

GENERAL ASSEMBLY OF NORTH CAROLINA  
1993 SESSION

CHAPTER 321  
SENATE BILL 27

AN ACT TO MAKE CONTINUATION AND EXPANSION BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

The General Assembly of North Carolina enacts:

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.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**TITLE OF ACT**

Sec. 2. This act shall be known as the Current Operations Appropriations Act of 1993.

**PART 1. GENERAL FUND APPROPRIATIONS**

**CURRENT OPERATIONS/GENERAL FUND**

Sec. 3. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 1995, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 1993-94 and 1994-95 fiscal years.

<u>Current Operations - General Fund</u>	<u>1993-94</u>	<u>1994-95</u>
General Assembly	\$21,235,599	\$24,732,877
Judicial Department	247,922,854	250,716,110
Office of the Governor		
01. Office of the Governor	5,591,133	5,860,409
02. Office of State Budget		

and Management	3,311,982	3,434,483
03. Office of State Planning	1,580,119	1,604,233
Office of the Lieutenant Governor	598,002	599,843
Department of Secretary of State	4,878,150	4,837,901
Department of State Auditor	8,401,577	7,845,701
Department of State Treasurer		
01. State Treasurer	5,867,689	6,344,754
02. Special Contributions	5,437,248	5,437,248
Public Education		
01. Department of Public Instruction	55,921,458	54,539,621
02. State Aid to Local School Administrative Units	3,501,446,758	3,523,885,399
03. State Board of Education	98,408	98,408
Total Public Education	3,557,466,624	3,578,523,428
Department of Justice	54,052,134	54,357,084
Department of Administration	51,301,446	52,530,060
Department of Agriculture	43,012,661	42,953,239
Department of Labor	13,775,815	13,830,286
Department of Insurance	13,640,140	12,998,139
Department of Transportation		
01. Aeronautics	8,516,571	9,016,571
02. Aid to Railroads	96,305	100,000
Total Department of Transportation	8,612,876	9,116,571
Department of Environment, Health, and Natural Resources	207,323,665	215,469,490
Office of Administrative Hearings	1,929,239	1,933,500
Rules Review Commission	258,516	258,593

Department of Human Resources			
01.	DHR - Secretary	13,563,208	13,636,858
02.	Division of Aging	12,257,170	12,319,395
03.	Schools for the Deaf and Hard of Hearing	21,895,398	22,145,677
04.	Social Services	183,475,062	192,970,884
05.	Medical Assistance	860,289,202	1,009,564,797
06.	Social Services - State Aid to Non-State Agencies	7,011,725	6,711,725
07.	Division of Services for the Blind	13,915,564	14,431,625
08.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	440,684,269	448,468,682
09.	Division of Facility Services	74,508,291	99,256,351
10.	Division of Vocational Rehabilitation Services	23,525,990	24,241,967
11.	Division of Youth Services	53,333,891	53,826,841
Total Department of Human Resources		1,704,459,770	1,897,574,802
Department of Correction		558,747,680	590,578,595
Department of Commerce			
01.	Commerce	39,083,978	31,913,823
02.	Biotechnology Reserve	7,014,396	7,014,396
03.	MCNC	15,680,000	15,680,000
04.	REDC	1,470,000	1,470,000
Department of Revenue		57,254,295	53,914,171
Department of Cultural Resources		42,355,631	42,699,770
Department of Crime Control and Public Safety		29,520,666	27,447,220
Office of the State Controller		6,405,431	6,411,017
University of North Carolina - Board of Governors			
01.	General Administration	17,200,841	17,166,323
02.	University Institutional Programs	45,110,245	34,641,173
03.	Related Educational Programs	47,116,796	47,732,771
04.	University of North Carolina at Chapel Hill		

	a.	Academic Affairs	137,621,265	139,521,105
	b.	Health Affairs	109,719,612	111,962,193
	c.	Area Health Education Centers	32,351,252	32,347,434
05.		North Carolina State University at Raleigh		
	a.	Academic Affairs	179,626,831	180,459,614
	b.	Agricultural Research Service	36,838,445	36,903,257
	c.	Cooperative Extension Service	28,882,861	28,613,730
06.		University of North Carolina at Greensboro	55,765,417	55,961,841
07.		University of North Carolina at Charlotte	59,807,408	60,072,862
08.		University of North Carolina at Asheville	17,274,278	17,376,386
09.		University of North Carolina at Wilmington	34,024,551	34,264,199
10.		East Carolina University		
	a.	Academic Affairs	75,557,468	76,109,240
	b.	Division of Health Affairs	37,715,639	37,768,125
11.		North Carolina Agricultural and Technical State University	41,202,109	41,430,408
12.		Western Carolina University	36,951,472	37,011,981
13.		Appalachian State University	53,291,855	53,368,375
14.		Pembroke State University	16,639,745	16,742,244
15.		Winston-Salem State University	16,623,929	16,751,903
16.		Elizabeth City State University	15,683,323	15,703,970
17.		Fayetteville State University	19,563,111	19,942,709
18.		North Carolina Central University	28,319,792	28,533,237
19.		North Carolina School of the Arts	8,078,021	8,097,592
20.		North Carolina School of Science and Mathematics	7,569,189	7,619,946
21.		UNC Hospitals at Chapel Hill	40,690,416	43,476,135
Total University of North Carolina - Board of Governors			1,199,225,871	1,199,578,753
Department of Community Colleges			412,797,941	404,414,482
State Board of Elections			545,539	545,885
Contingency and Emergency			1,125,000	1,125,000

Reserve for Salary Increases		
a.    2% Salary Increase	112,052,142	116,549,560
b.    Wage Floor for Lowest Paid Employees	135,500	135,500
Reserve for Compensation Bonus	34,244,460	—
Reserve for Public School Employees' Sick Leave Bank	1,000,000	1,000,000
Reserve for Restoring Paydate	214,200,000	—
Reserve for Salary Adjustments	500,000	500,000
Reserve for Lowest Paid Employees	1,400,724	1,400,724
Reserve for OSHA - Bloodborne Pathogens	1,000,000	1,000,000
Reserve for Retiree 30% Reduction	(7,247,298)	(7,247,298)
Reserve for Retirement Rate Change	1,316,400	1,316,400
Debt Service	92,263,558	89,113,783
Local Government Shared Revenue	236,824,154	236,824,154
Health Care Initiatives	<u>5,500,000</u>	<u>2,000,000</u>
GRAND TOTAL CURRENT OPERATIONS – GENERAL FUND	\$9,025,073,307	\$9,016,344,686

**PART 2. CURRENT OPERATIONS/HIGHWAY FUND**

Sec. 4. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 1995, according to the following schedule:

<u>Current Operations - Highway Fund</u>	<u>1993-94</u>	<u>1994-95</u>
Department of Transportation		
01.    Administration	\$ 41,039,126	\$ 38,232,451

02.	Division of Highways		
a.	Administration and Operations	33,415,706	33,440,792
b.	State Construction		
	(01) Primary Construction	—	—
	(02) Secondary Construction	66,486,917	66,884,639
	(03) Urban Construction	20,000,000	20,000,000
	(04) Access and Public Service Roads	2,000,000	2,000,000
	(05) Spot Safety Improvements	9,100,000	9,100,000
c.	State Funds to Match Federal Highway Aid		
	(01) Construction	37,020,332	37,020,332
	(02) Planning Survey and Highway Planning Research	2,959,649	2,959,649
d.	State Maintenance		
	(01) Primary	98,104,791	100,168,650
	(02) Secondary	171,916,160	175,543,548
	(03) Urban	25,796,101	26,358,971
	(04) Contract Resurfacing	87,500,000	87,500,000
e.	Ferry Operations	15,541,455	15,541,455
03.	Division of Motor Vehicles	79,025,411	78,654,819
04.	Governor's Highway Safety Program	290,923	291,575
05.	State Aid to Municipalities	66,486,917	66,884,639
06.	State Aid for Public Transportation	10,596,461	10,646,921
07.	Salary Adjustments for Highway Fund Employees	200,000	200,000
08.	Reserve to Correct Occupational Safety and Health Conditions	425,000	425,000
09.	Debt Service	37,359,875	27,664,550
10.	Reserve for Compensation Increases	7,109,156	7,109,156
11.	Reserve for Transportation Study	222,750	346,500
12.	Reserve for Air Cargo Authority	750,000	750,000
	Reserve for Compensation Bonus	3,481,723	—
	Reserve for Retirement Formula Change	113,000	113,000

Emergencies and Inflationary Adjustment	1,085,490	1,585,490
Appropriations for Other State Agencies		
01. Crime Control and Public Safety	92,671,325	93,601,574
02. Other Agencies		
a. Department of Agriculture	3,057,180	3,030,245
b. Department of Revenue	2,063,522	2,065,412
c. Department of Environment, Health, and Natural Resources:		
LUST Trust Fund	4,809,298	4,904,343
Chemical Test Program	371,944	373,407
d. Department of Correction	4,614,056	4,614,056
e. Department of Public Instruction	23,188,826	23,188,826
f. Department of State Treasurer	<u>9,900,000</u>	<u>10,500,000</u>
 GRAND TOTAL CURRENT OPERATIONS – HIGHWAY FUND	 \$ 958,703,093	 \$ 951,700,000

### PART 3. HIGHWAY TRUST FUND

Sec. 5. Appropriations from the Highway Trust Fund are made for the fiscal biennium ending June 30, 1995, according to the following schedule:

<u>Highway Trust Fund</u>	<u>1993-94</u>	<u>1994-95</u>
01. Intrastate System	\$ 213,689,246	\$ 226,572,368
02. Secondary Roads Construction	49,470,987	51,222,727
03. Urban Loops	86,407,031	91,616,429
04. State Aid - Municipalities	22,420,986	23,772,726
05. Program Administration	15,711,750	16,215,750
06. Transfer to General Fund	<u>170,000,000</u>	<u>170,000,000</u>
 GRAND TOTAL/HIGHWAY TRUST FUND	 \$557,700,000	 \$ 579,400,000

### PART 4. BLOCK GRANT APPROPRIATIONS

Requested by: Senators Richardson, Hyde, Walker, Representatives Easterling, Nye, Redwine, Hill, Dickson

#### DHR BLOCK GRANT PROVISIONS

Sec. 6. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1994, according to the following schedule:

## COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 9,105,422
02.	Limited Purpose Agencies	505,857
03.	Department of Human Resources to administer and monitor the activities of the Community Services Block Grant	505,857

TOTAL COMMUNITY SERVICES BLOCK GRANT \$ 10,117,136

## SOCIAL SERVICES BLOCK GRANT

01.	County Departments of Social Services	\$ 42,253,005
02.	Allocation for In-Home Services provided by County Departments of Social Services	458,722
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse	5,519,178
04.	Division of Services for the Blind	3,205,711
05.	Division of Youth Services	1,052,674
06.	Division of Facility Services	336,575
07.	Division of Aging	334,663
08.	Day Care Services	12,158,899
09.	Volunteer Services	55,458
10.	State Administration and State Level Contracts	3,473,524
11.	Voluntary Sterilization Funds	98,710
12.	Transfer to Maternal and Child Health Block Grant	1,585,833



13.	Adult Day Care Services	306,323
14.	County Departments of Social Services for Child Abuse/Prevention and Permanency Planning	394,841
15.	Allocation to Division of Maternal and Child Health for Grants-in-Aid to Prevention Programs	439,261
16.	Transfer to Preventive Health Block Grant for Emergency Medical Services and Basic Public Health Services	695,834
17.	Allocation to Preventive Health Block Grant for AIDS Education	81,001
18.	Allocation to Department of Administration for North Carolina Fund for Children	45,270
19.	Allocation to Home and Community Care Block Grant for Persons Age 60 and Older	1,649,077
20.	Allocation to the Division of Economic Opportunity for Head Start, Elderly and Handicapped Services	197,421
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 74,341,980
LOW INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 16,672,034
02.	Crisis Intervention	5,411,563
03.	Administration	2,413,779
04.	Weatherization Program	2,100,000
05.	Indian Affairs	33,022
TOTAL LOW INCOME ENERGY BLOCK GRANT		\$ 26,630,398

MENTAL HEALTH SERVICES BLOCK GRANT

01.	Provision of Community-Based Services in accordance with the Mental Health Study Commission's Adult Severe and Persistently Mentally Ill Plan	\$ 3,794,179
02.	Provision of Community-Based Services in accordance with the Mental Health Study Commission's Child Mental Health Plan	1,802,819
03.	Administration	514,037

TOTAL MENTAL HEALTH SERVICES BLOCK GRANT \$ 6,111,035

BLOCK GRANT FOR THE PREVENTION AND TREATMENT OF SUBSTANCE ABUSE

01.	Provision of Community-Based Alcohol and Drug-Abuse Services, Tuberculosis Services, and Services provided by the Alcohol, Drug-Abuse Treatment Centers	\$ 10,335,939
02.	Continuation and Expansion of Services for Pregnant Women and Women with Dependent Children	4,795,389
03.	Continuation and Expansion of Services to IV Drug Abusers and others at risk for HIV diseases	5,567,328
04.	Provision of services in accordance with the Mental Health Study Commission's Child and Adolescent Alcohol and other Drug-Abuse Plan	4,396,416
05.	Administration	1,669,460

TOTAL BLOCK GRANT FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE \$ 26,764,532

## CHILD CARE AND DEVELOPMENT BLOCK GRANT

01.	Child Day Care Services	\$ 14,953,945
02.	Administrative Expenses and Quality and Availability Initiatives	1,544,405
03.	Before and After School Child Care Programs and Early Childhood Development Programs	5,010,698
04.	Quality Improvement Activities	1,480,737

TOTAL CHILD CARE AND DEVELOPMENT BLOCK GRANT \$ 22,989,785

(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.

(c) Increases in Federal Fund Availability

Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Human Resources, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly. All these budgeted increases shall be reported to the Joint Legislative Commission on Governmental Operations and to the Director of the Fiscal Research Division.

This subsection shall not apply to Job Training Partnership Act funds.

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

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

### **NER BLOCK GRANT PROVISIONS**

Sec. 7. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1994, according to the following schedule:

TOTAL JOB TRAINING PARTNERSHIP ACT \$ 53,841,243

### COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$ 1,026,940
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02.	Urgent Needs and Contingency	2,242,830
03.	Housing Development	2,242,829
04.	Economic Development	8,971,318
05.	Community Revitalization	31,399,613
06.	State Technical Assistance	463,470
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT		\$ 46,347,000
MATERNAL AND CHILD HEALTH SERVICES		
01.	Healthy Mother/Healthy Children Block Grants to Local Health Departments	\$ 11,399,969
02.	High Risk Maternity Clinic Services, Perinatal Education, and Consultation to Local Health Departments and Other Health Care Providers	1,383,538
03.	Services to Children with Disabilities	5,065,331
04.	Reimbursements for Local Health Departments for Contracted Nutritional Services	120,530
TOTAL MATERNAL AND CHILD HEALTH SERVICES		\$ 17,969,368
PREVENTIVE HEALTH BLOCK GRANT		
01.	Emergency Medical Services	\$ 452,375
02.	Basic Public Health Services	428,395
03.	Hypertension Programs	671,630
04.	Statewide Health Promotion Programs	2,651,119
05.	Fluoridation of Water Supplies	228,404

06.	Rape Prevention and Rape Crisis Programs	183,632
07.	AIDS/HIV Education, Counseling, and Testing	81,001
08.	Office of Minority Health and Minority Health Council	190,000
TOTAL PREVENTIVE HEALTH BLOCK GRANT		\$ 4,886,566

(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.

(c) Increases in Federal Fund Availability

Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended as follows:

- (1) For the Community Development Block Grant – each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.
- (2) For the Maternal and Child Health Services Block Grant – thirty percent (30%) of these additional funds shall be allocated to services for children with special health care needs and seventy percent (70%) shall be allocated to local health departments to assist in the reduction of infant mortality.
- (3) For the Preventive Health Block Grants – these additional funds may be budgeted by the appropriate department, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly. All these budgeted increases shall be reported to the Joint Legislative Commission on Governmental Operations and to the Director of the Fiscal Research Division.

(d) Education Setaside of JTPA Funds

The Department of Commerce 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.

(e) Limitations on Community Development Block Grant Funds

Of the funds appropriated in this section for the Community Development Block Grant, not more than one million twenty-six thousand nine hundred forty dollars

(\$1,026,940) may be used for State administration; up to two million two hundred forty-two thousand eight hundred thirty dollars (\$2,242,830) may be used for Urgent Needs and Contingency; up to two million two hundred forty-two thousand eight hundred twenty-nine dollars (\$2,242,829) may be used for Housing Development; up to eight million nine hundred seventy-one thousand three hundred eighteen dollars (\$8,971,318) may be used for Economic Development; not less than thirty-one million three hundred ninety-nine thousand six hundred thirteen dollars (\$31,399,613) shall be used for Community Revitalization; and up to four hundred sixty-three thousand four hundred seventy dollars (\$463,470) may be used for State Technical Assistance. If federal block grant funds are reduced or increased by the United States Congress after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

## **PART 5. GENERAL PROVISIONS**

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

### **PERMIT DEVIATION FROM EXPENDITURE OF FUNDS RESTRICTION**

Sec. 9. For the 1993-94 fiscal year only, G.S. 143-16.3 does not apply to the extent that the Director of the Budget finds that compliance is impossible and that deviation is necessary because of complications in the budget process that were not contemplated when the budget for the 1993-95 fiscal biennium was enacted.

The Director of the Budget shall report on a quarterly basis for the first six months of the 1993-94 fiscal year and monthly thereafter, to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on any deviations from G.S. 143-16.3, the reasons that compliance was impossible, and the complications in the budget process that were not contemplated when the budget for the 1993-95 fiscal biennium was enacted that made compliance impossible.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

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

Sec. 10. There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are

necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund. Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes, other than gifts and grants that are unanticipated and are for a specific purpose only, shall not be used for new permanent employee positions or to raise the salary of existing employees except:

- (1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4, or 143-27; or
- (2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the Legislative Services Office that he intends to make such a finding at least 10 days before he makes the finding. The notification shall set out the reason the positions are necessary to maintain the function.

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

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, are not 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: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

#### **INSURANCE AND FIDELITY BONDS**

Sec. 11. 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: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

#### **CONTINGENCY AND EMERGENCY FUND ALLOCATION**

Sec. 12. Of the funds appropriated in this act to the Contingency and Emergency Fund, the sum of nine hundred thousand dollars (\$900,000) for the 1993-94 fiscal year and the sum of nine hundred thousand dollars (\$900,000) for the 1994-95 fiscal year shall be designated for emergency allocations, which are for the purposes outlined in G.S. 143-23(a1)(3), (4), and (5). Two hundred twenty-five thousand dollars (\$225,000) for the 1993-94 fiscal year and two hundred twenty-five thousand dollars (\$225,000) for the 1994-95 fiscal year shall be designated for other allocations from the Contingency and Emergency Fund.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

#### **BUDGETING OF PILOT PROGRAMS**

Sec. 13. (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: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

#### **AUTHORIZED TRANSFERS**

Sec. 14. 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: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

#### **EXPENDITURES OF FUNDS IN RESERVES LIMITED**

Sec. 15. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

#### **STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY**

Sec. 16. Each private, nonprofit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations where any of these individuals may directly or indirectly benefit, except as the entity's employees or



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

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**BUDGET REFORM STATEMENTS**

Sec. 17. The General Fund and availability used in developing the 1993-95 budget is as shown below:

(1)	Composition of the 1993-94 beginning availability:		
	a.	Revenues collection in 1992-93 in excess of authorized estimates	\$202,000,000
	b.	Unexpended appropriations during 1992-93 (reversions)	137,000,000
	c.	Disproportionate share payments received in 1992-93	<u>159,000,000</u>
		Subtotal	\$498,000,000
	d.	Transfer to Savings Reserve	124,500,000
	e.	Transfer to Reserve for Repair and Renovations	57,000,000
		Ending Fund Balance	\$ 316,500,000

		<u>1993-94</u>	<u>1994-95</u>
(2)	Beginning Unrestricted Fund Balance	\$ 316,500,000	-
	Revenues Existing Tax Structure	\$8,649,700,000	\$9,212,100,000

Changes:

1.	Accelerated Growth with Implementation of GPAC recommendation	5,400,000	5,400,000
2.	Retain in General Fund interest previously paid to Highway Trust Fund (G.S. 105-187.9(b))	7,000,000	7,000,000
3.	Increase Court Fees	5,900,000	5,900,000
5.	Transfer from Department of		

	Insurance Fund	(474,580)	(1,132,000)
6.	Treasurer's Banking Fees/Local Government Operation	634,300	1,106,000
7.	Disproportionate Share Receipts	93,200,000	-
8.	Highway Fund Transfer Reduction Related to Sales Tax Exemption	(200,000)	(200,000)
9.	Transfer from Savings Reserve	<u>121,000,000</u>	=
	Total Changes	232,459,720	18,074,000
	Revised Revenues	8,882,159,720	9,230,174,000
	Total Availability	9,198,659,720	9,230,174,000
Revenue Growth Rates:			
	Economic Basis	6.2%	6.5%
	Less Impact of Special Factors	.9%	-2.6%
	Actual Basis	7.1%	3.9%

(3) Estimate of Disproportionate Share Receipts to be deposited as a nontax revenue and reserved by the State Controller:

	1993-94	\$114,200,000.
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Requested by: Senators Daniel, Plyler, Conder, Representatives Nesbitt, Diamont  
**REPAIRS/RENOVATIONS RESERVE CREATED**

Sec. 17.1. (a) G.S. 143-15.2 reads as rewritten:

**"§ 143-15.2. Use of General Fund credit balance.**

The State Controller shall reserve up to one-fourth of any credit balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year to the Savings Reserve Account as provided in G.S. 143-15.3, unless that would result in the Savings Reserve Account having funds in excess of five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax-sharing funds; in that case, only funds sufficient to reach the five percent (5%) level shall be reserved. The State Controller shall also reserve the lesser of (i) one-fourth of any credit balance, as determined on a cash basis, remaining in the General Fund and (ii) one and one-half percent (1.5%) of the replacement value of all State buildings supported from the General Fund, at the end of each fiscal year to the Repairs and Renovations Reserve Account as provided in G.S.

143-15.3A. The General Assembly may appropriate that part of the anticipated General Fund credit balance not expected to be reserved to the Savings Reserve Account or the Repairs and Renovations Reserve Account only for capital improvements or other one-time expenditures."

(b) Chapter 143 of the General Statutes is amended by adding a new section to read:

**"§ 143-15.3A. Repairs and Renovations Reserve Account.**

(a) There is established a Repairs and Renovations Reserve Account as a restricted reserve in the General Fund. The State Controller shall reserve to the Repairs and Renovations Reserve Account one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year. As used in this section, the term 'unreserved credit balance' means that part of the credit balance, as determined on a cash basis, not already reserved to the Savings Reserve Account or the Repairs and Renovations Reserve Account.

(b) The funds in the Repairs and Renovations Reserve Account shall be used only for the repair and renovation of State buildings and related infrastructure that are supported from the General Fund. The Director of the Budget shall not use funds in the Repairs and Renovations Reserve Account unless the use has been approved by an act of the General Assembly."

(c) G.S. 143-15.3(a) reads as rewritten:

"(a) There is established a Savings Reserve Account as a restricted reserve in the General Fund. The State Controller shall reserve to the Savings Reserve Account one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account contains funds equal to five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax-sharing funds. If the balance in the Savings Reserve Account falls below this level during a fiscal year, the State Controller shall reserve to the Savings Reserve Account for the following fiscal years up to one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account again equals five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax-sharing funds. As used in this section, the term 'unreserved credit balance' means that part of the credit balance, as determined on a cash basis, not already reserved to the Savings Reserve ~~Account~~-Account or the Repairs and Renovations Reserve Account."

(d) G.S. 143-11 reads as rewritten:

**"§ 143-11. Survey of departments.**

On or before the fifteenth day of December, biennially in the even-numbered years, the Director shall make a complete, careful survey of the operation and management of all the departments, bureaus, divisions, officers, boards, commissions, institutions, and agencies and undertakings of the State and all persons or corporations who use or expend State funds, in the interest of economy and efficiency, and of obtaining a working knowledge upon which to base recommendations to the General Assembly as to appropriations for maintenance and special funds and capital expenditures for the succeeding biennium. If the Director and the Commission shall agree in their

recommendations for the budget for the next biennial period, he shall prepare their report in the form of a proposed budget, together with such comment and recommendations as they may deem proper to make. If the Director and Commission shall not agree in substantial particulars, the Director shall prepare the proposed budget based on his own conclusions and judgment, and the Commission or any of its members retain the right to submit separately to the General Assembly such statement of disagreement and the particulars thereof as representing their views. The budget report shall contain a complete and itemized plan of all proposed expenditures for each State Department, bureau, board, division, institution, commission, State agency or undertaking, person or corporation who receives or may receive for use and expenditure any State funds, in accordance with the classification adopted by the State Controller, and of the estimated revenues and borrowings for each year in the ensuing biennial period beginning with the first day of July thereafter. Opposite each item of the proposed expenditures, the budget shall show in separate parallel columns the amount expended for the last preceding appropriation year, for the current appropriation year, and the increase or decrease. The budget shall clearly differentiate between General Fund expenditures for operating and maintenance, special fund expenditures for any purpose, and proposed capital outlays.

The Director shall accompany the budget with:

- (1) A budget message supporting his recommendations and outlining a financial policy and program for the ensuing biennium. The message will include an explanation of increase or decrease over past expenditures, a discussion of proposed changes in existing revenue laws and proposed bond issues, their purpose, the amount, rate of interest, term, the requirements to be attached to their issuance and the effect such issues will have upon the redemption and annual interest charges of the State debt.
- (2) State Controller reports including:
  - a. An itemized and complete financial statement for the State at the close of the last preceding fiscal year ending June 30.
  - b. A statement of special funds.
- (2a) A statement showing the itemized estimates of the condition of the State treasury as of the beginning and end of each of the next two appropriation years.
- (3) A report on the fees charged by each State department, bureau, division, board, commission, institution, and agency during the previous fiscal year, the statutory or regulatory authority for each fee, the amount of the fee, when the amount of the fee was last changed, the number of times the fee was collected during the prior fiscal year, and the total receipts from the fee during the prior fiscal year.
- (4) A statement showing the State Board of Education's request, in accordance with G.S. 115C-96, for sufficient funds to provide textbooks to public school students.

- (5) A proposal for expenditure of the funds in the Repairs and Renovations Reserve Account, which is established in G.S. 143-15.3A. The Director shall consider the data from the Facilities Condition and Assessment Program in the Office of State Construction when establishing priorities for the proposed expenditure of these funds.

It shall be a compliance with this section by each incoming Governor, at the first session of the General Assembly in his term, to submit the budget report with the message of the outgoing Governor, if he shall deem it proper to prepare such message, together with any comments or recommendations thereon that he may see fit to make, either at the time of the submission of the said report to the General Assembly, or at such other time, or times, as he may elect and fix.

The function of the Advisory Budget Commission under this section applies only if the Director of the Budget consults with the Commission in preparation of the budget."

(e) This section becomes effective beginning with the General Fund credit balance at the end of the 1992-93 fiscal year.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**HIGHWAY FUND AVAILABILITY**

Sec. 18. The Highway Fund appropriations availability used in developing the 1993-95 Highway Fund budget is shown below:

	(\$Million) <u>1993-94</u>	(\$Million) <u>1994-95</u>
Beginning Credit Balance	\$ 9.03	-
Estimated Revenues:	944.6	\$ 961.3
Transfer from Equipment Fund	10.0	-
Transfer to Highway Trust Fund	-	(9.6)
Total Highway Fund Availability	\$963.63	\$951.7

Requested by: Senator Daniel, Representative Nesbitt

**HEALTH CARE INITIATIVES**

Sec. 20. Funds appropriated in this act to the Reserve for Health Care Initiatives shall be used as provided by the General Assembly in this act or acts establishing such programs.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**AUTHORIZATION OF PRIVATE LICENSE TAGS ON STATE-OWNED MOTOR VEHICLES**

Sec. 21. (a) Pursuant to the provisions of G.S. 14-250, for the 1993-95 fiscal biennium, the General Assembly authorizes the use of private license tags on State-owned motor vehicles only for the State Highway Patrol and for the following:

<u>Department</u>	<u>Exemption</u>	<u>Category Number</u>
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Motor Vehicles	License and Theft	97
Justice	SBI Agents	277
Correction	Probation/Parole Surveillance Officers (intensive probation)	25
Crime Control and Public Safety	ALE Officers	92

(b) The 92 ALE vehicles authorized by this section to use private license tags shall be distributed as follows:

- (1) 54 among Agent I officers;
- (2) 20 among Agent II officers;
- (3) 1 to the Deputy Director;
- (4) 12 to the District Offices/Extra Vehicles; and
- (5) 5 to the Director, to be distributed at the Director's discretion.

(c) Except as provided in this section, all State-owned motor vehicles shall bear permanent registration plates issued under G.S. 20-84.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**RESTORATION OF THE JUNE 30 PAYDATE**

Sec. 21.1. Funds appropriated in this act to the Reserve for Paydate Restoration in the amount of two hundred fourteen million two hundred thousand dollars (\$214,200,000) shall be used to restore the June 30 Payday for State Employees, University Employees, and Community Colleges Employees so that they will be paid from the General Fund on June 30, 1994, instead of July 1, 1994, for work done during June of 1994.

Funds allotted pursuant to this section to constituent institutions of The University of North Carolina that have been designated as special responsibility constituent institutions under G.S. 116-30.1 are exempt from the provisions of G.S. 116-30.2 and G.S. 116-30.3.

In no event shall any allotments made pursuant to this section exceed the actual General Fund requirements, which are to be reported to the 1993 General Assembly, Regular Session 1994, and to the Fiscal Research Division by June 30, 1994.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**ELIMINATE LIABILITY FOR TEACHER PAYDATE DEFERRAL**

Sec. 21.2. G.S. 143-15.3(b) reads as rewritten:

"(b) The Director may not use funds in the Savings Reserve Account unless the use has been approved by an act of the General Assembly. It is the intent of the General Assembly that ~~in future sessions, as funds are available, it will reduce and then eliminate the State's liability for payroll deferrals for State employees and community college employees and for the deferral of the twelfth month of teacher payroll. These actions will bring the State into closer conformity with the GAAP. effective as of the 1994-95 fiscal year the State's liability for the deferral of the twelfth month of teacher payroll shall be eliminated.~~ Funds may be used from the Savings Reserve Account and,

to the extent necessary, may be combined with other available funds to eliminate this liability and thus bring the State into conformity with the GAAP."

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS**

Sec. 21.3. During the 1993-94 fiscal year, as it receives funds associated with Disproportionate Share Payments from the State psychiatric hospitals, the Division of Medical Assistance shall deposit funds appropriated for the Medicaid program, in a sum equal to the federal share of the Disproportionate Share Payments, as nontax revenue. Any of these funds that are not appropriated by the 1993 General Assembly shall be reserved by the State Controller for future appropriation.

**PART 6. GENERAL GOVERNMENT**

Requested by: Senators Plexico, Martin of Guilford, Codington, Representatives Mercer, Crawford, Wainwright, Ellis, Gray, Hensley, Jeffus, Kennedy, Nichols, Wilkins, Nesbitt, Diamont

**BUDGET PRACTICES STUDY COMMISSION**

Sec. 22. (a) There is created the Budget Practices Study Commission, an independent commission to study the effectiveness of the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. The Commission shall consist of 14 members. The Speaker of the House of Representatives shall appoint seven members, six who shall be members of the House of Representatives and one who shall be familiar with and have experience in government fiscal management. The President Pro Tempore of the Senate shall appoint seven members, six who shall be members of the Senate and one who shall be familiar with and have experience in government fiscal management. Initial appointments shall be made within 30 days following the 1993 General Assembly's adjournment for a period of more than 10 days.

The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint a cochair of the Commission from their appointees. The cochairs shall call the first meeting and preside at alternate meetings.

(b) The Budget Practices Study Commission shall examine the current content, interpretation, and application of the Executive Budget Act, and shall address in particular the following topics:

- (1) Similarities and differences between the Executive Budget Act and analogous statutes in other states, including the advantages of various approaches to budget preparation, presentation, appropriation, and execution.
- (2) The effect of current statutory provisions, appropriations techniques, and administrative practices upon:
  - a. The ability of the General Assembly to anticipate, evaluate, and meet the financial needs of State government.

- b. The availability of data needed by the General Assembly for informed fiscal decision-making; particularly the availability of output, impact, or performance data.
  - c. The General Assembly's ability to exercise its authority under Section 7 of Article V of the North Carolina Constitution; namely, its authority to control withdrawals from the State treasury and to determine the purposes for which State funds may be expended.
  - d. The Governor's authority under Section 5 of Article III of the North Carolina Constitution; namely, the authority to prepare and recommend a budget and the obligation to administer the budget as enacted by the General Assembly.
  - e. The balance between fiscal control and management flexibility in the administration of agency budgets.
  - f. The ability of State agencies to plan their fiscal conduct and to perform their statutorily assigned functions efficiently in accordance with modern business practices.
- (3) Provisions of the budget system regarding management of various fund types, including special revenue funds, federal funds, proprietary funds, university funds, and fiduciary funds; and various types of departmental receipts.
  - (4) The appropriate role of legislative oversight mechanisms, including the Joint Legislative Commission on Governmental Operations.
  - (5) Such matters as may, in the judgment of the Commission, affect the capacity of the General Assembly or the Governor to devise, adopt, and implement a sound program of fiscal management on behalf of the people of North Carolina.
- (c) The Budget Practices Study Commission shall also have the following additional powers and duties with specific reference to the performance budget review process:
- (1) To review and evaluate the development and implementation of the performance budgeting system authorized by the General Assembly.
  - (2) To examine the presentation of information in the performance budgeting system to assure the quality and validity of the information.
  - (3) To work in cooperation with the Governor and other State agencies as additional program areas are converted into the performance budgeting system.
  - (4) To propose strategies for the General Assembly to manage and make decisions based on the performance budgeting system.
- (d) Subject to the approval of the Legislative Services Commission, the professional and clerical staff of the Legislative Services Office shall be available to the Budget Practices Study Commission. Upon request of the Commission, all State departments and agencies shall furnish to the Commission any information in their



possession or available to them. The Commission may acquire by contract or purchase such other expertise or information as may be necessary to complete its report.

(e) Members of the Commission who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Commission who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Commission shall be paid per diem and allowances at the rates set forth in G.S. 138-5.

(f) The Budget Practices Study Commission shall report its findings and recommendations to the 1993 General Assembly, 1994 Regular Session.

(g) Of the funds appropriated from the General Fund to the General Assembly, the sum of forty thousand dollars (\$40,000) for the 1993-94 fiscal year shall be allocated for this study.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**RESERVE FOR IMPLEMENTATION OF FEDERAL OSHA REGULATIONS REGARDING BLOODBORNE PATHOGENS/USE OF FUNDS; LONG-RANGE PLAN**

Sec. 23. (a) Funds appropriated in this act to the Office of State Budget and Management for the implementation of the federal OSHA regulations regarding bloodborne pathogens shall be used only to support the cost of testing, inoculations, personal protective equipment, and required cleanup equipment and supplies for employees who are subject to these regulations and only if adequate funds are not available for these purposes. They shall not be used as planning money or for salaries for any new positions or for any other purpose than specifically authorized by this section.

(b) The Office of State Budget and Management, in consultation with the Department of Environment, Health, and Natural Resources, the Department of Labor, the Office of State Personnel, and the Department of Administration, shall prepare a long-range plan for State government implementation of the federal OSHA regulations regarding bloodborne pathogens. The plan shall include identification of all implementation costs over a five-year period, both recurring and nonrecurring, by agency and by type of expenditure. The plan shall be presented to the General Assembly by April 1, 1994.

Requested by: Representatives Crawford, Wainwright, Senator Plexico

**STATE MILEAGE ALLOWANCE**

Sec. 24. (a) Effective August 1, 1993, G.S. 138-6(a)(1) reads as rewritten:

"(1) For transportation by privately owned automobile, ~~twenty-five cents (25¢) the business standard mileage rate set by the Internal Revenue Service~~ per mile of travel and the actual cost of tolls paid. Any other law which sets a mileage rate by referring to the rate set herein, instead establishes a rate of twenty-five cents (25¢) per mile. No reimbursement shall be made for the use of a personal car in commuting from an employee's home to his duty station in connection

with regularly scheduled work hours. Any designation of an employee's home as his duty station by a department head shall require prior approval by the Office of State Budget and Management on an annual basis."

(b) Effective upon the convening of the 1995 Regular Session of the General Assembly, G.S. 120-3.1(a)(1) reads as rewritten:

"(1) A weekly travel allowance for each week or fraction thereof that the General Assembly is in regular or extra session. The amount of the weekly travel allowance shall be calculated for each member by multiplying the actual round-trip mileage from that member's home to the City of Raleigh by the rate per mile ~~allowed to State employees for official travel, which is the business standard mileage rate set by the Internal Revenue Service in Rev. Proc. 92-104, December 28, 1992.~~"

(c) Effective upon the convening of the 1995 Regular Session of the General Assembly, G.S. 120-3.1(a)(2) reads as rewritten:

"(2) A travel allowance at the rate ~~allowed by statute for State employees which is the business standard mileage rate set by the Internal Revenue Service in Rev. Proc. 92-104, December 28, 1992,~~ whenever the member travels, whether in or out of session, as a representative of the General Assembly or of its committees or commissions, with the approval of the Legislative Services Commission."

Requested by: Representatives Crawford, Wainwright, Senator Plexico

### **MEDIATION COSTS**

Sec. 25. (a) Notwithstanding the provisions of G.S. 143-23, any State department or agency may use funds available from lapsed salaries to pay costs apportioned to the department or agency as a result of mediation ordered by the Industrial Commission or of a mediated settlement conference in the Office of Administrative Hearings ordered by the chief administrative law judge.

(b) If House Bill 657, 1993 Regular Session is enacted, the first sentence of Section 3 of that act is amended by deleting "only if the General Assembly appropriates funds to implement the purpose of this act,". If House Bill 658, 1993 Regular Session is enacted, the first sentence of Section 4 of that act is amended by deleting "only if the General Assembly appropriates funds to implement the purpose of this act,".

Requested by: Representatives Nesbitt, Barnes; Senators Daniel, Plyler

### **LOCAL FINANCIAL SECURITY**

Sec. 26. (a) Effective July 1, 1995, G.S. 105-213 reads as rewritten:

"~~§ 105-213. Appropriation to counties and municipalities; use of appropriation.~~  
**Distribution of taxes collected.**

(a) Amount to be Distributed. – On or before June 25 of each year, the Secretary shall distribute to counties and municipalities ~~There is annually appropriated from the General Fund to counties and municipalities one hundred three percent (103%) of the~~

amount of revenue collected under this Article from the preceding July 1 through the preceding April 30, during the 1989-90 fiscal year, less an amount equal to the costs during the preceding fiscal year of: ~~less all of the following:~~

- (1) An amount equal to the costs during the preceding fiscal year of:
  - a. Refunds made during the fiscal year of taxes levied under this Article.
  - ~~(2)~~b. The Department of Revenue to collect and administer the taxes levied under this Article.
  - ~~(3)~~c. The Department of Revenue in performing the duties imposed by Article 15 of this Chapter.
  - ~~(4)~~d. The Property Tax Commission.
  - ~~(5)~~e. The Institute of Government in operating a training program in property tax appraisal and assessment.
  - ~~(6)~~f. The personnel and operations provided by the Department of State Treasurer for the Local Government Commission.
- (2) An amount equal to the excess of the amount of revenue collected under this Article during the 1993-94 fiscal year over the amount of revenue collected under this Article during the 1989-90 fiscal year, as certified by the Secretary.

~~The appropriation shall be distributed by August 30 of each year. The appropriation shall be included in the Current Operations Appropriations Act.~~

(b) Allocation of Distribution. – The appropriation amount of revenue to be distributed under subsection (a) shall be allocated among the counties in proportion to the net amount of taxes collected under this Article in each county during the preceding fiscal year. The net amount of taxes collected in a county is the amount collected less the amount of refunds made of taxes previously collected. The Secretary of Revenue shall keep a separate record by counties of the taxes collected under this Article. The Secretary shall allocate the amount appropriated of revenue to be distributed under this section subsection (a) to the counties according to the county in which the taxes were collected. in accordance with the tax records. The amounts so allocated to each county shall in turn be allocated between the county and the municipalities in the county in proportion to the total amount of ad valorem taxes levied by each during the fiscal year preceding the distribution. In dividing these amounts between each county and its municipalities, the Secretary shall treat taxes levied by a merged school administrative unit described in G.S. 115C-513 in a part of the unit located in a county as taxes levied by the county in which that part is located. After making these allocations, the Secretary of Revenue shall certify to the State Controller and to the State Treasurer the amount to be distributed to each county and municipality in the State. The State Controller shall then issue a warrant on the State Treasurer to each county and municipality in the amount certified. The funds shall be drawn from the Local Government Tax Sharing Reserve.

For the purpose of computing the distribution of the tax under this subsection to any county and the municipalities located therein in the county for any quarter with respect to which the property valuation of a public service company is the subject of an appeal

~~pursuant to the provisions of the Machinery Act, or to applicable provisions of federal law, and the Department of Revenue is restrained by operation of law or by a court of competent jurisdiction from certifying such the valuation to the county and the municipalities therein, in the county, the Department shall use the last property valuation of such the public service company which that has been so certified in order to determine the ad valorem tax levies applicable to such public service company in the county and the municipalities therein. certified.~~

The chair of each board of county commissioners and the mayor of each municipality shall report to the Secretary of Revenue information requested by the Secretary to enable the Secretary to allocate the amount ~~appropriated by this section. distributed by this subsection.~~ If a county or municipality fails to make a requested report within the time allowed, the Secretary may disregard the county or municipality in allocating the amount ~~appropriated by this section. distributed by this subsection.~~

(c) Use of Revenue. – The amount distributed to each county and municipality shall be used by the county or municipality in proportion to property tax levies made by it for the various funds and activities of the county or municipality, unless the county or municipality has pledged the amount to be distributed to it under this section in payment of a loan agreement with the North Carolina Solid Waste Management Capital Projects Financing Agency. A county or municipality that has pledged amounts distributed under this section in payment of a loan agreement with the Agency may apply the amount the loan agreement requires.

~~(b)~~(d) Definition. – For purposes of this section, the term 'municipality' includes any urban service district defined by the governing board of a consolidated city-county, and the amounts due thereby shall be distributed to the government of the consolidated city-county."

(b) Effective July 1, 1995, G.S. 105-275.1(b) reads as rewritten:

"(b) Subsequent Distributions. – As soon as practicable after January 1, 1990, the Secretary shall pay to each county and city the amount it received under subsection (a) in 1989 plus an amount equal to the county or city average rate multiplied by the value of the items described in subdivisions (ii) and (iii) of subsection (a) that were required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the county or city, plus or minus the percentage of this product that equals the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce. As soon as practicable after January 1, 1990, the Secretary shall also pay to each county and city an amount equal to the average rate for each special district for which the county or city collected taxes in 1987, but whose tax rates were not included in the county or city's rates, multiplied by the value of the items described in subdivisions (ii) and (iii) of subsection (a) that were required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the district, plus or minus the percentage of this product that equals the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the

United States Department of Commerce. As soon as practicable after January 1, 1991, except as provided in subsection (f), the Secretary shall pay to each county and city the amount it received under this section the preceding year plus an amount equal to the county or city average rate multiplied by the value of the items described in subdivision (v) of subsection (a) contained in the list submitted by the county or city, plus or minus the percentage of this product that equals the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce. As soon as practical after January 1, 1992, except as provided in subsection (f), the Secretary shall distribute to each county and city the amount it received under this section the preceding year. On or before April 30, 1993, except as provided in subsection (f), the Secretary shall distribute to each county and city ninety-nine and eighty-one one-hundredths percent (99.81%) of the amount it received under this section the preceding year. Thereafter, until August 1995, except as provided in subsection (f), on or before April 30 of each year, the Secretary shall distribute to each county and city the amount it received under this section the preceding year. On or before August 30, 1995, the Secretary shall determine for each county and city the amount it received in April 1995 under this section. Beginning in August 1995 and each year thereafter, except as provided in subsection (f), the Secretary shall distribute to each county and city sixty percent (60%) of this amount on or before August 30 and the remaining forty percent (40%) on or before the following April 30.

Of the funds received by each county and city pursuant to this subsection in 1990, the portion that was received because the county or city was collecting taxes for a special district (either because the district's tax rate was included in the city or county's rate or because the Secretary paid the county or city the product of the district's average rate and the value of the inventories and other items in the district) shall be distributed among the districts in the county or city as soon as practicable after the city or county receives the funds. The county or city shall distribute to each special district in the county or city the amount it distributed to the district in 1989 plus an amount equal to the average rate for the district multiplied by the value of the items, other than inventory, described in subdivisions (ii) and (iii) of subsection (a) that were required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in the district, plus or minus the percentage of this product that equals the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce.

Each year thereafter, until August 1995, as soon as practicable after receiving funds under this subsection, every county and city shall distribute among the special districts for which the county or city collects tax an amount equal to the amount it distributed among such districts the previous year. Each year thereafter, beginning in August 1995, as soon as practical after receiving funds under this subsection in August, every county and city shall distribute among the special districts for which the county or city collects tax an amount equal to sixty percent (60%) of the amount it distributed among such districts in April 1995, and as soon as practicable after receiving funds under this

subsection in April, every county and city shall distribute among the special districts for which the county or city collects tax an amount equal to forty percent (40%) of the amount it distributed among such districts in April 1995. The

The Local Government Commission may adopt rules for the resolution of disputes and correction of errors in the distribution among special districts provided in this subsection. In addition, the Local Government Commission may adopt rules for the reallocation of funds when a special district is dissolved, merged, or consolidated, or when a special district ceases to levy tax, either temporarily or permanently."

(c) Effective July 1, 1995, G.S. 105-277A(b) reads as rewritten:

"(b) First Per Capita Distribution. – As soon as practicable after January 1 of 1989, the Secretary shall distribute to each taxing unit the unit's per capita share of the sum of fifteen million seven hundred forty-five thousand dollars (\$15,745,000). Thereafter, as soon as practicable after January 1 of 1990 and 1991, the Secretary shall distribute to each taxing unit the unit's per capita share of an amount equal to the sum distributed to all taxing units the previous year under this subsection plus or minus the product of the sum distributed the previous year and the percentage by which State personal income has increased or decreased during the most recent 12-month period for which State personal income data has been compiled by the Bureau of Economic Analysis of the United States Department of Commerce.

~~Thereafter, on~~ On or before April 30 of ~~each year~~ 1992, 1993, 1994, and 1995, the Secretary shall distribute to each taxing unit the unit's per capita share of the sum that this subsection provided was to be distributed to all taxing units in 1991. Beginning August 1995 and each year thereafter, the Secretary shall determine for each taxing unit the unit's per capita share of the sum that this subsection provided was to be distributed to all taxing units in 1991. Each year, the Secretary shall distribute to each taxing unit sixty percent (60%) of this share on or before August 30 and the remaining forty percent (40%) of this share on or before the following April 30.

To make the per capita distributions required by this subsection, the Secretary shall first allocate the sum to be distributed among the counties on a per capita basis. The Secretary shall then compute a per capita distributable amount for each county by dividing the amount allocated to a county by the total population of the county, plus the population of any incorporated towns and cities located in the county. Each taxing unit in a county, including the county itself, shall receive the product of the population of the taxing unit and the per capita distributable amount for that county.

A city or county that receives funds under this subsection and that collects taxes for another taxing unit shall distribute part of the taxes received by it to the taxing unit for which it collects tax. The distribution shall be made on the basis of the proportionate amount of ad valorem taxes levied, for the most recent fiscal year beginning July 1, by the city or county and by all the taxing units for which the city or county collects tax. This distribution shall be made as soon as practicable after a city or county receives funds from the State under this section."

(d) Effective July 1, 1995, G.S. 105-277A(c) reads as rewritten:

"(c) Second Per Capita Distribution. – On or before March 20, 1989, the Secretary shall allocate to each county the county's per capita share of the sum of thirty-nine million dollars (\$39,000,000).

Each year ~~thereafter~~, thereafter through April 1995, on or before April 30, the Secretary of Revenue shall allocate to each county the amount it received the previous year under this subsection. On or before August 30, 1995, the Secretary shall determine for each county the amount it received in April 1995 under this subsection. Beginning in August 1995 and each year thereafter, the Secretary shall distribute sixty percent (60%) of this amount to each county on or before August 30 and the remaining forty percent (40%) to each county on or before the following April 30.

Amounts allocated to a county under this subsection shall in turn be divided and distributed between the county and the cities located in the county in proportion to the total amount of ad valorem taxes levied by each during the fiscal year preceding the distribution. For the purposes of this section, the amount of the ad valorem taxes levied by a county or city shall include any ad valorem taxes collected by the county or city in behalf of a special district. For the purpose of computing the distribution for any year with respect to which the property valuation of a public service company is the subject of an appeal and the Department of Revenue is restrained by law from certifying the valuation to the appropriate counties and cities, the Department shall use the latest property valuation of that public service company that has been certified.

The governing body of each county and city shall report to the Secretary of Revenue such information as he may request in order to make the distribution under this subsection. If a county or city fails to make a requested report within the time prescribed, the Secretary may disregard that county or city and the other taxing units in the county or city in making the distribution."

(e) Effective July 1, 1995, G.S. 105-277A(c1) reads as rewritten:

"(c1) Claims-based Distribution. – On or before March 20, 1989, the Secretary shall distribute to each county and city an amount equal to the amount by which the county or city's inventory loss, as defined in subsection (d) of this section, exceeds the amount of the reimbursement received by the county or city under subsection (c) of this ~~subsection~~-section.

Except as provided in subsection (g) of this section, each year ~~thereafter~~, thereafter through April 1995, on or before April 30, the Secretary shall distribute to each county and city the amount it received the previous year under this subsection. On or before August 30, 1995, the Secretary shall determine for each county and city the amount it received in April 1995 under this subsection. Beginning in August 1995 and each year thereafter, the Secretary shall distribute sixty percent (60%) of this amount to each county and city on or before August 30 and the remaining forty percent (40%) of this amount to each county and city on or before the following April 30."

(f) Effective July 1, 1995, G.S. 105-277A(c2) reads as rewritten:

"(c2) Supplemental Distribution. – On or before March 20, 1989, the Secretary shall determine, with respect to each county and city, whether the sum of (i) the amount the county or city received under subsection (c), plus (ii) the amount the county or city received under subsection (c1), plus (iii) three and four-tenths percent (3.4%) of the

total distribution received by the county or city under G.S. 105-472, 105-486, 105-501, and Chapter 1096 of the 1967 Session Laws between January 1, 1988, and December 31, 1988, is less than ninety percent (90%) of the amount of taxes the county or city actually levied on inventories owned by retailers and wholesalers for the 1987-88 tax year. If that sum is less than ninety percent (90%) of the amount of taxes the county or city actually levied on those inventories for the 1987-88 tax year, the Secretary shall distribute to that county or city a supplemental amount equal to the amount by which ninety percent (90%) of the taxes it actually levied on inventories owned by retailers and wholesalers for the 1987-88 tax year exceeds the total of subdivisions (i), (ii), and (iii).

Except as provided in subsection (g) of this section, each year ~~thereafter, thereafter through April 1995,~~ on or before April 30, the Secretary shall distribute to each county and city the amount it received the previous year under this subsection. On or before August 30, 1995, the Secretary shall determine for each county and city the amount it received in April 1995 under this subsection. Beginning in August 1995 and each year thereafter, the Secretary shall distribute sixty percent (60%) of this amount to each county and city on or before August 30 and the remaining forty percent (40%) of this amount to each county and city on or before the following April 30."

(g) Effective July 1, 1995, G.S. 105-113.82 reads as rewritten:

**"§ 105-113.82. Appropriation of amount equal to Distribution of part of beer and wine taxes.**

(a) Amount, Method. ~~An amount equal to the following percentages of the net amount of excise taxes collected, during the period that began October 1, 1989, and ended September 30, 1990, The Secretary shall distribute annually the following percentages of the net amount of excise taxes collected on the sale of malt beverages and wine, wine during the preceding 12-month period ending March 31, less the amount of the net proceeds credited to the Department of Agriculture under G.S. 105-113.81A, is annually appropriated from the General Fund to the counties and cities in which the retail sale of these beverages is authorized:~~

- (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty-three and three-fourths percent (23 3/4%);
- (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), sixty-two percent (62%); and
- (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), twenty-two percent (22%).

If malt beverages, unfortified wine, or fortified wine may be licensed to be sold at retail in both a county and a city located in the county, both the county and city shall receive a portion of the amount ~~appropriated, distributed,~~ that portion to be determined on the basis of population. If one of these beverages may be licensed to be sold at retail in a city located in a county in which the sale of the beverage is otherwise prohibited, only the city shall receive a portion of the amount ~~appropriated, distributed,~~ that portion to be determined on the basis of population. ~~The amount of the appropriation to be amounts distributed under subdivisions (1), (2), and (3) shall be computed separately.~~



(b) ~~Reduction in Appropriation Amount Distributed.~~ – Where the sale of malt beverages, unfortified wine, or fortified wine is prohibited in a defined area of a city or county in which the sale of the beverage is authorized, the amount that would otherwise be ~~appropriated distributed~~ to the city or county on the basis of population under subsection (a) shall be reduced in the same ratio that the area of the defined area bears to the total area of the city or county, unless the defined area is a city. If the defined area in a county is a city, the reduction in the amount that would otherwise be ~~appropriated distributed~~ to the county under subsection (a) shall be based on population instead of area.

(c) Exception. – Notwithstanding subsection (a), in a county in which ABC stores have been established by petition, the ~~amount appropriated revenue~~ shall be distributed as though the entire county had approved the retail sale of a beverage whose retail sale is authorized in part of the county.

(d) Time. – The ~~appropriation revenue~~ shall be distributed to cities and counties within 60 days after ~~September 30~~ March 31 of each year.

(e) Population Estimates. – To determine the population of a city or county for purposes of the distribution required by this section, the Secretary shall use the most recent annual estimate of population certified by the State Budget Officer.

(f) City Defined. – As used in this section, the term 'city' means a city as defined in G.S. 153A-1(1) or an urban service district defined by the governing body of a consolidated city-county.

(g) Use of Funds. – Funds ~~appropriated distributed~~ to a county or city under this section may be used for any public purpose.

(h) Act. — ~~The appropriation made by this section shall be included in the Current Operations Appropriations Act.~~"

(h) Effective July 1, 1995, and applicable beginning with taxes collected during the calendar quarter ending June 30, 1995, G.S. 105-116(d) reads as rewritten:

"(d) ~~Appropriation.~~ There is annually appropriated from the General Fund Distribution. – For the purpose of this subsection, the term 'distribution amount' means three and nine hundredths percent (3.09%) of the taxable gross receipts derived during a period by an electric power company and a natural gas company from sales within a municipality of the commodities and services described in subsection (a) of this section. The Secretary shall distribute to each municipality the distribution amount for that municipality for the preceding calendar quarter less an amount equal to one-fourth of the excess of the distribution amount for that municipality for the period April 1, 1994, to March 31, 1995, over the distribution amount for that municipality for the period April 1, 1990, to March 31, 1991, as certified by the Secretary. ~~an amount that equals three and nine hundredths percent (3.09%) of the taxable gross receipts derived, from April 1, 1990, to March 31, 1991, by an electric power company and a natural gas company from sales within the municipality of the commodities and services described in subsection (a). The Secretary of Revenue shall transfer the amount appropriated to a municipality in quarterly installments on or before September 15, December 15, March 15, and June 15 in proportion to the taxable gross receipts derived within the municipality during the preceding calendar quarter.~~ distribute the revenue within 75

~~days after the end of each quarter. If a company's report does not state the company's taxable gross receipts derived within a municipality, the Secretary of Revenue shall determine a practical method of allocating part of the company's taxable gross receipts to the municipality. Before transferring the amount appropriated by this subsection, the Secretary of Revenue shall certify the amount to be transferred to the State Controller. The appropriation made by this subsection shall be included in the Current Operations Appropriations Act.~~

As used in this subsection, the term 'municipality' includes an urban service district defined by the governing board of a consolidated city-county. The amount due an urban service district shall be distributed to the governing board of the consolidated city-county."

(i) Effective July 1, 1995, and applicable beginning with taxes collected during the calendar quarter ending June 30, 1995, G.S. 105-120(c) reads as rewritten:

~~"(c) Appropriation.— There is annually appropriated from the General Fund Distribution. — For the purpose of this subsection, the term 'distribution amount' means three and nine hundredths percent (3.09%) of the taxable gross receipts derived during a period from local telecommunications service provided within a municipality. The Secretary shall distribute to each municipality the distribution amount for that municipality for the preceding calendar quarter less an amount equal to one-fourth of the excess of the distribution amount for that municipality for the period April 1, 1994, to March 31, 1995, over the distribution amount for that municipality for the period April 1, 1990, to March 31, 1991, as certified by the Secretary. an amount that equals three and nine hundredths percent (3.09%) of the taxable gross receipts derived, from April 1, 1990, to March 31, 1991, from local telecommunications service provided within the municipality.—The Secretary of Revenue shall transfer the amount appropriated to a municipality in quarterly installments on or before September 15, December 15, March 15, and June 15 in proportion to the taxable gross receipts derived within the municipality during the preceding calendar quarter. distribute the revenue within 75 days after the end of each quarter. If a company's report does not state the company's taxable gross receipts derived within a municipality, the Secretary of Revenue shall determine a practical method of allocating part of the company's taxable gross receipts to the municipality. Before transferring the amount appropriated by this subsection, the Secretary of Revenue shall certify the amount to be transferred to the State Controller. The appropriation made by this subsection shall be included in the Current Operations Appropriations Act.~~

As used in this subsection, the term 'municipality' includes an urban service district defined by the governing board of a consolidated city-county. The amount due an urban service district shall be distributed to the governing board of the consolidated city-county."

(j) G.S 105-277A(d)(5) reads as rewritten:

"(5) 'Taxing unit' means a unit that levied a property tax or for which another unit collected a property tax for the fiscal year ~~beginning July 1 of the year~~ preceding the ~~date~~ fiscal year a distribution is made under this section."

(k) G.S. 105-213.1(d) reads as rewritten:

"(d) Source. – Funds distributed under this section shall be drawn from collections received under Division ~~I~~II of Article 4 of this Chapter."

(l) Subsections (h) and (i) become effective July 1, 1995, and apply beginning with taxes collected during the calendar quarter ending June 30, 1995. Subsection (k) of this section is effective upon ratification. The remaining subsections of this section become effective July 1, 1995.

## **PART 7. DEPARTMENT OF ADMINISTRATION**

Requested by: Senator Plexico, Representatives Crawford, Wainwright  
**STATE CAPITOL RESTORATION**

Sec. 27. For all construction projects concerning restoration of the North Carolina State Capitol, the Department of Administration may prequalify bidders.

Requested by: Senator Plexico, Representatives Crawford, Wainwright  
**OFFICE OF MARINE AFFAIRS' TRANSFER TO THE DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**

Sec. 28. (a) G.S. 143B-279.3(a) is amended by adding a new subdivision to read:

"(14) Office of Marine Affairs, Department of Administration."

(b) G.S. 143B-279.3(b) is amended by adding a new subdivision to read:

"(23) North Carolina Aquariums Commission, Department of Administration."

(c) G.S. 143B-279.2 is amended by adding a new subdivision to read:

"(1a) To administer the State Outer Continental Shelf (OCS) Task Force and coordinate State participation activities in the federal outer continental shelf resource recovery programs as provided under the OCS Lands Act Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act Amendments of 1986 (43 USC §§ 1331 et seq.)."

(d) Part 8A of Article 9 of Chapter 143B of the General Statutes, G.S. 143B-390.2 through G.S. 143B-390.4, is recodified as Part 5B of Article 7 of Chapter 143B of the General Statutes, G.S. 143B-289.20 through G.S. 143B-289.22.

(e) G.S. 143B-390.2, as recodified as G.S. 143B-289.20 by subsection (d) of this section, reads as rewritten:

**"§ 143B-289.20. Office of Marine Affairs – organization; powers and duties.**

(a) The Office shall be organized as prescribed by the Secretary of ~~Administration~~the Department of Environment, Health, and Natural Resources and exercise the following powers and duties:

(1) Repealed by Session Laws 1991, c. 320, s. 3.

(1a) To establish and maintain the North Carolina Aquariums;

(1b) To administer the operations of the North Carolina Aquariums, such administrative duties to include, but not be limited to the following:

- a. Adopt goals and objectives for the Aquariums and review and revise these goals and objectives periodically;
  - b. Review and approve requests for use of the Aquarium facilities and advise the Secretary of ~~Administration~~ the Department of Environment, Health, and Natural Resources on the most appropriate use consistent with the goals and objectives of the Aquariums;
  - c. Continually review and evaluate the types of projects and programs being carried out in the Aquarium facilities and determine if the operation of the facilities is in compliance with the established goals and objectives;
  - d. Recommend to the Secretary of ~~Administration~~ the Department of Environment, Health, and Natural Resources any policies and procedures needed to assure effective staff performance and proper liaison among Aquarium facilities in carrying out the overall purposes of the Aquarium programs;
  - e. Review Aquarium budget submissions to the Secretary of ~~Administration~~; the Department of Environment, Health, and Natural Resources;
  - f. Recruit and recommend to the Secretary of ~~Administration~~ the Department of Environment, Health, and Natural Resources candidates for the positions of directors of the North Carolina Aquariums; and
  - g. Create local advisory committees in accordance with the provisions of G.S. 143B-390.4, ~~143B-289.22~~.
- (2) ~~Provide staff to the North Carolina Council on Ocean Affairs in furtherance of the Council's statutory powers and duties;~~
- (3) ~~Advise the Secretary of Administration regarding the analysis, planning and implementation of current and future State and federal goals, policies and programs relating to the ocean and marine resources of North Carolina, such duties to include, but not be limited to, giving advice regarding:~~
- a. ~~Providing recommendations to other educational, informational and policy-making bodies regarding marine and ocean resource issues;~~
  - b. ~~Administering\* the State Outer Continental Shelf (OCS) Task Force and coordinate State participation activities in the federal outer continental shelf resource recovery programs as provided under the OCS Lands Act Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act Amendments of 1986 (43 USC §§ 1331 et seq.); and~~
  - e. ~~Coordinating necessary legal or technical research to carry out the duties set forth in this subdivision.~~
- (4) to (6) Repealed by Session Laws 1991, c. 320, s. 3.

(7) Assume any other powers and duties assigned to it by the Secretary.

(b) The Secretary may adopt any rules and procedures necessary to implement this section."

(f) G.S. 143B-390.4, as recodified as G.S. 143B-289.22 by subsection (d) of this section reads as rewritten:

**"§ 143B-289.22. Local advisory committees; duties; membership.**

Local advisory committees created pursuant to ~~G.S. 143B-390.2(a)(1b)~~ G.S. 143B-289.20(a)(1b) shall assist each North Carolina Aquarium in its efforts to establish projects and programs and to assure adequate citizen-consumer input into those efforts. Members of these committees shall be appointed by the Secretary of ~~Administration~~ the Department of Environment, Health, and Natural Resources for three-year terms from nominations made by the Director of the Office of Marine Affairs. Each committee shall select one of its members to serve as chairperson. Members of the committees shall serve without compensation for services or expenses."

(g) Part 8B of Article 9 of Chapter 143B of the General Statutes is repealed.

(h) Part 8C of Article 9 of Chapter 143B of the General Statutes, G.S. 143B-390.15 through G.S. 143B-390.16, is recodified as Part 28 of Article 7 of Chapter 143B of the General Statutes, G.S. 143B-344.16 through G.S. 143B-344.17.

(i) G.S. 143B-390.16, as recodified as G.S. 143B-344.17 by subsection (h) of this section, reads as rewritten:

**"§ 143B-344.17. North Carolina Aquariums Commission – organization, powers, and duties.**

(a) The Commission shall consist of 12 members appointed as follows:

(1) Four members appointed by the Governor, including one member designated by the Governor to serve as chair of the Commission and one member appointed upon recommendation of the North Carolina Aquarium Society, Inc., who resides in one of the counties where the North Carolina Aquariums are located: Carteret, Dare, and New Hanover,

(2) Four members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, including one member appointed upon the recommendation of the North Carolina Aquarium Society, Inc., who resides in another of the counties where the North Carolina Aquariums are located: Carteret, Dare, and New Hanover,

(3) Four members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, including one member appointed upon the recommendation of the North Carolina Aquarium Society, Inc., who resides in another of the counties where the North Carolina Aquariums are located: Carteret, Dare, and New Hanover.

(b) Commission members shall serve for terms of four years, beginning July 1, 1992, and may be removed at any time by the appointing authority. If a vacancy on the

Commission occurs, the appointing authority shall appoint a replacement to serve for the unexpired term.

(c) The Commission shall meet upon the call of the chair.

(d) The Secretary of ~~Administration~~ the Department of Environment, Health, and Natural Resources shall provide staff support for Commission activities and travel reimbursement for Commission members.

(e) The Commission may recommend a schedule of uniform fees for the North Carolina Aquariums to the Secretary of the Department of ~~Administration~~ Environment, Health, and Natural Resources who may adopt the schedule. The schedule may be revised from time to time by the same procedure.

(f) The North Carolina Special Aquariums Fund, hereafter 'Fund', is hereby created, and shall be a special and nonreverting fund. The Fund shall be used only for repair, maintenance, and educational exhibit construction at existing aquariums. The Fund may also be used to match private funds that are raised for these purposes.

(g) All entrance fee receipts shall be credited to the Fund. The Secretary of ~~Administration~~ the Department of Environment, Health, and Natural Resources may expend monies from the Fund only upon the authorization of the General Assembly."

Requested by: Senator Plexico, Representatives Crawford, Wainwright

**DEPARTMENT OF ADMINISTRATION EMPLOYEE TRAINING**

Sec. 29. Of the funds appropriated for Travel Expenses in the Division of Information Services, Department of Administration, during fiscal year 1993-94 and fiscal year 1994-95, at least three thousand dollars (\$3,000) per year shall be used to support employee training.

Requested by: Senator Plexico, Representatives Crawford, Wainwright

**ALLOCATION OF RAPE CRISIS CENTER FUNDS**

Sec. 30. All funds for the Rape Crisis Centers appropriated to the Department of Administration, the North Carolina Council for Women, for the 1993-94 fiscal year and the 1994-95 fiscal year in this act shall be available to Rape Crisis Centers providing direct services to victims of sexual assault and rape prevention services. Funds shall be awarded according to criteria established by the Department of Administration. Grants shall be awarded by September 1 each fiscal year and the funds shall be disbursed on a quarterly basis.

Requested by: Senator Plexico, Representatives Crawford, Wainwright

**DOMESTIC VIOLENCE CENTER FUNDS**

Sec. 31. The funds appropriated in this act to the Department of Administration, the North Carolina Council for Women, for the 1993-94 fiscal year and for the 1994-95 fiscal year for domestic violence centers shall be allocated equally among domestic violence centers in operation on July 1, 1990, that offer services including a hotline, transportation services, community education programs, daytime services, and call forwarding during the night and that fulfill other criteria established by the Department of Administration. Grants shall be awarded based on criteria

established by the Department of Administration and disbursed on a quarterly basis. The North Carolina Coalition against Domestic Violence, Incorporated, is eligible for a grant of ten thousand dollars (\$10,000) under this section.

Requested by: Senator Plexico, Representatives Crawford, Wainwright

**PARKING REVENUES**

Sec. 32. The Secretary of Administration may use funds from parking revenues that are in excess of parking system expense requirements to fund the ten dollar (\$10.00) per month subsidies for vanpools and transit passes.

Requested by: Representatives Wainwright, Crawford, Gray, Senators Plexico, Martin of Guilford

**MARTIN LUTHER KING, JR. COMMISSION FUNDS**

Sec. 32.1. At least two-thirds of the funds appropriated to the Department of Administration for the Martin Luther King, Jr. Commission shall be used for program development and support.

**PART 8. DEPARTMENT OF CULTURAL RESOURCES**

Requested by: Senator Plexico, Representatives Crawford, Wainwright, Gray

**REPEAL RESTRICTION ON GRASSROOTS ARTS PROGRAM FUNDS**

Sec. 33. Section 5 of Chapter 1008 of the 1977 Session Laws reads as rewritten:

"Sec. 5. Funds for counties without organizations which meet the necessary standards set by the Department of Cultural Resources shall be retained by the department and used for arts programming within these counties. Where feasible, the department shall maintain the same per capita rate for distribution of funds to these counties and shall require the same matching ratio. ~~No State funds appropriated for the programs set forth in this act shall be used to pay for personnel positions.~~"

Requested by: Senator Plexico, Representatives Crawford, Wainwright

**CULTURAL RESOURCES SECURITY OFFICERS**

Sec. 34. On July 1, 1994, the Department of Cultural Resources shall redefine the job responsibilities of its security positions so that the services of a certified law enforcement officer are no longer required, and shall accordingly discontinue payments to the Law Enforcement Officers' Retirement System.

Requested by: Senator Plexico, Representatives Crawford, Wainwright

**DEPARTMENT OF CULTURAL RESOURCES VEHICLES**

Sec. 35. On or before December 30, 1993, the Department of Cultural Resources shall transfer ownership of all vans, pickups, utility vehicles, and similar passenger-carrying vehicles to the Division of Motor Fleet Management, Department of Administration.

Requested by: Representatives Crawford, Wainwright, Gray, Senator Plexico  
**NORTH CAROLINA SYMPHONY FUNDS**

Sec. 37. The Department of Cultural Resources shall use funds appropriated in this act to the Department for the North Carolina Symphony to expand symphony programs into economically depressed rural counties and low-wealth school administrative districts.

The Department shall reduce by one-half any fee customarily paid by a sponsor for a performance by the North Carolina Symphony if: (i) the sponsor is located in an economically depressed county or a low-wealth school administrative district and (ii) the symphony has not performed in that county or local school administrative district during the calendar year in which the request is made.

Requested by: Representatives Wilkins, Crawford, Wainwright, Senator Plexico  
**STATE AID TO PUBLIC LIBRARIES FUNDS**

Sec. 38. A grant to a local library system from the Aid to Public Libraries Fund shall not be terminated but shall be reduced proportionately by the Department of Cultural Resources if the local funding for a public library was reduced by the local governing body as part of an overall general budgetary reduction reflecting local economic conditions and local government fiscal constraints.

## **PART 9. OFFICE OF THE GOVERNOR**

Requested by: Senator Plexico, Representatives Crawford, Wainwright, Gray  
**COUNCIL OF GOVERNMENT FUNDS**

Sec. 39. (a) Of the funds appropriated in this act to the Office of State Planning, eight hundred sixty-four thousand two hundred seventy dollars (\$864,270) for the 1993-94 fiscal year and eight hundred sixty-four thousand two hundred seventy dollars (\$864,270) for the 1994-95 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand fifteen dollars (\$48,015) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

(b) The funds shall be allocated as follows: A share of the maximum forty-eight thousand fifteen dollars (\$48,015) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Budget and Management of the population of that county (less the population of any larger city within that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Office of State Planning of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.



(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

(d) Funds appropriated by this section may not be used for payment of dues or assessments by the member governments, and may not supplant funds appropriated by the member governments.

(e) As used in this section "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

Requested by: Representatives Wainwright, Crawford, Gray, Senators Plyler, Plexico, Martin of Guilford

### **WORLD LANGUAGE CENTER FUNDS**

Sec. 39.1. (a) It is the intent of the General Assembly that the North Carolina Center for World Languages and Cultures, which is to be located at Pfeiffer College in Misenheimer, Stanly County, become a self-supporting enterprise. No State funds shall be used for capital construction unless approved by the General Assembly. The funds appropriated by this act to the Office of the Governor for the North Carolina Center for World Languages and Cultures for the 1993-94 fiscal year and for the 1994-95 fiscal year are contingent upon the receipt of matching funds as follows:

- (1) \$250,000 for the 1993-94 fiscal year shall be matched by a gift of real estate to the State of no less than 25 acres of land.
- (2) \$250,000 for the 1994-95 fiscal year shall be matched on a dollar-for-dollar basis by non-State funds.
- (3) Upon full satisfaction of the match requirements of subdivision (2) of this section, an additional \$250,000 for the 1994-95 fiscal year shall be allocated for the World Language Center.

(b) The land conveyed to the State by Pfeiffer College to satisfy the matching requirement in subsection (a) of this section shall revert to Pfeiffer College if the land ceases to be used as the site of the North Carolina Center for World Languages and Cultures and the deed conveying that property to the State shall include a reversion clause to that effect.

Requested by: Representatives Wainwright, Crawford, Diamont, Senator Plexico

### **CITIES IN SCHOOLS FUNDS**

Sec. 39.2. Of the funds appropriated in this act to the Office of the Governor for Cities in Schools, the sum of one hundred fifty thousand dollars (\$150,000) shall be matched by non-State funds on the basis of one non-State dollar for every State dollar.

Requested by: Representatives Wainwright, Crawford, Gray, Senators Plexico, Martin of Guilford

### **NORTH CAROLINA EDUCATION STANDARDS AND ACCOUNTABILITY COMMISSION**

Sec. 39.3. (a) G. S. 115C-105.4(a), as enacted by Chapter 117 of the 1993 Session Laws, reads as rewritten:

"(a) The Commission shall:

- (1) Develop standards that outline what a high school graduate should know and a series of benchmarks throughout the K-12 grades structured to identify how well a student is progressing towards the graduation standards. Standards shall include how well a student is able to apply knowledge gained in such core subject areas as mathematics, science, communication, history, geography, and the arts.
- (2) Define a system of benchmarks at appropriate grade levels requiring students to demonstrate an ability to understand and apply what is expected of them in these standards.
- (3) Work with the Department of Public Instruction to ensure that end-of-course assessments for core subjects are consistent with these standards and with benchmarks set by the Commission leading to these standards.
- (4) Review and recommend a system of benchmark measurements that appropriately assess the requirements as outlined in subdivisions (2) and (3) of this subsection. The Commission may consider multiple methods of developmental assessment.
- (5) Recommend ways to ensure that each student is challenged to the fullest extent of the student's ability by describing what actions shall be taken when a student's level of achievement on a standard is less than the student's potential. The Commission shall estimate the number of students for whom these actions should be taken each year and the cost of doing so.
- (6) Recommend methods to measure each high school graduate's performance on the standards, including a system that incorporates a variety of measurement instruments used to assess a student's progress throughout the student's school career. These measures may be used to assess a graduate's preparedness for work, continued schooling, and successful living. The Commission shall estimate the number of students who are unlikely to meet the performance standards for high school graduation each year, describe what actions should be taken to enable these students to meet the standards, and estimate the cost of those actions.
- (7) Consider how the system of standards can serve the needs of exceptional children.
- (8) Consider and recommend any necessary refinements to the substance or implementation of the Standard Course of Study and the Testing Program.
- (9) Recommend the best methods of comparing North Carolina students' performance to that of students in other states and across the nation.

- (10) Recommend how standards and performance measures can accommodate the growing and changing body of knowledge.
- (11) Recommend any necessary statutory amendments to implement its recommendations."

(b) G. S. 115C-105.5(3), as enacted by Chapter 117 of the 1993 Session Laws, reads as rewritten:

"(3) The Commission shall annually advise the General Assembly, the Governor, and the State Board of Education on the standards and assessments. In its report, the Commission shall estimate (i) the number of students each year who are unlikely to achieve at their potential and the cost of the actions that should be taken to enable these students to achieve at their potential, and (ii) the number of students who are unlikely to meet the performance standards for high school graduation each year and the cost of the actions that should be taken to enable these students to meet the standards."

(c) Section 2 of Chapter 117 of the 1993 Session Laws reads as rewritten:

"Sec. 2. This act becomes effective ~~upon appropriation by the General Assembly of funds for the implementation of this act.~~ July 1, 1993. The Commission created by this act terminates December 31, 2000."

(d) The North Carolina Education Standards and Accountability Commission shall report quarterly to the Joint Legislative Education Oversight Committee regarding the progress being made on the development of standards, benchmarks, and related assessments and the progress in incorporating those standards into existing classrooms.

## **PART 10. DEPARTMENT OF INSURANCE**

Requested by: Representatives Crawford, Wainwright, Nesbitt, Senator Plexico

### **UNBUDGETED INSURANCE RECEIPTS REVERT TO GENERAL FUND**

Sec. 40. Appropriations to the Department of Insurance in this act shall be repaid to the General Fund from the Department of Insurance Fund in equal quarterly installments, except that the final installment of the fiscal year shall be reduced by the difference between the amount appropriated and actual expenditures in that fiscal year. Notwithstanding provisions in Section 10 of this act, departmental receipts realized by the Department of Insurance in excess of amounts approved for expenditure by the General Assembly, as adjusted by the Office of State Budget and Management to reflect the distribution of statewide reserves, shall revert to the General Fund at the end of each fiscal year.

Requested by: Representatives Crawford, Wainwright, Senator Plexico

### **FIRE/RESCUE COMMISSION STAFF**

Sec. 41. G.S. 58-78-5(a) reads as rewritten:

"(a) The Commission shall have the following powers and duties:

- (1) To formally adopt a State Fire Education and Training Plan, a State Master Plan for Fire Prevention and Control, a Rescue Training Plan, and a State Master Plan for Rescue Services;
- (2) To assist and participate with State and local fire prevention and control agencies in the improvement of fire prevention and control in North Carolina and to work with State and local rescue agencies to improve rescue services in the State;
- (3) To increase the professional skills of fire protection and fire-fighting personnel and rescue personnel;
- (4) To encourage public support for fire prevention and control and rescue services;
- (5) To accept gifts, bequests, devises, grants, matching funds, and other considerations from private or governmental sources for use in promoting its work;
- (6) To make grants for use in pursuing its objectives, under such conditions as are deemed to be necessary and such other powers as may be necessary to carry out the State's duties with respect to all grants to the State by the United States Fire Administration and the National Fire Academy; and all support programs brought into the State by these two entities shall be coordinated and controlled by the Commission;
- (7) To make studies and recommendations for the improvement of fire prevention and control and rescue services in the State and to make studies and recommendations for the coordination and implementation of effective fire prevention and control and rescue services and for effective fire prevention and control and rescue services education;
- (8) To set objectives and priorities for the improvement of fire prevention and control and rescue services throughout the State;
- (9) To advise State and local interests of opportunities for securing federal assistance for fire prevention and control and rescue services and for improving fire prevention and control and rescue services administration and planning within the State of North Carolina;
- (10) To assist State agencies and institutions of local government and combinations thereof in the preparation and processing of applications for financial aid and to support fire prevention and control, rescue services, and planning and administration;
- (11) To encourage and assist coordination at the federal, State and local government levels in the preparation and implementation of fire prevention and control and rescue services administrative improvements and crime reduction plans;
- (12) To apply for, receive, disburse and audit the use of funds received from any public and private agencies and instrumentalities for fire prevention and control and rescue services, their administration and plans therefor;

- (13) To enter into monitoring and evaluating the results of contracts and agreements necessary or incidental to the discharge of its assigned responsibilities;
- (14) To provide technical assistance to State and local fire prevention and control and rescue agencies in developing programs for improvement;
- (14a) To serve as a central office for the collection and dissemination of information relative to fire service and rescue service activities and programs in State government. All State government agencies conducting fire service and rescue service related programs and activities shall report the status of these programs and activities to the Commission on a quarterly basis and they shall also report to the Commission any new programs or changes to existing programs as they are implemented;
- (14b) To establish voluntary minimum professional qualifications for all levels of fire service and rescue service personnel;
- (14c) To prepare an annual report to the Governor on its fire prevention and control activities and plans, rescue activities and plans, and to recommend legislation concerning fire prevention and control and rescue services; ~~and~~
- (14d) To reimburse the members of the Commission's certification board, in accordance with G.S. 138-5, for travel and subsistence expenses incurred by them in their duties as certification board officers; and
- (15) To take such other actions as may be deemed necessary or appropriate to carry out its assigned duties and responsibilities."

Requested by: Representatives Crawford, Wainwright, Senator Plexico

**STATE CONTROLLER REVIEW OF INSURANCE CHART OF ACCOUNTS**

Sec. 42. The Office of the State Controller as authorized by G.S. 143B-426.39 and this section shall review the chart of accounts used by the Department of Insurance and shall report to the 1993 General Assembly and to the Department of Insurance by March 1, 1994, the findings and recommendations of the State Controller's Office regarding changes needed to align the accounting practices in the Department of Insurance with standards of the Government Accounting Standards Board and generally accepted principles of governmental accounting used within the State's accounting system.

**PART 11. OFFICE OF THE LIEUTENANT GOVERNOR**

Requested by: Senator Plexico, Representatives Crawford, Wainwright

**CERTAIN LIEUTENANT GOVERNOR APPROPRIATIONS NOT TO BE TRANSFERRED**

Sec. 43. Funds appropriated to the Office of Lieutenant Governor for Other Services and for Service and Maintenance Contracts shall not be transferred to other objects of expenditure.

## **PART 12. DEPARTMENT OF REVENUE**

Requested by: Senator Plexico, Representatives Crawford, Wainwright  
**REVENUE FIELD OFFICE CLOSURES AND CONSOLIDATIONS**

Sec. 44. The Department of Revenue shall thoroughly analyze the effect of field office closures and consolidations executed pursuant to recommendations by the Government Performance Audit Committee, and shall report its findings to the General Assembly on or before March 31, 1994. At a minimum, the report shall present evidence relevant to the following issues:

- (1) The impact of consolidation on tax compliance rates;
- (2) Changes in collections resulting from the loss of personal contact between taxpayers and Department of Revenue personnel engaged in taxpayer assistance; and
- (3) Increases in operating efficiency made possible by shifting to a smaller number of larger offices.

The General Assembly intends that this study by the Department of Revenue shall be considered, together with other relevant data, to determine whether a continued strategy of field office consolidation is in the public interest.

## **PART 13. OFFICE OF STATE AUDITOR**

Requested by: Senator Plexico, Representatives Crawford, Wainwright  
**INFORMATION FROM PRIVATE ORGANIZATIONS RECEIVING STATE FUNDS; INFORMATION FROM STATE DEPARTMENTS AND AGENCIES PROVIDING STATE FUNDS**

Sec. 45. G.S. 143-6.1 reads as rewritten:

**"§ 143-6.1. Information from private organizations receiving State funds; information from State departments and agencies providing State funds.**

Every corporation, organization, and institution which receives, uses or expends any State funds shall use or expend such funds only for the purposes for which such State funds were appropriated by the General Assembly or collected by the State. State funds include federal funds that flow through the State.

Each corporation, organization, and institution which receives, uses or expends State funds in the amount of twenty-five thousand dollars (\$25,000) or more annually, except when the funds are for the purchase of goods or services, shall file annually with the State Auditor and with the Joint Legislative Commission on Governmental Operations financial statements ~~in such form and on such schedule as shall be prescribed by the State Auditor, and~~ for that year in which twenty-five thousand dollars (\$25,000) or more in State funds were received, used, or expended. These financial statements shall be audited in accordance with the auditing standards prescribed by the State Auditor, and the audit report shall be received by the State Auditor within six months after the end of the private organization's year in which twenty-five thousand dollars (\$25,000) or more were received, used, or expended. Each corporation, organization, and institution shall

furnish to the State Auditor for audit all books, records and other information as shall be necessary for the State Auditor to account fully for the use and expenditure of State funds. Each such corporation, organization, and institution shall furnish such additional financial or budgetary information as shall be requested by the State Auditor or by the Joint Legislative Commission on Governmental Operations. The State shall not disburse State funds appropriated by the General Assembly or collected by the State for use by any ~~private person, corporation, organization, or institution~~ unless until that ~~person, corporation, organization, or institution~~ has provided all the reports and financial information required by this section. All financial statements furnished to the State Auditor or to the Joint Legislative Commission on Governmental Operations pursuant to this section, and any audits or other reports prepared by the State Auditor, shall be public records.

Each State department and agency shall identify to the State Auditor each corporation, organization, and institution to which State funds received by the department or agency have been provided, except for the purchase of goods and services, and submit documents to the State Auditor for approval in a prescribed format describing standards of compliance and suggested audit procedures sufficient to give adequate direction to independent auditors performing audits.

The receipt, use or expenditure of State funds by a corporation, organization, and institution shall not, in and of itself, make or constitute such corporation, organization, or institution a State agency."

## **PART 14. SALARIES AND BENEFITS**

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

### **APPROPRIATIONS**

Sec. 47. (a) Of the funds appropriated from the General Fund to the Reserve for Salary Increases, the sum of sixty-four million twenty-seven thousand two hundred fifty-seven dollars (\$64,027,257) for the 1993-94 fiscal year and sixty-eight million five hundred twenty-four thousand six hundred seventy-five dollars (\$68,524,675) for the 1994-95 fiscal year shall be used to provide raises for State employees and school personnel other than teachers.

(b) Of the funds appropriated from the Highway Fund to the Reserve for Salary Increases, the sum of six million nine hundred sixty-three thousand four hundred forty-six dollars (\$6,963,446) for the 1993-94 fiscal year and the sum of six million nine hundred sixty-three thousand four hundred forty-six dollars (\$6,963,446) for the 1994-95 fiscal year shall be used to provide raises for State employees.

(c) Of the funds appropriated from the General Fund to the Reserve for Salary Increases, the sum of forty-two million four hundred forty-three thousand two hundred seventeen dollars (\$42,443,217) for the 1993-94 fiscal year and the sum of forty-two million four hundred forty-three thousand two hundred seventeen dollars (\$42,443,217) for the 1994-95 fiscal year shall be used to implement the teacher salary schedule provided in this act. This is the equivalent of two percent (2%) of teacher payroll.

(d) Of the funds appropriated from the Highway Fund to the Reserve for Salary Increases, the sum of one hundred forty-five thousand seven hundred ten dollars (\$145,710) for the 1993-94 fiscal year and the sum of one hundred forty-five thousand seven hundred ten dollars (\$145,710) for the 1994-95 fiscal year shall be used to implement the teacher salary schedule provided in this act. This is the equivalent of two percent (2%) of teacher payroll.

(e) Of the funds appropriated from the General Fund to the Reserve for Salary Increases, the sum of five million five hundred eighty-one thousand six hundred sixty-eight dollars (\$5,581,668) for the 1993-94 fiscal year and the sum of five million five hundred eighty-one thousand six hundred sixty-eight dollars (\$5,581,668) for the 1994-95 fiscal year shall be used to implement salary increases for employees in locally operated State-funded programs as provided in this act.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**GOVERNOR'S SALARY INCREASE**

Sec. 48. G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~ninety-one thousand nine hundred thirty-eight dollars (\$91,938)~~ ninety-three thousand seven hundred seventy-seven dollars (\$93,777) annually, payable monthly."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**COUNCIL OF STATE/SALARY INCREASE**

Sec. 49. The annual salaries for members of the Council of State, payable monthly, for the 1993-94 and 1994-95 fiscal years are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$77,289
Attorney General	77,289
Secretary of State	77,289
State Treasurer	77,289
State Auditor	77,289
Superintendent of Public Instruction	77,289
Agriculture Commissioner	77,289
Insurance Commissioner	77,289
Labor Commissioner	77,289.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**NONELECTED DEPARTMENT HEAD/SALARY INCREASES**

Sec. 50. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 1993-94 and 1994-95 fiscal years are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	\$77,289



Secretary of Correction	77,289
Secretary of Crime Control and Public Safety	77,289
Secretary of Cultural Resources	77,289
Secretary of Commerce	77,289
Secretary of Environment, Health, and Natural Resources	77,289
Secretary of Human Resources	77,289
Secretary of Revenue	77,289
Secretary of Transportation	77,289.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

Sec. 51. (a) The annual salaries, payable monthly, for the 1993-94 and 1994-95 fiscal years for the following executive branch officials are:

Executive Branch Officials Annual Salary

Chairman, Alcoholic Beverage Control Commission	\$74,389
State Controller	120,301
Commissioner of Motor Vehicles	74,389
Commissioner of Banks	74,389
Chairman, Employment Security Commission	74,389
State Personnel Director	77,289
Chairman, Parole Commission	67,926
Members of the Parole Commission	62,712
Chairman, Industrial Commission	66,837
Members of the Industrial Commission	65,209
Executive Director, Agency for Public Telecommunications	62,712
General Manager, Ports Railway Commission	56,628
Director, Museum of Art	76,225
Executive Director, Wildlife Resources Commission	64,205
Executive Director, North Carolina Housing Finance Agency	92,063
Executive Director, North Carolina Agricultural Finance Authority	72,406
Director, Office of Administrative Hearings	65,674.

(b) Any person carrying on the functions of a position listed in subsection (a) of this section shall be paid only the salary set out in that subsection, and the mere

classification of the position to be some other position does not allow the salary of that position to be set in some other manner.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**LEGISLATORS/SALARY AND EXPENSES INCREASE**

Sec. 52. Effective upon convening of the 1995 Regular Session of the General Assembly, G.S. 120-3 reads as rewritten:

**"§ 120-3. Pay of members and officers of the General Assembly.**

(a) The Speaker of the House shall be paid an annual salary of ~~thirty-five thousand six hundred twenty-two dollars (\$35,622)~~, thirty-six thousand three hundred thirty-four dollars (\$36,334), payable monthly, and an expense allowance of one thousand three hundred ~~twenty-four-six~~ dollars (\$1,320) (\$1,346) per month. The President Pro Tempore of the Senate shall be paid an annual salary of ~~thirty-five thousand six hundred twenty-two dollars (\$35,622)~~, thirty-six thousand three hundred thirty-four dollars (\$36,334), payable monthly, and an expense allowance of one thousand three hundred ~~twenty-four-six~~ dollars (\$1,320) (\$1,346) per month. The Speaker Pro Tempore of the House shall be paid an annual salary of ~~twenty thousand two hundred ninety-eight dollars seven hundred four dollars (\$20,298)~~, (20,704) payable monthly, and an expense allowance of seven hundred ~~eighty-ninety-six~~ dollars (\$780.00) (\$796.00) per month. The Deputy President Pro Tempore of the Senate shall be paid an annual salary of ~~twenty thousand two hundred ninety-eight dollars seven hundred four (\$20,298)~~, (20,704) payable monthly, and an expense allowance of seven hundred ~~eighty-ninety-six~~ dollars (\$780.00) (\$796.00) per month. The majority and minority leaders in the House and the majority and minority leaders in the Senate shall be paid an annual salary of ~~fifteen thousand nine hundred eighteen dollars (\$15,918)~~, sixteen thousand two hundred thirty-six dollars (\$16,236) payable monthly, and an expense allowance of six hundred ~~twenty-two-thirty-four~~ dollars (\$622.00) (\$634.00) per month.

(b) Every other member of the General Assembly shall receive increases in annual salary 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 ~~1993-1995~~ Regular Session of the General Assembly, every other member of the General Assembly shall be paid an annual salary of ~~thirteen thousand twenty-six-two hundred eighty-seven dollars (\$13,026)~~, (13,287) payable monthly, and an expense allowance of five hundred ~~twenty-two-thirty-two~~ dollars (\$522.00) (\$532.00) per month.

(c) The salary and expense allowances provided in this section are in addition to any per diem compensation and any subsistence and travel allowance authorized by any other law with respect to any regular or extra session of the General Assembly, and service on any State board, agency, commission, standing committee and study commission."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

Sec. 53. G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~forty-six thousand six hundred eighty-six dollars (\$46,686)~~, forty-seven thousand six hundred twenty dollars (\$47,620) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES**

Sec. 54. G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred nineteen dollars (\$219.00)~~ two hundred twenty-three dollars (\$223.00) per week, plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**LEGISLATIVE EMPLOYEES/SALARY INCREASES**

Sec. 55. The Legislative Administrative Officer may increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1992-93 by an amount equal to two percent (2%). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**JUDICIAL BRANCH OFFICIALS/SALARY INCREASE**

Sec. 56. (a) The annual salaries, payable monthly, for specified judicial branch officials for fiscal year 1993-94 and fiscal year 1994-95 are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$93,777
Associate Justice, Supreme Court	91,855
Chief Judge, Court of Appeals	88,930
Judge, Court of Appeals	86,996
Judge, Senior Regular Resident Superior Court	79,823

Judge, Superior Court	77,289
Chief Judge, District Court	68,256
Judge, District Court	65,674
District Attorney	71,965
Assistant District Attorney - an average of	46,738
Administrative Officer of the Courts	79,823
Assistant Administrative Officer of the Courts	65,160
Public Defender	71,965
Assistant Public Defender - an average of	46,738.

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 forty-six thousand seven hundred thirty-eight dollars (\$46,738), and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-three thousand eight hundred sixty-two dollars (\$23,862) effective July 1, 1993.

(b) The salaries in effect for fiscal year 1992-93 for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this act, shall be increased by two percent (2%), commencing July 1, 1993.

(c) The salaries in effect for fiscal year 1992-93 for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1993, by pro rata amounts of the two percent (2%).

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**CLERK OF SUPERIOR COURT SALARY DETERMINATION/INCREASE**

Sec. 57. (a) G.S. 7A-101 reads as rewritten:

**"§ 7A-101. Compensation.**

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

Population	Annual Salary
	<del>'1992-93'</del>
Less than 100,000	<del>\$47,442</del> <u>\$48,391</u>
100,000 to <del>199,999</del> <u>149,999</u>	<del>53,550</del> <u>54,621</u>
<del>200,000 and above</del> <u>150,000 to 249,999</u>	<del>61,026</del> <u>62,247</u>
<u>250,000 and above</u>	<u>68,256.</u>

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

(b) The increase required for the new annual salaries provided in subsection (a) of this section shall be funded from funds available to the Administrative Office of the Courts for fiscal years 1993-94 and 1994-95.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler  
**ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE**

Sec. 58. G.S. 7A-102(c) reads as rewritten:

"(c) Notwithstanding the provisions of subsection (a), the Administrative Officer of the Courts shall establish an incremental salary plan for assistant clerks and for deputy clerks based on a series of salary steps corresponding to the steps contained in the Salary Plan for State Employees adopted by the Office of State Personnel, subject to a minimum and a maximum annual salary as set forth below. On and after July 1, 1985, each assistant clerk and each deputy clerk shall be eligible for an annual step increase in his salary plan based on satisfactory job performance as determined by each clerk. Notwithstanding the foregoing, if an assistant or deputy clerk's years of service in the office of superior court clerk would warrant an annual salary greater than the salary first established under this section, that assistant or deputy clerk shall be eligible on and after July 1, 1984, for an annual step increase in his salary plan. Furthermore, on and after July 1, 1985, that assistant or deputy clerk shall be eligible for an increase of two steps in his salary plan, and shall remain eligible for a two-step increase each year as recommended by each clerk until that assistant or deputy clerk's annual salary corresponds to his number of years of service. Any person covered by this subsection who would not receive a step increase in fiscal year ~~1992-93~~ 1993-94 because that person is at the top of the salary range as it existed for fiscal year ~~1990-91~~ 1992-93 shall receive a salary increase to the maximum annual salary provided for fiscal year ~~1992-93~~ by subsection (c1) of this section."

Sec. 59. G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks	Annual Salary
	<del>'1992-93'</del>
Minimum	\$20,712
Maximum	<del>35,262</del> <u>35,967</u>
Deputy Clerks	Annual Salary
	<del>'1992-93'</del>
Minimum	<del>\$16,236</del> <u>\$16,560</u>
Maximum	<del>27,162</del> <u>27,705</u> ."

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont  
**MAGISTRATES/SALARY INCREASE**

Sec. 60. G.S. 7A-171.1(a)(1) reads as rewritten:

"(1) A full-time magistrate, so designated by the Administrative Officer of the Courts, shall be paid the annual salary indicated in the table below according to the number of years he has served as a magistrate. The salary steps shall take effect on the anniversary of the date the magistrate was originally appointed:

Table of Salaries of Full-Time Magistrates

Number of Prior Years of Service	Annual Salary	
	<del>'1992-93'</del>	
Less than 1	\$17,058	<u>\$17,399</u>
1 or more but less than 3	<del>17,934</del>	<u>18,293</u>
3 or more but less than 5	<del>19,698</del>	<u>20,092</u>
5 or more but less than 7	<del>21,642</del>	<u>22,075</u>
7 or more but less than 9	<del>23,814</del>	<u>24,290</u>
9 or more but less than 11	<del>26,178</del>	<u>26,702</u>
11 or more	<del>28,758</del>	<u>29,333.</u>

A 'Full-time magistrate' is a magistrate who is assigned to work an average of not less than 40 hours a week during his term of office.

Notwithstanding any other provision of this subdivision, a full-time magistrate, who was serving as a magistrate on December 31, 1978, and who was receiving an annual salary in excess of that which would ordinarily be allowed under the provisions of this subdivision, shall not have the salary, which he was receiving reduced during any subsequent term as a full-time magistrate. That magistrate's salary shall be fixed at the salary level from the table above which is nearest and higher than the latest annual salary he was receiving on December 31, 1978, and, thereafter, shall advance in accordance with the schedule in the table above."

Requested by: Senators Daniel, Plyler, Ward, Representatives Nesbitt, Diamont  
**COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**

Sec. 61. The Director of the Budget may transfer from the Reserve for Salary Increases created in this act for fiscal years 1993-94 and 1994-95 funds to the Department of Community Colleges necessary to provide an average annual salary increase of two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 1993, for all permanent full-time community college institutional personnel supported by State funds. The State Board shall establish guidelines for providing salary increases to community college institutional personnel. Salary funds shall be used to provide an average annual salary

increase of two percent (2%) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Senators Daniel, Plyler, Ward, Representatives Nesbitt, Diamont

**HIGHER EDUCATION PERSONNEL/SALARY INCREASES**

Sec. 62. The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Salary Increases created in this act for fiscal year 1993-94 and fiscal year 1994-95 to provide an annual average salary increase of two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 1993, for all employees of The University of North Carolina, as well as employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act. These funds shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**MOST STATE EMPLOYEES/SALARY INCREASES/1993-94**

Sec. 63. (a) The salaries in effect for fiscal year 1992-93 for all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act and who are paid from the General Fund or the Highway Fund shall be increased, on and after July 1, 1993, unless otherwise provided by this act, by two percent (2%).

(b) Except as otherwise provided in this act, the fiscal year 1992-93 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 two percent (2%), commencing July 1, 1993.

(c) The salaries in effect for fiscal year 1992-93 for all permanent part-time State employees shall be increased on and after July 1, 1993, by pro rata amounts of the two percent (2%) salary increase provided for permanent full-time employees covered under subsection (a) of this section.

(d) 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, 1993, in accordance with subsections (a), (b), or (c) of this section, 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.

(e) 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 two percent (2%) salary

increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 1993.

(f) The provisions of this section do not apply to employees whose salaries are determined in accordance with G.S. 7A-102 or G.S. 20-187.3(a), except for those employees who would not receive a salary increment for the 1993-94 fiscal year under G.S. 7A-102 or G.S. 20-187.3(a) because they are at the top of their salary range.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

### **SALARY INCREASE FOR STATE FUNDED LOCAL PROGRAMS**

Sec. 64. Of the funds appropriated from the General Fund for the Reserve for Salary Increases in this act for the 1993-94 fiscal year and the 1994-95 fiscal year, funds shall be made available for employees in locally operated State funded programs in an amount equivalent to a two percent (2%) across-the-board salary increase. Such employees do not receive the compensation bonus provided in this act.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

### **PUBLIC SCHOOL PERSONNEL/SALARY INCREASES**

Sec. 65. (a) Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators, and Program Administrators. – The Director of the Budget may transfer from the Reserve for Salary Increases created in this act for fiscal year 1993-94 and fiscal year 1994-95 funds necessary to provide a salary increase of two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 1993, for all superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, and program administrators whose salaries are supported from the State's General Fund. These funds may not be used for any purpose other than for the salary increase and necessary employer contributions provided by this subsection.

(b) Noncertified Employees. – The Director of the Budget may transfer from the Reserve for Salary Increases created in this act for fiscal year 1993-94 and fiscal year 1994-95 funds necessary to provide a salary increase of two percent (2%), including funds for the employer's retirement and social security contributions, commencing July 1, 1993, for all noncertified public school employees, except school bus drivers, whose salaries are supported from the State's General Fund. These funds may not be used for any purpose other than for the salary increases and necessary employer contributions provided by this subsection.

(c) The fiscal year 1992-93 pay rates adopted by local boards of education for school bus drivers shall be increased by at least two percent (2%) on and after July 1, 1993, 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 1992-93 and who continue their employment for fiscal year 1993-94 and fiscal year 1994-95 by at least two percent (2%) on and after July 1, 1993. The Director of the Budget may transfer from the salary increase reserve fund created in this act for fiscal year 1993-94



and fiscal year 1994-95 funds necessary to provide the salary increases for school bus drivers whose salaries are supported from the State's General Fund in accordance with the provisions of this subsection.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES**

Sec. 66. (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 act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

(c) The salary increases provided in this Part are to be effective July 1, 1993, 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, 1993, or to employees involved in final written disciplinary procedures. The employee shall receive the increase on a current basis when the final written disciplinary procedure is resolved.

Payroll checks issued to employees after July 1, 1993, which represent payment for services provided prior to July 1, 1993, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

(d) 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., 115C-12(16), 126-7, or any other provision of law other than G.S. 20-187.3(a) and 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 1993-94 and 1994-95 fiscal years, except as otherwise permitted by this act.

(e) The Director of the Budget shall transfer from the Reserve for Salary Increases created in this act for fiscal year 1993-94 and fiscal year 1994-95 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

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

Requested by: Senators Daniel, Plyler, Representatives Barnes, Nesbitt, Diamont

**RESERVE FOR LOWEST PAID EMPLOYEES**

Sec. 67. Notwithstanding any other provisions of the current law, the Office of State Budget and Management may use funds in the Reserve for Lowest Paid Employees for the purpose of continuing salary increases awarded during fiscal year

1992-93 to the lowest paid State employees pursuant to Section 37 of Chapter 1066 of the 1989 Session Laws.

Requested by: Representatives Barnes, Nesbitt, Senators Daniel, Plyler

**SET A WAGE FLOOR FOR THE LOWEST PAID STATE EMPLOYEES**

Sec. 68. (a) The hiring rate of Salary Grade 50 under the State Personnel System is twelve thousand eight hundred seventy-seven dollars (\$12,877) per year. The salary of any employee at Salary Grade 50 which is less than that amount is raised to that amount.

(b) The hiring rate of Salary Grade 51 under the State Personnel System is twelve thousand nine hundred seventy-seven dollars (\$12,977) per year. The salary of any employee at Salary Grade 51 which is less than that amount is raised to that amount.

(c) The hiring rate of Salary Grade 52 under the State Personnel System is thirteen thousand seventy-nine dollars (\$13,079) per year. The salary of any employee at Salary Grade 52 which is less than that amount is raised to that amount.

(d) Of the funds appropriated to the Reserve for Salary Increases for fiscal year 1993-94 the sum of one hundred thirty-five thousand five hundred dollars (\$135,500) and for fiscal year 1994-95 the sum of one hundred thirty-five thousand five hundred dollars (\$135,500) shall be used to implement this section.

(e) The Office of State Personnel may use salary adjustment funds to adjust salaries in Grades 50 through 52 on the basis of years of experience for persons who on June 30, 1993, were above the hiring rate but will be at the hiring rate for their grade as a result of this section.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**COMPENSATION BONUS**

Sec. 69. (a) Any person:

- (1) Whose salary is set by or under this Part;
- (2) Who was, in the first half of the 1993-94 fiscal year, a permanent officer or permanent employee whose salary is set by or under this Part; and
- (3) Who was such an officer or employee for the entire first half of the fiscal year, or, if the permanent position was for a contract which provides for a term of four months or more during the period July 1, 1993 through December 31, 1993 held the permanent position for the entire term of the contract shall receive in December of 1993, a compensation bonus of one percent (1%) of the annual salary for that position.

(b) Any person:

- (1) Who is not eligible for the compensation bonus provided by subsection (a) of this section;
- (2) Whose salary is set by or under this Part;

- (3) Who was, in the second half of the 1993-94 fiscal year, a permanent officer or permanent employee whose salary is set by or under this Part; and
- (4) Who was such an officer or employee for the entire second half of the fiscal year, or, if the permanent position was for a contract which provides for a term of four months or more during the period January 1, 1994 through June 30, 1994 held the permanent position for the entire term of the contract

shall receive in June of 1994, a compensation bonus of one percent (1%) of the annual salary for that position.

- (c) Any person:
  - (1) Whose salary is set by or under Section 132 of this act;
  - (2) Who was, in the first half of the 1993-94 fiscal year, a principal or assistant principal whose salary is set by or under Section 132 of this act;
  - (3) Who was such an principal or assistant principal for the entire first half of the fiscal year, or, if the position was for a contract which provides for a term of four months or more during the period July 1, 1993 through December 31, 1993 held the position for the entire term of the contract; and
  - (4) Whose salary was increased by Section 132 of this act by less than two percent (2%)

shall receive in December of 1993, a compensation bonus of the difference between two percent (2%) and the percentage by which the salary was increased by Section 132 of this act but not to exceed one percent (1%) of the annual salary.

- (d) Any person:
  - (1) Who is not eligible for the compensation bonus provided by subsection (c) of this section;
  - (2) Whose salary is set by or under Section 132 of this act;
  - (3) Who was, in the second half of the 1993-94 fiscal year, a principal or assistant principal whose salary is set by or under this Part;
  - (4) Who was such a principal or assistant principal for the entire second half of the fiscal year, or, if the position was for a contract which provides for a term of five months or more during the period January 1, 1994, through June 30, 1994, held the position for the entire term of the contract; and
  - (5) Whose salary was increased by Section 132 of this act by less than two percent (2%)

shall receive in June of 1994, a compensation bonus of the difference between two percent (2%) and the percentage by which the salary was increased by Section 132 of this act but not to exceed one percent (1%) of the annual salary.

(e) The annual salary on which the percentage bonus is based is the annual salary in effect during the pay period in which the bonus is paid.

(f) The provisions of this section do not apply to persons whose salaries are determined in accordance with G.S. 7A-102 or G.S. 20-187.3(a), except for those employees who would not receive a salary increment for the 1993-94 fiscal year under G.S. 7A-102 or G.S. 20-187.3(a) because they are at the top of their salary range, and do not apply to persons whose salaries are set by G.S. 120-3.

(g) The Director of the Budget shall transfer from the Reserve for Compensation Bonus provided by this act sufficient funds to implement this section.

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

### **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

Sec. 70. (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 income and disability salary continuation benefits.

(b) Effective July 1, 1993, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1993-94 and 1994-95 fiscal years are (i) ten and ninety-six hundredths percent (10.96%) - Teachers and State Employees; (ii) fifteen and ninety-six hundredths percent (15.96%) - State Law Enforcement Officers; (iii) eight and ninety-two hundredths percent (8.92%) - University Employees' Optional Retirement Program; (iv) twenty-four and eighty-three hundredths percent (24.83%) - Consolidated Judicial Retirement System; and (v) thirty-two and thirty hundredths percent (32.30%) - Legislative Retirement System. Each of the foregoing contribution rates includes two percent (2%) 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 forty-two hundredths percent (0.42%) for the Disability Income Plan.

(c) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 1993-94 fiscal year and the 1994-95 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - one thousand three hundred twenty-one dollars (\$1,321); and (ii) Non-Medicare-eligible employees and retirees - one thousand seven hundred thirty-six dollars (\$1,736).

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**ALLOW LEGISLATORS SERVING IN JANUARY 1985 TO PURCHASE CREDITABLE SERVICE IN THE LEGISLATIVE RETIREMENT SYSTEM**

Sec. 71. G.S. 120-4.12 is amended by adding a new subsection to read:

"(c1) Any member of the Retirement System who was a member of the General Assembly as of January 1985 may purchase prior service credit for the month of January 1985 based upon seven percent (7%) of the compensation received for that period."

Requested by: Representatives Nesbitt, Diamont, Senators Daniel, Plyler

**ALLOW LOCAL BOARDS OF EDUCATION TO ESTABLISH SICK LEAVE BANKS FOR PUBLIC SCHOOL EMPLOYEES**

Sec. 72. (a) Effective January 1, 1994, G.S. 115C-336 is amended by designating the existing language as subsection (a) and by adding a new subsection to read:

"(b) The State Board of Education shall adopt rules and regulations for the establishment of voluntary sick leave banks by local boards of education, from which an employee, upon exhaustion of accumulated sick leave and annual leave, when allowable, may withdraw sick leave days in the event of emergency or catastrophic illness. These rules may include, but not be limited to, (i) requirements of minimum service and minimum balance of sick leave before an employee may join the sick leave bank, (ii) enrollment periods for present employees and new hires, (iii) time limits for rejoining the sick leave bank, (iv) limitation on number of days which can be withdrawn by any employee, (v) waiting period before being eligible to withdraw sick leave, (vi) exclusion of illness or injury covered by Workers' Compensation Benefits, (vii) certification by physician attesting to member's illness or accident, (viii) administration of each sick leave bank by a Sick Leave Bank Committee to be made up of representatives of different classifications of employees, and (ix) other requirements to prevent any adverse selection by employees. The rules concerning the establishment of sick leave banks shall include provisions for notifying employees who donate sick leave to and employees who withdraw sick leave from the sick leave bank, of the State retirement credit consequences as to the donated sick leave."

(b) The Department of Public Instruction in fiscal years 1993-94 and 1994-95 may reimburse, from funds appropriated by this act, local school administrative units for items relating to sick leave used by employees under this section.

(c) Each local school administrative unit creating a sick leave bank under the rules and regulations adopted by the State Board of Education shall report to the Department of Public Instruction, on a schedule prescribed by that Department, the number of employees participating, itemized by job classification, the number of sick leave days withdrawn, and the cost of the leave.

Requested by: Representatives Nesbitt, Diamont, Bowman, Senators Daniel, Plyler

**ALLOW PUBLIC SCHOOL EMPLOYEES AND STATE EMPLOYEES TO CONVERT EXCESS ANNUAL LEAVE DAYS TO SICK LEAVE**

Sec. 73. (a) G.S. 115C-272(b)(2) reads as rewritten:

"(2) Notwithstanding any provisions of this section to the contrary no person shall be entitled to pay for any vacation day not earned by that person. Vacation days shall not be used for extending the term of employment of individuals and shall not be cumulative from one fiscal year to another fiscal year: Provided, that superintendents may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any superintendent with more than 30 days of accumulated leave shall have the excess accumulation ~~cancelled~~ converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by the superintendent will be upon the authorization of his immediate supervisor and under policies established by the local board of education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours when separated from service due to resignation, dismissal, reduction in force, death, or service retirement. If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

(b) G.S. 115C-285(a)(2) reads as rewritten:

"(2) Supervisors and classified principals paid on an hourly or other basis whether paid from State or from local funds may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any supervisor or principals with more than 30 days of accumulated leave shall have the excess accumulation ~~cancelled~~ converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by the employee will be upon the authorization of his immediate supervisor and under policies established by the local board of education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours when separated from service due to resignation, dismissal, reduction in force, death, or service retirement. If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being

appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

(c) G.S. 115C-302(a)(3) reads as rewritten:

"(3) Notwithstanding any provisions of this section to the contrary no person shall be entitled to pay for any vacation day not earned by that person. The first 10 days of annual vacation leave earned by a teacher during any fiscal year period shall be scheduled to be used in the school calendar adopted by the respective local boards of education. Vacation days shall not be used for extending the term of employment of individuals. Teachers may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any teachers with more than 30 days of accumulated leave shall have the excess accumulation ~~cancelled~~ converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by the teacher will be upon the authorization of his immediate supervisor and under policies established by the local board of education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours when separated from service due to resignation, dismissal, reduction in force, death, or service retirement. If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

(d) G.S. 115C-316(a)(3) reads as rewritten:

"(3) Notwithstanding any provisions of this section to the contrary no person shall be entitled to pay for any vacation day not earned by that person. The first 10 days of annual leave earned by a 10- or 11-month employee during any fiscal year period shall be scheduled to be used in the school calendar adopted by the respective local boards of education. Vacation days shall not be used for extending the term of employment of individuals. Ten- or 11-month employees may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any of these employees with more than 30 days of accumulated leave shall have the excess accumulation ~~cancelled~~ converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by these employees will be upon the authorization of their immediate supervisor and under policies established by the local board of

education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours when separated from service due to resignation, dismissal, reduction in force, death or service retirement. If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

(e) G.S. 115C-316(a)(4) reads as rewritten:

"(4) Twelve-month school employees other than superintendents, supervisors and classified principals paid on an hourly or other basis whether paid from State or from local funds may accumulate annual vacation leave days as follows: annual leave may be accumulated without any applicable maximum until June 30 of each year. On June 30 of each year, any employee with more than 30 days of accumulated leave shall have the excess accumulation ~~cancelled~~ converted to sick leave so that only 30 days are carried forward to July 1 of the same year. All vacation leave taken by the employee will be upon the authorization of his immediate supervisor and under policies established by the local board of education. An employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 240 hours when separated from service due to resignation, dismissal, reduction in force, death, or service retirement. If the last day of terminal leave falls on the last workday in the month, payment shall be made for the remaining nonworkdays in that month. Employees retiring on disability retirement may exhaust annual leave rather than be paid in a lump sum. The provisions of this subdivision shall be accomplished without additional State and local funds being appropriated for this purpose. The State Board of Education shall adopt rules and regulations for the administration of this subdivision."

(f) G.S. 126-8 reads as rewritten:

**"§ 126-8. Minimum leave granted State employees.**

The amount of vacation leave granted to each full-time State employee subject to the provisions of this Chapter shall be determined in accordance with a graduated scale established by the State Personnel Commission which shall allow the equivalent rate of not less than two weeks' vacation per calendar year, prorated monthly, cumulative to at least 30 days. Any State employee who has vacation leave in excess of the allowed accumulation shall have that leave converted to sick leave. Sick leave allowed as needed to such State employees shall be at a rate not less than 10 days for each calendar year, cumulative from year to year. Notwithstanding any other provisions of this section, no full-time State employee subject to the provisions of Chapter 126, as the



same appears in the Cumulative Supplement to Volume 3B of the General Statutes, on May 23, 1973, shall be allowed less than the equivalent of three weeks' vacation per calendar year, cumulative to at least 30 days."

(g) This section becomes effective June 30, 1993.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**PROVIDE AN INCREASE TO RETIREES OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM, AND TO INCREASE THE RETIREMENT FORMULA WITH ADJUSTING INCREASE TO RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**

Sec. 74. (a) G.S. 120-4.22A is amended by adding a new subsection to read:

"(h) In accordance with subsection (a) of this section, from and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 1993, shall be increased by one and six-tenths percent (1.6%) of the allowance payable on January 1, 1993. Furthermore, from and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 1993, but before June 30, 1993, shall be increased by a prorated amount of one and six-tenths percent (1.6%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 1993, and June 30, 1993."

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

"(ll) From and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased by one and six-tenths percent (1.6%) of the allowance payable on July 1, 1992, in accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1992, but before June 30, 1993, shall be increased by a prorated amount of one and six-tenths percent (1.6%) 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, 1992, and June 30, 1993."

(c) G.S. 135-5(b13) reads as rewritten:

"(b13) Service Retirement Allowance of Members Retiring on or after July 1, ~~1992~~1992, but before July 1, 1993. – Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1992, but before July 1, 1993, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
  - a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years

of creditable service, the allowance shall be equal to one and seventy hundredths percent (1.70%) of his average final compensation, multiplied by the number of years of his creditable service.

b. This allowance shall also be governed by the provisions of G.S. 135-5(b9)(1)b.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy hundredths percent (1.70%) of his average final compensation, multiplied by the number of years of creditable service.

b. This allowance shall also be governed by the provisions of G.S. 135-5(b9)(2)b. c. and d."

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

"(b14) Service Retirement Allowance of Members Retiring on or after July 1, 1993. – Upon retirement from service in accordance with subsection (a) above, on or after July 1, 1993, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-one hundredths percent (1.71%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs after his 50th and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, the allowance shall be computed as in G.S. 135-5(b14)(1)a., but shall be reduced by one-third of one percent (1/3 of 1%) thereof for each month by which the retirement date precedes the first day of the month coincident with or next following his 55th birthday.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-one hundredths percent (1.71%) of his average final compensation, multiplied by the number of years of creditable service.
- b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to the completion of 25 years or more of creditable service, the retirement allowance shall be computed as in G.S. 135-5(b14)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.
- c. If the member's service retirement date occurs before his 60th birthday and prior to the completion of 30 or more years of creditable service, the service retirement allowance shall be the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135(b14)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall receive not less than the benefit provided by G.S 135-5(b)."

(e) G.S 135-5 is amended by adding two new subsections to read:

"(vv) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1993. – From and after July 1, 1993, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1993, shall be increased by six-tenths of one percent (.6%) of the allowance payable on June 1, 1993. This allowance shall be calculated on the allowance payable and in effect on June 30, 1993, so as not to be compounded on any other increase granted by act of the 1993 General Assembly.

(ww) From and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased by one and six-tenths percent (1.6%) of the allowance payable on July 1, 1992, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1992, but before June 30, 1993, shall be increased by a prorated amount of one and six-tenths percent (1.6%) 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, 1992, and June 30, 1993."

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

"(n) From and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1992, shall be increased by one and six-tenths percent (1.6%) of the allowance payable on July 1, 1992.

Furthermore, from and after July 1, 1993, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1992, but before June 30, 1993, shall be increased by a prorated amount of one and six-tenths percent (1.6%) 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, 1992, and June 30, 1993."

(g) In order to fund the provisions of this Part, the Board of Trustees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System, with the advice of the consulting actuary, shall apply the unencumbered actuarial gains in the Systems by allocating the percentage of payroll contribution rates for employers between the normal and accrued liability contributions to the Retirement System.

Requested by: Senators Daniel, Plyler, Harris, Representatives Nesbitt, Diamont  
**PROVIDE THAT RETIRED MEMBERS IN RECEIPT OF A RETIREMENT ALLOWANCE FROM THE STATE-ADMINISTERED RETIREMENT SYSTEMS SHALL RECEIVE RETIREMENT BENEFITS EQUAL TO AN AMOUNT NOT LESS THAN THE ACCUMULATED CONTRIBUTIONS OF THE RETIREE AT RETIREMENT**

Sec. 74.1. (a) G.S. 120-4.26 reads as rewritten:

**"§ 120-4.26. Benefit payment options.**

Any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of the retirement allowance in a reduced allowance payable throughout life under the provisions of one of the options set forth below. No election may be made after the first payment becomes due, or the first retirement check cashed, nor may an election be revoked or a nomination changed. The election of Option 2 or Option 3 or the nomination of the person thereunder shall be revoked if the person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed. The election may be revoked by the member prior to the date the first payment becomes normally due or until his first retirement check has been cashed. Provided, however, any member having elected Options 2 or 3 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent to the retirement allowance in effect immediately prior to the effective date of the new option.

Option 1. – For Members Retiring Prior to July 1, 1993. – If a member dies within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less one-one hundred twentieth (1/120) for each month for which he has received a retirement allowance payment, shall be paid to his legal representative or to the person he nominates by written designation acknowledged and filed with the Board of Trustees;

Option 2. – Upon his death, his reduced retirement allowance shall be continued throughout the life of and paid to the person he nominates by written designation duly

acknowledged and filed with the Board of Trustees at the time of his retirement. If the person selected is other than his spouse, the reduced retirement allowance payable to the member shall not be less than one half of the retirement allowance without optional modification which would otherwise be payable to him; or

Option 3. – Upon his death, one half of his reduced retirement allowance shall be continued throughout the life of and paid to the person he nominates by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement."

(b) Article 1A of Chapter 120 of the General Statutes is amended by adding a new section to read:

**"§ 120-4.26A. Benefits on death after retirement.**

In the event of the death of a retired member while in receipt of a retirement allowance under the provisions of this Article, there shall be paid to such person or persons as the retiree shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions of the retiree at the date of retirement over the total of the retirement allowances paid prior to the death of the retiree.

In the event that a retirement allowance becomes payable to the designated survivor of a retired member under the provisions of G.S. 120-4.26 and such retirement allowance to the survivor shall terminate upon the death of the survivor before the total of the retirement allowances paid to the retiree and the designated survivor combined equals the amount of the accumulated contributions of the retiree at the date of retirement, the excess, if any, of such accumulated contributions over the total of the retirement allowances paid to the retiree and the survivor combined shall be paid in a lump sum to such person or persons as the retiree shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time such payment falls due, otherwise to the retiree's legal representative."

(c) G.S. 128-27(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his first retirement check has been cashed, any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance in a reduced allowance payable throughout life under the provisions of one of the Options set forth below. The election of Option two or Option three or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or his first retirement check has been cashed. Provided, however, any member having elected Options two, three, ~~five,~~ or six and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new

option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option.

Option one. (a) In the Case of a Member Who Retires prior to July 1, 1965. – If he dies before he has received in annuity payments the present value of his annuity as it was at the time of his retirement, the balance shall be paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees or, if none, to his legal representative.

(b) In the Case of a Member Who Retires on or after July 1, 1965-1965, but prior to July 1, 1993. – If he dies within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less one one-hundred-twentieth thereof for each month for which he has received a retirement allowance payment, shall be paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees or, if none, to his legal representative; or

Option two. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement, provided that if the person selected is other than his spouse the reduced retirement allowance payable to the member shall not be less than one half of the retirement allowance without optional modification which would otherwise be payable to him; or

Option three. Upon his death, one half of his reduced retirement allowance shall be continued throughout the life of, and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or

Option four. Adjustment of Retirement Allowance for Social Security Benefits. – Until the first payment on account of any benefit becomes normally due, any member may elect to convert his benefit otherwise payable on his account after retirement into a retirement allowance of equivalent actuarial value of such amount that with his benefit under Table II of the Federal Social Security Act, he will receive, so far as possible, approximately the same amount per year before and after the earliest age at which he becomes eligible, upon application therefor, to receive a social security benefit. ~~A member who makes an election in accordance with this option shall be deemed to have made a further election of Option one above.~~

Option five. For Members Retiring prior to July 1, 1993. The member may ~~elect~~ elect to ~~(1) To~~ receive a reduced retirement allowance under the conditions of Option two or Option three, as provided for above, with the modification that if both he and the person nominated die within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120th thereof for each month for which a retirement allowance has been paid, shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of ~~Trustees;~~ Trustees. or

~~(2) To receive a reduced retirement allowance during his life with provisions for some other benefit to be paid after his death in~~

~~accordance with a plan submitted to and approved by the Board of Trustees.~~

Option six. A member may elect either Option two or Option three with the added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option."

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

"(g1) In the event of the death of a retired member while in receipt of a retirement allowance under the provisions of this Article, there shall be paid to such person or persons as the retiree shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions of the retiree at the date of retirement over the total of the retirement allowances paid prior to the death of the retiree.

In the event that a retirement allowance becomes payable to the designated survivor of a retired member under the provisions above and such retirement allowance to the survivor shall terminate upon the death of the survivor before the total of the retirement allowances paid to the retiree and the designated survivor combined equals the amount of the accumulated contributions of the retiree at the date of retirement, the excess, if any, of such accumulated contributions over the total of the retirement allowances paid to the retiree and the survivor combined shall be paid in a lump sum to such person or persons as the retiree shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time such payment falls due, otherwise to the retiree's legal representative."

(e) G.S. 135-5(g) reads as rewritten:

"(g) Election of Optional Allowance. – With the provision that until the first payment on account of any benefit becomes normally due, or his first retirement check has been cashed, any member may elect to receive his benefits in a retirement allowance payable throughout life, or he may elect to receive the actuarial equivalent of such retirement allowance in a reduced allowance payable throughout life under the provisions of one of the options set forth below. The election of Option 2 or Option 3 or nomination of the person thereunder shall be revoked if such person nominated dies prior to the date the first payment becomes normally due or until the first retirement check has been cashed. Such election may be revoked by the member prior to the date the first payment becomes normally due or until his first retirement check has been cashed. Provided, however, any member having elected Options 2, 3, 5, or 6 and nominated his or her spouse to receive a retirement allowance upon the member's death may, after divorce from his or her spouse, revoke the nomination and elect a new option, effective on the first day of the month in which the new option is elected, providing for a retirement allowance computed to be the actuarial equivalent of the retirement allowance in effect immediately prior to the effective date of the new option.

- Option 1. (a) In the Case of a Member Who Retires prior to July 1, 1963. – If he dies before he has received in annuity payments the present value of his annuity as it was at the time of his retirement, the balance shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees.
- (b) In the Case of a Member Who Retires on or after July 1, ~~1963-1963~~, but prior to July 1, 1993. – If he dies within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120 thereof for each month for which he has received a retirement allowance payment, shall be paid to his legal representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees; or
- Option 2. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement, provided that if the person selected is other than his spouse the reduced retirement allowance payable to the member shall not be less than one half of the retirement allowance without optional modification which would otherwise be payable to him; or
- Option 3. Upon his death, one half of his reduced retirement allowance shall be continued throughout the life of, and paid to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees at the time of his retirement; or
- Option 4. Adjustment of Retirement Allowance for Social Security Benefits. – Until the first payment on account of any benefit becomes normally due, any member may elect to convert his benefit otherwise payable on his account after retirement into a retirement allowance of equivalent actuarial value of such amount that with his benefit under Title II of the Federal Social Security Act, he will receive, so far as possible, approximately the same amount per year before and after the earliest age at which he becomes eligible, upon application therefor, to receive a social security benefit. ~~A member who makes an election in accordance with this option shall be deemed to have made a further election of Option 1 above.~~
- Option 5. For Members Retiring Prior to July 1, 1993. – The member may ~~elect~~ elect to (1) To receive a reduced retirement allowance under the conditions of Option 2 or Option 3, as provided for above, with the modification that if both he and the person nominated die within 10 years from his retirement date, an amount equal to his accumulated contributions at retirement, less 1/120 thereof for each month for which a retirement allowance has been paid, shall be paid to his legal



representatives or to such person as he shall nominate by written designation duly acknowledged and filed with the Board of Trustees; Trustees.

- (2) ~~To receive a reduced retirement allowance during his life with provision for some other benefit to be paid after his death in accordance with a plan submitted to and approved by the Board of Trustees.~~

Option 6. A member may elect either Option 2 or Option 3 with the added provision that in the event the designated beneficiary predeceases the member, the retirement allowance payable to the member after the designated beneficiary's death shall be equal to the retirement allowance which would have been payable had the member not elected the option."

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

"(g1) In the event of the death of a retired member while in receipt of a retirement allowance under the provisions of this Article, there shall be paid to such person or persons as the retiree shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time of the retiree's death, otherwise to the retiree's legal representatives, a death benefit equal to the excess, if any, of the accumulated contributions of the retiree at the date of retirement over the total of the retirement allowances paid prior to the death of the retiree.

In the event that a retirement allowance becomes payable to the designated survivor of a retired member under the provisions above and such retirement allowance to the survivor shall terminate upon the death of the survivor before the total of the retirement allowances paid to the retiree and the designated survivor combined equals the amount of the accumulated contributions of the retiree at the date of retirement, the excess, if any, of such accumulated contributions over the total of the retirement allowances paid to the retiree and the survivor combined shall be paid in a lump sum to such person or persons as the retiree shall have nominated by written designation duly acknowledged and filed with the Board of Trustees, if such person or persons are living at the time such payment falls due, otherwise to the retiree's legal representative."

- (g) This section becomes effective July 1, 1993.

Requested by: Senators Odom, Daniel, Plyler, Representatives Nesbitt, Diamont, Easterling, Black, McLaughlin

#### **DEATH BENEFIT DATE CHANGE**

Sec. 74.2. (a) Section 12 of Chapter 1108 of the 1987 Session Laws reads as rewritten:

"Sec. 12. Section 1 of this act is effective upon ratification. The remainder of this act ~~This act~~ shall become effective August 1, 1988."

(b) Funds to support any costs incurred as a result of the date change in subsection (a) of this section shall be made available from funds within the Teachers' and State Employees' Death Benefit Plan.

## **PART 15. COLLEGES AND UNIVERSITIES**

Requested by: Senator Ward, Representatives Black, Rogers

### **UNC ACADEMIC PROVISIONS**

Sec. 75. It is the intent of the General Assembly not to reduce the budgets of The University of North Carolina for the 1993-95 fiscal biennium in response to the thirty percent (30%) of costs of personnel exempt from the State Personnel Act who retired during the 1992-93 fiscal year and were working in the areas of teaching, libraries, and academic leadership.

Requested by: Senator Ward, Representatives Black, Rogers

### **INVENTORY**

Sec. 76. The Board of Governors of The University of North Carolina shall direct the chancellors and appropriate management staff at the constituent institutions and other affiliated operations to review their management of expendable inventory and to establish the best management practices for inventory control, in keeping with the recommendations of the Government Performance Audit Committee. To the degree that savings can be achieved from better inventory management, the Board shall report these savings to the Joint Appropriations Committees of the General Assembly by April 15, 1994.

Requested by: Senator Ward, Representatives Black, Rogers

### **COMPUTER NETWORK MANAGEMENT**

Sec. 77. The Board of Governors of The University of North Carolina shall review its planned improvements in the LINCNET network operated by The University of North Carolina, and, in conjunction with the Office of the State Controller and the Microelectronics Center of North Carolina, determine if the improvements and the ongoing operation of LINCNET can be accomplished more efficiently by combining LINCNET with other networks or by its integration into the proposed statewide broadband network. The Board shall report its findings to the General Assembly and to the Information Resources Management Commission by May 1, 1994.

Requested by: Senators Ward, Perdue, Representatives Diamont, Black, Rogers, Barnes, Kuczmariski

### **WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING FORMULAE**

Sec. 78. (a) Funds appropriated in this act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools of Duke University and Wake Forest University shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the medical school as of November 1, 1993, and November 1, 1994. Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars (\$8,000)

for each medical student who is a North Carolina resident, one thousand dollars (\$1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the medical school. The maximum aid given to any student from this fund in a given year may not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at the University of North Carolina at Chapel Hill.

Disbursement to Duke University shall be made in the amount of five thousand dollars (\$5,000) for each medical student who is a North Carolina resident, five hundred dollars (\$500.00) of which shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the medical school. No individual student may be awarded assistance from this fund in excess of two thousand dollars (\$2,000) each year. In addition to this basic disbursement for each year of the biennium, a disbursement of one thousand dollars (\$1,000) shall be made for each medical student who is a North Carolina resident in the first-year, second-year, third-year, and fourth-year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.

The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board of Governors shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. In recognition of North Carolina's need for primary care physicians, Bowman Gray School of Medicine and Duke University School of Medicine shall each prepare a plan with the goal of encouraging North Carolina residents to enter the primary care disciplines of general internal medicine, general pediatrics, family medicine, obstetrics/gynecology, and combined medicine/pediatrics and to strive to have at least fifty percent (50%) of North Carolina residents graduating from each school entering these disciplines. These schools of medicine shall present their plans to the Board of Governors of The University of North Carolina by April 15, 1994. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1994, on the status of these efforts to strengthen primary health care in North Carolina.

(b) The Board of Governors of The University of North Carolina shall set goals for the Schools of Medicine at the University of North Carolina at Chapel Hill and the School of Medicine at East Carolina University for increasing the percentage of graduates who enter residencies and careers in primary care. A minimum goal should be at least fifty percent (50%) of graduates entering primary care disciplines. Each school shall submit a plan with strategies to reach these goals of increasing the number of graduates entering primary care disciplines to the Board by April 15, 1994. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1994, on the status of these efforts to strengthen primary health care in North Carolina.

Primary care shall include the disciplines of family, medicine, general pediatric medicine, general internal medicine, internal medicine/pediatrics, and obstetrics/gynecology.

(c) The Board of Governors of The University of North Carolina shall further initiate whatever changes are necessary on admissions, advising, curriculum, and other policies for State-operated medical schools to ensure that larger proportions of medical students seek residencies in primary care disciplines. The Board shall work with the Area Health Education Centers and other entities, adopting whatever policies it considers necessary to ensure that residency programs have sufficient medical residency positions for medical school graduates in these primary care specialties.

(d) The progress of the private and public medical schools towards increasing the number and proportion of graduates entering primary care shall be monitored annually by the Board of Governors of The University of North Carolina. Monitoring data shall include (i) the entry of State-supported medical graduates into primary care residencies, and (ii) the specialty practices by a physician as of a date five years after graduation. The Board of Governors shall certify data on graduates, their residencies, and subsequent careers by October 1 of each calendar year, beginning in October of 1995, to the Fiscal Research Division of the Legislative Services Office and to the Joint Legislative Education Oversight Committee.

(e) The information provided in subsection (d) of this section shall be made available to the Appropriations Committees of the General Assembly for their use in future funding decisions on medical education.

Requested by: Senator Ward, Representatives Black, Rogers

#### **AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT LIMITATIONS**

Sec. 79. (a) The amount of a tuition grant awarded to a student enrolled in a degree program at a site away from the main campus of the approved private institution, as defined in G.S. 116-22(1), shall be no more than the result of the ratio of the cost per credit hour for off-campus instruction at that site to the cost per credit hour for regular, full-time on-campus instruction, multiplied by the maximum grant award, or the maximum grant award allowable under this act, whichever is less.

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

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

(c) Any member of the armed services as defined in G.S. 116-143.3(a), abiding in this State incident to active military duty, who does not qualify as a resident for tuition purposes as defined under G.S. 116-143.1, is eligible for a Legislative

Tuition Grant pursuant to this section if the member is enrolled as a full-time student. The member's Legislative Tuition Grant shall not exceed the cost of tuition less any tuition assistance paid by the member's employer.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

### **AID TO PRIVATE COLLEGES/PROCEDURE**

Sec. 80. (a) Funds appropriated in this act to the Board of Governors of The University of North Carolina for aid to private colleges shall be disbursed in accordance with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up to four hundred fifty dollars (\$450.00) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1 of each fiscal year.

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

(b) In addition to any funds appropriated pursuant to G.S. 116-19, and in addition to all other financial assistance made available to private educational institutions located within the State, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum not to exceed one thousand one hundred fifty dollars (\$1,150) per academic year, which shall be distributed to the student as hereinafter provided.

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

In the event a student on whose behalf a grant has been paid is not enrolled and carrying a minimum academic load as of October 1 of the first academic term or on the tenth classroom day following the beginning of the second school term for which the grant was paid, the institution shall refund the full amount of the grant to the State Education Assistance Authority. Each approved institution shall be subject to examination by the State Auditor for the purpose of determining whether the institution has properly certified eligibility and enrollment of students and credited grants paid on the behalf of the students.

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

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

Any remaining funds shall revert to the General Fund.

(c) Expenditures made pursuant to this section shall be used only for secular educational purposes at nonprofit institutions of higher learning.

(d) G.S. 116-19 reads as rewritten:

**"§ 116-19. Contracts with private institutions to aid North Carolina students.**

In order to encourage and assist private institutions to continue to educate North Carolina students, ~~the Board of Governors of The University of North Carolina is hereby authorized to~~ the State Education Assistance Authority may enter into contracts with the institutions under the terms of which an institution receiving any funds that may be appropriated pursuant to this section would agree that, during any fiscal year in which such funds were received, the institution would provide and administer scholarship funds for needy North Carolina students in an amount at least equal to the amount paid to the institution, pursuant to this section, during the fiscal year. Under the terms of the contracts ~~the Board of Governors of The University of North Carolina~~ the State Education Assistance Authority would agree to pay to the institutions, subject to the availability of funds, a fixed sum of money for each North Carolina student enrolled at the institutions for the regular academic year, said sum to be determined by appropriations that might be made from time to time by the General Assembly pursuant to this section. Funds appropriated pursuant to this section shall be paid by the ~~Department of Administration~~ State Education Assistance Authority to an institution ~~upon recommendation of the Board of Governors of the University of North Carolina and~~ on certification of the institution showing the number of North Carolina students enrolled at the institution as of October 1 of any year for which funds may be appropriated."

(e) G.S. 116-21 reads as rewritten:

**"§ 116-21. Contract forms; reports; audits; regulations.**

~~The Board of Governors of the University of North Carolina is authorized to~~ The State Education Assistance Authority may prescribe the form of the contracts to be executed under G.S. 116-19 and 116-20, to require of the institutions such reports, statements and audits as the ~~Board~~ Authority may deem necessary or desirable in carrying out the purposes of G.S. 116-19 through 116-22 and to ~~make any rules or regulations~~ adopt rules that will, in the opinion of the ~~Board~~ Authority, help to achieve the purposes of G.S. 116-19 through 116-22."

Requested by: Representatives Black, Rogers, Barnes, Kuczarski, Senators Ward, Perdue

**NORTH CAROLINA STATE UNIVERSITY/COMPETITIVE INDUSTRY**

Sec. 81. There is appropriated from overhead receipts at North Carolina State University to the Board of Governors of The University of North Carolina for the 1993-94 fiscal year and for the 1994-95 fiscal year the sums of five hundred thousand dollars (\$500,000) for the Furniture Manufacturing and Management Center and three hundred thousand dollars (\$300,000) for technology enhancement in the pulp and paper manufacturing programs.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue, Winner of Mecklenburg

**NEW DEGREE PROGRAMS**

Sec. 82. The Board of Governors of The University of North Carolina shall allocate at least one million four hundred thousand dollars (\$1,400,000) for the 1993-94 fiscal year of its lump sum appropriations in this act to supplement funds available to the constituent institutions to implement the new degree programs proposed in the long-range plan that have received the Board's approval for implementation.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

**EAST CAROLINA UNIVERSITY MEDICAL SCHOOL/HOSPITAL  
TEACHING  
COSTS**

Sec. 83. (a) In the event that the State Medicaid Plan amendment affecting Pitt County Memorial Hospital reimbursement at full cost due to its status as a primary affiliated teaching hospital of a State-operated medical school is not approved by the Health Care Financing Agency, funds in the amount of five million four hundred twenty thousand nine hundred ninety-four dollars (\$5,420,994) for the 1993-94 fiscal year and five million eight hundred sixty-five thousand seven hundred thirteen dollars (\$5,865,713) for the 1994-95 fiscal year, shall be transferred from the Division of Medical Assistance, Department of Human Resources, to the East Carolina University School of Medicine for hospital teaching costs. In addition, if the amendment is not approved, for the 1993-94 fiscal year, the amount of ten million six hundred two thousand six hundred ninety-seven dollars (\$10,602,697) shall be appropriated from the Savings Reserve Fund to the East Carolina University School of Medicine for hospital teaching costs. If the amendment is not approved, the Governor shall notify the General Assembly of the amendment's failure and of the effecting of this section's appropriations, and the General Assembly shall address the need for additional funding for the East Carolina University School of Medicine Hospital Teaching Costs for the 1994-95 fiscal year in the 1993 General Assembly, Regular Session 1994.

(b) Should the State Medicaid Plan be changed in the future to alter the proposed amendment, it is the intent of the General Assembly to fund that portion of Pitt County Memorial Hospital residents' costs that are not related to the direct care of patients or not reimbursable from some other source.

Requested by: Senator Ward, Representatives Black, Rogers

## **ALLIED HEALTH PERSONNEL STUDY/AHEC**

Sec. 84. The Director of the North Carolina Area Health Education Centers program, in conjunction with staff of General Administration of The University of North Carolina and the North Carolina Department of Community Colleges, shall make recommendations to the General Assembly, utilizing data that is currently available, on methods to increase the number of physical therapists, occupational therapists, speech and language pathologists, and other related allied health paraprofessional personnel graduating from the university and community college systems.

A report on these recommendations shall be presented to the Joint Legislative Education Oversight Committee by May 1, 1994.

Requested by: Representatives Barnes, Black, Rogers, Diamont, Senators Warren, Ward, Perdue

## **PRINCIPAL FELLOWS PROGRAM**

Sec. 85. (a) Chapter 116 of the General Statutes is amended by adding a new Article to read:

### "ARTICLE 5C.

#### "North Carolina Principal Fellows Program.

### **"§ 116-74.41. North Carolina Principal Fellows Commission established; membership.**

(a) There is established the North Carolina Principal Fellows Commission. The Commission shall exercise its powers and duties independently of the Board of Governors of The University of North Carolina. The Director of the Principal Fellows Program shall staff the Commission. The State Education Assistance Authority (SEAA) as created in G.S. 116-203 shall be responsible for implementing scholarship loan agreements, monitoring, cancelling through service, collecting and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans established in accordance with G.S. 116-74.42.

(b) The Commission shall consist of 12 members appointed as follows:

- (1) One member of the Board of Governors of The University of North Carolina appointed by the chair of that board, notwithstanding G.S. 116-7(b).
- (2) One member of the State Board of Education appointed by the State Board chair.
- (3) Two deans of schools of education appointed by the President of The University of North Carolina.
- (4) One public school teacher appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (5) One public school principal appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
- (6) A local superintendent chosen by the State Superintendent of Public Instruction.
- (7) One member to represent business and industry appointed by the Governor.



- (8) One local school board member appointed by the chair of the State Board of Education.
- (9) One parent of a public school child appointed by the State Superintendent of Public Instruction.
- (10) The chairperson of the Board of the State Education Assistance Authority.
- (11) The director of the Principal Fellows Program. The director shall chair the Commission.

(c) Initial appointments shall be made no later than September 15, 1993. Initial terms of those members appointed to fill the teacher, principal, parent, superintendent, and the local school board member seats shall expire July 1, 1995. Initial terms of those members appointed to fill the Board of Governors of The University of North Carolina, State Board of Education, deans of schools of education, and the member of business and industry seats shall expire July 1, 1997. Thereafter, all appointments for these seats shall be for four-year terms.

(d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term. In the discretion of the appointing authority, a State Board of Education member or a member of the Board of Governors of The University of North Carolina may complete a term on the Commission after the member's appointment from the appointing board has expired.

(e) Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

(f) The Commission shall meet regularly, at times and places deemed necessary by the chair.

**"§ 116-74.42. Principal Fellows Program established; administration.**

(a) A Principal Fellows Program shall be administered by the North Carolina Principal Fellows Commission in collaboration with the State Education Assistance Authority. The Principal Fellows Program shall provide up to a two-year scholarship loan to selected recipients and shall provide extracurricular enhancement activities for recipients. The North Carolina Principal Fellows Commission shall determine selection criteria, methods of selection, and shall select recipients to receive scholarship loans made under the Principal Fellows Program.

(b) The Board of Governors of The University of North Carolina shall appoint a director of the Principal Fellows Program. The director shall chair and staff the Principal Fellows Commission, and shall administer the extracurricular enhancement activities of the program. The Board of Governors shall provide office space and clerical support staff for the program.

(c) The Principal Fellows Program shall provide a two-year scholarship loan in the amount of twenty thousand dollars (\$20,000) per year, per recipient, to persons who may be eligible to be selected as school administrators in the public schools of the State by completing a full-time program in school administration in an approved program. Approved programs are those chosen by the Commission from among school administrator programs within the State. No more than 200 principal fellow scholarship

loan awards shall be made in each year. The final number of scholarship loan awards per year shall be made in accordance with the Board of Governors' findings concerning the supply and demand of administrators, the State's need for school administrator candidates and within funds appropriated for the scholarship loans. Effective September 1, 1995, and in accordance with school administrator training programs established by the Board of Governors of The University of North Carolina, recipients shall be required to complete an approved full-time academic program during the first year of the scholarship loan program and a full-time internship during the second year of the program. In order to attract fellows as interns, local school administrative units may use all or part of the funds allotted for an assistant principal salary for each intern accepted by the local school administrative unit; however, interns shall not serve as assistant principals.

(d) The Commission shall adopt stringent standards, which may include standardized test scores, undergraduate performance, job experience and performance, leadership and management abilities, and other standards deemed appropriate by the Commission, to ensure that only the best potential students receive scholarship loans under the Principal Fellows Program. The Commission shall consider the qualifications of all applicants fairly, regardless of gender or race, and shall consider the geographic diversity of the State. Scholarship loans under the Principal Fellows Program shall be awarded only to applicants who meet the standards set by the Commission, are domiciled in North Carolina, and who agree to work as school administrators in a North Carolina public school or at a school operated by the United States government in North Carolina upon completion of the two-year school administrator program supported by the loan.

(e) The Commission shall develop and administer the Principal Fellows Program in cooperation with school administrator programs at institutions approved by the Commission. The Commission shall develop criteria and a process for the approval of campus program sites. Extracurricular enhancement activities shall be coordinated with each fellow's campus program and shall focus on the leadership development of program fellows.

(f) The Commission may form regional review committees to assist it in identifying the best applicants for the program. The Commission and the review committees shall make an effort to identify and encourage women and minorities and others who may not otherwise consider a career in school administration to apply for the Principal Fellows Program.

(g) Upon the naming of recipients of the scholarship loans by the Principal Fellows Commission, the Commission shall transfer to the State Education Assistance Authority (SEAA) its decisions. The SEAA shall perform all of the administrative functions necessary to implement this Article, which functions shall include: rule making, dissemination of information, disbursement, receipt, liaison with participating educational institutions, determination of the acceptability of service repayment agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Article.

**"§ 116-74.43. Terms of loans; receipt and disbursement of funds.**

(a) All scholarship loans shall be evidenced by notes made payable to the State Education Assistance Authority that bear interest at the rate of ten percent (10%) per year beginning 90 days after completion of the school administrator program, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission.

(b) The State Education Assistance Authority shall forgive the loan if, within six years after graduation from a school administrator program, the recipient serves for four years as a school administrator at a North Carolina public school or at a school operated by the United States government in North Carolina. The SEAA shall also forgive the loan if it finds that it is impossible for the recipient to work for four years, within 10 years after completion of the two-year school administrator program supported by the scholarship loan at a North Carolina public school, or at a school operated by the United States government in North Carolina, because of the death or permanent disability of the recipient. If the recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the two-year school administrator program supported by the scholarship loan.

(c) All funds appropriated to, or otherwise received by, the Principal Fellows Program for scholarships, all funds received as repayment of scholarship loans, and all interest earned on these funds, shall be placed in a university trust fund. This university trust fund may be used only for scholarship loans granted under the Principal Fellows Program and administrative costs associated with the recovery of funds advanced under the program."

(b) G.S. 135-40.2(a) reads as rewritten:

"(a) The following persons are eligible for coverage under the Plan, on a noncontributory basis, subject to the provisions of G.S. 135-40.3:

- (1) All permanent full-time employees of an employing unit who meet the following conditions:
  - a. Paid from general or special State funds, or
  - b. Paid from non-State funds and in a group for which his or her employing unit has agreed to provide coverage.

Employees of State agencies, departments, institutions, boards, and commissions not otherwise covered by the Plan 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.

- (1a) Permanent hourly employees as defined in G.S. 126-5(c4) who work at least one-half of the workdays of each pay period.
- (2) Retired teachers, State employees, members of the General Assembly, and retired State law enforcement officers who retired under the Law Enforcement Officers' Retirement System prior to January 1, 1985.
- (2a) Surviving spouses of:
  - a. Deceased retired employees, provided the death of the former plan member occurred prior to October 1, 1986; and

- b. Deceased teachers, State employees, and members of the General Assembly who are receiving a survivor's alternate benefit under any of the State-supported retirement programs, provided the death of the former plan member occurred prior to October 1, 1986.
- (3) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s. 29(b), effective January 1, 1988.
- (3a) Employees of the General Assembly, not otherwise covered by this section, as determined by the Legislative Services Commission, except for legislative interns and pages.
- (4) Members of the General Assembly.
- (5) Notwithstanding the provisions of subsection (e) of this section, employees on official leave of absence while completing a full-time program in school administration in an approved program as a Principal Fellow in accordance with Article 5C of Chapter 116 of the General Statutes."
- (c) The Commission may grant up to 50 scholarship loans during the 1994-95 fiscal year to recipients enrolled in school administrator programs approved by the Commission.
- (d) G.S. 120-123 is amended by adding a new subdivision to read:  
"(59a) The North Carolina Principal Fellows Commission established by G.S. 116-74.41."

Requested by: Senator Perdue, Representatives Barnes, Diamont, Black, Rogers  
**SCHOOL LEADERSHIP ACADEMY**

Sec. 86. (a) The Board of Governors of The University of North Carolina and the State Board of Education shall convene a Joint Committee to study how to establish a School Leadership Academy to serve the needs of all school administrators throughout the State. There shall be nine members of the Joint Committee. Members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5, or G.S. 138-6, as appropriate. Appointments to the committee shall be made within 30 days of ratification of this act. Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term. At the discretion of the appointing authority, Joint Committee members may continue to serve on the Joint Committee after their appointment to the Board of Governors or the State Board of Education has expired. Appointments shall be made as follows:

- (1) Three members of the Board of Governors appointed by the Chair of the Board of Governors; one of the three shall be designated cochair of the Joint Committee.
- (2) Three members of the State Board of Education appointed by the Chair of the State Board of Education; one of the three shall be designated cochair of the Joint Committee.
- (3) The Superintendent of Public Instruction, or a designee.

- (4) One dean of a school of education appointed by the President of The University of North Carolina.
- (5) The President of the North Carolina Association of Independent Colleges and Universities, or a designee.
- (b) In its planning the Joint Committee shall consider:
  - (1) The recommendations of the report submitted to the 1993 General Assembly by the Educational Leadership Task Force.
  - (2) How to incorporate all or part of the Principal's Executive Program into the Educational Leadership Academy.
  - (3) A design for a governing board for the Educational Leadership Academy composed of persons who have demonstrated a commitment to improving educational leadership in the State including practicing school administrators and professors of schools of education.
  - (4) A charge to the governing board that ensures coordination between the Educational Leadership Academy and the initial preparation programs.
  - (5) How the State Board of Education shall ensure that all school administrators be required to complete at least five of their 15 continuing education units for continued practice in the profession in Educational Leadership Academy programs or in programs endorsed by the Educational Leadership Academy's governing board.
  - (6) How to ensure that coordinated and geographically dispersed professional development opportunities exist for school administrators.
  - (7) What facilities and staff are needed for the Academy; the Joint Committee shall recommend whether a building is needed, and, if so, whether there is an existing building that can be used to meet the needs of the Academy, or if a new building is needed.
  - (8) The cost of its recommendations which shall be included in its report to the Joint Legislative Education Oversight Committee.
- (c) The General Administration of The University of North Carolina shall provide meeting rooms, telephone, office space, equipment, and supplies to the Joint Committee without charge.
- (d) The General Administration of The University of North Carolina and the Department of Public Instruction shall provide staff to the Joint Committee.
- (e) Upon the request of the cochairs of the Joint Committee, all State departments and agencies, all local governments and their subdivisions, and all institutions approved to train public school administrators shall furnish the Committee with any nonconfidential information in their possession or available to them.
- (f) The Joint Committee shall report on its findings and the recommendations concerning the establishment of the School Leadership Academy to the Joint Legislative Education Oversight Committee no later than March 1, 1994. The Joint Committee shall terminate on that date.
- (g) Of the funds appropriated to the Board of Governors for the 1993-94 fiscal year, up to the sum of fifteen thousand dollars (\$15,000) shall be used to conduct the work of the Joint Committee. Of the funds appropriated to the Department of Public

Education for aid to local school administrative units for the 1993-94 fiscal year, up to the sum of fifteen thousand dollars (\$15,000) shall be used to conduct the work of the Joint Committee.

Requested by: Representative Nesbitt, Senator Daniel

**ECU MEDICAL SCHOOL RECEIPTS**

Sec. 87. (a) The East Carolina University School of Medicine shall request, on a regular basis consistent with the State's cash management plan, funds earned by the School from Medicare reimbursements for education costs. Upon receipt, these funds shall be allocated as follows:

- (1) The portion of the Medicare reimbursement generated through the effort and expense of the School of Medicine's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School of Medicine. The Medical Faculty Practice Plan shall assume responsibility for any of these funds that subsequently must be refunded due to final audit settlements.
- (2) The funds from this source budgeted by the General Assembly as part of the School of Medicine's General Fund budget code shall be credited to that code as a receipt.
- (3) The remainder of the funds shall be transferred to a special fund account on deposit with the State Treasurer. This special fund account shall be used for any necessary repayment of Medicare funds due to final audit settlements for funds allocated under subdivision (2) of this subsection. When the amount of these reimbursement funds has been finalized by audit for each year, those funds remaining in the special fund shall be available for appropriation by the General Assembly. The General Assembly shall consider the capital improvement needs of the East Carolina University School of Medicine before appropriating money from this fund.

Funds in this special fund account as of July 1, 1993, shall be subject to this subsection.

(b) Receipts from the lease of the Magnetic Resonance Imaging building and equipment may be retained by the East Carolina School of Medicine in an institutional trust fund account for maintenance of the facility and for improvements in the facility. The receipts, fund balances, and allocations shall be indicated annually on reports to the Office of State Budget and Management, UNC General Administration, and the Fiscal Research Division of the General Assembly.

(c) All revenue for the treatment of patients in the Radiation Therapy Facility shall accrue to the East Carolina University School of Medicine Medical Faculty Practice Plan accounts. The Medical Faculty Practice Plan shall reimburse the General Fund budget code quarterly for operating costs of the facility paid by the General Fund. The reimbursement amount shall be limited to that portion of receipts actually collected for the facility charges portion of billings.

(d) This section shall remain in effect until changed or repealed by the General Assembly.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

### **UNC GRADUATION RATES/UNDERGRADUATE EDUCATION**

Sec. 89. (a) In order to monitor institutional progress in meeting the expectation of Item 1 of the "Plan to Improve Graduation Rates in The University of North Carolina" that full-time undergraduates will take an average of 15 semester hours per term, the Board of Governors shall require constituent institutions to set a goal of increasing to 15 the average number of credit hours per term taken by full-time undergraduates. This goal shall be met systemwide and by each constituent institution no later than December of 1997. The Board shall instruct all institutions to report on their progress in meeting their goals in their annual assessment reports. The Board shall require those institutions failing to make timely progress to submit special reports identifying additional steps to be taken. The Board shall report annually by April 1 to the Joint Legislative Education Oversight Committee on the progress of each constituent institution in meeting these goals.

(b) The Board of Governors of The University of North Carolina shall ensure that procedures are established that are necessary to impose a twenty-five percent (25%) tuition surcharge on students who take more than 140 degree credit hours to complete a baccalaureate degree in a four-year program or more than one hundred ten percent (110%) of the credit hours necessary to complete a baccalaureate degree in any program officially designated by the Board of Governors as a five-year program. The calculation of these credit hours taken at a constituent institution or accepted for transfer shall exclude hours earned through the College Board's Advanced Placement or CLEP examinations, through institutional advanced placement or course validation, or through summer term or extension programs. The Board shall report to the Joint Legislative Education Oversight Committee by April 1, 1994, on its recommendations for implementing this surcharge.

(c) The Board of Governors of The University of North Carolina shall allocate two hundred fifty thousand dollars (\$250,000) from overhead receipts each year of the biennium for establishing faculty awards for excellent teaching, with special emphasis on those campuses that do not currently have such a recognition system.

(d) Any funds allocated by the Board of Governors from the Reserve for University Operations in this act to the Distinguished Professors Endowment Trust Fund shall be used only for the establishment of endowed chairs that recognize excellence in undergraduate teaching as the primary criterion for selection.

(e) None of the funds appropriated for increases in enrollment at the constituent institutions of The University of North Carolina shall be used to increase the overall time available for teaching faculty to perform research or service activities. The Board of Governors shall prepare a report for the Joint Legislative Education Oversight Committee on the impact of these enrollment increase funds on faculty teaching

workloads at each institution. This report shall be presented to the Joint Legislative Education Oversight Committee by May 1, 1994.

(f) The State Education Assistance Authority shall gather sufficient data from the private institutions of higher education whose students receive Legislative Tuition Grants to determine the number of cumulative academic terms for which students receive the Legislative Tuition Grants and to determine each private institution's requirements for satisfactory academic progress towards a degree.

Requested by: Representatives James, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

### **UNC AGRICULTURAL PROGRAMS**

Sec. 90. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act for Agricultural Programs at North Carolina State University, the Board of Governors shall use at least five hundred thousand dollars (\$500,000) for the 1993-94 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the 1994-95 fiscal year to fund additional staff and operating costs at the Tidewater Research Station, and these funds shall not be expended at any other location.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

### **UNC LIBRARIES FUNDING**

Sec. 91. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for Institutional Programs, the Board of Governors shall allocate at least eleven million eighty-four thousand dollars (\$11,084,000) for the 1993-94 fiscal year and at least two million six hundred five thousand six hundred seventy-seven dollars (\$2,605,677) for Lines 2 and 4 of the Schedule of Priorities, to enhance library networks and library operations.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

### **UNC PUBLIC TELEVISION**

Sec. 92. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for institutional programs, the Board of Governors shall allocate forty-three thousand four hundred seventy-two dollars (\$43,472) for the 1993-94 fiscal year and the sum of forty-three thousand four hundred seventy-two dollars (\$43,472) for the 1994-95 fiscal year, for the University of North Carolina Center for Public Television for the Sesame Street Pre-Educational Program.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

### **UNC FUNDING LEVELS**

Sec. 93. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina for institutional programs, the Board of Governors shall allocate at least one million dollars (\$1,000,000) for the 1993-94 fiscal year and at



least one million dollars (\$1,000,000) for the 1994-95 fiscal year to Line 11 of the Schedule of Priorities, to address the funding levels of various institutions.

Requested by: Representatives Cummings, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

#### **UNC HUNGER STUDY**

Sec. 94. There is appropriated from overhead receipts of the University of North Carolina at Chapel Hill for the University of North Carolina at Chapel Hill, School of Public Health, the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year to conduct a study of childhood hunger in North Carolina. The study shall:

- (1) Examine the extent of hunger among children in the State and its counties;
- (2) Examine the availability and use of publicly funded feeding programs; and
- (3) Examine the association between hunger and child health.

The School of Public Health shall report its findings to the General Assembly on or before March 1, 1994.

Requested by: Representatives DeVane, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

#### **CHRISTMAS TREE PRODUCTION**

Sec. 95. North Carolina State University, through the Cooperative Extension Service, shall provide from funds appropriated to North Carolina State University for the Cooperative Extension Service in this act for the 1993-95 fiscal biennium a full-time extension forestry specialist and related support services to assist growers with problems related to the culturing and production of Christmas trees. The position and support services provided by this section shall provide a level of assistance to growers at least comparable to the assistance available at the beginning of the 1992-93 fiscal year.

Requested by: Representatives Jenkins, Beall, Ramsey, Nesbitt, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

#### **AQUACULTURE FUNDS**

Sec. 96. (a) Of the funds appropriated to the Board of Governors of The University of North Carolina in the Reserve for University Operations, the sum of one hundred thirty-six thousand dollars (\$136,000) shall be allocated for the 1993-94 fiscal year and the sum of one hundred thirty-six thousand dollars (\$136,000) shall be allocated for the 1994-95 fiscal year to support the Mountain Aquaculture Research Center at Western Carolina University.

(b) Of the funds appropriated to the Board of Governors of The University of North Carolina for the Cooperative Extension Service, the sum of sixty-four thousand dollars (\$64,000) for each year of the 1993-95 fiscal biennium shall be used to support research and extension programs to benefit the cold-water aquaculture industry of the State by establishing a program to coordinate the production of trout with the timing, processing capacities, and flesh quality characteristics needed by trout processors in

North Carolina, and to assist growers in obtaining commitments from processors for the purchase of the fish.

(c) The focus of the coordination efforts shall begin on trout farms in Graham County and surrounding areas. With assistance from the North Carolina Cooperative Extension Service, the project will survey trout producers to establish a current inventory of trout on the farms and to determine the production capacity of the farms. Based upon the ability of the processors to market the fish, the project will establish production schedules for trout producers which coincide with the scheduled purchases by processors.

(d) The North Carolina Cooperative Extension Service will establish demonstration projects at three facilities in Graham County for the purpose of demonstrating appropriate waste management and methods of reducing the costs of trout production. With trout producers' cooperation, these projects will focus upon production of additional plant and animal crops using waste materials from trout production and techniques for improving feed conversion efficiency, production forecasting, and farm record keeping.

(e) The North Carolina Cooperative Extension Service shall cooperate with the Mountain Area Aquaculture Research Center and Western Carolina University in carrying out this section.

Requested by: Representatives Baddour, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

#### **DIABETES PROGRAM FUNDS**

Sec. 97. Of the funds appropriated to the Board of Governors of The University of North Carolina in the Reserve for University Institutional Programs in this act, the sum of two hundred twenty-five thousand dollars (\$225,000) for the 1993-94 fiscal year and the sum of two hundred twenty-five thousand dollars (\$225,000) for the 1994-95 fiscal year shall be used to establish and operate an interdisciplinary diabetes program at the School of Medicine at the University of North Carolina at Chapel Hill.

Requested by: Representatives Fussell, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

#### **NURSE ANESTHETIST TRAINING FUNDS**

Sec. 98. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act, the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 1994-95 fiscal year shall be used for the Area Health Education Center program to contract for training of certified, registered nurse anesthetists.

Requested by: Representatives Smith, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

#### **SEAFOOD LABORATORY FUNDS**

Sec. 99. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act for Agricultural Programs, the sum of one

hundred twenty-five thousand dollars (\$125,000) for the 1993-94 fiscal year and the sum of one hundred twenty-five thousand dollars (\$125,000) for the 1994-95 fiscal year shall be allocated to North Carolina State University, College of Agriculture and Life Science, for the Seafood Laboratory Program located in Morehead City, to provide extension education and an applied research program for the North Carolina seafood industry.

Requested by: Representatives Alphin, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

**LEARNING LINK**

Sec. 100. Of the funds appropriated to the Board of Governors of The University of North Carolina for University Operations, the sum of one hundred thousand dollars (\$100,000) for the 1993-94 fiscal year and the sum of one hundred thousand dollars (\$100,000) for the 1994-95 fiscal year shall be allocated to the University of North Carolina Center for Public Television to provide public schools in the State access to LEARNING LINK, a computer-based interactive communications system.

Requested by: Representatives Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

**NORTH CAROLINA CENTRAL UNIVERSITY SCHOOL OF LAW**

Sec. 101. In its allocations from the Reserve for University Operations for its Schedule of Priorities, the Board of Governors of The University of North Carolina shall allocate at least eight hundred thousand dollars (\$800,000) for the 1993-94 fiscal year and at least eight hundred thousand dollars (\$800,000) for the 1994-95 fiscal year for enhancement of the School of Law at North Carolina Central University, to address the accreditation concerns of the American Bar Association, as addressed by the budget requests of the campus. The total allocations shall include at least three hundred thousand dollars (\$300,000) each fiscal year for operating enhancement of the School of Law library and sufficient funds to link North Carolina Central University fully with the Triangle Research Libraries Network and the statewide network.

Requested by: Senators Ward, Perdue, Daniel, Plyler, Representatives Black, Rogers, Barnes, Kuczmariski, Nesbitt, Diamont

**UNC FACULTY SALARIES**

Sec. 101.1. Of the funds appropriated to the Board of Governors of The University of North Carolina for University Institutional Programs, the sum of seven million one hundred thousand dollars (\$7,100,000) for the 1993-94 fiscal year and the sum of seven million one hundred thousand dollars (\$7,100,000) for the 1994-95 fiscal year shall be allocated by the Board of Governors for the enhancement of teaching faculty salaries as the Board of Governors considers appropriate.

Requested by: Senators Daniel, Plyler, Ward, Perdue, Representatives Black, Rogers, Barnes, Kuczmariski

## **UNC EDUCATIONAL CONSORTIA**

Sec. 101.2. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act, the sum of six hundred thousand dollars (\$600,000) in each year of the 1993-95 fiscal biennium shall be allocated by the Board to establish four new cooperative educational consortia at Appalachian State University, East Carolina University, North Carolina Central University, and the University of North Carolina at Charlotte.

These consortia shall link elementary and secondary education, higher education, and leadership in the business sector to:

- (1) Improve education practices and enhance economic development;
- (2) Focus research capabilities on educational issues and economic problems;
- (3) Provide momentum for restructuring of public education to meet the requirements of the modern era;
- (4) Seek grants and other funds for model projects on promising educational practices;
- (5) Provide training, educational, and leadership development opportunities; and
- (6) Provide other initiatives leading to improvements in education and economic development.

Requested by: Senators Ward, Perdue, Daniel, Plyler, Representatives Black, Rogers, Barnes, Kuczmariski, Nesbitt, Diamont

## **RURAL/PRIMARY CARE INITIATIVES**

Sec. 101.3. Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of two million one hundred thousand dollars (\$2,100,000) for the 1993-94 fiscal year and the sum of two million one hundred thousand dollars (\$2,100,000) for the 1994-95 fiscal year shall be used, according to Area Health Education Center Program plans, to expand programs for training primary care medical students, residents, and other health professionals in community settings. These settings include private practices, health departments, and community health services. These funds may be used to develop new programs and to expand existing programs to assure well-supervised outreach training sites.

Requested by: Senators Ward, Perdue, Plexico, Plyler, Daniel, Representatives Black, Rogers, Barnes, Kuczmariski

## **CYTOTECHNOLOGY SCHOLARSHIPS**

Sec. 101.4. Students in programs leading to employment in the field of cytotechnology are eligible to apply for scholarship loans under the Health, Science, and Mathematics Student Loan Program administered by the State Education Assistance Authority.

Requested by: Senators Hoyle, Perdue, Ward, Representatives Black, Rogers, Barnes, Kuczmariski

## UNIVERSITY OF NORTH CAROLINA EDUCATION STUDY/FUNDS

Sec. 101.5. (a) There is established the Legislative Study Commission on the Status of Education at The University of North Carolina. The Commission shall be composed of 12 members, six Senators appointed by the President Pro Tempore of the Senate, and six Representatives appointed by the Speaker of the House of Representatives. All members shall be appointed within 30 days following adjournment of the 1993 Regular Session of the 1993 General Assembly.

(b) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate one appointee as cochair. These cochairs shall jointly call the first meeting and shall preside at alternate meetings.

(c) The Commission shall study the following areas:

- (1) Undergraduate education at The University of North Carolina, including:
  - a. Rewards and incentives for quality undergraduate teaching;
  - b. Assessment and evaluation of faculty teaching, and the role of this assessment in the rewards system, including salary increases and the granting of tenure;
  - c. Academic support systems for undergraduates, including underprepared students;
  - d. The consistent establishment of minimum standards for college-level coursework and the success rates of students in remedial or developmental programs;
  - e. Accessibility of higher education to qualified residents of the State; and
  - f. Student contact with tenured faculty and the use of teaching assistants;
- (2) University funding issues, including:
  - a. Equity of funding among the constituent institutions, considering the differences in institutional missions and academic programs;
  - b. The effect of budget flexibility on the ability of each campus to carry out its mission in an effective manner;
  - c. The impact of allowing campuses to retain a greater proportion of indirect costs reimbursement from research grants (overhead receipts);
  - d. Total funding sources available for each constituent institution and each affiliated entity, including institutional trust funds, research grants, gifts, grants, and donations, expenditures for the benefit of the campus by private groups or foundations, and other sources of revenue;
  - e. The projected impact of changing the State funding for a full-time equivalent student from 12 semester hours to 15 semester hours for undergraduate students;

- f. Changes in faculty teaching loads and student course loads over the past 10 years; and
  - g. Affordability of higher education, including existing financial aid programs, alternative methods of providing student financial aid, and various plans for saving for college education; and
- (3) University education quality issues, including:
- a. The impact and effect of research on the teaching mission of The University of North Carolina;
  - b. Quality and current levels of services of all the libraries in The University of North Carolina;
  - c. Faculty salaries and other compensation relative to similar and peer public institutions in other states; and
  - d. The relative quality of all 16 campuses compared to peer institutions and to changes in quality of each of the 16 campuses over time.

(d) Members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1.

(e) The Commission cochairs may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02, may purchase or contract for the materials and services it needs, and may contract with an individual who has an excellent national reputation in the area of evaluating the quality of public higher education to facilitate its work.

The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist in the work of the Commission. The Supervisors of Clerks of the House of Representatives and of the Senate, upon the direction of the Legislative Services Commission, shall assign clerical staff to the Commission. The expenses related to the clerical employees shall be borne by the Commission.

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

(g) The Commission shall make an interim report to the Joint Legislative Education Oversight Committee no later than April 15, 1994, and shall make a final report to the Joint Legislative Education Oversight Committee no later than February 15, 1995, at which time the Commission shall terminate.

(h) Upon the request of the Commission, all State departments and agencies, all local governments and their subdivisions, and all institutions and departments under the jurisdiction of the Board of Governors of The University of North Carolina shall furnish the Commission with any information in their possession or available to them.

(i) Of the funds appropriated in this act to the General Assembly for the 1993-94 fiscal year, the sum of one hundred thousand dollars (\$100,000) shall be available to fund the work of the Legislative Study Commission on the Status of Education at The University of North Carolina.

## **PART 16. COMMUNITY COLLEGES**

Requested by: Senator Ward, Representatives Black, Rogers

### **COURSE REPETITION POLICY**

Sec. 102. (a) No full-time equivalent students (FTE) shall be generated for occupational extension students after the first repetition of an occupational extension class. Except as provided in subsection (b) of this section, if students take an occupational extension class more than twice, they shall pay the full amount of the per student cost for the class and the community college shall earn no budget FTE for these students.

(b) Community colleges may permit a student to repeat a course more than once if that student demonstrates that the course repetition is required by standards governing the certificate or licensing program in which the student is enrolled. Colleges permitting this course repetition shall earn budget FTE for the student and shall report on a regular basis to the State Board on the students they have permitted this course repetition and on the certification or licensure requirements that necessitated it.

(c) The State Board of Community Colleges shall conduct a review of all occupational extension courses, including their content, length, definition, and common course title. It shall ensure that these courses are classified appropriately as occupational extension and are not actually community services courses.

Requested by: Senator Ward, Representatives Black, Rogers

### **AUDIT POLICIES**

Sec. 103. (a) The State Board of Community Colleges shall require that the program auditors shall use a minimum twenty-five percent (25%) sample size in their audits of community colleges.

(b) The State Board of Community Colleges shall require colleges to repay funds for all programs, not just full-time equivalent (FTE) student-producing programs, that are not in compliance with rules adopted by the State Board or by State or federal law.

(c) If a community college is in violation of a State or federal law or of a State Board rule, the program auditors shall cite the college for an audit exception and not a concern. The State Board shall clarify its rules in order to improve colleges' compliance with this section.

(d) The State Board shall assess a twenty-five percent (25%) fiscal penalty in addition to the audit exception on all audits of both dollars and student membership hours excepted.

(e) Community colleges with FTE audit exceptions shall not benefit from the two-year averaging provision for the FTE audit exception.

Requested by: Senator Ward, Representatives Black, Rogers

### **COMMUNITY COLLEGE IN-PLANT TRAINING**

Sec. 104. (a) The State Board of Community Colleges shall operate in-plant training programs in accordance with the rules adopted by the State Board on April 8,

1993, except that the State Board may increase the administrative overhead percentage from fifteen percent (15%) to twenty-five percent (25%).

(b) The State Board of Community Colleges shall not approve funding for any in-plant training programs authorized by G.S. 115D-5(d) without first making a written finding that the public's interest in the program predominates over the private interests of the company. The State Board shall adopt rules for determining when private interests predominate over the public's interest.

Requested by: Senator Ward, Representatives Black, Rogers

#### **PRISON EDUCATION**

Sec. 105. (a) Correction education programs shall report full-time equivalent (FTE) student hours on the basis of contact hours rather than student membership hours.

(b) The State Board of Community Colleges shall develop a plan for the delivery of appropriate education in correctional facilities. This plan shall address the length and type of course, taking into consideration the mobility of the prison population. The State Board shall report its plan to the General Assembly by May 1, 1994.

Requested by: Senator Ward, Representatives Black, Rogers

#### **HUSKINS PROGRAM**

Sec. 106. (a) The State Board of Community Colleges shall ensure that all courses offered to high school students under Huskins Bill programs are limited to college level courses that are not available or could not be offered by the local high schools.

(b) The State Board of Community Colleges shall use funds from its State Board Reserve to study all courses offered through each community college's Huskins Bill programs. This study shall compare the courses offered by the high schools in the area of advance placement and vocational and technical programs. It shall also indicate how each high school with Huskins Bill courses spends its State and federal vocational education funds, including which courses were offered with these funds for the 1991-92 and 1992-93 fiscal years. The State Board shall assess the extent to which Huskins Bill programs are duplicating or supplanting the course offerings of high schools. In addition, the study shall review each Huskins Bill course to ensure that it is college level work.

(c) The local education agencies (LEAs) and the State Board of Education shall cooperate by providing the information necessary to complete this study.

(d) The State Board of Community Colleges shall report the findings of this study to the General Assembly by May 1, 1994.

Requested by: Senator Ward, Representatives Black, Rogers

#### **COMMUNITY COLLEGE SHELTERED WORKSHOPS/ADAP FUNDS TRANSFER**

Sec. 107. In order to achieve administrative efficiencies, it is the intent of the General Assembly to provide funds for sheltered workshops through the Department of



Human Resources' Adult Developmental Activity Program (ADAP). Of the funds appropriated to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Department of Human Resources, in this act, the sum of one million fifty-nine thousand two dollars (\$1,059,002) for each year of the 1993-95 biennium shall be used for providing funds to the sheltered workshops/ADAPs that received funds or services from local community colleges during the 1992-93 Budget FTE Year. The Department of Human Resources shall not use any of these funds for administration. No State funds shall be used by community colleges to provide training in sheltered workshops, except for compensatory education and literacy programs.

Requested by: Senator Ward, Representatives Black, Rogers

**REMEDICATION MEASURES**

Sec. 108. (a) The State Board of Community Colleges shall study the different tests used by colleges to place students in developmental courses. This study shall determine appropriate tests and proficiency levels to be used in selecting and placing students in developmental courses.

(b) The State Board shall report its findings to the General Assembly by May 1, 1994.

Requested by: Senator Ward, Representatives Black, Rogers

**COMMUNITY COLLEGE ACCOUNTABILITY MEASURES**

Sec. 109. (a) The State Board of Community Colleges shall establish standards for levels of institutional performance on those critical success factors that can be appropriately measured to indicate how individual colleges are performing in meeting the goals of the North Carolina Community College System. Each community college shall report its performance on these measures to the State Board. Colleges that fail to attain any of the the standards in any year shall report to the State Board the reasons why performance fell below standards and the steps being taken to meet the standards.

(b) The State Board of Community Colleges shall study models for measuring institutional effectiveness, such as the Desktop Audit used by Coastal Carolina Community College, and shall direct community colleges to utilize similar models in providing accountability information to the State Board for the General Assembly. Colleges shall provide information on graduate placement rates and employer, graduate, and early leavers satisfaction with college programs to the State Board. In addition, the State Board shall direct colleges to follow up on early leavers from their programs to determine, to the extent possible, the reasons for their withdrawal from college programs.

(c) The State Board of Community Colleges shall report on its implementation of subsections (a) and (b) of this section to the General Assembly by May 1, 1994.

Requested by: Senator Ward, Representatives Black, Rogers

**MAINTENANCE OF PLANT**

Sec. 110. Article 3 of Chapter 115D of the General Statutes is amended by adding a new section to read:

**"§ 115D-31.2. Maintenance of plant.**

Notwithstanding any provisions of law to the contrary, any community college that has an out-of-county student head count served on the main campus of the college in excess of fifty percent (50%) of the total student head count as defined by the State Board of Community Colleges, shall be provided funds for the purpose of 'operations of plant'. These funds shall not exceed eighty-five percent (85%) of the funds allocated to these colleges during the 1990-91 fiscal year for this purpose."

Requested by: Senator Ward, Representatives Black, Rogers

**OPERATING APPROPRIATIONS/NOT USED FOR RECREATION EXTENSION**

Sec. 111. Chapter 115D-5 is amended by adding a new subsection to read:

"(g) Funds appropriated to the Department of Community Colleges as operating expenses for allocation to the institutions comprising the North Carolina Community College System shall 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 shall not be counted when computing full-time equivalent students (FTE) for use in budget-funding formulas at the State level."

Requested by: Senator Ward, Representatives Black, Rogers

**FULL-TIME EQUIVALENT TEACHING POSITIONS/COMMUNITY COLLEGES**

Sec. 112. For the purpose of determining the community college system-wide number of full-time equivalent (FTE) student enrollment each year, the total curriculum full-time equivalent student enrollment shall be divided by the appropriate number for each year of the 1993-95 fiscal biennium pursuant to funds appropriated in this act for this purpose. The occupational extension full-time equivalent student enrollment shall be divided by 23 for the 1993-95 fiscal biennium.

Requested by: Senator Ward, Representatives Black, Rogers

**BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR**

Sec. 113. 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. The Department shall be able to identify to the Office of State Budget and Management which appropriations will revert at the end of the 12 months after the close of each fiscal year.

Requested by: Senators Ward, Conder, Representatives Black, Rogers

**"TECH PREP"IMPLEMENTATION**

Sec. 114. Of the funds available to State-aid to local school administrative units for vocational education, fifty thousand dollars (\$50,000) for the 1993-94 fiscal year and fifty thousand dollars (\$50,000) for the 1994-95 fiscal year, shall be allocated to the North Carolina Tech Prep Leadership Development Center at Richmond Community College for assistance to local education agencies and community colleges in planning and implementing "Tech Prep" across the State. The Department of Community Colleges shall allocate fifty thousand dollars (\$50,000) each fiscal year from funds available to it for the 1993-94 fiscal year and for the 1994-95 fiscal year for the North Carolina "Tech Prep" Leadership Development Center at Richmond Community College.

Requested by: Representatives Nesbitt, Black, Rogers, Senator Ward

**COMMUNITY COLLEGE FACULTY SALARIES**

Sec. 115. (a) The General Assembly appropriated thirty-two thousand seven hundred ninety-six dollars (\$32,796) as the unit value for community college curriculum faculty during the 1992-93 fiscal year. The Southern Regional Education Board states' average salary for full-time community college faculty was thirty-two thousand fifteen dollars (\$32,015) in the 1991-92 fiscal year. While the average community college curriculum faculty salary for the Community College System was thirty-three thousand thirty-five dollars (\$33,035) for the 1992-93 fiscal year, there were 34 colleges in the System that paid less than the unit value. Beginning with the 1993-94 fiscal year, each community college shall pay its full-time curriculum faculty an average salary that is the amount appropriated by the General Assembly for the curriculum unit value in the System's funding formula. For the 1993-94 fiscal year, the amount appropriated for the curriculum unit value is thirty-four thousand two hundred sixty-two dollars (\$34,262).

(b) The State Board of Community Colleges may grant a community college an exemption from the requirement of subsection (a) of this section if it finds sound educational reasons for such an exemption. The State Board shall report each year by May 1 to the Joint Legislative Commission on Governmental Operations on any exemptions granted under this section, including the reasons for the exemptions.

Requested by: Representatives Black, Rogers, Bowman, Senator Ward

**HOSIERY TECHNOLOGY CENTER FUNDS**

Sec. 116. Of the funds appropriated to the Department of Community Colleges in this act for specialized technology centers, fifty thousand dollars (\$50,000) for the 1993-94 fiscal year and fifty thousand dollars (\$50,000) for the 1994-95 fiscal year shall be used to establish a Hosiery Technology program at the Center for Applied Textile Technology to provide technological services to hosiery manufacturers operating in North Carolina.

Requested by: Representatives Nesbitt, Diamont, Black, Rogers, Miller of Durham, Senators Ward, Perdue

**GPAC/COMMUNITY COLLEGES**

Sec. 117. COMMUNITY COLLEGE COST OF EDUCATION POLICY.

(a) The General Assembly finds that the tuition policy of the North Carolina Community College System needs to be reexamined in order to reflect better the constitutional mandate to provide higher education free of expense "as far as practicable" by reevaluating the relationship of tuition to the cost of education and by determining what costs must be made up of tuition charged in order to ensure that all eligible North Carolinians are indeed guaranteed a public higher education in the North Carolina Community College System at the lowest possible cost while maintaining a public community college system that is worthy of the support of all North Carolinians.

(b) The General Assembly finds that tuition and required fees charged for community colleges should be a limited amount of resident students' per capita student funding.

(c) The State Board of Community Colleges shall develop a tuition/fee policy consistent with law that limits tuition and required fees to a specific percentage of less than one-fifth of the per capita student funding for resident students attending community colleges.

(d) The State Board of Community Colleges shall present its plan for implementing the tuition adjustments pursuant to this section to the General Assembly by April 1, 1994.

(e) G.S. 115D-5(a) reads as rewritten:

"(a) The State Board of Community Colleges may adopt and execute such policies, regulations and standards concerning the establishment, administration, and operation of institutions as the State Board may deem necessary to insure the quality of educational programs, to promote the systematic meeting of educational needs of the State, and to provide for the equitable distribution of State and federal funds to the several institutions.

The State Board of Community Colleges shall establish standards and scales for salaries and allotments paid from funds administered by the State Board, and all employees of the institutions shall be exempt from the provisions of the State Personnel Act. The State Board shall have authority with respect to individual institutions: to approve sites, buildings, building plans, budgets; to approve the selection of the chief administrative officer; to establish and administer standards for professional personnel, curricula, admissions, and graduation; to regulate the awarding of degrees, diplomas, and certificates; to establish and regulate student tuition and fees ~~and financial accounting procedures.~~ within policies for tuition and fees established by the General Assembly; and to establish and regulate financial accounting procedures."

(f) This section becomes effective July 1, 1993.

Sec. 118. COMMUNITY COLLEGE SYSTEM FUNDING GOAL.

(a) It is the goal of the General Assembly to increase the per student funding for the North Carolina Community College System, as soon as fiscal conditions permit, to a level more comparable to national averages for similar institutions.

(b) This section becomes effective July 1, 1993.

Sec. 119. COMMUNITY COLLEGE STUDY.

(a) In addition to its other duties, the State Board of Community Colleges shall undertake a comprehensive review of the mission of the North Carolina

Community College System in order to ensure that it is well-prepared to meet changing educational and economic needs as the State moves into the Twenty-first Century. The Monitoring Committee of the Commission on the Future of the North Carolina Community College System shall serve as an independent body to monitor and review the issues. The State Board and the Monitoring Committee, as part of the review under this act, shall:

- (1) Thoroughly examine the mission and structure of the community college system based upon a regional review of program needs in order to facilitate the most efficient use of system resources. This examination shall include:
  - a. Defining enlarged service areas for community colleges based upon the needs of the respective service areas,
  - b. Evaluating the need to consolidate, eliminate, or modify the status of existing community colleges and multicampus and off-campus centers,
  - c. Assessing the distribution of physical facilities, programs, and resources in regions for the purpose of eliminating competition among the community colleges for students in overlapping service areas,
  - d. Identifying any unproductive, low-quality, unnecessary, or duplicative programs, and
  - e. Considering the impact of distance learning technologies on future programming.
- (2) Assess the manner in which the community college system can most effectively meet the current and future needs of business and industry and the adult population of North Carolina.
- (3) Develop a regional program structure to facilitate effective program planning, efficient use of resources, the implementation of statewide curriculum standards, and consolidated high-quality programs. The regional structure shall be the unit used for the purposes of comprehensive planning and budgeting in the community college system. The criteria used to determine the manner in which the community college system shall be restructured into newly defined regions may include, in addition to other appropriate criteria, the following:
  - a. Location of the nearest college, campus, or off-campus center;
  - b. New or anticipated population to be served;
  - c. Existing and proposed transportation corridors and facilities;
  - d. Programs proposed compared to the location of the nearest similar program;
  - e. Feasibility of delivering programs using technology;
  - f. Use and availability of facilities of local school systems;
  - g. Potential impact on enrollment of nearby institutions; and
  - h. Geographical redistribution of college transfer programs.

- (4) Establish guidelines for multicampus colleges and off-campus centers that recognize the availability of technology and transportation, that locate any new facilities to minimize the impact on existing colleges, campuses, and centers, and that apply regional program-sharing principles. There shall be no new colleges, multicampus colleges, or off-campus centers established within the North Carolina Community College System until the State Board adopts these guidelines, at which time the moratorium shall be lifted.
- (5) Develop a program-based funding system, including a full-time equivalency component and specific goal performance components, in order to encourage the community colleges to meet particular State needs or goals. The State Board of Community Colleges may propose an initial set of goals.
- (6) Establish standards for the periodic review of community college programs including standards for the termination of programs.
- (7) Develop an articulation policy that assures students taught at any institution under the jurisdiction of the State Board of Education, the State Board of Community Colleges, or the Board of Governors of The University of North Carolina may transfer credit to other institutions within these systems in order to eliminate the necessity of repetition of instruction in the same areas so that costs to the student and to the State are minimized.
- (8) Design, within the community college system, Programs for Excellence, which shall be world-class model programs in each curriculum program area, to be implemented throughout the community college system at each of the institutions authorized to offer each program. These Programs shall include model curricula, establish curriculum standards, and update curricula in response to changes in technologies and market conditions.
- (9) Study any additional issue the State Board of Community Colleges or the Monitoring Committee considers appropriate.
  - (b) The State Board of Community Colleges shall make interim reports to the Joint Legislative Education Oversight Committee no later than April 15, 1994, and no later than January 15, 1995. Thereafter, the State Board shall make annual reports to the Joint Legislative Education Oversight Committee by January 15 of each year until the Monitoring Committee terminates, at which time the State Board shall make a final report.
  - (c) This section shall remain in effect until terminated by the General Assembly.

Sec. 120. COMMUNITY COLLEGE SCHOLARSHIPS.

- (a) The Department of Community Colleges shall develop a plan to establish a Community College System Challenge Grant Scholarship Fund. The plan shall be presented to the 1994 Regular Session of the 1993 General Assembly. The plan

shall address initial funding (method and amounts) as well as matching contributions from non-State contributions.

(b) It is the goal of the General Assembly that the Challenge Grant Scholarship Fund be developed for the benefit of students with demonstrated financial need in the North Carolina Community College System.

(c) The State Board of Community Colleges shall administer the Challenge Grant Scholarship Fund as a means for augmenting rapidly the principal in the Fund so that the State Board will gain greater resources from which to award aid to a larger number of needy students.

(d) This section is effective upon ratification.

Requested by: Representatives Black, Rogers, Brawley, Senator Ward

**PRORATION OF FTE REIMBURSEMENTS/MINIMUM CLASS SIZE STUDY**

Sec. 124. (a) The State Board of Community Colleges shall develop a plan for the proration of FTE reimbursements between two community colleges when (i) both are operating a joint program or (ii) one is operating a program on the other's campus.

(b) This proration plan shall be based on the respective costs of each of the community colleges associated with the following:

- (1) Recruitment of students;
- (2) Provision of classroom space;
- (3) Development of course materials;
- (4) Administrative and support costs; and
- (5) Instructional costs.

(c) The State Board of Community Colleges shall study the issue of establishing minimum class sizes for community college classes.

(d) The State Board of Community Colleges shall report on the proration plan developed pursuant to subsections (a) and (b) of this section and on the results of its minimum class size study pursuant to subsection (c) of this section to the 1993 General Assembly, Regular Session 1994, by May 1, 1994.

Requested by: Senator Ward, Representatives Black, Rogers

**ASSISTANCE TO HOSPITAL NURSING/FUND DISTRIBUTION**

Sec. 124.1. Funds appropriated in this act to the Department of Community Colleges to provide financial assistance to hospital programs of nursing education leading to diplomas in nursing that are fully accredited by the North Carolina Board of Nursing and operated under the authority of a public or nonprofit hospital licensed by the North Carolina Medical Care Commission shall be distributed, upon application for financial assistance, for each full-time student duly enrolled in the program as of December 1, 1992, and on condition that accreditation is maintained. The amount per student shall not exceed eight hundred fifty dollars (\$850.00). The State Board of Community Colleges shall adopt rules to ensure that this financial assistance is used directly for faculty and instructional needs of diploma nursing programs.

Requested by: Senators Plyler, Daniel, Ward, Representatives Black, Rogers  
**STUDENT CENSUS DATE**

Sec. 124.2. (a) The census date for reporting student membership hours for curriculum and occupational extension classes shall be at the thirty percent (30%) point of the class.

(b) Subsection (a) of this section does not apply to courses offered on a contact-hour basis.

## **PART 17. PUBLIC SCHOOLS**

Requested by: Senators Perdue, Ward, Representatives Black, Rogers, Barnes, Kuczmariski

### **FRESHMAN PERFORMANCE REPORTS MADE AVAILABLE TO PARENTS OF HIGH SCHOOL STUDENTS**

Sec. 125. G.S. 115C-12(18)c. reads as rewritten:

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

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Kuczmariski  
**CAREER DEVELOPMENT FUNDS 1994-95 REDUCTION**

Sec. 126. The State Board of Education shall require the local school administrative units receiving career development funds to modify their differentiated pay plans for the 1994-95 fiscal year so that the cost of the differentiated pay plan equals (i) five percent (5%) of teacher and administrator salaries and of the employer's contributions for social security and retirement, for the prior fiscal year, and (ii) the amount of local funds available for differentiated pay.

It is the intent of the General Assembly that this reduction in appropriations not result in employees receiving less on a monthly basis in salary and State-funded bonuses during the 1994-95 fiscal year than they received on a monthly basis during the 1993-94 fiscal year so long as the employees qualify for bonuses under the local differentiated pay plan.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes, Kuczmariski, Nesbitt, Diamont

### **TEACHER SALARY SCHEDULES**

Sec. 127. (a) The Director of the Budget may transfer from the Reserve for Salary Increases for the 1993-94 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity



payments at one percent (1%) of base salary for 10 to 14 years of State service, one and one-half percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of base salary for 20 to 24 years of State service, and two and one-half percent (2.5%) of base salary for 25 years of State service, commencing July 1, 1993, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education and the Superintendent of Public Instruction. The longevity payment shall be paid in a lump sum once a year.

(b)(1) Beginning July 1, 1993, the following monthly salary schedule shall apply to certified personnel of the public schools who are classified as "A" teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

<u>Years of Experience</u>	<u>1993-94 Salary</u>
00	\$2,002
01	2,042
02	2,083
03	2,125
04	2,168
05	2,211
06	2,255
07	2,300
08	2,346
09	2,393
10	2,441
11	2,490
12	2,540
13	2,591
14	2,643
15	2,696
16	2,750
17	2,805
18	2,861
19	2,918
20	2,976
21	3,036
22	3,097
23	3,159
24	3,222
25	3,286
26	3,352
27	3,419
28	3,487
29+	3,557

- (2) Beginning July 1, 1993, the following monthly salary schedule shall apply to certified personnel of the public schools who are classified as "G" teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

<u>Years of Experience</u>	<u>1993-94 Salary</u>
00	\$2,127
01	2,170
02	2,213
03	2,257
04	2,302
05	2,348
06	2,395
07	2,443
08	2,492
09	2,542
10	2,593
11	2,645
12	2,698
13	2,752
14	2,807
15	2,863
16	2,920
17	2,978
18	3,038
19	3,099
20	3,161
21	3,224
22	3,288
23	3,354
24	3,421
25	3,489
26	3,559
27	3,630
28	3,703
29+	3,777

- (3) Beginning July 1, 1993, certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G" teachers. This is in lieu of the separate salary schedule adopted by the General Assembly for these employees in Section 72 of Chapter 900 of the 1991 Session Laws.

(4) Beginning July 1, 1993, certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G" teachers. This is in lieu of the separate salary schedule adopted by the General Assembly for these employees in Section 72 of Chapter 900 of the 1991 Session Laws.

(c) The salary schedules set out in this section shall apply to all public school teachers within the State and no teacher in any local school administrative unit shall be entitled to a State salary or a State salary and bonus, except as provided in a local differentiated pay plan, in excess of the amount set out in this section.

(d) The first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "G" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Requested by: Senator Ward, Representatives Black, Rogers, Barnes, Kuczmariski

**OFFICE OF TEACHER RECRUITMENT STATUTES REPEALED**

Sec. 128. Part 1 of Article 24C of Chapter 115C of the General Statutes is repealed.

Requested by: Senator Ward, Representatives Black, Rogers, Kuczmariski

**ALLOCATION OF FUNDS FOR MERGED CAREER LADDER PILOT PROJECTS**

Sec. 129. (a) Any differentiated pay plan for a local school administrative unit in a school unit that resulted from a merger of a school unit that was a career development pilot project and a school unit that was not a career development pilot project shall receive (i) the amount of funds that was previously allocated to the particular pilot project by the State Board of Education and (ii) the amount of funds the unit is entitled to receive to administer the School Accountability Act of 1989 pursuant to this act for the portion of the merged unit that did not participate in the pilot project.

(b) The differentiated pay plan for a local school administrative unit that resulted from a merger subsequent to June 30, 1993, of a school unit that was a career development pilot project and a school unit that was not a career development pilot project may be modified by the local school board, upon the recommendation of the State Superintendent of Public Instruction and with the approval of the State Board of Education.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes, Kuczmariski

**REORGANIZATION OF THE DEPARTMENT OF PUBLIC INSTRUCTION**

Sec. 130. Notwithstanding G.S. 143-23 or any other provision of law, the Superintendent of Public Instruction shall reorganize the Department of Public Instruction to implement a seven hundred sixty-three thousand three hundred sixty-six dollar (\$763,366) base budget reduction for the 1993-94 fiscal year and a one million seven hundred eighty-one thousand seven hundred sixteen dollar (\$1,781,716) base budget reduction for the 1994-95 fiscal year. As a result of the reorganization, 57 positions funded from the General Fund shall be abolished during the 1993-95 fiscal biennium.

The Department shall report to the Joint Legislative Education Oversight Committee on the positions funded from the General Fund and from other sources that are eliminated during each year of the 1993-95 fiscal biennium.

Requested by: Representatives H. Hunter, Rogers, Barnes, Senators Ward, Perdue

**CONTINUE MODEL TEACHER EDUCATION CONSORTIUM**

Sec. 131. Section 72(a) of Chapter 752 of the 1989 Session Laws, as rewritten by Section 56(c) of Chapter 900 of the 1991 Session Laws, reads as rewritten:

"(a) There is established a model teacher education consortium for the following local school administrative units: Bertie, Gates County, Granville County, Halifax County, Hertford County, Northampton County, Vance County, Warren County, Roanoke Rapids City, and Weldon City, with the collaboration of East Carolina University, Elizabeth City State University, Barton College, North Carolina Wesleyan College, Halifax Community College, and Vance-Granville Community College."

Requested by: Representatives Nesbitt, Diamont, Black, Rogers, Barnes, Kuczmariski, Senators Ward, Perdue

**SCHOOL-BASED ADMINISTRATOR SALARIES**

Sec. 132. (a) Funds appropriated to the Reserve for Salary Increases shall be used to begin implementation of a new salary schedule for school-based administrators as provided in this act. These funds shall be used for State-paid employees only.

(b) The salary schedule for school-based administrators shall apply only to principals and assistant principals. The salary schedule for the 1993-94 fiscal year is as follows:

	1	1	2	3	4	5	6	7
Step	Asst. Prin.	Prin.I	Prin.II	Prin.III	Prin.IV	Prin.V	Prin.VI	Prin.VII
0	—	—	—	—	—	—	—	—
1	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—
3	—	—	—	—	—	—	—	—
4	\$2,371—	—	—	—	—	—	—	—

5	2,418	—	—	—	—	—	—	—
6	2,466	—	—	—	—	—	—	—
7	2,515	—	—	—	—	—	—	—
8	2,565	\$2,565	—	—	—	—	—	—
9	2,616	2,616	—	—	—	—	—	—
10	2,668	2,668	\$2,721	—	—	—	—	—
11	2,721	2,721	2,775	—	—	—	—	—
12	2,775	2,775	2,831	\$2,888	—	—	—	—
13	2,831	2,831	2,888	2,946	\$3,005	—	—	—
14	2,888	2,888	2,946	3,005	3,065	\$3,126	—	—
15	2,946	2,946	3,005	3,065	3,126	3,189	—	—
16	3,005	3,005	3,065	3,126	3,189	3,253	\$3,318	—
17	3,065	3,065	3,126	3,189	3,253	3,318	3,384	\$3,452
18	3,126	3,126	3,189	3,253	3,318	3,384	3,452	3,521
19	3,189	3,189	3,253	3,318	3,384	3,452	3,521	3,591
20	3,253	3,253	3,318	3,384	3,452	3,521	3,591	3,663
21	3,318	3,318	3,384	3,452	3,521	3,591	3,663	3,736
22	3,384	3,384	3,452	3,521	3,591	3,663	3,736	3,811
23	3,452	3,452	3,521	3,591	3,663	3,736	3,811	3,887
24	3,521	3,521	3,591	3,663	3,736	3,811	3,887	3,965
25	3,591	3,591	3,663	3,736	3,811	3,887	3,965	4,044
26	3,663	3,663	3,736	3,811	3,887	3,965	4,044	4,125
27	3,736	3,736	3,811	3,887	3,965	4,044	4,125	4,208
28	3,811	3,811	3,887	3,965	4,044	4,125	4,208	4,292
29	3,887	3,887	3,965	4,044	4,125	4,208	4,292	4,378
30	3,965	3,965	4,044	4,125	4,208	4,292	4,378	4,466
31	4,044	4,044	4,125	4,208	4,292	4,378	4,466	4,555
32	—	4,125	4,208	4,292	4,378	4,466	4,555	4,646
33	—	—	4,292	4,378	4,466	4,555	4,646	4,739
34	—	—	4,378	4,466	4,555	4,646	4,739	4,834
35	—	—	—	4,555	4,646	4,739	4,834	4,931
36	—	—	—	4,646	4,739	4,834	4,931	5,030
37	—	—	—	—	4,834	4,931	5,030	5,131
38	—	—	—	—	—	5,030	5,131	5,234
39	—	—	—	—	—	—	5,234	5,339
40	—	—	—	—	—	—	5,339	5,446
41	—	—	—	—	—	—	—	5,555.

Provided, however, this salary schedule sets the entry level salary of an assistant principal three percent (3%) higher than the salary of a teacher with a "G" certificate with four years of experience, and it contains an approximate two percent (2%) increase between each step. If the salary schedule for teachers with "G" certificates is modified for subsequent fiscal years, the State Board of Education shall modify this salary schedule accordingly.

(c) The appropriate classification for placement of principals and assistant principals on the salary schedule shall be determined in accordance with the following schedule:

<b>Grade</b>	<b>Classification</b>	<b>Number of Teachers Supervised</b>
1	Assistant Principal	
	Principal I	Less than 11 Teachers
2	Principal II	11-21 Teachers
3	Principal III	22-32 Teachers
4	Principal IV	33-43 Teachers
5	Principal V	44-54 Teachers
6	Principal VI	55-65 Teachers
7	Principal VII	More than 65 Teachers.

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

(d) An assistant principal shall be placed on the step on the salary schedule that reflects total years of experience as a certificated employee of the public schools.

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

(e) Notwithstanding any other provision of this section, the certified base salary of a principal or assistant principal shall not increase less than one percent (1%) or more than three percent (3%) as a result of placement on the salary schedule in accordance with this section. If placement on a grade and step of the salary schedule in accordance with this section would result in a principal or assistant principal receiving a salary increase of from one percent (1%) to three percent (3%), the principal or assistant principal shall be placed on a grade and step of the salary schedule in accordance with this section. If placement on a grade and step of the salary schedule in accordance with this section would result in a principal or assistant principal receiving a salary increase of less than one percent (1%), the principal or assistant principal shall be placed on the lowest grade and step with a salary that is at least a one percent (1%) salary increase for the principal or assistant principal. If placement on a grade and step of the salary schedule in accordance with this section would result in a principal or assistant principal receiving a salary increase of more than three percent (3%), the principal or assistant principal shall be placed on the lowest grade and step with a salary that is at least a three percent (3%) salary increase for the principal or assistant principal.

(f) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid an additional one hundred twenty-six dollars (\$126.00) per month. Principals and assistant principals with certification based on academic preparation at the doctoral degree level shall be paid an additional two hundred fifty-three dollars (\$253.00) per month.

- (g) (1) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.
- (2) Section 19.1(g) of Chapter 1137 of the 1979 Session Laws, as rewritten by Section 97 of Chapter 1086 of the 1987 Session Laws, is repealed.
- (h) Longevity pay for principals and assistant principals shall be as provided for State employees.
- (i) (1) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.
- (2) If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

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

- (j) The State Board of Education shall adopt rules for placing principals and assistant principals who have experience in other states on the salary schedule.

Principals and assistant principals who are initially employed in a public school in North Carolina shall be placed on the "G" teacher salary schedule in accordance with their total experience in education and then given a percentage increase for assignment to the specific school-based administrator classification. The percentage increase shall be computed as follows:

- "G" teacher salary + 4% for assignment to Assistant Principal
- 4% for assignment to Principal I
- 6% for assignment to Principal II
- 8% for assignment to Principal III
- 10% for assignment to Principal IV
- 12% for assignment to Principal V

14% for assignment to Principal VI  
16% for assignment to Principal VII.

(k) The Joint Legislative Education Oversight Committee may consider the current salary schedules for school administrators other than principals and assistant principals and may recommend any needed changes to those salary schedules.

Requested by: Senators Ward, Perdue, Representatives Nesbitt, Black, Rogers, Barnes, Kuczmariski

### **SALARIES FOR NONCERTIFIED PUBLIC SCHOOL EMPLOYEES**

Sec. 133. (a) G.S. 115C-12(16) reads as rewritten:

"(16) Power with Regard to Salary Schedules. –

- a. Support personnel refers to all public school employees who are not required by statute or regulation to be certified in order to be employed. The State Board of Education is authorized and empowered to adopt all necessary rules for full implementation of all schedules to the extent that State funds are made available for support personnel.
- b. Salary schedules for the following public school support personnel shall be adopted by the State Board of Education: school finance officer, office support personnel, property and cost clerks, teacher assistants, maintenance supervisors, custodial personnel, and transportation personnel. The Board shall classify these support positions in terms of uniform pay grades included in the salary schedule of the State Personnel Commission.

Prior to the 1995-96 school year, local boards of education shall place State-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board of Education so that the average salary paid is the State-allotted amount for the category. In placing employees on the salary schedule, the local board shall consider the education, training, and experience of each employee. It is the intent of the General Assembly that a local school administrative unit not fail to employ an employee who was employed for the prior school year in order to implement the provisions of this sub-subdivision. The Department of Public Instruction shall provide technical assistance to local school administrative units regarding the implementation of this sub-subdivision.

The average salary paid to employees in each category from State-allotted funds for the 1993-94 school year shall be at least two percent (2%) higher than the average salary paid to employees in that category from State-allotted funds for the 1992-93 school year.



The State Board of Education shall report to the General Assembly, prior to March 31, 1994, and March 31, 1995, on the implementation of this sub-subdivision.

- c. Salary schedules for other support personnel, including but not limited to maintenance and school food service personnel, shall be adopted by the State Board of Education. The Board shall classify these support positions in terms of uniform pay grades included in the salary schedule of the State Personnel Commission. These schedules shall apply if the local board of education does not adopt a salary schedule of its own for personnel paid from other than State appropriations."

(b) G.S. 115C-238.6(a) reads as rewritten:

"(a) Prior to June 30 each year, the State Superintendent shall review local school improvement plans submitted by the local school administrative units in accordance with policies and performance indicators adopted by the State Board of Education. If the State Superintendent approves the plan for a local school administrative unit, that unit shall participate in the Program for the next fiscal year.

If a local plan contains a request for a waiver of State laws, regulations, or policies, in accordance with G.S. 115C-238.3(b1) or (b2), the State Superintendent shall determine whether and to what extent the identified laws, regulations, or policies should be waived. The State Superintendent shall present that plan and his determination to the State Board of Education. If the State Board of Education deems it necessary to do so to enable a local unit to reach its local accountability goals, the State Board, only upon the recommendation of the State Superintendent, may grant waivers of:

- (1) State laws pertaining to class size, teacher certification, assignment of teacher assistants, the use of State-adopted textbooks, and the purposes for which State funds for the public schools, except for funds for school health coordinators, may be used: Provided, however, the State Board of Education shall not permit the use of funds for teachers for expanded programs under the Basic Education Program for any other purpose;
- (2) All State regulations and policies, except those pertaining to State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-325, health and safety codes, compulsory school attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

The provisions of G.S. 115C-12(16)b. regarding the placement of State-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board shall not be waived.

Except for waivers requested by the local board in accordance with G.S. 115C-238.3(b2) for central office staff, waivers shall be granted only for the specific schools

for which they are requested in building-level plans and shall be used only under the specific circumstances for which they are requested."

Requested by: Senators Ward, Perdue, Representatives Diamont, Nesbitt, Black, Rogers, Barnes, Kuczmarski

### **EXCEPTIONAL CHILDREN FUNDS**

Sec. 134. (a) The funds appropriated for exceptional children in this act shall be allocated as follows:

- (1) Each local school administrative unit shall receive for academically gifted children the sum of \$641.26 per child for three and nine-tenths percent (3.9%) of the 1992-93 actual average daily membership in the local school administrative unit, regardless of the number of children identified as academically gifted in the local school administrative unit. The total number of children for which funds shall be allocated pursuant to this subdivision is 43,114 for the 1993-94 school year.
- (2) Each local school administrative unit shall receive for exceptional children other than academically gifted children the sum of \$1,923.79 per child for the lesser of (i) all children who are identified as exceptional children other than academically gifted children or (ii) twelve and five-tenths percent (12.5)% of the 1992-93 actual average daily membership in the local school administrative unit. The maximum number of children for which funds shall be allocated pursuant to this subdivision is 125,316 for the 1993-94 school year.
- (3) Each local school administrative unit in which more than twelve and five-tenths percent (12.5%) of the 1992-93 actual average daily membership are identified as exceptional children other than academically gifted children shall receive \$418.76 per child in excess of the twelve and five-tenths percent (12.5%). These funds shall be used only for nonrecurring expenditures and other expenditures for exceptional children other than academically gifted children that do not impose future obligations on the State or local governments.

The dollar amounts allocated under subdivisions (1) and (2) of this subsection for exceptional children shall also increase in accordance with legislative salary increments for personnel who serve exceptional children.

(b) The State Board of Education shall study the methods of identifying exceptional children other than academically gifted children and formulas for allocating funds for exceptional children other than academically gifted children, including pupil formulas that approximate the actual costs of providing services. The formulas may include factors such as the severity of exceptionality, wealth of the local educational agency, and any other factor the State Board of Education considers appropriate. The State Board of Education shall ensure that the formulas do not encourage local educational agencies as defined in G.S. 115C-110 to overidentify exceptional children, to categorize children as more severely impaired than they are, or to serve children in more restrictive settings than are needed. The State Board of Education shall determine

the impact on current funding levels by running simulations of any formulas that it considers, and shall recommend a five-year timeline beginning with the 1995-96 fiscal year for implementation of the formulas, which may include the elimination of caps in allocating exceptional children's funds at the end of the five years.

(c) The State Board of Education shall reexamine the State's laws, rules, and policies concerning the education of academically gifted children. As part of this review, the Board shall (i) determine whether there should be State criteria for the identification of these children, (ii) determine whether local school administrative units should be required to count academically gifted children as part of their annual head counts for exceptional children, (iii) identify, and establish performance criteria to measure the success of, appropriate programs or other uses of the funds for academically gifted children under subsection (a) of this section, and (iv) establish criteria to ensure that academically gifted children are generally reflective of the population of children enrolled in the State's public schools.

(d) The State Board of Education shall report its recommendations, including any proposals for modified laws, rules, or policies and findings under subsections (b) and (c) of this section to the Commission on Children with Special Needs and to the chairs of the appropriations committees and the appropriations subcommittees on education of the Senate and the House of Representatives by March 15, 1994.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes, Kuczmariski

#### **SCHOOL COUNSELOR FUNDS**

Sec. 134.1. Funds in the amount of ten million dollars (\$10,000,000) for the 1993-94 fiscal year and ten million dollars (\$10,000,000) for the 1994-95 fiscal year are appropriated for instructional support personnel. It is the intent of the General Assembly that these funds be used first for counselors, then for social workers and other instructional support personnel to help reduce violence in public schools.

Requested by: Senators Winner of Mecklenburg, Perdue, Ward, Representatives Nesbitt, Diamont, Barnes, Black, Kuczmariski, Rogers

#### **SCHOOL TECHNOLOGY COMMISSION CREATED**

Sec. 135. (a) Article 8 of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 3A. School Technology.

#### **"§ 115C-102.5. Commission on School Technology created; membership.**

(a) There is created the Commission on School Technology. The Commission shall be located administratively in the Department of Public Education but shall exercise all its prescribed statutory powers independently of the State Board of Education and the Department of Public Instruction.

(b) The Commission shall consist of the following 16 members:

(1) The State Superintendent of Public Instruction or a designee;

- (2) One representative of The University of North Carolina, appointed by the President of The University of North Carolina;
- (3) One representative of the North Carolina Community College System, appointed by the President of the North Carolina Community College System;
- (4) The Deputy Controller for the Information Resources Management Commission in the Office of the State Controller;
- (5) Four members appointed by the Governor;
- (6) Four members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, one of whom shall be recommended by the President of the Senate to serve as cochair; and
- (7) Four members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, one of whom shall be recommended by the Speaker of the House of Representatives to serve as cochair.

In appointing members pursuant to subdivisions (5), (6), and (7) of this subsection, the appointing entities shall select individuals with technical or applied knowledge or experience in learning and instructional management technologies or individuals with expertise in curriculum or instruction who have successfully used learning and instructional management technologies.

No producers, vendors, or consultants to producers or vendors of learning or instructional management technologies shall serve on the Commission.

Members shall serve for two-year terms. Vacancies in terms of members appointed by the Governor shall be filled by the appointing officer. Vacancies in terms of members appointed by the General Assembly shall be filled in accordance with G.S. 120-122. Persons appointed to fill vacancies shall qualify in the same manner as persons appointed for full terms.

(c) Notwithstanding G.S. 120-123 and subsection (b) of this section, for the 1993-94 fiscal year only, the Commission shall also include one member of the Senate appointed by the President Pro Tempore of the Senate and one member of the House of Representatives appointed by the Speaker of the House of Representatives. These members shall be voting members.

(d) Members of the Commission who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Commission who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Commission shall be paid the per diem and allowances set forth in G.S. 138-5.

(e) The Department of Public Instruction, the Department of Community Colleges, and the Office of the State Controller shall provide requested professional and clerical staff to the Commission. The Commission may also employ professional and clerical staff and may hire outside consultants to assist it in its work. The Commission shall use an outside consultant to perform a requirements analysis for learning and instructional management technologies on a statewide basis that is based on information

gathered from each local school administrative unit and that considers the needs of teachers, students, and administrators.

**"§ 115C-102.6. Duties.**

The Commission shall prepare a requirements analysis and propose a plan to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee for improving student performance in the public schools through the use of learning and instructional management technologies. In developing this plan, the Commission shall:

- (1) Assess factors related to the current use of learning and instructional management technologies in the schools, including what is currently being used, how the current use of technology relates to the standard course of study, how the effectiveness of learning and instructional management technologies is being evaluated, how schools are paying for learning and instructional management technologies, and what training school employees have received in the use of learning and instructional management technology and networks.
- (2) Identify the instructional goals that can be met through the use of learning and instructional management technologies. The goals may include teaching the standard course of study, reaching students with a broad range of abilities, and ensuring that all students have access to a complete curriculum regardless of the geographical location or the financial resources of the school.
- (3) Examine the types of learning and instructional management technologies available to meet the identified instructional goals, including computers, audiovisual aids, science laboratory equipment, vocational education equipment, and distance learning networks. The Commission shall consider the compatibility and accessibility of different types of learning and instructional management technologies, including compatibility with the planned statewide broadband ISDN network, and whether they may be easily communicated from one site to another. The Commission shall also consider linkages between learning and instructional management technologies and existing State and local administrative systems.
- (4) Develop a basic level of learning and instructional management technology for every school in the State. The basic level may include:
  - a. A computer lab with student stations or a specified number of student computer stations in each classroom for the use of instructional software such as computer-assisted instruction, integrated learning systems, instructional management systems, and applications software such as word processing, database, spreadsheet, and desktop publishing.
  - b. A computer workstation in every classroom for teachers to use in preparation and delivery of instruction and for administrative record keeping.

- c. A television monitor and video cassette-recorder in every classroom to take advantage of open-air broadcast programs, satellite programs, and instructional video tapes available from the library/media center.
  - d. Computer workstations at each elementary and secondary school, housed in the library/media center, for individual students to use for basic skills instructional software.
  - e. A telecommunications line, modem, and software in each school's library/media center that will allow students and teachers access to external databases and resources for research purposes.
  - f. The availability of telephones for teachers.
  - g. Initial training for the principal and teachers from each school in the use of the new technology.
- (5) Consider staffing required to operate the learning and instructional management technologies and options for maintaining the equipment.
  - (6) Consider the types of staff development necessary to maximize the benefits of learning and instructional management technologies and determine the appropriate ways to provide the necessary staff development.
  - (7) Develop a cost analysis of any plans and proposals that it develops.

**"§ 115C-102.7. Reports.**

(a) The Commission shall make a progress report prior to March 15, 1994, and a final report prior to May 15, 1994, on the plan it develops to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee. The Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee may meet jointly to consider the reports and they may appoint subcommittees to jointly consider the reports.

(b) The Commission shall provide notice of meetings, copies of minutes, and periodic briefings to the chair of the Information Resources Management Commission and the chair of the Technical Committee of the Information Resources Management Commission.

**"§ 115C-102.8. Expenditure of additional funds provided by the General Assembly.**

Any funds that may be provided by the General Assembly for the 1993-95 fiscal biennium for learning and instructional management technology in addition to the funds provided in the Current Operations Appropriations Act of 1993 shall be spent only in accordance with subsequent legislation enacted by the General Assembly."

(b) G.S. 120-123 is amended by adding a new subdivision to read:

"(60) The Commission on School Technology, as established by G.S. 115C-102.5, except as provided in G.S. 115C-102.5(c)."

(c) Funds in the amount of three hundred thousand dollars (\$300,000) for the 1993-94 fiscal year are appropriated to the Department of Public Instruction in this act to carry out the work of the School Technology Commission.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes, Kuczmarski

### **LOW PERFORMING UNITS**

Sec. 136. (a) If a local school administrative unit is identified as a low performing school system or placed on warning status by the State Board of Education in accordance with G.S. 115C-64.1, the Department of Public Instruction may use up to one million two hundred thousand dollars (\$1,200,000) of the funds appropriated for Aid to Local School Administrative Units for each fiscal year to provide the local school administrative unit with staff development activities and technical assistance to enable the unit to improve student performance and decrease dropout rates.

The Department of Public Instruction shall not use these funds for new employee positions.

(b) If a local school administrative unit is identified as a low performing school system by the State Board of Education in accordance with G.S. 115C-64.1, and that local school administrative unit receives small school system supplemental funding, low-wealth counties supplemental funding, or both, the local school administrative unit shall use those funds to implement the plan for improving student performance and decreasing dropout rates that it submitted to the State Board of Education in accordance with G.S. 115C-64.2(a).

If a local school administrative unit is placed on warning status by the State Board of Education, and that local school administrative unit receives small school system supplemental funding, low-wealth counties supplemental funding, or both, the local school administrative unit shall use those funds to implement a locally developed plan for improving student performance and decreasing dropout rates.

(c) The Board of Governors of The University of North Carolina shall require the Offices of School Services at the constituent institutions to provide in-kind technical assistance worth at least six hundred thousand dollars (\$600,000) for each fiscal year through the Department of Public Instruction to local school administrative units that are identified as low performing school systems or placed on warning status by the State Board of Education in accordance with G.S. 115C-64.1.

Requested by: Representatives R. Hunter, Barnes, Senators Ward, Perdue

### **MOBILE PRESCHOOL PILOT PROGRAM**

Sec. 137. The State Board of Education shall use funds appropriated for the McSmiles pilot program to implement a pilot Mobile Classroom Instructional Laboratory for Educational Success Program in the McDowell County School Administrative Unit. These State funds shall be used for a teacher and a teacher assistant for the pilot program. All other costs of the pilot program shall be met with non-State funds.

The pilot program shall be a mobile preschool program for unserved four-year-old children in the McDowell County School Administrative Unit. The goal of the pilot program shall be to prevent school failure through early identification of developmental needs and learning styles of preschool children.

The McDowell County School Administrative Unit shall report to the State Board of Education and to the General Assembly on the pilot program prior to March 1, 1995.

Requested by: Senators Ward, Perdue, Representatives Black, Rogers, Barnes, Kuczmariski

**SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES/SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

Sec. 138. (a) **Funds for supplemental funding.** – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement; therefore, of the funds appropriated to Aid to Local School Administrative Units, the sum of eighteen million dollars (\$18,000,000) for the 1993-94 fiscal year and the sum of eighteen million dollars (\$18,000,000) for the 1994-95 fiscal year shall be used for supplemental funds for schools.

(b) **Use of funds for supplemental funding.** – Local school administrative units shall use funds received pursuant to this section only to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, instructional supplies and equipment, staff development, and textbooks.

(c) **Definitions.** – As used in this section:

- (1) "Anticipated county property tax revenue availability" means the county adjusted property tax base multiplied by the effective State average tax rate.
- (2) "Anticipated total county revenue availability" means the sum of the
  - a. Anticipated county property tax revenue availability,
  - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
  - c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
  - d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
  - e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277A,
  - f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-213 and G.S. 105-213.1, and
  - g. Fines and forfeitures deposited in the county school fund, for the most recent year for which data are available.
- (3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.



- (4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) "County adjusted property tax base" shall be computed as follows:
  - a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
  - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
  - c. Add to the resulting amount the:
    1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
    2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
    3. Personal property value, for the county.
- (7) "County adjusted property tax base per square mile" means the county adjusted property tax base divided by the number of square miles of land area in the county.
- (8) "County wealth as a percentage of State average wealth" shall be computed as follows:
  - a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
  - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
  - c. Compute the percentage that the county adjusted property tax base per square mile is of the State adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
  - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.

- (9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) "Effective State average tax rate" means the average of effective county tax rates for all counties.
- (11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by counties in the annual county financial information report to the State Treasurer, divided by the total State average daily membership.
- (14) "State average adjusted property tax base per square mile" means the sum of the county adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

(d) **Eligibility for funds.** – The State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

(e) **Allocation of funds.** – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit, located in whole or in part in the county, based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

(f) **Formula for distribution of supplemental funding pursuant to this section only.** – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

(g) **Minimum effort required.** – A county that (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools, shall receive full funding under this section. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

(h) **Nonsupplant requirement.** – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement and not supplant existing State and local funding for public schools.

The Local Government Commission shall analyze the budgets and the expenditures of school administrative units that receive funds under this section in light of their budgets and expenditures for the previous year and shall determine whether those funds were used to supplement and not supplant State and local funding for public schools. The Local Government Commission shall report the results of its study to the State Board of Education, to the Joint Legislative Education Oversight Committee, and to the Appropriations Committees of the Senate and the House of Representatives, prior to May 1, 1994, and May 1, 1995.

(i) **Reports.** – Counties that receive funds under this section shall report to the State Board of Education before March 1 each year on how they are using the funds for the fiscal year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 1994, and May 1, 1995, on how the funds are being used.

(j) **Department of Revenue reports.** – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Sec. 138.1. (a) **Funds for Small School Systems.** – The State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of less than 3,000 students and (ii) to each county school administrative unit with an average daily membership of from 3,000 to 4,000 students if the county in which the local school administrative unit is located has a county adjusted property tax base per student that is below the State adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,000 to 4,000 students. The allocation formula shall:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide four additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four and six additional regular classroom teachers in counties in which the average daily membership per square mile is four or less.
- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of at least one hundred fifty thousand dollars (\$150,000), excluding textbooks.
- (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fund fully the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

(b) **Nonsupplant requirement.** – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement and not supplant existing State and local funding for public schools.

The Local Government Commission shall analyze the budgets and the expenditures of school administrative units that receive funds under this section in light of their budgets and expenditures for the previous year and shall determine whether

those funds were used to supplement and not supplant State and local funding for public schools. The Local Government Commission shall report the results of its study to the State Board of Education, the Joint Legislative Oversight Committee, and the Appropriations Committees of the Senate and the House of Representatives, prior to May 1, 1994 and May 1, 1995.

(c) **Definitions.** – As used in this section:

(1) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education.

(2) "County adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.

(3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).

(4) "State adjusted property tax base per student" means the sum of all county adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.

(5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

(d) **Reports.** – Counties that receive funds under this section shall report to the State Board of Education before March 1 each year on how they are using the funds for the fiscal year. The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 1994, and May 1, 1995, on how the funds are being used.

Requested by: Representatives Diamont, Colton, Black, Rogers, Barnes, Kuczmariski,  
Senators Ward, Perdue

### **SAFE SCHOOLS**

Sec. 139. (a) Of the funds appropriated to Aid to Local School Administrative Units, the sum of two million five hundred thousand dollars (\$2,500,000) for the 1993-94 fiscal year and the sum of two million five hundred thousand dollars (\$2,500,000) for the 1994-95 fiscal year shall be used to provide grants for local school administrative units for locally designed innovative local programs to make schools safe for students and school employees. These funds shall be used for grants of from fifty thousand

dollars (\$50,000) to one hundred thousand dollars (\$100,000) per year to local school administrative units. These funds may be used for continuing or noncontinuing expenses.

A local school administrative unit may apply for a grant, or two or three adjacent local school administrative units may apply jointly for a grant. Applicants for grants shall submit to the State Board of Education an application that includes the following information:

- (1) An assessment of local problems with regard to violence and harassment, including sexual and other forms of harassment, in the schools prepared by a local task force of educators, parents, students, community leaders, and representatives of social services and law enforcement, appointed by the local board of education.
- (2) A detailed plan for addressing these local problems, including proposed goals and anticipated outcomes, prepared after consultation with the task force.
- (3) A statement of how the grant funds would be used to address these local problems and what other resources would be used to address the problems.
- (4) A process for assessing on an annual basis the success of the local plan for addressing problems with regard to violence and harassment in the schools.

The Superintendent of Public Instruction shall appoint a State task force to assist the Superintendent in reviewing grant applications. The State task force shall include representatives of the Department of Public Instruction, local school administrative units, educators, parents, the juvenile justice system, social services, and nongovernmental agencies providing services to children, and other members the Superintendent deems appropriate. In reviewing grant applications, the Superintendent and the State task force shall consider the severity of the local problems with regard to violence in the schools and the likelihood that the locally designed plan will deal with the problems successfully.

The State Board of Education shall consider the recommendations of the Superintendent in selecting grant recipients. The State Board shall also attempt to give grants to local school administrative units that are located geographically throughout the State, that have different demographic profiles, and that propose different approaches to their problems. The State Board shall select grant recipients prior to January 1, 1994.

The Superintendent of Public Instruction shall administer the grant program and provide technical assistance to grant applicants and recipients.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to March 15, 1994, and prior to January 15, 1995, on how the funds are being used.

- (b) G.S. 115C-12 is amended by adding a new subdivision to read:  
"(21) Duty to Monitor Acts of School Violence. – The State Board of Education shall monitor and compile an annual report on acts of violence in the public schools. The State Board shall adopt standard

definitions for acts of school violence and shall require local boards of education to report them to the State Board in a standard format adopted by the State Board."

(c) G.S. 115C-47 is amended by adding a new subdivision to read:

"(36) To Report All Acts of School Violence. – Local boards of education shall report all acts of school violence to the State Board of Education in accordance with G.S. 115C-12(21)."

(d) G.S. 115C-81 is amended by adding a new subsection to read:

"(a4) Conflict Resolution and Mediation Models: The State Board of Education shall develop a list of recommended conflict resolution and mediation materials, models, and curricula that address responsible decision making, the causes and effects of school violence and harassment, cultural diversity, and nonviolent methods for resolving conflict, including peer mediation and shall make the list available to local school administrative units and school buildings by the beginning of the 1994-95 school year. In developing this list, the Board shall emphasize materials, models, and curricula that currently are being used in North Carolina and that the Board determines to be effective. The Board shall include at least one model that includes instruction and guidance for the voluntary implementation of peer mediation programs and one model that provides instruction and guidance for teachers concerning the integration of conflict resolution and mediation lessons into the existing classroom curriculum."

Requested by: Representatives Kuczarski, Jack Hunt, Black, Rogers, Barnes,  
Senators Ward, Perdue

#### **PARENTS AS TEACHERS PILOT PROGRAMS**

Sec. 140. The State Board of Education shall use funds appropriated for the Parents as Teachers Pilot Programs to implement pilot programs in the Rutherford County School Administrative Unit and the Wake County School Administrative Unit, which have been designated as national training sites for the program. The purpose of the program shall be to send parent educators into the homes of children from birth to three years old to provide the children's parents information and training to help the children have the best possible start in life. These funds shall be used to provide funds for direct services to children and their families in the Rutherford County School Administrative Unit and the Wake County School Administrative Unit.

The Rutherford County School Administrative Unit and the Wake County School Administrative Unit shall report to the State Board of Education and to the General Assembly on the pilot program prior to March 1, 1995.

Requested by: Senators Lee, Perdue, Ward, Representatives Barnes, Black, Rogers,  
Kuczarski

#### **TEACHER ACADEMY PLAN/TASK FORCE ON TEACHER STAFF DEVELOPMENT**

Sec. 141. (a) There is created in the Department of Public Instruction the Task Force on Teacher Staff Development. The purpose of the Task Force shall be to

develop a Teacher Academy Plan. The Task Force shall consist of 20 members appointed as follows:

- (1) The Superintendent of Public Instruction or the Superintendent's designee, who shall serve as Chair;
- (2) One member of the State Board of Education appointed by the Chair of the State Board;
- (3) One member of the Board of Governors of The University of North Carolina appointed by the Chair of the Board of Governors;
- (4) The Director of the North Carolina Center for the Advancement of Teaching;
- (5) Two deans of Schools of Education appointed by the President of The University of North Carolina;
- (6) Four public school teachers appointed by the Speaker of the House of Representatives, one of whom teaches in preschool through grade 2, one of whom teaches in grades 3 through 5, one of whom teaches in grades 6 through 8, and one of whom teaches in grades 9 through 12;
- (7) Four public school teachers appointed by the President Pro Tempore of the Senate, one of whom teaches in preschool through grade 2, one of whom teaches in grades 3 through 5, one of whom teaches in grades 6 through 8, and one of whom teaches in grades 9 through 12;
- (7a) Two public school teachers appointed by the Governor;
- (8) One superintendent of a local school administrative unit appointed by the Governor;
- (9) Two public school principals appointed by the Governor; and
- (10) One member of the Teacher Training Task Force appointed by the Chair of the State Board of Education.

(b) The Task Force shall develop for consideration by the General Assembly a Teacher Academy Plan to establish a statewide network of high quality, integrated, comprehensive, collaborative, and sustained professional development for teachers in school committee leadership and the core content areas. The plan shall integrate fully the resources of the State and local units.

The plan shall address the following:

- (1) Efficient and effective use of existing State, federal, and local resources through an integrated, nonduplicative delivery of professional development to teachers.
- (2) Short-range and long-range plans for school-based staff development that address the professional development needs of teachers in site-based decision making, core content areas, instruction, use of modern technology, and other appropriate subjects.
- (3) Effective use of the North Carolina Center for Advancement of Teaching facility and staff in the delivery of teacher professional development, especially in the training of trainers and designing of training programs.



- (4) Training schedules and opportunities that minimize the time teachers are away from classroom instruction, especially in the training of trainers.
- (5) Development of organizational arrangements and technologies that encourage teacher networking and collaboration, and reduce the isolation of teachers.
- (6) Use of teachers as trainers and identification of candidates for training.
- (7) Effective use of the facilities and staff of The University of North Carolina and its campuses in the delivery of professional development. Geographical access to program activities should be considered with regard to the use of university and community college facilities.
- (8) Effective use of existing and planned telecommunications and long-distance learning systems for teacher staff development to limit expenditures for travel and associated costs.
- (9) Professional development that meets the unique needs of individual schools and that is sensitive to internal and external pressures, including site-based decision making, revisions to the Standard Course of Study, testing, technology, and other important State initiatives.
- (10) A proposal for the ongoing coordination of the teacher professional development activities and needs of local school administrative units, the Department of Public Instruction, The University of North Carolina, NCCAT, private colleges and universities, and teachers.
- (11) A comprehensive needs assessment based on local school-based committee surveys.
- (12) A proposal for training an initial cadre of teacher trainers and implementation of the first phase of training in the summer of 1994.

The Task Force shall consider existing professional development organizations and networks in the development of the Plan. The Task Force shall also work in conjunction with the Teacher Training Task Force in the development of the Plan.

(c) The Department of Public Instruction shall provide professional and clerical services to the Task Force. The Superintendent of Public Instruction, after consultation with the Task Force, may also employ consultants. The Department of Public Instruction shall also provide meeting rooms, telephones, office space, equipment, and supplies to the Task Force.

(d) Task Force members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5, 138-6, or 120-3.1, as appropriate.

(e) The Task Force shall report the Plan to the Joint Legislative Education Oversight Committee no later than March 1, 1994.

(f) Funds are appropriated in this act to the Department of Public Instruction in the amount of three hundred thousand dollars (\$300,000) for the 1993-94 fiscal year to implement the provisions of this section. Of these funds, the sum of fifteen thousand dollars (\$15,000) for the 1993-94 fiscal year shall be used to carry out the work of the Task Force on Teacher Staff Development and the sum of two hundred

eighty-five thousand dollars (\$285,000) for the 1993-94 fiscal year shall be used by the Department of Public Instruction to begin implementation of Teacher Academies by developing training modules in collaboration with NCCAT, training the initial cadre of teacher trainers in collaboration with NCCAT, contracting with trainers, and selecting universities or other facilities as sites for Teacher Academies for summer training in 1994. In carrying out its responsibilities under this subsection, the Department of Public Instruction shall consider the work of the Task Force on Teacher Staff Development.

(g) The Task Force on Teacher Staff Development shall expire July 1, 1995.

Requested by: Representatives Barnes, Black, Rogers, Kuczmariski, Nesbitt, Diamont, Senators Ward, Perdue

#### **EXPAND NCCAT SERVICES**

Sec. 142. Funds in the amount of two hundred thousand dollars (\$200,000) for the 1993-94 fiscal year and two hundred thousand dollars (\$200,000) for the 1994-95 fiscal year that are appropriated to the Board of Governors of The University of North Carolina Reserve for University Operations shall be allocated to the North Carolina Center for the Advancement of Teaching at Western Carolina University (NCCAT) to be used to train teacher trainers, expand NCCAT services to areas that are not located near the Center, and to conduct pilot programs at five local school administrative units.

The purpose of the pilot programs shall be to help local school administrative units develop professional development programs to solve the needs that have been identified by school-based committees. The pilot units shall be geographically and socioeconomically diverse and shall represent both urban and rural areas and large and small average daily membership.

The NCCAT program shall conduct clinical research at the five pilot units to evaluate the effectiveness at the unit, school building, and individual level of the NCCAT program design on the implementation of staff development plans.

Requested by: Representatives Barnes, Black, Rogers, Kuczmariski, Senators Ward, Perdue

#### **STAFF DEVELOPMENT FUNDS**

Sec. 143. Of the funds appropriated to Aid for Local School Administrative Units for staff development for teachers, the sum of two million dollars (\$2,000,000) for the 1993-94 fiscal year shall be used to pay stipends to certified instructional personnel who participate in staff development activities on days outside of the 200-day school calendar. The stipend shall be for ten dollars (\$10.00) per eligible hour, with a maximum of sixty dollars (\$60.00) per day. To qualify for the payment of the stipend, the staff development activities shall be approved in advance by the employee's principal or supervisor.

Requested by: Representative DeVane

## **SCOTLAND COUNTY SCHOOL PAY DATE CHANGED**

Sec. 143.1. Notwithstanding the provisions of G.S. 115C-302(a), G.S. 115C-316(a), or any other provision of law, all 10-month employees of the Scotland County Schools except for school bus drivers, who are paid on a monthly basis, shall be paid on the fifteenth day of each month. Nothing in this section shall have the effect of changing the rate of pay for any employee of Scotland County Schools.

This section shall not be construed to authorize prepayment of any employees by the Scotland County Board of Education.

Requested by: Representative Redwine

## **BRUNSWICK COUNTY SCHOOL PAY DATE CHANGED**

Sec. 144. Notwithstanding the provisions of G.S. 115C-302(a), G.S. 115C-316(a), or any other provision of law, all 10-month contract teachers and all 10-month employees of the Brunswick County Schools, who are paid on a monthly basis, shall be paid on the fifteenth day of each month. Nothing in this section shall have the effect of changing the rate of pay for any employee of Brunswick County Schools.

This section shall not be construed to authorize prepayment of any employees by the Brunswick County Board of Education.

Requested by: Senators Perdue, Ward, Representatives Black, Rogers, Barnes, Kuczmarski

## **STUDY OF GPAC RECOMMENDATIONS REGARDING REORGANIZATIONS OF STATE EDUCATION AGENCIES**

Sec. 144.1. The Joint Legislative Commission on Governmental Operations may review the implementation of the recommendations of the Government Performance Audit Committee regarding the reorganization of State education agencies. The Commission may consider the extent to which the recommendations of the Government Performance Audit Committee are being implemented, and what additional actions, if any, should be taken to implement these recommendations.

If the Joint Legislative Commission on Governmental Operations undertakes this review, the Commission shall report the results of the review to the General Assembly.

Requested by: Representatives Wright, Barnes, Senators Perdue, Ward

## **LOCAL SCHOOL IMPROVEMENT PLANS**

Sec. 144.2. (a) G.S. 115C-238.1 reads as rewritten:

### **"§ 115C-238.1. Performance-based Accountability Program; development and implementation by State Board.**

The General Assembly believes that all children can learn. It is the intent of the General Assembly that the mission of the public school community is to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential. With that mission as its guide, the State Board of Education shall develop and implement a Performance-based Accountability Program. The primary goal of the Program shall be to improve student performance. The State Board of Education shall adopt:

- (1) Procedures and guidelines through which, beginning with the 1990-91 fiscal year, local school administrative units may participate in the Program;
- (2) Guidelines for developing local school improvement plans with three-year student performance goals and annual milestones to measure progress in meeting those goals; ~~and~~
- (3) A set of student performance indicators for measuring and assessing student performance in the participating local school administrative units. These indicators ~~may~~ shall include attendance rates, dropout rates, test scores, parent involvement, and post-secondary ~~outcomes~~ outcomes; and
- (4) Guidelines for school performance indicators for measuring and assessing school performance in the participating local school administrative units. These indicators shall concern how to gauge community involvement, parent involvement, professional development of teachers, and the school climate with regard to the safety of students and employees and the use of positive discipline. These indicators shall not rely predominantly on test scores."

(b) G.S. 115C-238.3, as rewritten by Chapter 38 of the 1993 Session Laws and Chapter 263 of the 1993 Session Laws, reads as rewritten:

**"§ 115C-238.3. Development of local plans; elements of local plans.**

(a) Development of systemwide plan by the local board of education. – The board of education of a local school administrative unit that elects to participate in the Program shall develop and submit a local school improvement plan for the entire local school administrative unit to the State Superintendent of Public Instruction before April 15 of the fiscal year preceding the fiscal year in which participation is sought.

A systemwide improvement plan shall remain in effect for no more than three years.

(b) Establishment of student performance goals and a systemwide staff development plan by the local board of education for the systemwide plan. – The local board of education shall establish student performance goals and a systemwide staff development plan for the local school administrative unit. – unit for inclusion in the systemwide plan. The local board of education shall actively involve an advisory panel composed of a substantial number of teachers, school administrators, other school staff, and parents of children enrolled in the local school administrative unit, in developing the student performance goals for the local school improvement plan. Parents serving on advisory panels shall not be employees of the school unit and shall reflect the racial and socioeconomic composition of the students enrolled in the local school administrative unit. The advisory panel shall ensure substantial parent participation. It is the intent of the General Assembly that teachers have a major role in developing the student performance goals for the local school improvement plan; therefore, at least half of the staff-members participating in this advisory panel shall be teachers. ~~The teachers~~ Every teacher in the local school administrative unit shall select the teachers who are involved in the advisory panel. ~~Every teacher in the local school administrative unit shall select the teachers who are involved in the advisory panel.~~ have an opportunity to elect by secret ballot the teachers who are involved in the advisory panel.

The performance goals for the local school administrative unit shall address specific, measurable goals for all student and school performance indicators adopted by the State Board. Factors that determine gains in achievement vary from school to school; therefore, socioeconomic factors and previous student performance indicators shall be used as the basis of the local school improvement plan.

The systemwide staff development plan shall be consistent with the systemwide goals and shall include a component to accommodate the staff development needs at the building level as expressed in each building's improvement plan. In designing this component of the systemwide staff development plan, direct allocation of a needed portion of the staff development funds to the building level shall be given first priority. Each school building shall have the flexibility to combine its staff development allocation with other schools in the local school administrative unit when the staff development needs of those schools are substantially similar as expressed in their approved building-level plans.

(b1) Development by each school of strategies for attaining local student performance goals. – The principal of each school, representatives of the building-level staff, and parents of children enrolled in the school shall develop a building-level plan to address student performance goals appropriate to that school from those established by the local board of education. Parents serving on building-level committees shall reflect the racial and socioeconomic composition of the students enrolled in that school and shall not be members of the building-level staff. Parental involvement is a critical component of school success and positive student outcomes; therefore, it is the intent of the General Assembly that parents, along with teachers, have a substantial role in developing student performance goals at the building level. To this end, building-level advisory board meetings shall be held at a convenient time to assure substantial parent participation. ~~These~~ The strategies for attaining local school performance goals shall include a plan for the use of staff development funds that may be made available to the school by the local board of education to implement the building-level plan. These strategies may also include requests for waivers of State laws, regulations, or policies for that school. A request for a waiver shall (i) identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals, (ii) set out with specificity the circumstances under which the waiver may be used, and (iii) explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.

Support among affected staff members is essential to successful implementation of a building-level plan to address student performance goals appropriate to a school; therefore, the principal of the school shall present the proposed building-level plan to all of the staff assigned to the school building for their review and vote. The vote shall be by secret ballot. The principal may submit the building-level plan to the local board of education for inclusion in the systemwide plan only if the proposed building-level plan has the approval of a majority of the staff who voted on the plan.

The local board of education shall accept or reject the building-level plan. The local board shall not make any substantive changes in any building-level plan that it accepts; the local board shall set out any building-level plan that it accepts in the systemwide

plan. If the local board rejects a building-level plan, the local board shall state with specificity its reasons for rejecting the plan; the principal of the school for which the plan was rejected, representatives of the building-level staff, and parents of children enrolled in the school may then prepare another plan, present it to the building-level staff for a vote, and submit it to the local board for inclusion in the systemwide plan. If no building-level plan is accepted for a school before March 15 of the fiscal year preceding the fiscal year in which participation is sought, the local board may develop a plan for the school for inclusion in the systemwide plan; the General Assembly urges the local board to utilize the proposed building-level plan to the maximum extent possible when developing such a plan.

(b2) Waivers concerning central office staff. – A local board of education may request waivers of State laws, regulations, or policies which are included in the building plans described in subsection (b1) of this section, and it may also request waivers which affect the organization, duties, and assignment of central office staff only. Provided, none of the duties to be performed pursuant to G.S. 115C-436 may be waived. A request for a waiver shall (i) identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals, (ii) set out with specificity the circumstances under which the waiver may be used, and (iii) explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.

(c) Development by each school of a differentiated pay plan for that school; development by the local board of education of a differentiated pay plan for central office personnel. –

- (1) The local school administrative unit shall consider a plan for differentiated pay. The local plan shall include a plan for differentiated pay, in accordance with G.S. 115C-238.4, unless the local school administrative unit elects not to participate in any differentiated pay plan.
- (2) The principal of each school, representatives of the building-level staff, and parents of children enrolled in the school shall develop a building-level differentiated pay plan for the school when they develop their building-level plan to address student performance goals appropriate to the school. By October 1 of each year, the principal shall disclose to all affected personnel the total allocation of funds for differentiated pay. At the end of the fiscal year, the principal shall make available to all affected personnel a report of all disbursement from the building-level differentiated pay plan.

Support among affected staff members is essential to successful implementation of a building-level differentiated pay plan; therefore, the principal of the school shall present the proposed building-level plan to all of the staff assigned to the school building for their review and vote. The vote shall be by secret ballot. The principal may submit the building-level differentiated pay plan to the local board of education only if the proposed building-level differentiated pay plan has the approval of a majority of the staff who voted on the plan.

The local board of education shall accept or reject the building-level differentiated pay plan. The local board shall not make any substantive changes in any building-level plan that it accepts; the local board shall set out any building-level plan that it accepts in the systemwide differentiated pay plan. If the local board rejects a building-level plan, the local board shall state with specificity its reasons for rejecting the plan; the principal of the school for which the plan was rejected, representatives of the building-level staff, and parents of children enrolled in the school may then prepare another plan, present it to all of the staff eligible to receive differentiated pay, in accordance with G.S. 115C-238.4(a), for a vote, and submit it to the local board for inclusion in the systemwide plan. If no building-level plan is accepted for a school before March 15 of the fiscal year preceding the fiscal year in which participation is sought, the local board may develop a plan for the school building for inclusion in the systemwide plan; the General Assembly urges the local board to utilize the proposed building-level plan to the maximum extent possible when developing such a plan.

(3) The local board of education shall develop a plan for differentiated pay for all classes of personnel assigned to the central office that the local board determines are participants in the development or implementation of the local school improvement plan, and shall include the plan in the systemwide differentiated pay plan.

(4) A systemwide differentiated pay plan shall remain in effect for no more than three years. At the end of three years, a plan to continue, discontinue, or modify that differentiated pay plan shall be developed in accordance with subdivisions (2) and (3) of this subsection.

(d) Repealed by Session Laws 1991 (Regular Session, 1992), c. 900, s. 75.1(b), effective July 8, 1992."

(c) Part 4 of Article 16 of Chapter 115C of the General Statutes is amended by adding a new section to read:

**"§ 115C-238.6A. Distribution of staff development funds.**

Any funds the local board of education makes available to an individual school building to implement the local school improvement plan shall be used in accordance with the building-level plan set out in the systemwide plan.

By October 1 of each year, the principal shall disclose to all affected personnel the total allocation of all funds available to the school for staff development and the superintendent shall disclose to all affected personnel the total allocation of all funds available at the system level for staff development. At the end of the fiscal year, the principal shall make available to all affected personnel a report of all disbursements from the building-level staff development funds, and the superintendent shall make available to all affected personnel a report of all disbursements at the system level of staff development funds."

(d) G.S. 115C-238.7(a) reads as rewritten:

"(a) There is created the Task Force on Site-Based Management within the Department of Public Instruction.

The Task Force shall be composed of ~~15~~21 members appointed as follows:

- (1) The Superintendent of Public Instruction;
- (2) One member of the State Board of Education appointed by the State Board of Education;
- (3) Two members of the Senate appointed by the President Pro Tempore of the Senate;
- (4) Two members of the House of Representatives appointed by the Speaker of the House of Representatives;
- (5) One member of a local board of education appointed by the President Pro Tempore of the Senate after receiving recommendations from The North Carolina State School Boards Association, Inc.;
- (6) One member of a local board of education appointed by the Speaker of the House of Representatives after receiving recommendations from The North Carolina State School Boards Association, Inc.;
- (7) One local school superintendent appointed by the President Pro Tempore of the Senate after receiving recommendations from the North Carolina Association of School Administrators;
- (8) One local school superintendent appointed by the Speaker of the House of Representatives after receiving recommendations from the North Carolina Association of School Administrators;
- (9) One school principal appointed by the President Pro Tempore of the Senate after receiving recommendations from the Tar Heel Association of Principals/Assistant Principals and the Division of Administrators of the North Carolina Association of Educators;
- (10) One school principal appointed by the Speaker of the House of Representatives after receiving recommendations from the Tar Heel Association of Principals/Assistant Principals and the Division of Administrators of the North Carolina Association of Educators;
- (11) One school teacher appointed by the President Pro Tempore of the Senate after receiving recommendations from the North Carolina Association of Educators, Inc., the North Carolina Federation of Teachers, and the Professional Educators of North Carolina, Inc.;
- (12) One school teacher appointed by the Speaker of the House of Representatives after receiving recommendations from the North Carolina Association of Educators, Inc., the North Carolina Federation of Teachers, and the Professional Educators of North Carolina, Inc.;  
~~and~~
- (13) The Director of the Task Force on Site-Based Management, appointed by the Superintendent of Public Instruction in accordance with subsection (d) of this ~~section~~section;
- (14) One parent of a public school child appointed by the Superintendent of Public Instruction;



- (15) Two at-large members appointed by the Superintendent of Public Instruction;
- (16) One representative of business and industry appointed by the Governor;
- (17) One representative of institutions of higher education appointed by the Board of Governors of The University of North Carolina; and
- (18) One county commissioner appointed by the Superintendent of Public Instruction after receiving recommendations from the North Carolina Association of County Commissioners.

Members of the Task Force shall serve for two-year terms.

All members of the Task Force shall be voting members. Vacancies in the appointed membership shall be filled by the officer who made the initial appointment. The Director of the Task Force on Site-Based Management shall serve as chair of the Task Force.

Members of the Task Force shall receive travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1, G.S. 138-5, and G.S. 138-6."

(e) G.S. 115C-21.1(b) reads as rewritten:

"(b) The Department of Public Instruction shall monitor and provide a report to the General Assembly by May 1, 1991, and annually thereafter showing the school units that have been granted class size waivers pursuant to G.S. ~~115C-238.3(d)~~115C-238.6(a), have reported class size exceptions, and have converted State-funded teacher positions to other positions, dollars, or other expenditures."

(f) Members appointed to the Site-Based Management Task Force in accordance with subsection (d) of this section shall serve until September 1, 1994, and shall be eligible for reappointment. Successive appointments shall be for two-year terms.

(g) The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the guidelines for indicators of school performance adopted in accordance with subsection (a) of this section no later than February 1, 1994. School performance indicators shall be addressed in local school improvement plans modified or adopted after March 15, 1994.

(h) Subsections (b) and (c) of this section shall apply to local school improvement plans in effect on and after July 1, 1994.

Requested by: Senators Lee, Ward, Daniel, Plyler, Representatives Black, Rogers, McAllister, McLaughlin, Diamont, Nesbitt

#### **DRIVER EDUCATION STUDY**

Sec. 144.3. The Legislative Research Commission shall study the driver education program offered by the public schools. The study shall consider:

- (1) The efficiency of the program and the impact on the efficiency of the program of the 1991 statutory changes allowing local boards of education to contract with public or private entities to provide driver education;

- (2) The impact on parents and students, especially in rural areas, of the State Board of Education rule requiring that driver education be offered outside of the regular instructional day; and
- (3) The overall cost of the program and the projected five-year cost of the program.

The Commission shall report the results of its study by April 15, 1994.

## **PART 18. DEPARTMENT OF TRANSPORTATION**

Requested by: Senators Albertson, Lee, Kaplan, Sherron, Representatives McAllister, McLaughlin, Lemmond

### **PERMANENT HOURLY WORKER STATUS**

Sec. 145. (a) The Department of Transportation shall begin converting all existing permanent hourly Highway Maintenance Worker positions to permanent full-time Highway Maintenance Worker status effective July 1, 1993. All current permanent hourly employees shall be evaluated between July 1, 1993, and December 31, 1993, and those receiving satisfactory ratings shall be placed in a permanent Highway Maintenance Worker position as they become available. The Department shall cease hiring permanent hourly workers on July 1, 1993, and complete conversion of permanent hourly workers to permanent status by January 1, 1994.

(b) G.S. 126-5(c4) is repealed. This subsection becomes effective January 1, 1994.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

### **REPEAL ADDITIONAL FUNDS TO DIVISION OF MOTOR VEHICLES**

Sec. 146. G.S. 20-97(c) is repealed.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

### **RENAME NORTH CAROLINA ELDERLY AND HANDICAPPED TRANSPORTATION ASSISTANCE PROGRAM**

Sec. 147. G.S. 136-44.27 reads as rewritten:

#### **"§ 136-44.27. North Carolina Elderly and ~~Handicapped-Disabled~~ Transportation Assistance Program.**

(a) There is established the Elderly and ~~Handicapped-Disabled~~ Transportation Assistance Program that shall provide State financed elderly and ~~handicapped-disabled~~ transportation services for counties within the State. The Department of Transportation is designated as the agency of the State responsible for administering State funds appropriated to purchase elderly and ~~handicapped-disabled~~ transportation services for counties within the State. The Department shall develop appropriate procedures regarding the distribution and use of these funds and shall adopt rules to implement these procedures. No funds appropriated pursuant to this act may be used to cover State administration costs.

(b) For the purposes of this section, an elderly person is defined as one who has reached the age of 60 or more years, and a ~~handicapped-disabled~~ person is defined as

one who has a physical or mental impairment that substantially limits one or more major life activities, an individual who has a record of such impairment, or an individual who is regarded as having such an impairment. Certification of eligibility shall be the responsibility of the county.

(c) All funds distributed by the Department under this section are intended to purchase additional transportation services, not to replace funds now being used by local governments for that purpose. These funds are not to be used towards the purchase of transportation vehicles or equipment. To this end, only those counties maintaining elderly and ~~handicapped~~ disabled transportation services at a level consistent with those in place on January 1, 1987, shall be eligible for additional transportation assistance funds.

(d) The Public Transportation Division of the Department of Transportation shall distribute these funds to the counties according to the following formula: fifty percent (50%) divided equally among all counties; twenty-two and one-half percent (22 1/2%) based upon the number of elderly residents per county as a percentage of the State's elderly population; twenty-two and one-half percent (22 1/2%) based upon the number of ~~handicapped~~ disabled residents per county as a percentage of the State's ~~handicapped~~ disabled population; and, the remaining five percent (5%) based upon a population density factor that recognizes the higher transportation costs in sparsely populated counties.

(e) Funds distributed by the Department under this section shall be used by counties in a manner consistent with transportation development plans which have been approved by the Department and the Board of County Commissioners. To receive funds apportioned for a given fiscal year, a county shall have an approved transportation development plan. Funds that are not obligated in a given fiscal year due to the lack of such a plan will be distributed to the eligible counties based upon the distribution formula prescribed by subsection (d) of this section."

Requested by: Senators Lee, Kaplan, Sherron, Representatives McAllister, McLaughlin, Lemmond

#### **SMALL URBAN CONSTRUCTION PROGRAM FUNDS**

Sec. 148. Of the funds appropriated in this act to the Department of Transportation, the sum of twenty million dollars (\$20,000,000) shall be allocated in each fiscal year of the biennium for small urban construction projects. Fourteen million dollars (\$14,000,000) of these funds shall be allocated equally in each fiscal year of the biennium 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 allocation formula as provided in G.S. 136-44.5.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to

the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Highway Oversight Committee and the Fiscal Research Division.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**IMPLEMENTING SELECTED GPAC RECOMMENDATIONS**

Sec. 149. (a) The Department of Transportation shall centralize the monitoring and reporting of data related to small and minority business development firms and civil rights-related matters, and reorganize the Department so that functions related to these activities will be integrated into and institutionalized under the Division of Highways. The Department will comply with this section by July 1, 1993. The Department shall report to the Joint Legislative Highway Oversight Committee by October 1, 1993, on the reorganization of civil rights-related functions within the Department.

(b) The Secretary of the Department of Transportation shall submit to the General Assembly and the Joint Legislative Highway Oversight Committee, on or before September 1, 1993, a plan to consolidate part-time driver licensing offices across the State to increase productivity. The plan shall consider the number of applications processed per day by examiners, the number of full-time and part-time offices located in each county, the proximity of offices in each county to one another, population served, costs to support part-time offices, and any other criteria the Secretary deems warranted. The plan shall also document cost savings by office and the estimated increase in productivity due to consolidations. The Secretary of the Department of Transportation shall further notify the Joint Legislative Highway Oversight Committee on or before April 1, 1994, of the amount of funds by which the Division of Motor Vehicles' 1994-95 appropriation can be reduced due to consolidation of driver licensing offices.

(c) The Secretary of the Department of Transportation shall submit a plan to the Joint Legislative Highway Oversight Committee not later than November 1, 1993, outlining steps the Department plans to take to enhance efficiency of the Vehicle Registration Process.

(d)(1) The General Assembly finds that the Department of Transportation is currently seeking funding for 298 more staff positions in its preconstruction units during the next 15 years to handle the work load from the Highway Trust Fund. The majority of these positions are to be filled during the next four years in the Highway Design and Planning Branch and the Environmental Branches.

The use of private engineering firms to handle peak work load requirements is a well-founded strategy for avoiding the public-sector problems of staffing up and down for varying work loads.

The Department of Transportation is currently contracting out twenty percent (20%) to twenty-five percent (25%) of preconstruction work to private engineering firms. If outside contract forces were used to address the preconstruction work load associated with the additional 298 positions, then the level of preconstruction work contracted out

would rise to about thirty-two percent (32%) to thirty-six percent (36%).

This increase in contracting out work load, from twenty percent (20%) to twenty-five percent (25%), to thirty-two percent (32%) to thirty-six percent (36%) would be a reasonable level of increase because the Highway Trust Fund represents a seventy-eight percent (78%) increase in the pre-1989 preconstruction work load of the Department.

- (2) The Secretary of Transportation shall submit a plan to the Joint Legislative Highway Oversight Committee, by September 1, 1993, to implement the recommendation in subdivision (1) of this subsection to freeze preconstruction positions and contract out the balance of its preconstruction work to private engineering firms.
- (e)(1) The General Assembly finds that the Department of Transportation's ongoing strategy to increasingly rely on the use of private engineering firms to perform surveys, process control, and construction engineering and inspection functions should be continued.

With the Highway Trust Fund program entering a phase of expanded construction activity, having completed a number of project plans, the Department will need to further leverage its in-house construction staff to meet the requirements of the program.

- (2) The increased use of outside contract forces to perform quality control and quality assurance functions will require continued Department of Transportation construction staff involvement in project oversight and verification, careful selection of vendors, and rigorous contract administration of these projects. The level of this outside contracting should be based on the following considerations:
  - a. Focus outside contract activity on the peak load requirements of the Highway Trust Fund construction program;
  - b. Retain sufficient in-house capability to address the base load requirements of the Highway Trust Fund construction program and properly administer the outside construction engineering and inspection-related contracts; and
  - c. Select contractors with significant experience in performing construction engineering and inspection for major road and bridge projects and familiarity with Department of Transportation engineering standards and construction specifications.
- (3) By using private engineering firms to handle more of the Highway Trust Fund program construction work load, the Department of Transportation can reduce the number of new in-house staff required to support the construction portion of the program.
- (4) The Secretary of Transportation shall report to the Joint Legislative Highway Oversight Committee, no later than September 1, 1993, a

plan meeting the construction needs of the Highway Trust Fund program with a minimum of new construction staff in the Department of Transportation and increasing the use of outside contract forces while meeting the criteria in subdivisions (1) through (3) of this subsection.

- (f)(1) The General Assembly finds that the Equipment Sections of the 14 highway divisions perform maintenance and repair functions for all Department of Transportation equipment, except for sedans which are maintained through the Department of Administration. Each division has between five and 10 garages, including one major division garage. In some cases, two-person garages continue to operate in certain rural areas of the State, where the distance between garages is fairly large (40 to 50 miles). In addition, there are local county garages colocated near the division garages. These latter garages represent a potential opportunity for consolidation, to reduce the overall number of garage facilities maintained by the Department of Transportation.
- (2) The Department of Transportation shall develop a plan to consolidate the equipment section resources associated with the 14 division garages and those 14 Department county garages located nearby for submission to the Joint Legislative Highway Oversight Committee by February 1, 1994.
- (g)(1) The General Assembly finds that Division Traffic Services units are variously organized, with some units having all field forces reporting to the Division Traffic Services Supervisor and others having signal-related forces assigned to the Assistant Division Traffic Engineer in a Traffic Control Technical Services unit. The latter arrangement provides a better balance of technical and nontechnical traffic services personnel among the middle management positions within this unit, resulting in a more equitable span of control among these supervisory personnel. This alignment recognizes the increasingly technical aspects of traffic signal planning and implementation, while also providing for a more balanced distribution of Traffic Services staff among the Traffic Services supervisors.
- (2) The Secretary of Transportation shall realign the Traffic Services sections of the 14 Traffic Divisions so that the signal/traffic control personnel report to the Assistant Traffic Engineer and pavement markings/signs personnel report to the Traffic Services Supervisor.
- (h)(1) The General Assembly finds that the overall level of staffing for the Department of Transportation should be based on:
  - a. The determination of resources needed to provide an acceptable level of service, accomplish the annual maintenance program efficiently, and erase the existing maintenance backlog; and
  - b. The determination of the most appropriate mix of contract and in-house resources.

As the maintenance work load has increased, the Department of Transportation has been able to handle a portion of the increased work through contracting. The Department of Transportation can make additional use of private contractors.

- (2) The Department of Transportation shall report to the Joint Legislative Highway Oversight Committee, on or before November 1, 1993, a plan on maintenance staffing and on ways to increase efficiency within the maintenance work force. The plan may include:
  - a. The continued contracting out of construction activities, as well as those maintenance functions, such as mowing, roadside rest area maintenance, building maintenance, signal installation, and signal maintenance, that it currently contracts;
  - b. The contracting out of all of the Secondary Road Construction program and free up the in-house maintenance staff now performing this function to concentrate on backlogged and expanding maintenance needs; and
  - c. Expanding the Department's efforts to contract out maintenance functions, by increasing the proportion of contracted work in such areas as: ditch cleaning, landscaping, and bituminous surface treatment resurfacing.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**EQUIPMENT FUND TRANSFER**

Sec. 150. The Department of Transportation's Equipment Fund shall pay to the Highway Fund the sum of ten million dollars (\$10,000,000) for the 1993-94 fiscal year.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**DEPARTMENT OF TRANSPORTATION TO REPORT ON BILLBOARD FEES**

Sec. 151. The Department of Transportation shall report to the Joint Legislative Highway Oversight Committee on or before October 1, 1993, concerning billboard fees. The Department shall report on the fees currently collected and the amounts of fees that would be needed to fund the administration of the billboard program.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**DIVISION OF MOTOR VEHICLES TO REPORT ON PERSONNEL EFFECTS OF NEW COMPUTER SYSTEM**

Sec. 152. The Secretary of Transportation shall report to the Joint Legislative Highway Oversight Committee, on or before October 1, 1993, on the plans for reducing staffing and costs during the 1994-95 fiscal year as a result of the implementation of the new computer systems for Drivers Licensing and Vehicle Registration. The report shall also contain an update on the status of completion of the implementation of the new computer systems as of the date of the report.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**MODIFY AVIATION APPROPRIATION**

Sec. 153. (a) G.S. 136-16.4 reads as rewritten:

**"§ 136-16.4. Continuing aviation appropriations.**

There is annually appropriated, beginning with the 1987-88 fiscal year, appropriated 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. the sum of eight million four hundred thousand dollars (\$8,400,000) for fiscal year 1993-94 and the sum of eight million nine hundred thousand dollars (\$8,900,000) for fiscal year 1994-95. Each subsequent fiscal year, there is appropriated from the General Fund to the Department of Transportation the amount appropriated by this section to the Department of Transportation for the preceding fiscal year, plus or minus the percentage of the amount by which the collection of State sales and use taxes increased or decreased during the preceding fiscal year. The Department of Transportation may use funds appropriated under this section only for aviation purposes."

(b) This section becomes effective July 1, 1993.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**DEPARTMENT OF TRANSPORTATION TO REPORT ON THE USE OF INMATE LABOR**

Sec. 154. The Department of Transportation shall report to the Joint Legislative Highway Oversight Committee, on or before October 1, 1993, on the use of minimum and medium custody inmates. The report shall detail:

- (1) The requirements placed on the Department by G.S. 148-26, the State policy on the employment of prisoners.
- (2) Whether the use of inmate labor is cost-effective.
- (3) Whether the cost-sharing arrangement with the Department of Correction is equitable with respect to the contributions from the Department of Transportation and the Highway Fund.
- (4) A cost-effective analysis comparing the cost and productivity of using inmate labor versus using temporary highway maintenance workers.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**BRANCH AGENT TRANSACTION RATE**

Sec. 155. The Division of Motor Vehicles of the Department of Transportation shall compensate a contractor with whom it has a contract under G.S. 20-63(h) at the rate of ninety-two cents (92¢) for each transaction performed in accordance with the requirements set by the Division. A transaction is any of the following activities:



- (1) Issuance of a registration plate, a registration card, a registration renewal sticker, or a certificate of title.
- (2) Issuance of a handicapped placard or handicapped identification card.
- (3) Acceptance of an application for a personalized registration plate.
- (4) Acceptance of a surrendered registration plate, registration card, or registration renewal sticker, or acceptance of an affidavit stating why a person cannot surrender a registration plate, registration card, or registration renewal sticker.
- (5) Cancellation of a title because the vehicle has been junked.
- (6) Acceptance of an application for, or issuance of, a refund for a fee or a tax, other than the highway use tax.
- (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in financial responsibility or receipt of the restoration fee imposed by that statute.
- (8) Acceptance of a notice of failure to maintain financial responsibility for a motor vehicle.
- (9) Collection of the highway use tax.

Performance at the same time of any combination of the items that are listed within each subdivision or are listed within subdivisions (1) through (8) of this section is a single transaction. Performance of the item listed in subdivision (9) of this section in combination with any other items listed in this section is a separate transaction.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**HIGHWAY FUND ALLOCATIONS BY CONTROLLER**

Sec. 156. 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 this act, Titles:

- State Construction
- State Funds to Match Federal Highway Aid
- State Maintenance
- 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: Senator Lee, Representatives McAllister, McLaughlin

**CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS**

Sec. 157. (a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

- For Fiscal Year 1995-96      \$969,300,000
- For Fiscal Year 1996-97      \$979,400,000.

(b) The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

- For Fiscal Year 1995-96      \$578,200,000

For Fiscal Year 1996-97          \$590,200,000.

Requested by: Senator Lee, Representatives McAllister, McLaughlin  
**HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES**

Sec. 158. (a) Overexpenditures from Section 4 of this act may be made by authorization of the Director of the Budget, Titles:

State Construction Primary Construction  
State Construction Urban Construction  
State Construction Access and Public Service Roads  
State Funds to Match Federal Highway Aid  
State Maintenance  
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. Written reports covering overexpenditures or underexpenditures of more than ten percent (10%) shall be made to the Joint Legislative Highway Oversight Committee. The reports shall be delivered to the Director of the Fiscal Research Division not less than 96 hours prior to the beginning of the Committee's full meeting.

(b) Overexpenditures from Section 4 of this act, Titles:

State Construction Primary Construction  
State Construction Urban Construction  
State Construction Access and Public Service Roads  
State Funds to Match Federal Highway Aid  
State Maintenance  
Ferry Operations,

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

Requested by: Senator Lee, Representatives McAllister, McLaughlin  
**RESURFACED ROADS MAY BE WIDENED**

Sec. 159. Of the contract maintenance resurfacing program funds appropriated in this act to the Department of Transportation, an amount not to exceed fifteen percent (15%) of the Board of Transportation's allocation of these funds may be used for widening existing narrow pavements that are scheduled for resurfacing. The Department of Transportation shall report on the use of these funds to the Joint Legislative Highway Oversight Committee and the Fiscal Research Division by May 15, 1994.

Requested by: Senator Lee, Representatives McAllister, McLaughlin  
**HIGHWAY FUND ADJUSTMENTS TO REFLECT ACTUAL REVENUE**

Sec. 160. Any unreserved credit balance in the Highway Fund on June 30 of each of the fiscal years of this biennium 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 roads, a reserve for unforeseen happening of a state of affairs requiring prompt action as provided by G.S. 136-44.1, and other required reserves. Actual revenue in excess of estimated revenue shall be placed in the reserve for highway maintenance. If all of the remaining excess is not used to establish these reserves, the remainder shall be allocated to the State-funded maintenance appropriations in the manner approved by the Board of Transportation. The Board of Transportation shall report monthly to the Joint Legislative Highway Oversight Committee and the Fiscal Research Division about the use of the reserve for highway maintenance.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

**DEPARTMENT OF TRANSPORTATION TO PAY COMPENSATION OF ATTORNEYS ASSIGNED TO MOTOR VEHICLES DIVISION BY THE ATTORNEY GENERAL**

Sec. 161. The Department of Transportation shall pay the compensation, including salaries and benefits, of the attorneys assigned to the Division of Motor Vehicles by the Attorney General. The funds to pay the compensation for those legal positions shall be taken from the Highway Fund.

Requested by: Senator Lee, Representatives McAllister, McLaughlin

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

Sec. 162. The Department of Transportation may enter into a design-build-warrant contract to develop, with Federal Highway Administration participation under The 1991 Intermodal Surface Transportation Efficiency Act, Title VI, Part B, Sections 6051-6059, a "Congestion Avoidance and Reduction for Autos and Trucks (CARAT)" system of traffic management for the greater Charlotte-Mecklenburg urban areas. Notwithstanding any other provision of law, contractors, contractors' employees, and Department of Transportation employees involved in this project only do not have to be licensed by occupational licensing boards as "license" and "occupational licensing board" are defined in G.S. 93B-1 and for the purpose of entering into contracts, the Department of Transportation is exempted from the provisions of the following General Statutes: G.S. 136-28.1, 143-52, 143-53, 143-58, 143-128, and 143-129. These statutory exemptions are limited and available only to the extent necessary to comply with federal rules, regulations, and policies for completion of this project.

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

Requested by: Representatives McAllister, McLaughlin, Lemmond, Senators Lee, Kaplan, Sherron,

**DEPARTMENT OF TRANSPORTATION TO REPORT ON DIVISION OF MOTOR VEHICLES ENFORCEMENT SECTION**

Sec. 163. The Department of Transportation shall report to the Joint Legislative Highway Oversight Committee, on or before October 1, 1993, on efforts by the Department to restructure the Enforcement Section of the Division of Motor Vehicles.

Requested by: Representatives Nesbitt, McAllister, McLaughlin, Lemmond, Senators Lee, Kaplan, Sherron,

**DISPOSITION OF TAX PROCEEDS FROM THE HIGHWAY TRUST FUND**

Sec. 164. (a) G.S. 105-187.9 reads as rewritten:

**"§ 105-187.9. Disposition of tax proceeds.**

Taxes collected under this Article at the rate of eight percent (8%) shall be credited to the General Fund. Taxes collected under this Article at the rate of three percent (3%) shall be credited to the North Carolina Highway Trust Fund. In each fiscal year the State Treasurer shall transfer the sum of one hundred seventy million dollars (\$170,000,000) of the taxes deposited in the Trust Fund to the General Fund. Fund by transferring one-fourth of this amount at the end of each quarter in the fiscal year. The transfer of funds authorized by this section may be made by transferring one-fourth of the amount at the end of each quarter in the fiscal year or by transferring the full amount annually on July 1 of each fiscal year, subject to the availability of revenue."

(b) The interest earned on the one hundred seventy million dollars (\$170,000,000) to be transferred pursuant to subsection (a) of this section shall be deposited in the General Fund.

Requested by: Representatives Barbee, McAllister, McLaughlin, Lemmond, Senators Lee, Kaplan, Sherron,

**DMV ENFORCEMENT EFFICIENCY IMPLEMENTATION REPORT**

Sec. 165. The Commissioner of Motor Vehicles shall report to the Appropriations Committees on Transportation of the House of Representatives and Senate and to the Fiscal Research Division, on the first day of the 1994 Session of the General Assembly, on the implementation of the 1993-94 expansion budget requests for computer equipment, computerized vehicle weighing systems, and the Optical Disk File Storage System. The report shall include the potential savings in manpower and office expenses attributable to the new equipment.

Requested by: Representatives McAllister, McLaughlin, Lemmond, Senators Lee, Kaplan, Sherron,

**MAJOR RESURFACING AND MAINTENANCE PROJECTS TO BE IN TRANSPORTATION IMPROVEMENT PROGRAM**

Sec. 166. The Secretary of the Department of Transportation shall report to the Appropriations Committees on Transportation of the House of Representatives and the Senate and the Fiscal Research Division, not later than 30 days before the start of the 1994 Session of the General Assembly, on a plan to include major resurfacing projects and major bridge and highway maintenance projects on the primary system in the Transportation Improvement Program issued pursuant to G.S. 143B-350(f)(4).

Requested by: Representatives McAllister, McLaughlin, Senators Lee, Kaplan, Sherron,

**PIEDMONT TRIAD TRANSPORTATION STUDY**

Sec. 167. Of the funds appropriated in this act from the Highway Fund to the Department of Transportation, the sum of two hundred twenty-two thousand seven hundred fifty dollars (\$222,750) for the 1993-94 fiscal year and the sum of three hundred forty-six thousand five hundred dollars (\$346,500) for the 1994-95 fiscal year shall be used for a study of the transportation needs of the Piedmont Triad Area involving the metropolitan planning organizations of High Point, Greensboro, and Winston-Salem.

The Board of Transportation shall allocate funds for the study as needed until the appropriation for each year has been used. Funds not used in any year shall revert to the Highway Fund.

The Board of Transportation shall require the recipient of these fund allocations to provide detailed periodic reports on its activities and accomplishments and the expenditures and revenues from all sources. A final report shall be made to the Board of Transportation and the North Carolina General Assembly by May 31, 1995.

Requested by: Senators Lee, Kaplan, Sherron, Representatives McAllister, McLaughlin, Lemmond

**STATE HIGHWAY FACILITIES NAMING/RENAMING MORATORIUM**

Sec. 168. (a) The Board of Transportation shall undertake a review of its policies concerning naming or renaming of bridges, highways, and other facilities on the State highway system.

(b) The Board of Transportation shall adopt guidelines for the naming or renaming of bridges, highways, and other facilities on the State highway system by January 1, 1994. Prior to the adoption of guidelines, the Board shall review the guidelines with the Joint Legislative Highway Oversight Committee by October 1, 1993.

(c) Until the Board of Transportation has adopted guidelines pursuant to subsection (b) of this section, there shall be a moratorium on the naming or renaming of bridges, highways, and other facilities on the State highway system.

Requested by: Representatives McAllister, McLaughlin, Nesbitt, Lemmond, Senators Lee, Kaplan, Sherron,

**STUDY OF HIGHWAY FUND EXPENDITURES TO AGENCIES OTHER THAN THE DEPARTMENT OF TRANSPORTATION**

Sec. 169. The Legislative Research Commission may study, and the Fiscal Trends Study Commission shall study, all appropriations from the Highway Fund to agencies other than the Department of Transportation, including the Highway Patrol, Department of Correction, and Department of Public Instruction, and shall report to the General Assembly by the first day of the 1994 Regular Session on the appropriateness of these appropriations, the trends of these appropriations, on how the future growth in these appropriations can be limited, and on a policy on what type of programs can be funded from the Highway Fund.

Requested by: Senators Sands, Lee, Kaplan, Sherron, Representatives McAllister, McLaughlin, Lemmond

#### **SECONDARY ROAD FUNDS ELIGIBILITY MODIFICATION**

Sec. 169.1. Notwithstanding any other provision of law, the Department of Transportation shall maintain the streets and highways on the State highway system within municipalities that are not eligible for funds under G.S. 136-41.2. The Department of Transportation shall maintain the streets and highways as part of the State secondary system, and maintain the paving priority for the secondary roads the same as if the municipality were not incorporated, as long as the ineligibility for funds under G.S. 136-41.2 continues. The provisions of this section apply only to municipalities incorporated between July 1, 1989, and June 30, 1993.

Requested by: Senators Lee, Kaplan, Sherron, Representatives McAllister, McLaughlin, Lemmond

#### **JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE**

Sec. 169.2. (a) G.S. 120-70.50 reads as rewritten:

**"§ 120-70.50. Creation and membership of Joint Legislative ~~Highway~~ Transportation Oversight Committee.**

The Joint Legislative ~~Highway-Transportation~~ Oversight Committee is established. The Committee consists of 16 members as follows:

- (1) Eight members of the Senate appointed by the President Pro Tempore of the Senate, at least two of whom are members of the minority party; and
- (2) Eight members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on January 15 of each odd-numbered year, except the terms of the initial members, which begin on appointment. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment."

(b) G.S. 120-70.51(a) reads as rewritten:

"(a) The Joint Legislative ~~Highway-Transportation~~ Oversight Committee shall ~~shall~~ may:

- (1) Review reports prepared by the Department of Transportation ~~under G.S. 136-184. or any other agency of State government related,~~ in any manner, to transportation, when those reports are required by any law.
- (2) Monitor the funds deposited in and expenditures from the North Carolina Highway Trust ~~Fund and Fund,~~ the Highway Fund, the General Fund, or any other fund when those expenditures are related, in any manner, to transportation.
- (3) Determine whether funds ~~in the Trust Fund are spent in accordance with G.S. 136-17.2A and Article 14 of Chapter 136. related,~~ in any manner, to transportation are being spent in accordance with law.
- (4) Determine whether any revisions are needed in the funding for a program for which funds in the Trust ~~Fund-Fund,~~ the Highway Fund, the General Fund, or any other fund when those expenditures are related, in any manner, to transportation may be used, including revisions needed to meet any statutory timetable ~~for the or program.~~
- (5) Report to the General Assembly at the beginning of each regular session concerning its determinations of needed changes in the funding ~~for or operation of programs funded from the Trust Fund. related,~~ in any manner, to transportation.

These powers, which are enumerated by way of illustration, shall be liberally construed to provide for the maximum oversight by the Committee of all transportation matters in this State."

(c) G.S. 120-70.52(a) reads as rewritten:

"(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative ~~Highway-Transportation~~ Oversight Committee. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs."

(d) G.S. 136-12(b) reads as rewritten:

"(b) At least 30 days before it approves a Transportation Improvement Program in accordance with G.S. 143B-350(f)(4) or approves interim changes to a Transportation Improvement Program, the Department shall submit the proposed Transportation Improvement Program or proposed interim changes to a Transportation Improvement Program to the following members and staff of the General Assembly:

- (1) The Speaker and the Speaker Pro Tempore of the House of Representatives;
- (2) The Lieutenant Governor and the President Pro Tempore of the Senate;
- (3) The Chairs of the House and Senate Appropriations Committees;
- (4) Each member of the Joint Legislative ~~Highway-Transportation~~ Oversight Committee; and
- (5) The Fiscal Research Division of the Legislative Services Commission."

(e) G.S. 136-184 reads as rewritten:

**"§ 136-184. Reports by Department of Transportation.**

(a) The Department of Transportation shall develop, and update annually, a report containing a completion schedule for all projects to be funded from the Trust Fund. The report shall include a separate schedule for the Intrastate System projects, the urban loop projects, and the paving of unpaved State-maintained secondary roads that have a traffic vehicular equivalent of at least 50 vehicles a day. The annual update shall indicate the projects, or portions thereof, that were completed during the preceding fiscal year, any changes in the original completion schedules, and the reasons for the changes. The Department shall submit the report and the annual updates to the Joint Legislative ~~Highway-Transportation~~ Oversight Committee.

(b) The Department of Transportation shall make quarterly reports to the Joint Legislative ~~Highway-Transportation~~ Oversight Committee containing any information requested by the Committee. The Department shall provide the Committee with all information needed to determine if funds available under the Trust Fund and the Transportation Improvement Program are being spent in accordance with G.S. 136-17.2A."

(f) G.S. 143-318.14A(a) reads as rewritten:

"(a) Except as provided in subsection (e) below, all official meetings of commissions, committees, and standing subcommittees of the General Assembly (including, without limitation, joint committees and study committees), shall be held in open session. For the purpose of this section, the following also shall be considered to be 'commissions, committees, and standing subcommittees of the General Assembly':

- (1) The Legislative Research Commission;
- (2) The Legislative Services Commission;
- (3) The Advisory Budget Commission;
- (4) The Joint Legislative Utility Review Committee;
- (5) The Joint Legislative Commission on Governmental Operations;
- (6) The Joint Legislative Commission on Municipal Incorporations;
- (7) The Commission on the Family;
- (8) The Joint Select Committee on Low-Level Radioactive Waste;
- (9) The Environmental Review Commission;
- (10) The Joint Legislative ~~Highway-Transportation~~ Oversight Committee;
- (11) The Joint Legislative Education Oversight Committee;
- (12) The Joint Legislative Commission on Future Strategies for North Carolina;
- (13) The Commission on Children with Special Needs;
- (14) The Legislative Committee on New Licensing Boards;
- (15) The Agriculture and Forestry Awareness Study Commission;
- (16) The North Carolina Study Commission on Aging; and
- (17) The standing Committees on Pensions and Retirement."

(g) Any law that contains "Joint Legislative Highway Oversight Committee" shall be deemed to refer to the "Joint Legislative Transportation Oversight Committee".



Requested by: Senator Lee, Representatives McAllister, McLaughlin

**VISITOR AND WELCOME CENTER FUNDS**

Sec. 169.3. (a) G.S. 20-79.7(c) reads as rewritten:

"(c) Use of Funds in Special Registration Plate Account. –

- (1) The Division shall deduct the costs of special registration plates, including the costs of issuing, handling, and advertising the availability of the special plates, from the Special Registration Plate Account.
- (2) From the funds remaining in the Special Registration Plate Account after the deductions in accordance with subdivision (1) of this subsection, there is appropriated from the Special Registration Plate Account the sum of three hundred twenty-five thousand dollars (\$325,000) for the 1993-94 fiscal year and the sum of three hundred seventy-five thousand dollars (\$375,000) for the 1994-95 fiscal year to provide operating assistance for the Visitor and Welcome Centers:
  - a. on U.S. Highway 17 in Camden County, (\$75,000);
  - b. on U.S. Highway 17 in Brunswick County, (\$75,000);
  - c. on U.S. Highway 441 in Macon County, (\$75,000);
  - d. in the Town of Boone, Watauga County, (\$75,000); and
  - e. on U.S. Highway 29 in Caswell County, (\$25,000) for the 1993-94 fiscal year and (\$75,000) for the 1994-95 fiscal year.
- (3) The Division shall transfer the remaining revenue in the Account quarterly as follows:
  - ~~(1)~~a. 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.
  - ~~(2)~~b. Fifty percent (50%) to the Department of Transportation to be used solely for the purpose of beautification of highways other than those designated as interstate. These funds shall be administered by the Department of Transportation for beautification purposes not inconsistent with good landscaping and engineering principles.
  - ~~(3)~~c. Seventeen percent (17%) to the account of the Department of Human Resources to promote travel accessibility for disabled persons in this State. These funds shall be used to collect and update site information on travel attractions designated by the Department of Commerce in its publications, to provide technical assistance to travel attractions concerning accommodation of disabled tourists, and to develop, print, and promote the publication ACCESS NORTH CAROLINA as provided in G.S. 168-2. Any funds allocated for these purposes that are neither spent nor obligated at the end of the fiscal year shall be transferred to the Department of Administration for

removal of man-made barriers to disabled travelers at State-funded travel attractions. Guidelines for the removal of man-made barriers shall be developed in consultation with the Department of Human Resources."

(b) The Secretary of Transportation shall review the State's role in funding the operations of the visitor centers receiving funding pursuant to subsection (a) of this section and report the Secretary's findings to the Joint Legislative Highway Oversight Committee by March 1, 1994.

Requested by: Senators Lee, Plyler, Kaplan, Sherron, Representatives McAllister, McLaughlin, Lemmond

#### **FARM EQUIPMENT DEALER PLATE USAGE**

Sec. 169.4. G.S. 20-79(d) reads as rewritten:

"(d) Dealer's license plates may be used on motor vehicles owned by, or assigned to, duly licensed motor vehicle dealers of this State when operated on the highways of this State by the dealer, corporate officers of the dealership, salespersons or full-time employees of the dealership, and any designated part-time employees of the dealership; provided, the vehicle is subject to the proof of financial responsibility requirements of Article 9A of this Chapter. A dealer who sells, trades, or services farm tractors may use a dealer license plate on a vehicle that is owned by the dealer and is used to haul farm tractors or any other farm-related equipment sold, traded, or serviced by the dealer. A dealership owner who desires to use dealer's license plates as herein provided shall make application on a form provided by the Division of Motor Vehicles and pay the annual amount set in G.S. 20-87(7)."

Requested by: Senators Daniel, Lee, Kaplan, Sherron, Representatives McAllister, McLaughlin, Lemmond

#### **SOME TEMPORARY FERRY DIVISION POSITIONS CONVERTED TO PERMANENT FULL-TIME POSITIONS.**

Sec. 169.5. Any temporary positions in the Ferry Division that are filled by personnel who have worked for 24 or more months as of the effective date of this act, shall be converted to permanent full-time positions, subject to the approval of the Secretary of Transportation.

### **PART 19. DEPARTMENT OF CORRECTION**

Requested by: Senator Odom, Representatives Holt, Gist

#### **CURRENT OPERATING EXPENSES**

Sec. 170. From the funds appropriated to the Department of Correction in the certified budget for the 1993-94 fiscal year, the Department may transfer within its budget up to five million dollars (\$5,000,000) for repair and renovation of its facilities. The use of these funds shall be subject to the prior approval of the Office of State Budget and Management. The Department of Correction shall have a verifiable ten percent (10%) goal for participation by minority and women contractors in these

projects. If necessary, the Department may transfer within its budget up to six hundred fifty thousand dollars (\$650,000) in each fiscal year to match federal grant funds received by the Department.

The Department of Correction shall submit a schedule of repairs and renovations funded pursuant to this section and shall provide information on the use of minority and women contractors for those projects in a quarterly report to the Joint Legislative Commission on Governmental Operations and to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Senator Odom, Representatives Holt, Gist

**LIMIT USE OF OPERATIONAL FUNDS**

Sec. 171. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act. These funds may not be expended for any other purpose, and may not be expended for additional prison personnel positions until the new facilities are within 90 days of completion, except for certain management and support positions necessary to prepare the facility for opening, as authorized in the budget approved by the General Assembly.

Requested by: Senator Odom, Representatives Holt, Gist

**NCCIW/MATCH PROGRAM FUNDS**

Sec. 172. Funds from the one hundred twelve million five hundred thousand dollars (\$112,500,000) in bond proceeds appropriated and allocated for repairs and renovations at the North Carolina Correctional Institution for Women in Section 239 of Chapter 689 of the 1991 Session Laws, as amended by Section 41(a) of Chapter 1044 of the 1991 Session Laws, shall be used to provide a gatehouse and a visiting/operations center that will include designated space for the Mothers and Their Children (MATCH) program. The MATCH program will be a specialized treatment program that will provide supervised visitation between inmates and their children and hold classes in parenting and related subjects.

Requested by: Representatives Holt, Gist, Senator Odom

**SUMMIT HOUSE**

Sec. 173. (a) Of the funds appropriated to the Department of Correction, the sum of four hundred thousand dollars (\$400,000) for the 1993-94 fiscal year, and the sum of four hundred thousand dollars (\$400,000) for the 1994-95 fiscal year, shall be used to support the program at Summit House, a community-based residential alternative to incarceration for mothers and pregnant women convicted of nonviolent crimes, including expansion of nonresidential day center services.

(b) Of the funds appropriated to the Department of Correction for the 1993-94 fiscal year, the sum of one hundred fifty thousand dollars (\$150,000) shall be used for planning and site selection of satellite Summit House programs in Mecklenburg and Wake Counties. Any funds appropriated by this section for planning and site selection which are available after completion of the planning and site selection process

may be used by Mecklenburg and Wake Counties to supplement local resources allocated for site acquisition.

(c) Of the funds appropriated to the Department of Correction for the 1994-95 fiscal year, the sum of five hundred thousand dollars (\$500,000) shall be used for the sharing of operating costs of satellite Summit House programs in Mecklenburg and Wake Counties. The funds appropriated for operating costs of the satellite programs in Mecklenburg and Wake Counties are in addition to other resources available to those programs.

(d) Each fiscal year, Summit House shall report quarterly to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have their probation revoked, and the number of clients who successfully complete the program while housed at Summit House. For the 1993-94 fiscal year, Summit House shall report to the Joint Legislative Commission on Governmental Operations on the progress of the planning and site selection process for the satellite programs funded by this section. For the 1994-95 fiscal year, Summit House shall report to the Joint Legislative Commission on Governmental Operations on the expansion of its program into Mecklenburg and Wake Counties.

Requested by: Senator Odom, Representatives Holt, Gist

**HARRIET HOUSE**

Sec. 174. Of the funds appropriated to the Department of Correction, the sum of two hundred thousand dollars (\$200,000) for the 1993-94 fiscal year shall be used to support the programs of Harriet House, a transitional home for female ex-offenders and their children. Harriet House shall report quarterly to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program including information on the number of clients served and the number of clients who successfully complete the Harriet House program.

Requested by: Senator Odom, Representatives Holt, Gist

**INMATE INCENTIVE PAY**

Sec. 175. G.S. 148-18(a) reads as rewritten:

"(a) Prisoners employed in prison enterprises shall be compensated at hourly rates fixed by the Department of Correction's rules and regulations, or on the basis of production quotas established by prison enterprises, for work performed; provided, that no prisoner working for prison enterprises shall be paid more than ~~one dollar (\$1.00)~~ three dollars (\$3.00) per day from funds made available by the Prison Enterprises Fund.

Prisoners employed other than by prison enterprises and those involved in the maintenance and housekeeping of the prison system, shall be compensated at rates fixed by the Department of Correction's rules and regulations; provided, that no prisoner so paid shall receive more than one dollar (\$1.00) per day. The source of wages and allowances provided inmates who are not employed by prison enterprises shall be funds provided by the Department of Transportation to the Department of Correction for this

purpose. The provisions of this subsection shall not apply to wages paid by private prison enterprises conducted pursuant to G.S. 148-70."

Requested by: Senator Odom

**PRIVATE CONFINEMENT FACILITIES**

Sec. 176. No for-profit, privately owned or operated confinement facilities may be added to the State prison system unless approved by the General Assembly. Notwithstanding the provisions of this section or any other provision of law, the Secretary of Correction may issue a request for proposal or employ other appropriate bidding process or procedure to determine contract terms or conditions under which private for-profit or nonprofit firms would offer to provide and operate treatment centers at various locations across the State totalling 500 beds for prisoners committed to the custody of the Department of Correction who are diagnosed as needing treatment for alcohol or drug abuse. The State may continue its existing contracts with private, nonprofit firms to provide or operate work and study release centers for women and for youth.

The solicitation of bids for alcohol or drug treatment centers does not authorize the Secretary of Correction to enter into contracts with private for-profit or nonprofit firms to provide and operate such treatment centers. The Secretary of Correction shall report the results of the solicitation of bids to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division by April 15, 1994.

Requested by: Representatives Holt, Gist, Senator Odom

**CONSOLIDATION OF PRISON FACILITIES**

Sec. 177. In order to begin the consolidation of smaller prison units into a lesser number of facilities, the Department of Correction shall develop and implement plans to close Granville, Halifax, Person, Warren, and Vance prison units and replace them with appropriate facilities to be recommended by the Department.

Requested by: Representatives Holt, Gist, Senator Odom

**REASONABLE AUDIT FEES AND ACCESS TO INMATE MEDICAL RECORDS**

Sec. 178. (a) Any hospital in the State that provides medical care or treatment to an inmate in the custody of the Department of Correction shall permit the Department or any of its agents to review or audit those medical records upon request. The hospital may charge no more than reasonable fees for allowing such review or audit for providing necessary copies of bills or charges or information related to bills or charges and may not impose any unreasonable conditions or restrictions upon the access to those medical records.

(b) Effective upon ratification of this act, Chapter 131E of the General Statutes is amended by adding a new section to read:

**"§ 131E-99.2. Inmate medical records.**

Notwithstanding any other provision of law, a hospital does not breach patient confidentiality by providing the Department of Correction with the medical records of inmates who receive medical treatment at the hospital while in the custody of the Department. A hospital complying with a request from the Department of Correction or its agent for a copy of the medical records of an inmate who received medical services while in custody shall be immune from liability in any civil action for the release of the inmate's medical record."

Requested by: Senator Odom, Representatives Holt, Gist

**COMMUNITY CORRECTIONS PROGRAMS**

Sec. 178.1. It is the intent of the General Assembly to consider action during 1994 upon the recommendation of the Government Performance Audit Committee to transfer the Community Service Work Program from the Department of Crime Control and Public Safety to the Department of Correction and to consolidate all community corrections programs under a single administrative structure. The 1993 General Assembly shall further evaluate the advantages and disadvantages of such a transfer and consolidation, and the specific ways in which to implement a transfer and consolidation, and shall consider action upon the recommendation during its 1994 Regular Session.

**PART 20. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

Requested by: Senator Odom, Representatives Holt, Gist

**REPORT ON COMMUNITY SERVICE WORKERS**

Sec. 179. The Department of Crime Control and Public Safety shall report quarterly in the 1993-94 fiscal year and the 1994-95 fiscal year 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 time period preceding that report to perform repairs and maintenance of the parks and when and where they were available.

Requested by: Senator Odom, Representatives Holt, Gist

**RAPE VICTIMS ASSISTANCE PROGRAM**

Sec. 180. (a) Notwithstanding G.S. 143-12 or any other provision of law, the Department of Crime Control and Public Safety may utilize up to one hundred fifty thousand dollars (\$150,000) of funds received, but not used, from the contingency and emergency fund in order to liquidate unpaid invoices for hospital emergency room services provided to rape victims and to provide rape evidence collection kits to hospital emergency rooms.

(b) This section becomes effective June 30, 1993.

Requested by: Senator Odom, Representatives Holt, Gist

## **NATIONAL GUARD DISASTER TRAINING**

Sec. 181. (a) G.S. 166A-6 is amended by adding a new subsection to read:

"(d) In preparation for a state of disaster, with the concurrence of the Council of State, the Governor may use contingency and emergency funds as necessary and appropriate for National Guard training in preparation for disasters."

(b) This section is effective upon ratification.

Requested by: Senators Lee, Odom, Representatives Holt, Gist

### **REPORT BY HIGHWAY PATROL DIVISION**

Sec. 182. The Department of Crime Control and Public Safety, Highway Patrol Division, shall prepare a written report to the Senate and House Appropriations Committees on Justice and Public Safety and to the Joint Appropriations Committee on Transportation on the following:

- (1) Development of a long-range staffing plan, including optimum patrol strength;
- (2) Assignment of troopers to counties, including a plan for the revision of county assignments that reflects overall staffing levels;
- (3) Development of a plan for reciprocity with local law enforcement agencies that specifies the number of local law enforcement officers eligible to participate in training offered by the Division;
- (4) Justification of the use of troopers on special assignment to provide security services at special and public events, including sporting events, and the development of a rate of reimbursement for services provided at special and public events; and
- (5) Justification of the annual automatic pay increase currently provided to sworn Division personnel.

By April 30, 1994, the Department of Crime Control and Public Safety, Highway Patrol Division, shall provide copies of the report to the Senate and House Appropriations Committees on Justice and Public Safety and to the Joint Appropriations Committee on Transportation, and to the Fiscal Research Division of the Legislative Services Office. The Division shall be available to present the report to the Senate and House Appropriations Committees on Justice and Public Safety and to the Joint Appropriations Committee on Transportation within five days of the convening of the Joint Appropriations Committee. The Senate and House Appropriations Committees on Justice and Public Safety and the Joint Appropriations Committee on Transportation shall meet within five days of the convening of the Joint Appropriations Committee to receive the report required by this section.

Requested by: Representatives Holt, Gist, Senator Odom

### **REPORT ON THE CRIME VICTIMS COMPENSATION FUND**

Sec. 183. The Department of Crime Control and Public Safety shall report annually to the Senate and House Appropriations Base Budget Committees on Justice and Public Safety and the Fiscal Research Division on the administrative expenditures of the North Carolina Crime Victims Compensation Fund.

Requested by: Representatives Holt, Gist, Senator Odom

### **LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS**

Sec. 184. (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. Any State agency submitting a grant application for review shall also report to the House Appropriations Subcommittee on Justice and Public Safety and to the Senate Appropriations Committee on Justice and Public Safety with regard to the grant.

(c) Unless a State statute provides a different forum for review, when 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. Any State agency submitting a grant application for review shall also report to the House Appropriations Subcommittee on Justice and Public Safety and to the Senate Appropriations Committee on Justice and Public Safety with regard to the grant.

Requested by: Representatives Holt, Gist, Senator Odom

### **AUTOMATED ADMINISTRATION OF THE CRIME VICTIMS COMPENSATION FUND**

Sec. 185. The Department of Crime Control and Public Safety shall develop or acquire software to automate the system of claims and reimbursement administration for the Crime Victims Compensation Fund. The automated system shall have among its capabilities the ability to track individual applications for reimbursement from the initial filing of the claim through the disposition of the claim, including the status of claims investigations and third-party reimbursements. The Department of Crime Control and Public Safety shall submit a report to the House and Senate Appropriations Committees on Justice and Public Safety and to the Fiscal Research Division by March 31, 1994, that identifies the automated system installed by the Department, documents the status of bringing the claims management and reimbursement system on-line, and documents the ability of the system to track administration and reimbursement of claims.

### **PART 21. JUDICIAL DEPARTMENT**

Requested by: Senator Odom, Representatives Holt, Gist

### **AOC NETWORK TRANSFER STUDY**



Sec. 186. The Information Resource Management Commission and the Administrative Office of the Courts jointly shall prepare a written evaluation of the costs, benefits, and feasibility of transferring ownership of the Administrative Office of the Courts' network back to the ownership and management of the State Telecommunications System. The evaluation shall include an independent study to determine whether the incremental operating costs (including incremental overhead costs) are lower under the State Telecommunications System and whether a service level agreement between the State Telecommunications System and the Administrative Office of the Courts that meets the Administrative Office of the Courts' requirements for network service can be developed. The Information Resource Management Commission and the Administrative Office of the Courts jointly shall present the written evaluation to the Joint Legislative Commission on Governmental Operations not later than December 31, 1993.

Requested by: Senator Odom, Representatives Holt, Gist  
**INDIGENT PERSONS' ATTORNEY FEE FUND**

Sec. 187. (a) Effective July 1, 1993, the Administrative Office of the Courts shall each year of the 1993-95 biennium place the sum of three million eight hundred thousand dollars (\$3,800,000) from the Indigent Persons' Attorney Fee Fund in a reserve for capital cases and for transcripts, professional examinations, and expert witness fees. The Administrative Office of the Courts shall allot these funds as needed for these purposes and for unanticipated demands on the fund.

(b) Effective July 1, 1993, the Administrative Office of the Courts shall, for each year of the biennium, allot the sum of eleven million five hundred thousand dollars (\$11,500,000) from the Indigent Persons' Attorney Fee Fund for adult, juvenile, and guardian **ad litem** cases for the 1993-94 and 1994-95 fiscal years to each judicial district in which the superior and district court districts are coterminous, and otherwise by county, according to the caseload of indigent persons who were not represented by the public defender in the districts or counties during 1992-93 and 1993-94, respectively.

The Administrative Office of the Courts shall notify all senior resident superior court judges, all chief district court judges, and the clerk of superior court within the district or county immediately after the allotment is made and shall regularly notify them how much remains for the district or county.

The senior resident superior court judge and the chief district court judge of each district or county shall ask all judges holding court within the district or county: (i) to take into consideration the amount of money allotted at the beginning of the fiscal year and the amount of money remaining in the allotment when they award counsel fees to attorneys of indigent persons, and (ii) to make an effort to award fees equally and justly for legal services provided. The clerk of superior court for each county shall ensure that all judges holding court within the county receive this request from the senior resident superior court judge and the chief district court judge.

(c) If the funds allotted pursuant to subsection (b) of this section are depleted in a district or county prior to the end of the fiscal year, the Administrative

Office of the Courts shall allot the remaining funds from the Indigent Persons' Attorney Fee Fund in the same manner as provided in subsection (b) of this section. However, if necessary and appropriate due to unusual and unanticipated circumstances occurring in the current year, the Administrative Office of the Courts may allocate funds to a district or county in a manner calculated to result in the reasonably fair distribution of remaining funds. Such funds shall be subject to the limitations and directions set out in subsection (b) of this section.

(d) If the funds allotted pursuant to subsection (c) of this section are depleted in a district or county prior to the end of the fiscal year, the Administrative Office of the Courts is authorized to resume payments in such districts or counties only if and when it is reasonably determined that the total projected expenditures will be less than the total approved budget for the Indigent Persons' Attorney Fee Fund for the fiscal year.

Requested by: Senator Odom, Representatives Holt, Gist

#### **SPECIAL CAPITAL CASE REHEARING FUND**

Sec. 188. (a) There is continued in the Judicial Department the nonreverting special fund known as "The Special Capital Case Rehearing Fund". The funds shall be used to provide for resentencing hearings, related appeals, and postconviction hearings required by the decisions of the United States Supreme Court in McKoy v. North Carolina, decided March 5, 1990, and of the Supreme Court of North Carolina upon remand of that case, including the payment of attorneys' fees and related expenses for representation of indigent persons as specified in Subchapter IX of Chapter 7A of the General Statutes. The Special Capital Case Rehearing Fund shall terminate, and all funds remaining in it shall be transferred to the Indigent Persons' Attorney Fee Fund, when the Director of the Administrative Office of the Courts certifies to the State Controller that all reasonably foreseeable resentencing hearings, related appeals, and postconviction hearings have been substantially completed.

(b) Of the funds appropriated from the General Fund to the Judicial Department for the 1993-95 biennium, the sum of one million forty-eight thousand four hundred twenty-four dollars (\$1,048,424) for the 1993-94 fiscal year and the sum of one million forty-eight thousand four hundred twenty-four dollars (\$1,048,424) for the 1994-95 fiscal year may be used for the purposes indicated in this section.

Requested by: Senator Odom, Representatives Holt, Gist

#### **COMMUNITY PENALTIES PROGRAMS**

Sec. 189. (a) Of the funds appropriated from the General Fund to the Judicial Department for the 1993-95 biennium to conduct the community penalties programs, the sum of one million nine hundred eighteen thousand nine hundred twelve dollars (\$1,918,912) for the 1993-94 fiscal year and the sum of one million nine hundred eighteen thousand nine hundred twelve dollars (\$1,918,912) for the 1994-95 fiscal year may be allocated by the Judicial Department in any amount among existing community penalties programs or may be used to establish new community penalties programs.

(b) The Judicial Department shall report annually to the Senate and House Appropriations Subcommittees on Justice and Public Safety and to the Fiscal Research Division on the administrative expenditures of the community penalties programs.

Requested by: Senator Odom, Representatives Holt, Gist

**RAPE VICTIM WITNESS COUNSELOR PROGRAM**

Sec. 190. From funds appropriated to the Judicial Department in the certified budget for the 1993-95 biennium, the Administrative Office of the Courts may transfer within its budget up to twenty-five thousand dollars (\$25,000) for the 1993-94 fiscal year and up to twenty-five thousand dollars (\$25,000) for the 1994-95 fiscal year to support the existing Rape Victim Witness Counselor Program.

Requested by: Senator Odom, Representatives Holt, Gist

**GRANT MATCHING FUNDS**

Sec. 191. From the funds appropriated to the Judicial Department in the certified budget for the 1993-95 biennium, the Administrative Office of the Courts may transfer within its budget for each fiscal year up to two hundred thousand dollars (\$200,000) to match any grants awarded to the Judicial Department from non-State funds.

Requested by: Senator Odom, Representatives Holt, Gist

**EXTEND INDIGENT PERSONS' ATTORNEY REPRESENTATION CONTRACT PROGRAM**

Sec. 192. G.S. 7A-344 reads as rewritten:

**"§ 7A-344. Special duties of Director concerning representation of indigent persons.**

In addition to the duties prescribed in G.S. 7A-343, the Director shall also:

- (1) Supervise and coordinate the operation of the laws and regulations concerning the assignment of legal counsel for indigent persons under Subchapter IX of this Chapter to the end that all indigent persons are adequately represented;
- (2) Advise and cooperate with the offices of the public defenders as needed to achieve maximum effectiveness in the discharge of the defender's responsibilities;
- (3) Collect data on the operation of the assigned counsel and the public defender systems, and make such recommendations to the General Assembly for improvement in the operation of these systems as appear to him to be appropriate; and
- (4) Accept and utilize federal or private funds, as available, to improve defense services for the indigent, including indigent juveniles alleged to be delinquent or undisciplined. To facilitate processing of juvenile and other indigent cases, the administrative officer is further authorized, in any ~~district court district~~, district or set of districts as defined in G.S. 7A-41.1(a), with the approval of the chief district court

judge, judge for cases in the district court division and the approval of the senior resident superior court judge for cases in the superior court division, to engage the services of a particular attorney or attorneys to provide specialized representation on a full-time or part-time basis."

Requested by: Senator Odom, Representatives Holt, Gist

**TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

Sec. 193. Funds appropriated to the Judicial Department in the 1993-95 biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts shall have the authority to transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds may not be expended for any other purpose. The Administrative Office of the Courts shall make quarterly reports on transfers made pursuant to this section to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Senator Odom, Representatives Holt, Gist

**ADDITIONAL PUBLIC AND APPELLATE DEFENDER PERSONNEL**

Sec. 194. From funds appropriated to the Indigent Persons' Attorney Fee Fund in the Judicial Department for the 1993-95 biennium, the Administrative Office of the Courts may use up to four hundred sixty-six thousand two hundred thirty dollars (\$466,230) in the 1993-94 fiscal year and up to four hundred seventy-one thousand nine hundred eighty-nine dollars (\$471,989) in the 1994-95 fiscal year for salaries, benefits, and related expenses to be allocated as follows:

- (1) \$217,060 in the 1993-94 fiscal year and \$234,478 in the 1994-95 fiscal year to establish up to four new assistant public defenders;
- (2) \$140,640 in the 1993-94 fiscal year and \$119,555 in the 1994-95 fiscal year to establish up to five new public defender secretaries; and
- (3) \$108,530 in the 1993-94 fiscal year and \$117,478 in the 1994-95 fiscal year to establish up to two new assistant appellate defenders.

Requested by: Representatives Holt, Gist, Senator Odom

**TRANSFER FUNDS FROM SPECIAL CAPITAL CASE REHEARING FUND TO THE INDIGENT PERSONS' ATTORNEY FEE FUND**

Sec. 195. (a) Notwithstanding the provisions of Section 78 of Chapter 689 of the 1991 Session Laws, the Judicial Department may transfer up to the sum of one million one hundred thousand dollars (\$1,100,000) from the Special Capital Case Rehearing Fund, established in Section 2 of Chapter 742 of the 1991 Session Laws, to the Indigent Persons' Attorney Fee Fund by June 30, 1994, to pay the obligations incurred by the Indigent Persons' Attorney Fee Fund.

- (b) This section is effective upon ratification.

Requested by: Representatives Holt, Gist, Fitch, Senator Odom

## EMERGENCY SPECIAL SUPERIOR COURT JUDGES

Sec. 199. Article 7 of Chapter 7A of the General Statutes is amended by adding a new section to read:

**"§ 7A-45.2. Emergency special judges of the superior court; qualifications, appointment, removal, and authority.**

(a) Any justice or judge of the appellate division of the General Court of Justice who:

- (1) Retires under the provisions of the Consolidated Judicial Retirement Act, Article 4 of Chapter 135 of the General Statutes, or who is eligible to receive a retirement allowance under that act;
- (2) Has not reached the mandatory retirement age specified in G.S. 7A-4.20;
- (3) Has served at least five years as a superior court judge or five years as a justice or judge of the appellate division of the General Court of Justice, or any combination thereof, whether or not eligible to serve as an emergency justice or judge of the appellate division of the General Court of Justice; and
- (4) Whose judicial service ended within the preceding 10 years;

may apply to the Governor for appointment as an emergency special superior court judge in the same manner as is provided for application as an emergency superior court judge in G.S. 7A-53. If the Governor is satisfied that the applicant meets the requirements of this section and is physically and mentally able to perform the duties of a superior court judge, the Governor shall issue a commission appointing the applicant as an emergency special superior court judge until the applicant reaches the mandatory retirement age for superior court judges specified in G.S. 7A-4.20.

(b) Any emergency special superior court judge appointed as provided in this section shall:

- (1) Have the same powers and duties, when duly assigned to hold court, as provided for an emergency superior court judge by G.S. 7A-48;
- (2) Be subject to assignment in the same manner as provided for an emergency superior court judge by G.S. 7A-46;
- (3) Receive the same compensation, expenses, and allowances, when assigned to hold court, as an emergency superior court judge as provided by G.S. 7A-52(b);
- (4) Be subject to the provisions and requirements of the Canons of Judicial Conduct; and
- (5) Not engage in the practice of law during any period for which the emergency special superior court judgeship is commissioned. However, this subdivision shall not be construed to prohibit an emergency special superior court judge appointed pursuant to this section from serving as a referee, arbitrator, or mediator, during service as an emergency special superior court judge when the service does not conflict with or interfere with the emergency special superior court judge's judicial service in emergency status.

(c) Upon reaching mandatory retirement age for superior court judges as set forth in G.S. 7A-4.20, any emergency special superior court judge appointed pursuant to this section, whose commission has expired, may be recalled as a recalled emergency special superior court judge to preside over any regular or special session of the superior court under the following circumstances:

- (1) The judge shall consent to the recall;
- (2) The Chief Justice may order the recall;
- (3) Prior to ordering recall, the Chief Justice shall be satisfied that the recalled judge is capable of efficiently and promptly discharging the duties of the office to which recalled;
- (4) Jurisdiction of a recalled emergency special superior court judge is as set forth in G.S. 7A-48;
- (5) Orders of recall and assignment shall be in writing and entered upon the minutes of the court to which assigned; and
- (6) Compensation, expenses, and allowances of recalled emergency special superior court judges are the same as for recalled emergency superior court judges under G.S. 7A-52(b).

(d) Any former justice or judge of the appellate division of the General Court of Justice who otherwise meets the requirements of subsection (a) of this section to be appointed an emergency special superior court judge but has already reached the mandatory retirement age for superior court judges set forth in G.S. 7A-4.20 on retirement may, in lieu of serving as an emergency judge of the court from which he retired, apply to the Governor to be appointed as an emergency special superior court judge as provided in this section. If the Governor issues a commission to the applicant, the retired justice or judge is subject to recall as an emergency special superior court judge as provided in subsection (c) of this section.

(e) No justice or judge appointed as an emergency special superior court judge or subject to recall as provided in this section shall, during the period so appointed or subject to recall, contemporaneously serve as an emergency justice or judge of the appellate division of the General Court of Justice."

Requested by: Representatives Holt, Gist, Senator Odom

### **STUDY OF MEDIATION PROGRAMS**

Sec. 200. The Administrative Office of the Courts shall study the effectiveness of the Child Custody and Visitation Mediation Programs, the Court-Ordered Non-Binding Arbitration Programs, and the Dispute Mediation Programs, and shall report its findings to the General Assembly by April 15, 1994, including recommendations on whether those programs should be expanded and in what manner they should be expanded.

Requested by: Senator Plyler, Representative Barnes

### **SENTENCING COMMISSION EXTENDED**

Sec. 200.1. (a) Section 8 of Chapter 1076 of the 1989 Session Laws, as amended by Chapters 812 and 816 of the 1991 Session Laws and Chapter 253 of the 1993 Session Laws, reads as rewritten:

"Sec. 8. This act is effective upon ratification, and shall expire ~~August 1, 1993.~~ July 1, 1994."

(b) G.S. 164-38 reads as rewritten:

**"§ 164-38. Terms of members; compensation; expenses.**

The terms of existing members shall expire on June 30, ~~1992-1993.~~ New members shall be appointed or the existing members reappointed by the appointing authorities to serve until July 1, ~~1993-1994.~~ unless they resign or are removed. Members serving by virtue of elective or appointive office or as designees of such officeholders may serve only so long as the officeholders hold those respective offices. Members appointed by the Speaker of the House and the President Pro Tempore of the Senate may be removed by the appointing authority without cause. Vacancies occurring before the expiration of a term shall be filled in the manner provided for the members first appointed. A member of the Commission may be removed only for disability, neglect of duty, incompetence, or malfeasance in office. Before removal, the member is entitled to a hearing. Effective with respect to members designated on or after July 1, 1992, a person making a designation pursuant to G.S. 164-37 may not make another designation, except that the person's successor in elective or appointive office may make a new designation.

The Commission members shall receive no salary for serving. All Commission members shall receive necessary subsistence and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6 as applicable."

Requested by: Senator Odom

**REGIONAL MEDIATION CENTER IN PITT COUNTY TO PROVIDE MEDIATION SERVICES TO EASTERN NORTH CAROLINA**

Sec. 200.2. Of the funds appropriated to the Judicial Department from the General Fund for the 1993-94 fiscal year, the sum of forty thousand dollars (\$40,000) may be used for The Mediation Center of Pitt County, Inc., a dispute settlement center in Pitt County, to establish a regional mediation and dispute settlement center to serve Eastern North Carolina.

Requested by: Senator Odom, Representatives Holt, Gist

**EMERGENCY JUDGES' PER DIEM INCREASE**

Sec. 200.3. Effective August 1, 1993, G.S. 7A-52(b) reads as rewritten:

"(b) In addition to the compensation or retirement allowance ~~he~~ the judge would otherwise be entitled to receive by law, each emergency judge of the district or superior court who is assigned to temporary active service by the Chief Justice shall be paid by the State ~~his~~ the judge's actual expenses, plus ~~one hundred fifty dollars (\$150.00)~~ two hundred dollars (\$200.00) for each day of active service rendered upon recall. No recalled retired trial judge shall receive from the State total annual compensation for

judicial services in excess of that received by an active judge of the bench to which the judge is recalled."

Requested by: Senator Odom

**TRANSFER CASWELL AND PERSON COUNTIES TO NEWLY CREATED JUDICIAL AND PROSECUTORIAL DISTRICTS 9A**

Sec. 200.4. (a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
	3A	Pitt	2
	3B	Carteret, Craven, Pamlico	1
	4A	Duplin, Jones, Sampson	1
	4B	Onslow	1
	5	New Hanover, Pender	3
	6A	Halifax	1
	6B	Bertie, Hertford, Northampton	1
	7A	Nash	1
	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
	8A	Lenoir and Greene	1
	8B	Wayne	1
	Second	9	Franklin, Granville,



	<del>Person,</del>	
	Vance, Warren	
9A	<u>Person, Caswell</u>	<u>1</u>
10A	(part of Wake, see subsection (b))	1
10B	(part of Wake, see subsection (b))	2
10C	(part of Wake, see subsection (b))	1
10D	(part of Wake, see subsection (b))	1
11	Harnett, Johnston, Lee	2
12A	(part of Cumberland, see subsection (b))	1
12B	(part of Cumberland, see subsection (b))	1
12C	(part of Cumberland, see subsection (b))	2
13	Bladen, Brunswick, Columbus	2
14A	(part of Durham, see subsection (b))	1
14B	(part of Durham, see subsection (b))	3
15A	Alamance	1
15B	Orange, Chatham	1
16A	Scotland, Hoke	1
16B	Robeson	2
Third	17A <del>Caswell,</del> Rockingham	2
	17B Stokes, Surry	1
	18A (part of Guilford, see subsection (b))	1
	18B (part of Guilford, see subsection (b))	1
	18C (part of Guilford, see subsection (b))	1
	18D (part of Guilford, see subsection (b))	1
	18E (part of Guilford, see subsection (b))	1
	19A Cabarrus	1
	19B Montgomery, Randolph	1

	19C	Rowan	1
	20A	Anson, Moore, Richmond	2
	20B	Stanly, Union	1
	21A	(part of Forsyth, see subsection (b))	1
	21B	(part of Forsyth, see subsection (b))	1
	21C	(part of Forsyth, see subsection (b))	1
	21D	(part of Forsyth, see subsection (b))	1
	22	Alexander, Davidson, Davie, Iredell	2
	23	Alleghany, Ashe, Wilkes, Yadkin	1
Fourth	24	Avery, Madison, Mitchell, Watauga, Yancey	1
	25A	Burke, Caldwell	2
	25B	Catawba	1
	26A	(part of Mecklenburg, see subsection (b))	2
	26B	(part of Mecklenburg, see subsection (b))	2
	26C	(part of Mecklenburg, see subsection (b))	2
	27A	Gaston	2
	27B	Cleveland, Lincoln	1
	28	Buncombe	2
	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
	30A	Cherokee, Clay, Graham, Macon, Swain	1
	30B	Haywood, Jackson	1."

(b) The Governor shall appoint the superior court judge for the position created by subsection (a) of this section, whose term shall expire December 31, 1994. This appointed judge's successor shall be chosen in the 1994 general election.

(c) One superior court reporter position shall be transferred from current District 17A to newly created District 9A.

(d) Subsections (a) through (c) of this section become effective November 1, 1993, or fifteen days after the date upon which subsections (a) and (b) of this section are approved under Section 5 of the Voting Rights Act of 1965, whichever is later.

(e) G.S. 7A-133 reads as rewritten:

**"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.**

Each district court district shall have the numbers of judges and each county within the district shall have the numbers of magistrates and additional seats of court, as set forth in the following table:

District	Judges	County	Magistrates Min.-Max.	Additional Seats of Court
1	3	Camden	1 2	
		Chowan	2 3	
		Currituck	1 2	
		Dare	3 8	
		Gates	2 3	
		Pasquotank	3 4	
		Perquimans	2 3	
		2	3	Martin
2	3	Beaufort	4 8	
		Tyrrell	1 3	
		Hyde	2 4	
		Washington	3 4	
		3A	3	Pitt
3B	4	Craven	7 10	Havelock
		Pamlico	2 3	
		Carteret	5 8	
4	6	Sampson	6 8	
		Duplin	9 11	
		Jones	2 3	
		Onslow	8 14	
		5	6	New Hanover
5	6	Pender	4 6	
		6A	2	Halifax
6B	2	Northampton	5 6	
		Bertie	4 5	
		Hertford	5 6	
7	6	Nash	7 10	Rocky Mount
		Edgecombe	4 6	Rocky Mount

		Wilson	4	6	
8	5	Wayne	5	11	Mount Olive
		Greene	2	4	
		Lenoir	4	10	La Grange
9	<u>54</u>	<del>Person</del> <sup>3</sup>	4		
		Granville	3	7	
		Vance	3	5	
		Warren	3	4	
		Franklin	3	6	
<u>9A</u>	<u>2</u>	<u>Person</u>	<u>3</u>	<u>4</u>	
		<u>Caswell</u>	<u>2</u>	<u>5</u>	
10	11	Wake	12	20	Apex, Wendell, Fuquay- Varina, Wake Forest
					Dunn
11	6	Harnett	7	11	Benson, Clayton and Selma
		Johnston	10	12	
		Lee	4	6	
12	6	Cumberland	10	17	
13	4	Bladen	4	6	
		Brunswick	4	7	
		Columbus	6	8	Tabor City
14	5	Durham	8	12	
15A	3	Alamance	7	10	Burlington
15B	3	Orange	4	11	Chapel Hill
		Chatham	3	8	Siler City
16A	2	Scotland	3	5	
		Hoke	4	5	
16B	5	Robeson	8	16	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls
17A	<u>32</u>	<u>Caswell</u> <sup>2</sup>	5		
		Rockingham	4	9	Reidsville, Eden, Madison
17B	3	Stokes	2	5	
		Surry	5	8	Mt. Airy
18	10	Guilford	20	26	High Point

19A	2	Cabarrus	5	9	Kannapolis
19B	3	Montgomery	2	4	
		Randolph	5	8	Liberty
19C	2	Rowan	5	10	
20	6	Stanly	5	6	
		Union	4	6	
		Anson	4	5	
		Richmond	5	6	Hamlet
		Moore	5	8	Southern Pines
21	7	Forsyth	3	15	Kernersville
22	6	Alexander	2	3	
		Davidson	7	10	Thomasville
		Davie	2	3	
		Iredell	4	8	Mooresville
23	3	Alleghany	1	2	
		Ashe	3	4	
		Wilkes	4	6	
		Yadkin	3	5	
24	3	Avery	3	4	
		Madison	4	5	
		Mitchell	3	4	
		Watauga	4	6	
		Yancey	2	4	
25	7	Burke	4	7	
		Caldwell	4	7	
		Catawba	6	9	Hickory
26	13	Mecklenburg	15	26	
27A	5	Gaston	11	20	
27B	4	Cleveland	5	8	
		Lincoln	4	6	
28	5	Buncombe	6	15	
29	4	Henderson	4	6	
		McDowell	3	4	
		Polk	3	4	
		Rutherford	6	8	
		Transylvania	2	4	
30	3	Cherokee	3	4	
		Clay	1	2	
		Graham	2	3	
		Haywood	5	7	Canton
		Jackson	3	4	
		Macon	3	4	
		Swain	2	3."	

(f) The two district court judgeships created by subsection (e) of this section shall be filled by the district court judge from current District 9 who resides in Person County and by the district court judge from current District 17A who resides in Caswell County. The term of the judge residing in Caswell County expires December 31, 1994. This judge's successor shall be elected in the 1994 general election. The term of the judge residing in Person County expires December 31, 1996. This judge's successor shall be elected in the 1996 general election.

(g) Secretarial services for the chief district court judge in newly created District 9A shall be provided by the secretary of the superior court judge in newly created Superior Court District 9A, created by subsection (a) of this section.

(h) The magistrates' positions created by subsection (e) of this section for Person County in newly created District 9A shall be filled by the magistrates currently serving Person County in District 9. The magistrates' positions created by subsection (e) of this section for Caswell County in newly created District 9A shall be filled by the magistrates currently serving Caswell County in District 17A.

(i) Juvenile intake, probation, and aftercare services for newly created District 9A shall be provided by the chief court counselor's office in District 17A. One such position serving the chief court counselor's office in current District 9 shall be transferred to District 17A to facilitate the provision of juvenile intake, probation, and aftercare services to newly created District 9A.

(j) Notwithstanding G.S. 7A-198, district court reporting services for newly created District 9A shall be provided by electronic recording equipment, freelance court reporters, or reports assigned from outside the District. The chief district court judge shall not appoint a court reporter to serve the District.

(k) Subsections (e) through (j) of this section become effective November 1, 1993, or the date upon which subsections (e) and (f) of this section are approved under Section 5 of the Voting Rights Act of 1965, whichever is later.

(l) G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	6
2	Beaufort, Hyde, Martin, Tyrrell, Washington	4
3A	Pitt	6
3B	Carteret, Craven, Pamlico	6
4	Duplin, Jones, Onslow, Sampson	10
5	New Hanover, Pender	9

6A	Halifax	3
6B	Bertie, Hertford, Northampton	3
7	Edgecombe, Nash, Wilson	10
8	Greene, Lenoir, Wayne	8
9	Franklin, Granville, <del>Person</del> —Vance, Warren	<del>8</del> <u>7</u>
<u>9A</u>	<u>Person, Caswell</u>	<u>2</u>
10	Wake	18
11	Harnett, Johnston, Lee	8
12	Cumberland	12
13	Bladen, Brunswick, Columbus	6
14	Durham	9
15A	Alamance	6
15B	Orange, Chatham	4
16A	Scotland, Hoke	3
16B	Robeson	7
17A	<del>Caswell</del> , Rockingham	<del>5</del> <u>4</u>
17B	Stokes, Surry	4
18	Guilford	16
19A	Cabarrus, Rowan	8
19B	Montgomery, Randolph	4
20	Anson, Moore, Richmond, Stanly, Union	10
21	Forsyth	12
22	Alexander, Davidson, Davie, Iredell	10
23	Alleghany, Ashe, Wilkes, Yadkin	4
24	Avery, Madison, Mitchell, Watauga, Yancey	3
25	Burke, Caldwell, Catawba	10
26	Mecklenburg	22
27A	Gaston	8
27B	Cleveland, Lincoln	5
28	Buncombe	7
29	Henderson, McDowell, Polk, Rutherford, Transylvania	8
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	6

(m) The district attorney position created by subsection (l) of this section shall be filled by appointment by the Governor. This district attorney's term expires on December 31, 1994. The successor shall be elected in the 1994 general election.

(n) The two assistant district attorney positions for newly created District 9A shall be filled by an assistant district attorney currently serving Person County in District 9 and by an assistant district attorney currently serving Caswell County in District 17A.

(o) Subsections (l) through (n) of this section become effective November 1, 1993, or the date upon which subsections (l) and (m) of this section are approved under Section 5 of the Voting Rights Act of 1965, whichever is later.

(p) It is the intent of the General Assembly that Superior Court District 17A, District Court District 17A, and Prosecutorial District 17A, as altered by this section, shall remain single-county districts, pursuant to the authority of the General Assembly under Article IV of the North Carolina Constitution to divide the State into a convenient number of districts.

Requested by: Senator Odom, Representatives Holt, Gist

**ADD ADDITIONAL SUPERIOR COURT JUDGES/SPECIAL SUPERIOR COURT JUDGES**

Sec. 200.5. (a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
	3A	Pitt	2
	3B	Carteret, Craven, Pamlico	<del>4</del> <u>2</u>
	4A	Duplin, Jones, Sampson	1
	4B	Onslow	1
	5	New Hanover, Pender	3



	6A	Halifax	1
	6B	Bertie, Hertford, Northampton	1
	7A	Nash	1
	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
	8A	Lenoir and Greene	1
	8B	Wayne	1
Second	9	Franklin, Granville, Person, Vance, Warren	2
	10A	(part of Wake, see subsection (b))	<del>1</del> <u>2</u>
	10B	(part of Wake, see subsection (b))	2
	10C	(part of Wake, see subsection (b))	1
	10D	(part of Wake, see subsection (b))	1
	11	Harnett, Johnston, Lee	2
	12A	(part of Cumberland, see subsection (b))	1
	12B	(part of Cumberland, see subsection (b))	1
	12C	(part of Cumberland, see subsection (b))	2
	13	Bladen, Brunswick, Columbus	2
	14A	(part of Durham, see subsection (b))	1
	14B	(part of Durham, see subsection (b))	3
	15A	Alamance	<del>1</del> <u>2</u>
	15B	Orange, Chatham	1
	16A	Scotland, Hoke	1
	16B	Robeson	2
Third	17A	Caswell, Rockingham	2
	17B	Stokes, Surry	<del>1</del> <u>2</u>
	18A	(part of Guilford,	1

		see subsection (b))	
	18B	(part of Guilford, see subsection (b))	1
	18C	(part of Guilford, see subsection (b))	1
	18D	(part of Guilford, see subsection (b))	1
	18E	(part of Guilford, see subsection (b))	1
	19A	Cabarrus	1
	19B	Montgomery, Randolph	1
	19C	Rowan	1
	20A	Anson, Moore, Richmond	2
	20B	Stanly, Union	<del>4</del> <u>2</u>
	21A	(part of Forsyth, see subsection (b))	1
	21B	(part of Forsyth, see subsection (b))	1
	21C	(part of Forsyth, see subsection (b))	1
	21D	(part of Forsyth, see subsection (b))	1
	22	Alexander, Davidson, Davie, Iredell	2
	23	Alleghany, Ashe, Wilkes, Yadkin	1
Fourth	24	Avery, Madison, Mitchell, Watauga, Yancey	1
	25A	Burke, Caldwell	2
	25B	Catawba	<del>4</del> <u>2</u>
	26A	(part of Mecklenburg, see subsection (b))	2
	26B	(part of Mecklenburg, see subsection (b))	2
	26C	(part of Mecklenburg, see subsection (b))	2
	27A	Gaston	2
	27B	Cleveland, Lincoln	1
	28	Buncombe	2
	29	Henderson, McDowell, Polk,	2

	Rutherford, Transylvania	
30A	Cherokee, Clay, Graham, Macon, Swain	1
30B	Haywood, Jackson	1".

(b) The Governor shall appoint superior court judges for the additional judgeships in superior court districts 3B, 10A, 15A, 17B, 20B, and 25B. For superior court districts 3B, 15A, and 17B, successors shall be elected in the 1994 general election for eight-year terms. For superior court district 10A, the successor shall be elected in the 1994 general election to serve the remainder of the unexpired term expiring December 31, 1996. For superior court districts 20B and 25B, successors shall be elected in the 1994 general election to serve the remainder of the unexpired terms expiring December 31, 1998. This is to provide unstaggered terms for multiple judgeships in the same district.

(c) Subsections (a) and (b) of this section become effective November 1, 1993, or the date upon which those subsections are approved under Section 5 of the Voting Rights Act of 1965, whichever is later.

(d) Effective January 1, 1995, G.S. 7A-41(a), as rewritten by Section 200.4(a) of this act and by subsection (a) of this section, reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
	3A	Pitt	2
	3B	Carteret, Craven, Pamlico	2
	4A	Duplin, Jones, Sampson	1
	4B	Onslow	1
	5	New Hanover, Pender	3

	6A	Halifax	1
	6B	Bertie, Hertford, Northampton	1
	7A	Nash	1
	7B	(part of Wilson, part of Edgecombe, see subsection (b))	1
	7C	(part of Wilson, part of Edgecombe, see subsection (b))	1
	8A	Lenoir and Greene	1
	8B	Wayne	1
Second	9	Franklin, Granville, Vance, Warren	2
	9A	Person, Caswell	1
	10A	(part of Wake, see subsection (b))	2
	10B	(part of Wake, see subsection (b))	2
	10C	(part of Wake, see subsection (b))	1
	10D	(part of Wake, see subsection (b))	1
	11	Harnett, Johnston, Lee	2
	12A	(part of Cumberland, see subsection (b))	1
	12B	(part of Cumberland, see subsection (b))	1
	12C	(part of Cumberland, see subsection (b))	2
	13	Bladen, Brunswick, Columbus	2
	14A	(part of Durham, see subsection (b))	1
	14B	(part of Durham, see subsection (b))	3
	15A	Alamance	2
	15B	Orange, Chatham	1
	16A	Scotland, Hoke	1
	16B	Robeson	2
Third	17A	Rockingham	2
	17B	Stokes, Surry	2
	18A	(part of Guilford,	1

	see subsection (b))	
18B	(part of Guilford, see subsection (b))	1
18C	(part of Guilford, see subsection (b))	1
18D	(part of Guilford, see subsection (b))	1
18E	(part of Guilford, see subsection (b))	1
19A	Cabarrus	1
19B	Montgomery, Randolph	1
19C	Rowan	1
20A	Anson, Moore, Richmond	2
20B	Stanly, Union	2
21A	(part of Forsyth, see subsection (b))	1
21B	(part of Forsyth, see subsection (b))	1
21C	(part of Forsyth, see subsection (b))	1
21D	(part of Forsyth, see subsection (b))	1
22	Alexander, Davidson, Davie, Iredell	2
23	Alleghany, Ashe, Wilkes, Yadkin	1
Fourth	24	1
	Avery, Madison, Mitchell, Watauga, Yancey	
	25A	2
	25B	2
	26A	2
	(part of Mecklenburg, see subsection (b))	
	26B	2
	(part of Mecklenburg, see subsection (b))	
	26C	2
	(part of Mecklenburg, see subsection (b))	
	27A	2
	27B	<del>1</del> <u>2</u>
	28	2
	29	2
	Henderson, McDowell, Polk,	

30A	Rutherford, Transylvania Cherokee, Clay, Graham, Macon, Swain	1
30B	Haywood, Jackson	1".

(e) The additional superior court judge for superior court district 27B shall be elected in the 1994 general election for an eight-year term.

(f) Subsection (d) of this section becomes effective January 1, 1995, but the election shall be held in 1994 as provided by law.

(g) .S. 7A-45.1(a) reads as rewritten:

"(a) Effective November 1, 1993, the Governor may appoint two special superior court judges to serve terms expiring December 31, 1998. Successors to the special superior court judges appointed pursuant to this subsection shall be appointed to four-year terms. ~~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.~~"

(h) Nothing in subsection (g) of this section shall affect the term of office of the special superior court judge whose term was extended by Section 124 of Chapter 1066 of the 1989 Session Laws.

Requested by: Senator Odom, Representatives Holt, Gist

**ADD ADDITIONAL DISTRICT COURT JUDGES**

Sec. 200.6. (a) G.S. 7A-133 reads as rewritten:

**"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.**

Each district court district shall have the numbers of judges and each county within the district shall have the numbers of magistrates and additional seats of court, as set forth in the following table:

District	Judges	County	Magistrates Min.-Max.	Additional Seats of Court
1	<u>34</u>	Camden	1 2	
		Chowan	2 3	
		Currituck	1 2	
		Dare	3 8	
		Gates	2 3	
		Pasquotank	3 4	
		Perquimans	2 3	

2	3	Martin	5	8	
		Beaufort	4	8	
		Tyrrell	1	3	
		Hyde	2	4	
		Washington	3	4	
3A	3	Pitt	10	12	Farmville Ayden Havelock
3B	4	Craven	7	10	
		Pamlico	2	3	
		Carteret	5	8	
4	6	Sampson	6	8	
		Duplin	9	11	
		Jones	2	3	
		Onslow	8	14	
5	6	New Hanover	6	11	
		Pender	4	6	
6A	2	Halifax	9	14	Roanoke Rapids, Scotland Neck
6B	2	Northampton	5	6	
		Bertie	4	5	
		Hertford	5	6	
7	6	Nash	7	10	Rocky Mount Rocky Mount
		Edgecombe	4	6	
		Wilson	4	6	
8	<del>5</del> <u>6</u>	Wayne	5	11	Mount Olive
		Greene	2	4	
		Lenoir	4	10	La Grange
9	5	Person	3	4	
		Granville	3	7	
		Vance	3	5	
		Warren	3	4	
		Franklin	3	6	
10	<del>4</del> <u>12</u>	Wake	12	20	Apex, Wendell, Fuquay- Varina, Wake (Forest Dunn Benson, Clayton and Selma
11	6	Harnett	7	11	
		Johnston	10	12	
		Lee	4	6	
12	<del>6</del> <u>7</u>	Cumberland	10	17	

13	4	Bladen	4	6	
		Brunswick	4	7	
		Columbus	6	8	Tabor City
14	5	Durham	8	12	
15A	3	Alamance	7	10	Burlington
15B	3	Orange	4	11	Chapel Hill
		Chatham	3	8	Siler City
16A	2	Scotland	3	5	
		Hoke	4	5	
16B	5	Robeson	8	16	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls
17A	3	Caswell	2	5	
		Rockingham	4	9	Reidsville, Eden, Madison
17B	3	Stokes	2	5	
		Surry	5	8	Mt. Airy
18	<del>10</del> <u>11</u>	Guilford	20	26	High Point
19A	2	Cabarrus	5	9	Kannapolis
19B	3	Montgomery	2	4	
		Randolph	5	8	Liberty
19C	2	Rowan	5	10	
20	6	Stanly	5	6	
		Union	4	6	
		Anson	4	5	
		Richmond	5	6	Hamlet
		Moore	5	8	Southern Pines
21	7	Forsyth	3	15	Kernersville
22	6	Alexander	2	3	
		Davidson	7	10	Thomasville
		Davie	2	3	
		Iredell	4	8	Mooresville
23	3	Alleghany	1	2	
		Ashe	3	4	
		Wilkes	4	6	
		Yadkin	3	5	
24	3	Avery	3	4	
		Madison	4	5	
		Mitchell	3	4	



		Watauga	4	6	
		Yancey	2	4	
25	7	Burke	4	7	
		Caldwell	4	7	
		Catawba	6	9	Hickory
26	13	Mecklenburg	15	26	
27A	5	Gaston	11	20	
27B	4	Cleveland	5	8	
		Lincoln	4	6	
28	5	Buncombe	6	15	
29	4	Henderson	4	6	
		McDowell	3	4	
		Polk	3	4	
		Rutherford	6	8	
		Transylvania	2	4	
30	<u>34</u>	Cherokee	3	4	
		Clay	1	2	
		Graham	2	3	
		Haywood	5	7	Canton
		Jackson	3	4	
		Macon	3	4	
		Swain	2	3.	

(b) The Governor shall appoint additional district court judges for district court districts 1, 8, 10, 12, 18, and 30 as authorized by subsection (a) of this section. Their successors shall be elected in the 1996 general election for four-year terms commencing the first Monday in December 1996.

(c) Subsections (a) and (b) of this section become effective November 1, 1993, or fifteen days after the date upon which those subsections are approved under Section 5 of the Voting Rights Act of 1965, whichever is later.

(d) Effective December 1, 1994, G.S. 7A-133, as rewritten by Section 200.4(e) of this act and by subsection (a) of this section, reads as rewritten:

**"§ 7A-133. Numbers of judges by districts; numbers of magistrates and additional seats of court, by counties.**

Each district court district shall have the numbers of judges and each county within the district shall have the numbers of magistrates and additional seats of court, as set forth in the following table:

District	Judges	County	Magistrates Min.-Max.	Additional Seats of Court
1	4	Camden	1 2	
		Chowan	2 3	
		Currituck	1 2	

		Dare	3	8	
		Gates	2	3	
		Pasquotank	3	4	
		Perquimans	2	3	
2	3	Martin	5	8	
		Beaufort	4	8	
		Tyrrell	1	3	
		Hyde	2	4	
		Washington	3	4	
3A	<u>34</u>	Pitt	10	12	Farmville Ayden Havelock
3B	4	Craven	7	10	
		Pamlico	2	3	
		Carteret	5	8	
4	6	Sampson	6	8	
		Duplin	9	11	
		Jones	2	3	
		Onslow	8	14	
5	6	New Hanover	6	11	
		Pender	4	6	
6A	2	Halifax	9	14	Roanoke Rapids, Scotland Neck
6B	<u>23</u>	Northampton	5	6	
		Bertie	4	5	
		Hertford	5	6	
7	6	Nash	7	10	Rocky Mount Rocky Mount
		Edgecombe	4	6	
		Wilson	4	6	
8	6	Wayne	5	11	Mount Olive
		Greene	2	4	
		Lenoir	4	10	La Grange
9	4	Granville	3	7	
		Vance	3	5	
		Warren	3	4	
		Franklin	3	6	
9A	2	Person	3	4	
		Caswell	2	5	
10	12	Wake	12	20	Apex, Wendell, Fuquay- Varina, Wake Forest
11	6	Harnett	7	11	Dunn

		Johnston	10	12	Benson, Clayton and Selma
		Lee	4	6	
12	7	Cumberland	10	17	
13	4	Bladen	4	6	
		Brunswick	4	7	
		Columbus	6	8	Tabor City
14	5	Durham	8	12	
15A	3	Alamance	7	10	Burlington
15B	3	Orange	4	11	Chapel Hill
		Chatham	3	8	Siler City
16A	2	Scotland	3	5	
		Hoke	4	5	
16B	5	Robeson	8	16	Fairmont, Maxton, Pembroke, Red Springs, Rowland,
		St. Pauls			
17A	2	Rockingham	4	9	Reidsville, Eden, Madison
17B	3	Stokes	2	5	
		Surry	5	8	Mt. Airy
18	11	Guilford	20	26	High Point
19A	<u>23</u>	Cabarrus	5	9	Kannapolis
19B	3	Montgomery	2	4	
		Randolph	5	8	Liberty
19C	<u>23</u>	Rowan	5	10	
20	<u>67</u>	Stanly	5	6	
		Union	4	6	
		Anson	4	5	
		Richmond	5	6	Hamlet
		Moore	5	8	Southern Pines
21	7	Forsyth	3	15	Kernersville
22	<u>67</u>	Alexander	2	3	
		Davidson	7	10	Thomasville
		Davie	2	3	
		Iredell	4	8	Mooresville
23	3	Alleghany	1	2	
		Ashe	3	4	
		Wilkes	4	6	

		Yadkin	3	5	
24	3	Avery	3	4	
		Madison	4	5	
		Mitchell	3	4	
		Watauga	4	6	
		Yancey	2	4	
25	7	Burke	4	7	
		Caldwell	4	7	
		Catawba	6	9	Hickory
26	<del>13</del> <u>14</u>	Mecklenburg	15	26	
27A	5	Gaston	11	20	
27B	4	Cleveland	5	8	
		Lincoln	4	6	
28	5	Buncombe	6	15	
29	4	Henderson	4	6	
		McDowell	3	4	
		Polk	3	4	
		Rutherford	6	8	
		Transylvania	2	4	
30	4	Cherokee	3	4	
		Clay	1	2	
		Graham	2	3	
		Haywood	5	7	Canton
		Jackson	3	4	
		Macon	3	4	
		Swain	2	3."	

(e) The additional district court judges for district court districts 3A, 6B, 19A, 19C, 20, 22, and 26 shall be elected in the 1994 general election for four-year terms commencing the first Monday in December 1994.

(f) Subsection (d) of this section becomes effective December 1, 1994, but elections shall be held in 1994 as provided by law.

Requested by: Senator Odom, Representatives Holt, Gist

**ADD ADDITIONAL ASSISTANT DISTRICT ATTORNEYS/CHANGE PROSECUTORIAL DISTRICT 19A AND CREATE PROSECUTORIAL DISTRICT 19C/ADD INVESTIGATORIAL ASSISTANTS IN THE FIRST AND EIGHTH PROSECUTORIAL DISTRICTS**

Sec. 200.7. (a) Effective January 1, 1994, G.S. 7A-60(a1), as rewritten by Section 200.4(l) of this act, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial	No. of Full-Time Asst. District
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District	Counties	Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	<del>6</del> <u>7</u>
2	Beaufort, Hyde, Martin, Tyrrell, Washington	4
3A	Pitt	6
3B	Carteret, Craven, Pamlico	6
4	Duplin, Jones, Onslow, Sampson	10
5	New Hanover, Pender	9
6A	Halifax	3
6B	Bertie, Hertford, Northampton	3
7	Edgecombe, Nash, Wilson	10
8	Greene, Lenoir, Wayne	8
9	Franklin, Granville, Vance, Warren	7
9A	Person, Caswell	2
10	Wake	<del>18</del> <u>19</u>
11	Harnett, Johnston, Lee	<del>8</del> <u>9</u>
12	Cumberland	12
13	Bladen, Brunswick, Columbus	6
14	Durham	9
15A	Alamance	6
15B	Orange, Chatham	<del>4</del> <u>5</u>
16A	Scotland, Hoke	3
16B	Robeson	7
17A	Rockingham	4
17B	Stokes, Surry	4
18	Guilford	<del>16</del> <u>17</u>
19A	Cabarrus, Rowan	8
19B	Montgomery, Randolph	<del>4</del> <u>5</u>
20	Anson, Moore, Richmond, Stanly, Union	<del>10</del> <u>11</u>
21	Forsyth	12
22	Alexander, Davidson, Davie, Iredell	<del>10</del> <u>11</u>
23	Alleghany, Ashe, Wilkes, Yadkin	4
24	Avery, Madison, Mitchell, Watauga, Yancey	3
25	Burke, Caldwell, Catawba	<del>10</del> <u>11</u>
26	Mecklenburg	<del>22</del> <u>23</u>

27A	Gaston	8
27B	Cleveland, Lincoln	5
28	Buncombe	<del>7</del> 8
29	Henderson, McDowell, Polk, Rutherford, Transylvania	8
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	6

(b) Effective January 1, 1995, G.S. 7A-60(a1), as rewritten by Section 200.4(l) of this act and by subsection (a) of this section, reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	7
2	Beaufort, Hyde, Martin, Tyrrell, Washington	4
3A	Pitt	6
3B	Carteret, Craven, Pamlico	6
4	Duplin, Jones, Onslow, Sampson	10
5	New Hanover, Pender	9
6A	Halifax	3
6B	Bertie, Hertford, Northampton	3
7	Edgecombe, Nash, Wilson	10
8	Greene, Lenoir, Wayne	8
9	Franklin, Granville, Vance, Warren	7
9A	Person, Caswell	2
10	Wake	19
11	Harnett, Johnston, Lee	9
12	Cumberland	12
13	Bladen, Brunswick, Columbus	6
14	Durham	9
15A	Alamance	6
15B	Orange, Chatham	5
16A	Scotland, Hoke	3
16B	Robeson	7

17A	Rockingham	4
17B	Stokes, Surry	4
18	Guilford	17
19A	<del>Cabarrus, Rowan</del> <u>Cabarrus</u>	<del>8</del> <u>4</u>
19B	Montgomery, Randolph	5
<u>19C</u>	<u>Rowan</u>	<u>4</u>
20	Anson, Moore, Richmond, Stanly, Union	11
21	Forsyth	12
22	Alexander, Davidson, Davie, Iredell	11
23	Alleghany, Ashe, Wilkes, Yadkin	4
24	Avery, Madison, Mitchell, Watauga, Yancey	3
25	Burke, Caldwell, Catawba	11
26	Mecklenburg	23
27A	Gaston	8
27B	Cleveland, Lincoln	5
28	Buncombe	8
29	Henderson, McDowell, Polk, Rutherford, Transylvania	8
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	6

(c) The district attorney for newly created Prosecutorial District 19C shall be elected in the 1994 general election for a four-year term beginning January 1, 1995.

(d) The district attorney for Prosecutorial District 19A shall be elected in the 1994 general election for a four-year term beginning January 1, 1995. The eight assistant district attorney positions currently serving Prosecutorial District 19A shall be allotted as follows: four assistant district attorney positions to newly created Prosecutorial District 19C, and four assistant district attorney positions to Prosecutorial District 19A.

(e) Effective January 1, 1994, G.S. 7A-69 reads as rewritten:

**"§ 7A-69. Investigatorial assistants.**

The district attorney in the first, third-B, fourth, seventh, eighth, tenth, eleventh, twelfth, fourteenth, fifteenth-A, sixteenth, eighteenth, twentieth, twenty-first, twenty-fifth, twenty-sixth, twenty-seventh, twenty-eighth, twenty-ninth and thirtieth judicial prosecutorial districts is entitled to one investigatorial assistant to be appointed by the district attorney and to serve at his pleasure. It shall be the duty of the investigatorial assistant to investigate cases preparatory to trial and to perform such other duties as may be assigned by the district attorney. The investigatorial assistant is entitled to

reimbursement for his subsistence and travel expenses to the same extent as State employees generally."

## **PART 22. DEPARTMENT OF JUSTICE**

Requested by: Senator Odom, Representatives Holt, Gist

### **SBI FUNDS/SPENDING PRIORITIES**

Sec. 201. Of the funds appropriated in this act to the Department of Justice, State Bureau of Investigation, for the 1993-94 fiscal year and the 1994-95 fiscal year for overtime payments, the first priority for use of the funds by the Department shall be:

- (1) To make overtime payments to SBI agents in the Field Investigations Division; and
- (2) To make overtime payments to supervisory personnel receiving overtime payments as of June 30, 1993, up to a maximum of five thousand two hundred dollars (\$5,200) annually per individual.

Requested by: Senator Odom, Representatives Holt, Gist

### **SBI USE OF COURT-ORDERED RESTITUTION FUNDS**

Sec. 202. The State Bureau of Investigation (SBI) may use funds available from court-ordered restitution in undercover drug operations.

Requested by: Senator Odom, Representatives Holt, Gist

### **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

Sec. 203. The Private Protective Services and Alarm Systems Licensing Boards shall pay the appropriate State agency for the use of physical facilities and services provided to those boards by the State.

Requested by: Senator Odom, Representatives Holt, Gist

### **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

Sec. 204. (a) Assets transferred to the Department of Justice during the 1993-95 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of that Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 1993-95 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of that Department and shall result in an increase of law enforcement resources for the Department. The Departments shall report to the Joint Legislative Commission on Governmental Operations upon the receipt of these assets and, before using these assets, shall report the intended use of these assets and the departmental priorities on which the assets may be expended.

The General Assembly finds that the use of these assets for new projects, the acquisition of real property, repair of buildings where such repair includes structural change, and construction of or additions to buildings may result in additional expenses



for the State in future fiscal periods; therefore, the Department of Justice and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

(b) This section does not apply to the extent that it prevents North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a.

Requested by: Representatives Holt, Gist, Senator Odom

**DEPARTMENT OF JUSTICE TO REPORT ON ATTORNEYS' FEES**

Sec. 205. The Department of Justice shall report to the 1994 Regular Session of the 1993 General Assembly and annually thereafter on efforts of the Department of Justice to collect attorneys' fees to support the Consumer Anti-Trust Section.

Requested by: Representatives Holt, Gist, Senator Odom

**TRANSFER LEGAL COUNSEL FROM BANKING COMMISSION TO DEPARTMENT OF JUSTICE**

Sec. 206. (a) The legal counsel and support staff of the Banking Commission are transferred to the Department of Justice from the Banking Commission. The funds, equipment, supplies, records, and other property to support the positions transferred by this subsection are also transferred from the Banking Commission to the Department of Justice. The Banking Commission shall continue to provide adequate office space for legal and support staff assigned to that department by the Attorney General. Any disputes arising out of this transfer shall be resolved by the Director of the Budget.

(b) G.S. 53-96 reads as rewritten:

**"§ 53-96. Salary of Commissioner; legal assistance and compensation. ~~assistance.~~**

The salary of the Commissioner of Banks shall be fixed by the General Assembly in the Current Operations Appropriations Act. ~~The Governor may appoint and assign legal assistance to the Commissioner of Banks when the Governor considers it necessary. Compensation of those appointed and assigned to provide legal assistance shall be within the salary classification for attorneys established by the State Personnel Commission.~~ The Attorney General shall assign an attorney on his staff to work full time with the Banking Commission. The attorney shall be subject to all provisions of Chapter 126 of the General Statutes relating to the State Personnel System."

Requested by: Representatives Gist, Holt, Richardson, Senator Odom

**DEPARTMENT OF JUSTICE SALARY FUNDS**

Sec. 207. (a) Of the funds appropriated to the Department of Justice in this act, the sum of nine hundred thirty-six thousand dollars (\$936,000) for the 1993-94 fiscal year and the sum of nine hundred thirty-six thousand dollars (\$936,000) for the 1994-95 fiscal year may be used by the Attorney General for:

- (1) Creating new positions and for support costs for those positions; or
  - (2) Changing the salaries of existing positions, or some combination.
- Such changes in salaries of existing positions may be done by range

revisions, reclassifications, adjustments on a market basis, or a combination of these methods.

Any action authorized by subdivision (1) of this subsection must be taken by June 30, 1994. Any action authorized by subdivision (2) of this subsection must be taken by December 31, 1993.

(b) The Attorney General shall report any action under this section to the Fiscal Research Division on a quarterly basis no later than 30 days after the end of the quarter.

## **PART 23. DEPARTMENT OF HUMAN RESOURCES**

Requested by: Senator Richardson, Representatives Easterling, Nye  
**WILLIE M.**

Sec. 208. (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. v. Hunt, et al., formerly Willie M., et al. v. Martin, 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 appropriated by the General Assembly to the Department of Human Resources for serving members of the Willie M. Class shall be expended only for programs serving members of the Willie M. Class identified in Willie M., et al. v. Hunt, et al., formerly Willie M., et al. v. Martin, et al., including evaluations of potential 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 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. v. Hunt, et al., formerly Willie M., et al. v. Martin, 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 of Human Resources 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, and based upon these reviews and comparisons, the Department shall reduce and/or cap rates to programs which are significantly higher than those rates paid to other programs for the same service.

Any exception to this requirement shall be approved by the Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall be reported in the Department's annual joint report to the Governor and the General Assembly and in any periodic report the Department may make to the Joint Legislative Commission on Governmental Operations.

(d1) The Department of Human Resources shall implement a process to review those cases for whom treatment has been recommended whose annual cost is anticipated to be in excess of one hundred fifty percent (150%) of the average annual per client expenditure of the previous fiscal year and shall take actions to reduce these treatment costs where appropriate.

(e) Reporting Requirements. – The Department of Human Resources and the Department of Public Education shall submit, by May 1 of each fiscal year, 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 or for whom additional services are needed in order to be determined to be appropriately served; (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 and the maximum and minimum rates paid to providers for each service; (vii) the number of cases whose treatment costs were in excess of one hundred fifty percent (150%) of the average annual per client expenditure; (viii) information on the impact of treatment and education services on members of the Class; (ix) an explanation of, and justification for, any waiver of departmental rules that affect the Willie M. program; and (x) the total State funds expended, by program, on Willie M. Class members, other than those funds specifically appropriated for the Willie M. programs and services.

(e1) From existing funds available to it, the Department of Human Resources shall begin a process to document and assess individual class members' progress through the continuum of services. Standardized measures of functioning shall be administered periodically to each member of the Class, and the information generated from these measures shall be used to assess client progress and program effectiveness.

(f) The Departments of Human Resources and Public Education shall provide periodic reports of expenditures and program effectiveness on behalf of the Willie M. Class and to the Fiscal Research Division. As part of these reports, the Departments shall explain measures they have taken to control and reduce program expenditures.

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

- (1) 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; and
- (2) That the funds appropriated will enable the development and implementation of placement and services for the Class members in Willie M., et al. v. Hunt, et al., formerly Willie M., et al. v. Martin, 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.

(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. v. Hunt, et al., formerly Willie M., et al. v. Martin, et al. To ensure that Willie M. Class members are appropriately served, no State funds shall be expended on placement and services for Willie M. Class members except:

- (1) Funds specifically appropriated by the General Assembly for the placement and services of Willie M. Class members; and
- (2) Funds for placement and services for which Willie M. Class members are otherwise eligible.

This 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. These Willie M. 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. v. Hunt, et al., formerly Willie M., et al. v. Martin, 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: Representatives Nye, Easterling, Dickson, Senators Richardson, Hyde, Walker

**THOMAS S.**

Sec. 209. (a) Funds appropriated to the Department of Human Resources in this act for the 1993-94 fiscal year and the 1994-95 fiscal year for members of the Thomas S. Class as identified in Thomas S., et al. v. Britt, formerly Thomas S., et al. v. Flaherty, shall be expended only for programs serving Thomas S. Class members or for services for those clients who are:

- (1) Adults with mental retardation, or who have been treated as if they had mental retardation, who were admitted to a State psychiatric hospital on or after March 22, 1984, and who are included on the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services' official list of prospective Class members;
- (2) Adults with mental retardation who have a documented history of State psychiatric hospital admissions regardless of admission date and

who, without funding support, have a good probability of being readmitted to a State psychiatric hospital; or

- (3) Adults with mental retardation who have never been admitted to a State psychiatric hospital but who have a documented history of behavior determined to be of danger to self or others that results in referrals for inpatient psychiatric treatment and who, without funding support, have a good probability of being admitted to a State psychiatric hospital.

No more than five percent (5%) of the funds appropriated in this act for the Thomas S. program shall be used for clients meeting subdivisions (2) or (3) of this subsection.

(b) To ensure that Thomas S. Class members are appropriately served, no State funds shall be expended on placement and services for Thomas S. Class members except:

- (1) Funds specifically appropriated by the General Assembly for the placement and services of Thomas S. Class members; and
- (2) Funds for placement and services for which Thomas S. Class members are otherwise eligible.

(c) The Department of Human Resources shall develop and implement during the 1993-94 fiscal year a 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.

(d) Reporting requirements. The Department of Human Resources shall submit by April 1 of each fiscal year a report to the General Assembly on the progress achieved in serving members and prospective members of the Thomas S. Class. The report shall include the following:

- (1) The number of Thomas S. clients confirmed as Class members;
- (2) The number of prospective Class members evaluated;
- (3) The number of prospective Class members awaiting evaluation;
- (4) The number of Class members or prospective class members added in the preceding 12 months due to their admission to a State psychiatric hospital;
- (5) A description of the types of treatment services provided to Class members; and
- (6) An analysis of the use of funds appropriated for the Class.

(e) Notwithstanding any other provision of law, if the Department of Human Resources determines that a local program is not providing minimally adequate services to members of the Class identified in Thomas S., et al. v. Britt, formerly Thomas S., et al. v. Flaherty, the Department may ensure the provision of these services through contracts with public or private agencies or by direct operation by the Department of these programs.

Requested by: Senator Richardson, Representatives Easterling, Nye

#### **TRANSFERS OF CERTAIN FUNDS AUTHORIZED**

Sec. 210. In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, developmental disabilities, and substance abuse authorities, the Director of the Budget may transfer excess funds appropriated to a specific service, program, or fund, whether specified in a block grant plan or General Fund appropriation, into another service, program, or fund for local services within the budget of the respective State agency.

The Office of State Budget and Management shall report quarterly to the Fiscal Research Division on each transfer authorized by this section.

Requested by: Senator Richardson, Representatives Nye, Easterling

**MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS**

Sec. 211. 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 for substance abuse services on a per capita basis as determined by the Office of State Budget and Management's most recent estimates of county populations.

Requested by: Senator Richardson, Representatives Easterling, Nye

**SPECIALIZED RESIDENTIAL CENTERS' BED CONVERSION**

Sec. 212. Funds made available as a result of the conversion of State-supported beds in specialized residential centers to ICF/MR beds shall be used to increase the State subsidy provided to centers. Funds made available to centers by this section shall be used, as they become available, to increase the subsidy rate to sixty-five percent (65%) of the statewide average cost of providing this service based on the most recent Specialized Community Residential Cost Study.

Funds made available in addition to those needed to increase the subsidy rate may be transferred to the Department of Human Resources, Division of Medical Assistance, as needed, to be used as a State match for the converted ICF/MR beds.

Requested by: Senator Richardson, Representatives Nye, Easterling

**PHYSICIAN SERVICES**

Sec. 213. With the approval of the Office of State Budget and Management, the Department of Human Resources may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done in the same manner as is currently done with constituent institutions of The University of North Carolina.

Requested by: Senator Richardson, Representatives Easterling, Nye

**LIABILITY INSURANCE**

Sec. 214. The Secretary of the Department of Human Resources, the Secretary of the Department of Environment, Health, and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars (\$1,000,000) on behalf of employees of the Departments licensed to practice medicine or dentistry, and on behalf of medical residents from The University of North Carolina who are in training at institutions operated by the Department of Human Resources. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to willful or wanton negligence.

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Human Resources, the Department of Environment, Health, and Natural Resources, or the Department of Correction, with the exception that coverage may include medical residents from The University of North Carolina who are in training at institutions operated by the Department of Human Resources.

Requested by: Senator Richardson, Representatives Nye, Easterling

**NON-MEDICAID REIMBURSEMENT**

Sec. 215. 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.

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

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

<u>Family Size</u>	<u>Medical Eye Care Adults</u>	<u>All Rehabilitation</u>	<u>Other</u>
1	\$ 4,860	\$ 8,364	\$ 4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,824	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind and for adults in the Clozaril program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year.

The Department of Human Resources shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department.

Requested by: Senator Richardson, Representatives Easterling, Nye

**DEVELOPMENTAL DAY CENTERS' GRANT-IN-AID**

Sec. 216. Of the funds appropriated in this act to the Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of two million three hundred one thousand two hundred forty-eight dollars (\$2,301,248) for the 1993-94 fiscal year and the sum of two million three hundred one thousand two hundred forty-eight dollars (\$2,301,248) for the 1994-95 fiscal year are transferred to the Department of Public Instruction for handicapped children aged 3 through 4 years who have been identified through Division of Mental Health, Developmental Disabilities, and Substance Abuse Services statewide services and who are served in developmental day centers. These funds shall be used to contract with area mental health, developmental disabilities, and substance abuse authorities or with public or private nonprofit developmental day centers to continue to serve handicapped children aged 3 through 4 years who are identified as needing developmental day services.

The Department of Public Instruction shall report to the General Assembly and to the Fiscal Research Division by May 1, 1994, and May 1, 1995, regarding the use of the funds transferred to it by this section.

Requested by: Senator Richardson, Representatives Nye, Easterling



## **CHANGE IN THE SHORT-TERM LOAN FUND FOR ICF/MR FACILITIES**

Sec. 217. The short-term loan fund established pursuant to Section 133 of Chapter 689 of the 1991 Session Laws is continued and, effective July 1, 1994, shall be used to assist area mental health programs in the establishment of community, non-Medicaid-funded housing alternatives.

Requested by: Senator Richardson, Representatives Easterling, Nye

## **PLANNING AND PILOT IMPLEMENTATION OF AN INTEGRATED FUNDING APPROACH FOR MENTAL HEALTH/SUBSTANCE ABUSE INSTITUTIONAL SERVICES**

Sec. 218. The Department of Human Resources shall develop and implement a plan during the 1993-95 fiscal biennium to pilot-test an integrated funding system for mental health/substance abuse institutional services, involving one regional psychiatric hospital, one regional alcohol and drug abuse treatment center, and the area mental health, developmental disabilities, and substance abuse programs using these facilities. The Department may use funds that become available to it through gifts, federal or private grants, receipts from federal programs, or any other source to support the planning and implementation of this pilot program.

The Department shall present a written report to the House and Senate Human Resources Appropriations Subcommittees by May 1, 1994, describing the results of its planning activities, the proposed schedule and cost for implementation of the integrated funding system and any proposed legislation needed to implement the plan. The Department shall submit a written report to these Subcommittees by May 1, 1995, describing the results of the implementation of the integrated funding system.

Requested by: Senator Richardson, Representatives Nye, Easterling

## **CHILD SUPPORT FUNDS**

Sec. 219. (a) The consent judgment in the case of Cassell, et al. v. Britt, et al., C-C-90-0010-M, United States District Court for the Western District of North Carolina, Charlotte Division, is subject to G.S. 114-2.2.

(b) Funds appropriated to enable the Child Support Enforcement Section, Division of Social Services, Department of Human Resources, to distribute child support collections based upon the date the payment is withheld from an obligor's disposable income may be used to implement that consent judgment. Implementation costs may include:

- (1) Quarterly notices to clients;
- (2) Toll-free telephone number;
- (3) Four Account Technician II positions;
- (4) System enhancements; and
- (5) Court-ordered costs.

(c) The Office of State Budget and Management and the Department of Human Resources shall report annually on expenditures and progress in achieving necessary improvements in the distribution of child support collection. Reports shall be

submitted to the Governor, the General Assembly, and the Fiscal Research Division not later than May 1 of each year.

(d) Funds appropriated to the Department of Human Resources in this act for covering expenses incurred as a result of the Cassell, et al. v. Britt, et al. lawsuit shall be deposited in a nonreverting fund account in the Department of Human Resources, Division of Social Services, that the Department shall establish for this purpose. Any unexpended and unencumbered funds remaining in the nonreverting account on July 1, 1995, shall revert to the General Fund on that date.

Requested by: Senator Richardson, Representatives Easterling, Nye

**"PIONEER" MENTAL HEALTH PLAN**

Sec. 220. (a) G.S. 122C-3 is amended by inserting the following new subdivision to read:

"(20a) 'Local funds' means fees from services, including client payments, Medicare and the local and federal share of Medicaid receipts, fees from agencies under contract, gifts and donations, and county and municipal funds, and any other funds not administered by the Division."

(b) G.S. 122C-3 is further amended by inserting a new subdivision to read:

"(26a) 'Other recipient' means an individual who is not admitted to a facility but who receives a service other than care, treatment, or rehabilitation services. The services that the 'other recipient' may receive include consultative, preventative, educational, and assessment services."

(c) G.S. 122C-3 is further amended by inserting another new subdivision to read:

"(35a) 'State resources' means State and federal funds and other receipts administered by the Division."

(d) G.S. 122C-143 is repealed.

(e) Part 4 of Article 4 of Chapter 122C of the General Statutes is amended by adding the following new sections to read:

**"§ 122C-143.1. Policy guidance.**

(a) The General Assembly shall, as it considers necessary, endorse as policy guidance long-range plans for the broad age/disability categories of persons to be served and the services to be provided by area authorities.

(b) The Secretary shall develop a payment policy that designates, within broad age/disability categories, the priority populations, based on their disability level and the types of service to be supported by State resources. The Secretary shall review the Department's payment policy annually to assure that payments are made consistent with the State's long-range plans.

(c) The Secretary shall ensure that the payment policy provides incentives designated to target resources consistent with legislative policy and with the State's long-range plans and to promote equal accessibility to services for individuals regardless of their catchment area.

(d) Upon request of the Secretary, each area authority shall develop, revise, or amend its local long-range plans to be consistent with the policy guidance set forth in the State's long-range plans. Local service implementation plans shall be subject to the approval of the Secretary.

(e) The Secretary shall ensure that the Department's requests for expansion funds for area authorities are consistent with the State's long-range plans and include consideration of needs identified by the area authorities and their local plans.

**"§ 122C-143.2. Annual Memorandum of Agreement.**

(a) In accordance with procedures specified by the Secretary, the area authority shall complete cost finding, rate setting, and annual age/disability service planning as preparation for a Memorandum of Agreement between the area authority and the Department.

(b) In a format established by the Secretary, the Memorandum of Agreement shall include age/disability service plans that delineate the services that are to be purchased by the State. Payment for services purchased shall be made at reimbursement rates established in G.S. 122C-147.2.

(c) The Memorandum of Agreement shall include the area authority activities that will be supported by grants allocated in accordance with G.S. 147.1(c)(2).

(d) The Memorandum of Agreement shall provide flexibility for the area authority to earn State resources within the payment policy for each age/disability fund established by G.S. 122C-143.1(b).

(e) The Memorandum of Agreement may delineate other special conditions or expectations."

(f) G.S. 122C-144 is repealed.

(g) Chapter 122C of the General Statutes is amended by inserting a new section to read:

**"§ 122C-144.1. Budget format and reports.**

(a) The area authority shall maintain its budget in accordance with the requirements of Article 3 of Subchapter III of Chapter 159 of the General Statutes, the Local Government Budget and Fiscal Control Act.

(b) The Secretary may require periodic reports of receipts and expenditures for all area authority services provided directly or under contract according to a format prescribed by the Secretary.

(c) In accordance with G.S. 159-34, the area authority shall have an audit completed and submit it to the Local Government Commission.

(d) The Secretary may require reports of client characteristics, staffing patterns, agency policies or activities, services, or specific financial data of the area authority, but the reports shall not identify individual clients of the area authority unless specifically required by State statute or federal statute or regulation, or unless valid consent for the release has been given by the client or legally responsible person."

(h) The catch line of G.S. 122C-147 reads as rewritten:

**"§ 122C-147. Allocation of funds to area authorities. ~~Financing and title of area authority property.~~"**

(i) G.S. 122C-147(a) is repealed.

(j) Part 4 of Article 4 of Chapter 122C of the General Statutes is amended by inserting the following new sections to read:

**"§ 122C-147.1. Appropriations and allocations.**

(a) Except as provided in subsection (b) of this section, funds shall be appropriated by the General Assembly in broad age/disability categories. The Secretary shall allocate and account for funds in broad age/disability categories so that the area authority may, with flexibility, earn funds in response to local needs that are identified within the payment policy developed in accordance with G.S. 122C-143.1(b).

(b) When the General Assembly determines that it is necessary to appropriate funds for a more specific purpose than the broad age/disability category, the Secretary shall determine whether expenditure accounting, special reporting within earning from a broad fund, the Memorandum of Agreement, or some other mechanism allows the best accounting for the funds.

(c) Funds that have been appropriated by the General Assembly for a more specific purpose than specified in subsection (a) of this section shall be converted to a broad age/disability category at the beginning of the second biennium following the appropriation, unless otherwise acted upon by the General Assembly.

(d) The Secretary shall allocate funds to area programs:

(1) To be earned in a purchase of service basis, at negotiated reimbursement rates, for services that are included in the payment policy and delivered to mentally ill, developmentally disabled, and substance abuse clients and for services that are included in the payment policy to other recipients; or

(2) To be paid under a grant on the basis of agreed-upon expenditures, when the Secretary determines that it would be impractical to pay on a purchase of service basis.

(e) After the close of a fiscal year, final payments of funds shall be made:

(1) Under the purchase of service basis, on the earnings of the area authority for the delivery to individuals within each age/disability group, of any services that are consistent with the payment policy established in G.S. 122C-143.1(b), up to the final allocation amount;

or

(2) When awarded on an expenditure basis, on allowable actual expenditures, up to the final allocation amount.

Under rules adopted by the Secretary, final payments shall be adjusted on the basis of the audit required in G.S. 122C-144.1(d).

**"§ 122C-147.2. Purchase of services and reimbursement rates.**

When funds are used to purchase services, the following provisions apply:

(1) Reimbursement rates for specific types of service shall be negotiated between the Secretary and the area authority. The negotiation shall begin with the rate determined by the standardized cost-finding and rate-setting procedure that is required by G.S. 122C-143.2(a) or by another method approved by the Secretary.

- (2) The reimbursement rate used for the payment of services shall incorporate operating and administrative costs, including costs for property in accordance with G.S. 122C-147."
- (k) G.S. 122C-148, 122C-149, and 122C-150 are repealed.
- (l) G.S. 122C-151 reads as rewritten:

**"§ 122C-151. Responsibilities of those receiving appropriations.**

(a) All resources allocated to and received by any area authority and used for programs of mental health, developmental disabilities, substance abuse or other related fields-services are subject to the conditions specified in this Article and to the rules of the Commission and the Secretary. Secretary and to the conditions of the Memorandum of Agreement specified in G.S. 122C-143.2.

(b) If an area authority fails to complete actions necessary for the development of a Memorandum of Agreement, fails to file required reports within the time limit set by the Secretary, or fails to comply with any other requirements specified in this Article, the Secretary may:

- (1) Delay payments; and
- (2) With written notification of cause and subject to an appeal as provided by G.S. 122C-151.2, reduce or deny payment of funds. Restoration of funds upon compliance is within the discretion of the Secretary."
- (m) G.S. 122C-145 is renumbered as G.S. 122C-151.2.
- (n) Effective July 1, 1994, G.S. 122C-151.1 is repealed.
- (o) Effective January 1, 1994, Part 4 of Article 4 of Chapter 122C of the

General Statutes is amended by adding the following new sections to read:

**"§ 122C-151.3. Dispute with area authorities.**

An area authority shall establish written procedures for resolving disputes over decisions of an area authority that may be appealed to the Area Authority Appeals Panel under G.S. 122C-151.4. The procedures shall be informal and shall provide an opportunity for those who dispute the decision to present their position.

**"§ 122C-151.4. Appeal to Area Authority Appeals Panel.**

(a) Definitions. – The following definitions apply in this section:

- (1) 'Contract' means a contract with an area authority to provide services, other than personal services, to clients and other recipients of services.
- (2) 'Contractor' means a person who has a contract or who had a contract during the current fiscal year.
- (3) 'Former contractor' means a person who had a contract during the previous fiscal year.

(b) Appeals Panel. – The Area Authority Appeals Panel is established. The Panel shall consist of three members appointed by the Secretary. The Secretary shall determine the qualifications of the Panel members. Panel members serve at the pleasure of the Secretary.

(c) Who Can Appeal. – The following persons may appeal to the Area Authority Appeals Panel after having exhausted the appeals process at the appropriate area authority:

- (1) A contractor or a former contractor who claims that an area authority is not acting or has not acted within applicable State law or rules in imposing a particular requirement on the contractor on fulfillment of the contract;
- (2) A contractor or a former contractor who claims that a requirement of the contract substantially compromises the ability of the contractor to fulfill the contract;
- (3) A contractor or former contractor who claims that an area authority has acted arbitrarily and capriciously in reducing funding for the type of services provided or formerly provided by the contractor or former contractor;
- (4) A client or a person who was a client in the previous fiscal year, who claims that an area authority has acted arbitrarily and capriciously in reducing funding for the type of services provided or formerly provided to the client directly by the area authority; and
- (5) A person who claims that an area authority did not comply with a State law or a rule adopted by the Secretary or the Commission in developing the plans and budgets of the area authority and that the area authority's failure to comply has adversely affected the ability of the person to participate in the development of the plans and budgets.

(d) Hearing. – All members of the Area Authority Appeals Panel shall hear an appeal to the Panel. An appeal shall be filed with the Panel within the time required by the Secretary and shall be heard by the Panel within the time required by the Secretary. A hearing shall be conducted at the place determined in accordance with the rules adopted by the Secretary. A hearing before the Panel shall be informal; no sworn testimony shall be taken and the rules of evidence do not apply. The person who appeals to the Panel has the burden of proof. The Panel shall not stay a decision of an area authority during an appeal to the Panel.

(e) Decision. – The Area Authority Appeals Panel shall make a written decision on each appeal to the Panel within the time set by the Secretary. A decision may direct a contractor or an area authority to take an action or to refrain from taking an action, but it shall not require a party to appeal to pay any amount except payment due under the contract. In making a decision, the Panel shall determine the course of action that best protects or benefits the clients of the area authority. If a party to an appeal fails to comply with a decision of the Panel and the Secretary determines that the failure deprives clients of the area authority of a type of needed service, the Secretary may use funds previously allocated to the area authority to provide the service.

(f) 150B Appeal. – A person who is dissatisfied with a decision of the Panel may commence a contested case under Article 3 of Chapter 150B of the General Statutes. Notwithstanding G.S. 150B-2(1), an area authority is considered an agency for purposes of the limited appeal authorized by this section. The Secretary shall make a final decision in the contested case."

(p) G.S. 122C-112(a) reads as rewritten:

"(a) The Secretary shall:

- (1) Enforce the provisions of this Chapter and the rules of the Commission and the Secretary;
- (2) Assist counties and area authorities in the establishment and operation of community-based programs within catchment areas specified in rules adopted by the Commission;
- (3) Operate State facilities and adopt rules pertaining to their operation;
- (4) Promote a unified system of services for the citizens of this State by coordinating services provided in State facilities and area facilities;
- (5) Approve the plans and budgets of an area authority and adopt rules pertaining to the content and format of these plans and budgets;
- (6) Adopt rules governing the expenditure of all area authority funds;
- (6a) Adopt rules to implement the appeal procedure authorized by G.S. 122C-151.2;
- (7) Adopt rules for the establishment of single portal designation and approve an area as a single portal area;
- (8) Except as provided in G.S. 122C-26(4), adopt rules establishing procedures for waiver of rules adopted by the Secretary under this Chapter;
- (9) Notify the clerks of superior court of changes in the designation of State facility regions and of facilities designated under G.S. 122C-252;
- (10) Promote public awareness and understanding of mental health, mental illness, developmental disabilities, and substance abuse;
- (11) Administer and enforce rules that are conditions of participation in federal or State financial aid;
- (12) Carry out G.S. 122C-361; and
- (13) Coordinate and facilitate the development and administration of the early intervention system for eligible infants and toddlers and shall assign among the cooperating agencies the responsibility, including financial responsibility, for services. The Secretary shall be advised by the Interagency Coordinating Council for Handicapped Children from Birth to Five Years of Age, established by G.S. 143B-179.5, and may enter into formal interagency agreements to establish the collaborative relationships with the Department of Environment, Health, and Natural Resources, the Department of Public Instruction, other appropriate agencies, and other public and private service providers necessary to administer the system and deliver the services.

The Secretary shall adopt rules to implement the early intervention system, in cooperation with all other appropriate agencies."

(q) Subsection (n) of this section becomes effective July 1, 1994. Subsection (o) of this section becomes effective January 1, 1994. All other subsections of this section become effective July 1, 1993.

Requested by: Representatives Esposito, Nye, Easterling, Dickson, Senators Richardson, Hyde, Walker

## **DEVELOPMENTAL DISABILITIES TRAINING REQUIREMENTS**

Sec. 221. The Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Department of Human Resources, shall develop training requirements to carry out the goals and objectives of the Developmental Disabilities Plan adopted by the Mental Health Study Commission. The training is to be administered by the Developmental Disabilities Training Institute of the Division of Continuing Education of the University of North Carolina at Chapel Hill.

Requested by: Representatives Easterling, Nye, Dickson, Senators Richardson, Hyde, Walker

## **OWNERSHIP, CUSTODY, OR CONTROL OF VEHICLES PURCHASED BY THE DIVISION OF VOCATIONAL REHABILITATION SERVICES.**

Sec. 221.1. The Division of Vocational Rehabilitation Services, Department of Human Resources, may use funds made available to it to purchase vehicles to be used primarily to transport clients being served pursuant to the Rehabilitation Act of 1973, 42 U.S.C. 701 **et seq.**, as amended. Notwithstanding the provisions of G.S. 143-341(8)i.3., the Division of Vocational Rehabilitation Services shall not be required to transfer ownership, custody, or control of any vehicle purchased pursuant to this section to the Department of Administration.

Requested by: Senator Richardson, Representatives Nye, Easterling

## **MEDICAID**

Sec. 222. (a) Funds appropriated in 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 prescribed in the State 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) Nursing Facilities. – Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Human Resources. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare shall be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare Program.



- (4) Intermediate Care Facilities for the Mentally Retarded. – As prescribed in the State Plan, as established by the Department of Human Resources.
- (5) Drugs. – Drug costs as allowed by federal regulations plus a 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 (f) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Human Resources consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the plan adopted by the Department of Human Resources, consistent with federal reimbursement regulations. Adjustments to the professional services fee shall be established by the General Assembly.
- (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services. – Fee schedules as developed by the Department of Human Resources. Payments for dental services are subject to the provisions of subsection (e) of this section.
- (7) Community Alternative Program, EPSDT Screens. – Payment to be made in accordance with rate schedule developed by the Department of Human Resources.
- (8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment. – 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. – Payment as prescribed in the reimbursement plan established by the Department of Human Resources.

- (17) Medicare Crossover Claims. – An amount up to the actual coinsurance or deductible or both, in accordance with the plan, as approved by the Department of Human Resources.
- (18) Physical Therapy and Speech Therapy. – Services limited to EPSDT-eligible children. Payments are to be made only to the Children's Special Health Services 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.
- (22) Other Mental Health Services. – Unless otherwise covered by this section, coverage is limited to agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a plan developed by the Department of Human Resources not to exceed the upper limits established in federal regulations.
- (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children. – Reimbursement in accordance with plan approved by the Department of Human Resources.
- (24) Health Insurance Premiums. – Payments to be made in accordance with the plan adopted by the Department of Human Resources consistent with federal regulations.
- (25) Medical Care/Other Remedial Care. – Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this subdivision are limited to those prescribed in the State Plan, as established by the Department of Human Resources. Providers of these services shall be certified as meeting program standards of the Department of Environment, Health, and Natural Resources.

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

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatients, optometrists, chiropractors, and podiatrists. Prenatal services, all EPDST children, 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.

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

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

(d) Medicaid and Aid to Families with Dependent Children Income Eligibility Standards. – Effective January 1, 1990, 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>Categorically Needy</u>			<u>Medically Needy</u>	
<u>Family</u>		<u>Standard</u>	<u>AFDC Payment</u>	
<u>Size</u>		<u>Of Need</u>	<u>Level*</u>	<u>AA,AB,AD*</u>
1	\$ 4,344	\$ 2,172		\$ 2,900
2	5,664	2,832		3,800
3	6,528	3,264		4,400
4	7,128	3,564		4,800
5	7,776	3,888		5,200
6	8,376	4,188		5,600
7	8,952	4,476		6,000
8	9,256	4,680		6,300

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

(f) 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. Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs, subject to the prescriber's "dispense as written" order as noted above.

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).

(g) Exceptions to Service Limitations, Eligibility Requirements, and Payments. – Service limitations, eligibility requirements, payments, 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, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient.

(h) 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.

(i) 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.

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

(k) 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.

(l) The Department of Human Resources shall provide coverage to pregnant women and children according to the following schedule:

- (1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines, as revised each April 1 shall be covered for Medicaid benefits;
- (2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1, shall be covered for Medicaid benefits;
- (3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits; and

- (4) Children aged 6 through 18 who were born after September 30, 1983, with family incomes equal to the federal poverty guidelines, as revised each April 1, shall be covered for Medicaid benefits.

Services to pregnant women eligible under this section continue throughout the pregnancy but include only those 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 services to pregnant women, to infants, and to children eligible under this section, no resources test shall be applied.

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

Requested by: Senator Richardson, Representatives Easterling, Nye, Diamont

#### **REDUCE INFANT MORTALITY**

Sec. 223. The Department of Human Resources, Division of Medical Assistance, shall provide medical coverage for nutritional counseling, psycho-social counseling, and predelivery and post-partum home visits by maternity care coordinators and public health nurses for Medicaid-eligible pregnant women.

Requested by: Senator Richardson, Representatives Nye, Easterling

#### **PURCHASE TRANSPORTATION SERVICES FOR PREGNANT WOMEN AND CHILDREN ON MEDICAID**

Sec. 224. (a) Of the funds appropriated from the General Fund to the Department of Human Resources in this act, three hundred thousand dollars (\$300,000) for the 1993-94 fiscal year and three hundred thousand dollars (\$300,000) for the 1994-95 fiscal year shall be transferred to the Department of Transportation, Public Transportation Division, to purchase transportation services for pregnant women and for children on Medicaid. All funds distributed by the Department, under this section, to counties are intended to purchase additional transportation services and not to supplant funds now being used by local governments for that purpose. These funds shall not be used towards the purchase of transportation vehicles or equipment, and shall not be used to cover State administrative costs. Only those counties maintaining Medicaid transportation services to pregnant women and to children at a level that is not reduced from the level of services in place during the 1989-90 fiscal year are be eligible for additional transportation assistance funds.

(b) The Public Transportation Division of the Department of Transportation shall distribute these funds to the counties according to the following formula:

- (1) Fifty percent (50%) divided equally among all eligible counties;
- (2) Forty-five percent (45%) on the basis of the number of pregnant women and of children receiving Medicaid in the county as a

percentage of the total number of pregnant women and of children receiving Medicaid statewide; and

- (3) Five percent (5%) based upon a population density factor that recognizes the higher transportation costs in sparsely populated counties.

The Department of Transportation shall develop appropriate procedures for the distribution and use of these funds and shall adopt rules to implement these procedures.

(c) Funds distributed by the Department of Transportation under this section shall be used by counties in a manner consistent with implemented transportation development plans that have been approved by the Department of Transportation and the board of county commissioners. To receive funds apportioned for a given fiscal year, a county shall have an approved transportation plan. Funds that are not obligated in a given fiscal year due to the lack of an approved transportation plan shall be distributed to the eligible counties based on the distribution formula in subsection (b) of this section.

Requested by: Senator Richardson, Representatives Nye, Easterling

**PHARMACY DISPENSING FEE**

Sec. 225. The professional limits fee for dispensing drugs shall be five dollars and sixty cents (\$5.60) per prescription, adjusted in accordance with subdivision (5) of Section 222 of this act.

Requested by: Senator Richardson, Representatives Easterling, Nye

**ICF AND ICF/MR WORK INCENTIVE ALLOWANCES**

Sec. 226. The Department of Human Resources may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

Requested by: Senator Richardson, Representatives Nye, Easterling

**MEDICAID INPATIENT HOSPITAL REIMBURSEMENT**

Sec. 227. Effective July 1, 1994, the Department of Human Resources, Division of Medical Assistance, shall implement a budget-neutral Diagnosis-Related Group reimbursement methodology for inpatient hospital services. In addition, the Department shall study the feasibility of implementing selective contracts for hospital

inpatient services and shall report its recommendations to the General Assembly by March 15, 1994.

Requested by: Senator Richardson, Walker, Representatives Easterling, Nye

**FAMILY SUPPORT ACT**

Sec. 228. (a) 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.

(b) 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.

Requested by: Senator Richardson, Representatives Nye, Easterling

**RETROSPECTIVE ACCOUNTING ADJUSTMENT**

Sec. 229. The Department of Human Resources shall use funds appropriated to it by this act to provide a State supplementary payment to Aid to Families of Dependent Children households adversely affected by the retrospective accounting procedure as allowed under section 403(a) of the Social Security Act (42 U.S.C. § 603(a)), as amended by section 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: Senator Richardson, Representatives Easterling, Nye

**AFDC/WOMEN IN THIRD TRIMESTER OF PREGNANCY ADJUSTMENT**

Sec. 230. 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: Senator Richardson, Representatives Nye, Easterling

**FOSTER CARE**

Sec. 231. Funds appropriated to the Department of Human Resources in this act for foster care assistance rates shall be used to set the rates at two hundred sixty-five dollars (\$265.00) per child per month. Of this sum, fifteen dollars (\$15.00) is a special needs allowance for the child.

Requested by: Senator Richardson, Representatives Easterling, Nye

**EMERGENCY ASSISTANCE**

Sec. 232. The Division of Social Services, Department of Human Resources, shall not expend more State funds than are appropriated for Emergency Assistance by this act. Within this limit, 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, Emergency Assistance 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 only be used to provide assistance to persons to alleviate an emergency. In evaluating whether an emergency exists, the county departments of social services shall apply prudent judgment to evaluate each emergency on its own merits. Prudent judgment will permit departments of social services to consider whether the client created the emergency and whether the assistance will resolve the emergency.

Requested by: Senator Richardson, Representatives Easterling, Nye

**FOOD STAMP OUTREACH**

Sec. 233. The Department of Human Resources shall continue a Food Stamp Outreach Program. Under the Program, the Department shall inform public and private agencies, community groups, potentially eligible persons, and the general public regarding the eligibility requirements of the Food Stamp Program. The Department shall maintain a referral list of public and private agencies, community groups, and interested persons and organizations who serve low-income persons. The Department shall inform these agencies and persons regarding the Food Stamp Program and changes in the law that affect client eligibility or the extent of benefits. The Department shall develop and distribute informational materials, such as public service announcements, brochures, pamphlets, posters, and correspondence.

Requested by: Representatives Diamont, Nye, Easterling, Dickson, Senators Richardson, Hyde, Walker

**CHILD PROTECTIVE SERVICES**

Sec. 234. (a) Funds appropriated to the Division of Social Services, Department of Human Resources, in this act for Child Protective Services shall be allocated for the 1993-94 fiscal year and for the 1994-95 fiscal year as follows:

- (1) Each county department of social services shall receive an amount based on a formula that takes into consideration the number of Child Protective Services cases in that county and the number of Child Protective Services workers required to meet a ratio of no more than 20 active cases per one Child Protective Services worker. The allocation of these funds to each county shall not be less than that county's allocation in the 1992-93 fiscal year unless the General Assembly appropriates less funds for the 1993-94 fiscal year and the



1994-95 fiscal year for Child Protective Services than it appropriated in the 1992-93 fiscal year; and

(2) Each county department of social services shall receive a portion of the remainder of these funds, if any, on a proportional basis determined by the amount of funds necessary in that county to enable that county to achieve the caseload prescribed in subdivision (1) of this subsection. Counties that have achieved the caseload ratios prescribed by subdivision (1) of this section pursuant to funds allocated in that subdivision in either the 1993-94 fiscal year or the 1994-95 fiscal year shall not receive any funds pursuant to this subdivision in that fiscal year.

(b) Funds allocated to county departments of social services pursuant to this section shall be used for Child Protective Services workers and supervisors for carrying out investigations of reports of child abuse or neglect or for providing protective or preventive services in cases in which the department confirms abuse, neglect, or dependency. All expenditures shall be used for direct support of the department's Child Protective Services program.

(c) The Division of Social Services, Department of Human Resources, shall establish criteria and guidelines to ensure that the allocations to county departments of social services are used in accordance with this section.

(d) All State appropriations for counties for Child Protective Services, including the funds allocated to the counties pursuant to this section, shall be used for the direct costs of employing Child Protective Services workers and their supervisors. Indirect and administrative costs associated with Child Protective Services staffing may fulfill the requirement for county matching funds.

(e) Of the funds appropriated in this act, two million dollars (\$2,000,000) for the 1993-94 fiscal year and two million dollars (\$2,000,000) for the 1994-95 fiscal year shall be used to hire additional Child Protective Services workers and supervisors in county departments of social services.

Requested by: Representatives Easterling, Nye, Dickson, Senators Richardson, Hyde, Walker

#### **ADOPTION SUBSIDY**

Sec. 235. The adoption subsidy paid monthly by the Division of Social Services, Department of Human Resources, to eligible families who adopt hard-to-place children shall be established at two hundred sixty-five dollars (\$265.00) per child per month.

Requested by: Senator Richardson, Representatives Nye, Easterling

#### **SOCIAL SERVICES PLAN/FAMILY PRESERVATION SERVICES**

Sec. 236. (a) Of the funds appropriated to the Department of Human Resources, Division of Social Services, in this act the sum of four hundred ten thousand dollars (\$410,000) for the 1993-94 fiscal year and the sum of four hundred ten thousand dollars (\$410,000) for the 1994-95 fiscal year shall be used to enable the Department to

develop further the Social Services Plan, in consultation and cooperation with other appropriate agencies and organizations, and consistent with the policies as provided by Chapter 448 of the 1989 Session Laws.

As part of the further development of the Social Services Plan, the Department of Human Resources shall pilot in three to five counties the core services as described in its report on the Social Services Plan to the General Assembly. The piloting shall include the establishment of minimum standards for the provision of the core services, including the staffing standards, caseload standards, training standards, and facilities standards.

In implementing Family Centered Services as a core service, the Secretary of the Department of Human Resources shall consider the advice and recommendations of the Advisory Committee on Family Centered Services.

These funds may be used as a match for federal funds that may be available in order to maximize support for the pilot. Funds appropriated by the General Assembly to be allocated to counties for child protective services shall be used by the pilot counties to strengthen investigations and treatment in Child Protective Services as a core service. Any funds allocated to counties pursuant to this subsection shall be matched by the counties at the rate of one county dollar for every three State dollars.

(b) Of the funds appropriated to the Department of Human Resources, Division of Social Services, in this act, the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 1994-95 fiscal year shall be used to make grants to public or private agencies to develop and implement model programs of locally based Family Preservation Services as provided in Part 4A of Article 3 of Chapter 143B of the General Statutes, the Family Preservation Act. These funds shall be used in conjunction with funds identified within the Department to implement the Family Preservation Services Program as provided in this section. The Secretary of the Department of Human Resources shall ensure that the development of these Family Preservation Models and the piloting of the core social services described in subsection (a) of this section are coordinated at State and local levels to achieve the most effective service delivery for families and use of available funding sources.

Requested by: Senator Richardson, Representatives Easterling, Nye

### **COUNTY MATCHING REQUIREMENTS FOR CHILD PROTECTIVE SERVICES**

Sec. 237. State Assistance to counties for child protective services shall be matched by counties at the rate of twenty-five percent (25%) effective July 1, 1993. Counties may use federal funds or county funds to meet matching requirements.

Requested by: Representatives Nye, Easterling, Dickson, Senators Richardson, Hyde, Walker

### **CAROLINA ACCESS PROGRAM/EYE CARE**

Sec. 238. Medicaid patients who receive health care through the Carolina Access Program may receive eye care directly from licensed optometrists.

Requested by: Senators Daniel, Richardson, Hyde, Walker, Representatives Diamont, Nye, Easterling

### **LIMITING ERISA PLAN REQUIREMENTS**

Sec. 238.1. Effective upon ratification of this act, Chapter 58 of the General Statutes is amended by adding a new section to read:

**"§ 58-50-151. ERISA plans may not require Medicaid to pay first.**

An employee benefit plan as defined in ERISA shall not include any provision which, because an individual is provided or is eligible for benefits or service pursuant to a State plan under Title XIX of the Social Security Act (Medicaid), has the effect of limiting or excluding coverage or payment for any health care for that individual under the terms of the employee benefit plan, provided that the individual is one who would otherwise be covered or entitled to benefits or services under the employee benefit plan."

Requested by: Senators Richardson, Hyde, Walker, Representatives Nye, Easterling, Dickson

### **DOMICILIARY CARE REIMBURSEMENT RATE INCREASE**

Sec. 239. Effective July 1, 1993, the maximum monthly rate for residents in domiciliary care facilities shall be nine hundred thirty-eight dollars (\$938.00) for ambulatory residents and nine hundred seventy-nine dollars (\$979.00) for semiambulatory residents.

Requested by: Representatives Nye, Easterling, Dickson, Senators Richardson, Hyde, Walker

### **REST HOME PAYMENT METHOD**

Sec. 240. (a) The Department of Human Resources shall develop a plan for a vendor payment methodology for domiciliary care facilities. The plan's proposed methodology shall include:

- (1) A direct payment for mandated services, including:
  - a. Direct and indirect costs associated with minimum wage law;
  - b. Direct and indirect costs associated with Workers' Compensation law; and
  - c. Direct and indirect costs associated with Occupational Safety and Health Act law; and
- (2) A direct payment for associated administrative costs, including:
  - a. Direct and indirect costs associated with insurance inflation management; and
  - b. Direct and indirect costs associated with an equitable return on investment.

(b) The Department of Human Resources shall submit the plan in a report to the 1993 General Assembly and to the Fiscal Research Division by March 1994. The report shall include a five-year fiscal impact analysis of the cost of implementing the proposed methodology.

(c) The Department of Human Resources shall also develop any other plan that it wishes the General Assembly to consider for rest home reimbursement and shall present this plan, including a five-year fiscal impact analysis of the cost of implementing the proposed methodology, in the same report prescribed in subsection (b) of this section.

(d) The Department of Human Resources shall not implement any plan for rest home reimbursement developed pursuant to this section until specifically authorized to do so by the General Assembly.

Requested by: Representatives Easterling, Nye, Dickson, Senators Richardson, Hyde, Walker

**PILOT SUBSIDY TO DOMICILIARY HOMES FOR SERVICES TO DEVELOPMENTALLY DISABLED RESIDENTS**

Sec. 241. Notwithstanding the provisions of G.S. 143-23, the Secretary of Human Resources, with the approval of the Office of State Budget and Management, may use, to the extent possible, any funds appropriated or otherwise available to the Department in the 1993-94 fiscal year to conduct a pilot of a subsidy to homes for the aged and disabled and family care homes to support the provision of habilitative and related services needed by developmentally disabled persons who reside there. The Department shall present the results of the pilot to the General Assembly by July 1, 1994.

Requested by: Representatives Nye, Easterling, Dickson, Senators Richardson, Hyde, Walker

**DHR MONITORING DOMICILIARY CARE FACILITIES' COMPLIANCE WITH LICENSURE REQUIREMENTS**

Sec. 242. G.S. 131D-2(b) is amended by inserting a new subdivision to read:  
"(1a) In addition to the licensing and inspection requirements mandated by subdivision (1) of this subsection, the Department shall ensure that domiciliary care facilities required to be licensed by this Article are monitored for licensure compliance on a regular basis. In carrying out this requirement, the Department shall work with county departments of social services to do the routine monitoring and to have the Division of Facility Services oversee this monitoring and perform any follow-up inspection called for."

Requested by: Senator Richardson, Representatives Easterling, Nye

**CAREGIVER SUPPORT SHARING**

Sec. 243. (a) Of the funds appropriated to the Division of Aging, Department of Human Resources, by this act for the 1993-95 fiscal biennium, the sum of one million eight thousand dollars (\$1,008,000) for the 1993-94 fiscal year and the sum of one million eight thousand dollars (\$1,008,000) for the 1994-95 fiscal year shall be used for services that support family caregivers of elderly persons with functional disabilities, whether physical or mental, who want to stay in their homes rather than be

institutionalized, but who need assistance with the activities of daily living in order to remain at home. The services that may be purchased from funds received under this section include:

- (1) Respite Care;
- (2) Adult Day Care;
- (3) Stipends and other related costs for senior companions, modeled after the federal Senior Companion Program; and
- (4) Other related services that meet needs not now adequately addressed by the services described in subdivisions (1) through (3) of this subsection.

(b) The Division of Aging shall expend funds for these services according to the population of persons 70 years of age or older in each region. The Division of Aging shall use a minimum of ninety-five percent (95%) of the funds it receives under this section for the services described in subdivisions (1) through (4) of subsection (a) of this section and may only use a maximum of five percent (5%) for technical assistance as described in subsection (c) of this section. The Division of Aging shall choose providers in accordance with procedures under the Older Americans Act. Funds allocated by the Division pursuant to this section shall be allocated by October 1 of each fiscal year.

(c) The Division of Aging may contract for technical assistance. The technical assistance shall include training assistance, coordination of various service delivery and funding sources, and ideas for innovative ways to build a lasting system of services for family caregivers.

Requested by: Senator Richardson, Representatives Nye, Easterling

#### **SENIOR CENTER OUTREACH**

Sec. 244. (a) Of the funds appropriated to the Department of Human Resources, Division of Aging, by this act for the 1993-95 fiscal biennium, four hundred three thousand eight hundred dollars (\$403,800) for the 1993-94 fiscal year and four hundred three thousand eight hundred dollars (\$403,800) for the 1994-95 fiscal year shall be used by the Division of Aging to enhance senior center programs as follows:

- (1) To test "satellite" services provided by existing senior centers to unserved or underserved areas; or
- (2) To provide start-up funds for new senior centers.

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

(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the county commissioners of the county in which the new center will be located shall:

- (1) Formally endorse the need for such a center;
  - (2) Formally agree on the sponsoring agency for the center; and
  - (3) Make a formal commitment to use local funds to support the ongoing operation of the center.
- (c) State funding shall not exceed ninety percent (90%) of reimbursable costs.

Requested by: Senator Richardson, Representatives Easterling, Nye

**RURAL/PRIMARY CARE INITIATIVES**

Sec. 245. G.S. 131E-76 is amended by adding two new subdivisions to read:

- "(6) 'Primary care hospital' means a hospital which has been designated as a primary care hospital by the North Carolina Department of Human Resources, Office of Rural Health and Resource Development. To be designated as a primary care hospital under this subdivision, the hospital must be located in a rural community, provide primary care inpatient services that do not include inpatient surgery, and provide outpatient services which may include outpatient surgery. A primary care hospital shall have a maximum annual average daily census of 15 patients and may have psychiatric and long-term care distinct part units. A primary care hospital must be part of a rural hospital network.
- (7) 'Rural hospital network' means an alliance of members that shall include at least one primary care hospital and one other hospital. To qualify as a rural hospital network, the members must submit a comprehensive, written memorandum of understanding to the Department of Human Resources for the Department's approval. The memorandum of understanding must include provisions for patient referral and transfer, a plan for network-wide emergency services, and a plan for sharing patient information and services between hospital members including medical staff credentialing, risk management, quality assurance, and peer review."

Requested by: Senator Richardson, Representatives Nye, Easterling

**DAY CARE FUNDS MATCHING REQUIREMENT**

Sec. 246. 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: Senator Richardson, Representatives Easterling, Nye

**DAY CARE**

Sec. 247. Except for the allocation of support costs from federal grants by the General Assembly or the reallocation of federal grant funds by the Office of State Budget and Management, the Department of Human Resources shall distribute the funds appropriated and otherwise available to it for the purchase of day care for minor children of needy families so as to serve the greatest number of children possible.

Requested by: Senator Richardson, Representatives Nye, Easterling

**DAY CARE RATES**

Sec. 248. (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 day care facilities, as defined in G.S. 110-86(3), 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 market rate, as calculated annually by the Division of Child Development in the Department of Human Resources.
- (3) A market rate shall be calculated for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized private paying parents for each age group of enrollees within the county. The county market rates shall be calculated from facility fee schedules collected by the Division of Child Development on a routine basis. The Division shall also calculate a statewide market rate for each age category. The Social Services Commission shall adopt rules to establish minimum county rates that use the statewide market rates as a reference point.
- (4) Child day care homes as defined in G.S. 110-86(4) and other home-based day care arrangements that are not required to be regulated by the State licensing agency may be paid the market rate for day care homes, which shall be calculated at least biennially by the Division of Child Development according to the method described in subdivision (3) of subsection (a) of this section.

(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 care in day care facilities for minor children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, day care facilities shall be required to meet any additional applicable requirements of federal law or regulations.

Day care homes as defined in G.S. 110-86(4) 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 and any additional requirements of State law or federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

(c) 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 shall purchase day care services so as to serve the greatest number of children possible with existing resources.

Requested by: Senator Richardson, Representatives Easterling, Nye

**DAY CARE ALLOCATION FORMULA**

Sec. 249. (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) One-third of budgeted funds shall be distributed according to the county's population in relation to the total population of the State;
- (2) One-third of the budgeted funds shall be distributed according to the number of children under 6 years of age in a county who are living in families whose income is below the State poverty level in relation to the total number of children under 6 years of age in the State in families whose income is below the poverty level; and
- (3) One-third of budgeted funds shall be distributed according to the number of working mothers with children under 6 years of age in a county in relation to the total number of working mothers with children under 6 years of age in the State.

(b) A county's initial allocation shall not be less than that county's initial allocation was in fiscal year 1990-91 under the formula prescribed by Section 102 of Chapter 500 of the 1989 Session Laws. However, if the total amount available to allocate is less than the amount allocated by formula in the 1990-91 fiscal year, a county's allocation may be less than the county's initial allocation was in that fiscal year.

Requested by: Senator Richardson, Representatives Nye, Easterling

**DHR EMPLOYEES/IN-KIND MATCH**

Sec. 250. Notwithstanding the limitations of G.S. 143B-139.4, the Secretary of the Department of Human Resources may assign employees of the Office of Rural Health and Resource Development to serve as in-kind match to nonprofit corporations working to establish health care programs that will improve health care access while controlling costs.

Requested by: Senator Richardson, Representatives Easterling, Nye

**COMMUNITY-BASED ALTERNATIVES PARTICIPATION**

Sec. 251. County governments participating in the Community-Based Alternatives Program shall certify annually to the Division of Youth Services, Department of Human Resources, that Community-Based Alternatives Aid to Counties shall not be used to duplicate or supplant other programs within the county.

Requested by: Senator Richardson, Representatives Nye, Easterling

**SUPPLEMENTAL HEAD START FUNDS**

Sec. 252. Supplemental Head Start funds appropriated in this act to the Department of Human Resources shall continue to be allocated to those counties currently receiving these funds.



Requested by: Senator Richardson, Representatives Gardner, Easterling, Nye  
**COUNTY DAY CARE ENCOURAGEMENT**

Sec. 253. (a) The General Assembly encourages all counties to use all their initial child care allocations by actively and aggressively pursuing all existing child care resources currently available. The Department of Human Resources, Division of Child Development, shall reevaluate its allocation/reversion/reallocation timetable to balance equitably the needs of those counties that have had difficulty using their initial allocations in a timely fashion with the needs of those counties who have used the reverted allocations to excellent purpose.

(b) The General Assembly encourages counties to use creative and innovative methods of enriching their existing day care, such as by using volunteers from senior citizen centers in day care, and to identify any State law or policy bars that may currently exist to these methods.

(c) The General Assembly encourages counties that now provide certain child care payments directly to parents rather than directly to the provider to reevaluate this practice in order to ensure that the method of payment properly reflects both the needs of the individual families and the day care community.

(d) The Department of Human Resources shall report quarterly to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on the implementation of this section.

Requested by: Representatives Easterling, Nye, Dickson, Senators Richardson, Hyde, Walker

**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**

Sec. 254. (a) Article 3 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 10B. Early Childhood Initiatives.

**"§ 143B-168.10. Early childhood initiatives; findings.**

The General Assembly finds, upon consultation with the Governor, that every child can benefit from, and should have access to, high-quality early childhood education and development services. The economic future and well-being of the State depend upon it. To ensure that all children have access to quality early childhood education and development services, the General Assembly further finds that:

- (1) Parents have the primary duty to raise, educate, and transmit values to young preschool children;
- (2) The State can assist parents in their role as the primary caregivers and educators of young preschool children; and
- (3) There is a need to explore innovative approaches and strategies for aiding parents and families in the education and development of young preschool children.

**"§ 143B-168.11. Early childhood initiatives; intent; North Carolina Partnership for Children, Inc.**

It is the intent of the General Assembly, upon consultation with the Governor, to support through financial and other means, the North Carolina Partnership for Children, Inc., a nonprofit corporation which has as its mission the development of a comprehensive, long-range strategic plan for early childhood development and the provision, through public and private means, of high-quality early childhood education and development services for children and families.

**"§ 143B-168.12. Early childhood initiatives; North Carolina Partnership for Children, Inc.; conditions; powers and duties; local demonstration projects; statewide needs and resource assessment; rule making; reporting requirements.**

(a) As a condition for receiving funds appropriated to the North Carolina Partnership for Children, Inc., members of the Board of Directors of the North Carolina Partnership for Children, Inc., shall consist of four ex officio members and 29 appointed members. The four ex officio members shall be the Secretary of the Department of Human Resources, the Secretary of the Department of Environment, Health, and Natural Resources, the Superintendent of Public Instruction, and the President of the Department of Community Colleges. The appointed members shall be appointed as follows: six by the Speaker of the House of Representatives, six by the President Pro Tempore of the Senate, and 17 by the Governor. Each of the members appointed by the President Pro Tempore of the Senate shall reside in a separate one of the following congressional districts: 1st, 3rd, 5th, 7th, 9th, and 11th. Each of the members appointed by the Speaker of the House of Representatives shall reside in a separate one of the following congressional districts: 2nd, 4th, 6th, 8th, 10th, and 12th. Four of the members appointed by the Governor shall be members of the party other than the Governor's party.

As a further condition for receiving funding, the North Carolina Partnership for Children, Inc., shall agree that it shall adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department. The corporation shall be subject to audit and review by the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. The State Auditor shall conduct annual financial and compliance audits of the corporation.

(b) As a condition for receiving funding appropriated to it, the North Carolina Partnership for Children, Inc., shall oversee the development and implementation of 12 local demonstration projects. Each demonstration project shall be coordinated by a new local, private, nonprofit 501(c)(3) organization responsible for developing a comprehensive, collaborative, long-range plan of services to children and families in the service-delivery area. The board of directors of each local nonprofit organization shall consist of members including representatives of public and private nonprofit health and human service agencies, day care providers, the business community, foundations, county and municipal governments, local education units, and families. The Department of Human Resources, in cooperation with the North Carolina Partnership

for Children, Inc., may specify in its requests for applications the local agencies that shall be represented on the Board.

As a further condition for receiving funding, these local nonprofit organizations shall agree that they shall adopt procedures for their operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department. The organizations shall be subject to audit and review by the State Auditor pursuant to Article 5A of Chapter 147 of the General Statutes. The State Auditor shall conduct annual financial and compliance audits of the organizations.

The Department of Human Resources shall develop a statewide process, in cooperation with the North Carolina Partnership for Children, Inc., to select the local demonstration projects. The 12 local demonstration projects developed and implemented shall be located in the 12 congressional districts, one to a district.

An existing local, private, nonprofit 501(c)(3) organization in the community may apply to serve as the coordinator of a demonstration project if the governance of the project meets the objective of decision making by a broad range of public and private health and human services providers.

(c) Funds appropriated to be allocated to the local demonstration projects for services to children and families shall be used to expand coverage and improve the quality of services. These funds shall not be allocated to any local demonstration project until the Secretary of the Department of Human Resources, upon recommendation of the North Carolina Partnership for Children, Inc., has approved this local allocation. All local plans shall be approved by the Secretary.

(d) Funds appropriated to support the local strategic planning process and activities of the North Carolina Partnership for Children, Inc., the local nonprofit organizations, and start-up and related activities shall be available for these purposes upon the effective date of enactment of this Part.

(e) Communities shall be given the maximum flexibility and discretion practicable in developing their plans. Depending on local, regional, or statewide needs, funds may be used to support activities and services that shall be made available and accessible to providers, children, and families on a voluntary basis. These activities and services may include:

- (1) Child day care services, including:
  - a. Start-up funding for day care providers;
  - b. Assistance to enable child day care providers to conform to licensing and building code requirements;
  - c. Needs and resources assessments for child day care services;
  - d. Child day care resources and referral services;
  - e. Enhancement of the quality of child day care provided;
  - f. Technical assistance for child day care providers; and
  - g. Evaluation of plan implementation of child day care services;
- (2) Family- and child-centered services, including early childhood education and child development services, including:

- a. Enhancement of the quality of family- and child-centered services provided;
- b. Technical assistance for family- and child-centered services;
- c. Needs and resource assessments for family- and child-centered services;
- d. Home-centered services; and
- e. Evaluation of plan implementation of family- and child-centered services; and
- (3) Other appropriate activities and services for child day care providers and for family- and child-centered services, including:
  - a. Staff and organizational development, leadership and administrative development, technology assisted education, and long-range planning; and
  - b. Procedures to ensure that infants and young children receive needed health, immunization, and related services.

(f) The Department of Human Resources, in cooperation with the North Carolina Partnership for Children, Inc., shall develop a needs and resource assessment for each county. Of the funds appropriated to it to implement this Part, the Department may make available funds to each county for one year to an appropriate private nonprofit entity or to the county to perform this assessment.

(g) The Department of Human Resources, in cooperation with the North Carolina Partnership for Children, Inc., shall adopt any rules necessary to implement this section, including rules to ensure that no State funds or local funds used to supplant these State funds shall be used for personnel sick leave and annual leave benefits not allowed to State employees.

(h) The Department of Human Resources shall report (i) quarterly to the Joint Legislative Commission on Governmental Operations and (ii) to the General Assembly and the Governor by April 1, 1994, and by March 1, 1995, on the ongoing results of all the local demonstration projects' work, including all details of the use to which the allocations were put, and on the continuing plans of the North Carolina Partnership for Children, Inc., and of the Department of Human Resources, together with legislative proposals, including proposals to implement the program statewide."

(b) Of the funds appropriated to the Department of Human Resources, the sum of twenty million dollars (\$20,000,000) for the 1993-94 fiscal year and the sum of twenty-eight million four hundred forty thousand dollars (\$28,440,000) for the 1994-95 fiscal year to implement subsection (a) of this section. From the funds appropriated by this subsection, the Department shall provide funds for services prescribed in subsection (a) of this section, for necessary State, regional, and local administration of this Part, and for the activities of the North Carolina Partnership for Children, Inc., consistent with the provisions of subsection (a) of this section.

(c) Effective January 1, 1994, G.S. 110-91(7) reads as rewritten:

"(7) Staff-Child Ratio. – In determining the staff-child ratio, all children younger than 13 years shall be counted. The Commission shall adopt rules regarding staff-child ratios, group sizes and multi-age groupings

for each category of facility other than for infants and toddlers, provided that ~~such these rules and regulations~~ shall be no less stringent than those currently required for staff-child ratios as enacted in Section 156(e) of Chapter 757 of the 1985 Session Laws. The staff-child ratios and group sizes for infants and toddlers shall be no less stringent than as follows:

<u>Age</u>	<u>Ratio</u>	<u>Group Size</u>
<u>0 to 12 months</u>	<u>5</u>	<u>10</u>
<u>12 to 24 months</u>	<u>6</u>	<u>12</u>
<u>2 to 3 years</u>	<u>10</u>	<u>20."</u>

(c1) Notwithstanding any other provision of law to the contrary, religious sponsored facilities operating under G.S. 110-106, and not receiving any State or federal child care subsidies, including subsidies paid by the State or local service agency directly to the facility or to the parent of a child enrolled in the facility, shall have until June 30, 1994, to comply with the lower staff-child ratios for children under age 3 if the religious sponsored facility files with the Department of Human Resources a notice of intent to delay compliance with the ratios and a statement of assurance that the facility will not accept any public child-care subsidy funds until compliance with the ratios is achieved. All religious sponsored facilities shall comply fully with the provisions of G.S. 110-91(7) by July 1, 1994.

(d) Of the funds appropriated to the Department of Human Resources the sum of one million four hundred thousand dollars (\$1,400,000) for the 1993-94 fiscal year and the sum of two million two hundred sixteen thousand two hundred ninety-three dollars (\$2,216,293) for the 1994-95 fiscal year, shall be used to increase the reimbursement rate for day care providers to implement subsection (c) of this section.

Requested by: Representatives Nye, Easterling, Dickson, Senators Richardson, Hyde, Walker

### **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES PLAN**

Sec. 255. Counties participating in the Early Childhood Education and Development Initiatives authorized by Part 10B of Article 3 of Chapter 143B of the General Statutes, if enacted by the 1993 General Assembly by the effective date of this act, may use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the Department of Human Resources. The use of federal funds shall be consistent with the appropriate federal regulations. Day care providers shall, at a minimum, comply with the applicable requirements for State licensure or registration pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable requirements of State law or rule, including rules adopted for nonregistered day care by the Social Services Commission, and with applicable federal regulations.

Requested by: Senator Richardson, Representatives Easterling, Nye

### **CHILD DAY CARE REVOLVING LOAN FUND**

Sec. 256. Notwithstanding any law to the contrary, funds budgeted for the Child Day Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's cost of administering the program.

Requested by: Senator Richardson, Representatives Nye, Easterling

**EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES  
QUALITY ASSURANCE/ACCOUNTABILITY**

Sec. 257. (a) The General Assembly finds, in consultation with the Governor, that it is essential to begin to develop comprehensive programs that provide high quality early childhood education and development services locally for children and their families. The General Assembly also finds that it is equally essential that these programs be developed in a manner that will provide both quality assurance and performance-based accountability to the children, their families, their communities, and the State.

(b) The Department of Human Resources shall develop and implement a performance-based evaluation system to evaluate the Early Childhood Education and Development Initiatives authorized by Part 10B of Article 3 of Chapter 143B of the General Statutes, if enacted. The Department shall design this system:

- (1) To incorporate the elements of a formative evaluation, including process and efficiency studies, and of a summative evaluation, including outcome and effectiveness studies, in order to:
  - a. Provide information to the Department and to the General Assembly on how to improve and refine the Programs;
  - b. Enable the Department and the General Assembly to assess the overall quality and impact of the existing Programs and any future ones; and
  - c. Enable the Department and the General Assembly to determine whether to make the Early Childhood Education and Development Initiatives statewide;
- (2) To focus the Programs, as they develop and continue, on quality assurance, by making quality a central and on-going priority and to ensure that quality improvement efforts address outcomes, such as functions and processes, rather than persons, specific details, or paperwork;
- (3) To use reliable statistical methods to measure performance of processes, functions, efforts, and outcomes, which methods shall allow adequate tracking of children and families through the program and into the school system, in order to provide a real, objective measure of the outcome of the Programs; and
- (4) To provide a detailed fiscal analysis of the use to which State funds for these Programs are put.

(c) The Department shall report to the General Assembly by October 1, 1993, on the system it has developed, prior to the beginning of the system's implementation. It shall report every three months after that date on the implementation of the system and on the cumulative results of the evaluations as they occur. The Department shall present a final cumulative report to the General Assembly by February 1, 1995.

Requested by: Representatives Easterling, Nye, Dickson, Senators Richardson, Hyde, Walker

**HEALTH CENTERS' PURCHASE OF MEDICATIONS**

Sec. 258. Notwithstanding any provisions of law to the contrary, State rural health centers and federally funded community and migrant health centers shall be permitted to purchase medications by participating in contracts administered by the Department of Administration, Division of Purchase and Contracts.

Requested by: Senators Richardson, Hyde, Walker, Representatives Nye, Easterling, Dickson

**JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**

Sec. 259. Chapter 120 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 12I.

"Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives.

**"§ 120-70.90. Creation and membership of Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives.**

The Joint Legislative Oversight Committee on Early Childhood Education and Development Initiatives is established. The Committee consists of 12 members as follows:

- (1) Six members of the Senate appointed by the President Pro Tempore of the Senate; and
- (2) Six members of the House of Representatives appointed by the Speaker of the House of Representatives.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members, which begin on appointment and end on the day of the convening of the 1995 General Assembly. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

**"§ 120-70.91. Purpose and powers of Committee.**

(a) The Committee shall examine, on a continuing basis, the Early Childhood Education and Development Initiatives established by Section 254 of this act, in order to make ongoing recommendations to the General Assembly on ways to improve the provision of these programs and services. In this examination, the Committee shall study the budgets, programs, and policies of the 12 local projects, their development and implementation by the North Carolina Partnership for Children, Inc., and their oversight by the Department of Human Resources, to determine whether to recommend that the General Assembly should continue the Initiatives, expand them, or make them statewide and, if the Initiatives are continued, expanded, or made statewide, continue to study the budgets, programs, and policies of the Initiatives, their continued development and their oversight, to determine how to enable the Initiatives to provide the best, most cost-effective, and most equitable early childhood education and development services within the scope of the Initiatives' services and programs.

(b) At the same times and intervals the Department reports to the General Assembly pursuant to Section 257 of this act, the Department shall report to the Committee on the implementation of the Initiatives. After the final report presented pursuant to Section 257, the Department shall continue to report to the Committee every three months. If the Initiatives are discontinued, the Committee terminates.

(c) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

**"§ 120-70.92. Organization of Committee.**

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Committee. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is seven members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee.

(d) The Legislative Services Commission may allocate monies from available funds for the work of the Committee."

Requested by: Representatives Barnes, Easterling, Nye, Senators Richardson, Hyde, Walker

**STATE ABORTION FUND ELIGIBILITY CRITERIA**



Sec. 259.1. (a) The Social Services Commission shall adopt rules governing the eligibility of applicants to receive services under the State Abortion Fund. Eligibility for services shall be limited to women whose income is below the federal poverty level, as revised annually, or who are eligible for Medicaid, and:

- (1) The woman is a victim of rape or incest;
- (2) The woman is mentally retarded;
- (3) The woman is a minor;
- (4) A physician, selected by the woman, has advised that the woman's mental or physical health could be impaired by the pregnancy; or
- (5) A physician has determined that a fetal deformity is present.

(b) Except as otherwise provided under subsection (a) of this section, eligibility rules adopted by the Commission may not be based on the applicant's race, creed, color, national origin, marital status, age, or handicapping condition.

(c) Services provided under this section shall be in accordance with the provisions of G.S. 14-45.1 governing when abortion is lawful.

(d) No State funds in excess of one million two hundred twelve thousand dollars (\$1,212,000) per fiscal year shall be expended for the State Abortion Fund during the 1993-94 fiscal year or the 1994-95 fiscal year.

## **PART 24. DEPARTMENT OF AGRICULTURE**

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

### **TIMBER SALES FUNDS FOR MAINTENANCE OF STATE FARMS FOREST LANDS**

Sec. 260. From funds from the sale of timber deposited with the State Treasurer under G.S. 146-30 to the credit of the Department of Agriculture in a capital improvement account, the sum of twenty thousand dollars (\$20,000) is transferred to the Reserve for Forest Management for expenditure in fiscal year 1993-94, and the sum of twenty thousand dollars (\$20,000) is transferred to the Reserve for Forest Management for expenditure in fiscal year 1994-95. These sums are in addition to any funds already in that Reserve.

Requested by: Senators Kaplan, Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

### **CAPITAL BILL CONTENTS**

Sec. 260.1. G.S. 146-30 reads as rewritten:

#### **"§ 146-30. Application of net proceeds.**

(a) The net proceeds of any disposition made in accordance with this Subchapter shall be handled in accordance with the following priority: First, in accordance with the provisions of any trust or other instrument of title whereby title to such real property was heretofore acquired or is hereafter acquired; second, as provided by any other act of the General Assembly; third, the net proceeds shall be deposited with the State Treasurer. Provided, however, nothing herein shall be construed as prohibiting the disposition of any State lands by exchange for other lands, but if the appraised value in

fee simple of any property involved in the exchange is at least twenty-five thousand dollars (\$25,000), then such exchange may not be made without consultation with the Joint Legislative Commission on Governmental Operations.

(b) For the purposes of this Subchapter, the term 'net proceeds' means the gross amount received from the sale, lease, rental, or other disposition of any State lands, less

- (1) Such expenses incurred incident to that sale, lease, rental, or other disposition as may be allowed under rules and regulations adopted by the Governor and approved by the Council of State;
- (2) Amounts paid pursuant to G.S. 105-296.1, if any; and
- (3) A service charge to be paid into the State Land Fund.

(c) The amount or rate of such service charge shall be fixed by rules and regulations adopted by the Governor and approved by the Council of State, but as to any particular sale, lease, rental, or other disposition, it shall not exceed ten percent (10%) of the gross amount received from such sale, lease, rental, or other disposition. Notwithstanding any other provision of this Subchapter, the net proceeds derived from the sale of land or products of land owned by or under the supervision and control of the Wildlife Resources Commission, or acquired or purchased with funds of that Commission, shall be paid into the Wildlife Resources Fund. Provided, however, the net proceeds derived from the sale of land or timber from land owned by or under the supervision and control of the Department of Agriculture shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Agriculture, to be used for such specific capital improvement projects or other purposes as are provided by transfer of funds from those accounts in the ~~Current Operations~~ Capital Improvement Appropriations Act. Provided further, the net proceeds derived from the sale of park land owned by or under the supervision and control of the Department of Environment, Health, and Natural Resources shall be deposited with the State Treasurer in a capital improvement account to the credit of the Department of Administration to be used for the purpose of park land acquisition as provided by transfer of funds from those accounts in the ~~Current Operations~~ Capital Improvement Appropriations Act. In the ~~Current Operations~~ Capital Improvement Appropriations Act, line items for purchase of park and agricultural lands will be established for use by the Departments of Administration and Agriculture. The use of such funds for any specific capital improvement project or land acquisition is subject to approval by the Director of the Budget. No other use may be made of funds in these line items without approval by the General Assembly except for incidental expenses related to the project or land acquisition. Additionally with the approval of the Director of the Budget, either Department may request funds from the Contingency and Emergency Fund when the necessity of prompt purchase of available land can be demonstrated and funds in the capital improvement accounts are insufficient. Provided further, the net proceeds derived from the sale of any portion of the land in or around the unincorporated area known as Butner on or after July 1, 1980, shall be deposited with the State Treasurer in a capital improvement account to the credit of the Hospital to provide water and sewers and to bring those streets in the unincorporated area known as Butner not on the State highway system up to standards adequate for acceptance on the system, according to a

plan adopted by the Department of Administration, and the Office of State Budget and Management, with the approval of the Board of County Commissioners of Granville County, to build industrial access roads to industries on the Butner lands, to construct new city streets on the Butner lands, extend water and sewer service on the Butner lands, and repair storm drains on the Butner lands."

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter, Nesbitt, Easterling

### **GRASSROOTS SCIENCE PROGRAM**

Sec. 260.2. Of the funds appropriated in this act to the Department of Agriculture for the Grassroots Science Program, the sum of four hundred fifty thousand dollars (\$450,000) for fiscal year 1993-94 and the sum of four hundred fifty thousand dollars for fiscal year 1994-95 are allocated as grants-in-aid for each fiscal year as follows:

Catawba Science Center	\$50,000
Discovery Place	\$50,000
Imagination Station	\$50,000
North Carolina Museum of Life and Science	\$50,000
Rocky Mount Children's Museum	\$50,000
Schiele Museum of Natural History	\$50,000
Sci Works Science Center and Environmental Park of Forsyth County	\$50,000
Natural Science Center of Greensboro	\$50,000
Western North Carolina Nature Center	\$15,000
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$35,000

### **PART 25. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**

Requested by: Senator Martin of Pitt, Representatives DeVane, Bowman

#### **TECHNICAL REVIEW COMMITTEE APPOINTMENTS**

Sec. 261. G.S. 143-215.74B reads as rewritten:

#### **"§ 143-215.74B. Committee established.**

Detailed plans for implementing the program shall be reviewed and suggested changes and reasons therefor shall be given by a committee consisting of the Master of the North Carolina State Grange, President of the North Carolina Farm Bureau Federation, the North Carolina Commissioner of Agriculture, the Dean of the School of Agriculture and Life Sciences at North Carolina State University, the Dean of the School of Agriculture at North Carolina Agricultural and Technical State University, the Chairman of the State Soil and Water Conservation Commission, the President of the North Carolina Association of Soil and Water Conservation Districts, the Executive

Director of the Wildlife Resources ~~Commission,~~ Commission or a designee, and the Director of the Division of Marine Fisheries. ~~Fisheries or a designee.~~ The committee shall review the program prior to expenditure of any funds for the program. Certification documenting the committee's review of the program shall be made in writing to the Speaker of the House of Representatives, the President of the Senate, the Chairmen of the Appropriations Committees of the Senate and the House of Representatives, the Director of the Fiscal Research Division of the Legislative Services Office, and the Legislative Library."

Requested by: Senator Martin of Pitt, Representatives DeVane, Bowman

#### **HAZARDOUS WASTE INSPECTORS**

Sec. 262. As industry is permitted that is subject to G.S. 130A-295.02 requiring the establishment of resident inspectors, the Department of Environment, Health, and Natural Resources may request through the Office of State Budget and Management the authorization to establish new positions and support costs necessary to comply with G.S. 130A-295.02. The Department shall report these positions as a continuation item in its next biennial budget request.

Requested by: Representatives Gottovi, DeVane, Bowman, H. Hunter, Senators Martin of Pitt, Cochrane

#### **OYSTER MANAGEMENT**

Sec. 263. G.S. 143B-289.5 as amended by Chapter 8 of the 1993 Session Laws reads as rewritten:

**"§ 143B-289.5. Marine Fisheries Commission – members; selection; removal; compensation; quorum; services.**

(a) Members, Selection. – The Marine Fisheries Commission shall consist of ~~15~~ 17 members appointed by the Governor. The Governor shall select the members so that all the following interests are represented:

- (1) Four who shall at the time of appointment represent commercial fishing interests. Of the four, ~~three who~~ shall at the time of appointment be actively connected with and have experience in commercial fishing, as demonstrated by deriving at least fifty percent (50%) of earned income from taking and selling food resources living in coastal fishing waters. The spouse of a commercial fisherman may be appointed under this subdivision provided that either spouse meets the criteria set forth ~~herein;~~ herein. Of the four, one shall at the time of appointment be actively connected with and have experience in seafood processing and distribution as demonstrated by deriving at least fifty percent (50%) of earned income from activities involving processing and distributing seafood;
- (2) Four who shall at the time of appointment be actively connected with and have experience in sport fishing;
- (2a) Three who shall at the time of appointment represent shellfishing interests;

- (3) Three who shall at the time of appointment have special training and expertise in marine or estuarine sciences or the environment affecting the marine and estuarine resources;
- (4) ~~Two who shall at the time of appointment be actively connected with and have experience in seafood processing and distribution as demonstrated by deriving at least fifty percent (50%) of earned income from activities involving processing and distributing seafood;~~
- (5) ~~Two~~ Three at large who shall at the time of appointment have knowledge of and experience related to the subjects and persons regulated by the Commission.

In making appointments to and filling vacancies upon the Commission, the Governor shall give due consideration to securing appropriate representation of women and minorities.

(b) Terms. – Members shall serve staggered terms of office of six years. Commission members may continue to serve until their successors have been appointed. Each member of the Commission, before assuming the duties of his office, shall take an oath for the faithful performance of his duties.

(c) Vacancies. – Vacancies on the Commission occurring for any reason shall be filled by the Governor. Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term.

(d) Removal. – Commission members may be removed by the Governor for misconduct, incompetence, or neglect of duty. Regular attendance at Commission meetings is a duty of each member. The Commission shall develop procedures for declaring any seat on the Commission to be vacant upon failure by a member to perform his duty.

(e) Residential Qualifications. – In appointing four members of the Commission pursuant to G.S. 143B-289.5(a)(1), the Governor shall cause at least one resident of each of the following areas to be appointed: (1) Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Martin, Northampton, Pasquotank, Perquimans, Tyrrell and Washington Counties; (2) Beaufort, Hyde and Pamlico Counties; (3) Carteret, Craven and Jones Counties; (4) Bladen, Brunswick, Columbus, New Hanover, Onslow and Pender Counties. Persons appointed to the Commission seats created pursuant to ~~G.S. 143B-289.5(a)(4)~~ G.S. 143B-289.5(a)(2a) shall be residents of one of the counties listed above. No more than three members appointed by the Governor may reside in any of the areas defined above.

(f) Office May Be Held Concurrently With Others. – Membership on the Marine Fisheries Commission is hereby declared to be an office that may be held concurrently with other elective or appointive offices permitted to be held by one person under G.S. 128-1.1.

(g) Compensation. – Members of the Commission who are State officers or employees shall receive no per diem compensation for serving on the Commission, but shall be reimbursed for their expenses in accordance with G.S. 138-6. Members of the Commission who are full-time salaried public officers or employees other than State

officers or employees shall receive no per diem compensation for serving on the Commission, but shall be reimbursed for their expenses in accordance with G.S. 138-6 in the same manner as State officers or employees. All other Commission members shall receive per diem compensation and reimbursement in accordance with the compensation rate established in G.S. 93B-5.

(h) Quorum. – A majority of the Commission of the duly appointed members shall constitute a quorum for the transaction of business. No vacancy in the membership of the Commission shall impair the rights of a quorum to exercise all the rights and to perform all the duties of the Commission.

(i) Staff. – All clerical and other services required by the Commission shall be supplied by the Fisheries Director and the Department of Environment, Health, and Natural Resources.

(j) Legal Services. – The Attorney General shall act as attorney for the Commission and shall initiate actions in the name of, and at the request of, the Commission, and shall represent the Commission in the hearing of any appeal from or other review of any order of the Commission."

Requested by: Representatives Gottovi, DeVane, Bowman, H. Hunter, Senators Martin of Pitt, Cochran

#### **FUNDS TO STUDY EFFECTIVENESS OF CAMA**

Sec. 264. Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year shall be used for the Coastal Futures Committee, provided these funds are matched on the basis of two dollars (\$2.00) of non-State funds for every one dollar (\$1.00) of State funds, to be used to provide staff and materials in the Division of Coastal Management to coordinate the year-long efforts of the volunteer Committee. The purpose of the Committee is to manage a year-long comprehensive study of the successes and failures of the 20 years of the Coastal Area Management Act (CAMA).

Requested by: Senator Martin of Pitt, Representatives DeVane, Bowman

#### **FUNDS FOR VOLUNTARY REMEDIAL ACTIONS**

Sec. 265. (a) During the 1993-94 fiscal year, the Secretary of the Department of Environment, Health, and Natural Resources may contribute from the Inactive Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost, not to exceed fifty thousand dollars (\$50,000) per site, of implementing a voluntary remedial action program at up to three high priority sites that substantially endanger public health or the environment.

(b) No later than April 1, 1994, the Department of Environment, Health, and Natural Resources shall report to the General Assembly. This report shall contain the location of the sites for which a voluntary remedial action program was implemented under subsection (a) of this section, the rationale for the State contributing to the cost of that remedial action, and the amount of the contribution made from the Inactive Hazardous Sites Cleanup Fund.

Requested by: Senator Martin of Pitt, Representatives DeVane, Bowman

**SUPERFUND PROGRAM FUNDS**

Sec. 266. (a) The Department of Environment, Health, and Natural Resources may use available funds, with the approval of the Office of State Budget and Management, in order to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites. These funds may be in addition to those appropriated for this purpose.

(b) The Department of Environment, Health, and Natural Resources and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds.

Requested by: Representatives Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

**GOVERNOR'S WASTE MANAGEMENT BOARD'S ASSETS TRANSFERRED**

Sec. 267. All positions, property, unexpended balances of appropriations, allocations, and other refunds, including the functions of budgeting and purchasing, are transferred from the Governor's Waste Management Board to the Office of Environmental Education in the Department of Environment, Health, and Natural Resources.

Requested by: Senator Ballance, Representative DeVane

**HAZARDOUS WASTE REDUCTION AND MANAGEMENT PLAN**

Sec. 268. The Department of Environment, Health, and Natural Resources shall not approve any permit for a commercial hazardous waste incinerator or a commercial hazardous waste treatment facility until the Department has developed and adopted a hazardous waste reduction and management plan and has determined that additional commercial hazardous waste treatment capacity is needed.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**DENTAL HEALTH PROGRAM**

Sec. 269. G.S. 130A-366 reads as rewritten:

**"§ 130A-366. Department to establish dental health program.**

(a) The Department shall establish and administer a dental health program for the delivery of preventive, educational and dental care services to preschool children, school-age children, and adults. The program shall include, but not be limited to, providing teacher training, adult and child education, consultation, screening and referral, technical assistance, community coordination, field research and direct patient care. The primary emphasis of the program shall be the delivery of preventive, educational, and dental care services to preschool children and school-age children.

(b) The Commission shall adopt rules necessary to implement the program."

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**COMMUNICABLE DISEASE CONTROL AID TO COUNTIES FLEXIBILITY**

Sec. 270. (a) For the 1993-94 and 1994-95 fiscal years, the Department of Environment, Health, and Natural Resources may combine and allocate funds appropriated for Aid to Counties in the Acute Communicable Disease Control Fund, the Tuberculosis Control Fund, and the Sexually Transmitted Disease Control Fund into one Acute Communicable Disease Control Aid to Counties Grant. Communicable Disease Aid to Counties funding to local health departments and other authorized recipients will be based on a general communicable disease formula to be developed by the Department of Environment, Health, and Natural Resources.

(b) The Department of Environment, Health, and Natural Resources, in conjunction with local health departments, will maintain a system to monitor and identify Aid to Counties communicable disease expenditures by each communicable disease group. The Department shall report to the Joint Legislative Commission on Governmental Operations not later than October 1, 1994, on Aid to Counties expenditures by county for each communicable disease group and the purpose of the expenditures for the 1993-94 fiscal year. The report shall also include an evaluation of the effectiveness of combining Aid to Counties funding into one grant fund and the effectiveness of the formula used to allocate funds.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**PHARMACEUTICAL FUNDS/SEXUALLY TRANSMITTED DISEASE CONTROL PROGRAM**

Sec. 271. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, Division of Epidemiology, ninety thousand dollars (\$90,000) in each fiscal year of the biennium shall be transferred from the pharmaceuticals line item in the Tuberculosis Control Program to the pharmaceuticals line item in the Sexually Transmitted Disease Control Program.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**DWI TEST CHANGES**

Sec. 272. (a) Amounts collected under G.S. 20-16.5(j) for fiscal years 1993-94 and 1994-95 and designated for the alcohol testing program of the Injury Control Section of the Department of Environment, Health, and Natural Resources shall not revert to the General Fund unless the amounts exceed the amounts appropriated in subsection (b) of this section.

Beginning with the 1995-96 fiscal year, any funds collected under G.S. 20-16.5(j) that are designated for the alcohol testing program of the Injury Control Section of the Department of Environment, Health, and Natural Resources and are not needed for that program shall be transferred quarterly to the Governor's Highway Safety Program for grants to local law enforcement agencies for training concerning enforcement of the laws on driving while impaired. Except for amounts transferred during the fourth quarter of a fiscal year, the Governor's Highway Safety Program shall expend funds transferred to it under this section in the fiscal year in which they are



received. Amounts received by the Governor's Highway Safety Program during the fourth quarter of a fiscal year shall not revert and shall be expended by the following September 30.

(b) There is appropriated from the General Fund to the Department of Environment, Health, and Natural Resources the sum of one million ninety-six thousand eight hundred ninety-seven dollars (\$1,096,897) for the 1993-94 fiscal year and the sum of one million ninety-one thousand nine hundred seven dollars (\$1,091,907) for the 1994-95 fiscal year to fund the statewide chemical alcohol testing program administered by the Injury Control Section of the Department. If the revenues raised pursuant to subsection (a) of this section are less than one million ninety-six thousand eight hundred ninety-seven dollars (\$1,096,897) for the 1993-94 fiscal year or one million ninety-one thousand nine hundred seven dollars (\$1,091,907) for the 1994-95 fiscal year, the appropriations made in this subsection are reduced accordingly.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**ASBESTOS HAZARD MANAGEMENT FUNDS**

Sec. 273. The fees established and collected pursuant to Article 19 of Chapter 130A of the General Statutes are appropriated to the Department of Environment, Health, and Natural Resources to support the Asbestos Hazard Management Program.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**ELIGIBILITY STANDARDS FOR PARTICIPATION IN DEPARTMENT REIMBURSEMENT PROGRAMS ESTABLISHED**

Sec. 274. G.S. 130A-29(c) is amended by adding a new subdivision to read:

"(5a) Establishing eligibility standards for participation in Department reimbursement programs;".

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**MATERNAL AND CHILD HEALTH PROGRAM FUNDS DO NOT REVERT**

Sec. 275. (a) G.S. 130A-124 reads as rewritten:

**"§ 130A-124. Department to establish maternal and child health program.**

(a) The Department shall establish and administer a maternal and child health program for the delivery of preventive, diagnostic, therapeutic and habilitative health services to women of childbearing years, children and other persons who require these services. The program may include, but shall not be limited to, providing professional education and consultation, community coordination and direct care and counseling.

(b) The Commission shall adopt rules necessary to implement the program.

(c) Prior year refunds received by the Children's Special Health Services Program that are not encumbered or spent during a fiscal year shall not revert to the General Fund but shall remain in the Department for purchase of care and contracts in the Program. Funds appropriated for the purchase of care and contracts in the Program that are encumbered and not spent during a fiscal year shall not revert to the General

Fund but shall remain in the Department for the purchase of care and contracts in the Program."

(b) This section becomes effective June 30, 1993.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**ADOLESCENT PREGNANCY PREVENTION PROJECTS**

Sec. 276. Article 5 of Chapter 130A of the General Statutes is amended by adding the following new Part to read:

"Part 6. Adolescent Pregnancy Prevention Projects.

**"§ 130A-131.15. Department to establish program.**

(a) The Department shall establish and administer a program to distribute funds appropriated for adolescent pregnancy prevention projects.

(b) The Commission shall adopt rules necessary to implement the program.

(c) The Department shall evaluate all of the adolescent pregnancy projects funded as a result of this program at least yearly and shall report its findings to the Commission for Health Services, the Joint Legislative Commission on Governmental Operations, and the Chairmen of the House Appropriations Subcommittee on Natural and Economic Resources, and the Senate Appropriations Committee on Natural and Economic Resources by April 1 of each year. The evaluation shall be conducted by a firm or individual external to the Department. Any evaluation of these projects shall include a study of the effectiveness of the project in reducing the pregnancy rate within the target population.

(d) The Commission shall be responsible for monitoring the Department's administration of the Adolescent Pregnancy Prevention Program. The Department shall manage and fund the Adolescent Pregnancy Prevention Program projects as follows:

(1) Applications. Any local agency or organization or combination of agencies and organizations may apply to the Department for an allocation of money to operate a project aimed at preventing adolescent pregnancy. The application shall contain an analysis of the adolescent pregnancy and related problems in the locality the project would serve, and a description of how the project would attempt, over a period of at least five years, to prevent the problems. The application shall state how much money is needed to operate the project and how the money shall be spent. The Department shall conduct annually a proposal-writing session that shall be attended by a representative of any project that wishes to apply for funding; that session shall define the criteria for accountability and evaluation that the Department requires of projects. That session shall also provide information about additional funding sources to which projects might turn to satisfy the matching requirements of subdivision (5) of this subsection.

(2) Proposal Requirements. The Department shall apply the following minimum standards to projects applying for first-year funding:

a. Each project shall have a plan of action that extends for at least five years for prevention of adolescent pregnancy.

- b. Each project shall have realistic, specific, and measurable goals and objectives for the prevention of adolescent pregnancy.
  - c. Each project, before submitting its proposal, shall send a representative to the proposal-writing session held by the Department.
- (3) Operating Standards. The Department shall apply the following minimum operating standards:
- a. Each project shall have a Board of Advisors composed of members from outside the sponsoring agency of the project. The Board of Advisors shall include representatives from at least four of the following: media, government, charitable organizations, private business, and medical institutions. The Boards of Advisors shall meet at least quarterly and advise project staff on project policies and operations.
  - b. Each project shall comply with reporting, contracting, and evaluation requirements of the Department.
  - c. Each project shall define and maintain cooperative ties with other community institutions.
  - d. Each project shall demonstrate its ability to attract financial support from sources other than the State, including sources in the local community.
- (4) Criteria for Project Selection. For first-year funding, the Department shall choose from among the applicants that meet the minimum standards in subdivision (2) of this subsection the best selection of projects according to the following criteria:
- a. Adequacy of proposed staff to meet project objectives;
  - b. Appropriateness of project strategies to reduce adolescent pregnancy;
  - c. Level of community support, including endorsement from the appropriate local government entity and documentation from the appropriate local government entity and from community organizations that opportunity has been given for citizen input into the proposed program, and that there is community support for the proposal. Documentation may include letters or statements of support from citizens or community organizations, or statements that community support was expressed at public hearings. A public hearing is not required by this paragraph;
  - d. Degree of need of the locality, including that the county has a significant adolescent pregnancy problem as evidenced by its attributable risk score developed by the State Center for Health and Environmental Statistics; and
  - e. Other appropriate criteria.

The Department shall make its recommendations for funding to the Commission. The Commission shall make the final determination of which projects are to be funded. The Commission shall consider the recommendations of the Department but shall not be bound by them. The Commission shall notify the projects that are to be funded by June 1 of each year.

- (5) Schedule of Funding. If the Commission, upon consultation with the Department, finds that a project it has chosen for first-year funding continues to meet the operating standards of subdivisions (2) and (3) of this subsection, funding for that project shall continue, to the extent of available money, for an additional four years. The level of funding provided by the Department to approved projects shall be set according to the following schedule:
- a. First year, eighty percent (80%) of the project's annual budget not to exceed the maximum award established by the Commission for Health Services;
  - b. Second year, ninety percent (90%) of the State appropriations or federal block grant funds awarded in the first year;
  - c. Third year, seventy-five percent (75%) of the State appropriations or federal block grant funds awarded in the first year;
  - d. Fourth year, sixty-five percent (65%) of the State appropriations or federal block grant funds awarded in the first year; and
  - e. Fifth year, fifty percent (50%) of the State appropriations or federal block grant funds awarded in the first year.

The portion of a project's budget that must come from sources other than State or federal block grant funds may be provided as in-kind contributions as well as cash.

- (6) Five-Year Limit on Funding. No project shall receive State funding if it has previously received State funding for five full years. Any project that has received State funding before July 1, 1990, will be eligible for consideration for an additional five years' State support, according to the schedule. The Commission may fund any such project that meets the minimum standards if it determines, after considering the experience and impact of the project and measuring its application against those of other applicants, that it should be funded.
- (7) Maximum Level of Funding. The Commission for Health Services shall by rule determine the maximum annual amount that may be made to any one project.
- (8) As adolescent pregnancy prevention project grant funds decrease, a project shall maintain its original budget level, less the amount expended for start-up costs. The Department shall develop guidelines for determining start-up costs, which guidelines shall be uniform for all projects. Local match percentage may come from any in-kind

source or newly generated funds, public or private, available to the project."

Requested by: Senators Martin of Pitt, Hoyle, Representatives Bowman, DeVane

**LIABILITY INSURANCE PREMIUMS**

Sec. 277. (a) The Department of Environment, Health, and Natural Resources may use funds available from lapsed salaries to pay premiums for liability coverage for medical personnel as authorized in this act.

(b) The Office of State Budget and Management shall prepare a report on professional liability insurance for State medical personnel. The report shall include:

- (1) Identification of all State agencies, including the university system, which provide professional liability insurance for their medical personnel;
- (2) Whether the insurance identified in subdivision (1) of this section is provided through self-insurance by the State agency, through payment of insurance premiums, or by other means;
- (3) The annual cost of the insurance provided by the State agency, and the source of the funding used to pay this cost;
- (4) Whether personnel for whom each State agency provides the liability coverage are administrators or active medical practitioners; and
- (5) Types of medical personnel covered by the liability insurance provided by the State agency.

The Office of State Budget and Management shall submit the report required under this subsection to the Joint Legislative Commission on Governmental Operations not later than January 7, 1994.

Requested by: Representatives Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochran

**PURCHASE OF VACCINES FOR CHILDHOOD IMMUNIZATION**

Sec. 278. The Communicable Disease Section of the Division of Epidemiology, Department of Environment, Health, and Natural Resources, is encouraged to purchase vaccines for childhood immunizations from North Carolina pharmaceutical companies when these North Carolina companies offer comparable quality vaccines at the same or lower prices than non-State companies.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane, H. Hunter

**WIC PROGRAM FUNDS**

Sec. 279. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources for the Women, Infants, and Children Program (WIC), the sum of five hundred thousand dollars (\$500,000) in the 1993-94 fiscal year and the sum of one million two hundred thousand dollars (\$1,200,000) for the 1994-95 fiscal year shall, if sufficient federal food funds are available, be used for the WIC program as follows:

- (1) Not more than \$290,000 or not less than \$160,000 in the 1993-94 fiscal year, and not more than \$700,000 or not less than \$400,000 in the 1994-95 fiscal year to establish new WIC Programs in Head Start or other private or public nonprofit agencies to serve additional mothers, infants, and children. The Department shall utilize these funds for local program operations including staff to provide eligibility determination, nutrition education, and health care referrals. In selecting the new WIC programs, the Department shall consider accessibility to the target population including location and hours of operation.
- (2) Not more than \$210,000 or not less than \$80,000 in the 1993-94 fiscal year, and not more than \$500,000 or not less than \$200,000 in the 1994-95 fiscal year to renovate facilities of existing programs where space constraints limit program expansion, and to fund rental costs in areas where accessible donated space is not available. In selecting the facilities, the Department shall consider accessibility to the target population including location and extended hours of operation. In determining whether to fund rental of space, the Department shall ensure that options for using donated accessible space have been considered. Not more than \$65,000 of the funds allocated under this subdivision in the 1993-94 fiscal year, and not more than \$150,000 in the 1994-95 fiscal year shall be used for the rental of space.
- (3) Not more than \$105,000 or not less than \$40,000 in the 1993-94 fiscal year, and not more than \$250,000 or not less than \$100,000 in the 1994-95 fiscal year to purchase physician-prescribed special formulas and nutritional supplements for infants, children, and pregnant women.
- (4) Not more than \$60,000 or not less than \$20,000 in each fiscal year of the 1993-95 biennium to provide the required State match to the WIC farmers' market project.

If sufficient federal food funds are not available, then funds appropriated in this act for the WIC program shall be used to supplement federal food funds and any balance in funds remaining after such supplemental use shall be used in accordance with subdivisions (1) through (4) of this section to the extent that funds are available to meet the funding requirements of each subdivision.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane, H. Hunter  
**LEAD POISONING PREVENTION FUNDS**

Sec. 280. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources for the Women, Infants, and Children Program (WIC), the sum of three hundred thirty-one thousand ninety-five dollars (\$331,095) for the 1993-94 fiscal year and the sum of one million thirty-one thousand ninety-five dollars (\$1,031,095) for the 1994-95 fiscal year shall be allocated to the Lead Poisoning Prevention Program for early identification (blood screening for lead), medical management, and environment investigation and abatement. The funds

allocated pursuant to this section for the 1993-94 fiscal year shall be used for positions and operating expenses. Funds allocated pursuant to this section for the 1994-95 fiscal year shall be used for positions, operating expenses, and Aid-to-Counties.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane  
**COMMISSION FOR HEALTH SERVICES VACCINATION RULES**

Sec. 281. (a) The Commission for Health Services shall, pursuant to G.S. 130A-152 and G.S. 130A-433, adopt rules establishing reasonable fees for the administration of vaccines and rules limiting the requirements that can be placed on children, their parents, guardians, or custodians as a condition for receiving vaccines provided by the State. These rules shall become effective January 1, 1994.

(b) Effective January 1, 1994, G.S. 130A-433 reads as rewritten:

**"§ 130A-433. Contracts for purchase of vaccines; distribution; fee; rules.**

(a) Notwithstanding any law to the contrary, the Secretary may enter into contracts with the manufacturers and suppliers of covered vaccines and with other public entities either within or without the State for the purchase of covered vaccines and may provide for the distribution or sale of the covered vaccines to health care providers. Local health departments shall distribute the covered vaccines at the request of the Department. ~~The Secretary may charge a fee for providing a covered vaccine to a health care provider. The fee shall be set at an amount that covers the cost of the vaccine to the Department, plus the cost to the Department of storing and distributing the vaccine.~~ The Secretary shall adopt rules to implement this ~~Article.~~ Article except for subsection (b) of this section.

(b) A health care provider who receives vaccine from the State may charge no more ~~than the cost of the vaccine and a reasonable fee for the administration of the vaccine.~~ than a reasonable fee established by the Commission for Health Services for the administration of the vaccine. Vaccines provided by the State to local health departments for administration shall be administered at no cost to the patient."

Requested by: Representatives Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

### **IMMUNIZATION RECEIPTS**

Sec. 282. Immunization receipts received in the 1993-94 and 1994-95 fiscal years by the Department of Environment, Health, and Natural Resources for reimbursement for childhood vaccines provided to Medicaid recipients that exceed the Medicaid reimbursement amount established in the Department's continuation budget for the 1993-94 and 1994-95 fiscal years, and refunds from federal excise taxes on childhood vaccines may be used in the 1993-94 fiscal year and the 1994-95 fiscal year for the following purposes:

- (1) To push forward the schedule for providing measles, mumps, and rubella (MMR) vaccines to children ages 8 to 18;
- (2) To pay for the cost of purchasing approved vaccines if that cost exceeds the highest prices charged in the 1992-93 fiscal year; and

- (3) To partially fund an automated immunization registry system that will track the number and type of vaccines received by each child. Specified receipts that can be used for this purpose shall not exceed the amount unavailable from federal and private funds.

Any of these funds remaining on June 30, 1995, shall revert to the General Fund.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane, H. Hunter

**RURAL OBSTETRICAL CARE INCENTIVE**

Sec. 283. Of the eight hundred thousand dollars (\$800,000) appropriated in this act for the 1993-95 fiscal biennium to the Division of Maternal and Child Health, Department of Environment, Health, and Natural Resources, for the Rural Obstetrical Care Incentive Program, the Division may, each fiscal year, use four hundred thousand dollars (\$400,000) as follows:

- (1) To increase the maximum amount per provider per year to no more than seven thousand five hundred dollars (\$7,500);
- (2) To increase the number of counties served; and
- (3) To increase the maximum any county may receive each year.

General surgeons who provide cesarean section backup to family physicians in counties where there are no obstetricians or where there are no obstetricians willing or able to provide such backup are also eligible for the program. Physicians and certified nurse midwives covered under the Rural Obstetrical Care Incentive Program shall participate in an obstetrical care coverage plan developed by their local health department or community, migrant, or rural health center, and shall agree to provide services to pregnant women regardless of their ability to pay for the services.

Requested by: Representatives Diamont, Bowman, DeVane, H. Hunter, Senators Walker, Martin of Pitt, Cochrane

**INFANT MORTALITY FUNDS**

Sec. 284. (a) Of the funds appropriated in this act from the General Fund to the Department of Environment, Health, and Natural Resources for the Governor's Commission on the Reduction of Infant Mortality, the sum of fifty thousand dollars (\$50,000) for the 1993-94 fiscal year shall be used to contract with outside evaluators to determine the extent to which the public and private health, social services and mental health, developmental disabilities, and substance abuse services systems in each county meet the health needs of pregnant women and infants up to age one, and of children ages one to five. The study shall include, but not be limited to: an examination of the percentage of pregnant women in each county that receive early and continuous prenatal care; the extent to which eligible pregnant women, infants, and children are receiving nutritional supplements, case management and other necessary health, social, mental health, and other support services; and the extent to which children are receiving age-appropriate immunizations. The study shall determine what barriers, if any, exist in each county which prevent pregnant women, infants, and children under the age of five from receiving timely and necessary health services. The Governor's Commission on



the Reduction of Infant Mortality shall report its findings to the General Assembly on or before May 15, 1994.

(b) The Department of Environment, Health, and Natural Resources shall prepare a plan to ensure that local health departments are providing or arranging for the services necessary to meet the health care needs of pregnant women, infants, and children under age five. The plan shall include a description of rules, policies, and procedures, and any changes in State law, necessary to:

- (1) Identify counties in which excessive infant and child morbidity and mortality exist;
- (2) Provide local health departments in these identified counties with assistance in developing and implementing improvement plans; and
- (3) Ensure that these local health departments meet appropriate improvement goals.

In order to ensure that improvement goals are met, the Department's plan shall include a compliance system. The compliance system may include: heightened technical assistance; targeting of additional resources; withholding of federal or State funds; administrative changes, including formation of district health departments where appropriate; the appointment of caretaker administrators or public health boards; or any other measure necessary to ensure that the health care needs of pregnant women, infants, and children under age five are being met.

The Department of Environment, Health, and Natural Resources, Division of Maternal and Child Health, shall submit this report to the General Assembly no later than May 15, 1994.

(c) Of the funds appropriated in this act from the General Fund to the Department of Environment, Health, and Natural Resources, Division of Maternal and Child Health, the sum of three hundred seventy-five thousand dollars (\$375,000) for the 1993-94 fiscal year and the sum of seven hundred fifty thousand dollars (\$750,000) for the 1994-95 fiscal year shall be used to expand the existing Comprehensive Adolescent Health Projects. Ten additional grants will be available to be awarded each year of the biennium. To receive funding, each project must arrange for or provide preventive and primary medical care and mental health services, including, but not limited to: preventive services to delay early sexual involvement, treatment of minor problems and injuries, referrals and follow-up treatments for serious illnesses and injuries, referrals for alcohol and other drug abuse, sexually transmitted diseases, and immunizations. The Comprehensive Adolescent Health Care Projects shall be developed with the participation of the public schools, local health departments, area mental health programs, community migrant and rural health centers, private physicians, and other appropriate community programs.

Requested by: Representatives Easterling, Diamont, Bowman, DeVane, H. Hunter, Luebke, Senators Martin of Pitt, Cochrane

**CHILD FATALITY PREVENTION SYSTEM**

Sec. 285. (a) Article 62 of Chapter 143 of the General Statutes reads as rewritten:

"ARTICLE 62.

~~"North Carolina Child Fatality Review Team; North Carolina  
Child Fatality Task Force and Study. Prevention System.~~

**"§ 143-571. Declaration of public policy.**

The General Assembly finds that it is the public policy of this State to prevent the abuse and neglect of children and child deaths. The General Assembly further finds that the prevention of the abuse and neglect of children and child deaths is a community responsibility; that professionals from disparate disciplines have responsibilities for children and have expertise that can promote child safety and well-being; and that multidisciplinary reviews of the abuse and neglect of children and child deaths can lead to a greater understanding of the causes and methods of preventing these deaths. It is, therefore, the intent of the General Assembly, through this Article, to establish a ~~multidisciplinary task force to study the incidence and causes of child deaths and to develop a mechanism for multidisciplinary child death reviews.~~ It is further the intent of the General Assembly that the task force, based upon its study and its expertise, make recommendations to the General Assembly and the Governor for changes to law, rule, and policy that will support the safe and healthy development of our children. It is also the intent of the General Assembly to ~~establish a State Child Fatality Review Team to review certain child deaths.~~ a statewide multidisciplinary, multiagency child fatality prevention system, to be phased in by July 1, 1995, consisting of the State Team established in G.S. 143-575 and the Local Teams established in G.S. 143-576.1. The purpose of the system is to assess the records of selected cases in which children are being served by child protective services and the records of all deaths of children in North Carolina from birth to age 18 in order to (i) develop a community-wide approach to the problem of child abuse and neglect, (ii) understand the causes of childhood deaths, (iii) identify any gaps or deficiencies that may exist in the delivery of services to children and their families by public agencies that are designed to prevent future child abuse, neglect, or deaths, and (iv) make and implement recommendations for changes to laws, rules, and policies that will support the safe and healthy development of our children and prevent future child abuse, neglect, and deaths.

**"§ 143-572. Definitions.**

The following definitions apply in this Article:

- (1) ~~Local team.~~—~~A local multidisciplinary child abuse and neglect review team established for a county.~~ Team. – A Community Child Protection Team or a Child Fatality Prevention Team.
- (2) ~~State Team.~~ – The North Carolina Child Fatality ~~Review~~Prevention Team.
- (3) ~~Task Force.~~ – The North Carolina Child Fatality Task Force.
- (4) ~~Team Coordinator.~~ – The Child Fatality Prevention Team Coordinator.
- (5) ~~Additional Child Fatality.~~ – Any death of a child that did not result from suspected abuse or neglect and about which no report of abuse or neglect had been made to the county department of social services within the previous 12 months.

**"§ 143-573. Task Force – creation; membership; vacancies.**

(a) There is created the North Carolina Child Fatality Task Force within the Department of Environment, Health, and Natural Resources for budgetary purposes only.

(b) The Task Force shall be composed of ~~29~~30 members, 12 of whom shall be ex officio members, ~~three~~four of whom shall be appointed by the Governor, seven of whom shall be appointed by the Speaker of the House of Representatives, and seven of whom shall be appointed by the President Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner may designate representatives from their particular departments, divisions, or offices to represent them on the Task Force. The members shall be as follows:

- (1) The Chief Medical Examiner;
- (2) The Attorney General;
- (3) The Director of the Division of Social Services;
- (4) The Director of the State Bureau of Investigation;
- (5) The Director of the Division of Maternal and Child Health of the Department of Environment, Health, and Natural Resources;
- (6) The Director of the Governor's Youth Advocacy and Involvement Office;
- (7) The Superintendent of Public Instruction;
- (8) The Chairman of the State Board of Education;
- (9) The Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services;
- (10) The Secretary of the Department of Human Resources;
- (11) The Secretary of the Department of Environment, Health, and Natural Resources;
- (11.1) The Director of the Administrative Office of the Courts;
- (12) A director of a county department of social services appointed by the Governor upon recommendation of the President of the North Carolina Association of County Directors of Social Services;
- (13) A representative from a Sudden Infant Death Syndrome counseling and education program appointed by the Governor upon recommendation of the Director of the Division of Maternal and Child Health of the Department of Environment, Health, and Natural Resources;
- (14) A representative from the North Carolina Child Advocacy Institute appointed by the Governor upon recommendation of the President of the Institute;
- (14.1) A director of a local department of health, appointed by the Governor upon the recommendation of the President of the North Carolina Association of Local Health Directors;
- (15) A representative from a private group, other than the North Carolina Child Advocacy Institute, that advocates for children, appointed by the Speaker of the House of Representatives upon recommendation of private child advocacy organizations;

- (16) A pediatrician, licensed to practice medicine in North Carolina, appointed by the Speaker of the House of Representatives upon recommendation of the North Carolina Pediatric Society;
- (17) A representative from the North Carolina League of Municipalities appointed by the Speaker of the House of Representatives upon recommendation of the League;
- (18) Two public members appointed by the Speaker of the House of Representatives;
- (19) A county or municipal law enforcement officer appointed by the President Pro Tempore of the Senate upon recommendation of organizations that represent local law enforcement officers;
- (20) A district attorney appointed by the President Pro Tempore of the Senate upon recommendation of the President of the North Carolina Conference of District Attorneys;
- (21) A representative from the North Carolina Association of County Commissioners appointed by the President Pro Tempore of the Senate upon recommendation of the Association;
- (22) Two public members appointed by the President Pro Tempore of the Senate; and
- (23) Two members of the Senate appointed by the President Pro Tempore of the Senate and two members of the House of Representatives appointed by the Speaker of the House of Representatives.

(c) All members of the Task Force are voting members. Vacancies in the appointed membership shall be filled by the appointing officer who made the initial appointment. The Speaker of the House of Representatives shall call the first meeting no later than October 1, 1991. At the first meeting the members shall elect a chair who shall preside for the duration of the Task Force.

**"§ 143-574. Task Force – duties.**

The Task Force shall:

- (1) Undertake a statistical study of the incidence and causes of child deaths in this State during 1988 and 1989, and establish a profile of child deaths. The study shall include (i) an analysis of all community and private and public agency involvement with the decedents and their families prior to death, and (ii) an analysis of child deaths by age, cause, and geographic distribution;
- (2) Develop a system for multidisciplinary review of child deaths. In developing such a system, the Task Force shall study the operation of existing local teams. The Task Force shall also consider the feasibility and desirability of local or regional review teams and, should it determine such teams to be feasible and desirable, develop guidelines for the operation of the teams. The Task Force shall also examine the laws, rules, and policies relating to confidentiality of and access to information that affect those agencies with responsibilities for children, including State and local health, mental health, social

services, education, and law enforcement agencies, to determine whether those laws, rules, and policies inappropriately impede the exchange of information necessary to protect children from preventable deaths, and, if so, recommend changes to them;

- (3) Receive and consider reports from the State Team; and
- (4) Perform any other studies, evaluations, or determinations the Task Force considers necessary to carry out its mandate.

**"§ 143-575. State Team – creation; membership; vacancies.**

(a) There is created the North Carolina Child Fatality ~~Review~~Prevention Team within the Department of Environment, Health, and Natural Resources for budgetary purposes only.

(b) The State Team shall be composed of ~~nine~~eleven members of whom ~~eight~~nine members are ex officio and ~~one~~is two are appointed. The ex officio members other than the Chief Medical Examiner may designate a representative from their departments, divisions, or offices to represent them on the State Team.

- (1) The Chief Medical Examiner, who shall chair the State Team;
- (2) The Attorney General;
- (3) The Director of the Division of Social ~~Services~~Services, Department of Human Resources;
- (4) The Director of the State Bureau of Investigation;
- (5) The Director of the Division of Maternal and Child Health ~~Division~~ of the Department of Environment, Health, and Natural Resources;
- (6) The Superintendent of Public Instruction;
- (7) The Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse ~~Services~~and Services, Department of Human Resources;
- (7.1) The Director of the Administrative Office of the Courts;
- (8) The pediatrician appointed pursuant to G.S. 143-573(b)(16) to the Task ~~Force~~Force;
- (9) A public member, appointed by the Governor; and
- (10) The Team Coordinator.

(c) All members of the State Team are voting members. Vacancies in the appointed membership shall be filled by the appointing officer who made the initial appointment.

**"§ 143-576. State Team – duties.**

The State Team shall:

- (1) Review current deaths of children when those deaths are attributed to child abuse or neglect or when the decedent was reported as an abused or neglected juvenile pursuant to G.S. 7A-543 at any time before death; ~~and~~
- (2) Report to the Task Force during the existence of the Task Force, in the format and at the time required by the Task Force, on the State Team's activities and its recommendations for changes to any law, rule, and policy that would promote the safety and well-being of children; ~~and~~

- (3) Upon request of a ~~local team~~, Local Team, provide technical assistance to the ~~team~~-Team;
- (4) Periodically assess the operations of the multidisciplinary child fatality prevention system, and make recommendations for changes as needed;
- (5) Work with the Team Coordinator to develop guidelines for selecting child deaths to receive detailed, multidisciplinary death reviews by Local Teams that review cases of additional child fatalities; and
- (6) Receive reports of findings and recommendations from Local Teams that review cases of additional child fatalities, and work with the Team Coordinator to implement recommendations.

**"§ 143-576.1. Community Child Protection Teams; Child Fatality Prevention Teams; creation and duties.**

(a) Community Child Protection Teams are established in every county of the State. Each Community Child Protection Team shall:

- (1) Review, in accordance with the procedures established by the director of the county department of social services under G.S. 143-576.4:
  - a. Selected active cases in which children are being served by child protective services; and
  - b. Cases in which a child died as a result of suspected abuse or neglect, and
    - 1. A report of abuse or neglect has been made about the child or the child's family to the county department of social services within the previous 12 months, or
    - 2. The child or the child's family was a recipient of child protective services within the previous 12 months.
- (2) Submit annually to the board of county commissioners recommendations, if any, and advocate for system improvements and needed resources where gaps and deficiencies may exist.

In addition, each Community Child Protection Team may review the records of all additional child fatalities and report findings in connection with these reviews to the Team Coordinator.

(b) Any Community Child Protection Team that determines it will not review additional child fatalities shall notify the Team Coordinator. In accordance with the plan established under G.S. 143-576.3(1), a separate Child Fatality Prevention Team shall be established in that county to conduct these reviews. Each Child Fatality Prevention Team shall:

- (1) Review the records of all cases of additional child fatalities.
- (2) Submit annually to the board of county commissioners recommendations, if any, and advocate for system improvements and needed resources where gaps and deficiencies may exist.
- (3) Report findings in connection with these reviews to the Team Coordinator.

(c) All reports to the Team Coordinator under this section shall include:

- (1) A listing of the system problems identified through the review process, and recommendations for preventive actions;
- (2) Any changes that resulted from the recommendations made by the Local Team;
- (3) Information about each death reviewed; and
- (4) Any additional information requested by the Team Coordinator.

**"§ 143-576.2. Local Teams; composition.**

(a) Each Local Team shall consist of representatives of public and nonpublic agencies in the community that provide services to children and their families and other individuals who represent the community. No single team shall encompass a geographic or governmental area larger than one county.

(b) Each Local Team shall consist of the following persons:

- (1) The director of the county department of social services, and a member of the director's staff;
- (2) A local law enforcement officer, appointed by the board of county commissioners;
- (3) An attorney from the district attorney's office, appointed by the district attorney;
- (4) The executive director of the local community action agency, as defined by the Division of Economic Opportunity, Department of Human Resources, or the executive director's designee;
- (5) The superintendent of each local school administrative unit located in the county, or the superintendent's designee;
- (6) A member of the county board of social services, appointed by the chair of that board;
- (7) A local mental health professional, appointed by the director of the area authority established under Chapter 122C of the General Statutes;
- (8) The local guardian **ad litem** coordinator, or the coordinator's designee;
- (9) The director of the local department of public health; and
- (10) A local health care provider, appointed by the local board of health.

In addition, a Local Team that reviews the records of additional child fatalities shall include the following four additional members:

- (1) An emergency medical services provider or firefighter, appointed by the board of county commissioners;
- (2) A district court judge, appointed by the chief district judge in that district;
- (3) A county medical examiner, appointed by the Chief Medical Examiner;
- (4) A representative of a local day care facility or Head Start program, appointed by the director of the county department of social services; and
- (5) A parent of a child who died before reaching the child's eighteenth birthday, to be appointed by the board of county commissioners.

The Team Coordinator shall serve as an ex officio member of each Local Team that reviews the records of additional child fatalities. The board of county commissioners may appoint a maximum of five additional members to represent county agencies or the community at large to serve on any Local Team. Vacancies on a Local Team shall be filled by the original appointing authority.

(c) Each Local Team shall elect a member to serve as chair at the Team's pleasure.

(d) Each Local Team shall meet at least four times each year.

(e) The director of the local department of social services shall call the first meeting of the Community Child Protection Team. The director of the local department of health, upon consultation with the Team Coordinator, shall call the first meeting of the Child Fatality Prevention Team. Thereafter, the chair of each Local Team shall schedule the time and place of meetings, in consultation with these directors, and shall prepare the agenda. The chair shall schedule Team meetings no less often than once per quarter and often enough to allow adequate review of the cases selected for review. Within three months of election, the chair shall participate in the appropriate training developed under this Article.

**"§ 143-576.3. Child Fatality Prevention Team Coordinator; duties.**

The Child Fatality Prevention Team Coordinator shall serve as liaison between the State Team and the Local Teams that review records of additional child fatalities and shall provide technical assistance to these Local Teams. The Team Coordinator shall:

- (1) Develop a plan to establish Local Teams that review the records of additional child fatalities in each county by July 1, 1995.
- (2) Develop model operating procedures for these Local Teams that address when public meetings should be held, what items should be addressed in public meetings, what information may be released in written reports, and any other information the Team Coordinator considers necessary.
- (3) Provide structured training for these Local Teams at the time of their establishment, and continuing technical assistance thereafter.
- (4) Provide statistical information on all child deaths occurring in each county to the appropriate Local Team, and assure that all child deaths in a county are assessed through the multidisciplinary system.
- (5) Monitor the work of these Local Teams.
- (6) Receive reports of findings, and other reports that the Team Coordinator may require, from these Local Teams.
- (7) Report the aggregated findings of these Local Teams to each Local Team that reviews the records of additional child fatalities and to the State Team.
- (8) Evaluate the impact of local efforts to identify problems and make changes.

**"§ 143-576.4. Community Child Protection Teams; duties of the director of the county department of social services.**



In addition to any other duties as a member of the Community Child Protection Team, and in connection with the reviews under G.S. 143-576.1(a)(1), the director of the county department of social services shall:

- (1) Assure the development of written operating procedures in connection with these reviews, including frequency of meetings, confidentiality policies, training of members, and duties and responsibilities of members;
- (2) Assure that the Team defines the categories of cases that are subject to its review;
- (3) Determine and initiate the cases for review;
- (4) Bring for review any case requested by a Team member;
- (5) Provide staff support for these reviews;
- (6) Maintain records, including minutes of all official meetings, lists of participants for each meeting of the Team, and signed confidentiality statements required under G.S. 143-578, in compliance with applicable rules and law; and
- (7) Report quarterly to the county board of social services, or as required by the board, on the activities of the Team.

**"§ 143-576.5. Local Teams; duties of the director of the local department of health.**

In addition to any other duties as a member of the Local Team, and in connection with reviews of additional child fatalities, the director of the local department of health shall:

- (1) Distribute copies of the written procedures developed by the Team Coordinator under G.S. 143-576.3 to the administrators of all agencies represented on the Local Team and to all members of the Local Team;
- (2) Maintain records, including minutes of all official meetings, lists of participants for each meeting of the Local Team, and signed confidentiality statements required under G.S. 143-578, in compliance with applicable rules and law;
- (3) Provide staff support for these reviews; and
- (4) Report quarterly to the local board of health, or as required by the board, on the activities of the Local Team.

**"§ 143-576.6. Community Child Protection Teams; responsibility for training of team members.**

The Division of Social Services, Department of Human Resources, shall develop and make available, on an ongoing basis, for the members of Local Teams that review active cases in which children are being served by child protective services, training materials that address the role and function of the Local Team, confidentiality requirements, an overview of child protective services law and policy, and Team record keeping.

**"§ 143-577. Task Force – reports.**

(a) The Task Force shall provide a preliminary report to the Governor and General Assembly, within the first week of the convening of the 1992 Session of the 1991 General Assembly. This preliminary report shall contain at least a summary of

preliminary conclusions and recommendations for each of the Task Force's duties, as well as any other recommendations for changes to any law, rule, and policy that it has determined will promote the safety and well-being of children. Any recommendations of changes to law, rule, or policy shall be accompanied by specific legislative or policy proposals and detailed fiscal notes setting forth the costs to the State.

(b) The Task Force shall provide updated reports to the Governor and General Assembly within the first week of the convening of the 1993 General Assembly and within the first week of the convening of the 1994 Session of the 1993 General Assembly. The Task Force shall provide a final report to the Governor and General Assembly within the first week of the convening of the 1995 General Assembly. The final report shall include final conclusions and recommendations for each of the Task Force's duties, as well as any other recommendations for changes to any law, rule, and policy that it has determined will promote the safety and well-being of children. Any recommendations of changes to law, rule, or policy shall be accompanied by specific legislative or policy proposals and detailed fiscal notes setting forth the costs to the State.

(c) After the Task Force provides its final report to the Governor and General Assembly, the Task Force shall cease to be in existence.

**"§ 143-578. Access to records.**

~~The Task Force and State Team~~ (a) The State Team, the Local Teams, and the Task Force during its existence, shall have access to all medical records, hospital records, and records maintained by this State, any county, or any local agency as necessary to carry out the purposes of this Article, including police investigations data, medical examiner investigative data, health records, mental health records, and social services records. The State Team, the Task Force, and the Local Teams shall not, as part of the reviews authorized under this Article, contact, question, or interview the child, the parent of the child, or any other family member of the child whose record is being reviewed. Any member of a Local Team may share, only in an official meeting of that Local Team, any information available to that member that the Local Team needs to carry out its duties.

~~Task Force and State Team meetings~~ (b) Meetings of the State Team and the Local Teams are not subject to the provisions of Article 33C of Chapter 143 of the General Statutes. However, the Local Teams may hold periodic public meetings to discuss, in a general manner not revealing confidential information about children and families, the findings of their reviews and their recommendations for preventive actions. Minutes of all public meetings, excluding those of executive sessions, shall be kept in compliance with Article 33C of Chapter 143 of the General Statutes. Any minutes or any other information generated during any executive session shall be sealed from public inspection.

(c) All otherwise confidential information and records acquired by the ~~Task Force or State Team~~ State Team, the Local Teams, and the Task Force during its existence, in the exercise of their duties are confidential; are not subject to discovery or introduction into evidence in any proceedings; and may only be disclosed as necessary to carry out the purposes of the State Team, the Local Teams, and the Task Force. In addition, all otherwise confidential information and records created by a Local Team in

the exercise of its duties are confidential; are not subject to discovery or introduction into evidence in any proceedings; and may only be disclosed as necessary to carry out the purposes of the Local Team. No member of the Task Force, State Team, or person who attends such a meeting State Team, a Local Team, nor any person who attends a meeting of the State Team or a Local Team, may testify in any proceeding about what transpired at the meeting, about information presented at the meeting, or about opinions formed by the person as a result of the meetings. This section does subsection shall not, however, prohibit a person from testifying in a civil or criminal action about matters within that person's independent knowledge.

(d) Each member of a Local Team and invited participant shall sign a statement indicating an understanding of and adherence to confidentiality requirements, including the possible civil or criminal consequences of any breach of confidentiality.

(e) Cases receiving child protective services at the time of review by a Local Team shall have an entry in the child's protective services record to indicate that the case was received by that Team. Additional entry into the record shall be at the discretion of the director of the county department of social services.

(f) The Social Services Commission shall adopt rules to implement this section in connection with reviews conducted by Community Child Protection Teams. The Health Services Commission shall adopt rules to implement this section in connection with Local Teams that review additional child fatalities. In particular, these rules shall allow information generated by an executive session of a Local Team to be accessible for administrative or research purposes only.

**"§ 143-579. Administration; funding.**

(a) To the extent of funds available, the Chairs of the Task Force and State Team may hire staff or consultants to assist the Task Force and the State Team in completing their duties.

(b) Members, staff, and consultants of the Task Force or State Team shall receive travel and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6, as the case may be, paid from funds appropriated to implement this Article and within the limits of those funds.

(c) With the approval of the Legislative Services Commission, legislative staff and space in the Legislative Building and the Legislative Office Building may be made available to the Task Force."

(b) G.S. 143-573 is repealed.

(c) G.S. 143-574 is repealed.

(d) G.S. 143-577 is repealed.

(e) Subsections (b), (c), and (d) of this section become effective February 1, 1995. The rest of this section is effective upon ratification of this act.

Requested by: Representatives Wainwright, Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

**ON-SITE WASTEWATER SYSTEMS**

Sec. 286. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of twenty-five thousand dollars

(\$25,000) for the 1993-94 fiscal year and the sum of twenty-five thousand dollars (\$25,000) for the 1994-95 fiscal year shall be used to support county alternative on-site sewage system demonstration projects in Eastern North Carolina established prior to 1990. Such projects shall have a technical advisory committee and shall develop and monitor innovative and alternative on-site sewage treatment systems and proper management operating schemes. In addition, such projects shall provide the Department with interim reports on program data collected and information on the use of the funds appropriated pursuant to this section.

Requested by: Representatives Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

### **IMMUNIZATION PLAN**

Sec. 287. The Department of Environment, Health, and Natural Resources shall prepare an eight-year plan for implementation of the statewide immunization program. The plan shall identify:

- (1) Major program goals,
- (2) Major implementation actions to be completed each year,
- (3) Annual cost of program implementation by vaccine type, personnel and support, and other costs,
- (4) Funding sources, and
- (5) Population to be served each year.

The plan shall be provided to the Joint Legislative Commission on Governmental Operations not later than November 1, 1993.

Requested by: Representatives Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

### **CANCER COORDINATION AND CONTROL**

Sec. 288. Article 1B of Chapter 130A of the General Statutes is amended by adding a new Part to read:

"Part 4. Advisory Committee on Cancer Coordination and Control.

#### **"§ 130A-33.50. Advisory Committee on Cancer Coordination and Control established; membership, compensation.**

(a) The Advisory Committee on Cancer Coordination and Control is created in the Department of Environment, Health, and Natural Resources.

(b) The Committee shall have 24 members, including the Secretary of the Department of Environment, Health, and Natural Resources, who shall chair the Committee. The members of the Committee shall elect a vice-chair from among the Committee membership. The Committee shall meet at the call of the chair. Six of the members shall be legislators, three of whom shall be appointed by the Speaker of the House of Representatives, and three of whom shall be appointed by the President Pro Tempore of the Senate. Two of the members shall be cancer survivors, one of whom shall be appointed by the Speaker of the House of Representatives, and one of whom shall be appointed by the President Pro Tempore of the Senate. The remainder of the members shall be appointed by the Governor as follows:

- (1) One member from the Department of Environment, Health, and Natural Resources;
- (2) Three members, one from each of the following: the Department of Human Resources, the Department of Public Instruction, and the North Carolina Community College System;
- (3) Four members representing the cancer control programs at North Carolina medical schools, one from each of the following: the University of North Carolina at Chapel Hill School of Medicine, the Bowman Gray School of Medicine, the Duke University School of Medicine, and the East Carolina University School of Medicine;
- (4) One member who is an oncology nurse representing the North Carolina Nurses Association;
- (5) One member representing the Cancer Committee of the North Carolina Medical Society;
- (6) One member representing the Old North State Medical Society;
- (7) One member representing the American Cancer Society, North Carolina Division, Inc.;
- (8) One member representing the North Carolina Hospital Association;
- (9) One member representing the North Carolina Association of Local Health Directors;
- (10) One member who is a primary care physician licensed to practice medicine in North Carolina.

Except for the Secretary of the Department of Environment, Health, and Natural Resources, the members shall be appointed for staggered four-year terms and until their successors are appointed and qualify. However, the following appointees shall serve initial two-year terms: two of the legislators appointed by the Speaker of the House of Representatives; one of the legislators appointed by the President Pro Tempore of the Senate; the cancer survivor appointed by the President Pro Tempore of the Senate; and the members representing the Department of Human Resources, the Department of Public Instruction, the University of North Carolina at Chapel Hill School of Medicine, the Bowman Gray School of Medicine, the Cancer Committee of the North Carolina Medical Society, the Old North State Medical Society, the North Carolina Hospital Association, and the North Carolina Association of Local Health Directors. The Governor may remove any member of the Committee from office in accordance with the provisions of G.S. 143B-13. Members may succeed themselves for one term and may be appointed again after being off the Committee for one term.

(c) The Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Governor shall make their appointments to the Committee not later than 30 days after the adjournment of the 1993 Regular Session of the General Assembly. A vacancy on the Committee shall be filled by the original appointing authority, using the criteria set out in this section for the original appointment.

(d) To the extent that funds are made available, members of the Committee shall receive per diem and necessary travel and subsistence expenses in accordance with G.S. 138-5.

(e) A majority of the Committee shall constitute a quorum for the transaction of its business.

(f) The Committee may use funds allocated to it to employ an administrative staff person to assist the Committee in carrying out its duties. The Secretary of Environment, Health, and Natural Resources shall provide clerical and other support staff services needed by the Committee.

**"§ 130A-33.51. Advisory Committee on Cancer Coordination and Control; responsibilities.**

(a) The Advisory Committee on Cancer Coordination and Control has the following responsibilities:

- (1) To recommend to the Secretary a plan for the statewide implementation of an interagency comprehensive coordinated cancer control program;
- (2) To identify and examine the limitations and problems associated with existing laws, regulations, programs, and services related to cancer control;
- (3) To examine the financing and access to cancer control services for North Carolina's citizens, and advise the Secretary on a coordinated and efficient use of resources;
- (4) To identify and review health promotion and disease prevention strategies relating to the leading causes of cancer mortality and morbidity;
- (5) To recommend standards for:
  - a. Oversight and development of cancer control services;
  - b. Development and maintenance of interagency training and technical assistance in the provision of cancer control services;
  - c. Program monitoring and data collection;
  - d. Statewide evaluation of locally based cancer control programs;
  - e. Coordination of funding sources for cancer control programs;
  - and
  - f. Procedures for awarding grants to local agencies providing cancer control services.

(b) The Committee shall submit a written report not later than May 1, 1994, and not later than October 1 of each subsequent year, to the Governor and to the Joint Legislative Commission on Governmental Operations. The report shall address the progress in implementation of a cancer control program. The report shall include an accounting of funds expended and anticipated funding needs for full implementation of recommended programs."

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

**SOIL AND WATER CONSERVATION DISTRICT SUPERVISORS' EXPENSES**

Sec. 289. Of the funds appropriated in this act to the Division of Soil and Water Conservation, Department of Environment, Health, and Natural Resources, two

hundred eighty-nine thousand five hundred ninety-four dollars (\$289,594) for the 1993-94 fiscal year and two hundred eighty-nine thousand five hundred ninety-four dollars (\$289,594) for the 1994-95 fiscal year shall be used for the per diem and travel expenses of the Soil and Water Conservation District Supervisors.

Requested by: Senator Martin of Pitt, Representatives DeVane, Bowman

**SALES TAX TRANSFER TO WILDLIFE RESOURCES FUND**

Sec. 290. (a) 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.**

Each fiscal year, 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 ~~two million eight hundred thirty four thousand six hundred seventy five dollars (\$2,834,675)~~ three million seven hundred thirty-one thousand one hundred sixteen dollars (\$3,731,116) 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.~~ year plus the cost of any legislative salary increase for employees of the Wildlife Resources Commission."

(b) G.S. 105-164.44B, as amended by subsection (a) of this section, reads as rewritten:

**"§ 105-164.44B. Transfer to Wildlife Resources Fund of taxes on hunting and fishing supplies and equipment.**

Each fiscal year, 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 ~~three million seven hundred thirty one thousand one hundred sixteen dollars (\$3,731,116)~~ the amount transferred the preceding fiscal year 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 plus the cost of any legislative salary increase for employees of the Wildlife Resources Commission.~~ year."

(c) Subsection (a) of this section expires June 30, 1994.

(d) Subsection (b) of this section becomes effective July 1, 1994.

Requested by: Senator Martin of Pitt, Representatives DeVane, Bowman

**COASTAL BOATING GUIDE**

Sec. 291. The Wildlife Resources Commission shall use funds available to it for the 1993-94 fiscal year to publish and distribute the North Carolina Coastal Boating Guide.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane, James

**DISMAL SWAMP STATE PARK**

Sec. 292. (a) During the 1994-95 fiscal year, the Division of Parks and Recreation, Department of Environment, Health, and Natural Resources shall update the master plan for the Dismal Swamp State Park. This update shall be conducted with public participation, including a public hearing.

(b) The Division of Parks and Recreation shall ensure that the fire lines in the Dismal Swamp State Park are adequately maintained for fire suppression purposes.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**B.R.I.D.G.E. YOUTHFUL OFFENDERS/PARK MAINTENANCE**

Sec. 293. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, Division of Parks and Recreation, for the pilot program to supervise county jail inmates working in State parks, one hundred thousand dollars (\$100,000) for the 1993-94 fiscal year and one hundred thousand dollars (\$100,000) for the 1994-95 fiscal year shall be allocated to the Division of Forest Resources to establish and support two positions for the B.R.I.D.G.E. Youthful Offenders Program (the Building, Rehabilitating, Instructing, Developing, Growing, and Employing Youthful Offenders Program) and for Program operating expenses. The Division of Forest Resources shall enter into an agreement with the Division of Parks and Recreation whereby the Division of Forest Resources shall use B.R.I.D.G.E. youthful offenders to perform maintenance and repairs in State parks.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**PARKS RECEIPTS**

Sec. 294. The Department of Environment, Health, and Natural Resources shall use any overrealized receipts from the Division of Parks and Recreation's sale of pine straw, timber, or any other forest products for the maintenance of State parks and State reservoirs.

**PART 26. DEPARTMENT OF COMMERCE**

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**MCNC**

Sec. 295. (a) MCNC shall provide quarterly reports on all of its programs to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. These reports shall include information on the activities and accomplishments during the past fiscal year, itemized expenditures during the past fiscal year with sources of funding, planned activities, and accomplishments for at least the next 12 months, and itemized anticipated expenditures with sources of funding for the next 12 months. The quarterly report on the activities of the Supercomputer program shall identify the users of the Supercomputer, the major projects conducted by the users, and the potential benefits of the projects.

(b) MCNC shall provide a report containing detailed budget information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests. Specific salary information



will be provided upon written request by the Chairmen of the Joint Legislative Commission on Governmental Operations or the Chairmen of the House Appropriations Subcommittee on Natural and Economic Resources and the Chairman of the Senate Appropriations Committee on Natural and Economic Resources.

(c) The funds appropriated in this act to MCNC shall be used as follows:

	<u>FY 1993-94</u>	<u>FY 1994-95</u>
Microelectronics Program	\$4,768,966	\$4,768,966
Grants Program	-0-	-0-
Administration & Support	2,000,000	2,000,000
Supercomputer	5,224,705	5,224,705
Telecommunications	4,006,329	4,006,329

(d) Of the funds appropriated to MCNC for the Microelectronics Program, four million seven hundred sixty-eight thousand nine hundred sixty-six dollars (\$4,768,966) in each fiscal year is contingent upon a dollar-for-dollar match in non-State funds.

(e) MCNC shall reduce the amounts appropriated to it by three hundred twenty thousand dollars (\$320,000) in each fiscal year. The reductions may be taken in any of the programs listed in subsection (c) of this section.

(f) If MCNC finds it necessary to make changes in the program allocations specified in subsection (a) of this section, MCNC shall report such changes to the Joint Legislative Commission on Governmental Operations 30 days before the reallocation.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH**

Sec. 296. Local governments requesting financial assistance from the Industrial Development Fund shall demonstrate to the satisfaction of the Department of Commerce that it would be an economic hardship for the local government to match State assistance from the Fund with local funds.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**NC MANUFACTURING DIRECTORY PROCEEDS**

Sec. 297. (a) The Department of Commerce may expend for industrial promotional advertising any amount collected from the sales of the North Carolina Manufacturing Directory above the sum of one hundred fifty-five thousand dollars (\$155,000) already budgeted for the 1993-94 and 1994-95 fiscal years.

(b) The Department shall submit quarterly reports to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division. These reports shall include the amount of proceeds collected from the sales of the Directory and the amount spent on advertising pursuant to the provisions of this section.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**HOME PROGRAM MATCHING FUNDS**

Sec. 298. (a) Funds appropriated in this act to the Department of Commerce for the federal HOME Program shall be transferred to the Housing Finance Agency in the Office of the Governor and shall be used by the Agency to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

- (1) First priority to projects that are located in counties designated as severely distressed counties under G.S. 105-130.40(c) or G.S. 105-151.17(c); and
- (2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the U.S. Department of Housing and Urban Development.

The Housing Finance Agency shall report to the General Assembly by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency may not spend the matching funds appropriated under this act for that program year.

(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 1994, and on June 30, 1995.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

#### **COMMUNITY DEVELOPMENT BLOCK GRANT REPORTS**

Sec. 299. The Department of Commerce shall report on a quarterly basis to the House Appropriations Subcommittee on Natural and Economic Resources and the Senate Appropriations Committee on Natural and Economic Resources on the Community Development Block Grant. Each report shall include a listing and description of the most recent grant awards, the status of the administration of each component of the block grant, the current status of next year's program design, and a description of any proposed or necessary changes to the program design.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

#### **TOURISM PROMOTION FUNDS**

Sec. 300. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

- (1) Counties 1 through 20 are each eligible to receive a maximum grant of \$7,500 for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.

- (2) Counties 21 through 50 are each eligible to receive a maximum grant of \$3,500 for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.
- (3) Counties 51 through 100 are each eligible to receive a maximum grant of \$3,500 for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

### **PETROLEUM OVERCHARGE ATTORNEYS' FEES**

Sec. 301. (a) Unless prohibited by federal law, rule, or regulation or preexisting settlement agreement, no later than October 1, 1989, the North Carolina Attorney General shall direct the withdrawal of all funds received in the cases of United States v. Exxon and Stripper Well that are held in accounts or reserves located out-of-State for payment of attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation authorized by the Attorney General. The Attorney General shall deposit these funds, and all funds to be received from petroleum overcharge funds in the future for attorneys' fees and reasonable expenses, into the Special Reserve for Oil Overcharge Funds.

(b) All attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation shall be paid by the State Treasurer from petroleum overcharge funds that have been received by this State and deposited into the Special Reserve for Oil Overcharge Funds.

(c) Notwithstanding any other provision of law, the Attorney General may authorize the payment of attorneys' fees and reasonable expenses from the Special Reserve for Oil Overcharge Funds without further action of the General Assembly, and funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the 1993-94 fiscal year and for the 1994-95 fiscal year for that purpose.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

### **PETROLEUM OVERCHARGE FUNDS ALLOCATION**

Sec. 302. (a) The funds and interest thereon received from the case of United States v. Exxon are deposited in the Special Reserve for Oil Overcharge Funds. There is appropriated from the Special Reserve to the Department of Commerce the sum of one million seven hundred thousand dollars (\$1,700,000) for the 1993-94 fiscal year and the sum of one million seven hundred thousand dollars (\$1,700,000) for the 1994-95 fiscal year to be used for projects under the State Energy Conservation Plan.

(b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) which remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of three million seven hundred thousand dollars (\$3,700,000) for the

1993-94 fiscal year and three million dollars (\$3,000,000) for the 1994-95 fiscal year to be allocated as follows:

- (1) \$3,200,000 for the 1993-94 fiscal year and \$3,000,000 for the 1994-95 fiscal year for the Low Income Weatherization Program; and
- (2) \$500,000 for the 1993-94 fiscal year for the Transportation Information Management System (TIMS) in the Department of Public Instruction.

(c) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) and (b) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

(d) The funds and interest thereon received from the Diamond Shamrock Settlement which remain in a reserve in the Office of State Budget and Management for the Division of Energy to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Division of Energy in the Department of Commerce on an as-needed basis.

(e) The Department of Commerce shall submit comprehensive annual reports to the Office of State Budget and Management and the General Assembly by May 15, 1994, and January 31, 1995, which detail the use of all petroleum overcharge funds. Any State department or agency that has received petroleum overcharge funds shall provide all information requested by the Department of Commerce for the purpose of preparing these reports.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

**BIOTECHNOLOGY CENTER**

Sec. 303. (a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research efforts in the nonacademic private sector.

(b) The North Carolina Biotechnology Center shall provide funding for biotechnology and related bioscience applications under its Economic and Corporate Development Program.

(c) The North Carolina Biotechnology Center shall provide quarterly reports on all of the Center's programs to the Joint Legislative Commission on Governmental Operations. The initial report shall include information on the activities and accomplishments during the past fiscal year, itemized expenditures during the past fiscal year with sources of funding, planned activities and accomplishments for at least the next 12 months, and itemized anticipated expenditures with sources of funding for the next 12 months. Subsequent reports shall include quarterly updates of the initial report.

(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane  
**RURAL ECONOMIC DEVELOPMENT CENTER**

Sec. 304. (a) Of the funds appropriated in this act to the Rural Economic Development Center the sum of one million four hundred seventy thousand dollars (\$1,470,000) for the 1993-94 fiscal year and the sum of one million four hundred seventy thousand dollars (\$1,470,000) for the 1994-95 fiscal year shall be used for the administrative costs of the Center and for its pilot projects and research. No more than four hundred thousand dollars (\$400,000) of the funds appropriated for each fiscal year may be used for the administrative costs of the Rural Economic Development Center, Inc.

(b) The Rural Economic Development Center, Inc., shall provide quarterly reports on the Center's programs to the Joint Legislative Commission on Governmental Operations. The initial report shall include information on the activities and accomplishments during the past fiscal year, itemized expenditures during the past fiscal year with sources of funding, planned activities and accomplishments for at least the next 12 months, and itemized anticipated expenditures with sources of funding for the next 12 months. Subsequent reports shall include quarterly updates of the information in the initial report.

(c) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

(d) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Rural Economic Development Center, Inc., for administrative purposes, including salaries and fringe benefits.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane  
**HOUSING PROGRAMS TRANSFER**

Sec. 305. (a) The statutory authority, powers, duties, and functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the Housing Coordination and Policy Council, the HOME Program, the Permanent Housing for the Handicapped Homeless Program, and the Comprehensive Housing Affordability Strategy, are transferred from the Division of Community Assistance, Department of Commerce, to the Housing Finance Agency.

(b) G.S. 122A-5 is amended by adding the following new subdivisions to read:

"(24) To advise the Governor regarding the coordination of public and private low- and moderate-income housing programs;

(25) To participate in and administer federal housing programs, including housing rehabilitation, construction of new housing, assistance to the homeless, and home ownership assistance;".

(c) Part 1A of Article 10 of Chapter 143B of the General Statutes is repealed.

(d) Chapter 122A of the General Statutes is amended by adding the following sections to read:

**"§ 122A-5.10. Housing Coordination and Policy Council; creation; duties.**

(a) There is created the Housing Coordination and Policy Council in the Office of the Governor. The Housing Coordination and Policy Council shall have the following functions and duties:

- (1) To advise the Governor regarding the coordination of various public and private low- and moderate-income housing programs;
- (2) To advise the Governor in the preparation of an overall, comprehensive State housing plan with specific recommendations to address identified areas of need, which report shall be presented to the General Assembly;
- (3) To advise the Governor with respect to the best use of housing resources; and
- (4) To advise the Governor regarding any other matter relating to housing the Governor may refer to it.

(b) Nothing herein shall abrogate the existing statutory responsibility of any other agency to develop housing plans and policies relating to specific housing programs.

**"§ 122A-5.11. Council membership; compensation; procedures.**

(a) The Housing Coordination and Policy Council shall consist of 15 representatives, as follows:

- (1) Two members of the N.C. Housing Partnership who are experienced with housing programs for low-income persons, as designated by the chair.
- (2) Two members of the Community Development Council who are experienced with federal, State, and local housing programs, as designated by the chair.
- (3) Two members of the N.C. Housing Finance Agency Board of Directors who are experienced with real estate finance and development, as designated by the chair.
- (4) One member of the Weatherization Policy Advisory Council who is experienced with community weatherization programs, as designated by the chair.
- (5) One member of the Governor's Advocacy Council for Persons with Disabilities who is familiar with the housing needs of the disabled.
- (6) The executive director of the Commission of Indian Affairs, or a designee familiar with Indian housing programs.
- (7) The Deputy Secretary or Assistant Secretary of Community Development and Housing, or a designee familiar with housing programs related to community development and housing functions.
- (8) The assistant secretary of the Division of Aging, or a designee familiar with the housing programs of the Division.
- (9) The executive director of the N.C. Housing Finance Agency, or a designee familiar with the housing programs of the Agency.

- (10) The director of the Division of Mental Health, or a designee familiar with housing for those with mental disabilities.
- (11) The executive director of the N.C. Human Relations Commission, or a designee familiar with federal and State fair housing laws.
- (12) A chair designated by the Governor.

(b) All members except those serving ex officio shall be appointed by the Governor. The Governor shall designate one member of the Council to serve as Chair.

(c) The initial members of the Council other than those serving ex officio shall be appointed to serve for terms of four years and until their successors are appointed and qualified. Any appointment to fill a vacancy created by resignation, dismissal, death, or disability of a member shall be for the balance of the term.

(d) Members of the Council may receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(e) A majority of the Council shall constitute a quorum for the transaction of business.

(f) All clerical and other services required by the Council shall be supplied by the Housing Finance Agency.

**"§ 122A-5.12. Council meetings; report.**

(a) The Housing Coordination and Policy Council shall meet at least quarterly and may hold special meetings at any time and place within the State at the call of the Chair or upon written request of a majority of the members.

(b) The Council shall assist in the preparation and filing of an annual written report which contains a review of work completed, a review of ongoing activities, and housing policy recommendations. This report shall be filed with the General Assembly and the Governor by May 1."

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

**HOUSING PROGRAM REIMBURSEMENT**

Sec. 305.1. The Housing Finance Agency shall reimburse the Department of Commerce in the amount of General Fund monies expended by the Department of Commerce between July 1, 1993, and the effective date of this act to support the housing programs transferred from the Department of Commerce to the Housing Finance Agency pursuant to Section 305 of this act.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

**WORKER TRAINING TRUST FUND**

Sec. 306. (a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of five million five hundred thirty-nine thousand nine hundred sixty-four dollars (\$5,539,964) for the 1993-94 fiscal year and the sum of five million five hundred thirty-nine thousand nine hundred sixty-four dollars (\$5,539,964) for the 1994-95 fiscal year for the operation of local offices.

(b) 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 dollars (\$2,000,000) for the 1993-94 fiscal year and the sum of two million dollars (\$2,000,000) for the 1994-95 fiscal year for administration of the Veterans Employment Program, Employment Services Program, and Unemployment Insurance Program.

(c) 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.

(d) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1993-94 and the 1994-95 fiscal years for the following purposes:

- (1) \$2,400,000 for the 1993-94 fiscal year and \$2,400,000 for the 1994-95 fiscal year to the Department of Economic and Community Development, Division of Employment and Training, for the Employment and Training Grant Program;
- (2) \$1,000,000 for the 1993-94 fiscal year and \$1,000,000 for the 1994-95 fiscal year to the North Carolina Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Pre-Apprenticeship Division;
- (3) \$2,826,658 for the 1993-94 fiscal year and \$1,528,067 for the 1994-95 fiscal year to the North Carolina Department of Human Resources to assist welfare recipients in gaining employment through the federally funded Job Opportunities and Basic Skills Program in such a way as to gain the maximum match of federal funds for the State dollars appropriated;
- (4) \$1,746,000 for the 1993-94 fiscal year and \$1,746,000 for the 1994-95 fiscal year to the North Carolina Department of Community Colleges to continue the Focused Industrial Training Program;
- (5) \$225,000 for the 1993-94 fiscal year to the Employment Security Commission for the North Carolina Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs; and
- (6) \$300,000 for the 1993-94 fiscal year and \$300,000 for the 1994-95 fiscal year to the Department of Community Colleges for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises.

Requested by: Representatives Gottovi, Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

**TOURISM ADVERTISING PROGRAM**



Sec. 307. The Department of Commerce shall review its tourism advertising program and shall ensure that the program addresses the promotion of tourism in rural areas of the State.

Requested by: Senators Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

### **CENTER FOR COMMUNITY SELF-HELP FUNDS**

Sec. 308. (a) Of the funds appropriated in this act to the Department of Commerce, the sum of one million five hundred thousand dollars (\$1,500,000) for the 1993-94 fiscal year shall be allocated to the Center for Community Self-Help to further a statewide program of lending to small businesses and other economic development projects in rural and other depressed or disadvantaged communities throughout North Carolina, provided these funds are matched on the basis of one dollar (\$1.00) of funds from the Center for Community Self-Help or its affiliates for every one dollar (\$1.00) of State funds. The appropriation shall be equally allocated among the eastern, central, and western regions of North Carolina. Loans or loan guarantees made under the program shall be conditioned on the unavailability of loans for the same purposes from private lenders upon reasonably equivalent terms and conditions. Payments of principal shall be available for further loans.

(b) The Center for Community Self-Help shall submit, within 180 days after the close of its fiscal year, audited financial statements to the State Auditor. All records pertaining to the use of State funds shall be made available to the State Auditor upon request. The Center for Community Self-Help shall make quarterly reports on the use of State funds to the State Auditor, in form and format prescribed by the State Auditor or his designee. The Center for Community Self-Help shall make a written report by May 1 of each year for the next three years to the General Assembly on the use of the funds allocated under this section.

(c) The Center for Community Self-Help shall report to the Joint Legislative Commission on Governmental Operations, the House Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Department of Commerce on a quarterly basis for the next three years.

(d) The Office of the State Auditor may conduct an annual end-of-year audit of the revolving fund for economic development lending created by this appropriation for each year of the life of the revolving fund.

(e) If the Center for Community Self-Help dissolves, the corporation shall transfer the remaining assets of the revolving fund to the State and shall refrain from disposing of the revolving fund assets without approval of the State Treasurer.

(f) The Department of Commerce shall disburse this appropriation within 15 working days of the receipt of a request for the funds from the Center for Community Self-Help. The request shall include a commitment of the matching funds by the Center for Community Self-Help or its affiliates.

Requested by: Representatives Nesbitt, Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

## **WESTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION**

Sec. 309. (a) Chapter 158 of the General Statutes is amended by adding a new section to read:

### **"§ 158-8.1. Creation of Western North Carolina Regional Economic Development Commission.**

(a) There is created the Western North Carolina Regional Economic Development Commission to serve Buncombe, Cherokee, Clay, Cleveland, Graham, Haywood, Henderson, Jackson, McDowell, Macon, Madison, Polk, Rutherford, Swain, Transylvania, and Yancey Counties. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce.

(b) The Commission shall consist of 15 members appointed as follows:

- (1) Three members shall be appointed by the Governor;
- (2) Two members appointed by the Lieutenant Governor;
- (3) Five members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.
- (4) Five members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121; and

(c) The appointing authority shall designate two of the initial appointees pursuant to subsection (b)(1), one of the initial appointees pursuant to subsection (b)(2), two of the initial appointees pursuant to subsection (b)(3), and two of the initial appointees pursuant to subsection (b)(4) to serve for terms ending June 30, 1995; the remainder of the initial appointees shall serve for terms ending June 30, 1997. Their successors shall serve for four-year terms ending on June 30 quadrennially thereafter.

Any appointment to fill a vacancy on the Commission shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be in accordance with G.S. 120-122.

(d) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem and travel expenses as provided in G.S. 138-5.

(e) In addition to the powers and duties granted to economic development commissions in this Article, the Western North Carolina Regional Economic Development Commission shall:

- (1) Survey Western North Carolina and determine the assets, liabilities, and resources that the region contribute to the economic development process.
- (2) Develop and evaluate alternatives for Western North Carolina economic development.

- (3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan.
- (4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties.
- (5) Report to the General Assembly by March 31 each year on the work of the Commission."

(b) Of the funds appropriated in this act from the General Fund to the Department of Commerce, the sum of six hundred thousand dollars (\$600,000) for the 1993-94 fiscal year and the sum of one million two hundred fifty thousand dollars (\$1,250,000) for the 1994-95 fiscal year shall be allocated to the Western North Carolina Regional Economic Development Commission for the activities of the Commission. These funds shall not revert at the end of each fiscal year.

Requested by: Representatives H. Hunter, DeVane, Bowman, Senators Martin of Pitt, Cochrane

**NORTHEASTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION**

Sec. 309.1. (a) Chapter 158 of the General Statutes is amended by adding a new section to read:

**"§ 158-8.2. Creation of Northeastern North Carolina Regional Economic Development Commission.**

(a) There is created the Northeastern North Carolina Regional Economic Development Commission to facilitate economic development and tourism development in Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Gates, Halifax, Hertford, Hyde, Martin, Northampton, Pasquotank, Perquimans, Tyrrell, and Washington Counties. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce.

(b) The Commission shall consist of 17 members appointed as follows:

- (1) Five members shall be appointed by the Governor, including one developer of northeastern North Carolina, one banker, one county commissioner from Camden, Currituck, Pasquotank, or Perquimans Counties, and one county commissioner from Beaufort, Bertie, Chowan, or Martin Counties;
- (2) Five members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121, including one developer of northeastern North Carolina, one banker, and one county commissioner from Dare, Hyde, Tyrrell, or Washington Counties;
- (3) Five members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, including one developer of northeastern North Carolina, one banker, and one county

commissioner from Halifax, Hertford, Gates, or Northampton Counties;

(4) The Secretary of Commerce or a designee; and

(5) The Secretary of Environment, Health, and Natural Resources, or a designee.

Any person appointed to the Commission in a categorical appointment as a county commissioner may hold such office in addition to the offices permitted by G.S 128-1.1.

(c) The appointing authority shall designate two of the initial appointees pursuant to subsection (b)(1), one of the initial appointees pursuant to subsection (b)(2), two of the initial appointees pursuant to subsection (b)(3), and two of the initial appointees pursuant to subsection (b)(4) to serve for terms ending June 30, 1995; the remainder of the initial appointees shall serve for terms ending June 30, 1997. Their successors shall serve for four-year terms ending on June 30 quadrennially thereafter.

(d) Any appointment to fill a vacancy on the Commission shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be in accordance with G.S. 120-122.

(e) The Commission shall appoint an economic development advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing an economic development program. The Commission shall also appoint a tourism advisory board made up of no more than seven members to advise and assist the Commission in adopting and implementing a tourism development program. Members of the Commission may serve on these advisory boards.

(f) In addition to the powers and duties granted to economic development commissions in this Article, the Northeastern North Carolina Regional Economic Development Commission shall:

(1) Adopt and implement an economic development program, with the assistance of the economic development advisory board, as follows:

a. Survey northeastern North Carolina and determine the assets, liabilities, and resources that the region contribute to the economic development process;

b. Enhance economic development activities that use the area's natural resources;

c. Develop and evaluate alternatives for northeastern North Carolina economic development;

d. Develop a preferred economic development plan for the region and establish strategies for implementing the plan;

e. Conduct feasibility studies to determine the nature and placement of economic developments for maximum economic impact;

f. Identify potential sites for economic development; and

g. Carry out other activities to develop and promote economic development;

(2) Adopt and implement a tourism development program, with the advice and assistance of the tourism advisory board, as follows:

- a. Adopt, implement, and update a water-based tourism development strategy;
  - b. Provide assistance to developers with requirements for tourism development, as deemed necessary by the Commission;
  - c. Conduct feasibility studies to determine the nature and placement of tourism developments for maximum economic impact;
  - d. Identify sites for tourism development; and
  - e. Carry out other activities to develop and promote water-based tourism;
- (3) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties; and
- (4) Report to the General Assembly by March 31 each year on the work of the Commission.

(g) The Governor shall appoint and set the salary of a Director of Economic Development who shall coordinate the Commission's activities with regard to the economic development program. The Governor shall appoint and set the salary of a Director of Tourism who shall coordinate the Commission's activities with regard to the tourism program.

Within the limits of funds available, the Commission may hire and fix the compensation of any other personnel necessary to its operations, contract with consultants for any services as it may require, and contract with the State of North Carolina or the federal government, or any agency or department thereof, for any services as may be provided by those agencies. The Commission may carry out the provisions of any contracts as it may enter.

Within the limits of funds available, the Commission may lease, rent, or purchase, or otherwise obtain suitable quarters and office space for its staff, and may lease, rent, or purchase necessary furniture, fixtures, and other equipment.

(h) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem and travel expenses as provided in G.S. 138-5. Members of the advisory boards who are State employees shall receive travel expenses as provided in G.S. 138-6 for participating in meetings and other official activities authorized by the Commission. Other members of the advisory boards shall receive per diem and travel expenses as provided in G.S. 138-5 for participating in meetings and other official activities authorized by the Commission."

(b) G.S. 120-123 is amended by adding a new subdivision to read:  
 "(60) The Northeastern North Carolina Regional Economic Development Commission, as established by G.S. 158-8.2."

(c) Of the funds appropriated in this act from the General Fund to the Department of Commerce, the sum of six hundred thousand dollars (\$600,000) for the 1993-94 fiscal year and the sum of one million two hundred fifty thousand dollars (\$1,250,000) for the 1994-95 fiscal year shall be allocated to the Northeastern North

Carolina Regional Economic Development Commission for the activities of the Commission. These funds shall not revert at the end of each fiscal year.

Requested by: Representatives DeVane, H. Hunter, Bowman, Senators Martin of Pitt, Cochrane

**SOUTHEASTERN NORTH CAROLINA REGIONAL ECONOMIC DEVELOPMENT COMMISSION**

Sec. 309.2. (a) Chapter 158 of the General Statutes is amended by adding a new section to read:

**"§ 158-8.3. Creation of Southeastern North Carolina Regional Economic Development Commission.**

(a) There is created the Southeastern North Carolina Regional Economic Development Commission to serve Bladen, Brunswick, Columbus, Cumberland, Hoke, New Hanover, Pender, Richmond, Robeson, Sampson, and Scotland Counties. The Commission shall be located administratively in the Department of Commerce but shall exercise its statutory powers and duties independently of the Department of Commerce.

(b) The Commission shall consist of 15 members appointed as follows:

(1) Three members shall be appointed by the Governor;

(2) Two members shall be appointed by the Lieutenant Governor;

(3) Five members shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121;

(4) Five members shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121; and

(c) The appointing authority shall designate two of the initial appointees pursuant to subsection (b)(1) of this section, one of the initial appointees pursuant to subsection (b)(2) of this section, two of the initial appointees pursuant to subsection (b)(3) of this section, and two of the initial appointees pursuant to subsection (b)(4) of this section to serve for terms ending June 30, 1995; the remainder of the initial appointees shall serve for terms ending June 30, 1997. Their successors shall serve for four-year terms ending on June 30 quadrennially thereafter.

Any appointment to fill a vacancy on the Commission shall be for the balance of the unexpired term. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

(d) Members of the Commission who are State employees shall receive travel expenses as provided in G.S. 138-6. Other Commission members shall receive per diem and travel expenses as provided in G.S. 138-5.

(e) In addition to the powers and duties granted to economic development commissions in this Article, the Southeastern North Carolina Regional Economic Development Commission shall:

(1) Survey southeastern North Carolina and determine the assets, liabilities, and resources that the region contributes to the economic development process;

- (2) Develop and evaluate alternatives for southeastern North Carolina economic development;
- (3) Develop a preferred economic development plan for the region and establish strategies for implementing the plan;
- (4) Coordinate activities with and enter into contracts with any nonprofit corporation created to assist the Commission in carrying out its powers and duties; and
- (5) Report to the General Assembly by March 31 each year on the work of the Commission."

(b) Of the funds appropriated in this act from the General Fund to the Department of Commerce, the sum of six hundred thousand dollars (\$600,000) for the 1993-94 fiscal year and the sum of one million two hundred fifty thousand dollars (\$1,250,000) for the 1994-95 fiscal year shall be allocated to the Southeastern North Carolina Regional Economic Development Commission for the activities of the Commission. These funds shall not revert at the end of each fiscal year.

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane

#### **ECONOMIC DEVELOPMENT FUNDS**

Sec. 310. (a) Of the funds appropriated in this act to the Department of Commerce, three hundred thousand dollars (\$300,000) for the 1993-94 fiscal year shall be allocated for the Land Loss Prevention Project, Inc., to provide free legal representation to low-income financially distressed small farmers. The Land Loss Prevention Project, Inc., shall not use these funds to represent farmers who have income and assets that would make them financially ineligible for legal services pursuant to Title 45, Part 1611 of the Code of Federal Regulations. The Land Loss Prevention Project, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(b) Of the funds appropriated in this act to the Department of Commerce, two hundred fifty thousand dollars (\$250,000) for the 1993-94 fiscal year shall be allocated for the North Carolina Coalition of Farm and Rural Families, Inc., for its Small Farm Economic Development Project. These funds shall be used to foster economic development within the State's rural farm communities by offering financial, marketing, and technical assistance to small and limited resource farmers. The North Carolina Coalition of Farm and Rural Families, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

(c) Of the funds appropriated in this act to the Department of Commerce, two hundred thousand dollars (\$200,000) for the 1993-94 fiscal year shall be allocated to the North Carolina Institute for Minority Economic Development, Inc., to foster minority economic development within the State through policy analysis, information and technical assistance, and resource expansion. The North Carolina Institute for Minority Economic Development, Inc., shall research and identify key issues affecting the economic well-being of the State's ethnic minority community and issue annual reports with appropriate recommendations; provide information and technical assistance to organizations with minority economic development-based projects in common areas

of need and interests; develop a resource bank of data and information; facilitate training in appropriate areas of need; and provide technical assistance to minority construction contractors. The North Carolina Institute for Minority Economic Development, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

Requested by: Representatives Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

### **TECHNOLOGY EXTENSION PROJECT DEVELOPMENT**

Sec. 311. In developing the Technology Extension Project for which funds have been appropriated in this act to the Department of Commerce, the Department shall seek input from and coordinate with existing small business assistance programs. Small business assistance programs with whom the Department shall coordinate shall include, but not be limited to, business assistance programs in the Department of Community Colleges and the State University System, and business incubator programs.

Requested by: Senators Perdue, Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

### **ECONOMIC DEVELOPMENT BOARD/PLAN**

Sec. 313. (a) G.S. 143B-434 reads as rewritten:

#### **"§ 143B-434. Economic Development Board – creation, duties, membership.**

(a) Creation and Duties. – There is created within the Department of Commerce an Economic Development Board. ~~The Board shall advise the Secretary of Commerce on:~~ The Board shall have the following duties:

- (1) To provide economic and community development planning for the State.
- (2) To recommend economic development policy to the Secretary of Commerce, the General Assembly, and the Governor. The recommendations may cover the following issues as well as any other economic development policy issues:
  - a. Use of tax abatements and other incentives to motivate economic development.
  - b. Definition of which specific activities and programs should be considered economic development activities and programs for the purpose of receiving State appropriations.
  - c. The role of institutions of higher education in economic development.
  - d. The use of State funds to leverage private nonprofit economic development initiatives.
  - e. The linkage of workforce preparedness activities and initiatives, and economic development planning.
- (3) To recommend annually to the Governor biennial and annual appropriations for economic development programs.



- (4) To develop and update annually a comprehensive strategic economic development plan, as provided in G.S. 143B-434.1.
- ~~(1) The formulation of a program for the economic development of the State of North Carolina; and~~
- ~~(2) The formulation of a budget and the hiring of the head of each division of the Department of Commerce concerned with the expansion of the travel and tourism industry.~~

~~The Secretary shall prepare the budget of the Department and shall hire the heads of the above mentioned divisions who shall serve at his pleasure. The Board shall meet at least quarterly at the call of its chairman-chair or the Secretary. Each quarter the Secretary shall report to the Board on the program and progress of this State's economic development.~~

(b) Membership. – The Economic Development Board shall consist of 26–36 members. The Secretary of Commerce shall serve ex officio as a member and as the secretary of the Economic Development Board. Four members of the House of Representatives appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, four members of the Senate appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, the President of The University of North Carolina, or designee, the President of the North Carolina Community College System, or designee, the Secretary of State, and the Lieutenant Governor, shall serve as members of the Board. The Governor shall appoint the remaining 23 members of the Board, provided that effective with the terms beginning July 1, 1997, one of those appointees shall be a representative of a nonprofit organization involved in economic development and two of those appointees shall be county economic development representatives. The Governor shall designate a chair and a vice-chair from among the members of the Board. Appointments to the Board made by the Governor for terms beginning July 1, 1997, and appointments to the Board made by the General Assembly for terms beginning July 1, 1993, should reflect the ethnic and gender diversity of the State as nearly as practical.

~~The Secretary of Commerce, the President of the Senate or his appointee, and the Speaker of the House of Representatives or his appointee, shall be members of the Board. The Governor shall appoint 23 members of the Board. Of his appointees, the Governor shall appoint at least one member residing in each congressional district of the State.~~

~~The initial appointments by the Governor shall be made on or after the date of ratification, 11 terms to expire July 1, 1979, and 11 terms to expire on July 1, 1981. Thereafter, at the expiration of each stipulated term of office all appointments made by the Governor shall be for a term of four years. The initial term of the person appointed to represent the 12th Congressional District shall commence January 3, 1993, and expire June 30, 1995. Any vacancy occurring in the membership of the Economic Development Board appointed by the Governor shall be filled by the Governor for the unexpired term. The Governor shall have the authority to remove any member of the Economic Development Board appointed by the Governor.~~

~~The Governor shall designate from among the members of the Economic Development Board a chairman and a vice chairman. The Secretary of Commerce or his designee shall serve as Secretary of the Economic Development Board. If a vacancy occurs in the office of the Lieutenant Governor, the President pro tempore shall fill the vacancy. If a vacancy occurs in the office of the Speaker of the House of Representatives, the Speaker pro tempore shall fill the vacancy.~~

The initial appointments to the Board shall be for terms beginning on the date of ratification of the Current Operations Appropriations Act of 1993. Of the initial appointments made by the Governor, the terms shall expire July 1, 1997. Of the initial appointments made by the General Assembly, two terms made upon the recommendation of the Speaker of the House of Representatives and two terms made upon the recommendation of the President Pro Tempore of the Senate shall be designated to expire on July 1, 1995; the remaining terms shall expire July 1, 1997. Thereafter, all appointments shall be for a term of four years.

The Governor shall make a replacement appointment to serve for the unexpired term in the case of a vacancy, provided that a vacancy in a term appointed by the General Assembly shall be filled in accordance with G.S. 120-122.

~~The members of the Economic Development Board appointed by the Governor shall receive per diem and necessary travel and subsistence expenses payable to members of State Boards and agencies generally pursuant to G.S. 138-5 and 138-6, as the case may be; provided, however, that the chairman of the Economic Development Board and the Lieutenant Governor shall not be entitled to receive per diem in addition to salary. be.~~ The members of the Economic Development Board who are members of the General Assembly shall not receive per diem but shall receive necessary travel and subsistence expenses at rates prescribed by G.S. 120-3.1.

(c) Advice and Staff. – The Secretaries of Administration, State, and Transportation, the Commissioners of Agriculture and Labor, and the State Treasurer, or their designees, shall advise the Board on economic development activities within the responsibility of their respective departments. Clerical and professional staff support to the Economic Development Board shall be provided by an Interagency Economic Development Group composed of representatives of the following State agencies:

- (1) The Department of Administration.
- (2) The Department of Agriculture.
- (3) The Employment Security Commission.
- (4) The Department of Labor.
- (5) The Department of Transportation.

The Department of Commerce shall have the responsibility for coordinating the activities and efforts of the Interagency Economic Development Group.

~~(b) All clerical and other services required by the Economic Development Board shall be supplied by the Secretary of Commerce.~~

~~(e) It shall be the duty of the chairman of the Economic Development Board:~~

- ~~(1) To organize the work of the Economic Development Board into committees with respect to the divisions of the Department of Commerce concerned with the expansion of existing industry, the~~

~~recruitment of new industry and the expansion of the travel and tourism industries and~~

~~(2) To assign responsibilities to each committee."~~

(b) G.S. 143B-433(a) reads as rewritten:

- "(a)
- (1) The North Carolina Alcoholic Beverage Control Commission,
  - (2) The North Carolina Utilities Commission,
  - (3) The Employment Security Commission,
  - (4) The North Carolina Industrial Commission,
  - (5) State Banking Commission,
  - (6) Savings and Loan Association Division,
  - (7) The State Savings Institutions Commission,
  - (8) Credit Union Commission,
  - (9) The North Carolina Milk Commission,
  - (10) The North Carolina Mutual Burial Association Commission,
  - (11) North Carolina Cemetery Commission,
  - (12) The North Carolina Rural Electrification Authority,
  - (13) Repealed by Session Laws 1985, c. 757, s. 179(d),
  - (14) North Carolina Science and Technology Research Center,
  - (15) The North Carolina State Ports Authority,
  - (16) North Carolina National Park, Parkway and Forests Development Board,
  - (17) Economic Development Board,
  - (18) Labor Force Development Board,
  - (19) Energy Policy Board,
  - (20) Energy Division,
  - (21) Navigation and Pilotage Commissions established by Chapter 76 of the General Statutes, Statutes.
  - ~~(22) The North Carolina Technological Development Authority."~~
- (c) Part 2 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

**"§ 143B-434.1. Comprehensive Strategic Economic Development Plan.**

(a) Definitions. – The following definitions apply in this section:

(1) Board. – The Economic Development Board.

(2) Department. – The Department of Commerce.

(3) Economic distress. – The presence of at least one trend indicator or at least one status indicator:

a. Trend indicators:

1. Weighted average age of industrial plants exceeding statewide average age.

2. Loss of population over the most recent three- to five-year period.

3. Below average job growth over the most recent three- to five-year period.

4. Outmigration over the most recent three- to five-year period.
  5. Decline in real wages over the most recent three- to five-year period.
  6. Above average rate of business failures over the most recent three- to five-year period.
- b. Status indicators:
1. Per capita income below the State average.
  2. Earnings or wages per job below the State average.
  3. Unemployment above the State average.
  4. Poverty rate above the State average.
  5. Below average fiscal capacity.
- (4) Plan. – The Comprehensive Strategic Economic Development Plan.
- (5) Region. – One of the major geographic regions of the State defined in the Plan as an economic region based on compatible economic development factors.

(b) Board to Prepare Plan. – The Board shall prepare the Plan by April 1, 1994. The Board shall review and update this Plan by April 1 of each year. The original Plan shall cover a period of four years and each annual update shall extend the time frame by one year so that a four-year plan is always in effect. The Board shall provide copies of the Plan and each annual update to the Governor and the Joint Legislative Commission on Governmental Operations. The Plan shall encompass all of the components set out in this section.

(c) Purpose. – The purpose of this section is to require the Board to apply strategic planning principles to its economic development efforts. This requirement is expected to result in:

- (1) The selection of a set of priority development objectives that recognizes the increasingly competitive economic environment and addresses the changing needs of the State in a more comprehensive manner.
- (2) The effective utilization of available and limited resources.
- (3) A commitment to achieve priority objectives and to sustain the process.

(d) Public and Private Input. – At each stage as it develops and updates the Plan, the Board shall solicit input from all parties involved in economic development in North Carolina, including:

- (1) Each of the programs and organizations that, for State budget purposes, identifies economic development as one of its global goals.
- (2) Local economic development departments and regional economic development organizations.
- (3) The Board of Governors of The University of North Carolina.

The Board shall also hold hearings in each of the Regions to solicit public input on economic development before the initial Plan is completed. The purposes of the public hearings are to:

- (1) Assess the strengths and weaknesses of recent regional economic performance.
- (2) Examine the status and competitive position of the regional resource base.
- (3) Identify and seek input on issues that are key to improving the economic well-being of the Region.

The Board shall hold additional hearings from time to time to solicit public input regarding economic development activities.

Each component of the Plan shall be based on this broad input and, to the extent possible, upon a consensus among all affected parties. The Board shall coordinate its planning process with any State capital development planning efforts affecting State infrastructure such as roads and water and sewer facilities.

(e) Environmental Scan. – The first step in developing the Plan shall be to develop an environmental scan based on the input from economic development parties and the public and on information about the economic environment in North Carolina. To prepare the scan, the Board shall gather the following information. Thereafter, the information shall be updated periodically.

- (1) Compilation of the latest economic and demographic data on North Carolina by State, Region, and county including population, population projections, employment, and employment projections, income and earnings status and outlook, migration and commuting patterns, unemployment, poverty, and other similar data.
- (2) Compilation of the latest data on the strength of the business environment by State, Region, and county with emphasis on the dynamics of job creation: start-ups, expansions, locations, contractions, and failures. Special assessments are to be made of rural, small, and minority business components of overall activity.
- (3) Compilation of the latest data on labor compensation, construction costs, utility rates, payroll costs, taxes, and other cost data normally considered by manufacturing firms and new businesses and shall be tabulated by State, Region, and county.
- (4) Compilation of data on assets within the State and by Region and county to include the following:
  - a. Available buildings, bona fide industrial parks, and sites.
  - b. Characteristics of the available labor force (number, demographic attributes, skill levels, etc.).
  - c. Special labor situations, such as military base discharges and large plant closings.
  - d. Available infrastructure capacities by county and Region including water, sewer, electrical, natural gas, telecommunication, highway access, and other pertinent services.

- e. The fiscal capacity of counties and localities within counties to support the infrastructure development necessary to participate in the development process.
  - f. Analyses of assimilative capacity of riverine, estuarine, or ocean outfalls, or other environmental cost considerations.
  - g. Proximity analyses of counties in close alignment with major urban areas in bordering states.
  - h. Special educational and research capabilities.
  - i. Special transportation situations such as major airports, ports, and railyards.
  - j. Available data on the performance, contribution, and impact each economic sector (including, but not limited to, agriculture, finance, manufacturing, public utilities, trade, services, tourism, and government) is having on individual counties, Regions, and the State.
  - k. Available tourist and service assets.
  - l. Analyses of seasonal population and absentee ownership in resort and tourism areas and their impact on the delivery of public services.
  - m. Cost and availability of natural gas and electricity.
- (5) Compilation and analyses of data on economic and industrial changes in competitor states by Region, as applicable. This data shall be entered into a database and kept current. It shall include, specifically, all new plant location information such as origin of the plant, Standard Industrial Classification Code, employment, and investment.
  - (6) Compilation of cost data, policies, and strategies in competitive Southeastern states as well as other United States regions and foreign countries.
  - (7) Compilation of incentives and special programs being offered by other states.
  - (8) Compilation and analyses of other data relating to economic development such as regulatory or legal matters, structural problems, and social considerations, e.g. unemployment, underemployment, poverty, support services, equity concerns, etc.
  - (9) The cost of doing business in North Carolina and other competing states, as it may affect decisions by firms to locate in this State.
  - (10) Competitive assets within the State and by Region and county, including infrastructure, tourist assets, natural resources, labor, educational and research resources, and transportation.
  - (11) Other information relating to economic development such as regulatory or legal matters and social considerations.

(f) Needs Assessment. – The Board, using data from the public input sessions and the environmental scan, shall prepare an assessment of economic development strengths, weaknesses, threats, and opportunities within the State by Region and by

county. An assessment shall also be conducted of each county to determine distressed areas existing within the county. The assessment will include the identification of key development issues within each geographic area and options available to address each issue.

(g) Vision and Mission Statements. – The Board shall develop a vision statement for economic development that would describe the preferred future for North Carolina and what North Carolina would be like if all economic development efforts were successful. The Board shall then develop a mission statement that outlines the basic purpose of each of North Carolina's economic development programs. Because special purpose nonprofit organizations are uniquely situated to conduct the entrepreneurial and high-risk activity of investing in and supporting new business creation in the State, they should be assigned a dominant role in this key component of economic development activity.

(h) Goals and Objectives. – The Board using data from the public input and the environmental scan, shall formulate a list of goals and objectives. Goals shall be long-range, four years or more, and shall address both needs of economically distressed Regions and counties as well as opportunities for Regions and counties not distressed. The goals shall be developed with realism but should also be selected so as to encourage every Region and county within the State to develop to its maximum potential. Objectives shall be one year or less in scope and shall, if achieved, lead to the realization of the goals formulated by the Board as provided in this section.

Both goals and objectives should be stated largely in economic terms, that is, they should be related to specific population, employment, demographic targets, or economic sector targets. Both efficiency and equity considerations are to be addressed and balanced with special emphasis placed on the needs of disadvantaged or economically distressed populations and communities. The goals and objectives should not state how the economic targets are to be reached, but rather what the economic conditions will be if they are obtained. So that the progress of North Carolina's economic development efforts can be monitored, the Board shall set objectives for each goal that allow measurement of progress toward the goal. Objectives should be quantifiable and time-specific in order to serve as performance indicators.

(i) Formulation of Economic Development Strategy. – The Plan shall have as its action component a strategy set forth in a blueprint for directing resources of time and dollars toward the satisfaction of the goals and objectives stated in subsection (h) of this section. As a practical consequence of the economic environment, a focus on the competitiveness of indigenous industries and entrepreneurial development is required. The Plan shall include a strategy for the coordination of initiatives and activities for workforce preparedness, funded by federal or State sources, including, but not limited to, vocational education, applied technology education, remedial education, and job training, and the achievement of the economic development goals of the Plan. A balance of opportunity between rural and urban regions and between majority and minority populations should be an overriding consideration. Equity of opportunity for counties and communities across the State will involve the explicit consideration of local fiscal capacity and the fiscal ability to support development activities.

The concept of differentiation should be employed. The Plan should recognize the various strengths and weaknesses of the State and its component regions, subregions, and, in some cases, individual counties. The concept of market segmentation should be employed. Different Regions and subregions of the State should be promoted to different markets.

(j) Implementation Plan. – Based upon all of the foregoing steps, the Board shall establish an implementation plan assigning to the appropriate parties specific responsibilities for meeting measurable objectives. The implementation plan shall contain all necessary elements so that it may be used as a means to monitor performance, guide appropriations, and evaluate the outcomes of the parties involved in economic development in the State.

(k) Annual Report. – The Plan shall contain a section devoted to measuring results, to be called 'An Annual Report on Economic Development for the State of North Carolina'. The Annual Report shall contain a comparison of actual results with stated goals and objectives and significant and meaningful statistics to allow policymakers to adjust strategy and tactics as necessary to achieve the formulated goals.

The Annual Report shall break down data by Regions and counties including:

- (1) The net job change (expansions minus contractions) by the various economic sectors of the county, Region, and State.
- (2) Realized capital investment in plants and equipment by new and expanding industry in each county, Region, and State.
- (3) Manufacturing changes by county, Region, and State that affect the value of firms, total payrolls, average wages, value of shipments, contributions to gross State product, and value added.
- (4) The net change in the number of firms by county, Region, and State with statistics on the dynamics of change: relocations in versus relocations out; births versus deaths; and expansions versus contractions.
- (5) A measure of the status and performance of all sectors of the county, Region, and State economy including, but not limited to, manufacturing, agriculture, trade, finance, communications, transportation, utilities, services, and travel and tourism.
- (6) An assessment of the relative status and performance of rural business development as opposed to that in urban areas.
- (7) An analysis of the status of minority-owned businesses throughout the State.
- (8) An assessment of the development capability of the various Regions of the State in terms of their environmental, fiscal, and administrative capacity. Those areas that are handicapped by barriers to development should be highlighted.
- (9) An evaluation of the State's economic performance as indicated by the above statistics with the goals and objectives outlined in the Plan.

(l) Accountability. – The Board shall make all data, plans, and reports available to the General Assembly and the Joint Legislative Commission on Governmental



Operations at appropriate times and upon request. The Board shall prepare and make available on an annual basis public reports on each of the major sections of the Plan and the Annual Report indicating the degree of success in attaining each development objective."

(d) The Department of Commerce shall establish a planning unit within its executive offices to support the Economic Development Board's ongoing role in economic and community development planning. The unit should consist of two professional staff plus necessary support staff. The planning unit shall assist the Board in coordinating the planning process, monitoring and updating the plan, and collecting and analyzing the data necessary for planning.

(e) Part 2 of Article 10 of Chapter 143B of the General Statutes is amended by adding a new section to read:

**"§ 143B-437C. Allocation of economic development responsibilities.**

The Economic Development Board created in G.S. 143B-434 shall coordinate economic development efforts among the various agencies and entities, including those created by executive order of the Governor, that receive economic development appropriations and the Board shall recommend to the Governor and to the General Assembly the assignment of key responsibilities for different aspects of economic development. The Board shall recommend to the Governor and to the General Assembly resource allocation and planning designed to encourage each agency to focus on its area of primary responsibility and not diffuse its resources by conducting activities assigned to other agencies."

(f) The terms of all current members of the Economic Development Board shall expire on the date of ratification of this act.

Requested by: Representatives Nesbitt, Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

**FIVE-YEAR ECONOMIC DEVELOPMENT PLANS**

Sec. 314. The Department of Commerce shall develop five-year plans for the economic development of the far-western, northwestern, northeastern, and southeastern regions of the State and a five-year plan for the economic development of the various minority communities across the State. The Department shall also develop plans for each of these four regions of the State and a plan for the various minority communities that assumes that twenty-five million dollars (\$25,000,000) is available for expenditure over a five-year period for each of the four regions and for the various minority communities.

The Department shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division prior to March 1, 1994, on the plan it develops.

Requested by: Senators Perdue, Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

**STUDY STATE PORTS STATUS AS SEPARATE AGENCY**

Sec. 314.1. The Economic Development Board of the Department of Commerce shall study the North Carolina State Ports Authority's status as a State agency. The study shall include the appropriateness of the Authority's current status and recommendations on the future status of the Authority. The Board shall report the results of its study to the Joint Legislative Commission on Governmental Operations not later than April 1, 1994.

Requested by: Senators Perdue, Martin of Pitt, Cochrane, Representatives Bowman, DeVane, H. Hunter

**STUDY CONTINUED NECESSITY FOR PORTS RAILWAY COMMISSION**

Sec. 314.2. The Economic Development Board of the Department of Commerce shall study whether the North Carolina Ports Railway Commission provides a necessary service to the State and thus should be continued or abolished. The Board shall report the results of its study to the Joint Legislative Commission on Governmental Operations not later than April 1, 1994.

Requested by: Representatives Bowman, DeVane, H. Hunter, Senators Martin of Pitt, Cochrane

**INDUSTRIAL RECRUITMENT COMPETITIVE FUND**

Sec. 314.3. Of the funds appropriated in this act to the Department of Commerce, the sum of five million dollars (\$5,000,000) for the 1993-94 fiscal year shall be used to establish within the Department of Commerce the Industrial Recruitment Competitive Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Monies allocated from the Fund shall be used for the following purposes:

- (1) Installation or purchase of equipment;
- (2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and
- (3) Construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment for existing buildings.

Monies may also be used for construction of or improvements to new or existing water, sewer, gas, or electric utility distribution lines or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor may adopt guidelines and procedures for the commitment of monies from the Fund. Beginning November 1, 1993, the Governor shall report on a quarterly basis to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office on the commitment, allocation, and use of monies from the Fund.

**PART 27. DEPARTMENT OF LABOR**

Requested by: Senator Martin of Pitt, Representatives Bowman, DeVane  
**OSHA POSITIONS**

Sec. 315. (a) The Department of Labor may use funds appropriated to the Department of Labor for the Occupational Safety and Health Act of North Carolina (SHANC) program to fully fund enforcement personnel in the Compliance Bureau of the OSHANC program, provided the Department of Labor certifies to the Office of State Budget and Management that no federal match is available for the 1993-94 fiscal year and for the 1994-95 fiscal year.

(b) If federal Occupational Safety and Health Administration funds are granted to match all or part of the funds for enforcement positions and support that are one hundred percent (100%) State-funded, then State funds equivalent to the federal match shall revert to the General Fund at the end of the fiscal year for which the federal match was received.

## **PART 27A. EFFECTING OF ACTS CONTINGENT ON FUNDING BY THIS ACT**

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

### **RECOMMENDATIONS OF THE EDUCATIONAL LEADERSHIP TASK FORCE AND THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE CONCERNING SCHOOL ADMINISTRATOR PROGRAMS AT THE CONSTITUENT UNIVERSITY OF NORTH CAROLINA INSTITUTIONS**

Sec. 317. Section 8 of Chapter 199 of the 1993 Session Laws reads as rewritten:

"Sec. 8. ~~Sections 5 and 7 of this act shall not become effective unless sufficient funds are appropriated for this purpose.~~ Nothing in this act shall require the General Assembly to appropriate any funds to implement it."

## **PART 28. MISCELLANEOUS PROVISIONS**

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

### **EFFECT OF HEADINGS**

Sec. 318. 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: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

### **EXECUTIVE BUDGET ACT REFERENCE**

Sec. 319. 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: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

### **COMMITTEE REPORT**

Sec. 320. (a) The Senate and House Conference Report Base Budget Reductions and Expansion Budget and the Joint Appropriations Committee

Senate/House Base and Expansion Budget Conference Report, dated July 8, 1993, which was distributed in the House of Representatives and in the Senate and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act.

(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 1993-95 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The General Assembly amended the itemized budget requests submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission, in accordance with the steps that follow and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

- (1) Negative reserves set out in the submitted budget were deleted and the totals were increased accordingly.
- (2) The base budget was adjusted in accordance with the base budget cuts and additions that were set out in the Senate and House Conference Report Base Budget Reductions and Expansion Budget and the Joint Appropriations Committee Senate/House Base and Expansion Budget Conference Report, dated July 8, 1993.
- (3) The expansion budget items were added in accordance with the Senate and House Conference Report Base Budget Reductions and Expansion Budget and the Joint Appropriations Committee Senate/House Base and Expansion Budget Conference Report, dated July 8, 1993, and the accompanying correction sheets. Some of those expansion budget items were in the budget submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission.

Expansion budget items that were funded from new receipts are included in the budget enacted by the General Assembly with program-level detail.

- (4) Transfers of funds supporting programs were made in accordance with the Senate and House Conference Report Base Budget Reductions and Expansion Budget and the Joint Appropriations Committee Senate/House Base and Expansion Budget Conference Report, dated July 8, 1993, and any accompanying correction sheets.

The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**MOST TEXT APPLIES ONLY TO 1993-95**

Sec. 321. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1993-95 biennium, the textual provisions of this act shall apply only to funds appropriated for and activities occurring during the 1993-95 biennium.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**SEVERABILITY CLAUSE**

Sec. 322. If any section or provision of this act is declared unconstitutional or invalid by the courts, 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.

Requested by: Senators Daniel, Plyler, Representatives Nesbitt, Diamont

**EFFECTIVE DATE**

Sec. 323. Except as otherwise provided, this act becomes effective July 1, 1993.

In the General Assembly read three times and ratified this the 9th day of July, 1993.

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Dennis A. Wicker  
President of the Senate

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Daniel Blue, Jr.  
Speaker of the House of Representatives