3 responsible for copayments to providers as follows:
- 4           (1)a. ~~Five dollars (\$5.00)~~ Ten dollars (\$10.00) per child for each visit  
5 to a provider, except that there shall be no copayment required  
6 for well-baby, well-child, or age-appropriate immunization  
7 services;
- 8           (2)b. ~~Five dollars (\$5.00)~~ Ten dollars (\$10.00) per child for each  
9 outpatient hospital visit;
- 10           (3)c. ~~A six dollar (\$6.00)~~ five-dollar (\$5.00) fee for each outpatient  
11 generic prescription drug purchased;
- 12           d. A ten-dollar (\$10.00) fee for each outpatient brand-name  
13 prescription drug purchased;
- 14           (4)e. ~~Twenty dollars (\$20.00)~~ Thirty dollars (\$30.00) for each  
15 emergency room visit unless:
- 16           a.1. The child is admitted to the hospital, or  
17           b.2. No other reasonable care was available as determined by  
18 the Claims Processing Contractor of the North Carolina  
19 Teachers' and State Employees' Comprehensive Major  
20 Medical Plan.

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

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

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

- 34           (1) The person eligible for Program coverage requests to obtain dependent  
35 coverage from a private insurer in lieu of coverage under the Program  
36 and shows proof that coverage under the private plan selected meets  
37 the requirements of this subsection;
- 38           (2) The dependent coverage under the private plan is actuarially  
39 equivalent to the coverage provided under the Program and the private  
40 plan does not engage in the exclusive enrollment of children with  
41 favorable health care risks;
- 42           (3) The cost of dependent coverage under the private plan is the same as  
43 or less than the cost of coverage under the Program; and
- 44           (4) The total annual aggregate cost-sharing, including fees, paid by the  
45 enrollee under the private plan for all dependents covered by the plan,  
46 do not exceed five percent (5%) of the enrollee's family income for the  
47 year involved.

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

51 (g) Purchase of Extended Coverage. – An enrollee in the Program who loses  
52 eligibility due to an increase in family income above two hundred percent (200%) of the  
53 federal poverty level and up to and including two hundred twenty-five percent (225%)  
54 of the federal poverty level may purchase at full premium cost continued coverage  
55 under the Program for a period not to exceed one year beginning on the date the enrollee

1 becomes ineligible under the income requirements for the Program. The same benefits,  
2 copayments, and other conditions of enrollment under the Program shall apply to  
3 extended coverage purchased under this subsection.

4 (h) No State Funds for Voluntary Participation. – No State or federal funds shall  
5 be used to cover, subsidize, or otherwise offset the cost of coverage obtained under  
6 subsection (g) of this section."  
7

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

#### 10 NC HEALTH CHOICE STATE PLAN TECHNICAL AMENDMENTS

11 **SECTION 10.21.** The Department of Health and Human Services may  
12 rewrite and submit to the federal government the State Plan for the North Carolina  
13 Health Choice Program solely for the purpose of incorporating amendments enacted by  
14 the 1997 General Assembly, Regular Session 1998, the 1999 General Assembly, and the  
15 2001 General Assembly, and to otherwise comply with applicable federal requirements.  
16 Nothing in this section authorizes the Department to make amendments to the State Plan  
17 for the North Carolina Health Choice Program not otherwise authorized by the General  
18 Assembly. Amendments to the State Plan required by the federal government to be  
19 implemented after the effective date of this section, other than those authorized by this  
20 section, shall comply with G.S. 108A-70.25.  
21

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

#### 24 NC HEALTH CHOICE BENEFITS AND CLAIMS PROCESSING 25 ADMINISTERED BY THE DEPARTMENT OF HEALTH AND HUMAN 26 SERVICES

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

##### 28 "§ 108A-70.20. Program established.

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

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

##### 36 "§ 108A-70.22. Allocation of federal and State funds for Program; consultation 37 with Joint Legislative Health Care Oversight Committee.

38 The Department of Health and Human Services, after having consulted with and  
39 received advice from the Joint Legislative Health Care Oversight Committee established  
40 under G.S. 120-70.110, shall from total funds available to the Department for Program  
41 implementation, allocate and adjust, as needed, funds to pay ~~the North Carolina~~  
42 ~~Teachers' and State Employees' Major Medical Plan in accordance with G.S.~~  
43 ~~108A-70.23 and Part 5 of Article 3 of Chapter 135 of the General Statutes, and funds to~~  
44 ~~pay~~ for eligible services provided for children with special needs in accordance with  
45 G.S. 108A-70.23."

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

##### 47 "§ 108A-70.23. Services for children with special needs established; definition; 48 eligibility; services; limitation; recommendations; no entitlement.

49 (a) Special Needs Services Authorized. – The Department shall, from federal  
50 funds received and State funds appropriated for the Program, pay for services for  
51 children with special needs as authorized under this section. As used in this section, the  
52 term "children with special needs" or "special needs child" means children who have  
53 been diagnosed as having one or more of the following conditions which in the opinion  
54 of the diagnosing physician (i) is likely to continue indefinitely, (ii) interferes with daily

1 routine, and (iii) require extensive medical intervention and extensive family  
2 management:

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

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

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

- 11 (1) The same level of services as provided for special needs children under  
12 the Medical Assistance Program as authorized in the Current  
13 Operations Appropriations Act except that no services for long-term  
14 care shall be provided under this section, and except that services for  
15 respite care shall be provided only under emergency circumstances;  
16 and
- 17 (2) Only those services eligible under this section that are not covered or  
18 otherwise provided under ~~Part 5 of Article 3 of Chapter 135 of the~~  
19 ~~General Statutes, this Part.~~

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

25 (e) Case Management Services. – The Department shall develop procedures for  
26 the provision of case management services by the Department to eligible special needs  
27 children. Case management services shall be developed to ensure to the maximum  
28 extent possible that services are provided in the most efficient and effective manner  
29 considering the special needs of the child. The cost of providing case management  
30 services for children with special needs shall be paid from funds available for services  
31 under this section.

32 (f) Recommendations by Commission on Children With Special Health Care  
33 Needs. – In implementing this section the Department shall consider the  
34 recommendations of the Commission on Children With Special Health Care Needs  
35 established under Article 71 of Chapter 143 of the General Statutes. The Department, in  
36 consultation with the Commission on Children With Special Health Care Needs shall  
37 develop procedures for providing respite care services under emergency circumstances.

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

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

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

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

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

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

47 "(d) The Social Services Commission may adopt rules governing access to case  
48 files for social services and public assistance programs, except the Medical Assistance  
49 ~~Program~~ Program and the Health Insurance Program for Children. The Secretary of the  
50 Department of Health and Human Services shall have the authority to adopt rules  
51 governing access to medical assistance case ~~files~~ files and Health Insurance Program for  
52 Children case files."

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

54 "(c) The Committee may use employees of the Legislative Services Office and  
55 may employ contractual services as approved by the Legislative Services Commission

1 to review and monitor, on a continuing basis, the implementation of the Health  
2 Insurance Program for Children established under Part 8 of Article 2 of Chapter 108A  
3 of the General Statutes. The Committee shall have access to all records of the  
4 Department of Health and Human Services pertaining to the Health Insurance Program  
5 for ~~Children-Children, except for confidential case files,~~ and shall be kept apprised by  
6 the Department of communications between the Department and the ~~Health-Care~~  
7 ~~Financing Administration- Centers for Medicare and Medicaid Services~~ with respect to  
8 development, submission, and approval of and amendments to the State Plan for the  
9 Health Insurance Program for Children. ~~The Committee and its employees shall also be~~  
10 ~~entitled to attend all meetings and have access to all records of the North Carolina~~  
11 ~~Teachers' and State Employees' Comprehensive Major Medical Plan pertaining to the~~  
12 ~~Health Insurance Program for Children that are not confidential in accordance with G.S.~~  
13 ~~135-37. G.S. 135-37 shall be applicable to the Health Insurance Program for Children to~~  
14 ~~the same extent that is applicable to teachers and State employees."~~

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

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

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

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

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

26 "(1) 'Health benefit plan' means an accident and health insurance policy or  
27 certificate; a nonprofit hospital or medical service corporation  
28 contract; a health maintenance organization subscriber contract; a  
29 self-insured indemnity program or prepaid hospital and medical  
30 benefits plan offered under the Teachers' and State Employees'  
31 Comprehensive Major Medical Plan and subject to the requirements of  
32 Article 3 of Chapter 135 of the General Statutes, a plan provided by a  
33 multiple employer welfare arrangement; or a plan provided by another  
34 benefit arrangement, to the extent permitted by the Employee  
35 Retirement Income Security Act of 1974, as amended, or by any  
36 waiver of or other exception to that act provided under federal law or  
37 regulation. ~~Except for the Health Insurance Program for Children~~  
38 ~~established under Part 8 of Article 2 of Chapter 108A of the General~~  
39 ~~Statutes,~~ 'Health benefit plan' does not mean any plan implemented or  
40 administered by the North Carolina or United States Department of  
41 Health and Human Services, or any successor agency, or its  
42 representatives. 'Health benefit plan' does not mean any of the  
43 following kinds of insurance:

- 44 a. Accident.
- 45 b. Credit.
- 46 c. Disability income.
- 47 d. Long-term or nursing home care.
- 48 e. Medicare supplement.
- 49 f. Specified disease.
- 50 g. Dental or vision.
- 51 h. Coverage issued as a supplement to liability insurance.
- 52 i. Workers' compensation.
- 53 j. Medical payments under automobile or homeowners.
- 54 k. Hospital income or indemnity.

- 1           l.       Insurance under which benefits are payable with or without  
2                    regard to fault and that is statutorily required to be contained in  
3                    any liability policy or equivalent self-insurance.  
4            m.       Short-term limited duration health insurance policies as defined  
5                    in Part 144 of Title 45 of the Code of Federal Regulations."

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

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

- 8           a.       Delivers, administers, or undertakes to provide for, arrange for,  
9                    or reimburse for health care services or assumes the risk for the  
10                   delivery of health care services; and  
11           b.       Has a system or technique to control or influence the quality,  
12                   accessibility, utilization, or costs and prices of health care  
13                   services delivered or to be delivered to a defined enrollee  
14                   population.

15       Except for the Teachers' and State Employees' Comprehensive Major  
16       ~~Medical Plan and the Health Insurance Program for Children, Plan,~~  
17       'managed care entity' does not include: (i) an employer purchasing  
18       coverage or acting on behalf of its employees or the employees of one  
19       or more subsidiaries or affiliated corporations of the employer, or (ii) a  
20       health care provider."

21       **SECTION 10.21A.(n)** This section becomes effective October 1, 2002. The  
22       Teachers' and State Employees' Comprehensive Major Medical Plan shall complete  
23       processing of claims under the Health Insurance Program for Children filed prior to and  
24       pending on and after October 1, 2002.

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

28       **NC HEALTH CHOICE PROGRAM ENROLLMENT MANAGEMENT**

29       **SECTION 10.21B.** The Department of Health and Human Services shall  
30       manage NC Health Choice program enrollment through attrition and, as necessary, by  
31       imposing a freeze on the enrollment of children in order to achieve and maintain a  
32       sustainable per member per month enrollment within the 2002-2003 budget. In the  
33       current State fiscal year one-time matching funds in an amount not to exceed three  
34       million dollars (\$3,000,000) may be transferred to support State fiscal year 2002-2003  
35       program expenditures that are attributable to excess program enrollment.

36  
37       **SUBPART 3.    DIVISION OF MENTAL HEALTH, DEVELOPMENTAL**  
38       **DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

39  
40       Requested by:       Representatives Earle, Nye, Easterling, Oldham, Redwine,  
41       Thompson

42       **ALLOCATION OF REDUCTIONS IN FUNDS FOR MENTAL HEALTH,**  
43       **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**  
44       **PROGRAMS**

45       **SECTION 10.23.(a)** The Division of Mental Health, Developmental  
46       Disabilities, and Substance Abuse Services shall allocate reductions to Division central  
47       administration to items of expenditures which have the least impact on:

- 48           (1)       The support of direct services to individuals served in State facilities  
49                    and local programs;  
50           (2)       The Division's ability to reorganize and continue implementation of  
51                    the State Plan for Mental Health, Developmental Disabilities, and  
52                    Substance Abuse Services; and  
53           (3)       The Division's ability to meet State and federal requirements such as  
54                    monitoring, program oversight, and reporting.

1           **SECTION 10.23.(b)** All reductions designated for Division-operated State  
2 facilities shall be allocated as follows:

- 3           (1) In a manner that has the least impact possible on the State's ability to  
4 comply with Olmstead v. L.C. & E.W. and The Civil Rights of  
5 Institutionalized Persons Act (CRIPA);
- 6           (2) Maximum resources shall be retained for the purpose of transfer to  
7 local programs for community capacity building as the population in  
8 State facilities decreases and the principal focus of services transitions  
9 to community-based programs;
- 10          (3) As deemed essential by the Secretary of the Department of Health and  
11 Human Services for compliance with implementation of the State Plan  
12 for Mental Health, Developmental Disabilities, and Substance Abuse  
13 Services, and with Olmstead v. L.C. & E.W. and CRIPA, reduction  
14 amounts and total number of positions reduced may be shifted among  
15 facilities so long as the aggregate reduction in State appropriations is  
16 achieved.

17           **SECTION 10.23.(c)** The Department shall report not later than October 1,  
18 2002, on a plan for allocating the reductions required under this section. The plan shall  
19 describe each reduction allocation demonstrating compliance with this section. The  
20 Department shall submit the report to the Senate Appropriations Committee on Health  
21 and Human Services, the House of Representatives Appropriations Subcommittee on  
22 Health and Human Services, and the Fiscal Research Division.

23  
24 Requested by:           Representatives Earle, Nye, Easterling, Oldham, Redwine,  
25 Thompson

#### 26 **SUBSTANCE ABUSE PREVENTION SERVICES**

27           **SECTION 10.24.(a)** In order to ensure that individuals receive effective  
28 substance abuse prevention services, the Department of Health and Human Services,  
29 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
30 shall do the following with respect to services provided to these individuals:

- 31           (1) Designate an Office of Substance Abuse Prevention within the  
32 Department as outlined in the North Carolina Comprehensive Strategic  
33 Plan for Substance Abuse Prevention. This Office shall be responsible  
34 for the implementation of the goals in the Comprehensive Strategic  
35 Plan for Substance Abuse Prevention. The Office shall also maintain  
36 the Interagency Agreement for Substance Abuse Prevention Services  
37 and ensure continuing collaboration between agencies that are parties  
38 to the Agreement.
- 39           (2) Provide only those prevention services that are evidence-based and  
40 have been determined to be effective in preventing alcohol and other  
41 drug problems.
- 42           (3) Propose rules for the licensure of prevention programs to ensure  
43 quality of service delivery in local communities. Rules shall be subject  
44 to review and adoption by the Commission for Mental Health,  
45 Developmental Disabilities, and Substance Abuse Services.
- 46           (4) Ensure that services are provided by qualified prevention  
47 professionals.
- 48           (5) Implement an outcome-based system utilizing standard risk  
49 assessments and data elements consistent with appropriate evaluation  
50 of prevention programs.

51           **SECTION 10.24.(b)** The Department shall report on its activities under this  
52 section to the Senate Appropriations Committee on Health and Human Services, the  
53 House of Representatives Appropriations Subcommittee on Health and Human  
54 Services, and the Fiscal Research Division not later than December 1, 2002.

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

3 **PRIVATE AGENCY UNIFORM COST-FINDING REQUIREMENT**

4 **SECTION 10.25.** Section 21.56 of S.L. 2001-424, as amended by S.L.  
5 2001-513, reads as rewritten:

6 "**SECTION 21.56.(a)** To ensure uniformity in rates charged to area programs and  
7 funded with State-allocated resources, the Division of Mental Health, Developmental  
8 Disabilities, and Substance Abuse Services of the Department of Health and Human  
9 Services may require a private agency that provides services under contract with ~~two or~~  
10 ~~more area programs, an area program or county program,~~ except for hospital services  
11 that have an established Medicaid rate, to complete an agency-wide uniform cost  
12 finding. The resulting cost shall be the maximum included for the private agency in the  
13 contracting area program's unit cost finding.

14 **SECTION 21.56.(b)** If a private agency fails to timely and accurately complete the  
15 required agency-wide uniform cost finding in a manner acceptable to the Department's  
16 controller's office, the Department may suspend all Department funding and payment to  
17 the private agency until such time as an acceptable cost finding has been completed by  
18 the private agency and approved by the Department's controller's office."

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

22 **WHITAKER SCHOOL**

23 **SECTION 10.26.** Section 21.61(a) of S.L. 2001-424 reads as rewritten:

24 "**SECTION 21.61.(a)** The Department of Health and Human Services shall work  
25 with families and guardians, the Department of Public Instruction, the Department of  
26 Juvenile Justice and Delinquency Prevention, and appropriate local education agencies,  
27 area mental health, developmental disabilities, and substance abuse programs, and local  
28 departments of social services to develop a plan for the transition of children from the  
29 Whitaker School to their homes or alternative facilities. The Plan shall ensure  
30 appropriate and safe placement for those children who, in accordance with the  
31 assessment, need an institutional setting. The Plan shall also include transition plans that  
32 facilitate and support children living in their natural environments and utilizing existing  
33 resources and natural supports. Assessments and service planning alternatives shall also  
34 be undertaken for children on the waiting list for placement at Whitaker School to  
35 ensure appropriate and safe placement for those children. The Department shall report  
36 on the status of its compliance with this section on April 1, 2002 and again on ~~October~~  
37 ~~1, 2002.~~ January 1, 2003. The report shall be submitted to the Senate Appropriations  
38 Committee on Health and Human Services, the House of Representatives  
39 Appropriations Subcommittee on Health and Human Services, the Joint Legislative  
40 Commission on Governmental Operations, and the Fiscal Research Division."

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

44 **AREA MENTAL HEALTH ADMINISTRATIVE COSTS**

45 **SECTION 10.27.** Section 21.65 of S.L. 2001-424 reads as rewritten:

46 "**SECTION 21.65.(a)** Area mental health, developmental disabilities, and substance  
47 abuse authorities or counties administering mental health, developmental disabilities,  
48 and substance abuse services shall develop and implement plans to reduce local  
49 administrative costs. The plans shall be developed in accordance with guidelines  
50 adopted by the Secretary, in consultation with the Local Government Commission and  
51 the North Carolina Association of County Commissioners, and in accordance with the  
52 following:

- 53 (1) For the 2001-2002 fiscal year, administrative costs for:  
54 a. Area mental health, developmental disabilities, and substance  
55 abuse services programs shall not exceed fifteen percent (15%).



- 1                   b. Counties administering mental health, developmental  
2                   disabilities, and substance abuse services through a county  
3                   program shall not exceed fifteen percent (15%).  
4           (2) For the 2002-2003 fiscal year, administrative costs for:  
5           a. Area mental health, developmental disabilities, and substance  
6           abuse services programs shall not exceed thirteen percent  
7           (13%).  
8           b. Counties administering mental health, developmental  
9           disabilities, and substance abuse services through a county  
10           program shall not exceed thirteen percent (13%).

11       **SECTION 21.65.(b)** The Department of Health and Human Services shall report its  
12 progress in complying with this section not later than January 1, 2002, and April 15,  
13 2002. The reports shall be submitted to the Senate Appropriations Committee on Health  
14 and Human Services, the House of Representatives Appropriations Subcommittee on  
15 Health and Human Services, and the Fiscal Research Division and shall include:

- 16           (1) A description of the process used and the participants involved in  
17           complying with subsection (a) of this section.  
18           (2) The guidelines developed under subsection (a) of this section.  
19           (3) A description of local compliance initiatives and efforts including  
20           program or function consolidation.  
21           (4) A list of area programs at or below the targeted thirteen percent (13%)  
22           for the 2000-2001 fiscal year.  
23           (5) Projected savings in administrative costs as a result of implementation  
24           of the targeted limits required under this section.

25       **SECTION 21.65.(c)** Beginning in the 2002-2003 fiscal year, the Department may  
26 implement alternative approaches to establish reasonable administrative cost limitations  
27 for Local Management Entities (LMEs), including both county programs and area  
28 authority models, and service providers in accordance with system reform and changes  
29 in system funding structures."  
30

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

### 33 **MENTAL RETARDATION CENTER DOWNSIZING**

34       **SECTION 10.28.** Section 21.67 of S.L. 2001-424 reads as rewritten:

35       **"SECTION 21.67.(a)** In accordance with the Department of Health and Human  
36 Services' plan for downsizing the State's regional mental retardation facilities by four  
37 percent (4%) each year, the Department shall implement cost-containment and  
38 reduction strategies to ensure the corresponding financial and staff downsizing of each  
39 facility. The Department shall manage the client population of the mental retardation  
40 centers in order to ensure that placements for ICF/MR level of care shall be made in  
41 non-State facilities. Admissions to State ICF/MR facilities are permitted only as a last  
42 resort and only upon approval of the Department. The corresponding budgets for each  
43 of the State mental retardation centers shall be reduced, and positions shall be  
44 eliminated as the census of each facility decreases. At no time shall mental retardation  
45 center positions be transferred to other units within a facility or assigned nondirect care  
46 activities such as outreach.

47       **SECTION 21.67.(a1)** Any savings in State appropriations in excess of two million  
48 nine hundred thousand dollars (\$2,900,000) in each year of the 2001-2003 fiscal  
49 biennium that result from reductions in beds or services shall be applied as follows:

- 50           (1) Nonrecurring savings shall be placed in the Trust Fund for Mental  
51           Health, Developmental Disabilities, and Substance Abuse Services and  
52           Bridge Funding Needs and shall be used to facilitate the transition of  
53           clients into appropriate community-based services and support in  
54           accordance with Section 21.58 of this act, and

- 1 (2) Recurring savings realized through implementation of this section  
 2 shall be retained by the Department of Health and Human Services,  
 3 Division of Mental Health, Developmental Disabilities, and Substance  
 4 Abuse Services to support the recurring costs of additional  
 5 community-based placements from Division facilities in accordance  
 6 with Olmstead vs. L.C. & E.W. In determining the savings in this  
 7 section, savings shall include all savings realized from the downsizing  
 8 of the State mental retardation centers including both the savings in  
 9 direct State appropriations in the budgets of the State mental  
 10 retardation centers as well as the savings in the State matching portion  
 11 of reduced Medicaid payments associated with downsizing.

12 **SECTION 21.67.(b)** The Department of Health and Human Services shall report on  
 13 its progress in complying with this section to the Senate Appropriations Committee on  
 14 Health and Human Services, the House of Representatives Appropriations  
 15 Subcommittee on Health and Human Services, and the Fiscal Research Division. The  
 16 progress report shall be submitted not later than January 15, 2002, and a final report  
 17 submitted not later than ~~May 1, 2002.~~ October 1, 2002.

18 **SECTION 21.67.(c)** Downsizing of mental retardation centers which occurs in the  
 19 2001-2002 fiscal year shall be maintained for the 2002-2003 fiscal year. Effective July  
 20 1, 2002, downsizing shall be accomplished in accordance with this section and the State  
 21 Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services. All  
 22 savings resulting from downsizing occurring on and after July 1, 2002, shall be utilized  
 23 as set forth in subsection (a1) of this section."

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

27 **STATE PSYCHIATRIC HOSPITAL BED DAY ALLOCATION PLAN**

28 **SECTION 10.29.** Section 21.68A of S.L. 2001-424 reads as rewritten:

29 "**SECTION 21.68A.** The Department of Health and Human Services shall develop  
 30 and implement a plan that provides for the allocation of State psychiatric hospital ~~beds~~  
 31 bed days among counties served by the State's regional psychiatric hospitals. The Plan  
 32 shall incorporate policies that take into consideration State and county fiscal  
 33 responsibilities and capacity, cost efficiency, and the principles and guidance embodied  
 34 in the Olmstead vs. L.C. & E.W. decision. The Department shall report on the  
 35 implementation of this section to the House of Representatives Appropriations  
 36 Subcommittee on Health and Human Services, the Senate Appropriations Committee on  
 37 Health and Human Services, and the Fiscal Research Division, on ~~March 1,~~  
 38 2002. November 1, 2002."

39  
 40 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
 41 Thompson

42 **EXTEND CONSUMER ADVOCACY PROGRAM CONTINGENT UPON**  
 43 **FUNDS APPROPRIATED BY THE 2003 GENERAL ASSEMBLY**

44 **SECTION 10.30.** Section 4 of S.L. 2001-437 reads as rewritten:

45 "**SECTION 4.** Sections 1.1 through 1.21(b) of this act become effective July 1,  
 46 2002. Section 2 of this act becomes effective ~~July 1, 2002, only if funds are~~  
 47 appropriated by the 2001 General Assembly, Regular Session 2002, for that purpose.  
 48 only if funds are appropriated by the 2003 General Assembly for that purpose. Section 2  
 49 of this act becomes effective July 1 of the fiscal year for which funds are appropriated  
 50 by the 2003 General Assembly for that purpose. The remainder of this act is effective  
 51 when it becomes law."

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

55 **DHHS COORDINATION OF RULES**

1           **SECTION 10.31.(a)** The Secretary of the Department of Health and Human  
2 Services and the Chairs of the Commissions listed in this section shall collaborate in the  
3 development of a process for identifying and resolving issues pertaining to duplication  
4 and conflict of rules adopted by the Secretary and each Commission that affect the area  
5 of mental health, developmental disabilities, and substance abuse services. The process  
6 shall address the following:

- 7           (1) How to identify on a routine basis proposed rules that duplicate in  
8 whole or in part other rules proposed or adopted and ways of avoiding  
9 the duplication without interfering with the agency's statutory duty to  
10 adopt the rule and without impairing the effectiveness of the rule in  
11 carrying out the statutory mandate.  
12           (2) How to identify on a routine basis adopted rules that are in conflict,  
13 proposed rules that conflict with other proposed or adopted rules, and  
14 ways of addressing the conflict without interfering with the agency's  
15 statutory duty to adopt the rule and without impairing the effectiveness  
16 of the rule in carrying out the statutory mandate.

17           The following Commissions shall collaborate with the Secretary on the  
18 development of this process: the Commission for Mental Health, Developmental  
19 Disabilities, and Substance Abuse Services, the Social Services Commission, the  
20 Commission for Health Services, the Medical Care Commission, and other  
21 Commissions that adopt rules affecting the area of mental health, developmental  
22 disabilities, and substance abuse services that the Secretary has a duty to implement.  
23 The Secretary shall also involve a representative of the Division of Medical Assistance  
24 in this effort.

25           **SECTION 10.31.(b)** The Secretary and the Commissions shall implement  
26 the process required by Section 1 of this act not later than October 1, 2002. Not later  
27 than October 15, 2002, the Secretary shall report to the Joint Legislative Commission on  
28 Mental Health, Developmental Disabilities, and Substance Abuse Services the  
29 following:

- 30           (1) The status of the review of rules conducted by the Department for  
31 determining the existence of ambiguity, duplication, or conflict.  
32           (2) Specific rules identified that are in conflict and the recommended  
33 action for resolving the conflict.  
34           (3) Statutory changes necessary to accomplish the purposes of the rules  
35 review process required by Section 1 of this act.  
36

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

### 39 **PATIENT ADVOCATE POSITIONS ORGANIZATIONAL CHANGE**

40           **SECTION 10.31A.** In order to better achieve the purposes of patient  
41 advocate positions, the Department of Health and Human Services shall develop a plan  
42 for restructuring the organizational framework for patient advocate positions such that  
43 patient advocates in the State psychiatric hospitals and mental retardation centers are  
44 under the supervision of and report directly to Department officials rather than to the  
45 Directors of these facilities. In developing the plan, the Department shall not relocate  
46 the patient advocates nor change their duties and responsibilities, but shall determine the  
47 best organizational structure within the Department for these positions. In developing  
48 the plan the Department shall also consider contracting for patient advocate services.  
49 The Department shall report on the development of the plan to restructure the patient  
50 advocate position organizational framework. The report shall include the following  
51 information:

- 52           (1) The various potential organizational structures under the Department's  
53 organizational framework considered for the patient advocate  
54 positions.  
55           (2) The organizational framework recommended by the Department.

- 1 (3) The Department officials responsible for supervision of the patient  
2 advocates under the new organizational framework.  
3 (4) Whether the Department considered contracting for patient advocate  
4 services and the reasons for its decision about contracting for these  
5 services.

6 The Department shall submit the report not later than December 1, 2002, to  
7 the House of Representatives Appropriations Subcommittee on Health and Human  
8 Services, the Senate Appropriations Committee on Health and Human Services, and the  
9 Fiscal Research Division.

#### 10 11 **SUBPART 4. DIVISION OF SOCIAL SERVICES**

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

#### 15 **SPECIAL NEEDS ADOPTION INCENTIVE FUND REPORTING DATE**

16 **SECTION 10.32.** Section 21.42(d) of S.L. 2001-424 reads as rewritten:

17 "**SECTION 21.42.(d)** The Department of Health and Human Services shall report  
18 on the use of these funds no later than April 1, ~~2002, 2003~~, to the Senate Appropriations  
19 Committee on Health and Human Services, the House of Representatives  
20 Appropriations Subcommittee on Health and Human Services, and the Fiscal Research  
21 Division."

22  
23 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
24 Thompson

#### 25 **CHILD WELFARE SYSTEMS PILOTS REPORTS**

26 **SECTION 10.33.(a)** Section 21.46(a) of S.L. 2001-424 reads as rewritten:

27 "**SECTION 21.46.(a)** The Department of Health and Human Services, Division of  
28 Social Services, shall develop a plan, working with local departments of social services,  
29 to implement an alternative response system of child protection in no fewer than two  
30 and no more than 10 demonstration areas in this State. The plan should provide for the  
31 pilots to implement an alternative response system in which local departments of social  
32 services utilize family assessment tools and family support principles when responding  
33 to selected reports of suspected child ~~neglect, neglect and dependency.~~"

34 **SECTION 10.33.(b)** The Department of Health and Human Services shall  
35 report on any activities conducted under Section 21.46 of S.L. 2001-424 to the Senate  
36 Appropriations Committee on Health and Human Services, the House of  
37 Representatives Appropriations Subcommittee on Health and Human Services, and the  
38 Fiscal Research Division not later than April 1, 2003.

39  
40 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
41 Thompson

#### 42 **FAMILY RESOURCE CENTERS – REPORTING REQUIREMENT**

43 **SECTION 10.34.** Section 21.48(e) of S.L. 2001-424 reads as rewritten:

44 "**SECTION 21.48.(e)** The Department shall report on activities under this section.  
45 This report is due to the Senate Appropriations Committee on Health and Human  
46 Services, the House of Representatives Appropriations Subcommittee on Health and  
47 Human Services, and the Fiscal Research Division on May 1, ~~2002, 2003.~~"

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

#### 51 **ELIMINATE ADDITIONAL FUNDS FOR CHILD SUPPORT SERVICES**

52 **SECTION 10.35.** Section 21.54A of S.L. 2001-424 reads as rewritten:

53 "**SECTION 21.54A.** Of the funds appropriated in this act to the Department of  
54 Health and Human Services, Division of Social Services, the sum of one million five  
55 hundred thousand dollars (\$1,500,000) for the 2001-2002 fiscal year, ~~and one million~~

1 ~~five hundred thousand dollars (\$1,500,000) for the 2002-2003 fiscal year, year~~ shall be  
2 used to contract for additional child support services in urban counties demonstrating  
3 significant caseload backlogs. The additional support to urban counties shall address the  
4 backlog of cases and emphasize the establishment of paternities and the location of  
5 absent parents."  
6

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

9 **STATE/COUNTY SPECIAL ASSISTANCE**

10 **SECTION 10.36.** Section 21.44(d) of S.L. 2001-424 reads as rewritten:

11 "**SECTION 21.44.(d)** Effective October 1, 2002, the maximum monthly rate for  
12 residents in adult care home facilities shall be ~~one thousand one hundred twenty dollars~~  
13 ~~(\$1,120) per month per resident.~~ one thousand ninety-one dollars (\$1,091) per month per  
14 resident."  
15

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

18 **ELECTING COUNTY TANF FUNDS REVERT**

19 **SECTION 10.37.** G.S. 108A-27.11(c) reads as rewritten:

20 "(c) Each Electing County's allocation for Work First Family Assistance shall be  
21 computed based on the percentage of each Electing County's total expenditures for cash  
22 assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting  
23 percentage shall be applied to the federal TANF block grant funds appropriated for cash  
24 assistance by the General Assembly each fiscal year. The Department shall transmit the  
25 federal funds contained in the county block grants to Electing Counties as soon as  
26 practicable after they become available to the State and in accordance with federal cash  
27 management laws and regulations. The Department shall transmit one-fourth of the  
28 State funds contained in county block grants to Electing Counties at the beginning of  
29 each quarter. ~~Once paid, the county block grant funds shall not revert.~~"  
30

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

33 **ADULT CARE HOME MODEL FOR COMMUNITY-BASED SERVICES**

34 **SECTION 10.38.** Section 21.54(b) of S.L. 2001-424 reads as rewritten:

35 "**SECTION 21.54.(b)** The Department shall submit a progress report on the  
36 development of the model to the Senate Appropriations Committee on Health and  
37 Human Services, the House of Representatives Appropriations Subcommittee on Health  
38 and Human Services, and the Fiscal Research Division on or before January 1, 2002,  
39 and a final report on ~~March 1, 2002.~~ March 1, 2003. The report shall address the  
40 following:

- 41 (1) The proposed time and location for implementation of the pilot.
- 42 (2) Proposed number of residents to be placed and services to be provided  
43 directly by the facility or under contract with the facility.
- 44 (3) Method for evaluating the pilot, including services provided, on a  
45 regular basis.
- 46 (4) A description of the living environment for each resident and a  
47 comparison of how the living environment compares to that of other  
48 residents in the adult care home.
- 49 (5) Changes to State law necessary to implement the pilot.
- 50 (6) Projected cost to the State for pilot and statewide implementation."  
51

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

54 **ADULT CARE HOME RESIDENT ASSESSMENT SERVICES PROGRAM**  
55 **REPEALED**

1           **SECTION 10.39.** Section 21.35 of S.L. 2001-424 is repealed.

2  
3 Requested by:       Representatives Earle, Nye, Easterling, Oldham, Redwine,  
4 Thompson

5 **STATE/COUNTY SPECIAL ASSISTANCE RATE METHODOLOGY**

6           **SECTION 10.40.(a)** The Department of Health and Human Services shall  
7 develop a plan to address the short-term and long-term recommendations of the report  
8 titled "Reimbursement of Adult Care Homes in North Carolina: A Study of the Special  
9 Assistance Rate Methodology, May, 2002." The plan shall include:

- 10           (1)     Setting the rate at the median plus a percentage;  
11           (2)     Excluding low-occupancy facilities from the rate-setting methodology;  
12                     and  
13           (3)     Adjusting fixed costs for inflation.

14           **SECTION 10.40.(b)** The Department shall implement the following changes  
15 to the adult care home cost reports:

- 16           (1)     Revise the Direct Cost category to exclude personal care and medical  
17                     related transportation;  
18           (2)     Revise the Indirect Cost category to exclude property/ownership/use;  
19           (3)     Revise the category of other Cost centers to include: personal care,  
20                     medically related transportation, and mental health services;  
21           (4)     Create a capital cost center category to include  
22                     property/ownership/use;  
23           (5)     Create a nonreimbursable cost category; and  
24           (6)     Define allowable and nonallowable expenditures.

25 The Department of Health and Human Services shall make the new cost report format  
26 available to each facility 90 days prior to implementation.

27           **SECTION 10.40.(c)** The Department shall expand current audit policies and  
28 procedures for auditing provider costs. The Department shall create an audit function  
29 that is directly answerable to the State and involves fewer but more detailed audits. All  
30 providers of services to State/County Special Assistance recipients shall be subject to a  
31 State audit if selected. The specific audit requirements shall be based on auditing  
32 requirements of governmental programs providing similar services. The Department  
33 shall combine Division of Medical Assistance audits for personal care services and  
34 audits for State/County Special Assistance. The Department shall use the sum of three  
35 hundred thousand dollars (\$300,000) in available resources for State/County Special  
36 Assistance and Medicaid funds to cover the additional auditing costs. The Department  
37 in consultation with the Office of the State Auditor shall contract with an independent  
38 consultant for this service.

39           **SECTION 10.40.(d)** The Department shall apply for federal waivers to pay  
40 facilities directly for residential services for State/County Special Assistance recipients.

41           **SECTION 10.40.(e)** The Department shall report on the progress of the  
42 implementations of the requirements of this section no later than December 1, 2002, to  
43 the Senate Appropriations Committee on Health and Human Services, the House of  
44 Representatives Appropriations Subcommittee on Health and Human Services, and the  
45 Fiscal Research Division.

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

49 **SPECIAL CHILDREN ADOPTION FUND**

50           **SECTION 10.41.** Section 21.40(b) of S.L. 2001-424 reads as rewritten:

51           **"SECTION 21.40.(b)** Of the total funds appropriated for the Special Children  
52 Adoption Fund, each year ~~one million dollars (\$1,000,000)~~ twenty percent (20%) of the  
53 total funds available shall be reserved for payment to participating private adoption  
54 agencies. If the funds reserved in this subsection for payments to private adoption  
55 agencies have not been spent on or before March 31, ~~2002, 2003~~, the Division of Social

1 Services may reallocate those funds, in accordance with this section, to other  
2 participating adoption agencies."  
3

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

#### 6 **BOYS AND GIRLS CLUBS**

7 **SECTION 10.41A.** The sum of five hundred fifty thousand dollars  
8 (\$550,000) appropriated in this act to the Department of Health and Human Services for  
9 Boys and Girls Clubs shall be used to make grants for approved programs. The  
10 Department of Health and Human Services shall administer a grant program to award  
11 funds to the Boys and Girls Clubs across the State in order to implement programs that  
12 improve the motivation, performance, and self-esteem of youths and to implement other  
13 initiatives that would be expected to reduce school dropout and teen pregnancy rates.  
14 The Department shall encourage and facilitate collaboration between the Boys and Girls  
15 Clubs and Support Our Students, Communities in Schools, and similar programs to  
16 submit joint applications for the funds if appropriate.  
17

18 Requested by: Representative Earle

#### 19 **STATE/COUNTY SPECIAL ASSISTANCE TRANSFER OF ASSETS POLICY**

20 **SECTION 10.41B.(a)** Notwithstanding any other provision of law to the  
21 contrary, Supplemental Security Income (SSI) policy applicable to transfer of assets and  
22 estate recovery, as prescribed by federal law, shall apply to applicants for State/County  
23 Special Assistance.

24 **SECTION 10.41B.(b)** The Department of Health and Human Services shall  
25 continue to review whether policy for State/County Special Assistance should be  
26 changed to permit an assisted living facility to accept from a family member of a  
27 resident who qualifies for State/County Special Assistance payment for the difference in  
28 the monthly rate for room, board, and services available. In reviewing current policy,  
29 the Department shall consider the following conditions on family contributions to the  
30 resident's cost of care:

- 31 (1) Ensuring that the resident meets all income and resource eligibility  
32 requirements for State/County Special Assistance.
- 33 (2) Not counting payments made by family members to the facility as  
34 income to the resident or as an in-kind contribution when calculating  
35 the monthly rate applicable to the resident.
- 36 (3) Ensuring that supplemental payments are made on a voluntary basis as  
37 specified in the resident agreement.

38 **SECTION 10.41B.(c)** Subsection (a) of this section becomes effective  
39 September 1, 2002.  
40

#### 41 **SUBPART 5. DIVISION OF AGING**

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

#### 45 **HOME AND COMMUNITY CARE BLOCK GRANT SERVICES**

46 **SECTION 10.42A.** The Department of Health and Human Services,  
47 Division of Aging, shall allocate reductions to the Home and Community Care Block  
48 Grant for the 2002-2003 fiscal year. The Department shall ensure, to the maximum  
49 extent possible, that the allocation of reductions does not promote or directly result in  
50 placement in long-term care residential facilities. To this end, the Department shall  
51 consider for reduction such services as senior center development and outreach, disease  
52 prevention and health promotion, and information assistance and training, among  
53 others.  
54

#### 55 **SUBPART 6. OFFICE OF EDUCATIONAL SERVICES**

1  
2 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
3 Thompson

#### 4 RESIDENTIAL SCHOOLS REPORTING

5 SECTION 10.44. The Office of Education Services shall report not later  
6 than December 1, 2002, to the Senate Appropriations Committee on Health and Human  
7 Services, the House of Representatives Appropriations Subcommittee on Health and  
8 Human Services, and the Fiscal Research Division on the activities of the Eastern North  
9 Carolina School for the Deaf at Wilson, the North Carolina School for the Deaf at  
10 Morganton, and the Governor Morehead School for the Blind. The report shall include  
11 enrollment numbers at the schools, the budgets, and the academic status of the schools  
12 as defined under the ABC's program.  
13

#### 14 SUBPART 7. DIVISION OF PUBLIC HEALTH

15  
16 Requested by: Representatives Earle, Nye, Easterling, Oldham, Redwine,  
17 Thompson

#### 18 HEART DISEASE AND STROKE PREVENTION TASK FORCE

19 SECTION 10.45. Section 21.95 of S.L. 2001-424 reads as rewritten:

20 "SECTION 21.95. The Heart Disease and Stroke Prevention Task Force, created in  
21 subsection (1) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended,  
22 shall submit to the Governor and the General Assembly a sixth interim report within the  
23 first week of the convening of the 2001 General Assembly, 2002 Regular Session, and a  
24 seventh interim report within the first week of the convening of the 2003 General  
25 Assembly. Notwithstanding Section 11.57 of S.L. 1999-237, the Task Force shall  
26 submit a ~~final~~ report to the Governor and the General Assembly by June 30, 2003, and a  
27 report to each subsequent regular legislative session within one week of its convening.  
28 ~~by June 30, 2003, and, upon submission of its final report to the Governor and the~~  
29 ~~General Assembly, the Task Force shall expire."~~  
30

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

#### 33 NEWBORN HEARING SCREENING PROGRAM REPORT

34 SECTION 10.46. Section 21.96 of S.L. 2001-424 reads as rewritten:

35 "SECTION 21.96. The Department of Health and Human Services shall report the  
36 following information on the newborn hearing screening program:

- 37 (1) Unduplicated number of infants screened.
- 38 (2) Number of infants who failed the second hearing screening.
- 39 (3) Number of infants receiving the diagnostic evaluation.
- 40 (4) Number and types of services provided.
- 41 (5) Number and types of follow-up services provided to children.

42 The Department shall submit the report not later than May 1, 2002, to the Senate  
43 Appropriations Committee on Health and Human Services, the House of  
44 Representatives Appropriations Subcommittee on Health and Human Services, and the  
45 Fiscal Research Division. The Department shall report not later than January 1, 2003, on  
46 its activities to the Senate Appropriations Committee on Health and Human Services,  
47 the House of Representatives Appropriations Subcommittee on Health and Human  
48 Services, and the Fiscal Research Division."  
49

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

#### 52 INTENSIVE HOME VISITING

53 SECTION 10.47. Section 21.97(b) of S.L. 2001-424 reads as rewritten:

54 "SECTION 21.97.(b) The Division shall require in-home visitors to collect data on  
55 program participants as a condition of participation. This requirement shall include



1 six-month periodic assessments and completion of the questionnaires. The Department  
2 shall ensure that the collection, maintenance, use, and disclosure of data complies with  
3 applicable State and federal law protecting privacy of health and other individual  
4 information. By April 1, 2002, ~~2003~~, the Division shall report to the Senate  
5 Appropriations Committee on Health and Human Services and the House of  
6 Representatives Appropriations Subcommittee on Health and Human Services on the  
7 following items:

- 8 (1) Number of clients/families enrolled per county.
- 9 (2) Attrition and reasons why families leave the program.
- 10 (3) Average number of home visits per month.
- 11 (4) Average time involved per home visit.
- 12 (5) Baseline family characteristics.
- 13 (6) Health behaviors.
- 14 (7) Perinatal and birth outcomes.
- 15 (8) Other relevant outcome information.

16 All program information shall include the identification of the model used in order to  
17 compare these models in the future."

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

#### 21 AIDS DRUG ASSISTANCE PROGRAM (ADAP)

22 **SECTION 10.48.(a)** Section 21.90(b) of S.L. 2001-424 reads as rewritten:

23 **"SECTION 21.90.(b)** For the 2001-2002 fiscal year and for the 2002-2003 fiscal  
24 year, HIV-positive individuals with incomes at or below one hundred twenty-five  
25 percent (125%) of the federal poverty level are eligible for participation in ADAP.  
26 ~~Eligibility for participation in ADAP may be extended to individuals with incomes up to~~  
27 ~~one hundred fifty percent (150%) of the federal poverty level only after the Office of~~  
28 ~~State Budget and Management certifies in writing that the Department has developed an~~  
29 ~~information management system pursuant to subsection (a) of this section. Until the~~  
30 ~~Office of State Budget and Management makes this certification, eligibility~~  
31 for participation in ADAP during the 2001-2003 fiscal biennium shall not be extended  
32 to individuals with incomes above one hundred twenty-five percent (125%) of the  
33 federal poverty level. ~~Following six months of increased eligibility at one hundred fifty~~  
34 ~~percent (150%) of the federal poverty level, eligibility for participation in ADAP shall~~  
35 ~~be extended to individuals with incomes up to one hundred seventy five percent (175%)~~  
36 ~~of the federal poverty level for the remainder of the 2001-2002 fiscal year. Beginning~~  
37 ~~July 1, 2002, eligibility for participation in the ADAP shall be extended to individuals~~  
38 ~~with incomes up to two hundred percent (200%) of the federal poverty level."~~

39 **SECTION 10.48.(b)** The Department of Health and Human Services shall  
40 develop a plan to manage costs in ADAP and to serve additional participants within  
41 additional resources. The plan shall include an assessment of the following, including,  
42 where applicable, a review of other states' actions in these areas:

- 43 (1) Limiting the drug formulary.
- 44 (2) Capping expenditures on a per participant/per month basis.
- 45 (3) Providing financial assistance to participants for health care program  
46 premiums.

47 **SECTION 10.48.(c)** The Department shall report on activities conducted  
48 under this section and under Section 21.90 of S.L. 2001-424 to the Senate  
49 Appropriations Committee on Health and Human Services, the House of  
50 Representatives Subcommittee on Health and Human Services, and the Fiscal Research  
51 Division. The Department shall submit an interim report not later than December 1,  
52 2002, and a final report not later than May 1, 2003.

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

**PRESCRIPTION DRUG ASSISTANCE PROGRAM**

**SECTION 10.49.(a)** Section 21.88 of S.L. 2001-424 reads as rewritten:

**"SECTION 21.88.** Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002 fiscal year ~~and the sum of five hundred thousand dollars (\$500,000) for the 2002-2003 fiscal year~~ shall be used to pay the cost of outpatient prescription drugs for persons:

- (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- (2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and
- (3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs."

**SECTION 10.49.(b)** It is the intent of the General Assembly that funding for prescription drug assistance provided by the Health and Wellness Trust Fund shall include funds for the transition of benefits formerly provided under the Prescription Drug Assistance Program.

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

**EARLY INTERVENTION PROGRAM - REPORTING REQUIREMENT**

**SECTION 10.52.** The Department of Health and Human Services shall report on the activities conducted under Section 21.79 of S.L. 2001-424 to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division not later than December 1, 2002.

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

**DEVELOPMENTAL EVALUATION CENTERS**

**SECTION 10.53.(a)** The Department of Health and Human Services, Division of Public Health, shall administer the reduction in funds for the 2002-2003 fiscal year of two million seventy-six thousand four hundred twenty-six dollars (\$2,076,426) to all Developmental Evaluation Centers (DECs) based upon the following:

- (1) Prior years' expenditures of the DEC,
- (2) Elimination of vacant positions, and
- (3) Overall needs of the DEC.

The reduction shall not result in the entire closure of an individual DEC and the implementation of the reduction should seek to minimize the loss of direct services to children, looking first at administrative reductions.

**SECTION 10.53.(b)** The Division of Public Health shall prepare a plan for the future of Developmental Evaluation Centers that will involve a needs-assessment of services and geographical needs. The plan shall also include an assessment of the number of DECs needed and recommendations for future downsizing or growth based on data to be provided in the report. The plan will augment the Early Intervention Services Plan submitted to the General Assembly. The Division shall report on its plan not later than December 1, 2002, to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

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

**STATE LABORATORY COST ANALYSIS**

**SECTION 10.53A.(a)** The Fiscal Research Division of the Legislative Services Office shall contract with an independent consultant to conduct a cost identification and fully allocated cost analysis of services provided by the North Carolina State Laboratory, Division of Public Health of the Department of Health and Human Services. The identification and analysis shall include at least the following services: cancer cytology, environmental sciences, newborn screening testing, and infectious and communicable disease testing. The Fiscal Research Division shall issue a Request for Proposal to obtain the services of the independent consultant, shall manage the contract, and shall consult with the Division of Public Health in the development of the Request for Proposal.

**SECTION 10.53A.(b)** The Department of Health and Human Services shall transfer not more than fifty thousand dollars (\$50,000) to the General Assembly, Fiscal Research Division of the Legislative Services Office. These funds shall be used to conduct the identification and analysis required in subsection (a) of this section.

**SECTION 10.53A.(c)** The contractor conducting the analysis shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Health and Human Services no later than May 1, 2003, on the results of the analysis and recommendations.

**SUBPART 8. DIVISION OF CHILD DEVELOPMENT**

Requested by: Representatives Earle, Nye, Baddour, Easterling, Oldham, Redwine  
**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES ENHANCEMENTS**

**SECTION 10.55.(a)** Section 21.75.(d) of S.L. 2001-424 reads as rewritten:

**"SECTION 21.75.(d)** The Department of Health and Human Services and the North Carolina Partnership for Children, Inc., shall ensure that the allocation of funds for Early Childhood Education and Development Initiatives for State fiscal year-years 2001-2002 and 2002-2003 shall be administered and distributed in the following manner:

- (1) The North Carolina Partnership for Children, Inc., shall develop a policy to allocate the reduction of funds for Early Childhood Education and Development Initiatives for the 2001-2002 and 2002-2003 fiscal year-years.
- (2) The North Carolina Partnership for Children, Inc., administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
- (3) The Department of Health and Human Services Smart Start administration shall be reduced by ten percent (10%) from the 2000-2001 fiscal year level.
- (4) Capital expenditures and playground equipment expenditures are prohibited for fiscal year 2001-2002, years 2001-2002 and 2002-2003. For the purposes of this section, "capital expenditures" means expenditures for capital improvements as defined in G.S. 143-34.40.
- (5) Promotional items that specifically advertise Smart Start or the local Partnership may not be purchased with State funds appropriated for fiscal year 2002-2003."

**SECTION 10.55.(b)** Section 21.75(f) of S.L. 2001-424 reads as rewritten:

**"SECTION 21.75.(f)** For the 2001-2002 and 2002-2003 fiscal year-years, the North Carolina Partnership for Children, Inc., shall not approve local partnership plans that allocate State funds to child care providers for one-time quality improvement initiatives in the following circumstances:

- (1) Child care facilities with licensure of four or five stars, unless the expenditure of funds is to expand capacity for low-income children.
- (2) Child care facilities that do not accept child care subsidy funds.

- 1 (3) Child care facilities that previously received quality improvement  
2 grants whose quality initiatives failed to increase licensure."

3 **SECTION 10.55.(c)** For the 2002-2003 fiscal year, the local partnerships  
4 shall spend an amount for child care subsidies that provides at least fifty-two million  
5 dollars (\$52,000,000) for the TANF maintenance of effort requirement and the Child  
6 Care Development Fund and Block Grant match requirement.

7 **SECTION 10.55.(d)** G.S. 143B-168.12 is amended by adding a new  
8 subsection to read:

9 "(e) The North Carolina Partnership shall develop guidelines for local  
10 partnerships to follow in selecting capital projects to fund. The guidelines shall include  
11 assessing the community needs in relation to the quantity of child care centers, assessing  
12 the cost of purchasing or constructing new facilities as opposed to renovating existing  
13 facilities, and prioritizing capital needs such as construction, renovations, and  
14 playground equipment and other amenities."

15 **SECTION 10.55.(e)** G.S. 143B-168.13(a)(1a) reads as rewritten:

16 "(1a) Develop and conduct a statewide needs and resource assessment every  
17 third year, beginning in the 1997-98 fiscal year. This needs assessment  
18 shall be conducted in cooperation with the North Carolina Partnership  
19 and with the local partnerships. This needs assessment shall include a  
20 statewide assessment of capital needs. The data and findings of this  
21 needs assessment shall form the basis for annual program plans  
22 developed by local partnerships and approved by the North Carolina  
23 Partnership."

24 **SECTION 10.55.(f)** Section 21.72(a) of S.L. 2001-424 reads as rewritten:

25 "**SECTION 21.72.(a)** Administrative costs shall be equivalent to, on an average  
26 statewide basis for all local partnerships, not more than eight percent (8%) of the total  
27 statewide allocation to all local partnerships. ~~What counts as administrative costs shall~~  
28 ~~be as defined in the Smart Start Performance Audit.~~ For the purposes of this subsection,  
29 administrative costs shall include costs associated with partnership oversight, business  
30 and financial management, general accounting, human resources, budgeting,  
31 purchasing, contracting, and information systems management."

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

34 **MORE AT FOUR PROGRAM**

35 **SECTION 10.56.(a)** Section 21.76B(d) of S.L. 2001-424 reads as rewritten:

36 "**SECTION 21.76B.(d)** In development of the "More At Four" pilot, the  
37 Department of Health and Human Services, in consultation with the Department of  
38 Public Instruction and the Task Force, shall:

- 39 (1) Contract with an independent research organization, outside the  
40 Department of Health and Human Services and the Department of  
41 Public Instruction, with proven expertise in evaluation of  
42 prekindergarten programs, ~~for the design of an evaluation component.~~  
43 ~~The evaluation component shall facilitate longitudinal review of the~~  
44 ~~program and child specific outcomes to include, at a minimum,~~  
45 ~~participants' readiness for kindergarten, percentage of participants~~  
46 ~~scoring at or above grade level on the third grade end of grade test,~~  
47 ~~and high school graduation rates.~~ pre- and post-assessments of children  
48 participating in the More At Four program. Of the funds appropriated  
49 in this act, the Department shall not spend more than three hundred  
50 thousand dollars (\$300,000) on this contract.
- 51 (2) Collaborate in the development of a system to collect and maintain  
52 child-specific information to provide for the long-term evaluation of  
53 the pilot. The system shall be developed in a manner which ~~builds~~  
54 ~~upon~~ utilizes existing State and local systems and ~~which facilitates the~~  
55 ~~interface with~~ the N.C. Student Information Management System."

1           **SECTION 10.56.(b)** Section 21.76B(f) of S.L. 2001-424 reads as rewritten:

2           **"SECTION 21.76B.(f)** In order to maximize and coordinate funding for  
3           prekindergarten programs for ~~four-year-olds~~ at-risk preschoolers with demonstrated  
4           educational needs, the Department of Health and Human Services, the Department of  
5           Public Instruction, ~~and the Task Force~~ Force, and the North Carolina Partnership for  
6           Children, Inc., shall identify and make recommendations on the reallocation—most  
7           efficient and effective use of funds from existing State and local programs providing  
8           prekindergarten related care and services, including child care subsidies. All potential  
9           funding sources, including federal as well as State-funded efforts, shall be identified.  
10          The report required under subsection (g) of this section shall include recommendations  
11          on strategies to ensure coordination between the Partnership, More At Four, and other  
12          prekindergarten programs in addressing the academic and cognitive needs of at-risk  
13          preschoolers. The report shall include recommendations on structural changes to Smart  
14          Start, More At Four, and other related programs, including consolidation, that may be  
15          beneficial in encouraging this coordination. The report shall include a plan and a  
16          timetable for implementation of the recommendations."

17           **SECTION 10.56.(c)** Section 21.76B(g) of S.L. 2001-424 reads as rewritten:

18           **"SECTION 21.76B.(g)** The Department of Health and Human Services, the  
19           Department of Public Instruction, and the Task Force shall report by January 1, 2002,  
20           and May 1, 2002, to the Joint Legislative Commission on Governmental Operations, the  
21           Joint Legislative Education Oversight Committee, the Senate Appropriations  
22           Committee on Health and Human Services, and the House of Representatives  
23           Appropriations Subcommittee on Health and Human Services on the progress in  
24           complying with this section. A final report along with recommendations for changes or  
25           expansion of the program shall be presented to the ~~2003 General Assembly~~. Senate  
26           Appropriations Committee on Health and Human Services, the House of  
27           Representatives Appropriations Subcommittee on Health and Human Services, and the  
28           Fiscal Research Division no later than December 1, 2002. This final report shall include  
29           the following:

30           (1)       The number of children participating in the program.

31           (2)       The number of children participating in the program who have never  
32           been served in other early education programs such as child care,  
33           public or private preschool, Head Start, Early Head Start, or early  
34           intervention programs.

35           (3)       The expected expenditures for the fiscal year.

36           (4)       The location of program sites and the corresponding number of  
37           children participating in the program at each site.

38           (5)       Recommendations regarding most efficient and effective use of State,  
39           local, and federal funds to maximize the provision of services to at-risk  
40           preschoolers and to eliminate duplication of efforts."

41           **SECTION 10.56.(d)** Section 21.76B(a) of S.L. 2001-424 reads as rewritten:

42           **"SECTION 21.76B.(a)** Of the funds appropriated to the Department of Health and  
43           Human Services the sum of six million four hundred fifty-six thousand five hundred  
44           dollars (\$6,456,500) in ~~each year of the 2001-2003 fiscal biennium~~ the 2001-2002 fiscal  
45           year and the sum of thirty-four million five hundred twenty-one thousand eight hundred  
46           dollars (\$34,521,800) in the 2002-2003 fiscal year shall be used to develop and  
47           implement "More At Four", a voluntary prekindergarten pilot program for at-risk  
48           four-year-olds. The Department of Health and Human Services, in consultation with the  
49           Department of Public Instruction, shall develop "More At Four" for four-year-old  
50           children in North Carolina to ensure that all children have an opportunity to succeed in  
51           kindergarten."

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

55           **CHILD CARE SUBSIDY RATES**

1           **SECTION 10.57.(a)** Section 21.73(f) of S.L. 2001-424 reads as rewritten:  
 2           **"SECTION 21.73.(f)** Provision of payment rates for child care providers in  
 3 counties that do not have at least ~~75~~50 children in each age group for center-based and  
 4 home-based care are as follows:

- 5           (1) Payment rates ~~shall~~may be set at the statewide or regional market rate  
 6 for licensed child care centers and homes.  
 7           (2) If it can be demonstrated that the application of the statewide or  
 8 regional market rate to a county with fewer than ~~75~~50 children in each  
 9 age group is lower than the county market rate and would inhibit the  
 10 ability of the county to purchase child care for low-income children,  
 11 then the county market rate may be applied."

12           **SECTION 10.57.(b)** Section 21.73(d) of S.L. 2001-424 reads as rewritten:  
 13           **"SECTION 21.73.(d)** Fees for families who are required to share in the cost of care  
 14 shall be established based on a percent of gross family income and adjusted for family  
 15 size. Effective ~~October 1, 2001,~~ October 1, 2002, fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	<del>10%</del> <u>10.5%</u>
4-5	<del>9%</del> <u>9.5%</u>
6 or more	<del>8%</del> <u>8.5%</u> ."

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

23 **REPEAL CHILD CARE FRAUD PROVISION DUE TO FEDERAL**  
 24 **REPAYMENT REQUIREMENTS**

25 **SECTION 10.58.** G.S. 110-108 is repealed.

27 **PART XI. DEPARTMENT OF AGRICULTURE AND CONSUMER**  
 28 **SERVICES**

30 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
 31 Thompson

32 **CLOSE ROBBINS DIAGNOSTIC LABORATORY**

33 **SECTION 11.1.** The Department of Agriculture and Consumer Services  
 34 shall close the Poultry Disease Diagnostic Laboratory located in the Town of Robbins in  
 35 Moore County and reassign one veterinarian position and one medical laboratory  
 36 technician position to the Rollins Animal Disease Diagnostic Laboratory located in  
 37 Raleigh. In order to preserve current laboratory capability, poultry diagnostic services  
 38 currently performed at the Poultry Disease Diagnostic Laboratory located in the Town  
 39 of Robbins shall be performed at the Rollins Animal Disease Diagnostic Laboratory  
 40 located in Raleigh or at other animal disease diagnostic laboratories of the Department  
 41 of Agriculture and Consumer Services.

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

45 **ADJUST METHOD OF BUDGETING RECEIPTS AND LIMIT SPENDING**

46 **SECTION 11.2.(a)** The Office of State Budget and Management shall, in  
 47 accordance with G.S. 143-25, adjust its current method of budgeting receipt revenues  
 48 within the Department of Agriculture and Consumer Services to more accurately reflect  
 49 actual revenues.

50 **SECTION 11.2.(b)** Notwithstanding G.S. 143-23, the Division of Research  
 51 Stations of the Department of Agriculture and Consumer Services shall not spend more  
 52 during the 2002-2003 fiscal year than is appropriated under this act for the Division of  
 53 Research Stations of the Department of Agriculture and Consumer Services for the  
 54 2002-2003 fiscal year.

1 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
2 Thompson

3 **TRANSFER MOUNTAIN STATE FAIR RECEIPTS**

4 **SECTION 11.3.** The Department of Agriculture and Consumer Services  
5 shall transfer the sum of seventy thousand dollars (\$70,000) from the Mountain State  
6 Fair receipts for the 2002-2003 fiscal year to the Western North Carolina Development  
7 Association, Inc., to be used to promote agricultural development in the western part of  
8 the State.  
9

10 Requested by: Representatives Nye, Easterling, Oldham, Redwine, Thompson  
11 **NC FARMERS' MARKETS/ANALYZE CERTAIN OPERATIONAL**  
12 **GUIDELINES AND ENFORCEMENT OF GUIDELINES**

13 **SECTION 11.4.(a)** It is the intent of the General Assembly to support small  
14 farms that are family farms and that farmers' markets operated by the Department of  
15 Agriculture and Consumer Services are operated in a manner that provides retail outlets  
16 for these farmers to sell the farm products they produce on these farms.

17 **SECTION 11.4.(b)** The Department of Agriculture and Consumer Services  
18 shall analyze the operational guidelines of the farmers' markets operated by the  
19 Department of Agriculture and Consumer Services with respect to the current  
20 requirements for the percentage of farm products that a farmer must produce on the  
21 farmer's own farm to be eligible to sell farm products at retail in the main areas of these  
22 farmers' markets. The Department of Agriculture and Consumer Services also shall  
23 analyze the current enforcement of the operational guidelines of the farmers' markets  
24 operated by the Department of Agriculture and Consumer Services. No later than  
25 December 1, 2002, the Department of Agriculture and Consumer Services shall report  
26 any recommendations concerning the matters analyzed under this section to the Senate  
27 and House of Representatives Appropriations Subcommittees on Natural and Economic  
28 Resources, the Joint Legislative Commission on Governmental Operations, and the  
29 Fiscal Research Division.  
30

31 Requested by: Representative Underhill  
32 **FUNDS FOR THE FARMLAND PRESERVATION TRUST FUND/SHIFT**  
33 **FUNDING FOR TWO DEPARTMENT POSITIONS**

34 **SECTION 11.5.(a)** Of the funds appropriated to the Department of  
35 Agriculture and Consumer Services, the sum of two hundred thousand dollars  
36 (\$200,000) shall be allocated for the Farmland Preservation Trust Fund for the  
37 2002-2003 fiscal year as follows:

- 38 (1) The sum of thirty-four thousand seven hundred forty dollars (\$34,740)  
39 that was appropriated to the Department of Agriculture and Consumer  
40 Services for the 2002-2003 fiscal year for the Division of Agricultural  
41 Statistics to continue and support one Lithographic Press Operator  
42 position shall be allocated for the Farmland Preservation Trust Fund  
43 for the 2002-2003 fiscal year;
- 44 (2) The sum of sixteen thousand five hundred thirty-one dollars (\$16,531)  
45 that was appropriated to the Department of Agriculture and Consumer  
46 Services for the 2002-2003 fiscal year to provide part of the funds to  
47 continue and support one Construction and Renovation Design  
48 Technician position shall be allocated for the Farmland Preservation  
49 Trust Fund for the 2002-2003 fiscal year; and
- 50 (3) The sum of one hundred forty-eight thousand seven hundred twenty-  
51 nine dollars (\$148,729) that remains available to the Department of  
52 Agriculture and Consumer Services for the 2002-2003 fiscal year for  
53 capital improvements for a swine facility at Cherry Farm shall be  
54 allocated for the Farmland Preservation Trust Fund for the 2002-2003  
55 fiscal year.

1           **SECTION 11.5.(b)** The Lithographic Press Operator and the Construction  
 2 and Renovation Design Technician positions under subsection (a) of this section shall  
 3 be continued and supported from North Carolina State Fair receipts.

4  
 5 **PART XII. DEPARTMENT OF ENVIRONMENT AND NATURAL**  
 6 **RESOURCES**

7  
 8 Requested by:       Representatives Fox, Owens, Mitchell, Easterling, Oldham,  
 9 Redwine, Thompson

10 **GRASSROOTS SCIENCE PROGRAM**

11           **SECTION 12.1.** Section 19.2 of S.L. 2001-424 reads as rewritten:

12           **"SECTION 19.2.** Of the funds appropriated in this act to the Department of  
 13 Environment and Natural Resources for the Grassroots Science Program, the sum of  
 14 three million one hundred twenty thousand dollars (\$3,120,000) for fiscal year  
 15 2001-2002 and the sum of ~~three million one hundred twenty thousand dollars~~  
 16 ~~(\$3,120,000)~~ two million eight hundred one thousand seven hundred sixty dollars  
 17 (\$2,801,760) for fiscal year 2002-2003 are allocated as grants-in-aid for each fiscal year  
 18 as follows:

	2001-2002	2002-2003	
Aurora Fossil Museum	\$58,733	<del>\$58,733</del>	<u>\$57,535</u>
Cape Fear Museum	\$209,018	<del>\$209,018</del>	<u>\$187,205</u>
Catawba Science Center	\$167,833	<del>\$167,833</del>	<u>\$151,669</u>
Colburn Gem and Mineral Museum, Inc.	\$71,336	<del>\$71,336</del>	<u>\$68,409</u>
Discovery Place	\$699,985	<del>\$699,985</del>	<u>\$610,826</u>
Granville County Museum Commission, Inc. - Harris Gallery	\$61,553	<del>\$61,553</del>	<u>\$59,968</u>
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$157,305	<del>\$157,305</del>	<u>\$142,585</u>
Imagination Station	\$94,815	<del>\$94,815</del>	<u>\$88,668</u>
Iredell County Children's Museum	\$58,342	<del>\$58,342</del>	<u>\$57,198</u>
Museum of Coastal Carolina	\$64,141	<del>\$64,141</del>	<u>\$62,201</u>
Natural Science Center of Greensboro	\$250,850	<del>\$250,850</del>	<u>\$223,299</u>
North Carolina Museum of Life and Science	\$445,843	<del>\$445,843</del>	<u>\$391,545</u>
Rocky Mount Children's Museum	\$88,855	<del>\$88,855</del>	<u>\$83,525</u>
Schiele Museum of Natural History	\$348,433	<del>\$348,433</del>	<u>\$307,496</u>
Sci Works Science Center and Environmental Park of Forsyth County	\$178,947	<del>\$178,947</del>	<u>\$161,259</u>
Western North Carolina Nature Center	\$164,011	<del>\$164,011</del>	<u>\$148,372</u>
Total	\$3,120,000	<del>\$3,120,000</del>	<u>\$2,801,760"</u>

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

48 **STATEWIDE BEAVER DAMAGE CONTROL PROGRAM FUNDS**

49           **SECTION 12.2.** Section 19.1 of S.L. 2001-424 reads as rewritten:

50           **"SECTION 19.1.** Of the funds appropriated in this act to the Wildlife Resources  
 51 Commission, the sum of five hundred thousand dollars (\$500,000) for the 2001-2002  
 52 fiscal year and the sum of ~~five hundred thousand dollars (\$500,000)~~ four hundred forty-  
 53 nine thousand dollars (\$449,000) for the 2002-2003 fiscal year shall be used to provide  
 54 the State share necessary to support the beaver damage control program established in



1 G.S. 113-291.10, provided the sum of at least twenty-five thousand dollars (\$25,000) in  
2 federal funds is available each fiscal year of the biennium to provide the federal share."  
3

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

6 **REORGANIZATION OF DENR/CONFORMING CHANGES**

7 **SECTION 12.3.(a)** The positions of Division Director and of Administrative  
8 Assistant I within the Division of Radiation Protection of the Department of  
9 Environment and Natural Resources are eliminated. All other positions within the  
10 Division of Radiation Protection of the Department of Environment and Natural  
11 Resources are reassigned to the Division of Environmental Health of the Department of  
12 Environment and Natural Resources. All functions, powers, duties, and obligations of  
13 the Division of Radiation Protection of the Department of Environment and Natural  
14 Resources shall be performed by the Division of Environmental Health of the  
15 Department of Environment and Natural Resources. The Division of Radiation  
16 Protection of the Department of Environment and Natural Resources is abolished.

17 **SECTION 12.3.(b)** G.S. 104E-8(c) reads as rewritten:

18 "(c) The 10 ex officio members shall be appointed by the Governor, shall be  
19 members or employees of the following State agencies or their successors, and shall  
20 serve at the Governor's pleasure:

- 21 (1) The Utilities Commission;
- 22 (2) The Commission for Health Services;
- 23 (3) The Environmental Management Commission;
- 24 (4) The Board of Transportation;
- 25 (5) The Division of Emergency Management of the Department of Crime  
26 Control and Public Safety;
- 27 (6) The Division of ~~Radiation Protection~~ Environmental Health of the  
28 Department;
- 29 (7) The Department of Labor;
- 30 (8) The Industrial Commission;
- 31 (9) The Department of Insurance;
- 32 (10) The Medical Care Commission."

33 **SECTION 12.3.(c)** G.S. 104E-9(b) reads as rewritten:

34 "(b) The ~~Radiation Protection~~ Division of Environmental Health of the  
35 Department of Environment and Natural Resources shall develop a training program for  
36 tanning equipment operators that meets the training rules adopted by the North Carolina  
37 Radiation Protection Commission. If the training program is provided by the  
38 Department, the Department may charge each person trained a reasonable fee to recover  
39 the actual cost of the training program."

40 **SECTION 12.3.(d)** G.S. 120-70.33 reads as rewritten:

41 **"§ 120-70.33. Powers and duties.**

42 The Joint Select Committee shall have the following powers and duties:

- 43 (1) To study alternatives available to the State for dealing with low-level  
44 radioactive waste and the ramifications of each of those alternatives;
- 45 (2) Repealed by Session Laws 2001-474, s. 12, effective November 29,  
46 2001.
- 47 (3) To evaluate actions of the Radiation Protection Commission, the  
48 Division of ~~Radiation Protection~~ Environmental Health of the  
49 Department of Environment and Natural Resources, and of any other  
50 board, commission, department, or agency of the State or local  
51 government as such actions relate to low-level radioactive waste  
52 management;
- 53 (4) Repealed by Session Laws 2001-474, s. 12, effective November 29,  
54 2001.

- 1 (5) To review and evaluate changes in federal law and regulations,  
2 relevant court decisions, and changes in technology affecting low-level  
3 radioactive waste management;
- 4 (6) To review existing and proposed State law and rules affecting  
5 low-level radioactive waste management and to determine whether any  
6 modification of law or rules is in the public interest;
- 7 (7) To make reports and recommendations, including draft legislation, to  
8 the General Assembly from time to time as to any matter relating to  
9 the powers and duties set out in this section; and
- 10 (8) To undertake such additional studies as it deems appropriate or as may  
11 from time to time be requested by the President Pro Tempore of the  
12 Senate, the Speaker of the House of Representatives, either house of  
13 the General Assembly, the Legislative Research Commission, the Joint  
14 Legislative Commission on Governmental Operations, the  
15 Environmental Review Commission, or the Joint Legislative Utility  
16 Review Committee, and to make such reports and recommendations to  
17 the General Assembly regarding such studies as it deems appropriate."

18 **SECTION 12.3.(e)** G.S. 143B-279.3(c)(1) is repealed.

19 **SECTION 12.3.(f)** G.S. 166A-6.1(b) reads as rewritten:

20 "(b) Every person, firm, corporation or municipality who is licensed to construct  
21 or who is operating a fixed nuclear facility for the production of electricity shall pay to  
22 the Department of Crime Control and Public Safety, for the use of the Division of  
23 ~~Radiation Protection~~Environmental Health of the Department of Environment and  
24 Natural Resources, an annual fee of thirty-six thousand dollars (\$36,000) for each fixed  
25 nuclear facility that is located within this State or has a Plume Exposure Pathway  
26 Emergency Planning Zone of which any part is located within this State. This fee shall  
27 be applied to the costs of planning and implementing emergency response activities as  
28 are required by the Federal Emergency Management Agency for the operation of  
29 nuclear facilities. This fee is to be paid no later than July 31 of each year."

30 **SECTION 12.3.(g)** This section is effective when it becomes law.

31  
32 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
33 Thompson

#### 34 **DENR POSITION FOR SCRAP TIRE PROGRAM**

35 **SECTION 12.5.(a)** Section 19.14 of S.L. 2001-424 reads as rewritten:

36 "**SECTION 19.14.** Notwithstanding the provisions of G.S. 130A-309.63, the  
37 Department of Environment and Natural Resources may use funds in the Scrap Tire  
38 Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup  
39 of scrap tire collection sites, to maintain and support a position for the 2001-2002 fiscal  
40 year ~~and for the 2002-2003 fiscal year~~ to provide regulatory assistance to local  
41 governments to develop programs to prevent scrap tires from outside the State from  
42 being presented for free disposal and to complete the cleanup of nuisance tire collection  
43 sites."

44 **SECTION 12.5.(b)** G.S. 130A-309.63 reads as rewritten:

#### 45 **"§ 130A-309.63. Scrap Tire Disposal Account.**

46 (a) Creation. – The Scrap Tire Disposal Account is established as a nonreverting  
47 account within the Department. The Account consists of revenue credited to the  
48 Account from the proceeds of the scrap tire disposal tax imposed by Article 5B of  
49 Chapter 105 of the General Statutes. The Department may use revenue in the Account  
50 only as authorized by this section.

51 (b) Use. – The Department may use revenue in the Account only as authorized by  
52 this section.

- 53 (1) The Department may use up to fifty percent (50%) of the revenue in  
54 the Account to make grants to units of local government to assist them  
55 in disposing of scrap tires. To administer the grants, the Department

1 shall establish procedures for applying for a grant and the criteria for  
2 selecting among grant applicants. The criteria shall include the  
3 financial ability of a unit of local government to provide for scrap tire  
4 disposal, the severity of a unit of local government's scrap tire disposal  
5 problem, the effort made by a unit of local government to ensure that  
6 only tires generated in the normal course of business in this State are  
7 provided free disposal, and the effort made by a unit of local  
8 government to provide for scrap tire disposal within the resources  
9 available to it.

10 (2) The Department may use up to forty percent (40%) of the revenue in  
11 the Account to make grants to encourage the use of processed scrap  
12 tire materials. These grants may be made to encourage the use of  
13 tire-derived fuel, crumb rubber, carbon black, or other components of  
14 tires for use in products such as fuel, tires, mats, auto parts, gaskets,  
15 flooring material, or other applications of processed tire materials.  
16 These grants shall be made in consultation with the Department of  
17 Commerce, the Division of ~~Environmental Assistance and Pollution~~  
18 ~~Prevention and Environmental Assistance~~ of the Department, and,  
19 where appropriate, the Department of Transportation. Grants to  
20 encourage the use of processed scrap tire materials shall not be used to  
21 process tires.

22 (3) The Department may use revenue in the Account to support a position  
23 to provide local governments with assistance in developing and  
24 implementing scrap tire management programs designed to complete  
25 the cleanup of nuisance tire collection sites and prevent scrap tires  
26 generated from outside of the State from being presented for free  
27 disposal in the State.

28 (4) The Department may use the remaining revenue in the Account only to  
29 clean up scrap tire collection sites that the Department has determined  
30 are a nuisance. The Department may use funds in the Account to clean  
31 up a nuisance tire collection site only if no other funds are available for  
32 that purpose.

33 (c) Eligibility. – A unit of local government is not eligible for a grant for scrap  
34 tire disposal unless its costs for disposing of scrap tires for the six-month period  
35 preceding the date the unit of local government files an application for a grant exceeded  
36 the amount the unit of local government received during that period from the proceeds  
37 of the scrap tire tax under G.S. 105-187.19. A grant to a unit of local government for  
38 scrap tire disposal may not exceed the unit of local government's unreimbursed cost for  
39 the six-month period.

40 ~~(d) Cleanup of Nuisance Tire Sites. – The Department may use the remaining~~  
41 ~~revenue in the Account only to clean up scrap tire collection sites that the Department~~  
42 ~~has determined are a nuisance. The Department may use funds in the Account to clean~~  
43 ~~up a nuisance tire collection site only if no other funds are available for that purpose.~~

44 (e) Reporting. – The Department shall include in the report to be delivered to the  
45 Environmental Review Commission on or before 15 January of each year pursuant to  
46 G.S. 130A-309.06(c) a description of the implementation of the North Carolina Scrap  
47 Tire Disposal Act for the fiscal year ending the preceding 30 June. The description of  
48 the implementation of the North Carolina Scrap Tire Disposal Act shall include the  
49 beginning and ending balances in the Account for the reporting period, the amount  
50 credited to the Account during the reporting period, and the amount of revenue used for  
51 grants and to clean up nuisance tire collection sites."  
52

53 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
54 Thompson

55 **FUNDS FOR CLEANUP OF WARREN COUNTY PCB LANDFILL**

1           **SECTION 12.6.** The Department of Environment and Natural Resources  
2 may use up to two million five hundred thousand dollars (\$2,500,000) from the Inactive  
3 Hazardous Sites Cleanup Fund established in G.S. 130A-310.11 for the 2002-2003  
4 fiscal year for the detoxification and remediation of the landfill located in Warren  
5 County that contains polychlorinated biphenyl (PCBs) and dioxin/furan contaminated  
6 materials.

7  
8 Requested by:       Representatives Fox, Owens, Mitchell, Easterling, Oldham,  
9 Redwine, Thompson

10 **DIVISION OF ENVIRONMENTAL HEALTH POSITION RECLASSIFIED**

11           **SECTION 12.7.** The vacant position of Administrative Assistant II in the  
12 Division of Environmental Health of the Department of Environment and Natural  
13 Resources is reclassified as the position of Environmental Engineer II and is assigned to  
14 the On-Site Wastewater Section of the Division of Environmental Health of the  
15 Department of Environment and Natural Resources.

16  
17 Requested by:       Representatives Thompson, Gillespie, Nye

18 **POSITIONS/EMPLOYEES AT LAKE JAMES AND SINGLETARY LAKE**  
19 **STATE PARKS**

20           **SECTION 12.8.(a)** None of the following positions shall be eliminated for  
21 the 2002-2003 fiscal year at Lake James State Park located in McDowell and Burke  
22 Counties:

- 23           (1) Park Ranger I.
- 24           (2) Park Ranger II.
- 25           (3) Maintenance Mechanic III.
- 26           (4) Office Assistant III.

27           **SECTION 12.8.(b)** The employees currently filling the positions under  
28 subsection (a) of this section shall not be reduced in force for the 2002-2003 fiscal year.

29           **SECTION 12.8.(c)** None of the following positions shall be eliminated for  
30 the 2002-2003 fiscal year at Singletary Lake State Park located in Bladen County:

- 31           (1) Park Ranger II.
- 32           (2) Office Assistant III.
- 33           (3) Maintenance Mechanic III.
- 34           (4) General Utility Worker.

35           **SECTION 12.8.(d)** The employees currently filling the positions under  
36 subsection (c) of this section shall not be reduced in force for the 2002-2003 fiscal year.

37           **SECTION 12.8.(e)** It is the intent of the General Assembly that Lake James  
38 State Park and Singletary Lake State Park remain open to the public during the  
39 2002-2003 fiscal year.

40  
41 Requested by:       Representative Gillespie

42 **DWR TO DEVELOP PLAN CONCERNING FUNDS FOR WATER**  
43 **RESOURCES DEVELOPMENT PROJECTS IN EACH REGION OF THE**  
44 **STATE/FEDERAL PARTICIPATION IN GEOGRAPHICALLY**  
45 **DISTRIBUTED PROJECTS**

46           **SECTION 12.9.(a)** The Division of Water Resources of the Department of  
47 Environment and Natural Resources shall develop a plan that is designed to inform and  
48 assist local governmental entities in each geographical region of the State to apply to the  
49 Division of Water Resources for State funds for water resources development projects.

50           **SECTION 12.9.(b)** The Department of Environment and Natural Resources  
51 shall seek federal participation in water resources development projects that are  
52 geographically distributed across the State.

53           **SECTION 12.9.(c)** The Department of Environment and Natural Resources  
54 shall report to the 2003 General Assembly no later than January 15, 2003, on the status  
55 of its efforts under this section. This report shall include any recommendations,

1 including legislative proposals, that would enhance the Department's efforts under this  
2 section.

3  
4 **PART XIII. DEPARTMENT OF COMMERCE**

5  
6 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
7 Thompson

8 **OREGON INLET FUNDS**

9 **SECTION 13.1.** Funds appropriated to the Department of Commerce for the  
10 2001-2002 fiscal year for the Oregon Inlet Project that are unexpended and  
11 unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30,  
12 2002, but shall remain available to the Department for legal costs associated with the  
13 Project. This section becomes effective June 30, 2002.

14  
15 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
16 Thompson

17 **COUNCIL OF GOVERNMENT FUNDS**

18 **SECTION 13.2.(a)** Section 20.12(a) of S.L. 2001-424 reads as rewritten:

19 **"SECTION 20.12.(a)** Of the funds appropriated in this act to the Department of  
20 Commerce, nine hundred thirty-five thousand dollars (\$935,000) for the 2001-2002  
21 fiscal year and ~~nine hundred thirty five thousand dollars (\$935,000)~~ eight hundred  
22 thirty-two thousand one hundred fifty dollars (\$832,150) for the 2002-2003 fiscal year  
23 shall only be used as provided by this section. Each regional council of government or  
24 lead regional organization is allocated up to ~~fifty five thousand dollars (\$55,000)~~ forty-  
25 eight thousand nine hundred fifty dollars (\$48,950) for ~~each the 2002-2003 fiscal year,~~  
26 ~~with the actual amount calculated as provided in subsection (b) of this section.~~  
27 year."

28 **SECTION 13.2.(b)** Section 20.12(b) of S.L. 2001-424 is repealed.

29 **SECTION 13.2.(c)** Section 20.12 of S.L. 2001-424 is amended by adding a  
30 new subsection to read:

31 **"SECTION 20.12.(c1)** The funds appropriated by this section shall be paid by  
32 electronic transfer in two equal installments, the first no later than September 1, 2002,  
33 and the second subsequent to acceptable submission of the annual report due to the Joint  
34 Legislative Commission on Governmental Operations and the Fiscal Research Division  
35 by January 15, 2003, as specified in subdivision (f)(2) of this section."

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

38 **WORKER TRAINING TRUST FUND APPROPRIATIONS**

39 **SECTION 13.3.(a)** There is appropriated from the Worker Training Trust  
40 Fund to the Employment Security Commission of North Carolina the sum of six million  
41 three hundred thousand dollars (\$6,300,000) for the 2002-2003 fiscal year for the  
42 operation of local offices.

43 **SECTION 13.3.(b)** Notwithstanding the provisions of G.S. 96-5(f), there is  
44 appropriated from the Worker Training Trust Fund to the following agencies the  
45 following sums for the 2002-2003 fiscal year for the following purposes:

- 46 (1) Nine hundred eleven thousand one hundred twenty-one dollars  
47 (\$911,121) for the 2002-2003 fiscal year to the Department of  
48 Commerce, Division of Employment and Training, for the  
49 Employment and Training Grant Program;
- 50 (2) Eight hundred ninety-seven thousand five hundred eighty-seven  
51 dollars (\$897,587) for the 2002-2003 fiscal year to the Community  
52 Colleges System Office for customized training of the unemployed and  
53 the working poor for specific jobs needed by employers through the  
54 Training Initiatives Program;

- 1 (3) One million four hundred fifty thousand dollars (\$1,450,000) for the  
2 2002-2003 fiscal year to the Community Colleges System Office to  
3 continue the Focused Industrial Training Program;
- 4 (4) Two hundred one thousand nine hundred fifty-seven dollars  
5 (\$201,957) for the 2002-2003 fiscal year to the Employment Security  
6 Commission for the State Occupational Information Coordinating  
7 Committee to develop and operate an interagency system to track  
8 former participants in State education and training programs;
- 9 (5) Three hundred fifty-nine thousand thirty-five dollars (\$359,035) for  
10 the 2002-2003 fiscal year to the Community Colleges System Office  
11 for a training program in entrepreneurial skills to be operated by North  
12 Carolina REAL Enterprises;
- 13 (6) Fifty-three thousand eight hundred fifty-six dollars (\$53,856) for the  
14 2002-2003 fiscal year to the Employment Security Commission to  
15 maintain compliance with Chapter 96 of the General Statutes, which  
16 directs the Commission to employ the Common Follow-Up  
17 Management Information System to evaluate the effectiveness of the  
18 State's job training, education, and placement programs;
- 19 (7) Eight hundred ninety-seven thousand five hundred eighty-seven  
20 dollars (\$897,587) for the 2002-2003 fiscal year to the Department of  
21 Labor to continue the Apprenticeship Program; and
- 22 (8) Two hundred fifty thousand dollars (\$250,000) for the 2002-2003  
23 fiscal year to the Community Colleges System Office for the operation  
24 of the Hosiery Technology Center.

25 **SECTION 13.3.(c)** North Carolina REAL Enterprises and the other agencies  
26 listed in subsections (a) and (b) of this section shall do the following for the programs  
27 for which funds are appropriated in this section:

28 By January 15, 2003, and more frequently as requested, report to the Joint  
29 Legislative Commission on Governmental Operations and the Fiscal Research Division  
30 the following information:

- 31 (1) State fiscal year 2002-2003 program activities, objectives, and  
32 accomplishments;
- 33 (2) State fiscal year 2002-2003 itemized expenditures and fund sources;
- 34 (3) State fiscal year 2003-2004 planned activities, objectives, and  
35 accomplishments including actual results through December 31, 2002;  
36 and
- 37 (4) State fiscal year 2003-2004 estimated itemized expenditures and fund  
38 sources including actual expenditures and fund sources through  
39 December 31, 2002.

40 **SECTION 13.3.(d)** North Carolina REAL Enterprises shall, in addition to  
41 satisfying the reporting requirements in subsection (c) of this section, provide to the  
42 Fiscal Research Division a copy of the organization's annual audited financial statement  
43 within 30 days of issuance of the statement.

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

47 **NER INTERIM STUDY/SMALL BUSINESS DEVELOPMENT FUNCTIONS**

48 **SECTION 13.4.(a)** During the interim between the end of the 2002 Regular  
49 Session of the 2001 General Assembly and the beginning of the 2003 General  
50 Assembly, the Senate and House of Representatives Appropriations Subcommittees on  
51 Natural and Economic Resources may study the feasibility and desirability of  
52 designating the Small Business and Technology Development Center (SBTDC), the  
53 Department of Commerce, the Community Colleges System Office, or any other  
54 government or nonprofit entity as the State's presumptive provider of small business

1 development assistance, including: (i) promoting the development of small business  
2 incubators; and (ii) investing in early-stage technology-based businesses.

3 **SECTION 13.4.(b)** The subcommittees shall report their recommendations,  
4 including any proposed changes to the General Statutes, to the 2003 General Assembly  
5 no later than January 15, 2003. The subcommittees may seek and obtain assistance  
6 from any agencies and resources outside the General Assembly that the subcommittees  
7 determine are needed to adequately perform the study.

8  
9 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
10 Thompson

#### 11 **REPORT ON TDA**

12 **SECTION 13.4A.** By January 15, 2003, the Attorney General shall report to  
13 the Senate and House of Representatives Appropriations Subcommittees on Natural and  
14 Economic Resources, the chairs of the Senate and House Appropriations Committees,  
15 and to the Joint Commission on Governmental Operations regarding any expenditure of  
16 funds by the Technological Development Authority, Inc., for purposes outside the scope  
17 of activities for which they were appropriated by the General Assembly. The report  
18 shall include legal recommendations for the recovery of any misspent funds and a  
19 proposed course of action designed to prevent future misuse of State appropriated funds.

20  
21 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
22 Thompson

#### 23 **ONE NORTH CAROLINA FUND**

24 **SECTION 13.4B.(a)** Funds appropriated to the Department of Commerce  
25 for the 2001-2002 fiscal year for the One North Carolina Fund that are unexpended and  
26 unencumbered as of June 30, 2002, shall not revert to the General Fund on June 30,  
27 2002, but shall remain available to the Department for providing financial assistance to  
28 those businesses and industries deemed by the Governor to be vital to a healthy and  
29 growing State economy and that are making significant efforts to establish or expand in  
30 North Carolina.

31 **SECTION 13.4B.(b)** This section becomes effective June 30, 2002.

32  
33 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
34 Thompson

#### 35 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

36 **SECTION 13.6.** Section 20.10 of S.L. 2001-424 reads as rewritten:

37 **"SECTION 20.10.(a)** Funds appropriated in this act to the Department of  
38 Commerce for regional economic development commissions shall be allocated to the  
39 following ~~commissions~~ Commissions in accordance with subsection (b) of this section:  
40 Western North Carolina Regional Economic Development Commission, Research  
41 Triangle Regional Commission, Southeastern North Carolina Regional Economic  
42 Development Commission, Piedmont Triad Partnership, Northeastern North Carolina  
43 Regional Economic Development Commission, Global TransPark Development  
44 Commission, and Carolinas Partnership, Inc.

45 **SECTION 20.10.(b)** Funds appropriated pursuant to subsection (a) of this section  
46 shall be allocated to each ~~regional economic development commission~~ Regional  
47 Economic Development Commission as follows:

- 48 (1) First, the Department shall establish each ~~commission's~~ Commission's  
49 allocation by determining the sum of allocations to each county that is  
50 a member of that ~~commission~~ Commission. Each county's allocation  
51 shall be determined by dividing the county's enterprise factor by the  
52 sum of the enterprise factors for eligible counties and multiplying the  
53 resulting percentage by the amount of the appropriation. As used in  
54 this subdivision, the term "enterprise factor" means a county's  
55 enterprise factor as calculated under ~~G.S. 105-129.3~~; G.S. 105-129.3.

- 1 (2) Next, the Department shall subtract from funds allocated to the Global  
2 TransPark Development ~~Zone~~Commission the sum of two hundred  
3 four thousand four hundred thirty-three dollars (\$204,433) in ~~each~~  
4 ~~fiscal year, the 2001-2002 fiscal year and the sum of one hundred~~  
5 ~~seventy-one thousand nine hundred seventy-nine dollars (\$171,979) in~~  
6 ~~the 2002-2003 fiscal year~~ which sum represents the interest earnings in  
7 each fiscal year on the estimated balance of seven million five hundred  
8 thousand dollars (\$7,500,000) appropriated to the Global TransPark  
9 Development Zone in Section 6 of Chapter 561 of the 1993 Session  
10 ~~Laws; and Laws.~~
- 11 (3) Next, the Department shall redistribute the sum of two hundred four  
12 thousand four hundred thirty-three dollars (\$204,433) in ~~each fiscal~~  
13 ~~year the 2001-2002 fiscal year and the sum of one hundred seventy-~~  
14 ~~one thousand nine hundred seventy-nine dollars (\$171,979) in the~~  
15 ~~2002-2003 fiscal year~~ to the seven ~~regional economic development~~  
16 ~~commissions~~ Regional Economic Development Commissions named  
17 in subsection (a) of this section. Each ~~commission's~~Commission's  
18 share of this redistribution shall be determined according to the  
19 enterprise factor formula set out in subdivision (1) of this subsection.  
20 This redistribution shall be in addition to each  
21 ~~commission's~~Commission's allocation determined under subdivision  
22 (1) of this subsection.
- 23 (4) For the 2002-2003 fiscal year, the reduction in appropriation of funds  
24 allocated pursuant to subdivisions (1), (2), and (3) of this subsection  
25 was managed by first using the formula applied against the amount  
26 appropriated for the 2001-2002 fiscal year and then reducing by the  
27 sum of seventy-five thousand dollars (\$75,000) the allocation for each  
28 of the Regional Economic Development Commissions listed in  
29 subsection (a) of this section.
- 30 (5) Funds appropriated in this act to the Department of Commerce for the  
31 Regional Economic Development Commissions shall be budgeted in  
32 Budget Code 14601 (Commerce-State Aid)."

33  
34 Requested by: Representative Mitchell

35 **REGIONAL COMMISSION REPORTS**

36 **SECTION 13.7.** Section 20.11(a) of S.L. 2001-424 reads as rewritten:

37 **"SECTION 20.11.(a)** Each ~~regional economic development commission~~ Regional  
38 Economic Development Commission receiving a grant-in-aid from the Department of  
39 Commerce shall:

- 40 (1) By January 15, 2002, and more frequently as requested, report to the  
41 Joint Legislative Commission on Governmental Operations, the Fiscal  
42 Research Division, and the Department of Commerce the following  
43 information:
- 44 a. State fiscal year 2000-2001 program activities, objectives, and  
45 accomplishments;
  - 46 b. State fiscal year 2000-2001 itemized expenditures and fund  
47 sources;
  - 48 c. State fiscal year 2001-2002 planned activities, objectives, and  
49 accomplishments as specified in subdivisions (b)(1) through  
50 (b)(6) of this section including actual results through December  
51 31, 2001;
  - 52 d. State fiscal year 2001-2002 estimated itemized expenditures  
53 and fund sources including actual expenditures and fund  
54 sources through December 31, 2001.



- 1           (2) ~~By January 15, 2003, and more frequently as requested, report to the~~  
2 ~~Joint Legislative Commission on Governmental Operations, the Fiscal~~  
3 ~~Research Division, and the Department of Commerce the following~~  
4 ~~information:~~  
5           a. ~~State fiscal year 2001-2002 program activities, objectives, and~~  
6 ~~accomplishments;~~  
7           b. ~~State fiscal year 2001-2002 itemized expenditures and fund~~  
8 ~~sources;~~  
9           c. ~~State fiscal year 2002-2003 planned activities, objectives, and~~  
10 ~~accomplishments as specified in subdivisions (b)(1) through~~  
11 ~~(b)(6) of this section including actual results through December~~  
12 ~~31, 2002;~~  
13           d. ~~State fiscal year 2002-2003 estimated itemized expenditures~~  
14 ~~and fund sources including actual expenditures and fund~~  
15 ~~sources through December 31, 2002.~~
- 16           (2) Report by February 15, 2003, on the first and second quarters of the  
17 2002-2003 fiscal year, and by August 15, 2003, on the third and fourth  
18 quarters of the 2002-2003 fiscal year, regarding the following:  
19           a. Program activities, objectives, and accomplishments for its  
20 region, to include:  
21           1. Specific businesses and/or industries that have been  
22 recruited.  
23           2. Businesses and/or industries that have located as a result  
24 of recruitment efforts, and number of new jobs created as  
25 a result of that location decision.  
26           3. Existing businesses and/or industries that have expanded  
27 as a result of assistance, and number of new jobs created  
28 as a result of that expansion.  
29           4. Existing businesses and/or industries that have remained  
30 as a result of retention efforts, and number of jobs saved  
31 as a result of that retention.  
32           5. For sub-sub-subdivisions 1. through 4. of this  
33 sub-subdivision, each Commission shall describe its role  
34 in the activities and identify the relative contributions of  
35 the Commission and the Department of Commerce to the  
36 activities.  
37           6. Number and description of marketing outreach events,  
38 including trade shows, recruitment missions, and related  
39 activities.  
40           7. Initiatives undertaken to establish certified sites and shell  
41 buildings.  
42           8. Number of referrals or leads handled that were generated  
43 by the Department of Commerce, and number that were  
44 generated by the Commission.
- 45           b. Total itemized actual revenues and expenditures, by fund  
46 source.  
47 The report required by this subsection shall be made to the Department  
48 of Commerce, the Joint Legislative Commission on Governmental  
49 Operations, and the Fiscal Research Division.
- 50           (3) Report by February 15, 2003, to the Joint Legislative Commission on  
51 Governmental Operations, the Fiscal Research Division, and the  
52 Department of Commerce on the following:  
53           a. State fiscal year 2001-2002 program activities, objectives, and  
54 accomplishments.

- 1                    b. State fiscal year 2001-2002 itemized expenditures, including  
 2                    salary and benefits for all employees regardless of funding  
 3                    sources, and fund sources.  
 4                    (4) Report by February 15, 2003, to the Department of Commerce on the  
 5                    number and listing of available sites and buildings within the region.  
 6                    (3)(5) Provide to the Fiscal Research Division and the Department of  
 7                    Commerce a copy of its annual audited financial statement within 30  
 8                    days of issuance of the statement."  
 9

10 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
 11 Thompson

## 12 **NONPROFIT REPORTING REQUIREMENTS**

13 **SECTION 13.10.** Section 20.14 of S.L. 2001-424 reads as rewritten:

14 **"SECTION 20.14.(a)** The N.C. Institute for Minority Economic Development, Inc.,  
 15 Land Loss Prevention Project, ~~North Carolina Coalition of Farm and Rural Families,~~  
 16 ~~Inc.,~~ North Carolina Minority Support Center, North Carolina Community Development  
 17 Initiative, Inc., North Carolina Association of Community Development Corporations,  
 18 Inc., and Partnership for the Sounds, Inc., shall do the following:

- 19                    (1) By January 15, 2002, and more frequently as requested, report to the  
 20 Joint Legislative Commission on Governmental Operations and the  
 21 Fiscal Research Division the following information:  
 22                    a. State fiscal year 2000-2001 program activities, objectives, and  
 23                    accomplishments;  
 24                    b. State fiscal year 2000-2001 itemized expenditures and fund  
 25                    sources;  
 26                    c. State fiscal year 2001-2002 planned activities, objectives, and  
 27                    accomplishments including actual results through December 31,  
 28                    2001; and  
 29                    d. State fiscal year 2001-2002 estimated itemized expenditures  
 30                    and fund sources including actual expenditures and fund  
 31                    sources through December 31, 2001;  
 32                    (2) By January 15, 2003, and more frequently as requested, report to the  
 33 Joint Legislative Commission on Governmental Operations and the  
 34 Fiscal Research Division the following information:  
 35                    a. State fiscal year 2001-2002 program activities, objectives, and  
 36                    accomplishments;  
 37                    b. State fiscal year 2001-2002 itemized expenditures and fund  
 38                    sources;  
 39                    c. State fiscal year 2002-2003 planned activities, objectives, and  
 40                    accomplishments including actual results through December 31,  
 41                    2002; and  
 42                    d. State fiscal year 2002-2003 estimated itemized expenditures  
 43                    and fund sources including actual expenditures and fund  
 44                    sources through December 31, 2002; and  
 45                    (3) Provide to the Fiscal Research Division a copy of the organization's  
 46                    annual audited financial statement within 30 days of issuance of the  
 47                    statement.

48 **SECTION 20.14.(b)** No funds appropriated under this act shall be released to a  
 49 nonprofit organization listed in subsection (a) of this section until the organization has  
 50 satisfied the reporting requirement for January 15, 2001. Fourth quarter allotments shall  
 51 not be released to any nonprofit organization that does not satisfy the reporting  
 52 requirements ~~for~~ by January 15, 2002, or January 15, 2003."  
 53

54 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
 55 Thompson

**RURAL ECONOMIC DEVELOPMENT CENTER**

**SECTION 13.11.(a)** Section 20.15(a) of S.L. 2001-424 reads as rewritten:

**"SECTION 20.15.(a)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million seven hundred eighty-eight thousand seven hundred forty-nine dollars (\$1,788,749) for the 2001-2002 fiscal year and the sum of ~~one million seven hundred eighty eight thousand seven hundred forty nine dollars (\$1,788,749)~~one million seven hundred forty-four thousand seven hundred forty-nine dollars (\$1,744,749) for the 2002-2003 fiscal year shall be allocated as follows:

	2001-2002 FY	2002-2003 FY
Research and Demonstration Grants	\$444,000	<del>\$444,000</del> <u>\$400,000</u>
Technical Assistance and Center Administration of Research and Demonstration Grants	444,471	444,471
Center Administration, Oversight, and Other Programs	437,278	437,278
Administration of Clean Water/ Natural Gas Critical Needs Bond Act of 1998	199,722	199,722
Additional Administration of Supplemental Funding Program	138,278	138,278
Administration of Capacity Building Assistance Program (1998 Bond Act)	125,000	125,000."

**SECTION 13.11.(b)** Section 20.15(e) of S.L. 2001-424 reads as rewritten:

**"SECTION 20.15.(e)** Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two million nine hundred two thousand dollars (\$2,902,000) for the 2001-2002 fiscal year and the sum of ~~two million nine hundred two thousand dollars (\$2,902,000)~~two million five hundred forty-two thousand one hundred forty-nine dollars (\$2,542,149) for the 2002-2003 fiscal year shall be allocated as follows:

- (1) ~~\$1,124,000 in each~~\$1,124,000 for the 2001-2002 fiscal year and \$1,067,800 for the 2002-2003 fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:
  - a. ~~\$837,720 in each~~\$837,720 for the 2001-2002 fiscal year and \$810,000 for the 2002-2003 fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;
  - b. ~~\$236,280 in each~~\$236,280 for the 2001-2002 fiscal year and \$207,800 for the 2002-2003 fiscal year for direct grants to local community development corporations that have not previously received State funds; and
  - c. \$50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.
- (2) ~~\$234,000 in each~~\$234,000 for the 2001-2002 fiscal year and \$210,600 for the 2002-2003 fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and

- 1 (3) ~~\$1,344,000 in each~~ for the 2001-2002 fiscal year and ~~\$1,063,749 for~~  
 2 ~~the 2002-2003~~ fiscal year shall be used for a program to provide  
 3 supplemental funding for matching requirements for projects and  
 4 activities authorized under this subdivision. The Center shall allocate  
 5 these funds as follows:  
 6 a. ~~\$1,094,000 in each~~ for the 2001-2002 fiscal year and ~~\$838,749~~  
 7 ~~for the 2002-2003~~ fiscal year to make grants to local  
 8 governments and nonprofit corporations to provide funds  
 9 necessary to match federal grants or other grants for:  
 10 1. Necessary economic development projects and activities  
 11 in economically distressed areas;  
 12 2. Necessary water and sewer projects and activities in  
 13 economically distressed communities to address health  
 14 or environmental quality problems except that funds  
 15 shall not be expended for the repair or replacement of  
 16 low-pressure pipe wastewater systems. If a grant is  
 17 awarded under this sub-subdivision, then the grant shall  
 18 be matched on a dollar-for-dollar basis in the amount of  
 19 the grant awarded; or  
 20 3. Projects that demonstrate alternative water and waste  
 21 management processes for local governments. Special  
 22 consideration should be given to cost-effectiveness,  
 23 efficacy, management efficiency, and the ability of the  
 24 demonstration project to be replicated.  
 25 b. ~~\$250,000 in each~~ for the 2001-2002 fiscal year and ~~\$225,000 for~~  
 26 ~~the 2002-2003~~ fiscal year to make grants to local governments  
 27 and nonprofit corporations to provide funds necessary to match  
 28 federal grants or other grants related to water, sewer, or  
 29 business development projects.  
 30 (4) \$200,000 in each fiscal year for the Agricultural Advancement  
 31 Consortium. These funds shall be placed in a reserve and allocated as  
 32 follows:  
 33 a. \$75,000 in each fiscal year for operating expenses associated  
 34 with the Consortium; and  
 35 b. \$125,000 in each fiscal year for research initiatives funded by  
 36 the Consortium.  
 37 The Consortium shall facilitate discussions among interested parties  
 38 and shall develop recommendations to improve the State's economic  
 39 development through farming and agricultural interests.

40 The grant recipients in this subsection shall be selected on the basis of need."  
 41

42 Requested by: Representatives Fox, Owens, Easterling, Oldham, Redwine,  
 43 Thompson

#### 44 OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

45 **SECTION 13.12.** Section 20.16(a) of S.L. 2001-424 reads as rewritten:

46 "**SECTION 20.16.(a)** Of the funds appropriated in this act to the Rural Economic  
 47 Development Center, Inc., the sum of four hundred thousand dollars (\$400,000) for the  
 48 2001-2002 fiscal year and the sum of ~~four hundred thousand dollars (\$400,000)~~  
 49 three hundred eighty thousand dollars (\$380,000) for the 2002-2003 fiscal year shall be  
 50 allocated as follows:

- 51 (1) ~~\$100,000 in each~~ for the 2001-2002 fiscal year and ~~\$95,000 for the~~  
 52 ~~2002-2003~~ fiscal year to the Opportunities Industrialization Center of  
 53 Wilson, Inc., for its ongoing job training programs;

- 1 (2) \$100,000 ~~in each~~ for the 2001-2002 fiscal year and \$95,000 for the  
2 2002-2003 fiscal year to the Opportunities Industrialization Center,  
3 Inc., in Rocky Mount, for its ongoing job training programs;  
4 (3) \$100,000 ~~in each~~ for the 2001-2002 fiscal year and \$95,000 for the  
5 2002-2003 fiscal year to the Opportunities Industrialization Centers  
6 Kinston and Lenoir County, North Carolina, Inc.; and  
7 (4) \$100,000 ~~in each~~ for the 2001-2002 fiscal year and \$95,000 for the  
8 2002-2003 fiscal year to the Opportunities Industrialization Center of  
9 Elizabeth City, Inc."

#### 10 11 **PART XIV. JUDICIAL DEPARTMENT**

12  
13 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
14 Thompson

#### 15 **SPECIAL SUPERIOR COURT JUDGES**

16 **SECTION 14.1.(a)** Effective August 27, 2002, G.S. 7A-45.1(a2) is repealed.

17 **SECTION 14.1.(b)** G.S. 7A-45.1 is amended by adding a new section to

18 read:

19 "(a6) Effective July 1, 2003, the Governor may appoint four special superior court  
20 judges to serve terms expiring five years from the date that each judge takes office.  
21 Successors to the special superior court judges appointed pursuant to this subsection  
22 shall be appointed to five-year terms. A special judge takes the same oath of office and  
23 is subject to the same requirements and disabilities as are or may be prescribed by law  
24 for regular judges of the superior court, save the requirement of residence in a particular  
25 district."

26  
27 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
28 Thompson

#### 29 **RESTRICT DISTRICT COURT MANDATORY ARBITRATION**

30 **SECTION 14.3.** G.S. 7A-37.1(c) reads as rewritten:

31 "(c) This procedure may be employed in civil actions where claims do not exceed  
32 fifteen thousand dollars ~~(\$15,000).~~ (\$15,000), except that it shall not be employed in  
33 actions in which the sole claim is an action on an account, including appeals from  
34 magistrates on such actions."

35  
36 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
37 Thompson

#### 38 **FEDERAL GRANT FUNDS**

39 **SECTION 14.4.** The Judicial Department shall use up to the sum of eight  
40 hundred seventy-five thousand dollars (\$875,000) from funds available to the  
41 Department to provide the State match needed in order to receive federal grant funds.  
42 Prior to using funds for this purpose, the Department shall report to the Chairs of the  
43 Senate and House of Representatives Appropriations Subcommittees on Justice and  
44 Public Safety and the Joint Legislative Commission on Governmental Operations on the  
45 grants to be matched using these funds.

46  
47 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine  
48 **TRANSFER SENTENCING SERVICES PROGRAM TO OFFICE OF**  
49 **INDIGENT DEFENSE SERVICES**

50 **SECTION 14.7.(a)** The statutory authority, powers, duties, and functions,  
51 records, personnel, property, unexpended balances of appropriations, allocations or  
52 other funds, including the functions of budgeting and purchasing, of the Administrative  
53 Office of the Courts to conduct the Sentencing Services Program, as provided by Article  
54 61 of Chapter 7A of the General Statutes, are transferred to the Office of Indigent  
55 Defense Services.

1           **SECTION 14.7.(b)** G.S. 7A-498.2(a) reads as rewritten:

2           "(a) The Office of Indigent Defense Services, which is administered by the  
3 Director of Indigent Defense Services and includes the Commission on Indigent  
4 Defense ~~Services, Services and the Sentencing Services Program established in Article~~  
5 61 of this Chapter, is created within the Judicial Department. As used in this Article,  
6 "Office" means the Office of Indigent Defense Services, "Director" means the Director  
7 of Indigent Defense Services, and "Commission" means the Commission on Indigent  
8 Defense Services."

9           **SECTION 14.7.(c)** G.S. 7A-498.6(b) reads as rewritten:

10          "(b) The Director shall:

- 11           (1) Prepare and submit to the Commission a proposed budget for the  
12 Office of Indigent Defense Services, an annual report containing  
13 pertinent data on the operations, costs, and needs of the Office, and  
14 such other information as the Commission may require;
- 15           (2) Assist the Commission in developing rules and standards for the  
16 delivery of services under this Article;
- 17           (3) Administer and coordinate the operations of the Office and supervise  
18 compliance with standards adopted by the Commission;
- 19           (4) Subject to policies and procedures established by the Commission, hire  
20 such professional, technical, and support personnel as deemed  
21 reasonably necessary for the efficient operation of the Office of  
22 Indigent Defense Services;
- 23           (5) Keep and maintain proper financial records for use in calculating the  
24 costs of the operations of the Office of Indigent Defense Services;
- 25           (6) Apply for and accept on behalf of the Office of Indigent Defense  
26 Services any funds that may become available from government  
27 grants, private gifts, donations, or bequests from any source;
- 28           (7) Coordinate the services of the Office of Indigent Defense Services  
29 with any federal, county, or private programs established to provide  
30 assistance to indigent persons in cases subject to this Article and  
31 consult with professional bodies concerning improving the  
32 administration of indigent services;
- 33           (8) Conduct training programs for attorneys and others involved in the  
34 legal representation of persons subject to this Article; ~~and~~
- 35           (8a) Administer the Sentencing Services Program established in Article 61  
36 of this Chapter; and
- 37           (9) Perform other duties as the Commission may assign."

38           **SECTION 14.7.(d)** G.S. 7A-771(2a) reads as rewritten:

39           "(2a) "Director" means the Director of ~~the Administrative Office of the~~  
40 ~~Courts.~~ Indigent Defense Services."

41           **SECTION 14.7.(e)** G.S. 7A-772(b) reads as rewritten:

42           "(b) The Director may establish local sentencing services programs and appoint  
43 those staff as the Director deems necessary. These personnel may serve as full-time or  
44 part-time State employees or may be hired on a contractual basis when determined  
45 appropriate by the director. Contracts entered under the authority of this subsection shall  
46 be exempt from the competitive bidding procedures under Chapter 143 of the General  
47 Statutes. ~~The Administrative Office of the Courts~~ Office of Indigent Defense Services  
48 shall adopt rules necessary and appropriate for the administration of the program. Funds  
49 appropriated by the General Assembly for the establishment and maintenance of  
50 sentencing services programs under this Article shall be administered by the  
51 ~~Administrative Office of the Courts.~~ Office of Indigent Defense Services."

52           **SECTION 14.7.(f)** Each Sentencing Services Program shall review its  
53 procedures and implement methods of (i) minimizing the frequency with which plans  
54 are prepared but not presented to the court, and (ii) ensuring the efficient management  
55 of probation revocation cases when they are referred by a judge.

1           **SECTION 14.7.(g)** As of July 1, 2002, the number of State positions  
2 assigned as administrative staff is reduced from 11 to three. Notwithstanding the  
3 provisions of G.S. 7A-772(b), the number of State positions shall not exceed 26. The  
4 Office of Indigent Defense Services may reallocate State employee positions in order to  
5 provide sentencing services in any of the districts formerly served by non-State  
6 agencies. The Office of Indigent Defense Services shall renegotiate contractual  
7 arrangements with some of the highest performing nonprofits that have administered  
8 sentencing services program to date. Within existing funding, the Office of Indigent  
9 Defense Services may also contract with individuals or organizations to provide  
10 additional sentencing services.

11           **SECTION 14.7.(h)** The Office of Indigent Defense Services shall report by  
12 November 1, 2002, to the Chairs of the Senate and House Appropriations Committees  
13 and the Senate and House Appropriations Subcommittees on Justice and Public Safety  
14 on the reorganization of the Sentencing Services Program pursuant to this section. The  
15 report shall include the specific assignments for the State positions, the districts in  
16 which sentencing services will be available, the means by which those services will be  
17 provided, and an estimated number of plans and cost per plan for the 2002-2003 fiscal  
18 year.

19  
20 Requested by:           Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
21 Thompson

#### 22 **DRUG TREATMENT COURT PROGRAM**

23           **SECTION 14.8.(a)** The Drug Treatment Court Program shall maintain the  
24 existing State-funded programs in Districts 5, 9, 9A, 10, 14, 21, and 26 during the  
25 2002-2003 fiscal year.

26           **SECTION 14.8.(b)** It is the intent of the General Assembly that State Drug  
27 Treatment Court funds not be used to fund case manager positions when those services  
28 can be reasonably provided by the Treatment Alternatives to Street Crime (TASC)  
29 program in the Department of Health and Human Services or by other existing  
30 resources. The Drug Treatment Court Program shall identify areas of potential cost  
31 savings in the local programs that would result from reducing the number of case  
32 manager positions. The Program shall also identify areas in which federal funding might  
33 absorb administrative costs.

34           The Drug Treatment Court Program shall report by February 1, 2003, to the  
35 Chairs of the Senate and House Appropriations Committees and the Chairs of the  
36 Senate and House Appropriations Subcommittees on Justice and Public Safety on the  
37 savings identified.

38           **SECTION 14.8.(c)** Prior to the establishment of any new local drug  
39 treatment court programs, the local drug treatment court management committee shall  
40 consult with the TASC program as to the availability of case management services in  
41 that community.

42  
43 Requested by:           Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
44 Thompson

#### 45 **SUPERIOR COURT JUDGES' SUBSISTENCE ALLOWANCE**

46           **SECTION 14.10.** Notwithstanding the provisions of G.S. 7A-44(a), during  
47 the 2002-2003 fiscal year each superior court judge shall be allowed three thousand five  
48 hundred dollars (\$3,500) per year in lieu of necessary subsistence expenses while  
49 attending court or transacting official business at a place other than in the county of the  
50 judge's residence and in lieu of other professional expenses incurred in the discharge of  
51 the judge's official duties.

52  
53 Requested by:           Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
54 Thompson

#### 55 **ADDITIONAL PUBLIC DEFENDER OFFICE**

1           **SECTION 14.11.(a)** G.S. 7A-498.7(a) reads as rewritten:

2           "(a) The following counties of the State are organized into the defender districts  
3 listed below, and in each of those defender districts an office of public defender is  
4 established:

Defender District	Counties
3A	Pitt
3B	Carteret
12	Cumberland
14	Durham
15B	Orange, Chatham
16A	Scotland, Hoke
16B	Robeson
18	Guilford
21	Forsyth
26	Mecklenburg
27A	Gaston
28	Buncombe

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20           After notice to, and consultation with, the affected district bar, senior resident  
21 superior court judge, and chief district court judge, the Commission on Indigent Defense  
22 Services may recommend to the General Assembly that a district or regional public  
23 defender office be established. A legislative act is required in order to establish a new  
24 office or to abolish an existing office."

25           **SECTION 14.11.(b)** The Office of Indigent Defense Services may use up to  
26 the sum of one million two hundred twenty-five thousand dollars (\$1,225,000) in funds  
27 appropriated to create new positions for the Forsyth County Public Defender's office.  
28 These positions shall include the public defender, up to 13 assistant public defenders,  
29 and up to 7 support positions.

30           **SECTION 14.11.(c)** This section becomes effective September 1, 2002.

31  
32 Requested by:           Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
33 Thompson

#### 34 **APPELLATE COURTS PRINTING AND COMPUTER OPERATIONS**

35           **SECTION 14.12.** Article 29 of Chapter 7A of the General Statutes is  
36 amended by adding a new section to read:

#### 37 **"§ 7A-343.3. Appellate Courts Printing and Computer Operations Fund.**

38 The Appellate Courts Printing and Computer Operations Fund is established within  
39 the Judicial Department as an interest-bearing special revenue account. Accordingly,  
40 interest and other investment income earned by the Fund shall be credited to it. All  
41 moneys collected through charges to litigants for the reproduction of appellate records  
42 and briefs under G.S. 7A-11 and G.S. 7A-20(b) shall be remitted to the State Treasurer  
43 and held in this Fund. Moneys in the Fund shall be used to support the print shop  
44 operations of the Supreme Court and the Court of Appeals, including personnel,  
45 maintenance, and capital costs. The Judicial Department may create and maintain  
46 receipt-supported positions for these purposes. Revenue in the Fund at the end of each  
47 fiscal year shall be transferred to the Court Information Technology Fund established in  
48 G.S. 7A-343.2."

#### 49 50 **PART XV. DEPARTMENT OF JUSTICE**

51  
52 Requested by:           Representatives Baddour, Easterling, Oldham, Redwine

#### 53 **NO-CALL REGISTRY AUTHORIZATION**

54           **SECTION 15.2.(a)** The Department of Justice may use funds available to  
55 the Department up to seven hundred thousand dollars (\$700,000) during the 2002-2003



1 fiscal year to establish and implement a no-call registry to stop unwanted telemarketing  
2 calls and to increase protections for consumers in transactions initiated by telemarketers.  
3 These funds shall also be used to develop programs to protect citizens from improper  
4 electronic invasions of privacy.

5 **SECTION 15.2.(b)** This section becomes effective only when legislation  
6 authorizing the Department of Justice to establish and implement a no-call registry  
7 becomes law.

8  
9 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
10 Thompson

#### 11 **INSURANCE REGULATORY FUND REIMBURSEMENT**

12 **SECTION 15.5.** G.S. 58-6-25(d) reads as rewritten:

13 "(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State  
14 treasury, under the control of the Office of State Budget and Management. The proceeds  
15 of the charge levied in this section and all fees collected under Articles 69 through 71 of  
16 this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be  
17 credited to the Fund. The Fund shall be placed in an interest-bearing account and any  
18 interest or other income derived from the Fund shall be credited to the Fund. Moneys in  
19 the Fund may be spent only pursuant to appropriation by the General Assembly and in  
20 accordance with the line item budget enacted by the General Assembly. The Fund is  
21 subject to the provisions of the Executive Budget Act, except that no unexpended  
22 surplus of the Fund shall revert to the General Fund. All money credited to the Fund  
23 shall be used to reimburse the General Fund for the following:

- 24 (1) Money appropriated to the Department of Insurance to pay its  
25 expenses incurred in regulating the insurance industry and other  
26 industries in this State.
- 27 (2) Money appropriated to State agencies to pay the expenses incurred in  
28 regulating the insurance industry, in certifying statewide data  
29 processors under Article 11A of Chapter 131E of the General Statutes,  
30 and in purchasing reports of patient data from statewide data  
31 processors certified under that Article.
- 32 (3) Money appropriated to the Department of Revenue to pay the expenses  
33 incurred in collecting and administering the taxes on insurance  
34 companies levied in Article 8B of Chapter 105 of the General Statutes.
- 35 (4) Money appropriated for the office of Managed Care Patient Assistance  
36 Program established under G.S. 143-730 to pay the actual costs of  
37 administering the program.
- 38 (5) Money appropriated to the Department of Insurance for the  
39 implementation and administration of independent external review  
40 procedures required by Part 4 of Article 50 of this Chapter.
- 41 (6) Money appropriated to the Department of Justice to pay its expenses  
42 incurred in representing the Department of Insurance in its regulation  
43 of the insurance industry and other related programs and industries in  
44 this State that fall under the jurisdiction of the Department of  
45 Insurance."

46  
47 Requested by: Representative Redwine

#### 48 **AMBER ALERT PROGRAM**

49 **SECTION 15.6.** Funds in the amount of one hundred twenty-five thousand  
50 dollars (\$125,000) are appropriated by this act to the Department of Justice for the  
51 2002-2003 fiscal year for the America's Missing Broadcast Emergency Response  
52 (AMBER) Alert program. The Department of Justice shall use these funds to assist the  
53 Department of Crime Control and Public Safety to expand statewide the AMBER Alert  
54 program. AMBER is a voluntary cooperative program between law-enforcement  
55 agencies and local broadcasters to send an emergency alert to the public when a child

1 has been abducted and it is believed that the child's life is in grave danger. Under the  
2 AMBER plan, area radio and television stations interrupt programming to broadcast  
3 information about the missing child using the Emergency Alert System.

4 The purpose of the AMBER plan is to provide a rapid response to the most  
5 serious child-abduction cases. When an alert is activated, law-enforcement agencies  
6 immediately gain the assistance of thousands of broadcast and cable listeners and  
7 viewers throughout the area. The plan relies on the community to safely recover the  
8 abducted child. Currently, the North Carolina Child Alert Notification (NC CAN)  
9 system is housed under the North Carolina Center for Missing Persons, a section of the  
10 North Carolina Department of Crime Control and Public Safety. The Attorney  
11 General's Office is working with the NC CAN system to raise awareness and find  
12 financial resources in order to implement the program statewide.

13  
14 **PART XVI. DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY**  
15 **PREVENTION**

16  
17 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
18 Thompson

19 **USE OF FUNDS FOR YOUTH DEVELOPMENT CENTER AND**  
20 **MULTIPURPOSE BEDS**

21 **SECTION 16.1.(a)** The Department of Juvenile Justice and Delinquency  
22 Prevention may use funds available during the 2002-2003 fiscal year to (i) establish new  
23 Youth Development Center beds, (ii) reestablish one multipurpose group home, and (iii)  
24 convert one of the 50-bed modular camps in the Eckerd Wilderness Camp Program for  
25 use as a Youth Development Center, as defined in G.S. 7B-1501. Any conversion shall  
26 be effectuated with existing contract funds.

27 **SECTION 16.1.(b)** The Department shall consult with the Joint Legislative  
28 Commission on Governmental Operations and the Corrections, Crime Control, and  
29 Juvenile Justice Oversight Committee prior to:

- 30 (1) Converting any Eckerd Wilderness Camp beds to secure confinement  
31 beds during the 2002-2003 fiscal year;  
32 (2) Establishing bed capacity at the standard or expanded capacity level  
33 greater than 730 beds, including beds converted at Eckerd Wilderness  
34 Camps, during the 2002-2003 fiscal year; or  
35 (3) Reestablishing one multipurpose group home during the 2002-2003  
36 fiscal year.

37 The report shall include the sources of funding for any additional beds.

38  
39 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
40 Thompson

41 **FUNDING OF TEEN COURT PROGRAMS**

42 **SECTION 16.2.(a)** Of the funds appropriated in this act to the Department  
43 of Juvenile Justice and Delinquency Prevention for the 2002-2003 fiscal year, the sum  
44 of four hundred eighty-eight thousand six hundred sixty dollars (\$488,660) shall be used  
45 to continue the operations of teen court programs which received direct State  
46 appropriations from the Department in the 2001-2002 fiscal year. For the 2002-2003  
47 fiscal year, the Department shall allocate funds to the Juvenile Crime Prevention  
48 Councils in the counties in which those teen court programs are located. For each teen  
49 court program, the allocation shall be in an amount equal to the appropriation received  
50 by that program in the 2001-2002 fiscal year. The allocations authorized by this  
51 subsection are in addition to the formula allocations for the applicable counties.

52 **SECTION 16.2.(b)** G.S. 143B-520(b) reads as rewritten:

53 "(b) Every teen court program that receives ~~State funds, including~~ funds from  
54 Juvenile Crime Prevention ~~Councils, Councils~~ shall comply with rules and reporting  
55 requirements of the Department of Juvenile Justice and Delinquency Prevention. ~~It~~

1 particular, teen court programs receiving State funds shall report to the Department on  
2 the expenditure of State funds and the number of cases served each year."  
3

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

#### 6 COMMUNITIES IN SCHOOLS REDUCTIONS

7 **SECTION 16.3.** The General Fund appropriation to the Department of  
8 Juvenile Justice and Delinquency Prevention for Communities in Schools of North  
9 Carolina, Inc., is reduced by the sum of one hundred two thousand five hundred dollars  
10 (\$102,500) for the 2002-2003 fiscal year. This reduction in funding shall be  
11 accomplished by reducing expenditures at the State office and not through reductions in  
12 funding to individual sites.  
13

14 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
15 Thompson

#### 16 FUNDING FOR ECKERD WILDERNESS CAMP

17 **SECTION 16.4.** For each youth admitted to the Eckerd Wilderness Camp  
18 program from an area mental health authority or a local education agency, the referring  
19 authority or agency shall pay the costs associated with the support and treatment of that  
20 youth in the program. The Department of Juvenile Justice and Delinquency Prevention  
21 shall continue to administer the contract for services with the Eckerd Wilderness Camp  
22 program and local education agencies and local mental health authorities shall  
23 reimburse the Department at the rates of forty dollars (\$40.00) per day for basic camp  
24 slots and sixty dollars (\$60.00) per day for modular camp slots.  
25

26 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
27 Thompson

#### 28 STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

29 **SECTION 16.5.** Section 24.4 of S.L. 2001-424 reads as rewritten:

30 **"SECTION 24.4.** Funds appropriated in this act to the Department of Juvenile  
31 Justice and Delinquency Prevention for the ~~2001-2002-2002-2003~~ fiscal year may be  
32 used as matching funds for the Juvenile Accountability Incentive Block Grants. If North  
33 Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds  
34 to be awarded, the Office of State Budget and Management and the Governor's Crime  
35 Commission shall consult with the Department of Juvenile Justice and Delinquency  
36 Prevention regarding the criteria for awarding federal funds. The Office of State Budget  
37 and Management, the Governor's Crime Commission, and the Department of Juvenile  
38 Justice and Delinquency Prevention shall report to the Appropriations Committees of  
39 the Senate and House of Representatives and the Joint Legislative Commission on  
40 Governmental Operations prior to allocation of the federal funds. The report shall  
41 identify the amount of funds to be received for the ~~2001-2002- 2002-2003~~ fiscal year,  
42 the amount of funds anticipated for the ~~2002-2003-2003-2004~~ fiscal year, and the  
43 allocation of funds by program and purpose."  
44

45 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
46 Thompson

#### 47 PLANNING FOR NEW YOUTH DEVELOPMENT CENTER

48 **SECTION 16.6.** The Department of Juvenile Justice and Delinquency  
49 Prevention may initiate the planning and design of a new 300- to 500-bed youth  
50 development center using funds allocated to the Department of Administration for the  
51 planning and design of juvenile justice facilities. The Department shall report by  
52 November 1, 2002, to the Joint Legislative Commission on Governmental Operations  
53 and the Joint Legislative Corrections, Crime Control, and Juvenile Justice Oversight  
54 Committee on its progress in the planning and design phase. The Department shall also

1 provide a preliminary report on how its plan for a new center will ensure effective  
2 security and programming while achieving staffing efficiencies.  
3

4 Requested by: Representatives Sherrill, Nesbitt

5 **OPERATION OF BUNCOMBE YOUTH DETENTION CENTER**

6 **SECTION 16.7.** The Department of Juvenile Justice and Delinquency  
7 Prevention shall continue to operate the Buncombe Youth Detention Center at its  
8 current site during the 2002-2003 fiscal year. To the extent practicable during the  
9 2002-2003 fiscal year, the Department shall operate the Buncombe Youth Detention  
10 Center at the same average population and staffing levels and at the same budget as the  
11 2001-2002 fiscal year.  
12

13 **PART XVII. DEPARTMENT OF CORRECTION**

14  
15 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
16 Thompson

17 **ALL COUNTIES TRANSFERRING SAFEKEEPERS TO THE DEPARTMENT**  
18 **OF CORRECTION TO REIMBURSE DEPARTMENT REGARDLESS OF**  
19 **SAFEKEEPERS' RESIDENCY**

20 **SECTION 17.1.** G.S. 162-39(c) reads as rewritten:

21 "(c) The sheriff of the county from which the prisoner is removed shall be  
22 responsible for conveying the prisoner to the jail or prison unit where he is to be held,  
23 and for returning him to the common jail of the county from which he was transferred.  
24 The return shall be made at the expiration of the time designated in the court order  
25 directing the transfer unless the judge, by appropriate order, shall direct otherwise. The  
26 sheriff or keeper of the jail of the county designated in the court order, or the officer in  
27 charge of the prison unit designated by the Secretary of Correction, shall receive and  
28 release custody of the prisoner in accordance with the terms of the court order. If a  
29 prisoner is transferred to a unit of the State prison system, the county from which the  
30 prisoner is transferred shall pay the Department of Correction for maintaining the  
31 prisoner for the time designated by the court at the per day, per inmate rate at which the  
32 Department of Correction pays a local jail for maintaining a prisoner. The county shall  
33 also pay the Department of Correction for the costs of extraordinary medical care  
34 incurred while the prisoner was in the custody of the Department of Correction, defined  
35 as follows:

- 36 (1) Medical expenses incurred as a result of providing health care to a  
37 prisoner as an inpatient (hospitalized);  
38 (2) Other medical expenses when the total cost exceeds thirty-five dollars  
39 (\$35.00) per occurrence or illness as a result of providing health care  
40 to a prisoner as an outpatient (nonhospitalized); and  
41 (3) Cost of replacement of eyeglasses and dental prosthetic devices if  
42 those eyeglasses or devices are broken while the prisoner is  
43 incarcerated, provided the prisoner was using the eyeglasses or devices  
44 at the time of his commitment and then only if prior written consent of  
45 the county is obtained by the Department.

46 ~~However, a county is not required to reimburse the State for maintaining a prisoner who~~  
47 ~~was a resident of another state or county at the time he committed the crime for which~~  
48 ~~he is imprisoned.~~ If the prisoner is transferred to a jail in some other county, the county  
49 from which the prisoner is transferred shall pay to the county receiving the prisoner in  
50 its jail the actual cost of maintaining the prisoner for the time designated by the court.  
51 Counties are hereby authorized to enter into contractual agreements with other counties  
52 to provide jail facilities to which prisoners may be transferred as deemed necessary  
53 under this section.

54 Whenever prisoners are arrested in such numbers that county jail facilities are  
55 insufficient and inadequate for the safekeeping of such prisoners, the resident judge of

1 the superior court or any superior or district court judge holding court in the district may  
2 order the prisoners transferred to a unit of the State Department of Correction  
3 designated by the Secretary of Correction or his authorized representative, where the  
4 prisoners may be held for such length of time as the judge may direct, such detention to  
5 be in cell separate from that used for imprisonment of persons already convicted of  
6 crimes, except when admission to an inpatient prison medical or mental health unit is  
7 required to provide services deemed necessary by a prison health care clinician. The  
8 sheriff of the county from which the prisoners are removed shall be responsible for  
9 conveying the prisoners to the prison unit or units where they are to be held, and for  
10 returning them to the common jail of the county from which they were transferred.  
11 However, if due to the number of prisoners to be conveyed the sheriff is unable to  
12 provide adequate transportation, he may request the assistance of the Department of  
13 Correction, and the Department of Correction is hereby authorized and directed to  
14 cooperate with the sheriff and provide whatever assistance is available, both in vehicles  
15 and manpower, to accomplish the conveying of the prisoners to and from the county to  
16 the designated prison unit or units. The officer in charge of the prison unit designated by  
17 the Secretary of Correction or his authorized representative shall receive and release the  
18 custody of the prisoners in accordance with the terms of the court order. The county  
19 from which the prisoners are transferred shall pay to the Department of Correction the  
20 actual cost of transporting the prisoners and the cost of maintaining the prisoners at the  
21 per day, per inmate rate at which the Department of Correction pays a local jail for  
22 maintaining a prisoner, provided, however, that a county is not required to reimburse the  
23 State for transporting or maintaining a prisoner who was a resident of another state or  
24 county at the time he was arrested. However, if the county commissioners shall certify  
25 to the Governor that the county is unable to pay the bill submitted by the State  
26 Department of Correction to the county for the services rendered, either in whole or in  
27 part, the Governor may recommend to the Council of State that the State of North  
28 Carolina assume and pay, in whole or in part, the obligation of the county to the  
29 Department of Correction, and upon approval of the Council of State the amount so  
30 approved shall be paid from Contingency and Emergency Fund to the Department of  
31 Correction.

32 When, due to an emergency, it is not feasible to obtain from a judge of the superior  
33 or district court a prior order of transfer, the sheriff of the county and the Department of  
34 Correction may exercise the authority hereinafter conferred; provided, however, that the  
35 sheriff shall, as soon as possible after the emergency, obtain an order from the judge  
36 authorizing the prisoners to be held in the designated place of confinement for such  
37 period as the judge may direct. All provisions of this subsection shall be applicable to  
38 municipalities whenever prisoners are arrested in such numbers that the municipal jail  
39 facilities and the county jail facilities are insufficient and inadequate for the safekeeping  
40 of the prisoners. The chief of police is hereby authorized to exercise the authority herein  
41 conferred upon the sheriff, and the municipality shall be liable for the cost of  
42 transporting and maintaining the prisoners to the same extent as a county would be  
43 unless action is taken by the Governor and Council of State as herein provided for  
44 counties which are unable to pay such costs."  
45

46 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
47 Thompson

48 **REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY**  
49 **MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE**  
50 **SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

51 **SECTION 17.2.** Section 25.4 of S.L. 2001-424 reads as rewritten:

52 **"SECTION 25.4.** The Department of Correction may use funds ~~appropriated~~  
53 available to the Department for the ~~2001-2002 fiscal year~~ 2001-2003 biennium to pay  
54 the sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost of  
55 housing convicted inmates, parolees, and post-release supervisees awaiting transfer to

1 the State prison system, as provided in G.S. 148-29. The Department shall report by  
2 December 1 and May 1 of each year to the Joint Legislative Commission on  
3 Governmental Operations, the Joint Legislative Corrections, Crime Control, and  
4 Juvenile Justice Oversight Committee, the Chairs of the Senate and House of  
5 Representatives Appropriations Committees, and the Chairs of the Senate and House of  
6 Representatives Appropriations Subcommittees on Justice and Public Safety on the  
7 expenditure of funds to reimburse counties for prisoners awaiting transfer and on its  
8 progress in reducing the jail backlog."  
9

10 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
11 Thompson

#### 12 **REPORT ON INMATES ELIGIBLE FOR PAROLE**

13 **SECTION 17.3.** Section 25.21 of S.L. 2001-424 reads as rewritten:

14 **"SECTION 25.21.** The Post-Release Supervision and Parole Commission shall  
15 ~~provide quarterly reports~~ report by January 15 and July 15 of each year to the Senate  
16 and House of Representatives Appropriations Subcommittees on Justice and Public  
17 Safety and the Joint Legislative Corrections, Crime Control, and Juvenile Justice  
18 Oversight Committee on inmates eligible for parole. These reports shall include at least  
19 the following:

- 20 (1) The total number of Fair Sentencing and Pre-Fair Sentencing inmates  
21 that were parole-eligible during the previous quarter and the total  
22 number of those inmates that were paroled. The report should group  
23 these inmates by ~~offense type and custody classification; type, custody~~  
24 classification, and type of parole;  
25 (2) ~~A list of all those inmates paroled or released by category of parole or~~  
26 ~~release, including each inmate's offense and custody classification at~~  
27 ~~the time of the parole or release;~~  
28 (3)(2) The average time served, by offense class, of Fair Sentencing and  
29 Pre-Fair Sentencing inmates compared to inmates sentenced under  
30 Structured Sentencing; and  
31 (4)(3) The projected number of parole-eligible inmates to be paroled or  
32 released by the end of the ~~2001-2002~~ 2002-2003 fiscal year and by the  
33 end of the ~~2002-2003~~ 2003-2004 fiscal year."  
34

35 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
36 Thompson

#### 37 **SHIFT PAY AND HOLIDAY PAY FOR SECURITY STAFF**

38 **SECTION 17.4.** The Department of Correction may use funds appropriated  
39 for the 2002-2003 fiscal year for the payment to security staff of (i) special premium  
40 holiday pay that exceeds standard holiday pay by up to twenty-five percent (25%) or (ii)  
41 special supplemental weekend shift premium pay that exceeds standard weekend shift  
42 pay by up to ten percent (10%). The Department shall also continue to take steps to hold  
43 down the cost of shift pay by converting prisons from three eight-hour shifts to two  
44 12-hour shifts whenever practical.

45 The Department of Correction shall report to the Senate and House  
46 Appropriations Subcommittees on Justice and Public Safety by April 1, 2003, on the  
47 benefits to recruitment and retention of correctional staff as a result of the use of special  
48 holiday pay and shift premium pay, as well as its progress in converting prison work  
49 shifts from eight hours to 12 hours. The report shall include information on savings  
50 generated to date and potential future savings, as well as any changes in employee  
51 morale and leave usage, as a result of converting to 12-hour shifts.  
52

53 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
54 Thompson

#### 55 **DEPARTMENT OF CORRECTION SECURITY STAFFING FORMULAS**

1           **SECTION 17.5.(a)** The Department of Correction shall conduct security  
2 staffing post-audits of each prison at least biannually, the first such audit to be  
3 completed during the 2002-2003 fiscal year. The initial post-audit shall be conducted  
4 jointly by Department staff and a consultant, external to the Department, and shall  
5 include analysis of the staffing levels assigned for supervision of correctional officers.

6           **SECTION 17.5.(b)** The Department of Correction shall update the security  
7 staffing relief formula biannually, the first update to be completed during the 2002-2003  
8 fiscal year. Each update shall include a review of all annual training requirements for  
9 security staff to determine which of these requirements should be mandatory and the  
10 appropriate frequency of the training.

11           **SECTION 17.5.(c)** The Department of Correction shall report the results of  
12 the initial security staffing post-audits and relief formula update to the Senate and  
13 House Appropriations Subcommittees on Justice and Public Safety by April 1, 2003.

14  
15 Requested by:           Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
16 Thompson

#### 17 **COMMUNITY WORK CREWS**

18           **SECTION 17.6.(a)** The Department of Correction shall implement a  
19 reduction in inmate community work crews systemwide, but work crews shall not be  
20 reduced at any locations that have fewer than three work crews.

21           The Department of Correction may use up to 39 work crews for Department  
22 of Transportation litter control projects. The Department of Transportation shall transfer  
23 at least one million three hundred thousand dollars (\$1,300,000) from the Highway  
24 Fund to the Department of Correction during the 2002-2003 fiscal year to cover the cost  
25 of those work crews. Should the two departments determine that the actual cost of  
26 operating 39 work crews exceeds that amount, the Department of Transportation shall  
27 transfer an additional amount as agreed upon by the two departments and the Office of  
28 State Budget and Management.

29           **SECTION 17.6.(b)** The Department of Correction shall identify locations  
30 where the number of inmate work crews is being reduced or diverted to perform litter  
31 control for the Department of Transportation and, to the extent possible, arrange for  
32 community service work program placements so that the affected work projects for  
33 State and local government can be maintained. The Department shall report by March 1,  
34 2003, to the Chairs of the Senate and House Appropriations Subcommittees on Justice  
35 and Public Safety on all projects formerly performed by inmate work crews that have  
36 been continued through the community service work program.

37           **SECTION 17.6.(c)** The Department of Correction shall identify all inmate  
38 labor supplied to public agencies for which the Department does not receive  
39 reimbursement for the costs of the labor and the supervision of the labor. The  
40 Department shall report by March 1, 2003, to the Chairs of the Senate and House  
41 Appropriations Subcommittees on Justice and Public Safety on the type of labor  
42 provided, the number of security positions assigned for that labor, and the actual costs  
43 of providing the labor and supervision. The report shall also identify alternative  
44 methods for charging public agencies for the costs of inmate labor and the supervision  
45 of that labor.

46  
47 Requested by:           Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
48 Thompson

#### 49 **SUBSTANCE ABUSE PROGRAMS**

50           **SECTION 17.7.** G.S. 143B-262.1 reads as rewritten:

51           "**§ 143B-262.1. Department of Correction – Substance Abuse Program.**

52           (a) The Substance Abuse Program established by subsection (d) of § 143B-262  
53 shall be offered in a ~~medium-custody~~ correctional facility, or a portion of a ~~medium~~  
54 ~~custody~~ correctional facility that is self-contained, so that the residential and program

1 space is separate from any other programs or inmate housing, and shall be operational  
2 by January 1, 1988, at such unit as the Secretary may designate.

3 (b) An Assistant Secretary for Substance Abuse shall be employed and shall  
4 report directly to the Office of the Secretary of Correction. ~~A Correctional~~  
5 ~~Administrator I shall be employed to manage programs for offenders with substance~~  
6 ~~abuse problems in the Department of Correction and its divisions. The Correctional~~  
7 ~~Administrator I shall report to the Assistant Secretary for Substance Abuse. A Secretary~~  
8 ~~IV shall be employed to assist the Correctional Administrator I. An Administrative~~  
9 ~~Officer II and a Secretary IV shall be employed to assist the Assistant Secretary and~~  
10 ~~work under his direction and management.~~ The duties of the Assistant Secretary shall  
11 include the following:

- 12 (1) Administer and coordinate all substance abuse programs, grants,  
13 contracts, and related functions in the Department of Correction;
- 14 (2) Develop and maintain working relationships and agreements with  
15 agencies and organizations that will assist in developing and operating  
16 a Substance Abuse Program in the Department of Correction;
- 17 (3) Develop and coordinate the use of volunteers in the Substance Abuse  
18 Program;
- 19 (4) Develop and present training programs related to substance abuse for  
20 employees and others at all levels in the agency;
- 21 (5) Develop programs that provide effective treatment for inmates,  
22 probationers, and parolees with substance abuse problems;
- 23 (6) Maintain contact with key leaders in the substance abuse field and  
24 active supporters of the Correction Program;
- 25 (7) Supervise directly the directors of treatment units, specialized  
26 personnel, and programs that exist or may be developed in the  
27 Department of Correction; and
- 28 (8) Develop employee assistance programs for employees with substance  
29 abuse problems.

30 (c) ~~Ten additional program staff shall be employed. There shall be a Correctional~~  
31 ~~Program Director II who is responsible to the Assistant Secretary for Substance Abuse.~~  
32 ~~This employee shall be responsible for managing and implementing the inpatient~~  
33 ~~treatment program. Also employed will be a Correctional Program Director I, two~~  
34 ~~Correctional Program Supervisors, four Correctional Program Assistant II's, one~~  
35 ~~Correctional Program Assistant I, and one Clerk Stenographer IV.~~

36 (d) ~~The duties of the Program Director shall include the following:~~

- 37 (1) ~~Implement and manage the inpatient treatment program for inmates~~  
38 ~~with substance abuse problems;~~
- 39 (2) ~~Supervise personnel assigned to the inpatient treatment program;~~
- 40 (3) ~~Assist in developing the treatment program for inmates with substance~~  
41 ~~abuse problems;~~
- 42 (4) ~~Recruit and develop staff for the inpatient program and other staff as~~  
43 ~~required;~~
- 44 (5) ~~Assist in developing linkage and follow up of inmates between the~~  
45 ~~inpatient program, related agencies, organizations, and other facilities~~  
46 ~~of the Department of Correction;~~
- 47 (6) ~~Be responsible for treatment plans and daily activities and schedules~~  
48 ~~for all assigned inmates;~~
- 49 (7) ~~Develop methods for involving families of inmates in the program to~~  
50 ~~the extent deemed appropriate and useful; and~~
- 51 (8) ~~Other duties as required.~~

52 ~~Preference shall be accorded to qualified recovering alcoholics and substance abusers in~~  
53 ~~the employment of treatment counselors.~~

54 (e) In the unit there shall be a unit superintendent under the Division of Prisons  
55 and other custodial, administrative, and support staff as required for a medium custody



1 facility for approximately 100 inmates. The unit superintendent shall be responsible for  
2 all matters pertaining to custody and administration of the unit. The ~~Correctional~~  
3 ~~Program Director II will Assistant Secretary shall designate an employee to~~ administer  
4 the inpatient treatment program under the direction of the Assistant Secretary for  
5 Substance Abuse.

6 (f) Extensive use may be made of inmates working in the role of ancillary staff,  
7 peer counselors, role models, or group leaders as the program manager determines.  
8 Additional resource people who may be required for specialized treatment activities,  
9 presentations, or group work may be employed on a fee or contractual basis.

10 ~~(g) The Program in each unit shall be structured such that approximately 25~~  
11 ~~offenders will enter the Program on a weekly basis.~~

12 (h) Admission priorities shall be established as follows:

- 13 (1) Court recommendation.
- 14 (2) Evaluation and referral from reception and diagnostic centers.
- 15 (3) General staff referral.
- 16 (4) Self-referral.

17 The Program shall include extensive follow-up after the period of intensive treatment.  
18 There will be specific plans for each departing inmate for follow-up, including active  
19 involvement with Alcoholics Anonymous, community resources, and personal  
20 sponsorship."

21  
22 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
23 Thompson

#### 24 USE OF CLOSED PRISON FACILITIES

25 **SECTION 17.8.** Section 25.5 of S.L. 2001-424 reads as rewritten:

26 "**SECTION 25.5.** In conjunction with the closing of prison facilities, including  
27 small expensive prison units recommended for consolidation by the Government  
28 Performance Audit Committee, the Department of Correction shall consult with the  
29 county or municipality in which the unit is located, with the elected State and local  
30 officials, and with State agencies about the possibility of converting that unit to other  
31 use. The Department may also consult with any private for-profit or nonprofit firm  
32 about the possibility of converting the unit to other use. In developing a proposal for  
33 future use of each unit, the Department shall give priority to converting the unit to other  
34 criminal justice use. Consistent with existing law and the future needs of the  
35 Department of Correction, the State may provide for the transfer or the lease of any of  
36 these units to counties, municipalities, State agencies, or private firms wishing to  
37 convert them to other use. The Department of Correction may also consider converting  
38 some of the units recommended for closing from ~~medium security to minimum~~  
39 ~~security, one security custody level to another,~~ where that conversion would be  
40 cost-effective. A prison unit under lease to a county pursuant to the provisions of this  
41 section for use as a jail is exempt for the period of the lease from any of the minimum  
42 standards adopted by the Secretary of Health and Human Services pursuant to G.S.  
43 153A-221 for the housing of adult prisoners that would subject the unit to greater  
44 standards than those required of a unit of the State prison system.

45 Prior to any transfer or lease of these units, the Department of Correction shall report  
46 on the terms of the proposed transfer or lease to the Joint Legislative Commission on  
47 Governmental Operations and the Joint Legislative Corrections, Crime Control, and  
48 Juvenile Justice Oversight Committee. The Department of Correction shall also provide  
49 annual summary reports to the Joint Legislative Commission on Governmental  
50 Operations and the Joint Legislative Corrections, Crime Control, and Juvenile Justice  
51 Oversight Committee on the conversion of these units to other use and on all leases or  
52 transfers entered into pursuant to this section."  
53

54 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
55 Thompson

**MEDICAL BUDGET FOR PRESCRIPTION DRUGS**

**SECTION 17.9.** Section 25.6(b) of S.L. 2001-424 reads as rewritten:

**"SECTION 25.6.(b)** Notwithstanding the provisions of G.S. 143-23(a2), the Department of Correction may use funds available during the ~~2001-2002 fiscal year~~ 2001-2003 biennium for the purchase of prescription drugs for inmates if expenditures are projected to exceed the Department's inmate medical continuation budget for prescription drugs. The Department shall consult with the Joint Legislative Commission on Governmental Operations prior to exceeding the continuation budget amount.

The Department of Administration, Purchase and Contract Division, and the Department of Correction shall review the current statewide contract for purchase of prescription drugs as it applies to the Department of Correction's purchases for inmates to determine if the Department is receiving the lowest rate available and to determine whether the Department should be authorized to issue a request for proposals for a separate vendor or purchasing consortium for the provision of prescription drugs for inmates. The Departments shall report on their findings to the Joint Legislative Commission on Governmental Operations by February 1, 2002."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

**ELECTRONIC MONITORING COSTS**

**SECTION 17.10.** Article 1 of Chapter 148 of the General Statutes is amended by adding a new section to read:

**"§ 148-10.3. Electronic monitoring costs.**

Personnel, equipment, and other costs of providing electronic monitoring of pretrial or sentenced offenders shall be reimbursed to the Department of Correction by the State or local agency requesting the service in an amount not exceeding the actual costs."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

**COLLECTION OF OFFENDER FEES**

**SECTION 17.11.** The Department of Correction and the Judicial Department shall jointly develop a plan to improve the collection rate of offender fees for probationers and for nonprobationers sentenced to community service. The plan should address improving both the rate at which offenders are levied fees and the rate at which those offenders satisfy their obligations. The plan shall address steps to improve the overall collection rate from thirty-seven percent (37%) to forty percent (40%) during the 2002-2003 fiscal year.

The two departments shall report by April 1, 2003, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the success of their efforts to improve these collection rates. The report shall also include any recommendations for statutory changes aimed at improving the collection rates.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

**CRIMINAL JUSTICE PARTNERSHIP PROGRAM**

**SECTION 17.13.(a)** Notwithstanding the provisions of G.S. 143B-273.16, Caswell, Graham, McDowell, and Union Counties shall not receive implementation funding for the Criminal Justice Partnership Program for the 2002-2003 fiscal year. However, those counties will be eligible to reapply for funding in future years.

**SECTION 17.13.(b)** It is the intent of the General Assembly that State Criminal Justice Partnership Program funds not be used to fund case manager positions when those services can be reasonably provided by Division of Community Corrections personnel or by the Treatment Alternatives to Street Crime (TASC) program in the Department of Health and Human Services. The Division of Community Corrections

1 shall identify at least the sum of eight hundred fifty-two thousand dollars (\$852,000) in  
2 cost savings by eliminating funding for personnel in these cases and shall reduce the  
3 amount of implementation grant funding for those affected counties. Within 20 days of  
4 the date this act becomes law, each county Criminal Justice Partnership advisory board  
5 shall review the Division's recommended modifications for providing Criminal Justice  
6 Partnership Program case management services in its jurisdiction and determine  
7 whether these services can be reasonably provided in the manner proposed. If the local  
8 board determines that the services cannot be reasonably provided, the jurisdiction may  
9 opt instead to have the designated reduction made from other items in its budget. If the  
10 board determines that the services can be reasonably provided, the recommended  
11 modifications shall be reviewed and approved by the State Criminal Justice Partnership  
12 Advisory Board within another 10 days. Revised contracts should be sent to the counties  
13 no later than 45 days after this act becomes law. The Division of Community  
14 Corrections shall report to the Chairs of the Senate and House Appropriations  
15 Committees and the Chairs of the Senate and House Appropriations Subcommittees on  
16 Justice and Public Safety on the specific adjustments within 60 days of the enactment of  
17 the budget for the 2002-2003 fiscal year.

18 **SECTION 17.13.(c)** For the 2002-2003 fiscal year only, funds provided to  
19 the Criminal Justice Partnership Program for distribution as implementation grants are  
20 reduced by an additional sum of one million four hundred five thousand dollars  
21 (\$1,405,000).

22  
23 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
24 Thompson

#### 25 **CONVERSION OF CONTRACTED MEDICAL POSITIONS**

26 **SECTION 17.14.(a)** The Department of Correction may convert contract  
27 medical positions to permanent State medical positions at individual correctional  
28 facilities if the Department can document that the total savings generated will exceed  
29 the total cost of the new positions for each facility. Where practical, the Department  
30 shall convert contract positions to permanent positions by using existing vacancies in  
31 medical positions.

32 **SECTION 17.14.(b)** The Department of Correction shall report by October  
33 1, 2002, to the Joint Legislative Commission on Governmental Operations and the  
34 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public  
35 Safety on all conversions made pursuant to this section, by type of position and location,  
36 and on the savings generated at each correctional facility.

37  
38 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
39 Thompson

#### 40 **REDUCE SUMMIT HOUSE APPROPRIATION**

41 **SECTION 17.15.** Subsection (a) of Section 25.14 of S.L. 2001-424 reads as  
42 rewritten:

43 **"SECTION 25.14.(a)** The General Fund appropriation to the Department of  
44 Correction for Summit House, Inc., is reduced by the sum of one hundred thirty-nine  
45 thousand six hundred fifty dollars (\$139,650) for ~~each year of the 2001-2003 biennium.~~  
46 This the 2001-2002 fiscal year and by the sum of two hundred sixty-three thousand  
47 three hundred dollars (\$263,300) for the 2002-2003 fiscal year. The ten percent (10%)  
48 reduction in funding for the 2001-2002 fiscal year shall be accomplished by reducing  
49 expenditures at the State office and not through reductions in funding to individual sites.  
50 The additional ten percent (10%) reduction for the 2002-2003 fiscal year shall be  
51 accomplished by reducing State funding for the State office by at least sixteen and  
52 seven-tenths percent (16.7%) in order to minimize the impact on the individual sites.

53 The Summit House Management Team shall continue to explore ways to reduce the  
54 use of State funds at the State office, including consideration of co-locating the State  
55 office with one of the local programs and contracting for financial services in lieu of a

1 full-time staff. As of May 1, 2003, no State funds shall be used to support the State  
2 office."

3  
4 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
5 Thompson

#### 6 **CHARGES FOR INMATE HEALTH CARE**

7 **SECTION 17.16.** UNC Health Care shall be reimbursed for medical  
8 services rendered to inmates in the custody of the Department of Correction at a rate of  
9 no more than the maximum allowable fee schedule established by the Department of  
10 Health and Human Services in accordance with Title XIX of the Social Security Act  
11 (Medicaid).

12  
13 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
14 Thompson

#### 15 **PRISON CHAPLAIN STUDY**

16 **SECTION 17.17.** The Department of Correction shall study the feasibility of  
17 converting its prison chaplain program into a community-based program emphasizing  
18 the use of volunteers and community funding and allowing for contracting for the  
19 services of prison chaplains in areas where such volunteers or funding are not available.

20 The Department shall report the results of this study to the Chairs of the  
21 House of Representatives and Senate Appropriations Subcommittees on Justice and  
22 Public Safety by March 1, 2003. The report shall include an analysis of the cost savings  
23 to be realized through the implementation of a community-based prison chaplain  
24 program, as well as addressing the potential for securing the services of prison chaplains  
25 through a statewide contract.

26  
27 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
28 Thompson

#### 29 **ELIMINATE IMPACT PROGRAM**

30 **SECTION 17.18.(a)** G.S. 15A-1343(b1)(2a) is repealed.

31 **SECTION 17.18.(b)** G.S. 15A-1343.1 is repealed.

32 **SECTION 17.18.(c)** The Department of Correction shall study the feasibility  
33 of resuming the IMPACT program when adequate funds are available. The Department  
34 shall report the results of its study to the Chairs of the House of Representatives and  
35 Senate Appropriations Subcommittees on Justice and Public Safety by March 1, 2003.

### 36 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

37  
38  
39 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
40 Thompson

#### 41 **TARHEEL CHALLENGE MATCHING FUNDS**

42 **SECTION 18.2.** The North Carolina National Guard shall identify  
43 alternative sources of funding, including local and private funds, to be used to meet the  
44 forty percent (40%) match requirement for federal funds.

45  
46 Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine,  
47 Thompson

#### 48 **FUNDING ALE OPERATIONS**

49 **SECTION 18.4.(a)** G.S. 18B-805(b) reads as rewritten:

50 "(b) Primary Distribution. – Before making any other distribution, a local board  
51 shall first pay the following from its gross receipts:

52 (1) The board shall pay the expenses, including salaries, of operating the  
53 local ABC system.

54 (2) Each month the local board shall pay to the Department of Revenue  
55 the taxes due the Department. In addition to the taxes levied under

Chapter 105 of the General Statutes, the local board shall pay to the Department one-half of both the mixed beverages surcharge required by G.S. 18B-804(b)(8) and the guest room cabinet surcharge required by G.S. 18B-804(b)(9).

- (3) Each month the local board shall pay to the Department of Health and Human Services five percent (5%) of both the mixed beverages surcharge required by G.S. 18B-804(b)(8) and the guest room cabinet surcharge required by G.S. 18B-804(b)(9). The Department of Health and Human Services shall spend those funds for the treatment of alcoholism or substance abuse, or for research or education on alcohol or substance abuse.
- (4) Each month the local board shall pay to the county commissioners of the county where the charge is collected the proceeds from the bottle charge required by G.S. 18B-804(b)(6), to be spent by the county commissioners for the purposes stated in subsection (h) of this section.
- (5) By September 30, December 31, March 31, and June 30 of each year the local board shall pay to the Department of Crime Control and Public Safety an amount determined by the Commission to support the ALE Division. The Commission shall calculate the amount owed by each local board based on the board's proportionate share of gross receipts in comparison to total statewide gross receipts for the most recent fiscal year for which figures are available and apply that percentage to the anticipated cost of operating the Division. The Commission shall certify the amount owed by each local board to that board within 60 days of each quarterly payment date.

**SECTION 18.4.(b)** Notwithstanding the provisions of subsection (a) of this section, the distributions made pursuant to G.S. 18B-805(e) during the 2002-2003 fiscal year shall be equal to or exceed the amounts distributed pursuant to that subsection during the 2001-2002 fiscal year, unless the governing body of the city or county receiving the distribution agrees by resolution to accept a lesser amount.

**SECTION 18.4.(c)** This section expires July 1, 2003.

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

**EXEMPT STATE HIGHWAY PATROL FROM UMSTEAD ACT**

**SECTION 18.5.** G.S. 66-58(b) is amended by adding a new subdivision to read:

"(22) The North Carolina State Highway Patrol."

Requested by: Representatives Culpepper, Haire, Easterling, Oldham, Redwine, Thompson

**COMPLY WITH FEDERAL VIOLENCE AGAINST WOMEN ACT**

**SECTION 18.6.(a)** G.S. 143B-480.2 reads as rewritten:

**"§ 143B-480.2. Victim assistance.**

(a) Eligibility for Assistance. – Sexual assault victims or victims of attempted sexual assault are eligible for assistance under this Program if the sexual assault or the attempted sexual assault is reported to a law enforcement officer within five days of the occurrence of the assault or the attempted sexual assault or if a forensic medical examination is performed within five days of the sexual assault or the attempted sexual assault. The Secretary may waive either five-day requirement for good cause. The term "sexual assault" as used in this section refers to the following crimes: Only victims who have reported the following crimes are eligible for assistance under this Program: first-degree rape as defined in G.S. 14-27.2, second-degree rape as defined in G.S. 14-27.3, first-degree sexual offense as defined in G.S. 14-27.4, second-degree sexual offense as defined in G.S. 14-27.5, or statutory rape as defined in G.S. 14-27.7A. ¶

1 ~~attempted first degree or second degree rape or attempted first degree or second degree~~  
2 ~~sexual offense as defined in G.S. 14-27.6.~~

3 (b) Eligible Expenses. – Assistance is limited to the following expenses incurred  
4 by the victim:

5 (1) Immediate~~immediate~~ and short-term medical expenses,~~expenses.~~

6 (2) Ambulance services from the place of the attack to a place where  
7 medical treatment is provided.~~ambulance services,~~

8 (3) and mental~~Mental~~ health services provided by a professional licensed  
9 or certified by the State to provide such services,~~services, not to~~  
10 exceed one thousand dollars (\$1,000) incurred by the victim for the

11 (4) A forensic medical examination. As used in this section, the term  
12 "forensic medical examination" means an examination provided to a  
13 sexual assault victim eligible for assistance under subsection (a) of this  
14 section by medical personnel who gather evidence of a sexual assault  
15 in a manner suitable for use in a court of law. The examination should  
16 include an examination of physical trauma, a patient interview, and a  
17 collection and evaluation of evidence.~~examination, medical procedures~~  
18 ~~to collect evidence,~~

19 (5) or counseling~~Counseling~~ treatment which follow~~following~~ the attack,  
20 attack.~~or ambulance services from the place of the attack to a place~~  
21 ~~where medical treatment is provided.~~

22 (c) Amount of Assistance. – The Program shall pay for the full out-of-pocket  
23 cost of the victim's forensic medical examination. The Program shall pay for all other  
24 eligible expenses set out in subsection (b) of this section in an amount not to exceed the  
25 difference between the full out-of-pocket cost of the forensic medical examination and  
26 one thousand dollars (\$1,000). If the full out-of-pocket cost for the forensic medical  
27 examination costs more than one thousand dollars (\$1,000), then the Program shall pay  
28 only for the full out-of-pocket cost of the forensic medical examination. Assistance not  
29 to exceed fifty dollars (\$50.00) shall be provided to victims to replace clothing that was  
30 held for evidence tests.

31 (b)(d) Payment Directly to Provider. – With the exception of assistance authorized  
32 under subsection (e)(f) of this section, assistance for expenses authorized under this  
33 section is to be paid directly to any hospital, ambulance service, attending physicians, or  
34 mental health professionals providing counseling, upon the filing of proper forms.  
35 Payment for the full out-of-pocket cost of the forensic medical examination shall be  
36 paid to the provider no later than 90 days after receiving the required written  
37 notification of the victim's expense.

38 (e) ~~Assistance shall not be awarded unless the rape, attempted rape, sexual~~  
39 ~~offense, or attempted sexual offense was reported to a law enforcement officer within~~  
40 ~~72 hours after its occurrence or the Secretary finds there was good cause for the failure~~  
41 ~~to report within that time.~~

42 (d)(e) Judicial Review. – Upon an adverse determination by the Secretary on a  
43 claim for medical expenses, a victim is entitled to judicial review of that decision. The  
44 person seeking review shall file a petition in the Superior Court of Wake County.

45 (e)(f) Examinations by Licensed Registered Nurse. – If the forensic medical  
46 examination is conducted by a licensed registered nurse who has successfully completed  
47 a program approved under G.S. 90-171.38(b), payment for the full out-of-pocket cost of  
48 the forensic medical examination may be made directly to the licensed registered nurse  
49 in~~In~~ lieu of any payment which may otherwise have been made under subsection (b),(d)  
50 of this section. Payment for the full out-of-pocket costs of a forensic medical  
51 examination under this subsection shall be paid no later than 90 days after receiving the  
52 required written notification of the victim's expense.~~assistance for expenses for services~~  
53 ~~authorized under this section that are provided for the purpose of collecting evidence~~  
54 ~~from victims of crimes identified in G.S. 90-171.38(b) may be paid directly to any~~  
55 ~~licensed registered nurse who has successfully completed a program approved under~~

1 ~~G.S. 90-171.38(b)~~. The Secretary shall adopt rules to facilitate the payments authorized  
2 under this subsection and to encourage, whenever practical, the use of licensed  
3 registered nurses trained under G.S. 90-171.38(b) to conduct medical examinations and  
4 procedures."

5 **SECTION 18.6.(b)** The Department of Crime Control and Public Safety  
6 may use funds available to the Department in order to implement the provisions of this  
7 section.

8 **SECTION 18.6.(c)** This section becomes effective October 1, 2002.

9  
10 **PART XIX. DEPARTMENT OF ADMINISTRATION**

11  
12 Requested by: Representatives Insko, Hackney, Jeffus, Sherrill, Easterling,  
13 Oldham, Redwine, Thompson

14 **OCCANEECHI BAND OF THE SAPONI NATION ON THE NORTH**  
15 **CAROLINA STATE COMMISSION OF INDIAN AFFAIRS**

16 **SECTION 19.1A.(a)** G.S. 143B-407 reads as rewritten:

17 "**§ 143B-407. North Carolina State Commission of Indian Affairs - membership;**  
18 **term of office; chairman; compensation.**

19 (a) The State Commission of Indian Affairs shall consist of two persons  
20 appointed by the General Assembly, the Secretary of Health and Human Services, the  
21 Director of the State Employment Security Commission, the Secretary of  
22 Administration, the Secretary of Environment and Natural Resources, the  
23 Commissioner of Labor or their designees and ~~20~~ 21 representatives of the Indian  
24 community. These Indian members shall be selected by tribal or community consent  
25 from the Indian groups that are recognized by the State of North Carolina and are  
26 principally geographically located as follows: the Coharie of Sampson and Harnett  
27 Counties; the Eastern Band of Cherokees; the Haliwa Saponi of Halifax, Warren, and  
28 adjoining counties; the Lumbees of Robeson, Hoke and Scotland Counties; the  
29 Meherrin of Hertford County; the Waccamaw-Siouan from Columbus and Bladen  
30 Counties; the Indians of Person County; the Occaneechi Band of the Saponi Nation of  
31 Alamance and Orange Counties, and the Native Americans located in Cumberland,  
32 Guilford, Johnston, Mecklenburg, Orange, and Wake Counties. The Coharie shall have  
33 two members; the Eastern Band of Cherokees, two; the Haliwa Saponi, two; the  
34 Lumbees, three; the Meherrin, one; the Waccamaw-Siouan, two; the Indians of Person  
35 County, one; the Cumberland County Association for Indian People, two; the Guilford  
36 Native Americans, two; the Metrolina Native Americans, two; the Occaneechi Band of  
37 the Saponi Nation, one, the Triangle Native American Society, one. Of the two  
38 appointments made by the General Assembly, one shall be made upon the  
39 recommendation of the Speaker, and one shall be made upon recommendation of the  
40 President Pro Tempore of the Senate. Appointments by the General Assembly shall be  
41 made in accordance with G.S. 120-121 and vacancies shall be filled in accordance with  
42 G.S. 120-122.

43 (b) Members serving by virtue of their office within State government shall serve  
44 so long as they hold that office. Members representing Indian tribes and groups shall be  
45 elected by the tribe or group concerned and shall serve for three-year terms except that  
46 at the first election of Commission members by tribes and groups one member from  
47 each tribe or group shall be elected to a one-year term, one member from each tribe or  
48 group to a two-year term, and one member from the Lumbees to a three-year term. The  
49 initial appointment from the Indians of Person County shall expire on June 30, 1999.  
50 The initial appointment from the Triangle Native American Society shall expire June  
51 30, 2003. The initial appointment of the Occaneechi Band of the Saponi Nation shall  
52 expire June 30, 2005. Thereafter, all Commission members will be elected to three-year  
53 terms. All members shall hold their offices until their successors are appointed and  
54 qualified. Vacancies occurring on the Commission shall be filled by the tribal council or  
55 governing body concerned. Any member appointed to fill a vacancy shall be appointed

1 for the remainder of the term of the member causing the vacancy. The Governor shall  
 2 appoint a chairman of the Commission from among the Indian members of the  
 3 Commission, subject to ratification by the full Commission. The initial appointments by  
 4 the General Assembly shall expire on June 30, 1983. Thereafter, successors shall serve  
 5 for terms of two years.

6 (c) Commission members who are seated by virtue of their office within the State  
 7 government shall be compensated at the rate specified in G.S. 138-6. Commission  
 8 members who are members of the General Assembly shall be compensated at the rate  
 9 specified in G.S. 120-3.1. Indian members of the commission shall be compensated at  
 10 the rate specified in G.S. 138-5."

11 **SECTION 19.1A.(b)** Any expenses incurred under this section shall be paid  
 12 by the Department of Administration out of existing appropriations.

13  
 14 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
 15 Thompson

16 **INCREASE EFFICIENCY OF MAIL SERVICE CENTER**

17 **SECTION 19.2.** G.S. 143-341(8)g. reads as rewritten:

18 "g. To establish and operate a central mailing system for all State  
 19 agencies, and in connection therewith and in the discretion of  
 20 the Secretary, to make application for and procure a post-office  
 21 substation for that purpose, and to do all things necessary in  
 22 connection with the maintenance of the central mailing system.  
 23 The Secretary may allocate and charge against the respective  
 24 departments and agencies their proportionate parts of the cost of  
 25 the maintenance of the central mailing system. The Secretary  
 26 shall develop a plan for the efficient operation of the center that  
 27 meets the needs of State agencies and ensures timely delivery of  
 28 mail, and shall present that plan to the Office of State Budget  
 29 and Management and the General Assembly no later than the  
 30 convening date of the 2003 General Assembly."

31 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
 32 Thompson

33 **SCHOLARSHIPS FOR CHILDREN OF WAR VETERANS AMENDMENTS**

34 **SECTION 19.3.** G.S. 165-20(3) reads as rewritten:

35 **"§ 165-20. Definitions.**

36 As used in this Article the terms defined in this section shall have the following  
 37 meaning:

- 38  
 39 (3) 'Child' means a person: (i) under 25 years of age at the time of  
 40 application for a scholarship, (ii) who is a domiciliary of North  
 41 Carolina and is a resident of North Carolina when applying for a  
 42 scholarship, ~~(ii) who is a senior in high school or its equivalent and~~  
 43 ~~who will graduate at the end of the academic year or a person (iii) who~~  
 44 has completed high school or its equivalent, ~~(iii) equivalent prior to~~  
 45 receipt of a scholarship awarded under this Article, (iv) who has  
 46 complied with the requirements of the Selective Service System, if  
 47 applicable, and ~~(iv)(v)~~ (v) who further meets one of the following  
 48 requirements:  
 49 a. A person whose veteran parent was a legal resident of North  
 50 Carolina at the time of said veteran's entrance into that period of  
 51 service in the armed forces during which eligibility is  
 52 established under G.S. 165-22.  
 53 b. A veteran's child who was born in North Carolina and has lived  
 54 in been a resident of North Carolina continuously since birth.  
 55 Provided, that the requirement in the preceding sentence as to



~~birth in North Carolina may be waived by the Department of Administration if it is shown to the satisfaction of the Department that the child's mother was a native born resident of North Carolina and was such resident at the time of her marriage to the veteran and was outside the State temporarily at the time of the child's birth, following which the child was returned to North Carolina within a reasonable period of time where said child has since lived continuously.~~

- c. A person meeting either of the requirements set forth in subdivision (3)a or b above, and who was legally adopted by the veteran prior to said person's reaching the age of 15 years."

**SECTION 19.3.(b)** G.S. 165-21 reads as rewritten:

**"§ 165-21. Scholarship.**

~~(a)~~ A scholarship granted pursuant to this Article shall consist of the following benefits in either a State or private educational institution:

- (1) With respect to State educational institutions, unless expressly limited elsewhere in this Article, a scholarship shall consist of:
  - a. Tuition,
  - b. A reasonable board allowance,
  - c. A reasonable room allowance,
  - d. Matriculation and other institutional fees required to be paid as a condition to remaining in said institution and pursuing the course of study selected, excluding charges or fees for books, supplies, tools and clothing.
- (2) With respect to private educational institutions, a scholarship shall consist of a monetary allowance as prescribed in G.S. 165-22.1(d).
- (3) Only one scholarship may be granted pursuant to this Article with respect to each child and it shall not extend for a longer period than four academic years, which years, however, need not be consecutive.
- (4) No educational assistance shall be afforded a child under this Article after the end of ~~a 10-year~~ an eight-year period beginning on the date the scholarship is first awarded. Those persons who have been granted a scholarship under this Article prior to the effective date of this act shall be entitled to the remainder of their period of scholarship eligibility if used prior to August 1, ~~1999.~~ 2010. Whenever a child is enrolled in an educational institution and the period of entitlement ends while enrolled in a term, quarter or semester, such period shall be extended to the end of such term, quarter or semester, but not beyond the entitlement limitation of four academic years.

~~(b) If a child is awarded a scholarship under this Article and the child is a senior in high school or its equivalent, then the scholarship shall be awarded pending the graduation of the child.~~

(c) If a child is awarded a scholarship under this Article, the Commission shall notify the recipient by May 1<sup>st</sup> of the year in which the recipient enrolls in college."

**SECTION 19.3.(c)** G.S. 165-22 reads as rewritten:

**"§ 165-22. Classes or categories of eligibility under which scholarships may be awarded.**

A child, as defined in this Article, who falls within the provisions of any eligibility class described below shall, upon proper application be considered for a scholarship, subject to the provisions and limitations set forth for the class under which he is considered:

- (1) Class I-A: Under this class a scholarship shall be awarded to any child whose veteran parent

- 1 a. Was killed in action or died from wounds or other causes not  
2 due to his own ~~wilful~~-willful misconduct while a member of the  
3 armed forces during a period of war, or  
4 b. Has died of service-connected injuries, wounds, illness or other  
5 causes incurred or aggravated during wartime service in the  
6 armed forces, as rated by the United States Department of  
7 Veterans Affairs.
- 8 (2) Class I-B: Under this class a limited scholarship providing only those  
9 benefits set forth in G.S. 165-21(1)a and d and 165-21(2) of this  
10 Article, shall be awarded to any child whose veteran parent, at the time  
11 the benefits pursuant to this Article are sought to be availed of, is or  
12 was at the time of his death receiving compensation for a wartime  
13 service-connected disability of one hundred percent (100%) as rated by  
14 the United States Department of Veterans Affairs. Provided, that if the  
15 veteran parent of a recipient under this class should die of his wartime  
16 service-connected condition before the recipient shall have utilized all  
17 of his scholarship eligibility time, then the North Carolina Department  
18 of Administration shall amend the recipient's award from Class I-B to  
19 Class I-A for the remainder of the recipient's eligibility time. The  
20 effective date of such an amended award shall be determined by the  
21 Department of Administration, but, in no event shall it predate the date  
22 of the veteran parent's death.
- 23 (3) Class II: Under this class a scholarship may be awarded to not more  
24 than 100 children yearly, each of whose veteran parent, at the time the  
25 benefits pursuant to this Article are sought to be availed of:  
26 a. Is or was at the time of his death receiving compensation for a  
27 wartime service-connected disability of twenty percent (20%)  
28 or more, but less than one hundred percent (100%), as rated by  
29 the United States Department of Veterans Affairs, or  
30 b. ~~Is or was at the time of his death receiving wartime~~  
31 ~~compensation for a statutory award for arrested pulmonary~~  
32 ~~tuberculosis, as rated by the United States Department of~~  
33 ~~Veterans Affairs.~~Was awarded a Purple Heart for wounds  
34 received as a result of an act of any opposing armed force, as a  
35 result of an international terrorist attack, or as a result of  
36 military operations while serving as part of a peacekeeping  
37 force.
- 38 (4) Class III: Under this class a scholarship may be awarded to not more  
39 than 100 children yearly, each of whose veteran parent, at the time the  
40 benefits pursuant to this Article are sought to be availed of:  
41 a. Is or was at the time of his death drawing pension for  
42 permanent and total disability, nonservice-connected, as rated  
43 by the United States Department of Veterans Affairs, ~~or Affairs.~~  
44 b. Is deceased and who does not fall within the provisions of any  
45 other eligibility class described in G.S. 165-22(1), (2), (3), (4)a.,  
46 nor ~~(5) provided such child is less than 23 years of age at the~~  
47 ~~time of application for such scholarship.~~~~(5).~~  
48 c. Served in a combat zone, or waters adjacent to a combat zone,  
49 or any other campaign, expedition, or engagement for which the  
50 United States Department of Defense authorizes a campaign  
51 badge or medal, who does not fall within the provisions of any  
52 other class described in G.S. 165-22(1), (2), (3), (4)a., or (5).
- 53 (5) Class IV: Under this class a scholarship as defined in G.S.  
54 165-21 shall be awarded to any child whose parent, while  
55 serving honorably as a member of the armed forces of the

1 United States in active federal service during a period of war, as  
2 defined in G.S. 165-20(4), was listed by the United States  
3 government as (i) missing in action, (ii) captured in line of duty  
4 by a hostile force, or (iii) forcibly detained or interned in line of  
5 duty by a foreign government or power."

6 **SECTION 19.3.(d)** G.S. 165-22.1(c) reads as rewritten:

7 "(c) Allowances for room and board in State educational institutions shall be at  
8 such rate as ~~the Director of the Budget may determine to be reasonable. established by~~  
9 the Secretary of the Department of Administration."

10  
11 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
12 Thompson

### 13 **REGIONAL OFFICE CONSOLIDATION PLAN**

14 **SECTION 19.4.** The Department of Administration, State Property Office,  
15 in consultation with all other state agencies, shall identify regional offices established  
16 throughout the State in all State agencies and shall develop a plan that provides for the  
17 consolidation of the individual regional offices into a central facility in each region,  
18 giving consideration to sharing space and utilizing vacant space, and to availability of  
19 space in all agencies, including university and community college campuses. The  
20 Department shall report its findings and recommendations to the Chairs of the  
21 Appropriations Committees of the Senate and House of Representatives and to the  
22 Fiscal Research Division by November 1, 2002.

23  
24 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
25 Thompson

### 26 **PETROLEUM OVERCHARGE FUNDS ALLOCATION**

27 **SECTION 19.6.(a)** There is appropriated from funds and interest thereon  
28 received from the case of United States v. Exxon that remain in the Special Reserve for  
29 Oil Overcharge Funds to the Department of Health and Human Services the sum of one  
30 million dollars (\$1,000,000) for the 2002-2003 fiscal year. The Department shall  
31 allocate these funds to the Weatherization Assistance Program.

32 **SECTION 19.6.(b)** Any funds remaining in the Special Reserve for Oil  
33 Overcharge funds after the allocation is made pursuant to subsection (a) of this section  
34 may be expended only as authorized by the General Assembly. All interest or income  
35 accruing from all deposits or investments of cash balances shall be credited to the  
36 Special Reserve for Oil Overcharge Funds.

## 37 38 **PART XX. OFFICE OF THE STATE AUDITOR**

## 39 40 **PART XXI. DEPARTMENT OF CULTURAL RESOURCES**

41  
42 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
43 Thompson

### 44 **NC ARTS COUNCIL LIMIT USE OF CONSULTANTS**

45 **SECTION 21.1.** The North Carolina Arts Council shall limit the use of  
46 consultants to evaluate and approve applications for arts and cultural grants for  
47 individuals and organizations and shall conduct the grants process with the Division of  
48 Arts Council staff.

49  
50 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
51 Thompson

### 52 **MUSEUM ADMISSION FEE STUDY**

53 **SECTION 21.2.** The Office of State Budget and Management shall study the  
54 feasibility of charging an admission fee to the State's museums and other similar  
55 facilities open to the public. The Office of State Budget and Management shall conduct

1 the study in consultation with the Fiscal Research Division of the Legislative Services  
2 Office. The Office of State Budget and Management shall complete this study and  
3 report to the Chairs of the Senate and House of Representatives Appropriations  
4 Committees by November 1, 2002.

## 6 PART XXII. DEPARTMENT OF REVENUE

8 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
9 Thompson

### 10 LOCAL SALES TAX ADMINISTRATIVE COSTS

11 **SECTION 22.1.** To the extent the Department of Revenue's nonrecurring  
12 costs of implementing and administering Article 44 of Chapter 105 of the General  
13 Statutes, as amended, exceed funds available in its budget for the 2002-2003 fiscal year,  
14 the Department may pay the excess cost by withholding up to two hundred seventy-five  
15 thousand dollars (\$275,000) from collections under Subchapter VIII of Chapter 105 of  
16 the General Statutes.

17  
18 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
19 Thompson

### 20 DOR REPORTS ON DEBT COLLECTION

21 **SECTION 22.2.** G.S. 105-243.1(f) reads as rewritten:

22 "(f) Reports. – The Department must report to the Joint Legislative Commission  
23 on Governmental Operations and to the Revenue Laws Study Committee on its efforts  
24 to collect tax debts. Reports must be submitted quarterly beginning November 1, 2001,  
25 through ~~November 1, 2002, June 30, 2005,~~ and semiannually thereafter. Each report  
26 must include a breakdown of the amount and age of tax debts collected by collection  
27 agencies on contract, the amount and age of tax debts collected by the Department  
28 through warning letters, and the amount and age of tax debts otherwise collected by  
29 Department personnel. The report must itemize collections by type of tax. Each report  
30 must also include a long-term collection plan, a timeline for implementing each step of  
31 the plan, a summary of steps taken since the last report and their results, and any other  
32 data requested by the Commission or the Committee."

33  
34 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
35 Thompson

### 36 DOR VACANT POSITIONS

37 **SECTION 22.3.** The Department of Revenue shall reclassify vacant  
38 positions and allocate up to eight hundred fifty-five thousand forty-seven dollars  
39 (\$855,047) in recurring funds for the 2002-2003 fiscal year, and up to two hundred  
40 thousand one hundred dollars (\$200,100) in nonrecurring funds for the 2002-2003 fiscal  
41 year as follows:

- 42 (1) To increase staff and provide operating costs in the Criminal  
43 Investigations Division to expand fraud investigations.
- 44 (2) To support the Department of Justice's personnel and operating  
45 expenses for legal services related to the expansion of fraud  
46 investigations.

47  
48 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
49 Thompson

### 50 DOR DEBT COLLECTION FUNDS

51 **SECTION 22.4.** The Department of Revenue may use up to six hundred  
52 thousand dollars (\$600,000) during the 2002-2003 fiscal year from the collection  
53 assistance fee account created in G.S. 105-243.1 to be allocated as follows:

- 54 (1) Two hundred thousand dollars (\$200,000) for contractual services  
55 related to system changes for managing and filing bankruptcies.

- 1 (2) Four hundred thousand dollars (\$400,000) for identifying delinquent  
2 taxpayers.  
3

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

6 **DOR REPORT ON LOCAL TAX ADMINISTRATION EXPENSES**

7 **SECTION 22.5.** G.S. 105-256 is amended by adding a new subsection to  
8 read:

9 "(e) Local Tax Administration Expenses. – The Secretary must report quarterly to  
10 the chairs of the Appropriations Committees and Finance Committees of each house of  
11 the General Assembly and to the Fiscal Research Division on the Department's  
12 expenditures of funds withheld from distributions to local governments to cover its costs  
13 of administering local taxes and local programs. The report must itemize expenditures  
14 for personnel, operating expenses, and nonrecurring expenses by division and must  
15 specify the source of the withheld funds in each case. The report is due 20 days after the  
16 end of each quarter."  
17

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

20 **DOR TAXPAYER TELECOMMUNICATIONS SERVICE**

21 **SECTION 22.6.** The Department of Revenue may draw up to three million  
22 dollars (\$3,000,000) through June 30, 2004, from the collection assistance fee account  
23 created in G.S. 105-243.1 in order to pay for the costs of establishing and equipping a  
24 central taxpayer telecommunications service center for collections and assistance, and  
25 for the costs associated with aligning local field offices with the new center. Before any  
26 funds may be expended for these purposes, the Secretary of Revenue must present a  
27 detailed plan with proposed costs to the Joint Legislative Commission on Governmental  
28 Operations. This plan must be presented by October 31, 2002.  
29

30 **PART XXIII. RULES REVIEW COMMISSION**

31  
32 **PART XXIIIA. OFFICE OF ADMINISTRATIVE HEARINGS**  
33

34 Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine,  
35 Thompson

36 **CONFORMING APA AMENDMENTS**

37 **SECTION 23A.1.** G.S. 150B-21.24 reads as rewritten:

38 **"§ 150B-21.24. ~~Free copies of Access to Register and Code.~~**

39 (a) ~~Register. – The Codifier of Rules must distribute copies of the North Carolina~~  
40 ~~Register as soon after publication as practical, without charge, to the following:~~

41 (1) ~~A person who receives a free copy of the North Carolina~~  
42 ~~Administrative Code.~~

43 (2) ~~Upon request, one copy to each member of the General Assembly.~~  
44 make available the North Carolina Register on the Internet at no  
45 charge. The Codifier must provide a free copy of the current volume of  
46 the Register to any person who receives a free copy of the North  
47 Carolina Administrative Code or any member of the General  
48 Assembly, only upon request.

49 (b) Code. – The Codifier of Rules must make available the North Carolina  
50 Administrative Code on the Internet at no charge. The Codifier must distribute copies of  
51 the North Carolina Administrative Code as soon after publication as practical, without  
52 charge, to the following:

53 (1) One copy to the board of commissioners of each county, county that  
54 specifically requests a printed copy, to be placed at the county clerk of  
55 court's office or at another place selected by the board of

commissioners. The Codifier of Rules is not required to provide a copy of the Administrative Code to any board of county commissioners unless a request is made.

- (2) One copy to the Commission.
- (3) One copy to the Clerk of the Supreme Court and to the Clerk of the Court of Appeals of North Carolina.
- (4) One copy to the Supreme Court Library and one copy to the library of the Court of Appeals.
- (5) One copy to the Administrative Office of the Courts.
- (6) One copy to the Governor.
- (7) ~~Five copies~~ One copy to the Legislative Services Commission for the use of the General Assembly.
- (8) ~~Upon request, one copy to each State official or department to whom or to which copies of the appellate division reports are furnished under G.S. 7A-343.1.~~
- (9) ~~Five copies~~ One copy to the Division of State Library of the Department of Cultural Resources pursuant to G.S. 125-11.7."

**PART XXIV. SECRETARY OF STATE**

**PART XXV. OFFICE OF THE STATE CONTROLLER**

Requested by: Representatives Jeffus, Sherrill, Easterling, Oldham, Redwine, Thompson

**OVERPAYMENTS AUDIT**

**SECTION 25.1.(a)** During the 2002-2003 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S.147-86.22(c) are to be deposited in the Special Reserve Account 24172.

**SECTION 25.1.(b)** For the 2002-2003 fiscal year, two hundred thousand dollars (\$200,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or other information technology initiatives.

**SECTION 25.1.(c)** Of the unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section, the sum of up to five hundred thousand dollars (\$500,000) for the 2002-2003 fiscal year may be used to continue the State Business Infrastructure Study enacted in Section 17.1 of S.L. 2001-491.

**SECTION 25.1.(d)** The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the revenue deposited into the Special Reserve Account and the disbursement of that revenue.

**PART XXVI. DEPARTMENT OF TRANSPORTATION**

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

**CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

**SECTION 26.1.** Section 27.4(a) of S.L. 2001-424 reads as rewritten:

**"SECTION 27.4.(a)** The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2003-2004	<del>\$1,334.6 million</del>	<u>\$1,328.9 million</u>
FY 2004-2005	<del>\$1,369.8 million</del>	<u>\$1,374.0 million</u>

1	FY 2005-2006	<del>\$1,406.1 million</del>	<u>\$1,422.4 million</u>
2	FY 2006-2007	<del>\$1,445.5 million</del>	<u>\$1,472.6 million</u>
3	The General Assembly authorizes and certifies anticipated revenues of the Highway		
4	Trust Fund as follows:		
5	FY 2003-2004	<del>\$1,127.6 million</del>	<u>\$1,019.4 million</u>
6	FY 2004-2005	<del>\$1,176.5 million</del>	<u>\$1,058.5 million</u>
7	FY 2005-2006	<del>\$1,226.8 million</del>	<u>\$1,110.2 million</u>
8	FY 2006-2007	<del>\$1,278.4 million</del>	<u>\$1,162.5 million</u> "

9  
10 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
11 Thompson

## 12 HIGHWAY TRUST FUND STUDY COMMITTEE CONTINUED

13 **SECTION 26.2.(a)** Section 27.6(b) of S.L. 2001-424 reads as rewritten:

14 **"SECTION 27.6. (b)** Membership. – The Study Committee shall be composed of  
15 ~~16~~18 members as follows:

- 16 (1) The Chairs of the Joint Legislative Transportation Oversight
- 17 Committee.
- 18 (2) Four Representatives and ~~three~~four public members appointed by the
- 19 Speaker of the House of Representatives.
- 20 (3) Four Senators and ~~three~~four public members appointed by the
- 21 President Pro Tempore of the Senate.

22 The appointing authorities shall make their appointments to reflect the urban-rural  
23 diversity of the population of the State."

24 **SECTION 26.2.(b)** Section 27.6(c) of S.L. 2001-424 reads as rewritten:

25 **"SECTION 27.6.(c)** Duties of the Study Committee. – The Committee may study  
26 all aspects of the Highway Trust Fund. The study shall include the examination of all  
27 the following:

- 28 (1) The current status, cost estimates, and feasibility of Highway Trust
- 29 Fund projects currently listed in Article 14 of Chapter 136 of the
- 30 General Statutes.
- 31 (2) Unanticipated problems with the structure of the Highway Trust Fund.
- 32 (3) The gap between transportation funding structures and the actual
- 33 transportation needs of the State.
- 34 (4) Allocation issues raised by the structure of the transportation funding
- 35 equity distribution formula in G.S. 136-17.2A.
- 36 (5) The feasibility of altering the project eligibility requirements of the
- 37 Highway Trust Fund, including permitting the Department of
- 38 Transportation to add projects as long as adding those projects does
- 39 not delay projects already to be funded by the Highway Trust Fund,
- 40 projects scheduled under the 2002-2008 Transportation Improvement
- 41 Program, and does not impair the cash-flow provisions of G.S.
- 42 136-176(a1).
- 43 (6) The feasibility of altering the funding allocation structure of the
- 44 Highway Trust Fund, including the possible use of the Highway
- 45 Trust Fund to provide the State match for available federal aid
- 46 highway funds as long as using the funds in this manner does not delay
- 47 projects already funded by the Highway Trust Fund, projects
- 48 scheduled under the 2002-2008 Transportation Improvement Program,
- 49 and does not impair the cash-flow provisions of G.S. 136-176(a1).
- 50 (7) Any other issue related to the Highway Trust Fund or transportation
- 51 funding."

52 **SECTION 26.2.(c)** Section 27.6(k) of S.L. 2001-424 reads as rewritten:

53 **"SECTION 27.6.(k)** Report. – The report of the study shall be made to the Joint  
54 Legislative Transportation Oversight Committee no later than ~~April 1, 2002.~~ the first

1 day of the 2003 Session of the General Assembly. Upon the filing of its final report, the  
2 Study Committee shall terminate."  
3

4 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
5 Thompson

6 **BILTMORE AVENUE AIRSPACE ENCROACHMENT**

7 **SECTION 26.3.** The Department of Transportation shall permit private use  
8 of and encroachment upon the airspace above Biltmore Avenue located inside the  
9 corporate limits of the City of Asheville for the purpose of construction and  
10 maintenance of a pedestrian bridge to connect the campuses of Mission St. Joseph's  
11 Health System unless, in the opinion of the Department, the bridge will unreasonably  
12 interfere with and impair the property rights and easement of abutting owner or  
13 unreasonably interfere with or obstruct the public use of Biltmore Avenue.  
14

15 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
16 Thompson

17 **CASH MANAGEMENT PROGRAM MODIFICATION**

18 **SECTION 26.4.(a)** G.S. 136-176(a2) is repealed.

19 **SECTION 26.4.(b)** The Department of Transportation is encouraged to use  
20 all existing resources including bonded indebtedness to mitigate any delays in the  
21 construction of Transportation Improvement Program projects.  
22

23 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
24 Thompson

25 **DEPARTMENT OF TRANSPORTATION PRINTING EFFICIENCIES STUDY**

26 **SECTION 26.5.** The Department of Transportation shall study, develop, and  
27 implement a more cost-effective method of providing printing services for the Division  
28 of Motor Vehicles. The Department shall report the efficiencies and projected cost  
29 savings to the Chairmen of the House Appropriations Subcommittee on Transportation  
30 and the Chairman of the Senate Appropriations on Department of Transportation  
31 Subcommittee during the 2003 General Assembly.  
32

33 Requested by: Representatives Cole, J. Crawford, Bonner, Sutton, Easterling,  
34 Oldham, Redwine, Thompson

35 **COMMERCIAL DRIVER LICENSE TRAINING STANDARDS**

36 **SECTION 26.8.** By January 1, 2003, the Division of Motor Vehicles shall  
37 issue rules authorizing certified Commercial Truck Driver Training Schools to offer an  
38 80-hour curriculum appropriate to prepare a student to meet the requirements for a Class  
39 B Commercial Drivers License. These rules shall be consistent with existing rules  
40 governing Commercial Truck Driver Training Schools as provided for in G.S. 20-320  
41 through G.S. 20-328 and applicable administrative code sections, except for the hours of  
42 instruction required.  
43

44 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
45 Thompson

46 **SMALL URBAN AND CONTINGENCY FUNDS**

47 **SECTION 26.9.** Section 27.3 of S.L. 2001-424 reads as rewritten:

48 **"SECTION 27.3.** Of the funds appropriated in this act to the Department of  
49 Transportation:

50 (1) Fourteen million dollars (\$14,000,000) shall be allocated in each fiscal  
51 year for small urban construction projects. These funds shall be  
52 allocated equally in each fiscal year of the biennium among the 14  
53 Highway Divisions for the small urban construction program for small  
54 construction projects that are located within the area covered by a  
55 ~~one-mile~~ two-mile radius of the municipal corporate limits.



(2) Fifteen million dollars (\$15,000,000) in fiscal year 2001-2002 and ~~ten million dollars (\$10,000,000)~~ fifteen million dollars (\$15,000,000) in fiscal year 2002-2003 shall be used statewide for rural or small urban highway improvements and related transportation enhancements to public roads and public facilities, industrial access roads, and spot safety projects as approved by the Secretary of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formulas in G.S. 136-44.5(b) and (c).

These funds are not subject to G.S. 136-44.7.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division."

Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine, Thompson

**URBAN LOOP TERMINI**

**SECTION 26.10.(a)** G.S. 136-180 reads as rewritten:

**"§ 136-180. (For contingent repeal see editor's note) Urban loops.**

(a) Funds allocated from the Trust Fund for urban loops may be used only for the following urban loops:

Loop	Description	Affected Counties
Asheville Western Loop	Multilane facility on new location from I-26 west of Asheville to US-19/23 north of Asheville for the purpose of connecting these roads. The funds may be used to improve existing corridors.	Buncombe
Charlotte Outer Loop	Multilane facility on new location encircling City of Charlotte	Mecklenburg
Durham Northern Loop	Multilane facility on new location from I-85 west of Durham to US-70 east of Durham	Durham, Orange
<u>or</u>		
<u>Durham East End Connector</u>	<u>Multilane facility connecting NC-147 to US-70 near Miami Boulevard, including improvements along US-70 and the US-70, NC-98 interchange</u>	<u>Durham</u>
Greensboro Loop	Multilane facility on new location encircling City of Greensboro	Guilford
Raleigh Outer Loop	Multilane facility on	Wake

1		new location from US-1	
2		southwest of Cary	
3		northerly to US-64 in	
4		eastern Wake County	
5			
6	Wilmington Bypass	Multilane facility on new	New Hanover
7		location from US-17	
8		northeast of Wilmington	
9		to US-17 southwest	
10		of Wilmington	
11			
12	Winston-Salem	Multilane facility on	Forsyth
13	Northbelt	new location from I-40 west	
14		of Winston-Salem northerly	
15		to I-40 in eastern Forsyth	
16		County	

17 (b) The Board of Transportation may, by official resolution, accept a new  
 18 interstate or freeway as the revised termini of an urban loop described in subsection (a)  
 19 of this section, and the revised project shall be eligible for funding with funds described  
 20 in G.S. 136-176(b)(2) if the following conditions are met:

- 21 (1) The Department of Transportation has constructed a new interstate or  
 22 freeway facility since 1989 and has changed the official route  
 23 designation from the termini described in subsection (a) of this section  
 24 to the new facility.  
 25 (2) The Board of Transportation finds that the purposes of the urban loop  
 26 facility, specifically including reduced congestion and high-speed,  
 27 safe, regional through-travel service, would be enhanced by the  
 28 action."

29 **SECTION 26.10.(b)** G.S. 136-180.1 is repealed.

30  
 31 Requested by: Representatives J. Crawford, Easterling, Oldham, Redwine,  
 32 Thompson

33 **SCHOOL SPONSORED BUS TRANSPORTATION SAFETY STUDY**

34 **SECTION 26.11.** The Division of Motor Vehicles, in consultation with the  
 35 Department of Public Instruction, the private motor coach industry, and other interested  
 36 parties, shall study the issue of school sponsored bus transportation safety. As a part of  
 37 its study, the Division is directed to study all of the following:

- 38 (1) The feasibility of increased centralized inspection of all companies that  
 39 offer motor coach services to schools, and the anticipated cost of  
 40 increased inspection.  
 41 (2) Appropriate use of school activity buses.  
 42 (3) Providing training and guidance to schools about school sponsored  
 43 bus transportation safety.

44 The Division shall report its findings and recommendations to the Joint Legislative  
 45 Transportation Oversight Committee and the Joint Legislative Education Oversight  
 46 Committee by December 1, 2002.

47  
 48 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
 49 Thompson

50 **CURRITUCK COUNTY TO NORTHERN OUTER BANKS FERRY STUDY**

51 **SECTION 26.12.** The Department of Transportation shall study and  
 52 determine the feasibility of establishing ferry service from Currituck County to the  
 53 northern Outer Banks. The Department of Transportation shall report the results of the  
 54 study to the General Assembly on or before June 1, 2003.

55

1 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
2 Thompson

3 **DEPARTMENT OF TRANSPORTATION MAY USE RECEIPTS FOR**  
4 **FACILITIES IMPROVEMENTS**

5 **SECTION 26.13.** The Secretary of Transportation may approve the use of  
6 receipts from the sale of Department of Transportation real property, other than  
7 right-of-way property, to make needed improvements to its facilities. Prior to the sale  
8 of the real property and the use of the funds for improvements to facilities, the Secretary  
9 shall report to the Joint Legislative Transportation Oversight Committee and the Joint  
10 Legislative Commission on Governmental Operations on the planned implementation of  
11 this section.  
12

13 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
14 Thompson

15 **PAYBACK SCHEDULE FOR TRANSFER IN EXCESS OF THAT**  
16 **AUTHORIZED BY THE GENERAL STATUTES FROM THE HIGHWAY**  
17 **TRUST FUND TO THE GENERAL FUND**

18 **SECTION 26.14.** Any funds transferred from the Highway Trust Fund to the  
19 General Fund in addition to the transfer authorized by G.S. 105-187.9(b) shall be fully  
20 repaid to the Highway Trust Fund in five years beginning in the 2004-2005 fiscal year,  
21 using the sum of the digits formula, according to the following repayment schedule: FY  
22 2004-2005 – 7%, FY 2005-2006 – 13%, FY 2006-2007 – 20%, FY 2007-2008 – 27%,  
23 and FY 2008-2009 – 33%. The repayment shall include interest at the net rate of return  
24 generated by the State Treasurer's Short Term Investment Fund.  
25

26 Requested by: Representatives Cole, J. Crawford, Sutton, Easterling, Oldham,  
27 Redwine, Thompson

28 **COMMISSION TO STUDY COMMISSION CONTRACTS FOR THE**  
29 **ISSUANCE OF MOTOR VEHICLE REGISTRATION PLATES AND**  
30 **CERTIFICATES**

31 **SECTION 26.15.(a)** The Commission to Study Commission Contracts for  
32 the Issuance of Motor Vehicle Registration Plates and Certificates is created. The  
33 Commission shall consist of 11 members:

- 34 (1) Four Senators appointed by the President Pro Tempore of the Senate  
35 and four Representatives appointed by the Speaker of the House of  
36 Representatives.
- 37 (2) The President Pro Tempore of the Senate and the Speaker of the House  
38 of Representatives shall each appoint one person currently contracted  
39 with the Division of Motor Vehicles to issue registration plates and  
40 certificates.
- 41 (3) The Commissioner of Motor Vehicles or the Commissioner's designee  
42 shall serve as a voting member of the Commission.

43 **SECTION 26.15.(b)** The President Pro Tempore of the Senate shall  
44 designate one Senator as cochair and the Speaker of the House of Representatives shall  
45 designate one Representative as cochair.

46 **SECTION 26.15.(c)** The Commission shall:

- 47 (1) Review the history and policies that led to the enactment of G.S.  
48 20-63(h) providing for contracts for the issuance of registration plates  
49 and certificates.
- 50 (2) Study the current implementation and consequences of the provisions  
51 of G.S. 20-63(h).
- 52 (3) Study how registration plates and certificates are issued in other states.
- 53 (4) Study the implications and potential effects on the contract agents of  
54 the authority of the Division of Motor Vehicles to use electronic  
55 applications and collections authorized in G.S. 20-63(i).

1 (5) Study any other factors it deems relevant related to the use of contract  
2 agents for the issuance of registration plates and certificates.

3 (6) Make findings and recommendations on improving the services related  
4 to the issuance of registration plates and certificates to the citizens of  
5 North Carolina while reducing the costs to the State.

6 **SECTION 26.15.(d)** The Commission shall submit a final report of its  
7 findings and recommendations on or before the first day of the 2003 Session of the  
8 General Assembly by filing a report with the President Pro Tempore of the Senate and  
9 the Speaker of the House of Representatives. Upon filing its final report, the  
10 Commission shall terminate.

11 **SECTION 26.15.(e)** The Commission, while in the discharge of its official  
12 duties, may exercise all the powers provided for under the provisions of G.S. 120-19  
13 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon  
14 the call of the cochairs. The Commission may meet in the State Legislative Building or  
15 the Legislative Office Building.

16 **SECTION 26.15.(f)** Legislative members of the Commission shall receive  
17 subsistence and travel expenses at the rates set forth in G.S. 120-3.1. Nonlegislative  
18 members shall receive subsistence and travel expenses at the rates set forth in  
19 G.S.138-5.

20 **SECTION 26.15.(g)** The Commission may contract for professional,  
21 clerical, or consultant services as provided by G.S. 120-32.02. The Legislative Services  
22 Commission, through the Legislative Administrative Officer, shall assign professional  
23 staff to assist in the work of the Commission. The House of Representatives' and the  
24 Senate's Supervisors of Clerks shall assign clerical staff to the Commission, upon the  
25 direction of the Legislative Services Commission. The expenses relating to clerical  
26 employees shall be borne by the Commission.

27 **SECTION 26.15.(h)** If a vacancy occurs in the membership of the  
28 Commission, the vacancy shall be filled by the same appointing officer who made the  
29 initial appointment.

30 **SECTION 26.15.(i)** All State departments and agencies and local  
31 governments and their subdivisions shall furnish to the Commission, upon request, any  
32 information in their possession or available to them.

33 **SECTION 26.15.(j)** The Division of Motor Vehicles, in consultation and  
34 cooperation with the Commission contract agents, shall conduct a comprehensive and  
35 updated productivity study of all transactions and other activity in contract agencies.  
36 The Division, in consultation and cooperation with the agents, shall use this data to  
37 develop a detailed proposal for compensating agents based on the tasks they undertake.  
38 The proposal shall include a mechanism to adjust the schedule periodically to account  
39 for inflation. The Division shall submit its proposal to the Commission on or before  
40 November 1, 2002.

41 **SECTION 26.15.(k)** From funds available to the Department of  
42 Transportation in this act the sum of twenty-five thousand dollars (\$25,000) shall be  
43 transferred to the General Assembly for the 2002-2003 fiscal year for the expenses of  
44 the Commission.

45  
46 Requested by: Representatives Cole, J. Crawford, Easterling, Oldham, Redwine,  
47 Thompson

#### 48 **TRANSPORTATION OF WOOD CHIPS AND OTHER WOOD PRODUCTS**

49 **SECTION 26.16.** G.S. 20-118(c) is amended by adding a new subdivision to  
50 read:

51 "(c) Exceptions. – The following exceptions apply to G.S. 20-118(b) and  
52 20-118(e).

53 ...

- 1           (15) Subsections (b) and (e) of this section do not apply to a vehicle or  
2 vehicle combination that meets all of the conditions below, but all  
3 other enforcement provisions of this Article remain applicable:  
4           a. Is hauling wood residuals, including wood chips, saw dust,  
5 mulch, or tree bark.  
6           b. Does not operate on an interstate highway, a posted light-traffic  
7 road, or a posted bridge.  
8           c. Does not exceed a maximum gross weight 4,000 pounds in  
9 excess of what is allowed in subsection (b) of this section.  
10          d. Does not exceed a single-axle weight of more than 22,000  
11 pounds and a tandem-axle weight of more than 42,000 pounds."  
12

## 13 PART XXVII. INFORMATION TECHNOLOGY

14  
15 Requested by:           Representatives Tolson, Tucker, Easterling, Oldham, Redwine,  
16 Thompson

### 17 ELECTRONIC           PROCUREMENT/INFORMATION           TECHNOLOGY 18 PROCUREMENT STUDY

19           **SECTION 27.1.(a)** G.S. 143-48.3(a) reads as rewritten:

20           "(a) The Department of Administration and the shall develop and maintain  
21 electronic or digital standards for procurement. The Department of Administration shall  
22 consult with the Office of the State Controller, in conjunction with the Office of  
23 Information Technology Services (ITS), the Department of State Auditor, the  
24 Department of State Treasurer, The University of North Carolina General  
25 Administration, the Community Colleges System Office, and the Department of Public  
26 Instruction shall collaborate to develop electronic or digital procurement  
27 standards.Instruction."

28           **SECTION 27.1.(b)** G.S. 143-48.3(c) reads as rewritten:

29           "(c) The Department of Administration shall utilize the Office of Information  
30 Technology Services shall act as an Application Service Provider for an electronic  
31 procurement system and shall establish, manage, and system. The Office of Information  
32 Technology Services shall operate this electronic procurement system, through State  
33 ownership or commercial leasing, in accordance with the requirements and operating  
34 standards developed by the Department of Administration, the Office of the State  
35 Controller, and ITS.Administration and the financial reporting and accounting  
36 procedures of the Office of the State Controller."

37           **SECTION 27.1.(c)** G.S. 143-48.3 is amended by adding a new subsection to  
38 read:

39           "(a1) The Department of Administration shall comply with the State  
40 government-wide technical architecture for information technology, as required by the  
41 Information Resources Management Commission."

42           **SECTION 27.1.(d)** G.S. 143-48.3(e) is repealed.

43           **SECTION 27.1.(e)** The Joint Select Committee on Information Technology  
44 shall study and evaluate the procurement of information technology in the State. The  
45 Committee shall consider the governance of information technology procurement and  
46 associated costs, the use of appropriate procurement methodology, how to maximize the  
47 efficiency of the State's procurement process as it relates to information technology  
48 procurement, and the enterprise management of the State's information technology  
49 assets. The Office of State Budget and Management, the Department of Administration,  
50 and the Office of Information Technology Services shall provide information and data  
51 analysis for the purposes of the study. The Committee may solicit information and  
52 analysis from any other resources, as needed. The Committee shall report its findings  
53 and recommendations to the Chairs of the House of Representatives Appropriations  
54 Subcommittee on Information Technology and Senate Appropriations Committee on  
55 Information Technology by January 15, 2003.

1  
2 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,  
3 Thompson

4 **INFORMATION TECHNOLOGY SECURITY PRACTICES/STATE AUDITOR**

5 **SECTION 27.2.(a)** G.S. 147-33.82(d) is amended by adding a new  
6 subdivision to read:

7 "(3) Before a State agency may enter into any contract with another party  
8 for an assessment of network vulnerability, including network  
9 penetration or any similar procedure, the State agency shall notify the  
10 State Chief Information Officer and obtain approval of the request.  
11 The State Chief Information Officer shall refer the request to the State  
12 Auditor for a determination of whether the Auditor's office can  
13 perform the assessment and testing. If the State Auditor determines  
14 that he can perform the assessment and testing, then the State Chief  
15 Information Officer shall authorize the assessment and testing by the  
16 Auditor. If the State Auditor determines that his office cannot perform  
17 the assessment and testing, then with the approval of the State Chief  
18 Information Officer and State Auditor, the State agency may enter into  
19 a contract with another party for the assessment and testing. If the  
20 State agency enters into a contract with another party for assessment  
21 and testing, the State agency shall issue public reports on the general  
22 results of the reviews undertaken pursuant to this subdivision, but the  
23 contractor must provide the State agency with detailed reports of the  
24 security issues identified pursuant to this subdivision that shall not be  
25 disclosed as provided in G.S. 132-6.1(c). The State agency shall  
26 provide the State Chief Information Officer and the State Auditor with  
27 copies of the detailed reports."

28 **SECTION 27.2.(b)** G.S. 147-64.6(c)(18) reads as rewritten:

29 "(18) The Auditor shall, after consultation and in coordination with the State  
30 Chief Information Officer, assess, confirm, and report on the security  
31 practices of information technology systems. If an agency has adopted  
32 standards pursuant to G.S. 147-33.82(d)(1) or (2), the audit shall be in  
33 accordance with those standards. The Auditor's assessment of  
34 information security practices shall include an assessment of network  
35 vulnerability. The Auditor may conduct network penetration or any  
36 similar procedure as the Auditor may deem necessary. The Auditor  
37 may enter into a contract with a State agency under G.S.  
38 147-33.82(d)(3) for an assessment of network vulnerability, including  
39 network penetration or any similar procedure. Any contract with the  
40 Auditor for the assessment and testing shall be on a  
41 cost-reimbursement basis. The Auditor may investigate reported  
42 information technology security breaches, cyber attacks, and cyber  
43 fraud in State government. The Auditor shall issue public reports on  
44 the general results of the reviews undertaken pursuant to this  
45 subdivision but may provide agencies with detailed reports of the  
46 security issues identified pursuant to this subdivision which shall not  
47 be disclosed as provided in G.S. 132-6.1(c). For the purposes of this  
48 subdivision only, the Auditor is exempt from the provisions of Article  
49 3 of Chapter 143 of the General Statutes in retaining contractors."

50  
51 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,  
52 Thompson

53 **OFFICE OF ADMINISTRATIVE HEARINGS/AUTOMATION REVIEW**

54 **SECTION 27.3.** By February 15, 2003, the Office of Administrative  
55 Hearings, in consultation with the Office of Information Technology Services, shall

1 report to the Chairs of the Joint Select Committee on Information Technology, to the  
2 Chairs of the Joint Legislative Administrative Procedure Oversight Committee, and to  
3 the Fiscal Research Division on the cost and feasibility of developing or acquiring an  
4 enterprise-wide automated system for the rule-making process. The report shall include  
5 an estimate, based on an agency survey, of the costs incurred by State agencies in the  
6 current rule-making process. The Office of Administrative Hearings shall contact the  
7 rule-making agencies in other states to determine best practices in automating this  
8 process, and may present options for automating the State's rule-making process,  
9 including costs. The Office of Information Technology Services shall assist in the  
10 survey process on technical issues.

11  
12 Requested by: Representatives Tucker, Tolson, Easterling, Oldham, Redwine,  
13 Thompson

#### 14 **HIPAA IMPLEMENTATION**

15 **SECTION 27.4.(a)** The Office of State Budget and Management ("Office")  
16 shall coordinate the State's implementation of the federal Health Insurance Portability  
17 and Accountability Act ("HIPAA"), Title II Subtitle F (Administrative Simplification).  
18 Specifically, the powers and duties of coordination shall include:

- 19 (1) Initiating and responding to all correspondence between the State and  
20 the United States government on all matters relating to HIPAA  
21 Administrative Simplification requirements under Subtitle F of Title II  
22 of HIPAA.
- 23 (2) Coordinating official State comments on proposed federal regulations  
24 and the federal rule-making process pertaining to HIPAA  
25 Administrative Simplification.
- 26 (3) Obtaining from the North Carolina Attorney General legal  
27 interpretations of federal rules pertaining to HIPAA Administrative  
28 Simplification compliance, implementation, and enforcement.
- 29 (4) Reviewing State agency requests for funds to comply with HIPAA  
30 requirements.
- 31 (5) Contracting for consultative and other professional services necessary  
32 to carry out the State's HIPAA implementation effort.
- 33 (6) Obtaining from State agencies the necessary data on a regular basis to  
34 effectively review and monitor compliance with HIPAA  
35 Administrative Simplification requirements and to comply with  
36 reporting requirements.
- 37 (7) Coordinating with the Information Resource Management  
38 Commission to ensure that its policies and activities and those of the  
39 Office are complementary to ensure effective and efficient  
40 implementation and monitoring of HIPAA Administrative  
41 Simplification requirements.

42 **SECTION 27.4.(b)** The University of North Carolina system and the  
43 Teachers' and State Employees' Comprehensive Major Medical Plan may develop and  
44 implement HIPAA Administrative Simplification compliance efforts independently of  
45 the Office, except that each of these entities shall report bimonthly to the Office on its  
46 implementation status and activities, and shall comply with requests from the Office for  
47 additional information and reports.

48 **SECTION 27.4.(c)** Funds appropriated to the Reserve for Health Insurance  
49 Portability and Accountability Compliance that are unexpended and unencumbered at  
50 the end of the fiscal year shall not revert to the General Fund but shall remain in the  
51 Reserve for use in accordance with the purposes of the Reserve.

52  
53 Requested by: Representatives Tolson, Tucker, Easterling, Oldham, Redwine,  
54 Thompson

**STATE HUMAN RESOURCE AND RETIREMENT SYSTEMS INFORMATION  
TECHNOLOGY LRC STUDY**

**SECTION 27.5.(a)** The Legislative Research Commission shall:

- (1) Examine how information technology is used in the administration of the State's human resource systems, including personnel, benefits, leave reporting, and payroll.
- (2) Consider how information technology solutions can streamline human resource management processes and eliminate unnecessary or duplicative paperwork.
- (3) Review how an enterprise approach will improve the effectiveness and efficiency of the State's human resource management system and the State's administration of retirement and employee benefits. In making this inquiry, the Commission shall take into account and coordinate efforts with the State Business Infrastructure Study authorized by Section 17.1 of S.L. 2001-491, without duplicating the work of that study.
- (4) Review any other matter that relates to the State's use of information technology for personnel, retirement, and benefits administration.

**SECTION 27.5.(b)** The Legislative Research Commission shall report its findings to the 2003 Regular Session of the General Assembly, along with any legislative recommendations.

**PART XXVIII. SALARIES AND EMPLOYEE BENEFITS**

Requested by: Representatives Easterling, Oldham, Redwine, Thompson

**FUND PAYROLL AND RELATED EMPLOYMENT CONTRIBUTIONS AT  
NINETY-EIGHT PERCENT OF BUDGETED REQUIREMENTS**

**SECTION 28.2.** The purpose of the payroll turnover adjustment set out in Section 2.1 of this act is to adjust the amount of funds appropriated to the General Fund for State-paid salaries and wages to more accurately reflect actual salary and wage requirements for full-time and part-time State-paid personnel. The Office of State Budget and Management shall allocate to State departments and agencies funds necessary to support salaries and wages and related employer contributions for social security and retirement at an average rate of ninety-eight percent (98%) of budgeted requirements for salaries and related employer contributions. The provisions of this section shall not apply to salary and related employer contributions funded by the State for the community colleges and the public school system.

Requested by: Representative Fox

**TEMPORARY REDUCTION IN LEGISLATIVE COMPENSATION**

**SECTION 28.2A.(a)** G.S. 120-3(a) reads as rewritten:

"(a) The Speaker of the House shall be paid an annual salary of ~~thirty eight thousand one hundred fifty one dollars (\$38,151)~~ thirty-four thousand three hundred thirty-five dollars (\$34,335) payable monthly, and an expense allowance of one thousand four hundred thirteen dollars (\$1,413) per month. The President Pro Tempore of the Senate shall be paid an annual salary of ~~thirty eight thousand one hundred fifty one dollars (\$38,151)~~ thirty-four thousand three hundred thirty-five dollars (\$34,335) payable monthly, and an expense allowance of one thousand four hundred thirteen dollars (1,413) per month. The Speaker Pro Tempore of the House shall be paid an annual salary of ~~twenty one thousand seven hundred thirty nine dollars (\$21,739)~~ nineteen thousand five hundred sixty-five dollars (\$19,565) payable monthly, and an expense allowance of eight hundred thirty-six dollars (836.00) per month. The Deputy President Pro Tempore of the Senate shall be paid an annual salary of ~~twenty one thousand seven hundred thirty nine dollars (\$21,739)~~ nineteen thousand five hundred sixty-five dollars (\$19,565) payable monthly, and an expense allowance of eight



1 hundred thirty-six dollars (\$836.00) per month. The majority and minority leaders in the  
2 House and the majority and minority leaders in the Senate shall be paid an annual salary  
3 of ~~seventeen thousand forty eight dollars (\$17,048)~~ fifteen thousand three hundred  
4 forty-three dollars (\$15,343) payable monthly, and an expense allowance of six hundred  
5 sixty-six dollars (\$666.00) per month."

6 **SECTION 28.2A.(b)** G.S. 120-3(b) reads as rewritten:

7 "(b) Every other member of the General Assembly shall receive increases in  
8 annual salary only to the extent of and in the amounts equal to the average increases  
9 received by employees of the State, effective upon convening of the next Regular  
10 Session of the General Assembly after enactment of these increased amounts, except no  
11 such increase is granted upon the convening of the 1997 Regular Session of the General  
12 Assembly. Accordingly, ~~upon convening of the 1997 Regular Session of the General~~  
13 ~~Assembly,~~ every other member of the General Assembly shall be paid an annual salary  
14 of ~~thirteen thousand nine hundred fifty one dollars (\$13,951)~~ twelve thousand five  
15 hundred fifty-six dollars (\$12,556) payable monthly, and an expense allowance of five  
16 hundred fifty-nine dollars (\$559.00) per month."

17 **SECTION 28.2A.(c)** This section is effective when it becomes law, and  
18 expires June 30, 2003.  
19

20 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

21 **ESTABLISH SEVERANCE EXPENDITURE RESERVE**

22 **SECTION 28.3.(a)** Section 32.19 of S.L. 2001-424 is repealed.

23 **SECTION 28.3.(b)** There is established in the Office of State Budget and  
24 Management a General Fund reserve budget code for the purpose of funding severance-  
25 related obligations to employees subject to the State Personnel Act, and to exempt State  
26 employees, who are separated from State service due to a reduction-in-force action.  
27 Severance-related expenditures from this reserve shall include obligations to fund (i) an  
28 employee's severance salary continuation with an age adjustment factor as defined by  
29 the State Personnel Commission in State Personnel Manual Section 11, Revision No. 7,  
30 9/22/2000, (ii) noncontributory health premiums for up to 12 months, (iii)  
31 employer-related contributions for social security, and (iv) payment of an employee's  
32 unused vacation leave not to exceed 240 hours.

33 **SECTION 28.3.(c)** The Director of the Budget shall allocate funds  
34 appropriated in Section 2.1. of this act to the Reserve for Severance Benefits to State  
35 agencies to fund severance-related obligations incurred by the agencies as a result of  
36 reduction-in-force actions taken by the Director of the Budget that cause State  
37 employees to be terminated from State employment. Funds appropriated to the Reserve  
38 for Severance Benefits shall be expended in their entirety before funds appropriated to a  
39 State agency for personal services expenditures may be used to fund any  
40 severance-related obligations.

41 **SECTION 28.3.(d)** The provisions of this section shall not apply to local  
42 school administrative units, to community colleges, or to The University of North  
43 Carolina.  
44

45 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

46 **SPECIAL ANNUAL LEAVE BONUS**

47 **SECTION 28.3A.** Any person who is a full-time permanent employee on  
48 September 30, 2002, of (i) a local board of education, except for an employee who  
49 receives a salary increment pursuant to Section 7.1 or 7.2 of this act, or (ii) the State,  
50 who is eligible for annual leave shall have a one-time additional 10 days of annual leave  
51 credited on that date. That leave shall be accounted for separately, and shall remain  
52 available until used, notwithstanding any other limitation on the total number of days of  
53 annual leave that may be carried forward. Part-time permanent employees and 9- or  
54 10-month employees shall receive a pro rata amount of the 10 days.

1 The General Assembly encourages the State Board of Community Colleges to  
2 adopt rules authorizing the colleges to provide special annual leave bonuses,  
3 compensation bonuses, or other employee benefits to their employees.

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

6 **ADDITIONAL FAMILY AND MEDICAL LEAVE**

7 **SECTION 28.3B.** A State employee is entitled to take up to 52 weeks of  
8 leave without pay during a five-year period in order to care for the employee's child,  
9 spouse, or parent, where that child, spouse, or parent has a serious health condition. For  
10 State employees subject to the State Personnel Act, this leave shall be administered  
11 under the Family and Medical Leave procedures of the State Personnel Commission.  
12 Benefits under this section for employees not subject to the State Personnel Act shall be  
13 administered under the Family and Medical Leave procedures applicable to those  
14 employees. Benefits under this section are supplemental to any benefit an employee  
15 may otherwise be entitled to.

16  
17 Requested by: Representative Mitchell

18 **SUSPENSION OF LEGISLATIVE SUBSISTENCE ALLOWANCE**

19 **SECTION 28.3C.** No member of the General Assembly may receive any  
20 subsistence allowance under G.S. 120-3.1(a)(3) from the date of sine die adjournment of  
21 the 2001 Regular Session through December 31, 2002.

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

24 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

25 **SECTION 28.5.** Section 32.21(b) of S.L. 2001-424 reads as rewritten:

26 **"SECTION 32.21.(b)** The State's employer contribution rates budgeted for  
27 retirement and related benefits as percentage of covered salaries for ~~the 2001-2002~~  
28 ~~fiscal year and the 2002-2003 fiscal year~~ are (i) ~~five percent (5.00%)~~ three and three  
29 one-hundredths percent (3.03%) – Teachers and State Employees; (ii) ~~ten percent~~  
30 ~~(10.00%)~~ eight and three one-hundredths percent (8.03%) – State Law Enforcement  
31 Officers; (iii) nine and seventy-one hundredths percent (9.71%) – University  
32 Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent  
33 (9.71%) – Community College Optional Retirement Program; (v) ~~sixteen and forty~~  
34 ~~hundredths percent (16.40%)~~ fourteen and twenty-seven hundredths percent (14.27%) –  
35 Consolidated Judicial Retirement System; and (vi) ~~twenty five and fifty five hundredths~~  
36 ~~percent (25.55%)~~ two and thirty-five hundredths percent (2.35%) – Legislative  
37 Retirement System. Each of the foregoing contribution rates includes two and thirty-five  
38 hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and  
39 State Employees, State Law Enforcement Officers, Community College Optional  
40 Retirement Program, and for the University Employees' Optional Retirement Program  
41 includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates  
42 for Teachers and State Employees and State Law Enforcement Officers include  
43 sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law  
44 Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

45  
46 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

47 **PUBLIC EMPLOYEE SPECIAL PAY PLAN STUDY**

48 **SECTION 28.6.(a)** There is established the Special Pay Plan Study  
49 Commission, to be composed of 11 members, as follows:

- 50 (1) Three members appointed by the Speaker of the House of  
51 Representatives.
- 52 (2) Three members appointed by the President Pro Tempore of the Senate.
- 53 (3) Three members appointed by the Governor
- 54 (4) The State Treasurer, ex officio.
- 55 (5) The Secretary of the Department of Administration, ex officio.

1           **SECTION 28.6.(b)** The Commission shall study establishment of a Special  
2 Pay Plan for State employees, which shall enhance, and not diminish, existing Special  
3 Pay benefits. A Special Pay Plan is a qualified retirement plan, approved by the Internal  
4 Revenue Service, that reduces the federal tax burden on special compensation paid to  
5 State employees, including bonuses, accumulated sick leave, accumulated vacation  
6 leave, and any other payment or benefit designated as special pay by the Internal  
7 Revenue Code. The Commission shall examine issues such as:

- 8           (1) The extent of coverage of State employees based on their age or  
9 amount of special compensation.
- 10           (2) The extent to which the program would be mandatory.
- 11           (3) How the program would be administered.
- 12           (4) The extent to which it would apply to persons subject to a Reduction in  
13 Force (RIF).
- 14           (5) The financial advantages and disadvantages to the employer and  
15 employee, including savings of employer and employee taxes, and the  
16 effect on social security and State retirement benefits.

17           **SECTION 28.6.(c)** The Commission shall report to the 2003 General  
18 Assembly within 60 days after its convening, and shall terminate upon such report.

19           **SECTION 28.6.(d)** The Legislative Services office may provide  
20 professional and support staff assistance to the Commission.

21  
22 Requested by:           Representatives Baddour, Barefoot, Cox, Easterling, Oldham,  
23 Redwine, Thompson

#### 24 **INCREASE FIRE AND RESCUE PENSION BENEFITS**

25           **SECTION 28.7.** G.S. 58-86-55 reads as rewritten:

#### 26 **"§ 58-86-55. Monthly pensions upon retirement.**

27           Any member who has served 20 years as an "eligible fireman" or "eligible rescue  
28 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S.  
29 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly  
30 pension from this fund. The monthly pension shall be in the amount of ~~one hundred~~  
31 ~~fifty one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month. Any  
32 retired fireman receiving a pension shall, effective ~~July 1, 2000,~~ July 1, 2002, receive a  
33 pension of ~~one hundred fifty one dollars (\$151.00)~~ one hundred fifty-six dollars  
34 (\$156.00) per month.

35           Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and  
36 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad  
37 member" shall receive a pension prior to July 1, 1983. No member shall be entitled to a  
38 pension hereunder until the member's official duties as a fireman or rescue squad  
39 worker for which the member is paid compensation shall have been terminated and the  
40 member shall have retired as such according to standards or rules fixed by the board of  
41 trustees.

42           A member who is totally and permanently disabled while in the discharge of the  
43 member's official duties as a result of bodily injuries sustained or as a result of extreme  
44 exercise or extreme activity experienced in the course and scope of those official duties  
45 and who leaves the fire or rescue squad service because of this disability shall be  
46 entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred fifty~~  
47 ~~one dollars (\$151.00)~~ one hundred fifty-six dollars (\$156.00) per month beginning the  
48 first month after the member's fifty-fifth birthday. All applications for disability are  
49 subject to the approval of the board who may appoint physicians to examine and  
50 evaluate the disabled member prior to approval of the application, and annually  
51 thereafter. Any disabled member shall not be required to make the monthly payment of  
52 ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

53           A member who is totally and permanently disabled for any cause, other than line of  
54 duty, who leaves the fire or rescue squad service because of this disability and who has  
55 at least 10 years of service with the pension fund, may be permitted to continue making

1 a monthly contribution of ten dollars (\$10.00) to the fund until the member has made  
2 contributions for a total of 240 months. The member shall upon attaining the age of 55  
3 years be entitled to receive a pension as provided by this section. All applications for  
4 disability are subject to the approval of the board who may appoint physicians to  
5 examine and evaluate the disabled member prior to approval of the application and  
6 annually thereafter.

7 A member who, because his residence is annexed by a city under Part 2 or Part 3 of  
8 Article 4 of Chapter 160A of the General Statutes, or whose department is closed  
9 because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A  
10 of the General Statutes, and because of such annexation is unable to perform as a  
11 fireman of any status, and if the member has at least 10 years of service with the  
12 pension fund, may be permitted to continue making a monthly contribution of ten  
13 dollars (\$10.00) to the fund until the member has made contributions for a total of 240  
14 months. The member upon attaining the age of 55 years and completion of such  
15 contributions shall be entitled to receive a pension as provided by this section. Any  
16 application to make monthly contributions under this section shall be subject to a  
17 finding of eligibility by the Board of Trustees upon application of the member.

18 The pensions provided shall be in addition to all other pensions or benefits under any  
19 other statutes of the State of North Carolina or the United States, notwithstanding any  
20 exclusionary provisions of other pensions or retirement systems provided by law."  
21

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

24 **PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE**  
25 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**  
26 **LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE**  
27 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM AND THE**  
28 **LEGISLATIVE RETIREMENT SYSTEM.**

29 **SECTION 28.8.(a)** G.S. 135-5 is amended by adding a new subsection to  
30 read:

31 "(jjj) From and after July 1, 2002, the retirement allowance to or on account of  
32 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased  
33 by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002, in  
34 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2002, the retirement  
35 allowance to or on account of beneficiaries whose retirement commenced after July 1,  
36 2001, but before June 30, 2002, shall be increased by a prorated amount of one and  
37 four-tenths percent (1.4%) of the allowance payable as determined by the Board of  
38 Trustees based upon the number of months that a retirement allowance was paid  
39 between July 1, 2001, and June 30, 2002."

40 **SECTION 28.8.(b)** G.S. 128-27 is amended by adding a new subsection to  
41 read:

42 "(bbb) From and after July 1, 2002, the retirement allowance to or on account of  
43 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased  
44 by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002, in  
45 accordance with subsection (k) of this section. Furthermore, from and after July 1, 2002,  
46 the retirement allowance to or on account of beneficiaries whose retirement commenced  
47 after July 1, 2001, but before June 30, 2002, shall be increased by a prorated amount of  
48 one and four-tenths percent (1.4%) of the allowance payable as determined by the Board  
49 of Trustees based upon the number of months that a retirement allowance was paid  
50 between July 1, 2001, and June 30, 2002."

51 **SECTION 28.8.(c)** G.S. 135-65 is amended by adding a new subsection to  
52 read:

53 "(w) From and after July 1, 2002, the retirement allowance to or on account of  
54 beneficiaries whose retirement commenced on or before July 1, 2001, shall be increased  
55 by one and four-tenths percent (1.4%) of the allowance payable on June 1, 2002."

1 Furthermore, from and after July 1, 2002, the retirement allowance to or on account of  
2 beneficiaries whose retirement commenced after July 1, 2001, but before June 30, 2002,  
3 shall be increased by a prorated amount of one and four-tenths percent (1.4%) of the  
4 allowance payable as determined by the Board of Trustees based upon the number of  
5 months that a retirement allowance was paid between July 1, 2001, and June 30, 2002."

6 **SECTION 28.8.(d)** G.S. 120-4.22A is amended by adding a new subsection  
7 to read:

8 "(q) In accordance with subsection (a) of this section, from and after July 1, 2002,  
9 the retirement allowance to or on account of beneficiaries whose retirement commenced  
10 on or before January 1, 2002, shall be increased by one and four-tenths percent (1.4%)  
11 of the allowance payable on June 1, 2002. Furthermore, from and after July 1, 2002, the  
12 retirement allowance to or on account of beneficiaries whose retirement commenced  
13 after January 1, 2002, but before June 30, 2002, shall be increased by a prorated amount  
14 of one and four-tenths percent (1.4%) of the allowance payable as determined by the  
15 Board of Trustees based upon the number of months that a retirement allowance was  
16 paid between January 1, 2002, and June 30, 2002."

17  
18 Requested by: Representatives Easterling, Oldham, Redwine, Thompson,  
19 Barefoot, Cox

20 **ENHANCE BENEFITS PAYABLE FROM THE TEACHERS' AND STATE**  
21 **EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL**  
22 **GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

23 **SECTION 28.9.(a)** G.S. 135-5(b18) reads as rewritten:

24 "(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000-  
25 2000, but Before July 1, 2002. – Upon retirement from service in accordance with  
26 subsection (a) or (a1) above, on or after July 1, 2000, but before July 1, 2002, a member  
27 shall receive the following service retirement allowance.

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

31 a. If the member's service retirement date occurs on or after his  
32 55th birthday, and completion of five years of creditable service  
33 as a law enforcement officer, or after the completion of 30 years  
34 of creditable service, the allowance shall be equal to one and  
35 eighty-one hundredths percent (1.81%) of his average final  
36 compensation, multiplied by the number of years of his  
37 creditable service.

38 b. If the member's service retirement date occurs on or after his  
39 50th birthday and before his 55th birthday with 15 or more  
40 years of creditable service as a law enforcement officer and  
41 prior to the completion of 30 years of creditable service, his  
42 retirement allowance shall be equal to the greater of:

- 43 1. The service retirement allowance payable under G.S.  
44 135-5(b18)(1)a. reduced by one-third of one percent (1/3  
45 of 1%) thereof for each month by which his retirement  
46 date precedes the first day of the month coincident with  
47 or next following the month the member would have  
48 attained his 55th birthday; or
- 49 2. The service retirement allowance as computed under  
50 G.S. 135-5(b18)(1)a. reduced by five percent (5%) times  
51 the difference between 30 years and his creditable  
52 service at retirement.

53 (2) A member who is not a law enforcement officer or an eligible former  
54 law enforcement officer shall receive a service retirement allowance  
55 computed as follows:

- 1 a. If the member's service retirement date occurs on or after his  
2 65th birthday upon the completion of five years of membership  
3 service or after the completion of 30 years of creditable service  
4 or on or after his 60th birthday upon the completion of 25 years  
5 of creditable service, the allowance shall be equal to one and  
6 eighty-one hundredths percent (1.81%) of his average final  
7 compensation, multiplied by the number of years of creditable  
8 service.
- 9 b. If the member's service retirement date occurs after his 60th  
10 birthday and before his 65th birthday and prior to his  
11 completion of 25 years or more of creditable service, his  
12 retirement allowance shall be computed as in G.S.  
13 135-5(b18)(2)a. but shall be reduced by one-quarter of one  
14 percent (1/4 of 1%) thereof for each month by which his  
15 retirement date precedes the first day of the month coincident  
16 with or next following his 65th birthday.
- 17 c. If the member's early service retirement date occurs on or after  
18 his 50th birthday and before his 60th birthday and after  
19 completion of 20 years of creditable service but prior to the  
20 completion of 30 years of creditable service, his early service  
21 retirement allowance shall be equal to the greater of:
- 22 1. The service retirement allowance as computed under  
23 G.S. 135-5(b18)(2)a. but reduced by the sum of  
24 five-twelfths of one percent (5/12 of 1%) thereof for  
25 each month by which his retirement date precedes the  
26 first day of the month coincident with or next following  
27 the month the member would have attained his 60th  
28 birthday, plus one-quarter of one percent (1/4 of 1%)  
29 thereof for each month by which his 60th birthday  
30 precedes the first day of the month coincident with or  
31 next following his 65th birthday; or
- 32 2. The service retirement allowance as computed under  
33 G.S. 135-5(b18)(2)a. reduced by five percent (5%) times  
34 the difference between 30 years and his creditable  
35 service at retirement; or
- 36 3. If the member's creditable service commenced prior to  
37 July 1, 1994, the service retirement allowance equal to  
38 the actuarial equivalent of the allowance payable at the  
39 age of 60 years as computed in G.S. 135-5(b18)b.
- 40 d. Notwithstanding the foregoing provisions, any member whose  
41 creditable service commenced prior to July 1, 1963, shall not  
42 receive less than the benefit provided by G.S. 135-5(b)."

43 **SECTION 28.9.(b)** G.S. 135-5 is amended by adding a new subsection to

44 read:

45 "(b19) Service Retirement Allowance of Members Retiring on or After July 1, 2002.  
46 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or  
47 after July 1, 2002, a member shall receive the following service retirement allowance:

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

- 51 a. If the member's service retirement date occurs on or after his  
52 55th birthday, and completion of five years of creditable service  
53 as a law enforcement officer, or after the completion of 30 years  
54 of creditable service, the allowance shall be equal to one and  
55 eighty-two hundredths percent (1.82%) of his average final

- 1                    compensation, multiplied by the number of years of his  
2                    creditable service.
- 3                    b. If the member's service retirement date occurs on or after his  
4                    50th birthday and before his 55th birthday with 15 or more  
5                    years of creditable service as a law enforcement officer and  
6                    prior to the completion of 30 years of creditable service, his  
7                    retirement allowance shall be equal to the greater of:
- 8                    1. The service retirement allowance payable under G.S.  
9                    135-5(b19)(1)a. reduced by one-third of one percent (1/3  
10                    of 1%) thereof for each month by which his retirement  
11                    date precedes the first day of the month coincident with  
12                    or next following the month the member would have  
13                    attained his 55th birthday; or
- 14                    2. The service retirement allowance as computed under  
15                    G.S. 135-5(b19)(1)a. reduced by five percent (5%) times  
16                    the difference between 30 years and his creditable  
17                    service at retirement.
- 18                    (2) A member who is not a law enforcement officer or an eligible former  
19                    law enforcement officer shall receive a service retirement allowance  
20                    computed as follows:
- 21                    a. If the member's service retirement date occurs on or after his  
22                    65th birthday upon the completion of five years of membership  
23                    service or after the completion of 30 years of creditable service  
24                    or on or after his 60th birthday upon the completion of 25 years  
25                    of creditable service, the allowance shall be equal to one and  
26                    eighty-two hundredths percent (1.82%) of his average final  
27                    compensation, multiplied by the number of years of creditable  
28                    service.
- 29                    b. If the member's service retirement date occurs after his 60th  
30                    birthday and before his 65th birthday and prior to his  
31                    completion of 25 years or more of creditable service, his  
32                    retirement allowance shall be computed as in G.S. 135-  
33                    5(b19)(2)a. but shall be reduced by one-quarter of one percent  
34                    (1/4 of 1%) thereof for each month by which his retirement date  
35                    precedes the first day of the month coincident with or next  
36                    following his 65th birthday.
- 37                    c. If the member's early service retirement date occurs on or after  
38                    his 50th birthday and before his 60th birthday and after  
39                    completion of 20 years of creditable service but prior to the  
40                    completion of 30 years of creditable service, his early service  
41                    retirement allowance shall be equal to the greater of:
- 42                    1. The service retirement allowance as computed under  
43                    G.S. 135-5(b19)(2)a. but reduced by the sum of five-  
44                    twelfths of one percent (5/12 of 1%) thereof for each  
45                    month by which his retirement date precedes the first day  
46                    of the month coincident with or next following the  
47                    month the member would have attained his 60th  
48                    birthday, plus one-quarter of one percent (1/4 of 1%)  
49                    thereof for each month by which his 60th birthday  
50                    precedes the first day of the month coincident with or  
51                    next following his 65th birthday; or
- 52                    2. The service retirement allowance as computed under  
53                    G.S. 135-5(b19)(2)a. reduced by five percent (5%) times  
54                    the difference between 30 years and his creditable  
55                    service at retirement; or

1                   3.     If the member's creditable service commenced prior to  
2                   July 1, 1994, the service retirement allowance equal to  
3                   the actuarial equivalent of the allowance payable at the  
4                   age of 60 years as computed in G.S. 135-5(b19)b.

5                   d.     Notwithstanding the foregoing provisions, any member whose  
6                   creditable service commenced prior to July 1, 1963, shall not  
7                   receive less than the benefit provided by G.S. 135-5(b)."

8                   **SECTION 28.9.(c)** G.S. 135-5 is amended by adding a new subsection to  
9 read:

10                   "(kkk) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. –  
11                   From and after July 1, 2002, the retirement allowance to or on account of beneficiaries  
12                   on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent  
13                   (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on  
14                   the allowance payable and in effect on June 30, 2002, so as not to be compounded on  
15                   any other increase granted by act of the 2002 Regular Session of the 2001 General  
16                   Assembly."

17                   **SECTION 28.9.(d)** G.S. 135-5(m) reads as rewritten:

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

- 24                   (1)     a.     The member had attained such age and/or creditable service to  
25                   be eligible to commence retirement with an early or service  
26                   retirement allowance, or  
27                   b.     The member had obtained 20 years of creditable service in  
28                   which case the retirement allowance shall be computed in  
29                   accordance with ~~G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c.,~~  
30                   G.S. 135-5(b19)(1)b. or G.S. 135-5(b19)(2)c., notwithstanding  
31                   the requirement of obtaining age 50.  
32                   (2)     The member had designated as the principal beneficiary to receive a  
33                   return of his accumulated contributions one and only one person who  
34                   was living at the time of his death.  
35                   (3)     The member had not instructed the Board of Trustees in writing that he  
36                   did not wish the provisions of this subsection to apply.

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

47                   **SECTION 28.9.(e)** G.S. 128-27(b19) reads as rewritten:

48                   "(b19) Service Retirement Allowance of Member Retiring on or After July 1, 2001.  
49                   2001, But Before July 1, 2002. – Upon retirement from service in accordance with  
50                   subsection (a) or (a1) above, on or after July 1, 2001, but before July 1, 2002, a member  
51                   shall receive the following service retirement allowance:

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



- 1 a. If the member's service retirement date occurs on or after his  
2 55th birthday and completion of five years of creditable service  
3 as a law enforcement officer, or after the completion of 30 years  
4 of creditable service, the allowance shall be equal to one and  
5 eighty-one hundredths percent (1.81%) of his average final  
6 compensation, multiplied by the number of years of his  
7 creditable service.
- 8 b. If the member's service retirement date occurs on or after his  
9 50th birthday and before his 55th birthday with 15 or more  
10 years of creditable service as a law enforcement officer and  
11 prior to the completion of 30 years of creditable service, his  
12 retirement allowance shall be equal to the greater of:
- 13 1. The service retirement allowance payable under G.S.  
14 128-27(b19)(1)a. reduced by one-third of one percent  
15 (1/3 of 1%) thereof for each month by which his  
16 retirement date precedes the first day of the month  
17 coincident with or next following the month the member  
18 would have attained his 55th birthday;
- 19 2. The service retirement allowance as computed under  
20 G.S. 128-27(b19)(1)a. reduced by five percent (5%)  
21 times the difference between 30 years and his creditable  
22 service at retirement.
- 23 (2) A member who is not a law enforcement officer or an eligible former  
24 law enforcement officer shall receive a service retirement allowance  
25 computed as follows:
- 26 a. If the member's service retirement date occurs on or after his  
27 65th birthday upon the completion of five years of creditable  
28 service or after the completion of 30 years of creditable service  
29 or on or after his 60th birthday upon the completion of 25 years  
30 of creditable service, the allowance shall be equal to one and  
31 eighty-one hundredths percent (1.81%) of average final  
32 compensation, multiplied by the number of years of creditable  
33 service.
- 34 b. If the member's service retirement date occurs after his 60th  
35 birthday and before his 65th birthday and prior to his  
36 completion of 25 years or more of creditable service, his  
37 retirement allowance shall be computed as in G.S.  
38 128-27(b19)(2)a. but shall be reduced by one-quarter of one  
39 percent (1/4 of 1%) thereof for each month by which his  
40 retirement date precedes the first day of the month coincident  
41 with or next following his 65th birthday.
- 42 c. If the member's early service retirement date occurs on or after  
43 his 50th birthday and before his 60th birthday and after  
44 completion of 20 years of creditable service but prior to the  
45 completion of 30 years of creditable service, his early service  
46 retirement allowance shall be equal to the greater of:
- 47 1. The service retirement allowance as computed under  
48 G.S. 128-27(b19)(2)a. but reduced by the sum of  
49 five-twelfths of one percent (5/12 of 1%) thereof for  
50 each month by which his retirement date precedes the  
51 first day of the month coincident with or next following  
52 the month the member would have attained his 60th  
53 birthday, plus one-quarter of one percent (1/4 of 1%)  
54 thereof for each month by which his 60th birthday

- 1 precedes the first day of the month coincident with or  
2 next following his 65th birthday; or  
3 2. The service retirement allowance as computed under  
4 G.S. 128-27(b19)(2)a. reduced by five percent (5%)  
5 times the difference between 30 years and his creditable  
6 service at retirement; or  
7 3. If the member's creditable service commenced prior to  
8 July 1, 1995, the service retirement allowance equal to  
9 the actuarial equivalent of the allowance payable at the  
10 age of 60 years as computed in G.S. 128-27(b19)(2)b.  
11 d. Notwithstanding the foregoing provisions, any member whose  
12 creditable service commenced prior to July 1, 1965, shall not  
13 receive less than the benefit provided by G.S. 128-27(b)."

14 **SECTION 28.9(f)** G.S. 128-27 is amended by adding a new subsection to

15 read:

16 "(b20) Service Retirement Allowance of Member Retiring on or After July 1, 2002.  
17 – Upon retirement from service in accordance with subsection (a) or (a1) above, on or  
18 after July 1, 2002, a member shall receive the following service retirement allowance:

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

22 a. If the member's service retirement date occurs on or after his  
23 55th birthday and completion of five years of creditable service  
24 as a law enforcement officer, or after the completion of 30 years  
25 of creditable service, the allowance shall be equal to one and  
26 eighty-two hundredths percent (1.82%) of his average final  
27 compensation, multiplied by the number of years of his  
28 creditable service.

29 b. If the member's service retirement date occurs on or after his  
30 50th birthday and before his 55th birthday with 15 or more  
31 years of creditable service as a law enforcement officer and  
32 prior to the completion of 30 years of creditable service, his  
33 retirement allowance shall be equal to the greater of:

34 1. The service retirement allowance payable under G.S.  
35 128-27(b20)(1)a. reduced by one-third of one percent  
36 (1/3 of 1%) thereof for each month by which his  
37 retirement date precedes the first day of the month  
38 coincident with or next following the month the member  
39 would have attained his 55th birthday;

40 2. The service retirement allowance as computed under  
41 G.S. 128-27(b20)(1)a. reduced by five percent (5%)  
42 times the difference between 30 years and his creditable  
43 service at retirement.

44 (2) A member who is not a law enforcement officer or an eligible former  
45 law enforcement officer shall receive a service retirement allowance  
46 computed as follows:

47 a. If the member's service retirement date occurs on or after his  
48 65th birthday upon the completion of five years of creditable  
49 service or after the completion of 30 years of creditable service  
50 or on or after his 60th birthday upon the completion of 25 years  
51 of creditable service, the allowance shall be equal to one and  
52 eighty-two hundredths percent (1.82%) of average final  
53 compensation, multiplied by the number of years of creditable  
54 service.

- 1           b.    If the member's service retirement date occurs after his 60th  
2           birthday and before his 65th birthday and prior to his  
3           completion of 25 years or more of creditable service, his  
4           retirement allowance shall be computed as in G.S. 128-  
5           27(b20)(2)a. but shall be reduced by one-quarter of one percent  
6           (1/4 of 1%) thereof for each month by which his retirement date  
7           precedes the first day of the month coincident with or next  
8           following his 65th birthday.
- 9           c.    If the member's early service retirement date occurs on or after  
10           his 50th birthday and before his 60th birthday and after  
11           completion of 20 years of creditable service but prior to the  
12           completion of 30 years of creditable service, his early service  
13           retirement allowance shall be equal to the greater of:
- 14            1.    The service retirement allowance as computed under  
15            G.S. 128-27(b20)(2)a. but reduced by the sum of five-  
16            twelfths of one percent (5/12 of 1%) thereof for each  
17            month by which his retirement date precedes the first day  
18            of the month coincident with or next following the  
19            month the member would have attained his 60th  
20            birthday, plus one-quarter of one percent (1/4 of 1%)  
21            thereof for each month by which his 60th birthday  
22            precedes the first day of the month coincident with or  
23            next following his 65th birthday; or
- 24            2.    The service retirement allowance as computed under  
25            G.S. 128-27(b20)(2)a. reduced by five percent (5%)  
26            times the difference between 30 years and his creditable  
27            service at retirement; or
- 28            3.    If the member's creditable service commenced prior to  
29            July 1, 1995, the service retirement allowance equal to  
30            the actuarial equivalent of the allowance payable at the  
31            age of 60 years as computed in G.S. 128-27(b20)(2)b.
- 32           d.    Notwithstanding the foregoing provisions, any member whose  
33           creditable service commenced prior to July 1, 1965, shall not  
34           receive less than the benefit provided by G.S. 128-27(b)."

35           **SECTION 28.9.(g)** G.S. 128-27 is amended by adding a new subsection to

36 read:

37           "(ccc) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2002. –  
38           From and after July 1, 2002, the retirement allowance to or on account of beneficiaries  
39           on the retirement rolls as of June 1, 2002, shall be increased by six-tenths of one percent  
40           (0.6%) of the allowance payable on June 1, 2002. This allowance shall be calculated on  
41           the allowance payable and in effect on June 30, 2002, so as not to be compounded on  
42           any other increase payable under subsection (k) of this section or otherwise granted by  
43           act of the 2002 Regular Session of the 2001 General Assembly."

44           **SECTION 28.9.(h)** G.S. 128-27(m) reads as rewritten:

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

- 51            (1)    a.    The member had attained such age and/or creditable service to  
52            be eligible to commence retirement with an early or service  
53            retirement allowance, or
- 54            b.    The member had obtained 20 years of creditable service in  
55            which case the retirement allowance shall be computed in

1 accordance with ~~G.S. 128-27(b19)(1)b. or G.S. 128-~~  
 2 ~~27(b19)(2)e., G.S. 128-27(b20)(1)b. or G.S. 128-27(b20)(2)c.,~~  
 3 notwithstanding the requirement of obtaining age 50.

4 (2) The member had designated as the principal beneficiary to receive a  
 5 return of his accumulated contributions one and only one person who  
 6 is living at the time of his death.

7 (3) The member had not instructed the Board of Trustees in writing that he  
 8 did not wish the provisions of this subsection apply.

9 For the purpose of this benefit, a member is considered to be in service at the date of  
 10 his death if his death occurs within 180 days from the last day of his actual service. The  
 11 last day of actual service shall be determined as provided in subsection (l) of this  
 12 section. Upon the death of a member in service, the surviving spouse may make all  
 13 purchases for creditable service as provided for under this Chapter for which the  
 14 member had made application in writing prior to the date of death, provided that the  
 15 date of death occurred prior to or within 60 days after notification of the cost to make  
 16 the purchase."

17 **SECTION 28.9.(i)** This section becomes effective July 1, 2002.

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

20 **RETIRED TEACHERS RETURNING TO THE CLASSROOM WITHOUT**  
 21 **LOSS OF RETIREMENT BENEFITS/OPTION EXTENDED**

22 **SECTION 28.10.(a)** Subsection (d) of Section 28.24 of S.L. 1998-212 reads  
 23 as rewritten:

24 "(d) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~  
 25 June 30, 2004."

26 **SECTION 28.10.(a1)** The State Treasurer shall seek a private letter ruling  
 27 from the Internal Revenue Service that G.S. 135-3(8)c. could be amended from six  
 28 months to two months without adverse affect on the tax qualification of the Teachers'  
 29 and State Employees' Retirement System.

30 **SECTION 28.10.(b)** The catch line to Section 67 of S.L. 1998-217 reads as  
 31 rewritten:

32 "**SECTION 67.** Effective January 1, 1999, through ~~June 30, 2003, June 30, 2004,~~  
 33 G.S. 135-3(8)c., as rewritten by Section 28.24(a) of ~~Senate Bill 1366 of the 1997~~  
 34 ~~General Assembly, as enacted, S.L. 1998-212~~ reads as rewritten:"

35 **SECTION 28.10.(c)** Subsection (b) of Section 67.1 of S.L. 1998-217 reads  
 36 as rewritten:

37 "(b) This section becomes effective January 1, 1999, and expires ~~June 30, 2003.~~  
 38 June 30, 2004."

39 **SECTION 28.10.(d)** Subsection (c) of Section 32.25 of S.L. 2001-424 reads  
 40 as rewritten:

41 "**SECTION 32.25.(c)** This section becomes effective July 1, 2001, and expires  
 42 ~~June 30, 2003. June 30, 2004.~~"

43  
 44 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

45 **MODIFY BENEFIT RESTRICTIONS FOR REEMPLOYED RETIREES IN THE**  
 46 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND IN**  
 47 **THE LOCAL GOVERNMENTAL EMPLOYEES RETIREMENT SYSTEM**

48 **SECTION 28.13.(a)** G.S. 135-3(8)c. reads as rewritten:

49 "c. Should a beneficiary who retired on an early or service  
 50 retirement allowance under this Chapter be reemployed, or  
 51 otherwise engaged to perform services, by an employer  
 52 participating in the Retirement System on a part-time,  
 53 temporary, interim, or on a fee-for-service basis, whether  
 54 contractual or otherwise, and if such beneficiary earns an  
 55 amount during the 12-month period immediately following the

1 effective date of retirement or in any calendar year which  
2 exceeds fifty percent (50%) of the reported compensation,  
3 excluding terminal payments, during the 12 months of service  
4 preceding the effective date of retirement, or twenty thousand  
5 dollars (\$20,000), whichever is greater, as hereinafter indexed,  
6 then the retirement allowance shall be suspended as of the first  
7 day of the month following the month in which the  
8 reemployment earnings exceed the amount above, for the  
9 balance of the calendar year. The retirement allowance of the  
10 beneficiary shall be reinstated as of January 1 of each year  
11 following suspension. The amount that may be earned before  
12 suspension shall be increased on January 1 of each year by the  
13 ratio of the Consumer Price Index to the Index one year earlier,  
14 calculated to the nearest tenth of a percent (1/10 of 1%).

15 The computation of postretirement earnings of a beneficiary  
16 under this sub-subdivision, G.S. 135-3(8)c., who has been  
17 retired at least six months and has not been employed in any  
18 capacity, except as a substitute teacher or a part-time tutor, with  
19 a public school for at least six months immediately preceding  
20 the effective date of reemployment, shall not include earnings  
21 while the beneficiary is employed to teach on a substitute,  
22 interim, or permanent basis in a public school. The Department  
23 of Public Instruction shall certify to the Retirement System that  
24 a beneficiary is employed to teach by a local school  
25 administrative unit under the provisions of this sub-subdivision  
26 and as a retired teacher as the term is defined under the  
27 provisions of G.S. 115C-325(a)(5a).

28 Beneficiaries employed under this sub-subdivision are not  
29 entitled to any benefits otherwise provided under this Chapter  
30 as a result of this period of employment."

31 **SECTION 28.13.(b)** G.S. 128-24(5)c. reads as rewritten:

32 "c. Should a beneficiary who retired on an early or service  
33 retirement allowance be reemployed, or otherwise engaged to  
34 perform services, by an employer participating in the  
35 Retirement System on a part-time, temporary, interim, or on  
36 fee-for-service basis, whether contractual or otherwise, and if  
37 such beneficiary earns an amount during the 12-month period  
38 immediately following the effective date of retirement or in any  
39 calendar year which exceeds fifty percent (50%) of the reported  
40 compensation, excluding terminal payments, during the 12  
41 months of service preceding the effective date of retirement, or  
42 twenty thousand dollars (\$20,000), whichever is greater, as  
43 hereinafter indexed, then the retirement allowance shall be  
44 suspended as of the first day of the month following the month  
45 in which the reemployment earnings exceed the amount above,  
46 for the balance of the calendar year. The retirement allowance  
47 of the beneficiary shall be reinstated as of January 1 of each  
48 year following suspension. The amount that may be earned  
49 before suspension shall be increased on January 1 of each year  
50 by the ratio of the Consumer Price Index to the Index one year  
51 earlier, calculated to the nearest tenth of a percent (1/10 of  
52 1%)."

53 **SECTION 28.13.(c)** This section does not apply during the 2002-2003 fiscal  
54 year to any person who prior to September 1, 2002, entered into an employment  
55 contract or commitment for some or all of that year.

1  
2 Requested by: Representatives Easterling, Oldham, Redwine, Thompson

3 **RETIREMENT INCENTIVE**

4 **SECTION 28.15.(a)** Any member of the Teachers' and State Employees'  
5 Retirement System, except for employees of the community colleges and the public  
6 schools, with 25 or more years of creditable service and who is a minimum of age 55  
7 who retires between September 1, 2002, and March 1, 2003, shall be eligible for a  
8 Separation Allowance for State Employees as provided in this section.

9 **SECTION 28.15.(b)** Notwithstanding any other provision of law, every  
10 State employee (except law enforcement officers), employed by a State department,  
11 agency, or institution, except for employees of the community colleges and the public  
12 schools, who qualifies under this section shall receive, beginning on the last day of the  
13 month in which he retires from active employment on a basic early or service retirement  
14 under the provisions of G.S. 135-5(a) or G.S. 135-5(a1), an annual separation allowance  
15 equal to eighty-five hundredths percent (0.85%) of the annual equivalent of the base rate  
16 of compensation most recently applicable to him for each year of creditable service. The  
17 allowance shall be paid in 12 equal installments on the last day of each month. To  
18 qualify for the allowance the employee shall:

- 19 (1) Have attained 55 years of age and completed 25 or more years of  
20 creditable service;  
21 (2) Not have attained 62 years of age; and  
22 (3) Has been actively employed during the 12 months immediately prior  
23 to the retirement date.

24 **SECTION 28.15.(c)** As used in this section, "creditable service" means the  
25 service for which credit is allowed under the retirement system.

26 **SECTION 28.15.(d)** Payment to a retired employee under the provisions of  
27 this section shall be made monthly on a continuous basis and shall not cease until the  
28 earlier of (i) the death of the individual, (ii) the last day of the month in which the  
29 individual attains 62 years of age, or (iii) the first day of reemployment by any State  
30 department, institution, agency, public school, board, or commission on a part-time,  
31 temporary, interim, or on a fee-for-service basis, whether contractual or otherwise.

32 **SECTION 28.15.(e)** This section does not affect the benefits to which an  
33 individual may be entitled from State, federal, or private retirement systems. The  
34 benefits payable under this section shall not be subject to any increases in salary or  
35 retirement allowances that may be authorized by the General Assembly for employees  
36 of the State or retired employees of the State.

37 **SECTION 28.15.(f)** The head of each State department, agency, or  
38 institution shall determine the eligibility of employees in accordance with this section  
39 for the benefits provided herein.

40 **SECTION 28.15.(g)** The Director of the Budget may authorize from time to  
41 time the transfer of funds within the budgets of each State department, agency, or  
42 institution necessary to carry out the purposes of this Article. These funds shall be taken  
43 from those appropriated to the department, agency, or institution for salaries and related  
44 fringe benefits. The payment of the allowance shall be from the same source of funds  
45 from which the employee was paid.

46 **SECTION 28.15.(h)** The head of each State department, agency, or  
47 institution shall make the payments set forth in subsection (b) of this section to those  
48 persons certified under subsection (f) of this section from funds available under  
49 subsection (g) of this section.

50 **SECTION 28.15.(i)** The Director of the Budget shall reduce the personal  
51 services budget of each State department, agency, or institution by the difference  
52 between the budgeted salary and benefits for that position and the amount paid under  
53 this section as a retirement incentive.

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

**EMPLOYEE HEALTH PLAN TRUSTEES AND COMMITTEES**

**SECTION 28.16.(a)** G.S. 135-39 reads as rewritten:

**"§ 135-39. Board of Trustees established.**

(a) There is hereby established the Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan.

(a1) The Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall consist of ~~nine~~ 15 members.

(b) ~~Three~~ Five members shall be appointed by the Governor. Of the initial members, one shall serve a term to expire June 30, 1983, and two shall serve terms to expire June 30, 1984. Subsequent terms shall be for two years. Vacancies shall be filled by the Governor. ~~The member appointed by the Governor to serve a term beginning July 1, 1985, shall be an employee enrolled in the Plan. Any successor to such member shall also be an employee enrolled in the Plan.~~ Of the members appointed by the Governor, one shall be an employee of a State department, agency, or institution, one shall be a teacher employed by a North Carolina public school system, and one shall be a retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system.

(c) ~~Three~~ Five members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121. Of the initial members, two shall serve terms expiring June 30, 1983, and one shall serve a term expiring June 30, 1984. Vacancies shall be filled in accordance with G.S. 120-122. Of these members, one shall be an employee of a State department, agency, or institution, one shall be a teacher employed in a North Carolina public school system, and one shall be a retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system.

~~One of the members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives may be a retired employee enrolled in the Plan.~~

(d) ~~Three~~ Five members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. Of the initial members, two shall serve terms expiring June 30, 1983, and one shall serve a term expiring June 30, 1984. Vacancies shall be filled in accordance with G.S. 120-122. Of these members, one shall be an employee of a State department, agency, or institution, one shall be a teacher employed in a North Carolina public school system, and one shall be a retired employee of a State department, agency, or institution, or a retired teacher from a North Carolina public school system.

~~One of the members appointed by the General Assembly upon the recommendation of the President of the Senate for a term beginning July 1, 1985, shall be an employee enrolled in the Plan. Any successor to such member shall also be an employee enrolled in the Plan.~~

(d1) Repealed by Session Laws 1985, c. 732, s. 60.

(e) The Governor shall have the power to remove any member appointed by him under subsection (b). The General Assembly may remove any member appointed under subsections (c) or (d).

(f) The members of the Board of Trustees shall receive one hundred dollars (\$100.00) per day, except employees eligible to enroll in the Plan, whenever the full Board of Trustees holds a public session, and travel allowances under G.S. 138-6 when traveling to and from meetings of the Board of Trustees or hearings under G.S. 135-39.7, but shall not receive any subsistence allowance or per diem under G.S. 138-5, except when holding a meeting or hearing where this section does not provide for payment of one hundred dollars (\$100.00) per day.

~~(g) No State employee, member of the General Assembly, State officer, or anyone who is receiving benefits under the Plan or who is eligible to receive benefits under the Plan or who provides services, equipment or supplies under the Plan shall be eligible for membership on the Board of Trustees, except for the designated employees~~

1 and retired employee appointed under subsections (b) through (d) of this section,  
2 provided that such designated persons may not serve on the executive committee.

3 (h) No member of the Board of Trustees may serve more than three consecutive  
4 two-year terms.

5 (i) Meetings of the Board of Trustees may be called by the Executive  
6 Administrator, the Chairman, or by any three members."

7 **SECTION 28.16.(b)** G.S. 135-39.4A(f) reads as rewritten:

8 "(f) The Executive Administrator may employ such clerical and professional staff,  
9 and such other assistance as may be necessary to assist the Executive Administrator and  
10 the Board of Trustees in carrying out their duties and responsibilities under this Article.  
11 The Executive Administrator may also negotiate, renegotiate and execute contracts with  
12 third parties in the performance of his duties and responsibilities under this Article;  
13 provided any contract negotiations, renegotiations and execution with a Claims  
14 Processor or with an optional prepaid hospital and medical benefit plan or with a  
15 preferred provider of institutional or professional hospital and medical care or with a  
16 pharmacy benefit manager shall be done only after consultation with the Committee on  
17 Employee Hospital and Medical Benefits. Any committee or other group appointed or  
18 used by the Executive Administrator for the purpose of formulating any policies, rules,  
19 regulations, recommendations to the General Assembly or the Governor, or in any other  
20 way affecting the operations or decisions of the Plan, including the pharmacy and  
21 therapeutics committee pursuant to G.S. 135-40.5(g), shall include at least the  
22 following:

23 (1) An employee of a State department, agency, or institution,

24 (2) A teacher employed in a North Carolina public school system, and

25 (3) A retired employee of a State department, agency, or institution, or a  
26 retired teacher from a North Carolina public school system."

27 **SECTION 28.16.(c)** G.S. 135-39.10 reads as rewritten:

28 ~~"§ 135-39.10. Meaning of "Executive Administrator and Board of Trustees".~~

29 ~~Whenever in this Article the words "Executive Administrator and Board of Trustees"~~  
30 ~~appear, they mean that the Executive Administrator shall have the power, duty, right,~~  
31 ~~responsibility, privilege or other function mentioned, after consulting with the Board of~~  
32 ~~Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan."~~

33 **SECTION 28.16.(d)** Subsection (a) of this section becomes effective  
34 October 1, 2002, and applies to appointments and reappointments made on and after  
35 that date. The remainder of this section becomes effective when this act becomes law.

36  
37 Requested by: Representatives Redwine, Easterling, Oldham, Thompson, Wright,  
38 Nye

39 **STATE EMPLOYEE HEALTH PLAN COVERAGE FOR SERVICES OF**  
40 **CLINICAL PHARMACIST PRACTITIONERS**

41 **SECTION 28.17.** G.S. 135-40.6 is amended by adding the following new  
42 subdivision to read:

43 "(12) Coverage for services of Clinical Pharmacist Practitioners. –  
44 Notwithstanding any other provision of this section or the Plan,  
45 benefits shall be payable for services performed by a Clinical  
46 Pharmacist Practitioner subject to the following limitations:

47 a. The service performed is within the Clinical Pharmacist  
48 Practitioner's limitations pursuant to G.S. 90-18.4.

49 b. The Plan currently provides reimbursement for identical  
50 services provided by other health care providers.

51 c. The reimbursement shall be at the discretion of the Executive  
52 Administrator regarding services covered and compensation.

53 d. The reimbursement is made to the Clinical Pharmacist  
54 Practitioner.



- e. Nothing in this subdivision authorizes payment to more than one provider for the same service."

## PART XXIX. CAPITAL APPROPRIATIONS

Requested by: Representatives Wright, Easterling, Oldham, Redwine, Thompson  
**CAPITAL APPROPRIATIONS/GENERAL FUND**

**SECTION 29.1.** Appropriations are made from the General Fund of the State for the 2002-2003 fiscal year for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

<b>Capital Improvements -General Fund</b>	<b>2002-2003</b>
Department of Environment and Natural Resources	31,248,000

Requested by: Representatives Wright, Easterling, Oldham, Redwine, Thompson  
**WATER RESOURCES DEVELOPMENT PROJECTS/USE DREDGE SPOILS TO NOURISH BEACH**

**SECTION 29.2.(a)** The General Assembly finds that North Carolina is the tenth largest exporting state in the nation and that water resources development projects are vital to the economy of the State. North Carolina State Ports facilities, notably those in Wilmington, provide gateways to the global marketplace for North Carolina's importers and exporters. The State's ports annually generate thousands of jobs and millions of dollars in State and local taxes.

The General Assembly further finds that the ports are also invaluable assets to the communities that each serves. For example, according to the North Carolina State Ports Authority, nearly seven billion dollars (\$7,000,000,000) worth of goods, or nineteen million dollars (\$19,000,000) a day, were handled at the Port of Wilmington in 1997. The harbor improvements in Wilmington, provided for in subsection (b) of this section, are projected to add thirty-four million dollars (\$34,000,000) in annual regional benefits.

The General Assembly also finds that particularly in times of heightened national and local security, the water resources projects provide strategic mobilization benefits to the Port of Wilmington and to the Military Ocean Terminal at Sunny Point.

**SECTION 29.2.(b)** The Department of Environment and Natural Resources shall allocate the funds appropriated in this act for water resources development projects to the following projects whose costs are as indicated:

<b>Name of Project</b>	<b>2002-2003</b>
(1) Wilmington Harbor Deepening	\$20,100,000
(2) Manteo (Shallowbag) Bay Channel Maintenance	3,100,000
(3) Wilmington Harbor Maintenance	500,000
(4) B. Everett Jordan Lake Water Supply	90,000
(5) John H. Kerr Reservoir Operations Evaluation	800,000
(6) Oregon Inlet Jetties	70,000
(7) Silver Lake Harbor Maintenance	600,000
(8) West Onslow Beach (Topsail Beach) Nourishment	203,000
(9) Wanchese Marsh Creation	180,000
(10) Bogue Banks Shore Protection Study	315,000
(11) Surf City/North Topsail Beach Protection Study	200,000
(12) Walter Slough Maintenance Dredging	58,000
(13) Currituck Sound Water Management Study	400,000
(14) Deep Creek (Yadkin County) Watershed Management	500,000

1	(15) State Local Projects	2,900,000
2	(16) Aquatic Weed Control, Lake Gaston and Statewide	300,000
3	(17) Swan Quarter (Hyde County) Flood Control Dikes	100,000
4	(18) North Topsail Beach Feasibility Study (nonfederal)	250,000
5	(19) Neuse River Basin Feasibility Study	100,000
6	(20) Edgewater Canal (Camden County) Drainage	25,000
7	(21) Emergency Flood Control Projects	187,000
8	(22) Projected Feasibility Studies	120,000
9	(23) Planning Assistance to Communities	<u>150,000</u>
10		
11	<b>TOTAL</b>	<b>\$31,248,000</b>

12  
13 **SECTION 29.2.(c)** Where the actual costs are different from the estimated  
14 costs under subsection (b) of this section, the Department may adjust the allocations  
15 among projects as needed. If any projects listed in subsection (b) of this section are  
16 delayed and the budgeted State funds cannot be used during the 2002-2003 fiscal year,  
17 or if the projects listed in subsection (b) of this section are accomplished at a lower cost,  
18 the Department may use the resulting fund availability to fund any of the following:

- 19 (1) Corps of Engineers project feasibility studies.
- 20 (2) Corps of Engineers projects whose schedules have advanced and  
21 require State-matching funds in fiscal year 2002-2003.
- 22 (3) State-local water resources development projects.

23 Funds not expended or encumbered for these purposes shall revert to the  
24 General Fund at the end of the 2003-2004 fiscal year.

25 **SECTION 29.2.(d)** The Department shall make quarterly reports on the use  
26 of these funds to the Joint Legislative Commission on Governmental Operations, the  
27 Fiscal Research Division, and the Office of State Budget and Management. Each report  
28 shall include all of the following:

- 29 (1) All projects that receive funding.
- 30 (2) The estimated cost of each project.
- 31 (3) The date that work on each project began or is expected to begin.
- 32 (4) The date that work on each project was completed or is expected to be  
33 completed.
- 34 (5) The actual cost of each project.

35 The quarterly reports shall also show those projects advanced in schedule,  
36 those projects delayed in schedule, and an estimate of the amount of funds expected to  
37 revert to the General Fund.

38 **SECTION 29.2.(e)** Notwithstanding G.S. 143-23, if additional federal funds  
39 that require a State match are received for water resources projects or for beach  
40 nourishment projects for the 2002-2003 fiscal year, the Director of the Budget may,  
41 after consultation with the Joint Legislative Commission on Governmental Operations,  
42 transfer funds from General Fund appropriations to match the federal funds.

43 **SECTION 29.2.(f)** G.S. 113A-118.1 is amended by adding a new subsection  
44 to read:

45 (e) The Commission shall allow the use of riprap in the construction of groins in  
46 estuarine and public trust waters on the same basis as the Commission allows the use of  
47 wood."

48 **SECTION 29.2.(g)** The Coastal Resources Commission shall not enforce  
49 any provision of any rule that is inconsistent with G.S. 113A-118.1(e), as enacted by  
50 this act, and the Commission shall amend its rules as may be required to conform with  
51 G.S. 113A-118.1(e), as enacted by this act.

52 **SECTION 29.2.(h)** G.S. 113-229(h1) reads as rewritten:

53 "(h1) All-Except as provided in subsection (h2) of this section, all construction and  
54 maintenance dredgings of beach-quality sand may be placed on the affected downdrift

1 ocean beaches or, if placed elsewhere, an equivalent quality and quantity of sand from  
2 another location shall be placed on the downdrift ocean beaches."

3 **SECTION 29.2.(i)** G.S. 113-229 is amended by adding a new section to  
4 read:

5 "(h2) Clean, beach quality material dredged from navigational channels within the  
6 active nearshore, beach or inlet shoal systems shall not be removed permanently from  
7 the active nearshore, beach or inlet shoal system. This dredged material shall be  
8 disposed of on the ocean beach or shallow active nearshore area where it is  
9 environmentally acceptable and compatible with other uses of the beach."

10 **SECTION 29.2.(j)** G.S. 113-229(i) reads as rewritten:

11 "(i) Subject to ~~subsection (h1)~~ subsections (h1) and (h2) of this section, all  
12 materials excavated pursuant to such permit, regardless of where placed, shall be  
13 encased or entrapped in such a manner as to minimize their moving back into the  
14 affected water."

15  
16 Requested by: Representative Wright

17 **JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON CAPITAL**  
18 **IMPROVEMENTS ESTABLISHED**

19 **SECTION 29.3.** Chapter 120 of the General Statutes is amended by adding  
20 the following new Article to read:

21 "Article 29.

22 "Joint Legislative Oversight Committee on Capital Improvements.

23 **"§ 120-258. Committee created.**

24 There is established the Joint Legislative Oversight Committee on Capital  
25 Improvements. The Committee consists of 16 members as follows:

- 26 (1) Eight members of the House of Representatives appointed by the  
27 Speaker of the House of Representatives, at least three of whom are  
28 members of the minority party; and  
29 (2) Eight members of the Senate appointed by the President Pro Tempore  
30 of the Senate, at least three of whom are members of the minority  
31 party.

32 Terms on the Committee are for two years and begin on the convening of the  
33 General Assembly in each odd-numbered year, except the terms of the initial members,  
34 which begin on appointment. Members may complete a term of service on the  
35 Committee even if they do not seek reelection or are not reelected to the General  
36 Assembly, but resignation or removal from service in the General Assembly constitutes  
37 resignation or removal from service on the Committee.

38 A member continues to serve until the member's successor is appointed. A vacancy  
39 shall be filled within 30 days by the officer who made the original appointment.

40 **"§ 120-259. Purpose and powers of the Committee.**

41 (a) The Joint Legislative Oversight Committee on Capital Improvements shall  
42 examine, on a continuing basis, capital improvements approved and undertaken for  
43 State facilities and institutions. As used in this section "capital improvements" includes  
44 repairs and renovations, and "State facilities and institutions" includes facilities and  
45 institutions of The University of North Carolina.

46 (b) The Committee shall have oversight over implementation of the Capital  
47 Improvements Planning Act established under Article 1B of Chapter 143 of the General  
48 Statutes, and shall consider the State six-year capital improvement plan developed  
49 pursuant to G.S. 143-34.45.

50 (c) The Committee, while in discharge of official duties, shall have access to any  
51 paper or document, and may compel the attendance of any State official or employee  
52 before the Committee or secure any evidence under G.S. 120.19. In addition, G.S.  
53 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Committee as if it  
54 were a joint committee of the General Assembly.

1        (d) The Committee may make interim reports to the General Assembly on  
2 matters for which it may report to a regular session of the General Assembly. A report  
3 to the General Assembly may contain any legislation needed to implement a  
4 recommendation of the Committee.

5 **"§ 120-260. Organization of Committee.**

6        (a) The President Pro Tempore of the Senate and the Speaker of the House of  
7 Representatives shall each designate a cochair of the Joint Legislative Oversight  
8 Committee on Capital Improvements. The Committee shall meet at least once a quarter  
9 and may meet at other times upon the joint call of the cochairs.

10       (b) A quorum of the Committee is nine members. No action may be taken except  
11 by a majority vote at a meeting at which a quorum is present. While in the discharge of  
12 its official duties, the Committee has the powers of a joint committee under G.S. 120-19  
13 and G.S. 120-19.1 through G.S. 120-19.4.

14       (c) Members of the Committee receive subsistence and travel expenses as  
15 provided in G.S. 120-3.1. The Committee may contract for consultants or hire  
16 employees in accordance with G.S. 120-32.02. The Legislative Services Commission,  
17 through the Legislative Services Officer, shall assign professional staff to assist the  
18 Committee in its work. Upon the direction of the Legislative Services Commission, the  
19 Supervisors of Clerks of the Senate and of the House of Representatives shall assign  
20 clerical staff to the Committee. The expenses for clerical employees shall be borne by  
21 the Committee."

22  
23 **PART XXX. MISCELLANEOUS PROVISIONS**

24  
25 Requested by:        Representatives Easterling, Oldham, Redwine, Thompson

26 **EXECUTIVE BUDGET ACT APPLIES**

27        **SECTION 30.1.** The provisions of the Executive Budget Act, Chapter 143,  
28 Article 1 of the General Statutes, are reenacted and shall remain in full force and effect  
29 and are incorporated in this act by reference.

30  
31 Requested by:        Representatives Easterling, Oldham, Redwine, Thompson

32 **COMMITTEE REPORT**

33        **SECTION 30.2.(a)** The House Appropriations Committee Report on the  
34 Continuation, Expansion and Capital Budgets, dated August 8, 2002, which was  
35 distributed in the House of Representatives and used to explain this act, shall indicate  
36 action by the General Assembly on this act and shall therefore be used to construe this  
37 act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes  
38 shall be considered a part of this act and as such shall be printed as a part of the Session  
39 Laws.

40        **SECTION 30.2.(b)** The budget enacted by the General Assembly for the  
41 maintenance of the various departments, institutions, and other spending agencies of the  
42 State for the 2002-2003 fiscal year is a line item budget, in accordance with the Budget  
43 Code Structure and the State Accounting System Uniform Chart of Accounts set out in  
44 the Administrative Policies and Procedures Manual of the Office of the State Controller.  
45 This budget includes the appropriations made from all sources including the General  
46 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental  
47 receipts.

48        The General Assembly amended the requested adjustments to the budgets  
49 submitted to the General Assembly by the Director of the Budget and the Advisory  
50 Budget Commission, in accordance with the steps that follow and the line item detail in  
51 the budget enacted by the General Assembly may be derived accordingly:

- 52        (1) The base budget was adjusted in accordance with the base budget cuts  
53            and additions that were set out in the House Appropriations Committee  
54            Report on the Continuation, Expansion and Capital Budgets.

- 1 (2) Transfers of funds supporting programs were made in accordance with  
2 the House Appropriations Committee Report on the Continuation,  
3 Expansion and Capital Budgets.

4 **SECTION 30.2.(c)** The budget enacted by the General Assembly shall also  
5 be interpreted in accordance with the special provisions in this act and in accordance  
6 with other appropriate legislation.

7 In the event that there is a conflict between the line item budget certified by  
8 the Director of the Budget and the budget enacted by the General Assembly, the budget  
9 enacted by the General Assembly shall prevail.

10  
11 Requested by: Representatives Easterling, Oldham, Redwine, Thompson  
12 **MOST TEXT APPLIES ONLY TO 2002-2003**

13 **SECTION 30.3.** Except for statutory changes or other provisions that clearly  
14 indicate an intention to have effects beyond the 2002-2003 fiscal year, the textual  
15 provisions of this act apply only to funds appropriated for, and activities occurring  
16 during, the 2002-2003 fiscal year.

17  
18 Requested by: Representatives Easterling, Oldham, Redwine, Thompson  
19 **APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

20 **SECTION 30.4.(a)** Except where expressly repealed or amended by this act,  
21 the provisions of S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L.  
22 2001-496, and S.L. 2001-487 remain in effect.

23 **SECTION 30.4.(b)** Notwithstanding any modifications by this act in the  
24 amounts appropriated, except where expressly repealed or amended, the limitations and  
25 directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L.  
26 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 that applied to  
27 appropriations to particular agencies or for particular purposes apply to the newly  
28 enacted appropriations and budget reductions of this act for those same particular  
29 purposes.

30  
31 Requested by: Representatives Easterling, Oldham, Redwine, Thompson  
32 **EFFECT OF HEADINGS**

33 **SECTION 30.5.** The headings to the parts and sections of this act are a  
34 convenience to the reader and are for reference only. The headings do not expand,  
35 limit, or define the text of this act, except for effective dates referring to a Part.

36  
37 Requested by: Representatives Easterling, Oldham, Redwine, Thompson  
38 **SEVERABILITY CLAUSE**

39 **SECTION 30.6.** If any section or provision of this act is declared  
40 unconstitutional or invalid by the courts, it does not affect the validity of this act as a  
41 whole or any part other than the part so declared to be unconstitutional or invalid.

42  
43 Requested by: Representatives Easterling, Oldham, Redwine, Thompson  
44 **EFFECTIVE DATE**

45 **SECTION 30.7.** Except as otherwise provided, this act becomes effective  
46 July 1, 2002.