

GENERAL ASSEMBLY OF NORTH CAROLINA
1987 SESSION

CHAPTER 738
HOUSE BILL 1514

AN ACT TO MAKE APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES EXCEPT FOR AID TO CERTAIN GOVERNMENTAL AND NONGOVERNMENTAL UNITS.

The General Assembly of North Carolina enacts:

Requested by: Sen. Royall, Rep. Watkins

—INTRODUCTION

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

Sec. 1.1. This act shall be known as "The Current Operations Appropriations Act of 1987."

PART I.—CURRENT OPERATIONS/GENERAL FUND

Sec. 2. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated except for aid to certain governmental and nongovernmental units are made for the biennium ending June 30, 1989, according to the following schedule:

<u>Current Operations-General Fund</u>	<u>1987-88</u>	<u>1988-89</u>
General Assembly	\$ 13,775,242	\$ 16,636,353
Judicial Department	151,146,101	157,252,143
Department of the Governor	4,089,063	4,118,251
Lieutenant Governor's Office	712,503	513,122
Department of Secretary of State	2,633,872	2,842,066
Department of State Auditor	6,350,979	6,410,906

Department of State Treasurer	3,872,684	3,699,281
Department of Public Education	2,498,598,824	2,640,970,882
Department of Justice	41,896,189	41,187,926
Department of Agriculture	33,586,010	33,737,065
Department of Labor	6,626,328	6,726,797
Department of Insurance	11,099,959	11,144,224
Department of Administration	42,463,756	42,947,588
Department of Transportation - Aeronautics		116,571
Department of Natural Resources and Community Development	59,594,311	58,563,104
Office of Administrative Hearings	1,883,791	1,874,045
Office of State Budget and Management	3,256,136	3,411,979
Department of Human Resources		
01. Alcoholic Rehabilitation Center - Black Mountain	2,934,623	2,986,736
02. Alcoholic Rehabilitation Center - Butner	2,725,581	2,736,746
03. Alcoholic Rehabilitation Center - Greenville	2,369,121	2,394,556
04. N.C. Special Care Center	3,850,572	3,912,649
05. Black Mountain Center	464,080	478,375
06. DHR - Administration and Support Program	6,788,729	6,806,069

- 07. Schools for the Deaf and
Blind 20,281,056 20,509,415
- 08. Division of Health Services 48,829,882 47,585,329
- 09. Social Services 72,957,253 76,156,555
- 10. Medical Assistance 255,214,369 288,526,093
- 11. Division of Services for the
Blind 5,887,010 5,935,924
- 12. Division of Mental Health,
Mental Retardation and
Substance Abuse Services 10,664,886 10,385,624
- 13. Dorothea Dix Hospital 32,372,589 32,621,340
- 14. Broughton Hospital 26,435,921 26,716,420
- 15. Cherry Hospital 26,897,587 27,193,092
- 16. John Umstead Hospital 26,498,658 26,924,383
- 17. Western Carolina Center 2,895,233 3,096,404
- 18. O'Berry Center 3,587,669 3,749,154
- 19. Murdoch Center 15,402,682 15,502,346
- 20. Caswell Center 11,587,364 11,052,401
- 21. Division of Facility Services 26,001,329 26,145,147
- 22. Division of Vocational
Rehabilitation Services 21,143,144 22,432,116
- 23. Division of Youth Services 25,287,438 25,594,590
- 24. State-Aid Non-State Entities 153,319 296,530

Total Department of Human
Resources 651,230,095 689,737,994

Department of Correction	262,447,914	276,424,190
Department of Commerce	22,740,249	22,720,734
Department of Revenue	40,094,088	41,616,392
Department of Cultural Resources	18,376,944	18,519,558
Department of Crime Control and Public Safety	18,458,611	17,787,433
University of North Carolina - Board of Governors		
01. General Administration	\$ 15,865,019	\$ 16,676,117
02. University Operations - Lump Sum	27,689,188	27,799,367
03. Related Educational Programs	3,899,821	4,015,524
04. University of North Carolina at Chapel Hill		
a. Academic Affairs	114,340,237	114,630,318
b. Division of Health Affairs	81,799,242	82,247,899
c. Area Health Education Centers	27,282,717	27,289,611
05. North Carolina State University at Raleigh		
a. Academic Affairs	144,955,453	146,903,112
b. Agricultural Research Service	30,762,254	30,775,187
c. Agricultural Extension Service	24,117,393	24,173,687
06. University of North Carolina at Greensboro	43,454,411	44,262,024

07. University of North Carolina
at Charlotte 40,901,044 41,071,501
08. University of North Carolina
at Asheville 11,552,575 11,732,050
09. University of North Carolina
at Wilmington 24,140,832 24,402,742
10. East Carolina University 99,726,556 100,903,641
11. North Carolina Agricultural
and Technical State
University 29,221,544 29,333,812
12. Western Carolina University 29,172,895 29,272,027
13. Appalachian State University 41,033,921 41,192,349
14. Pembroke State University 11,272,039 11,407,576
15. Winston-Salem State
University 13,415,516 13,668,478
16. Elizabeth City State
University 9,714,745 9,784,803
17. Fayetteville State University 13,551,535 13,615,775
18. North Carolina Central
University 24,082,211 24,181,242
19. North Carolina School of
the Arts 7,471,387 7,609,745
20. North Carolina Science and
Math High School 5,584,259 5,759,907
21. North Carolina Memorial
Hospital 27,805,159 28,493,798

Total University of North
Carolina 902,811,953 911,202,292

Department of Community Colleges	310,371,821	301,241,942
State Board of Elections	1,177,512	419,256
Contingency and Emergency	1,125,000	1,125,000
Office of State Budget - Other Reserves		8,300,000 -
Reserve for Benefits for Part-time Employees	875,000	905,000
Reserve for Salary Increase	198,600,000	202,000,000
Reserve for Salary Adjustments	500,000	500,000
Reserve for Telephone Systems	500,000	500,000
Reserve for Health Benefit Premium Increase	47,000,000	65,100,000
Reserve for Electronic Data Processing	500,000	500,000
Debt Service	<u>73,929,627</u>	<u>71,636,370</u>
 GRAND TOTAL CURRENT OPERATIONS— GENERAL FUND	 \$5,440,741,133	 \$5,654,088,464

PART II.—CURRENT OPERATIONS/HIGHWAY FUND

Sec. 3. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 1989, according to the following schedule:

<u>Current Operations - Highway Fund</u>	<u>1987-88</u>	<u>1988-89</u>
Department of Transportation		
01. Administration	\$ 22,613,994	\$ 22,658,495
02. Highways		

a.	<u>Administration and Operations</u>	29,221,555	29,032,534	
b.	State Construction			
(01)	Primary Construction	-	-	
(02)	Secondary Construction			62,851,923 65,773,077
(03)	Urban Construction	20,000,000	20,000,000	
(04)	Access and Public Service Roads			2,000,000 2,000,000
(05)	Special Appropriation for Highways			60,000,000 60,000,000
(06)	Spot Safety Improvements			6,200,000 6,200,000
c.	State Funds to Match Federal Highway Aid			
(01)	Construction	66,128,400	66,395,000	
(02)	Planning Survey and Highway Planning Research			1,696,000 1,705,000
d.	State Maintenance			
(01)	Primary	72,746,958	72,661,450	
(02)	Secondary	129,600,000	129,600,000	
(03)	Urban	20,246,958	20,161,449	
(04)	Contract Resurfacing	100,912,425	92,567,150	
e.	Ferry Operations	12,562,458	12,562,458	
03.	Division of Motor Vehicles	62,936,065	61,888,170	

- 04. Governor's Highway Safety Program 256,902 257,375
- 05. Reserve for Salary Increments 2,438,664 2,438,664
- 06. Reserve for Hospital-Medical Benefits 4,800,000 6,500,000
- 07. Salary Adjustments for Highway Fund Employees 220,000 220,000
- 08. Reserve to Correct Occupational Safety and Health Conditions 350,000 350,000
- 09. Debt Service 37,955,215 37,295,105
- 10. Reserve for Salary Increases 13,400,000 13,400,000

Appropriations for Other State Agencies

- 01. Crime Control and Public Safety 71,862,969 74,113,646
- 02. Other Agencies
 - a. Department of Agriculture 2,185,748 2,188,706
 - b. Department of Revenue 1,392,457 1,397,608
 - c. Department of Human Resources 306,585 306,972
 - d. Department of Correction 1,750,000 1,750,000

Contingency and Emergency Fund 100,000 100,000

GRAND TOTAL CURRENT OPERATIONS—HIGHWAY FUND \$ 806,735,276 \$ 803,522,859

PART III.—APPROPRIATION OF FEDERAL BLOCK GRANT FUNDS

Requested by: Sen. Basnight, Rep. Etheridge, Rep. Colton; Sen. Walker, Reps. Locks, Nye

—APPROPRIATION OF FEDERAL BLOCK GRANT FUNDS

Sec. 4. Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1988, according to the following schedule:

JOB TRAINING PARTNERSHIP ACT

- | | | |
|-----|--|---------------------|
| 01. | Title II A funds to the 26
service delivery areas to train
economically disadvantaged youth
and adults | \$25,127,445 |
| 02. | Education set aside to State
education agencies for projects
to serve eligible participants | 2,577,174 |
| 03. | Incentive grants and technical
assistance funds to service
delivery areas | 1,932,880 |
| 04. | Funds for training economically
disadvantaged older workers | 966,440 |
| 05. | Funds to the Department of Natural
Resources and Community Development
to administer and audit all
activities related to the Job
Training Partnership Act Programs | 1,610,735 |
| 06. | Title II B Summer Youth Employment
and Training funds to service
delivery areas for economically
disadvantaged youth | 10,968,303 |
| 07. | Title III Dislocated workers funds
to the Employment Security
Commission | 1,928,243 |
| | TOTAL JOB TRAINING PARTNERSHIP ACT | \$45,111,220 |

COMMUNITY SERVICES BLOCK GRANT

- | | | |
|-----|--|---------------------|
| 01. | Community Action Agencies | \$ 7,831,265 |
| 02. | Limited Purpose Agencies | 435,070 |
| 03. | Commission on Indian Affairs | 19,710 |
| 04. | Department of Natural Resources
and Community Development to
administer and monitor the
activities of the Community
Services Block Grant | 435,070 |
| | TOTAL COMMUNITY SERVICES BLOCK GRANT | \$ 8,721,115 |

COMMUNITY DEVELOPMENT BLOCK GRANT

- 01. State Administration \$ 850,660
 - 02. Urgent Needs/Contingency 1,834,117
 - 03. Development Planning Housing 550,235
 - 04. Economic Development 7,336,468
 - 05. Community Revitalization 26,961,520
- TOTAL COMMUNITY DEVELOPMENT
BLOCK GRANT
\$37,553,000

EDUCATION CONSOLIDATION AND IMPROVEMENT
BLOCK GRANT

12,374,979

\$

PREVENTIVE HEALTH BLOCK GRANT

- 01. Emergency medical services \$ 407,324
- 02. Health Department 933,000
- 03. Hypertension Programs 549,587
- 04. Risk Reduction Programs 481,003
- 05. Health Promotion/Local Health Departments 459,461
- 06. Fluoridation of Water Supplies 159,838
- 07. Rape Prevention and Rape
Crisis Programs

89,369

TOTAL PREVENTIVE HEALTH BLOCK GRANT

\$

3,079,582

MATERNAL AND CHILD HEALTH SERVICES

- 01. Local Maternal and Child Health
and Family Planning Services

9,591,119

- 02. High Risk Maternity Clinic Services,
Perinatal Education and Child
Vaccination Services

1,289,835

- 03. Services to Disabled Children 4,059,998
- 04. Sudden Infant Death Syndrome 33,000
- 05. Lead-Based Paint Poisoning 72,000

TOTAL MATERNAL AND CHILD
HEALTH SERVICES
\$15,045,952

SOCIAL SERVICES BLOCK GRANT

- 01. County departments of social services \$41,559,668
- 02. Division of Mental Health, Mental

Retardation, and Substance Abuse

5,770,693

- 03. Division of Services for the Blind 2,691,673
- 04. Division of Health Services 1,488,019
- 05. Division of Youth Services 1,051,428
- 06. Division of Facility Services 224,299
- 07. Division of Aging 327,424
- 08. Day Care Services 11,805,887
- 09. Volunteer Services 44,970
- 10. State Administration and State Level
Contracts
2,963,183
- 11. Voluntary Sterilization funds 100,000
- 12. Transfer to Maternal and Child
Health Block Grant

1,000,000

- 13. Allocation to Salary Reserve
for All Divisions
250,000
- 14. Adult Day Care Services 161,629
- 15. County Departments of Social Services for
Child Abuse/Prevention and
Permanency Planning

400,000

- 16. Allocation to Division of Health Services
for Grants in Aid to Prevention
Programs

445,000

TOTAL SOCIAL SERVICES BLOCK GRANT
\$70,283,873

LOW INCOME ENERGY BLOCK GRANT

- 01. Energy Assistance Programs \$23,702,453
- 02. Crisis Intervention 5,436,079
- 03. Administration 2,630,360
- 04. Weatherization Program 2,894,834
- 05. Indian Affairs 37,070
- 06. Transfer to Maternal and Child
Health Block Grant

1,753,554

- 07. Emergency Medical Services 175,357
- 08. Transfer to Social Services
Block Grant for Adult

558,512

Day Care Services

TOTAL LOW INCOME ENERGY
BLOCK GRANT
\$37,188,219

ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH
SERVICES BLOCK GRANT

- 01. Continuation of Staffing Grants to Area Mental Health Programs \$
- 420,000
- 02. Funds to Area Mental Health, Mental Retardation, and Substance Abuse Programs to Be Distributed on a Per Capita Basis
- 2,051,556
- 03. Services to Persons Who Have Aged Out of the Willie M. Class
- 1,001,502
- 04. Crisis Stabilization for the Mentally Ill 119,847
- 05. Group Homes, Early Intervention, and Day Treatment Programs for Emotionally disturbed Children
- 298,000
- 06. Programs for the Chronically Mentally Ill
- 2,790,738
- 07. Funds to Substance Abuse Programs 3,468,485
- 08. Alcohol Services Funds for Female Substance Abusers
- 591,163
- 09. Administration 597,028
- 10. Community Based Child and Family Residential Treatment
- 130,118
- 11. Training Related to the Provision of mental Health Services
- 46,000
- 12. Training Related to the Provision of Substance Abuse Services 67,200
- 13. Child and Adolescent Sex Offenders

Pilot Projects
89,836
TOTAL ALCOHOL AND DRUG ABUSE AND
MENTAL HEALTH SERVICES
BLOCK GRANT
\$11,671,473

ALCOHOL AND DRUG ABUSE TREATMENT AND
REHABILITATION BLOCK GRANT

01. Community-based Services for Youth
Substance Abusers \$
2,697,140
02. Treatment Alternatives to Street Crimes 319,608
TOTAL ALCOHOL AND DRUG ABUSE
TREATMENT AND REHABILITATION
BLOCK GRANT
3,016,748

(b) Decreases in Federal Fund Availability

If federal funds are reduced below the amounts specified above after the effective date of this act, then every program, in each of the federal block grants listed above, shall be reduced by the same percentage as the reduction in federal funds. If federal funds are reduced in the Education Consolidation and Improvement Act Chapter II Block Grant, then the State Board of Education shall determine how reductions are to be made among the various local agencies.

(c) Increases in Federal Fund Availability

If the United States Congress appropriates additional funds for block grants after the effective date of this act, these funds shall be held in a reserve in each block grant for future allocations by the General Assembly. This subsection shall not apply to the Community Development Block Grant, the Community Services Block Grant, and to Job Training Partnership Act funds.

(d) Education Setaside of JTPA Funds

The Department of Natural Resources and Community Development shall certify to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office when Job Training Partnership Act funds have been distributed to each agency, the total amount distributed to each agency, and the total amount of eight percent (8%) Education Setaside funds received.

PART IV.—GENERAL PROVISIONS

Requested by: Sen. Royall, Rep. Watkins

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

Sec. 5. There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute. The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act, may not be spent in a manner which would cause a deficit in expenditures.

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

Requested by: Sen. Royall, Rep. Watkins
—INSURANCE AND FIDELITY BONDS

Sec. 6. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Insurance Department, and the cost of placement shall be paid by the affected department, institution, or agency with the approval of the Insurance Commissioner.

Requested by: Sen. Royall, Rep. Watkins
—BUDGETING OF PILOT PROGRAMS

Sec. 7. (a) Any program designated by the General Assembly as experimental, model, or pilot shall be shown as a separate budget item and shall be considered as an expansion item until a succeeding General Assembly reapproves it. Any new program funded in whole or in part through a special appropriations bill shall be designated as an experimental, model, or pilot program.

(b) The Governor shall submit to the General Assembly with his proposed budget a report of which items in the proposed budget are subject to the provisions of this section.

Requested by: Sen. Royall, Rep. Watkins
—AUTHORIZED TRANSFERS

Sec. 8. The Director of the Budget may transfer to General Fund budget codes from the General Fund salary adjustment appropriation, and may transfer to Highway Fund budget codes from the Highway Fund salary adjustment appropriation, amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds may be transferred only when the use of salary reserve funds in individual operating budgets is not feasible.

Requested by: Sen. Royall, Rep. Watkins
—SHIFT PREMIUM PAY

Sec. 9. Shift premium pay shall be paid to all State employees in non-medically related positions through salary grade 69 and to all State employees in medically related positions through salary grade 73, subject to the provisions of this section. Shift premium pay for employees in medically related positions shall be limited to ten percent (10%) of salary or one dollar (\$1.00) per hour, whichever is greater. The State Personnel Commission shall set the higher shift premium pay for employees in medically related positions only after finding that the higher pay is necessary to meet existing competition from private employers.

The State Personnel Commission may not adopt a shift premium pay schedule higher than those stated in this section unless the higher schedule is first approved by the General Assembly and funds are appropriated to implement the higher pay. The Commission may, however, request authorization to pay shift premium pay to employees in grades above those stated in this section when the Commission determines that there is a critical shortage of employees in a position because of competition from private employers who pay shift premium pay for that type work. Such a request shall be made to the General Assembly if it is in session; otherwise, the request shall be approved by the Director of the Budget with the advice of the Advisory Budget Commission.

The State Personnel Commission shall strictly enforce its regulation requiring that employees who receive shift premium pay be regularly assigned to night or shift work. In enforcing the regulation the Commission shall strictly construe "regularly" so that shift premium pay shall not be paid to employees temporarily placed on a shift receiving such pay.

Requested by: Sen. Royall, Rep. Watkins
—EXPENDITURES OF FUNDS IN RESERVES LIMITED

Sec. 10. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

PART V.—EMPLOYEES

Requested by: Sen. Royall, Rep. Watkins
—GOVERNOR/SALARY INCREASE

Sec. 11. Effective July 1, 1987, the first sentence of G.S. 147-11 is rewritten to read:

"The salary of the Governor shall be one hundred five thousand dollars (\$105,000) annually, payable monthly."

Requested by: Sen. Plyler, Rep. Bob Etheridge
—COUNCIL OF STATE/SALARY INCREASES

Sec. 12. The annual salaries for members of the Council of State, payable monthly, for the 1987-89 fiscal biennium are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$64,092
Attorney General	64,092
Secretary of State	64,092
State Treasurer	64,092
State Auditor	64,092
Superintendent of Public Instruction	64,092
Agriculture Commissioner	64,092
Insurance Commissioner	64,092
Labor Commissioner	64,092

Requested by: Sen. Plyler, Rep. Watkins

—NONELECTED DEPARTMENT HEADS/SALARY INCREASES

Sec. 13. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 1987-88 and 1988-89 fiscal years are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	\$64,092
Secretary of Commerce	64,092
Secretary of Correction	64,092
Secretary of Crime Control and Public Safety	64,092
Secretary of Cultural Resources	64,092
Secretary of Human Resources	64,092
Secretary of Natural Resources and Community Development	64,092
Secretary of Revenue	64,092
Secretary of Transportation	64,092

Requested by: Sen. Royall, Rep. Watkins

—CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

Sec. 14. The annual salaries, payable monthly, for the 1987-88 and 1988-89 fiscal years for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$61,656
Commissioner of Motor Vehicles	61,656
Commissioner of Banks	61,656
Deputy Banking Commissioner	47,136
Chairman, Employment Security Commission	61,656
State Personnel Director	64,092
Chairman, Parole Commission	56,268
Members of the Parole Commission	51,900

Chairman, Industrial Commission	55,344
Members of the Industrial Commission	53,988
Executive Director, Agency for Public Telecommunications	51,900
Director, Seafood Industrial Park Authority	34,332
General Manager, Ports Railway Commission	46,824
Director, Museum of Art	63,192
Director, State Ports Authority	71,664
Controller, State Board of Education	74,184
Executive Director, Wildlife Resources Commission	53,160
Executive Director, North Carolina Housing Finance Agency	76,404
Executive Director, North Carolina Technological Development Authority	40,764
Executive Director, North Carolina Agricultural Finance Authority	60,000
Director, Office of Administrative Hearings	54,372

Requested by: Sen. Plyler, Rep. Bob Etheridge

—LEGISLATORS/SALARY AND EXPENSE INCREASES

Sec. 15. Effective upon convening of the 1989 Regular Session of the General Assembly, G.S. 120-3(a) and (b) are rewritten to read:

"(a) The Speaker of the House shall be paid an annual salary of twenty-nine thousand eight hundred eighty dollars (\$29,880), payable monthly, and an expense allowance of nine hundred seventy-five dollars (\$975.00) per month. The President Pro Tempore of the Senate shall be paid an annual salary of eighteen thousand two hundred seventy-six dollars (\$18,276), payable monthly, and an expense allowance of six hundred thirty-three dollars (\$633.00) per month. The Speaker Pro Tempore of the House and the Deputy President Pro Tempore of the Senate shall be paid an annual salary of fifteen thousand three hundred eighty-four dollars (\$15,384), payable monthly, and an expense allowance of three hundred fifty-four dollars (\$354.00) per month. The minority leader in the House and the majority and minority leaders in the Senate shall be paid an annual salary of thirteen thousand eighty dollars (\$13,080), payable monthly, and an expense allowance of three hundred fifty-four dollars (\$354.00) per month.

(b) Every other member of the General Assembly shall receive increases in annual salary and expense allowances only to the extent of and in the amounts equal to the average increases received by employees of the State, effective upon convening of the next Regular Session of the General Assembly after enactment of these increased amounts. Accordingly, upon convening of the 1989 Regular Session of the General Assembly, every other member of the General Assembly shall be paid an annual salary of ten thousand six hundred forty-four dollars (\$10,644), payable monthly, and an expense allowance of two hundred sixty-five dollars (\$265.00) per month."

Requested by: Sen. Royall, Rep. Watkins

—GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Sec. 16. The second sentence of G.S. 120-37(c) is rewritten to read:

"Each principal clerk shall be entitled to other benefits available to State employees and shall be paid an annual salary of thirty-nine thousand three hundred twelve dollars (\$39,312), payable monthly."

Requested by: Sen. Royall, Rep. Watkins

—SERGEANT-AT-ARMS AND READING CLERK/SALARY INCREASES

Sec. 17. G.S. 120-37(b) is amended by deleting "one hundred sixty-eight dollars (\$168.00)" and substituting "one hundred seventy-seven dollars (\$177.00)".

Requested by: Sen. Royall, Rep. Watkins

—LEGISLATIVE EMPLOYEES/SALARY INCREASES

Sec. 18. The Legislative Administrative Officer may increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1986-87 by an amount equal to the same amount as authorized in Section 30 of this act for most other State employees, rounded to conform to the steps in the salary ranges adopted by the Legislative Services Commission, commencing July 1, 1987. The granting of this legislative salary increase does not affect the status of employees' eligibility for other salary increments. Nothing in this Part limits any of the provisions of G.S. 120-32.

Requested by: Sen. Rand, Rep. Bob Etheridge

—JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

Sec. 19. The annual salaries, payable monthly, for specified judicial branch officials for the 1987-88 and 1988-89 fiscal years are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$77,844
Associate Justice, Supreme Court	76,236
Chief Judge, Court of Appeals	73,800
Judge, Court of Appeals	72,180
Judge, Senior Regular Resident Superior Court	66,204
Judge, Superior Court	64,092
Chief Judge, District Court	56,532
Judge, District Court	54,372
District Attorney	59,628
Assistant District Attorney - an average of	38,568
Administrative Officer of the Courts	66,204
Assistant Administrative Officer of the Courts	53,964
Public Defender	59,628
Assistant Public Defender - an average of	38,568

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

The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed thirty-eight thousand five hundred sixty-eight dollars (\$38,568) and the minimum salary of any assistant district attorney or assistant public defender is at least nineteen thousand four hundred seventy-six dollars (\$19,476).

The salaries in effect for fiscal year 1986-87 for permanent employees of the Judicial Department, except for those whose salaries are itemized in this act, shall be increased by an amount, commencing July 1, 1987, equal to the same amount as authorized in Section 30 of this act for most other State employees, rounded to conform to the steps in the salary ranges adopted by the Judicial Department.

Requested by: Sen. Royall, Rep. Bob Etheridge
 —CLERKS OF COURT/SALARY INCREASES

Sec. 20. G.S. 7A-101 is amended in the first paragraph by deleting the schedule of salaries for clerks of superior court and substituting the following schedule:

<u>Population</u>	<u>Annual Salary</u>
Less than 50,000	\$34,728
50,000 to 99,999	39,948
100,000 to 199,999	45,156
200,000 and above	51,516"

Requested by: Sen. Royall, Rep. Watkins
 —ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES

Sec. 21. (a) G.S. 7A-102(c) is amended in the first paragraph by deleting the schedule of minimum and maximum annual salary rates for assistant clerks and deputy clerks and substituting the following schedule:

<u>Assistant Clerks</u>	<u>Annual Salary</u>
Minimum	\$17,628
Maximum	29,580
<u>Deputy Clerks</u>	<u>Annual Salary</u>
Minimum	\$13,812
Maximum	22,680"

(b) Nothing contained in this Part limits any other provisions of G.S. 7A-102(c).

Requested by: Sen. Plyler, Rep. Bob Etheridge
—MAGISTRATES/SALARY INCREASES

Sec. 22. G.S. 7A-171.1(a)(1) is amended by rewriting the table of salaries to read:

<u>"Number of Prior Years of Service</u>	<u>Annual Salary</u>
Less than 1	\$14,076
1 or more but less than 3	14,808
3 or more but less than 5	16,320
5 or more but less than 7	17,988
7 or more but less than 9	19,836
9 or more but less than 11	21,840
11 or more	24,036"

Requested by: Sen. Royall, Rep. Watkins

—COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Sec. 23. The Director of the Budget may transfer from the salary increase reserve fund created in Section 2 of this act funds necessary to provide an average annual salary increase of five percent (5%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1987, for all permanent community college institutional personnel supported by State funds. Subject to the availability of funds, the salaries for temporary community college institutional personnel may be increased by pro rata amounts of the five percent (5%) average annual salary increase provided for permanent institutional employees. These funds may not be used for any purpose other than for the salary increases and necessary employer contributions.

Requested by: Sen. Royall, Rep. Watkins

—HIGHER EDUCATION PERSONNEL/SALARY INCREASES

Sec. 24. The Director of the Budget may transfer from the salary increase reserve fund created in Section 2 of this act funds necessary to provide an annual average salary increase of five percent (5%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1987, for all employees of The University of North Carolina supported by State funds who are exempt from the State Personnel Act. These funds shall be allocated to individuals according to rules adopted by the Board of Governors and may not be used for any purpose other than for the salary increases and necessary employer contributions.

Requested by: Sen. Royall, Rep. Watkins

—ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES

Sec. 25. (a) Salaries for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund

appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

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

(c) The salary range maximums for all employees shall be increased to accommodate the across-the-board salary increase provided by this Part so that every employee will continue to have the same relative position with respect to salary increases and future increments as he would have had if these salary increases had not been made.

(d) The salary increases provided in this act to be effective July 1, 1987, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, whose last workday is prior to July 1, 1987.

(e) Notwithstanding the provisions of Section 19.1 of Chapter 1137 of the 1979 Session Laws as amended by Chapter 1053 of the 1981 Session Laws, G.S. 115C-12(9)a., G.S. 115C-12(16), G.S. 126-7, or any other provision of law other than G.S. 20-187.3(a) or G.S. 7A-102(c), no employee or officer of the public school system shall receive an automatic increment and no State employee or officer shall receive a merit increment during the 1987-89 fiscal biennium, except as otherwise permitted by this act.

(f) The Director of the Budget shall transfer from the salary increase reserve funds in Sections 2 and 3 of this act all funds necessary for the salary increases provided by Sections 11 through 24 and Sections 30 and 32 of this act, including funds for the employer's retirement and Social Security contributions.

(g) Nothing in this Part authorizes the transfer of funds from the General Fund to the Highway Fund for salary increases.

Requested by: Sen. Royall, Rep. Watkins

—SALARY RELATED CONTRIBUTIONS/EMPLOYERS

Sec. 26. (a) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability salary continuation benefits.

(b) Effective September 1, 1987, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1987-88 and 1988-89 fiscal years are (1) eleven and thirty-five hundredths percent (11.35%)

- Teachers and State Employees; (2) sixteen and thirty-five hundredths percent (16.35%) - State Law Enforcement Officers; (3) seven and ten hundredths percent (7.10%) - University Employees' Optional Retirement Program; (4) thirty and eighty-one hundredths percent (30.81%) - Consolidated Judicial Retirement System; and (5) thirty-six and eighty-six hundredths percent (36.86%) - Legislative Retirement System. Each of the foregoing contribution rates includes one and ten hundredths percent (1.10%) for hospital and medical benefits. From July 1, 1987, through August 31, 1987, all of such contribution rates shall be those in effect June 30, 1987. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan.

(c) Effective January 1, 1988, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1987-88 and 1988-89 fiscal years are (1) eleven and nineteen hundredths percent (11.19%) - Teachers and State Employees; (2) sixteen and nineteen hundredths percent (16.19%) - State Law Enforcement Officers; (3) seven and sixty-two hundredths percent (7.62%) - University Employees' Optional Retirement Program; (4) thirty and eighty-one hundredths percent (30.81%) - Consolidated Judicial Retirement System; and (5) thirty-six and eighty-six hundredths percent (36.86%) - Legislative Retirement System. Each of the foregoing contribution rates includes one and ten hundredths percent (1.10%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.

(d) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for fiscal year 1987-88 to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (1) Medicare eligible employees and retirees - seven hundred eighty-nine dollars (\$789.00) and (2) Non-Medicare eligible employees and retirees - one thousand thirty-six dollars (\$1,036).

(e) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for fiscal year 1988-89 to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (1) Medicare eligible employees and retirees - eight hundred fifty-eight dollars (\$858.00); and (2) Non-Medicare eligible employees and retirees - one thousand one hundred twenty-six dollars (\$1,126).

Requested by: Sen. Royall, Rep. Watkins

—POST-RETIREMENT ALLOWANCE INCREASES/RETIRED
TEACHERS, STATE EMPLOYEES, JUDICIAL PERSONNEL,
LOCAL GOVERNMENT EMPLOYEES, AND LEGISLATORS

Sec. 27. (a) G.S.135-5 is amended by adding a new subsection to read:

"(mm) From and after July 1, 1987, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1986, shall be increased by four percent (4.0%) of the allowance payable on July 1, 1986, in accordance with

G.S. 135-5(o). Furthermore, from and after July 1, 1987, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1986, but before June 30, 1987, shall be increased by a prorated amount of four percent (4.0%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1986, and June 30, 1987."

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

"(h) From and after July 1, 1987, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1986, shall be increased by four percent (4.0%) of the allowance payable on July 1, 1986. Furthermore, from and after July 1, 1987, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1986, but before June 30, 1987, shall be increased by a prorated amount of four percent (4.0%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1986, and June 30, 1987."

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

"(cc) From and after July 1, 1987, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1986, shall be increased by four percent (4.0%) of the allowance payable on July 1, 1986, in accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1987, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1986, but before June 30, 1987, shall be increased by a prorated amount of four percent (4.0%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1986, and June 30, 1987."

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

"(c) In accordance with subsection (a) of this section, from and after July 1, 1987, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 1987, shall be increased by the same amount as provided to retired members and beneficiaries of the Teachers' and State Employees' Retirement System pursuant to the provisions of G.S. 135-5(ii) and (jj)."

Requested by: Sen. Royall, Rep. Watkins

—SUPPLEMENTAL RETIREMENT INCOME PLAN/ADMINISTRATION
REVIEW

Sec. 28. The Department of State Treasurer and the Board of Trustees of the Supplemental Retirement Income Plan shall study the possibility for self-administration of the Plan without the use of third-party administrators. Such study shall include, but not be limited to, a review of one-time setup fees and monthly maintenance fees charged to participating employees by the Plan's current third-party administrator, a review of investment alternatives and average annual yields on each alternative made available to participating employees by the Plan's current third-party administrator, a review of income anti-discrimination practices being used by the Plan's current third-party administrator, alternative methods of financing the cost for self-administration of the Plan through fees, delayed investments, or any other suitable means to minimize the

cost to participating employees, alternative forms of investment through self-administration of the Plan to maximize earnings potential for participating employees, any changes in income anti-discrimination practices that could be improved for the benefit of participating employees through self-administration of the Plan, and any advantages to payroll units for self-administration of the Plan through the Department of State Treasurer and Board of Trustees. The Department of State Treasurer and Board of Trustees shall complete this study by May 1, 1988, and make a report on the study's findings and recommendations by June 1, 1988, to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Committees on Appropriations of the Senate and House of Representatives, the Chairmen of the Committees on Pensions and Retirement of the Senate and House of Representatives, and to the Fiscal Research Division of the General Assembly.

Requested by: Sen. Royall, Rep. Watkins

—DISABILITY RETIREMENT AND SALARY CONTINUATION
BENEFITS REPLACED WITH DISABILITY INCOME
BENEFITS/TEACHERS AND STATE EMPLOYEES

Sec. 29. (a) G.S. 135-1(5) is amended by adding a sentence at the end to read:

"In the event a member is or has been in receipt of a benefit under the provisions of G.S. 135-105 or G.S. 135-106, the compensation used in the calculation of 'average final compensation' shall be the higher of compensation of the member under the provisions of this Article or compensation used in calculating the payment of benefits under Article 6 of this Chapter as adjusted for percentage increases in the post disability benefit."

(b) G.S. 135-4 is amended by adding a new subsection to read:

"(y) A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of this Chapter shall be granted creditable service for each month that the member is eligible for and for which a benefit is paid under the provisions of G.S. 135-105 and G.S. 135-106; provided, however, that in no instance shall a member be granted creditable service under this subsection if creditable service is earned or credited for the same month in this retirement system or any other retirement system administered by the State."

(c) G.S. 135-5(a) is amended by adding a new subdivision designated as (5) to read:

"(5) Any member who is eligible for and is being paid a benefit under the Disability Income Plan as provided under G.S. 135-105 or G.S. 135-106 shall be deemed a member in service and may not retire under the provisions of this section."

(d) G.S. 135-5(c) is amended by rewriting the caption "Disability Retirement Benefits" to read "Disability Retirement Benefits of Members Retiring Prior to January 1, 1988" and adding a sentence at the beginning of the subsection to read "The provisions of this subsection shall not be applicable to members on or after January 1, 1988."

(e) G.S. 135-5(d4) is amended by rewriting the caption "Allowance on Disability Retirement of Persons Retiring on or after July 1, 1982" to read "Allowance on Disability Retirement of Persons Retiring on or after July 1, 1982, but prior to January 1, 1988" and by inserting in the first sentence a phrase after the phrase "July 1, 1982" and before the comma to read "but prior to January 1, 1988".

(f) G.S. 135-5(e) is amended by adding a sentence after the caption and at the beginning of the first paragraph to read "The provisions of this subsection shall be applicable to members retired on a disability retirement allowance prior to January 1, 1988."

(g) G.S. 135-5(e) and G.S. 128-7(e) are amended by adding a new subdivision to the end of each designated as (6) to read:

"(6) Notwithstanding any other provision to the contrary, a beneficiary in receipt of a disability retirement allowance until the earliest date on which he would have qualified for an unreduced service retirement allowance shall thereafter (i) not be subject to further reexaminations as to disability, (ii) not be subject to any reduction in allowance on account of being engaged in a gainful occupation other than with an employer participating in the Retirement System, and (iii) be considered a beneficiary in receipt of a service retirement allowance. Provided, however, a beneficiary in receipt of a disability retirement allowance whose allowance is reduced on account of reexamination as to disability or to ability to engage in a gainful occupation prior to the date on which he would have qualified for an unreduced service retirement allowance shall have only the right to elect to convert to an early or service retirement allowance as permitted under subdivision (1) above."

(h) G.S. 135-5(f) is amended by adding a paragraph at the end of the subsection to read "A member who is a participant or beneficiary of the Disability Income Plan of North Carolina as is provided in Article 6 of this Chapter shall not be paid a return of accumulated contributions, notwithstanding the member's status as an employee or teacher."

(i) G.S. 135-5(l) is amended by adding a paragraph at the end of the subsection to read:

"A member who is a beneficiary of the Disability Income Plan provided for in Article 6 of this Chapter shall be eligible for group life insurance benefits as provided in this subsection, notwithstanding that the member is no longer an employee or teacher or that the member's death occurs after the eligibility period after active service. The basis of the death benefit payable hereunder shall be the higher of the death benefit computed as above or a death benefit based on compensation used in computing the benefit payable under G.S. 135-106 as may be adjusted for percentage post-disability increases, all subject to the maximum dollar limitation as provided above. A member in receipt of benefits from the Disability Income Plan under the provisions of G.S. 135-112(b) and (c) whose right to a benefit accrued under the former Disability Salary Continuation Plan shall not be covered under the provisions of this paragraph."

(j) G.S. 135-5(m) as amended by Chapter 181 of the 1987 Session Laws is amended by adding a sentence at the end of the subsection to read:

"The term 'in service' as used in this subsection includes a member in receipt of a benefit under the Disability Income Plan as provided in Article 6 of this Chapter."

(k) G.S. 135-9 is amended by deleting the phrase "Disability Salary Continuation Plan" and inserting the phrase "the former Disability Salary Continuation Plan or the Disability Income Plan of North Carolina."

(l) G.S. 135-34 is repealed in its entirety and all assets and liabilities of the Disability Salary Continuation Plan shall be transferred to the Disability Income Plan of North Carolina as provided in Article 6 of Chapter 135 of the General Statutes.

(m) G.S. 135-38(c) is amended in the first sentence by deleting the phrase "disability salary continuation benefits as provided in this Article" and substituting the phrase "disability income plan benefits as provided in this Article and Article 6 of this Chapter"; and is further amended in the second sentence by deleting the phrase "Disability Salary Continuation Plan" and substituting the phrase "Disability Income Plan".

(n) G.S. 135-40.2(d) is amended by rewriting the subsection to read:

"(d) Former employees who are receiving disability retirement benefits or disability income benefits pursuant to Article 6 of Chapter 135 of the General Statutes, provided the former employee has at least five years of retirement membership service at the time of disability, shall be eligible for the benefit provisions of this Plan, as set forth in this Part, on the same basis as a retired employee. Such coverage shall terminate as of the end of the month in which such former employee is no longer eligible for disability retirement benefits or disability income benefits pursuant to Article 6 of this Chapter."

(o) G.S. 135-40.11(c)(6) is amended by deleting the phrase "disability salary continuation under a program of benefits established under G.S. 135-34," and substituting the phrase "benefits pursuant to Article 6 of this Chapter when the employee has less than five years of retirement membership service at the time of disability,".

(p) G.S. 143-166.60(a) is amended after the phrase "from any State-administered retirement system" and before the comma by adding the phrase "or are in receipt of a benefit from the Disability Income Plan of North Carolina".

(q) Chapter 135 of the General Statutes is amended by adding a new Article 6 to read:

"Article 6.

"Disability Income Plan of North Carolina.

"§ 135-100. **Short title and purpose.**—(a) This Article shall be known and may be cited as the 'Disability Income Plan of North Carolina'.

(b) The purpose of this Article is to provide equitable replacement income for eligible teachers and employees who become temporarily or permanently disabled for the performance of their duty prior to retirement, and to encourage disabled teachers and employees who are able to work to seek gainful employment after a reasonable period of rehabilitation, and to provide for the accrual of retirement and ancillary benefits to

the date the eligible teacher or employee meets the requirements for retirement under the provisions of this Chapter.

"§ 135-101. **Definitions.**—The following words and phrases as used in this Article, unless a different meaning is plainly required by the context, shall have the following meanings:

- (1) 'Base rate of compensation' shall mean the regular monthly rate of compensation not including pay for shift premiums, overtime, or other types of extraordinary pay; in all cases of doubt, the Board of Trustees shall determine what is 'base rate of compensation'.
- (2) 'Beneficiary' shall mean any person in receipt of a disability allowance or other benefit as provided in this Article.
- (3) 'Benefits' shall mean the monthly disability income payments made pursuant to the provisions of this Article. In the event of death or termination of benefits on or after the first day of a month, the monthly benefit shall not be prorated and shall equal the benefits paid in the previous month.
- (4) 'Board of Trustees' shall mean the Board of Trustees of the Teachers' and State Employees' Retirement System as provided in G.S. 135-6.
- (5) 'Compensation' shall mean any compensation as the term is defined in G.S. 135-1(7a).
- (6) 'Disability' or 'Disabled' shall mean the mental or physical incapacity for the further performance of duty of a participant or beneficiary; provided that such incapacity was not the result of war, whether declared or not, armed or unarmed military or paramilitary conflict, terrorist activity, active participation in a riot, committing or attempting to commit a felony, or intentionally self-inflicted injury.
- (7) 'Earnings' shall mean all income for personal services rendered or otherwise receivable, including, but not limited to, salaries and wages, fees, commissions, royalties, awards and other similar items and self-employment; in all cases of doubt, the Board of Trustees shall determine what are 'earnings'.
- (8) 'Employee' shall mean any employee as the term is defined in G.S. 135-1(10).
- (9) 'Employer' shall mean any employer as the term is defined in G.S. 135-1(11).
- (10) 'Medical Board' shall mean the board of physicians as provided in G.S. 135-102(d).
- (11) 'Member' shall mean any member as the term is defined in G.S. 135-1(13).
- (12) 'Membership service' shall mean any service as defined in G.S. 135-1(14).
- (13) 'Participant' shall mean any teacher or employee eligible to participate in the Plan as provided in G.S. 135-103.

- (14) 'Plan' shall mean the Disability Income Plan of North Carolina as provided in this Article.
- (15) 'Retirement' shall mean the withdrawal from active service with a retirement allowance granted under the provisions of Article 1 of this Chapter.
- (16) 'Retirement System' shall mean the Teachers' and State Employees' Retirement System of North Carolina as defined in G.S. 135-2.
- (17) 'Service' shall mean service as a teacher or employee as defined in G.S. 135-1(10) or G.S. 135-1(25).
- (18) 'State' shall mean the State of North Carolina.
- (19) 'Teacher' shall mean any teacher as the term is defined in G.S. 135-1(25).

"§ 135-102. Administration.—(a) The provisions of this Article shall be administered by the Department of State Treasurer and the Board of Trustees of the Teachers' and State Employees' Retirement System and all expenses in connection with the administration of the Plan, except for expenses incurred by and properly charged to the employer, shall be charged against and paid from the trust fund as created and provided in this Article.

(b) The Plan shall have the power and privileges of a corporation and under the name of Disability Income Plan of North Carolina shall all of its business be transacted, all of its funds invested and all of its cash, securities and other property be held.

(c) The Department of State Treasurer and the Board of Trustees shall have the full power and authority to adopt rules for the administration of the Plan not inconsistent with the provisions of this Article. The Department of State Treasurer and the Board of Trustees may appoint those agents, contractors, and employees as they deem advisable to carry out the terms and conditions of the Plan.

(d) The Department of State Treasurer and the Board of Trustees shall designate a Medical Board to be composed of not fewer than three nor more than five physicians not eligible for benefits under the Plan. Other physicians, medical clinics, institutions or agencies may be employed to conduct such medical examinations and tests necessary to provide the Medical Board with clinical evidence as may be needed to determine eligibility for benefits under the Plan. The Medical Board shall investigate the results of medical examinations, clinical evidence, all essential statements and certifications by and on behalf of applicants for benefits and shall report in writing to the Board of Trustees the conclusions and recommendations upon all matters referred to it.

(e) The Department of State Treasurer and the Board of Trustees may provide the benefits according to the terms and conditions of the Plan as provided in this Article either by purchasing a contract or contracts with any insurance company licensed to do business in this State or by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1986.

"§ 135-103. Eligible participants.—(a) The eligible participants of the Disability Income Plan shall consist of:

- (1) All teachers and employees in service and members of the Teachers' and State Employees' Retirement System or participants of the Optional Retirement Program on January 1, 1988.
 - (2) All persons who become teachers and employees or re-enter service as teachers or employees and are in service and members of the Teachers' and State Employees' Retirement System or participants of the Optional Retirement Program after January 1, 1988.
- (b) The participation of any person in the Disability Income Plan shall cease upon:
- (1) The termination of the participant's employment as a teacher or State employee, or
 - (2) The participant's retirement under the provisions of the Teachers' and Employees' Retirement System or the Optional Retirement Program, or
 - (3) The participant's becoming a beneficiary under the Plan, or
 - (4) The participant's death.

§ 135-104. Salary continuation.—(a) A participant shall receive no benefits from the Plan for a period of 60 continuous calendar days from the onset of disability determined as the last actual day of service or the day succeeding at least 365 calendar days after service as a teacher or employee, whichever is later. These 60 continuous calendar days may be considered the waiting period before benefits are payable from the Plan. During this waiting period, a participant may be paid such continuation of salary as provided by an employer through the use of sick leave, vacation leave or any other salary continuation.

(b) During the waiting period a participant may return to service for trial rehabilitation for periods of not greater than five continuous days of service. Such return to service will not cause a new waiting period to begin but shall extend the waiting period by the number of days of service.

§ 135-105. Short-term disability benefits.—(a) Any participant who becomes disabled and is no longer able to perform his usual occupation may, after at least 365 calendar days succeeding his date of initial employment as a teacher or employee and at least one year of contributing membership service, receive a benefit commencing on the first day succeeding the waiting period; provided that the participant's employer and attending physician shall certify that such participant is mentally or physically incapacitated for the further performance of duty, that such incapacity was incurred while the participant was a teacher or employee and has been continuous thereafter; provided further that the requirement for one year of contributing membership service must have been earned within 36 calendar months immediately preceding the date of disability and further, salary continuation used during the period as provided in G.S. 135-104 shall count toward the aforementioned one year requirement.

(b) The benefits as provided for in subsection (a) of this section shall commence on the first day following the waiting period and shall be payable for a period of 365 days as long as the participant continues to meet the definition of disability. However, a disabled participant may elect to receive any salary continuation as provided in G.S.

135-104 in lieu of short-term disability benefits; provided further, such election shall not extend the 365 days duration of short-term payments.

(c) The monthly benefit as provided in subsection (a) of this section shall be equal to fifty percent (50%) of 1/12th of the annual base rate of compensation last payable to the participant prior to the beginning of the short-term benefit plus fifty percent (50%) of 1/12th of the annual longevity payment to which the participant would be eligible, to a maximum of three thousand dollars (\$3,000) per month reduced by monthly payments for Workers' Compensation to which the participant may be entitled. Provided, that should a participant have earnings in an amount greater than the short-term benefit, the amount of the short-term benefit shall be reduced on a dollar-for-dollar basis by the amount that exceeds the short-term benefit.

(d) The provisions of this section shall be administered by the employer and further, the benefits during the first six months of the short-term disability period shall be the full responsibility of and paid by the employer; Provided, further, that upon the completion of the initial six months of the short-term disability period, the employer will continue to be responsible for the short-term benefits to the participant, however, such employer shall notify the Plan on a quarterly basis of the amount of short-term benefits paid and the Plan shall reimburse the employer the amounts so paid.

(e) During the short-term disability period, a beneficiary may return to service for trial rehabilitation for periods of not greater than 40 continuous days of service. Such return will not cause the beneficiary to become a participant and will not require a new waiting period or short-term disability period to commence unless a different incapacity occurs. The period of rehabilitative employment shall not extend the period of the short-term disability benefits.

(f) A participant or beneficiary of short-term disability benefits or his legal representative or any person deemed by the Board of Trustees to represent the participant or beneficiary, or the employer of the participant or beneficiary, may request the Board of Trustees to have the Medical Board make a determination of eligibility for the short-term disability benefits as provided in this section or to make a preliminary determination of eligibility for the long-term disability benefits as provided in G.S. 135-106. A preliminary determination of eligibility for long-term disability benefits shall not preclude the requirement that the Medical Board make a determination of eligibility for long-term disability benefits.

(g) The Board of Trustees may extend the short-term disability benefits of a beneficiary beyond the benefit period of 365 days for an additional period of not more than 365 days; provided the Medical Board determines that the beneficiary's disability is temporary and likely to end within the extended period of short-term disability benefits. During the extended period of short-term disability benefits, payment of benefits shall be made by the Plan directly to the beneficiary.

"§ 135-106. Long-term disability benefits.—(a) Upon the application of a beneficiary or participant or of his legal representative or any person deemed by the Board of Trustees to represent the participant or beneficiary, any beneficiary or participant who has had five or more years of membership service may receive long-term disability benefits from the Plan upon approval by the Board of Trustees,

commencing on the first day succeeding the conclusion of the short-term disability period provided for in G.S. 135-105, provided the beneficiary or participant makes application for such benefit within 180 days after the short-term disability period ceases or after salary continuation payments cease, whichever is later; Provided, that the Medical Board shall certify that such beneficiary or participant is mentally or physically incapacitated for the further performance of duty, that such incapacity was incurred while a teacher or employee and has been continuous thereafter, that such incapacity is likely to be permanent; Provided further that the Medical Board shall not certify any beneficiary or participant as disabled who is in receipt of any payments on account of the same incapacity which existed when the beneficiary first established membership in the Retirement System.

The Board of Trustees may require each beneficiary who becomes eligible to receive a long-term disability benefit to have an annual medical review or examination for the first five years and thereafter once every three years after the commencement of benefits under this section. However, the Board of Trustees may require more frequent examinations and upon the advice of the Medical Board shall determine which cases require such examination. Should any beneficiary refuse to submit to any examination required by this subsection or by the Medical Board, his long-term disability benefit shall be suspended until he submits to an examination, and should his refusal last for one year, his benefit may be terminated by the Board of Trustees. If the Medical Board finds that a beneficiary is no longer mentally or physically incapacitated for the further performance of duty, the Medical Board shall so certify this finding to the Board of Trustees, and the Board of Trustees may terminate the beneficiary's long-term disability benefits.

As to the requirement of five years of membership service, any participant or beneficiary who does not have five years of membership service within the 96 calendar months prior to conclusion of the short-term disability period or cessation of salary continuation payments, whichever is later, shall not be eligible for long-term disability benefits.

(b) After the commencement of benefits under this section, the benefits payable under the terms of this section shall be equal to sixty-five percent (65%) of 1/12th of the annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the long-term benefit plus sixty-five percent (65%) of 1/12th of the annual longevity payment to which the participant or beneficiary would be eligible, to a maximum of three thousand nine hundred dollars (\$3,900) per month reduced by any primary Social Security disability benefits and by Workers' Compensation, if any. However, a disabled participant may elect to receive any salary continuation as provided in G.S. 135-104 in lieu of long-term disability benefits; provided such election shall not extend the first 36 consecutive calendar months of the long-term disability period. Notwithstanding the foregoing, upon the completion of four years from the conclusion of the waiting period as provided in G.S. 135-104, the beneficiary's benefit shall be reduced by an amount, as determined by the Board of Trustees, equal to a primary Social Security disability benefit to which the beneficiary might be entitled had the beneficiary been awarded Social Security disability benefits. Provided that, in any

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

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

(c) Notwithstanding the foregoing, a beneficiary in receipt of long-term disability benefits who has earnings during the first 36 consecutive calendar months of the long-term disability period shall have his long-term disability benefit reduced when the sum of the net long-term disability benefit and the earnings equals one hundred percent (100%) of monthly compensation adjusted as provided under G.S. 135-108. The long-term disability benefit shall be reduced dollar-for-dollar for the amount of earnings in excess of the one hundred percent (100%) monthly limit. Provided further, after the first 36 months of the long-term disability period, a beneficiary's earnings will not result in any reduction of the monthly long-term disability benefit until the monthly earnings equal the net monthly long-term disability benefit. The monthly long-term disability benefit will be reduced by one dollar (\$1.00) for each three dollars (\$3.00) of monthly earnings in excess of the net long-term disability benefit until the sum of the monthly net long-term benefit and monthly earnings reach one hundred percent (100%) of monthly compensation adjusted as provided under G.S. 135-108, at which point the monthly long-term disability benefit shall be reduced dollar-for-dollar for the amount of earnings in excess of the one hundred percent (100%) monthly limit. Any beneficiary exceeding the earnings limitations shall notify the Plan by the fifth of the month succeeding the month in which the earnings were received of the amount of earnings in excess of the limitations herein provided. Failure to report excess earnings may result in a suspension or termination of benefits as determined by the Board of Trustees.

"§ 135-107. Optional Retirement Program.—Any participant of the Optional Retirement Program who becomes a beneficiary under the Plan shall be eligible to receive long-term disability benefits until the time the beneficiary would first qualify for an unreduced service retirement benefit had the beneficiary elected to be a member of the Teachers' and State Employees' Retirement System, and shall receive no service accruals as otherwise provided members of the Retirement System under the provisions of G.S. 135-4(y).

"§ 135-108. Post disability benefit adjustments.—The compensation upon which the short-term or long-term disability benefit is calculated under the provisions of G.S. 135-105(c) or G.S. 135-106(b) may be increased by any percentage across-the-board salary increase granted to employees of the State by the General Assembly and the benefits payable to beneficiaries shall be recalculated based upon the increased compensation, reduced by any percentage increase in Social Security benefits granted by the Social

Security Administration times the amount used in the reduction of benefits for primary Social Security disability or retirement benefit as provided in G.S. 135-106(b). The provisions of this section shall be subject to future acts of the General Assembly.

"§ 135-109. Reports of earnings.—The Department of State Treasurer and Board of Trustees shall require each beneficiary to annually provide a copy of the beneficiary's federal income tax return certified by the beneficiary to be a true and exact copy of such tax return filed with the United States Internal Revenue Service and shall require such other statements of earnings as may be necessary to administer the provisions of this Article. The benefit payable to a beneficiary who does not or refuses to provide the information requested within 60 days after such request shall not be paid a benefit until the information so requested is provided, and should such refusal or failure to provide such information continue for 180 days after such request the right of a beneficiary to a benefit under the Article shall be terminated.

"§ 135-110. Funding and management of funds.—(a) A trust fund is hereby created to which all receipts, transfers, appropriations, contributions, investment earnings and other income belonging to the Plan shall be deposited, and from which all benefits, expenses, and other charges against the Plan shall be disbursed. The Board of Trustees shall be the trustee of the funds created by this Article.

(b) The Board of Trustees shall on the basis of such economic and demographic assumptions duly adopted, determine and adopt a uniform percentage of compensation as is defined in Article 1 of this Chapter which would be sufficient to fund the benefits payable under this Article on a term cost method basis as recommended by an actuary engaged by the Board of Trustees. Such uniform percentage of compensation shall not be inconsistent with acts of the General Assembly as may be thereafter adopted.

(c) Each employer shall contribute monthly to the Plan an amount determined by applying the uniform percentage of compensation adopted by the Board of Trustees multiplied by the compensation of teachers and employees reportable to the Retirement System or the Optional Retirement Program. Such monthly contribution shall be paid by the employer from the same source of funds from which the compensation of teachers and employees are paid.

(d) The State Treasurer shall be the custodian of the funds and shall invest the assets of the fund in accordance with the provisions of G.S. 147-69.2 and G.S. 147-69.3.

"§ 135-111. Applicability of other pension laws.—Subject to the provisions of this Article, the provisions of G.S. 135-9, entitled 'Exemption from taxes, garnishment, attachment, etc.'; G.S. 135-10, entitled 'Protection against fraud'; and G.S. 135-17, entitled 'Facility of payment' shall be applicable to this Article and to benefits paid pursuant to the provisions of this Article.

"§ 135-112. Transition provisions.—(a) Any participant in service as of the date of ratification of this Article and who becomes disabled after one year of membership service will be eligible for all benefits provided under this Article notwithstanding the requirement of five years' membership service to receive the long-term benefit; provided, however, any beneficiary who receives benefits as a result of this transition provision before completing five years of membership service shall receive lifetime

benefits in lieu of service accruals under the Retirement System as otherwise provided in G.S. 135-4(y).

(b) All benefit recipients under the former Disability Salary Continuation Plan provided for in G.S. 135-34 and the rules adopted thereto shall become beneficiaries under this Plan under the same provisions and conditions including the benefit amounts payable as were provided under the former Disability Salary Continuation Plan.

(c) Any person who retired on a disability retirement allowance from the Teachers' and State Employees' Retirement System prior to the effective date of this Article shall be entitled to apply for and receive any benefits that would have otherwise been provided under the Disability Salary Continuation Plan provided for in G.S. 135-34 and shall become beneficiaries under this Plan, under the same provisions and conditions, including the benefit amounts payable, as were provided under the former Disability Salary Continuation Plan.

"§ 135-113. Reservation of power to change.—The benefits provided in this Article as applicable to a participant who is not a beneficiary under the provisions of this Article shall not be considered as a part of an employment contract, either written or implied, and the General Assembly reserves the right at any time and from time to time to modify, amend in whole or in part or repeal the provisions of this Article."

(r) This section shall become effective January 1, 1988, except that the Department of State Treasurer and the Board of Trustees of the Teachers' and State Employees' Retirement System may commence rule-making procedures for the adoption of rules consistent with this section effective upon ratification but in no event shall such rules and regulations become effective prior to January 1, 1988.

Requested by: Sen. Plyler, Rep. Watkins

—MOST STATE EMPLOYEES AND PUBLIC SCHOOL EMPLOYEES/SALARY INCREASES

Sec. 30. (a) The salaries in effect for fiscal year 1986-87 for all permanent full-time State employees paid from the General Fund or the Highway Fund shall be increased, on and after July 1, 1987, unless otherwise provided by this Part, by an average of five percent (5%), rounded to conform to the steps in the salary ranges adopted by the State Personnel Commission. If an employee's salary for fiscal year 1986-87 is not equal to a specific pay rate on the 1986-87 salary schedule, his salary increase, effective July 1, 1987, unless otherwise provided by this Part, shall be five percent (5%) with the annual salary adjusted so as to be divisible by 12.

Except as otherwise provided in this act, the fiscal year 1986-87 salaries for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by an average of five percent (5%), commencing July 1, 1987.

The salaries in effect for fiscal year 1986-87 for all permanent part-time State employees shall be increased on and after July 1, 1987, by pro rata amounts of the five percent (5%) average salary increase provided for permanent full-time employees covered by the provisions of this subsection.

The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase, on and after July 1, 1987, averaging five percent (5%), including funds for the employer's retirement and Social Security contributions, for the permanent full-time and part-time employees of the agency, provided the employing agency elects to make available the necessary funds.

Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts of the five percent (5%) average salary increase provided for permanent full-time employees covered by the provisions of this subsection, commencing July 1, 1987.

(b) The salaries in effect for fiscal year 1986-87 for all permanent full-time public school employees supported by State funds and paid from the State public school fund and from other special allocations to local public school units shall be increased by an average of five percent (5%), rounded to conform to the steps in the salary ranges adopted by the State Board of Education, commencing July 1, 1987.

The salaries in effect for fiscal year 1986-87 for all permanent part-time public school employees supported by State funds and paid from the State public school fund and from other special allocations to local public school units shall be increased by pro rata amounts of the five percent (5%) average salary increase provided for permanent full-time employees covered by the provisions of this subsection.

The fiscal year 1986-87 pay rates adopted by local boards of education for school bus drivers shall be increased by five percent (5%), on and after July 1, 1987, to the extent that such rates of pay are supported by the allocation of State funds from the State Board of Education. Local boards of education shall increase the rates of pay for all school bus drivers who were employed during fiscal year 1986-87 and who continue their employment for fiscal year 1987-88 by five percent (5%) on and after July 1, 1987.

Requested by: Sen. Hunt of Durham, Rep. Bob Etheridge

—LEGISLATIVE RETIREMENT SYSTEM CHANGES

Sec. 31. (a) Effective July 1, 1984, G.S. 120-4.8(7) is rewritten to read:

"(7) 'Highest annual salary' means the twelve consecutive months of compensation authorized during a member's final legislative term for the highest position that a member ever held as a member of the General Assembly."

The provisions of this subsection shall only effect benefits payable on and after September 1, 1987.

(b) Effective July 1, 1984, G.S. 120-4.16 is amended in the first sentence by deleting the phrase "for membership in the System." and substituting the phrase "to make such repayments and purchases.", and is amended in the second sentence by deleting the phrase "for membership in the System".

(c) Effective September 1, 1987, G.S. 120-4.21(a) is amended in the first and second sentences by deleting the phrase "eight years" in both sentences and substituting the phrase "five years".

(d) Effective September 1, 1987, G.S. 120-4.21(b)(1), 120-4.21(b)(2), 120-4.22(a), and G.S. 120-4.28 are amended by deleting the phrase "eight years" and substituting the phrase "five years".

(e) Effective September 1, 1987, G.S. 120-4.25 is amended in the first sentence by deleting the word "eight" in the two places it appears and substituting the word "five".

Requested by: Sen. Rand, Rep. Bob Etheridge

—EXECUTIVE OFFICIALS/LONGEVITY PAY

Sec. 32. (a) G.S. 138-4 is amended by adding a new paragraph to read: "Officials whose salaries are covered by the provisions of this section shall be eligible for longevity pay on the same basis as is provided to employees of the State who are subject to the State Personnel Act."

(b) G.S. 58-6, G.S. 95-2, G.S. 106-11, G.S. 114-7, G.S. 115C-20, G.S. 147-33, G.S. 147-35, G.S. 147-64.1, and G.S. 147-65 are each amended by adding a sentence to read: "In addition to the salary set by the General Assembly in the Current Operations Appropriations Act, longevity pay shall be paid on the same basis as is provided to employees of the State who are subject to the State Personnel Act."

(c) Section 46 of Chapter 1282 of the 1981 Session Laws is amended by deleting "Chapter 135", and substituting "Chapters 120 and 135", by rewriting the last sentence to read: "This section shall not apply to participants in the Legislative Intern program or pages.", and by deleting "employees" both times it appears, and substituting "employees and members".

(d) This section shall only effect longevity payments on and after July 1, 1987.

Requested by: Sen. Rand, Rep. Nye

—ASSISTANT DISTRICT ATTORNEYS & PUBLIC DEFENDERS/LONGEVITY PAY

Sec. 33. (a) G.S. 7A-65(d) reads as rewritten:

"(d) In lieu of merit and other increment raises paid to regular State employees, an assistant district attorney shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, ~~and~~ nine and six-tenths percent (9.6%) after 10 years of service, and fourteen and four-tenths percent (14.4%) after 15 years of service. 'Service' means service as an assistant district attorney."

(b) The first sentence of the last paragraph of G.S. 7A-467 is rewritten to read:

"In lieu of merit and other increment raises paid to regular State employees, an assistant public dedender shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, nine and six-tenths

percent (9.6%) after 10 years of service, and fourteen and four-tenths percent (14.4%) after 15 years of service."

Requested by: Sen. Rand, Rep. Watkins

—MAGISTRATES/LONGEVITY PAY

Sec. 34. G.S. 7A-171.1(a) is amended by adding a new subdivision to read:

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

Requested by: Sen. Rand, Rep. Watkins

—PUBLIC DEFENDERS/LONGEVITY PAY

Sec. 35. The first sentence of the last paragraph of G.S. 7A-465 is rewritten to read:

"In lieu of merit and other increment raises paid to regular State employees, a public defender shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20 years of service."

Requested by: Sen. Rand, Rep. Fletcher

—PART-TIME STATE EMPLOYEES/RETIREMENT & HEALTH BENEFITS

Sec. 36. (a) G.S. 135-1(10) and G.S. 135-40.2(a)(1) are amended by adding a sentence at the end to read: "Employees of State agencies, departments, institutions, boards, and commissions who are employed in permanent job positions on a recurring basis and who work 30 or more hours per week for nine or more months per calendar year are covered by the provisions of this subdivision."

(b) G.S. 135-40.2(b)(4) is amended in the third line by deleting the phrase "above." and by substituting the phrase "above, and who are not covered by the provisions of G.S. 135-40.2(a)(1)."

(c) This section shall become effective September 1, 1987.

Requested by: Sen. Royall, Rep. Watkins

—TEACHERS, STATE EMPLOYEES, LOCAL EMPLOYEES, LEGISLATORS/
SURVIVOR'S ALTERNATE BENEFIT

Sec. 37. (a) G.S. 135-5(m)(1) reads as rewritten:

"(1) The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance or had attained 20 years of creditable service."

(b) G.S. 128-27(m)(1) reads as rewritten:

"(1) The member had attained ~~the~~ such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance or had attained 20 years of creditable service."

(c) G.S. 120-4.28 as amended by this act reads as rewritten:
"§ 120-4.28. **Survivor's alternate benefit.**—The designated beneficiary of a member who dies in service before retirement but after age 60 and after completing five years of creditable service or after completing twelve years of creditable service is entitled to Option 2 prescribed by G.S. 120-4.26."

(d) This section shall become effective September 1, 1987.

Requested by: Sen. Rand, Rep. Nesbitt

—AGRICULTURAL EXTENSION EMPLOYEES/RETIREMENT OPTIONS

Sec. 38. (a) G.S. 128-24(1) reads as rewritten:

"(1) All employees entering or reentering the service of a participating employer after the date of participation in the Retirement System of the employer. On and after July 1, 1965, new extension service employees excluded from coverage under Title II of the Social Security Act in the employ of a county participating in the Local Governmental Employees' Retirement System are hereby excluded from participation in the Teachers' and State Employees' Retirement System to the extent of that part of their compensation derived from a county; provided that on and after July 1, 1965, new extension service employees excluded from coverage under Title II of the Social Security Act who are required to accept a federal Civil Service appointment may elect in writing on a form acceptable to the Retirement System, to be excluded from the Teachers' and State Employees' Retirement System and the local Retirement System. At such time as Cooperative Agricultural Extension Service Employees excluded from coverage under Title II of the Social Security Act become covered by Title II of the Social Security Act, such employees shall no longer be covered by the provisions of this section, provided no accrued rights of these employees under this section prior to coverage by Title II of the Social Security Act shall be diminished."

(b) G.S. 135-3(1) reads as rewritten:

"(1) All persons who shall become teachers or State employees after the date as of which the Retirement System is established. On and after July 1, 1947, membership in the Retirement System shall begin 90 days after the election, appointment or employment of a 'teacher or employee' as the terms are defined in this Chapter. On and after July 1, 1955, membership in the Retirement System shall begin immediately upon the election, appointment or employment of a 'teacher or employee,' as the terms are defined in this Chapter. Under such rules and regulations as the Board of Trustees may establish and promulgate, Cooperative Agricultural Extension Service employees excluded from coverage under Title II of the Social Security Act may in the discretion of the governing authority of a county, become members of the Teachers' and State Employees' Retirement System to

the extent of that part of their compensation derived from a county. On and after July 1, 1965, new extension service employees excluded from coverage under Title II of the Social Security Act in the employ of a county participating in the Local Governmental Employees' Retirement System are hereby excluded from participation in the Teachers' and State Employees' Retirement System to the extent of that part of their compensation derived from a county; provided that on and after July 1, 1965, new extension service employees excluded from coverage under Title II of the Social Security Act who are required to accept a federal civil service appointment may elect in writing, on a form acceptable to the Retirement System, to be excluded from the Teachers' and State Employees' Retirement System and the Local Retirement System; provided further, that effective July 1, 1985, an extension service employee excluded from coverage under Title II of the Social Security Act who is employed in part by a county and who is compensated in whole by the Cooperative Agricultural Extension Service pursuant to a contract where the Cooperative Agricultural Extension Service is reimbursed by the county for the county's share of the compensation shall participate exclusively in the Teachers' and State Employees' Retirement System to the extent of their full compensation. On or after July 1, 1979, upon election, appointment or employment, a legislative employee shall automatically become a member of the Teachers' and State Employees' Retirement System. At such time as Cooperative Agricultural Extension Service Employees excluded from coverage under Title II of the Social Security Act become covered by Title II of the Social Security Act, such employees shall no longer be covered by the provisions of this section, provided no accrued rights of these employees under this section prior to coverage by Title II of the Social Security Act shall be diminished."

Requested by: Sen. Hunt of Durham, Rep. Nesbitt

—JUDICIAL OFFICIALS, LEGISLATORS/SECOND RETIREMENT BENEFITS

Sec. 39. (a) G.S. 120-4.24 is amended by rewriting the second paragraph to read:

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

- (1) For a member who earns at least three years' membership service after restoration to service, the retirement allowance shall be computed on the basis of his compensation and service before and after the period of prior retirement without restrictions.
- (2) For a member who does not earn three years' membership service after restoration to service, the retirement allowance shall be equal to the sum of the retirement allowance to which he would have been entitled had he not been restored to service, without modification of the

election of an optional allowance previously made, and the retirement allowance that results from service earned since being restored to service."

(b) G.S. 135-71(b) is rewritten to read as follows:

"(b) Upon his subsequent retirement, he shall be paid a retirement allowance determined as follows:

- (1) For a member who earns at least three years' membership service after restoration to service, the retirement allowance shall be computed on the basis of his compensation and service before and after the period of prior retirement without restrictions; provided, that if the prior allowance was based on a social security leveling payment option, the allowance shall be adjusted actuarially for the difference between the amount received under the optional payment and what would have been paid if the retirement allowance had been paid without optional modification.
- (2) For a member who does not earn three years' membership service after restoration to service, the retirement allowance shall be equal to the sum of the retirement allowance to which he would have been entitled had he not been restored to service, without modification of the election of an optional allowance previously made, and the retirement allowance that results from service earned since being restored to service; provided, that if the prior retirement allowance was based on a social security leveling payment option, the prior allowance shall be adjusted actuarially for the difference between the amount that would have been paid for each month had the payment not been suspended and what would have been paid if the retirement allowance had been paid without optional modification.
- (3) Subdivision (2) of this section shall apply only to restored members whose initial retirement lasted for more than four calendar months. For restored members whose initial retirement lasted for four or fewer calendar months, subdivision (1) shall apply."

(c) This section shall become effective September 1, 1987.

PART VI.—DEPARTMENT OF ADMINISTRATION

Requested by: Rep. Watkins, Sen. Royall

—INCREASED PAYMENTS FOR SURVIVING SPOUSES OF GOVERNORS

Sec. 40. G.S. 147-32 reads as rewritten:

"§ 147-32. Compensation for surviving spouses of Governors. All surviving spouses of Governors of the State of North Carolina, who make written request to the Director of the Budget, shall be paid the sum of ~~six thousand dollars (\$6,000)~~ twelve thousand dollars (\$12,000) a year in equal monthly installments, out of the State Treasury upon warrants duly

drawn thereon. This compensation shall terminate upon the subsequent remarriage of the surviving spouse."

Requested by: Sen. Thomas, Rep. Murphy

—NEED BASED STUDENT LOANS TRANSFER

Sec. 41. (a) The responsibility for the Need-Based Student Loans, those loans to students with demonstrated financial need who are residents of North Carolina and who are accepted in an accredited degree-granting program or in an accredited program granting a diploma or an approved certificate, in any school, college or university, leading to graduation as physicians, dentists, optometrists, pharmacists, nurses, nurse instructors, nurse anesthetists, medical technicians, social workers, psychologists or other health professionals, or leading to graduation as mathematicians or scientists, is transferred from the North Carolina Board for Need-Based Student Loans to the State Education Assistance Authority (SEAA) of The University of North Carolina created under Chapter 116, Article 23 of the General Statutes.

(b) All funds previously appropriated but not encumbered or expended by the Office of Budget and Management for student loans and scholarships pursuant to G.S. 143-47.21 through G.S. 143-47.24 as repealed by subsection (c) of this section and for administration thereof shall be transferred to The University of North Carolina to be administered by the State Education Assistance Authority, under such rules and regulations as the State Education Assistance Authority may require including all loans or scholarships repaid to the State pursuant to law. The transfer from the Office of Budget and Management to The University of North Carolina, State Education Assistance Authority, has all the elements of a Type I transfer as defined in G.S. 143A-6(a).

(c) G.S. 143-47.21 through G.S. 143-47.24 are repealed.

(d) G.S. 120-123(33a) is repealed.

(e) The State Education Assistance Authority of The University of North Carolina shall report to the Joint Appropriations Committees on General Government prior to June 1, 1988, on cost savings accomplished by the transfer mandated by this section.

(f) This section is effective upon ratification.

Requested by: Sen. Thomas, Rep. Murphy

—PUBLIC TELECOMMUNICATIONS POSITION/MATCH REQUIREMENT

Sec. 42. The sum of fifty thousand dollars (\$50,000) appropriated in Section 2 of this act for the Agency for Public Telecommunications for each year of the 1987-89 fiscal biennium is subject to a requirement that the funds be matched on a one-to-one basis. Funds not matched at the end of each fiscal year shall revert to the General Fund on June 30 of that fiscal year.

Requested by: Rep. Bob Etheridge

—MILEAGE CHARGE FOR USE OF STATE VEHICLES

Sec. 43. (a) G.S. 143-341(8)i.6. reads as rewritten:

"6 To allocate and charge against each State agency to which transportation is furnished, on a basis of mileage or of rental, its proportionate part of the cost of maintenance and operation of the motor pool.

The amount allocated and charged by the Department of Administration to State agencies to which transportation is furnished shall be at least ~~twenty cents (20¢) per mile for each motor vehicle~~ as follows:

I. Pursuit vehicles and full size 4-wheel drive vehicles—\$.24/mile.

II. Vans and compact 4-wheel drive vehicles—\$.22/mile.

III. All other vehicles—\$.20/mile."

(b) This section shall become effective September 1, 1987.

Requested by: Rep. Bob Etheridge

—COMMUTING IN STATE VEHICLES/REIMBURSEMENT

Sec. 44. (a) G.S. 143-341(8)i.7a. reads as rewritten:

"7a. To adopt with the approval of the Governor and to enforce rules, pursuant to Chapter ~~150A—150B~~ of the General Statutes, and to coordinate State policy regarding (i) the permanent assignment of state-owned passenger motor vehicles and (ii) the use of and reimbursement for those vehicles for commuting. For the purpose of this subdivision 7a, 'state-owned passenger motor vehicle' includes any state-owned passenger motor vehicle, whether or not owned, maintained or controlled by the Department of Administration, and regardless of the source of the funds used to purchase it. Notwithstanding the provisions of G.S. 20-190 or any other provisions of law, all state-owned passenger motor vehicles are subject to the provisions of this subdivision 7a; no permanent assignment shall be made and no one shall be exempt from payment of reimbursement for commuting or from the other provisions of this subdivision 7a except as provided by this subdivision 7a.

A State-owned passenger motor vehicle shall not be permanently assigned to an individual who is likely to drive it on official business at a rate of less than 12,600 miles per year unless (i) the individual's duties are routinely related to public safety or (ii) the individual's duties are likely to expose him routinely to life-threatening situations. A State-owned passenger motor vehicle shall also not be permanently assigned to an agency that is likely to drive it on official business at a rate of less than 12,600 miles per year unless the agency can justify to the Division of Motor Fleet Management the need for permanent assignment because of the unique use of the vehicle. The Department of Administration shall verify, on a quarterly basis, that each motor vehicle has been driven at the minimum allowable rate. If it has not and if the department by whom the individual to which the car is assigned is employed or the agency to which the car is assigned cannot justify the lower mileage for the quarter in view of the minimum annual rate, the permanent assignment shall be revoked immediately.

Every individual who uses a State-owned passenger motor vehicle, pickup truck, or van to drive between his official work station and his home, shall reimburse the State for these trips at a rate computed by the Department. This rate shall

approximate the benefit derived from the use of the vehicle as prescribed by federal law. Reimbursement shall be for 20 days per month regardless of how many days the individual uses the vehicle to commute during the month. Reimbursement shall be made by payroll deduction. Funds derived from reimbursement on vehicles owned by the Motor Fleet Management Division shall be deposited to the credit of the Division; funds derived from reimbursements on vehicles initially purchased with appropriations from the Highway Fund and not owned by the Division shall be deposited in a Special Depository Account in the Department of Transportation, which shall revert to the Highway Fund; funds derived from reimbursement on all other vehicles shall be deposited in a Special Depository Account in the Department of Administration which shall revert to the General Fund. Commuting, for purposes of this paragraph, does not include those individuals whose office is in their home, as determined by the Department of Administration, Division of Motor Fleet Management. Also, this paragraph does not apply to the following vehicles: (i) clearly marked police and fire vehicles, (ii) delivery trucks with seating only for the driver, (iii) flatbed trucks, (iv) cargo carriers with over a 14,000 pound capacity, (v) school and passenger buses with over 20 person capacities, (vi) ambulances, (vii) hearses, (viii) bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi) cement mixers, (xii) dump trucks, (xiii) garbage trucks, (xiv) specialized utility repair trucks (except vans and pickup trucks), (xv) tractors, (xvi) unmarked law-enforcement vehicles that are used in undercover work and are operated by full-time, fully sworn law enforcement officers whose primary duties include carrying a firearm, executing search warrants, and making arrests, and (xvii) any other vehicle exempted under Section 274(d) of the Internal Revenue Code of 1954, and Federal Internal Revenue Services regulations based thereon. The Department of Administration, Division of Motor Fleet Management, shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on individuals who use State-owned passenger motor vehicles, pickup trucks, or vans between their official work stations and their homes, who are not required to reimburse the State for these trips.

The Department of Administration shall revoke the assignment or require the Department owning the vehicle to revoke the assignment of a State-owned passenger motor vehicle, pick-up truck or van to any individual who:

- I. Uses the vehicle for other than official business except in accordance with the commuting rules;
- II. Fails to supply required reports to the Department of Administration, or supplies incomplete reports, or supplies reports in a form unacceptable to the Department of Administration and does not cure the deficiency within 30 days of receiving a request to do so;
- III. .Knowingly and willfully supplies false information to the Department of Administration on applications for permanent assignments, commuting reimbursement forms, or other required reports or forms;

- IV. Does not personally sign all reports on forms submitted for vehicles permanently assigned to him and does not cure the deficiency within 30 days of receiving a request to do so;
- V. Abuses the vehicle; or
- VI. Violates other rules or policy promulgated by the Department of Administration not in conflict with this act.

A new requisition shall not be honored until the Secretary of the Department of Administration is assured that the violation for which a vehicle was previously revoked will not recur.

The Department of Administration, with the approval of the Governor, may delegate, or conditionally delegate, to the respective heads of agencies which own passenger motor vehicles or to which passenger motor vehicles are permanently assigned by the Department, the duty of enforcing all or part of the rules adopted by the Department of Administration pursuant to this subdivision 7a. The Department of Administration, with the approval of the Governor, may revoke this delegation of authority.

Prior to adopting rules under this paragraph, the Secretary of Administration may consult with the Advisory Budget Commission."

(b) This section shall become effective September 1, 1987.

Requested by: Rep. Bob Etheridge

—MOTOR FLEET MANAGEMENT PROCEDURES SIMPLIFIED

Sec. 45. G.S. 143-341(8)i.5. reads as rewritten:

"5. Upon proper requisition, proper showing of need for use on State business only, and proper showing of proof that all persons who will be driving the motor vehicle have valid ~~driver's~~ drivers' licenses, to assign suitable transportation, either on a temporary or permanent basis, to any State employee or agency. An agency assigned a motor vehicle may not allow a person to operate that motor vehicle unless that person displays to the agency and allows the agency to copy that person's valid ~~drivers'~~ driver's license. ~~The agency shall send a copy of the driver's license of each person operating the motor vehicle to the Department of Administration, Division of Motor Fleet Management.~~ Notwithstanding G.S. 20-30(6), persons or agencies requesting assignment of motor vehicles may photostat or otherwise reproduce drivers' licenses for purposes of complying with this subpart.

As used in this subpart, 'suitable transportation' means the standard vehicle in the State motor fleet, unless special towing provisions are required by the employee or agency. The Department may not assign any employee or agency a motor vehicle that is not suitable."

Requested by: Rep. Bob Etheridge

—STATE BUILDING COMMISSION/REALLOCATION OF FUNDS

Sec. 46. (a) Of the funds appropriated in Chapter 1014 of the 1985 Session Laws (Regular 1986 Session) to the Department of Administration, State Building Division, to conduct an operations and maintenance study of all State buildings and to develop a software package for a capital facilities maintenance program, all funds that are unexpended or unencumbered on June 30, 1987, are reappropriated and reallocated for use by the State Building Commission. The State Building Commission may use these funds to conduct an operations and maintenance study of all State buildings and to develop a software package for a capital facilities maintenance program, for operating expenses, for outside contracted services, and for other activities of the State Building Commission. These funds shall remain available for expenditure until June 30, 1989.

(b) This section shall become effective June 30, 1987.

Requested by: Rep. Watkins

—SALE OR ALLOCATION OF PROPERTY/CONSULTATION WITH JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS

Sec. 47. (a) G.S. 143-341(4)g. reads as rewritten:

"g. To allocate and reallocate land, buildings, and space in buildings to the several State agencies, in accordance with rules adopted by the Governor with the approval of the Council of State. Provided, that the State; provided that if the proposed reallocation is of land with an appraised value of at least twenty-five thousand dollars (\$25,000), the reallocation may only be made after consultation with the Joint Legislative Commission on Governmental Operations. The authority granted in this paragraph shall not apply to the State Legislative Building and grounds. grounds or to the Legislative Office Building and grounds."

(b) G.S. 146-27 reads as rewritten:

"§ 146-27. The role of the Department of Administration in sales, leases, and rentals.—Every sale, lease, or rental of land owned by the State or by any State agency shall be made by the Department of Administration and approved by the Governor and Council of State. State; provided that if the proposed disposition is a sale of land with an appraised value of at least twenty-five thousand dollars (\$25,000), the sale may only be made after consultation with the Joint Legislative Commission on Governmental Operations. The Department of Administration may initiate proceedings for sales, leases, and rentals of land owned by the State or by any State agency."

(c) This section is effective upon ratification.

Requested by: Sen. Seymour

—WOMEN IN THE ECONOMY PROGRAM/TRANSFER OF PERSONNEL POSITION

Sec. 48. (a) Personnel position 4156-0000-0014-050 is transferred from the Department of Administration to the Department of Commerce.

The Department of Commerce shall report to the Joint Legislative Commission on Governmental Operations prior to February 1, 1988, on how the position is being used by the Department.

(b) This section is effective upon ratification.

Requested by: Sen. Rand, Rep. Watkins

—STATE BUILDINGS STUDY

Sec. 49. The Joint Legislative Commission on Governmental Operations may study the use of all vacant and underutilized State buildings. The Joint Legislative Commission on Governmental Operations may hire a consultant to assist it with this study in accordance with G.S. 120-79.

Requested by: Sen. Thomas, Rep. Hunter

—POLK YOUTH CENTER LAND APPRAISAL

Sec. 50. The Department of Administration shall conduct an appraisal of the land on which the Polk Youth Center is constructed. The appraisal shall be completed by February 15, 1988, and the results reported to the Joint Legislative Commission on Governmental Operations at its February 1988 meeting.

Requested by: Sen. Basnight

—ROANOKE ISLAND CENTER HANDICAPPED PARKING SPACES FUNDS

Sec. 51. Of the funds appropriated in Section 2 of this act to the Department of Administration for the Marine Resources Centers, a sum of up to two thousand dollars (\$2,000) for the 1987-88 fiscal year shall be used to pave the six handicapped parking spaces at the Roanoke Island Center in Dare County.

Requested by: Rep. Bob Etheridge

—SMALL BUSINESSES/STATE CONTRACTS

Sec. 52. (a) Of the funds appropriated in a reserve to the Office of State Budget and Management in Section 2 of this act, the sum of fifty thousand dollars (\$50,000) for the 1987-88 fiscal year shall be used by the Department to:

- (1) identify small businesses, especially those owned by minorities, disabled persons, and women, that could do business with the State, and to provide pre- and post-bid information and assistance to these businesses on how to do business with the State;
- (2) publish and distribute to State purchasers a directory of small business enterprises, especially those owned by minorities, disabled persons, and women; and
- (3) establish a system to monitor, record, and measure the use of small businesses, especially those owned by minorities, disabled persons, and women, by the State.

(b) The General Assembly urges all subdivisions and agencies of the State, all local governments, and all other entities, authorized to use the services of the Department of Administration in the purchase of materials, supplies, and equipment, (i) to participate in a Program to Encourage Business Enterprises Owned by Minority, Women and Disabled Persons, and (ii) to purchase a minimum of four percent (4%) of their contract purchases from businesses owned by minorities, disabled

persons, and women, provided that the purchases comply with the policy set forth in G.S. 143-48.

All participating entities required to use the services of the Department of Administration in the purchase of materials, supplies, and equipment shall report to the Department of Administration in March of 1988 on what percentage of their contract purchases were from businesses owned by minorities, disabled persons, and women.

PART VII.—DEPARTMENT OF CULTURAL RESOURCES

Requested by: Rep. Murphy

—STATE HISTORIC SITE SCHEDULE

Sec. 53. The Department of Cultural Resources shall operate the State Historic Sites so that the State is not obligated to pay overtime to employees for the regular operation of the sites.

The Department shall report by January 1 of each year to the chairmen of the Appropriations Base Budget and Appropriations Expansion Budget Committees of the Senate and the House of Representatives and to the Fiscal Research Division on the net operating cost per visitor at each site.

Requested by: Rep. Hunter; Sen. Rand

—ART MUSEUM SECURITY

Sec. 54. Of the funds appropriated in Section 2 of this act to the Department of Cultural Resources for the Museum of Art, the sum of sixty-seven thousand nine hundred sixty-nine dollars (\$67,969) for the 1987-88 fiscal year and the sum of sixty-eight thousand seventy-one dollars (\$68,071) for the 1988-89 fiscal year, appropriated for two Arts Development positions, may be used to provide additional security for the Art Museum provided private funds of like amounts are raised to support the Arts Development positions.

PART VIII.—GENERAL ASSEMBLY

Requested by: Sen. Plyler

—LEGISLATIVE INTERNS

Sec. 55. Of the funds appropriated in Section 2 of this act to the General Assembly for the 1988-89 fiscal year, eight thousand eight hundred dollars (\$8,800) shall be used to provide two additional legislative interns for the Senate.

Requested by: Rep. Watkins

—TOBACCO CONFERENCE FUNDS

Sec. 56. From funds appropriated to the General Assembly the Legislative Services Commission shall allocate the sum of four thousand dollars (\$4,000) for the 1987-88 fiscal year to help host the Tobacco Conference of the States to be held in Raleigh during September 1987.

PART IX.—OFFICE OF STATE BUDGET AND MANAGEMENT

Requested by: Rep. Watkins, Sen. Royall

—RESERVE FOR INDUSTRIAL DEVELOPMENT

Sec. 57. Funds in the amount of eight million two hundred fifty thousand dollars (\$8,250,000) are appropriated in Section 2 of this act to the Office of State Budget and Management, Reserve for Industrial Development. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on how it intends to spend these funds prior to committing or spending the funds.

Requested by: Sen. Rand, Sen. Plyler

—TRAVEL, TRANSPORTATION AND SUBSISTENCE ALLOWANCES

Sec. 58. (a) G.S. 138-5(a)(2) reads as rewritten:

"(2) ~~A subsistence allowance of~~

a. ~~Fifteen dollars (\$15.00) per day for each day of service when the member did not spend the night away from his home;~~

b. ~~Fifty two dollars (\$52.00) per day for each day of service when the member spent the night away from his home;~~

Reimbursement of subsistence expenses at the rates allowed to State officers and employees by subdivision (3) of G.S. 138-6(a)."

(b) G.S. 138-5(d) reads as rewritten:

"(d) ~~The subsistence allowances provided in this section shall be paid without requiring the claimant to file any vouchers covering actual expenditures for meals or lodging.~~ The subsistence reimbursement for actual lodging expenses provided in this section must be documented by a receipt of lodging expenses from a commercial establishment."

(c) G.S. 138-6(a)(3) reads as rewritten:

"(3) ~~In lieu of actual~~ For expenses incurred for subsistence, payment of fifty-two dollars (\$52.00) per day when traveling in-State or sixty-four dollars (\$64.00) per day when traveling out-of-state. When travel involves less than a full day (24-hour period), a reasonable prorated amount shall be paid in accordance with regulations and criteria which shall be promulgated and published by the Director of the Budget. Reimbursement to State employees for lunches eaten while on official business may be made only in the following circumstances:

a. When an overnight stay is required reimbursement is allowed while an employee is in travel status;

b. When the cost of the lunch is included as part of a registration fee for a formal congress, conference, assembly, or convocation, by whatever name called. Such assembly must involve the active participation of persons other than the

employees of a single State department, institution, or agency and must be necessary for conducting official State business."

(d) G.S. 138-6(c) reads as rewritten:

~~"(c) Costs of overnight stays, Reimbursement of actual costs of overnight lodging, whether in-state or out-of-state, shall not be reimbursed without prior written approval of the official designated by the head of the department or agency. The statement of prior approval shall~~ must be documented by a receipt of actual lodging expenses from a commercial establishment. This documentation shall be attached to the reimbursement request. All reimbursement requests shall be filed for approval and payment within 30 days after the travel period for which the reimbursement is being requested."

(e) This section shall become effective September 1, 1987.

Requested by: Sen. Thomas, Rep. Murphy

—OFFICE OF STATE CONTROLLER/AMENDMENTS

Sec. 59. (a) The following amendments are in keeping with the duties of the Office of State Controller created in the 1985 Session (Regular Session, 1986) of the General Assembly:

(1) G.S. 147-86.11(a) reads as rewritten:

"(a) ~~The Director of the Budget, State Controller, with the advice and assistance of the State Treasurer, State Controller, State Budget Officer, and the State Auditor, shall develop, implement and amend as necessary a uniform statewide plan to carry out the cash management policy for all State agencies.~~"

(2) G.S. 143B-426.39(9) reads as rewritten:

"(9) ~~Advise and assist the Director of the Budget with regard to the development and implementation of the State cash management policy, Develop, implement, and amend as necessary a uniform statewide plan to carry out the cash management policy for all State agencies~~ in accordance with G.S. 147-86.11."

(b) This section is effective upon ratification.

Requested by: Rep. Bob Etheridge

—SUBSISTENCE/STATE EMPLOYEES WHO SERVE ON BOARDS, ETC.

Sec. 60. (a) G.S. 138-6(a)(3) as rewritten by this act reads as rewritten:

"(3) For actual expenses incurred for subsistence, payment of fifty-two dollars (\$52.00) per day when traveling in-state or sixty-four dollars (\$64.00) per day when traveling out-of-state. When travel involves less than a full day (24-hour period), a reasonable prorated amount shall be paid in accordance with regulations and criteria which shall be promulgated and published by the Director of the Budget. Reimbursement to State employees for lunches eaten while on official business may be made only in the following circumstances:

a. When an overnight stay is required reimbursement is allowed while an employee is in travel status;

b. When the cost of the lunch is included as part of a registration fee for a formal congress, conference, assembly, or convocation, by whatever name called. Such

assembly must involve the active participation of persons other than the employees of a single State department, institution, or agency and must be necessary for conducting official State business-; or

c. When the State employee is a member of a State board, commission, committee, or council which operates from funds deposited with the State Treasurer, and the lunch is preplanned as part of the meeting for the entire board, commission, committee, or council."

(b) This section shall become effective September 1, 1987.

Requested by: Sen. Plyler, Rep. Watkins, at the request of the Legislative Services Commission

—STATEMENTS ON LEGISLATIVE AND JUDICIARY EXPENDITURES Sec.

61. G.S. 143-8 reads as rewritten:

"§ 143-8. Statements of State Disbursing Officer as to legislative expenditures Reporting of legislative and judicial expenditures and financial needs.— On or before the first day of September, biennially, in the even-numbered years, the ~~State Disbursing Officer~~ Legislative Administrative Officer shall furnish the Director a detailed statement of expenditures of the General Assembly for the current fiscal biennium, and an estimate of its financial needs, itemized in accordance with the budget classification adopted by the Director and approved and certified by the President pro tempore of the Senate and the Speaker of the House for each year of the ensuing biennium, beginning with the first day of July ~~thereafter,~~ thereafter. The Administrative Officer of the Courts shall furnish the Director ~~and~~ a detailed statement of expenditures of the judiciary, and any other institution or commission that may be requested by the Director for each year of the current fiscal ~~biennium,~~ and upon such request by the Director biennium an estimate of its financial needs as provided by law, itemized in accordance with the budget classification adopted by the Director and approved and certified by the Chief Justice for each year of the ensuing biennium, beginning with the first day of July thereafter. ~~The State Disbursing Officer shall transmit to the Director with these estimates an explanation of all increases or decreases.~~ The Director shall include these estimates and accompanying explanations in the budget submitted ~~These estimates and accompanying explanations shall be included in the budget by the Director~~ with such recommendations as the Director may desire to make in reference thereto."

Requested by: Sen. Plyler

—STATE CONTROLLER/TECHNICAL CORRECTION

Sec. 62. G.S. 147-64.6(c)(10) reads as rewritten:

"(10) The Auditor may, as often as he deems advisable, conduct a detailed review of the bookkeeping and accounting systems in use in the various State agencies which are supported partially or entirely from State funds. Such examinations will be for the purpose of evaluating the adequacy of systems in use by these agencies and institutions. In instances where the Auditor determines that existing systems are

outmoded, inefficient, or otherwise inadequate, he shall recommend changes to the State Controller. The State Controller shall prescribe and supervise the installation of such changes, as provided in G.S. 143B-426.39 (2). ~~Equipment of related software to be used, in whole or in part, to operate the accounting system may be acquired only upon the prior written approval of the Auditor."~~

PART X.—OFFICE OF THE STATE TREASURER

Requested by: Rep. Hunter

—ADDITIONAL APPROPRIATIONS FROM RETIREMENT SYSTEM TRUST
FUND RECEIPTS/DEPARTMENT OF STATE TREASURER

Sec. 63. There is appropriated from the Retirement System's trust funds to the Department of State Treasurer for use by the Retirement Systems Division the following amounts:

<u>Program Changes</u>	<u>1987-88</u>	<u>1988-89</u>
(1) Creation of a Register of Deeds Supplemental Pension Fund, but only if House Bill 1295, 1987 Session is ratified	\$ 35,000	\$ 25,000
(2) Creation of a Teachers' and State Employees' Disability Income Plan	\$105,000	\$ 75,000
(3) Creation of a Fully Contributory Death Benefit Plan for Retired Employees, but only if House Bill 852, 1987 Session is ratified	\$ 90,000	\$ 75,000
(4) Notification of Benefit Rights to Holders of Inactive Retirement Accounts, as provided by Chapter 539, 1987 Session Laws	\$ 75,000	\$ 75,000

Requested by: Sen. Royall

—APPROPRIATIONS/POSITIONS/DEPARTMENT OF STATE TREASURER

Sec. 64. The Department of State Treasurer shall not expend any funds or add any positions except as authorized by law.

PART XI.—DEPARTMENT OF REVENUE

Requested by: Rep. Hunter

—DEPARTMENT OF REVENUE RESERVE

Sec. 65. Funds in the amount of one million six hundred sixty thousand seven hundred fourteen dollars (\$1,660,714) are appropriated for the 1988-89 fiscal year in Section 2 of this act to a Reserve Fund for Management Information Systems Division of the Department of Revenue. The State Budget Office shall allot this sum to the Department of Revenue only after the Secretary of the Department of Revenue, the State Controller, and the Chief of the State Information Processing Services have presented a report and Information Systems Plan for the Department of Revenue to the Joint Legislative Commission on Governmental Operations. This joint report from these agencies shall be presented to the Joint Legislative Commission on Governmental Operations not sooner than January 1, 1988, but not later than March 1, 1988. The report's contents shall include, but not be limited to, a detailed description of how these funds will be expended from the line item budget codes 4200 and 5200 for the acquisition of computer equipment and services to support the information systems operation at the Department of Revenue. The report and Information Systems Plan shall include, but not be limited to, a detailed plan for any merger of functions, operations, and computer processing between the Department of Revenue Computer Center and the State Computer Center operated by the State Information Processing Services. The Department of Revenue may not commit prior to July 1, 1988, any of these funds for expenditure.

Requested by: Rep. Hunter, Sen. Thomas

—NEW REVENUE DEPARTMENT COSTS DRAWN FROM PROCEEDS

Sec. 66. (a) To pay for the cost of preparing, printing, publishing, and mailing to certain employers revised income tax withholding instructions and returns required due to the enactment of Chapter 622 of the 1987 Session Laws and the cost of processing the additional returns, the Department of Revenue shall retain the sum of two hundred eighty-one thousand two hundred fifty-two dollars (\$281,252) from the collections received by the Department during February 1988 under Article 4A of Chapter 105 of the General Statutes, and shall retain the sum of two hundred thousand nine hundred sixty-one dollars (\$200,961) from the collections received by the Department during February 1989 under Article 4A of Chapter 105 of the General Statutes.

Such funds shall be expended as follows:

<u>Purpose</u>	<u>1987-88</u>	<u>1988-89</u>	
Revenue Officers		\$55,099	\$55,099
Individual Income Tax		88,164	88,164
Accounting Division		20,127	20,127
General Services		25,170	25,170
Non-Recurring		10,971	
Management Information Services		12,401	12,401
Non-Recurring		69,320	

(b) To pay for the cost of addressing transition problems resulting from the elimination of the discount allowed taxpayers for collecting the State and local sales tax under Chapter 622 of the 1987 Session Laws, the Department of Revenue shall retain the sum of forty thousand five hundred seventy-one dollars (\$40,571) from the collections received by the Department during September 1987 under Article 5 of Chapter 105 of the General Statutes.

PART XII.—DEPARTMENT OF HUMAN RESOURCES

Requested by: Sen. Walker, Reps. Nye, Locks
—MEDICAID

Sec. 67. (a) Appropriations in Section 2 of this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

- (1) **Hospital-Inpatient** - Payment for hospital inpatient services will be based on a prospective rate reimbursement plan as established by the Department of Human Resources. Administrative days for any period of hospitalization shall be limited to a maximum of three days.
- (2) **Hospital-Outpatient** - Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Human Resources.
- (3) **Mental or Specialty Hospitals, Skilled Nursing Facilities, and Intermediate Care Facilities** - Mental or Specialty Hospitals - Allowable costs or prospective reimbursement if approved by the Director of the Budget. Skilled Nursing Facilities and Intermediate Care Facilities - as prescribed under the State Plan for Reimbursing Long-Term Care Facilities. Skilled nursing facility participation in the Medicare program is a condition of participation in the North Carolina Medicaid skilled nursing facility program.
- (4) **Intermediate Care Facilities for the Mentally Retarded** - As prescribed under the State Plan for reimbursing intermediate care facilities for the mentally retarded.
- (5) **Drugs** - Drug cost as allowed by federal regulations plus three dollars eighty-five cents (\$3.85) professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (g) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with a plan

adopted by the Department of Human Resources consistent with federal reimbursement regulations.

- (6) **Physicians, Chiropractors, Podiatrists, Optometrists, Dentists** - Fee schedules as developed by the Department of Human Resources. Payments for dental services are subject to the provisions of subsection (f) of this section.
- (7) **Community Alternative Program, EPSDT Screens** - Payment to be made in accordance with a rate schedule developed by the Department of Human Resources.
- (8) **Home Health, Clinic Services, Mental Health Clinics, Prepaid Health Plans** - Payment to be made according to reimbursement plans developed by the Department of Human Resources.
- (9) **Medicare Buy-In** - Social Security Administration premium.
- (10) **Ambulance Services** - Uniform fee schedules as developed by the Department of Human Resources.
- (11) **Hearing Aids** - Actual cost plus a dispensing fee.
- (12) **Rural Health Clinic Services** - Provider based - reasonable cost; nonprovider based - single cost reimbursement rate per clinic visit.
- (13) **Family Planning** - Negotiated rate for local health departments. For other providers - see specific services, for instance, hospitals, physicians.
- (14) **Independent Laboratory and X-Ray Services** - Uniform fee schedules as developed by the Department of Human Resources.
- (15) **Optical Supplies** - One hundred percent (100%) of reasonable wholesale cost of materials.
- (16) **Ambulatory Surgical Centers** - Negotiated rates, established by the Department of Human Resources.
- (17) **Medicare Crossover Claims** - Actual coinsurance or deductible or both.
- (18) **Physical Therapy and Speech Therapy** - Services limited to EPSDT eligible children. Payments are to be made only to the Crippled Children's Program at rates negotiated by the Department of Human Resources.
- (19) **Personal Care Services** - Payment in accordance with plan approved by the Department of Human Resources.
- (20) **Case Management Services** - Reimbursement in accordance with the availability of funds to be transferred within the Department of Human Resources.
- (21) **Hospice** - Services may be provided in accordance with plan developed by the Department of Human Resources.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, EPSDT screens, and emergency rooms are exempt from the visit limitations contained in this paragraph. Exceptions may be

authorized by the Department of Human Resources where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

Any changes in services or bases of payment in the Medicaid program must be approved by the Director of the Budget with the advice of the Advisory Budget Commission.

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

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

(d) Medicaid and Aid to Families with Dependent Children Income Eligibility Standards. Effective until January 1, 1988, the maximum net family annual income eligibility standards for Medicaid and Aid to Families with Dependent Children and the Standard of Need for Aid to Families with Dependent Children shall continue as set by Section 118 of Chapter 1014 of the 1985 Session Laws, Regular Session, 1986. Effective January 1, 1988, the maximum net family annual income eligibility standards for Medicaid and Aid to Families with Dependent Children, and the Standard of Need for Aid to Families with Dependent Children shall be as follows:

<u>Size</u>	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	<u>Of Need</u>	<u>Family AFDC Payment Level*</u>	<u>Standard</u>	
1	\$ 4,248	\$ 2,124	\$ 2,900	
	2		5,544	2,772
	3		6,384	3,192
	4		6,984	3,492
	5		7,608	3,804
	6		8,208	4,104
	7		8,760	4,380
	8		9,168	4,584
				3,700
				4,300
				4,700
				5,100
				5,500
				5,900
				6,200.

*Aid to Families with Dependent Children (AFDC); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Aid to Families with Dependent Children shall be fifty percent (50%) of the standard of need.

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

(e) Spouse Responsibility. Notwithstanding the provisions of G.S. 108A-61, the Department of Human Resources, Division of Medical Assistance, may not consider the income or assets of the spouse of a person who is admitted as a long-term care patient in

a certified public or private intermediate care or skilled nursing facility to be available to the institutionalized person.

(f) **Dental Coverage Limits.** Dental services will be provided on a restricted basis in accordance with regulations developed by the Department. Funds for dental services shall be disbursed only with prior approval by the Department of Human Resources, Division of Medical Assistance, as required by this subsection. No prior approval shall be required for emergency services or routine services. Routine services are defined as examinations, X rays, prophylaxes, nonsurgical tooth extractions, amalgam fillings, and fluoride treatments. Prior approval shall be required for all other services and for routine services performed more than two times during a consecutive 12-month period. The Department of Human Resources shall adopt rules, as provided by the Administrative Procedure Act, to implement this subsection.

(g) **Dispensing of Generic Drugs.** Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security Act) a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber personally indicates, either orally or in his own handwriting on the prescription order, "dispense as written" or words of similar meaning.

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

(h) **Exceptions to Service Limitations, Eligibility Requirements, and Payments.** Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Human Resources, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans or community based services programs in accordance with plans approved by the U.S. Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient.

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

(j) **Cost Containment Programs.** The Department of Human Resources, Division of Medical Assistance, may undertake cost containment programs including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

(k) The Department of Human Resources, Division of Medical Assistance, shall develop, as part of the Medicaid Hospital Reimbursement Plan, a method for increasing per diem rates to those hospitals serving a disproportionate share of indigent patients. A disproportionate share shall be measured by a combination of total Medicaid revenues, bad debts, and charity care as a percentage of gross patient revenues. If a hospital's

share of indigent care exceeds twenty percent (20%) of gross patient revenues, it is eligible to receive an increase not to exceed five percent (5%) in its Medicaid per diem rate.

In order for a hospital to participate in this program, it shall submit financial information on gross patient revenues, charity care, bad debts, and Medicaid revenues to the Department of Human Resources, Division of Medical Assistance.

Requested by: Sen. Walker, Reps. Locks, Nye

—CHILDREN IN LONG TERM CARE/INCOME

Sec. 68. G.S. 143-127.1 is amended by rewriting subsection (d) to read:

"(d) Notwithstanding any other provision of law, for the purposes of determining eligibility for medical assistance under Title XIX of the Social Security Act, the income and financial resources of the natural or adoptive parents of a person who is under the age of 19 and who is a patient in a medical institution shall not be counted if the patient's physician certifies that the care and treatment is expected to exceed 12 months."

Requested by: Sen. Rand

—MEDICAID/19-21 YEAR OLDS

Sec. 69. (a) Effective January 1, 1988, the Department of Human Resources shall provide Medicaid to 19, 20, and 21 year olds in accordance with federal rules and regulations.

(b) Of the funds appropriated in Section 2 of this act to the Department of Human Resources, Division of Medical Assistance, the sum of one hundred forty-seven thousand dollars (\$147,000) for the 1987-88 fiscal year and the sum of two hundred ninety-three thousand dollars (\$293,000) for the 1988-89 fiscal year, shall be used to implement this section.

Requested by: Sen. Walker, Rep. Locks

—MEDICAID COVERAGE FOR PREGNANT WOMEN AND FOR CHILDREN

Sec. 70. Effective October 1, 1987, the Department of Human Resources may provide Medicaid coverage, to the extent permitted by federal law, for pregnant women and for children up to age five, whose family income is equal to or less than one hundred percent (100%) of the federal poverty guidelines as revised annually by the United States Department of Health and Human Services. Services to pregnant women eligible under this provision continue throughout the pregnancy but include only those services related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical service to pregnant women and to children eligible under this section, no resource test shall be applied.

By March 1, 1988, the Department of Human Resources shall adopt rules to allow qualified providers to make initial eligibility determinations for pregnant women in accordance with federal law.

Requested by: Sen. Walker

—INDIGENT CARE STUDY COMMISSION

Sec. 71. (a) The Indigent Health Care Study Commission, established by Section 6.1 of Chapter 792 of the 1985 Session Laws, is continued as prescribed by this act.

(b) Duties of the Commission. The Commission shall study the issues of access to and financing of health care services for North Carolinians who are unable to pay for their medical care. Among the issues to be examined by the Commission are the following:

- (1) The identification of the medically indigent, including an examination of the uninsured and the underinsured;
- (2) The barriers, if any, that the medically indigent face in receiving timely and cost-effective health care under the current health care system;
- (3) The effects that the trend toward prospective reimbursement in a more competitive health care environment will have on the ability of health care providers to deliver health care to uninsured or underinsured citizens;
- (4) The identification of the entities that currently pay for the health care provided to the medically indigent, and an examination of the distribution of the financial burden of providing health care to the medically indigent among hospitals, physicians, HMOs, counties, third-party insurers, employers, the State of North Carolina, the federal government and the medically indigent;
- (5) The current extent of State and local responsibility for providing health care to the medically indigent; and
- (6) The different options for financing and delivering health care to the medically indigent.

(c) The Commission shall consist of 16 members, as follows:

- (1) The Secretary of the Department of Human Resources shall serve ex officio as a voting member;
- (2) The Insurance Commissioner shall serve ex officio as a voting member;
- (3) Three members of the House of Representatives appointed by the Speaker of the House;
- (4) Three members of the Senate appointed by the President of the Senate;
- (5) One hospital administrator appointed by the Governor;
- (6) One representative of county government and one county public health director, both appointed by the Speaker of the House;
- (7) One medical physician who provides a substantial amount of health care to indigents, appointed by the Governor;
- (8) One representative of a health insurance company providing a substantial number of North Carolina citizens with health insurance and one licensed nurse, both appointed by the President of the Senate;

- (9) One advocate for low income people who is familiar with indigent health care issues appointed by the Speaker of the House; and
- (10) One representative from the business community appointed by the President of the Senate.

Any vacancy shall be filled by the appointing authority who appointed the person causing the vacancy. All initial appointments shall be made within one calendar month from the effective date of this Part.

(d) The Commission shall have its initial meeting no later than September 15, 1987, at the call of the President of the Senate and Speaker of the House. The President of the Senate and the Speaker of the House of Representatives shall appoint a cochairman each from the membership of the Commission. The Commission shall meet upon the call of the cochairmen.

(e) The Commission members shall receive no salary serving on the Commission but shall receive necessary subsistence and travel expenses in accordance with the provisions of G.S. 120-3.1, G.S. 138-5 and G.S. 138-6, as applicable.

(f) The Commission may hold public meetings across the State to solicit public input with respect to the issues of access to and financing of health care services to the medically indigent.

(g) The Commission shall have the authority to obtain information and data from all State officers, agents, agencies and departments, while in discharge of its duties, pursuant to the provisions of G.S. 120-19, as if it were a committee of the General Assembly. The Commission shall also have the authority to call witnesses, compel testimony relevant to any matter properly before the Commission, and subpoena records and documents, provided that any patient record shall have patient identifying information removed. The provisions of G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Commission as if it were a joint committee of the General Assembly. In addition to the other signatures required for the issuance of a subpoena under this section, the subpoena shall also be signed by the cochairmen of the Commission. Any cost of providing information to the Commission not covered by G.S. 120-19.3 may be reimbursed by the Commission from funds appropriated for the Commission's study.

(h) The Commission shall report to the General Assembly and the Governor the results of its study and recommendations. The final report shall be submitted during the 1989 Session of the General Assembly.

(i) At the request of the Commission, the Legislative Services Commission may supply members of the staff of the Legislative Services Office and clerical assistance to the Commission as it deems appropriate.

(j) The Commission may, with the approval of the Legislative Services Commission, meet in the State Legislative Building or the Legislative Office Building.

(k) Of the funds appropriated from the General Fund to the Legislative Services Commission by Section 2 of this act, the sum of twenty-five thousand dollars (\$25,000) for the 1987-88 fiscal year shall be used to fund the study authorized by this section.

Requested by: Sen. Walker, Rep. Locks

—ADOPTION SUBSIDY

Sec. 72. The adoption subsidy paid monthly by the Division of Social Services to eligible families who adopt hard to place children shall be established at one hundred fifty dollars (\$150.00) per month.

Requested by: Rep. Locks

—AFDC/WOMEN IN THIRD TRIMESTER OF PREGNANCY

Sec. 73. The Division of Social Services, Department of Human Resources, shall provide Aid to Families with Dependent Children to women in their third trimester of pregnancy regardless of whether these women have children, if they otherwise qualify for these payments.

Requested by: Sen. Walker

—AGED AND FAMILY CARE/COUNTY AND STATE SHARES OF COSTS

Sec. 74. The State shall pay fifty percent (50%) and the counties shall pay fifty percent (50%) of the authorized rates for domiciliary care in homes for the aged and for family care homes, including area mental health agency operated group homes.

Requested by: Sen. Royall

—LIMITATIONS ON STATE ABORTION FUND

Sec. 75. Section 93 of Chapter 479, 1985 Session Laws, other than subdivision (2) of that section, shall remain in effect on and after July 1, 1987, and any references to the 1985-86 fiscal year or the 1986-87 fiscal year shall apply to the then current fiscal year.

Requested by: Rep. Nye

—COMMUNITY WORK EXPERIENCE PROGRAM

Sec. 76. (a) The purpose of the Community Work Experience Program is to provide work and training for families receiving assistance under the Aid to Families with Dependent Children (AFDC) Program.

(b) Uniform program components shall be developed in the Community Work Experience Program for all program participants. The program components shall include the following:

- (1) Assessment of participant vocational and academic skills;
- (2) Development of an employability and training plan;
- (3) Job preparation;
- (4) Job development and placement services;
- (5) Job training;
- (6) Work experience;
- (7) Supportive services; and
- (8) Post-termination services and follow-up.

(c) The county departments of social services shall ensure that each participant is being provided necessary transportation and child care prior to requiring the participant

to participate in a program component. The participant shall be reimbursed for any necessary expenses that are incurred in order to participate in a program component.

(d) Participants placed on work experience sites shall be placed for a period not to exceed nine months. After six months, if a participant is still on the work site, a reevaluation of that participant's employability and placement plan shall occur. Health related problems that may keep a participant from participating in the program shall be taken into consideration prior to placing participants on work experience sites.

(e) Program participants shall be offered institutional skills training, on-the-job training, or other skills training that is consistent with their employability and training plan. This program shall be coordinated with skills training efforts through local Private Industry Councils and Service Delivery Areas under the Job Training Partnership Act, P.L. 97-300, and other federal, State, or local training programs.

(f) AFDC recipients who are enrolled in a General Equivalency Diploma program shall be excused from participation in the Community Work Experience Program.

(g) Program participants shall be provided a handbook outlining their rights as program participants. This handbook shall include a participant's right to appeal, and the obligation of the program to inform and protect a recipient's rights.

(h) The amount of time that a participant can be required to work at a work experience site shall be calculated by dividing the participant's net AFDC grant by minimum wage. For purposes of this section, the net AFDC grant is equal to the amount of a participant's AFDC grant minus the child support assigned to the State. In no event will a participant be placed at a work experience site for more than 50 hours a month.

(i) The Department of Human Resources, Division of Social Services shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by April 1, 1988, on the implementation of the Community Work Experience Program. A second such report shall be submitted to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by October 1, 1989. The reports shall include an assessment of the program's success in enabling participants to obtain and retain employment and in obtaining training opportunities. The reports shall address the availability and cost of supportive services provided during the participants' participation in the program. The reports shall also include a report of the department's progress in implementing a grant diversion program in North Carolina.

(j) The Department of Human Resources shall submit a plan to the United States Department of Health and Human Services to operate an AFDC grant diversion program for participants in a program. The Department shall solicit community involvement from the private and nonprofit sectors in developing the grant diversion plan and job placements.

Requested by: Rep. Nye

—DOMICILIARY HOME RATE INCREASE

Sec. 77. Effective October 1, 1987, the maximum monthly rate increase for ambulatory residents in domiciliary care facilities shall be six hundred fifty-four dollars

(\$654.00), and the maximum monthly rate for semi-ambulatory residents shall be six hundred eighty-seven dollars (\$687.00).

Requested by: Sen. Walker

— EMERGENCY ASSISTANCE

Sec. 78. The Division of Social Services shall not expend more State funds for Emergency Assistance than are appropriated for this purpose in Section 2 of this act. Within this limit, effective September 1, 1987, Emergency Assistance benefits shall not exceed three hundred dollars (\$300.00) per year per family, payable over a 30-day period. After this 30-day period, benefits are not available to that family until 12 months have elapsed from the initial authorization date. The family may have no more than a total of three hundred dollars (\$300.00) in liquid assets in order to qualify for any Emergency Assistance pursuant to this section.

It is the intent of the General Assembly that these Emergency Assistance funds shall not be used to provide regular assistance to persons unless there is some accompanying unusual circumstance giving rise to the emergency. County departments of social services shall explore community resources other than the Emergency Assistance Program for family crises that are not emergencies arising out of some unusual circumstance.

The Division of Social Services shall report to the Chairmen of the House and Senate Appropriations Committees and to the Fiscal Research Division by March 15, 1988, on the categories of emergencies that gave rise to expenditures under this section and the amounts expended for each category for the 1987-88 fiscal year as of January 31, 1988.

Requested by: Sen. Walker

— FAMILY SUPPORT ACT

Sec. 79. (a) Section 229 of Chapter 1014 of the 1985 Session Laws is amended by adding a new subsection to read:

"(d) If any provision of this section is held invalid by a court of competent jurisdiction, the invalidity shall not affect the remaining provisions of this section that can be given effect."

(b) The General Assembly finds that it is in the best interest of the State and of all its citizens to encourage recipients of Aid to Families with Dependent Children to obtain jobs and become self-sufficient. It further finds that, by continuing medical assistance and providing limited wage assistance to those recipients who are working, the State will make it possible to help many recipients to be able to keep their jobs, support their families, and become self sufficient.

(c) The Social Services Commission shall adopt rules to change the way it budgets Aid to Families with Dependent Children payments that will result in more recipients being able to find work and keep working. These rules shall include subtracting countable income from the State standard of need, and paying a percentage of the difference. The percentage that shall be applied to determine the amount of assistance shall be the same percentage set in the Current Operations Appropriations

Act that determines the Aid to Families of Dependent Children payment level from the standard of need.

(d) The Department of Human Resources shall authorize a special needs allowance under rules adopted by the Social Services Commission to those recipients of Aid to Families of Dependent Children who are teen-age parents and who are enrolled in elementary or secondary school or in a G.E.D. program. This grant shall cover the cost of child care and of transportation costs to the child care provider, in accordance with federal rules and regulations.

(e) Of the funds appropriated in Section 2 of this act to the Department of Human Resources, the sum of one million three hundred seventy-three thousand four hundred sixty dollars (\$1,373,460) in fiscal year 1987-88 and the sum of two million nine hundred forty-seven thousand one hundred eighty-four dollars (\$2,947,184) for fiscal year 1988-89 shall be used to implement this section.

(f) This section shall become effective January 1, 1988, and applies to assistance provided for on or after that date. The Department of Human Resources may adopt rules to implement this section prior to January 1, 1988, but they shall not become effective before that date.

Requested by: Sen. Walker, Rep. Locks
—FOSTER CARE BOARD RATE

Sec. 80. Funds appropriated in Section 2 of this act for foster care board rates shall be established at two hundred dollars (\$200.00) per child per month.

Requested by: Sen. Walker
—RETROSPECTIVE ACCOUNTING ADJUSTMENT/AFDC

Sec. 81. The Department of Human Resources shall use funds appropriated in Section 2 of this act to provide a State supplementary payment to Aid to Families with Dependent Children households adversely affected by the retrospective accounting procedure as allowed under § 403(a) of the Social Security Act (42 U.S.C. § 603(a)), as amended by § 157(a) of the Tax Equity and Fiscal Responsibility Act of 1982. The amount of the State supplement shall not exceed the maximum payment standard for the Aid to Families with Dependent Children Program.

Requested by: Sen. Walker, Reps. Locks, Nye
—WILLIE M.

Sec. 82. (a) Legislative Findings. The General Assembly finds:

- (1) That there is a need in North Carolina to provide appropriate treatment and education programs to children under the age of 18 who suffer from emotional, mental, or neurological handicaps accompanied by violent or assaultive behavior;
- (2) That children meeting these criteria have been identified as a class in the case of Willie M., et al. vs. Hunt, et al.; and
- (3) That these children have a need for a variety of services, in addition to those normally provided, that may include but are not limited to

residential treatment services, educational services, and independent living arrangements.

(b) Funds for Department of Human Resources. It is the intent of the General Assembly that funds appropriated in Section 2 of this act to the Department of Human Resources for serving members of the Willie M. Class be expended only for programs serving members of the Willie M. Class identified in Willie M., et al. vs. Hunt, et al., including evaluations of potential class members. It is recognized that therapeutic or economic reasons may, at times, require certain of these services to serve a mixed clientele of Willie M. Class members and other clients. To the maximum extent possible, however, these funds shall be expended solely for the benefit of Willie M. Class members. The Department shall reallocate these funds among services to Willie M. Class members during the year as it deems advisable in order to use the funds efficiently in providing appropriate services to Willie M. Class children.

(c) Funds for Department of Public Education. Funds appropriated to the Department of Public Education in Section 2 of this act for members of the Willie M. Class, are to establish a supplemental reserve fund to serve only members of the class identified in Willie M., et al. vs. Hunt, et al. These funds shall be allocated by the State Board of Education to the local education agencies to serve those class members who were not included in the regular average daily membership and the census of children with special needs, and to provide the additional program costs which exceed the per pupil allocation from the State Public School Fund and other State and federal funds for children with special needs.

(d) The Department shall continue to implement its prospective unit cost reimbursement system and shall ensure that unit cost rates reflect reasonable costs by conducting cost center service type rate comparisons and cost center line item budget reviews as may be necessary.

(e) Reporting Requirements. The Department of Human Resources and the Department of Public Education shall submit, by May 1, 1988, a joint report to the Governor and the General Assembly on the progress achieved in serving members of the Willie M. Class. The report shall include the following unduplicated data for each county: (i) the number of children nominated for the Willie M. Class; (ii) the number of children actually identified as members of the Class in each county; (iii) the number of children served as members of the Class in each county; (iv) the number of children who remain unserved; (v) the types and locations of treatment and education services provided to Class members; (vi) the cost of services, by type, to members of the Class; (vii) information on the impact of treatment and education services on members of the Class.

(f) The Departments of Human Resources and Public Education shall provide periodic reports of expenditures on behalf of the Willie M. Class to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division.

(g) In fulfilling the responsibilities vested in it by the Constitution of North Carolina, the General Assembly finds:

- (1) That the responsible State agencies have made a bona fide good faith effort to comply fully with the requirements of the Court Orders in the

case of Willie M., et al. vs. Hunt, et al., and that services and placements for Willie M. Class members are very greatly improved.

- (2) That the General Assembly has evaluated the known needs of the State and has endeavored to satisfy those needs in comparison to their social and economic priorities.
- (3) That the funds appropriated will enable the development and implementation of placement and services for the class members in Willie M., et al. vs. Hunt, et al., within a reasonable period of time considered within the context of the needs of the class members, the other needs of the State and the resources available to the State.
- (4) That additional expenditures of funds for these purposes at this time would result in an accelerated expenditure of and an unreasonable waste of State funds inasmuch as such expenditures could not reasonably be expected to actually secure a higher degree of treatment or education for the class members than can be accomplished with the funds appropriated.

(h) The General Assembly supports the efforts of the responsible officials and agencies of the State to meet the requirements of the court order in Willie M., et al. vs. Hunt, et al. However, in view of the finding in subsection (g) above, the General Assembly expressly directs that no State funds shall be expended on the placement and services of class members in Willie M., et al. vs. Hunt, et al. or for any other thing or purpose arising out of this litigation, now or at any time in the biennium, except for those funds appropriated in Section 2 of this act to the Departments of Human Resources and Public Education for programs serving members of the Willie M. Class identified in Willie M., et al. vs. Hunt, et al., and except for such funds as may be elsewhere appropriated by the General Assembly specifically for such purposes. The above limitation shall not preclude the use of unexpended Willie M. funds from prior fiscal years to cover current or future needs of the Willie M. program subject to approval by the Director of the Budget. Such expenditures shall not be subject to the requirements of G.S.143-18.

(i) Notwithstanding any other provision of law, if the Department of Human Resources determines that a local program is not providing appropriate services to members of the class identified in Willie M., et al. vs. Hunt, et al., the Department may ensure the provision of these services through contracts with public or private agencies or by direct operation by the Department of such programs.

Requested by: Sen. Walker

—MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

Sec. 83. Funds received by the Department of Human Resources from the tax levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the Department of Human Resources as prescribed by G.S. 18B-805(h). These funds shall be matched by local funds in accordance with the State/local ratio established by the current area mental health matching formula. These funds shall be allocated to the area

mental health programs on a per capita basis as determined by the Office of State Budget and Management's most recent estimates of county populations.

Requested by: Sen. Walker

—ADAP TRANSPORTATION REIMBURSEMENT

Sec. 84. (a) Reimbursement of Adult Developmental Activity Programs for transportation of clients shall be based on a cost per client basis. The minimum amount that a program may be reimbursed for transportation cost shall be ten dollars (\$10.00) per client per month. The maximum amount that a program may be reimbursed for transportation cost shall be twenty-five dollars (\$25.00) per client per month.

(b) In reimbursing Adult Developmental Activity Programs, the Department shall base the reimbursement on the distribution by cost range developed by the Division of Mental Health, Mental Retardation, and Substance Abuse Services' Transportation Survey for 1985-86.

Requested by: Sen. Walker, Reps. Locks, Nye

—DEINSTITUTIONALIZATION PROJECT REPORTS

Sec. 85. The Department of Human Resources shall report to the 1988 Session of the 1987 General Assembly on progress made with the deinstitutionalization projects in the South Central, North Central, Western, and Eastern Regions.

Requested by: Sen. Walker, Rep. Nye

—YOUTH SUBSTANCE ABUSE SERVICES PLAN DEVELOPMENT

Sec. 86. Of the Alcohol and Drug Abuse Treatment and Rehabilitation Block Grant funds appropriated in Section 4 of this act to the Department of Human Resources, the sum of three million sixteen thousand seven hundred forty-eight dollars (\$3,016,748) for the 1987-88 fiscal year shall be expended to begin development of service in accordance with the Youth Substance Abuse Plan as transmitted by the Secretary of Human Resources to the cochairmen of the Mental Health Study Commission on March 1, 1987, as amended by letter from the Secretary to the cochairmen dated April 28, 1987, and as consistent with the content and intent of the Committee Substitute for Senate Bill 1356. These documents shall serve as policy guidelines for the development of services.

Requested by: Rep. Nye

—PIONEER PILOT

Sec. 87. (a) Part 4 of Article 4 of Chapter 122C of the General Statutes is amended by adding a new section to read:

"§ 122C-151.1. Pioneer Testing.—(a) Notwithstanding G.S. 122C-147 through G.S. 122C-150, the Secretary may implement a pioneer testing program for State funding of area authorities. Such implementation shall generally be as recommended by the Mental Health Study Commission in its February 1987, report to the General Assembly. The Secretary may waive Department and Commission rules relating to accounting, budget format, program standards, and other operating rules and may adopt any

necessary substitute procedures necessary for implementation of the pioneer project. Provided, however, the Secretary may not waive rules that directly relate to the health, safety, or welfare of the clients served by the pioneer sites. Substitute procedures shall not be subject to the rule making procedures in Chapter 150B of the General Statutes during the time limits of the pioneer project.

(b) The Secretary shall report to the Mental Health Study Commission on a regular basis regarding the implementation of the pioneer testing program."

(b) Of the funds appropriated to the Department of Human Resources by Section 2 of this act, the sum of two hundred sixty-one thousand six hundred seventeen dollars (\$261,617) for the 1987-88 fiscal year and the sum of three hundred twenty-seven thousand dollars (\$327,000) for the 1988-89 fiscal year are allocated to cover Department costs in implementing this section, including personnel and information systems. The five pioneer sites shall be: the Blue Ridge Center for Mental Health, Mental Retardation, and Substance Abuse Program, the Halifax County Mental Health Center, the Roanoke-Chowan Human Services Center, the Guilford County Area Mental Health, Mental Retardation, and Substance Abuse Program, and the Sandhills Center for Mental Health, Mental Retardation, and Substance Abuse Services. If any one of these sites cannot complete the pioneer test, the Mental Health Study Commission shall make recommendations to the Secretary of Human Resources for a replacement site.

Requested by: Rep. Locks

—MATERNAL AND CHILD HEALTH CARE

Sec. 88. The Division of Health Services shall ensure that local health departments do not reduce county appropriations for maternal and child health services provided by the local health departments because they have received State appropriations pursuant to this act.

Sec. 89. In order to ensure that funds appropriated by Section 2 of this act for maternal and child health care services to the Department of Human Resources, Division of Health Services, provide medical services to as many eligible women of childbearing age as possible, especially to adolescents, these funds may be used only for the purposes of providing prenatal clinics, child health services, purchase of medical services, and family planning services, including education and counseling and medical supplies.

Requested by: Rep. Nye

—NON-MEDICAID REIMBURSEMENT

Sec. 90. 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 Human Resources 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.

Maximum net family annual income eligibility standards for services in these programs with the exception of Migrant Health, School Health, and Home Health shall be as follows:

Family Size	Medical Eye Care				All Other
	Kidney	Adults	Rehabilitation	Adults	
1	6,400	3,600	5,053		4,200
2	8,000	4,400	6,608	5,300	
3	9,600	4,600	8,161	6,400	
4	11,000	5,400	9,718	7,500	
5	12,000	5,800	11,276	7,900	
6	12,800	6,100	12,828	8,300	
7	13,600	6,500	13,116	8,800	
8	14,400	6,900	13,411	9,300	

These standards shall be in effect until change is approved by the Director of the Budget with the advice of the Advisory Budget Commission, or by the General Assembly.

Effective October 1, 1987, Children's Special Health Services shall increase their eligibility level to one hundred percent (100%) of the federal poverty level for outpatient services for all clients, and for inpatient services for children under the age of five.

Requested by: Sen. Walker, Rep. Locks

—PRESCRIPTION DRUG FUNDS FOR DISABLED

Sec. 91. (a) Of the funds appropriated in Section 2 of this act to the Department of Human Resources, Division of Health Services, the sum of four hundred thousand dollars (\$400,000) shall be used to continue the prescription drug reimbursement program for the disabled to provide assistance in purchasing prescription drugs to people terminated from the Social Security Disability Program from March 1, 1981, through September 30, 1983, begun pursuant to Section 64(1), Chapter 1034, 1983 Session Laws. The prescription drug program shall serve only current residents of North Carolina. The rules for operating this prescription drug assistance program shall be adopted by the Secretary of the Department of Human Resources pursuant to recommendations of the Disability Task Force as authorized by Section 82, Chapter 757, 1985 Session Laws.

(b) The Secretary of the Department of Human Resources shall report on a quarterly basis to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the expenditure of funds required by subsection (a) of this section.

(c) Of the funds appropriated in Section 2 of this act to the Office of the Secretary, Department of Human Resources, the sum of two hundred fifty-one thousand two hundred forty-seven dollars (\$251,247) shall be used to continue the Public

Information Office within the Department of Human Resources. The Office shall include a toll-free number and two staff positions. The Office shall provide information to citizens on their rights under the Social Security Disability Program and shall work with the Disability Task Force as established in Section 82 of Chapter 757 of the 1985 Session Laws in addressing the recommendations of the General Assembly's Disability Review Study Commission. The Office's legal work shall be supervised by an attorney from the Department of Human Resources.

(d) The Disability Task Force as established by Section 82 of Chapter 757 of the 1985 Session Laws shall be continued and the current members shall remain in place. The Task Force shall continue to implement the recommendations of the General Assembly's Disability Review Study Commission. The Task Force shall work with the Secretary of the Department of Human Resources in developing rules for the operation of the prescription drug program authorized in subsection (a) of this section, including rules for the verification of eligibility for program participants.

Requested by: Sen. Walker, Rep. Locks

—MATERNAL AND CHILD HEALTH PROGRAMS

Sec. 92. (a) All income earned by local health departments from Maternal and Child Health Programs supported in whole or in part from State or federal funds, received from the Department of Human Resources, Division of Health Services, shall be budgeted and expended by local health departments to further the objectives of the program that generated the income.

(b) The Division of Health Services shall determine the amount of additional revenue earned from Maternal and Child Health Programs by local health departments as a result of the expansion of Medicaid eligibility for children and pregnant women and the specific purposes these additional revenues were expended for, and shall report the results of these determinations to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services office no less than 30 days prior to the convening of the 1987 General Assembly, Regular Session 1988.

Requested by: Sen. Walker, Reps. Nye, Locks

—CERTIFIED LABORATORY CERTIFICATION COMPLIANCE

Sec. 93. (a) Receipts collected by the Secretary of Human Resources pursuant to G.S. 130A-326(7), as enacted by Chapter 471 of the 1987 Session Laws, shall be deposited in the General Fund.

(b) Of the funds appropriated to the Division of Health Services, Department of Human Resources in Section 2 of this act, the sum of thirty-nine thousand nine hundred forty dollars (\$39,940) for the 1987-88 fiscal year and the sum of fifty-three thousand two hundred fifty dollars (\$53,250) for the 1988-89 fiscal year shall be used for the purpose of determining compliance of certified laboratories with certification requirements.

Requested by: Sen. Walker, Reps. Locks, Nye

—CANCER REGISTRY

Sec. 94. (a) Of the funds appropriated in Section 2 of this act to the Department of Human Resources, Division of Health Services, the sum of one hundred twenty-five thousand dollars (\$125,000) for the 1987-88 fiscal year and the sum of one hundred twenty-five thousand dollars (\$125,000) for the 1988-89 fiscal year shall be used for the State Cancer Registry.

(b) Of the funds appropriated by Section 2 of this act to the Department of Human Resources, Division of Health Services, for Cancer Services in the Adult Health Care Program, the sum of one hundred seventy-five thousand dollars (\$175,000) for the 1987-88 fiscal year and the sum of one hundred seventy-five thousand dollars (\$175,000) for the 1988-89 fiscal year may be used for the State Cancer Registry.

(c) The funds authorized for use for the State Cancer Registry by subsections (a) and (b) of this section shall be in addition to any funds appropriated specifically for the State Cancer Registry.

Requested by: Rep. Nye, Sen. Walker

—HEALTH PROMOTION FUNDS

Sec. 95. (a) Of the Preventive Health Block Grant funds appropriated by Section 4 of this act to the Division of Health Services, Department of Human Resources, for Health Promotion Programs, the sum of three hundred thirty-three thousand three hundred four dollars (\$333,304) shall be allocated to the 29 risk reduction projects funded in 1986-87, at the same allocation rate as was used in 1986-87.

(b) Of the Preventive Health Block Grant funds appropriated in Section 4 of this act to the Division Of Health Services, Department of Human Resources, for Health Promotion Programs, the sum of four hundred fifty-nine thousand four hundred sixty-one dollars (\$459,461) for the 1987-88 fiscal year shall be allocated as follows:

- (1) six thousand dollars (\$6,000) each to the 29 existing risk reduction projects; and
- (2) two hundred eighty-five thousand four hundred sixty-one dollars (\$285,461) to be divided equally between the 55 remaining local health departments for risk reduction projects.

(c) Of the seven hundred fifty thousand dollars (\$750,000) appropriated from the General Fund to the Department of Human Resources, Division of Health Services in Section 2 of this act, for the 1987-88 fiscal year and of the seven hundred fifty thousand dollars (\$750,000) for the 1988-89 fiscal year for risk reduction projects, the sum of seventy-five thousand dollars (\$75,000) shall be used by the Division of Health Services for program development and evaluation.

(d) The Division of Health Services shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office by March 15, 1988, on the use of the funds allocated by this section.

Requested by: Rep. Beall

—WESTERN DEVELOPMENTAL CENTER FUNDS

Sec. 96. Of the funds appropriated to the Department of Human Resources, Division of Health Services, in Section 2 of this act, the sum of one hundred thirty-five thousand dollars (\$135,000) for the 1987-88 fiscal year and the sum of one hundred thirty-five thousand dollars (\$135,000) for the 1988-89 fiscal year shall be used at Western Carolina University for the Developmental Evaluation Center, for operating expenses to enable the Center to meet the needs of preschool handicapped children and their families in Cherokee, Clay, Graham, Jackson, Haywood, Macon, and Swain Counties.

Requested by: Rep. Colton, Sen. Walker

—PUBLIC HEALTH TRAINING FUNDS

Sec. 97. Of the funds appropriated to the Department of Human Resources, Division of Health Services in Section 2 of this act, the sum of fifty thousand dollars (\$50,000) for the 1987-88 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 1988-89 fiscal year shall be used to enter into a program to train public health nurse supervisors and directors, public health staff, and community health aides throughout North Carolina to upgrade knowledge and skill in nursing practice.

Requested by: Rep. Bob Etheridge

—COMMUNICABLE DISEASE CONTROL STAFF

Sec. 98. Of the funds appropriated in Section 2 of this act to the Department of Human Resources, Division of Health Services, for Acute Communicable Disease Control, the sum of one hundred forty thousand dollars (\$140,000) for the 1987-88 fiscal year and the sum of one hundred forty thousand dollars (\$140,000) for the 1988-89 fiscal year may be used to hire staff to be engaged in the control of A.I.D.S. and other communicable and toxicologic hazards.

Requested by: Rep. Nye

—HAZARDOUS WASTE FACILITY INSPECTION

Sec. 99. Of the funds appropriated to the Department of Human Resources, Division of Health Services, Solid and Hazardous Waste Management Branch in Section 2 of this act, the sum of one hundred thousand dollars (\$100,000) shall be used for the purpose of employing additional staff to undertake hazardous waste facility inspection, permitting, and all other essential regulatory activities, provided that Senate Bill 535 is enacted into law by the 1987 General Assembly. These funds will be deposited in the General Fund from receipts generated pursuant to Senate Bill 535, if ratified.

Requested by: Rep. Locks

—PREVENTION PROGRAMS FUNDS

Sec. 100. (a) Social Services Block Grant funds appropriated in Section 4 of this act shall be allocated as follows:

Swain County	Cherokee Boys Club, Inc.	\$30,000
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Caldwell County	Health Department	30,000
Robeson County	Health Department	30,000
Harnett County	Health Department	40,000
Buncombe County	Health Department	40,000
Carteret County	Community Action, Inc.	40,000
Davidson County	Health Department	40,000
Greene County	Health Care Inc.	40,000
Bertie County	Health Department	40,000
Scotland County	Health Department	40,000
Macon County	Programs for Progress	55,000
Mecklenburg County	N.C. Coalition on Adolescent Pregnancy	20,000

(b) No funds allocated under this section shall be used for purchase and prescriptions of contraceptives, nor shall contraceptives be distributed on school property under this section. None of the funds allocated under this section may be used for transportation to and from abortion services. None of the funds allocated under this section may be used for abortions. This subsection applies only to the funds allocated under this section.

Requested by: Rep. Locks

—RESPITE CARE PROGRAM

Sec. 101. (a) A respite care program is established to provide needed relief to caregivers of impaired adults who cannot be left alone because of mental or physical problems and whose income preclude coverage under North Carolina's Medicaid eligibility standards.

(b) Those eligible for respite care under the program established by this section are limited to those unpaid primary caregivers who are caring for people 60 years of age or older and/or their spouses who require constant supervision and cannot be left alone, either because of memory impairment, physical immobility, or other problems that render them unsafe alone.

(c) Respite Care Services provided under this program may include:

- (1) Attendance and companion services for the patient in order to provide release time to the caregiver.
- (2) Personal care services, and meal preparation for the patient of the caregiver.
- (3) Temporarily placing the person out of his home to provide the caregiver total respite when the mental or physical stress on the caregiver necessitates this type of respite.

The services described in subdivisions (1) and (2) of this subsection are limited to a maximum of 2 days (48 hours) of service per month per primary caregiver. The services described in subdivision (3) of this subsection are limited to 24 days (576 hours) of service per year per primary caregiver. Total combined respite services (in home and out of home) for a primary caregiver shall not exceed 24 days per year. Program funds may provide no more than the current domiciliary home reimbursement

rate for out of home placement. For purposes of this subsection, an out of home placement is defined as placement in a hospital, skilled or intermediate nursing facility, domiciliary home, adult day health center or adult day care center. Duration of the service period shall be unlimited for as long as the caregiver continues to qualify as a caregiver.

(d) In addition, the following services will be provided to recipients of respite care services as needed: (i) assessment and care planning for the person; (ii) counseling and training in the caregiving role, including coping mechanism and behavior modification techniques; and (iii) counseling in accessing available local, regional, and State services.

(e) The respite care program established by this section shall be administered by the Division of Aging in consultation with the Council of Government in each region. The program will be coordinated with other appropriate Divisions in the Department of Human Resources, the North Carolina Chapter of Alzheimers Disease and Related Disorders Association, the North Carolina Home Care Association, and other appropriate organizations.

The Division of Aging shall delegate contract authority for service provision to participating Councils of Government and Area Agencies on Aging offices. Area Agencies on Aging shall contract with an agency to be chosen by the same process as used for federal contracting. The Area Agencies on Aging in each region shall choose respite care providers on the basis of a competitive bidding process and shall include the following criteria: documented capacity to provide care, adequacy of quality assurance, training, supervision, abuse prevention, complaint mechanisms, and lowest cost.

(f) Eligibility for initial and continued receipt of funding shall be determined by review of grant applications by the Division of Aging and the Councils of Governments' Area Agencies on Aging.

(g) Caregivers receiving respite care services through the program established by this section shall pay for the services on a sliding fee scale depending on their ability to pay. The Division of Aging in consultation with the Councils of Governments in each region shall specify rates of payment for the services.

(h) Up to three hundred thousand dollars (\$300,000) of the funds appropriated from the Social Services Block Grant in Section 4 of this act for the 1987-88 fiscal year may be used to implement this section.

(i) Funds shall be dispersed by the Division of Aging to the Council of Governments Area Agencies on Aging according to the formula stated in subsection (j) of this section. The Division of Aging shall be responsible for providing technical assistance and monitoring budgetary considerations, including the reallocation of funds. The Councils of Governments shall prepare programmatic and fiscal reports for the Division of Aging. The Division of Aging shall present an annual report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office no later than the first of May each year. The report shall include an analysis of the service needed in each region, along with a category of the various services provided and costs.

(j) Funds dispersed to the Councils of Governments to fund respite care under this section shall be based on the number of elderly citizens 75 years of age or more in each of the regions. This funding allocation may be changed by the Secretary of the Department of Human Resources upon the recommendation of the Assistant Secretary of the Division of Aging and the Councils of Governments after these entities have considered utilization of services, caregiver capacities, and dependency, disease, mental status, age, and marital status data on clients served by the programs. These data shall be provided annually to the Councils of Governments by all respite care service providers. Revenues received from caregivers' payments for services pursuant to subsection (g) of this section shall be used by the provider agencies to provide respite services to new caregivers and to expand services to existing caregivers.

(k) Sufficient funds from those allocated in subsection (h) of this section may be used to cover administrative costs in the Division of Aging to carry out the requirements of this section.

Requested by: Sen. Walker, Rep. Locks

—INFLATIONARY INCREASES IN STATE AID TO LOCAL AGENCIES

Sec. 102. As required by G.S. 143-10.1, funds are included in Section 2 of this act for inflationary increases in certain local programs including a five percent (5%) salary increase in the 1987-88 fiscal year, which increase will be carried forward into the 1988-89 fiscal year, computed on the State share paid by the State of North Carolina, where the State is presently providing aid. These funds shall be certified to the respective State agencies as detailed in the State Budget, and they shall be distributed to the local agencies/programs using the same allocation methods by which the present aid is distributed.

Requested by: Sen. Walker, Rep. Locks.

—TRANSFERS OF CERTAIN FUNDS AUTHORIZED

Sec. 103. In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, mental retardation and substance abuse authorities, the Director of the Budget is authorized to transfer excess funds appropriated to a specific service or program/fund (whether specified in a block grant plan or General Fund appropriation) into another service or program/fund for local services within the budget of the respective State agency.

The Office of State Budget shall report to the Chairmen of the House and Senate Appropriations Base Budget Committees and the Appropriations Expansion Budget Committees and to the Chairmen of the Department of Human Resources Appropriations Subcommittees on each transfer authorized by this section.

Requested by: Rep. Nye

—DAY CARE ALLOCATION FORMULA

Sec. 104. (a) To simplify current day care allocation methodology and more equitably distribute State day care funds, the Department of Human Resources shall

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

- (1) Fifty percent (50%) of budgeted funds shall be distributed according to the county's population; and
- (2) Fifty percent (50%) of budgeted funds shall be distributed based upon the county's poverty rate as a percentage of the sum total of all North Carolina's county poverty rates.

(b) Counties whose allocation, if based on previously used formulas, exceeds the allocation produced by the formula prescribed by this section may not have their allocations reduced in either fiscal year 1987-88 or fiscal year 1988-89 to the level that results from application of the new formula. Counties whose allocation, if based on previously used formulas, is less than the allocation produced by the formula prescribed by this section shall continue to receive the proportional share of those funds that they received pursuant to appropriations for this purpose by the 1985 General Assembly.

Requested by: Rep. Locks

—DAY CARE FUNDS/MATCH REQUIREMENT

Sec. 105. No local matching funds may be required by the Department of Human Resources as a condition of any locality's receiving any State day care funds appropriated by this act unless federal law requires such a match.

Requested by: Sen. Walker

—DAY CARE

Sec. 106. The Department of Human Resources shall distribute the funds appropriated and otherwise available to the Department for the purchase of slots in day care for minor children of needy families so as to serve the greatest number of children possible.

Requested by: Rep. Nye

—DAY CARE RATES

Sec. 107. (a) Rules for the monthly schedule of payments for the purchase of day care services for low income children shall be established by the Social Services Commission pursuant to G.S. 143B-153(8)a., in accordance with the following requirements:

- (1) For facilities in which fewer than fifty percent (50%) of the enrollees are subsidized by State or federal funds, the State shall continue to pay the same fee paid by private paying parents for a child in the same age group in the same facility.
- (2) Facilities in which fifty percent (50%) or more of the enrollees are subsidized by State or federal funds may choose annually one of the following payment options:
 - a. The facility's payment rate for fiscal year 1985-86; or
 - b. The county market rate, as calculated annually by the Department of Human Resources' Office of Child Day Care

Services. A market rate shall be calculated for each county and for each age group of enrollees, and shall be the county average of all fees charged to unsubsidized private paying parents for each age group of enrollees. Effective July 1, 1987, and thereafter, the county market rates shall be calculated from facility fee schedules collected by the Office of Child Day Care Services during its annual inspection visits.

(b) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes may participate in the program that provides for the purchase of slots in day care facilities, for minor children of needy families. No separate licensing requirements may be used to select facilities to participate.

Day care plans from which the State purchases day care services shall meet the standards established by the Child Day Care Commission pursuant to G.S. 110-101 and G.S. 110-105.1. Until it can demonstrate that it meets the standards adopted by the Child Day Care Commission, a day care plan from which the State purchases day care services for minor children of needy families shall meet all certification standards adopted by the Department of Human Resources' Office of Child Day Care Services. The fee for the purchase of care from a day care plan is one hundred fifty dollars (\$150.00) per month. The fee for the purchase of care from individual Child Caring Providers is one hundred dollars (\$100.00) per month.

(c) Providers whose programs exceed licensing standards may modify their programs to standards consistent with licensing standards.

(d) Any savings that result by reason of this schedule shall be used by the Department to provide for payment of the costs of necessary day care for more minor children of needy families.

(e) County departments of social services shall continue to negotiate with day care providers for day care services below those rates prescribed by subsection (a) of this section. County departments are directed to purchase day care services so as to serve the greatest number of children possible with existing resources.

Requested by: Rep. Nye

—DHR EMPLOYEES AS IN-KIND MATCH II

Sec. 108. Notwithstanding the limitations of Chapter 634 of the 1987 Session Laws, the Secretary of the Department of Human Resources may assign employees of the Office of Health Resources, Division of Facility Services, Department of Human Resources, to serve as in-kind match to nonprofit corporations working to establish health care cost containment strategies.

Requested by: Rep. Locks

—NO EYE CLINICS IN CERTAIN COUNTIES

Sec. 109. No funds may be expended for the Department of Human Resources, Division of Services for the Blind, to hold eye clinics in any county in which an optometrist or ophthalmologist is willing to perform the services that would otherwise be performed by the clinic.

PART XIII.—DEPARTMENT OF CORRECTION

Requested by: Rep. Watkins

—RESERVE FOR PRISON PERSONNEL

Sec. 110. (a) Funds appropriated in Section 2 of this act to the Department of Correction, Reserve for New Units, and to the Department of Correction, Reserve for New Minimum Custody Dormitories, shall be used for the personnel and operating expenses set forth in the expansion budget approved by the General Assembly in this act. These funds may not be expended for any other purpose, except as provided in the next section of this act.

(b) Funds appropriated in Section 2 of this act to the Department of Correction, Reserve for New Units, and to the Department of Correction, Reserve for New Minimum Custody Dormitories, may not be expended for additional prison personnel positions until the new facilities are within 90 days of completion, and said funds may be used only for the purpose of meeting increased staffing needs created by the new facilities, except as provided in the next section of this act.

Requested by: Sen. Plyler

—SUBSTANCE ABUSE PROGRAM

Sec. 111. (a) G.S. 143B-262 is amended by adding a new subsection (d) to read:

"(d) The Department shall establish a Substance Abuse Program. This Program shall include an intensive term of inpatient treatment, normally four to six weeks, for alcohol or drug addiction in independent, residential facilities for approximately 100 offenders per facility."

(b) G.S. 143B-264 is amended by adding a new sentence at the end to read:

"The Department shall establish a Substance Abuse Program. All substance abuse programs established or in existence shall be administered by the Department of Correction under the Substance Abuse Program."

(c) The Substance Abuse Program established by subsection (a) of this section shall be offered in a medium custody facility, or a portion of a medium custody facility that is self-contained, so that the residential and program space is separate from any other programs or inmate housing, and shall be operational by January 1, 1988, at such unit as the Secretary may designate.

An Assistant Secretary for Substance Abuse shall be employed and shall report directly to the Office of the Secretary of Correction. An Administrative Officer II and a Secretary IV shall be employed to assist the Assistant Secretary and work under his direction and management. The duties of the Assistant Secretary shall include the following:

- (1) Administer and coordinate all substance abuse programs, grants, contracts, and related functions in the Department of Correction;

- (2) Develop and maintain working relationships and agreements with agencies and organizations that will assist in developing and operating a Substance Abuse Program in the Department of Correction;
- (3) Develop and coordinate the use of volunteers in the Substance Abuse Program;
- (4) Develop and present training programs related to substance abuse for employees and others at all levels in the agency;
- (5) Develop programs that provide effective treatment for inmates, probationers, and parolees with substance abuse problems;
- (6) Maintain contact with key leaders in the substance abuse field and active supporters of the Correction Program;
- (7) Supervise directly the directors of treatment units, specialized personnel, and programs that exist or may be developed in the Department of Correction; and
- (8) Develop employee assistance programs for employees with substance abuse problems.

Ten additional program staff shall be employed. There shall be a Correctional Program Director II who is responsible to the Assistant Secretary for Substance Abuse. This employee shall be responsible for managing and implementing the inpatient treatment program. Also employed will be a Correctional Program Director I, two Correctional Program Supervisors, four Correctional Program Assistant II's, one Correctional Program Assistant I, and one Clerk-Stenographer IV.

The duties of the Program Director shall include the following:

- (1) Implement and manage the inpatient treatment program for inmates with substance abuse problems;
- (2) Supervise personnel assigned to the inpatient treatment program;
- (3) Assist in developing the treatment program for inmates with substance abuse problems;
- (4) Recruit and develop staff for the inpatient program and other staff as required;
- (5) Assist in developing linkage and follow-up of inmates between the inpatient program, related agencies, organizations, and other facilities of the Department of Correction;
- (6) Be responsible for treatment plans and daily activities and schedules for all assigned inmates;
- (7) Develop methods for involving families of inmates in the program to the extent deemed appropriate and useful; and
- (8) Other duties as required.

Preference shall be accorded to qualified recovering alcoholics and substance abusers in the employment of treatment counselors.

In the unit there shall be a unit superintendent under the Division of Prisons and other custodial, administrative, and support staff as required for a medium custody facility for approximately one hundred inmates. The unit superintendent shall be responsible for all matters pertaining to custody and administration of the unit. The

Correctional Program Director II will administer the inpatient treatment program under the direction of the Assistant Secretary for Substance Abuse.

Extensive use may be made of inmates working in the role of ancillary staff, peer counselors, role models, or group leaders as the program manager determines. Additional resource people who may be required for specialized treatment activities, presentations, or group work may be employed on a fee or contractual basis.

The Program in each unit shall be structured such that approximately 25 offenders will enter the Program on a weekly basis.

Admission priorities shall be established as follows:

- (1) Court recommendation.
- (2) Evaluation and referral from reception and diagnostic centers.
- (3) General staff referral.
- (4) Self-referral.

The Program shall include extensive follow-up after the period of intensive treatment. There will be specific plans for each departing inmate for follow-up, including active involvement with Alcoholics Anonymous, community resources, and personal sponsorship.

(d) Article 6 of Chapter 143B of the General Statutes is amended by adding a new Part 5 to read:

"Part 5. Substance Abuse Advisory Council.

"§ 143B-270. Substance Abuse Advisory Council.—(a) There is created a Substance Abuse Advisory Council to consult with the Secretary of the Department of Correction in the administration of the Substance Abuse Program.

(b) The Council shall be composed of nine members. Three members shall be appointed by the Speaker of the House of Representatives, three members by the Lieutenant Governor, and three members by the Governor. Vacancies shall be filled by the office making the initial appointment and for the remainder of the unexpired term only. The Council shall elect its chairman annually.

(c) Members appointed shall hold office for a term of four years beginning on October 1, 1987, except that three of the initial appointees shall serve a term of two years. The Speaker, Lieutenant Governor, and Governor shall each select one of their initial appointees to serve a two-year term.

(d) The Council shall meet at least once each quarter and at the call of the Secretary.

(e) Council members who are members of the General Assembly shall receive travel and subsistence allowances as provided in G.S. 120-3.1. Council members who are not members of the General Assembly shall receive travel and subsistence as provided in G.S. 138-5.

"§ 143B-271. Powers and duties of the Council.—The Substance Abuse Advisory Council shall advise the Secretary of the Department of Correction on the administration of the Substance Abuse Program. The Council shall also give advice as to any rules and regulations to be adopted and on any other matters pertaining to the Substance Abuse Program."

(e) G.S. 15A-1351 is amended by adding a new subsection at the end to read:

"(h) The sentencing court may recommend that the sentenced offender be assigned to the Substance Abuse Treatment Unit for treatment of alcoholism or substance abuse during his imprisonment."

(f) Of the funds appropriated in Section 2 of this act to the Reserve for New Units and the Reserve for New Minimum Custody Dormitories, the Department of Correction shall use three hundred fifty thousand dollars (\$350,000) for the 1987-88 fiscal year and three hundred fifty thousand dollars (\$350,000) for the 1988-89 fiscal year to implement this section.

(g) This section is effective upon ratification, except that the inpatient program shall begin January 1, 1988. All positions authorized by this section shall be effective October 1, 1987.

Requested by: Sen. Marvin

—INMATE TRANSPORTATION SYSTEM

Sec. 112. Of the funds appropriated in Section 2 of this act to the Department of Correction, the sum of five hundred seventy-two thousand three hundred thirty-three dollars (\$572,333) for the 1987-88 fiscal year and the sum of four hundred eleven thousand two hundred thirty-three dollars (\$411,233) for the 1988-89 fiscal year shall be used for the transportation of inmates being transferred from jails to State operated facilities.

Requested by: Rep. Holt, Sen. Marvin

—CREATION OF NEW POSITIONS LIMITED

Sec. 113. The Department of Correction may not use salary reserve funds to create any positions not authorized by the General Assembly in this act.

Requested by: Sen. Marvin, Rep. Anderson

—USES OF PRISON ENTERPRISES FUNDS

Sec. 114. Notwithstanding the provisions of G.S. 148-2(b), the sum of four hundred seventy thousand dollars (\$470,000) for the 1987-88 fiscal year in the Prison Enterprises Fund shall be used for expansion of the prison enterprise printing and duplicating plant and for prison enterprise laundry improvements.

Requested by: Sen. Marvin, Rep. Holt

—PRIVATE CONFINEMENT FACILITIES

Sec. 115. No privately owned or operated confinement facilities may be added to the State prison system; provided, however, ECO, Inc., may operate a private, nonprofit work release center for women and Gethsemane-Rainbow Partnership, Inc., may operate pre-release programs in Raleigh and Rocky Mount.

Requested by: Sen. Marvin, Rep. Anderson

—NEGOTIATED RATES FOR MEDICAL SERVICES

Sec. 116. The Department of Correction shall negotiate for rates as close to Medicaid rates as possible for all medical services rendered by providers to that

Department who are not State employees. The Department shall report the results of its negotiations to the Chairmen of the House and Senate Appropriations Committees on the Base Budget and Expansion Budget and to the Chairmen of the Joint Appropriations Committees on Justice and Public Safety prior to March 15, 1988. The Department shall also report its progress in these negotiations to the Joint Legislative Commission on Governmental Operations at the next meeting following the quarter ending December 31, 1987.

Requested by: Sen. Marvin, Rep. Anderson

—REIMBURSEMENT FOR LOCAL CONFINEMENT COSTS FOR FEMALE INMATES/STUDY

Sec. 117. The Joint Legislative Commission on Governmental Operations may study the feasibility of requiring that the Department of Correction pay each local confinement facility a standard sum to be set by the General Assembly for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to those female inmates committed to the custody of the local confinement facility and to reimburse each local confinement facility for any other appropriate expense incurred for services to a female inmate incarcerated in a local confinement facility, provided that if the Special Legislative Committee on Prisons is extended, the Joint Legislative Commission on Governmental Operations may refer the study authorized by this section to that committee, in which case the committee shall report the results of its study to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

PART XIV.—DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Sen. Marvin

—TRANSFER OF RAPE VICTIMS ASSISTANCE PROGRAM FUNDS TO IMPLEMENT CRIME VICTIMS COMPENSATION ACT

Sec. 118. Of the funds appropriated in Section 2 of this act to the Department of Crime Control and Public Safety for the Assistance Program for Victims of Rape and Sex Offenses the sum of one hundred thousand dollars (\$100,000) shall be transferred to the Crime Victims Compensation Fund to implement the provisions of the Crime Victims Compensation Act. The sum of forty-eight thousand four hundred twenty-two dollars (\$48,422) shall be retained in the Assistance Program for Victims of Rape and Sex Offenses Fund to pay those claims that are eligible for compensation under the Program for Victims of Rape and Sex Offenses and are not eligible for compensation under the Crime Victims Compensation Act.

Requested by: Sen. Marvin, Rep. Holt

—REPORT ON COMMUNITY SERVICE WORKERS

Sec. 119. The Department of Crime Control and Public Safety shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the number of community service workers who were

available during each month of the prior three month period to perform repairs and maintenance of the parks and when and where they were available.

Requested by: Sen. Marvin

—LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS

Sec. 120. (a) Section 1303(4) of the Omnibus Crime Control and Safe Streets Act of 1968 provides that State Applications for drug law enforcement grants are subject to review by the State legislature or its designated body.

(b) The North Carolina General Assembly hereby provides that State applications for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968, as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, are subject to review by the Joint Legislative Commission on Governmental Operations if at the time of review the General Assembly is not in session.

(c) Unless a State statute provides a different forum for review, whenever a federal law or regulation provides that a State application for a grant must be reviewed by the State legislature or its designated body, and at the time of the review, the General Assembly is not in session, that application shall be reviewed by the Joint Legislative Commission on Governmental Operations.

(d) Article 13A of Chapter 120 of the General Statutes is repealed.

(e) This section is effective upon ratification.

Requested by: Sen. Marvin

—ADDITIONAL HIGHWAY PATROL TROOPERS

Sec. 121. (a) Funds are appropriated in Section 3 of this act to the Department of Crime Control and Public Safety for an additional 40 troopers for the Highway Patrol, 20 to be added in the 1987-88 fiscal year and 20 to be added in the 1988-89 fiscal year. These 40 troopers may not be assigned to any duty other than full-time enforcement of the traffic laws by patrolling the roads except when absence therefrom is required for court appearances, training mandated by statutes or compliance with the rules of the North Carolina Criminal Justice Education and Training Standards Commission, or administrative work directly arising out of road patrol or court appearance. Also, no additional administrative positions may be created that decrease the number of members of the Highway Patrol assigned to road patrol as essentially full-time duty.

(b) This section is not intended to prevent the Department of Crime Control and Public Safety from assigning troopers to normal special duties to which troopers are ordinarily assigned.

Requested by: Sen. Marvin, Rep. Anderson

—ASSIGNMENT OF HIGHWAY PATROL CARS.

Sec. 122. G.S. 20-190.3 reads as rewritten:

"§ 20-190.3. Assignment of new highway patrol cars.—All new highway patrol cars, whether marked or unmarked, placed in service after July 1, 1985, shall be assigned to and used by troopers whose primary duties are in the ~~field.~~ field and by line sergeants and first sergeants."

PART XV.—JUDICIAL DEPARTMENT

Requested by: Sen. Rand

—ADD TWO SPECIAL SUPERIOR COURT JUDGES

Sec. 123. (a) Chapter 7A of the General Statutes is amended by adding a new section to read:

"§ 7A-45.1. **Special judges.**—(a) The Governor may appoint two special superior court judges. A special judge takes the same oath of office and is subject to the same requirements and disabilities as are or may be prescribed by law for regular judges of the superior court, save the requirement of residence in a particular district. Appointments made under this section shall be to terms of office beginning August 1, 1987, and expiring December 31, 1990.

(b) A special judge is subject to removal from office for the same causes and in the same manner as a regular judge of the superior court, and a vacancy occurring in the office of special judge is filled by the Governor by appointment for the unexpired term.

(c) A special judge, in any court in which he is duly appointed to hold, has the same power and authority in all matters that a regular judge holding the same court would have. A special judge, duly assigned to hold the court of a particular county, has during the session of court in that county, in open court and in chambers, the same power and authority of a regular judge in all matters arising in that judicial district that could properly be heard or determined by a regular judge holding the same session of court.

(d) A special judge is authorized to settle cases on appeal and to make all proper orders in regard thereto after the time for which he was commissioned has expired."

(b) In the election of 1990, two additional regular superior court judges shall be elected for terms beginning January 1, 1991, for districts to be designated by the General Assembly.

Requested by: Rep. Michaux

—SUPERIOR COURT JUDGE CONDITIONAL FUNDING

Sec. 124. Section 12 of Chapter 509, Session Laws of 1987, is repealed.

Requested by: Rep. Michaux

—NEW SENIOR RESIDENT JUDGE SECRETARIES AUTHORIZED

Sec. 125. Section 8 of Chapter 509, Session Laws of 1987, is repealed.

Requested by: Sen. Plyler

—ADD DISTRICT COURT JUDGES

Sec. 126. (a) Effective December 1, 1988, G.S. 7A-133 is amended in the column headed "Judges" by adding one additional district court judge in each of the following district court districts: 3, 5, 7, 10, 11, 16, 18, 19B, 21, 25, and 26.

(b) The judges added by subsection (a) of this section shall be elected at the 1988 general election.

(c) Of the funds appropriated to the Judicial Department for fiscal year 1988-89 in Section 2 of this act, the sum of forty-six thousand two hundred forty-one dollars (\$46,241) shall be used to support the establishment of a district court judge position in district court district 16 as provided by subsection (a) of this section.

Requested by: Sen. Plyler

—ADD ASSISTANT DISTRICT ATTORNEYS

Sec. 127. (a) Effective October 1, 1987, G.S. 7A-60(a1) as enacted by Chapter 509, Session Laws of 1987 is amended in the column entitled "No. of Full-Time Asst. District Attorneys" by adding one for each of the following districts: 11, 25, 27A, 27B, 29.

Requested by: Sen. Marvin

—ADDITIONAL ASSISTANT PUBLIC DEFENDER POSITIONS

Sec. 128. Effective October 1, 1987, of the funds appropriated to the Indigent Persons Attorney Fee Fund in the Judicial Department, the Judicial Department shall use the sum of one hundred six thousand three hundred fifty-three dollars (\$106,353) for the 1987-88 fiscal year and the sum of one hundred forty-one thousand four hundred thirty-five dollars (\$141,435) for the 1988-89 fiscal year for salaries, benefits, and related expenses of three new assistant public defender positions.

Requested by: Sen. Marvin

—ADDITIONAL ASSISTANT APPELLATE DEFENDER POSITIONS

Sec. 129. Effective October 1, 1987, of the funds appropriated to the Indigent Persons Attorney Fee Fund in the Judicial Department, the Judicial Department shall use the sum of seventy thousand nine hundred seventy dollars (\$70,970) for the 1987-88 fiscal year and the sum of ninety thousand nine hundred dollars (\$90,900) for the 1988-89 fiscal year for salaries, benefits, and related expenses of two new assistant appellate defender positions.

Requested by: Sen. Rand

—ADD MAGISTRATES

Sec. 130. (a) Effective October 1, 1987, G.S. 7A-133 is amended in the column headed "Magistrates-Min.-Max." by adding one additional magistrate to the maximum for the following counties: Buncombe and Wake.

Requested by: Sen. Marvin, Rep. Holt

—RETIRED APPELLATE JUDGE SERVICE EXTENDED

Sec. 131. (a) Section 15(b) of Chapter 698 of the 1985 Session Laws, as amended by Section 3 of Chapter 851, Session Laws of 1985, Section 225 of Chapter 1014 of the 1985 Session Laws, and Section 5 of Chapter 703, Session Laws of 1987 is repealed.

(b) G.S. 7A-39.14 is amended by adding a new subsection to read "(f) This section shall expire on July 31, 1989."

Requested by: Sen. Marvin, Rep. Holt

—EMERGENCY JUDGES CREDITABLE SERVICE REQUIREMENT REDUCED

Sec. 132. G.S. 7A-52(a) is amended by deleting "12 years" from the first sentence and substituting "eight years".

Requested by: Sen. Marvin, Rep. Anderson

—STUDY OF FEDERAL REIMBURSEMENT FOR CHILD SUPPORT ENFORCEMENT SERVICES

Sec. 133. The Administrative Office of the Courts shall study the potential for receiving federal reimbursement for the costs of administration of child support enforcement services in the Administrative Office of the Courts. This study shall be performed within funds available to the Administrative Office of the Courts for the 1987-88 fiscal year.

The Administrative Office of the Courts shall report the results of this study to the Joint Appropriations Committees on Justice and Public Safety by May 1, 1988.

PART XVI.—DEPARTMENT OF JUSTICE

Requested by: Rep. Bob Etheridge

—SBI COMMEMORATIVE BADGE

Sec. 134. (a) Of the funds appropriated to the Department of Justice, State Bureau of Investigation, in Section 2 of this act for fiscal year 1987-88, the sum of ten thousand dollars (\$10,000) shall be used to design and procure a special badge for members of the State Bureau of Investigation to commemorate the fiftieth anniversary of the Bureau.

(b) Out of the funds appropriated to the Department of Justice, State Bureau of Investigation in Section 2 of this act for fiscal year 1987-88, the department may prepare and publish a history of the State Bureau of Investigation to commemorate the fiftieth anniversary of the Bureau.

Requested by: Sen. Plyler

—SBI RADIO/EQUIPMENT NEEDS STUDY

Sec. 135. The Joint Legislative Commission on Governmental Operations may study the radio and equipment needs of the State Bureau of Investigation, Department of Justice. The Joint Legislative Commission on Governmental Operations may delegate the study of this issue to an appropriate State agency or legislative committee.

Requested by: Rep. Bob Etheridge

—JAIL AND DETENTION SERVICES TRANSFER

Sec. 136. The Department of Human Resources and the Department of Justice shall study the feasibility of transferring the jail and detention unit standard and inspection services from the Department of Human Resources to the Department of Justice. The departments shall report their findings and recommendations to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by March 15, 1988.

PART XVII.—DEPARTMENT OF AGRICULTURE

Requested by: Reps. Watkins, Bruce Ethridge

—N.E. AND S.E. FARMERS MARKETS FUNDING

Sec. 137. (a) Of the funds appropriated in Section 158(b) of Chapter 1014 of the 1985 Session Laws and placed in a nonreverting capital account for the establishment of the Northeastern North Carolina Farmers Market, twenty-five thousand dollars (\$25,000) shall be available for the operation of the Northeastern North Carolina Farmers Market during the 1988-89 fiscal year provided that land has been purchased for the market.

(b) Of the funds appropriated in Section 159(b) of Chapter 1014 of the 1985 Session Laws and placed in a nonreverting capital account for the establishment of the Southeastern North Carolina Farmers Market, twenty-five thousand dollars (\$25,000) shall be available for the operation of the Southeastern North Carolina Farmers Market during the 1988-89 fiscal year provided that land has been purchased for the market.

Requested by: Sen. Plyler

—NORTH CAROLINA EGG FUND

Sec. 138. (a) G.S. 106-245.37 is amended by adding a new sentence, immediately after the first sentence, to read:

"All moneys credited to the 'North Carolina Egg Fund' are hereby appropriated to the North Carolina Egg Association, a North Carolina nonprofit corporation, for research, education, publicity, advertising, and other promotional activities for the benefit of producers of eggs sold in North Carolina."

(b) Out of the gross collections of the North Carolina Egg Fund, five thousand dollars (\$5,000) is allocated to the Department of Agriculture for the 1987-88 fiscal year for the implementation and administration of the program established by Senate Bill 1402, 1987 Session, as ratified.

(c) This section is effective only if Senate Bill 1402, 1987 Session, is ratified.

Requested by: Rep. Bob Etheridge

—AGRICULTURAL COST SHARE PROGRAM FOR NONPOINT SOURCE
POLLUTION CONTROL-STAFF SUPPORT

Sec. 139. Of the funds appropriated to the Department of Natural Resources and Community Development in Section 2 of this act for fiscal year 1987-88 and for fiscal year 1988-89 for expansion of the the Agriculture Cost Share Program for Nonpoint Source Pollution Control, as set out in Part 9, Article 21, of Chapter 143 of the General Statutes the sum of fifty thousand eight hundred eighty-one dollars (\$50,881) and the sum of fifty-nine thousand eight hundred eight dollars (\$59,808) for the 1988-89 fiscal year shall be used for personnel in the Department of Natural Resources and Community Development to help administer the program.

PART XVIII.—DEPARTMENT OF COMMERCE

Requested by: Sen. Basnight, Rep. Colton

—USE OF FUNDS FOR OUT-OF-STATE ADVERTISING

Sec. 140. G.S. 20-81.3(c)(1) reads as rewritten:

"(1) Thirty-three percent (33%) to the account of the Department of Commerce to aid in financing out-of-state print and other media advertising under the program for the promotion of travel and industrial development in this State."

Requested by: Sen. Basnight, Reps. Bruce Ethridge, Colton

—TECHNOLOGICAL DEVELOPMENT AUTHORITY FUNDING

Sec. 141. The funds appropriated in Section 2 of this act to the North Carolina Technological Development Authority shall be used for the operating expenses of the Authority.

Requested by: Sen. Basnight

—BIOTECHNOLOGY CENTER RESERVE/NONREVERTING

Sec. 142. Funds appropriated in Section 2 of this act into the Reserve for Biotechnology Center shall remain available until expended and may not revert to the General Fund at the end of each fiscal year.

Requested by: Rep. Robert Hunter

—INCUBATOR FACILITY LEASE EXTENSION AUTHORITY

Sec. 143. Effective upon ratification, G.S. 143B-471.4(e) reads as rewritten:

"(e) The incubator facility and any improvements shall be owned by a county, city, political subdivision, nonprofit corporation, or charitable or educational trust, but may be leased to the grant recipient. Small business concern residents of the facility may be provided secretarial and other support facilities and utilities for which the corporation may charge them a part or all of the cost. No small business concern may remain in the facility for more than two years, provided that if the owner of the property determines that it is in the best interest of the economic vitality of the owner, lessor and lessee, or it is economically and physically beneficial to the owner, lessor and lessee, the lease may be extended for a period not to exceed one additional year. Notwithstanding any other provision of law, the State shall not be liable for any act or failure to act of any

organization granted funds under this Part, or any small business concern benefiting from the incubator facilities program."

Requested by: Sen. Basnight
—BOAT TOURISM FUNDS

Sec. 144. The Department of Commerce shall use funds available to it for the 1987-89 fiscal biennium to attract boating traffic along the Intracoastal Waterway of North Carolina. The Department shall develop and distribute effective print media to make North Carolina's intracoastal waterway ports a destination point for boaters traversing the Atlantic Ocean from Maine to Florida.

The Department shall report on its efforts under this section to the Chairmen of the House and Senate Appropriations Committees on the Base Budget and Expansion Budget and to the Chairmen of the Joint Appropriations Committees on Natural and Economic Resources by October 1, 1987, and shall make quarterly progress reports thereafter. A copy of each report shall be provided to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Requested by: Rep. Bruce Ethridge
—SPECIAL EMPLOYMENT SECURITY ADMINISTRATION
FUND/RESTRICTIONS AND REPORTS

Sec. 145. Notwithstanding G.S. 96-5(c), there is appropriated from the Special Employment Security Administration Fund to the Employment Security Commission of North Carolina the sum of two million six hundred ninety thousand dollars (\$2,690,000) for the 1987-88 fiscal year and the sum of two million six hundred ninety thousand dollars (\$2,690,000) for the 1988-89 fiscal year for the administration of the Veterans Employment Program, Employment Services Program, and Unemployment Insurance Program. The Employment Security Commission shall report to the Joint Legislative Commission on Governmental Operations by the first of each month, prior to an expenditure of any funds appropriated by this section. Supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes shall be expended prior to the expenditure of funds appropriated by this section. The Employment Security Commission's monthly report shall include the following:

- (1) The amount of funds to be expended from this appropriation and the intended purposes of this expenditure;
- (2) Any federal funds or other additional funds to be received that might reduce the amount of funds required from this appropriation;
- (3) The balance remaining in the Special Employment Security Administration Fund;
- (4) The total amount of funds previously expended from the Special Employment Security Administration Fund and the purposes of these expenditures;
- (5) Any outstanding obligations against the Special Employment Security Administration Fund; and

- (6) Any receipts expected to be generated to the Special Employment Security Administration Fund.

Requested by: Sen. Goldston

—ABC WAREHOUSE OPERATION CONTRACTS

Sec. 146. (a) The North Carolina Alcoholic Beverage Control Commission is directed to cancel, at the earliest possible date, and no later than January 31, 1990, the CONTRACT FOR MANAGEMENT OF THE WAREHOUSING AND DISTRIBUTION OF ALCOHOLIC BEVERAGES FOR THE STATE OF NORTH CAROLINA and the CONTRACT FOR SECURITY SERVICES FOR THE NORTH CAROLINA ABC COMMISSION OFFICE COMPLEX signed on or about June 3, 1987, when the cancellations can be made without penalty to the State. The North Carolina Alcoholic Beverage Control Commission is directed to seek bids for future services like those provided under these contracts. This provision does not ratify a contract that is otherwise void or voidable.

- (b) This section is effective upon ratification.

PART XIX.—OFFICE OF THE GOVERNOR

Requested by: Sen. Basnight, Reps. Bruce Ethridge, Colton

—REORGANIZATION BY DEPARTMENT HEADS/REPORTING REQUIREMENTS

Sec. 147. Effective upon ratification, G.S. 143B-10(b) reads as rewritten:

"(b) Reorganization by Department Heads. With the approval of the Governor, each head of a principal State department may establish or abolish within his department any division. Each head of a principal State department may establish or abolish within his department any other administrative unit to achieve economy and efficiency and in accordance with sound administrative principles, practices, and procedures except as otherwise provided by law. When any such act of the head of the principal State department affects existing law the provisions of Article III, Sec. 5(10) of the Constitution of North Carolina shall be followed.

Each Department Head shall report all reorganizations under this subsection to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Appropriations Committees in the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office, within 30 days after the reorganization if the General Assembly is in session, otherwise to the Joint Legislative Committee on Governmental Operations and the Fiscal Research Division of the Legislative Services Office, within 30 days after the reorganization. The report shall include the rationale for the reorganization and any increased efficiency in operations expected from the reorganization."

Requested by: Sen. Thomas, Rep. Murphy

—GOVERNOR'S SPECIAL CONSULTANT ON LEGISLATION/ALLOCATION OF FUNDS

Sec. 148. Funds to support the Governor's Special Consultant on Legislation shall be allocated from Budget Code 13000.

PART XX. OFFICE OF THE LIEUTENANT GOVERNOR

Requested by: Sen. Royall

—JOBS AND ECONOMIC GROWTH COMMISSION

Sec. 149. (a) Section 52(a) of Chapter 757, Session Laws of 1985, reads as rewritten:

"(a) There is created the North Carolina Commission on Jobs and Economic Growth. This Commission shall continue to be an advisory commission and shall work with private and public institutions and with individuals to assess the implementation of the 1986 report of the Commission and continue to identify the major economic challenges facing this State with an emphasis on increasing the competitiveness of our urban areas and to develop practical proposals for meeting these challenges to be submitted to the executive and legislative branches of State government. The Commission shall report to the 1987 Session of the General Assembly (Regular Session 1988)."

(b) Section 52(b) of Chapter 757, Session Laws of 1985, reads as rewritten:

"(b) The Commission shall consist of no more than 30 members to be appointed by, and to serve at the pleasure of, the President of the Senate, except that terms of members shall expire August 15, 1987, and new members shall be appointed thereafter to serve at the pleasure of the President of the Senate or until June 30, 1989, whichever occurs first. If any vacancies shall occur, the President of the Senate shall appoint successors to serve at his pleasure or until June 30, 1989, whichever comes first. If members of the General Assembly are appointed an equal number from each house shall be appointed."

(c) Section 52 of Chapter 757, Session Laws of 1985, is amended by adding two new subsections to read:

"(f) Of the funds appropriated in Section 2 of this act to the Office of the Lieutenant Governor the sum of two hundred thousand dollars (\$200,000) for the 1987-88 fiscal year shall be used to fund the Commission established by subsection (a) of this section.

(g) This section shall expire June 30, 1989."

PART XXI.—DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT

Requested by: Sen. Basnight, Rep. Colton

—SALES TAX PROCEEDS FOR WILDLIFE FUND MODIFIED.

Sec. 150. G.S. 105-164.44B reads as rewritten:

"§ 105-164.44B. Transfer to Wildlife Resources Fund of taxes on hunting and fishing supplies and equipment. ~~The estimated amount of State sales and use taxes collected on hunting and fishing supplies and equipment for fiscal year 1985-86 is two million dollars (\$2,000,000). This amount shall be used to determine the amount of~~

~~sales and use tax collections transferred by the Secretary of Revenue to the State Treasurer for the Wildlife Resources Fund. During fiscal year 1985-86 the Secretary of Revenue shall transfer one twelfth of two million dollars (\$2,000,000) each month to the State Treasurer for the Wildlife Resources Fund. During following fiscal years the Secretary of Revenue shall transfer one twelfth of two million dollars (\$2,000,000) each month to the State Treasurer for the Wildlife Resources Fund, plus or minus the percentage of that amount by which the total collection of State sales and use taxes increased or decreased during the preceding fiscal year. For the 1987-88 fiscal year, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use net tax collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources Fund, one fourth of one million nine hundred sixty thousand dollars (\$1,960,000). During subsequent fiscal years, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources Fund, one fourth of one million nine hundred sixty thousand dollars (\$1,960,000) plus or minus the percentage of that amount by which the total collection of State sales and use taxes increased or decreased during the preceding fiscal year."~~

Requested by: Sen. Basnight, Reps. Bruce Ethridge, Colton
—USE COMMUNITY SERVICE WORKERS FOR STATE PARKS
DEVELOPMENT AND REPAIR

Sec. 151. The funds appropriated to the Department of Natural Resources and Community Development in Section 231 of Chapter 1014 of the 1985 Session Laws for community service workers shall remain available to the Department for use over the 1987-89 biennium. These funds shall be used for temporary and permanent, time-limited personnel to supervise community service workers and provide logistical support for the parks where projects are to be undertaken, and where community service workers are available to perform repairs and maintenance of the parks, and for the cost of transporting the workers and supervisors to the parks.

The Department of Natural Resources and Community Development shall continue to maximize the use of community service workers for development and repair of State parks and shall continue to implement its plan for doing so over the 1987-89 biennium. The Department shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Chairmen of the House and Senate Appropriations Committees on the Base Budget and Expansion Budget and to the Chairmen of the Joint Appropriations Committees on Natural and Economic Resources.

Requested by: Rep. Watkins
—UNIFORMS FOR SEASONAL STATE PARK EMPLOYEES

Sec. 152. Effective upon ratification, Article 2 of Chapter 113 of the General Statutes is amended by adding a section to read:

"§ 113-35.1. Uniforms for seasonal park employees.— The Department of Natural Resources and Community Development shall design and adopt a distinguishing uniform vest for seasonal park employees. This vest shall be designed in one size to fit all seasonal employees. The Department shall furnish each seasonal employee with a uniform vest. The seasonal employee shall be required to wear the vest during working hours and shall be required to return the vest at the end of the season or upon termination of employment."

Requested by: Rep. N. J. Crawford, Sen. Barnes
—ADOPT-A-TRAIL PROGRAM

Sec. 153. (a) Article 6 of Chapter 113A of the General Statutes is amended by adding a section to read:

"§ 113A-92.1. Adopt-A-Trail Program.— The Department shall establish an Adopt-A-Trail Program to coordinate with the Trails Committee and local groups or persons on trail development and maintenance. Local involvement shall be encouraged, and interested groups are authorized to 'adopt-a-trail' for such purposes as placing trail markers, trail building, trail blazing, litter control, resource protection, and any other activities related to the policies and purposes of this Article."

(b) Of the funds appropriated in Section 2 of this act to the Department of Natural Resources and Community Development, the sum of ninety thousand one hundred twenty-two dollars (\$90,122) for the 1987-88 fiscal year is to be used as follows:

- (1) thirty-five thousand dollars (\$35,000) for the costs of operating this program, and
- (2) fifty-five thousand one hundred twenty-two dollars (\$55,122) for four regional coordinators to work in the Trails Program;

and the sum of one hundred eight thousand four hundred ninety-six dollars (\$108,496) for the 1988-89 fiscal year is to be used as follows:

- (1) thirty-five thousand dollars (\$35,000) for the costs of operating this program, and
- (2) seventy-three thousand four hundred ninety-six dollars (\$73,496) for four regional coordinators to work in the Trails Program.

Requested by: Reps. Ethridge, Watkins, Bob Etheridge, Nesbitt
—ALBEMARLE/PAMLICO ESTUARINE STUDY

Sec. 154. Of the funds appropriated in Section 2 of this act to the Department of Natural Resources and Community Development for the Albemarle/Pamlico Estuarine Study, the sum of three hundred seventy-five thousand dollars (\$375,000) in fiscal year 1987-88 and the sum of five hundred thousand dollars (\$500,000) in fiscal year 1988-89 shall be used to match federal funds to conduct the study. If additional federal funds are available in succeeding State fiscal years, the Department may submit a request for additional State funds to match federal funds that might be made available.

Requested by: Sen. Basnight, Rep. Bruce Ethridge

—RECEIPTS COLLECTED BY NRCD, ENVIRONMENTAL MANAGEMENT DIVISION

Sec. 155. Except as otherwise required by federal law or conditions of federal grants, the following receipts collected by the Department of Natural Resources and Community Development, Environmental Management Division, shall be deposited in the General Fund immediately upon collection:

- (1) Environmental Violation Fines, Budget Subhead 14300,1310-0720;
- (2) Laboratory Certification Fees, Budget Subhead 14300,1320-0722;
- (3) Air permits, Budget Subhead 14300,1330-0708; and
- (4) Water Permits, Budget Subhead 14300,1340-0707.

The Department of Natural Resources and Community Development shall report quarterly, beginning January 1, 1988, on the receipts collected by the Environmental Management Division to the Chairmen of the House and Senate Appropriations Committees on the Base Budget and the Expansion Budget and to the Chairmen of the Joint Appropriations Committees on Natural and Economic Resources. Copies of each report shall be submitted to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.

Requested by: Sen. Marvin, Rep. Holt

—REPORT ON FORESTRY CAMP

Sec. 156. (a) The Department of Natural Resources and Community Development and the Department of Correction shall cooperate fully in the development of a joint plan for the construction of a facility for the Youthful Offenders Forestry Program and in the operation of the Youthful Offenders Forestry Program. The Departments shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on their joint plan before they implement the plan.

(b) Of the funds appropriated in Section 2 of Chapter 1014, Session Laws of 1985, to a reserve for a forestry camp in the Office of State Budget and Management, the sum of nine hundred seventy-three thousand three hundred sixty-four dollars (\$973,364) shall be allocated in fiscal year 1987-88 for the construction and operation of the Youthful Offenders Forestry Program at the camp. These funds shall remain available for use by the forestry camp until June 30, 1989. Any capital funds not expended by June 30, 1989, shall revert to the General Fund. The Department of Correction shall contract with the Department of Natural Resources and Community Development for the operation of the Youthful Offenders Forestry Program. Notwithstanding any other provision of law, force account labor shall be used to the maximum extent possible to construct the camp.

The camp may not be located on property owned by or under the supervision of the Department of Agriculture without the consent of the Commissioner of Agriculture.

The Department of Natural Resources and Community Development shall submit quarterly progress reports beginning on October 1, 1987, to the Chairmen of the Appropriations-Base Budget Committee and the Appropriations Expansion Budget Committee in the House, to the Chairmen of the Appropriations Committee and the

Base Budget Committee in the Senate, to the Chairmen of the Joint Appropriations Committee on Natural and Economic Resources, and to the Chairmen of the Joint Appropriations Committee on Justice and Public Safety. Copies of these reports shall also be submitted to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. Each progress report shall show the amount of funds expended during the quarter and year-to-date expenditures, the percent of the project completed, estimated project completion date, the number of inmate participants, and any other information required to evaluate the effectiveness of this project to rehabilitate youthful offenders and to provide forest fire protection services through the Division of Forest Resources.

Requested by: Sen. Basnight

—CHOWAN INTERSTATE COMMISSION

Sec. 157. (a) Section 207(b) of Chapter 757, Session Laws of 1985 reads as rewritten:

"(b) The President of the Senate and the Speaker of the House of Representatives of the North Carolina General Assembly (hereinafter, the President and the Speaker) may establish, in cooperation with the Virginia General Assembly, a commission to study the Chowan River, its tributaries, their uses, ~~and~~ the effects of these uses, shared highways and waters of mutual interest. The commission shall consist of an equal number of members of each of the General Assemblies of Virginia and North Carolina. Members of this commission from North Carolina shall consist of an equal number from the House of Representatives and the Senate. The Speaker shall appoint members from the House of Representatives, and the President shall appoint members from the Senate. The Speaker and the President shall appoint their members as soon as possible."

(b) Section 207(c) of Chapter 757, Session Laws of 1985 reads as rewritten:

"(c) The President and the Speaker may cooperate with the Virginia General Assembly to establish a date for the submission of the results of the study. The results of the study shall be submitted to the President and the Speaker. The results of the study may be submitted to other bodies, including the Virginia General Assembly, as agreed to by the Virginia General Assembly, the President, and the Speaker. The study shall contain findings of fact, conclusions based thereon, and any recommendations for new legislation or other action as the members of the commission may choose to make. As a minimum, the study shall include the following:

- (1) A study of the effect of the uses identified in subsection (b) of this section on the Chowan River and its tributaries; ~~and~~
- (2) A study of the possible costs and benefits of the implementation of agricultural best management practices on the Chowan River and its tributaries; and
- (3) Possible joint or cooperative efforts to improve highways of mutual interest to Virginia and North Carolina.

The commission may undertake to identify and study the effect of such other uses of the Chowan River and its tributaries as the commission deems relevant, and the

commission may make such additional recommendations for new legislation or other action, based on identification of such uses and their effects, as the commission may choose."

(c) Funds appropriated by Section 207(d) of Chapter 757, Session Laws of 1985, to the Chowan Interstate Commission that were not spent or encumbered on June 30, 1987, do not revert and shall remain available to that Commission until June 30, 1989.

(d) This section shall become effective June 30, 1987.

Requested by: Rep. Nesbitt

—LAND RECORDS MANAGEMENT PROGRAM

Sec. 158. (a) G.S. 143-345.6 reads as rewritten:

"§ 143-345.6. Land records management program.—(a) ~~The Secretary shall establish~~ Department of Natural Resources and Community Development shall administer a land records management program for the purposes (i) of advising registers of deeds, local tax officials, and local planning officials about sound management practices, and (ii) of establishing greater uniformity in local land records systems. The management program shall consist of the activities provided for in subsections ~~(b), (c), (d), and (e) below~~ (b) through (e) of this section, and other related activities essential to the effective conduct of the management program.

(b) ~~The Secretary shall~~ Department of Natural Resources and Community Development, in cooperation with the Secretary of Cultural Resources, ~~develop recommended standards and specifications for the reproduction of records by photography, microphotography, and by other means, and for the security of recorded documents. The recommended standards and specifications developed shall take into account the needs of the general public, space requirements of local offices, the costs of various filming and recording technologies, personnel available to staff local records offices, and the need for permanency of records affecting title to land. The recommended standards and specifications shall not be binding upon the offices of local governments to which they apply~~ Resources and in accordance with G.S. 121-5(c) and G.S. 132-8.1, shall establish minimum standards and provide advice and technical assistance to local governments in implementing and maintaining minimum standards with regard to the following aspects of land records management:

(1) Uniform indexing of land records;

(2) Uniform recording and indexing procedures for maps, plats and condominiums; and

(3) Security and reproduction of land records.

~~(c) Mapping programs.~~

(1) ~~The Secretary shall conduct a program for the preparation of county base maps pursuant to standards prepared by the Department of Natural Resources and Community Development.~~

(2) ~~The Secretary shall, in cooperation with the Secretary of Revenue, conduct a program for the preparation of county property line maps under the direction of qualified surveyors pursuant to standards~~

~~prepared by the Department of Revenue and Natural Resources and Community Development.~~

(c) The Department of Natural Resources and Community Development shall conduct a program for the preparation of county base maps pursuant to standards prepared by that Department.

(c1) The Department of Natural Resources and Community Development shall, in cooperation with the Secretary of Revenue, conduct a program for the preparation of county cadastral maps pursuant to standards prepared by the Department of Natural Resources.

(d) Upon the joint request of any board of county commissioners and the register of deeds and subject to available resources of personnel and funds, the Secretary shall make a management study of the office of register of deeds, using assistance from the Office of State Personnel. At the conclusion of the study, the Secretary shall make nonbinding recommendations to the board, the register of deeds, and to the General Assembly.

(e) ~~The Secretary,~~ Department of Natural Resources and Community Development, in cooperation with the Secretary of Cultural Resources and in accordance with G.S. 121-5(c) and G.S. 132-8.1, shall undertake research and provide advice and technical assistance to local governments on the following aspects of land records management:

- ~~(1) Uniform indexing of land records;~~
- ~~(2) Uniform recording and indexing procedures for maps, plats, and condominiums;~~
- ~~(3) (1) Centralized recording systems;~~
- ~~(4) (2) Filming, filing, and recording techniques and equipment; and~~
- ~~(5) (3) Computerized land records systems; and~~
- (4) Storage and retrieval of land records.

(f) An advisory committee on land records is created to assist the Secretary in administering the land records management program. The Governor shall appoint 12 members to the committee; one member shall be appointed from each of the organizations listed below from persons nominated by the organization:

- (1) The North Carolina Association of Assessing Officers;
- (2) The North Carolina Section of the American Society of Photogrammetry;
- (3) The North Carolina Chapter of the American Institute of Planners;
- (4) The North Carolina Section of the American Society of Civil Engineers;
- (5) The North Carolina Tax Collectors' Association;
- (6) The North Carolina Association of Registers of Deeds;
- (7) The North Carolina Bar Association;
- (8) The North Carolina Society of Land Surveyors; and
- (9) The North Carolina Association of County Commissioners.

In addition, three members from the public at large shall be appointed. The members of the committee shall be appointed for four-year terms, except that the initial terms for

members listed in positions (1) through (4) above and for two of the members-at-large shall be two years; thereafter all appointments shall be for four years. The Governor shall appoint the chairman, and the committee shall meet at the call of the chairman. The Governor in making the appointments shall try to achieve geographical and population balance on the advisory committee; one third of the appointments shall be persons from the most populous counties in the State containing approximately one third of the State's population, one third from the least populous counties containing approximately one third of the State's population, and one third shall be from the remaining moderately populous counties containing approximately one third of the State's population. Each organization shall nominate one nominee each from the more populous, moderately populous, and less populous counties of the State. The members of the committee shall receive per diem and subsistence and travel allowances as provided in G.S. 138-5."

(b) Section 3 of Chapter 932, Session Laws of 1977, as amended by Chapter 453, Session Laws of 1981, is rewritten to read:

"Sec. 3. This act is effective upon ratification."

(c) Of the funds appropriated in Section 2 of this act to the Department of Natural Resources and Community Development, the sum of ninety-seven thousand seven hundred seventy-nine dollars (\$97,779) for the 1987-88 fiscal year and the sum of one hundred thirty-five thousand forty-one dollars (\$135,041) for fiscal year 1988-89 shall be used to provide additional personnel in the Land Records Management Program.

(d) Of the funds appropriated in Section 2 of this act to the Department of Natural Resources and Community Development, the sum of two hundred fifty thousand dollars (\$250,000) for the 1987-88 fiscal year shall be used to purchase a global positioning system (GPS) to assist in the improvement of county land records.

(e) This section shall become effective October 1, 1987.

Requested by: Rep. Bob Etheridge

—JOB TRAINING PARTNERSHIP ACT

Sec. 159. The General Assembly finds that it is more efficient to contract directly with an agency or institution capable of providing the required services than to contract with an agency that subcontracts with another agency to provide training to Job Training Partnership Act participants; therefore, the State Job Training Coordinating Council and the Governor shall maximize, to the extent practicable, contracting directly with the agency or institution capable of providing the required services.

Sec. 160. The Governor and State Job Training Coordinating Council shall ensure that the Job Training Partnership Act management information system is updated quarterly with financial and program information. This information shall be made available upon request to all agencies of State government having responsibility for the Job Training Partnership Act.

Sec. 161. To the extent permitted under P.L. 97-300, State priorities for employment and training of the Job Training Partnership Act eligible population shall include:

- (1) Remedial education, basic skills training, and dropout prevention;
- (2) Institutional skills training;
- (3) On-the-job training;
- (4) Programs of advanced career training which provide a formal combination of on-the-job and institutional training and internship assignments which prepare individuals for career employment;
- (5) Training programs operated by the private sector, including those operated by labor organizations or by consortia of private sector employers utilizing private sector facilities, equipment, and personnel to train workers in occupations for which demand exceeds supply;
- (6) Supportive services necessary to enable individuals to participate in the program and to assist them for a period not to exceed six months in retaining employment following completion of training;
- (7) Pre-apprenticeship programs;
- (8) On-site industry-specific training programs supportive of industrial and economic development; and
- (9) Customized training conducted with a commitment by an employer or groups of employers to employ an individual upon successful completion of that training.

PART XXII.—DEPARTMENT OF TRANSPORTATION

Requested by: Sen. Goldston, Rep. Bob Etheridge

—HIGHWAY FUND/ALLOCATIONS BY THE CONTROLLER

Sec. 162. The Controller of the Department of Transportation shall allocate, at the beginning of each fiscal year, from the various appropriations made to the Department of Transportation in Section 3 of this act, Titles:

- 02.b. - State Construction
- 02.c. - State Funds to Match Federal Highway Aid
- 02.d. - State Maintenance
- 02.e. - Ferry Operations.

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

Requested by: Sen. Goldston, Rep. Bob Etheridge

—HIGHWAY FUND/LIMITATIONS ON OVEREXPENDITURES

Sec. 163. (a) Overexpenditures may be made by authorization of the Director of the Budget from Section 3 of this act, Titles:

- 02.b.(01) - State Construction/Primary Construction
- 02.b.(03) - State Construction/Urban Construction
- 02.b.(04) - State Construction/Access and Public Service
Roads
- 02.c. - State Funds to Match Federal Highway Aid
- 02.d. - State Maintenance

02.e. - Ferry Operations;
provided, that there are corresponding underexpenditures from these same titles.
Overexpenditures or underexpenditures in any titles may not vary by more than ten percent (10%) without prior consultation with the Advisory Budget Commission.

(b) Overexpenditures from Section 3 of this act, Titles:

02.b.(01) - State Construction/Primary Construction

02.b.(03) - State Construction/Urban Construction

02.b.(04) - State Construction/Access and Public Service
Roads

02.c. - State Funds to Match Federal Highway Aid

02.d. - State Maintenance

02.e. - Ferry Operations

for the purpose of providing additional positions shall be approved by the Director of the Budget.

Requested by: Sen. Goldston, Rep. Bob Etheridge

—CASH FLOW/HIGHWAY FUND APPROPRIATIONS

Sec. 164. The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

For Fiscal Year 1989-90	\$898,100,000
For Fiscal Year 1990-91	\$914,200,000

Requested by: Sen. Goldston, Rep. Bob Etheridge

—RESURFACED ROADS MAY BE WIDENED

Sec. 165. Of the contract maintenance resurfacing program funds appropriated in Section 3 of this act to the Department of Transportation, an amount not to exceed ten percent (10%) of the Board of Transportation's allocation of these funds may be used for widening existing narrow pavements that are scheduled for resurfacing.

Requested by: Sen. Goldston, Rep. Bob Etheridge

—USE OF SALES TAX COLLECTED BY THE DIVISION OF MOTOR VEHICLES

Sec. 166. Notwithstanding the second sentence of the sixth paragraph of G.S. 105-164.4(1), the Department of Transportation may deduct and retain from the sales tax on motor vehicles collected pursuant to that subdivision an amount equal to the cost to the Division of Motor Vehicles of collecting the sales tax on motor vehicles, but not to exceed four hundred seventy-five thousand dollars (\$475,000) per year. The cost of collecting this tax shall be determined by the Secretary of Transportation, subject to the approval of the State Budget Officer.

Requested by: Sen. Basnight, Rep. Bruce Etheridge

—URBAN CONSTRUCTION FUNDS

Sec. 167. Of the funds appropriated in Section 3 of this act to the Department of Transportation for fiscal year 1987-88, twenty million dollars (\$20,000,000) shall be allocated for small urban construction projects. Fourteen million dollars (\$14,000,000)

shall be allocated equally among the 14 Highway Divisions for the Small Urban Construction Program for small urban construction projects that are located within the area covered by a one-mile radius of the municipal corporate limits. The remaining six million dollars (\$6,000,000) shall be used statewide for rural or small urban highway improvements as approved by the Secretary of the Department of Transportation.

None of these funds used for rural secondary road construction are subject to the county formula allocation as provided by G.S. 136-44.5.

Requested by: Sen. Basnight, Rep. Bruce Ethridge

—HIGHWAY FUND/ADJUSTMENTS TO REFLECT ACTUAL REVENUE

Sec. 168. Any unreserved credit balance in the Highway Fund on June 30 of each of the fiscal years shall support appropriations in the succeeding fiscal year. If all of the balance is not needed for these appropriations, the Director of the Budget may use the remaining excess to establish a reserve for access and public service roads, a reserve for unforeseen happenings or state of affairs requiring prompt action as provided for by G.S. 136-44.2, and other required reserves. If all of the remaining excess is not used to establish these reserves, the remainder shall be allocated to the State-funded maintenance or construction appropriations in the manner approved by the Board of Transportation.

Requested by: Rep. Bob Etheridge

—INCREASE IN PAY GRADES FOR CERTAIN DMV POSITIONS

Sec. 169. (a) Certain positions within the Department of Transportation, Division of Motor Vehicles, School Bus and Traffic Safety Section, shall receive an increase in pay grade as follows:

- (1) The position of Education Program Specialist shall be increased from pay grade 69 to pay grade 70; and
- (2) The position of Driver Education Representative shall be increased from pay grade 68 to pay grade 69.

(b) Of the funds appropriated in Section 3 of this act from the Highway Fund to the Department of Transportation, Division of Motor Vehicles, the sum of one hundred twenty-one thousand five hundred forty dollars (\$121,540) for the 1987-88 fiscal year and the sum of one hundred twenty-one thousand nine hundred ten dollars (\$121,910) for the 1988-89 fiscal year shall be used to implement this section.

Requested by: Rep. Bruce Ethridge

—CONTINUING PUBLIC TRANSPORTATION APPROPRIATIONS

Sec. 170. (a) Article 1 of Chapter 136 of the General Statutes is amended by adding the following new sections:

"§ 136-16.4. Continuing aviation appropriations.—There is annually appropriated, beginning with the 1987-88 fiscal year, from the General Fund to the Department of Transportation for aviation purposes, a sum equal to the estimated revenue derived from the State's sales and use taxes (exclusive of refunds, penalties, and interest) collected

and received on sales made on and after the first day of the fiscal year representing sales and use taxes on aircraft, aircraft parts, accessories, lubricants and aviation fuel.

"§ 136-16.5. **Purposes for continuing aviation appropriations.**—The continuing aviation appropriations authorized by G.S. 136-16.4 shall be used in accordance with the provisions of Article 7 of Chapter 63 of the General Statutes.

"§ 136-16.6. **Continuing rail appropriations.**—There is annually appropriated, beginning with the 1987-88 fiscal year, from the General Fund to the Department of Transportation for rail purposes the greater of one hundred thousand dollars (\$100,000) or one hundred percent (100%) of the annual dividends received in the prior fiscal year (less any amounts that are required by Section 13.18 of Chapter 792, Session Laws of 1985 to be paid for the expenses of the Railroad Negotiating Commission) by the State from its ownership of stock in the North Carolina Railroad Company and the Atlantic and North Carolina Railroad Company.

"§ 136-16.7. **Purposes for continuing rail appropriations.**—The continuing rail appropriation authorized by G.S. 136-16.6 shall be used in accordance with the provisions of Article 2D of Chapter 136 of the General Statutes.

"§ 136-16.8. **Continuing appropriations for public transportation.**—There is annually appropriated, beginning with the 1987-88 fiscal year, from the Highway Fund to the Department of Transportation for public transportation purposes the greater of one million six hundred forty-five thousand dollars (\$1,645,000) or the amount derived by multiplying the number of vehicles estimated to be registered as of the first day of each fiscal year by fifty cents (\$.50).

"§ 136-16.9. **Purposes for continuing public transportation appropriations.**—The continuing public transportation appropriations authorized by G.S. 136-16.8 shall be used in accordance with the provisions of Article 2B of Chapter 136 of the General Statutes."

(b) G.S. 143B-350(f)(4) reads as rewritten:

"(4) To approve a schedule of all major transportation improvement projects and their anticipated cost for a period of seven years into the future which shall be published in a single document along with a report of the progress accomplished in the past year and the anticipated funding sources for these projects:"

(c) This section shall become effective September 1, 1987, and shall expire June 30, 1990.

Requested by: Sen. Plyler, Rep. Bob Etheridge

—SPECIAL APPROPRIATIONS FOR HIGHWAYS

Sec. 171. Of the funds appropriated to the Department of Transportation for special appropriations for highways, sixty million dollars (\$60,000,000) for fiscal year 1987-88 and sixty million dollars (\$60,000,000) for fiscal year 1988-89 may be used for:

- (1) supplemental funding for highway construction, reconstruction, and rehabilitation projects for State and Federal Aid Road systems;

- (2) supplemental funding for the planning, design and engineering of highways and acquisition of highway rights-of-way;
- (3) matching funds for unanticipated federal-aid construction funds;
- (4) payment for all or any portion of the interest or principal on bonds issued by the State for road and highway purposes; or
- (5) a means of maintaining a uniform seasonal pace of highway construction.

These funds shall be allocated equitably each year among the 14 Highway Divisions. Notwithstanding any other provisions of Chapter 136 of the General Statutes, the Department shall make allocations under this section in a manner that assures that at the end of the second year each of the 14 Highway Divisions, over the two-year period, has been allocated an equal amount, insofar as possible, of all funds allocated under this section. The Secretary shall report in writing, on a monthly basis, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the projects that have been funded, and those projects that he reasonably expects to be funded under this section. The report shall set out the reasons this method of funding serves the best interest of the State's transportation improvement programs. That report shall include, among other things, the cost savings realized, and the manner in which the cost savings have been realized by the use of the funds allocated under this section.

Requested by: Sen. Plyler, Rep. Bob Etheridge
—COMMISSION PAID TO BRANCH AGENTS

Sec. 172. Section 202 of Chapter 1034 of the 1983 Session Laws (Regular Session 1984) is amended by deleting "seventy cents (70¢)" and substituting "seventy-two cents (72¢)".

PART XXIII.—DEPARTMENT OF PUBLIC EDUCATION

Requested by: Rep. Bob Etheridge, Sen. Ward
—BEP FUNDING TRANSFER

Sec. 173. The Department of Public Education shall transfer nine million dollars (\$9,000,000) from the Trust Fund 63510-6106, unemployment reserve, in fiscal year 1987-88 to the General Fund. Of the funds appropriated in Section 2 of this act to the Department of Public Education, the sum of nine million dollars (\$9,000,000) in fiscal year 1987-88 is to be used as a part of the Basic Education Program. These funds are intended to provide educational programs similar to the State and federal programs that comprise the unemployment reserve.

Requested by: Sen. Ward, Rep. Ed Warren
—REGIONAL OFFICES

Sec. 174. Beginning with the 1987-88 fiscal year, the budgets of the regional centers of the Department of Public Education shall be set out in separate fund codes in the budget.

Requested by: Rep. Bob Etheridge

—TEXTBOOK SERVICES/ACCOUNTING SUPPORT

Sec. 175. The Department of Public Education may use funds appropriated to it for the 1987-88 fiscal year for the Textbook Fund to provide for a managing accountant III to ensure proper ordering, distributing, inventorying, and accounting for the business operation of the Textbook Services Area.

Requested by: Rep. Nesbitt

—EQUIPMENT FUNDS

Sec. 176. Of the funds appropriated to the Department of Public Education for the 1987-88 fiscal year in Section 2 of this act in fund code 1817-6684, the sum of one million dollars (\$1,000,000) shall be allocated to provide an equal amount per class to each kindergarten class for equipment. The remainder shall be used to meet Basic Education Program equipment requirements for all subject areas.

The funds appropriated to the Department of Public Education for the 1988-89 fiscal year in Section 2 of this act in fund code 1817-6684 shall be used to meet Basic Education Program equipment requirements for all subject areas.

Requested by: Rep. Ed Warren

—CHILD NUTRITION FUNDS

Sec. 177. Of the funds appropriated in Section 2 of this act to the Department of Public Education, the sum of two hundred eighty thousand dollars (\$280,000) for the 1987-88 fiscal year shall be allocated by the State Board of Education to local boards of education for staff development in the areas of financial management, food production, meal service, and nutrition education. Five hundred dollars (\$500.00) shall be allocated to each local school administrative unit and the remainder shall be allocated on the basis of average daily membership. Local school units shall participate in the Management Assessment Plan and shall establish a staff development plan.

The Department of Public Education shall report by May 1, 1988, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office on its progress in providing staff development for local child nutrition programs.

Requested by: Rep. Nesbitt

—SCHOOL PLANNING

Sec. 178. The Office of State Budget and Management shall allocate from the Public School Building Capital Fund to the Department of Public Education up to two hundred fifteen thousand two hundred fifty dollars (\$215,250) for the 1987-88 fiscal year, and up to two hundred eighty-seven thousand dollars (\$287,000) for the 1988-89 fiscal year. These funds shall be used by the Department of Public Instruction, Division of School Planning for the following new staff members to work with local school administrative units in assessing facility needs and conducting final inspections of construction projects:

- (1) One consulting architect III;

- (2) One school planning consultant;
- (3) One systems information coordinator;
- (4) One secretary III; and
- (5) Two building system engineer III positions.

Requested by: Rep. Ed Warren

—DROPOUT PREVENTION STUDY

Sec. 179. The State Board of Education shall study the relationship between academic achievement in grades K through 6 (especially reading, mathematics, and writing to the extent possible) and the problem of children dropping out of school. The State Board shall use the results of this study to make recommendations to the General Assembly on any needed reallocation of resources in the dropout prevention program.

The State Board of Education shall also develop information on the relationship between the dropout problem and academic achievement at all grade levels.

Requested by: Sen. Tally, Rep. Nesbitt

—NO TESTING IN GRADES 1 AND 2

Sec. 180. (a) G.S. 115C-174.11(a) reads as rewritten:

"(a) Annual Testing Program. In order to assess the effectiveness of the educational process, and to ensure that each pupil receives the maximum educational benefit from the educational process, the State Board of Education shall implement an annual statewide testing program in basic subjects. It is the purpose of this testing program to help local school systems and teachers identify and correct student needs in basic skills rather than to provide a tool for comparison of individual students or to evaluate teacher performance. The annual testing program shall be conducted each school year for the ~~first, second, third,~~ sixth and eighth grades. Students in these grade levels who are enrolled in special education programs or who have been officially designated as eligible for participation in such programs may be excluded from the testing program if special testing procedures are required for testing such students. The State Board of Education shall select annually the type or types of tests to be used in the testing program. ~~If norm-referenced tests are used in the first or second grade, the tests shall not be used as primary, definitive, or exclusive criteria to make decisions with respect to grade promotion or placement in special education programs.~~

The State Board of Education shall also provide developmentally appropriate individualized assessment instruments consistent with the Basic Education Program for the first and second grades. The State Board of Education shall report to the Joint Legislative Commission on Governmental Operations prior to May 1, 1988, on the assessment instruments it develops."

(b) G.S. 115C-549 reads as rewritten:

"§ 115C-549. **Standardized testing requirements.**—Each private church school or school of religious charter shall administer, at least once in each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of such school, to all students enrolled or regularly attending grades ~~one, two,~~ three, six and nine. The nationally standardized test

or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling and mathematics. Each school shall make and maintain records of the results achieved by its students. For one year after the testing, all records shall be made available, subject to the provision of G.S. 115C-196, at the principal office of such school, at all reasonable times, for annual inspection by a duly authorized representative of the State of North Carolina."

(c) G.S. 115C-557 reads as rewritten:

"§ 115C-557. **Standardized testing requirements.**—Each qualified nonpublic school shall administer, at least once in each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of such school, to all students enrolled or regularly attending grades ~~one, two,~~ three, six and nine. The nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling and mathematics. Each school shall make and maintain records of the results achieved by its students. For one year after the testing, all records shall be made available, subject to the provision of G.S. 115C-196, at the principal office of such school, at all reasonable times, for annual inspection by a duly authorized representative of the State of North Carolina."

(d) This act is effective upon ratification and applies to all school years beginning with the 1987-88 school year.

Requested by: Sen. Ward

—CLASS SIZE

Sec. 1811. G.S. 115C-301(d) reads as rewritten:

"(d) Local boards of education shall ~~maintain~~ have unit-wide average class sizes no higher than the average allotment ratio of teachers to students in each grade span funded by the General Assembly ~~for each school year at the end of the second school month~~. At no time may the General Assembly appropriate funds for higher unit-wide class averages than those for which State funds were provided during the 1984-85 school year. No single class may have more than three students more than the unit-wide average class size applicable to that grade level at the end of the second school month; however, the State Board of Education may set alternate class sizes and daily loads in selected areas such as typewriting, music, and physical education so long as the effectiveness of the instructional program in these areas is not impaired. The maximum ~~equivalent~~ daily student load for teachers in grades 7 through 12 is 150 except as noted above.

Under exceptional circumstances, where there are large fluctuations in student population, local boards of education shall report to the State Board of Education and shall request allotment adjustments or waivers from the standards set out above. Within 45 days of receipt of reports, the State Board of Education, within funds available, may allot additional positions or grant waivers for the excess class size and/or daily load if the local board cannot organizationally correct the situation.

~~The State Board may not permit temporary waivers from the unit wide average class sizes~~ Notwithstanding the class sizes and daily loads as stated above and after the

second month of school, the maximum class sizes-size for each class, and the maximum daily loads for teachers set out in this section except under exceptional circumstances, where there are large fluctuations in student population and the situation cannot be handled within funds appropriated to accommodate changes in average daily membership. The situation requiring the waiver should be alleviated within 60 days. shall not exceed ten percent (10%) of the allowable maximum for individual classes and daily loads for the remainder of the school year. All waivers permitted under this paragraph shall be reported to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by June 1 of each year.

In a separate report, local boards of education shall report all individual classes and/or daily loads that exceed the maximums set forth in this provision as of the end of the second month and February 1 of each year. All allotment adjustments and waivers permitted under this paragraph shall be reported to the Director of the Budget and to the General Assembly by April 15th of each year.

The State Board shall adopt rules to implement this subsection."

Sec. 182. G.S. 115C-47(10) reads as rewritten:

"(10) To Assure Appropriate Class Size. – It shall be the responsibility of local boards of education to determine if any exceptions occur during the school year in the allowed maximums. If additional pupils are enrolled so as to cause assignment of pupils in excess of the allowed maximums, except for an emergency or act of God, it shall be the duty of any affected teacher and of the principal to notify the superintendent, who shall immediately report the deviation to the local board of education. Upon notification of excess deviations in the maximum class size, local boards shall take correctional steps and shall transfer teaching positions between schools, if necessary, to correct the excess deviation. If the local board cannot remedy the situation, it shall immediately apply to the State Board of Education for contingency funds for additional personnel to correct exceptions. ~~Excess deviations which cannot be corrected by transfer of teachers and by use of contingency funds shall be temporarily allowed with permission of the State Board of Education.~~

At the end of the first month of school each year, the superintendent of each administrative unit shall file a report for each school with the State Board of Education. This report shall be filed on forms furnished by the board and shall indicate the complete organization of each school, the duties of each teacher or other instructional personnel, and the class size or teaching load of each teacher.

It shall be the duty of local boards of education to provide adequate classroom facilities to meet the requirements of this subdivision and of G.S. 115C-301."

Requested by: Rep. Nesbitt, Sen. Ward

—PREVOCATIONAL PROGRAMS MAY BE TAUGHT IN GRADE 6

Sec. 183. G.S. 115C-151 reads as rewritten:

"§ 115C-151. Statement of purpose.—It is the intent of the General Assembly that vocational education be an integral part of the educational process. The State Board of Education is authorized and directed to administer through local boards of education a comprehensive program of vocational education which shall be available to all students who desire it in the public secondary schools and middle schools of this State. The purposes of vocational education in North Carolina public secondary schools shall be:

- (1) Vocational Skill Development. – To prepare individuals for paid or unpaid employment in recognized occupations, new occupations, and emerging occupations.
- (2) Preparation for Advanced Education. – To prepare individuals for participation in advanced or highly skilled vocational and technical education.
- (3) Pre-Vocational; Introductory. – To assist individuals in the making of informed and meaningful occupational choices.

It is also legislative intent to authorize the State Board of Education to support appropriate vocational education instruction and related services for individuals who have other specialized vocational education needs which can be fulfilled through a comprehensive vocational education program as designated by State Board of Education policy or federal vocational education legislation."

Sec. 184. G.S. 115C-152 reads as rewritten:

"§ 115C-152. Definitions.—The State Board of Education is authorized and directed to provide appropriate definitions to vocational education programs, services, and activities in grades ~~7-12~~ 6-12 otherwise included in this Part. As used in this Part, unless the context requires otherwise:

- (1) 'Comprehensive vocational education' means instructional programs, services, or activities directly related to preparation for and placement in employment, for advanced technical education, or for the making of informed and meaningful occupational choices.
- (2) 'Preparation for advanced education' means a program, service, or activity designed to prepare individuals for participation in advanced or highly skilled post-secondary and technical education programs leading to employment in specific occupations or a cluster of closely related occupations and for participation in vocational education teacher education programs.
- (3) 'Pre-vocational; introductory' means an instructional program, service, or activity designed to familiarize individuals with the broad range of occupations for which special skills are required and the requisites for careers in such occupations.
- (4) 'Vocational skill development' means a program, service, or activity designed to prepare individuals for paid or unpaid employment as semi-skilled or skilled workers, technicians, or professional-support personnel in recognized occupations and in new and emerging occupations including occupations or a trade, technical, business, health, office, homemaking, homemaking related, agricultural,

distributive, and other nature. Instruction is designed to fit individuals for initial employment in a specific occupation or a cluster of closely related occupations in an occupational field. Such instruction includes education in manipulative skills, theory, auxiliary information, and other associated knowledges."

G.S. 115C-159 reads as rewritten:

"§ **115C-159. Statement of purpose.**—It is the intent of the General Assembly that practical work experiences within the school and outside the school, which are valuable to students and which are under the supervision of a teacher, should be encouraged as a part of vocational education instruction in the public secondary schools and middle schools when such experiences shall be organized and maintained to the best advantage of the vocational education programs. Such activities are a part of the instructional activities in the vocational education programs and are not to be construed as engaging in business. Such services, products, and properties generated through these instructional activities are exempt from the requirements of G.S. 115C-518; the local board shall adopt rules for the disposition of these services, products, and properties. Local boards of education are authorized to use available financial resources to support such instruction."

Requested by: Rep. Nesbitt, Sen. Ward

—STANDARDS FOR APPROVAL OF VOCATIONAL EDUCATION PROGRAMS

Sec. 185. The State Board of Education may not approve any local vocational education plans or applications unless:

- (1) The programs are in accordance with the purposes of G.S. 115C-151;
- (2) The vocational programs and courses are not duplicated within a local school administrative unit, unless the unit has data to justify the duplication or the unit has a plan to redirect the duplicative programs within three years;
- (3) For all current job skill programs, there is a documented need, based on labor market data or follow-up data, or there is a plan to redirect the program within two years;
- (4) New vocational programs show documented need based on student demand, or for new job skill programs, based on student and labor market demand; and
- (5) All programs are responsive to technological advances, changing characteristics of the work force, and the academic, technical, and attitudinal development of students.

Local programs using the cooperative vocational education method shall be approved subject to students enrolled being placed in employment commensurate with the respective program criteria.

As used in this section, "labor market data" means data provided in the State Plan for Vocational Education, data provided through a local survey, or both.

Requested by: Rep. Bob Etheridge

—CPR TRAINING

Sec. 186. (a) G.S. 115C-81(c) reads as rewritten:

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

Local boards of education shall require all teachers and principals to conduct classes except foreign language classes in English. Any teacher or principal who refuses to do so may be dismissed."

(b) Effective when the components of the standard course of study have been fully incorporated and implemented as a part of the Basic Education Program, G.S. 115C-81(c), as rewritten by subsection (a) of this section, reads as rewritten:

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

Local boards of education shall require all teachers and principals to conduct classes except foreign language classes in English. Any teacher or principal who refuses to do so may be dismissed."

(c) Except as otherwise provided, this section is effective upon ratification and applies to all school years beginning with the 1987-88 school year.

Requested by: Rep. Holt

—SCHOOL HEALTH COORDINATORS/BICYCLE SAFETY INSTRUCTION

Sec. 187. G.S. 115C-81(e) reads as rewritten:

"(e) School Health Education Program to Be Developed and Administered.

(1) A comprehensive school health education program shall be developed and taught to pupils of the public schools of this State from kindergarten through ninth grade. ~~This program shall be developed over a 10-year period beginning July 1, 1978.~~

(2) As used above, 'comprehensive school health' includes the subject matter of mental and emotional health, drug and alcohol abuse prevention, nutrition, dental health, environmental health, family living, consumer health, disease control, growth and development, first aid and emergency care, and any like subject matter. Comprehensive school health also includes the subject matter of bicycle safety in geographical areas where appropriate.

- (3) The development and administration of this program shall be the responsibility of each local school administrative unit in the State that receives an allocation of State funds for a school health coordinator, a local school health education coordinator for each county, who serves the local school administrative unit, the Department of Public Instruction, and a State School Health Education Advisory Committee.
- (4) Each existing local school administrative unit is eligible to develop and submit a plan for a comprehensive school health education program which shall meet all standards established by the State Board of Education, and to apply for funds to execute such plans.

The State Board of Education shall designate an impartial panel to review health education program plans submitted by local school administrative units. Based on the panel's evaluation of the plans, the State Board of Education shall allocate the State-funded school health coordinators. Where feasible, a school health coordinator shall serve more than one local school administrative unit.

Each person initially employed as a State-funded school health coordinator after June 30, 1987, shall have a degree in health education.

- (5) The Department of Public Instruction shall supervise the development and operation of a statewide comprehensive school health education program including curriculum development, in-service training provision and promotion of collegiate training, learning material review, and assessment and evaluation of local programs in the same manner as for other programs. It is the intent of this legislation that a specific position or positions in the Department of Public Instruction shall be assigned responsibilities as set forth in this subsection.
- (6) A State School Health Advisory Committee is hereby established.
- a. The committee shall provide citizen input into the operations of the program, report annually to the State Board of Education on progress in accomplishing the provisions and intent of this legislation, provide advice to the department with regard to its duties under this subsection, and encourage development of higher education programs which would benefit health education in the public schools.
 - b. The committee shall meet as necessary but at least twice annually. It shall select annually a chairperson from among its own membership, each member having an equal vote and the chairperson shall appoint such subcommittees as may be necessary. Members of the committee shall serve without compensation; however, they shall be reimbursed by the Department of Public Instruction for travel and other expenses incurred in the performance of their duties as members of the

committee, to the extent that funds are appropriated for this purpose.

- c. The committee shall consist of 17 members: 10 appointed by the Governor, two by the State Board of Education, one by the Speaker of the House of Representatives, one by the President of the Senate, and three ex officio members: the Chief, Office of Health Education, Department of Human Resources; the Chief, State Health Planning and Development Agency, Department of Human Resources; and the Superintendent of Public Instruction, or their designees. The Governor's appointees shall be named in the following manner: one physician from a list of three names submitted by the North Carolina Medical Society; one physician from a list of three names submitted by the North Carolina Pediatric Society; one physician from a list of three names submitted by the North Carolina Chiropractic Association; one registered nurse from a list of three names submitted by the North Carolina Nurses' Association; one dentist from a list of three names submitted by the North Carolina Dental Society; one member from a list of three names submitted by the North Carolina Medical Auxiliary; one member from a list of three names submitted by the North Carolina Congress of Parents and Teachers, Inc.; one member from a list of three names submitted by the North Carolina Association for Health, Physical Education, and Recreation; one member from a list of three names submitted by the North Carolina Public Health Association; one member from a list of three names submitted by the North Carolina College Conference on Professional Preparation in Health and Physical Education. The State Board nominees shall represent local school administrative units and shall have been recommended by the Superintendent of Public Instruction. The Speaker's nominee shall be a member of the North Carolina House of Representatives and the President of the Senate's nominee shall be a member of the Senate.
- d. The appointed members of the advisory committee shall serve for a term of three years. Appointed members may be reappointed up to a maximum of nine years of service. Vacancies shall be filled in the same manner as original appointments for the balance of the unexpired term."

(b) Of the funds appropriated in Section 2 of this act to the Department of Public Education the sum of three hundred seventy-one thousand nine hundred seventy dollars (\$371,970) for the 1987-88 fiscal year and the sum of three hundred seventy one thousand nine hundred seventy dollars (\$371,970) for the 1988-89 fiscal year shall be

used for salaries, benefits, and related expenses for 10 additional school health coordinators. These funds shall be allocated as provided in G.S. 115C-81(e)(4).

Requested by: Rep. Nesbitt

—DISTANCE LEARNING PROGRAM FUNDS

Sec. 188. Funds in the amount of one million nine hundred ninety-eight thousand one hundred fifty dollars (\$1,998,150) for the 1987-88 fiscal year and one million thirty thousand dollars (\$1,030,000) for the 1988-89 fiscal year are appropriated in Section 2 of this act to the Department of Public Education for the Distance Learning Program. Of these funds, the sum of ninety-five thousand one hundred fifty dollars (\$95,150) shall be used to provide a telecommunication specialist, a secretary, and staff support in the Department of Public Instruction.

These funds shall be used to establish one satellite earth station at the 54 smallest and most rural schools in the State and to establish no more than one satellite earth station in each county not receiving a station for one or more small, rural schools.

The Department of Public Instruction shall report to the Joint Legislative Commission on Governmental Operations prior to purchasing any satellite earth stations or other equipment on where they intend to place the stations and the anticipated cost per station.

Equipment purchased, modified, or upgraded with funds allocated pursuant to this section may be used only for educational purposes, with the consent of the Superintendent of Public Instruction.

Requested by: Rep. Nesbitt

—TEXTBOOKS FOR HANDICAPPED CHILDREN

Sec. 189. The State Board of Education shall, pursuant to the authority granted to it in Part 3 of Article 8 of Chapter 115C of the General Statutes, adopt the basic textbooks or series of books needed for instructional purposes for handicapped children at each instructional level on all subject matter required by law to be taught in elementary and secondary schools. The State Board of Education shall make these books available to the local boards of education for all school years beginning with the 1988-89 school year.

The State Board of Education shall report to the Joint Legislative Commission on Governmental Operations on a monthly basis on its progress in making the books available to the local boards of education.

For the 1987-88 school year only, local boards of education may, if the State Board has not adopted textbooks appropriate for handicapped children in certain instructional levels and on certain subject matters, use State funds for textbooks to purchase textbooks that have not been adopted by the State Board and may use these textbooks in lieu of textbooks adopted by the State Board.

Sec. 190. G.S. 115C-90 reads as rewritten:

"§ 115C-90. Adoption of textbooks and contracts with publishers.—The publishers' sealed bids shall be opened in the presence of a person designated by the Controller of

the State Board of Education, a person designated by the State Board of Education and the Director of the Division of Textbooks, Support Services Area, Office of the Controller of the State Board of Education. The Board may then adopt the books required by the courses of study and enter into contracts with the publisher of adopted books. It may refuse to adopt any of the books offered at the prices bid and call for new bids. When bids are accepted and a contract entered into, the contract may require, in the Board's discretion, that the total sales of each book in the State of North Carolina be reported annually to the Board.

All textbook contracts shall include a clause granting to the State Board of Education the license to produce Braille, large print, and audio-cassette tape copies of the textbooks for use in the State public schools. Also, the General Assembly urges the State Board of Education to request such a license from textbook publishers with whom a contract was entered into prior to August 1, 1987."

Sec. 191. (a) Of the funds appropriated to the Department of Public Education in Section 2 of this act, the sum of four hundred thousand dollars (\$400,000) for the 1987-88 fiscal year and the sum of four hundred thousand dollars (\$400,000) for the 1988-89 fiscal year shall be placed in a reserve to (i) provide for the production of Braille, large print, and audio-cassette tape copies of textbooks for exceptional children and (ii) purchase modified textbooks such as Braille, large print, and audio-cassette textbooks for handicapped children whose Individualized Education Programs state that such modified textbooks are necessary to meet their unique learning needs. Funds for these purposes shall become part of the continuation budget of the Department of Public Education.

Sec. 192. Local school administrative units shall report to the State Board of Education those modified textbooks funded by the State that are not being used by handicapped children. The State Board of Education may recall the modified textbooks when they are no longer used by the handicapped children in any given local school administrative unit, and may make them available for redistribution to other local school administrative units whose handicapped children still require them.

Sec. 193. The Controller of the State Board of Education shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division prior to November 1, 1987, on how many children in the North Carolina public schools do not have appropriate textbooks and why they do not have appropriate textbooks.

Requested by: Rep. Nesbitt, Sen. Ward

—ACCOUNTING FOR ADM POSITIONS SERVING EXCEPTIONAL CHILDREN

Sec. 194. It is the intent of the General Assembly that funds appropriated in the budget line item, "State aid – exceptional children," and the allocations of regular positions to local school administrative units for children with special needs shall be used to benefit directly the children with special needs.

For the 1987-88 school year, the State Board of Education shall notify the superintendent of each local school administrative unit of the number of regular positions allotted to the unit based on the number of children with special needs in self-

contained classes computed in the average daily membership of the unit. The superintendent shall account for the proper utilization of these positions and shall report to the State Board of Education, which will then report its findings on the utilization of these positions to the Legislative Commission on Children with Special Needs and the Fiscal Research Division by November 1, 1987.

Requested by: Rep. Nesbitt, Sen. Ward

—PURCHASE OF BUSES IN LIEU OF CONTRACT TRANSPORTATION

Sec. 195. Funds appropriated to the Department of Public Education for the 1987-89 biennium for contract transportation to serve exceptional children who are unable because of their handicap to ride the regular school buses may be used by local boards of education for the purchase of buses and minibuses as well as for the purposes authorized in this act. These funds shall be expended in accordance with rules adopted by the State Board of Education.

Requested by: Reps. Lineberry, Nesbitt, Sen. Ward

—COST ALLOCATION/EXCEPTIONAL CHILDREN'S OUT-OF-DISTRICT PLACEMENT

Sec. 196. Chapter 465 of the 1985 Session Laws as amended by Section 76 of Chapter 1014 of the 1985 Session Laws (Regular Session, 1986), Section 3 of Chapter 524 of the 1987 Session Laws and Section 1 of Chapter 703, Session Laws of 1987 is repealed.

Requested by: Sen. Ward, Rep. Nesbitt

—ALLOCATING AND ACCOUNTING FOR FUNDS FOR EXCEPTIONAL CHILDREN

Sec. 197. The State Board of Education shall develop a plan for allocating and accounting for funds spent for related services for exceptional children. This plan shall include the following:

- (1) The number of children served in each school unit and the level of service for each child.
- (2) A system of accounting for the expenditure of related services funds that links the services provided to the exceptionality of the child and the cost of providing services.

The State Board of Education shall report periodically to the Joint Legislative Commission on Governmental Operations. The State Board of Education shall report to the General Assembly prior to May 1, 1988, on the plan for related services. This plan shall be reviewed and approved by the General Assembly prior to implementation.

Requested by: Rep. Nesbitt

—SCHOLARSHIP LOANS FOR PROSPECTIVE TEACHERS

Sec. 198. (a) Section 63(b) of Chapter 1014 of the 1985 Session Laws, as amended by Chapter 524 and Chapter 703 of the 1987 Session Laws, is repealed.

- (b) G.S. 115C-468 reads as rewritten:

"§ 115C-468. **Establishment of fund.**—(a) There is hereby established a revolving fund which shall be known as the 'Scholarship Loan Fund for Prospective Teachers'.

(b) Criteria for awarding scholarship loans from the fund shall include measures of academic performance including grade point averages, scores on standardized tests, class rank, and recommendations of guidance counselors and principals. To the extent practical, an equal number of scholarships shall be awarded in each of the State's Congressional Districts."

(c) G.S. 115C-471(1) reads as rewritten:

"(1) Any resident of North Carolina who is interested in preparing to teach in the public schools of the State shall be eligible to apply in writing to the State Superintendent of Public Instruction for a regular scholarship loan in the amount of not more than ~~three hundred fifty dollars (\$350.00)~~ per academic school year and any such person or any person who is teaching in the public schools of the State and is interested in taking further undergraduate courses shall be eligible to apply for a summer school scholarship loan in the amount of not more than ~~seventy five dollars (\$75.00)~~. Recipients of scholarship loans may attend any North Carolina college or university, public or private, which offers teacher training or work leading to teacher training and which is approved by the State Board of Education; except that scholarship loans may not be used in obtaining credit through ~~correspondence or extension courses.~~ two thousand dollars (\$2,000) per academic school year."

(d) G.S. 115C-471(4) reads as rewritten:

"Except under emergency conditions applicable to the State Superintendent of Public Instruction, recipients of scholarship loans shall enter the public school system of North Carolina ~~or shall become regularly employed as teachers in schools operated by the United States government on military reservations in the State of North Carolina~~ at the beginning of the next school term after qualifying for a teacher certificate based upon the bachelors degree or in case of persons already teaching in the public schools ~~or in schools operated by the United States government on military reservations in North Carolina~~ at the beginning of the next school term after the use of such loan. All teaching service for which the recipient of any scholarship loan is obligated shall be rendered within seven years after the completion of the use of each such scholarship loan."

(e) G.S. 115C-471(5) reads as rewritten:

"(5) For each full school year taught in a North Carolina public school ~~or in a school operated by the United States government on a military reservation in the State of North Carolina,~~ school, the recipient of a scholarship loan shall receive credit upon the amount due by reason of such loan equal to all interest accrued upon the loan to that time plus a credit of ~~three hundred fifty dollars (\$350.00)~~ two thousand dollars (\$2,000) upon the principal amount of such obligation or such lesser amount as may remain due upon said principal; provided,

however, that in lieu of teaching in the public school or in any school operated by the United States government on a military reservation in North Carolina, school, a recipient may elect to pay in cash the full amount of scholarship loans received plus interest then due thereon or any part thereof which has not been canceled by the State Board of Education by reason of teaching service rendered."

(f) Of the funds appropriated to the Department of Public Education in Section 2 of this act, the sum of one million six hundred thousand dollars (\$1,600,000) for the 1987-88 fiscal year and the sum of one million six hundred thousand dollars (\$1,600,000) for the 1988-89 fiscal year shall be used for 200 new scholarships each year and to continue in effect previously awarded scholarship loans.

Requested by: Rep. Nesbitt, Sen. Ward

—SALARY SUPPLEMENTS NOT ELIGIBLE FOR LEGISLATIVE SALARY INCREASES

Sec. 199. Salary supplements based on advanced educational degrees and vocational teacher salary supplements for work beyond the normal school program shall be considered a flat amount salary add-on and are not eligible for any percentage legislative salary increase granted for teachers and State employees.

Requested by: Reps. Diamont, Nesbitt

—ATHLETIC TRAINER FUNDS ALLOCATED

Sec. 200. State funds appropriated in Section 2 of this act to the Department of Public Education for teacher athletic trainers shall be allocated to local school administrative units at a rate not to exceed five hundred dollars (\$500.00) per teacher athletic trainer.

Requested by: Rep. Nesbitt, Sen. Ward

—SCIENCE/MATH EXTENDED EMPLOYMENT

Sec. 201. Funds appropriated to the Department of Public Education in Section 2 of this act in fund code 1812-6620 for extended employment of science and mathematics teachers shall be allocated on the basis of months of employment.

Requested by: Rep. Nesbitt, Sen. Ward

—MATH/SCIENCE SUMMER INSTITUTES

Sec. 202. Funds appropriated to the Department of Public Education in Section 2 of this act in fund code 1460-4949 for mathematics and science summer institutes may be used to train teachers in grades 4 through 9.

Requested by: Rep. Nesbitt, Sen. Ward

—STAFF DEVELOPMENT

Sec. 203. (a) Funds appropriated in Section 2 of this act to the Department of Public Education for the 1987-88 fiscal year to provide funds to local school

administrative units for staff development at the local level shall remain available for expenditure until September 1, 1988.

(b) Funds appropriated in Section 2 of this act to the Department of Public Education for the 1988-89 fiscal year and subsequent fiscal years to provide funds to local school administrative units for staff development at the local level shall become available for expenditure on September 1 of that fiscal year and shall remain available for expenditure until August 31 of the next fiscal year.

Requested by: Reps. Nesbitt, Watkins

—CHARLOTTE-MECKLENBURG CAREER DEVELOPMENT PROGRAM

Sec. 204. (a) Section 6 of Chapter 394, Session Laws of 1983, as rewritten by Chapter 334, Session Laws of 1985 and as amended by Chapter 524 and Chapter 703 of the 1987 Session Laws, is amended by deleting "August 22, 1987, or upon ratification of the Current Operations Appropriations Act of 1987", each time it appears and substituting "July 1, 1988".

(b) G.S. 115C-363.8 reads as rewritten:

"§ 115C-363.8. Implementation of pilot programs.—Between July 1, 1985, and July 1, 1986, the 16 local school administrative units shall prepare to implement their local career development plans. All of these local units shall use the State appraisal instrument and the evaluation process adopted by the State Board. In addition to using the State appraisal instrument and the evaluation process adopted by the State Board, they may also develop and implement an alternative evaluation program approved in advance by the State ~~Board.~~ The Board.

The Charlotte-Mecklenburg School Administrative Unit may continue to implement the career development plan that it has already begun and shall receive a pro rata share of funds appropriated for implementation of pilot ~~programs.~~ programs: Provided, however, the State Board shall monitor the Charlotte-Mecklenburg plan and the Charlotte-Mecklenburg School Administrative Unit shall report to the State Board on the implementation of its plan. The State Board may use funds allocated for the Charlotte-Mecklenburg career development plan to cover its expenses in monitoring the plan.

Implementation of the local plans shall begin July 1, 1986."

Requested by: Rep. Watkins, Sen. Ward

—LEAD TEACHER PILOT PROGRAM

Sec. 205. (a) Chapter 115C of the General Statutes of North Carolina is amended by adding a new Article to read:

"Article 24D.

"Lead Teacher Pilot Program.

"§ 115C-363.28. Lead teacher pilot program.—(a) A lead teacher pilot program is hereby established, consisting of six schools in the three counties of Haywood, Stanly, and Granville. It is intended that the six schools together shall represent elementary, junior, and senior high school levels.

(b) Each of the three county units shall develop a plan, setting forth the goals to be attained, the strategies for attaining these goals, and the manner in which the pilot program is to be evaluated. This plan, covering the period from July 1, 1987, through June 30, 1989, must be submitted to the State Board of Education and the Joint Legislative Commission on Governmental Operations of the General Assembly prior to implementation on July 1, 1987, and should set forth as clearly as possible those aspects of the plan that will be enhanced and improved because of the flexible funding provided in the program. If the Joint Legislative Commission on Governmental Operations is not scheduled to meet, the plan shall be submitted to the Education Subcommittee of the Commission. Amendments to the original plan may be submitted as the project counties deem desirable and may be implemented in the absence of objections by the State Board of Education.

(c) The faculties and administrators in the pilot schools should be involved in the selection process of the lead teachers. They should also be involved in developing job descriptions and job functions for the lead teachers. Job descriptions and job functions should focus heavily on the unique duties of lead teachers. Lead teacher positions are limited to a two-year time frame and are to be rotated as projects are funded beyond the initial two-year period.

(d) In the three project units, broad decision making latitude shall be granted to the local boards of education. It is expected that lead teachers and faculties will be allowed broad discretion to experiment with the instructional activities that appear to meet instructional needs in that particular setting. It is the specific intent of the General Assembly that this flexibility shall not be inhibited by statute or regulation (i) so long as the plans and activities are carried out within total funds available for that purpose, or (ii) so long as the State Board of Education does not find as a fact that the discretionary authority contained in this act is being abused, and so long as any changes in the plan and any potential inconsistencies with statute or regulation are reported to the Joint Legislative Commission on Governmental Operations or its Education Subcommittee."

(b) Of the funds appropriated in Section 2 of this act to the Department of Public Education, the sum of four hundred fifty thousand dollars (\$450,000) for the 1987-88 fiscal year and the sum of four hundred fifty thousand dollars (\$450,000) for the 1988-89 fiscal year shall be used to implement the lead teacher pilot program and to provide funds for a salary differential for lead teachers, funds for half-time replacements for lead teachers, and funds for training and program development and related costs.

Requested by: Rep. Nesbitt

—OUTSIDE EVALUATOR PROGRAM, CAREER DEVELOPMENT, AND LEAD TEACHER PROGRAMS EVALUATED

Sec. 206. (a) The Joint Legislative Commission on Governmental Operations shall evaluate the certified school personnel evaluation pilot program developed by the State Board of Education pursuant to G.S. 115C-362 in light of the following major research questions:

- (1) Does this type of personnel evaluation program produce improved performance of certified school personnel?

- (2) Are outside evaluators more objective in their ratings of certified school personnel than locally employed evaluators?

In answering these research questions, the Joint Legislative Commission on Governmental Operations shall collect the following data:

- (1) Teachers' and principals' ratings over time on the Performance Appraisal instruments; and
- (2) Inter-rater reliability among outside evaluators and among locally employed evaluators.

(b) The Joint Legislative Commission on Governmental Operations shall conduct an evaluation of the School Career Development Pilot Program in the 15 pilot units and the Charlotte-Mecklenburg school system. The evaluation shall be designed to study the impact of the School Career Development Program on improved teacher performance, employee retention and recruitment, employee satisfaction, overall school improvement, enhanced learning environment, students' attitudes towards school, and community support of the program. The results of the study shall be used to help make decisions with regard to statewide implementation of the Career Development Program.

(c) The Joint Legislative Commission on Governmental Operations shall conduct an evaluation of the Lead Teacher Program. The evaluation shall be designed to study the impact of the Lead Teacher Program on school structure and school management. The results of the study shall be used to help make decisions with regard to Statewide implementation of the Lead Teacher Program.

(d) The Joint Legislative Commission on Governmental Operations may hire a consultant to assist it with these studies in accordance with G.S. 120-79.

Requested by: Reps. Watkins, Bob Etheridge, Nesbitt
Sens. Plyler, Rand, Royall, Ward

---TEACHER EFFECTIVENESS TRAINING

Sec. 207. Funds in the amount of nine million sixty-eight thousand dollars (\$9,068,000) are appropriated in Section 2 of this act to the Department of Public Education to provide a stipend of two hundred fifty dollars (\$250.00) to each certified public school employee who:

- (1) (i) while employed by a North Carolina public school, successfully completed the effective teacher training program, (ii) has not yet received a stipend, and (iii) will be teaching in or on leave from the North Carolina public schools during the 1987-88 school year; or
- (2) (i) was employed in the North Carolina public schools full time as a State-paid teacher during the 1986-87 school year and (ii) successfully completes the effective teacher training program prior to June 1, 1988.

Notwithstanding any other provision of law, this stipend shall be considered a general expense item and not subject to social security or state retirement.

Sec. 208. (a) G.S. 115C-363.7 reads as rewritten:

"§ 115C-363.7. Effective teacher training.—Each employee who elects to participate in the Plan shall participate in an effective teacher training program designed by the State Board. ~~If an employee successfully completes the program, the employee shall receive a~~

~~one time stipend of five hundred dollars (\$500.00). An employee who does not successfully complete the program may not receive any part of the stipend."~~

(b) This section is effective upon ratification.

Requested by: Rep. Nesbitt

—USE OF FUNDS FOR TEACHERS

Sec. 209. (a) Funds are appropriated to the Department of Public Education in Section 2 of this act for additional teacher positions to be used to expand curricular offerings in accordance with the Basic Education Program. Local boards of education shall use positions allocated to them with these funds to expand curricular offerings to those contained in the Basic Education Program at any grade level and in any of the identified curricular offerings based on the identification of local needs, priorities, and local schedules for implementing the Basic Education Program.

(b) When a school has too few students to provide a teacher to offer a class in a curricular offering in accordance with the Basic Education Program, the local board of education may, with the approval of the State Board of Education, use the funds allocated to it for expanded curricular offerings to otherwise provide the curricular offering at that school, as called for in the Basic Education Program. The State Board of Education shall monitor and report concerning the alternative use of these funds by February 1 to the President of the Senate, the Speaker of the House of Representatives and the Fiscal Research Division.

This subsection applies only to the 1987-88 fiscal year.

PART XXIV.—DEPARTMENT OF COMMUNITY COLLEGES

Requested by: Rep. Nesbitt, Sen. Ward

—FORMULA FOR DISTRIBUTION OF FUNDS

Sec. 210. The institutions of the Community College system may spend funds allocated for salaries and fringe benefits only for salaries and fringe benefits and may spend funds allocated for other nonsalary cost items only for other nonsalary cost items.

The State Board of Community Colleges may approve, under emergency circumstances on a case-by-case basis, a transfer of funds between salary and fringe benefits and other nonsalary cost items. The State Board of Community Colleges shall report to the Joint Legislative Commission on Governmental Operations, the Chairmen of the Appropriations Base and Expansion Budget Committees of the Senate and the House of Representatives, and the Fiscal Research Division, on the justification for the transfer, prior to approving a transfer.

Requested by: Rep. Nesbitt, Sen. Ward

—FULL-TIME EQUIVALENT TEACHING POSITIONS/COMMUNITY COLLEGES

Sec. 211. For the purpose of determining the Community College system-wide number of full-time equivalent (FTE) teaching positions each year, the total

curriculum full-time equivalent student enrollment shall be divided by 21.35 and total extension full-time equivalent student enrollment shall be divided by 22.

Requested by: Rep. Nesbitt, Sen. Ward

—OPERATING APPROPRIATIONS/NOT USED FOR RECREATION
EXTENSION

Sec. 212. Funds appropriated in Section 2 of this act to the Department of Community Colleges as operating expenses for allocation to the institutions comprising the Community College System may not be used to support recreation extension courses. The financing of these courses by any institution shall be on a self-supporting basis, and membership hours produced from these activities may not be counted when computing full-time equivalent students for use in budget-funding formulas at the State level.

Requested by: Rep. Nesbitt, Sen. Ward

—BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR

Sec. 213. Appropriations to the Department of Community Colleges for equipment and library books are made for each year of the fiscal biennium. All unencumbered appropriations shall revert to the General Fund 12 months after the close of each fiscal year for which they were appropriated. Encumbered balances outstanding at the end of each period shall be handled in accordance with existing State budget policies.

Requested by: Rep. Nesbitt, Sen. Ward

—RESERVE FUND FOR STATE BOARD OF COMMUNITY COLLEGES

Sec. 214. Of the funds appropriated in Section 2 of this act to the Department of Community Colleges, the sum of one million five hundred thousand dollars (\$1,500,000) may be used by the State Board of Community Colleges for increased enrollments, feasibility studies, new ideas, innovative programs, and allocations to Pamlico Technical College due to its size. The Department of Community Colleges shall report on allocations of these funds to Pamlico Technical College, within 30 days after the convening of the 1988 General Assembly, to the Chairmen of the Senate Committee on Appropriations, the Senate Committee on Base Budget, the House Committee on Appropriations Base Budget, and the House Committee on Appropriations Expansion Budget, and to the Fiscal Research Division.

Requested by: Rep. Nesbitt, Sen. Ward

—COMMUNITY COLLEGES FORMULA UPDATE

Sec. 215. Funds appropriated to the Department of Community Colleges in Section 2 of this act for purposes of formula allocations to the institutions shall be allocated in accordance with the formula approved as a proposed administrative rule by the State Board of Community Colleges at its April 9, 1987, board meeting.

It is the intent of the General Assembly that the State Board of Community Colleges ensure that proper educational programs in the avocational and practical skills classes remain available to senior citizens, without charge.

Requested by: Rep. Nesbitt, Sen. Ward

—COMMUNITY COLLEGE TRUSTEES TRAINING COURSE

Sec. 216. The General Assembly urges the North Carolina Association of Community College Trustees to continue providing and to expand its training course for community college trustees and to offer the course on a regional basis. The General Assembly also urges all community college trustees, especially those serving their first term, to complete the course.

The General Assembly requests the North Carolina Association of Community College Trustees to submit an annual report to the State Board of Community Colleges and to the 1987 Session of the General Assembly, 1988 Regular Session, on the training programs provided and the number of trustees participating.

Requested by: Rep. Nesbitt, Sen. Ward

—LITERACY EDUCATION

Sec. 217. Literacy education funds, as defined by the State Board of Community Colleges, shall not be expended for any other purpose.

The Department of Community Colleges shall establish measurements of progress for the literacy program and provide technical assistance to institutions for implementation of these measurements. Each institution shall develop and submit a plan to the Department of Community Colleges for approval to show how it will increase and retain a significant percentage of its targeted population in the literacy program. Each plan shall address recruitment, assessment, retention, and evaluation of student progress. An assessment and retention specialist may be funded from direct instructional funds to assure implementation of this plan.

The State Board of Community Colleges is authorized to reallocate literacy education funds among institutions when an institution determines that it will not be able to utilize its full allocation.

Literacy education programs shall be provided in proper, on-campus and off-campus educational settings, as defined by the State Board of Community Colleges, in order to ensure accessibility to those in need of these programs.

The State Board of Community Colleges shall report by May 1, 1988, to the 1987 Session of the General Assembly, 1988 Regular Session, on the progress made by each institution of the Community College system toward achieving significant enrollment increases and retention of students throughout the literacy education programs. The General Assembly encourages the Community College system at least to double the number of illiterate adults being served in literacy education programs.

Requested by: Rep. Nesbitt, Sen. Ward

—CLASS REPORTING DATE FOR EXTENSION FTE

Sec. 218. Enrollments in literacy education, occupational, avocational, practical skills, and academic extension courses within the Community College system shall be calculated for budget full-time equivalent student purposes when one half of the course has been completed. Only those students in attendance for at least one-half of the classes prior to the date of calculation shall be included in the calculation.

Requested by: Rep. Nesbitt, Sen. Ward

—GED FEES

Sec. 219. The State Board of Community Colleges is authorized to increase fees charged for the General Education Development test (GED) by two dollars and fifty cents (\$2.50) to offset the cost for scoring the written essay part of the GED test required in 1988. These fees shall be used by the Department of Community Colleges to contract for this scoring.

Requested by: Rep. Nesbitt, Sen. Ward

—LIMITATION OF FORMULA TRANSFERS

Sec. 220. It is the intent of the General Assembly that any transfers among line items in the budget allocation formula be minimized.

The State Board of Community Colleges may approve transfers from direct instructional funds to administrative and instructional support funds for an institution only if, on a statewide basis, no more than five percent (5%) of the direct instructional funds are transferred to administrative and instructional support funds; provided, however, no transfers may be approved from literacy education funds. Any transfers approved by the Board shall be reported to the Joint Legislative Commission on Governmental Operations, the Chairmen of the House and Senate Appropriations Base and Expansion Committees, and the Fiscal Research Division within 30 days.

Requested by: Rep. Nesbitt, Sen. Ward

—CLASS SIZE STANDARDS

Sec. 221. Prior to February 1, 1988, the State Board of Community Colleges shall adopt standards setting minimum class sizes for curriculum and extension classes and limiting excessive repetition of classes by individuals. If the State Board is unable to adopt the standards prior to February 1, 1988, it shall report to the Chairmen of the Appropriations-Base Budget, Appropriations Expansion Budget, Appropriations Base Budget on Education, and Appropriations Expansion Budget on Education Committees of the House of Representatives, the Chairmen of the Base Budget, Appropriations, and Appropriations on Education Committees of the Senate, and the Fiscal Research Division, on when it will be able to set standards.

In addition, the State Board of Community Colleges shall determine the proper educational role for rest and nursing homes by institutions of the Community College system.

The State Board may not take any actions pursuant to this section that will require the appropriation of additional funds by the General Assembly.

The State Board shall report to the Chairmen of the Appropriations-Base Budget, Appropriations Expansion Budget, Appropriations Base Budget on Education, and Appropriations Expansion Budget on Education Committees of the House of Representatives, the Chairmen of the Base Budget, Appropriations, and Appropriations on Education Committees of the Senate, and the Fiscal Research Division by May 1, 1988, on actions taken pursuant to this section.

Requested by: Sen. Ward

—EQUIPMENT FUNDS

Sec. 222. Of the funds appropriated in Section 2 of this act to the Department of Community Colleges for the 1987-88 fiscal year for equipment, the sum of two million five hundred thousand dollars (\$2,500,000) shall be allocated to Central Piedmont Community College for equipment for its new industry program. Central Piedmont Community College may use the two million five hundred thousand dollars (\$2,500,000) allocated to it under this section only for optical disk manufacturing training equipment.

Requested by: Rep. Watkins

—EMPLOYEE ASSOC. FEES PAYROLL DEDUCTIBLE

Sec. 223. G.S. 143-3.3(a) reads as rewritten:

"(a) All transfers and assignments made of any claim upon the State of North Carolina or any of its departments, bureaus or commissions or upon any State institution or of any part or share thereof or interest therein, whether absolute or conditional and whatever may be the consideration therefor and all powers of attorney, orders or other authorities for receiving payment of any such claim or any part or share thereof shall be absolutely null and void unless such claim has been duly audited and allowed and the amount due thereon fixed and a warrant for the payment thereof has been issued; and no warrant shall be issued to any assignee of any claim or any part or share thereof or interest therein: Provided that this section shall not apply to assignments made in favor of hospitals, building and loan associations, prepaid legal services, uniform rental firms to allow employees of the Department of Transportation to rent day-glo orange shirts or vests as required by federal and State law, and medical, hospital, disability and life insurance companies: Provided further, that any employee of the State or of any of its institutions, departments, bureaus, agencies or commissions, who is a member of any credit union organized pursuant to Chapter 54 of the North Carolina General Statutes having a membership at least one half of whom are employed by the State or its institutions, departments, bureaus, agencies or commissions, may authorize, in writing, the periodic deduction from his salary of wages as such employee of a designated lump sum, which shall be paid to such credit unions when said salaries or wages are payable, for deposit to such accounts, purchase of such shares or payment of such obligations as the employee and the credit union may agree: Provided further, that any employee of the State or of any of its institutions, departments, bureaus, agencies or commissions, or any of its community colleges, who is a member of a domiciled State employees' association with a membership of not less than 5,000 members, the majority of whom

are State employees, may authorize in writing the periodic deduction from his salary or wages a designated sum to be paid to the employees' association. This plan of payroll deductions for State employees and other association members shall become null and void at such time as the employee association engages in collective bargaining. ~~Nothing~~ Except as otherwise provided, nothing in this last proviso shall apply to local boards of education, county or municipal governments or any local governmental units. Provided further, that subject to the rules and regulations adopted by the State Controller, any employee of the State or of any of its institutions, departments, bureaus, agencies or commissions may authorize in writing the withholding from his salary or wages an amount to satisfy his pledge to the State Employees Combined Campaign. Provided further, that subject to any rules and regulations adopted by the State Controller, any employee of a local board of education or community college may authorize in writing the withholding from his salary or wages a periodic deduction of a designated sum to be paid to any organization which qualifies for recognition of exemption by the Internal Revenue Service as a charitable organization as defined in Section 501(c)(3) of the Internal Revenue Code which has first been approved by his local board of education or community college board."

PART XXV.—UNIVERSITY OF NORTH CAROLINA

Requested by: Sen. Ward, Rep. Ed Warren

—MAINTENANCE CONTRACTS FOR EQUIPMENT/STUDY

Sec. 224. The Department of Administration, Office of Administrative Analysis, shall conduct a statewide study of maintenance contracts for equipment owned or leased by the State. The study shall examine whether the State could save money or operate more efficiently in the award of maintenance contracts. The study shall include:

- (1) A comparison of contract with in-house maintenance;
- (2) Potential savings from consolidation of contract awards across agencies and regions;
- (3) Cost-effectiveness of contract maintenance on equipment that is rapidly outmoded;
- (4) Potential for equipment transfer among departments as it becomes outmoded for one purpose but is useful to another agency for another purpose or for spare parts; and
- (5) The concept of self-insurance on equipment repair and parts.

All State departments, agencies, boards and commissions that use equipment owned or leased by the State shall provide the Department of Administration, Office of Administrative Analysis, all information and other assistance it requests for the study.

The Department of Administration, Office of Administrative Analysis, shall make an interim report by January 1, 1988, and a final report by May 1, 1988, to the Legislative Research Commission and to the Joint Legislative Commission on Governmental Operations.

Requested by: Reps. Barnes, Hackney, Nesbitt

—UNC-CH CLERICAL POSITIONS WITHIN GRADE ADJUSTMENTS

Sec. 225. (a) Notwithstanding any other provision of law or of this act, the University of North Carolina at Chapel Hill is authorized to use any funds appropriated to it to grant within grade adjustments to clerical and clerical-related positions as a result of the December 1986 decision of the State Personnel Commission to authorize new hires to begin at Step 2.

(b) The State Personnel Commission may not authorize within grade adjustments for any position on account of allowing new hires to start at above Step 1, unless funds are available to pay the higher pay rate.

(c) This section is effective upon ratification.

Requested by: Sen. Plyler

—NCSU FORESTRY BIOTECH FUNDS

Sec. 226. Of the funds appropriated in Section 2 of this act from the General Fund to the Board of Governors of The University of North Carolina for expansion of agricultural programs, the sum of one hundred sixty thousand dollars (\$160,000) for the 1987-88 fiscal year and the sum of one hundred sixty thousand dollars (\$160,000) for the 1988-89 fiscal year shall be used for forestry biotechnology research at North Carolina State University.

Requested by: Sen. Basnight, Rep. Nesbitt

—AQUACULTURE PROGRAM FUNDS

Sec. 227. Of the funds appropriated in Section 2 of this act from the General Fund to the Board of Governors of The University of North Carolina for the expansion of agricultural programs, the sum of four hundred thousand dollars (\$400,000) for the 1987-88 fiscal year and the sum of four hundred thousand dollars (\$400,000) for the 1988-89 fiscal year shall be used for research and development of aquaculture programs throughout the State.

Requested by: Rep. Hackney

—NCSU SEWAGE STUDY FUNDS

Sec. 228. Of the funds appropriated to the Board of Governors of The University of North Carolina in Section 2 of this act, the sum of fifty thousand dollars (\$50,000) for the 1987-88 fiscal year shall be used by North Carolina State University for the study of alternative disposal systems for residential sewage in those parts of North Carolina where soil absorption qualities are poor.

Requested by: Rep. Nye

—PARENT-TO-PARENT FUNDS

Sec. 229. Of the funds appropriated to the Board of Governors of The University of North Carolina in Section 2 of this act, the sum of seventy-five thousand dollars (\$75,000) for the 1987-88 fiscal year and the sum of seventy-five thousand dollars (\$75,000) for the 1988-89 fiscal year shall be used by The University of North

Carolina at Chapel Hill School of Medicine, Division of Community Pediatrics, for parent-to-parent programs that provide experienced parents of premature infants, children with chronic illness, or children with developmental disabilities, as resources of information, coping skills, and emotional support for other parents who are newly identified or are experiencing transition crises.

Requested by: Rep. Bob Etheridge

—ECONOMIC DEVELOPMENT/NCSU AND NCCU

Sec. 230. (a) Of the funds appropriated in Section 2 of this act from the General Fund to the Board of Governors of The University of North Carolina for the expansion of agricultural programs, the sum of one hundred twenty-five thousand dollars (\$125,000) for the 1987-88 fiscal year and the sum of one hundred twenty-five thousand dollars (\$125,000) for the 1988-89 fiscal year shall be used for the economic development research projects at North Carolina State University and North Carolina Central University.

(b) The balance of funds appropriated to The University of North Carolina for the expansion of agricultural programs not allocated otherwise by this act shall be available for other agricultural programs as identified in the priorities requested for Agricultural Programs by the Board of Governors.

Requested by: Rep. Ed Warren

—ECU MED SCHOOL/MEDICARE-MEDICAID REIMBURSEMENT

Sec. 231. (a) Section 116 of Chapter 761 of the 1983 Session Laws reads as rewritten:

"Sec. 116. The Medicare-Medicaid receipts being held in trust by Pitt County Memorial Hospital for the East Carolina University School of Medicine pending resolution of litigation between Pitt County Memorial Hospital and the Federal Medicare-Medicaid Program for the fiscal years October 1, 1978 - September 30, 1982, and each succeeding year thereafter, shall be distributed as follows: that portion of the Medicare-Medicaid reimbursement which can be identified as having been generated through the effort and expense of the School's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School; and the remainder shall be ~~divided equally between the General Fund and~~ transferred to the operating budget account of the School of Medicine. The funds deposited in the School's account shall be expended for nonrecurring items of equipment and facilities which are required to maintain the School's teaching facilities within Pitt County Memorial Hospital and the Brody Medical Sciences Building.

(b) This section shall remain effective until June 30, 1988.

Requested by: Rep. Nesbitt, Sen. Ward

—RESIDENTIAL SUMMER SCHOOL PROGRAM FUNDS

Sec. 232. Funds are appropriated in Section 2 of this act to the Board of Governors of The University of North Carolina for a residential summer school program operated by the Office of Rural Education, Western Carolina University, and

the Rural Education Institute, East Carolina University. The program shall serve students who do not qualify for participation in programs designed to serve the gifted, but who demonstrate that with extra motivation and opportunity they could become student leaders and that they should be given opportunities to develop their communications, problem-solving, and thinking skills.

The Office of Rural Education, Western Carolina University, and the Rural Education Institute, East Carolina University, shall each operate a three-week residential summer session for 150 students entering the eighth and ninth grades and a three-week residential summer session for 150 students entering the tenth, eleventh, and twelfth grades. All expenses except for transportation to and from the program sites, personal laundry, and spending money shall be covered by the program. A student may attend only one session during his school career.

The program shall place emphasis on serving students who attend schools in rural and isolated areas because these students often do not have opportunities that are provided to students attending schools in urban areas; therefore, the ratio of rural to urban students participating in the program shall be three to one.

Criteria for selection shall be developed with the advice of teachers, principals, and guidance counselors. Educators representing both secondary and post-secondary education shall participate in program development. Emphasis shall be placed on reading, writing, and arithmetic. The program shall include communication skills involving reading, writing, speaking, listening, and viewing, with an emphasis on the application of these skills in thinking, reasoning, and problem-solving.

Requested by: Rep. Nesbitt, Sen. Ward

—UNC VENDING REPORTS

Sec. 233. (a) G.S. 143-12.1(h) reads as rewritten:

"(h) The provisions of subsections (c) through (f1) of this section shall not supersede or apply to operations under the provisions of Article 3 of Chapter 111 of the General Statutes, G.S. 127A-138(b), or G.S. 116-36.1 through ~~G.S. 116-36.3~~ G.S. 116-36.2, or to the operation of any vending facility by a community college, technical institute, technical college, or local school administrative unit, but they shall apply to the operations of North Carolina Memorial Hospital."

(b) G.S. 116-36.4 reads as rewritten:

"§ 116-36.4. Vending Facilities.—The Board of Governors shall, not later than October 1 of each year, make an itemized annual report in a format to be determined by the Office of State Budget and Management to the Joint Legislative Commission on Governmental Operations concerning the ~~receipts, expenditures, and~~ use of net proceeds from operations of vending facilities for the previous fiscal year under G.S. 116-36.1 through ~~G.S. 116-36.3~~. ~~A similar quarterly report shall be made within 60 days after the end of each quarter.~~ Net proceeds may be used only as authorized by the Board of Governors, but this section does not authorize expenditures for purposes not otherwise authorized by law. The report shall be broken down by campus and by authorized purpose."

(c) The annual report submitted by the Board by October 1, 1987, shall be prepared in accordance with the statutory requirements as they existed as of June 30, 1987; subsequent annual reports shall be prepared in accordance with statutory requirements made effective after June 30, 1987.

PART XXVI.—MISCELLANEOUS PROVISIONS

Requested by: Sen. Royall, Rep. Watkins

—EFFECT OF HEADINGS

Sec. 234. The headings to the Parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act.

Requested by: Sen. Royall, Rep. Watkins

—EXECUTIVE BUDGET ACT REFERENCE

Sec. 235. The provisions of the Executive Budget Act, Chapter 143, Article 1, of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Sen. Royall, Rep. Watkins

—EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN TEXT/ONLY-1987-89

Sec. 236. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1987-89 biennium, the textual provisions of this act shall apply only to funds appropriated for and activities occurring during the 1987-89 biennium.

Requested by: Sen. Royall, Rep. Watkins

—SEVERABILITY CLAUSE

Sec. 237. If any section or provision of this act is declared unconstitutional or invalid by the courts, or is unenforceable under Section 5 of the Voting Rights Act of 1965, it does not affect the validity of the act as a whole or any part other than the part so declared to be unconstitutional or invalid or which is so unenforceable.

Requested by: Sen. Royall, Rep. Watkins

—EFFECTIVE DATE

Sec. 238. Except as otherwise provided, this act shall become effective July 1, 1987.

In the General Assembly read three times and ratified this the 7th day of August, 1987.