

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION

CHAPTER 752
SENATE BILL 44

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

The General Assembly of North Carolina enacts:

Requested by: Senator Royall, Representative Diamont

—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: Senator Royall, Representative Diamont

—TITLE OF ACT

Sec. 2. This act shall be known as "The Expansion Budget Appropriations Act of 1989."

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

—CONTENTS/INDEX—

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

—INTRODUCTION	1
—TITLE OF ACT	1
PART I.—CURRENT OPERATIONS/GENERAL FUND	6
PART II.—CURRENT OPERATIONS/HIGHWAY FUND	7
PART III.—CURRENT OPERATIONS/GENERAL FUND/AID TO CERTAIN GOVERNMENTAL AND NONGOVERNMENTAL UNITS	8
PART IV.—CURRENT OPERATIONS/HIGHWAY FUND/AID TO CERTAIN GOVERNMENTAL AND NONGOVERNMENTAL UNITS	9

PART V.—APPROPRIATIONS OF BLOCK GRANT FUNDS	10
—BLOCK GRANT PROVISIONS	10
PART VI.—STATE AID TO NON-STATE ENTITIES/CORRECTIONS PROVISIONS	15
—PEMBROKE LIBRARY RENOVATION FUNDS REDIRECTED FOR MUNICIPAL COMPLEX CONSTRUCTION	15
—CASTALIA FUNDS REALLOCATED	15
—HAYWOOD CENTER FUNDS	15
—REALLOCATION OF CERTAIN FUNDS	16
—17TH HOUSE DISTRICT SPECIAL FUNDS	16
—FAYETTEVILLE AREA FUNDS	17
PART VII.—GENERAL GOVERNMENT PROVISIONS	17
—ALLOCATION OF RAPE CRISIS CENTER FUNDS	17
—DOMESTIC VIOLENCE CENTER FUNDS	17
—REGIONAL HISTORIC ATTRACTION FUNDS	18
—SOUTHEASTERN CENTER FOR CONTEMPORARY ART FUNDS LIMITATION	18
—LAND LOSS PREVENTION FUNDS	18
—OFFICE OF ADMINISTRATIVE HEARINGS RECEIPTS	18
—CONTINGENCY AND EMERGENCY FUND RESERVE/RESTRICTED RESERVE	18
—CONTINGENCY AND EMERGENCY FUND RESERVE/OUTDOOR DRAMAS	19
PART VIII.—SALARIES AND BENEFITS	20
—BENEFIT AND TECHNICAL ADJUSTMENTS/TEACHERS' AND STATE EMPLOYEES' HEALTH BENEFIT PLAN	20
—GOVERNOR'S SALARY INCREASE	29
—COUNCIL OF STATE/SALARY INCREASE	30
—NONELECTED DEPARTMENT HEAD/SALARY INCREASES	30
—LEGISLATORS/SALARY AND EXPENSES INCREASE	30
—GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES	31
—SERGEANT-AT-ARMS AND READING CLERKS/SALARY INCREASES	31
—LEGISLATIVE EMPLOYEES/SALARY INCREASES	32
—JUDICIAL BRANCH OFFICIALS/SALARY INCREASE	32
—CLERKS OF COURT/SALARY INCREASE	33
—ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE	33
—MAGISTRATES/SALARY INCREASE	34
—COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES	36
—HIGHER EDUCATION PERSONNEL/SALARY INCREASES	36
—MOST STATE EMPLOYEES/SALARY INCREASES/1989-90	37
—MOST STATE EMPLOYEES/SALARY INCREASES/1990-91	38
—PUBLIC SCHOOL PERSONNEL/SALARY INCREASES	39
—CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES	43
—ALL STATE-SUPPORTED PERSONNEL/SALARY INCREASES	44

—POST-RETIREMENT ALLOWANCE INCREASES/RETIRED TEACHERS, STATE EMPLOYEES, JUDICIAL OFFICIALS, LOCAL GOVERNMENT EMPLOYEES, AND LEGISLATORS	45
—SALARY RELATED CONTRIBUTIONS/EMPLOYERS	46
—STUDY OF MEDICAL, DISABILITY, DEATH, RETIREMENT, AND RELATED BENEFITS PROVIDED BY FEDERAL, STATE, AND LOCAL GOVERNMENTS FOR FIREMEN	47
PART IX.—BUDGET PROVISIONS	48
—NO TRANSFERS BETWEEN ITEMS IN THE BUDGET	48
—LIMIT ON NUMBER OF STATE EMPLOYEES	49
—EXPENDITURE OF FUNDS	49
—PERMIT DEVIATIONS FROM CERTAIN PROVISIONS OF THE EXECUTIVE BUDGET ACT	49
—FEE REPORTING REQUIREMENT	50
—CONTINGENCY AND EMERGENCY FUND ALLOCATION	51
—PRIVATE LICENSE TAGS ON STATE-OWNED CARS AUTHORIZED	51
—RESERVE FOR LOCAL TAX REIMBURSEMENTS	51
—TAX AMNESTY ACT/APPROPRIATIONS FOR TAX ENFORCEMENT PERSONNEL	56
—INFORMATION FROM PRIVATE ORGANIZATION RECEIVING STATE FUNDS	56
PART X.—DEPARTMENT OF PUBLIC INSTRUCTION	57
—PUPIL TRANSPORTATION	57
—CHILD NUTRITION	57
—DROPOUT PREVENTION COORDINATORS	57
—DROPOUT PREVENTION/IN-SCHOOL SUSPENSION	58
—TEACHER SCHOLARSHIP LOANS	58
—KINDERGARTEN STUDY	58
—BASIC EDUCATION PROGRAM FUNDS	58
—FOREIGN LANGUAGE INSTITUTE	59
—ASSISTANT PRINCIPALS	59
—COORDINATION OF DEPARTMENT OF HUMAN RESOURCES/PUBLIC INSTRUCTION PROGRAMS	59
—REDUCE PAPERWORK	59
—TEACHER TRAINING/LEARNING DISABLED CHILDREN	60
—ACCREDITATION/ACCOUNTABILITY FUNDS	61
—USE OF FUNDS FOR TEACHERS	61
—PROJECT TEACH FUNDS	62
—N. C. SYMPHONY AUDIO-VISUAL FUNDS	62
—PRINCIPLES OF TECHNOLOGY FUNDS/DO NOT REVERT	62
—MODEL TEACHER EDUCATION CONSORTIUM	62
—ASSIGNMENT OF PRINCIPALS TO SMALLER SCHOOLS	63
—EXISTING CAREER DEVELOPMENT PILOT PROGRAMS	63
—EXISTING LEAD TEACHER PILOT PROGRAMS	64

—REDUCTION OF VANDALISM IN THE PUBLIC SCHOOLS	64
—PRELIMINARY SCHOLASTIC APTITUDE TEST OPPORTUNITIES ENCOURAGED	64
—ADMINISTRATION OF DEPARTMENT OF PUBLIC INSTRUCTION BUDGET	64
PART XI.—DEPARTMENT OF COMMUNITY COLLEGES	67
—TUITION INCREASE	67
—ACCOUNTABILITY AND FLEXIBILITY	67
—FULL-TIME EQUIVALENT TEACHING POSITIONS/COMMUNITY COLLEGES	67
—FOCUSED INDUSTRIAL TRAINING PROGRAM	67
—RETOOLING FOR THE YEAR 2000: GAINING THE COMPETITIVE EDGE	68
—LITERACY ALLOCATION BASIS	68
—NORTH CAROLINA EMPLOYERS CHARGED IN-STATE TUITION	69
—LITERACY TRANSPORTATION	69
—EQUINE INSTRUCTION/MARTIN COMMUNITY COLLEGE	70
—TUITION/PUBLIC SCHOOL STUDENTS TAKING COMMUNITY COLLEGE COURSES	70
—COMMUNITY COLLEGE REPORTS	70
PART XII.—COLLEGES AND UNIVERSITIES	70
—UNIVERSITY OF NORTH CAROLINA HOSPITALS AT CHAPEL HILL/NURSING	70
—NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS	70
—ECU MEDICARE REIMBURSEMENT	71
—AID TO PRIVATE COLLEGES INCREASE/PROCEDURE	71
—ACCOUNTABILITY	72
—FINANCIAL AID FOR POST-SECONDARY EDUCATION FOR PART-TIME STUDENTS	72
—TEACHER TASK FORCE RECOMMENDATIONS/FUNDS	72
—NORTH CAROLINA A&T STATE UNIVERSITY/WESTERN CAROLINA UNIVERSITY CENTENNIAL OBSERVANCE FUNDS	73
PART XIII.—DEPARTMENT OF TRANSPORTATION	74
—SPECIAL APPROPRIATIONS FOR HIGHWAYS	74
—COMMISSION PAID TO BRANCH AGENTS	74
—COMMISSIONER OF MOTOR VEHICLES TO REPORT ON PRINTING AND BINDING FUNDS	74
—CONCESSIONS ON FERRIES AND AT FERRY FACILITIES	75
—BRIDGE MAINTENANCE BY DEPARTMENT OF TRANSPORTATION	75
—CURRITUCK/DARE BRIDGE MAINTENANCE YARD CONSOLIDATION	75
—NC 400 UNDER VOYAGES COMMISSION	75
—ELDERLY AND HANDICAPPED TRANSPORTATION ASSISTANCE PROGRAM	76
PART XIV.—DEPARTMENT OF JUSTICE	76
—REALLOCATE SBI AGENT POSITIONS	76
—STATE LAW ENFORCEMENT STUDY	76

—TELECOMMUNICATORS' CERTIFICATION STUDY	77
PART XV.—DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY	77
—COMMUNITY SERVICE COORDINATOR APPOINTMENT	77
—VICTIMS COMPENSATION PROGRAM STUDY	77
—REVIEW OF THE CIVIL AIR PATROL OPERATIONS	77
—REVIEW OF NATIONAL GUARD OPERATIONS	78
—SUMMIT HOUSE FUNDS	78
—ASSIGNMENT OF HIGHWAY PATROL CARS	79
—ADDITIONAL HIGHWAY PATROL TROOPERS	79
PART XVI.—DEPARTMENT OF CORRECTION	79
—REPORT ON NEED FOR TRAINING COORDINATOR POSITIONS FOR 1991- 93 BIENNIUM	79
—ENGINEERING SUPPORT SECTION AUDIT	79
—SUBSTANCE ABUSE PROGRAM AND DWI PAROLE PROGRAM EVALUATIONS	80
—PRISONER ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS) TESTING/TREATMENT	80
—CORRECTIONS CENTRALIZATION STUDY	81
PART XVII.—DEPARTMENT OF HUMAN RESOURCES	81
—BLOCK GRANT FAMILY PLANNING FUNDS	82
—BLOCK GRANT ADOLESCENT PREGNANCY FUNDS	82
—ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH SERVICES BLOCK GRANT FUNDS	82
—EASTERN REGIONAL DETOXIFICATION FUNDS	83
—SPECIALIZED RESIDENTIAL CENTERS' BED CONVERSIONS	83
—STUDY OF FUNDS USED FOR LOCAL PROGRAM SALARIES	83
—THOMAS S.	83
—ONE-ON-ONE PROGRAM FUNDS	83
—LIABILITY INSURANCE FOR PHYSICIANS/DENTISTS	84
—CHILD PROTECTIVE SERVICES FUNDS	84
—DOMICILIARY CARE RATE INCREASE	85
—FOSTER CARE RATE INCREASE	85
—REVISED/EXPANDED MEDICAID COVERAGE FOR PREGNANT WOMEN AND FOR CHILDREN	85
—ANSON COUNTY SEWER FUNDS	86
—AFDC INCREASE	86
—ADOLESCENT PREGNANCY PREVENTION PROJECTS	87
—INFANT MORTALITY PREVENTION FUNDS	90
—STATEWIDE MEDICAL EXAMINER FUNDS	90
—PRESCRIPTION DRUG REIMBURSEMENT	90
—CUED SPEECH FUNDS	91
—BLIND SERVICES/INFORMATION	91
—ENVIRONMENTAL HEALTH FUNDS	92
—SOLID WASTE MANAGEMENT TECHNICAL ASSISTANCE	92

—SUPERFUND PROGRAM	93
—AGING FUNDS	93
—ASBESTOS HAZARD MANAGEMENT FUNDS	93
PART XVIII.—DEPARTMENT OF AGRICULTURE	93
—AQUACULTURE DEVELOPMENT	93
—GENETIC ENGINEERING	95
PART XIX.—DEPARTMENT OF COMMERCE	100
—WORKER READJUSTMENT PROGRAM FUNDS	100
—PETROLEUM OVERCHARGE FUNDS ALLOCATION	101
—BUSINESS ENERGY IMPROVEMENT PROGRAM	101
—COMMERCE REGIONAL OFFICE	102
—VISITOR AND WELCOME CENTERS FUNDS	102
PART XX.—DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT	103
—ZOO RECEIPTS	103
—LUMBER RIVER PARKS RANGERS	103
—NATURAL AND SCENIC RIVERS SYSTEM	103
—AUTHORIZATION FOR USE OF WATER QUALITY FEES	105
—AUTHORIZATION FOR USE OF AIR QUALITY FEES	105
—SALES TAX PROCEEDS FOR WILDLIFE FUND MODIFIED	105
—TEXASGULF SETTLEMENT FUNDS	106
—AGRICULTURE COST SHARE PROGRAM	106
PART XXI.—MISCELLANEOUS PROVISIONS	107
—EFFECT OF HEADINGS	107
—EXECUTIVE BUDGET ACT REFERENCE	107
—COMMITTEE REPORT	107
—EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN THE CURRENT OPERATIONS ACT OF 1989 APPLY	107
—MOST TEXT APPLIES ONLY TO 1989-91	107
—SEVERABILITY CLAUSE	107
—EFFECTIVE DATE	107

PART I.—CURRENT OPERATIONS/GENERAL FUND

Sec. 3. Appropriations from the General Fund of the State for the operations and maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated, except for aid to certain governmental and nongovernmental units, are made for the biennium ending June 30, 1991, according to the following schedule:

<u>Current Operations - General Fund</u>	<u>1989-90</u>	<u>1990-91</u>
General Assembly	\$ 866,327	\$ 467,455
Department of Secretary of State	259,101	276,222

Department of State Auditor	359,005	336,295
Department of State Treasurer	431,100	579,754
Department of Public Education	73,868,503	180,381,325
Department of Justice	1,984,288	2,185,905
Department of Insurance	168,216	265,311
Department of Administration	1,490,445	1,486,068
Department of Agriculture	1,402,836	1,918,637
Department of Labor	1,194,639	791,867
Department of Natural Resources and Community Development	2,603,610	2,913,581
Department of Human Resources		
01. DHR-Administration and Support Program	200,000	50,000
02. Division of Health Service	1,226,625	1,322,210
03. Social Services	3,440,420	6,750,543
04. Medical Assistance	7,154,259	15,330,389
05. Division of Services for the Blind	26,970	53,940
06. Cherry Hospital	1,065,376	1,420,502
07. Division of Facility Services	535,086	394,483
08. Division of Vocational Rehabilitation	-	677,754
Total Department of Human Resources	13,648,736	25,999,821
Department of Correction	9,326,508	24,322,698
Department of Commerce	(790,569)	(3,278,951)
Department of Revenue	5,091,431	3,047,331
Department of Cultural Resources	209,987	198,253
Department of Crime Control and Public Safety	1,470,045	1,389,453
University of North Carolina- Board of Governors		

01. University Operations- Lump Sum	(105,791)	7,638,328
02. Related Educational Programs	2,015,000	3,340,000
03. N.C. State University	(370,000)	(316,000)
04. UNC - Chapel Hill		
a. Health Affairs	(164,280)	(164,280)
b. Academic Affairs	(205,720)	(205,720)
05. University of North Carolina Hospitals at Chapel Hill	(250,000)	(250,000)
06. North Carolina School of Science and Mathematics	201,000	302,000
Total University of North Carolina	1,120,209	10,344,328
Department of Community Colleges	13,336,189	11,131,540
Reserve for Employee Health Plan	30,000,000	40,000,000
Reserve for State Employees and Teachers Salary Increases	292,300,000	611,900,000
GRAND TOTAL CURRENT OPERATIONS— GENERAL FUND	\$ 450,340,606	\$ 916,656,893

PART II.—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, except for aid to certain governmental and nongovernmental units, are made for the biennium ending June 30, 1991, according to the following schedule:

<u>Current Operations-Highway Fund</u>	<u>1989-90</u>	<u>1990-91</u>
Department of Transportation		
01. Administration	\$ 929,575	\$ 1,729,634
02. Highways		
a. Administration and Operations	1,004,595	924,216
b. State Construction		
(01) Special Appropriation for Highways	6,000,000	6,000,000
(02) Spot Safety Improvements	2,900,000	2,900,000
c. State Maintenance		
(01) Contract Resurfacing	-	(11,000,000)
d. Ferry Operations	1,711,200	2,235,654
03. Division of Motor Vehicles	4,000,971	3,200,229

04. Governor's Highway Safety Program	6,000	6,000
05. Reserve to Correct Occupational Safety and Health Conditions	200,000	150,000
Total Department of Transportation	16,752,341	6,145,733
Appropriations to Other State Agencies		
01. Department of Revenue	160,000	160,000
02. Department of Crime Control & Public Safety	1,372,095	2,378,827
Reserve for Hospital/Medical Benefit	3,000,000	3,500,000
Reserve for Compensation Increase	17,300,000	36,200,000
GRAND TOTAL CURRENT OPERATIONS-- HIGHWAY FUND	\$ 38,584,436	\$ 48,384,560

**PART III.—CURRENT OPERATIONS/GENERAL FUND/AID TO CERTAIN
GOVERNMENTAL AND NONGOVERNMENTAL UNITS**

Sec. 5. Appropriations from the General Fund of the State to State departments, institutions, and agencies for aid to certain governmental and nongovernmental units as enumerated are made for the biennium ending June 30, 1991, according to the following schedule:

<u>General Fund</u>	<u>1989-90</u>	<u>1990-91</u>
Department of Public Education	\$ 2,000,000	\$ 4,000,000
Department of Administration	443,000	595,500
Department of Transportation		
01. Aeronautics	355,000	855,000
02. Aid to Railroads	500,000	-
Total Department of Transportation	855,000	855,000
Department of Natural Resources and Community Development	1,000,000	2,064,826
Department of Commerce		
01. Biotechnology Center	-	2,000,000
Department of Human Resources		
01. Division of Aging	3,869,437	5,024,337

02.	Division of Health Services	400,000	300,000
03.	Social Services	2,650,000	3,593,783
04.	Division of Mental Health, Mental Retardation, and Substance Abuse Services	11,688,438	16,690,845
05.	Division of Youth Services	197,250	197,250
06.	DHR - Administration	90,000	50,000
Total Department of Human Resources		18,895,125	25,856,215
Department of Crime Control and Public Safety		75,000	-
Department of Cultural Resources		-	100,000
Office of State Budget and Management		240,000	-
University of North Carolina-Board of Governors			
01.	Related Educational Programs	2,649,431	2,649,431
State Board of Elections		481,555	-
Reserve for Salary Increases for Mandated Local Programs		6,002,988	12,246,094
GRAND TOTAL STATE AID- GENERAL FUND		\$ 32,642,099	\$ 50,367,066

PART IV.—CURRENT OPERATIONS/HIGHWAY FUND/AID TO CERTAIN GOVERNMENTAL AND NONGOVERNMENTAL UNITS

Sec. 6. Appropriations from the Highway Fund of the State to State departments, institutions, and agencies for aid to certain governmental and nongovernmental units as enumerated are made for the biennium ending June 30, 1991, according to the following schedule:

<u>Highway Fund</u>	<u>1989-90</u>	<u>1990-91</u>
State Aid for Public Transportation	\$ 2,000,000	\$ 2,000,000
GRAND TOTAL STATE AID- HIGHWAY FUND	\$ 2,000,000	\$ 2,000,000

PART V.—APPROPRIATIONS OF BLOCK GRANT FUNDS

Requested by: Senator Royall, Representative Diamont
—BLOCK GRANT PROVISIONS

Sec. 7. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1990, according to the following schedule:

JOB TRAINING PARTNERSHIP ACT

01.	Title II A funds to the 27 service delivery areas to train economically disadvantaged youth and adults	\$21,537,460
02.	Education set aside to State education agencies for projects to serve eligible participants	2,208,970
03.	Incentive grants and technical assistance funds to service delivery areas	1,656,728
04.	Funds for training economically disadvantaged older workers	828,364
05.	Funds to the Department of Natural Resources and Community Development to administer and audit all activities related to the Job Training Partnership Act Programs	1,380,606
06.	Title II B Summer Youth Employment and Training funds to service delivery areas for economically disadvantaged youth	10,903,115
07.	Title III Dislocated workers funds to the Employment Security Commission	2,318,402
TOTAL JOB TRAINING PARTNERSHIP ACT		\$40,833,645

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 7,815,918
02.	Limited Purpose Agencies	434,218

03.	Department of Natural Resources and Community Development to administer and monitor the activities of the Community Services Block Grant	434,218
TOTAL COMMUNITY SERVICES BLOCK GRANT		\$ 8,684,354
COMMUNITY DEVELOPMENT BLOCK GRANT		
01.	State Administration	\$ 858,080
02.	Urgent Needs/Contingency	1,852,296
03.	Development Planning Housing	1,111,378
04.	Economic Development	7,409,184
05.	Community Revitalization	26,673,062
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT		\$37,904,000
EDUCATION CONSOLIDATION AND IMPROVEMENT BLOCK GRANT		\$11,526,834
PREVENTIVE HEALTH BLOCK GRANT		
01.	Emergency Medical Services	\$ 424,828
02.	Basic Public Health Services	891,309
03.	Hypertension Programs	552,640
04.	Health Education/Risk Reduction Programs	483,131
05.	Health Promotion/Local Health Departments	459,461
06.	Fluoridation of Water Supplies	148,063
07.	Rape Prevention and Rape Crisis Programs	89,369
08.	AIDS/HIV Education, Counseling,	

and Testing	294,374
TOTAL PREVENTIVE HEALTH BLOCK GRANT	\$ 3,343,175
MATERNAL AND CHILD HEALTH SERVICES	
01. Healthy Mother/Healthy Children Block Grants to Local Health Departments	\$11,718,781
02. High Risk Maternity Clinic Services, Perinatal Education, and Consultation to Local Health Departments and Other Health Care Providers	1,275,498
03. Services to Disabled Children	4,056,661
04. Sudden Infant Death Syndrome	32,633
05. Lead-Based Paint Poisoning	71,200
06. New Special Projects	606,740
07. Reimbursements for Local Health Departments for Contracted Nutritional Services	120,530
TOTAL MATERNAL AND CHILD HEALTH SERVICES	\$17,882,043
SOCIAL SERVICES BLOCK GRANT	
01. County Departments of Social Services	\$41,603,354
02. Division of Mental Health, Mental Retardation, and Substance Abuse	5,770,693
03. Division of Services for the Blind	2,691,673
04. Division of Youth Services	1,051,428
05. Division of Facility Services	224,299
06. Division of Aging	327,424

07.	Day Care Services	12,517,760
08.	Volunteer Services	44,970
09.	State Administration and State Level Contracts	3,362,775
10.	Voluntary Sterilization funds	100,000
11.	Transfer to Maternal and Child Health Block Grant	1,691,909
12.	Adult Day Care Services	653,910
13.	County Departments of Social Services for Child Abuse/Prevention and Permanency Planning	400,000
14.	Allocation to Division of Health Services for Grants in Aid to Prevention Programs	445,000
15.	Transfer to Preventive Health Block Grant for Health Promotion Programs	459,461
16.	Allocation to Preventive Health Block Grant for AIDS Education	294,374
TOTAL SOCIAL SERVICES BLOCK GRANT		\$71,639,030
LOW INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$17,923,064
02.	Crisis Intervention	4,362,032
03.	Administration	1,933,215
04.	Weatherization Program	1,737,187
05.	Indian Affairs	27,222
06.	Emergency Medical Services	209,116

07.	Transfer to Social Services Block Grant for Adult Day Care Services	410,139
08.	Transfer to Social Services Block Grant for State Administration & Contract Service	192,748
09.	Transfer to Maternal and Child Health Grant for Maternal and Child Health Block Grant in the Division of Health Services for Healthy Mothers and Children	1,696,362
10.	Allocation to the Department of Administration for the North Carolina Fund for Children	45,270
TOTAL LOW INCOME ENERGY BLOCK GRANT		\$28,536,355

**ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH
SERVICES BLOCK GRANT**

01.	Funds to Area Mental Health, Mental Retardation, and Substance Abuse Programs to Be Distributed on a Per Capita Basis	\$1,866,556
02.	Services to Persons Who Have Aged Out of the Willie M. Class	300,000
03.	Programs for the Chronically Mentally Ill	3,084,847
04.	Community-Based Substance Abuse Programs	4,743,447
05.	Administration	712,213
06.	Non-Residential Child Mental Health Services	279,781
07.	Residential Child Mental Health Services	341,418

08.	Treatment Alternatives to Street Crimes	232,371
09.	Eastern Region Detox Services	353,110
10.	Community-Based Services for Youth Substance Abusers	1,962,191
TOTAL ALCOHOL AND DRUG ABUSE AND MENTAL HEALTH SERVICES BLOCK GRANT		\$13,875,934
ALCOHOL AND DRUG ABUSE TREATMENT AND REHABILITATION BLOCK GRANT		
01.	Community-based Services for Youth Substance Abusers	\$ 968,673
02.	Treatment Alternatives to Street Crimes	114,733
TOTAL ALCOHOL AND DRUG ABUSE TREATMENT AND REHABILITATION BLOCK GRANT		\$1,083,406
MENTAL HEALTH SERVICES FOR THE HOMELESS BLOCK GRANT		
01.	Specialized Community Services for the Chronically Mentally Ill	\$215,588
02.	Community-based Services for Chronically Mentally Ill Youth	75,195
TOTAL MENTAL HEALTH SERVICES FOR THE HOMELESS BLOCK GRANT		\$290,783
COMMUNITY YOUTH ACTIVITY PROGRAM BLOCK GRANT		
01.	Development of Community-Based Substance Abuse Prevention Programs for Youth	\$61,709
02.	Evaluation	6,800
TOTAL COMMUNITY YOUTH ACTIVITY PROGRAM BLOCK GRANT		\$68,509
(b)	Decreases in Federal Fund Availability	

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

(c) Increases in Federal Fund Availability

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

(d) Education Setaside of JTPA Funds

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

PART VI.—STATE AID TO NON-STATE ENTITIES/CORRECTIONS PROVISIONS

Requested by: Representative Locks,
—PEMBROKE LIBRARY RENOVATION FUNDS REDIRECTED FOR MUNICIPAL COMPLEX CONSTRUCTION

Sec. 8. S1742 of Section 1 of Chapter 1094 of the 1987 Session Laws, Regular Session 1988, reads as rewritten:

"S1742 ~~PEMBROKE LIBRARY~~ PEMBROKE LIBRARY MUNICIPAL COMPLEX FUNDS

Fifty thousand dollars (\$50,000) to the Town of Pembroke in Robeson County for capital costs for ~~the library~~ a municipal complex."

Requested by: Representative Cooper
—CASTALIA FUNDS REALLOCATED

Sec. 9. Paragraph H2219 of Section 1 of Chapter 1085 of the 1987 Session Laws reads as rewritten:

"H2219 ~~CASTALIA CAPITAL FUNDS~~ CASTALIA VOLUNTEER FIRE DEPARTMENT FUNDS

Seven thousand dollars (\$7,000) to the ~~Town of Castalia for capital needs, provided these funds are matched on the basis of one dollar from local ad valorem tax revenues for every two State dollars.~~ Castalia Volunteer Fire Department, Inc., for capital improvements."

Requested by: Representative Beall

—HAYWOOD CENTER FUNDS

Sec. 10. Of the funds appropriated in Section 115 of Chapter 757 of the 1985 Session Laws to Haywood County for the 1985-86 fiscal year to construct an agricultural center, any unexpended or unencumbered funds, any matching funds, and any interest or investment earnings on these funds may be used by Haywood County for a Student Activities Center at Haywood Community College.

Requested by: Representatives Jeralds, Edwards

—REALLOCATION OF CERTAIN FUNDS

Sec. 11. (a) Paragraph S1760 of Section 1 of Chapter 1094 of the 1987 Session Laws reads as rewritten:

"S1760 CUMBERLAND CULTURAL FUNDS

~~Fifty thousand dollars (\$50,000)~~ Twenty-five thousand dollars (\$25,000) to the Howard Improvement Association, Inc., for renovation, improvement, and landscaping of the historic Howard Trust property in Cumberland County, which has been used for cultural, educational, and literary purposes since 1867.

Twenty-five thousand dollars (\$25,000) to the Orange Street School Restoration and Historical Association, Inc., to restore and renovate the Old Orange Street School in Fayetteville for use as a museum, art center, or other cultural center.

Forty thousand dollars (\$40,000) to the City of Fayetteville to renovate the Market House."

(b) Section 24 of Chapter 1100 of the 1987 Session Laws is repealed.

(c) This section shall become effective June 30, 1989.

Requested by: Representative Jeralds

—17TH HOUSE DISTRICT SPECIAL FUNDS

Sec. 12. Paragraph H2557 of Section 1 of Chapter 1085 of the 1987 Session Laws, 1988 Regular Session, reads as rewritten:

"H2557 17TH HOUSE DISTRICT SPECIAL FUNDS

Two thousand five hundred dollars (\$2,500) to the Cumberland Community Foundation, Inc., in Cumberland County for mini-grants for teacher staff development.

Five thousand dollars (\$5,000) to the City of Fayetteville to provide transportation for senior citizens.

Five thousand dollars (\$5,000) to the Spring Lake Community Center Foundation, Inc., of Cumberland County for operating expenses.

Two thousand five hundred dollars (\$2,500) to the Southeastern Cumberland County Rural Community Association, Inc., for educational programs and playground equipment and repairs.

Two thousand five hundred dollars (\$2,500) to the Board of Governors of The University of North Carolina to provide funds for the Continuing Education Center at Fayetteville State University.

Two thousand five hundred dollars (\$2,500) to the Town of Spring Lake to be used for transportation and out-reach programs at the Spring Lake Senior Citizens Center.

Two thousand five hundred dollars (\$2,500) to the Cumberland Sheltered Workshop, Inc., for operating expenses.

Five thousand dollars (\$5,000) to ~~the Howard Improvement Association, Inc., for improvements to the historic Howard Trust property in Cumberland County, which has been used for cultural, educational, and literary purposes since 1867.~~ Teen Involvement Projects (TIPS), a nonprofit corporation, for support of its programs for at-risk youth.

Two thousand five hundred dollars (\$2,500) to the Arts Council of Fayetteville/Cumberland County, Inc., for special projects."

Requested by: Representative Jeralds

—FAYETTEVILLE AREA FUNDS

Sec. 13. Paragraph H2582 of Section 1 of Chapter 1085 of the 1987 Session Laws, 1988 Regular Session, reads as rewritten:

"H2582 FAYETTEVILLE AREA FUNDS

Two thousand five hundred dollars (\$2,500) to the Cumberland Community Foundation, Inc., in Cumberland County for mini-grants for teacher staff development.

Five thousand dollars (\$5,000) to the City of Fayetteville to provide transportation for senior citizens.

Five thousand dollars (\$5,000) to the Spring Lake Community Center Foundation, Inc., of Cumberland County for operating expenses.

One thousand five hundred dollars (\$1,500) to the Southeastern Cumberland County Rural Community Association, Inc., for educational programs, playground equipment, and repairs.

Two thousand five hundred dollars (\$2,500) to the Board of Governors of The University of North Carolina to provide funds for the Continuing Education Center at Fayetteville State University.

Two thousand five hundred dollars (\$2,500) to Spring Lake Lifeline Center, Inc., of Cumberland County for operating expenses.

Two thousand five hundred dollars (\$2,500) to the Cumberland Sheltered Workshop, Inc., for operating expenses.

Five thousand dollars (\$5,000) to ~~the Howard Improvement Association, Inc., of Cumberland County for capital improvements.~~ Sugar & Spice Day/Night Care for the Elderly in Cumberland County for operating expenses.

Two thousand five hundred dollars (\$2,500) to the Arts Council of Fayetteville/Cumberland County, Inc., to be used for special projects.

One thousand dollars (\$1,000) to the Sugar & Spice Day/Night Care for the Elderly in Cumberland County for development expenses."

PART VII.—GENERAL GOVERNMENT PROVISIONS

Requested by: Senator Martin of Guilford, Representatives Easterling, Michaux

—ALLOCATION OF RAPE CRISIS CENTER FUNDS

Sec. 14. All funds for the Rape Crisis Centers appropriated to the Department of Administration, Council on the Status of Women, for the 1989-90 fiscal

year and the 1990-91 fiscal year 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 developed by the Department of Administration. In reviewing grant applications, the Department shall consider the impact of discontinued federal funding on those centers that received funding through Section 41 of Chapter 1086 of the 1987 Session Laws, Regular Session 1988. Grants shall be awarded by September 1 each fiscal year and the funds disbursed no later than November 1 of each fiscal year.

Requested by: Representatives Easterling, Michaux

—DOMESTIC VIOLENCE CENTER FUNDS

Sec. 15. The funds appropriated to the Department of Administration, Council on the Status of Women, for fiscal years 1989-90 and 1990-91 for domestic violence centers, shall be allocated equally among all of the 61 domestic violence centers in operation on February 1, 1989, that offered services including a hotline, transportation services, community education programs, daytime services, and call forwarding during the night. For the 1989-90 fiscal year, each grant shall be \$15,000. For the 1990-91 fiscal year, each grant shall be \$17,500.

Requested by: Representative B. Ethridge

—REGIONAL HISTORIC ATTRACTION FUNDS

Sec. 16. Of the funds appropriated to the Department of Cultural Resources in Section 5 of this act for the 1990-91 fiscal year the sum of \$100,000 shall be used for grants of up to \$10,000 each to nonprofit historic attractions in North Carolina for operating expenses and other purposes, all as approved by the North Carolina Historical Commission, provided that any grant recipient agrees to match the State grant on a dollar-for-dollar basis, and provided that the expenditure and accounting of these grant funds by the historic attraction adhere to reasonable rules and regulations established by the North Carolina Historical Commission.

Requested by: Representatives Decker, Stam

—SOUTHEASTERN CENTER FOR CONTEMPORARY ART FUNDS

LIMITATION

Sec. 17. Notwithstanding any provisions of law to the contrary, no State funds appropriated or allocated to the Southeastern Center for Contemporary Art, in Winston-Salem, shall be used for the Awards in the Visual Arts (AVA) Program.

Requested by: Representative Michaux

—LAND LOSS PREVENTION FUNDS

Sec. 18. Of the funds appropriated to the North Carolina Association of Black Lawyers' Land Loss Prevention Project, Inc., in Section 5 of this act, the sum of \$100,000 for the 1989-90 fiscal year shall be used to provide free legal representation to low-income, financially distressed small farmers. The North Carolina Association of Black Lawyers' 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 North Carolina Association of Black Lawyers' Land Loss Prevention Project, Inc., shall report quarterly to the Joint Legislative Commission on Governmental Operations on the use of these funds.

Requested by: Representatives Easterling, Michaux
—OFFICE OF ADMINISTRATIVE HEARINGS RECEIPTS

Sec. 19. (a) The Office of Administrative Hearings may budget receipts from the sale of publications and may budget the equivalent amount in contractual services for preparation of publications.

(b) The Office of Administrative Hearings may budget federal receipts received by the Civil Rights Division. These funds may be used to cover expenditures such as rent of offices and contractual personal services.

Requested by: Senator Royall, Representative Diamont
—CONTINGENCY AND EMERGENCY FUND RESERVE/RESTRICTED RESERVE

Sec. 20. G.S. 143-12 reads as rewritten:

"§ 143-12. Bills containing proposed appropriations.

The Director shall cause to be prepared and submitted to the General Assembly the following bills:

- (1) A bill containing all proposed current operations appropriations of the budget for each year in the ensuing biennium, which shall be known as the 'Current Operations Appropriations Bill', and a bill containing all proposed capital appropriations of the budget for each year in the ensuing biennium, which shall be known as the 'Capital Improvement Appropriations Bill'.
- (2) If necessary, a bill containing the Director of the Budget's views on revenue for the ensuing biennium, which shall be known as the 'Budget Revenue Bill', and shall provide an amount of revenue for the ensuing biennium sufficient, in the opinion of the Director and the Commission, to meet the appropriations contained in the Current Operations Appropriations Bill and the Capital Improvement Appropriations Bill.
- (3) Repealed by Session Law 1983 (Regular Session, 1984), c. 1034, s. 153.

To the end that all expenses of the State may be brought and kept within the budget, the Current Operations Appropriations Bill shall contain a specific sum as a contingent or emergency ~~appropriation~~ appropriation, and shall allocate a specific portion of that sum to a special reserve to be used solely for purposes as outlined in G.S. 143-23(a1)(3), (4), and (5). The manner of the allocation of such contingent or emergency appropriation shall be as follows: Any institution, department, commission, or other agency or activity of the State, or other activity in which the State is interested, desiring

an allotment out of such contingent or emergency appropriation, shall upon forms prescribed and furnished by the Director of the Budget, present such request in writing to the Director of the Budget, with such information as he may require, and if the Director of the Budget shall approve such request, in whole or in part, he shall forthwith present the same to the Governor and Council of State, and upon their order only shall such allotment be made. If the Director shall disapprove the request of such an allotment out of the emergency or contingent appropriation, he shall transmit his refusal and his reason therefor to the Governor and Council of State for their information.

Funds allocated from the contingent or emergency appropriation may be used only for the purpose for which they were allocated and may not be reallocated for another purpose by the Governor and the Council of State. If the funds are not spent or encumbered for the purpose for which they were allocated by the end of the fiscal biennium and if the Governor and the Council of State do not reallocate them for that same purpose, the funds shall revert to the fund from which the contingent or emergency appropriation was made. Also, if the funds are not needed for the purpose for which they were allocated, the funds shall revert to the fund from which the contingent or emergency appropriation was made.

The Director of the Budget may, in preparation of the Appropriations and Revenue Bills, seek the advice of the Advisory Budget Commission. If the Director and the Commission shall not agree as to the Appropriations and Revenue Bills in substantial particulars, the Director shall prepare the same, based on his 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 they shall find proper to submit as representing their own views."

Requested by: Representative G. Wilson

—CONTINGENCY AND EMERGENCY FUND RESERVE/OUTDOOR DRAMAS

Sec. 21. (a) G.S. 143-204.8(a) reads as rewritten:

"(a) Upon the application of an outdoor historical drama corporation or trust, approved by the Secretary of Cultural Resources, the Governor and the Council of State may order an allotment from the Contingency and Emergency Fund of the State not to exceed fifteen thousand dollars (\$15,000) a year to that outdoor historical drama corporation or trust to aid in the production of an outdoor historical drama if the provisions of subsection (b) of this section are met. ~~drama; provided that if that corporation or trust has received State funds from any source whatsoever, including direct appropriations, during a fiscal year the Governor and the Council of State during that year may not order an allotment which, when added to the State funds otherwise received, would exceed fifteen thousand dollars (\$15,000). No outdoor historical drama corporation or trust shall, during any one fiscal year, receive both an allotment under this Article from the Contingency and Emergency Fund and one from money appropriated to the Department of Cultural Resources for programs funded by the enactment of House Bill 947 of this Session [Session Laws 1977, Chapter 986]."~~

(b) Funds allocated to the Contingency and Emergency Fund for the 1989-90 fiscal year and the 1990-91 fiscal year and designated for all allocations of the

Contingency and Emergency Fund other than emergency allocations shall be used to implement this section.

PART VIII.—SALARIES AND BENEFITS

Requested by: Senators Royall, Ward, Sands, Representative Diamont
—BENEFIT AND TECHNICAL ADJUSTMENTS/TEACHERS' AND STATE
EMPLOYEES' HEALTH BENEFIT PLAN

Sec. 22. (a) G.S. 135-39.5 reads as rewritten:

"§ 135-39.5. Powers and duties of the Executive Administrator and Board of Trustees.

The Executive Administrator and Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan shall have the following powers and duties:

- (1) Supervising and monitoring of the Claims Processor.
- (2) Providing for enrollment of employees in the Plan.
- (3) Communicating with employees enrolled under the Plan.
- (4) Communicating with health care providers providing services under the Plan.
- (5) Making payments at appropriate intervals to the Claims Processor for benefit costs and administrative costs.
- (6) Conducting administrative reviews under G.S. 135-39.7.
- (7) Annually assessing the performance of the Claims Processor.
- (8) Preparing and submitting to the Governor and the General Assembly cost estimates for the health benefits plan, including those required by Article 15 of Chapter 120 of the General Statutes.
- (9) Recommending to the Governor and the General Assembly changes or additions to the health benefits program and health care cost containment programs, together with statements of financial and actuarial effects as required by Article 15 of Chapter 120 of the General Statutes.
- (10) Working with State employee groups to improve health benefit programs.
- (11) Repealed by Session Laws 1985, c. 732, s. 9.
- (12) Determining basis of payments to health care providers, including payments in accordance with G.S. 58-260.6.
- (13) Requiring bonding of the Claims Processor in the handling of State funds.
- (14) Repealed by Session Laws 1985, c. 732, s. 7.
- (15) In case of termination of the contract under G.S. 135-39.5A, to select a new Claims Processor, after competitive bidding procedures approved by the Department of Administration.

- (16) Notwithstanding the provisions of Part 3 of this Article, to formulate and implement cost-containment measures which are not in direct conflict with that Part.
 - (17) Implementing pilot programs necessary to evaluate proposed cost containment measures which are not in direct conflict with Part 3 of this Article, and expending funds necessary for the implementation of such programs.
 - (18) Authorizing coverage for alternative forms of care not otherwise provided by the Plan in individual cases when medically necessary, medically equivalent to services covered by the Plan, and when such alternatives would be less costly than would have been otherwise.
 - (19) Establishing and operating a hospital bill audit program and a fraud detection program."
- (b) Effective January 1, 1989, G.S. 135-40 reads as rewritten:

"§ 135-40. Undertaking.

(a) The State of North Carolina undertakes to make available a Comprehensive Major Medical Plan (hereinafter called the 'Plan') ~~to exclusively for the benefit of its~~ employees, retired employees and certain of their dependents which will pay benefits in accordance with the terms hereof. The Plan shall have all the powers and privileges of a corporation and shall be known as the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan. The Executive Administrator and Board of Trustees shall carry out their duties and responsibilities as fiduciaries for the Plan.

(b) The Plan benefits will be provided under contracts between the State and the Claims Processor selected by the State. Claims Processor refers to the administrator, third party administrator or other party contracting with the State to administer the Plan benefits. Such contracts shall include the substance of G.S. 135-40.1 through G.S. 135-40.13 and the description of Plan in the request for proposal, and shall be administered by the respective Claims Processor of the State which will determine benefits and other questions arising thereunder. The contracts necessarily will conform to applicable State laws. If any of the provisions of G.S. 135-40.1 through G.S. 135-40.13 and the request for proposals must be modified for inclusion in the contract because of State laws, such modification will be made.

(c) Payroll deduction shall be available for coverage under this Part or under G.S. 135-39.5B of amounts not paid by the State.

(d) Notwithstanding any other provisions of the Plan, the Executive Administrator and Board of Trustees are specifically authorized to use all appropriate means to secure tax qualification of the Plan under any applicable provisions of the Internal Revenue Code of 1954 as amended. The Executive Administrator and Board of Trustees shall furthermore comply with all applicable provisions of the Internal Revenue Code as amended, to the extent that this compliance is not prohibited by this Article."

(c) G.S. 135-40.1(2) reads as rewritten:

"(2) Deductible. – Deductible shall mean an amount of covered expenses during a ~~calendar~~ fiscal year which must be incurred after which

benefits (subject to the deductible) becomes payable. The deductible for an employee, retired employee and/or his or her dependents shall be one hundred fifty dollars (\$150.00) for each ~~calendar~~ fiscal year.

The deductible applies separately to each covered individual in each ~~calendar~~ fiscal year, subject to an aggregate maximum of four hundred fifty dollars (\$450.00) per family (employee or retiree and his or her covered dependents) in any ~~calendar~~ fiscal year.

If two or more family members are injured in the same accident only one deductible is required for charges related to that accident during the benefit period."

(d) G.S. 135-40.1(17) reads as rewritten:

"(17) Retired Employee (Retiree). – Retired teachers, State employees, and members of the General Assembly who are receiving monthly retirement benefits from any retirement system supported in whole or in part by contributions of the State of North Carolina, so long as the retiree is enrolled. On and after January 1, 1988, a ~~retired~~ retiring employee or retiree must have completed at least five years of contributory retirement service with an employing unit prior to retirement from any State-supported retirement system in order to be eligible for group benefits under this Part as a retired employee or retiree."

(e) G.S. 135-40.2 is amended by adding a new subsection to read:

"(h) No person shall be eligible for coverage as an employee or retired employee or as a dependent of an employee or retired employee upon a finding by the Executive Administrator or Board of Trustees or by a court of competent jurisdiction that the employee or dependent knowingly and willfully made or caused to be made a false statement or false representation of a material fact in a claim for reimbursement of medical services under the Plan."

(f) Effective September 1, 1987, 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, and members of the General Assembly.
- (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."
- (g) Effective July 1, 1986, G.S. 135-40.6 is amended in the portion of the section preceding the first subdivision by deleting the phrase "per calendar year" and by substituting the phrase "per fiscal year".
- (h) Effective October 1, 1989, G.S. 135-40.6(1) reads as rewritten:
 - "(1) In-Hospital Benefits. – The Plan pays in-hospital benefits for each single confinement, when charged by a hospital, for room accommodation, including bed, board and general nursing care, but not to exceed the charge for semiprivate room or ward accommodations, or the rate negotiated for the Plan.
The Plan will pay the following covered charges, when charged by a hospital, for each confinement.
 - a. Intensive and cardiac nursing care.
 - b. All recognized drugs and medicines for use in the hospital.
 - c. Radiation services, including diagnostic x-rays, x-ray therapy, radiation therapy and treatment.
 - d. Clinical and pathological laboratory examinations.
 - e. Electrocardiograms and electroencephalograms.
 - f. Physical therapy.
 - g. Intravenous solutions.
 - h. Oxygen and oxygen therapy, plus the use of equipment.
 - i. Dressings, ordinary splints, plaster casts and sterile supplies.
 - j. Use of operating, delivery, recovery and treatment rooms and equipment.
 - k. Routine nursery charges, if the mother is eligible to receive maternity benefits.
 - l. Anesthetics and the administration thereof by the hospital's employee anesthesiologist.
 - m. Devices or appliances surgically inserted within the body.

- n. Processing and administering of blood and blood plasma.
- o. Children ~~who are born under the coverage type (2), (3), or (5), as outlined in G.S. 135-40.3(d), and who remain continuously covered~~ are entitled to benefits for treatment of illnesses or congenital defect, incubation or isolette care, and treatment of prematurity or postmaturity.

If the mother is a covered individual, benefits are provided for the newborn's circumcision and routine nursery care.

- p. When a covered individual is admitted to or transferred to a section of a hospital providing ambulant, convalescent, or rehabilitative care, benefits are provided up to the average number of days of service for treatment of the particular diagnosis or condition involved, or more if medical necessity requires.
- q. The Plan pays benefits for laboratory testing and administration of blood provided to a covered individual.

When a covered individual is the recipient of transplanted organs or bones, benefits are provided for services to the donor which are directly and specifically related to the transplantation.

- r. Thirty days per fiscal year are provided for inpatient treatment of mental illness. Readmission for this condition within 365 days of last discharge shall be considered a single confinement. When furnished to a patient in a skilled nursing facility, 30 days less the days of care already provided for the same illness in a hospital are provided. Additional inpatient treatment, based on individual consideration, may be provided if prior approval is obtained from the Claims Processor.
- s. The use of nebulizers when authorized as medically necessary by the attending physician."

(i) Effective October 1, 1989, G.S. 135-40.6(2) reads as rewritten:

"(2) Limitations and Exclusions to In-Hospital Benefits. –

- a. The services of physicians, surgeons and technicians not employed by or under contract to the hospital are not covered.
- b. Any admission for diagnostic tests or procedures which could be, and generally are, performed on an outpatient basis, if no hospitalization would have been required except for such diagnostic services is not covered. However, benefits are provided at ninety percent (90%) of Plan benefits for diagnostic tests and procedures consistent with the symptoms or diagnosis for which admitted.
- c. The Plan will not cover any admission to a hospital prior to the effective date of coverage or beginning prior to the expiration of any waiting period so long as the individual remains continuously in a hospital.

- d. Hospitalization for custodial, domiciliary or sanitarium care, or rest cures, is not covered.
- e. Hospitalization for dental care and treatment is not covered, except when a hospital setting is medically necessary.
- f. Prior to admission for scheduled inpatient hospitalization ~~and following admission for unscheduled inpatient hospitalization~~, the admitting physician shall contact the Plan and secure approval certification for an inpatient admission, including a length of stay, based upon clinical criteria established by the medical community, before any in-hospital benefits are allowed under G.S. 135-40.8(a). Effective January 1, 1987, failure to secure certification, or denial of certification, shall result in in-hospital benefits being allowed at the rate maximum amount of out-of-pocket expenses established by G.S. 135-40.8(b). Denial of certification by the Plan shall be made only after contact with the admitting physician and shall be subject to appeal to the Executive Administrator and Board of Trustees."
- (j) Effective October 1, 1989, G.S. 135-40.6(5) reads as rewritten:
 - "(5) Surgical Benefits. – The Plan pays the usual, customary and reasonable charges for covered surgical services as follows:
 - a. Surgery: Cutting procedures, treatment of fractures, transfusions, operative preparation for diagnostic x-ray examinations, surgical implantation radiation sources, major endoscopic examinations, biopsies, surgical sterilization, other standard services and operations.

For the purpose of this subdivision, the term 'standard services and operations' includes the following organ transplants: liver, heart, corneal, bone marrow, and kidney. All other organ transplants shall be considered nonreimbursable under the Plan. Benefits for the above listed organ transplants shall be payable only in accordance with rules established by the Executive Administrator and Board of Trustees. The Executive Administrator and Board of Trustees may limit the Plan's reimbursement for selected organ transplants to amounts that would otherwise be allowed in accordance with G.S. 135-40.4.
 - b. Anesthesia: Administration of general, spinal block or local anesthesia. Covered services include pre- and postoperative visits, the administration of the anesthetic, fluids and/or blood provided by the anesthesiologist and incidental to the anesthesia, and necessary drugs and materials provided by the anesthesiologist. No benefits are provided for administration of local anesthesia or for anesthesia administered by the operating surgeon or surgical assistant(s).

- c. Oral Surgery: Services which are within the scope of practice of both a doctor of medicine and a dentist, such as excision of tumors and lesions of the mouth, treatment of jaw fractures and surgery to correct injuries of the mouth structure other than teeth and their supporting structure. Developmental and congenital orthognathic surgery procedures will be covered under the Plan, provided such surgery is medically necessary, is the only method of treatment which will correct the patient's deformity, is not performed for cosmetic reasons, and is approved in advance by the Claims Processor on the basis of the surgeon's documentation that the correction of the deformity is medically necessary for the maintenance of good physical health.
- d. Maternity Care: Independent operative procedures in connection with pregnancy, such as: manipulative obstetrical delivery, delivery by Caesarean section, removal of ectopic pregnancy, dilation and curettage. Benefits for manipulative obstetrical delivery include use of forceps and/or episiotomy. No benefits are provided for antepartum or postpartum care, except for direct surgical procedures of delivery and surgical treatment.
- e. Surgical Assistants: Services of an assistant surgeon when medical judgment requires the services of an assistant surgeon and no hospital-employed doctor in training is available.
- f. Multiple Procedures: When multiple or bilateral surgical procedures are performed by the same doctor through separate incisions or approaches during the same session, the surgical benefits will be the greater UCR allowance, plus fifty percent (50%) of the lesser UCR allowance. Anesthesia benefits will be the greater UCR allowance.
 When multiple surgical procedures are performed by the same doctor through the same incision or operative approach, the surgical benefits are limited to the procedure which has the highest UCR allowance.
 When a surgical procedure is performed in two or more stages, the surgical benefit for the entire procedure is the same as it would be were the procedure performed in one stage (except where otherwise provided in the benefit schedule). This limitation does not apply to anesthesia benefits.
- g. Cleft Palate: Notwithstanding G.S. 135-40.6(6)a and G.S. 135-40.7(11), medical treatment and care needed by an individual born with cleft palate, including specialized dental and orthodontic care necessitated by the congenital ~~condition,~~

~~provided that the individual was covered at the time of birth by the Plan or the Predecessor Plan condition."~~

(k) Effective October 1, 1989, G.S. 135-40.6(8) reads as rewritten:

"(8) Other Covered Charges. –

- a. Prescription Drugs: Prescription legend drugs in excess of the first two dollars (\$2.00) per prescription for generic drugs and brand name drugs without a generic equivalent and in excess of the first three dollars (\$3.00) per prescription for brand name drugs for use outside of a hospital or skilled nursing facility. A prescription legend drug is defined as an article the label of which, under the Federal Food, Drug, and Cosmetic Act, is required to bear the legend: 'Caution: Federal Law Prohibits Dispensing Without Prescription.' Such articles may not be sold to or purchased by the public without a prescription order. Benefits are provided for insulin even though prescription is not required.
- b. Private Duty Nursing: Services of licensed nurses (not immediate relatives or members of the participant's household or private duty nursing used in lieu of or as a substitute for hospital staff nurses) ordered by the attending doctor for a condition requiring skilled nursing services. Private Duty Nursing ordered must be approved in advance by the Claims Processor as medically necessary. Allowances for Private Duty Nursing shall not exceed the Plan's usual, customary and reasonable allowances or ninety percent (90%) of the daily semiprivate rate by skilled nursing facilities as determined by the Plan.
- c. Home Health Agency Services: Services provided in a covered individual's home, when ordered by the attending physician who certifies that hospital or skilled nursing facility confinement would be required without such treatment and cannot be readily provided by family members. Services may include medical supplies, equipment, appliances, therapy services (when provided by a qualified speech therapist or licensed physiotherapist), and nursing services. Nursing services will be allowed for:
 1. Services of a registered nurse (RN); or
 2. Services of a licensed practical nurse (LPN) under the supervision of a RN; or
 3. Services of a home health aide under the supervision of a RN, limited to four hours a day.

Home health services shall be limited to 60 days per fiscal year, except that additional home health services may be provided on an individual basis if prior approval is obtained

from the Claims Processor. Plan allowances for home health services shall be limited to licensed or Medicare certified home health agencies and shall not exceed ninety percent (90%) of the skilled nursing facility semiprivate rates as determined by the Plan, or charges negotiated by the Plan.

- d. Licensed Ambulance Service: Local ambulance transportation:
 - 1. To or from a hospital for inpatient care or outpatient accident care;
 - 2. From a hospital to the nearest facility able to provide needed services not available at the transferring hospital; or
 - 3. From a hospital to a skilled nursing facility.

The word 'local' means ambulance transportation of not more than 50 miles unless the Claims Processor authorizes ambulance transportation beyond this distance.

- e. Prosthetic and Orthopedic Appliances and Durable Medical Equipment: Appliances and equipment including corrective and supportive devices such as artificial limbs and eyes, wheelchairs, traction equipment, inhalation therapy and suction machines, hospital beds, braces, orthopedic corsets and trusses, and other prosthetic appliances or ambulatory apparatus which are provided solely for the use of the participant. Eligible charges include repair and replacement when medically necessary. Benefits will be provided on a rental or purchase basis at the sole discretion of the Administrator and agreements to rent or purchase shall be between the Administrator and the supplier of the appliance.

For the purposes of this subdivision, the term 'durable medical equipment' means standard equipment normally used in an institutional setting which can withstand repeated use, is primarily and customarily used to serve a medical purpose, is generally not useful to a person in the absence of an illness or injury and is appropriate for use in the home. Decisions of the Claims Processor, the Executive Administrator and Board of Trustees as to compliance with this definition and coverage under the Plan shall be final.

- f. Dental Services: Dental surgery and appliances for mouth, jaw, and tooth restoration necessitated because of external violent and accidental means, such as the impact of moving body, vehicle collision, or fall occurring while an individual is covered under G.S. 135-40.3. No benefits are provided in connection with injury incurred in the act of chewing, nor for damage or breakage of an appliance such as bridge or denture being cleaned or otherwise not in normal mouth usage at the

time of accident, nor for appliances for orthodontic treatment when a class of malocclusion, other than orthognathic, or cross bite has been diagnosed. Benefits for temporomandibular joint (TMJ) disfunction appliance therapy are limited to cases where the TMJ disfunction has been diagnosed as solely resulting from accidental means as certified by the attending practitioner and approved by the Claims Processor.

Benefits shall include extractions, fillings, crowns, bridges, or other necessary therapeutic and restorative techniques and appliances to reasonably restore condition and function to that existing immediately prior to the accident. Injury or breakage of existing appliances such as bridges and dentures is limited to repair of such appliances unless certified as damaged beyond repair.

- g. Medical Supplies: Colostomy bags, catheters, dressings, oxygen, syringes and needles, and other similar supplies.
- h. Blood: Transfusions including cost of blood, plasma, or blood plasma expanders.
- i. Physical Therapy: Recognized forms of physical therapy for restoration of bodily function, provided by a doctor, hospital, or by a licensed professional physiotherapist. No benefits are provided for eye exercises or visual training.
- j. Inhalation Therapy: When provided by a doctor, hospital, or other organization.
- k. Speech Therapy: Speech therapy provided by certified speech therapist. ~~Benefits are provided only in connection with a condition, illness, or injury arising while continuously covered under this Plan.~~
- l. Cataract Lenses: Cataract lenses prescribed as medically necessary for aphakia persons, including charges for necessary examinations and fittings. Benefits will be limited to one set of cataract lenses every 24 months for persons 18 years of age or older, and one set of cataract lenses every 12 months for persons less than 18 years of age.
- m. Cardiac Rehabilitation: Charges not to exceed six hundred fifty dollars (\$650.00) per fiscal year for cardiac testing and exercise therapy, when determined medically necessary by an attending physician and approved by the Claims Processor for patients with a medical history of myocardial infarction, angina pectoris, arrhythmias, cardiovascular surgery, hyperlipidemia, or hypertension, provided such charges are incurred in a medically supervised facility fully certified by the North Carolina Department of Human Resources.

- n. Chiropractic Services: Limited to the alignment of the spine and releasing of pressure by manipulation in accordance with the definitions in G.S. 90-143. Maximum benefits for x-rays, manipulations, and modalities shall be one thousand dollars (\$1,000) per fiscal year.
- o. Foot Surgery: All foot surgery on bones and joints in excess of one thousand dollars (\$1,000), except for emergencies, shall require prior approval from the Claims Processor.
- p. Outpatient Diabetes Self-Care Programs: Charges, not to exceed three hundred dollars (\$300.00) per fiscal year, when determined to be medically necessary by an attending physician and approved by the Executive Administrator and Claims Processor as meeting the standards of the National Diabetes Advisory Board for patients with a medical history of diabetes, provided such charges are incurred in a medically supervised facility.
- q. Necessary medical services provided to terminally ill patients by duly licensed hospice organizations, when directed by the attending physician and approved in advance by the Claims Processor and the Executive Administrator.
- r. Occupational Therapy: Recognized forms of occupational therapy provided by a doctor, hospital, or by a licensed professional occupational therapist to restore fine motor skills for the resumption of bodily functions."

(l) Effective October 1, 1989, G.S. 135-40.7A(b) reads as rewritten:

"(b) Notwithstanding any other provisions of this Part, the maximum benefit for each covered individual for treatment of chemical dependency is as follows:

30 Consecutive Days	\$ 3,900	
Fiscal Year	6,500	<u>\$ 8,000</u>
Lifetime	20,000	<u>25,000</u>

Daily benefits are limited to ~~one hundred thirty dollars (\$130.00)~~ two hundred dollars (\$200.00) except for medical detoxification treatment under rules established by the Executive Administrator and Board of Trustees."

(m) Effective July 1, 1986, G.S. 135-40.8(a) reads as rewritten:

"(a) For the balance of any fiscal year after each eligible employee, retired employee, or dependent satisfies the cash deductible, the Plan pays ninety percent ~~(95%)~~ (90%) of the eligible expenses outlined in G.S. 135-40.6. The covered individual is then responsible for the remaining ten percent (10%) until three hundred dollars (\$300.00), in excess of the deductible, has been paid out-of-pocket. The Plan then pays one hundred percent (100%) of the remaining covered expenses."

(n) Effective October 1, 1986, G.S. 40.8(b) reads as rewritten:

"(b) Where a covered individual fails to obtain a second surgical opinion as required under the Plan, the covered individual shall be responsible for fifty percent (50%) of the eligible expenses, provided, however, that no covered individual shall be

required to ~~pay~~ pay, in addition to the expenses in subsection (a) above, out-of-pocket in excess of five hundred dollars (\$500.00) per fiscal year."

(o) Effective October 1, 1982, G.S. 135-40.10(b) reads as rewritten:

"(b) For those participants eligible for Medicare, the State's ~~new~~ plan will be administered on a 'carve out' basis. The provisions of the ~~new~~ plan are applied to the charges not paid by Medicare (Parts A & B). In other words, those charges not paid by Medicare would be subject to the deductible and coinsurance of the ~~new~~ Plan just as if the charges not paid by Medicaid were the total bill."

(p) G.S. 135-40.11(a) reads as rewritten:

"(a) Coverage under this Plan of an employee and his or her surviving spouse or eligible dependent children or of a retired employee and his or her surviving spouse or eligible dependent children shall cease on the earliest of the following dates:

- (1) The last day of the month in which an employee or retired employee dies. Provided such surviving spouse or eligible dependent children were covered under the Plan at the time of death of the former employee or retired employee, or were covered on September 30, 1986, any such surviving spouse or eligible dependent children may then elect to continue coverage under the Plan by submitting written application to the Claims Processor and by paying the cost for such coverage when due at the applicable fees. Such coverage shall cease on the last day of the month in which such surviving spouse or eligible dependent children die, except as provided by this Article.
- (2) The last day of the month in which an employee's employment with the State is terminated as provided in subsection (c) of this section.
- (3) The last day of the month in which a divorce becomes final.
- (4) The last day of the month in which an employee or retired employee requests cancellation of coverage.
- (5) The last day of the month in which a covered individual enters active military service.
- (6) The last day of the month in which a covered individual is found to have knowingly and willfully made or caused to be made a false statement or false representation of a material fact in a claim for reimbursement of medical services under the Plan."

Requested by: Senator Royall, Representative Diamont

—GOVERNOR'S SALARY INCREASE

Sec. 23. (a) Effective July 1, 1989, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred nine thousand, seven hundred twenty eight dollars (\$109,728)~~ one hundred sixteen thousand three hundred sixteen dollars (\$116,316) annually, payable monthly."

(b) Effective July 1, 1990, G.S. 147-11(a) as amended by subsection (a) of this section reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred sixteen thousand three hundred sixteen dollars (\$116,316)~~ one hundred twenty-three thousand three hundred dollars (\$123,300) annually, payable monthly."

Requested by: Senator Royall, Representative Diamont
 ---COUNCIL OF STATE/SALARY INCREASE

Sec. 24. The annual salaries for members of the Council of State, payable monthly, for the following fiscal years are:

Council of State	1989-90	1990-91
Lieutenant Governor	\$ 70,992	\$75,252
Attorney General	70,992	75,252
Secretary of State	70,992	75,252
State Treasurer	70,992	75,252
State Auditor	70,992	75,252
Superintendent of Public Instruction	70,992	75,252
Agriculture Commissioner	70,992	75,252
Insurance Commissioner	70,992	75,252
Labor Commissioner	70,992	75,252.

Requested by: Senator Royall, Representative Diamont
 ---NONELECTED DEPARTMENT HEAD/SALARY INCREASES

Sec. 25. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the following fiscal years are:

Nonelected Department Heads	1989-90	1990-91
Secretary of Administration	\$ 70,992	\$75,252
Secretary of Commerce	70,992	75,252
Secretary of Correction	70,992	75,252
Secretary of Crime Control and Public Safety	70,992	75,252
Secretary of Cultural Resources	70,992	75,252
Secretary of Human Resources	70,992	75,252
Secretary of Natural Resources and Community Development	70,992	75,252
Secretary of Revenue	70,992	75,252
Secretary of Transportation	70,992	75,252.

Requested by: Senator Royall, Representative DeVane
 ---LEGISLATORS/SALARY AND EXPENSES INCREASE

Sec. 26. Effective upon convening of the 1991 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-one thousand two hundred twenty four dollars (\$31,224)~~ thirty-five thousand one hundred

dollars \$35,100, payable monthly, and an expense allowance of ~~one thousand one hundred seventy five dollars (\$1,175)~~ one thousand three hundred twenty dollars (\$1,320) per month. The President Pro Tempore of the Senate shall be paid an annual salary of ~~nineteen thousand one hundred four dollars (\$19,104)~~ thirty-five thousand one hundred dollars (\$35,100), payable monthly, and an expense allowance of ~~eight hundred thirty three dollars (\$833.00)~~ one thousand three hundred twenty dollars (\$1,320) per month. The Speaker Pro Tempore of the House shall be paid an annual salary of ~~seventeen thousand five hundred ninety two dollars (\$17,592)~~ nineteen thousand seven hundred seventy-six dollars (\$19,776), payable monthly, and an expense allowance of ~~six hundred ninety four dollars (\$694.00)~~ seven hundred eighty dollars (\$780.00) per month; and the Deputy President Pro Tempore of the Senate shall be paid an annual salary of ~~sixteen thousand eighty dollars (\$16,080)~~ nineteen thousand seven hundred seventy-six dollars (\$19,776), payable monthly, and an expense allowance of ~~five hundred fifty four dollars (\$554.00)~~ seven hundred eighty dollars (\$780.00) per month. The majority and minority leader-leaders in the House and the majority and minority leaders in the Senate shall be paid an annual salary of ~~thirteen thousand six hundred eighty eight dollars (\$13,688)~~ fifteen thousand three hundred ninety-six dollars (\$15,396), payable monthly, and an expense allowance of ~~five hundred fifty four dollars (\$554.00)~~ six hundred twenty-two dollars (\$622.00) 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 ~~1989 Regular Session~~ 1991 Regular Session of the General Assembly, every other member of the General Assembly shall be paid an annual salary of ~~eleven thousand one hundred twenty four dollars (\$11,124)~~ twelve thousand five hundred four dollars (\$12,504), payable monthly, and an expense allowance of ~~four hundred sixty five dollars (\$465.00)~~ five hundred twenty-two dollars (\$522.00) 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: Senator Royall, Representative Diamont

—GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Sec. 27. 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 one thousand seventy six dollars (\$41,076)~~ forty-three thousand five hundred forty-eight dollars (\$43,548) from July 1, 1989 through June 30, 1990, and an annual salary of forty-six thousand one hundred sixty-four dollars (\$46,164) on and after July 1, 1990, 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: Senator Royall, Representative Diamont

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

Sec. 28. 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 ~~one hundred eighty-five dollars (\$185.00)~~ one hundred ninety-seven dollars (\$197.00) per week from July 1, 1989 through June 30, 1990, and two hundred nine dollars (\$209.00) per week on and after July 1, 1990, 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: Senator Royall, Representative Diamont

—LEGISLATIVE EMPLOYEES/SALARY INCREASES

Sec. 29. (a) The Legislative Administrative Officer may increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1988-89 by an amount equal to six percent (6%), rounded to conform to the steps in the salary ranges adopted by the Legislative Services Commission, commencing July 1, 1989. Nothing in this Part limits any of the provisions of G.S. 120-32.

(b) The Legislative Administrative Officer may increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1989-90 by an amount equal to six percent (6%), rounded to conform to the steps in the salary ranges adopted by the Legislative Services Commission, commencing July 1, 1990. Nothing in this Part limits any of the provisions of G.S. 120-32.

Requested by: Senator Royall, Representative Diamont

—JUDICIAL BRANCH OFFICIALS/SALARY INCREASE

Sec. 30. (a) The annual salaries, payable monthly, for specified judicial branch officials for following fiscal years are:

Judicial Branch Officials	1989-90	1990-91
Chief Justice, Supreme Court	\$ 86,232	\$91,416
Associate Justice, Supreme Court	84,456	89,532
Chief Judge, Court of Appeals	81,756	86,664
Judge, Court of Appeals	79,968	84,768
Judge, Senior Regular Resident Superior Court	73,332	77,736

Judge, Superior Court	70,992	75,252
Chief Judge, District Court	62,628	66,396
Judge, District Court	60,240	63,864
District Attorney	66,060	70,032
Assistant District Attorney - an average of	42,732	45,300
Administrative Officer of the Courts	73,332	77,736
Assistant Administrative Officer of the Courts	59,772	63,360
Public Defender	66,060	70,032
Assistant Public Defender - an average of	42,732	45,300.

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-two thousand seven hundred thirty-two dollars (\$42,732) effective July 1, 1989, and forty-five thousand three hundred dollars (\$45,300) effective July 1, 1990, and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-one thousand five hundred seventy-six dollars (\$21,576) effective July 1, 1989, and twenty-two thousand eight hundred seventy-two dollars (\$22,872) effective July 1, 1990.

(b) The salaries in effect for fiscal year 1988-89 for permanent employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by an amount, commencing July 1, 1989, equal to six percent (6%), rounded to conform to the steps in the salary ranges adopted by the Judicial Department.

(c) The salaries in effect for fiscal year 1989-90 for permanent employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by an amount, commencing July 1, 1990, equal to six percent (6%), rounded to conform to the steps in the salary ranges adopted by the Judicial Department.

Requested by: Senator Royall, Representative Diamont
 —CLERKS OF COURT/SALARY INCREASE

Sec. 31. G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county, as determined by the population projections of the Office of State Budget and Management for the year preceding the first year of each biennial budget, according to the following schedule:

Population	Annual Salary
------------	---------------

	<u>1989-90</u>	<u>1990-91</u>
Less than 30,000	\$ 36,288 <u>38,472</u>	<u>40,788</u>
30,000 to 99,999	41,748 <u>44,256</u>	<u>46,920</u>
100,000 to 199,999	47,184 <u>50,016</u>	<u>53,028</u>
200,000 and above	53,832 <u>57,072</u>	<u>60,504</u>

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

Requested by: Senator Royall, Representative Diamont

—ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE

Sec. 32. 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. 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:

	Annual Salary	
	<u>1989-90</u>	<u>1990-91</u>
Assistant Clerks		
Minimum	\$ 18,420 <u>19,536</u>	<u>20,712</u>
Maximum	30,912 <u>32,772</u>	<u>34,740</u>

	Annual Salary	
	<u>1989-90</u>	<u>1990-91</u>
Deputy Clerks		
Minimum	\$ 14,436 <u>15,312</u>	<u>16,236</u>
Maximum	23,700 <u>25,128</u>	<u>26,640</u> "

Requested by: Senator Royall, Representative Diamont

—MAGISTRATES/SALARY INCREASE

Sec. 33. G.S. 7A-171.1(a) reads as rewritten:

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

- (1) A full-time magistrate, 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	
	<u>1989-90</u>	<u>1990-91</u>
Less than 1	\$ 14,712 - <u>15,600</u>	<u>\$16,536</u>
1 or more but less than 3	15,480 - <u>16,416</u>	<u>17,412</u>
3 or more but less than 5	17,052 - <u>18,084</u>	<u>19,176</u>
5 or more but less than 7	18,792 - <u>19,920</u>	<u>21,120</u>
7 or more but less than 9	20,724 - <u>21,972</u>	<u>23,292</u>
9 or more but less than 11	22,824 - <u>24,204</u>	<u>25,656</u>
11 or more	25,116 - <u>26,628</u>	<u>28,236</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.

- (2) A part-time magistrate, so designated by the Administrative Officer of the Courts, is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and 135-40.2(a) and shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during his term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.

A 'part-time magistrate' is a magistrate who is assigned to work an average of less than 40 hours of work a week during his term. No

magistrate may be assigned an average of less than 10 hours of work a week during his term.

Notwithstanding any other provision of this subdivision, upon reappointment as a magistrate and being assigned to work the same or greater number of hours as he worked as a magistrate for a term of office ending on December 31, 1978, a person who received an annual salary in excess of that to which he would be entitled under the formula contained in this subdivision shall receive an annual salary equal to that received during the prior term. That magistrate's salary shall increase in accordance with the salary formula contained in this subdivision.

- (3) Notwithstanding any other provision of this section, a ~~beginning full-time~~ magistrate with a two-year Associate in Applied Science degree in criminal justice or paralegal training from a North Carolina community college or the equivalent degree from a private educational institution in North Carolina, ~~may be initially employed at~~ shall receive the annual salary provided in the table above for a magistrate with '3 or more but less than 5' years of service; a beginning full time three years of service in addition to those which the magistrate has served; a magistrate with a four-year degree from an accredited senior institution of higher education may be initially employed at shall receive the annual salary provided in the table above for a magistrate with '5 or more but less than 7' years of service; a beginning full time five years of service in addition to those which the magistrate has served; a magistrate who holds a law degree from an accredited law school may be employed at shall receive the annual salary provided in the table above for a magistrate with '7 or more but less than 9' years of service; and a beginning full time seven years of service in addition to those which the magistrate has served; and a magistrate who is licensed to practice law in North Carolina may be initially employed at shall receive the annual salary provided in the table above for a magistrate with nine years of service in addition to those which the magistrate has served. '9 or more but less than 11' years of service. ~~Seniority increments for a magistrate with a two or four-year degree or a law degree or for a magistrate licensed to practice law in North Carolina as described herein accrue thereafter at two year intervals, as provided in the table.~~

Magistrates with a two or four-year degree or a law degree described herein who became magistrates before July 1, 1979 are entitled to an increase of three, five and seven years, respectively, in their seniority, for pay purposes only. Full-time magistrates licensed to practice law in North Carolina who became magistrates before July 1, 1979 are entitled to the pay of a magistrate with 9 or more years of service, and part-time magistrates holding a law degree or a license to

practice law as described above who became magistrates before July 1, 1979 are entitled to a proportionate adjustment in their pay. Pay increases authorized by this paragraph of this subdivision are not retroactive.

- (4) Notwithstanding any other provision of this section, a ~~beginning full-time~~ magistrate with 10 years' experience within the last 12 years as a sheriff or deputy sheriff, administrative officer for a district attorney, city or county police officer, or highway patrolman in the State of North Carolina, or with 10 years' experience within the last 12 years as clerk of superior court or an assistant or deputy clerk of court in the State of North Carolina may be initially employed at shall receive the annual salary provided in the table in subdivision (1) for a magistrate with five years of service in addition to those the magistrate has served. A magistrate who qualifies for the increased salary under both subdivisions (3) and (4) of this subsection shall receive either the salary determined under subdivision (3) or that determined under subdivision (4), whichever is higher, but no more. 'five or more but less than seven' years of service. Seniority increments for a magistrate with the law enforcement or judicial system experience described above accrue thereafter at two year intervals, as provided in the table. A beginning magistrate who meets the criteria for increased beginning salary under both subdivisions (3) and (4) may not combine those entry levels but may begin at the higher of the two levels.
- (5) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act."

Requested by: Senator Royall, Representative Diamont

—COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Sec. 34. (a) The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1989-90 funds necessary to provide an average annual salary increase of six percent (6%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1989, for all permanent community college institutional personnel supported by State funds. Subject to the availability of funds, the salaries for temporary community college institutional personnel may be increased by pro rata amounts of the six percent (6%) average annual salary increase provided for permanent institutional employees. These funds may not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

(b) The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1990-91 funds necessary to provide an average annual salary increase of six percent (6%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1990, for all permanent community college institutional personnel supported by State funds.

Subject to the availability of funds, the salaries for temporary community college institutional personnel may be increased by pro rata amounts of the six percent (6%) average annual salary increase provided for permanent institutional employees. These funds may not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

Requested by: Senator Royall, Diamont

—HIGHER EDUCATION PERSONNEL/SALARY INCREASES

Sec. 35. (a) The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1989-90 funds necessary to provide an annual average salary increase of six percent (6%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1989, 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 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 the salary increases and necessary employer contributions provided by this section.

(b) The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1990-91 funds necessary to provide an annual average salary increase of six percent (6%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1990, 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 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 the salary increases and necessary employer contributions provided by this section.

Requested by: Senator Royall, Representative Diamont

—MOST STATE EMPLOYEES/SALARY INCREASES/1989-90

Sec. 36. (a) The salaries in effect for fiscal year 1988-89 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, 1989, unless otherwise provided by this Part, by an average of four percent (4%), rounded to conform to the steps in the salary ranges adopted by the State Personnel Commission. If an employee's salary for fiscal year 1988-89 is not equal to a specific pay rate on the 1988-89 salary schedule, his salary increase, effective July 1, 1989, unless otherwise provided by this Part, shall be four percent (4%) with the annual salary adjusted so as to be divisible by 12. The provisions of this subsection shall also apply to employees whose salaries are determined in accordance with G.S. 20-187.3(a).

(b) The salary increase reserve funds in Sections 3 and 4 of this act contain funds equivalent to an average annual salary increase of two percent (2%) for permanent State employees, which shall be transferred by the Director of the Budget, including funds for the employer's retirement and Social Security contributions, to all employing agencies to be awarded, on and after July 1, 1989, to permanent 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, on the basis of job performance that exceeds satisfactory levels in accordance with the policies, rules, and regulations established by the State Personnel Commission. The funds so transferred by the Director of the Budget shall be computed on the annualized salaries payable on June 30, 1989, so as not to be compounded with any other increases in salary granted by the 1989 General Assembly. The provisions of this subsection shall not apply to employees whose salaries are determined in accordance with G.S. 20-187.3(a). During the fiscal year covered by this section, no employee shall receive more than a six percent (6%) increase in his or her annual salary as a result of this subsection.

(c) Except as otherwise provided in this act, the fiscal year 1988-89 salaries for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by an average of six percent (6%), commencing July 1, 1989.

(d) The salaries in effect for fiscal year 1988-89 for all permanent part-time State employees shall be increased on and after July 1, 1989, by pro rata amounts of the four percent (4%) average salary increase provided for permanent full-time employees covered under subsection (a) of this section.

(e) 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, 1989, in accordance with subsections (a) and (b), or subsection (c), or subsections (b) and (d), 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.

(f) 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 four percent (4%) average salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 1989.

Requested by: Senator Royall, Representative Diamont

—MOST STATE EMPLOYEES/SALARY INCREASES/1990-91

Sec. 37. (a) The salaries in effect for fiscal year 1989-90 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, 1990, unless otherwise provided by this Part, by an average of four

percent (4%), rounded to conform to the steps in the salary ranges adopted by the State Personnel Commission. If an employee's salary for fiscal year 1989-90 is not equal to a specific pay rate on the 1989-90 salary schedule, his salary increase, effective July 1, 1990, unless otherwise provided by this Part, shall be four percent (4%) with the annual salary adjusted so as to be divisible by 12. The provisions of this subsection shall also apply to employees whose salaries are determined in accordance with G.S. 20-187.3(a).

(b) The salary increase reserve funds in Sections 3 and 4 of this act contain funds equivalent to an average annual salary increase of two percent (2%) for permanent State employees, which shall be transferred by the Director of the Budget, including funds for the employer's retirement and Social Security contributions, to all employing agencies to be awarded, on and after July 1, 1990, to permanent 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, on the basis of job performance that exceeds satisfactory levels in accordance with the policies, rules, and regulations established by the State Personnel Commission. The funds so transferred by the Director of the Budget shall be computed on the annualized salaries payable on June 30, 1990, so as not to be compounded with any other increases in salary granted by the 1989 General Assembly. The provisions of this subsection shall not apply to employees whose salaries are determined in accordance with G.S. 20-187.3(a). During the fiscal year covered by this section, no employee shall receive more than a six percent (6%) increase in his or her annual salary as a result of this subsection.

(c) Except as otherwise provided in this act, the fiscal year 1989-90 salaries for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by an average of six percent (6%), commencing July 1, 1990.

(d) The salaries in effect for fiscal year 1989-90 for all permanent part-time State employees shall be increased on and after July 1, 1990, by pro rata amounts of the four percent (4%) average salary increase provided for permanent full-time employees covered under subsection (a) of this section.

(e) 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, 1990, in accordance with subsections (a) and (b), or subsection (c), or subsections (b) and (d), 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.

(f) 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 four percent (4%) average salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 1990.

Requested by: Senator Royall, Representative Diamont
—PUBLIC SCHOOL PERSONNEL/SALARY INCREASES

Sec. 38. (a) Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators, Program Administrators, Principals, and Assistant Principals—1989-90. The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1989-90 funds necessary to provide an annual salary increase of six percent (6%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1989, for all superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, program administrators, principals, and assistant principals 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.

(a1) Salary schedule for administrators.— Prior to April 1, 1990, the State Board of Education and the Superintendent of Public Instruction shall develop a salary schedule for superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, program administrators, principals, and assistant principals whose salaries are supported from the State's General Fund. The schedule shall be similar to that mandated by the General Assembly for teachers and shall incorporate (i) 30 annual salary steps based on years of experience, with a two percent (2%) difference between steps except for between the third and fourth steps which shall have a five percent (5%) difference, (ii) additional salary increments for additional academic preparation, and (iii) annual longevity pay at two and one-half percent (2.5%) of base salary only upon completion of 25 years of State service.

The State Board of Education and the Superintendent of Public Instruction shall also develop a schedule for implementing this salary schedule as soon as practicable, commencing not later than July 1, 1990, and for completing the implementation of the salary schedule no later than June 30, 1994.

The State Board of Education and the Superintendent of Public Instruction shall report to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the chairmen of the appropriations committees of the Senate and the House of Representatives prior to April 1, 1990, on the salary schedule developed pursuant to this subsection and the proposed implementation schedule for this salary schedule.

(a2) Superintendents, Assistant Superintendents, Associate Superintendents, Supervisors, Directors, Coordinators, Evaluators, Program Administrators, Principals, and Assistant Principals—1990-91. The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1990-91 funds necessary to provide an average annual salary increase of six percent (6%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1990, for all superintendents, assistant superintendents, associate superintendents, supervisors, directors, coordinators, evaluators, program administrators, principals, and assistant principals 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 so as to begin the first year of the implementation schedule of the salary schedule developed pursuant to subsection (a1) of this section. These funds may not be used for any purpose other than for the salary increase and necessary employer contributions provided by this subsection.

(b) Teachers. The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1989-90 and for fiscal year 1990-91 funds necessary to provide an annual average salary increase of six percent (6%), including funds for the employer's retirement and Social Security contributions and funds for annual longevity payments at two and one-half percent (2.5%) of base salary only upon the completion of 25 years of State service, commencing July 1, 1989, and July 1, 1990, 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 to begin the first and second years of the three-year implementation schedule. This salary schedule, which incorporates (i) 30 annual salary steps based on years of experience, with a two percent (2%) difference between steps except for between the third and fourth steps which shall have a five percent (5%) difference and (ii) a five percent (5%) salary increase for teachers with certification based on academic preparation at the master's degree level.

This schedule shall be as follows:

- (1) Beginning July 1, 1989, and ending June 30, 1992, the following monthly salary schedule shall be phased in for 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 Experience</u>	<u>1989-90 Salary</u>	<u>1990-91 Salary</u>
0	\$1,914	\$1,981
1	1,986	2,021
2	2,002	2,111
3	2,020	2,141
4	2,037	2,172
5	2,106	2,204
6	2,196	2,263
7	2,215	2,332
8	2,234	2,366
9	2,297	2,400
10	2,316	2,458
11	2,336	2,494
12	2,417	2,530
13	2,438	2,598
14	2,521	2,636

15	2,543	2,706
16	2,631	2,746
17	2,726	2,819
18	2,749	2,897
19	2,850	2,939
20	2,874	3,021
21	2,976	3,065
22	3,001	3,149
23	3,027	3,195
24	3,053	3,241
25	3,079	3,288
26	3,106	3,336
27	3,134	3,386
28	3,162	3,436
29+	3,191	3,487

- (2) Beginning July 1, 1989, and ending June 30, 1992, the following monthly salary schedule shall be phased in for 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</u> <u>Experience</u>	<u>1989-90</u> <u>Salary</u>	<u>1990-91</u> <u>Salary</u>
0	\$2,059	\$2,105
1	2,134	2,147
2	2,152	2,241
3	2,170	2,273
4	2,188	2,306
5	2,267	2,339
6	2,346	2,404
7	2,366	2,469
8	2,386	2,505
9	2,468	2,541
10	2,489	2,609
11	2,510	2,647
12	2,531	2,685
13	2,619	2,724
14	2,714	2,798
15	2,736	2,875
16	2,837	2,916
17	2,861	2,998
18	2,963	3,042
19	2,988	3,125
20	3,099	3,170

21	3,124	3,259
22	3,239	3,306
23	3,265	3,399
24	3,293	3,447
25	3,321	3,497
26	3,349	3,548
27	3,378	3,600
28	3,408	3,652
29+	3,438	3,706

- (3) The rules adopted by the State Board for allocating funds to individuals shall provide for (i) a seven and one-half percent (7.5%) salary increase for teachers with certification based on academic preparation at the six-year degree level; (ii) a ten percent (10%) salary increase for teachers with certification based on academic preparation at the doctoral degree level; and (iii) annual longevity pay at two and one-half percent (2.5%) of base salary only upon the completion of 25 years of State service.

(c) Noncertified Employees. The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1989-90 funds necessary to provide an annual average salary increase of four percent (4%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1989, for all noncertified public school employees, except school bus drivers, whose salaries are supported from the State's General Fund. An additional amount of funds equal to an average annual salary increase of two percent (2%) for these employees may also be transferred by the Director of the Budget for fiscal year 1989-90 to further adjust the salaries and State salary schedules for noncertified employees commensurate, insofar as possible, with the salary schedules for comparable State employees whose salaries are set in accordance with the State Personnel Act, as determined by the State Board of Education and the Superintendent of Public Instruction. The salary adjustment funds so transferred by the Director of the Budget shall be computed on the annualized salaries payable on June 30, 1989, so as not to be compounded with any other increases in salary granted by the 1989 General Assembly. In addition, local boards of education are authorized to use, within available funds, any unexpended salary allocations for noncertified personnel to further help relieve any salary inequities for noncertified employees through salary adjustments. These funds shall be allocated to individuals according to rules adopted by the State Board of Education and the Superintendent of Public Instruction and may not be used for any purpose other than for the salary increases and necessary employer contributions provided by this subsection.

(c1) Noncertified Employees. The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1990-91 funds necessary to provide an annual average salary increase of four percent (4%), including funds for the employer's retirement and Social Security contributions, commencing July 1, 1990, for all noncertified public school employees, except school

bus drivers, whose salaries are supported from the State's General Fund. An additional amount of funds equal to an average annual salary increase of two percent (2%) for these employees may also be transferred by the Director of the Budget for fiscal year 1990-91 to further adjust the salaries and State salary schedules for noncertified employees commensurate, insofar as possible, with the salary schedules for comparable State employees whose salaries are set in accordance with the State Personnel Act, as determined by the State Board of Education and the Superintendent of Public Instruction. The salary adjustment funds so transferred by the Director of the Budget shall be computed on the annualized salaries payable on June 30, 1990, so as not to be compounded with any other increases in salary granted by the 1989 General Assembly. These funds shall be allocated to individuals according to rules adopted by the State Board of Education and the Superintendent of Public Instruction and may not be used for any purpose other than for the salary increases and necessary employer contributions provided by this subsection.

(d) The fiscal year 1988-89 pay rates adopted by local boards of education for school bus drivers shall be increased by at least six percent (6%), on and after July 1, 1989, 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 1988-89 and who continue their employment for fiscal year 1989-90 by at least six percent (6%), on and after July 1, 1989. The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1989-90 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.

(d1) The fiscal year 1989-90 pay rates adopted by local boards of education for school bus drivers shall be increased by at least six percent (6%), on and after July 1, 1990, 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 1989-90 and who continue their employment for fiscal year 1990-91 by at least six percent (6%), on and after July 1, 1990. The Director of the Budget may transfer from the salary increase reserve fund created in Section 3 of this act for fiscal year 1990-91 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: Senator Royall, Representative Diamont

—CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

Sec. 39. (a) The annual salaries, payable monthly, for the following fiscal years for the following executive branch officials are:

Executive Branch Officials	Annual Salary	
	1989-90	1990-91
Chairman, Alcoholic Beverage Control		
Commission	\$ 68,304	\$ 72,408
State Controller	110,772	117,420

Commissioner of Motor Vehicles	68,304	72,408
Commissioner of Banks	68,304	72,408
Chairman, Employment Security Commission	68,304	72,408
State Personnel Director	70,992	75,252
Chairman, Parole Commission	62,328	66,072
Members of the Parole Commission	57,504	60,960
Chairman, Industrial Commission	61,320	65,004
Members of the Industrial Commission	59,808	63,408
Executive Director, Agency for Public Telecommunications	57,504	60,960
General Manager, Ports Railway Commission	51,876	54,996
Director, Museum of Art	70,008	74,208
Director, State Ports Authority	79,392	84,156
Executive Director, Wildlife Resources Commission	58,884	62,424
Executive Director, North Carolina Housing Finance Agency	84,648	89,736
Executive Director, North Carolina Technological Development Authority	45,156	47,868
Executive Director, North Carolina Agricultural Finance Authority	66,468	70,464
Director, Office of Administrative Hearings	60,240	63,864.

(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.

(c) G.S. 53-93.1 reads as rewritten:

"§ 53-93.1. Deputy commissioner.

The Commissioner of Banks shall appoint, with approval of the Governor, and may remove at his discretion a deputy commissioner, who, in the event of the absence, death, resignation, disability or disqualification of the Commissioner of Banks, or in case the office of Commissioner shall for any reason become vacant, shall have and exercise all the powers and duties vested by law in the Commissioner of Banks. ~~He shall receive such compensation as shall be fixed by the General Assembly in the Current Operations Appropriations Act.~~

Irrespective of the conditions under which the deputy commissioner may exercise the powers and perform the duties of the Commissioner of Banks, pursuant to the preceding paragraph, such deputy commissioner, in addition thereto, is hereby authorized and empowered at any and all times, at the discretion of the Commissioner of Banks, to perform such duties and exercise such powers of the Commissioner of Banks in the name of and on behalf of the Commissioner as the Commissioner, in his discretion, may direct.

This section is not to be construed to modify the provisions of G.S. 53-97."

(d) G.S. 113-315.26 reads as rewritten:

"§ 113-315.26. Personnel.

The Secretary of Commerce shall appoint such ~~management~~ personnel as deemed necessary who shall serve at the pleasure of the Secretary of Commerce. ~~The salaries of these personnel shall be fixed by the General Assembly in the Current Operations Appropriations Act.~~ The Secretary of Commerce shall have the power to appoint, employ and dismiss such number of employees as he may deem necessary to accomplish the purposes of this Article subject to the availability of funds. ~~The power to appoint, employ and dismiss personnel, and to fix the number thereof, may be delegated to one or more of the management personnel upon such terms and subject to such restrictions and limitations as the Secretary of Commerce may deem proper. The compensation of such employees shall be fixed by the Secretary of Commerce.~~ It is recommended that, to the fullest extent possible, the Secretary of Commerce consult with the Authority on matters of personnel."

Requested by: Senator Royall, Representative Diamont

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

Sec. 40. (a) Salaries for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

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

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

(d) The salary increases provided in this Part to be effective July 1, 1989, 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, 1989; or to employees involved in written disciplinary procedures. Payroll checks issued to employees after July 1, 1989, which represent payment for services provided prior to July 1, 1989, 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.

(d1) The salary increases provided in this Part to be effective July 1, 1990, 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, 1990; or to employees involved in written disciplinary procedures. Payroll checks issued to

employees after July 1, 1990, which represent payment for services provided prior to July 1, 1990, 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.

(e) Notwithstanding the provisions of Section 19.1 of Chapter 1137 of the 1979 Session Laws as amended by Chapter 1053 of the 1981 Session Laws, G.S. 115C-12(9)a., 115C-12(16), 126-7, or any other provision of law other than G.S. 20-187.3(a) or G.S. 7A-102(c), no employee or officer of the public school system shall receive an automatic increment, and no State employee or officer shall receive a merit increment, during the 1989-90 fiscal year, or the 1990-91 fiscal year, except as otherwise permitted by this act.

(f) The Director of the Budget shall transfer from the salary increase reserve funds created in Sections 3 and 4 of this act for fiscal year 1989-90 and fiscal year 1990-91 all funds necessary for the salary increases provided by this Part, including funds for the employer's retirement and Social Security contributions.

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

(h) Salary increases provided by this Part shall be computed on the annualized salaries payable on June 30, 1989, and June 30, 1990, so as not to be compounded with any other increases granted by the 1989 General Assembly.

Requested by: Senator Royall, Representative Diamont
—POST-RETIREMENT ALLOWANCE INCREASES/RETIRED TEACHERS,
STATE EMPLOYEES, JUDICIAL OFFICIALS, LOCAL GOVERNMENT
EMPLOYEES, AND LEGISLATORS

Sec. 41. (a) G.S. 135-5 is amended by adding a new subsection to read:

"(pp) From and after July 1, 1989, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1988, shall be increased by three and one-half percent (3.5%) of the allowance payable on July 1, 1988, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1989, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1988, but before June 30, 1989, shall be increased by a prorated amount of three and one-half percent (3.5%) 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, 1988, and June 30, 1989."

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

"(j) From and after July 1, 1989, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1988, shall be increased by three and one-half percent (3.5%) of the allowance payable on July 1, 1988. Furthermore, from and after July 1, 1989, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1988, but before June 30, 1989, shall be increased by a prorated amount of three and one-half percent (3.5%) 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, 1988, and June 30, 1989."

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

"(ff) From and after July 1, 1989, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1988, shall be increased by three and one-half percent (3.5%) of the allowance payable on July 1, 1988, in accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1989, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1988, but before June 30, 1989, shall be increased by a prorated amount of three and one-half percent (3.5%) 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, 1988, and June 30, 1989."

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

"(e) In accordance with subsection (a) of this section, from and after July 1, 1989, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 1989, shall be increased by the same amount as provided to retired members and beneficiaries of the Teachers' and State Employees' Retirement System pursuant to the provisions of G.S. 135-5(11) and (mm)."

(e) Of the funds appropriated to the General Assembly in Section 3 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, for the 1989-90 fiscal year, the sum of \$135,000 shall be transferred to the Legislative Retirement System to fund the provisions of subsection (d) of this section.

(f) Notwithstanding the provisions of G.S. 135-5(o) and G.S. 128-27(k), it is the intent of the 1989 Session of the General Assembly that the retirement allowances to or on account of beneficiaries of the Retirement Systems covered by subsections (a), (b), and (c) of this section be increased for fiscal year 1990-91 by six and one-tenth percent (6.1%) of the allowances payable for fiscal year 1989-90, subject to the availability of unencumbered actuarial gains in the Retirement Systems for the year ending December 31, 1988.

Requested by: Senator Royall, Representative Diamont

—SALARY RELATED CONTRIBUTIONS/EMPLOYERS

Sec. 42. (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 September 1, 1989, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1989-90 fiscal year are (i) eleven and sixty-four hundredths percent (11.64%) - Teachers and State Employees; (ii) sixteen and sixty-four hundredths percent (16.64%) - State Law Enforcement Officers; (iii) eight and seventeen hundredths percent (8.17%) - University Employees' Optional Retirement Program; (iv) thirty-one and twenty-six hundredths percent (31.26%) - Consolidated Judicial Retirement System; and (v) thirty-eight and seventy-five hundredths percent (38.75%) - Legislative Retirement System. Each of the foregoing contribution rates includes one and fifty-five hundredths percent (1.55%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.

(c) The State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1990-91 fiscal year are (i) eleven and seventy-four hundredths percent (11.74%) - Teachers and State Employees; (ii) sixteen and seventy-four hundredths percent (16.74%) - State Law Enforcement Officers; (iii) eight and twenty-seven hundredths percent (8.27%) - University Employees' Optional Retirement Program; (iv) thirty-one and thirty-six hundredths percent (31.36%) - Consolidated Judicial Retirement System; and (v) thirty-eight and eighty-five hundredths percent (38.85%) - Legislative Retirement System. Each of the foregoing contribution rates includes one and sixty-five hundredths percent (1.65%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan.

(d) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 1989-90 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare eligible employees and retirees - \$954.00; and (ii) Non-Medicare eligible employees and retirees - \$1,253.

(e) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 1990-91 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare eligible employees and retirees - \$986.00; and (ii) Non-Medicare eligible employees and retirees - \$1,295.

Requested by: Senator Royall, Representative Diamont

—STUDY OF MEDICAL, DISABILITY, DEATH, RETIREMENT, AND RELATED BENEFITS PROVIDED BY FEDERAL, STATE, AND LOCAL GOVERNMENTS FOR FIREMEN

Sec. 43. Of the funds appropriated to the General Assembly in Section 3 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, the sum of \$5,000 for the 1989-90 fiscal year and the sum of \$5,000 for the 1990-91 fiscal year shall be used by the Legislative Research Commission to study, with the staff assistance of the Legislative Services Office and the Department of Insurance, the receipt and disposition of premium taxes levied by the State on fire and lightning insurance policies issued within the State in accordance with Articles 1 and 2 of Chapter 118 of the North Carolina General Statutes. This study shall include, but not be limited to, the amount of premium tax receipts and earnings thereon maintained by trustees, the coordination of medical, disability, death, retirement, and related benefits provided by trustees with similar benefits provided in the course of a fireman's employment or otherwise provided by the State of North Carolina or agencies of the United States, and eligibility requirements administered by trustees for firemen's receipt of the foregoing types of benefits. The study shall also include a review of the revenue collections on other premium taxes levied by the State on fire and lightning insurance policies issued within the State in accordance with Article 8B of Chapter 105 of the North Carolina General Statutes, in comparison with the amount of General Fund and other revenues expended annually by the State for medical, disability, death, retirement, and related benefits for firemen. The Legislative Research Commission shall complete its study and make a report of its findings and recommendations to the General Assembly upon the convening of the 1991 Session of the General Assembly.

PART IX.—BUDGET PROVISIONS

Requested by: Senator Royall, Representative Diamont

—NO TRANSFERS BETWEEN ITEMS IN THE BUDGET

Sec. 44. G.S. 143-23(a1) reads as rewritten:

"(a1) No transfers may be made between line items in the budget of any department, institution, or other spending agency; however, with the approval of the Director of the Budget, a department, institution, or other spending agency may spend more than was appropriated for a line item if the overexpenditure is:

- (1) In a program for which funds were appropriated for that fiscal period and the total amount spent for the program is no more than was appropriated for the program for the fiscal period;
- (2) Required to continue a program because of unforeseen events, so long as the scope of the program is not increased;
- (3) Required by a court, Industrial Commission, or administrative hearing officer's order or award or to match unanticipated federal funds;
- (4) Required to respond to an unanticipated disaster such as a fire, hurricane, or tornado; or
- (5) Required to call out the National Guard.

The Director of the Budget shall report on a quarterly basis to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office the reason if the amount expended for a program is more than the amount appropriated for it from all sources.

Funds appropriated for salaries and wages may only be used for salaries and wages or for premium pay, overtime pay, longevity, unemployment compensation, workers' compensation, temporary wages, contracted personal services, moving expenses, payment of accumulated annual leave, certain awards to employees, tort claims, and employer's social security, retirement, and hospitalization payments: provided, however, funds appropriated for salaries and wages may also be used for purposes for which over expenditures are permitted by subdivisions (3), (4), and (5) of this subsection but the Director of the Budget shall include such use and the reason for it in his quarterly report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office. ~~Salary—Lapsed salary~~ funds that become available from vacant positions may not be used for new permanent employee positions or to raise the salary of existing employees.

As used in this subsection, 'program' means a group of expenditure and receipt line items for support of a specific budgeted activity outlined in the certified budget for each department, agency, or institution, as designated by the four-digit fund (purpose) number in the Budget Preparation System.

The requirements in this section that the Director of the Budget report to the Joint Legislative Commission on Governmental Operations shall not apply to expenditures of receipts by entities that are wholly receipt supported, except for entities supported by the Wildlife Resources Fund."

Requested by: Representative Diamont

—LIMIT ON NUMBER OF STATE EMPLOYEES

Sec. 45. G.S. 143-47.15 is repealed.

Sec. 46. (a) Article 1 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-10.2. Limit on number of State employees.

The total number of permanent State funded employees, excluding employees in the State's public school system funded by way of State aid to local public school units, shall not be increased by the end of any State fiscal year by a greater percentage than the percentage rate of the residential population growth for the State of North Carolina. The percentage rates shall be computed by the Office of State Budget and Management. The population growth shall be computed by averaging the rate of residential population growth in each of the preceding 10 fiscal years as stated in the annual estimates of residential population in North Carolina made by the United States Census Bureau. The growth rate of the number of employees shall be computed by averaging the rate of growth of State employees in each of the preceding 10 fiscal years as of July 1 of each fiscal year as stated in the State Budget."

(b) The substance of subsection (a) of this section shall be studied by the Commission on the Future of Education if that Commission is created by act of the General Assembly.

Requested by: Senator Royall, Representative Diamont

—EXPENDITURE OF FUNDS

Sec. 47. G.S. 143-16.3 reads as rewritten:

"§ 143-16.3. No expenditures for purposes for which the General Assembly has considered but not enacted an appropriation.

Notwithstanding any other provision of law, no funds from any source, except for ~~gifts and grants, gifts, grants, and funds allocated from the Contingency and Emergency Fund by the Council of State,~~ gifts, grants, and funds allocated from the Contingency and Emergency Fund by the Council of State, may be expended for any purpose for which the General Assembly has considered but not enacted an appropriation of funds for the current fiscal period. For the purpose of this section, the General Assembly has considered a purpose when that purpose is included in a bill or petition or when any committee of the Senate or the House of Representatives deliberates on that purpose."

Requested by: Senator Royall, Representative Diamont

—PERMIT DEVIATIONS FROM CERTAIN PROVISIONS OF THE EXECUTIVE BUDGET ACT

Sec. 48. Sections 156 through 160 of Chapter 479 of the 1985 Session Laws, as amended, do 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 1989-91 fiscal biennium was enacted.

The Director of the Budget shall report, on a monthly basis to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office on any deviations from Sections 156 through 160 of Chapter 479 of the 1985 Session Laws, as amended, and the reasons it was impossible to comply.

This section does not authorize deviations from Sections 156 through 160 of Chapter 479 of the 1985 Session Laws, as amended, to combine fund codes.

Requested by: Senator Royall, Representative Diamont

—FEE REPORTING REQUIREMENT

Sec. 49. 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 funds as hereinbefore defined, in the interest of economy and efficiency, and 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 receive or may receive for use and expenditure any State funds as hereinbefore defined, 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)~~a. An itemized and complete financial statement for the State at the close of the last preceding fiscal year ending June 30.
 - ~~(b)~~b. A statement of special funds.
 - ~~(c)~~c. 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.

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."

Requested by: Senator Royall, Representative Diamont

—CONTINGENCY AND EMERGENCY FUND ALLOCATION

Sec. 50. Of the funds appropriated to the Contingency and Emergency Fund in Section 3 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, the sum of \$900,000 for the 1989-90 fiscal year and the sum of \$900,000 for the 1990-91 fiscal year shall be designated for emergency allocations, which are for the purposes outlined in G.S. 143-23(a1)(3), (4), and (5). The sum of \$225,000 for the 1989-90 fiscal year and the sum of \$225,000 for the 1990-91 fiscal year shall be designated for other allocations from the Contingency and Emergency Fund.

Requested by: Senator Royall, Representative Diamont

—PRIVATE LICENSE TAGS ON STATE-OWNED CARS AUTHORIZED

Sec. 51. (a) Pursuant to the provisions of G.S. 14-250, for the 1989-91 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 Category</u>	<u>Number</u>
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 his 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: Senator Royall, Representative Diamont

—RESERVE FOR LOCAL TAX REIMBURSEMENTS

Sec. 52. (a) There is created in the Department of Revenue a special reserve to be known as the Local Government Tax Reimbursement Reserve. Funds in the Reserve shall be used to reimburse local governments for certain reductions in tax

revenue resulting from tax legislation enacted by the General Assembly. There is appropriated from the General Fund to the Local Government Tax Reimbursement Reserve \$231,755,615 for the 1989-90 fiscal year and \$234,093,897 for the 1990-91 fiscal year. The Department of Revenue shall distribute the funds appropriated to the Local Government Tax Reimbursement Reserve for the 1989-90 and 1990-91 fiscal years as follows:

- (1) The sum of \$5,366,497 for the 1989-90 fiscal year and the sum of \$5,618,722 for the 1990-91 fiscal year shall be used as needed to reimburse local governments, in accordance with G.S. 105-164.44C, for the impact of the exemption of food stamp purchases from sales tax under Chapter 656 of the 1985 Session Laws.
- (2) The sum of \$5,439,102 for the 1989-90 fiscal year and the sum of \$5,874,231 for the 1990-91 fiscal year shall be used to reimburse local governments, in accordance with the second sentence of the third paragraph of G.S. 105-213(a), for the impact of the intangibles tax exemption of certain accounts and accounts receivable under Chapter 656 of the 1985 Session Laws.
- (3) The sum of \$24,902,468 for the 1989-90 fiscal year and the sum of \$25,496,225 for the 1990-91 fiscal year shall be used to reimburse local governments, in accordance with G.S. 105-213.1, for the impact of the intangibles tax exemption of money on deposit and money on hand under Chapter 656 of the 1985 Session Laws.
- (4) The sum of \$107,973,963 for the 1989-90 fiscal year and the sum of \$107,973,963 for the 1990-91 fiscal year shall be used to reimburse local governments, in accordance with G.S. 105-275.1 as enacted by Chapter 622 of the 1987 Session Laws and rewritten by Chapters 813 and 1041 of the 1987 Session Laws, for the impact of the property tax exemption for inventories of manufacturers and for livestock, poultry, and feed under Chapters 622, 813, and 1041 of the 1987 Session Laws.
- (5) The sum of \$80,373,585 for the 1989-90 fiscal year and the sum of \$81,445,756 for the 1990-91 fiscal year shall be used to reimburse local governments, in accordance with G.S. 105-277A as rewritten by Chapters 622, 813, and 1041 of the 1987 Session Laws, for the impact of the property tax exemption for inventories of wholesalers and retailers under Chapter 656 of the 1985 Session Laws and Chapter 622 of the 1987 Session Laws.
- (6) The sum of \$7,700,000 for the 1989-90 fiscal year and the sum of \$7,685,000 for the 1990-91 fiscal year shall be used as needed to reimburse local governments, in accordance with G.S. 105-277.1A, for the impact of the expansion of the property tax homestead exemption under Chapter 1052 of the 1981 Session Laws and Chapter 656 of the 1985 Session Laws.

The amounts designated for the reimbursements are estimates. If the amount designated is insufficient to pay for any of the reimbursements provided in this section,

the Department of Revenue shall draw additional funds from the Local Government Tax Reimbursement Reserve to be used to make the reimbursement. If the funds appropriated to the Reserve are insufficient to pay for the reimbursements provided in this section, the State Budget Officer shall withhold from net collections under Article 2B of Chapter 105 of the General Statutes the remaining amount necessary to pay for the reimbursements. Funds remaining in the Local Government Tax Reimbursement Reserve at the end of each fiscal year shall revert to the General Fund.

(b) G.S. 105-164.44C reads as rewritten:

"§ 105-164.44C. Reimbursement for sales taxes on food stamp foods and supplemental foods.

As soon as practicable after July 1 of each year, the Secretary shall determine from available information the amount of local sales taxes that would have been collected in each county during the preceding fiscal ~~year,~~year on foods purchased with food stamp coupons or supplemental food instruments in the county, had these foods not been exempt from tax under G.S. 105-164.13(38). The Secretary shall then distribute the amounts determined to be due each county between the county and the cities located in the county in accordance with the method by which local sales and use taxes are distributed in that county. In order to pay for the reimbursement under this section and the cost to the Department of Revenue for administering the reimbursement, the Secretary of Revenue shall draw from the Local Government Tax Reimbursement Reserve an amount equal to the amount of the reimbursement and the cost of administration."

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

"(d) Source. ~~Amounts Funds~~ distributed under this section shall be ~~charged to individual income tax collections.~~ drawn from the Local Government Tax Reimbursement Reserve."

(d) G.S. 105-275.1 reads as rewritten:

"§ 105-275.1. Reimbursement for exclusion of manufacturers' inventories and poultry and livestock.

(a) Initial Distribution. – On or before January 15, 1989, the governing body of each county and each city shall furnish to the Secretary a list of (i) all the inventories owned by manufacturers 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 under this ~~Subchapter,~~Subchapter; (ii) all livestock and poultry and feed used in the production of livestock and poultry that was required to be listed and assessed as of January 1, 1987, and was listed on or before September 1, 1987, in the county or city under this Subchapter; ~~and~~ (iii) all the crops and other agricultural or horticultural products held for sale, whether in process or ready for sale, owned by taxpayers regularly engaged in the growth, breeding, raising, or other production of new products for sale, that were not included under subdivision (ii) above and 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 under this ~~Subchapter.~~Subchapter; and (iv) in the case of a city, all the inventories owned by manufacturers that were located as of January 1, 1987, in an area for which the city began annexation proceedings before September 1, 1987, and which became a

part of the city after January 1, 1987, and before January 1, 1988. The list shall contain the value of the inventories and other items as well as the property tax rates in effect in the county or city for the eight years from 1980 through 1987. The list shall also contain the property tax rates in effect for those years in each special district for which the county or city collected taxes in 1987 but whose tax rates were not included in the rates listed for the county or city, and the value of the inventories owned by manufacturers and other items described in subdivisions (ii) and (iii) above that were required to be listed and assessed as of January 1, 1987, and were listed on or before September 1, 1987, in that district. The list shall be accompanied by an affidavit attesting to the accuracy of the list and shall be on a form prescribed by the Secretary.

On or before March 20, 1989, the Secretary shall pay to each county and city that submitted a list under this subsection an amount equal to the county or city average rate, as provided below, multiplied by the value of the inventories ~~owned by manufacturers 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,~~ described in subdivisions (i) and (iv) above contained in the list submitted by the city or county, 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.

On or before March 20, 1989, the Secretary shall also pay to each county and city that submitted a list under this subsection an amount equal to the average rate, as provided below, 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 inventories owned by manufacturers 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.

The Secretary shall calculate an average rate for each county and city, and for each special district whose tax rates were not included in the tax rates of a county or city, as the arithmetic mean of the property tax rates in effect in the county, city, or district for the eight years from 1980 through 1987. If a county, city, or district did not have tax rates in effect for the entire eight-year period, the average rate shall be the arithmetic mean of the property rates in effect for the years during the eight-year period that it did have rates in effect.

Of the funds received by each county and city pursuant to this subsection, 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 in the district) shall be distributed among the districts in the county or city as soon as practicable after the city or county receives funds under this subsection. The county or city shall distribute to each special district in the county

or city an amount equal to the average rate for the district multiplied by the value of the inventories owned by manufacturers 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. 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 paragraph. The Local Government Commission shall report to the 1990 General Assembly any errors it discovers in the information furnished by local governments to the Secretary as required in this subsection.

(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. Thereafter, except as provided in subsection (f), as soon as practicable after January 1 of each year, the Secretary shall distribute to each county and city the amount it received under this section the preceding year.

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, 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. ~~This distribution shall be in accordance with regulations issued by the local Government Commission.~~ 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) Use. – Funds received by a county, city, or special district under this section may be used for any lawful purpose.

(d) 'City' Defined. – As used in this section, the term 'city' has the same meaning as in G.S. 153A-1(1).

(e) Source of Funds. – To pay for the distribution required by this section and the cost to the Department of Revenue of making the distribution, the Secretary of Revenue shall ~~charge the collections received by the Department under Division I of Article 4 of Chapter 105 with~~ draw from the Local Government Tax Reimbursement Reserve an amount equal to the amount distributed and the cost of making the distribution.

(f) Correction of Errors. – If the Secretary discovers that the amount or value of any inventories or other items listed by a county or city pursuant to subsection (a) of this section was overstated or understated, the Secretary shall adjust the amount to be distributed under subsection (b) as follows. For the distribution to be made in the year following discovery of the overstatement or understatement, the Secretary shall distribute to the county or city the amount it would have received under subsection (b) in 1990 if it had not overstated or understated the amount or value of any inventories or other items, plus the total amount it failed to receive in 1989 and subsequent years due to understatement of the amount or value of the inventories or other items, or minus the total amount it received in 1989 and subsequent years due to overstatement of the amount or value of the inventories or other items. Thereafter, each year the Secretary shall distribute to the county or city the amount it would have received under subsection (b) in 1990 if it had not overstated or understated the amount or value of any inventories or other items."

(e) A city affected by the amendment to G.S. 105-275.1(a) provided in this section shall submit to the Secretary of Revenue a list of the manufacturers' inventories in the annexed area as soon as practicable.

(f) G.S. 105-277A(f) reads as rewritten:

"(f) Source of Funds. The Secretary of Revenue shall pay for the distribution required by this section and the cost of making the distribution as follows:

(1) For the distribution made in 1989, the Secretary shall draw an amount equal to the amount distributed and the cost of making the distribution

first from the Inventory Tax Reimbursement Fund created in Section 15.1 of the School Facilities Finance Act of 1987, until it is exhausted, and then the remainder of that amount from collections received by the Department under Division I of Article 4 of this Chapter.

- (2) For distributions made in subsequent years, the Secretary shall ~~charge the collections received by the Department under Article 5 of this Chapter with~~ draw from the Local Government Tax Reimbursement Reserve for the distribution required by this section an amount equal to the amount distributed and the cost of making the distribution."

- (g) G.S. 105-277.1A(f) reads as rewritten:

"(f) In order to pay for the reimbursement under this section and the cost to the Department of Revenue for administering the reimbursement, the Secretary of Revenue shall draw from the Local Government Tax Reimbursement Reserve an amount equal to the reimbursement and the cost of administration. ~~may withhold from net collections received by the Department under Article 2A and Article 2C of Chapter 105 of the General Statutes an amount equal to the reimbursement and the cost of administration.~~"

Requested by: Representative Diamont

—TAX AMNESTY ACT/APPROPRIATIONS FOR TAX ENFORCEMENT PERSONNEL

Sec. 53. Section 11 of Chapter 557 of the 1989 Session Laws reads as rewritten:

"Sec. 11. ~~(a)~~ There is appropriated:

- (1) From the Highway Fund to the Department of Revenue the sum of \$117,950 for the 1989-90 fiscal year and the sum of \$149,690 for the 1990-91 fiscal year; and
- (2) From the General Fund to the Department of Revenue the sum of \$4,953,192 for the 1989-90 fiscal year and the sum of \$4,765,218 for the 1990-91 fiscal year

for additional tax enforcement personnel, support personnel, and other costs resulting from the additional tax enforcement personnel.

~~(b) Notwithstanding any other provision of this section, this section does not appropriate any funds and no funds may be expended under this section."~~

Requested by: Representative Miller

—INFORMATION FROM PRIVATE ORGANIZATION RECEIVING STATE FUNDS

Sec. 54. Chapter 143 of the General Statutes is amended by adding the following new section:

"§ 143-6.1. Information from private organizations receiving State funds.

Every private person, 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.

Each private person, corporation, organization, and institution which uses or expends State funds in the amount of twenty-five thousand dollars (\$25,000) or more annually, except when the funds are compensation for goods or services, shall file annually with the State Auditor and with the Joint Legislative Commission on Governmental Operations a financial statement in such form and on such schedule as shall be prescribed by the State Auditor, and 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 private person, corporation, organization, and institution shall furnish such additional financial or budgetary information as shall be requested by the State Auditor or by the Joint Committee on Governmental Operations. 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.

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

PART X.—DEPARTMENT OF PUBLIC INSTRUCTION

Requested by: Senator Ward, Representatives J. Crawford, Tart

—PUPIL TRANSPORTATION

Sec. 55. The Department of Public Instruction shall implement the Pupil Transportation Operational Study authorized by Section 94 of Chapter 1086 of the 1987 Session Laws. The State Board of Education shall allocate up to \$400,000 of the funds appropriated for the 1989-90 fiscal year for aid to local school administrative units for pupil transportation to implement the findings of this study.

The Department shall also report its final recommendations for achieving improved efficiency and economy in the pupil transportation system to the 1990 Session of the General Assembly. These recommendations shall include incentives for encouraging cost-effective operations in local school administrative units, as provided in G.S. 115C-240(e) and G.S. 115C-246(a).

Requested by: Senator Ward, Representatives J. Crawford, Tart

—CHILD NUTRITION

Sec. 56. Of the funds appropriated to the Department of Public Education for the 1989-90 fiscal year for aid to local school administrative units for staff development, the State Board of Education shall allocate \$280,000 to local school units for staff development of school food service personnel.

Requested by: Senator Ward, Representatives J. Crawford, Tart

—DROPOUT PREVENTION COORDINATORS

Sec. 57. Of the funds appropriated to the Department of Public Education for aid to local school administrative units for dropout prevention, the State Board of

Education shall allocate to the Department of Public Instruction up to \$225,000 for the 1989-90 fiscal year and up to \$225,000 for the 1990-91 fiscal year for three dropout prevention coordinators. The State Superintendent shall assign the dropout prevention coordinators to designated areas within the State and shall develop job descriptions for them.

Requested by: Senator Ward, Representatives J. Crawford, Tart

—DROPOUT PREVENTION/IN-SCHOOL SUSPENSION

Sec. 58. Of the funds appropriated to the Department of Public Education for aid to local school administration units for the Dropout Prevention/In-School Suspension Program, the sum of \$200,000 for each fiscal year of the 1989-91 fiscal biennium may be used to fund eight pilot public/private educational compacts to bring together on an ongoing basis representatives from public education, community colleges, higher education, and business and industry leaders to determine how to improve attendance, prevent dropping out of school, increase academic performance, and increase participation in higher education and the work force by at-risk students. The funds may also be used to fund eight parental involvement pilot programs, and to provide for operating costs, workshops, and committee meetings for the State Department of Public Instruction's dropout prevention staff.

The State Board of Education may adopt rules governing the use of these funds.

The State Board of Education shall report to the General Assembly on the use of these funds prior to April 1, 1991.

Requested by: Representatives J. Crawford, Tart

—TEACHER SCHOLARSHIP LOANS

Sec. 59. Of the funds appropriated in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, for prospective teacher scholarship loans, the Superintendent of Public Instruction may, within funds available for the operation of the Department of Public Instruction, designate up to \$200,000 for the 1989-90 fiscal year and up to \$200,000 for the 1990-91 fiscal year for scholarship loans to teacher assistants enrolled in accredited teacher education programs.

Requested by: Senator Chalk

—KINDERGARTEN STUDY

Sec. 60. Of the funds appropriated for education studies by the Joint Legislative Commission on Governmental Operations in Sections 15.2, 18.2, and 19.2 of Chapter 873 of the 1987 Session Laws and not expended or unencumbered prior to July 1, 1989, the sum of \$24,900 shall be allocated to the Board of Governors of The University of North Carolina for a study of the impact of kindergarten education on subsequent school performance. The study shall be carried out by the Collegium for the Advancement of Schools, Schooling, and Education at the University of North Carolina at Greensboro. The Board of Governors shall report the results of the study to the General Assembly prior to May 1, 1991.

Requested by: Senator Ward, Representatives J. Crawford, Tart

—BASIC EDUCATION PROGRAM FUNDS

Sec. 61. Funds are appropriated in Section 3 of this act to the Department of Public Education for further implementation of the Basic Education Program in public schools. These funds will provide for the fifth and sixth years of the planned eight-year implementation schedule. The following information chart shows the major increases in State funds over the 1988-89 fiscal year.

BASIC EDUCATION PROGRAM

Basic Education Plan:

		<u>1989-90</u>	<u>1990-91</u>
1.	Additional Teachers	\$ 46,735,714	\$90,342,391
2.	Vocational Education Teachers	1,039,116	2,078,823
3.	In-School Suspension	-	1,726,921
4.	Instructional Support	15,477,126	39,113,549
5.	Instructional/Lab		
	Clerical Assistants	-	17,073,432
6.	Athletic Trainer Supplement	15,000	15,000
7.	Assistant Principals -		
	Extension of Term	-	11,166,375
8.	Asst/Associate		
	Superintendents	-	4,767,421
9.	Clerical Assistants	6,010,484	11,637,563
10.	Supervisors	-	2,611,375
TOTAL BASIC EDUCATION PLAN		\$69,277,440	\$180,532,850

Requested by: Representative Cromer

—FOREIGN LANGUAGE INSTITUTE

Sec. 62. Of the funds appropriated to the Department of Public Education for aid to local school administrative units, the State Board of Education may allocate to the Department of Public Instruction the sum of \$300,000 for the 1989-90 fiscal year and the sum of \$300,000 for the 1990-91 fiscal year for two positions, support expenses, and workshops to provide intensive advanced training for teachers teaching foreign languages.

Requested by: Senator Ward, Representatives J. Crawford, Tart

—ASSISTANT PRINCIPALS

Sec. 63. Funds appropriated for assistant principals in Section 3 of this act shall be allotted to local school administrative units on the basis of months of employment. School units may employ assistant principals for 10, 11, or 12 months.

Local superintendents shall, to the extent practical, distribute these positions to schools on the basis of average daily membership.

If a local school administrative unit does not choose to employ assistant principals for more than 10 months, the unit may use the funds for summer school programs.

The Department of Public Education shall report on the use of these funds to the Chairmen of the Appropriations Committees of the Senate and the House of Representatives prior to May 1, 1990.

Requested by: Representative J. Crawford

—COORDINATION OF DEPARTMENT OF HUMAN RESOURCES/PUBLIC INSTRUCTION PROGRAMS

Sec. 64. The Superintendent of Public Instruction shall use funds appropriated for the Department of Public Instruction for the 1989-91 fiscal biennium to employ a person to coordinate programs in the public schools and programs operated or funded through the Department of Human Resources that serve the same children.

Requested by: Representative Tart

—REDUCE PAPERWORK

Sec. 65. (a) The State Board of Education and the Department of Public Instruction shall review requirements for reports from local school administrative units and, to the extent possible, eliminate any duplicate or obsolete reporting requirements. The State Board of Education and the Department of Public Instruction shall designate the source of the requirement for any report not eliminated.

Each local board of education shall review its local requirements for reports, including local school required reports, and, to the maximum extent possible, eliminate any duplicate or obsolete reporting requirements. Each local board of education shall designate the source of the requirement for any report not eliminated. Local boards of education shall report the results of their review to the State Board of Education prior to April 1, 1990.

The State Board of Education and the Department of Public Instruction shall jointly report the progress of their review and the reviews of local boards of education to the General Assembly prior to May 1, 1990.

(b) G.S. 115C-47(18) reads as rewritten:

"(18) To Make Rules Concerning the Conduct and Duties of Personnel. – Local boards of education, upon the recommendation of the superintendent, shall have full power to make all just and needful rules and regulations governing the conduct of teachers, principals, and supervisors, the kind of reports they shall make, and their duties in the care of school property.

Prior to the beginning of each school year, each local board of education shall identify all reports, including local school required reports, that are required at the local level for the school year. No additional reports shall be required at the local level after the beginning of the school year without the prior approval of the local board of education."

- (c) G.S. 115C-12 is amended by adding a new subdivision to read:
"(19) Duty to Identify Required Reports. – Prior to the beginning of each school year, the State Board of Education shall identify all reports that are required at the State level for the school year."

(d) Subsections (b) and (c) of this section shall become effective July 1, 1989, and apply to all school years beginning with the 1990-91 school year.

Requested by: Representative J. Crawford

—TEACHER TRAINING/LEARNING DISABLED CHILDREN

Sec. 66. (a) G.S. 115C-296(b) reads as rewritten:

"(b) It is the policy of the State of North Carolina to maintain the highest quality teacher education programs in order to enhance the competence of professional personnel certified in North Carolina. To the end that teacher preparation programs are upgraded to reflect a more rigorous course of study, the State Board of Education shall submit to the General Assembly not later than November 1, 1984, a plan to promote this policy. The State Board of Education, as lead agency in coordination and cooperation with the University Board of Governors, the Board of Community Colleges and such other public and private agencies as are necessary, shall continue to refine the several certification requirements, standards for approval of institutions of teacher education, standards for institution-based innovative and experimental programs, standards for implementing consortium-based teacher education, and standards for improved efficiencies in the administration of the approved programs. The standards for approval of institutions of teacher education shall require that teacher education programs for students who do not major in special education include courses in the identification and education of children with learning disabilities."

(b) G.S. 115C-118 reads as rewritten:

"§ 115C-118. Functions.

The centers shall have the following functions:

- (1) To provide in-service training to all special education teachers and other professionals as defined by the Superintendent.
- (2) To develop in kindergarten and primary grade teachers the necessary skills to detect potential special education needs and the capability to plan special educational programs.
- (2a) To provide in-service training for all teachers in the identification and education of learning disabled children.
- (3) To provide in-service training and consultative services to a parent or guardian of a child with special needs and to appropriate public school administrative and management personnel.
- (4) To work in concert with the various local human resources agencies to the end that multiple and duplicative services provided at various times and by various agencies of the State may be obviated.
- (5) To conduct an in-depth evaluation of the impact of in-service training on the delivery of services to children with special needs

within the public schools on an annual basis in compliance with such rules and regulations as the Superintendent may promulgate."

Requested by: Representative J. Crawford

—ACCREDITATION/ACCOUNTABILITY FUNDS

Sec. 67. Of the funds appropriated in Section 3 of this act for implementation of the Basic Education Program, the State Board of Education shall allocate \$200,000 for the 1989-90 fiscal year and \$250,000 for the 1990-91 fiscal year to the Department of Public Instruction to implement performance standards that are part of the statewide accreditation program.

Of other funds appropriated in Section 3 of this act to the Department of Public Instruction for the 1989-90 fiscal year and the 1990-91 fiscal year, the Superintendent of Public Instruction may use up to \$150,000 in each year for research and development.

Requested by: Representatives J. Crawford, Tart

—USE OF FUNDS FOR TEACHERS

Sec. 68. Funds are appropriated to the Department of Public Education for the 1989-91 fiscal biennium for additional teacher positions to be used to expand curricular offerings in accordance with the Basic Education Program. Local boards of education shall use positions allocated to them with these funds to expand curricular offerings to those contained in the Basic Education Program at any grade level and in any of the identified curricular offerings based on the identification of local needs, priorities, and local schedules for implementing the Basic Education Program.

The local board of education may, with the approval of the State Board of Education, use the funds allocated to it for expanded curricular offerings to otherwise provide a curricular offering at that school, as called for in the Basic Education Program. The State Board of Education shall monitor the alternative uses of these funds and shall report on such uses by February 1 of each year to the President of the Senate, the Speaker of the House of Representatives, and the Fiscal Research Division.

Requested by: Representatives J. Crawford, Tart

—PROJECT TEACH FUNDS

Sec. 69. Of the funds appropriated to the Department of Public Education for the 1989-91 fiscal biennium for aid to local school administrative units, the State Board of Education shall allocate to the Department of Public Instruction the sum of \$73,000 for the 1989-90 fiscal year and the sum of \$73,000 for the 1990-91 fiscal year shall be used to:

- (1) Maintain the Project Teach Initiative in the Robeson, Pitt, Cumberland, Warren, Halifax, Guilford, Vance, and Northampton County Schools, and the Durham, High Point, and Greensboro City Schools; and

- (2) Expand the project in at least two school systems to focus on parents of students in the seventh grade so as to involve parents in the coaching and support of promising minority young people.

Requested by: Representative Tart

—N. C. SYMPHONY AUDIO-VISUAL FUNDS

Sec. 70. Of the funds appropriated to the Department of Public Education for the 1989-90 fiscal year for aid to local school administrative units, the State Board of Education shall allocate to the Department of Public Instruction the sum of \$50,000 to develop, maintain, and update an ongoing audio-visual program and a young people's television series, for the North Carolina Symphony's statewide education outreach effort that can be used with current written materials and recordings in the school systems in all counties of the State by all six of the major orchestras operating current education programs.

Requested by: Representative Diamont

—PRINCIPLES OF TECHNOLOGY FUNDS/DO NOT REVERT

Sec. 71. (a) Funds appropriated in prior fiscal years to provide support for a Principles of Technology demonstration program in the Northampton County, Halifax County, and Weldon City School administrative units, shall not revert at the end of the 1988-89 fiscal year but shall remain available for expenditure until June 30, 1991.

- (b) This section shall become effective June 30, 1989.

Requested by: Representatives J. Crawford, Tart

—MODEL TEACHER EDUCATION CONSORTIUM

Sec. 72. (a) There is established a model teacher education consortium for the following local school administrative units: Granville County, Halifax County, Northampton County, Vance County, Warren County, Roanoke Rapids City and Weldon City, with the collaboration of East Carolina University, Elizabeth City State University, Atlantic Christian College, North Carolina Wesleyan College, Halifax Community College, and Vance-Granville Community College.

(b) The consortium shall develop a teacher education program in accordance with the requirements of the North Carolina Administrative Code, Title 16, Section .0206 and shall, upon development of the program, apply to the State Board of Education for approval as a teacher education program. The Department of Public Instruction shall assist the consortium in developing the program and shall act upon the application of the program in accordance with Title 16, Section .0206 and the Department of Public Instruction's Standards for Organizing and Implementing Consortium-Based Teacher Education.

(c) The consortium's teacher education program shall be designed to serve persons interested in becoming certified teachers in North Carolina's public schools, or in upgrading or refining skills for employment in the public schools, or in expanding areas of certification in keeping with established standards. The initial thrust of the program shall be to qualify for certification teachers who already have college degrees

but are not certified or need additional areas of certification and to provide a teacher education program for qualified teacher assistants. Special emphasis shall be placed on recruiting minority participants.

(d) The consortium's Policy Board, developed in accordance with the Standards for Organizing and Implementing Consortium-Based Teacher Education, shall establish a monetary value for the individualized education program of each participant, and shall enter an agreement with each participant for the repayment of that amount on terms specified in the agreement. The agreement shall provide for forgiveness of the repayment on a plan modeled after G.S. 115C-471.

(e) The consortium shall seek foundation, business, industry, and local school administrative unit support for 1989-90 and subsequent fiscal years.

(f) Of the funds appropriated to the Department of Public Education in Section 3 of this act for aid to local school administrative units, the State Board of Education shall use up to \$50,000 for the 1989-90 fiscal year for the consortium established by this section. No more than one-half of the monies for the 1989-90 fiscal year shall be used for administrative purposes. The remainder shall be used to provide instructional support for the participants under the plan devised by the policy board.

Requested by: Representative Nesbitt

—ASSIGNMENT OF PRINCIPALS TO SMALLER SCHOOLS

Sec. 73. (a) If a principal paid with State funds is reassigned to a lower job classification because he is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the State shall pay only the pay level the principal would have earned had he served his entire career as a principal at the lower job classification.

(b) This section 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 section for one calendar year following the date of the merger.

Requested by: Representative J. Crawford

—EXISTING CAREER DEVELOPMENT PILOT PROGRAMS

Sec. 74. (a) Notwithstanding the provisions of Article 24B of Chapter 115C of the General Statutes or any other provision of law, funding for the career development pilot projects shall continue through the 1989-90 fiscal year: Provided, however, that any additional compensation received by an employee as a result of the unit's participation in the pilot program for the 1989-90 fiscal year and for subsequent fiscal years shall be paid as a bonus or supplement to the employee's regular salary.

(b) If an employee in a career development pilot unit is recommended for Career Status I or II and that status is approved by the local board of education prior to the beginning of the 1989-90 school year, the local board of education may pay that employee a bonus or supplement to his regular salary. For the 1989-90 fiscal year only,

the local board of education may use any State career development funds available to it to pay these bonuses or supplements.

(c) Effective at the beginning of the 1989-90 school year, an employee may be considered for Career Status II no earlier than his third year in Career Status I; an employee may be considered for Career Status III no earlier than his third year in Career Status II.

Requested by: Representative Nesbitt

—EXISTING LEAD TEACHER PILOT PROGRAMS

Sec. 75. The State Board of Education shall use up to \$250,000 of the funds appropriated for the 1989-90 fiscal year for the Career Development Pilot Program to continue the existing Lead Teacher Pilot Programs.

Requested by: Senator Ward

—REDUCTION OF VANDALISM IN THE PUBLIC SCHOOLS

Sec. 76. Of the funds appropriated to the Department of Public Education for the operation of the Department of Public Instruction, the Department of Public Instruction may use up to \$80,000 for the 1989-90 fiscal year and up to \$80,000 for the 1990-91 fiscal year for salaries and support costs to develop plans and procedures to reduce vandalism of public school facilities.

Requested by: Senator Ward

—PRELIMINARY SCHOLASTIC APTITUDE TEST OPPORTUNITIES ENCOURAGED

Sec. 77. (a) Article 10A of Chapter 115C of the General Statutes is amended by adding a new Part to read:

"Part 3. Preliminary Scholastic Aptitude Test
Opportunities Encouraged.

"§ 115C-174.18. Opportunity to take Preliminary Scholastic Aptitude Test.

Every student in the eighth through tenth grades who has completed Algebra I or who is in the last month of Algebra I shall be given an opportunity to take a version of the Preliminary Scholastic Aptitude Test (PSAT) one time at State expense. The State Board of Education shall contract with the College Board for the tests and for comprehensive diagnostic information to accompany PSAT score reports.

"§ 115C-174.19. Reports and recommendations.

The Superintendent of Public Instruction shall report biennially to the Governor, the Lieutenant Governor, and the Speaker of the House of Representatives on the effect of the implementation of this Part, and shall make such recommendations for modification or revision as he deems appropriate and necessary."

(b) The State Board of Education shall allocate up to three hundred sixty-five thousand dollars (\$365,000) of the funds available for aid to local school administrative units for the 1989-90 fiscal year and up to three hundred ninety-six thousand dollars (\$396,000) of the funds available for aid to local school administrative units for the 1990-91 fiscal year to implement subsection (a) of this section. For each

year of the biennium, no more than five percent (5%) of these funds may be used for administration of the program by the Department of Public Instruction.

Requested by: Senator Ward

—ADMINISTRATION OF DEPARTMENT OF PUBLIC INSTRUCTION BUDGET

Sec. 78. (a) G.S. 115C-21 reads as rewritten:

"§ 115C-21. Powers and duties generally.

(a) Administrative Duties. – It shall be the duty of the Superintendent of Public Instruction:

- (1) To organize and establish a Department of Public Instruction which shall include such divisions and departments as are necessary for supervision and administration of the public school ~~system~~system, to administer the funds for the operation of the Department of Public Instruction, and to enter into contracts for the operations of the Department of Public Instruction.
- (2) To keep the public informed as to the problems and needs of the public schools by constant contact with all school administrators and teachers, by his personal appearance at public gatherings, and by information furnished to the press of the State.
- (3) To report biennially to the Governor 30 days prior to each regular session of the General Assembly, such report to include information and statistics of the public schools, with recommendations for their improvement and for such changes in the school law as shall occur to him.
- (4) To have printed and distributed such educational bulletins as he shall deem necessary for the professional improvement of teachers and for the cultivation of public sentiment for public education, and to have printed all forms necessary and proper for the administration of the Department of Public Instruction.
- (5) To have under his direction, in his capacity as the constitutional head of the public school system, all those matters relating to the supervision and administration of the public school system.

(b) Duties as Secretary to the State Board of Education. – As secretary, under the direction of the Board, it shall be the duty of the Superintendent of Public Instruction:

- (1) To administer through the Department of Public Instruction, all policies established by the Board.
- (1a) To administer the funds appropriated to the Department of Public Education for the operations of the State Board of Education and for aid to local school administrative units.
- (2) To keep the Board informed regarding developments in the field of public education.
- (3) To make recommendations to the Board with regard to the problems and needs of education in North Carolina.

- (4) To make available to the public schools a continuous program of comprehensive supervisory services.
- (5) To collect and organize information regarding the public schools, on the basis of which he shall furnish the Board such tabulations and reports as may be required by the Board.
- (6) To communicate to the public school administrators all information and instructions regarding instructional policies and procedures adopted by the Board.
- (7) To have custody of the official seal of the Board and to attest all deeds, leases, or written contracts executed in the name of the Board. All deeds of conveyance, leases, and contracts affecting real estate, title to which is held by the Board, and all contracts of the Board required to be in writing and under seal, shall be executed in the name of the Board by the chairman and attested by the secretary; and proof of the execution, if required or desired, may be had as provided by law for the proof of corporate instruments.
- (8) To attend all meetings of the Board and to keep the minutes of the proceedings of the Board in a wellbound and suitable book, which minutes shall be approved by the Board prior to its adjournment; and, as soon thereafter as possible, to furnish to each member of the Board a copy of said minutes.
- (9) To perform such other duties as the Board may assign to him from time to time."

(b) Of the funds appropriated in the Current Operations Appropriations Act of 1989 and in this act to the Department of Public Education for the 1989-91 fiscal biennium, the funds for the operation and maintenance of the Department of Public Instruction, for State aid to nonstate agencies, and for the operation of the State Board of Education are as follows:

DEPARTMENT OF PUBLIC EDUCATION
TOTAL REQUIREMENTS

FUND	Department of Public Instruction	1989-90	
		Aid to Local School Administra- tive Units	State Board of Education
xxxx	(750,000)	—	—
1000	3,111,801	—	149,329
1100	11,162,654	—	—
1200	7,219,708	—	—
1300	14,502,317	—	—
1400	11,748,276	—	—
1500	6,315,195	—	—
1600	7,979,324	—	18,000

1700	183,744	312,511,180	—
1800	—	2,910,440,208	12,994
1900	587,455	—	—
	<hr/>	<hr/>	<hr/>
TOTAL	62,060,474	3,222,951,388	180,323

FUND	Department of Public Instruction	1990-91	
		Aid to Local School Administra- tive Units	State Board of Education
xxxx	(1,500,000)	—	—
1000	3,128,081	—	149,329
1100	11,177,977	—	—
1200	7,337,666	—	—
1300	14,538,316	—	—
1400	16,008,769	—	—
1500	6,319,109	—	—
1600	7,990,552	—	18,000
1700	183,744	320,840,726	—
1800	—	3,036,361,143	12,994
1900	599,673	—	—
	<hr/>	<hr/>	<hr/>
TOTAL	65,783,887	3,357,201,869	180,323

PART XI.—DEPARTMENT OF COMMUNITY COLLEGES

Requested by: Senator Ward, Representatives J. Crawford, Tart
—TUITION INCREASE

Sec. 79. The State Board of Community Colleges shall adopt tuition rates beginning in the fall quarter of 1989 in the amount of ninety dollars (\$90.00) per quarter for in-State students and eight hundred forty dollars (\$840.00) per quarter for out-of-State students.

Requested by: Senator Ward, Representatives J. Crawford, Tart
—ACCOUNTABILITY AND FLEXIBILITY

Sec. 80. The State Board of Community Colleges shall develop a "Critical Success Factors" list to define statewide measures of accountability for all community colleges. Each college shall develop an institutional effectiveness plan, tailored to the specific mission of the college. This plan shall be consistent with the Southern Association of Colleges and Schools criteria and provide for collection of data as required by the "Critical Success Factors" list. The Department of Community Colleges shall provide assistance to the colleges in developing their institutional effectiveness plans.

To maximize the opportunity for each college to achieve its institutional effectiveness plan, the State Board shall develop policies that allow maximum budget flexibility. However, in no instance shall the system budget have transfers greater than five percent (5%) from salaries to other costs and from instruction to administration. Nevertheless, it is the intent of the General Assembly that each community college strive to attain the average monthly salary paid in the Southern Regional Education Board (SREB) states for community colleges. There shall be no limitations on transfers from administration to instruction or from other cost to salaries. No transfers shall be made from literacy or community services programs. It is the intent of the General Assembly that in no instance shall excess fringe benefit funds be used to increase the salaries of administrators.

The State Board shall promote and encourage local flexibility, creativity, and ingenuity in the pursuit of educational goals of the Community College System.

The State Board shall report semiannually to the Joint Legislative Commission on Governmental Operations on the progress of the "Critical Success Factors" list and on the institutional effectiveness plans.

Requested by: Senator Ward, Representatives J. Crawford, Tart

—FULL-TIME EQUIVALENT TEACHING POSITIONS/COMMUNITY COLLEGES

Sec. 81. For the purpose of determining the community college system-wide number of full-time equivalent (FTE) teaching positions each year, the total curriculum full-time equivalent student enrollment shall be divided by 21, and occupational extension full-time equivalent student enrollment shall be divided by 22.

Requested by: Representatives J. Crawford, Tart

—FOCUSED INDUSTRIAL TRAINING PROGRAM

Sec. 82. Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the Department of Community Colleges the sum of \$500,000 for the 1989-90 fiscal year and the sum of \$500,000 for the 1990-91 fiscal year to continue the Focused Industrial Training Program administered by the Department of Community Colleges.

Requested by: Senator Ward, Representatives J. Crawford, Tart

—RETOOLING FOR THE YEAR 2000: GAINING THE COMPETITIVE EDGE

Sec. 83. (a) Of the funds appropriated to the Department of Community Colleges in Section 3 of this act, the sum of \$5,000,000 for the 1989-90 fiscal year and the sum of \$10,000,000 for the 1990-91 fiscal year shall be used by the State Board of Community Colleges in initiating the retooling of the Community College System, as provided in subsection (b) of this section.

(b) Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-8. 'Retooling for the year 2000: Gaining the Competitive Edge.'

(a) The State Board of Community Colleges shall adopt a Community College Education Blueprint not inconsistent with the Commission on the Future Report on the North Carolina Community College System, 'Gaining the Competitive Edge', which will allow the State to compete successfully in the national and global economy of today and the next century. The State Board shall implement the Education Blueprint for community colleges within funds appropriated for that purpose by the General Assembly. It is the goal of the General Assembly that by July 1, 1993, the community colleges be fully funded to retool for the year 2000 in order to support the State in gaining the competitive edge.

(b) The Community College Education Blueprint shall define the programs necessary to provide every community college student access to quality teaching and academic support services by addressing the following:

- (1) Exemplary faculty and staff,
- (2) Effective learning experiences,
- (3) Educational advancement for all adult learners,
- (4) Expanded access to adult education.

(c) The Community College Education Blueprint shall establish effective mechanisms to promote accountability and increased flexibility in funding and shall address the following:

- (1) Flexible funding tied to performance,
- (2) Strategic goal setting and assessment,
- (3) Channels for outside assessment,
- (4) Efficient resource distribution.

(d) The Community College Education Blueprint shall provide opportunities for all adult North Carolinians to master the basic critical thinking skills demanded in a complex and competitive economy by addressing the following:

- (1) A work force with comprehensive basic skills,
- (2) Reduction of the basic skills gap,
- (3) Performance based education for the underskilled.

(e) The Community College Education Blueprint shall set forth methods to help business and industry adapt to technological change and promote small business development throughout the State by addressing the following:

- (1) Workplaces with competitive technology,
- (2) Job creation through expanded entrepreneurship.

(f) The Community College Education Blueprint shall set forth ways to build strong partnerships with the public schools and the State's universities to establish a comprehensive, integrated education system in North Carolina.

(g) The Community College Education Blueprint shall provide for strong leadership for the future of the system and its colleges by addressing the following:

- (1) Visionary leadership for the future,
- (2) Responsive governance and management."

Requested by: Senator Ward, Representatives J. Crawford, Tart
—LITERACY ALLOCATION BASIS

Sec. 84. Literacy education funds, as defined by the State Board of Community Colleges, shall be expended only for literacy education and for no other purposes. The Department of Community Colleges shall distribute literacy funds on the basis of a formula that provides for equitable treatment of all colleges. The formula shall encompass incentives and rewards for improvement in literacy education. This revised formula shall include a base allotment, a target population of individuals between 16 and 54 years of age with less than a high school education, consideration of past performance in literacy education based on prior years' FTE earnings, an amount for each GED and Adult High School diploma awarded, and a reward for serving a higher percentage of the population to be served than the statewide average. Literacy FTE shall be reported on a contact hour basis.

Notwithstanding G.S. 150B-13, the State Board of Community Colleges may, until six months from the effective date of this act, adopt temporary rules for college formula allocations without prior notice or hearing or upon any abbreviated notice or hearing the State Board of Community Colleges finds practicable. The State Board of Community Colleges shall begin normal rule-making procedures on permanent rules in accordance with Article 2 of Chapter 150B at the same time it adopts a temporary rule as authorized under this section. Temporary rules adopted under this section shall be published by the Director of the Office of Administrative Hearings in the North Carolina Register and shall be effective for a period of not longer than 180 days.

Requested by: Senator Ward, Representatives J. Crawford, Tart
—NORTH CAROLINA EMPLOYERS CHARGED IN-STATE TUITION

Sec. 85. G.S. 115D-39 reads as rewritten:

"§ 115D-39. Student tuition and fees.

The State Board of Community Colleges shall fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Community Colleges.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and 116-143.3, shall apply to students attending institutions operating pursuant to this ~~Chapter~~ Chapter; provided, however, that when an employer other than the armed services, as that term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition rate."

Requested by: Representatives J. Crawford, Tart
—LITERACY TRANSPORTATION

Sec. 86. Community college literacy education funds may be used for transportation to literacy programs.

The State Board of Community Colleges and the State Board of Education shall develop pilot projects to allow the public school transportation system, including

the Transportation Management System, to provide transportation for students in literacy programs.

The State Board of Community Colleges shall adopt rules governing the use of equipment funds for the purchase of vehicles for the transportation of students to literacy and other instructional programs.

Requested by: Senator Taft

—EQUINE INSTRUCTION/MARTIN COMMUNITY COLLEGE

Sec. 87. Notwithstanding any other provision of law, the Board of Trustees of Martin Community College may permit students under 16 years of age to participate in equine instruction at the college on a self-supporting basis. These students may not be included in the computation of budget full-time equivalent student enrollment for the college.

Requested by: Representatives Tart, J. Crawford

—TUITION/PUBLIC SCHOOL STUDENTS TAKING COMMUNITY COLLEGE COURSES

Sec. 88. High school students enrolled in a community college in accordance with G.S. 115D-20(4) and G.S. 115D-5 shall be exempt from tuition for community college courses taken in accordance with these two sections.

Requested by: Representatives Tart, J. Crawford

—COMMUNITY COLLEGE REPORTS

Sec. 89. (a) The State Board of Community Colleges shall review all the reports it requires local community colleges to submit. Except as otherwise provided by federal law, the Board shall eliminate the requirements for all reports that it determines to be duplicative or otherwise unnecessary.

(b) Local community college boards of trustees shall review all reports required of community college personnel by the local president or local board of trustees.

PART XII.—COLLEGES AND UNIVERSITIES

Requested by: Senator Ward, Representatives J. Crawford, Tart

—UNIVERSITY OF NORTH CAROLINA HOSPITALS AT CHAPEL HILL/NURSING

Sec. 90. Notwithstanding the provisions of G.S. 126-4(1), G.S. 126-4(2), and Section 9 of Chapter 738 of the 1987 Session Laws, as amended by Section 100(a) of the 1987 Session Laws, and as further amended by Section 54 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, the Board of Directors of the University of North Carolina Hospitals at Chapel Hill shall establish policies and rules governing the performance of competitive position classification studies and competitive compensation plan studies and the implementation of competitive classification and compensation plans for clinical nursing employees.

These plans shall provide for minimum, maximum, and intermediate rates of pay, and may include provisions for range revisions and shift premium pay and for salary adjustments to address internal inequities and job performance. The Office of State Personnel shall review the classification and compensation plans on an annual basis, and all changes in compensation plans for clinical nursing employees shall be submitted to the Office of State Personnel upon implementation.

Requested by: Senator Royall

—NORTH CAROLINA SCHOOL OF SCIENCE AND MATHEMATICS

Sec. 91. Of the funds appropriated in Section 3 of this act to the Board of Governors of The University of North Carolina for the North Carolina School of Science and Mathematics, the sum of \$201,000 for the 1989-90 fiscal year and the sum of \$302,000 for the 1990-91 fiscal year shall be used for the implementation of a salary plan for the faculty of the school.

Requested by: Senator Taft

—ECU MEDICARE REIMBURSEMENT

Sec. 92. (a) Effective July 1, 1989 funds appropriated to the Board of Governors of The University of North Carolina for the East Carolina University School of Medicine for Medicare education shall be allocated as follows:

- (1) That portion of the Medicare reimbursement that can be identified as having been generated through the effort and at the expense of the School's Medical Faculty Practice Plan shall be transferred to the appropriate Medical Faculty Practice Plan account within the School; and
- (2) The remainder shall be transferred to a special nonreverting account within the School.

Funds deposited in the account pursuant to subdivision (2) of this section shall be spent for nonrecurring items of equipment and facilities that are required to maintain the School of Medicine's teaching facilities within Pitt County Memorial Hospital and the Brody Medical Sciences Building.

(b) All revenue heretofore or subsequently received by the East Carolina University School of Medicine Medical Faculty Practice Plan from patients or their health insurance companies for treatment received in the Radiation Therapy Facility shall be retained by the School's Medical Faculty Practice Plan and used to defray current operating expenses and for future support and enhancement of the facility.

- (c) This section shall expire June 30, 1991.

Requested by: Senator Ward, Representatives J. Crawford, Tart

—AID TO PRIVATE COLLEGES INCREASE/PROCEDURE

Sec. 93. Section 30 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, reads as rewritten:

"Requested by: Senator Ward, Representatives J. Crawford, Tart

—AID TO PRIVATE COLLEGES ~~PROCEDURE INCREASE/PROCEDURE~~

Sec. 30. (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 dollars (\$400.00)~~ four hundred fifty dollars (\$450.00) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1 each 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 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, the sum of one thousand one hundred fifty dollars (\$1,100)-(\$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 may 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 the 10th classroom day following the beginning of the 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 may be used only for secular educational purposes at nonprofit institutions of higher learning."

Requested by: Representatives J. Crawford, Tart

—ACCOUNTABILITY

Sec. 94. The Board of Governors of The University of North Carolina shall require each institution to develop a plan that would exhibit how the institution will measure its effectiveness, especially in the areas of student learning and development, faculty development and quality, and progress toward the institution's missions. Each plan shall include information concerning the institution's goals to improve and maintain its quality in these areas. The plans shall provide for annual assessments and for reporting these assessments to the Board of Governors and to the General Assembly. The Board shall identify a number of assessment measures that shall be required on all campuses to insure systemwide assessment.

These plans shall be developed and submitted to the General Assembly by January 15, 1991.

Requested by: Representative Colton

—FINANCIAL AID FOR POST-SECONDARY EDUCATION FOR PART-TIME STUDENTS

Sec. 95. (a) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall adopt rules to ensure that students at any of the constituent institutions of The University of North Carolina and at any of the campuses of the Community College System who are part-time students enrolled for at least three credit hours a semester or quarter in academic programs are eligible for State-funded need-based scholarship assistance.

(b) This section shall expire June 30, 1991.

Requested by: Representatives J. Crawford, Tart

—TEACHER TASK FORCE RECOMMENDATIONS/FUNDS

Sec. 96. (a) The State Board of Education and the Board of Governors of The University of North Carolina shall implement the objectives of the plan for the preparation of teachers as identified in "The Education of North Carolina Teachers" report and in the "Second Annual Report of the Joint Committee on Teacher Education of the Board of Governors of The University of North Carolina and the State Board of Education."

(b) Of the funds appropriated to the Department of Public Education in Section 3 of this act the sum of \$1,080,000 for the 1989-90 fiscal year, and the sum of \$1,080,000 for the 1990-91 fiscal year shall be used by the State Board of Education to carry out the following program components as identified in the "Second Annual Report on the Joint Committee on Teacher Education of the Board of Governors of The University of North Carolina and the State Board of Education":

	<u>1989-90</u>	<u>1990-91</u>
Reform of Teacher Education Programs	\$ 50,000	\$ 50,000

Quality Assurance Program Improvement	5,000	5,000
Teacher Certification and Program Approval	850,000	850,000
Professional Education	125,000	125,000
Incentive Programs for Teachers	50,000	50,000
Total	\$1,080,000	\$1,080,000

(c) Of the funds appropriated to the Board of Governors of The University of North Carolina in Section 3 of this act, the sum of \$1,500,000 for the 1989-90 fiscal year, and the sum of \$1,700,000 for the 1990-91 fiscal year shall be used to carry out the following program components as identified in the "Second Annual Report of the Joint Committee on Teacher Education of the Board of Governors of The University of North Carolina and the State Board of Education":

	<u>1989-90</u>	<u>1990-91</u>
Reform of Teacher Education Programs	\$ 424,000	\$ 494,000
Quality Assurance Program Improvement	536,000	536,000
Professional Education		50,000
Revitalization of Teacher Education Faculty	540,000	620,000
Total	\$1,500,000	\$1,700,000

(d) The State Board of Education and the Board of Governors of The University of North Carolina shall, through the Joint Committee on Teacher Education, continue to monitor and evaluate the implementation of the programs for the improvement of the preparation of teachers as set forth in the report, "The Education of North Carolina Teachers," and in the "Second Annual Report on the Joint Committee on Teacher Education of the Board of Governors of The University of North Carolina and the State Board of Education."

(e) The annual reports required through the evaluation and monitoring plan developed pursuant to Section 96(d) of Chapter 830 of the 1987 Session Laws shall continue as provided in that subsection and shall reflect the expenditures and evaluation findings on a fiscal year basis.

Requested by: Representatives Barnhill, Blue
 —NORTH CAROLINA A&T STATE UNIVERSITY/WESTERN CAROLINA
 UNIVERSITY CENTENNIAL OBSERVANCE FUNDS

Sec. 97. The Board of Governors of The University of North Carolina shall allocate for the 1989-90 fiscal year sufficient funds not to exceed \$100,000 for the centennial observance at North Carolina Agricultural and Technical State University and \$50,000 for the centennial observance at Western Carolina University, from overhead receipts balances held by the General Administration of The University of North Carolina.

PART XIII.—DEPARTMENT OF TRANSPORTATION

Requested by: Senator Martin of Pitt, Representatives McLaughlin, Woodard
—SPECIAL APPROPRIATIONS FOR HIGHWAYS

Sec. 98. Of the funds appropriated to the Department of Transportation for special appropriations for highways in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, and in this act, sixty-six million dollars (\$66,000,000) for fiscal year 1989-90 and sixty-six million dollars (\$66,000,000) for fiscal year 1990-91 may be used for:

- (1) Supplemental funding for highway construction, reconstruction, and rehabilitation projects for State and Federal Aid road systems;
- (2) Supplemental funding for the planning, design, and engineering of highways and acquisition of highway rights-of-way;
- (3) Matching funds for unanticipated federal-aid construction funds;
- (4) Payment for all or any portion of the interest or principal on bonds issued by the State for road and highway purposes;
- (5) A means of maintaining a uniform seasonal pace of highway construction, including scheduled ferry replacement.

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

Requested by: Senator Martin of Pitt, Representatives McLaughlin, Woodard
—COMMISSION PAID TO BRANCH AGENTS

Sec. 99. Section 202 of Chapter 1034 of the 1983 Session Laws (Regular Session 1984) as amended by Section 172 of Chapter 738 of the 1987 Session Laws reads as rewritten:

"Sec. 202. Section 140 of Chapter 761 of the 1983 Session Laws is amended in the last sentence by deleting the language 'sixty-four cents (64¢)' and substituting '~~seventy-two cents (72¢)~~' 'eighty-two cents (82¢) for fiscal year 1989-90 and ninety-two cents (92¢) thereafter'."

Requested by: Senator Martin of Pitt, Representatives McLaughlin, Woodard
—COMMISSIONER OF MOTOR VEHICLES TO REPORT ON PRINTING AND BINDING FUNDS

Sec. 100. The Commissioner of Motor Vehicles shall report, no later than May 15, 1990, to the Chairmen of the Highway Fund Subcommittee of the Appropriations Committee of the House of Representatives and to the Chairman of the Senate Appropriations Committee on Natural and Economic Resources on the expenditure of the funds requested for printing and binding. Copies of the report mandated by this section shall also be delivered to the Chairmen of the Appropriations Committees of the House of Representatives and of the Senate and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representative Perdue

—CONCESSIONS ON FERRIES AND AT FERRY FACILITIES

Sec. 101. G.S. 136-82 reads as rewritten:

"§ 136-82. Department of Transportation to establish and maintain ferries.

The Department of Transportation is vested with authority to provide for the establishment and maintenance of ferries connecting the parts of the State highway system, whenever in its discretion the public good may so require, and to prescribe and collect such tolls therefor as may, in the discretion of the Department of Transportation, be expedient.

To accomplish the purpose of this section said Department of Transportation is authorized to acquire, own, lease, charter or otherwise control all necessary vessels, boats, terminals or other facilities required for the proper operation of such ferries or to enter into contracts with persons, firms or corporations for the operation thereof and to pay therefor such reasonable sums as may in the opinion of said Department of Transportation represent the fair value of the public service rendered.

To provide for the comfort and convenience of the passengers on the ferries established and maintained pursuant to this section, the Department of Transportation, notwithstanding any other provision of law, may operate, or contract for the operation of, concessions on the ferries and at ferry facilities to provide food, drink, other refreshments, and personal comfort items for those passengers."

Requested by: Representative Diamont

—BRIDGE MAINTENANCE BY DEPARTMENT OF TRANSPORTATION

Sec. 102. G.S. 136-97 reads as rewritten:

"§ 136-97. Responsibility of counties for upkeep, etc., terminated.

(a) The board of county commissioners or other road-governing bodies of the various counties in the State are hereby relieved of all responsibility or liability for the upkeep or maintenance of any of the roads or bridges thereon constituting the State highway system, after the same shall have been taken over, and the control thereof assumed by the Department of Transportation.

(b) The Department of Transportation, as part of maintaining the highways, bridges, and watercourses of this State, shall haul all debris removed from on, under, or around a bridge to an appropriate disposal site for solid waste, where the debris shall be disposed of in accordance with law."

Requested by: Senator Martin of Pitt

—CURRITUCK/DARE BRIDGE MAINTENANCE YARD CONSOLIDATION

Sec.103. The existing Department of Transportation Bridge Maintenance facilities in Currituck County and Dare County are declared to be surplus and the Department of Transportation shall dispose of them through the normal procedures for the disposition of real property. The proceeds shall be used for the consolidation of the Currituck County and Dare County bridge maintenance yards.

Requested by: Senator Basnight

—NC 400 UNDER VOYAGES COMMISSION

Sec. 104. Section 7 of Chapter 1194 of the 1981 Session Laws, as amended by Chapter 673 of the 1985 Session Laws, reads as rewritten:

"Sec. 7. The word 'highway' as used in this act means U.S. Highway 64 and 264 on Roanoke Island between the William B. Umstead Memorial Bridge over Croatan Sound, the Washington Baum Bridge over Roanoke ~~Sound~~ Sound, and the highway designated by the Department of Transportation as North Carolina 400 (NC 400)."

Requested by: Senator Martin of Pitt

—ELDERLY AND HANDICAPPED TRANSPORTATION ASSISTANCE PROGRAM

Sec. 105. (a) Of the funds appropriated in Section 6 of this act, the sum of \$2,000,000 for the 1989-90 fiscal year and the sum of \$2,000,000 for the 1990-91 fiscal year shall be used to provide funds for the North Carolina Elderly and Handicapped Transportation Assistance Program established under G.S. 136-44.27.

(b) Section 1(b) of Chapter 1095 of the 1987 Session Laws, Section 8 of Chapter 1101 of the 1987 Session Laws, and Section 8.2 of Chapter 1101 of the 1987 Session Laws are repealed.

PART XIV.—DEPARTMENT OF JUSTICE

Requested by: Representative Huffman

—REALLOCATE SBI AGENT POSITIONS

Sec. 106. Of the funds appropriated to the Department of Justice, the sum of \$112,000 for the 1989-90 fiscal year and the sum of \$112,000 for the 1990-91 fiscal year shall be used by the State Bureau of Investigation to support the reallocation of 87 agent positions as recommended by the Office of State Personnel.

Requested by: Senator Marvin, Representatives Huffman, Justus

—STATE LAW ENFORCEMENT STUDY

Sec. 107. The Joint Legislative Commission on Governmental Operations shall conduct a study of State law enforcement agencies and of other State agencies having law enforcement responsibility. This study shall include:

- (1) Consideration of a method to coordinate the activities of these agencies as appropriate and to reduce duplication and overlapping of

- law enforcement responsibilities, training, and technical assistance among State law enforcement agencies and among other State agencies having law enforcement responsibility;
- (2) Examination of the salary grade of all State law enforcement agencies' officers and a determination of whether present salary grades are appropriate; and
 - (3) Determination of whether G.S. 114-13 should be changed to make sworn law enforcement agents of the State Bureau of Investigation exempt from G.S. 126-7 but subject to the same salary classifications, ranges, and longevity pay for services as are applicable to other State employees generally, and whether to increase the agents' salary in an amount corresponding to the increments between steps within the salary range established for the class to which the member's position is assigned by the State Personnel Commission, not to exceed the maximum of each applicable salary range.

The Commission may hire outside consultants, if necessary, to assist in its study. The Commission may make an interim report to the 1989 General Assembly, Regular Session 1990, and may make a final report to the 1991 General Assembly.

Requested by: Senator Marvin

—TELECOMMUNICATORS' CERTIFICATION STUDY

Sec. 108. The Department of Justice shall study the need to establish a certification requirement and program for Telecommunicators in the State's Criminal Justice System. The Department shall consider possible training requirements and standards for certification, methods, procedures, and staffing needs required to implement a telecommunicators' certification program, and whether certified telecommunicators shall be entitled to law enforcement officer retirement benefits. The Department may also study any other matters relevant to the issue of certification of telecommunicators. The Department shall report its findings and recommendations to the 1989 General Assembly, Regular Session 1990.

PART XV.—DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Senators Sand, Marvin

—COMMUNITY SERVICE COORDINATOR APPOINTMENT

Sec. 109. (a) G.S. 143B-475.1(a) reads as rewritten:

"(a) The Department of Crime Control and Public Safety may conduct a deferred prosecution, community service restitution, and volunteer program for youthful and adult offenders. The Secretary of Crime Control and Public Safety may assign one or more coordinators to each district court district as defined in G.S. 7A-133 to assure and report to the Court the offender's compliance with the requirements of the program. The appointment of each coordinator shall be made in consultation with and is subject to the approval of the chief district court judge-judge in the district to which the coordinator is

assigned. Each county must provide office space in the courthouse or other convenient place, for the use of each coordinator assigned to that county."

(b) G.S. 20-179.4(b) reads as rewritten:

"(b) The Secretary of Crime Control and Public Safety must assign at least one coordinator to each district court district as defined in G.S. 7A-133 to assure and report to the court the person's compliance with the community service sentence. The appointment of each coordinator shall be made in consultation with and is subject to the approval of the chief district court ~~judge.~~ judge in the district to which the coordinator is assigned. Each county must provide office space in the courthouse or other convenient place, necessary equipment, and secretarial service for the use of each coordinator assigned to that county."

Requested by: Senator Marvin

—VICTIMS COMPENSATION PROGRAM STUDY

Sec. 110. The Office of the State Auditor shall study the costs of administering the North Carolina Crime Victims Compensation Program, established in Chapter 15B of the General Statutes, and shall submit a report to the Senate and House Appropriations Committees on Justice and Public Safety and to the Fiscal Research Division by May 1, 1990, on more cost-effective methods of administration, including the possible computerization of data. The study shall also include a review of the information obtained by the Victim Witness Coordinators, to determine if that information is acceptable for use by the Department and may relieve the Department from duplicating efforts.

Requested by: Senator Odom

—REVIEW OF THE CIVIL AIR PATROL OPERATIONS

Sec. 111. The General Assembly requests that the Office of the State Auditor conduct a performance audit of the Civil Air Patrol administered by the Department of Crime Control and Public Safety that will address, but is not limited to, a review of the responsibilities of the supervisory personnel and the Military Board; the role of the Department of Crime Control and Public Safety in structuring the programs and activities of the Civil Air Patrol; and the use of funds appropriated annually from the General Fund for State personnel and operating expenses.

The Office of State Auditor shall report its findings and recommendations to the Senate and House Appropriations Base Budget Committee on Justice and Public Safety by April 15, 1990.

Requested by: Senator Ballance

—REVIEW OF NATIONAL GUARD OPERATIONS

Sec. 112. The Office of the State Auditor shall conduct, within funds available, a performance audit of the North Carolina National Guard administered by the Department of Crime Control and Public Safety that will address but is not limited to determining:

- (1) The proportion of minorities that are in the National Guard, the percentage of minorities occupying positions of responsibility, and a breakdown of National Guard membership by race, sex, and rank.
- (2) The procedure used by the Retention Board for officers and soldiers when they reach 20 years of service, whether these procedures are well known, and the type of information that disqualifies an individual for retention after 20 years of service.
- (3) The proportion of minorities that are full-time National Guardsmen and the percentage who hold full-time leadership positions; the standard practices concerning the retention of a Guardsman who is full-time before he reaches 20 years of qualifying service with full-time employment; the proportion of full-time Guardsmen not retained prior to reaching 20 years of qualifying service with full-time benefits, and providing a breakdown of this information by race, sex, and rank.
- (4) The breakdown of retirees paid from the \$1.8 million transfer to the State Treasurer for retirement of National Guardsmen by rank, race, sex, and number of years for retirement purposes.
- (5) Whether adequate procedures are in place for Guardsmen to report acts of discrimination, and the difficulty experienced by Guardsmen in reporting acts of discrimination through official channels.

The Office of State Auditor shall report its findings and recommendations to the Senate and House Appropriations Base Budget Committee on Justice and Public Safety by April 15, 1990.

Requested by: Senator Marvin
 —SUMMIT HOUSE FUNDS

Sec. 113. Of the funds appropriated to the Department of Crime Control and Public Safety for the 1989-90 fiscal year, \$75,000 shall be used to support a pilot program at Summit House, a community-based residential alternative to incarceration for mothers and pregnant women convicted of nonviolent crimes. Summit House shall provide a quarterly report 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.

Requested by: Representative Anderson
 —ASSIGNMENT OF HIGHWAY PATROL CARS

Sec. 114. G.S. 20-190.3 reads as rewritten:

"§ 20-190.3. Assignment of new highway patrol cars.

All new highway patrol cars, whether marked or unmarked, placed in service after July 1, 1985, shall be assigned to ~~and used by troopers whose primary duties are in the field and by line sergeants and first sergeants.~~ all members of the Highway Patrol."

Requested by: Senator Marvin, Representatives Huffman, Justus
—ADDITIONAL HIGHWAY PATROL TROOPERS

Sec. 115. (a) Funds are appropriated in Section 4 of this act to the Department of Crime Control and Public Safety for an additional 30 troopers for the Highway Patrol, 15 to be added in the 1989-90 fiscal year and 15 to be added in the 1990-91 fiscal year. These 30 troopers may not be assigned to any duty other than full-time enforcement of the traffic laws by patrolling the roads except when absence therefrom is required for court appearances, training mandated by statutes or compliance with the rules of the North Carolina Criminal Justice Education and Training Standards Commission, or administrative work directly arising out of road patrol or court appearance. Also, no additional administrative positions may be created that decrease the number of members of the Highway Patrol assigned to road patrol as essentially full-time duty. The new Highway Patrol positions created by this subsection shall be of salary grade 66.

(b) The Highway Patrol may create from salary reserve, as available, three new positions: one first sergeant, of salary grade 73, to be assigned to internal affairs, and two line sergeants, of salary grade 71, one to be assigned to the driving track.

(c) The Highway Patrol may also assign three troopers (master) to the driving track.

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

PART XVI.—DEPARTMENT OF CORRECTION

Requested by: Senators Marvin, Sands
—REPORT ON NEED FOR TRAINING COORDINATOR POSITIONS FOR 1991-93 BIENNIUM

Sec. 116. The Department of Correction, Division of Prisons, shall not include in its continuation budget for the 1991-93 biennium funding for the six training coordinator positions authorized for the 1989-91 biennium. The Department shall submit a report by April 1, 1991, to the General Assembly and the Fiscal Research Division on the need to refund these positions in future biennia, including recommendations for the consolidation of basic and in-service training for employees of the Division of Prisons.

Requested by: Senator Marvin
—ENGINEERING SUPPORT SECTION AUDIT

Sec. 117. (a) The Office of the State Auditor shall conduct an operational audit of the organization, functioning, and personnel of the Engineering Support Section of the Department of Correction. The audit shall address the organizational placement of the Section, staffing and procedures for carrying out assignments, and recommendations for methods of improving the efficiency of the Section.

(b) The Office of the State Auditor shall report its findings and recommendations not later than May 1, 1990, to the Chairmen of the Senate and House Appropriations Committees, the Chairmen of the House Appropriations Committees on Justice and Public Safety, the Chairmen of the Senate Appropriations Committee on Justice and Public Safety, the Special Committee on Prisons, and the Joint Legislative Commission on Governmental Operations.

Requested by: Senator Marvin, Representatives Huffman, Justus
—SUBSTANCE ABUSE PROGRAM AND DWI PAROLE PROGRAM
EVALUATIONS

Sec. 118. (a) The Department of Correction shall prepare an evaluation of the operation and results of the substance abuse program established by G.S. 143B-262(d) and G.S. 143B-264. The report shall include information on the number of inmates who have been accepted into the program, the number who have completed treatment or are presently receiving treatment through the program, the number who did not complete treatment through the program, and any follow-up information indicating the results of the program. The Department shall submit its report not later than May 1, 1990, to the Chairmen of the Senate and House Appropriations Committees, the Chairman of the House Base Budget Appropriations Committee, the Chairman of the Senate Appropriations Committee on Justice and Public Safety, the Chairmen of the House Appropriations Committees on Justice and Public Safety, the Special Committee on Prisons, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

(b) The Department of Correction shall prepare an evaluation of the implementation, operation, and results of the DWI program at Cherry Hospital established in Chapter 8 of the 1989 Session Laws. The report shall include information on the number of persons who have been accepted into the program, the number who have completed treatment or are presently receiving treatment through the program, the number who did not complete treatment through the program, and any follow-up information indicating the results of the program. The Department shall submit its report not later than May 1, 1990, to the Chairmen of the Senate and House Appropriations Committees, the Chairman of the House Base Budget Appropriations Committee, the Chairman of the Senate Appropriations Committee on Justice and Public Safety, the Chairmen of the House Appropriations Committees on Justice and Public Safety, the Special Committee on Prisons, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division.

Requested by: Representative Brubaker
—PRISONER ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS)
TESTING/TREATMENT

Sec. 119. (a) In order to determine the prevalence of HIV infection, all incoming inmates admitted to the Department of Correction between November 1, 1989, and April 30, 1990, shall be tested anonymously for the HIV antibody.

(b) Of the funds appropriated to the Department of Correction for the 1989-90 fiscal year, the sum of \$58,200 shall be used for the HIV testing study. These funds shall be used for laboratory testing expenses to test all incoming inmates between November 1, 1989, and April 30, 1990. Of the funds appropriated to the Department of Correction for the 1989-90 fiscal year, the Department may hire, or contract for, temporary services related to this study.

(c) The Department of Correction, Division of Prisons, shall track all AIDS-related expenditures of the Department of Correction for prisoners during the 1989-90 fiscal year.

(d) The Secretary of Correction, in consultation with the State Health Director and the Attorney General, shall formulate a plan for the detection, prevention, and treatment of AIDS in the prison population. The study and resulting management plan shall address, but shall not be restricted to the following:

- (1) Testing of inmates for the presence of the HIV virus;
- (2) Confidentiality of test results;
- (3) Segregation/nonsegregation of inmates testing positive for the HIV virus;
- (4) Equal access to prison programs and facilities by inmates testing positive for the HIV virus;
- (5) Treatment and counseling, before and after testing, for inmates testing positive for the HIV virus;
- (6) Education of the inmate population and families of inmates testing positive for the HIV virus;
- (7) Methods of preventing infection.

(e) The Department of Correction shall report the results of its study and plan for the detection, prevention, and treatment of AIDS in the prison population, the results of its blind HIV-positive seroprevalence study, and its AIDS-related expenditures for the 1989-90 fiscal year to the 1989 General Assembly by May 15, 1990.

Requested by: Representatives Huffman, Justus

—CORRECTIONS CENTRALIZATION STUDY

Sec. 120. The House Appropriations Committees on Justice and Public Safety and the Senate Appropriations Committee on Justice and Public Safety shall study the desirability of adopting a more centralized approach to corrections in this State. The primary purpose of this study shall be a comparison of the cost of maintaining the present 89 correctional facilities across the State and the cost of building and maintaining a more regionalized system consisting of substantially fewer facilities. The study shall include:

- (1) An examination of the existing correctional facilities, the anticipated lifespan of those facilities, and the projected cost of renovating them to meet acceptable standards;
- (2) An estimate of the cost of constructing and maintaining new, regionalized facilities;

- (3) An estimate of the reduction in personnel costs that would result from a more regionalized correctional system; and
- (4) A comparison of this State's correctional system with the correctional systems of other states with comparable prison populations, including any steps those states have made to centralize their correctional systems.

The Committees may consult with the Office of State Construction, the Office of State Budget and Management, and the Office of the State Auditor in conducting their study. The Committees may request funds from the Legislative Services Commission, if necessary, to hire outside consultants to assist in this study.

The Committees shall keep the Special Committee on Prisons informed of their activities, and may submit their report by May 1, 1990, to the Special Committee on Prisons and to the 1989 General Assembly, 1990 Regular Session.

PART XVII.—DEPARTMENT OF HUMAN RESOURCES

Requested by: Senator Walker, Representatives Duncan, L. Etheridge
 —BLOCK GRANT FAMILY PLANNING FUNDS

Sec. 121. Family planning services provided by local health departments and funded by federal block grant funds shall be continued at or above the 1988-89 fiscal year levels. In the event of federal reductions for maternal and child health-care services, family-planning services shall not be subject to reductions greater than the average for other maternal or child health program.

Requested by: Senator Walker, Representatives Duncan, L. Etheridge
 —BLOCK GRANT ADOLESCENT PREGNANCY FUNDS

Sec. 122. (a) Social Services Block Grant funds appropriated for fiscal year 1989-90 and included in Section 6 of this act shall be allocated as follows:

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

(b) Programs receiving funds allocated under this section shall use these funds for adolescent pregnancy prevention and prematurity prevention projects.

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

(d) Each program receiving funds under this section shall be subject to the provisions of Section 91 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989.

Requested by: Senator Walker, Representatives Duncan, L. Etheridge
—ALCOHOL, DRUG ABUSE, AND MENTAL HEALTH SERVICES BLOCK
GRANT FUNDS

Sec. 123. If additional Alcohol, Drug Abuse, and Mental Health Services Block Grant funds are made available to the State above the current levels of \$14,476,000 for federal fiscal year 1989 and the projected amount of \$14,167,000 for federal fiscal year 1990, the Department of Human Resources may:

- (1) Allocate additional funds to mental health items in the State fiscal year 1989-90 block grant plan sufficient to restore reductions but not exceed State fiscal year 1988-89 funding levels set forth in Chapter 1086 of the 1987 Session Laws; and
- (2) Budget additional block grant funds for mental health and substance abuse programs as may be necessary to meet federal Alcohol, Drug Abuse, and Mental Health Services Block Grant requirements.

Requested by: Senators Basnight, Martin of Pitt
—EASTERN REGIONAL DETOXIFICATION FUNDS

Sec. 124. Funds appropriated to the Department of Human Resources, Division of Mental Health, Mental Retardation, and Substance Abuse Services, for the 1989-90 fiscal year and the 1990-91 fiscal year for Eastern Regional Detoxification Services shall be allocated to the Division's Eastern Regional Office and distributed to area mental health, mental retardation, and substance abuse authorities as determined by the regional management team.

Requested by: Senator Walker
—SPECIALIZED RESIDENTIAL CENTERS' BED CONVERSIONS

Sec. 125. 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 1988-89 average cost of providing this service.

Funds made available in addition to those needed to increase the subsidy rate shall be transferred to the Division of Medical Assistance to be used as State match for the converted ICF/MR beds.

Requested by: Senator Walker

—STUDY OF FUNDS USED FOR LOCAL PROGRAM SALARIES

Sec. 126. The Department of Human Resources shall conduct a study of the use of funds provided under G.S. 143-10.1 for salary and salary-related items for employees in locally operated State-funded programs. The study shall include a five-year comparative analysis of the funds made available under G.S. 143-10.1 with the changes in the cost of salaries in the locally operated State-funded programs. The Department shall report its findings by May 1, 1990, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office.

Requested by: Senator Walker, Representatives Duncan, L. Etheridge

—THOMAS S.

Sec. 127. (a) Funds appropriated to the Department of Human Resources in Section 5 of this act for the 1989-90 fiscal year and the 1990-91 fiscal year for members of the Thomas S. class as identified in Thomas S., et al., vs. Flaherty, shall be placed in a reserve in the Division of Mental Health, Mental Retardation, and Substance Abuse Services, and shall be expended only for programs serving Thomas S. class members or for services for those clients who are likely to become class members.

(b) The Department of Human Resources shall provide periodic reports of funds expended and services performed on behalf of members of the Thomas S. class and on behalf of those clients who are likely to become class members to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

Requested by: Senator Walker, Representatives Duncan, L. Etheridge

—ONE-ON-ONE PROGRAM FUNDS

Sec. 128. Of the funds appropriated in Section 5 of this act to the Department of Human Resources, Division of Youth Services, the sum of \$197,250 for the 1989-90 fiscal year and the sum of \$197,250 for the 1990-91 fiscal year shall be allocated as follows:

- (1) \$97,250 for the 1989-90 fiscal year and \$97,250 for the 1990-91 fiscal year for the existing 34 local programs of the Governor's One-on-One Volunteer Program;
- (2) \$20,000 for the 1989-90 fiscal year and \$20,000 for the 1990-91 fiscal year to allow two of the 34 programs that are currently part-time programs to be expanded to full-time programs; and
- (3) \$80,000 for the 1989-90 fiscal year and \$80,000 for the 1990-91 fiscal year to establish and implement four new programs.

Funds allocated pursuant to this section shall not supplant or diminish funds appropriated for the Program from Social Services Block Grant funds.

Requested by: Representative Duncan

—LIABILITY INSURANCE FOR PHYSICIANS/DENTISTS

Sec. 129. The Secretary of the Department of Human Resources and the Secretary of the Department of Correction may provide medical liability coverage not to exceed \$1,000,000 on behalf of employees of the Departments licensed to practice medicine or dentistry. This coverage may include commercial insurance or self-insurance and shall cover these employees for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment.

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 or the Department of Correction.

Requested by: Senator Walker, Representatives Duncan, L. Etheridge

—CHILD PROTECTIVE SERVICES FUNDS

Sec. 130. (a) Of the funds appropriated to the Department of Human Resources, Division of Social Services for the 1989-90 fiscal year and for the 1990-91 fiscal year for Child Protective Services and included in Sections 3 and 5 of this act, the Division shall use up to \$174,910 in the 1989-90 fiscal year and up to \$174,910 in the 1990-91 fiscal year for child protective services training; and shall use up to \$175,090 in the 1989-90 fiscal year and up to \$175,090 in the 1990-91 fiscal year to provide consultation and technical assistance to county departments of social services to strengthen and support local child protective services. The Division may establish one training position and four consultant positions to carry out these purposes. The remaining funds shall be allocated to the county departments of social services as follows:

- (1) \$10,000 for the 1989-90 fiscal year and \$10,000 for the 1990-91 fiscal year shall be allocated to each of the 15 county departments that did not receive an allocation of the 1985 State appropriation for child protective services;
- (2) In addition, each of the 100 county departments shall receive an allocation of \$10,000 for the 1989-90 fiscal year and \$10,000 for the 1990-91 fiscal year;
- (3) The balance of available funds shall be allocated to each county department based upon the percentage that the total number of abuse and neglect reports within that county represents to the statewide total number of abuse and neglect reports. These percentages shall be computed from the reports received by the Central Registry of Abuse and Neglect cases for the next two prior fiscal years.

(b) Funds allocated to county departments of social services pursuant to this section shall be used for staff carrying out investigations of reports of child abuse or neglect or providing protective or preventive services in cases in which the department confirms neglect, abuse, or dependency. If a county department demonstrates that it has adequate protective services staff, these funds may be used to purchase or provide treatment and other support services to children and their families in confirmed cases.

All expenditures shall be directly in support of the departments' program of protective services for children. These funds shall not be used to supplant any Social Services Block Grant funds or county appropriations previously budgeted for protective services for children.

(c) The Department of Human Resources, Division of Social Services, shall establish criteria and guidelines to assure that the allocations to county departments of social services are used in accordance with the intent and purposes of this section. The Division shall evaluate the results and any progress achieved in improving statewide protective services for children through the expenditure of the appropriation, and shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office by May 1, 1990.

Requested by: Senator Walker, Representatives Duncan, L. Etheridge
—DOMICILIARY CARE RATE INCREASE

Sec. 131. Section 81 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, reads as rewritten:

"Sec. 81. Effective January 1, 1990, the maximum monthly rate for ambulatory residents in domiciliary care facilities shall be ~~six hundred ninety six dollars (\$696.00)~~ seven hundred twenty-four dollars (\$724.00) and the maximum monthly rate for semi-ambulatory residents shall be ~~seven hundred thirty dollars (\$730.00)~~ seven hundred sixty dollars (\$760.00). Effective January 1, 1991, the maximum monthly rates for ambulatory residents shall be increased to ~~seven hundred six dollars (\$706.00)~~ seven hundred thirty-four dollars (\$734.00) and for semi-ambulatory residents ~~seven hundred forty dollars (\$740.00)~~ seven hundred seventy dollars (\$770.00)."

Requested by: Senator Walker, Representatives Duncan, L. Etheridge
—FOSTER CARE RATE INCREASE

Sec. 132. (a) Section 75 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, reads as rewritten:

"—FOSTER CARE BOARD RATE

Sec. 75. ~~Funds~~ Effective July 1, 1989 through December 31, 1989, funds appropriated to the Department of Human Resources by Section 3 of this act for foster care board rates shall be used to set the rates at two hundred dollars (\$200.00) per child per month."

(b) Effective January 1, 1990, funds appropriated to the Department of Human Resources by Section 3 of this act for foster care board rates shall be used to set the rates at two hundred fifty dollars (\$250.00) per child per month.

Requested by: Senator Walker, Representatives Duncan, L. Etheridge
—REVISED/EXPANDED MEDICAID COVERAGE FOR PREGNANT WOMEN
AND FOR CHILDREN

Sec. 133. Subsection (m) of Section 70 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, reads as rewritten:

~~"(m) The Department of Human Resources shall provide Medicaid coverage for pregnant women; for children under age 3; for children under age 4 beginning October 1, 1989; and for children under age 5 beginning October 1, 1990, whose family income is equal to or less than the federal poverty guidelines as revised annually.~~

The Department of Human Resources shall provide Medicaid coverage to pregnant women, to infants, and to children according to the following schedule:

- (1) Effective July 1, 1989, through December 31, 1989, pregnant women with family incomes equal to or less than the federal poverty guidelines as revised annually shall be covered for Medicaid benefits;
- (2) Effective January 1, 1990, pregnant women with incomes equal to or less than one hundred fifty percent (150%) of the federal poverty guidelines as revised annually shall be covered for Medicaid benefits;
- (3) Effective July 1, 1989, through December 31, 1989, infants under the age of one with family incomes equal to or less than the federal poverty guidelines as revised annually shall be covered for Medicaid benefits;
- (4) Effective January 1, 1990, infants under the age of one with family incomes equal to or less than one hundred fifty percent (150%) of the federal poverty guidelines as revised annually shall be covered for Medicaid benefits;
- (5) Effective July 1, 1989, through September 30, 1989, children under the age of three with family incomes equal to or less than the federal poverty guidelines as revised annually shall be covered for Medicaid benefits; and
- (6) Effective October 1, 1989, children under the age of six with family incomes equal to or less than the federal poverty guidelines as revised annually shall be covered for Medicaid benefits.
- (7) Effective October 1, 1990, children under the age of seven with family incomes equal to or less than the federal poverty guidelines as revised annually shall be covered for Medicaid benefits.

Services to pregnant women eligible under this ~~provision~~ 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~~ women, to infants, and to children eligible under this section, no resources test shall be applied."

Requested by: Senator Plyler

—ANSON COUNTY SEWER FUNDS

Sec. 134. The funds allocated to Anson County by Section 4 of Chapter 876 of the 1987 Session laws to extend the sewer line from the Anson County sewer line on U.S. Highway 74 westward to Anson Community College that were not needed for that purpose may be used by Anson County to extend the sewer line to the west of Anson Community College.

Requested by: Representatives Stam, Nesbitt
 —AFDC INCREASE

Sec. 135. Subsection (d) of Section 70 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, reads as rewritten:

"(d) Medicaid and Aid to Families with Dependent Children Income Eligibility Standards. Effective until ~~January 1, 1988,~~ December 31, 1989, the maximum net family annual income eligibility standards for Medicaid and Aid to Families with Dependent Children and the Standard of Need for Aid to Families with Dependent Children shall continue as set by Section ~~418-67~~ of Chapter ~~4014-738~~ of the ~~1985-1987~~ Session Laws, ~~Regular Session 1986-Laws.~~ Effective January 1, ~~1988,~~ 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:

Family Size	<u>Categorically Needy</u>	<u>Level*</u>	<u>Medically Needy</u>
	<u>Of Need</u> <u>AA,AB,AD*</u>		<u>Standard AFDC Payment</u>
1	\$4,248 <u>\$4,344</u>	\$2,124 <u>\$2,172</u>	\$2,900 <u>\$2900</u>
2	5,544 <u>5,664</u>	2,772 <u>2,832</u>	3,700 <u>3,800</u>
3	6,384 <u>6,528</u>	3,192 <u>3,264</u>	4,300 <u>4,400</u>
4	6,984 <u>7,128</u>	3,492 <u>3,564</u>	4,700 <u>4,800</u>
5	7,608 <u>7,776</u>	3,804 <u>3,888</u>	5,100 <u>5,200</u>
6	8,208 <u>8,376</u>	4,104 <u>4,188</u>	5,500 <u>5,600</u>
7	8,760 <u>8,952</u>	4,380 <u>4,476</u>	5,900 <u>6,000</u>
8	9,168 <u>9,256</u>	4,584 <u>4,680</u>	6,200 <u>6,300</u>

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

Requested by: Representatives Duncan, Jeralds
 —ADOLESCENT PREGNANCY PREVENTION PROJECTS

Sec. 136. Section 91 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, reads as rewritten:

"Requested by: Senator Walker

—ADOLESCENT PREGNANCY PREVENTION PROJECTS

Sec. 91. (a) Of the funds appropriated to the Division of Health Services, Department of Human Resources, by Section 5 of this act, nine hundred forty thousand dollars (\$940,000) for the 1989-90 fiscal year and nine hundred forty thousand dollars (\$940,000) for the 1990-91 fiscal year shall be used to fund adolescent pregnancy prevention projects. Projects that were funded in the 1988-89 fiscal year from General

Fund appropriations or federal block grants shall receive continuation funding during the 1989-90 fiscal year, subject to the provisions listed in this section.

(b) The Division of Health Services shall by November 1, 1989, complete an evaluation of the projects in Brunswick, Durham, Henderson, Robeson, Cumberland, and Harnett Counties, which evaluation shall compare these projects' current operations to their operations at the time of their evaluation by the Human Services Institute. This comparison shall include:

- (1) The degree to which the project has identified specific goals and objectives for its activities;
- (2) The degree to which the project has identified, and is targeted at, a population at high risk of becoming pregnant or already pregnant;
- (3) The degree to which the project has actively involved its community in its activities;
- (4) The degree to which the project has sought out and utilized available technical resources and assistance; and
- (5) The degree to which the project accounts for and evaluates its activities.

~~The Division shall complete the evaluation of the projects within 90 days of the effective date of this act. Thereafter,~~The Commission for Health Services shall review the Division's evaluation and shall determine if funding for any project should be discontinued. Upon such a determination, the Division shall inform the project that funding shall cease as of December 31, 1989. In the event that any project is discontinued, the Division may use funds made available from the discontinuation to employ additional staff to provide planning and evaluation assistance to local projects. Contingent upon the further availability of resources, the Division may solicit applications from existing or additional projects and recommend to the Commission for Health Services projects for funding with monies made available from the discontinuation of projects. The Commission for Health Services shall make the final determination of any new projects to be funded.

Beginning in fiscal year 1990-91, the Division 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 Adolescent Pregnancy Study Commission, the Commission for Health Services, and the General Assembly by April 1 of each year. Any evaluation of these projects ~~after January 1, 1990,~~ shall include a study of the effectiveness of the project in reducing the pregnancy rate within the target population.

~~The Division shall report the results of its evaluation of the projects listed in this subsection to the Commission for Health Services. The Commission shall make the determination if a project is to be continued or discontinued. In the event that any of these projects is discontinued, and sufficient funds are available, the Division may hire an additional staff person to assist in the operation of the program and fund the position from monies made available from the discontinuation of projects. Contingent upon the further availability of resources, the Division shall solicit applications from additional projects and recommend to the Commission for Health Services projects for funding~~

~~with monies made available from the discontinuation of projects. The Commission for Health Services shall make the final determination of any new projects to be funded.~~

(c) The Commission for Health Services shall be responsible for monitoring the Division's administration of the Adolescent Pregnancy Prevention Program. The Division shall implement the following changes in the management and funding of the Adolescent Pregnancy Prevention Program for projects funded from General Fund appropriations and federal block grants:

- (1) Applications. Any local agency or organization or combination of agencies and organizations may apply to the Division of Health Services 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 Division 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 Division 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 section.
- (2) ~~Minimum Standards: First Year. Proposal Requirements.~~ The Division 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 Division.
- (3) ~~Minimum Standards: Succeeding Years. Operating standards.~~ The Division shall apply the following minimum operating standards ~~to projects applying for second and succeeding years' funding~~:
 - 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, medical institutions. The Boards of Advisors shall meet monthly at least quarterly and ~~are responsible for project evaluations and reports~~ advise project staff on project policies and operations.

- b. Each project shall ~~promptly~~ comply with ~~reporting and reporting, contracting, and~~ evaluation requirements of the Division.
 - 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 Selection. For first-year funding, the Division 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. ~~Qualifications of staff~~ Adequacy of proposed staff to meet project objectives,
 - b. ~~Appropriateness of the project to adolescent pregnancy prevention project strategies to reduce adolescent pregnancy,~~
 - c. ~~Appropriateness of the project to the locality~~ Level of community support,
 - d. Degree of need of the locality, and
 - e. Other appropriate criteria.

The Division shall make its recommendations for funding to the Commission for Health Services. The Commission shall make the final determination of which projects are to be funded ~~and shall be advised in this decision by a panel that shall include experts in fields related to adolescent pregnancy.~~ The Commission shall consider the recommendations of the Division 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 Division, finds that a project it has chosen for first-year funding continues to meet the ~~minimum operating~~ standards of subdivisions (2) and (3) of this subsection, ~~the Division shall continue to fund that project's demonstrated needs, to the extent of available money, for five years~~ funding for that project shall continue, to the extent of available money, for an additional four years. The level of funding provided by the Division to approved projects shall be set according to the following schedule:
- a. ~~Eighty~~ First year, ~~eighty percent (80%) of the project's annual budget in the first year not to exceed the maximum award established by the Commission for Health Services,~~
 - b. ~~Seventy~~ Second year, ~~ninety percent (70%)-(90%) in the second year~~ of the State appropriations or federal block grant funds awarded in the first year,

- c. Sixty-Third year, seventy-five percent (60%)-(75%) in the third year of the State appropriations or federal block grant funds awarded in the first year,
- d. Fifty-Fourth year, sixty-five percent (50%)-(65%) in the fourth year of the State appropriations or federal block grant funds awarded in the first year, and
- e. Forty-Fifth year, fifty percent (40%)-(50%) in the fifth year 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. Provided that 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."

Requested by: Representatives Duncan, L. Etheridge
 —INFANT MORTALITY PREVENTION FUNDS

Sec. 137. Of the funds appropriated to the Department of Human Resources, Division of Medical Assistance in Section 3 of this act for the 1989-90 fiscal year, the sum of \$260,000 shall be used for an Infant Mortality Prevention Campaign. The Campaign shall be an educational awareness program, directed at all women of childbearing age, on the importance of early, continuous, and good prenatal care. The program shall be accomplished through television, radio, and other news media.

Requested by: Representative Duncan
 —STATEWIDE MEDICAL EXAMINER FUNDS

Sec. 138. The State Health Director may budget for the 1989-90 fiscal year up to \$450,000 of excess federal indirect cost receipts to complete, staff, and equip the Statewide Medical Examiner System.

Requested by: Representatives Duncan, L. Etheridge
 —PRESCRIPTION DRUG REIMBURSEMENT

Sec. 139. (a) Section 70(a)(6) of Chapter 500 of the 1989 Session Laws reads as rewritten:

"(6) **Drugs** - Drug costs as allowed by federal regulations plus ~~four dollars four cents (\$4.04)~~ four dollars twenty-four cents (\$4.24) professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (g) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with a plan adopted by the Department of Human Resources consistent with federal reimbursement regulations."

(b) Effective upon the reduction of the estimated drug acquisition cost below the Average Wholesale Price, Section 70(a)(6) of Chapter 500 of the 1989 Session Laws, as rewritten by subsection (a) of this section, reads as rewritten:

"(6) **Drugs** - Drug costs as allowed by federal regulations plus ~~four dollars twenty four cents (\$4.24)~~ four dollars eighty-five cents (\$4.85) professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (g) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with a plan adopted by the Department of Human Resources consistent with federal reimbursement regulations."

Requested by: Representatives Duncan, L. Etheridge
—CUED SPEECH FUNDS

Sec. 140. Of the funds appropriated to the Department of Human Resources, in Section 5 for the 1989-90 fiscal year and the 1990-91 fiscal year the sum of \$50,000 shall be allocated each fiscal year to the Cued Speech Center, Incorporated, in Wake County to establish and operate a preschool deaf education program that will include a model center in two triangle areas of the State, to provide services by interpreters who will work throughout the State in local mainstream situations, to provide workshops for families, interpreters and professionals who work with hearing impaired infants and preschool children, and to provide direct services to hearing impaired senior citizens.

Requested by: Representative Wisner
—BLIND SERVICES/INFORMATION

Sec. 141. G.S. 111-28 reads as rewritten:

"§ 111-28. Department of Human Resources authorized to receive federal, etc., grants for benefit of needy blind; use of information concerning blind persons.

The Department of Human Resources is hereby authorized and empowered to receive grants-in-aid from the federal government or any State or federal agency for the purpose of rendering other services to the needy blind and those in danger of becoming blind; and all such grants so made and received shall be paid into the State treasury and

credited to the account of the Department of Human Resources, to be used in carrying out the provisions of this law.

The Commission for the Blind is hereby further authorized and empowered to make such rules and regulations as may be required by the federal government or State or federal agency as a condition for receiving such federal funds, not inconsistent with the laws of this State.

Whenever the words 'Social Security Board' appear in G.S. 111-6, 111-13 to 111-26 the same shall be interpreted to include any agency of the federal government which may be substituted therefor by law.

The Department of Human Resources is hereby authorized and empowered to enter into reciprocal agreements with public welfare agencies in other states relative to the provision of assistance and services to residents, nonresidents, or transients, and cooperate with other agencies of the State and federal governments in the provisions of such assistance and services and in the study of the problems involved.

The Department of Human Resources is hereby authorized and empowered to establish and enforce reasonable rules and regulations governing the custody, use and preservation of the records, papers, files, and communications of the Department.

It shall be unlawful, except for purposes directly connected with the administration of aid to the needy blind and in accordance with the rules and regulations of the Department of Human Resources, for any person or persons to solicit, disclose, receive, make use of, or to authorize, knowingly permit, participate in, or acquiesce in the use of, any list of or name of, or any information concerning, persons applying for or receiving aid to the needy blind, directly or indirectly derived from the records, papers, files, or communications of the Department of Human Resources or the board of county commissioners or the county social services department, or acquired in the course of the performance of official duties.

Notwithstanding the above, the Department of Human Resources is authorized to release to the North Carolina Department of Motor Vehicles and the North Carolina Department of Revenue the name and medical records of any person listed in the register of the blind in this State maintained under the provisions of G.S. 111-4. All information and documents released to the Department of Motor Vehicles and the Department of Revenue shall be treated by those departments as confidential for their use only and shall not be released by them to any person for commercial or political purposes or for any purpose not directly connected with the administration of Chapters 20 and 105 of the General Statutes of this State. The Department of Human Resources may also release to the North Carolina Library for the Blind and Physically Handicapped of the Department of Cultural Resources, the name and address of any person listed in the register of the blind in this State maintained under the provisions of G.S. 111-4. All information released to the North Carolina Library for the Blind and Physically Handicapped shall be treated as confidential for its use only and shall not be released to any person for commercial or political purposes or for any purpose not directly connected with providing information concerning services offered by the North Carolina Library for the Blind and Physically Handicapped."

Requested by: Representatives Duncan, L. Etheridge
—ENVIRONMENTAL HEALTH FUNDS

Sec. 142. Of the funds appropriated to the Department of Human Resources, Division of Health Services in Section 5 of this act for the 1989-90 fiscal year and for the 1990-91 fiscal year the sum of \$300,000 shall be used each fiscal year for the purpose of providing high quality environmental health programs.

These funds shall be allocated equally among the 100 counties.

Requested by: Representatives Duncan, L. Etheridge
—SOLID WASTE MANAGEMENT TECHNICAL ASSISTANCE

Sec. 143. Of the new positions authorized in Section 3 of this act for the Department of Human Resources, Division of Health Services, four positions shall be used primarily for the purpose of providing direct solid waste technical assistance to units of local government. The term "technical assistance" as used in this section includes examination of alternative methods for solid waste management, development of waste stream reduction strategy, recycling strategies, and studies of financing alternatives for solid waste management systems.

The positions designated for technical assistance to units of local government shall be located in the Solid Waste Management Section and shall be designated as a separate branch of this section. The Secretary of the Department of Human Resources may assign these positions to the Department's Regional Offices.

The Department shall submit an annual report on the technical assistance activities undertaken with these positions, including the number and geographical distribution of units of local government served, the category of assistance, and specific results attributed to the technical assistance, to the Joint Legislative Committee on Governmental Operations. This report shall be submitted no later than April 15 of each year.

Requested by: Representatives Duncan, L. Etheridge
—SUPERFUND PROGRAM

Sec. 144. The Department of Human Resources may use funds available, with the approval of the Office of State Budget, in order to provide the ten percent (10%) cost share required for Superfund cleanups on National Priority List sites. These funds may be in addition to those appropriated for this purpose.

The Department of Human Resources and the Office of State Budget will report the amount and the source of the funds to the Joint Legislative Commission on Governmental Operations.

Requested by: Representative Duncan
—AGING FUNDS

Sec. 145. Of the funds appropriated to the Department of Human Resources, Division of Aging for the 1989-90 fiscal year, the sum of \$120,000 shall be used as follows:

- (1) \$10,000 each shall be allocated to Buncombe, Craven, Cumberland, Guilford, Mecklenburg, Robeson, and Surry Counties to fund the existing Information and Referral Pilot Projects first implemented pursuant to Section 8 of Chapter 1095 of the 1987 Session Laws; and
- (2) \$50,000 shall be used to contract with the Center for Aging Research and Educational Services at the University of North Carolina at Chapel Hill, the Long-Term Care Resources Program at Duke University, or both, for technical assistance in designing methods for alleviating the service fragmentation associated with in-home and community-based supportive services for older adults and their families.

Requested by: Representative Cromer

—ASBESTOS HAZARD MANAGEMENT FUNDS

Sec. 146. The fees established and collected pursuant to Article 19 of Chapter 130A of the General Statutes are appropriated to the Department of Human Resources to support the Asbestos Hazard Management Program.

PART XVIII.—DEPARTMENT OF AGRICULTURE

Requested by: Senators Basnight and Barker

—AQUACULTURE DEVELOPMENT

Sec. 147. Chapter 106 of the General Statutes is amended by adding a new article to read:

"ARTICLE 63.

"Aquaculture Development Act.

"§ 106-756. Legislative findings and purpose.

The General Assembly finds and declares that it is in the best interest of the citizens of North Carolina to promote and encourage the development of the State's aquacultural resources in order to augment food supplies, expand employment, promote economic activity, increase stocks of native aquatic species, enhance commercial and recreational fishing and protect and better use the land and water resources of the State.

"§ 106-757. Short title.

This Article shall be known as the Aquaculture Development Act.

"§ 106-758. Definitions.

As used in this Article,

- (1) 'Aquaculture' means the propagation and rearing of aquatic species in controlled or selected environments, including, but not limited to, ocean ranching;
- (2) 'Aquaculture facility' means any land, structure or other appurtenance that is used for aquaculture, including, but not limited to, any laboratory, hatchery, rearing pond, raceway, pen, incubator, or other equipment used in aquaculture;
- (3) 'Aquatic species' means any species of finfish, mollusk, crustacean, or other aquatic invertebrate, amphibian, reptile, or aquatic plant, and

including, but not limited to, 'fish' and 'fishes' as defined in G.S. 113-129(f);

(4) 'Commissioner' means the Commissioner of Agriculture;

(5) 'Department' means the North Carolina Department of Agriculture.

"§ 106-759. Lead agency; powers and duties.

(a) For the purposes of this Article, aquaculture is considered to be a form of agriculture and thus the Department of Agriculture is designated as the lead State agency in matters pertaining to aquaculture.

(b) The Department shall have the following powers and duties:

(1) To provide aquaculturalists with information and assistance in obtaining permits related to aquacultural activities;

(2) To promote investment in aquaculture facilities in order to expand production and processing capacity; and

(3) To work with appropriate State and federal agencies to review, develop and implement policies and procedures to facilitate aquacultural development.

"§ 106-760. Advisory Board.

(a) There is created within the Department of Agriculture the Aquaculture Advisory Board, to consist of the following persons:

(1) The Commissioner of Agriculture, or his designee;

(2) The Secretary of Commerce, or his designee;

(3) The Secretary of Natural Resources and Community Development, or his designee;

(4) The President of the North Carolina Biotechnology Center, or his designee;

(5) The President of The University of North Carolina, or his designee;

(6) One Senator designated by the President Pro Tempore of the Senate; and

(7) One Representative designated by the Speaker of the House of Representatives.

(b) The Commissioner of Agriculture or his designee shall serve as Chairman of the Board. A majority of the Board shall constitute a quorum for the transaction of business. Clerical and other assistance shall be provided by the Department of Agriculture. The Commissioner may appoint advisory committees, pursuant to G.S. 143B-10(d), to assist the Board in carrying out its duties.

(c) The Board shall review State and federal policies, laws and regulations affecting aquaculture and recommend changes which may be necessary or useful to carry out the purposes of this Article. The Board shall present its recommendations to the Governor and the General Assembly. The Board shall also assist in the coordination of aquaculture-related activities of the various State agencies and institutions, and shall coordinate research and technology transfer activities to respond to the emerging requirements of aquaculture."

Requested by: Representative Rogers

—GENETIC ENGINEERING

Sec. 148. (a) Chapter 106 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 64.

"Genetically Engineered Organisms Act.

"§ 106-765. Declaration of findings.

The General Assembly of North Carolina finds and declares that biotechnology has enormous potential to benefit many fields of human endeavor, including agriculture, health care, and environmental protection, and that North Carolina, as a center for the agricultural, pharmaceutical, health care, fermentation, chemical, and food processing industries has much to gain from advances in biotechnology and genetic engineering.

The General Assembly further finds that as products of biotechnology move from contained laboratories into the environment for testing and commercialization, the citizens of North Carolina may have concerns about the potential effects of planned introductions of new genetically engineered organisms on agriculture, public health, and the natural environment. While the majority of these introductions will be environmentally benign and comparable to the introduction of new genetic entities derived from selective breeding, certain introductions might pose unknown risks and, as such, require appropriate oversight.

The General Assembly therefore determines that it is incumbent upon the State, working in concert with the federal regulatory authorities, to take responsible, timely and minimally burdensome measures to ensure that the public and the environment are protected and that risks from the environmental use of new genetically engineered organisms are promptly addressed, while simultaneously allowing biotechnological research and product development to advance. To do so, the State will create, in the Department of Agriculture, a Genetic Engineering Review Board responsible for reviewing and approving proposed introductions of genetically engineered organisms into the environment. This Board will enable the State, in cooperation with the federal authorities, to assess the potential risks and effects of releases of genetically engineered organisms without undue governmental interference with the progress and commercial development of biotechnology.

"§ 106-766. Title.

This Article shall be known as the 'Genetically Engineered Organisms Act.'

"§ 106-767. Purpose.

The purpose of this Article is to regulate the release and commercial use of genetically engineered organisms in order to protect agriculture, public health, and the environment. This Article does not apply to the breeding of plants, animals, and other organisms by traditional methods, such as artificial insemination or hand pollination.

"§ 106-768. Definitions.

As used in this Article:

- (1) 'Adverse effect' means physical injury to agriculture, public health, or the environment.
- (2) 'Board' means the Genetic Engineering Review Board.

- (3) 'Commercial use' means the sale, offering for sale, or distribution of a genetically engineered organism.
- (4) 'Commissioner' means the Commissioner of Agriculture.
- (5) 'Department' means the Department of Agriculture.
- (6) 'Genetic engineering' means the introduction of new genetic material to an organism or the regrouping of an organism's genes, except for the breeding of plants, animals, and other organisms by traditional methods, such as artificial insemination or hand pollination, and such other methods as may be designated by the Board under G.S. 106-770.
- (7) 'Genetically engineered organism' means a living organism derived from genetic engineering.
- (8) 'Organism' means any animal, plant, bacterium, cyanobacterium, fungus, protist, or virus.
- (9) 'Release' means the placement or use of a genetically engineered organism outside a contained laboratory, fermentation facility, greenhouse, building, structure, or other similar facility or under any other conditions not specifically determined by the Board to be adequately contained.

"§ 106-769. Genetic Engineering Review Board.

(a) There is created the Genetic Engineering Review Board in the Department of Agriculture. The Board shall consist of 10 members as follows:

- (1) The Secretary of the Department of Natural Resources and Community Development or his designee;
- (2) The Secretary of Human Resources or his designee;
- (3) The Commissioner of Agriculture or his designee;
- (4) The President of the North Carolina Biotechnology Center or his designee;
- (5) The Dean of the College of Agriculture and Life Sciences at North Carolina State University, or his designee, and the Dean of the School of Agriculture at North Carolina Agricultural and Technical State University, or his designee;
- (6) The Dean of the School of Public Health of the University of North Carolina at Chapel Hill or his designee;
- (7) A practicing farmer who is an active member of a farm organization, appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives;
- (8) A representative of a nonprofit public interest organization appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate; and
- (9) A representative of the biotechnology industry appointed by the Governor.

(b) The appointed members of the Board shall serve for three-year terms. Members designated by an ex officio member shall serve at the pleasure of the ex

officio member. Appointments and designations shall be made within 60 days after the effective date of this Article.

(c) A chairman shall be elected by the Board from among its members for a one-year term, and shall serve no more than two consecutive terms. The Commissioner of Agriculture may appoint a member of the Board to serve as interim chairman for one year or until the Board elects a chairman, whichever is sooner.

(d) Any vacancies shall be filled by the appropriate appointing authority. Any appointment to fill a vacancy on the Board created by resignation, dismissal, death, disability or any cause 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. Any appointed member of the Board may be removed by the appointing authority for misfeasance, malfeasance or nonfeasance.

(e) The members of the Board who are not State employees shall receive per diem and travel and subsistence allowances as provided by law. All clerical and other services required by the Board shall be supplied by the Department of Agriculture. A majority of the Board shall constitute a quorum for the transaction of business. Rule making and administrative proceedings shall be governed by the North Carolina Administrative Procedure Act.

"§ 106-770. Board's powers and duties.

(a) The Board shall:

(1) Delegate to the Commissioner any of its duties, other than rule making, but including issuance of permits, as the Board deems necessary or convenient for the administration and enforcement of this Article; and

(2) Adopt regulations designating those activities that will not be treated as genetic engineering for the purposes of this Article.

(b) The Board may:

(1) Grant, deny, suspend, modify or revoke permits as provided by this Article;

(2) Adopt, amend, or revoke regulations to implement and carry out the purposes of this Article; and

(3) Establish advisory committees to assist the Board in carrying out its duties.

"§ 106-771. Commissioner's powers and duties.

The Commissioner may:

(1) Enforce this Article, administer the permit process, and exercise the powers and duties imposed upon him by this Article or by rules adopted in accordance with this Article; and

(2) Designate such employees of the North Carolina Department of Agriculture, and enter into cooperative agreements with federal and State agencies, as may be necessary to carry out the duties and exercise the powers provided by this Article.

"§ 106-772. Permits required; applications; federal review; permit revocation.

(a) A genetically engineered organism may not be released into the environment, or sold, offered for sale, or distributed for release into the environment unless a permit for its release has been issued pursuant to this Article. The Board may, by regulation, provide for general permits for classes of activities for which individual permits will not be required.

(b) Permit applications shall be on forms or in the format prescribed by the Board, and shall include such information as the Board deems necessary in order to determine compliance with this Article. To the extent feasible, the Board shall authorize the use of forms or formats required by the federal government for actions similar to those regulated under this Article. Applicants shall, upon request by the Board, submit copies of data submitted with corresponding federal permit applications.

(c) The Board may require such additional data as it deems necessary to determine potential adverse effects of the release of the organism on agriculture, public health, and the environment. To the extent possible, the Board shall accept for review and base its decision on the data submitted with the federal application.

(d) The Board may, if it deems it necessary to protect agriculture, public health, or the environment from potential adverse effects of the release of a genetically engineered organism:

- (1) Place restrictions on the number and location of organisms released, method of release, training of persons involved with the release of organisms, disposal of organisms, and other conditions of use;
- (2) Require measures to limit dispersal of released organisms or spread of inserted genes or gene products;
- (3) Require monitoring of the abundance and dispersal of the released organism or inserted genes or gene products; and
- (4) Deny, suspend, modify, or revoke the permit.

(e) The Board may submit written comments to any federal agency reviewing a proposed or completed release, and otherwise participate in any such reviews. The Board may issue a permit under this Article based on the federal review and approval of the proposed release if the Board determines that federal regulation of the release sufficiently protects agriculture, public health, and the environment in North Carolina. The Board shall minimize duplication of federal regulatory requirements to the extent possible.

(f) The Board may deny, suspend, modify, or revoke a permit for failure to comply with this Article or with any rule adopted in accordance with this Article. Such proceedings shall be in accordance with the Administrative Procedure Act. The Board may summarily suspend a permit in accordance with G.S. 150B-3, pending further proceedings, if the Board determines that an adverse effect is occurring or is likely to occur because of a release authorized by such permit.

(g) A decision shall be made on a permit application within 90 days from the date the completed application is received by the Board, unless a public hearing is held pursuant to G.S. 106-773. The Board may, for good cause, extend the time for making a decision by no more than 30 days.

(h) Issuance of permits under this Article is not subject to the provisions of Article 1 of Chapter 113A of the General Statutes.

(i) An application may be withdrawn at any time by written notice to the Board.

"§ 106-773. Public notice of releases; public hearing.

(a) Within 15 days after receiving a completed application for a proposed release, the Board shall publish notice and a brief description of the proposed release, unless the Board intends to deny the application. Notice shall also be provided to any person who has filed a written request to be notified of such releases. The Board shall prescribe the form, content and extent of the notice. However, at a minimum, notice shall be given by publication one time in a newspaper having general circulation in each county where the release is proposed to be made. In addition, subject to the provisions of this Article regarding confidential business information, any documents submitted as part of the application shall be available for public inspection or copying at or near the site of the proposed release and at the offices of the Board. Any person may submit written comments to the Board regarding the proposed release.

(b) Any person may request a public hearing on a permit application by filing a written request with the Board within 30 days after the date of the notice of the application. The Board shall consider all such requests for hearing and, if it determines that there is significant public interest and justification for holding such a hearing, a hearing shall be held in the county where the release is proposed to be made. If the Board determines that a public hearing should be held, it may do so even though no hearing has been requested. Notice of the hearing shall be published at least 30 days before the hearing date. The Board shall prescribe the form, content, and extent of the notice. However, at a minimum, notice shall be given by publication one time in a newspaper having general circulation in each county where the release is proposed to be made.

(c) If a public hearing is held, a decision shall be made on the permit application within 120 days after the date the completed application is received by the Board. The Board may, for good cause, extend the time for making a decision by no more than 30 additional days.

(d) The Board may, with the written consent of the applicant, extend the period to review the application.

"§ 106-774. Confidential business information.

(a) In submitting information pursuant to this Article, an applicant for a permit may designate as 'confidential' any portions of which the applicant believes are entitled to treatment as confidential business information. A designation of confidentiality shall be made in writing and in such manner as the Board may prescribe. Information designated as 'confidential' may be submitted separately from other material submitted.

(b) Any person engaged in the review of the effects of a proposed release of a genetically engineered organism who believes that access to undisclosed confidential business information is necessary in order to perform such review effectively may request the disclosure of material designated as confidential business information by submitting a written petition to the Board. Such a petition shall state the reason(s) that such confidential business information is necessary to the performance of the

petitioner's review. In addition, the petitioner shall sign an affidavit affirming that the petitioner is not nor does petitioner represent in any capacity a person engaged in any business or enterprise in competition with the applicant or in which the confidential business information could be utilized for commercial or product development purposes. The applicant shall be notified of the petition and shall have an opportunity to respond to the petition. Such response may include an offer by the applicant to produce the confidential business information to the petitioner pursuant to terms to be expressed in a written agreement between the applicant and the petitioner, an explanation by the applicant as to why the petitioner does not need the confidential business information in order to perform such review or an offer by the applicant to provide the petitioner with other information which is not confidential and responds to the petitioner's reasons for requesting the confidential business information. By mutual written agreement of the petitioner and the applicant, the Board may delay a decision on the petition until further written notice by the petitioner. The Board shall then make a determination as to whether the petitioner does require access to any or all of the confidential business information requested by the petitioner in order to make an effective, independent review of the proposed release. Where the Board determines that the petitioner does require access to some or all of the confidential business information requested by the petitioner, the Board shall notify the applicant and the petitioner of its decision, and the applicant shall provide that confidential business information which is required by the petitioner as determined by the Board to the petitioner or withdraw its application. If the Board's decision is appealed, the applicant shall not be required to disclose the confidential business information pending appeal. If the application is withdrawn, all confidential business information shall be returned to the applicant and shall not be disclosed.

(c) Except as provided in this Article, no person may reveal or use for his own benefit any confidential business information received pursuant to this Article.

(d) Nothing in this section, or in rules adopted under this section, authorizes the Board or any person to withhold from the public information regarding the adverse effects of a proposed release of any organism.

"§ 106-775. Local regulation.

No county or municipality shall enact any regulation or ordinance regulating the release of genetically engineered organisms.

"§ 106-776. Unlawful acts; penalties; injunctions.

(a) No genetically engineered organism may be released, sold, offered for sale, or distributed in violation of this Article or rules adopted in accordance with this Article.

(b) A civil penalty of not more than ten thousand dollars (\$10,000) may be assessed by the Board against any person who violates any provision of this Article or any rule of the Board. In determining the amount of the penalty, the Board may consider the degree and extent of harm caused by the violation. No civil penalty may be assessed under this section unless the person has been given the opportunity for a hearing pursuant to the Administrative Procedure Act. Each day's violation shall constitute a separate offense.

(c) A person who interferes with or attempts to interfere with the Commissioner or any of his agents while engaged in the performance of their duties under this Article, or violates any provision of this Article or any rule of the Board, is guilty of a misdemeanor and is punishable by a fine of not less than two hundred fifty dollars (\$250.00) nor more than one thousand dollars (\$1,000) for each offense. Each day's violation shall constitute a separate offense.

(d) Notwithstanding any remedy at law, the Commissioner is authorized to apply to the superior court, and the court shall have jurisdiction upon hearing and for cause shown, to grant a temporary or permanent injunction to prevent or stop a violation of this Article.

(e) Any public employee who willfully releases a genetically engineered organism in violation of this Article shall be subject to dismissal.

"§ 106-777. Expiration.

This Article shall expire September 30, 1995."

(b) No permits are required under G.S. 106-772, as enacted in subsection (a) of this section, until July 1, 1990.

(c) G.S. 120-123 is amended by adding a new subdivision to read:

"(8a) The Genetic Engineering Review Board, as created by G.S. 106-769."

PART XIX.—DEPARTMENT OF COMMERCE

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine
—WORKER READJUSTMENT PROGRAM FUNDS

Sec. 149. (a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of \$1,200,000 for the 1989-90 fiscal year and the sum of \$1,200,000 for the 1990-91 fiscal year for a Worker Readjustment Program to provide a statewide program of rapid response to plant closings.

(b) The Employment Security Commission shall report to the Joint Legislative Commission on Governmental Operations by the first of each month prior to the expenditure of any funds appropriated by this section. The report required by this subsection may be included in any other report that the Employment Security Commission is required to make to the Joint Legislative Commission on Governmental Operations.

(c) The Employment Security Commission shall use supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes before expending funds appropriated by this section.

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine
—PETROLEUM OVERCHARGE FUNDS ALLOCATION

Sec. 150. (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 \$10,900,000 for the 1989-90 fiscal year and the sum of \$10,900,000 for the 1990-91 fiscal year to be allocated as follows:

- (1) The sum of \$2,200,000 for the 1989-90 fiscal year and the sum of \$2,200,000 for the 1990-91 fiscal year shall be used for projects under the State Energy Conservation and Energy Extension Service Programs;
- (2) The sum of \$3,200,000 for the 1989-90 fiscal year and the sum of \$3,200,000 for the 1990-91 fiscal year shall be used for the Low Income Weatherization Program;
- (3) The sum of \$2,500,000 for the 1989-90 fiscal year and the sum of \$2,500,000 for the 1990-91 fiscal year shall be used for energy conservation programs for hospitals and schools; and
- (4) The sum of \$3,000,000 for the 1989-90 fiscal year and the sum of \$3,000,000 for the 1990-91 fiscal year shall be used for the Low Income Home Energy Assistance Program (LIHEAP).

Any remaining funds in the Special Reserve for Oil Overcharge Funds 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.

(b) There is appropriated from funds received from the United States Department of Energy's Stripper Well Litigation (MDL378) and appropriated to the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of \$5,975,000 for the 1989-90 fiscal year to be allocated as follows:

- (1) The sum of \$2,500,000 shall be paid to the Business Energy Improvement Program Revolving Loan Fund;
- (2) The sum of \$1,675,000 shall be used to expand the Transportation Information Management System (TIMS);
- (3) The sum of \$350,000 shall be used for waste tire utilization;
- (4) The sum of \$1,350,000 shall be used for local government energy conservation; and
- (5) The sum of \$100,000 shall be used for the Energy Assurance Study Commission.

(c) The Department of Commerce shall submit comprehensive annual reports to the General Assembly by May 15, 1990 and January 31, 1991, which detail the use of all funds received in the cases of United States v. Exxon and Stripper Well that were used or expended by State agencies. Any State department or agency that has received oil overcharge funds shall provide all information requested by the Department of Commerce for the purpose of preparing this report.

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine
—BUSINESS ENERGY IMPROVEMENT PROGRAM

Sec. 151. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 14. Business Energy Improvement Program.

"§ 143B-472.30. Short title.

This Part shall be known as the Business Energy Improvement Program.

"§ 143B-472.31. Legislative findings and purpose.

The General Assembly finds and declares that it is in the best interest of the citizens of North Carolina to promote and encourage energy efficiency within the State's industrial and commercial base in order to conserve energy, promote economic competitiveness, and expand employment in the State.

"§ 143B-472.32. Lead agency; powers and duties.

(a) For the purposes of this Part, the Department of Commerce, Energy Division, is designated as the lead State agency in matters pertaining to industrial and commercial energy conservation.

(b) The Division shall have the following powers and duties with respect to this Part:

- (1) To provide industrial and commercial concerns doing business in North Carolina with information and assistance in undertaking energy conserving capital improvement projects to enhance industrial and commercial capacity.
- (2) To establish a revolving fund within the Division for the purpose of providing secured loans in amounts not greater than five hundred thousand dollars (\$500,000) per business entity to install energy-efficient capital improvements within businesses located within or translocating to North Carolina. In providing these loans, priority shall be given to businesses already located in the State.
- (3) To work with appropriate State and federal agencies to develop and implement rules and regulations to facilitate this program.

(c) The annual interest rate charged for the use of the funds from the revolving fund established pursuant to subdivision (b)(2) of this section shall be one-half of the 90-day rate for United States Treasury Bills, not to exceed five percent (5%) per annum, excluding other fees required for loan application review and origination. The term of any loan originated under this section may not be greater than seven years.

(d) In accordance with the terms of the Stripper Well Settlement, administrative expenses for activities under this section shall be limited to five percent (5%) of funds appropriated for this purpose."

Requested by: Representatives B. Ethridge, Redwine

—COMMERCE REGIONAL OFFICE

Sec. 152. (a) Funds appropriated in Section 3 of this act to the Department of Commerce, Division of Business/Industry Development, shall be used to establish an additional regional office for economic development in eastern North Carolina. Any remaining funds may be used by the Department of Commerce, subject to the approval of the Office of State Budget and Management, to expand economic development operations in the State.

(b) The Department of Commerce shall provide a detailed report on the proposed expenditure of these funds to the Joint Legislative Commission on Governmental Operations by November 1, 1989.

Requested by: Representatives James, Beall

—VISITOR AND WELCOME CENTERS FUNDS

Sec. 153. (a) Before any other transfers are made pursuant to G.S. 20-81.3(c) or (g), the Secretary of Transportation shall allocate and reserve the sum of \$50,000 for the 1989-90 fiscal year and the sum of \$150,000 for the 1990-91 fiscal year for personnel to man Visitor and Welcome Centers as follows:

- (1) The sum of \$50,000 for the 1989-90 fiscal year and the sum of \$50,000 for the 1990-91 fiscal year for the Visitor and Welcome Center on U.S. Highway 17 in Camden County, to be administered by the Albemarle Regional Planning and Development Office in the City of Hertford;
 - (2) The sum of \$50,000 for the 1990-91 fiscal year for the Visitor and Welcome Center on U.S. Highway 441 in Macon County, to be administered by a State chartered nonprofit organization or local government agency under contract with the Department of Transportation; and
 - (3) The sum of \$50,000 for the 1990-91 fiscal year for the Visitor and Welcome Center on U.S. Highway 17 South in Brunswick County, to be administered by the Region O Council of Governments.
- (b) This section shall expire June 30, 1991.

PART XX.—DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT

Requested by: Representatives B. Ethridge, Redwine

—ZOO RECEIPTS

Sec. 154. Part 22 of Article 7 of Chapter 143B of the General Statutes is amended by adding a new section to read:

§ 143B-336.1. Special Zoo Fund.

A special continuing and nonreverting fund, to be called the Special Zoo Fund, is created. The North Carolina Zoological Park shall retain unbudgeted receipts at the end of each fiscal year, beginning June 30, 1989, and deposit these receipts into this Fund. This Fund shall be used for maintenance, repairs, and renovations of exhibits in existing habitat clusters and visitor services facilities, and for the replacement of tram equipment as required to maintain adequate service to the public. The Special Zoo Fund may also be used to match private funds which are raised for these purposes. Funds may be expended for these purposes by the Department of Environment, Health, and Natural Resources on the advice of the North Carolina Zoological Park Council and with the approval of the Office of State Budget and Management. The Department of Environment, Health, and Natural Resources shall provide an annual report to the Office of State Budget and Management and to the Fiscal Research Division of the Legislative Services Office on the use of fees collected pursuant to this section.

Requested by: Representatives DeVane, Locks, Mercer
—LUMBER RIVER PARKS RANGERS

Sec. 155. From the funds appropriated in Section 3 of this act to the Department of Natural Resources and Community Development, Division of Parks and Recreation for the 1989-90 fiscal year and the 1990-91 fiscal year for State Park Staff, the Department shall establish and fund two Park Ranger positions, including support and equipment costs, to be allocated to the Lumber River State Park.

Requested by: Representatives DeVane, Locks, Mercer
—NATURAL AND SCENIC RIVERS SYSTEM

Sec. 156. (a) G.S. 113A-34 reads as rewritten:

"§ 113A-34. Types of scenic rivers.

The following types of rivers are eligible for inclusion in the North Carolina natural and scenic rivers system:

Class I. Natural river areas. Those free-flowing rivers or segments of rivers and adjacent lands existing in a natural condition. Those rivers or segments of rivers that are free of man-made impoundments and generally inaccessible except by trail, with the lands within the boundaries essentially primitive and the waters essentially unpolluted. These represent vestiges of primitive America.

Class II. Scenic river areas. Those rivers or segments of rivers that are largely free of impoundments, with the lands within the boundaries largely primitive and largely undeveloped, but accessible in places by roads.

Class III. Recreational river areas. Those rivers or segments of rivers that offer outstanding recreation and scenic values and that are largely free of impoundments. They may have some development along their shorelines and have more extensive public access than natural or scenic river segments. Recreational river segments may also link two or more natural and/or scenic river segments to provide a contiguous designated river area. No provision of this section shall interfere with flood control measures; provided that recreational river users can continue to travel the river."

(b) G.S. 113A-35.2 reads as rewritten:

"§ 113A-35.2. Additional components.

That segment of the Linville River beginning at the State Highway 183 bridge over the Linville River and extending approximately 13 miles downstream to the boundary between the United States Forest Service lands and lands of Duke Power Company (latitude 35° 50' 20") shall be a ~~scenic~~ natural river area and shall be included in the North Carolina Natural and Scenic River System.

That segment of the Horsepasture River in Transylvania County extending downstream from Bohaynee Road (N.C. 281) to Lake Jocassee shall be a natural river and shall be included in the North Carolina Natural and Scenic Rivers System.

That segment of the Lumber River extending from county road 1412 in Scotland County downstream to the North Carolina-South Carolina state line, a distance of approximately 102 river miles, shall be included in the Natural and Scenic Rivers System and classified as follows: from county road 1412 in Scotland County downstream to the junction of the Lumber River and Back Swamp shall be classified as

scenic; from the junction of the Lumber River and Back Swamp downstream to the junction of the Lumber River and Jacob Branch and the river within the Fair Bluff town limits shall be classified as recreational; and from the junction of the Lumber River and Jacob Branch downstream to the North Carolina-South Carolina state line, excepting the Fair Bluff town limits, shall be classified as natural."

(c) In accordance with Article 2C of Chapter 113 of the General Statutes, the General Assembly creates the Lumber River State Park as a component of the State Parks System, to be managed as a State river.

The Department of Natural Resources and Community Development, Division of Parks and Recreation, shall prepare a general management plan for the Lumber River State Park, to include a master plan which shall recognize and provide for State and local government protection of the various parts of the river so as to preserve its outstanding character in perpetuity.

The general management plan shall be prepared by December 31, 1990, and transmitted to the Governor, the Lieutenant Governor, the President Pro Tempore of the Senate, and the Speaker of the House.

(d) For the purpose of law enforcement only, the North Carolina Indian Cultural Center shall be considered as part of those lands subject to the provisions of Article 1A of Chapter 113 of the General Statutes.

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine

—AUTHORIZATION FOR USE OF WATER QUALITY FEES

Sec. 157. (a) There is appropriated from the water quality fees collected and deposited in the nonreverting account established in G.S. 143-215.3A, a sum not to exceed \$1,143,540 for the 1989-90 fiscal year and a sum not to exceed \$1,465,585 for the 1990-91 fiscal year to the Department of Natural Resources and Community Development to retain and provide all necessary support for a position, or to establish and provide all necessary support for a position, in the water quality program, when sufficient fees for a position and all necessary support for the 1989-90 fiscal year and for the 1990-91 fiscal year have been deposited. No more than nine new positions for the 1989-90 fiscal year and no more than nine new positions for the 1990-91 fiscal year may be funded and supported in this manner. First priority is to retain and support those positions that were previously established by the General Assembly. Water quality fees shall be the only source of funds for these positions and all necessary support, including fringe benefits. These positions shall be used to reduce the backlog of permit applications and to improve the rate of compliance of facilities with environmental standards for toxic substances.

(b) The Department of Natural Resources and Community Development shall provide a quarterly report to the Joint Legislative Commission on Governmental Operations and to the Director of the Fiscal Research Division beginning October 1, 1989. Each report shall state the amount and type of fees collected for the quarter and since the beginning of the fiscal year, the number of permit applications processed for the quarter and since the beginning of the fiscal year, the number of permit applications not processed, and the progress made in reducing the backlog of permit applications.

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine
—AUTHORIZATION FOR USE OF AIR QUALITY FEES

Sec. 158. (a) There is appropriated from the air quality fees collected and deposited in the nonreverting account established in G.S. 143-215.3A, a sum not to exceed \$627,000 for the 1989-90 fiscal year and a sum not to exceed \$918,000 for the 1990-91 fiscal year, to the Department of Natural Resources and Community Development to establish and provide all necessary support for a position in the Department of Natural Resources and Community Development, when sufficient fees for a position and all necessary support for the 1989-90 fiscal year and for the 1990-91 fiscal year have been collected and deposited. No more than eight new positions in the 1989-90 fiscal year and no more than six new positions in the 1990-91 fiscal year may be established in this manner. First priority is to retain and support those positions that were previously established by the General Assembly. Air quality fees shall be the only source of funds for these positions and all necessary support, including fringe benefits. These positions shall be used to conduct air quality permitting and air quality compliance and monitoring activities.

(b) The Department of Natural Resources and Community Development shall provide quarterly reports to the Joint Legislative Commission on Governmental Operations and to the Director of the Fiscal Research Division beginning October 1, 1989. Each report shall state the amount and type of fees collected for the quarter and since the beginning of the fiscal year, the number of permit applications processed for the quarter and since the beginning of the fiscal year, the number of permit applications not processed, and the progress made in reducing the backlog of permit applications.

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine
—SALES TAX PROCEEDS FOR WILDLIFE FUND MODIFIED

Sec. 159. 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.

~~For the 1987-88 fiscal year, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use net tax collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources Fund, one fourth of one million nine hundred sixty thousand dollars (\$1,960,000). During subsequent fiscal years, 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 one million nine hundred sixty thousand dollars (\$1,960,000) two million eight hundred thirty-four thousand six hundred seventy-five dollars (\$2,834,675) plus or minus the percentage of that amount by which the total collection of State sales and use taxes increased or decreased during the preceding fiscal year."~~

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine

—TEXASGULF SETTLEMENT FUNDS

Sec. 160. The sum of \$1,001,907, received by the Department of Natural Resources and Community Development in accordance with a settlement agreement with Texasgulf Inc., dated June 2, 1989, and placed in General Fund receipt code 1310-0720 in the Environmental Management Division, shall not be available for expenditure by the Department of Natural Resources and Community Development, and shall not revert to the General Fund, but instead is reallocated to the Beaufort County Board of Commissioners. The money shall be paid by the Office of State Budget and Management to the Beaufort County Board of Commissioners within 15 days after request for the funds by the Board of Commissioners.

The Beaufort County Board of Commissioners shall distribute the money to the Beaufort County School Administrative Unit and the Washington City School Administrative Unit on an average daily membership basis.

This section shall become effective June 30, 1989.

Requested by: Senator Martin of Pitt, Representatives B. Ethridge, Redwine

—AGRICULTURE COST SHARE PROGRAM

Sec. 161. (a) Of the funds appropriated to the Department of Natural Resources and Community Development in Section 5 of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, for the Agriculture Cost Share Program for Nonpoint Source Pollution Control, a sum not to exceed \$40,000 for the 1989-90 fiscal year and a sum not to exceed \$40,000 for the 1990-91 fiscal year shall be used to fund tide gates in Hyde County in accordance with the match requirements specified in G.S. 143-215.74(b)(6).

(b) Funds appropriated to the Department of Natural Resources and Community Development for the 1989-90 fiscal year and for the 1990-91 fiscal year in this act and in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, for the Agriculture Cost Share Program for Nonpoint Source Pollution Control shall be used to implement the Agriculture Cost Share Program statewide beginning in the 1989-90 fiscal year. Of these funds, the Department of Natural Resources and Community Development shall use the sum of \$64,826 for the 1989-90 fiscal year to establish two positions to administer the Agriculture Cost Share Program and shall use the sum of \$64,826 for the 1990-91 fiscal year to continue these two positions.

PART XXI.—MISCELLANEOUS PROVISIONS

Requested by: Senator Royall, Representative Diamont

—EFFECT OF HEADINGS

Sec. 162. 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: Senator Royall, Representative Diamont

—EXECUTIVE BUDGET ACT REFERENCE

Sec. 163. 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: Senator Royall, Representative Diamont

—COMMITTEE REPORT

Sec. 164. The Joint Conference Report on Proposed Committee Substitute for Senate Bill 44, dated August 7, 1989, which was distributed in the Senate and the House of Representatives 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 such purposes shall be considered a part of this act.

Requested by: Senator Royall, Representative Diamont

—EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN THE CURRENT OPERATIONS ACT OF 1989 APPLY

Sec. 165. Except where expressly repealed or amended by this act, the provisions of Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, are not affected by this act.

Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed or amended, the limitations and directions for the 1989-91 fiscal biennium in Chapter 500 of the 1989 Session Laws, the Current Operations Appropriations Act of 1989, that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations of this act for those same purposes.

Requested by: Senator Royall, Representative Diamont

—MOST TEXT APPLIES ONLY TO 1989-91

Sec. 166. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1989-91 biennium, the textual provisions of this act shall apply only to funds appropriated for and activities occurring during the 1989-91 biennium.

Requested by: Senator Royall, Representative Diamont

—SEVERABILITY CLAUSE

Sec. 167. 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: Senator Royall, Representative Diamont

—EFFECTIVE DATE

Sec. 168. Except as otherwise provided, this act shall become effective July 1, 1989.

In the General Assembly read three times and ratified this the 10th day of August, 1989.