

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1108  
Committee Substitute Favorable 5/23/96  
Third Edition Engrossed 5/24/96

Short Title: Modify Budget.

(Public)

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Sponsors:

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Referred to:

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May 14, 1996

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE CONTINUATION BUDGET OPERATIONS  
3 APPROPRIATIONS ACT OF 1995, AND THE EXPANSION AND CAPITAL  
4 IMPROVEMENTS APPROPRIATIONS ACT OF 1995, AND TO MAKE OTHER  
5 CHANGES IN THE BUDGET OPERATION OF THE STATE.

6 The General Assembly of North Carolina enacts:

7

8 **PART 1. INTRODUCTION AND TITLE OF ACT**

9

10 **INTRODUCTION**

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

17

18 **TITLE OF ACT**

1           Sec. 1.1. This act shall be known as the Current Operations Appropriations  
2 Act of 1996.

3  
4 **PART 2. GENERAL FUND APPROPRIATIONS**

5  
6 **CURRENT OPERATIONS/GENERAL FUND**

7           Sec. 2. Appropriations from the General Fund of the State for the maintenance  
8 of the State departments, institutions, and agencies, and for other purposes as enumerated  
9 are made for the biennium ending June 30, 1997, according to the schedule that follows.  
10 Amounts set out in brackets are reductions from General Fund appropriations for the  
11 1996-97 fiscal year.

<u>Current Operations - General Fund</u>		<u>1996-97</u>
General Assembly		\$
(125,000)		
Judicial		Department
		6,3
27,117		
Office of the Governor		
01. Office of the Governor	(31,388)	
02. Office of State Budget		
and Management	(37,689)	
03. Office of State Planning	(5,000)	
04. Housing Finance Agency	3,250,000	
Department	of	Secretary
		of
		State
		437
,048		
Department	of	Public
		Education
		72,
480,648		
Department		of
		Justice
		4,2
47,979		
Department		of
		Administration
		(60
7,903)		

1				
2	Department		of	Agriculture
3				278
4	,672			
5				
6	Department		of	Labor
7				419
8	,183			
9				
10	Department		of	Insurance
11				1,6
12	38,839			
13				
14	Department of Environment, Health, and			
15	Natural			Resources
16				30,
17	219,088			
18				
19	Office	of	Administrative	Hearings
20				262
21	,754			
22				
23	Department of Human Resources			
24	01. Office of the Secretary	(819,378)		
25	02. Division of Aging	5,049,468		
26	03. Division of Child Development	(2,795,235)		
27	04. Division of Services for the			
28	Deaf and Hard of Hearing	(208,522)		
29	05. Division of Social Services	(9,781,369)		
30	06. Division of Medical Assistance	(18,005,897)		
31	07. Division of Services			
32	for the Blind	(38,480)		
33	08. Division of Mental Health,			
34	Developmental Disabilities, and			
35	Substance Abuse Services	330,448		
36	09. Division of Facility Services	(473,845)		
37	10. Division of Vocational			
38	Rehabilitation Services	567,211		
39	11. Division of Youth Services	(869,857)		
40	Total	Department	of	Human Resources
41				(27,
42	045,456)			
43				

1 Department of Correction  
 2 of (2,0  
 3 66,304)  
 4  
 5 Department of Commerce  
 6 01. Commerce 4,451,090  
 7 02. MCNC (14,000,000)  
 8 03. Rural Economic Development  
 9 Center 1,025,000  
 10  
 11 Department of Revenue  
 12 of 3,8  
 13 60,876  
 14  
 15 Department of Cultural Resources  
 16 of (36  
 17 5,412)  
 18  
 19 Department of Crime Control and Public Safety  
 20 and Public Safety  
 21 1,1  
 22 12,432  
 23  
 24 Office of the State Controller  
 25 of the State Controller  
 26 84,082 8,5  
 27  
 28 University of North Carolina - Board  
 29 of Governors  
 30 01. University Institutional  
 31 Programs 13,570,564  
 32 02. Related Educational Programs 2,200,000  
 33 03. University of North Carolina  
 34 at Chapel Hill  
 35 a. Academic Affairs (422,425)  
 36 b. Health Affairs (29,424)  
 37 04. North Carolina State University  
 38 at Raleigh  
 39 a. Academic Affairs (246,316)  
 40 05. University of North Carolina at  
 41 Greensboro (114,556)  
 42 06. University of North Carolina at  
 43 Charlotte (5,000)

- 1 07. University of North Carolina at
- 2 Asheville (4,500)
- 3 08. North Carolina Agricultural and
- 4 Technical State University (438,523)
- 5 09. Western Carolina University (91,286)
- 6 10. Appalachian State University (203,487)
- 7 11. Pembroke State University (3,190)
- 8 12. Winston-Salem State University (500)
- 9 13. Elizabeth City State
- 10 University (125,503)
- 11 14. Fayetteville State University (9,000)
- 12 15. North Carolina Central
- 13 University (67,779)
- 14 16. North Carolina School of the
- 15 Arts (317,543)
- 16 17. North Carolina School of
- 17 Science and Mathematics (28,036)
- 18 18. UNC Hospitals at Chapel Hill (20,000,000)

19 Total University of North  
 20 Carolina - Board of Governors  
 21 (6,3  
 22 36,504)

23  
 24 Department of Community Colleges  
 25 15,  
 26 326,317

27  
 28 State Board of Elections  
 29 (10,  
 30 000)

31  
 32 Contingency and Emergency  
 33 5,0  
 34 76,466

35  
 36 Reserve for Compensation Increase  
 37 174  
 38 ,220,623

39  
 40 Reserve for Moving Expenses  
 41 2,0  
 42 00,000  
 43

1	Retirement	Rate	Adjustment
2			(32
3	5,600)		
4			
5	GRAND TOTAL CURRENT OPERATIONS –		
6	GENERAL		FUND
7			\$28
8	4,261,958		
9			
10	<u>Capital Improvements - General Fund</u>		<u>1996-1997</u>
11			
12	Department of Administration		
13	Prison Construction		
14	1. Modular Housing Units	\$ 5,000,000	
15	2. Southern Piedmont Area Unit	9,000,000	
16	3. Prison Unit Improvements	<u>1,600,000</u>	
17			
18	TOTAL		\$
19	15,600,000		

**PART 3. CURRENT OPERATIONS/HIGHWAY FUND**

23           Sec. 3. Appropriations from the Highway Fund of the State for the  
24 maintenance and operation of the Department of Transportation, and for other purposes  
25 as enumerated, are made for the biennium ending June 30, 1997, according to the  
26 following schedule:

28	<u>Current Operations/Highway Fund</u>		<u>1996-97</u>
29			
30	Department of Transportation		
31	01. Administration	\$ 960,000	
32	02. Construction and Maintenance	2,206,000	
33	03. Division of Motor Vehicles	1,743,547	
34	04. Reserve for Salary Increases	11,936,061	
35			
36	Crime Control and Public Safety		<u>1,016,925</u>
37			
38	GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND		\$ 17,862,533
39			
40	<b>CURRENT OPERATIONS/HIGHWAY FUND - NONRECURRING</b>		
41	<b>APPROPRIATIONS</b>		

1           Sec. 3.1. Appropriations are made from the Highway Fund of the 1996-97  
2 fiscal year for use by the Department of Transportation, and for other purposes to provide  
3 for one-time expenditures according to the following schedule:

4  
5 Current Operations/Highway Fund - Nonrecurring 1996-97

6  
7 Department of Transportation

- 8     01. Administration \$ 2,781,145  
9     02. Construction and maintenance  
10       (a) State Maintenance  
11       (01) Contract Resurfacing 10,437,130  
12     03. Division of Motor Vehicles 646,716  
13     04. Reserve for Capital Projects 1,958,126

14  
15 Appropriations for Other State Agencies

- 16     1. Crime Control and Public Safety 4,007,350

17  
18 GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND -  
19 NONRECURRING

\$19,830,467

20  
21 **PART 4. HIGHWAY TRUST FUND**

22  
23           Sec. 4. In addition to the appropriations made by Section 4 of Chapter 324 of  
24 the 1995 Session Laws, appropriations from the Highway Trust Fund are made for the  
25 1996-97 fiscal year as follows:

- 26     01. Intrastate System \$ 8,569,105  
27     02. Secondary Roads Construction 612,813  
28     03. Urban Loops 3,464,990  
29     04. State Aid - Municipalities 899,099  
30     05. Program Administration 271,993  
31     06. Transfer to General Fund \_\_\_\_\_

32  
33 GRAND TOTAL/HIGHWAY TRUST FUND \$ 13,818,000

34 **PART 5. GENERAL FUND AVAILABILITY STATEMENTS**

35  
36 Requested by: Representatives Holmes, Esposito, Creech

37 **BUDGET REFORM STATEMENTS**

38           Sec. 5. The General Fund and availability used in developing the 1996-97  
39 budget is as shown below:

- 40     (1) Composition of the 1996-97 beginning availability:

41                   (\$ Million)

- 42       a. Revenue collections in 1995-96  
43           authorized but not appropriated \$183.8

1	b.	Revenue collections in 1995-96	
2		in excess of authorized estimates	280.6
3	c.	Estimated unexpended appropriations	
4		for 1995-96 (reversions)	150.0
5	d.	Reserved 1994-95 Disproportionate	
6		Share Funds	1.6
7			
8		Subtotal	\$616.0
9			
10	e.	Transfer to Savings Reserve Account	77.4
11	f.	Transfer to Reserve for Repair and	
12		Renovations	130.0
13			
14		Ending Fund Balance	\$408.6
15			
16	(2)	Beginning Unrestricted Fund Balance,	
17		July 1, 1996	\$408.6
18			
19	(3)	Revenue collections authorized for	
20		1996-97 by the 1995 General Assembly	
21		in excess of expenditure authorizations	194.3
22			
23	(4)	Projected revenue collections above 1995	
24		Session estimates under existing tax	
25		structure	93.7
26			
27		TOTAL AVAILABILITY	\$696.6

**HIGHWAY FUND AVAILABILITY INCREASE**

Sec. 5.1. Section 5.1 of Chapter 324 of the 1995 Session Laws reads as rewritten:

"Sec. 5.1. The Highway Fund appropriations availability used in developing the 1995-97 Highway Fund budget is shown below:

	<u>1995-96</u>	<u>1996-97</u>
36	Beginning Credit Balance	\$ 19,382,000
37	Estimated Revenue	\$ 20,829,000
38	<u>1,063,180,000</u>	<u>1,046,316,000</u>
39	Reversions:	
40	Financial System Funds	1,300,000
41	Ferry Credit Balance	200,000
42	Capital Improvements	4,112,266
43		



1 **Total Highway Fund**  
 2 **Availability** \$1,048,222,226 \$1,046,316,000  
 3 \$1,084,009,000  
 4

5 Requested by: Representatives Gardner, Hayes

6 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS**  
 7 **CLARIFICATION**

8 Sec. 5.2. Section 6.8 of Chapter 324 of the 1995 Session Laws reads as  
 9 rewritten:

10 "Sec. 6.8. For the 1995-97 fiscal biennium, as it receives funds associated with  
 11 Disproportionate Share Payments from the State ~~psychiatric~~-hospitals, the Division of  
 12 Medical Assistance shall deposit funds appropriated for the Medicaid program in a sum  
 13 equal to the federal share of the Disproportionate Share Payments as nontax revenue.  
 14 Any of these funds that are not appropriated by the General Assembly shall be reserved  
 15 by the State Controller for future appropriation."  
 16

17 Requested by: Holmes, Creech, Esposito

18 **EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND**  
 19 **RENOVATIONS**

20 Sec. 5.3. Of the funds in the Reserve for Repairs and Renovations for the  
 21 1996-97 fiscal year, forty-six percent (46%), shall be allocated to the Board of Governors  
 22 of The University of North Carolina for repairs and renovations pursuant to G.S.143-  
 23 15.3A, in accordance with guidelines developed in The University of North Carolina  
 24 Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the  
 25 Board of Governors of The University of North Carolina; and fifty-four percent (54%)  
 26 shall be allocated to the Office of State Budget and Management for repairs and  
 27 renovations pursuant to G.S. 143-15.3A.

28 Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds  
 29 for the repair and renovation of facilities not supported from the General Fund if the  
 30 Board determines that sufficient funds are not available from other sources and that  
 31 conditions warrant General Fund assistance. Any such finding shall be included in the  
 32 Board's submission to the Joint Legislative Commission on Governmental Operations on  
 33 the proposed allocation of funds.

34 The Board of Governors and the Office of State Budget and Management  
 35 shall submit to the Joint Legislative Commission on Governmental Operations and to the  
 36 Fiscal Research Division of the Legislative Services Office, for their review, the  
 37 proposed allocation of these funds. Subsequent changes in the proposed allocations shall  
 38 be reported prior to expenditure to the Joint Legislative Commission on Governmental  
 39 Operations and to the Fiscal Research Division of the Legislative Services Office.  
 40

41 **PART 6. BLOCK GRANT APPROPRIATIONS**  
 42

43 Requested by: Representatives Mitchell, Weatherly

1 **NER BLOCK GRANT FUNDS**

2 Sec. 6. (a) Appropriations from federal block grant funds are made for the  
3 fiscal year ending June 30, 1997, according to the following schedule:

4  
5 **COMMUNITY DEVELOPMENT BLOCK GRANT**

6			
7	01.	State Administration	\$ 1,000,000
8			
9	02.	Urgent Needs and Contingency	2,177,500
10			
11	03.	Community Empowerment	2,613,000
12			
13	04.	Economic Development	8,710,000
14			
15	05.	Community Revitalization	29,178,500
16			
17	06.	State Technical Assistance	450,000
18			
19	07.	Housing Development	871,000
20			

21 **TOTAL COMMUNITY DEVELOPMENT**  
22 **BLOCK GRANT - 1997 Program Year** \$ 45,000,000

23  
24 **TOTAL JOB TRAINING PARTNERSHIP ACT** \$ 35,796,741

25  
26 **MATERNAL AND CHILD HEALTH BLOCK GRANT**

27			
28	01.	Healthy Mother/Healthy Children	
29		Block Grants to Local Health	
30		Departments	\$ 11,303,377
31			
32	02.	High Risk Maternity Clinic Services,	
33		Perinatal Education and Training, SIDS,	
34		and Consultation/Technical Assistance	1,810,112
35			
36	03.	Services to Children With Special Health	
37		Care Needs	5,065,331
38			
39	04.	Nutrition Services	120,530
40			

41 **TOTAL MATERNAL AND CHILD**  
42 **HEALTH BLOCK GRANT** \$ 18,299,350

## 1 PREVENTIVE HEALTH SERVICES BLOCK GRANT

2			
3	01.	Emergency Medical Services \$	452,375
4			
5	02.	Basic Public Health Services	180,753
6			
7	03.	Hypertension Programs	711,813
8			
9	04.	Statewide Health Promotion Programs	2,568,940
10			
11	05.	Dental Health for Fluoridation	
12		of Water Supplies	210,269
13			
14	06.	Rape Prevention and Rape	
15		Crisis Programs	187,110
16			
17	07.	Rape Prevention and Rape Education	1,335,126
18			
19	08.	AIDS/HIV Education, Counseling,	
20		and Testing	81,001
21			
22	09.	Office of Minority Health and	
23		Minority Health Council	174,915
24			
25	10.	Administrative and Indirect Cost	199,048
26			
27	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$ 6,101,350

28  
29 (b) Decreases in Federal Fund Availability

30 For JTPA and Community Development Block Grants: If federal funds are  
31 reduced below the amounts specified above after the effective date of this act, then every  
32 program in each of these federal block grants shall be reduced by the same percentage as  
33 the reduction in federal funds.

34 For the Maternal and Child Health Services and Preventive Health Services  
35 federal block grants: If federal funds are reduced less than ten percent (10%) below the  
36 amounts specified above after the effective date of this act, then every program in the  
37 Maternal and Child Health Services and in the Preventive Health Services block grants  
38 shall be reduced by the same percentage as the reduction in federal funds. If federal funds  
39 are reduced by ten percent (10%) or more below the amounts specified above after the  
40 effective date of this act, then for the Maternal and Child Health Services and the  
41 Preventive Health Services block grants the Department of Environment, Health, and  
42 Natural Resources shall allocate the decrease in funds after considering the effectiveness  
43 of the current level of services.

1 (c) Increases in Federal Fund Availability

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

4 (1) For the Community Development Block Grant – Each program category  
5 under the Community Development Block Grant shall be increased by  
6 the same percentage as the increase in federal funds.

7 (2) For the Maternal and Child Health Services Block Grant – Thirty  
8 percent (30%) of these additional funds shall be allocated to services for  
9 children with special health care needs and seventy percent (70%) shall  
10 be allocated to local health departments to assist in the reduction of  
11 infant mortality.

12 (3) For the Preventive Health Block Grants – If federal funds are increased  
13 by ten percent (10%) or more, then the Department shall allocate the  
14 increase in funds after considering the effectiveness of the current level  
15 of services and the effectiveness of services to be funded by the  
16 increase. If federal funds are increased by less than ten percent (10%),  
17 then these additional funds may be budgeted by the appropriate  
18 department, with the approval of the Office of State Budget and  
19 Management, provided the resultant increases are in accordance with  
20 federal block grant requirements and are within the scope of the block  
21 grant plan approved by the General Assembly.

22 (d) Changes to budgeted allocations to the Maternal and Child Health Services and  
23 the Preventive Health Services block grants due to increases or decreases in federal funds  
24 shall be reported to the Joint Legislative Commission on Governmental Operations and  
25 the Fiscal Research Division within 30 days of the allocation. All other increases shall be  
26 reported to the Joint Legislative Commission on Governmental Operations and to the  
27 Director of the Fiscal Research Division.

28 (e) Education Setaside of JTPA Funds

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

34 (f) Limitations on Community Development Block Grant Funds

35 Of the funds appropriated in this section for the Community Development  
36 Block Grant, the following shall be allocated in each category for each program year: up  
37 to one million dollars (\$1,000,000) may be used for State administration; up to two  
38 million one hundred seventy-seven thousand five hundred dollars (\$2,177,500) may be  
39 used for Urgent Needs and Contingency; up to two million six hundred thirteen thousand  
40 dollars (\$2,613,000) may be used for Community Empowerment; up to eight million  
41 seven hundred ten thousand dollars (\$8,710,000) may be used for Economic  
42 Development; not less than twenty-nine million one hundred seventy-eight thousand five  
43 hundred dollars (\$29,178,500) shall be used for Community Revitalization; up to four

1 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up  
2 to eight hundred seventy-one thousand dollars (\$871,000) may be used for Housing  
3 Development. If federal block grant funds are reduced or increased by the Congress of  
4 the United States after the effective date of this act, then these reductions or increases  
5 shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.  
6

## 7 PART 7. GENERAL PROVISIONS

8

### 9 CHANGES TO EXECUTIVE BUDGET ACT

10 Sec. 7. (a) G.S. 143-15.2 reads as rewritten:

#### 11 "§ 143-15.2. Use of General Fund credit balance.

12 ~~The State Controller shall reserve up to one-fourth of any unreserved credit balance,~~  
13 ~~as determined on a cash basis, remaining in the General Fund at the end of each fiscal~~  
14 ~~year to the Savings Reserve Account as provided in G.S. 143-15.3, unless that would~~  
15 ~~result in the Savings Reserve Account having funds in excess of five percent (5%) of the~~  
16 ~~amount appropriated the preceding year for the General Fund operating budget, including~~  
17 ~~local government tax-sharing funds; in that case, only funds sufficient to reach the five~~  
18 ~~percent (5%) level shall be reserved. The State Controller shall also reserve the greater of~~  
19 ~~(i) one-fourth of any unreserved credit balance, as determined on a cash basis, remaining~~  
20 ~~in the General Fund and (ii) three percent (3%) of the replacement value of all State~~  
21 ~~buildings supported from the General Fund, at the end of each fiscal year to the Repairs~~  
22 ~~and Renovations Reserve Account as provided in G.S. 143-15.3A. The General~~  
23 ~~Assembly may appropriate that part of the anticipated General Fund credit balance not~~  
24 ~~expected to be reserved to the Savings Reserve Account or the Repairs and Renovations~~  
25 ~~Reserve Account only for capital improvements or other one-time expenditures. As used~~  
26 ~~in this section, the term "unreserved credit balance" means the credit balance amount, as~~  
27 ~~determined on a cash basis, before funds are reserved by the Controller to the Savings~~  
28 ~~Reserve Account or the Repairs and Renovations Reserve Account pursuant to G.S. 143-~~  
29 ~~15.3 and G.S. 143-15.3A.~~

30 (a) The State Controller shall reserve fifty percent (50%) of any unreserved credit  
31 balance, as determined on a cash basis remaining in the General Fund at the end of each  
32 fiscal year.

33 (b) Of the fifty percent (50%) reserved in accordance with subsection (a) of  
34 this section, one-half or the amount required to reach five percent (5%) of the preceding  
35 year's General Fund operating budget, including local government tax-sharing funds if  
36 those funds have been directly appropriated, shall be transferred to the Savings Reserve  
37 Account as provided in G.S. 143-15.3. If the transfer of one-half would result in the  
38 Savings Reserve Account having funds in excess of five percent (5%) of the amount  
39 appropriated the preceding year, the excess shall be available to fund a portion of the  
40 Repairs and Renovations Reserve as provided in G.S. 143-15.3A, if the fifty percent  
41 (50%) reserved for that purpose is insufficient to fund the three percent (3%) of the  
42 replacement value of all State buildings supported from the General Fund. If no portion  
43 of these funds are required to provide the three percent (3%) replacement value of State-

1 owned buildings supported by the General Fund, the excess shall be available for capital  
2 improvements or other one-time expenditures.

3 (c) Of the fifty percent (50%) reserved in accordance with subsection (a) of this  
4 section, one-half or the amount required to reach three percent (3%) of the replacement  
5 value of all State buildings supported from the General Fund shall be transferred to the  
6 Repairs and Renovations Reserve as provided in G.S. 143-15.3A. If the transfer of one-  
7 half would result in the Repairs and Renovations Reserve having funds in excess of the  
8 three percent (3%) replacement value, the excess shall be available for capital  
9 improvements and other one-time expenditures.

10 (d) Any funds not reserved by the State Controller in subsection (a) of this section  
11 may be appropriated by the General Assembly only for capital improvements or other  
12 one-time expenditures."

13 (b) G.S. 143-15.3 reads as rewritten:  
14 **"§ 143-15.3. Savings Reserve Account.**

15 ~~(a) There is established a Savings Reserve Account as a restricted reserve in the~~  
16 ~~General Fund. The State Controller shall reserve to the Savings Reserve Account one-~~  
17 ~~fourth of any unreserved credit balance remaining in the General Fund at the end of each~~  
18 ~~fiscal year until the account contains funds equal to five percent (5%) of the amount~~  
19 ~~appropriated the preceding year for the General Fund operating budget, including local~~  
20 ~~government tax sharing funds. If the balance in the Savings Reserve Account falls below~~  
21 ~~this level during a fiscal year, the State Controller shall reserve to the Savings Reserve~~  
22 ~~Account for the following fiscal years up to one fourth of any unreserved credit balance~~  
23 ~~remaining in the General Fund at the end of each fiscal year until the account again~~  
24 ~~equals five percent (5%) of the amount appropriated the preceding year for the General~~  
25 ~~Fund operating budget, including local government tax sharing funds. As used in this~~  
26 ~~section, the term "unreserved credit balance" means the credit balance amount, as~~  
27 ~~determined on a cash basis, before funds are reserved by the Controller to the Savings~~  
28 ~~Reserve Account or the Repairs and Renovations Reserve Account pursuant to this~~  
29 ~~section and G.S. 143-15.3A.~~

30 (a) There is established a Savings Reserve Account as a restricted General Fund  
31 reserve. The Savings Reserve Account shall be funded in accordance with G.S. 143-  
32 15.2(a) and (b), and the General Assembly may direct that other unappropriated funds be  
33 transferred to this account.

34 (b) The Director may not use funds in the Savings Reserve Account unless the use  
35 has been approved by an act of the General Assembly. As part of the budget presented to  
36 the General Assembly, the Governor shall include a statement showing the transfers into  
37 the Savings Reserve Account, the transfers out of the Savings Reserve Account, and the  
38 fund balance as of the end of the fiscal year."

39 (c) G.S. 143-15A reads as rewritten:  
40 **"§ 143-15.3A. Repairs and Renovations Reserve Account.**

41 ~~(a) There is established a Repairs and Renovations Reserve Account as a restricted~~  
42 ~~reserve in the General Fund. The State Controller shall reserve to the Repairs and~~  
43 ~~Renovations Reserve Account the greater of (i) one fourth of any unreserved credit~~

1 ~~balance as determined on a cash basis, remaining in the General Fund and (ii) three~~  
2 ~~percent (3%) of the replacement value of all State buildings supported from the General~~  
3 ~~Fund, at the end of each fiscal year. As used in this section, the term "unreserved credit~~  
4 ~~balance" means the credit balance amount, as determined on a cash basis, before funds~~  
5 ~~are reserved by the Controller to the Savings Reserve Account or the Repairs and~~  
6 ~~Renovations Reserve Account pursuant to this section and G.S. 143-15.3.~~

7 (a) There is established a Repairs and Renovations Reserve Account as a restricted  
8 General Fund reserve. The Repairs and Renovations Reserve Account shall be funded in  
9 accordance with G.S. 143-15.1, and the General Assembly may direct that other funds be  
10 transferred to this account.

11 (b) The funds in the Repairs and Renovations Reserve Account shall be used  
12 only for the repair and renovation of State facilities and related infrastructure that are  
13 supported from the General Fund. Funds from the Repairs and Renovations Reserve  
14 Account shall be used only for the following types of projects:

- 15 (1) Roof repairs and replacements;
- 16 (2) Structural repairs;
- 17 (3) Repairs and renovations to meet federal and State standards;
- 18 (4) Repairs to electrical, plumbing, and heating, ventilating, and air-  
19 conditioning systems;
- 20 (5) Improvements to meet the requirements of the Americans with  
21 Disabilities Act, 42 U.S.C. § 12101 et seq., as amended;
- 22 (6) Improvements to meet fire safety needs;
- 23 (7) Improvements to existing facilities for energy efficiency;
- 24 (8) Improvements to remove asbestos, lead paint, and other contaminants,  
25 including the removal and replacement of underground storage tanks;
- 26 (9) Improvements and renovations to improve use of existing space;
- 27 (10) Historical restoration;
- 28 (11) Improvements to roads, walks, drives, utilities infrastructure; and
- 29 (12) Drainage and landscape improvements.

30 Funds from the Repairs and Renovations Reserve Account shall not be used for new  
31 construction or the expansion of the footprint of an existing facility unless required in  
32 order to comply with federal or State codes or standards.

33 (c) The Director of the Budget shall not use funds in the Repairs and Renovations  
34 Reserve Account unless the use has been approved by an act of the General Assembly.  
35 As part of the budget presented to the General Assembly, the Governor shall include a  
36 statement showing the status of the Repair and Renovations Reserve Account activity."

37 (d) This section is effective beginning with the 1995-96 fiscal year so as to apply  
38 to the unreserved credit balance at the end of that fiscal year.

## 40 PART 8. GENERAL ASSEMBLY

41  
42 Requested by: Representatives Holmes, Creech, Esposito

43 LEGISLATIVE SERVICES OFFICER POSITION

1       Sec. 8. (a)       G.S. 20-79.5(a) reads as rewritten:

2       "(a)   Plates. – The State government officials listed in this section are eligible for a  
3 special registration plate under G.S. 20-79.4. The plate shall bear the number designated  
4 in the following table for the position held by the official.

6                    Position	Number on Plate	
7 Governor		1
8 Lieutenant Governor		2
9 Speaker of the House of Representatives		3
10 President Pro Tempore of the Senate		4
11 Secretary of State		5
12 State Auditor		6
13 State Treasurer		7
14 Superintendent of Public Instruction		8
15 Attorney General		9
16 Commissioner of Agriculture		10
17 Commissioner of Labor		11
18 Commissioner of Insurance		12
19 Speaker Pro Tempore of the House		13
20 <del>Legislative Administrative Officer</del>		14
21 <u>Legislative Services Officer</u>		
22 Secretary of Administration		15
23 Secretary of Environment, Health, and		
24     Natural Resources		16
25 Secretary of Revenue		17
26 Secretary of Human Resources		18
27 Secretary of Commerce		19
28 Secretary of Correction		20
29 Secretary of Cultural Resources		21
30 Secretary of Crime Control and Public		
31     Safety 22		
32 Governor's Staff		23-29
33 State Budget Officer		30
34 State Personnel Director		31
35 Advisory Budget Commission Nonlegislative		
36     Member 32-41		
37 Chair of the State Board of Education		42
38 President of the U.N.C. System		43
39 Alcoholic Beverage Control Commission		44-46
40 Assistant Commissioners of Agriculture		47-48
41 Deputy Secretary of State		49
42 Deputy State Treasurer		50
43 Assistant State Treasurer		51



1 Deputy Commissioner for the Department of  
 2 Labor 52  
 3 Chief Deputy for the Department of  
 4 Insurance 53  
 5 Assistant Commissioner of Insurance 54  
 6 Deputies and Assistant to the Attorney  
 7 General 55-65  
 8 Board of Economic Development  
 9 Nonlegislative Member 66-88  
 10 State Ports Authority Nonlegislative  
 11 Member 89-96  
 12 Utilities Commission Member 97-104  
 13 Post-Release Supervision and  
 14 Parole Commission Member 105-109  
 15 State Board Member, Commission Member,  
 16 or State Employee Not Named in List 110-200".

- 17 (b) G.S. 120-3.1(a)(3) reads as rewritten:  
 18 "(3) A subsistence allowance for meals and lodging at a daily rate equal to  
 19 the maximum per diem rate for federal employees traveling to Raleigh,  
 20 North Carolina, as set out at 58 Federal Register 67959 (December 22,  
 21 1993), while the General Assembly is in session and, except as  
 22 otherwise provided in this subdivision, while the General Assembly is  
 23 not in session when, with the approval of the Speaker of the House of  
 24 Representatives in the case of Representatives or the President Pro  
 25 Tempore of the Senate in case of Senators, the member is:  
 26 a. Traveling as a representative of the General Assembly or of its  
 27 committees or commissions, or  
 28 b. Otherwise in the service of the State.

29 A member who is authorized to travel, whether in or out of session,  
 30 within the United States outside North Carolina, may elect to receive, in  
 31 lieu of the amount provided in the preceding paragraph, a subsistence  
 32 allowance of twenty-six dollars (\$26.00) a day for meals, plus actual  
 33 expenses for lodging when evidenced by a receipt satisfactory to the  
 34 ~~Legislative Administrative Officer, Legislative Services Officer,~~ the  
 35 latter not to exceed the maximum per diem rate for federal employees  
 36 traveling to the same place, as set out at 58 Federal Register 67950-  
 37 67964 (December 22, 1993) and at 59 Federal Register 23702-23709  
 38 (May 6, 1994)."

- 39 (c) G.S. 120-32.1 reads as rewritten:  
 40 "**§ 120-32.1. Use and maintenance of buildings and grounds.**  
 41 (a) The Legislative Services Commission shall:  
 42 (1) Establish policy for the use of the State legislative buildings and  
 43 grounds;

- 1 (2) Maintain and care for the State legislative buildings and grounds, but
- 2 the Commission may delegate the actual work of the maintenance of
- 3 those buildings and grounds to the Department of Administration, which
- 4 shall perform the work as delegated;
- 5 (3) Provide security for the State legislative buildings and grounds;
- 6 (4) Allocate space within the State legislative buildings and grounds; and
- 7 (5) Have the exclusive authority to assign parking space in the State
- 8 legislative buildings and grounds.

9 (b) The ~~Legislative Administrative Officer~~ Legislative Services Officer shall have  
10 posted the rules adopted by the Legislative Services Commission under the authority of  
11 this section in a conspicuous place in the State Legislative Building and the Legislative  
12 Office Building. The ~~Legislative Administrative Officer~~ Legislative Services Officer  
13 shall have filed a copy of the rules, certified by the chairman of the Legislative Services  
14 Commission, in the office of the Secretary of State and in the office of the Clerk of the  
15 Superior Court of Wake County. When so posted and filed, these rules shall constitute  
16 notice to all persons of the existence and text of the rules. Any person, whether on his  
17 own behalf or for another, or acting as an agent or representative of any person, firm,  
18 corporation, partnership or association, who knowingly violates any of the rules adopted,  
19 posted and filed under the authority of this section is guilty of a Class 1 misdemeanor.  
20 Any person, firm, corporation, partnership or association who combines, confederates,  
21 conspires, aids, abets, solicits, urges, instigates, counsels, advises, encourages or procures  
22 another or others to knowingly violate any of the rules adopted, posted and filed under  
23 the authority of this section is guilty of a Class 1 misdemeanor.

24 (c) The Legislative Services Commission may cause to be removed at the owner's  
25 expense any vehicle parked in the State legislative buildings and grounds in violation of  
26 the rules of the Legislative Services Commission and may cause to be removed any  
27 vehicle parked in any State-owned parking space leased to an employee of the General  
28 Assembly where the vehicle is parked without the consent of the employee to whom the  
29 space is leased.

30 (d) For the purposes of this section, the term 'State legislative buildings and  
31 grounds' means:

- 32 (1) At all times:
  - 33 a. The State Legislative Building and the area between outer walls
  - 34 of the State Legislative Building and the near curblineline of those
  - 35 sections of Jones, Wilmington, Lane, and Salisbury Streets which
  - 36 border land on which the State Legislative Building is situated;
  - 37 b. The Legislative Office Building and the areas between its outer
  - 38 walls and the near curblineline of those sections of Lane and
  - 39 Salisbury Streets that border the land on which it is situated;
  - 40 c. Any State-owned parking lot which is leased to the General
  - 41 Assembly; and
  - 42 d. The bridge between the State Legislative Building and the State
  - 43 Governmental Mall.

1           (2) In addition, the surface area to the far curblineline of those sections of  
2 Jones, Wilmington, Lane, and Salisbury Streets which border the land  
3 on which the State Legislative Building is situated:

4           a. When the General Assembly is in regular or extra session; and

5           b. On other days on which one or more standing committees of  
6 either or both houses of the General Assembly are meeting and  
7 the ~~Legislative Administrative Officer~~ Legislative Services  
8 Officer determines that additional parking is needed for the  
9 functioning of the General Assembly and files notice of the  
10 committee's or committees' meetings and his finding that  
11 additional parking is needed in the office of the Secretary of State  
12 and that of Clerk of the Superior Court of Wake County."

13           (d) G.S. 120-36.6 reads as rewritten:

14 **"§ 120-36.6. Legislative Fiscal Research staff participation.**

15 Legislative fiscal research staff members may attend all meetings of the Advisory  
16 Budget Commission and all hearings conducted by or for the Commission, and may  
17 accompany the Commission to inspect the facilities of the State. The ~~Legislative~~  
18 ~~Administrative Officer~~ Legislative Services Officer shall designate a member of the  
19 Fiscal Research staff, and a member of the General Research or Bill Drafting staff who  
20 may attend all meetings of the Board of Awards and Council of State, unless the Board or  
21 Council has voted to exclude them from the specific meeting, provided that no final  
22 action may be taken while they are so excluded. The Legislative Services Officer and the  
23 Director of Fiscal Research shall be notified of all such meetings, hearings and trips in  
24 the same manner and at the same time as notice is given to members of the Board,  
25 Commission or Council. The Legislative Services Officer and the Director of Fiscal  
26 Research shall be provided with a copy of all reports, memoranda, and other  
27 informational material which are distributed to the members of the Board, Commission,  
28 or Council; these reports, memoranda and materials shall be delivered to the Legislative  
29 Services Officer and the Director of Fiscal Research at the same time that they are  
30 distributed to the members of the Board, Commission, or Council."

31           (e) G.S. 120-70.36 reads as rewritten:

32 **"§ 120-70.36. Staffing.**

33 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as  
34 staff to the Joint Select Committee professional employees of the General Assembly, as  
35 approved by the Legislative Services Commission. Clerical staff shall be assigned to the  
36 Joint Select Committee through the offices of the Supervisor of Clerks of the Senate and  
37 Supervisor of Clerks of the House of Representatives. The expenses of employment of  
38 clerical staff shall be borne by the Joint Select Committee."

39           (f) G.S. 120-70.46 reads as rewritten:

40 **"§ 120-70.46. Staffing.**

41 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as  
42 staff to the Environmental Review Commission professional employees of the General  
43 Assembly, as approved by the Legislative Services Commission. Clerical staff shall be

1 assigned to the Environmental Review Commission through the offices of the Supervisor  
2 of Clerks of the Senate and Supervisor of Clerks of the House of Representatives. The  
3 expenses of employment of clerical staff shall be borne by the Environmental Review  
4 Commission."

5 (g) G.S. 120-70.52(c) reads as rewritten:

6 "(c) The Committee shall be funded by appropriations made to the Highway Trust  
7 Fund and allocated to the Intrastate System projects. Members of the Committee receive  
8 subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may  
9 contract for consultants or hire employees in accordance with G.S. 120-32.02. The  
10 Legislative Services Commission, through the ~~Legislative Administrative Officer,~~  
11 Legislative Services Officer, shall assign professional staff to assist the Committee in its  
12 work. Upon the direction of the Legislative Services Commission, the Supervisors of  
13 Clerks of the Senate and of the House of Representatives shall assign clerical staff to the  
14 Committee. The expenses for clerical employees shall be borne by the Committee."

15 (h) G.S. 120-70.65 reads as rewritten:

16 "**§ 120-70.65. Staffing.**

17 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as  
18 staff to the Commission professional employees of the General Assembly, as approved  
19 by the Legislative Services Commission. Clerical staff shall be assigned to the  
20 Commission through the Offices of the Supervisor of Clerks of the Senate and Supervisor  
21 of Clerks of the House of Representatives. The expenses of employment of clerical staff  
22 shall be borne by the Commission."

23 (i) G.S. 120-70.82(c) reads as rewritten:

24 "(c) Members of the Committee receive subsistence and travel expenses as  
25 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees  
26 in accordance with G.S. 120-32.02. The Legislative Services Commission, through the  
27 ~~Legislative Administrative Officer,~~ Legislative Services Officer, shall assign professional  
28 staff to assist the Committee in its work. Upon the direction of the Legislative Services  
29 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
30 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
31 borne by the Committee."

32 (j) G.S. 120-70.92(c) reads as rewritten:

33 "(c) Members of the Committee receive subsistence and travel expenses as  
34 provided in G.S. 120-3.1. The Legislative Services Commission, through the ~~Legislative~~  
35 ~~Administrative Officer,~~ Legislative Services Officer, shall assign professional staff to  
36 assist the Committee in its work. Upon the direction of the Legislative Services  
37 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
38 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
39 borne by the Committee."

40 (k) G.S. 120-70.95(c) reads as rewritten:

41 "(c) Members of the Committee receive subsistence and travel expenses as  
42 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees  
43 in accordance with G.S. 120-32.02. The Legislative Services Commission, through the

1 ~~Legislative Administrative Officer, Legislative Services Officer,~~ shall assign professional  
2 staff to assist the Committee in its work. Upon the direction of the Legislative Services  
3 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
4 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
5 borne by the Committee."

6 (l) G.S. 120-70.102(c) reads as rewritten:

7 "(c) Members of the Committee receive subsistence and travel expenses as  
8 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees  
9 in accordance with G.S. 120-32.02. The Committee may meet in the Legislative  
10 Building or the Legislative Office Building upon the approval of the Legislative Services  
11 Commission. The Legislative Services Commission, through the ~~Legislative~~  
12 ~~Administrative Officer, Legislative Services Officer,~~ shall assign professional staff to  
13 assist the Committee in its work. Upon the direction of the Legislative Services  
14 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives  
15 shall assign clerical staff to the Committee. The expenses for clerical employees shall be  
16 paid by the Committee."

17 (m) G.S. 143-8 reads as rewritten:

18 **"§ 143-8. Reporting of legislative and judicial expenditures and financial needs.**

19 On or before the first day of September, biennially, in the even-numbered years, the  
20 ~~Legislative Administrative Officer, Legislative Services Officer~~ shall furnish the Director  
21 a detailed statement of expenditures of the General Assembly for the current fiscal  
22 biennium, and an estimate of its financial needs, itemized in accordance with the budget  
23 classification adopted by the Director and approved and certified by the President ~~pro~~  
24 ~~tempore~~ Pro Tempore of the Senate and the Speaker of the House of Representatives for  
25 each year of the ensuing biennium, beginning with the first day of July thereafter. The  
26 Administrative Officer of the Courts shall furnish the Director a detailed statement of  
27 expenditures of the judiciary, and for each year of the current fiscal biennium an estimate  
28 of its financial needs as provided by law, itemized in accordance with the budget  
29 classification adopted by the Director and approved and certified by the Chief Justice for  
30 each year of the ensuing biennium, beginning with the first day of July thereafter. The  
31 Director shall include these estimates and accompanying explanations in the budget  
32 submitted with such recommendations as the Director may desire to make in reference  
33 thereto."

34 (n) G.S. 147-64.12(b) reads as rewritten:

35 "(b) The Auditor shall not conduct an audit on a program or activity for which he  
36 had management responsibility or in which he has been employed during the preceding  
37 two years. The General Assembly shall otherwise provide for the necessary audit of  
38 programs and activities within the meaning of this subsection.

39 If the Auditor's hotline receives a report of allegations of improper governmental  
40 activities in a program or activity that the Auditor is prohibited by this subsection from  
41 auditing, the Hotline Manager shall transmit the report to the ~~Legislative Administrative~~  
42 ~~Officer, Legislative Services Officer~~ or his designee. The report shall retain the same

1 confidentiality after transmittal to the General Assembly that it had in the possession of  
2 the Auditor."

3 (o) All powers, duties, and responsibilities assigned to the Legislative  
4 Administrative Officer of the Legislative Services Commission, including the assignment  
5 of professional and clerical staff to assist in the work of studies and commissions, shall be  
6 transferred to the Legislative Services Officer of the Legislative Services Commission.  
7 All rules and policies of the Legislative Services Commission relating to the Legislative  
8 Administrative Officer shall apply to the Legislative Services Officer unless otherwise  
9 expressly amended or repealed.

## 11 **PART 9. OFFICE OF STATE BUDGET AND MANAGEMENT**

13 Requested by: Representatives Holmes, Creech, Esposito

### 14 **RESERVE FOR MOVING EXPENSE/STATE AGENCIES**

15 Sec. 9. Funds appropriated in this act to the Reserve for State Agency Moving  
16 Expense shall be used to pay for expenses involved in the relocation of State agencies.  
17 The Office of State Budget and Management shall solicit requests for allocations from  
18 this reserve from all agencies moving into the Old Education Building, the New  
19 Education Building, the Old Revenue Building, and any other new building for which  
20 construction will be completed during the 1996-97 fiscal year. The Office of State  
21 Budget and Management shall first allocate funds needed to pay moving expenses and  
22 other costs associated with moving, including telephone lines, data communication lines,  
23 and related equipment. No funds may be expended to furnish new conference rooms,  
24 reception areas, open space, and to add centralized filing systems until all agencies  
25 scheduled to be moved have been relocated.

## 27 **PART 10. DEPARTMENT OF ADMINISTRATION**

29 Requested by: Representatives Ives, Lemmond

### 30 **DOA TO EVALUATE UTILIZATION OF "STATE-OWNED SPACE"**

31 Sec. 10. The Department of Administration shall study and evaluate the  
32 utilization of space in the facilities owned by the State. In its study the Department shall  
33 consider the following: whether prime State office space is being used for storage  
34 purposes rather than offices; which uses of State space do not need to be located in the  
35 Capitol complex and could be located at other less expensive sites; and the merit, if any,  
36 of consolidating agency offices currently sited in various locations into either a single  
37 location or locations that are closer to each other in proximity. The Department shall  
38 also develop a priority list that indicates which uses it is most important to locate in State-  
39 owned space. Cost-effectiveness shall be a major criteria in establishing the priorities.

40 The Department of Administration shall develop a long-term plan to reduce the  
41 State's dependency on leased office space and shall report to the General Assembly no  
42 later than January 1, 1997, regarding the Department's findings, recommendations, and

1 the proposed long-term plan. The report shall also include the priority list developed by  
2 the Department in accordance with this section.

3  
4 Requested by: Representatives Ives, Lemmond

5 **DIRECTOR OF THE BUDGET AND STATE CONSTRUCTION MAY TIME**  
6 **SELECTION OF DESIGNERS AND RELEASE OF DESIGN AND**  
7 **CONSTRUCTION FUNDS TO AVOID INFLATION DUE TO MARKET PRICES**  
8 **BEING INCREASED BY THE NUMBER OF CONTRACTS**

9 Sec. 10.1. G.S. 143-135.26(1) reads as rewritten:

10 "(1) To adopt rules establishing standard procedures and criteria to assure  
11 that the designer selected for each State capital improvement project and  
12 the consultant selected for planning and studies of an architectural and  
13 engineering nature associated with a capital improvement project or a  
14 future capital improvement project has the qualifications and experience  
15 necessary for that capital improvement project or the proposed planning  
16 or study project. The rules shall provide that the State Building  
17 Commission, after consulting with the funded agency, is responsible  
18 and accountable for the final selection of the designer and the final  
19 selection of the consultant except when the General Assembly or The  
20 University of North Carolina is the funded agency. When the General  
21 Assembly is the funded agency, the Legislative Services Commission is  
22 responsible and accountable for the final selection of the designer and  
23 the final selection of the consultant, and when the University is the  
24 funded agency, it shall be subject to the rules adopted hereunder, except  
25 it is responsible and accountable for the final selection of the designer  
26 and the final selection of the consultant. All designers and consultants  
27 shall be selected within 60 days of the date funds are appropriated for a  
28 project by the General Assembly or the date of project authorization by  
29 the Director of the Budget; provided, however, the State Building  
30 Commission may grant an exception to this requirement upon written  
31 request of the funded agency if (i) no site was selected for the project  
32 before the funds were appropriated or (ii) funds were appropriated for  
33 advance planning ~~only~~ only; provided, further, the Director of the  
34 Budget, after consultation with the State Construction Office, may  
35 waive the 60-day requirement for the purpose of minimizing project  
36 costs through increased competition and improvements in the market  
37 availability of qualified contractors to bid on State capital improvement  
38 projects. The Director of the Budget also may, after consultation with  
39 the State Construction Office, schedule the availability of design and  
40 construction funds for capital improvement projects for the purpose of  
41 minimizing project costs through increased competition and  
42 improvements in the market availability of qualified contractors to bid  
43 on State capital improvement projects.

1           The State Building Commission shall submit a written report to the  
2           Joint Legislative Commission on Governmental Operations on the  
3           Commission's selection of a designer for a project within 30 days of  
4           selecting the designer."  
5

6 Requested by: Representatives Ives, Lemmond

7 **REPEAL SUNSET ON THE USE OF FICA SAVINGS TO PAY FOR**  
8 **ADMINISTRATIVE EXPENSES OF THE FLEXIBLE COMPENSATION AND**  
9 **DEPENDENT CARE PROGRAMS SO THAT FICA SAVINGS CAN CONTINUE**  
10 **TO BE USED FOR ADMINISTRATIVE EXPENSES**

11           Sec. 10.2. Section 14(i) of Chapter 1044 of the 1991 Session Laws, as  
12 amended by Section 42 of Chapter 561 of the 1993 Session Laws and Section 7.28A of  
13 Chapter 769 of the 1993 Session Laws, reads as rewritten:

14           "(i) Subsections (a) through (d) of this section are effective January 1, 1990.  
15 Subsections (e) through (h) of this section are effective January 1, 1991. ~~Subsections (a)~~  
16 ~~through (h) of this section shall expire December 31, 1997."~~  
17

18 Requested by: Representatives Ives, Lemmond

19 **MOTOR FLEET MANAGEMENT MODIFICATIONS**

20           Sec. 10.3. Subsubdivision (8)7a. of G.S. 143-341 reads as rewritten:

21           "7a. To adopt with the approval of the Governor and to enforce  
22 rules and to coordinate State policy regarding (i) the  
23 permanent assignment of state-owned passenger motor  
24 vehicles and (ii) the use of and reimbursement for those  
25 vehicles for the limited commuting permitted by this  
26 subdivision. For the purpose of this subdivision 7a, 'state-  
27 owned passenger motor vehicle' includes any state-owned  
28 passenger motor vehicle, whether or not owned,  
29 maintained or controlled by the Department of  
30 Administration, and regardless of the source of the funds  
31 used to purchase it. Notwithstanding the provisions of  
32 G.S. 20-190 or any other provisions of law, all state-  
33 owned passenger motor vehicles are subject to the  
34 provisions of this subdivision 7a; no permanent  
35 assignment shall be made and no one shall be exempt  
36 from payment of reimbursement for commuting or from  
37 the other provisions of this subdivision 7a except as  
38 provided by this subdivision 7a. Commuting, as defined  
39 and regulated by this subdivision, is limited to those  
40 specific cases in which the Secretary has received and  
41 accepted written justification, verified by historical data.  
42 The Department shall not assign any state-owned motor



1 vehicle that may be used for commuting other than those  
2 authorized by the procedure prescribed in this subdivision.

3 A State-owned passenger motor vehicle shall not be  
4 permanently assigned to an individual who is likely to  
5 drive it on official business at a rate of less than 3,150  
6 miles per quarter unless (i) the individual's duties are  
7 routinely related to public safety or (ii) the individual's  
8 duties are likely to expose the individual routinely to life-  
9 threatening situations. A State-owned passenger motor  
10 vehicle shall also not be permanently assigned to an  
11 agency that is likely to drive it on official business at a  
12 rate of less than 3,150 miles per quarter unless the agency  
13 can justify to the Division of Motor Fleet Management the  
14 need for permanent assignment because of the unique use  
15 of the vehicle. Each agency, other than the Department of  
16 Transportation, that has a vehicle assigned to it or has an  
17 employee to whom a vehicle is assigned shall submit a  
18 quarterly report to the Division of Motor Fleet  
19 Management on the miles driven during the quarter by the  
20 assigned vehicle. The Division of Motor Fleet  
21 Management shall review the report to verify that each  
22 motor vehicle has been driven at the minimum allowable  
23 rate. If it has not and if the department by whom the  
24 individual to which the car is assigned is employed or the  
25 agency to which the car is assigned cannot justify the  
26 lower mileage for the quarter, the permanent assignment  
27 shall be revoked immediately. The Department of  
28 Transportation shall submit an annual report to the  
29 Division of Motor Fleet Management on the miles driven  
30 during the year by vehicles assigned to the Department or  
31 to employees of the Department. If a vehicle included in  
32 this report has not been driven at least 12,600 miles during  
33 the year, the Department of Transportation shall review  
34 the reasons for the lower mileage and decide whether to  
35 terminate the assignment. The Division of Motor Fleet  
36 Management may not revoke the assignment of a vehicle  
37 to the Department of Transportation or an employee of  
38 that Department for failure to meet the minimum mileage  
39 requirement unless the Department of Transportation  
40 consents to the revocation.

41 Every individual who uses a State-owned passenger  
42 motor vehicle, pickup truck, or van to drive between the  
43 individual's official work station and his or her home,

1 shall reimburse the State for these trips at a rate computed  
2 by the Department. This rate shall approximate the benefit  
3 derived from the use of the vehicle as prescribed by  
4 federal law. Reimbursement shall be for 20 days per  
5 month regardless of how many days the individual uses  
6 the vehicle to commute during the month. Reimbursement  
7 shall be made by payroll deduction. Funds derived from  
8 reimbursement on vehicles owned by the Motor Fleet  
9 Management Division shall be deposited to the credit of  
10 the Division; funds derived from reimbursements on  
11 vehicles initially purchased with appropriations from the  
12 Highway Fund and not owned by the Division shall be  
13 deposited in a Special Depository Account in the  
14 Department of Transportation, which shall revert to the  
15 Highway Fund; funds derived from reimbursement on all  
16 other vehicles shall be deposited in a Special Depository  
17 Account in the Department of Administration which shall  
18 revert to the General Fund. Commuting, for purposes of  
19 this paragraph, does not include those individuals whose  
20 office is in their home, as determined by the Department  
21 of Administration, Division of Motor Fleet Management.  
22 Also, this paragraph does not apply to the following  
23 vehicles: (i) clearly marked police and fire vehicles, (ii)  
24 delivery trucks with seating only for the driver, (iii)  
25 flatbed trucks, (iv) cargo carriers with over a 14,000  
26 pound capacity, (v) school and passenger buses with over  
27 20 person capacities, (vi) ambulances, ~~(vii) hearses,~~ (viii)  
28 bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi)  
29 cement mixers, (xii) dump trucks, (xiii) garbage trucks,  
30 (xiv) specialized utility repair trucks (except vans and  
31 pickup trucks), (xv) tractors, (xvi) unmarked law-  
32 enforcement vehicles that are used in undercover work  
33 and are operated by full-time, fully sworn law-  
34 enforcement officers whose primary duties include  
35 carrying a firearm, executing search warrants, and making  
36 arrests, and (xvii) any other vehicle exempted under  
37 Section 274(d) of the Internal Revenue Code of 1954, and  
38 Federal Internal Revenue Services regulations based  
39 thereon. The Department of Administration, Division of  
40 Motor Fleet Management, shall report quarterly to the  
41 Joint Legislative Commission on Governmental  
42 Operations and to the Fiscal Research Division of the  
43 Legislative Services Office on individuals who use State-

1 owned passenger motor vehicles, pickup trucks, or vans  
2 between their official work stations and their homes, who  
3 are not required to reimburse the State for these trips.

4 The Department of Administration shall revoke the  
5 assignment or require the Department owning the vehicle  
6 to revoke the assignment of a State-owned passenger  
7 motor vehicle, pickup truck or van to any individual who:

- 8 I. Uses the vehicle for other than official business  
9 except in accordance with the commuting rules;
- 10 II. Fails to supply required reports to the Department  
11 of Administration, or supplies incomplete reports,  
12 or supplies reports in a form unacceptable to the  
13 Department of Administration and does not cure  
14 the deficiency within 30 days of receiving a request  
15 to do so;
- 16 III. Knowingly and willfully supplies false information  
17 to the Department of Administration on  
18 applications for permanent assignments,  
19 commuting reimbursement forms, or other required  
20 reports or forms;
- 21 IV. Does not personally sign all reports on forms  
22 submitted for vehicles permanently assigned to him  
23 or her and does not cure the deficiency within 30  
24 days of receiving a request to do so;
- 25 V. Abuses the vehicle; or
- 26 VI. Violates other rules or policy promulgated by the  
27 Department of Administration not in conflict with  
28 this act.

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

33 The Department of Administration, with the approval  
34 of the Governor, may delegate, or conditionally delegate,  
35 to the respective heads of agencies which own passenger  
36 motor vehicles or to which passenger motor vehicles are  
37 permanently assigned by the Department, the duty of  
38 enforcing all or part of the rules adopted by the  
39 Department of Administration pursuant to this subdivision  
40 7a. The Department of Administration, with the approval  
41 of the Governor, may revoke this delegation of authority.

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

4 Notwithstanding the provisions of this section and G.S.  
5 14-247, the Department of Administration may allow the  
6 organization sanctioned by the Governor's Council on  
7 Physical Fitness to conduct the North Carolina State  
8 Games to use State trucks and vans for the State Games of  
9 North Carolina. The Department of Administration shall  
10 not charge any fees for the use of the vehicles for the State  
11 Games. The State shall incur no liability for any damages  
12 resulting from the use of vehicles under this provision.  
13 The organization that conducts the State Games shall  
14 carry liability insurance of not less than one million  
15 dollars (\$1,000,000) covering such vehicles while in its  
16 use and shall be responsible for the full cost of repairs to  
17 these vehicles if they are damaged while used for the State  
18 Games."

## 19 20 **PART 11. DEPARTMENT OF CULTURAL RESOURCES**

21  
22 Requested by: Representatives Lemmond, Ives

### 23 **RESERVE FUNDS MAY BE USED FOR MUSEUM OF THE ALBEMARLE OR** 24 **OTHER ALBEMARLE AREA HISTORIC SITES**

25 Sec. 11. Of the funds appropriated in Section 2 of Chapter 324 of the 1995  
26 Session Laws to the Department of Cultural Resources, the sum of forty-seven thousand  
27 eight hundred eighty-seven dollars (\$47,887) which is in reserve in the budget of the  
28 Department of Cultural Resources for the 1996-97 fiscal year may be used either for the  
29 Museum of the Albemarle or for other Albemarle area historic sites.

30  
31 Requested by: Representative Culpepper

### 32 **ROANOKE ISLAND HISTORICAL ASSOCIATION**

33 Sec. 11.1 G.S. 143-200 reads as rewritten:

#### 34 **"§ 143-200. Members of board of directors; terms; appointment.**

35 The governing body of said Association shall be a board of directors consisting of the  
36 Governor of the State, the Attorney General and the Secretary of Cultural Resources as  
37 ex officio members, and the following 21 members: J. Spencer Love, Greensboro; Miles  
38 Clark, Elizabeth City; Mrs. Richard J. Reynolds, Winston-Salem; D. Hiden Ramsey,  
39 Asheville; Mrs. Charles A. Cannon, Concord; Dr. Fred Hanes, Durham; Mrs. Frank P.  
40 Graham, Chapel Hill; Bishop Thomas C. Darst, Wilmington; W. Dorsey Pruden,  
41 Edenton; John A. Buchanan, Durham; William B. Rodman, Jr., Washington; J. Melville  
42 Broughton, Raleigh; Melvin R. Daniels, Manteo; Paul Green, Chapel Hill; Samuel  
43 Selden, Chapel Hill; R. Bruce Etheridge, Manteo; Theodore S. Meekins, Manteo; Roy L.

1 Davis, Manteo; M. K. Fearing, Manteo; A. R. Newsome, Chapel Hill. The members of  
2 said board of directors herein named other than the ex officio members, shall serve for a  
3 term of two years and until their successors are appointed. Appointments thereafter shall  
4 be made by the membership of the Association in regular annual meeting or special  
5 meeting called for such ~~purpose, and in purpose.~~ In the event the Association through its  
6 membership should fail to make such appointments, then the appointments shall be made  
7 by the Governor of the State. If a vacancy occurs between annual meetings, the board of  
8 directors may fill the vacancy until the next annual meeting. All vacancies ~~Vacancies~~  
9 occurring on the board of directors not filled by the board of directors within 30 days of  
10 the vacancy shall be filled by the Governor of the State."

11  
12 Requested by: Representatives Ives, Lemmond

13 **DEPARTMENT OF CULTURAL RESOURCES TO REVIEW ADMISSION**  
14 **RATES FOR HISTORIC SITES**

15 Sec. 11.2. The Department of Cultural Resources shall review the admission  
16 fees and concession prices charged at each historic site. The Department shall evaluate  
17 on a site-by-site basis whether those charges are competitive with the admission fees and  
18 concession prices charged at other historic sites and how an increase in prices would  
19 impact visitation of each site. The Department of Cultural Resources shall report its  
20 findings and recommendations to the 1997 General Assembly.

21  
22 **PART 11A. DEPARTMENT OF INSURANCE**

23  
24 Requested by: Representatives Ives, Lemmond

25 **BUILDING CODE RECEIPTS**

26 Sec. 11A. Section 13 of Chapter 324 of the 1995 Session Laws reads as  
27 rewritten:

28 "Sec. 13. Departmental receipts realized by the Department of Insurance in excess of  
29 amounts approved for expenditure by the General Assembly, as adjusted by the Office of  
30 State Budget and Management to reflect the distribution of statewide reserves, shall  
31 revert to the General Fund at the end of each fiscal year. This section shall not apply to  
32 receipts realized by the Department for the sale of copies of the State building code,  
33 except that unspent building code receipts shall revert to the General Fund at the end of  
34 each fiscal year."

35  
36 **PART 12. STATE BOARD OF ELECTIONS**

37  
38 Requested by: Representatives Lemmond, Ives

39 **COUNTIES PRINT ALL BALLOTS**

40 Sec. 12. (a) G.S. 163-108(b) reads as rewritten:

41 "(b) No later than 10 days after the time for filing notices of candidacy under the  
42 provisions of G.S. 163-106(c) has expired, the chairman of the State Board of Elections  
43 shall certify to the chairman of the county board of elections in each county in the

1 appropriate district the names of candidates for nomination to the following offices who  
2 have filed the required notice and pledge and paid the required filing fee to the State  
3 Board of Elections, so that their names may be printed on the official ~~county~~ ballots:  
4 ~~Superior court judge, district court judge, and district attorney. United States Senator,~~  
5 ~~Member of the House of Representatives of the United States, Governor, and all other~~  
6 ~~State offices."~~

7 (b) G.S. 163-109 reads as rewritten:

8 **"§ 163-109. Primary ballots; printing and distribution.**

9 (a) General. – In primary elections there shall be as many kinds of official State,  
10 district, and county ballots as there are legally recognized political parties, members of  
11 which have filed notice of their candidacy for nomination. The ballots for each political  
12 party shall be printed to conform to the requirements of G.S. 163-140(c) and to show the  
13 party's name, the name of each party member who has filed notice of candidacy, and the  
14 office for which each aspirant is a candidate.

15 Only those who have filed the required notice of candidacy and pledge with the  
16 proper board of elections, and who have paid the required filing fee, shall have their  
17 names printed on the official ballots of the political party with which affiliated.

18 ~~(b) Ballots to Be Furnished by State Board of Elections. — It shall be the duty of~~  
19 ~~the State Board of Elections to print official ballots for each political party having~~  
20 ~~candidates for the following offices to be voted for in the primary:~~

21 ~~United States Senator,~~

22 ~~Member of the House of Representatives of the United States Congress,~~

23 ~~Governor, and~~

24 ~~All other State offices, except superior court judge, district court judge, and district~~  
25 ~~attorney.~~

26 ~~In its discretion, the State Board of Elections may print separate primary ballots for~~  
27 ~~each of these offices, or it may combine some or all of them on a single ballot.~~

28 ~~At least 60 days before the date of the primary, the State Board of Elections shall~~  
29 ~~deliver a sufficient number of these ballots to each county board of elections. The~~  
30 ~~chairman of the county board of elections shall furnish the chairman of the State Board of~~  
31 ~~Elections with a written receipt for the ballots delivered to him within two days after their~~  
32 ~~receipt.~~

33 (c) Ballots to Be Furnished by County Board of Elections. – It shall be the duty of  
34 the county board of elections to print official ballots for each political party having  
35 candidates for the following offices to be voted for in the primary:

36 United States Senator,

37 Member of the House of Representatives of the United

38 States Congress, Governor,

39 All other State offices,

40 ~~Superior court judge,~~

41 ~~District court judge,~~

42 ~~District attorney,~~

43 ~~State Senator,~~



1  
2 State Senator in a single- | County executive committee  
3 county senatorial district | of political party in which  
4 Member of State House of | vacancy occurs, provided, in  
5 Representatives in a | the case of the State  
6 single-county | Senator or State  
7 representative district | Representative in a  
8 Any elective county office | single-county district where  
9 | not all the county is  
10 | located in that district,  
11 | then in voting, only those  
12 | members of the county  
13 | executive committee who  
14 | reside within the  
15 | district shall vote  
16  
17 Judge of Superior Court in a | County executive committee  
18 single-county superior | of political party in  
19 court district where the | which vacancy occurs;  
20 district is the whole | provided, in the case of  
21 county or part of the | a superior court judge in a  
22 county single-county district where  
23 | not all the county is  
24 | located in that district,  
25 | then in voting, only those  
26 | members of the county  
27 | executive committee who  
28 | reside within the  
29 | district shall vote  
30  
31 Judge of Superior Court in a | Appropriate district  
32 multi-county superior | executive committee of  
33 court district | political party in which  
34 | vacancy occurs.  
35 The party executive making a nomination in accordance with the provisions of this  
36 section shall certify the name of its nominee to the chairman of the board of elections,  
37 State or county, charged with the duty of ~~printing the ballots on which the name is to~~  
38 ~~appear.~~ certifying notices of candidacy for the office under G.S. 163-108. If at the time a  
39 nomination is made under this section the general election ballots have already been  
40 printed, the provisions of G.S. 163-139 shall apply. If any person nominated as a  
41 candidate of a political party vacates such nomination and such vacancy arises from a  
42 cause other than death and the vacancy in nomination occurs more than 120 days before  
43 the general election, the vacancy in nomination may be filled under this section only if



1 the appropriate executive committee certifies the name of the nominee in accordance with  
2 this paragraph at least 75 days before the general election.

3 In a county which is partly in a multi-county superior court district, in choosing that  
4 county's member or members of the superior court district executive committee for the  
5 multi-county district, only the county convention delegates or county executive  
6 committee members who reside within the area of the county which is within that multi-  
7 county district may vote.

8 In a county not all of which is located in one congressional district, in choosing the  
9 congressional district executive committee member or members from that area of the  
10 county, only the county convention delegates or county executive committee members  
11 who reside within the area of the county which is within the congressional district may  
12 vote.

13 In a county which is partly in a multi-county senatorial district or which is partly in a  
14 multi-county House of Representatives district, in choosing that county's member or  
15 members of the senatorial district executive committee or House of Representatives  
16 district executive committee for the multi-county district, only the county convention  
17 delegates or county executive committee members who reside within the area of the  
18 county which is within that multi-county district may vote."

19 (d) G.S. 163-136(b) as amended by Section 14 of Chapter 324 of the Session Laws  
20 of 1995 reads as rewritten:

21 "(b) Printing and Distribution. – The printing and distribution of ballots shall be  
22 arranged, handled, and paid for as follows:

23 (1) For municipal elections, primaries, and referenda, by the municipal  
24 authorities conducting the election, primary, or referendum, at the  
25 expense of the municipality.

26 (2) For ~~county, single-county district, and legislative district~~ all elections,  
27 primaries, and referenda, not specified in the preceding subdivision, by  
28 the responsible county board of elections, at the expense of the county.

29 (3) ~~For all elections, primaries, and referenda not specified in the two~~  
30 ~~preceding subdivisions, by the State Board of Elections, at the expense~~  
31 ~~of the State.~~

32 ~~Provided, that the State Board of Elections, in its discretion, may direct~~  
33 ~~some or all counties to print the ballots required by this subdivision~~  
34 ~~under the supervision of the State Board of Elections. If the State Board~~  
35 ~~of Elections prints and distributes the ballots required by this~~  
36 ~~subdivision at the expense of the State, the State Board shall establish~~  
37 ~~contracts through competition pursuant to Article 3 of Chapter 143 of~~  
38 ~~the General Statutes for printing and distribution of all ballots, abstracts~~  
39 ~~and precinct return forms."~~

40 (e) G.S. 163-137(b) is repealed.

41 (f) G.S. 163-139(a) reads as rewritten:

42 "(a) Before General or Special Election. – After the official ballots for a general or  
43 special election have been printed by the ~~proper~~ county elections board, the death,

1 resignation, or disqualification of a candidate whose name appears on the official ballots  
2 shall not require that the ballots be reprinted, although the ~~responsible board of elections~~  
3 State Board of Elections may ~~have order~~ the ballots reprinted if it desires to do so.

4 If a candidate dies, resigns, or otherwise becomes disqualified after his name has been  
5 printed on an official general or special election ballot, and if a nomination has been  
6 made to fill the vacancy as authorized by G.S. 163-114, the name of the substituted  
7 nominee shall not appear on the official ballots unless the responsible board of elections  
8 decides that it is feasible and advisable to reprint the ballots to show the name of the  
9 substituted nominee. If the ballots are not reprinted, a vote cast for the candidate whose  
10 name is printed on the ballot shall be counted as a vote for the substituted candidate  
11 whose name has been certified to the appropriate board of elections under the provisions  
12 of G.S. 163-114."

13 (g) G.S. 163-140(a) reads as rewritten:

14 "(a) Kinds of General Election Ballots; Right to Combine. – For purposes of  
15 general elections, there shall be seven kinds of official ballots entitled:

- 16 (1) Ballot for presidential electors
- 17 (2) Ballot for United States Senator
- 18 (3) Ballot for member of the United States House of Representatives
- 19 (4) State ballot
- 20 (5) County ballot
- 21 (6) Repealed by Session Laws 1973, c. 793, s. 56.
- 22 (7) Ballot for constitutional amendments and other propositions submitted  
23 to the people.

24 Use of official ballots shall be limited to the purposes indicated by their titles. The  
25 printing on all ballots shall be plain and legible but, unless large type is specified by this  
26 section, type larger than 10-point shall not be used in printing ballots. All general election  
27 ballots shall be prepared in such a way as to leave sufficient blank space beneath each  
28 name printed thereon in which a voter may conveniently write the name of any person for  
29 whom he may desire to vote.

30 Unless prohibited by this section, the ~~county board of elections, State or county,~~  
31 elections charged by law with printing ballots may, in its discretion, combine any two or  
32 more official ballots. Whenever two or more ballots are combined, the voting instructions  
33 for the State ballot set out in subsection (b)(4) of this section shall be used, except that if  
34 the two ballots being combined do not contain a multi-seat race, then the second sentence  
35 of instruction b. shall not appear on the ballot.

36 Contests in the general election for seats in the State House of Representatives and  
37 State Senate shall be on ballots that are separate from ballots containing non-legislative  
38 contests, except where the voting system used makes separation of ballots impractical.  
39 State House and State Senate contests shall be on the same ballot, unless one is a single-  
40 seat contest and the other a multi-seat contest.

41 If the ~~State Board of Elections~~ county board of elections divides the State ballot into  
42 two or more ballots, all candidates for superior court shall appear on the same ballot  
43 except that the ~~State Board of Elections~~ county board of elections may divide the election

1 of superior court judges into two ballots either because of length of the ballot or to  
2 provide a separate ballot for multi-seat races but only superior court judges shall be on  
3 those ballots, and all candidates for the Appellate Division shall appear on the same  
4 ballot."

5 (h) G.S. 163-140(b)(1) reads as rewritten:

6 "(1) Ballot for Presidential Electors: On the ballot for presidential electors  
7 there shall be printed, under the titles of the offices, the names of the  
8 candidates for President and Vice-President of the United States  
9 nominated by each political party qualified under the provisions of G.S.  
10 163-96, and the names of the unaffiliated candidates for President and  
11 Vice-President qualified under the provisions of G.S. 163-122 and G.S.  
12 163-209. A separate column shall be assigned to each political party  
13 with candidates on the ballot, and a separate column shall be assigned to  
14 each pair of unaffiliated candidates for President and Vice-President, if  
15 any, and the columns shall be separated by distinct black lines. At the  
16 head of each party column the party name shall be printed in large type  
17 and below it a circle, one-half inch in diameter, and below the circle the  
18 names of the party's candidates for President and Vice-President in that  
19 order. At the head of the columns for unaffiliated candidates shall be  
20 printed in large type the words 'Unaffiliated Candidates', and below it a  
21 circle, one-half inch in diameter, and below the circle the names of a  
22 pair of unaffiliated candidates for President and Vice-President. On the  
23 face of the ballot, above the party column division, the following  
24 instructions shall be printed in heavy black type:

- 25 a. To vote this ballot, make a cross (X) mark in the circle below the  
26 name of the political party for whose candidates you wish to vote  
27 or below the heading for the unaffiliated candidates for whom  
28 you wish to vote.
- 29 b. A vote for the names of a political party's candidates for  
30 President and Vice-President is a vote for the electors of that  
31 party, and a vote for the names of unaffiliated candidates for  
32 President and Vice-President is a vote for electors named by the  
33 unaffiliated candidate for President, the names of whom are on  
34 file with the Secretary of State.
- 35 c. If you tear or deface or wrongly mark this ballot, return it and get  
36 another.

37 On the bottom of the ballot shall be printed an identified facsimile of the  
38 signature of the ~~Chairman of the State Board of Elections.~~ chairman of  
39 the county board of elections.

40 The official ballot for presidential electors shall not be combined  
41 with any other official ballots."

42 (i) G.S. 163-140(b)(2) reads as rewritten:

1           "(2) Ballot for United States Senator: Beneath the title and general  
2 instructions set out in this subsection, the ballot for United States  
3 Senator shall be divided into parallel columns separated by distinct  
4 black lines. The ~~State Board of Elections~~ county board of elections shall  
5 assign a separate column to each political party having a candidate for  
6 the office and one to unaffiliated candidates, if any. At the head of each  
7 party column the party's name shall be printed in large type, and at the  
8 head of the column for unaffiliated candidates shall be printed in large  
9 type the words 'Unaffiliated Candidates.' The name of each political  
10 party's candidate for United States Senator shall be printed in the  
11 appropriate party column, and the names of unaffiliated candidates for  
12 the office shall be printed in the column headed 'Unaffiliated  
13 Candidates.' At the left of each name shall be printed a voting square,  
14 and in each column all voting squares shall be arranged in a  
15 perpendicular line. On the face of the ballot, above the party and  
16 unaffiliated column division, the following instructions shall be printed  
17 in heavy black type:

- 18           'a.     Vote for only one candidate.  
19           b.     If you tear or deface or wrongly mark this ballot, return it and get  
20                 another.'

21                 On the bottom of the ballot shall be printed an identified facsimile of  
22 the signature of the ~~Chairman of the State Board of Elections~~ chairman  
23 of the county board of elections.

24                 When the ballot for United States Senator is combined with a ballot  
25 for another office, below the party name in each column shall be printed  
26 a circle, one-half inch in diameter, around which shall be plainly printed  
27 the following instruction: 'For a straight ticket, mark within this circle.'  
28 The following instructions, in lieu of those specified in the preceding  
29 paragraph, shall be printed in heavy black type on the face of the  
30 combined ballot to the top above the party and unaffiliated column  
31 division:

- 32           'a.     To vote for all candidates of one party (a straight ticket), make a  
33                 cross (X) mark in the circle of the party for whose candidates you  
34                 wish to vote.  
35           b.     You may vote a split ticket by marking a cross (X) mark in the  
36                 party circle and then making a cross (X) mark in the square  
37                 opposite the name of the candidate(s) of a different party for  
38                 whom you wish to vote.  
39           c.     You may also vote a split ticket by not marking a cross (X) mark  
40                 in the party circle, but by making a cross (X) mark in the square  
41                 opposite the name of each candidate for whom you wish to vote.  
42           d.     If you tear or deface or wrongly mark this ballot, return it and get  
43                 another.'"

1 (j) G.S. 163-140(b)(3) reads as rewritten:

2 "(3) Ballot for Member of the United States House of Representatives:  
3 Beneath the title and general instructions set out in this subsection, the  
4 congressional district ballot for member of the United States House of  
5 Representatives shall be divided into parallel columns separated by  
6 distinct black lines. The ~~State Board of Elections~~ county board of  
7 elections shall assign a separate column to each political party having a  
8 candidate for the office and one to unaffiliated candidates, if any. At the  
9 head of each party column the party's name shall be printed in large  
10 type, and at the head of the column for unaffiliated candidates shall be  
11 printed in large type the words 'Unaffiliated Candidates.' The name of  
12 each political party's candidate for member of the United States House  
13 of Representatives from the congressional district shall be printed in the  
14 appropriate party column, and the names of unaffiliated candidates for  
15 the office shall be printed in the column headed 'Unaffiliated  
16 Candidates.' At the left of each name shall be printed a voting square,  
17 and in each column all voting squares shall be arranged in a  
18 perpendicular line. On the face of the ballot, above the party and  
19 unaffiliated column division, the following instructions shall be printed  
20 in heavy black type:

21 'a. Vote for only one candidate.

22 b. If you tear or deface or wrongly mark this ballot, return it and get  
23 another.'

24 On the bottom of the ballot shall be printed an identified facsimile of  
25 the signature of the ~~Chairman of the State Board of Elections~~ chairman  
26 of the county board of elections.

27 When the ballot for member of the United States House of  
28 Representatives is combined with a ballot for another office, below the  
29 party name in each column shall be printed a circle, one-half inch in  
30 diameter, around which shall be plainly printed the following  
31 instruction: 'For a straight ticket, mark within this circle.' The following  
32 instructions, in lieu of those specified in the preceding paragraph, shall  
33 be printed in heavy black type on the face of the combined ballot at the  
34 top above the party and unaffiliated column division:

35 'a. To vote for all candidates of one party (a straight ticket), make a  
36 cross (X) mark in the circle of the party for whose candidates you  
37 wish to vote.

38 b. You may vote a split ticket by marking a cross (X) mark in the  
39 party circle and then making a cross (X) mark in the square  
40 opposite the name of the candidate(s) of a different party for  
41 whom you wish to vote.

- 1 c. You may also vote a split ticket by not marking a cross (X) mark  
2 in the party circle, but by making a cross (X) mark in the square  
3 opposite the name of each candidate for whom you wish to vote.  
4 d. If you tear or deface or wrongly mark this ballot, return it and get  
5 another."

6 (k) G.S. 163-140(b)(4) reads as rewritten:

7 "(4) State Ballot: Beneath the title and general instructions set out in this  
8 subsection, the ballot for single-seat contests for State officers, and for  
9 all State officers where mechanical voting machines are used (including  
10 judges of the superior court) shall be divided into parallel columns  
11 separated by distinct black lines. The ~~State Board of Elections~~ county  
12 board of elections shall assign a separate column to each political party  
13 having candidates for State offices and one to unaffiliated candidates, if  
14 any. At the head of each party column the party's name shall be printed  
15 in large type, and at the head of the column for unaffiliated candidates  
16 shall be printed in large type the words 'Unaffiliated Candidates.' Below  
17 the party name in each column shall be printed a circle, one-half inch in  
18 diameter, around which shall be plainly printed the following  
19 instruction: 'For a straight ticket, mark within this circle.' With distinct  
20 black lines, the ~~State Board of Elections~~ county board of elections shall  
21 divide the columns into horizontal sections and, in the customary order  
22 of office, assign a separate section to each office or group of offices to  
23 be filled. On a single line at the top of each section shall be printed a  
24 direction as to the number of candidates for whom a vote may be cast. If  
25 candidates are to be chosen for different terms to the same office, the  
26 term in each instance shall be printed as part of the title of the office.

27 The name or names of each political party's candidate or candidates  
28 for each office listed on the ballot shall be printed in the appropriate  
29 office section of the proper party column, and the names of unaffiliated  
30 candidates shall be printed in the appropriate office section of the  
31 column headed 'Unaffiliated Candidates.' At the left of each name shall  
32 be printed a voting square, and in each column all voting squares shall  
33 be arranged in a perpendicular line.

34 On the face of the ballot, above the party and unaffiliated column  
35 division, the following instructions shall be printed in heavy black type,  
36 and the words 'you must also' in instruction c. shall be underlined:

- 37 'a. To vote for all candidates of one party (a straight ticket), make a  
38 cross (X) mark in the circle of the party for whose candidates you  
39 wish to vote.  
40 b. You may vote a split ticket by not marking a cross (X) mark in  
41 the party circle, but by making a cross (X) mark in the square  
42 opposite the name of each candidate for whom you wish to vote.

- 1 c. You may also vote a split ticket by marking a cross (X) mark in  
2 the party circle and then making a cross (X) mark in the square  
3 opposite the name of any candidate you choose of a different  
4 party. In any multi-seat race where a party circle is marked and  
5 you vote for candidates of another party, you must also make a  
6 cross (X) mark opposite the name of any candidate you choose of  
7 the party for which you marked the party circle to assure your  
8 vote will count.
- 9 d. If you tear or deface or wrongly mark this ballot, return it and get  
10 another.'

11 On the bottom of the ballot shall be printed an identified  
12 facsimile of the signature of the ~~Chairman of the State Board of~~  
13 ~~Elections.~~ chairman of the county board of elections. If the State  
14 ballot contains no multi-seat race, then the second sentence of  
15 instruction b. shall not appear on the ballot."

16 (l) G.S. 163-140(b)(7) reads as rewritten:

17 "(7) Ballot for Constitutional Amendments and Other Propositions  
18 Submitted to the People: The form of ballot used in submitting a  
19 constitutional amendment or other proposition or issue to the voters of  
20 the entire State shall be prepared by the State Board of Elections and  
21 approved by the Attorney General. The form of ballot used in  
22 submitting propositions and issues to the voters of a single county or  
23 subdivision shall be prepared by the county board of elections. In a  
24 referendum the issue presented to the voters with respect to each  
25 constitutional amendment, question, or proposition, shall be printed in  
26 the form laid down by the General Assembly or other body submitting  
27 it. If more than one amendment, question, or proposition is submitted on  
28 a single ballot, each shall be printed in a separate section, and the  
29 sections shall be numbered consecutively. On the face of the ballot,  
30 above the issue or issues being submitted, shall be printed instructions  
31 for marking the voter's choice, in addition to the following instruction:  
32 'If you tear or deface or wrongly mark this ballot, return it and get  
33 another.' On the bottom of the ballot shall be printed an identified  
34 facsimile of the signature of the chairman of the ~~responsible county~~  
35 ~~board of elections, State or county elections.~~"

36 (m) G.S. 163-140(c)(3) reads as rewritten:

37 "(3) Rotation of Positions on Ballots Among Candidates: The county board  
38 of ~~elections, State or county, elections~~ responsible for printing and  
39 distributing primary election ballots shall have them printed so that the  
40 names of opposing candidates for any office shall, as far as practicable,  
41 occupy alternate positions upon the ballot, to the end that the name of  
42 each candidate shall occupy with reference to the name of every other  
43 candidate for the same office, first position, second position, and every

1 other position, if any, upon an equal number of ballots; and the ballots  
2 shall be distributed among the precinct voting places impartially and  
3 without discrimination."

4 (n) G.S. 163-140(c)(4) reads as rewritten:

5 "(4) Facsimile Signatures: On the bottom of each primary ballot shall be  
6 printed an identified facsimile of the signature of the chairman of the  
7 county board of elections, State or county, elections responsible for its  
8 preparation."

9 (o) G.S. 163-227.3 is repealed.

10 (p) This section applies to elections conducted on or after November 1, 1996.

11  
12 Requested by: Representatives Ives, Lemmond

### 13 FUNDS FOR STATEWIDE COMPUTERIZED VOTER REGISTRATION

14 Sec. 12.1. The State Board of Elections shall promulgate rules for a statewide  
15 computerized voter registration system following the basic client-server design of  
16 Alternative C and D as described in the Needs Assessment and Requirements Analysis  
17 report prepared pursuant to Section 16 of Chapter 762 of the 1993 Session Laws, Regular  
18 Session 1994. Those rules shall include data format standards, data communication  
19 standards, and data content standards. The State Board of Elections shall promulgate  
20 those rules, including the standards, no later than March 1, 1997. Counties shall adhere to  
21 the rules and standards no later than July 1, 1998. The statewide computerized voter  
22 registration system shall utilize current technology and be consistent with State standards.  
23 That system shall be developed by the State Board of Elections and processed on the  
24 computer/servers of the State Information Processing Services Division of the Office of  
25 the State Controller.

26 (b) There are established two reserve funds, to be known as the Reserve Fund for  
27 Statewide Computerized Voter Registration/Central Server Component and the Reserve  
28 Fund for Statewide Computerized Voter Registration/County Grants Component. The  
29 reserve funds shall be funded as follows:

30 (1) For the 1996-97 fiscal year, of the funds in the amount of one million  
31 five hundred thousand dollars (\$1,500,000) that were transferred to the  
32 Reserve Fund for Statewide Computerized Voter Registration/Central  
33 Server Component by Section 13.2(b)(1) of Chapter 507 of the 1995  
34 Session Laws, the State Board of Elections shall use those funds for  
35 software development, communications and computer charges, and data  
36 conversion charges to implement the central server component of the  
37 system designed by the rules promulgated under subsection (a) of this  
38 section. The State Board of Elections shall use no more than four  
39 hundred forty thousand dollars (\$440,000) of those funds to purchase  
40 hardware, office furniture, and the services of time-limited computer  
41 personnel.

42 (2) Of the funds appropriated in this act for the 1996-97 fiscal year to the  
43 State Board of Elections, the sum of three million five hundred thousand



1 dollars (\$3,500,000) shall be deposited in the Reserve Fund for  
2 Statewide Computerized Voter Registration/County Grants Component,  
3 to be used by the State Board of Elections for grants-in-aid to counties  
4 to purchase computer equipment, data communication charges, data  
5 conversion, computer consultants or time-limited personnel at the State  
6 Board of Elections, travel, education, and training to ensure that all  
7 counties' minimum needs for participation in the statewide  
8 computerized voter registration system are met. Any additional needs  
9 beyond the minimum required for system participation are the  
10 responsibility of the counties. The State Board of Elections shall  
11 develop and issue rules related to a grant process for grant applications  
12 and grant awards to counties. The rules shall be developed and issued no  
13 later than January 1, 1997. Grants-in-aid to county boards of elections  
14 shall be awarded no later than March 1, 1997. The rules shall provide  
15 that the computerized voter registration system has uniform quality  
16 statewide, and the grants shall be issued in such a way as to achieve that  
17 goal within available resources. In developing the rules, the State Board  
18 of Elections shall consider giving special attention to:

- 19 a. Low-wealth counties;
- 20 b. Counties that have demonstrated a willingness to invest in  
21 computer infrastructure; and
- 22 c. Counties that demonstrate a willingness to provide matching  
23 funds.

24 (c) The State Board of Elections may spend money from the reserve funds created  
25 by subsection (b) of this section only after the State Board of Elections and the  
26 Information Resource Management Commission have jointly approved a detailed  
27 implementation plan for statewide computerized voter registration. That implementation  
28 plan shall include:

- 29 (1) A description of the system being implemented;
- 30 (2) A description of the system's capabilities;
- 31 (3) An itemized estimate of the costs of the system, with a justification for  
32 each item;
- 33 (4) A list of the counties to be brought into the system during the fiscal  
34 year;
- 35 (5) A project management plan.

36 (d) To the extent that this section or action taken under it conflicts with G.S. 163-  
37 82.11 through G.S. 163-82.13 or Section 16 of Chapter 769 of the 1993 Session Laws,  
38 this section or those actions prevail to the extent of the conflict. Except to the extent of  
39 the conflict, Section 16 of Chapter 769 of the 1993 Session Laws remains in effect.

- 40 (e) Section 13.2 of Chapter 507 of the 1995 Session Laws is repealed.

### 41 42 **PART 13. DEPARTMENT OF SECRETARY OF STATE** 43

1 Requested by: Representatives Ives, Lemmond

2 **INVESTOR PROTECTION AND EDUCATION TRUST FUND**

3 Sec. 13. Article 4 of Chapter 147 of the General Statutes is amended by  
4 adding a new section to read:

5 "**§ 147-54.5. Investor Protection and Education Trust Fund; administration;**  
6 **limitations on use of the Fund.**

7 (a) The Investor Protection and Education Trust Fund created in the Department of  
8 the Secretary of State as an expendable trust account to be used by the Secretary of State  
9 only for the purposes set forth in this section.

10 (b) The proceeds of the Investor Protection and Education Trust Fund shall be  
11 used by the Secretary of State to provide investor protection and education to the general  
12 public and to potential securities investors in the State through:

13 (1) The use of the media, including television and radio public service  
14 announcements and printed materials; and

15 (2) The sponsorship of educational seminars, whether live, recorded, or  
16 through other electronic means.

17 (c) The proceeds of the Investor Protection and Education Trust Fund shall not be  
18 used for:

19 (1) Travel expenses of the Secretary of State or staff of the Department of  
20 the Secretary of State, unless those expenses are directly related to  
21 specific investor protection and education activities performed in  
22 accordance with this section.

23 (2) General operating expenses of the Department of the Secretary of State,  
24 or to supplement General Fund appropriations to the Department of the  
25 Secretary of State for other than investor education and protection  
26 activities.

27 (3) Promoting the Secretary of State or the Department of the Secretary of  
28 State.

29 (d) Expenditures from the Investor Protection and Education Trust Fund shall be  
30 made in compliance with State purchasing and contracting requirements for competitive  
31 bidding in accordance with the provisions of Article 3 of Chapter 143 of the General  
32 Statutes.

33 (e) Revenues derived from consent orders resulting from negotiated settlements of  
34 securities investigations by the Secretary of State shall be credited to the Fund. The State  
35 Treasurer shall invest the assets of the Fund according to law. Any interest or other  
36 investment income earned by the Investor Protection and Education Trust Fund shall  
37 remain in the Fund. The balance of the Investor Protection and Education Trust Fund at  
38 the end of each fiscal year shall not revert to the General Fund.

39 (f) Beginning January 1, 1997, the Department of the Secretary of State shall  
40 report annually to the General Assembly's Fiscal Research Division and to the Joint  
41 Legislative Commission on Governmental Operations on the expenditures from the  
42 Investor Protection and Education Trust Fund and on the effectiveness of investor  
43 awareness education efforts of the Department of the Secretary of State."

1  
2 **PART 14. OFFICE OF STATE CONTROLLER**  
3

4 Requested by: Representative Creech

5 **NORTH CAROLINA INFORMATION HIGHWAY**

6 Sec. 14. (a) The funds appropriated in this act to the Office of the State  
7 Controller for the operation of the North Carolina Information Highway shall be used  
8 only for costs incurred by the Office of the State Controller related to the operations and  
9 support of the North Carolina Information Highway. No funds appropriated in this act  
10 shall be expended to pay Minimum Monthly usage charges for North Carolina  
11 Information Highway Services.

12 (b) Of the funds appropriated to the Office of the State Controller for the North  
13 Carolina Information Highway (NCIH), an amount not to exceed five hundred thousand  
14 dollars (\$500,000) shall be used to expand the long distance capacity and provide for the  
15 establishment of regional hubs in each of the seven LATAS in North Carolina. The  
16 remaining funds shall be used to help defray the costs of existing NCIH sites except those  
17 located at university sites other than East Carolina University academic affairs campus.  
18 Savings directly attributable to the development of the North Carolina Information  
19 Highway shall be re-invested for the purpose of furthering NCIH development.

20 (c) The State Controller shall report quarterly to the Joint Legislative Commission  
21 on Governmental Operations regarding the costs incurred by the Office of the State  
22 Controller related to the operations and support of the North Carolina Information  
23 Highway.  
24

25 Requested by: Representatives Ives, Lemmond

26 **RESERVE FOR THE YEAR 2000 CONVERSION OF THE STATE'S**  
27 **COMPUTER SYSTEM**

28 Sec. 14.1. The Office of the State Controller shall include in its charges for  
29 data processing services costs of converting computer applications to operate properly at  
30 the turn of the century. The Office of the State Controller shall develop procedures for  
31 managing the year 2000 conversion.  
32

33 **PART 15. DEPARTMENT OF REVENUE**  
34

35 Requested by: Representatives Ives, Lemmond

36 **DEPARTMENT OF REVENUE LAW-ENFORCEMENT OFFICERS**

37 Sec. 15. (a) Article 9 of Chapter 105 of the General Statutes is amended by  
38 adding a new section to read:

39 **"§ 105-236.1. Enforcement of revenue laws by revenue law-enforcement officers.**

40 (a) General. – The Secretary may appoint employees of the Criminal  
41 Investigations Division to serve as revenue law-enforcement officers having the  
42 responsibility and subject-matter jurisdiction to enforce the criminal laws relating to tax  
43 administration and enforcement only. The Secretary may appoint employees of the

1 Controlled Substances Tax Division to serve as revenue law-enforcement officers having  
2 the responsibility and subject-matter jurisdiction to enforce the excise tax on controlled  
3 substances as provided in Article 2D of this Chapter only. To be a revenue law-  
4 enforcement officer, an employee must be certified as a criminal justice officer under  
5 Chapter 17C of the General Statutes.

6 (b) Authority. – A revenue law-enforcement officer is a State officer with  
7 jurisdiction throughout the State within the officer's subject-matter jurisdiction. A  
8 revenue law-enforcement officer may serve and execute notices, orders, warrants, or  
9 demands issued by the Secretary or the General Court of Justice in connection with the  
10 enforcement of the officer's subject-matter jurisdiction as set forth in subsection (a) of  
11 this section only. A revenue law-enforcement officer has the full powers of arrest as  
12 provided by G.S. 15A-401 while executing the notices, orders, warrants, or demands."

13 (b) G.S. 17C-2 reads as rewritten:

14 **"§ 17C-2. Definitions.**

15 Unless the context clearly otherwise requires, the following definitions apply in this  
16 Chapter:

17 (a) ~~" Commission" means the~~ (1) Commission. – The North Carolina Criminal  
18 Justice Education and Training Standards Commission; Commission.

19 (b) ~~" Criminal justice agencies" means the~~ (2) Criminal justice agencies. – The  
20 State and local law-enforcement agencies, the State correctional agencies, other  
21 correctional agencies maintained by local governments, and the juvenile justice agencies,  
22 but shall not include deputy sheriffs, special deputy sheriffs, sheriffs' jailers, or other  
23 sheriffs' department personnel governed by the provisions of Chapter 17E of these  
24 General Statutes; Statutes.

25 (c) ~~" Criminal justice officer(s)" means and incorporates the~~ (3) Criminal justice  
26 officers. – The administrative and subordinate personnel of all the departments, agencies,  
27 units or entities comprising the "criminal justice agencies," as defined in subsection (b),  
28 criminal justice agencies who are sworn law-enforcement officers, both State and local,  
29 with the power of arrest; revenue law-enforcement officers; State correctional officers;  
30 State probation/parole officers; officers, supervisory and administrative personnel of local  
31 confinement facilities; State youth services officers; State probation/parole intake  
32 officers; State probation/parole officers-surveillance; State probation/parole intensive  
33 officers; and State parole case analysts.

34 (d) ~~" Entry level" means the~~ (4) Entry level. – The initial appointment or  
35 employment of any person by a criminal justice agency, or any appointment or  
36 employment of a person previously employed by a criminal justice agency who has not  
37 been employed by a criminal justice agency for the 12-month period preceding this  
38 appointment or employment, or any appointment or employment of a previously certified  
39 criminal justice officer to a position which requires a different type of certification."

40 (c) G.S. 143-166.13(a) is amended by adding a new subdivision to read:

41 "(18) Sworn State Law-Enforcement Officers with the power of arrest,  
42 Department of Revenue."

1 (d) Of the funds appropriated to the Department of Revenue in this act for the  
2 1996-97 fiscal year, the sum of sixty-seven thousand dollars (\$67,000) shall be used to  
3 implement this section.  
4

## 5 PART 16. COLLEGES AND UNIVERSITIES

6

7 Requested by: Representatives Grady, Preston

### 8 AID TO STUDENTS ATTENDING PRIVATE COLLEGES

9 Sec. 16. Section 15 of Chapter 324 of the 1995 Session Laws reads as  
10 rewritten:

11 "Sec. 15. (a) Funds appropriated in this act to the Board of Governors of The  
12 University of North Carolina for aid to private colleges shall be disbursed in accordance  
13 with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up to  
14 ~~five hundred fifty dollars (\$550.00)~~ six hundred dollars (\$600.00) per full-time equivalent  
15 North Carolina undergraduate student enrolled at a private institution as of October 1  
16 each year.

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

23 (b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition  
24 to all other financial assistance made available to private educational institutions located  
25 within the State, or to students attending these institutions, there is granted to each full-  
26 time North Carolina undergraduate student attending an approved institution as defined in  
27 G.S. 116-22, a sum, not to exceed ~~one thousand two hundred fifty dollars (\$1,250)~~ one  
28 thousand three hundred dollars (\$1,300) per academic year, which shall be distributed to  
29 the student as hereinafter provided.

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

38 In the event a student on whose behalf a grant has been paid is not enrolled and  
39 carrying a minimum academic load as of the tenth classroom day following the beginning  
40 of the school term for which the grant was paid, the institution shall refund the full  
41 amount of the grant to the State Education Assistance Authority. Each approved  
42 institution shall be subject to examination by the State Auditor for the purpose of

1 determining whether the institution has properly certified eligibility and enrollment of  
2 students and credited grants paid on the behalf of the students.

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

5 (1) The Board of Governors of The University of North Carolina, with the  
6 approval of the Office of State Budget and Management, may transfer  
7 available funds to meet the needs of the programs provided by  
8 subsections (a) and (b) of this section; and

9 (2) Each eligible student shall receive a pro rata share of funds then  
10 available for the remainder of the academic year within the fiscal period  
11 covered by the current appropriation.

12 Any remaining funds shall revert to the General Fund.

13 (c) Expenditures made pursuant to this section may be used only for secular  
14 educational purposes at nonprofit institutions of higher learning. Expenditures made  
15 pursuant to this section shall not be used for any student who is incarcerated in a State or  
16 federal correctional facility.

17 (d) The State Education Assistance Authority shall document the number of full-  
18 time equivalent North Carolina undergraduate students that are enrolled in off-campus  
19 programs and the State funds collected by each institution pursuant to G.S. 116-19 for  
20 those students. The State Education Assistance Authority shall also document the  
21 number of scholarships and the amount of the scholarships that are awarded under G.S.  
22 116-20 to students enrolled in off-campus programs. An 'off-campus program' is any  
23 program offered for degree credit away from the institution's main permanent campus.

24 The State Education Assistance Authority shall report to the Joint Legislative  
25 Commission on Governmental Operations by March 1, 1997, regarding its findings."

26  
27 Requested by: Representatives Grady, Preston

### 28 **DISTANCE LEARNING INITIATIVES**

29 Sec. 16.1. Of the funds appropriated by this act to The University of North  
30 Carolina Board of Governors, the sum of one million two hundred thousand dollars  
31 (\$1,200,000) in nonrecurring funds and the sum of two hundred forty-five thousand  
32 dollars (\$245,000) in recurring funds shall be allocated to North Carolina State  
33 University to furnish the Engineering Graduate Research Center and to operate the  
34 distance learning programs. An additional appropriation to the Board of Governors of  
35 two million two hundred fifty-five thousand dollars (\$2,255,000) shall be used for  
36 distance learning and capacity enhancing alternatives, including expansion of the "2 + 2"  
37 engineering programs offered through North Carolina State University.

38  
39 Requested by: Representatives Grady, Preston

### 40 **UNC EQUITY OF FUNDING**

41 Sec. 16.2 Notwithstanding G.S. 116-30.3, the five constituent institutions  
42 (Appalachian State University, East Carolina University, University of North Carolina at  
43 Charlotte, University of North Carolina at Greensboro, and University of North Carolina

1 at Wilmington) cited in the study of equity of funding among the constituent institutions  
2 of The University of North Carolina as receiving lower than average per pupil funding in  
3 several comparisons, shall not be required to revert two percent (2%) of their General  
4 Fund appropriations for the 1996-97 fiscal year. These funds shall be used to improve  
5 areas of need that can be addressed with nonrecurring funds.

6  
7 Requested by: Representatives Grady, Preston

8 **CENTER FOR THE PREVENTION OF SCHOOL VIOLENCE**

9       Sec. 16.3 The General Assembly recommends that the Governor continue  
10 funding the Center for Prevention of School Violence from the current source of grant  
11 monies through the 1996-97 fiscal year.

12  
13 Requested by: Representatives Grady, Preston

14 **RALEIGH SCHOOL OF NURSE ANESTHESIA**

15       Sec. 16.4 Sec. 15.9 of Chapter 507 of the 1995 Session Laws reads as  
16 rewritten:

17       "Sec. 15.9. Of the funds provided to the Board of Governors of The University of  
18 North Carolina for expansion funding through receipts for University Institutional  
19 Programs, the sum of two million dollars (\$2,000,000) shall be allocated each year of the  
20 biennium for the Area Health Education Centers for initiatives in primary care and  
21 training of mid-level practitioners. Of these additional funds, the sum of ~~twenty-five~~  
22 ~~thousand dollars (\$25,000)~~ fifty thousand dollars (\$50,000) shall be used to increase  
23 funding for the Raleigh School of Nurse Anesthesia from fifty thousand dollars (\$50,000)  
24 to ~~seventy-five thousand dollars (\$75,000)~~ one hundred thousand dollars (\$100,000) per  
25 year."

26  
27 Requested by: Representative Barnes

28 **EVALUATE UNIVERSITY RESIDENCES FOR FIRE SAFETY AND REPORT**  
29 **ON ESTIMATED COST TO INSTALL ANY NEEDED FIRE DETECTION AND**  
30 **SAFETY EQUIPMENT.**

31       Sec. 16.5. (a) The Board of Governors of The University of North Carolina  
32 shall survey each constituent institution and the North Carolina School of Science and  
33 Math regarding its campus residential facilities and the fire detection and safety  
34 equipment currently installed in those facilities. Each constituent institution shall  
35 indicate whether each residential facility on its campus has an adequate fire alarm system  
36 including smoke detectors and fire sprinklers, and, if not, the estimated cost to install  
37 adequate fire detection and safety equipment. The Board of Governors shall report as  
38 soon as possible to the General Assembly regarding the findings of the survey.

39       (b) The Board of Governors of The University of North Carolina shall begin to  
40 address fire safety needs in campus residential facilities including the North Carolina  
41 School of Science and Math during the 1996-97 fiscal year, using available reserves in  
42 institutional housing trust funds, as well as funds allocated to the Board from the Reserve  
43 for Repairs and Renovations. Should the Board of Governors allocate funds from the

1 Reserve for Repairs and Renovations for fire safety improvements in campus residential  
2 facilities not supported from the General Fund, it shall first find that sufficient funds are  
3 not available from other sources. Any such finding shall be included in the Board's  
4 submission to the Joint Legislative Commission on Governmental Operations on the  
5 proposed allocation of funds.

6 (c) The Board of Governors of The University of North Carolina shall include  
7 in its budget requests for the 1997-99 biennium the estimated amount needed to address  
8 any remaining fire safety needs of the residential facilities located on its campuses  
9 including the North Carolina School of Science and Math.

## 11 PART 17. COMMUNITY COLLEGES

12  
13 Requested by: Representative Russell

### 14 COMPUTATION OF FTE FOR COURSES TAUGHT IN PRISONS

15 Sec. 17. Community colleges shall compute full-time equivalent (FTE) student  
16 hours on the bases of both contact hours and student membership hours for curriculum  
17 and occupational extension education programs that are taught in prison facilities and that  
18 are offered in compliance with the State Board of Community College's correctional  
19 course offering matrix. The State Board of Community Colleges shall report both counts  
20 to the General Assembly by January 15, 1997.

21 The 1997 General Assembly shall consider the question of whether to compute  
22 FTE for these courses on the basis of contact hours or on the basis of student membership  
23 hours.

24  
25 Requested by: Representative Russell

### 26 IN-STATE TUITION FOR FAMILIES TRANSFERRED INTO STATE

27 Sec. 17.1. (a) G.S. 115D-39 reads as rewritten:

#### 28 "§ 115D-39. Student tuition and fees.

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

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

34 The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and  
35 G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this  
36 Chapter; provided, however, that when an employer other than the armed services, as that  
37 term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution  
38 operating pursuant to this Chapter and when the employee works at a North Carolina  
39 business location, the employer shall be charged the in-State tuition ~~rate-rate~~; provided  
40 further, however, a community college may charge in-State tuition to up to one percent  
41 (1%) of its out-of-state students, rounded up to the next whole number, to accommodate  
42 the families transferred by business and industry into the State. Notwithstanding these  
43 requirements, a refugee who lawfully entered the United States and who is living in this



1 State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1)  
2 and as a State resident for community college tuition purposes as defined in G.S. 116-  
3 143.1(a)(2)."

4 (b) The State Board of Community Colleges shall adopt rules to implement this  
5 section, effective for the fall 1996 quarter.  
6

7 Requested by: Representative Grady

8 **INCENTIVES FOR ATTRACTING BACCALAUREATE COMPLETION**  
9 **DEGREE PROGRAMS TO CAMPUS/ELIMINATION OF BARRIERS AMONG**  
10 **PUBLIC SCHOOLS, COMMUNITY COLLEGES, AND**  
11 **UNIVERSITIES/STUDIES**

12 Sec. 17.2. (a) The State Board of Community Colleges shall study ways to  
13 encourage community colleges to attract baccalaureate completion programs to their  
14 campuses, including appropriate financial incentives. The Board shall report the results  
15 of this study to the General Assembly prior to January 31, 1997.

16 (b) The Education Cabinet shall study ways to eliminate barriers to cooperation  
17 among public schools, community colleges, and universities in the area of distant  
18 learning. The Education Cabinet shall develop a plan for sharing registration, credit  
19 hours, funding for full-time equivalent students (FTE), counseling and financial aid  
20 services, tuition receipts, and administrative responsibilities and shall report to the  
21 General Assembly prior to January 31, 1997, on the plan it develops. The report shall  
22 include a list of any statutory or rule changes that are necessary prior to implementation  
23 of the plan and an explanation of why each change is necessary and appropriate.  
24

25 Requested by: Representative Grady, McMahan

26 **COMMUNITY COLLEGES FUNDING FORMULAS/STUDY**

27 Sec. 17.3. The State Board of Community Colleges shall undertake a  
28 comprehensive study of the funding formula used to distribute funds to local community  
29 colleges and shall make any recommendations for changes to the General Assembly by  
30 January 31, 1997. The study shall include, but not be limited to, the development of a  
31 plan to increase the level of funding for occupational extension courses to the funding  
32 level for curriculum courses and the cost of such a plan. The State Board of Community  
33 Colleges shall use Board Reserve funds to hire an outside, independent consultant to  
34 study the funding formula.  
35

36 Requested by: Representative Grady

37 **EXPENDITURE FOR NEW AND EXPANDING INDUSTRY/REPORT**

38 Sec. 17.4. G.S. 115D-5 is amended by adding a new subsection to read:

39 "(i) The State Board of Community Colleges shall report to the Joint Legislative  
40 Education Oversight Committee on a quarterly basis on expenditures for the New and  
41 Expanding Industry Program each fiscal year. The report shall include, for each  
42 company or individual that receives funds for New and Expanding Industry:

43 (1) The total amount of funds received by the company or individual;

- 1           (2)    The amount of funds per trainee received by the company or individual;  
2           (3)    The amount of funds received per trainee by the community college  
3                training the trainee;  
4           (4)    The number of trainees trained, by company and by community college;  
5                and  
6           (5)    The number of years the companies or individuals have been funded.  
7           The report for the first quarter of the 1996-97 fiscal year shall include this information  
8           for the prior three fiscal years."

## 10 PART 18. PUBLIC SCHOOLS

11  
12 Requested by: Representatives Grady, Preston

### 13 EXPENDITURES FOR SCHOOL RESOURCE OFFICERS

14           Sec. 18. The State Board of Education shall modify the accounting system for  
15 State Aid to Local School Administrative Units so that it can account for State funds  
16 expended for school resource officers in each local school administrative unit.

17  
18 Requested by: Representatives Grady, Preston

### 19 EXCEPTIONAL CHILDREN FUNDS

20           Sec. 18.1. The funds appropriated for exceptional children in this act shall be  
21 allocated as follows:

- 22           (1)    Each local school administrative unit shall receive for academically  
23                gifted children the sum of \$686.38 per child for three and nine-tenths  
24                percent (3.9%) of the 1995-96 actual average daily membership in the  
25                local school administrative unit, regardless of the number of children  
26                identified as academically gifted in the local school administrative unit.  
27                The total number of children for which funds shall be allocated pursuant  
28                to this subdivision is 45,861 for the 1996-97 school year.
- 29           (2)    Each local school administrative unit shall receive for exceptional  
30                children other than academically gifted children the sum of \$2,059.14  
31                per child for the lesser of (i) all children who are identified as  
32                exceptional children other than academically gifted children or (ii)  
33                twelve and five-tenths percent (12.5%) of the 1995-96 actual average  
34                daily membership in the local school administrative unit. The maximum  
35                number of children for which funds shall be allocated pursuant to this  
36                subdivision is 137,449 for the 1996-97 school year.

37 The dollar amounts allocated under this subsection for exceptional children shall also  
38 increase in accordance with legislative salary increments for personnel who serve  
39 exceptional children.

40  
41 Requested by: Representatives Grady, Preston

### 42 SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES/SMALL SCHOOL 43 SYSTEM SUPPLEMENTAL FUNDING

1       Sec. 18.2. (a) Funds for supplemental funding. – The General Assembly finds that  
2 it is appropriate to provide supplemental funds in low-wealth counties to allow those  
3 counties to enhance the instructional program and student achievement; therefore, of the  
4 funds appropriated to Aid to Local School Administrative Units, the sum of forty-six  
5 million four hundred eighty-three thousand eight hundred nine dollars (\$46,483,809) for  
6 the 1996-97 fiscal year shall be used for supplemental funds for schools. These funds  
7 shall be allocated and administered as provided in Section 17.1 of Chapter 507 of the  
8 1995 Session Laws.

9       (b) Funds for small school systems. – The State Board of Education shall allocate  
10 and administer funds appropriated for small school system supplemental funding as  
11 provided in Section 17.2 of Chapter 507 of the 1995 Session Laws.

12       (c) Reports. – The State Board of Education shall report to the Appropriations  
13 Committees of the Senate and the House of Representatives prior to May 1, 1996, on  
14 whether counties supplanted local funds with the funds received pursuant to this section.  
15

16 Requested by: Representatives Grady, Preston

#### 17 **FUNDS TO REDUCE CLASS SIZE IN GRADE 2**

18       Sec. 18.3. The funds appropriated in this act to reduce class size in second  
19 grade shall be allocated by the State Board of Education to local school administrative  
20 units on the basis of one teacher for every 23 students in second grade. Local school  
21 administrative units shall use these funds (i) to reduce class size in second grade to 23 or  
22 fewer students or (ii) to hire reading teachers within kindergarten through third grade or  
23 otherwise reduce the student-teacher ratio within kindergarten through third grade.

24       For the purpose of calculating the maximum allowable class size for second  
25 grade, the ratio of teachers to students shall be 1 to 26.  
26

27 Requested by: Representative Esposito

#### 28 **FUNDS TO IMPLEMENT THE ABC'S OF PUBLIC EDUCATION PROGRAM**

29       Sec. 18.4. Of the funds appropriated to State Aid to Local School  
30 Administrative Units, the State Board of Education may use up to twenty-four million  
31 five hundred thousand dollars (\$24,500,000) for the 1996-97 fiscal year to provide  
32 incentive funding for schools with higher than projected levels of improvement in student  
33 performance, in accordance with the ABC's of Public Education Program, if enacted by  
34 the General Assembly. The State Board of Education may allocate up to twenty-one  
35 million dollars (\$21,000,000) of these funds on a per-teacher basis for each eligible  
36 school and up to three million five hundred thousand dollars (\$3,500,000) on a per-  
37 teacher assistant basis for each eligible school.

38       It is the intent of the General Assembly to fully fund this program for the 1997-  
39 98 and subsequent fiscal years.  
40

#### 41 **PART 19. DEPARTMENT OF TRANSPORTATION**

42  
43 Requested by: Representatives Barbee, Bowie

1 **USE OF FUNDS RESULTING FROM THE ELIMINATION OF POSITIONS IN**  
2 **DIVISION OF MOTOR VEHICLES**

3 Sec. 19. Funds in the amount of one hundred thirty-five thousand three  
4 hundred eighty-nine dollars (\$135,389) realized from the elimination of 11 positions in  
5 the Division of Motor Vehicles during the 1996-97 fiscal year shall be placed in a reserve  
6 and shall be used only to support the implementation of the State Titling and Registration  
7 System. Funds remaining in the reserve at the end of the 1996-97 fiscal year shall revert  
8 to the Highway Fund.

9  
10 Requested by: Representative McLaughlin

11 **VISITOR CENTERS**

12 Sec. 19.1. (a) The Department of Transportation, with the assistance of the  
13 Department of Commerce, shall collect the necessary data to accurately estimate the  
14 extent and type of use the public makes of the visitor centers on the State highway  
15 system. The Department shall use this data to develop a formula for allocating State  
16 resources for the funding of these visitor centers.

17 (b) The Department shall study and make a recommendation to the General  
18 Assembly about requiring a local match for funds appropriated by the State for the  
19 operations of local visitor centers.

20 (c) Until the Department reports to the General Assembly no new visitor centers  
21 shall be approved for addition to the State highway system.

22 (d) The Department shall submit the report required by this section no later than  
23 December 31, 1996, to the Joint Legislative Transportation Oversight Commission.

24 (e) G.S. 20-79.7(c)(2) as amended by Section 18.7 of Chapter 507 of the 1995  
25 Session Laws reads as rewritten:

26 "(2) From the funds remaining in the Special Registration Plate Account  
27 after the deductions in accordance with subdivision (1) of this  
28 subsection, there is appropriated from the Special Registration Plate  
29 Account the sum of five hundred twenty-five thousand dollars  
30 (\$525,000) for ~~the 1995-96 fiscal~~ each year of the 1995-97 biennium to  
31 provide operating assistance for the Visitor ~~and Welcome~~ Centers:

- 32 a. on U.S. Highway 17 in Camden County, (\$75,000);  
33 b. on U.S. Highway 17 in Brunswick County, (\$75,000);  
34 c. on U.S. Highway 441 in Macon County, (\$75,000);  
35 d. in the Town of Boone, Watauga County, (\$75,000);  
36 e. on U.S. Highway 29 in Caswell County, (\$75,000);  
37 f. on U.S. Highway 70 in Carteret County, (\$75,000); and  
38 g. on U.S. Highway 64 in Tyrrell County, (\$75,000)."  
39

40 Requested by: Representatives Barbee, Bowie

41 **DEPARTMENT OF TRANSPORTATION REPORT ON REORGANIZATION OF**  
42 **DIVISION OF MOTOR VEHICLES**

1           Sec. 19.2. The Department of Transportation shall report to the Joint  
2 Legislative Transportation Oversight Committee by December 15, 1996, concerning how  
3 it will implement the recommendations for the restructuring of the Division of Motor  
4 Vehicles through the elimination of positions, consolidation of offices and functions, and  
5 the transfer of functions within and from the Division, which were contained in the  
6 performance audit of the Division of Motor Vehicles presented to the Joint Legislative  
7 Commission on Governmental Operations in May 1996. This report shall discuss both  
8 short-term and long-term managerial actions necessary to implement the  
9 recommendations and contain detailed budgetary analyses of the short-term and long-  
10 term effects of these actions. This report shall also describe how the various proposals fit  
11 in a long-range plan for the modernization of the Division of Motor Vehicles and the  
12 functions it performs.

13  
14 Requested by: Representatives Barbee, Bowie

15 **DEPARTMENT OF TRANSPORTATION REPORTS TO THE JOINT**  
16 **LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE**

17           Sec. 19.3. The Department of Transportation shall make the following reports  
18 to the Joint Legislative Transportation Oversight Committee by the dates specified:

- 19           (1) By November 1, 1996, the Department shall report on any changes  
20 needed to be made to the vehicle salvage laws to minimize the number  
21 of salvage inspections without compromising the integrity of the  
22 salvage process. This report shall address how reductions in dedicated  
23 salvage inspection positions shall be made under the proposed system.
- 24           (2) By October 1, 1996, the Department shall provide plans for the study of  
25 the following issues, including a schedule for completion of the studies:
- 26           A. How the process by which licenses are modified, revoked, and  
27 suspended can be simplified.
- 28           B. How touch-tone technology and credit cards can be used in the  
29 motor vehicle registration process.
- 30           C. How credit cards can be used to increase customer payment  
31 options.
- 32           D. How collision reports can be entered directly into an automated  
33 system database by law enforcement officers.
- 34           (3) By December 1, 1996, the Department shall report how computer  
35 software used to register motor carriers under the International  
36 Registration Plan can be reconfigured so that it can be used more  
37 efficiently by staff and customers.
- 38           (4) By November 1, 1996, the Department shall:
- 39           A. Develop a formula to determine the number, location, and  
40 staffing of drivers license field offices within the state.
- 41           B. Use this formula to develop a five-year plan for changes in the  
42 number and sizes of drivers license field offices that recognizes  
43 the need for the development of larger, multi-functional drivers

1 license offices that provide a wider range of services at  
2 centralized locations and to provide a plan for the renovation of  
3 existing drivers license field offices that will be retained.

- 4 (5) By December 1, 1996, the Department shall report on how it will  
5 maintain technical support for the vehicle registration and drivers  
6 license data systems for the 1997-99 biennium. This report shall  
7 estimate staffing needs for technical support in each year, address  
8 whether and how contract personnel will be used, and determine the  
9 feasibility of using more permanent personnel instead of contractors.

10  
11 Requested by: Representatives Barbee, Bowie

## 12 DIVISION OF MOTOR VEHICLES ENFORCEMENT DUTIES

13 Sec. 19.4. G.S. 20-4 reads as rewritten:

### 14 "~~§ 20-4. Clarification of conflicts as to transfer of functions.~~ Enforcement duties of 15 the Division.

16 ~~In the event that there shall arise any conflict as to the transfer of any functions from~~  
17 ~~the Department of Revenue to the Division of Motor Vehicles, the Governor of the State~~  
18 ~~is hereby authorized to issue an executive order clarifying and making certain the issue~~  
19 ~~thus arising.~~

20 (a) Primary duty. – The primary enforcement duty of the Division is the  
21 enforcement of the vehicle weight restrictions set forth in G.S. 20-118. In performing  
22 this duty, the Division shall make maximum effective use of permanent weigh stations  
23 and portable scales.

24 (b) Secondary duties. – The secondary enforcement duties of the Division are as  
25 follows and are listed in the order of importance:

26 (1) Enforcement of the motor carrier safety regulations.

27 (2) Enforcement of the emissions inspection program.

28 (3) Inspection of salvage vehicles.

29 (4) Provide security at rest areas.

30 (5) Other duties set out in this Chapter.

31 (c) Restriction. – The Division shall not undertake an enforcement duty that is not  
32 listed in this section unless a law specifically authorizes the Division to do so or the duty  
33 is undertaken as a condition of receiving federal funds."

34  
35 Requested by: Representatives Barbee, Bowie

## 36 DEPARTMENT OF TRANSPORTATION–CASH FLOW CONTRACT FUNDING

37 Sec. 19.5. (a) G.S. 136-176(d) reads as rewritten:

38 "(d) A contract may be let for projects funded from the Trust Fund in anticipation  
39 of revenues pursuant to the cash-flow provisions of G.S. 143-28.1 only for the ~~biennium~~  
40 two bienniums following the year in which the contract is let."

41 (b) G.S. 143-28.1 reads as rewritten:

42 "**§ 143-28.1. Highway Fund appropriation.**

1 Notwithstanding any other provisions of this Article, the appropriations made from  
2 the Highway Fund for highway construction and maintenance are subject to the following  
3 provisions.

4 (1) Cash Flow Funding for Highway Construction and Maintenance. –  
5 Highway maintenance and construction funds shall be budgeted,  
6 expended and accounted for on a 'cash flow' basis. Pursuant to this end,  
7 highway maintenance and construction contracts shall be planned and  
8 limited so payments due at any time will not exceed the cash available  
9 to pay them.

10 (2) Appropriations are for Payments and Contract Commitments to be  
11 Made in the Appropriation Fiscal Year. – The appropriations provided  
12 for by the Appropriations Act for highway maintenance and  
13 construction are for maximum payments estimated to be made during  
14 the appropriation fiscal year and for maximum contracting authority for  
15 future years. Highway maintenance and construction contracts shall be  
16 scheduled so that the total contract payments and other expenditures  
17 charged to projects in the fiscal year for each highway maintenance and  
18 construction appropriation item will not exceed the current  
19 appropriations provided by the General Assembly and unspent prior  
20 appropriations made by the General Assembly for the particular  
21 appropriation item.

22 (3) Payments Subject to Availability of Funds – Retainage Fully Funded –  
23 5% Cash Balance Required. – The annual appropriations for highway  
24 maintenance and construction provided for by the Appropriations Act  
25 shall be expended only to the extent that sufficient funds are available in  
26 the Highway Fund. The Department of Transportation shall fully fund  
27 retainage from maintenance and construction contracts in the year in  
28 which the work is performed, and in addition shall maintain an available  
29 cash balance at the end of each month equal to at least five percent (5%)  
30 of the unpaid balance of the total maintenance and construction contract  
31 obligations. In the event this cash position is not maintained, no further  
32 construction and maintenance contract commitments shall be entered  
33 into until the cash balance has been regained. For the purposes of  
34 awarding contracts involving federal-aid, any amount due from the  
35 federal government and the Highway Bond Fund as a result of  
36 unreimbursed expenditures may be considered as cash for the purposes  
37 of this provision.

38 (4) Anticipation of Revenues. – In awarding State highway construction  
39 and maintenance contracts requiring payments beyond a biennium, the  
40 Director of the Budget may anticipate revenues as authorized and  
41 certified by the General Assembly, to continue contract payments for up  
42 to seventy-five percent (75%) of the revenues which are estimated for  
43 the first fiscal year of the succeeding biennium and which are not

1 required for other budget items. Up to fifty percent (50%) of the  
2 revenues not required for other budget items may be anticipated for the  
3 second ~~and subsequent fiscal years'~~ year of the succeeding biennium's  
4 contract payments. Up to forty percent (40%) of the revenues not  
5 required for other budget items may be anticipated for the first year of  
6 the second succeeding biennium and up to twenty percent (20%) of the  
7 revenues not required for other budget items may be anticipated for the  
8 second year of the second succeeding biennium.

9 (5) Amounts Obligated – Payments Subject to the Availability of Funds –  
10 Termination of Contracts. – Highway maintenance and construction  
11 appropriations may be obligated in the amount of allotments made to the  
12 Department of Transportation by the Office of State Budget and  
13 Management for the estimated payments for maintenance and  
14 construction contract work to be performed in the appropriation fiscal  
15 year. The allotments shall be multi-year allotments and shall be based  
16 on estimated revenues and shall be subject to the maximum contract  
17 authority contained in subdivision (2) above. Payment for highway  
18 maintenance and construction work performed pursuant to contract in  
19 any fiscal year other than the current fiscal year will be subject to  
20 appropriations by the General Assembly. Highway maintenance and  
21 construction contracts shall contain a schedule of estimated completion  
22 progress and any acceleration of this progress shall be subject to the  
23 approval of the Department of Transportation provided funds are  
24 available. The State reserves the right to terminate or suspend any  
25 highway maintenance or construction contract and any highway  
26 maintenance or construction contract shall be so terminated or  
27 suspended if funds will not be available for payment of the work to be  
28 performed during that fiscal year pursuant to the contract. In the event  
29 of termination of any contract, the contractor shall be given a written  
30 notice of termination at least 60 days before completion of scheduled  
31 work for which funds are available. In the event of termination, the  
32 contractor shall be paid for the work already performed in accordance  
33 with the contract specifications.

34 (6) Provision Incorporated in Contracts. – The provisions of subdivision (5)  
35 of this section shall be incorporated verbatim in all highway  
36 construction and maintenance contracts.

37 (7) Existing Contracts Are Not Affected. – The provisions of this section  
38 shall not apply to highway construction and maintenance contracts  
39 awarded by the Department of Transportation prior to July 15, 1980."

40 (c) The Department of Transportation shall report quarterly beginning on October  
41 15, 1996, and then on the fifteenth of the month following the end of the fiscal quarter, to  
42 the Joint Legislative Transportation Oversight Committee on all projects to be built with  
43 funds obligated using the cash flow provisions of G.S. 143-28.1. The report shall contain



1 a list of the projects and the amount obligated in anticipation of revenues for each year of  
 2 the project.

3  
 4 Requested by: Representatives Barbee, Bowie

5 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**  
 6 **APPROPRIATIONS**

7 Sec. 19.6. Section 18.9 of Chapter 324 of the 1995 Session Laws reads as  
 8 rewritten:

9 "Sec. 18.9. (a) The General Assembly authorizes and certifies anticipated revenues  
 10 of the Highway Fund as follows:

11	For Fiscal Year 1997-98	<del>\$1,075.6 Million</del> <u>\$1,089.4 Million</u>
12	For Fiscal Year 1998-99	<del>\$1,093.1 Million</del> <u>\$1,110.7 Million</u>
13	<u>For Fiscal Year 1999-00</u>	<u>\$1,146.7 Million</u>
14	<u>For Fiscal Year 2000-01</u>	<u>\$1,174.3 Million</u>

15 (b) The General Assembly authorizes and certifies anticipated revenues of the  
 16 Highway Trust Fund as follows:

17	For Fiscal Year 1997-98	<del>\$ 775.8 Million</del> <u>\$ 788.2 Million</u>
18	For Fiscal Year 1998-99	<del>\$ 799.8 Million</del> <u>\$ 812.7 Million</u>
19	<u>For Fiscal Year 1999-00</u>	<u>\$839.3 Million</u>
20	<u>For Fiscal Year 2000-01</u>	<u>\$867.2 Million</u> .

21  
 22 Requested by: Representatives Barbee, Bowie

23 **RADIO ISLAND RAILROAD TRESTLE**

24 Sec. 19.7. (a) Subsection (b) of Section 18.28 of Chapter 324 of the 1995 Session  
 25 Laws reads as rewritten:

26 "(b) The Department of Transportation shall proceed with the planning and  
 27 construction of the trestle, Project P-3100 in the 1996-2002 Transportation Improvement  
 28 Program, and shall commence construction of the trestle during calendar year 1996. The  
 29 Beaufort and Morehead Railroad Company, owner of the trestle, shall be conveyed to the  
 30 Department of Transportation by the North Carolina Ports Railway Commission for  
 31 construction of the replacement trestle and related purposes authorized by G.S. 136-  
 32 44.36. The completed bridge shall be owned by the Department of Transportation and  
 33 shall be added to the State System for maintenance purposes."

34 (b) Notwithstanding any other provision of law, the Department of Transportation  
 35 may award a contract for Project 3100 in the 1996-2002 Transportation Improvement  
 36 Program on a design-build basis, using any procurement process that the Department of  
 37 Transportation determines will result in maximum efficiency in constructing this project.

38 (c) The Department of Transportation shall file a progress report every six months  
 39 beginning on December 1, 1996, to the Joint Legislative Transportation Oversight  
 40 Committee on the construction of this project.

41  
 42 Requested by: Representative Sexton

43 **SECONDARY ROAD FUNDS ELIGIBILITY MODIFICATION**

1           Sec. 19.9. Section 169.1 of Chapter 321 of the 1993 Session Laws reads as  
2 rewritten:

3           "Sec. 169.1. Notwithstanding any other provision of law, the Department of  
4 Transportation shall maintain the streets and highways on the State highway system  
5 within municipalities that are not eligible for funds under G.S. 136-41.2. The  
6 Department of Transportation shall maintain the streets and highways as part of the State  
7 secondary system, and maintain the paving priority for the secondary roads the same as if  
8 the municipality were not incorporated, as long as the ineligibility for funds under G.S.  
9 136-41.2 continues. The provisions of this section apply only to municipalities  
10 incorporated between July 1, 1989, and June 30, ~~1993-1993~~, and during 1996."

## 11 12 **PART 20. DEPARTMENT OF CORRECTION**

13  
14 Requested by: Representatives Justus, Thompson

### 15 **ADDITIONAL PRIVATE PRISON BEDS**

16           Sec. 20. G.S. 148-37(g) reads as rewritten:

17           "(g) The Secretary of Correction may contract with private for-profit or nonprofit  
18 firms for the provision and operation of ~~two~~ four or more confinement facilities totaling  
19 up to ~~1,000-2,000~~ beds in the State to house State prisoners when to do so would most  
20 economically and effectively promote the purposes served by the Department of  
21 Correction. This ~~1,000-bed-2,000-bed~~ limitation shall not apply to the 500 beds in private  
22 substance abuse treatment centers authorized by the General Assembly prior to July 1,  
23 1995. Whenever the Department of Correction determines that new prison facilities are  
24 required in addition to existing State-owned facilities, the Department may contract for  
25 any remaining beds authorized by this section before constructing State-operated  
26 facilities.

27           Contracts entered under the authority of this subsection shall be for a period not to  
28 exceed 10 years, shall be renewable from time to time for a period not to exceed 10 years,  
29 ~~and are subject to the approval of the Council of State and the Department of~~  
30 ~~Administration, after consultation with the Joint Legislative Commission on~~  
31 ~~Governmental Operations. Confinement facilities provided under the authority of this~~  
32 ~~subsection shall not be used for the purpose of consolidating existing State confinement~~  
33 ~~facilities.~~ years. The Secretary of Correction shall enter contracts under this subsection  
34 only if funds are appropriated for this purpose by the General Assembly. Contracts  
35 entered under the authority of this subsection may be subject to any requirements for the  
36 location of the confinement facilities set forth by the General Assembly in appropriating  
37 those funds.

38           Once the Department has made a determination to contract for additional private  
39 prison beds, it shall issue a request for proposals within 30 days of the decision. The  
40 request for proposals shall require bids to be submitted within three months, and the  
41 Department shall award contracts within three months of the submission of bids. The  
42 final award decision shall be made by the Secretary of Correction, in consultation with  
43 the Chairs of the Joint Legislative Correction Oversight Committee and the Chairs of the

1 House and Senate Appropriations Subcommittees on Justice and Public Safety, and the  
2 contract shall then be subject to the approval of the Council of State after consultation  
3 with the Joint Legislative Commission on Governmental Operations.

4 Contracts made under the authority of this subsection may provide the State with an  
5 option to purchase the confinement facility or may provide for the purchase of the  
6 confinement facility by the State. Contracts made under the authority of this subsection  
7 shall state that plans and specifications for private confinement facilities shall be  
8 furnished to and reviewed by the Office of State Construction. The Office of State  
9 Construction shall inspect and review each project during construction to ensure that the  
10 project is suitable for habitation and to determine whether the project would be suitable  
11 for future acquisition by the State. ~~The Department of Correction may give preference to~~  
12 ~~facilities intended for joint county and State use where such facilities are developed by~~  
13 ~~public/private partnerships and financed by tax exempt bond issues, and where such~~  
14 ~~facilities offer general terms and conditions favorable to the State in the competitive~~  
15 ~~bidding process pursuant to Article 8 of Chapter 143 of the General Statutes.~~ All  
16 contracts for the housing of State prisoners in private confinement facilities shall require  
17 a minimum of ten million dollars (\$10,000,000) of occurrence-based liability insurance  
18 and shall hold the State harmless and provide reimbursement for all liability arising out of  
19 actions caused by operations and employees of the private confinement facility.

20 Prisoners housed in private confinement facilities pursuant to this subsection shall  
21 remain subject to the rules adopted for the conduct of persons committed to the State  
22 prison system. The Secretary of Correction may review and approve the design and  
23 construction of private confinement facilities before housing State prisoners in these  
24 facilities. The rules regarding good time, gain time, and earned credits, discipline,  
25 classification, extension of the limits of confinement, transfers, housing arrangements,  
26 and eligibility for parole shall apply to inmates housed in private confinement facilities  
27 pursuant to this subsection. The operators of private confinement facilities may adopt any  
28 other rules as may be necessary for the operation of those facilities with the written  
29 approval of the Secretary of Correction. Custodial officials employed by a private  
30 confinement facility are agents of the Secretary of Correction and may use those  
31 procedures for use of force authorized by the Secretary of Correction to defend  
32 themselves, to enforce the observance of discipline in compliance with confinement  
33 facility rules, to secure the person of a prisoner, and to prevent escape. Private firms  
34 under this subsection shall employ inmate disciplinary and grievance policies of the  
35 North Carolina Department of Correction."

36  
37 Requested by: Representatives Justus, Thompson

#### 38 **USE OF FACILITIES CLOSED UNDER GPAC**

39 Sec. 20.1. In conjunction with the closing of small expensive prison units  
40 recommended for consolidation by the Government Performance Audit Committee, the  
41 Department of Correction shall consult with the county or municipality in which the unit  
42 is located about the possibility of converting that unit to local use. Consistent with  
43 existing law, the Department may provide for the lease or transfer of any of these units to

1 counties or municipalities wishing to convert them to local use. The Department of  
2 Correction may also consider converting some of the units recommended for closing  
3 from medium security to minimum security, where that conversion would be cost-  
4 effective.

5  
6 Requested by: Representatives Justus, Thompson

7 **REIMBURSEMENT TO COUNTIES FOR HOUSING COSTS OF INMATES**  
8 **AWAITING TRANSFER TO STATE PRISON SYSTEM**

9 Sec. 20.2. (a) G.S. 148-29 reads as rewritten:

10 "**§ 148-29. Transportation of convicts to prison; reimbursement to counties;**  
11 **sheriff's expense affidavit; State not liable for maintenance expenses until**  
12 **convict received. affidavit.**

13 The sheriff having in charge any prisoner to be taken to the Central Prison at Raleigh  
14 shall send him to the Central Prison within five days after the adjournment of the court at  
15 which he was sentenced, if no appeal has been taken. Beginning on the sixth day after  
16 adjournment of the court in which the prisoner was sentenced and continuing through the  
17 day the prisoner is received by the Division of Prisons, the Department of Correction  
18 shall pay the county a standard sum set by the General Assembly in its appropriations  
19 acts for the cost of providing food, clothing, personal items, supervision, and necessary  
20 ordinary medical services to the prisoner awaiting transfer to the State prison system.

21 The sheriff shall file with the board of commissioners of his county a copy of his  
22 affidavit as to necessary guard, together with a copy of his itemized account of expenses,  
23 both certified to by him as true copies of those on file in his office. ~~The State is not~~  
24 ~~liable for the expenses of maintaining convicts until they have been received by the State~~  
25 ~~Department of Correction authorities, nor shall any moneys be paid out of the treasury for~~  
26 ~~support of convicts prior to such reception."~~

27 (b) The Department of Correction may use funds available for the 1995-96 fiscal  
28 year to pay the sum of fourteen dollars and fifty cents (\$14.50) per day as reimbursement  
29 to counties for the cost of housing inmates convicted and awaiting transfer to the State  
30 prison system, as provided in G.S. 148-29.

31 (c) Of the funds appropriated to the Department of Correction for the 1996-97  
32 fiscal year, the sum of fourteen million six hundred thousand dollars (\$14,600,000) shall  
33 be used to raise the per diem reimbursement to counties from fourteen dollars and fifty  
34 cents (\$14.50) per day to forty dollars (\$40.00) per day for the cost of housing inmates  
35 convicted and awaiting transfer to the State prison system, as provided in G.S. 148-29. If  
36 these funds are depleted prior to the end of the fiscal year, the Department of Correction  
37 may use funds available, other than lapsed salaries and fringe benefits, to reimburse  
38 counties pursuant to this section.

39 (d) Subsections (a) and (b) of this section become effective January 1, 1996.

40  
41 Requested by: Representatives Justus, Thompson

1 **COMBINATION OF PAROLE PROBATION FIELD SERVICES AND PAROLE**  
2 **PRE- AND POST-RELEASE SERVICES PROGRAMS FOR BUDGETING**  
3 **PURPOSES**

4       Sec. 20.3. Notwithstanding any other provision of law, the Department of  
5 Correction may combine Parole Probation Field Services and Parole Pre- and Post-  
6 Release Services programs for budgeting purposes in order to reflect the actual operation  
7 in the field, since officers from each program are responsible for both parole and  
8 probation cases.

9  
10 Requested by: Representatives Justus, Thompson

11 **MODIFICATION OF FUNDING FORMULA FROM THE NORTH CAROLINA**  
12 **STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT**

13       Sec. 20.4. Notwithstanding the funding formula set forth in G.S. 143B-273.15,  
14 grants made through the North Carolina State-County Criminal Justice Partnership Act  
15 for the 1996-97 fiscal year shall be distributed to the counties as specified in G.S. 143B-  
16 273.15(2) only, and not as discretionary funds. Appropriations not claimed or expended  
17 by counties during the 1996-97 fiscal year shall be distributed pursuant to G.S. 143B-  
18 273.15(1).

19  
20 Requested by: Representatives Justus, Thompson

21 **PRIVATE PRISON CONTRACTS**

22       Sec. 20.5. (a) The Department of Correction shall award contracts for the  
23 1,000 private prison beds authorized in G.S. 148-37(g) by June 30, 1996.

24       (b) This section is effective upon ratification.

25  
26 Requested by: Representatives Justus, Thompson

27 **DART AFTERCARE FUNDS SHALL NOT REVERT**

28       Sec. 20.6. (a) Funds appropriated in this act to the Department of Correction  
29 for the 1995-96 fiscal year for a Drug Alcohol Recovery Treatment (DART) aftercare  
30 program shall not revert at the end of the fiscal year but shall remain available to the  
31 Department during the 1996-97 fiscal year and be used to contract for up to three pilot  
32 programs statewide to provide aftercare services, including counseling and job referral  
33 services, for DART DWI offenders and other offenders who have completed a DART  
34 program in the Division of Prisons.

35       The Department of Correction shall report on the pilot programs to the Chairs  
36 of the Senate and House Appropriations Committees and the Chairs of the Senate and  
37 House Appropriations Subcommittees on Justice and Public Safety by March 1, 1997.  
38 The report shall include information on the number of clients served, the quality of  
39 services, the cost-effectiveness of the services, and the benefits of the programs to  
40 offenders.

41       (b) This section becomes effective June 30, 1996.

42  
43 Requested by: Representatives Justus, Thompson

1 **DEPARTMENT OF CORRECTION/DEPARTMENT OF HUMAN RESOURCES**  
2 **JOINT PLAN/RESERVE FOR SUBSTANCE ABUSE TREATMENT PILOT**  
3 **PROGRAM FOR PAROLEES AND PROBATIONERS SHALL NOT REVERT**

4 Sec. 20.7. (a) The balance of the five hundred eighty-three thousand dollars  
5 (\$583,000) appropriated in Chapter 24 of the Session Laws of the 1994 Extra Session to  
6 the Department of Correction for the 1994-95 fiscal year and carried forward to the 1995-  
7 96 fiscal year by Section 19.8 of Chapter 507 of the 1995 Session Laws for an intensive  
8 out-patient substance abuse treatment pilot program for parolees and probationers with  
9 serious substance abuse histories shall not revert at the end of the fiscal year but shall  
10 remain available to the Department during the 1996-97 fiscal year to be used for the  
11 operation and evaluation of the Department of Correction/Department of Human  
12 Resources joint substance abuse program, the Drug Alcohol Recovery Treatment  
13 (DART) aftercare pilot program, and other prison-based or community corrections  
14 substance abuse programs in the Department of Correction, as determined by the  
15 Secretary of Correction.

16 The Department of Correction shall report quarterly to the Joint Legislative  
17 Corrections Oversight Committee on the use of these funds and any benefits realized.  
18 The Department of Human Resources shall participate in these reports as they relate to  
19 the joint project.

20 (b) This section becomes effective June 30, 1996.

21  
22 Requested by: Representatives Justus, Thompson

23 **SALARY CONTINUATION BENEFITS FOR ALL DEPARTMENT OF**  
24 **CORRECTION EMPLOYEES INJURED BY DELIBERATE ACT OR WHILE**  
25 **PERFORMING SUPERVISORY DUTIES**

26 Sec. 20.8. (a) G.S. 143-166.13(b) reads as rewritten:

27 "(b) The following persons are entitled to benefits under this Article regardless of  
28 whether they are subject to the Criminal Justice Training and Standards Act:

29 (1) Driver License Examiners injured by accident arising out of and in the  
30 course of giving a road test, Division of Motor Vehicles, Department of  
31 ~~Transportation~~ Transportation;

32 (2) Employees injured by a direct and deliberate act of an offender  
33 supervised by the Department of Correction or an individual acting on  
34 behalf of such an offender or while performing supervisory duties over  
35 offenders which place the employees at risk of such injury, Department  
36 of Correction."

37 (b) This section applies to injuries occurring on or after the effective date of this  
38 act.

39  
40 Requested by: Representatives Justus, Thompson

41 **REPORT ON WOMEN AT RISK**

42 Sec. 20.9. The Women at Risk program shall report by December 1, 1996, and  
43 by May 1, 1997, to the Joint Legislative Commission on Governmental Operations, the

1 Chairs of the House and Senate Appropriations Committees, and the Chairs of the House  
2 and Senate Appropriations Subcommittees on Justice and Public Safety on the  
3 expenditure of State appropriations and on the effectiveness of the program, including  
4 information on the number of clients served, the number of clients who have had their  
5 probation revoked, and the number of clients who have successfully completed the  
6 program.

7  
8 Requested by: Representatives Justus, Thompson

#### 9 **FEDERAL MATCHING FUNDS**

10 Sec. 20.10. Section 27.10A of Chapter 507 of the 1995 Session Laws reads as  
11 rewritten:

12 "Sec. 27.10A. Appropriations made ~~in this act~~ for the 1995-97 biennium to the Office  
13 of State Construction of the Department of Administration for construction of new prison  
14 beds, ~~excluding the sum of seven million five hundred thousand dollars (\$7,500,000) to~~  
15 ~~be used for the design and preliminary site work,~~ are to match federal funds available for  
16 prison construction in the ~~1995 or~~ 1996 federal fiscal year or subsequent federal fiscal  
17 years. If the federal match is not made ~~available by January 1, 1996,~~ available, these  
18 State funds shall be made available to the Office of State Construction of the Department  
19 of Administration for construction of new prison beds, segregation units, and support  
20 buildings and ~~systems as specified in this act.~~ systems.

21 The Office of State Construction shall report to the Chairs of the Joint Legislative  
22 Commission on Governmental Operations, the Joint Legislative Corrections Oversight  
23 Committee, the Chairs of the Senate and House Appropriations Committees, and the  
24 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public  
25 Safety on the availability of federal prison construction matching funds."

26  
27 Requested by: Representatives Holmes, Creech, Esposito

#### 28 **USE OF PRISON MATCH FUNDS**

29 Sec. 20.11. Section 27.10A1 of Chapter 507 of the 1995 Session Laws is  
30 repealed. Any funds appropriated in Chapter 507 of the 1995 Session Laws for  
31 construction of new prison beds that are not needed to construct prisons for the 1995-97  
32 fiscal biennium shall be placed in a reserve for appropriation by the 1997 General  
33 Assembly.

### 34 35 **PART 21. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

36  
37 Requested by: Representatives Justus, Thompson

#### 38 **REPORT ON STATE HIGHWAY PATROL PROMOTIONAL POLICY**

39 Sec. 21. The Division of the State Highway Patrol, Department of Crime  
40 Control and Public Safety, shall report to the Crime Control and Public Safety Study  
41 Commission, the Chairs of the House and Senate Appropriations Committees, and the  
42 Chairs of the House and Senate Appropriations Subcommittees on Justice and Public  
43 Safety on the promotional system adopted by the State Highway Patrol on May 15, 1996.

The Department shall report on the criteria and qualifications used to rank troopers and supervisors in the system and on the progress of the training process of the system by January 1, 1997. By July 1, 1997, the Department shall report on the implementation of the promotional system, including the number of troopers and supervisors eligible for promotion, the number of troopers and supervisors promoted, and the criteria used to rank each trooper and supervisor promoted under the system.

**PART 22. JUDICIAL DEPARTMENT**

Requested by: Representatives Justus, Thompson

**ADDITIONAL ASSISTANT DISTRICT ATTORNEYS**

Sec. 22. (a) G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

			No. of Full-Time Asst. District	
Prosecutorial District	Counties	Attorneys		
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	8		<u>9</u>
2	Beaufort, Hyde, Martin, Tyrrell, Washington	4		<u>5</u>
3A	Pitt	7		<u>8</u>
3B	Carteret, Craven, Pamlico	6		<u>8</u>
4	Duplin, Jones, Onslow, Sampson	10		<u>12</u>
5	New Hanover, Pender	9		<u>11</u>
6A	Halifax	3		<u>4</u>
6B	Bertie, Hertford, Northampton	3		<u>4</u>
7	Edgecombe, Nash, Wilson		10	<u>13</u>
8	Greene, Lenoir, Wayne	8		<u>10</u>
9	Franklin, Granville, Vance, Warren	8		<u>9</u>
9A	Person, Caswell	2		<u>3</u>
10	Wake		20	<u>24</u>
11	Harnett, Johnston, Lee	10		<u>11</u>
12	Cumberland	12		<u>14</u>
13	Bladen, Brunswick, Columbus	6		<u>7</u>
14	Durham	9		<u>10</u>
15A	Alamance	6		<u>7</u>
15B	Orange, Chatham	5		<u>6</u>



1	16A	Scotland, Hoke	<del>3</del>	<u>4</u>	
2	16B	Robeson	<del>7</del>	<u>8</u>	
3	17A	Rockingham	<del>4</del>	<u>5</u>	
4	17B	Stokes, Surry	<del>4</del>	<u>5</u>	
5	18	Guilford	<del>18</del>	<u>22</u>	
6	19A	Cabarrus	<del>4</del>	<u>5</u>	
7	19B	Montgomery, Randolph	<del>5</del>	<u>6</u>	
8	19C	Rowan	<del>4</del>	<u>5</u>	
9	20	Anson, Moore, Richmond,	<del>12</del>	<u>14</u>	
10		Stanly, Union			
11	21	Forsyth	<del>12</del>	<u>13</u>	
12	22	Alexander, Davidson, Davie,	<del>11</del>	<u>14</u>	
13		Iredell			
14	23	Alleghany, Ashe, Wilkes,	<del>4</del>	<u>5</u>	
15		Yadkin			
16	24	Avery, Madison, Mitchell,	<del>3</del>	<u>4</u>	
17		Watauga, Yancey			
18	25	Burke, Caldwell, Catawba	<del>11</del>	<u>12</u>	
19	26	Mecklenburg	<del>24</del>	<u>28</u>	
20	27A	Gaston	<del>8</del>	<u>9</u>	
21	27B	Cleveland,	<del>5</del>	<u>6</u>	
22		Lincoln			
23	28	Buncombe	<del>8</del>	<u>9</u>	
24	29	Henderson, McDowell, Polk,	<del>8</del>	<u>9</u>	
25		Rutherford, Transylvania			
26	30	Cherokee, Clay, Graham,	<del>6</del>	<u>7</u>	
27		Haywood, Jackson, Macon,			
28		Swain."			

(b) This section becomes effective January 1, 1997.

Requested by: Representatives Justus, Thompson

#### **ASSISTANT PUBLIC DEFENDERS**

Sec. 22.1. From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 1996-97 fiscal year, the Administrative Office of the Courts may use up to five hundred twenty-eight thousand one hundred ninety-eight dollars (\$528,198) for salaries, benefits, and related expenses to establish up to 11 new assistant public defenders.

Requested by: Representatives Justus, Thompson

#### **RESERVE FOR DRUG TREATMENT COURT PROGRAM**

Sec. 22.2. (a) Of the funds appropriated to the Judicial Department in the certified budget for the 1995-96 fiscal year to the Reserve for Court/Drug Treatment Program, established by Section 41 of Chapter 24 of the Session Laws of the 1994 Extra Session, as amended by Section 21.6 of Chapter 507 of the 1995 Session Laws, up to the sum of

1 one hundred seventy-five thousand dollars (\$175,000) of any balance remaining in the  
 2 reserve shall not revert, but may be used during the 1996-97 fiscal year for nonrecurring  
 3 program items.

4 (b) This section becomes effective June 30, 1996.

5  
 6 Requested by: Representatives Justus, Thompson

7 **ANNUAL REPORT ON RECIDIVISM**

8 Sec. 22.3. The Judicial Department, through the North Carolina Sentencing  
 9 and Policy Advisory Commission, and the Department of Correction shall jointly prepare  
 10 an annual report on recidivism among criminal offenders. The findings of the report shall  
 11 be based upon methodology similar to that employed in the May 1, 1996, Recidivism  
 12 Study that was presented to the Chairs of the House and Senate Appropriations  
 13 Committees and the Chairs of the House and Senate Appropriations Subcommittees on  
 14 Justice and Public Safety. This methodology shall include tracking of all offenders  
 15 assigned to community corrections programs or released from prison by fiscal year,  
 16 beginning with the 1993-94 fiscal year for the first year's report, and then identifying  
 17 those offenders rearrested within two years or more after assignment to a program or  
 18 release from prison. Community correction programs to be included in the report are the  
 19 Treatment Alternatives to Street Crime (TASC), the Community Penalties Program,  
 20 Community Service, all supervised probation and parole programs, and all community  
 21 correction programs supervised or funded by the Department of Correction.

22 As part of this joint project, the Department of Correction shall provide the  
 23 Sentencing and Policy Advisory Commission with a computerized list of offenders  
 24 released from prison and offenders entering supervised probation during the specified  
 25 time period. The list shall include specific offender-identifying information and clearly  
 26 identify offenders entering community corrections programs supervised or funded by the  
 27 Department of Correction. The Sentencing and Policy Advisory Commission shall be  
 28 responsible for matching offenders to Division of Criminal Information (DCI) criminal  
 29 records and for the production and printing of the final report.

30 Data collection and report preparation for the first year shall be funded from  
 31 the sum of four thousand dollars (\$4,000) appropriated to the Judicial Department for the  
 32 1996-97 fiscal year for that purpose, and grant funds available to the Department of  
 33 Correction for the 1996-97 fiscal year, up to the sum of twenty-five thousand dollars  
 34 (\$25,000). The report shall be due by April 1 of each year.

35  
 36 Requested by: Representatives Justus, Thompson

37 **AUTHORIZE ADDITIONAL MAGISTRATES**

38 Sec. 22.4. G.S. 7A-133(c) reads as rewritten:

39 "(c) Each county shall have the numbers of magistrates and additional seats of  
 40 district court, as set forth in the following table:

	Additional
Magistrates	Seats of

	County	Min.-Max.	Court	
1				
2				
3	Camden	1 2		
4	Chowan	2 3		
5	Currituck	1 3		
6	Dare	3 8		
7	Gates	2 3		
8	Pasquotank	3 5		
9	Perquimans	2 3		
10	Martin	5 8		
11	Beaufort	4 8		
12	Tyrrell	1 3		
13	Hyde	2 4		
14	Washington	3 4		
15	Pitt	10 12	Farmville	
16				Ayden
17	Craven	7 10	Havelock	
18	Pamlico	2 3		
19	Carteret	5 8		
20	Sampson	6 8		
21	Duplin	9 11		
22	Jones	2 3		
23	Onslow	8 14		
24	New Hanover	6 11		
25	Pender	4 6		
26	Halifax	9 14	Roanoke	
27				Rapids,
28				Scotland Neck
29	Northampton	5 6		
30	Bertie	4 5		
31	Hertford	5 6		
32	Nash	7 10	Rocky Mount	
33	Edgecombe	4 6	Rocky Mount	
34	Wilson	4 6		
35	Wayne	5 11	Mount Olive	
36	Greene	2 4		
37	Lenoir	4 10	La Grange	
38	Granville	3 7		
39	Vance	3 5		
40	Warren	3 4		
41	Franklin	3 6		
42	Person	3 4		
43	Caswell	2 5		

1	Wake	12	20	Apex,	
2					Wendell,
3					Fuquay-
4					Varina,
5					Wake Forest
6	Harnett	7	11	Dunn	
7	Johnston	10	12	Benson,	
8					Clayton,
9					Selma
10	Lee	4	6		
11	Cumberland		10	17	
12	Bladen	4	6		
13	Brunswick		4	7	
14	Columbus	6	8	Tabor City	
15	Durham	8	12		
16	Alamance	7	10	Burlington	
17	Orange	4	11	Chapel Hill	
18	Chatham	3	8	Siler City	
19	Scotland	3	5		
20	Hoke	4	5		
21	Robeson	8	16	Fairmont,	
22					Maxton,
23					Pembroke,
24					Red Springs,
25					Rowland,
26					St. Pauls
27	Rockingham		4	9	Reidsville,
28					Eden,
29					Madison
30	Stokes	2	5		
31	Surry	5	9	Mt. Airy	
32	Guilford	20	26	High Point	
33	Cabarrus	5	9	Kannapolis	
34	Montgomery		2	4	
35	Randolph	5	8	Liberty	
36	Rowan	5	10		
37	Stanly	5	6		
38	Union	4	6		
39	Anson	4	5		
40	Richmond		5	6	Hamlet
41	Moore	5	8	Southern	
42					Pines
43	Forsyth	3	15	Kernersville	

1	Alexander	2	3
2	Davidson 7	10	Thomasville
3	Davie 2 3		
4	Iredell 4 9		Mooreville
5	Alleghany	1	2
6	Ashe 3 4		
7	Wilkes 4	6	
8	Yadkin 3	5	
9	Avery 3 4		
10	Madison 4	5	
11	Mitchell 3	4	
12	Watauga 4	6	
13	Yancey 2	4	
14	Burke 4 7		
15	Caldwell 4	7	
16	Catawba 6	10	Hickory
17	Mecklenburg	15	26
18	Gaston 11	20	
19	Cleveland 5	8	
20	Lincoln 4	6	
21	Buncombe	6	15
22	Henderson	4	<del>6-7</del>
23	McDowell	3	5
24	Polk 3 4		
25	Rutherford	6	8
26	Transylvania	2	4
27	Cherokee 3	4	
28	Clay 1 2		
29	Graham 2	3	
30	Haywood 5	7	Canton
31	Jackson 3	4	
32	Macon 3	4	
33	Swain 2 3."		

34

35 Requested by: Representatives Justus, Thompson, Grady

36 **CLERK OF SUPERIOR COURT COMPENSATION STUDY**

37

38 Sec. 22.5. The Administrative Office of the Courts shall study the position  
 39 classification and pay plan of the Office of the Clerk of Superior Court. The study shall  
 40 provide recommendations on the appropriate qualifications and compensation of deputy  
 41 and assistant clerks for the proper functioning of the Office of the Clerk of Superior  
 42 Court, and shall include a review of current job classes and any potential new classes.  
 43 The Administrative Office of the Courts shall report the results of this study and its  
 recommendations to the Chairs of the House and Senate Appropriations Committees and

1 the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public  
2 Safety by March 1, 1997.

3  
4 **PART 23. DEPARTMENT OF JUSTICE**

5  
6 Requested by: Representatives Justus, Thompson

7 **AUTHORIZATION OF FICTITIOUS LICENSES AND REGISTRATION**  
8 **PLATES ON PUBLICLY OWNED MOTOR VEHICLES**

9 Sec. 23. G.S. 20-39(h) reads as rewritten:

10 "(h) The Commissioner, notwithstanding any other provision of this Chapter, may  
11 lawfully and to the extent necessary, provide local, State or federal law-enforcement  
12 officers on special undercover assignments with motor vehicle drivers licenses and motor  
13 vehicle registration plates under assumed names using false or fictitious addresses. Such  
14 registration plates shall only be used on publicly owned or leased vehicles. Requests for  
15 these licenses and registration plates shall be made to the Commissioner by the head of  
16 the local, State or federal law-enforcement agency and be accompanied by approval in  
17 writing from the Director of the State Bureau of Investigation upon a specific finding by  
18 the Director that the request is justified and necessary. The Director shall keep a record  
19 of all such licenses, registration plates, assumed names, false or fictitious addresses, and  
20 law-enforcement officers using the licenses or registration plates, and shall request the  
21 immediate return of any license or registration plate that is no longer necessary. Licenses  
22 and registration plates provided under this subsection shall expire six months after initial  
23 issuance or subsequent validation after the request for extension has been approved in  
24 writing by the Director of the State Bureau of Investigation. The head of the local, State  
25 or federal law-enforcement agency shall be responsible for the use of the licenses and  
26 registration plates and shall return them immediately to the Commissioner for  
27 cancellation upon either (i) their expiration, (ii) request of the Director of the State  
28 Bureau of Investigation, or (iii) request of the Commissioner. Failure to return a license  
29 or registration plates issued pursuant to this subsection shall be punished as a Class 2  
30 misdemeanor. At no time shall the number of valid licenses and registration plates issued  
31 under this act exceed ~~fifty~~, one hundred fifty, and those issued shall be strictly monitored  
32 by the Director. All of the private registration plates issued to special agents of the State  
33 Bureau of Investigation under the Department of Justice and to alcohol law enforcement  
34 agents under the Department of Crime Control and Public Safety, pursuant to G.S. 14-  
35 250, may be fictitious plates and shall not be counted in the total number of fictitious  
36 plates authorized by this subsection."

37  
38 Requested by: Representatives Justus, Thompson

39 **REPAIRS AND RENOVATIONS OF THE WESTERN JUSTICE ACADEMY**

40 Sec. 23.1. Of the funds allocated to the Repairs and Renovations Reserve  
41 Account for the 1995-97 biennium, the sum of six million dollars (\$6,000,000) shall be  
42 transferred to the Department of Justice for repairs and renovations of the Western Justice  
43 Academy located at Edneyville in Henderson County. The Department of Justice shall

1 let contracts for all repairs and renovations of the Academy as soon as possible, but not  
2 later than December 1, 1996.

3  
4 **PART 24. DEPARTMENT OF HUMAN RESOURCES**

5  
6 Requested by: Representatives Gardner, Hayes

7 **MEDICAID**

8 Sec. 24. Section 23.14 of Chapter 324, 1995 Session Laws, reads as rewritten:

9 "Sec. 23.14. (a) Funds appropriated in this act for services provided in accordance  
10 with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy  
11 and the medically needy. Funds appropriated for these services shall be expended in  
12 accordance with the following schedule of services and payment bases. All services and  
13 payments are subject to the language at the end of this subsection.

14 Services and payment bases:

- 15 (1) Hospital-Inpatient - Payment for hospital inpatient services will be  
16 prescribed in the State Plan as established by the Department of Human  
17 Resources. Administrative days for any period of hospitalization shall  
18 be limited to a maximum of three days.
- 19 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a  
20 prospective reimbursement plan as established by the Department of  
21 Human Resources.
- 22 (3) Nursing Facilities - Payment for nursing facility services will be  
23 prescribed in the State Plan as established by the Department of Human  
24 Resources. Nursing facilities providing services to Medicaid recipients  
25 who also qualify for Medicare, must be enrolled in the Medicare  
26 program as a condition of participation in the Medicaid program. State  
27 facilities are not subject to the requirement to enroll in the Medicare  
28 program.
- 29 (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed  
30 in the State Plan as established by the Department of Human Resources.
- 31 (5) Drugs - Drug costs as allowed by federal regulations plus a professional  
32 services fee per month excluding refills for the same drug or generic  
33 equivalent during the same month. Reimbursement shall be available  
34 for up to six prescriptions per recipient, per month, including refills.  
35 Payments for drugs are subject to the provisions of subsection (f) of this  
36 section and to the provisions at the end of subsection (a) of this section,  
37 or in accordance with the State Plan adopted by the Department of  
38 Human Resources consistent with federal reimbursement regulations.  
39 Payment of the professional services fee shall be made in accordance  
40 with the Plan adopted by the Department of Human Resources,  
41 consistent with federal reimbursement regulations. The professional  
42 services fee shall be five dollars and sixty cents (\$5.60) per prescription.

- 1 Adjustments to the professional services fee shall be established by the  
2 General Assembly.
- 3 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified  
4 Nurse Midwife Services - Fee schedules as developed by the  
5 Department of Human Resources. Payments for dental services are  
6 subject to the provisions of subsection (g) of this section.
- 7 (7) Community Alternative Program, EPSDT Screens - Payment to be  
8 made in accordance with rate schedule developed by the Department of  
9 Human Resources.
- 10 (8) Home Health and Related Services, Private Duty Nursing, Clinic  
11 Services, Prepaid Health Plans, Durable Medical Equipment - Payment  
12 to be made according to reimbursement plans developed by the  
13 Department of Human Resources.
- 14 (9) Medicare Buy-In - Social Security Administration premium.
- 15 (10) Ambulance Services - Uniform fee schedules as developed by the  
16 Department of Human Resources.
- 17 (11) Hearing Aids - Actual cost plus a dispensing fee.
- 18 (12) Rural Health Clinic Services - Provider-based - reasonable cost;  
19 nonprovider based - single cost reimbursement rate per clinic visit.
- 20 (13) Family Planning - Negotiated rate for local health departments. For  
21 other providers - see specific services, for instance, hospitals,  
22 physicians.
- 23 (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as  
24 developed by the Department of Human Resources.
- 25 (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale  
26 cost of materials.
- 27 (16) Ambulatory Surgical Centers - Payment as prescribed in the  
28 reimbursement plan established by the Department of Human  
29 Resources.
- 30 (17) Medicare Crossover Claims - An amount up to the actual coinsurance or  
31 deductible or both, in accordance with the Plan, as approved by the  
32 Department of Human Resources.
- 33 (18) Physical Therapy and Speech Therapy - Services limited to EPSDT  
34 eligible children. Payments are to be made only to ~~the Children's~~  
35 ~~Special Health Services program~~ qualified providers at rates negotiated  
36 by the Department of Human Resources.
- 37 (19) Personal Care Services - Payment in accordance with Plan approved by  
38 the Department of Human Resources.
- 39 (20) Case Management Services - Reimbursement in accordance with the  
40 availability of funds to be transferred within the Department of Human  
41 Resources.
- 42 (21) Hospice - Services may be provided in accordance with Plan developed  
43 by the Department of Human Resources.



- 1 (22) Other Mental Health Services - Unless otherwise covered by this  
2 section, coverage is limited to agencies meeting the requirements of the  
3 rules established by the Commission for Mental Health, Developmental  
4 Disabilities, and Substance Abuse Services, and reimbursement is made  
5 in accordance with a Plan developed by the Department of Human  
6 Resources not to exceed the upper limits established in federal  
7 regulations.
- 8 (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible  
9 Children - Reimbursement in accordance with Plan approved by the  
10 Department of Human Resources.
- 11 (24) Health Insurance Premiums - Payments to be made in accordance with  
12 the Plan adopted by the Department of Human Resources consistent  
13 with federal regulations.
- 14 (25) Medical Care/Other Remedial Care - Services not covered elsewhere in  
15 this section include related services in schools; health professional  
16 services provided outside the clinic setting to meet maternal and infant  
17 health goals; and services to meet federal EPSDT mandates. Services  
18 addressed by this paragraph are limited to those prescribed in the State  
19 Plan as established by the Department of Human Resources. Providers  
20 of these services must be certified as meeting program standards of the  
21 Department of Environment, Health, and Natural Resources.
- 22 (26) Pregnancy Related Services - Covered services for pregnant women  
23 shall include nutritional counseling, psychosocial counseling, and  
24 predelivery and postpartum home visits by maternity care coordinators  
25 and public health nurses.

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

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

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

39 (c) Copayment for Medicaid Services. The Department of Human Resources may  
40 establish copayment up to the maximum permitted by federal law and regulation.

41 (d) Medicaid and Aid to Families With Dependent Children Income Eligibility  
42 Standards. The maximum net family annual income eligibility standards for Medicaid

1 and Aid to Families with Dependent Children, and the Standard of Need for Aid to  
 2 Families with Dependent Children shall be as follows:

	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	Family Standard	AFDC Payment		
<u>Size</u>	<u>of Need</u>	<u>Level*</u>	<u>AA, AB, AD*</u>	
7	1	\$ 4,344	\$ 2,172	\$ 2,900
8	2	5,664	2,832	3,800
9	3	6,528	3,264	4,400
10	4	7,128	3,564	4,800 5 7,776 3,888 5,200
11	6	8,376	4,188	5,600
12	7	8,952	4,476	6,000
13	8	9,256	4,680	6,300

14 \*Aid to Families With Dependent Children (AFDC); Aid to the Aged (AA); Aid to the  
 15 Blind (AB); and Aid to the Disabled (AD).

17 The payment level for Aid to Families With Dependent Children shall be fifty percent  
 18 (50%) of the standard of need.

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

21 (e) All Elderly, Blind, and Disabled Persons who receive Supplemental Security  
 22 Income are eligible for Medicaid coverage.

23 (f) ICF and ICF/MR Work Incentive Allowances. The Department of Human  
 24 Resources may provide an incentive allowance to Medicaid-eligible recipients of ICF and  
 25 ICF/MR facilities who are regularly engaged in work activities as part of their  
 26 developmental plan and for whom retention of additional income contributes to their  
 27 achievement of independence. The State funds required to match the federal funds that  
 28 are required by these allowances shall be provided from savings within the Medicaid  
 29 budget or from other unbudgeted funds available to the Department. The incentive  
 30 allowances may be as follows:

31  
 32 Monthly Net Wages Monthly Incentive Allowance

33	\$1.00 to \$100.99	Up to \$50.00
34	\$101.00 - \$200.99	\$80.00
35	\$201.00 to \$300.99	\$130.00
36	\$301.00 and greater	\$212.00.

37 (g) Dental Coverage Limits. Dental services shall be provided on a restricted basis  
 38 in accordance with rules adopted by the Department to implement this subsection.

39 (h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through G.S.  
 40 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security Act) a  
 41 prescription order for a drug designated by a trade or brand name shall be considered to  
 42 be an order for the drug by its established or generic name, except when the prescriber  
 43 personally indicates, either orally or in his own handwriting on the prescription order,

1 'dispense as written' or words of similar meaning. Generic drugs, when available in the  
2 pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather  
3 than trade or brand name drugs, subject to the prescriber's 'dispense as written' order as  
4 noted above.

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

9 (i) Exceptions to Service Limitations, Eligibility Requirements, and Payments.  
10 Service limitations, eligibility requirements, and payments bases in this section may be  
11 waived by the Department of Human Resources, with the approval of the Director of the  
12 Budget, to allow the Department to carry out pilot programs for prepaid health plans,  
13 managed care plans, or community-based services programs in accordance with plans  
14 approved by the United States Department of Health and Human Services, or when the  
15 Department determines that such a waiver will result in a reduction in the total Medicaid  
16 costs for the recipient.

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

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

26 (l) For all Medicaid eligibility classifications for which the federal poverty level is  
27 used as an income limit for eligibility determination, the income limits will be updated  
28 each April 1 immediately following publication of federal poverty guidelines.

29 (m) The Department of Human Resources shall provide Medicaid to 19-, 20-, and  
30 21-year olds in accordance with federal rules and regulations.

31 (n) The Department of Human Resources shall provide coverage to pregnant  
32 women and to children according to the following schedule:

33 (1) Pregnant women with incomes equal to or less than one hundred eighty-  
34 five percent (185%) of the federal poverty guidelines as revised each  
35 April 1 shall be covered for Medicaid ~~benefits;~~ benefits.

36 (2) Infants under the age of 1 with family incomes equal to or less than one  
37 hundred eighty-five percent (185%) of the federal poverty guidelines as  
38 revised each April 1 shall be covered for Medicaid ~~benefits;~~ benefits.

39 (3) Children aged 1 through 5 with family incomes equal to or less than one  
40 hundred thirty-three percent (133%) of the federal poverty guidelines as  
41 revised each April 1 shall be covered for Medicaid ~~benefits;~~ benefits.

42 (4) Children aged 6 through 18 with family incomes equal to or less than  
43 the federal poverty guidelines as revised each April 1 shall be covered

1 for Medicaid benefits. ~~Services to pregnant women eligible under this~~  
2 ~~section continue throughout the pregnancy but include only those~~  
3 ~~related to pregnancy and to those other conditions determined by the~~  
4 ~~Department as conditions that may complicate pregnancy. In order to~~  
5 ~~reduce county administrative costs and to expedite the provision of~~  
6 ~~medical services to pregnant women, to infants, and to children eligible~~  
7 ~~under this section, no resources test shall be applied; and~~

- 8 (5) The Department of Human Resources shall provide Medicaid coverage  
9 for adoptive children with special or rehabilitative needs regardless of  
10 the adoptive family's income.

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

17 (o) The Department of Human Resources may use Medicaid funds budgeted from  
18 program services to support the cost of administrative activities to the extent that these  
19 administrative activities produce a net savings in services requirements. Administrative  
20 initiatives funded by this section shall be first approved by the Office of State Budget and  
21 Management.

22 (p) The Department of Human Resources shall submit a monthly status report on  
23 expenditures for acute care and long-term care services to the Fiscal Research Division  
24 and to the Office of State Budget and Management. This report shall include an analysis  
25 of budgeted versus actual expenditures for eligibles by category and for long-term care  
26 beds. In addition, the Department shall revise the program's projected spending for the  
27 current fiscal year and the estimated spending for the subsequent fiscal year on a  
28 quarterly basis. Reports for the preceding month shall be forwarded to the Fiscal  
29 Research Division and to the Office of State Budget and Management no later than the  
30 third Thursday of the month.

31 (q) The Division of Medical Assistance, Department of Human Resources, may  
32 provide incentives to counties that successfully recover fraudulently spent Medicaid  
33 funds by sharing State savings with counties responsible for the recovery of the  
34 fraudulently spent funds.

35 (r) If first approved by the Office of State Budget and Management, the Division  
36 of Medical Assistance, Department of Human Resources, may use funds that are  
37 identified to support the cost of development and acquisition of equipment and software  
38 through contractual means to improve and enhance information systems that provide  
39 management information and claims processing.

40 (s) The Division of Medical Assistance, Department of Human Resources, may  
41 administer Medicaid estate recovery mandated by Omnibus Budget Reconciliation Act of  
42 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5 using temporary rules

1 pending approval of final rules promulgated pursuant to Chapter 150B of the General  
 2 Statutes.

3 (t) The Department of Human Resources may adopt temporary rules according to  
 4 the procedures established in G.S. 150B-21.1 when it finds that such rules are necessary  
 5 to maximize receipt of federal funds to reduce Medicaid expenditures, and to reduce  
 6 fraud and abuse."

7  
 8 Requested by: Representatives Gardner, Hayes

9 **NONMEDICAID REIMBURSEMENT CHANGES**

10 Sec. 24.1. Subsection 23.16 of Chapter 324 of the 1995 Session Laws, as  
 11 amended by subsection 23.5 of Chapter 507, 1995 Session Laws, reads as rewritten:

12 "Providers of medical services under the various State programs, other than Medicaid,  
 13 offering medical care to citizens of the State shall be reimbursed at rates no more than  
 14 those under the North Carolina Medical Assistance Program. Hospitals that provide  
 15 psychiatric inpatient care for Thomas S. class members or adults with mental retardation  
 16 and mental illness may be paid an additional incentive payment not to exceed fifteen  
 17 percent (15%) of their regular daily per diem reimbursement.

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

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

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

34		Medical Eye	All	
35	<u>Family Size</u>	<u>Care Adults</u>	<u>Rehabilitation</u>	<u>Other</u>
36	1	\$ 4,860	\$ 8,364	\$ 4,200
37	2	5,940	10,944	5,300
38	3	6,204	13,500	6,400
39	4	7,284	16,092	7,500
40	5	7,824	18,648	7,900
41	6	8,220	21,228	8,300
42	7	8,772	21,708	8,800
43				

1           8                           9,312                           22,220                           9,300

2

3           The eligibility level for children in the Medical Eye Care Program in the Division of  
 4 Services for the Blind and for adults in the ~~Clozaril~~ Atypical Antipsychotic Medication  
 5 Program in the Division of Mental Health, Developmental Disabilities, and Substance  
 6 Abuse Services shall be one hundred percent (100%) of the federal poverty guidelines, as  
 7 revised annually by the United States Department of Health and Human Services and in  
 8 effect on July 1 of each fiscal year. Additionally, those adults enrolled in the ~~Clozaril~~  
 9 Atypical Antipsychotic Medication Program who become gainfully employed may  
 10 continue to be eligible to receive State support, in decreasing amounts, for the purchase  
 11 of ~~Clozaril~~ atypical antipsychotic medication and related services up to three hundred  
 12 percent (300%) of the poverty level.

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

15           Income   State Participation   Client Participation  
 16 (% of poverty)

17

18	0-100%	100%	0%
19	101-120%	95%	5%
20	121-140%	85%	15%
21	141-160%	75%	25%
22	161-180%	65%	35%
23	<del>191-180%</del>	<del>65%</del>	<del>35%</del>
24	<u>181-200%</u>	<u>55%</u>	<u>45%</u>
25	201-220%	45%	55%
26	221-240%	35%	65%
27	241-260%	25%	75%
28	261-280%	15%	85%
29	281-300%	5%	95%
30	301%-over	0%	100%.

31

32           The Department of Human Resources shall contract at, or as close as possible to,  
 33 Medicaid rates for medical services provided to residents of State facilities of the  
 34 Department."

35

36 Requested by: Representatives Gardner, Hayes

37 **SSI/MEDICAID LIMITS**

38           Sec. 24.2. Aged, blind, or disabled individuals who meet the income and  
 39 resource requirements for Supplemental Security Income (SSI) shall not qualify for  
 40 Medicaid assistance as aged, blind, or disabled unless they are determined eligible for  
 41 both SSI and Medicaid by the Social Security Administration.

1 Individuals currently financially eligible for SSI but not receiving it as of the  
2 effective date of this act shall be given written notice to apply for SSI at least 30 days  
3 before losing Medicaid coverage.

4  
5 Requested by: Representatives Gardner, Hayes

6 **THOMAS S.**

7 Sec. 24.4. Section 23.21 of Chapter 324 of the 1995 Session Laws reads as  
8 rewritten:

9 "Sec. 23.21. (a) Funds appropriated to the Department of Human Resources in this  
10 act for the 1995-96 fiscal year and the 1996-97 fiscal year for members of the Thomas S.  
11 Class as identified in Thomas S., et al. v. Britt, formerly Thomas S., et al. v. Flaherty,  
12 shall be expended only for programs serving Thomas S. Class members or for services  
13 for those clients who are:

- 14 (1) Adults with mental retardation, or who have been treated as if they had  
15 mental retardation, who were admitted to a State psychiatric hospital on  
16 or after March 22, 1984, and who are included on the Division of  
17 Mental Health, Developmental Disabilities, and Substance Abuse  
18 Services' official list of prospective Class members;
- 19 (2) Adults with mental retardation who have a documented history of State  
20 psychiatric hospital admissions regardless of admission date and who,  
21 without funding support, have a good probability of being readmitted to  
22 a State psychiatric hospital;
- 23 (3) Adults with mental retardation who have never been admitted to a State  
24 psychiatric hospital but who have a documented history of behavior  
25 determined to be of danger to self or others that results in referrals for  
26 inpatient psychiatric treatment and who, without funding support, have a  
27 good probability of being admitted to a State psychiatric hospital; or
- 28 (4) Adults who are included on the Division of Mental Health,  
29 Developmental Disabilities, and Substance Abuse Services' official list  
30 of prospective Class members and have yet to be confirmed as Class  
31 members, who currently reside in the community, and who have a good  
32 probability of being admitted to a facility licensed as a 'home for the  
33 aged and disabled'.

34 No more than five percent (5%) of the funds appropriated in this act for the Thomas S.  
35 program shall be used for clients meeting subdivisions (2), (3), or (4) of this subsection.

36 (b) To ensure that Thomas S. Class members are appropriately served, no State  
37 funds shall be expended on placement and services for Thomas S. Class members except:

- 38 (1) Funds specifically appropriated by the General Assembly for the  
39 placement and services of Thomas S. Class members; and
- 40 (2) Funds for placement and services for which Thomas S. Class members  
41 are otherwise eligible.

1 (b1) Thomas S. funds may be expended to support services for Thomas S. Class  
2 members in adult care homes when the service needs of individual Class members in  
3 these homes cannot be met via the established maximum adult care home rate.

4 (c) The Department of Human Resources shall continue to implement a  
5 prospective unit cost reimbursement system and shall ensure that unit cost rates reflect  
6 reasonable costs by conducting cost center service type rate comparisons and cost center  
7 line item budget reviews as may be necessary.

8 (d) Reporting requirements. The Department of Human Resources shall submit by  
9 April 1 of each fiscal year a report to the General Assembly on the progress achieved in  
10 serving members and prospective members of the Thomas S. Class. The report shall  
11 include the following:

12 (1) The number of Thomas S. clients confirmed as Class members;

13 ~~(2) The number of prospective Class members evaluated;~~

14 ~~(3) The number of prospective Class members awaiting evaluation;~~

15 (3a) The number of individuals identified as prospective Class members;

16 (4) The number of Class members or prospective Class members added in  
17 the preceding 12 months due to their admission to a State psychiatric  
18 hospital;

19 (5) A description of the types of treatment services provided to Class  
20 members; and

21 (6) An analysis of the use of funds appropriated for the Class.

22 (e) Notwithstanding any other provision of law, if the Department of Human  
23 Resources determines that a local program is not providing minimally adequate services  
24 to members of the Class identified in Thomas S., et al. v. Britt, formerly Thomas S., et al.  
25 v. Flaherty, or does not show a willingness to do so, the Department may ensure the  
26 provision of these services through contracts with public or private agencies or by direct  
27 operation by the Department of these programs."  
28

29 Requested by: Representatives Gardner, Hayes

30 **EXTENSION OF TASK FORCE TO DETERMINE A MINIMUM**  
31 **REIMBURSEMENT RATE FOR ADULT DEVELOPMENTAL ACTIVITY**  
32 **PROGRAMS (ADAP)**

33 Sec. 24.5. Section 1 of Chapter 481 of the 1995 Session Laws reads as  
34 rewritten:

35 "Section 1. The Secretary of the Department of Human Resources shall establish in  
36 the Office of the Secretary a special task force to determine a minimum reimbursement  
37 rate for Adult Developmental Activity Programs (ADAP). In addition, this task force  
38 shall review the current funding stream to ensure that it is the most effective way possible  
39 to provide day services to adults with developmental disabilities, including which  
40 division within the Department is most appropriate for this program. The task force shall  
41 report to the ~~Mental Health Study Commission~~ Legislative Study Commission on Mental  
42 Health, Developmental Disabilities, and Substance Abuse Services, the results of its  
43 study in time for these results to be included in the ~~Mental Health Study Commission's~~



1 report to the ~~1995 General Assembly, Regular Session 1996-1997~~ General Assembly.  
2 The task force shall terminate after the presentation of its report to the Commission.

3 At a minimum, the task force shall consist of:

- 4 (1) Two representatives from community rehabilitation programs;
- 5 (2) A representative from the Department of Human Resources;
- 6 (3) A representative from the Division of Mental Health, Developmental  
7 Disabilities, and Substance Abuse Services;
- 8 (4) A representative from the Division of Vocational Rehabilitation; and
- 9 (5) A representative from the Association for Retarded Citizens.

10 This task force shall be funded by funds available to the Department."  
11

12 Requested by: Representatives Gardner, Hayes

### 13 **CONSOLIDATION OF JOHN UMSTEAD HOSPITAL AND THE ADATC- 14 BUTNER OPERATING FUND**

15 Sec. 24.6. As the administrative and programmatic functions of John Umstead  
16 Hospital and the ADATC-Butner (Alcohol and Drug Abuse Treatment Center at Butner)  
17 have been consolidated in an effort to streamline administrative costs, the Division of  
18 Mental Health, Developmental Disabilities, and Substance Abuse Services may  
19 consolidate the operating budget of these two institutions.  
20

21 Requested by: Representatives Gardner, Hayes

### 22 **IMPROVEMENT OF OPERATING EFFICIENCIES IN CO-LOCATED 23 INSTITUTIONS**

24 Sec. 24.7. The Department of Human Resources' co-located institutions shall  
25 create operating efficiencies in support functions through increased service coordination  
26 across facilities. The Department shall ensure that annual savings in salary and supplies  
27 of at least one hundred thousand dollars (\$100,000) are achieved in the 1996-97 fiscal  
28 year and in every fiscal year thereafter. These institutions' managers shall be included in  
29 the process and in the determination of the methods for achieving the required savings.  
30

31 Requested by: Representatives Gardner, Hayes, Alexander

### 32 **LEGISLATIVE STUDY COMMISSION ON MENTAL HEALTH, 33 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

34 Sec. 24.8. (a) Chapter 120 of the General Statutes is amended by adding a new  
35 Article to read:

#### 36 **"ARTICLE 23.**

#### 37 **"THE LEGISLATIVE STUDY COMMISSION ON MENTAL HEALTH, 38 DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES.**

#### 39 **"§ 120-204. Commission created; purpose.**

40 There is established in the General Assembly a Legislative Study Commission on  
41 Mental Health, Developmental Disabilities, and Substance Abuse Services. This  
42 commission shall study systemwide issues affecting the development, administration, and  
43 delivery of mental health, developmental disabilities, and substance abuse services,

1 including issues relating to the governance, accountability, and quality of services  
2 delivered.

3  
4 **"§ 120-205. Commission membership; meetings; terms; vacancies.**

5 (a) This commission shall be composed of 15 members appointed as follows:

6 (1) Four members of the House of Representatives at the time of their  
7 appointment, appointed by the Speaker of the House of Representatives;

8 (2) Four members of the Senate at the time of their appointment, appointed  
9 by the President Pro Tempore of the Senate;

10 (3) One member who is a  
11 representative of  
12 Coalition 2001,  
13 appointed by the  
14 Governor;

15 (4) Two members of the public, appointed by the Speaker of the House of  
16 Representatives;

17 (5) Two members of the public, appointed by the President Pro Tempore of  
18 the Senate; and

19 (6) Two members of the public, appointed by the Governor.

20 (b) The Speaker of the House of Representatives and the President Pro Tempore of  
21 the Senate shall each select a legislative member from their appointments to serve as  
22 cochair of the commission. Meetings shall be called at the will of the cochairs.

23 (c) All members shall serve at the will of their appointing officer. Unless removed  
24 or unless resigning, members shall serve for two-year terms. Members may be  
25 reappointed. Vacancies in membership shall be filled by the appropriate appointing  
26 officer.

27 **"§ 120-206. Powers; per diem, subsistence, and travel allowances.**

28 (a) The commission may contract for consulting services as provided by G.S. 120-  
29 32.02. Upon approval of the Legislative Services Commission, the Legislative Services  
30 Officer shall assign professional and clerical staff to assist in the work of the commission.  
31 The professional staff shall include the appropriate staff from the Fiscal Research,  
32 Research, and Legislative Drafting Divisions of the Legislative Services Office of the  
33 General Assembly. Clerical staff shall be furnished to the commission through the  
34 offices of the House of Representatives and Senate Supervisors of Clerks. The expenses  
35 of employment of the clerical staff shall be borne by the commission. The commission  
36 may meet in the Legislative Building or the Legislative Office Building upon the  
37 approval of the Legislative Services Commission. The commission, while in the  
38 discharge of official duties, may exercise all powers provided under the provisions of  
39 G.S. 120-19 through G.S. 120-19.4, including the power to request all officers, agents,  
40 agencies, and departments of the State to provide any information and any data within  
41 their possession or ascertainable from their records, and the power to subpoena witnesses.

42 (b) Members of the commission shall receive per diem, subsistence, and travel  
43 allowances as follows:

- 1           (1) Commission members who are members of the General Assembly, at  
2           the rate established in G.S. 120-3.1;  
3           (2) Commission members who are officials or employees of the State or of  
4           local government agencies, at the rate established in G.S. 138-6; and  
5           (3) All other commission members, at the rate established in G.S. 138-5.

6 **"§ 120-207. Reporting.**

7           The commission shall report the results of its study, together with any legislative  
8 proposals and costs analyses, to every regular session of the General Assembly within a  
9 week of its convening."

10          (b) Part XIII, Sections 13.1 through 13.4 of Chapter 542 of the 1995 Session Laws  
11 is repealed.

12  
13 Requested by: Representatives Gardner, Hayes

14 **AREA MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND**  
15 **SUBSTANCE ABUSE SERVICES PROGRAMS**  
16 **REDUCTIONS/SPECIFICATIONS**

17           Sec. 24.9. The Division of Mental Health, Developmental Disabilities, and  
18 Substance Abuse Services shall ensure that reductions in its State appropriations for the  
19 1996-97 fiscal year that are allocated to area mental health, developmental disabilities,  
20 and substance abuse programs are applied by the area authorities only to those services  
21 and programs in which additional increased federal TITLE IVA-Emergency Assistance  
22 and Medicaid revenues are anticipated.

23  
24 Requested by: Representatives Gardner, Hayes

25 **CAROLINA ALTERNATIVES EXPANSION LIMITS**

26           Sec. 24.10. The Department of Human Resources shall not expand Carolina  
27 Alternatives beyond the 10 area authorities that currently participate in the Carolina  
28 Alternatives/Medicaid Waiver/Managed Care Program prior to the Office of State Budget  
29 and Management's report to the 1997 General Assembly identifying the new area  
30 authorities selected to participate and projected costs, and prior to approval by the 1997  
31 General Assembly.

32  
33 Requested by: Representatives Gardner, Hayes

34 **FOSTER CARE REPORTING REPEALED**

35           Sec. 24.11. Section 23.22 of Chapter 324 of the 1995 Session Laws is  
36 repealed.

37  
38 Requested by: Representatives Gardner, Hayes

39 **FOOD STAMP OUTREACH REPEALED**

40           Sec. 24.12. Section 23.29 of Chapter 324 of the 1995 Session Laws is  
41 repealed.

42  
43 Requested by: Representatives Gardner, Hayes

**CHILD SUPPORT RESERVE SHALL NOT REVERT**

Sec. 24.13. Any funds appropriated to the Reserve for Child Support Legislation for the 1995-96 fiscal year but not expended as of June 30, 1996, shall not revert but shall remain available for the 1996-97 fiscal year to implement the provisions contained in Chapter 538 of the 1995 Session Laws.

Requested by: Representatives Gardner, Hayes

**AFDC EMERGENCY ASSISTANCE RULES CLARIFIED**

Sec. 24.14. The Social Services Commission shall ensure that Aid to Family With Dependent Child Emergency Assistance (AFDC-EA) cash is provided only to those with verifiable emergencies by:

- (1) Ensuring that the applicant produce documented verification of the emergency for which AFDC-EA cash is requested;
- (2) Ensuring that the documented emergency is one that would threaten the health, safety, or well-being of the child or children in the care or custody of the applicant; and
- (3) Ensuring that the applicant demonstrates that the emergency was unavoidable and not the result of any act or willful omission of the applicant.

Requested by: Representatives Gardner, Hayes

**REVIEW OF AUTOMATED COLLECTION AND TRACKING SYSTEM**

Sec. 24.15. The Information Resource Management Commission shall conduct a quarterly review of the Automated Collection and Tracking System (ACTS) project being developed by the Department of Human Resources. The review shall include an analysis of the problems encountered and progress achieved, identify critical issues to be resolved, and estimate the final cost and date of completion. The review shall be submitted through the Office of the State Controller to the chairs of the House and Senate Appropriations committees, the chairs of the House and Senate Human Resources Appropriations subcommittees, and to the Director of the Fiscal Research Division of the Legislative Services Office of the General Assembly no later than the last day of each quarter.

Requested by: Representatives Gardner, Hayes

**DHR REVIEW OF SOCIAL SERVICES COMMISSION RULES/REPORT**

Sec. 24.16. The Department of Human Resources shall review all the rules adopted by the Social Services Commission currently in effect to determine which rules to petition the Commission to amend or repeal and shall report on these rules, together with its requested actions, to the 1997 General Assembly.

Requested by: Representatives Gardner, Hayes

**RURAL COMMUNITY AND MIGRANT HEALTH CENTERS' PARTICIPATION IN STATE CONTRACT PURCHASING**

1           Sec. 24.17. G.S. 143-49(6) reads as rewritten:

2           "(6) To make available to nonprofit corporations operating charitable  
3           hospitals, to local nonprofit community sheltered workshops or centers  
4           that meet standards established by the Division of Vocational  
5           Rehabilitation of the Department of Human Resources, to private  
6           nonprofit agencies licensed or approved by the Department of Human  
7           Resources as child placing ~~agencies or agencies~~, residential child-care  
8           facilities, private nonprofit rural, community, and migrant health centers  
9           designated by the Office of Rural Health and Resource Development,  
10          and to counties, cities, towns, governmental entities and other  
11          subdivisions of the State and public agencies thereof in the expenditure  
12          of public funds, the services of the Department of Administration in the  
13          purchase of materials, supplies and equipment under such rules,  
14          regulations and procedures as the Secretary of Administration may  
15          adopt. In adopting rules and regulations any or all provisions of this  
16          Article may be made applicable to such purchases and contracts made  
17          through the Department of Administration, and in addition the rules and  
18          regulations shall contain a requirement that payment for all such  
19          purchases be made in accordance with the terms of the contract. Prior to  
20          adopting rules and regulations under this subdivision, the Secretary of  
21          Administration may consult with the Advisory Budget Commission."

22  
23 Requested by: Representatives Gardner, Hayes

24 **REDUCE DHR FUNDS IN ANTICIPATION OF RECEIPT OF FEDERAL FUNDS**

25           Sec. 24.18. Section 23 of Chapter 324 of the 1995 Session Laws reads as  
26 rewritten:

27           "Sec. 23. (a) Funds appropriated to the Department of Human Resources for the  
28 1995-96 fiscal year have been reduced by fourteen million thirteen thousand three  
29 hundred ninety-six dollars (\$14,013,396) in anticipation of the receipt of federal funds  
30 from the Title IV A - Emergency Assistance Program and the Social Services Block  
31 Grant. If these federal funds are not received or if only a portion of these funds are  
32 received, notwithstanding G.S. 143-15.3, the Director of the Budget may use funds  
33 available to the Department, not to exceed fourteen million thirteen thousand three  
34 hundred ninety-six dollars (\$14,013,393). The Director of the Budget shall report to the  
35 Joint Legislative Commission on Governmental Operations prior to any such transfer.

36           (b) Funds appropriated to the Department of Human Resources for the 1996-97  
37 fiscal year have been reduced by sixteen million six hundred twenty-five thousand  
38 fourteen dollars (\$16,625,014) in anticipation of the receipt of federal funds from the  
39 Title IV A - Emergency Assistance Program. If these federal funds are not received or if  
40 only a portion of these funds are received, notwithstanding G.S. 143-15.3, the Director of  
41 the Budget may use funds available to the Department, not to exceed sixteen million six  
42 hundred twenty-five thousand fourteen dollars (\$16,625,014). The Director of the

1 Budget shall report to the Joint Legislative Commission on Governmental Operations  
2 prior to any such transfer."

3  
4 Requested by: Representatives Gardner, Hayes

5 **DHR RESOURCE STUDIES EXTENDED**

6 Sec. 24.19. Section 23.6B of Chapter 324 of the 1995 Session Laws reads as  
7 rewritten:

8 "Sec. 23.6B. The Department shall study the following two issues and shall report  
9 these two issues, together with any recommendations, to the ~~1995 General Assembly,~~  
10 ~~Regular Session 1996, within one week of convening:~~ General Assembly by December 1,  
11 1996:

- 12 (1) The average staff vacancy rate by division over the last five fiscal years,  
13 to determine its effect on lapsed salaries; and  
14 (2) An analysis of unbudgeted revenues in excess of revenues in the  
15 certified budget as amended by the General Assembly received by the  
16 Department in the last two fiscal years, including:  
17 a. Indirect cost receipts; and  
18 b. Prior year earned revenue."

19  
20 Requested by: Representatives Gardner, Hayes

21 **PLAN FOR REORGANIZATION OF THE DEPARTMENT OF HUMAN**  
22 **RESOURCES**

23 Sec. 24.20. (a) The General Assembly intends to examine the issue of reorganizing  
24 the Department of Human Resources in consultation with the Department of Human  
25 Resources to provide an alternative and improved approach to the organization and  
26 delivery of human services in North Carolina.

27 (b) With funds provided from the Department of Human Resources pursuant to  
28 subsection (e) of this section, the Joint Legislative Commission on Governmental  
29 Operations, after consultation with the Department of Human Resources, shall contract  
30 with an independent management consulting firm to develop a reorganization plan,  
31 including an implementation component. The firm receiving the contract shall present  
32 the plan to the Commission by February 1, 1997.

33 (c) The contract shall provide that the plan shall be designed to meet the following  
34 goals:

- 35 (1) The achievement of family-centered services;  
36 (2) The identification of gaps in services across special needs groups;  
37 (3) The improvement of access to and the reduction of fragmentation of  
38 services and programs;  
39 (4) The enhancement of accountability;  
40 (5) The provision of leadership at the State level for local government; and  
41 (6) The definition of and delineation between State and local roles and  
42 responsibilities.

1 (d) The contract shall provide that the plan propose an organizational structure  
2 designed around the following guiding principles:

- 3 (1) The facilitation of a holistic approach to the delivery of services and  
4 programs;  
5 (2) The provision of a core set of programs and services common to all  
6 special needs groups;  
7 (3) The effective delivery of programs and services, including:  
8 a. Coordinated planning;  
9 b. Evaluation of results;  
10 c. Independent regulatory and licensing functions;  
11 d. Centralized administrative support; and  
12 (4) The inclusion of consideration of funding sources in decision making  
13 regarding programs and services.

14 (d) The Joint Legislative Commission on Governmental Operations shall provide  
15 any additional contract specifications and directives it considers necessary.

16 (e) Of the funds appropriated to the Department of Human Resources for the  
17 1996-97 fiscal year in this act, up to three hundred fifty thousand dollars (\$350,000) shall  
18 be transferred to the General Assembly, Joint Legislative Commission on Governmental  
19 Operations, to fund the contract required by this section.  
20

21 Requested by: Representatives Gardner, Hayes

## 22 **DHR REPORT ON PLANS FOR IMPLEMENTING DYS COMPREHENSIVE** 23 **STUDY RECOMMENDATIONS**

24 Sec. 24.21. The Department of Human Resources shall report to the Joint  
25 Legislative Commission on Governmental Operations by October 1, 1996, on its plans  
26 for implementing the recommendations of the Comprehensive Study of the Division of  
27 Youth Services.  
28

29 Requested by: Representatives Gardner, Hayes

## 30 **S.O.S. AND FAMILY RESOURCE CENTER GRANT PROGRAMS** 31 **ADMINISTRATIVE COSTS LIMITS**

32 Sec. 24.22. Section 23.6 of Chapter 324 of the 1995 Session Laws reads as  
33 rewritten:

34 "Sec. 23.6. (a) Of the funds appropriated to the Department of Human Resources in  
35 this act, the Department may use up to a total of three hundred fifty thousand dollars  
36 (\$350,000) ~~each fiscal year of the biennium for the 1995-96 fiscal year and two hundred~~  
37 fifty thousand dollars (\$250,000) for the 1996-97 fiscal year to administer the S.O.S.  
38 Program, to provide technical assistance to applicants and to local S.O.S. programs, and  
39 to evaluate the local S.O.S. programs. The Department may contract with appropriate  
40 public or nonprofit agencies to provide the technical assistance, including training and  
41 related services.

42 (b) Of the funds appropriated in this act to the Department of Human Resources  
43 for the Family Resource Center Grant Program, the Department may use up to three

1 hundred thousand dollars (\$300,000) ~~each fiscal year of the biennium for the 1995-96~~  
2 ~~fiscal year and two hundred fifty thousand dollars (\$250,000) for the 1996-97 fiscal year~~  
3 to administer the Program."  
4

5 Requested by: Representatives Gardner, Hayes

6 **OFFICE OF ECONOMIC OPPORTUNITY, SUPPORT OUR STUDENTS**  
7 **PROGRAMS' LOCATION**

8 Sec. 24.23. The Department of Human Resources shall ensure that the Office  
9 of Economic Opportunity remains in the Office of the Secretary and that the Support Our  
10 Students Program remains in the Division of Youth Services.

11  
12 Requested by: Representatives Russell, Pate, Pulley, Sherrill

13 **DHR POSITION ELIMINATION SPECIFICATIONS**

14 Sec. 24.24. (a) The Department of Human Resources shall ensure that the  
15 elimination of positions, other than those that are mental health institutionally based, in  
16 the 1996-97 fiscal year, targeted by the Department, as referenced in the Current  
17 Operations Appropriations Act of 1996, or in the Conference Report incorporated into the  
18 Act, be effected as follows:

- 19 (1) All vacant positions targeted for elimination shall be eliminated  
20 effective July 1, 1996; and  
21 (2) All filled positions targeted for elimination shall be eliminated effective  
22 October 1, 1996, except for the filled positions targeted for elimination  
23 in the Office of the Controller, which positions shall be eliminated on or  
24 before December 31, 1996.

25 The Department of Human Resources shall not eliminate any position  
26 prescribed by this subsection that it targeted but that was not referenced as eliminated in  
27 the Current Operations Appropriations Act of 1996 or in the Conference Report  
28 incorporated into the Act.

29 (b) The Department of Human Resources shall further ensure that the  
30 elimination of the 130.5 mental health institutionally based positions be effected  
31 according to the following priority:

- 32 (1) First, from vacant, noncritical positions, which positions shall be  
33 eliminated effective July 1, 1996;  
34 (2) Then, from vacant, critical positions, which positions shall be  
35 eliminated effective July 1, 1996; and  
36 (3) Then, from filled, noncritical positions, which positions shall be  
37 eliminated effective October 1, 1996.

38 The Department shall not eliminate any mental health institutionally based filled, critical  
39 position. For purposes of this subsection, a critical position is one that provides or is  
40 engaged in direct contact with clients on an ongoing basis and a noncritical position is  
41 any other position.  
42

43 Requested by: Representatives Gardner, Hayes, Howard, Berry



**FOOD STAMP ELECTRONIC BENEFITS TRANSFER FUNDS  
SPECIFICATION**

Sec. 24.25. Funds appropriated to the Controller's Office, Department of Human Resources for the Food Stamp Electronic Benefits Transfer Program (EBT) shall remain in the Controller's Office and shall not be transferred to any other office or division within the Department.

The Controller's Office, Department of Human Resources, may proceed with statewide implementation of the Food Stamp EBT Program.

Requested by: Representatives Gardner, Hayes

**IN-HOME AIDE FUNDS**

Sec. 24.26. Section 23.11D of Chapter 507 of the 1995 Session Laws reads as rewritten:

"Sec. 23.11D. Of the funds appropriated to the Division of Aging, Department of Human Resources, in this act, the sum of five hundred thousand dollars (\$500,000) for the 1995-96 fiscal year and the sum of ~~five hundred thousand dollars (\$500,000)~~ five million dollars (\$5,000,000) for the 1996-97 fiscal year shall be allocated via the Home and Community Care Block Grant ~~and used to fund in-home aide services and caregiver support services. These funds shall be used only for direct services.~~ for home and community care services for older persons who are not eligible for Medicaid and who are on the waiting list for these services. Service recipients shall pay for services based on their income in accordance with G.S. 143B-181.1(a)(10)."

Requested by: Representative Gardner

**ALZHEIMER'S ASSOCIATION OF NORTH CAROLINA FUNDS**

Sec. 24.26A. Of the funds allocated to the Division of Aging, Department of Human Resources for home and community care services in Sec. 24.26 of this act, the sum of one hundred thousand dollars (\$100,000) for the 1996-97 fiscal year shall be allocated to the Alzheimer's Association of North Carolina for grants-in-aid to support the four regional Alzheimer's Chapters.

Requested by: Representative Gardner

**AUTISM SOCIETY OF NORTH CAROLINA FUNDS**

Sec. 24.26B. Of the funds appropriated to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Department of Human Resources, for crisis services, in this act, the sum of one hundred thousand dollars (\$100,000) for the 1996-97 fiscal year shall be allocated to the Autism Society of North Carolina, Inc.

Requested by: Representative Morgan

**HEALTH CARE PERSONNEL REGISTRY**

Sec. 24.27. (a) G.S. 131E-111 is recodified as G.S. 131E-255.

1 (b) Chapter 131E of the General Statutes is amended by adding a new Article to  
2 read:

3 **"ARTICLE 15.**

4 **"HEALTH CARE PERSONNEL REGISTRY.**

5 **"§ 131E-111. § 131E-255. Nurse Aide Registry.**

6 (a) Pursuant to 42 U.S.C. § 1395i-3(e) and 42 U.S.C. § 1396r(e), the Department  
7 shall establish and maintain a registry containing the names of all nurse aides working in  
8 nursing facilities in North Carolina. The Department shall include in the nurse aide  
9 registry any findings by the Department of neglect of a resident in a nursing facility or  
10 abuse of a resident in a nursing facility or misappropriation of the property of a resident  
11 in a nursing facility by a nurse aide.

12 (b) A nurse aide who wishes to contest a finding of resident neglect, resident  
13 abuse, or misappropriation of resident property made against the aide, is entitled to an  
14 administrative hearing as provided by the Administrative Procedure Act, Chapter 150B of  
15 the General Statutes. A petition for a contested case shall be filed within 30 days after  
16 the nurse aide receives written notice by certified mail of the Department's intent to place  
17 findings against the aide in the nurse aide registry.

18 (c) 'Nursing facility', as used in this section, means a 'combination home' as  
19 defined in G.S. 131E-101(1) and a 'nursing home' as defined in G.S. 131E-101(6) and  
20 also means 'facility' as that term is defined in G.S. 131E-116(2).

21 (d) The Commission shall adopt, amend, and repeal all rules necessary for the  
22 implementation of this section.

23 (e) No person shall be liable for providing any information for the nurse aide  
24 registry if the information is provided in good faith. Neither an employer, potential  
25 employer, nor the Department shall be liable for using any information from the nurse  
26 aide registry if the information is used in good faith for the purpose of screening  
27 prospective applicants for employment or reviewing the employment status of an  
28 employee.

29 **"§ 131E-256. Health Care Personnel Registry.**

30 (a) The Department shall establish and maintain a health care personnel registry  
31 containing the names of all health care personnel working in health care facilities in  
32 North Carolina who have:

33 (1) Been subject to findings by the Department of:

34 a. Neglect or abuse of a resident in a health care facility or abuse of  
35 a resident in a health care facility.

36 b. Misappropriation of the property of a resident in a health care  
37 facility, or in the case of home health care, of the property of any  
38 person at the place where home health services are being  
39 provided.

40 c. Misappropriation of the property of a health care facility.

41 d. Diversion of drugs belonging to a health care facility or to a  
42 patient or client.

1 e. Fraud against a health care facility or against a patient or client  
2 for whom the employee is providing services.

3 (2) Been accused of any of the acts listed in subdivision (1) of this  
4 subsection, but only after the Department has screened the allegation  
5 and determined that an investigation is required.

6 The health care personnel registry shall also contain all findings by the Department of  
7 neglect of a resident in a nursing facility or abuse of a resident in a nursing facility or  
8 misappropriation of the property of a resident in a nursing facility by a nurse aide that are  
9 contained in the nurse aide registry under G.S. 131E-255.

10 (b) For the purpose of this section, the following are considered to be 'health care  
11 facilities':

12 (1) Adult Care Homes as defined in G.S. 131D-2.

13 (2) Hospitals as defined in G.S. 131E-76.

14 (3) Home Care Agencies as defined in G.S. 131E-176.

15 (4) Nursing Pools as defined by G.S. 131E-154.2.

16 (5) Hospices as defined by G.S. 131E-201.

17 (6) Nursing Facilities as defined by G.S. 131E-255.

18 (c) For the purpose of this section, the following are considered to be 'health care  
19 personnel':

20 (1) In an adult care home, an adult care personal aide, who is any person  
21 who either performs, or directly supervises others who perform task  
22 functions in activities of daily living, which are personal functions  
23 essential for the health and well-being of residents such as bathing,  
24 dressing, personal hygiene, ambulation or locomotion, transferring,  
25 toileting, and eating.

26 (2) A nurse aide.

27 (3) An in-home aide who provides hands-on paraprofessional services as  
28 defined by rules implementing this section.

29 (4) Nonlicensed persons providing direct patient care.

30 (d) Health care personnel who wish to contest a finding under subdivision (a)(1) of  
31 this section, or the placement of information under subdivision (a)(2) of this section, are  
32 entitled to an administrative hearing as provided by the Administrative Procedure Act,  
33 Chapter 150B of the General Statutes. A petition for a contested case shall be filed  
34 within 30 days after the person receives written notice by certified mail of the  
35 Department's intent to place information about the person in the health care personnel  
36 registry.

37 (e) The Department shall provide an employer or potential employer of any person  
38 listed on the health care personnel registry of the nature of the finding or allegation, and  
39 the status of the investigation.

40 (f) No person shall be liable for providing any information for the health care  
41 personnel registry if the information is provided in good faith. Neither an employer,  
42 potential employer, nor the Department shall be liable for using any information from the  
43 health care personnel registry if the information is used in good faith for the purpose of

1 screening prospective applicants for employment or reviewing the employment status of  
2 an employee.

3 (g) Health care facilities shall promptly report to the Department any accusation  
4 that any health care personnel have been accused of any act listed in subdivision (a)(1) of  
5 this section.

6 (h) The North Carolina Medical Care Commission shall adopt, amend, and repeal  
7 all rules necessary for the implementation of this section."

8 (c) Of the funds appropriated from the General Fund to the Department of  
9 Human Resources for fiscal year 1996-97 the sum of one hundred sixty thousand dollars  
10 (\$160,000) shall be used to implement this section.

11  
12 Requested by: Representatives Gardner, Hayes

13 **CONSIDERATION OF PRIVATIZATION OF RICHMOND COUNTY**  
14 **BOUNDOVER DETENTION FACILITY**

15 Sec. 24.28. The Department of Human Resources may solicit bids to determine  
16 whether privatization of the operation of the Richmond County Boundover Unit,  
17 designed to serve a small but special population of juveniles being held for trial in  
18 superior court as adults, would result in savings to the State. If the Department considers  
19 that it is in the best interest of the State to do so, the Department may proceed with the  
20 privatization.

21 If the Department does proceed with the privatization, the Department shall  
22 request that the contractor give priority employment opportunity to the State employees  
23 in the current filled 15 positions scheduled to be reassigned to Richmond from the Pitt  
24 Detention Center.

25  
26 Requested by: Representatives Gardner, Hayes

27 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**  
28 **PROGRAM/1996**

29 Sec. 24.29. (a) Notwithstanding any provision of Part 10B of Article 3 of Chapter  
30 143B of the General Statutes or any other provision of law or policy, including Part 27A  
31 of Chapter 324 of the 1995 Session Laws, the Department of Human Resources and the  
32 North Carolina Partnership for Children, Inc., shall jointly ensure that all of the  
33 recommendations, together with any specific modification to any recommendations made  
34 in this subsection, contained in the State of North Carolina Smart Start Performance  
35 Audit prepared pursuant to Section 27A(1)b. of Chapter 324 of the 1995 Session Laws  
36 are implemented by July 1, 1997, together with any specific modification to any  
37 recommendations made in this subsection. The Partnership shall report quarterly to the  
38 Joint Legislative Commission on Governmental Operations on its progress towards full  
39 implementation. The Department shall report to the Commission by January 1, 1997, on  
40 any changes that must be made to Part 10B of Article 3 of Chapter 143B of the General  
41 Statutes or to any other statutes or rules to make the implementation of the  
42 recommendations a permanent part of the law.

1 The following recommendations of the Smart Start Performance Audit are  
2 modified as follows:

- 3 (1) The Needs and Resources Assessments recommended to be performed  
4 by the Department of Human Resources every three years shall begin  
5 with the 1997-98 fiscal year;
  - 6 (2) The recommended administrative start-up cost allowance allowed for  
7 local partnerships shall apply only in the first year each partnership  
8 provides direct services;
  - 9 (3) The recommended regionalization shall be planned for by the  
10 Department and by the Partnership in a plan, including incentives for  
11 regionalization of existing local partnerships as well as for newly  
12 applying partnerships, that shall be submitted to the Joint Legislative  
13 Commission on Governmental Operations by January 1, 1997;
  - 14 (4) The recommended transportation study shall be completed by the  
15 Department and by the Partnership and presented to the Joint  
16 Legislative Commission on Governmental Operations by January 1,  
17 1997;
  - 18 (5) The recommended determination as to whether local partnerships'  
19 contractors that receive \$25,000 or more have complied with financial  
20 audit requirements shall be made by the Partnership rather than the State  
21 Auditor; and
  - 22 (6) The recommendation that the Director of the Division of Child  
23 Development be an ex officio member of the Partnership shall not be  
24 implemented.
- 25 (b) The funds appropriated for the Early Childhood Education and  
26 Development Initiatives for the 1996-97 fiscal year shall be allocated as follows:
- 27 (1) For the 24 partnerships existing as of 1995-96, funds for direct services  
28 shall remain at their 1995-96 fiscal year funding levels;
  - 29 (2) For the new partnerships planned for as of 1995-96, funding shall  
30 remain at the planning level. No additional direct services funds shall  
31 be allocated until the Department of Human Resources jointly with the  
32 North Carolina Partnership, Inc., completes satisfactory implementation  
33 of the Smart Start Performance Audit recommendations by July 1, 1997,  
34 and so reports to the Joint Legislative Commission on Governmental  
35 Operations; and
  - 36 (3) All remaining appropriated funds shall be allocated to implement the  
37 Smart Start Performance Audit recommendations prescribed in  
38 subsection (a) of this section.

39 (c) Section 23.13 of Chapter 324 of the 1995 Session Laws reads as rewritten:  
40 "Sec. 23.13. Counties participating in the Early Childhood Education and  
41 Development Initiatives authorized by Part 10B of Article 3 of Chapter 143B of the  
42 General Statutes may use the county's allocation of State and federal child care funds to  
43 subsidize child care according to the county's Early Childhood Education and

1 Development Initiatives Plan as approved by the ~~Department of Human Resources~~ North  
2 Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with  
3 the appropriate federal regulations. Day care providers shall, at a minimum, comply with  
4 the applicable requirements for State licensure or registration pursuant to Article 7 of  
5 Chapter 110 of the General Statutes, with other applicable requirements of State law or  
6 rule, including rules adopted for nonregistered day care by the Social Services  
7 Commission, and with applicable federal regulations."

8 (d) Notwithstanding any policy to the contrary, the Frank Porter Graham Child  
9 Development Center may use any method legally available to it to track children who are  
10 participating or who have participated in any Early Childhood Education and  
11 Development Initiative in order to carry out its on-going evaluation of the Early  
12 Childhood Education and Development Initiatives Program.

13 (e) This section is effective notwithstanding any contrary provisions in any  
14 provision of law or policy, including Part 10B of Article 3 of Chapter 143B of the  
15 General Statutes and Part 27A of Chapter 324 of the 1995 Session Laws, regardless of  
16 whether they are explicitly changed in this subsection. Section 27A of Chapter 324 of the  
17 1995 Session Laws reads as rewritten:

18 "Sec. 27A. Notwithstanding any other provision of law, the Early Childhood  
19 Education and Development Initiatives, under Part 10B of Article 3 of Chapter 143B of  
20 the General Statutes, are subject to the following terms and conditions for the 1995-97  
21 fiscal biennium:

22 (1) Accountability.

23 The intent of the General Assembly is to strengthen the  
24 accountability of the Department of Human Resources, the North  
25 Carolina Partnership for Children, Inc., and the local partnerships in the  
26 expenditure of public funds and achievement of Program goals for the  
27 Early Childhood Education and Development Initiatives Program, as  
28 authorized under Part 10B of Article 3 of Chapter 143B of the General  
29 Statutes. The importance of education as a part of all initiatives in this  
30 Program shall be emphasized.

31 In order to accomplish this level of accountability, the Joint  
32 Legislative Commission on Governmental Operations shall, consistent  
33 with current law, be the legislative oversight body for the Program. The  
34 President Pro Tempore of the Senate and the Speaker of the House of  
35 Representatives may appoint a subcommittee of the Joint Legislative  
36 Commission on Governmental Operations to carry out this function.  
37 This subcommittee may conduct all initial reviews of plans, reports, and  
38 budgets relating to the Program and shall make recommendations to the  
39 Joint Legislative Commission on Governmental Operations.

40 a. Existing Partnerships - Local partnerships receiving State funds  
41 shall submit a Certification Annual Report on April 1 of each  
42 year to the North Carolina Partnership for Children, Inc., the  
43 Joint Legislative Commission on Governmental Operations, or

1 any committee designated by Joint Legislative Commission on  
2 Governmental Operations. Administrative costs pursuant to the  
3 Smart Start Performance Audit formula recommendation shall be  
4 equivalent to, on an average statewide basis for all local  
5 partnerships, not more than eight percent (8%) of the total  
6 statewide allocation to all local partnerships. Quality incentive  
7 grants as prescribed in the Smart Start Performance Audit  
8 recommendations shall be administered at the partnership level.  
9 A definition of administrative costs shall be determined by the  
10 independent firm selected under sub-subdivision b. of this  
11 subdivision.

12 b. Program Audit - The Joint Legislative Commission on  
13 Governmental Operations shall select an independent firm  
14 recognized in performance auditing to conduct an independent  
15 performance audit of the first two years of operations of the 24  
16 existing partnerships and of the administration of the Program by  
17 the Department of Human Resources. The audit's directives shall  
18 be determined by the Joint Legislative Commission on  
19 Governmental Operations and the independent firm. An interim  
20 program and performance audit report shall be submitted to the  
21 Joint Legislative Commission on Governmental Operations by  
22 January 1, 1996, and a final program and performance audit  
23 report shall be submitted to the Joint Legislative Commission on  
24 Governmental Operations by April 1, 1996. A definition of  
25 administrative costs shall be determined by the independent firm.  
26 Only in-kind contributions that are quantifiable, as determined by  
27 the independent firm, may be applied to the in-kind match  
28 requirement. The match requirement in subdivision (3) of this  
29 section shall be studied by the independent firm and  
30 recommendations for revision, if any, shall be reported to the  
31 Joint Legislative Commission on Governmental Operations.

32 c. The North Carolina Partnership for Children, Inc., shall continue  
33 to make quarterly reports to the Joint Legislative Commission on  
34 Governmental Operations as provided for in ~~G.S. 143B-~~  
35 ~~168.13(5)-~~G.S. 143B-168.13(5), and including progress towards  
36 implementation of the Smart Start Performance Audit  
37 recommendations.

38 d. New partnerships - In subsequent fiscal biennia, any new local  
39 partnership, before receiving State funds, shall be required to  
40 submit a detailed plan for expenditure of State funds for  
41 appropriate programs to the North Carolina Partnership for  
42 Children, Inc., and the Joint Legislative Commission on  
43 Governmental Operations for approval in April of the fiscal year

1 in which the local partnership received planning funds. State  
2 funds to implement the programs shall not be allocated to the  
3 local partnership until the program plan is approved by the North  
4 Carolina Partnership for Children, Inc., after consultation with  
5 the Joint Legislative Commission on Governmental Operations.  
6 After receipt of initial program funds, local partnerships shall  
7 then be required to submit annual Certification Reports as  
8 provided for in sub-subdivision a. of this subdivision.

9 e. Contracting for Services - The North Carolina Partnership for  
10 Children, Inc., and all local Partnerships shall use competitive  
11 bidding practices in contracting for goods and services on all  
12 contract amounts of \$1,500 and above, and where practicable, for  
13 amounts of less than \$1,500.

14 f. Role of North Carolina Partnership for Children, Inc. - The role  
15 of the North Carolina Partnership for Children, Inc., shall be  
16 expanded to incorporate all the aspects of the new role prescribed  
17 for the Partnership in the Smart Start Performance Audit  
18 recommendations and to provide technical assistance to local  
19 partnerships, assess outcome goals for children and families,  
20 ensure that statewide goals and legislative guidelines are being  
21 met, help establish policies and outcome measures, obtain non-  
22 State resources for early childhood and family services, and  
23 document and verify the cumulative contributions received by  
24 the partnerships.

25 (2) Funding.

26 a. Existing partnerships - All 24 local partnerships that received  
27 State funds during the 1993-95 biennium shall receive their State  
28 funds proposed for the 1995-96 fiscal year. Existing partnerships  
29 shall file budgets and plans for review by the North Carolina  
30 Partnership for Children, Inc. Funds for the 1996-97 fiscal year  
31 shall be available after the Joint Legislative Commission on  
32 Governmental Operations has reviewed the independent  
33 evaluation discussed in sub-subdivision (1)b. of this subdivision,  
34 and the Partnership has approved these plans and budgets in  
35 consultation with the Joint Legislative Commission on  
36 Governmental Operations. These 24 partnerships shall be  
37 required to submit a Certification Annual Report as provided in  
38 sub-subdivision a. of subdivision (1) of this ~~section~~, subsection  
39 beginning in April 1997. Funds for the 1996-97 fiscal year shall  
40 be allocated to provide direct services funding at the 1995-96  
41 level.

42 b. New partnerships - Funds for planning, up to a maximum of  
43 \$3,500,000, may be made available to the ~~12~~-new partnerships in



1 the 1995-96 fiscal year out of the continuation monies designated  
2 for the program. If the performance audit report is determined to  
3 be satisfactory to the Joint Legislative Commission on  
4 Governmental Operations, funding and other recommendations  
5 for expansion shall be made to the General Assembly by the Joint  
6 Legislative Commission on Governmental Operations for the  
7 1996-97 fiscal year. Funds for the 1996-97 fiscal year shall be  
8 allocated to provide funding at the 1995-96 planning stage.

9 c. Department of Human Resources; State-level administrative  
10 funding in the 1995-96 fiscal year and the 1996-97 fiscal year -  
11 Of the funds appropriated to the Department of Human  
12 Resources for Early Childhood Education and Development  
13 Initiatives for the 1995-97 fiscal biennium:

- 14 1. No funds shall be used for State education technology;
- 15 2. The Department of Human Resources shall receive  
16 \$500,000 for the 1995-96 fiscal year and ~~\$250,000~~  
17 \$500,000 for the 1996-97 fiscal year for State  
18 administration;
- 19 3. The Joint Legislative Commission on Governmental  
20 Operations shall receive \$500,000 for the 1995-96 fiscal  
21 year for the independent performance audit contract; ~~and~~
- 22 4. Funding for the North Carolina Partnership for Children,  
23 Inc., shall be \$700,000 for ~~each fiscal year of the~~  
24 ~~biennium.~~ the 1995-96 fiscal year and shall be \$2,700,000  
25 for the 1996-97 fiscal year. Of the funds appropriated for  
26 the 1996-97 fiscal year, \$1,000,000 shall be used to  
27 provide one-time assistance to the local partnerships in  
28 making the transition to centralized administration  
29 recommended by the Smart Start Performance Audit; and
- 30 5. Funding for the Frank Porter Graham Child Development  
31 Center's evaluation of the Early Childhood Education and  
32 Development Initiatives shall be increased to \$850,000 for  
33 the 1996-97 fiscal year.

34 (3) Matching requirement.

35 The North Carolina Partnership for Children, Inc., and all local  
36 partnerships shall, in the aggregate, be required to match no less than  
37 50% of the total amount budgeted for the Early Childhood Education  
38 and Development Initiatives in each fiscal year of the biennium as  
39 follows: contributions of cash equal to at least ten percent (10%) and  
40 in-kind donated resources equal to no more than ten percent (10%) for a  
41 total match requirement of twenty percent (20%) for each fiscal year.  
42 Only in-kind contributions that are quantifiable, as determined by the

1 independent auditing firm, shall be applied to the in-kind match  
2 requirement.

3 Failure to obtain a twenty percent (20%) match by May 1 of each fiscal year  
4 shall result in a proportionate reduction in the appropriation for the  
5 Early Childhood Education and Development Initiatives Program for  
6 the next fiscal year. The North Carolina Partnership for Children, Inc.,  
7 shall be responsible for compiling information on the private cash and  
8 in-kind contributions into a report that is submitted to the Joint  
9 Legislative Commission on Governmental Operations pursuant to G.S.  
10 143B-168.13(5) in a format that allows verification by the Department  
11 of Revenue. The same match requirements shall apply to any expansion  
12 funds appropriated by the General Assembly."

13 (f) Article 12I of Chapter 120 of the General Statutes is repealed.  
14

## 15 **PART 25. DEPARTMENT OF AGRICULTURE**

16  
17 Requested by: Representatives Mitchell, Weatherly  
18

### 19 **CATTLE AND LIVESTOCK EXPOSITION FUNDS**

20 Sec. 25. Section 40 of Chapter 769 of the 1993 Session Laws, as amended by  
21 subsection (b) of Section 24 of Chapter 507 of the 1995 Session Laws, reads as rewritten:

22 "Sec. 40. Any unencumbered funds that were appropriated to the Department of  
23 Agriculture for the 1994-95 fiscal year for planning the construction of the Cattle and  
24 Livestock Exposition Center ~~shall be and~~ placed in a reserve in the Department of  
25 Agriculture ~~until further allocated by the 1995 General Assembly, Regular Session 1996.~~  
26 shall be used for land acquisition, planning, and construction of the Cattle and Livestock  
27 Exposition Center in Iredell County. The Center will house livestock shows and exhibits,  
28 educational programs, and a laboratory for embryo transfer research, semen evaluation,  
29 and livestock blood work."  
30

31 Requested by: Representatives Mitchell, Weatherly, Miner

### 32 **RELEASE THE STATE'S REVERSIONARY INTEREST IN THE PROPERTY** 33 **OF FUQUAY-VARINA AMERICAN LEGION POST 116**

34 Sec. 25.1. (a) The General Assembly finds:

- 35 (1) On April 28, 1941, the United States deeded to the State Board of  
36 Education a parcel of land north of Fuquay-Varina in Wake County, that  
37 deed being recorded at Book 868, page 171, Wake County Registry, and  
38 that deed had a right of termination by the United States if the property  
39 was not used for facilities which further the rehabilitation or education  
40 of the rural people of North Carolina;
- 41 (2) On April 1, 1949, as approved by the Council of State, the State of  
42 North Carolina deeded to trustees for the use and benefit of Fuquay  
43 Springs, North Carolina, Post 116 of the American Legion the same

1 parcel, with the same covenant as to the use of the property, that deed  
2 being recorded at Book 1019, page 172, Wake County Registry; and

3 (3) The Congress of the United States, in Private Law 428, approved by  
4 President Eisenhower on June 21, 1954, directed the Secretary of  
5 Agriculture to convey to those trustees by quitclaim deed its remaining  
6 interest in the property; and

7 (4) By deed dated November 30, 1962, and recorded at Book 1533, Page  
8 54, Wake County Registry, the United States conveyed its remaining  
9 interest in the property to the North Carolina Rural Development  
10 Corporation, an agency of the State of North Carolina under G.S. 137-  
11 31.1; and

12 (5) American Legion Post 116 of Fuquay-Varina desires to make  
13 improvements to the property, but financing such improvements is  
14 complicated by the restriction on the property.

15 (b) The State of North Carolina and the North Carolina Rural Rehabilitation  
16 Corporation shall convey to the grantees of the deed recorded at Book 1019, page 172,  
17 Wake County Registry, by quitclaim deed, all of the right, title, and interest they have  
18 retained in property deeded by the State of North Carolina, that deed being recorded at  
19 Book 1019, page 172, Wake County Registry.

## 21 PART 26. DEPARTMENT OF COMMERCE

22  
23 Requested by: Representatives Mitchell, Weatherly, Nichols, Baker

### 24 GLOBAL TRANSPARK AUTHORITY/AUDIT BY STATE AUDITOR

25 Sec. 26. G.S. 63A-23 reads as rewritten:

#### 26 "§ 63A-23. Annual and quarterly reports.

27 The Authority shall, promptly following the close of each fiscal year, submit an  
28 annual report of its activities for the preceding year to the Governor, the General  
29 Assembly, and the Local Government Commission. Each report shall be accompanied by  
30 an audit of its books and accounts. The audit shall be conducted by the State Auditor.  
31 ~~The costs of all audits, whether conducted by the State Auditor's staff or contracted with~~  
32 ~~a private auditing firm, audits shall be paid from funds of the Authority.~~

33 The Authority shall submit quarterly reports to the Joint Legislative Commission on  
34 Governmental Operations. The reports shall summarize the Authority's activities during  
35 the quarter and contain any information about the Authority's activities that is requested  
36 by the Commission."

37  
38 Requested by: Representatives Mitchell, Weatherly

### 39 WORLD TRADE CENTER FUNDS

40 Sec. 26.1. Of the funds appropriated in this act to the Department of  
41 Commerce, the sum of two hundred fifty thousand dollars (\$250,000) for the 1996-97  
42 fiscal year shall be allocated to the World Trade Center North Carolina (WTCNC) to  
43 support international trade education programs for small and medium-sized businesses.

1 The WTCNC shall report to the Joint Legislative Commission on Governmental  
2 Operations on the use of these funds on or before March 1 of each fiscal year, and more  
3 frequently as requested by the Commission.  
4  
5

6 Requested by: Representatives Mitchell, Weatherly

7 **FUNDS FOR ECONOMIC DEVELOPMENT**

8 Sec. 26.2. Of the funds appropriated in this act to the Department of  
9 Commerce, the sum of one million one hundred twenty-five thousand dollars  
10 (\$1,125,000) for the 1996-97 fiscal year shall be allocated as follows:

- 11 (1) \$200,000 to the Land Loss Prevention Project, Inc., to provide free legal  
12 representation to low-income, financially distressed small farmers. The  
13 Land Loss Prevention Project, Inc., shall not use these funds to  
14 represent farmers who have income and assets that would make them  
15 financially ineligible for legal services pursuant to Title 45, Part 1611 of  
16 the Code of Federal Regulations. The Land Loss Prevention Project,  
17 Inc., shall report to the Joint Legislative Commission on Governmental  
18 Operations on October 1 and March 1 of each fiscal year, and more  
19 frequently as requested by the Commission, on the use of these funds;
- 20 (2) \$200,000 to the North Carolina Coalition of Farm and Rural Families,  
21 Inc., for its Small Farm Economic Development Project. These funds  
22 shall be used to foster economic development within the State's rural  
23 farm communities by offering marketing and technical assistance to  
24 small and limited resource farmers. The North Carolina Coalition of  
25 Farm and Rural Families, Inc., shall report to the Joint Legislative  
26 Commission on Governmental Operations on October 1 and March 1 of  
27 each fiscal year, and more frequently as requested by the Commission,  
28 on the use of these funds;
- 29 (3) \$500,000 to the North Carolina Institute for Minority Economic  
30 Development, Inc., to foster minority economic development within the  
31 State through policy analysis, information and technical assistance,  
32 resource expansion and support of community-based demonstration  
33 initiatives. The North Carolina Institute for Minority Economic  
34 Development, Inc., shall report to the Joint Legislative Commission on  
35 Governmental Operations on October 1 and March 1 of each fiscal year,  
36 and more frequently as requested by the Commission, on the use of  
37 these funds; and
- 38 (4) \$225,000 to the North Carolina Minority Support Center (formerly  
39 known as the Minority Credit Union Support Center) for technical  
40 assistance to community-based minority credit unions. The North  
41 Carolina Minority Support Center shall report to the Credit Union  
42 Division of the Department of Commerce and to the Joint Legislative  
43 Commission on Governmental Operations on October 1 and March 1 of

each fiscal year, and more frequently as requested by the Department or the Commission, on the use of these funds.

Requested by: Representatives Mitchell, Weatherly  
MCNC

Sec. 26.3. Section 25.9 of Chapter 324 of the 1995 Session Laws reads as rewritten:

"Sec. 25.9. (a) MCNC shall report on all of its programs including contractual services for Supercomputer and the Research and Education Network to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on or before March 1 of each fiscal year, and more frequently as requested by the Commission. The reports shall include information on the activities and accomplishments during the past fiscal year, itemized expenditures during the past fiscal year with sources of funding, planned activities, and accomplishments for at least the next 12 months, and itemized anticipated expenditures with sources of funding for the next 12 months. The report on the activities of the Supercomputer and the Research and Education Network program shall identify the ~~users of the Supercomputer, users,~~ the major projects conducted by the users, and the ~~potential~~ benefits of the projects.

(b) MCNC shall provide a report containing detailed budget information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests. Specific salary information will be provided upon written request by the Chairs of the Joint Legislative Commission on Governmental Operations or the Chairs of the House Appropriations Subcommittee on Natural and Economic Resources and the Chairs of the Senate Appropriations Committee on Natural and Economic Resources.

(c) The funds appropriated in this act to MCNC shall be used as follows:

	<u>FY 1995-96</u>	<u>FY 1996-97</u>
Microelectronics Program	\$5,362,523	<del>\$5,362,523</del> 4,966,721
Supercomputer	9,576,319	<del>9,576,319</del> 798,275
Telecommunications	4,826,158	4,826,158 <del>—0-</del>

(d) Of the funds appropriated to MCNC for the Microelectronics Program, ~~five million three hundred sixty two thousand five hundred twenty three dollars (\$5,362,523) in each fiscal year~~ four million nine hundred sixty-six thousand seven hundred twenty-one dollars (\$4,966,721) for the 1996-97 fiscal year is contingent upon a dollar-for-dollar match in non-State funds.

(e) If MCNC finds it necessary to make changes in the program allocations specified in subsection (c) of this section, MCNC shall report such changes to the Joint Legislative Commission on Governmental Operations 30 days before the reallocation.

~~Funds appropriated in this act to MCNC for Migration of Current Network to the North Carolina Information Highway System (NCIHS) shall be used as follows:~~

~~(1) To cover the costs of connecting and operating the North Carolina Research and Education Network through the North Carolina Information Highway so that universities and research centers will~~

1 continue to have the capability currently available through the North  
2 Carolina Research and Education Network,

3 (2) For program support, and

4 (3) For MCNC to serve as gateway to the North Carolina Information  
5 Highway for the 18 sites. Of the funds appropriated to the Department  
6 of Commerce for MCNC in Chapter 324 of the 1995 Session Laws for  
7 the 1996-97 fiscal year, the sum of thirteen million dollars  
8 (\$13,000,000) shall be transferred to the UNC Board of Governors for  
9 contracting the purchase of supercomputing and research and education  
10 networking services to continue the provision of these services at North  
11 Carolina universities and colleges."

12  
13 Requested by: Representatives Mitchell, Weatherly

#### 14 ECONOMIC DEVELOPMENT FUNDS

15 Sec. 26.4. Section 25.4 of Chapter 507 of the 1995 Session Laws reads as  
16 rewritten:

17 "Sec. 25.4. (a) Definition. – For purposes of this section, the term 'community  
18 development corporation' means a nonprofit corporation:

19 (1) Chartered pursuant to Chapter 55A of the General Statutes;

20 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code  
21 of 1986;

22 (3) Whose primary mission is to develop and improve low-income  
23 communities and neighborhoods through economic and related  
24 development;

25 (4) Whose activities and decisions are initiated, managed, and controlled by  
26 the constituents of those local communities; and

27 (5) Whose primary function is to act as deal-maker and packager of projects  
28 and activities that will increase their constituencies' opportunities to  
29 become owners, managers, and producers of small businesses,  
30 affordable housing, and jobs designed to produce positive cash flow and  
31 curb blight in the target community.

32 (b) Of the funds appropriated in this act to the Rural Economic Development  
33 Center, Inc., the sum of ~~three million eight hundred thousand dollars (\$3,800,000) for the~~  
34 ~~1995-96~~ one million twenty-five thousand dollars (\$1,025,000) for the 1996-97 fiscal  
35 year shall be placed in an Economic and Community Development Program Reserve.  
36 Funds shall be allocated from the Reserve by the Rural Economic Development Center,  
37 Inc. as follows:

38 (1) ~~\$1,350,000~~ \$675,000 for community development grants to support  
39 community development projects and activities within the State's  
40 minority communities. Any community development corporation as  
41 defined in this section is eligible to apply for funds. The Rural  
42 Economic Development Center shall establish performance-based  
43 criteria for determining which community development corporations

1 will receive a grant and the grant amount. Funding will also be  
2 allocated to the North Carolina Association of Community  
3 Development Corporations, Inc. The Rural Economic Development  
4 Center, Inc., shall allocate these grant funds from the Economic and  
5 Community Development Program Reserve as follows:

- 6 a. ~~\$900,000—\$450,000~~ for direct grants to the local community  
7 development corporations that have previously received State  
8 funds for this purpose to support operations and project activities,  
9 b. ~~\$250,000—\$125,000~~ for direct grants to local community  
10 development organizations that have not previously received  
11 State funds,  
12 c. ~~\$150,000—\$75,000~~ to the North Carolina Association of  
13 Community Development Corporations, Inc. to provide training,  
14 technical assistance, resource development, project assistance,  
15 and support for local community development corporations  
16 statewide, and  
17 d. ~~\$50,000—\$25,000~~ to the Rural Economic Development Center,  
18 Inc. to be used to cover expenses in administering this section;

19 ~~(2) \$275,000 to the Minority Credit Union Support Center for technical  
20 assistance to community-based minority credit unions;~~

21 ~~(3) \$250,000—\$125,000 to the Microenterprise Loan Program to support the  
22 loan fund and operations of the Program;~~

23 ~~(4) \$100,000 allocated as follows:—\$25,000 to the Opportunities  
24 Industrialization Center of Elizabeth City, Inc.~~

25 ~~a. \$25,000 to the Opportunities Industrialization Center of Wilson,  
26 Inc., for its ongoing job training programs;~~

27 ~~b. \$25,000 to Opportunities Industrialization Center, Inc., in Rocky  
28 Mount, for its ongoing job training programs;~~

29 ~~c. \$25,000 to Pitt-Greenville Opportunities Industrialization Center,  
30 Inc. for its ongoing job training programs; and~~

31 ~~d. \$25,000 to the Opportunities Industrialization Center of Lenoir,  
32 Greene, and Jones Counties.~~

33 ~~Funds allocated pursuant to this subdivision shall be in addition to funds  
34 allocated pursuant to Section 25.12 of Chapter 324 of the 1995 Session  
35 Laws. Reporting requirements of that section shall apply to funds  
36 allocated under this subdivision;~~

37 ~~(5) \$400,000—\$200,000 shall be used for a program to provide supplemental  
38 funding for matching requirements for economic development in  
39 economically depressed areas. The Center shall use the funds to make  
40 grants to local governments and nonprofit corporations to provide funds  
41 necessary to match federal grants or other grants for necessary  
42 economic development projects and activities in economically~~

1 depressed areas. The grant recipients shall be selected on the basis of  
2 need;

3 ~~(6) \$275,000 to the Land Loss Prevention Project, Inc., to provide free legal  
4 representation to low-income, financially distressed small farmers. The  
5 Land Loss Prevention Project, Inc., shall not use these funds to  
6 represent farmers who have income and assets that would make them  
7 financially ineligible for legal services pursuant to Title 45, Part 1611 of  
8 the Code of Federal Regulations. The Land Loss Prevention Project,  
9 Inc., shall report to the Joint Legislative Commission on Governmental  
10 Operations on October 1 and March 1 of each fiscal year, and more  
11 frequently as requested by the Commission, on the use of these funds;~~

12 ~~(7) \$245,000 to the North Carolina Coalition of Farm and Rural Families,  
13 Inc., for its Small Farm Economic Development Project. These funds  
14 shall be used to foster economic development within the State's rural  
15 farm communities by offering financial, marketing, and technical  
16 assistance to small and limited resource farmers. The North Carolina  
17 Coalition of Farm and Rural Families, Inc., shall report to the Joint  
18 Legislative Commission on Governmental Operations on October 1 and  
19 March 1 of each fiscal year, and more frequently as requested by the  
20 Commission, on the use of these funds;~~

21 ~~(8) \$780,000 to the North Carolina Institute for Minority Economic  
22 Development, Inc., to foster minority economic development within the  
23 State through policy analysis, information and technical assistance,  
24 resource expansion and support of community-based demonstration  
25 initiatives. The North Carolina Institute for Minority Economic  
26 Development, Inc., shall report to the Joint Legislative Commission on  
27 Governmental Operations on October 1 and March 1 of each fiscal year,  
28 and more frequently as requested by the Commission, on the use of  
29 these funds;~~

30 ~~(9) \$100,000 to the Lake Gaston Economic Development Corporation for  
31 planning and preliminary development of a conference center and  
32 related facilities for the Lake Gaston area; and~~

33 ~~(10) \$25,000 to the Roanoke-Chowan Community College for its sheltered  
34 workshop program.~~

35 (c) The Rural Economic Development Center, Inc. shall report to the Joint  
36 Legislative Commission on Governmental Operations on October 1 and March 1 of each  
37 fiscal year, and more frequently as requested by the Commission, on the uses of funds  
38 allocated pursuant to subdivisions (1), (2), (3), (4), (5), (9), and (10)-(3), (4), and (5) of  
39 subsection (b) of this section."

40  
41 **PART 27. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL**  
42 **RESOURCES**  
43



1 Requested by: Representatives Mitchell, Weatherly, Nichols

2 **AGRICULTURE COST SHARE FUNDS FOR ANIMAL OPERATIONS**  
3 **LOCATED IN A RIVER BASIN OTHER THAN THE NEUSE RIVER BASIN**

4 Sec. 27. Of the funds appropriated in this act to the Department of  
5 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,  
6 for the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the sum  
7 of six million dollars (\$6,000,000) for the 1996-97 fiscal year shall be used to assist  
8 existing animal operations in obtaining approved animal waste management plans for  
9 those animal operations located, in whole or in part, in a county in one of the State's 17  
10 river basins other than the Neuse River Basin and shall be used in accordance with G.S.  
11 143-215.74(b) and any provisions enacted by the 1995 General Assembly regarding the  
12 expenditure of funds under this Program. When implementing this section, the  
13 Department shall cooperate with the Cooperative Extension Service, the Natural  
14 Resource Conservation Service of the United States Department of Agriculture, and the  
15 local Soil and Water Conservation Districts. Any of these funds remaining at the end of  
16 the 1996-97 fiscal year shall not revert, but shall remain available for use pursuant to this  
17 section.

18  
19 Requested by: Representatives Mitchell, Weatherly, Nichols

20 **AGRICULTURE COST SHARE FUNDS FOR ANIMAL OPERATIONS**  
21 **LOCATED IN THE NEUSE RIVER BASIN**

22 Sec. 27.1. Of the funds appropriated in this act to the Department of  
23 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,  
24 for the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the sum  
25 of two million dollars (\$2,000,000) for the 1996-97 fiscal year shall be used to assist  
26 existing animal operations in obtaining approved animal waste management plans for  
27 those animal operations located, in whole or in part, in a county in the Neuse River Basin  
28 and shall be used in accordance with G.S. 143-215.74(b) and any provisions enacted by  
29 the 1995 General Assembly regarding the expenditure of funds under this Program.  
30 When implementing this section, the Department shall cooperate with the Cooperative  
31 Extension Service, the Natural Resource Conservation Service of the United States  
32 Department of Agriculture, and the local Soil and Water Conservation Districts. Any of  
33 these funds remaining at the end of the 1996-97 fiscal year shall not revert, but shall  
34 remain available for use pursuant to this section.

35  
36 Requested by: Representatives Mitchell, Weatherly, Nichols, H. Hunter

37 **STATEWIDE TECHNICAL ASSISTANCE FOR ANIMAL WASTE**  
38 **MANAGEMENT PLANS**

39 Sec. 27.2. (a) Of the funds appropriated in this act to the Department of  
40 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,  
41 the sum of one million four hundred seventeen thousand five hundred dollars  
42 (\$1,417,500) for the 1996-97 fiscal year shall be used to provide technical assistance to  
43 operators of animal operations in the process of obtaining approved animal waste

1 management plans. When implementing this section, the Department shall cooperate  
2 with the Cooperative Extension Service, the Natural Resource Conservation Service of  
3 the United States Department of Agriculture, and the local Soil and Water Conservation  
4 Districts. Any of these funds remaining at the end of the 1996-97 fiscal year shall not  
5 revert, but shall remain available for use pursuant to this section.  
6

7 Requested by: Representatives Mitchell, Weatherly, Nichols, H. Hunter

#### 8 **ODOR CONTROL TECHNOLOGY STUDY**

9 Sec. 27.3. Of the funds appropriated to the Department of Environment,  
10 Health, and Natural Resources in this act, the sum of six hundred thousand dollars  
11 (\$600,000) for the 1996-97 fiscal year shall be allocated to the Board of Governors of  
12 The University of North Carolina for the North Carolina Agricultural Research Service at  
13 North Carolina State University and for North Carolina Agricultural and Technical State  
14 University to conduct research into economically feasible odor control technologies and  
15 to provide detailed economic analysis of odor management alternatives; provided these  
16 funds are matched with an equal sum from private sources. No later than January 1,  
17 1997, the Department shall report to the Environmental Review Commission and the  
18 Fiscal Research Division on progress under the research, including any findings and  
19 recommendations at that time.  
20

21 Requested by: Representatives Weatherly, Mitchell, Nichols

#### 22 **WETLANDS RESTORATION PROGRAM/FUNDS**

23 Sec. 27.4. (a) Article 21 of Chapter 143 of the General Statutes is amended by  
24 adding the following new sections to read:

#### 25 **"§ 143-214.8. Wetlands Restoration Program: established.**

26 The Wetlands Restoration Program is established within the Department of  
27 Environment, Health, and Natural Resources. The Wetlands Restoration Program shall be  
28 developed by the Department as a nonregulatory statewide wetlands restoration program  
29 for the acquisition, restoration, enhancement, and creation of wetland and riparian  
30 resources, including riparian buffers and greenways, that contribute to the protection and  
31 improvement of water quality, flood prevention, fisheries, wildlife habitat, and  
32 recreational opportunities. The Wetlands Restoration Program shall consist of the  
33 following components:

- 34 (1) Restoration of wetlands.
- 35 (2) Development of restoration plans.
- 36 (3) Landowner contact and land acquisition.
- 37 (4) Evaluation of site plans and engineering studies.
- 38 (5) Oversight of construction and monitoring of restoration sites.
- 39 (6) Land ownership and management.
- 40 (7) Mapping, site identification, and assessment of wetlands functions.

#### 41 **"§ 143-214.9. Wetlands Restoration Program: purposes.**

42 The purposes of the program are as follows:

- 1           (1) To restore wetlands functions and values across the State to replace  
2 critical functions lost through historic wetlands conversion and through  
3 current and future permitted impacts. It is not the policy of the State to  
4 destroy upland habitats unless it would further the purposes of the  
5 Wetlands Restoration Program.
- 6           (2) To provide a consistent and simplified approach to address mitigation  
7 requirements associated with permits or authorizations issued by the  
8 United States Army Corps of Engineers under 33 U.S.C. § 1344.
- 9           (3) To streamline the wetlands permitting process, minimize delays in  
10 permit decisions, and decrease the burden of permit applicants of  
11 planning and performing compensatory mitigation for wetlands losses.
- 12           (4) To increase the ecological effectiveness of compensatory mitigation.
- 13           (5) To achieve a net increase in wetland acres, functions, and values in each  
14 major river basin.
- 15           (6) To foster a comprehensive approach to environmental protection.

16 **§ 143-214.10. Wetlands Restoration Program: development and implementation**  
17 **of basinwide restoration plans.**

18       Develop basinwide restoration plans. – The Department shall develop a basinwide  
19 plan for wetlands and riparian area restoration with the goal of protecting and enhancing  
20 water quality, flood prevention, fisheries, wildlife habitat, and recreational opportunities  
21 within each of the 17 major river basins in the State. Beginning July 1, 1997, the  
22 Department shall develop and begin implementing a basinwide restoration plan for each  
23 of the 17 river basins in the State in accordance with the basinwide schedule currently  
24 established by the Division of Environmental Management.

25 **§ 143-214.11. Wetlands Restoration Program: compensatory mitigation.**

26       (a) Definition. – For purposes of this section the term 'compensatory mitigation'  
27 means the restoration, creation, enhancement, or preservation of wetlands or other areas  
28 required as a condition of a Section 404 permit issued by the United States Army Corps  
29 of Engineers.

30       (b) Department of Environment, Health, and Natural Resources to coordinate  
31 compensatory mitigation. – All compensatory mitigation required by permits or  
32 authorizations issued by the United States Army Corps of Engineers under 33 U.S.C. §  
33 1344 shall be coordinated by the Department consistent with the basinwide plans for  
34 wetlands restoration and rules developed by the Environmental Management  
35 Commission. All compensatory wetlands mitigation whether performed by the  
36 Department or by permit applicants, shall be consistent with the basinwide restoration  
37 plans.

38       (c) Mitigation emphasis on replacing ecological function within same river basin.  
39 – The emphasis of mitigation is on replacing functions within the same river basin unless  
40 it is demonstrated that restoration of other areas would be more beneficial to the overall  
41 purposes of the Wetlands Restoration Program.

42       (d) Compensatory mitigation options available to applicant. – An applicant may  
43 satisfy compensatory wetlands mitigation requirements by the following actions, if those

1 actions are consistent with the basinwide restoration plans and also meet or exceed the  
2 requirements of the United State Army Corps of Engineers:

- 3 (1) Payment of a fee established by the Department into the Wetlands  
4 Restoration Fund established in G.S. 143-214.6.
- 5 (2) Donation of land to the Wetlands Restoration Program or to other public  
6 or private non-profit conservation organizations as approved by the  
7 Department.
- 8 (3) Participation in a private wetlands mitigation bank.
- 9 (4) Preparing and implementing a wetlands restoration plan.

10 (e) Payment schedule. – A standardized schedule of per acre payment amounts  
11 shall be established by the Environmental Management Commission. The monetary  
12 payment shall be based on the ecological functions and values of wetlands permitted to  
13 be lost and on the cost of restoring or creating wetlands capable of performing the same  
14 or similar functions, including directly related costs of wetlands restoration planning,  
15 long term-monitoring and maintenance of restored areas.

16 **§ 143-214.12. Wetlands Restoration Program: Wetlands Restoration Fund.**

17 (a) Wetlands Restoration Fund. – The Wetlands Restoration Fund is established as  
18 a nonreverting fund within the Department. The Fund shall be treated as a special trust  
19 fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2  
20 and G.S. 147-69.3. The Wetlands Restoration Fund shall provide a repository for  
21 monetary contributions and donations or dedications of interests in real property to  
22 promote projects for the restoration, enhancement, preservation, or creation of wetlands  
23 and riparian areas and for payments made in lieu of compensatory mitigation as described  
24 in subsection (b) of this section. No funds shall be expended from this Fund for any  
25 purpose other than those directly contributing to the acquisition, enhancement,  
26 restoration, or creation of wetlands and riparian areas in accordance with the basinwide  
27 plan as described in subsection (a) of this section.

28 (b) Authorized methods of payment. – A person subject to a permit or  
29 authorization issued by the United States Army Corps of Engineers under 33 U.S.C. §  
30 1344, may contribute to the Wetlands Restoration Program, to comply with conditions to,  
31 or terms of, the permit or authorization, if participation in the Wetlands Restoration  
32 Program will meet the mitigation requirements of the United States Army Corps of  
33 Engineers. The Department shall, at the discretion of the applicant, accept payment into  
34 the Wetlands Restoration Fund in lieu of other compensatory mitigation requirements of  
35 any authorizations issued by the United States Army Corps of Engineers under 33 U.S.C.  
36 § 1344 if the contributions will meet the mitigation requirements of the United States  
37 Army Corps of Engineers. Payment may be made in the form of monetary contributions  
38 according to a fee schedule established by the Environmental Management Commission  
39 or in the form of donations of real property provided that the property is approved by the  
40 Department as a suitable site consistent with the basinwide wetlands restoration plan.

41 **§ 143-214.13. Wetlands Restoration Program: reporting requirement.**

42 The Department of Environment, Health, and Natural Resources shall report annually  
43 to the Environmental Review Commission regarding its progress in implementing the

1 Wetlands Restoration Program and its use of the funds in the Wetlands Restoration Fund.  
2 The report shall document statewide wetlands losses and gains and compensatory  
3 mitigation performed under G.S. 143-214.8 through G.S. 143-214.12. The report shall  
4 also provide an accounting of receipts and disbursements of the Wetlands Restoration  
5 Fund and analysis of the per acre cost of wetlands restoration. The Department shall also  
6 send a copy of its report to the Fiscal Research Division of the General Assembly."

7 (b) Of the funds appropriated by this act to the Department of Environment,  
8 Health, and Natural Resources the sum of ten million dollars (\$10,000,000) for the 1996-  
9 97 fiscal year shall be credited to the Wetlands Restoration Fund and shall be allocated  
10 by the Department of Environment, Health, and Natural Resources among each of the  
11 State's 17 river basins for wetlands restoration and mitigation in each basin. The  
12 Department shall determine the amount to be allocated for each basin based on the size of  
13 the basin and a critical needs determination by the Department. It is the intent of the  
14 General Assembly that the sum of ten million dollars (\$10,000,000) for the 1997-98  
15 fiscal year and the sum of ten million dollars (\$10,000,000) for the 1998-99 fiscal year be  
16 appropriated to the Wetlands Restoration Program to be allocated by the Department of  
17 Environment, Health, and Natural Resources among each of the State's 17 river basins for  
18 wetlands restoration and mitigation in each basin.

19 (c) Of the funds appropriated by this act to the Department of Environment,  
20 Health, and Natural Resources for the 1996-97 fiscal year the sum of five hundred  
21 thousand dollars (\$500,000) in recurring funds shall be used to support eight staff  
22 positions and shall also be used for administrative and other expenses to implement the  
23 Wetlands Restoration Program.

24  
25 Requested by: Representatives Mitchell, Weatherly, Nichols, H. Hunter

#### 26 **STUDY ALTERNATIVE ANIMAL WASTE TECHNOLOGIES**

27 Sec. 27.6. Of the funds appropriated to the Department of Environment,  
28 Health, and Natural Resources in this act, the sum of five hundred thousand dollars  
29 (\$500,000) for the 1996-97 fiscal year shall be allocated to the Board of Governors of  
30 The University of North Carolina for the North Carolina Agricultural Research Service at  
31 North Carolina State University and for North Carolina Agricultural and Technical State  
32 University to serve as focal points for experimentation with and testing of alternative  
33 animal waste disposal technologies for use in agriculture. No later than January 1, 1997,  
34 the Department shall report to the Environmental Review Commission and the Fiscal  
35 Research Division on progress under the research, including any findings and  
36 recommendations at that time.

37  
38 Requested by: Representatives Mitchell, Weatherly, Nichols, H. Hunter

#### 39 **STUDY GROUNDWATER IMPACTS OF LAGOONS**

40 Sec. 27.7. Of the funds appropriated to the Department of Environment,  
41 Health, and Natural Resources in this act, the sum of three hundred seventy-five thousand  
42 dollars (\$375,000) for the 1996-97 fiscal year shall be allocated to the Board of  
43 Governors of The University of North Carolina for the North Carolina Agricultural

1 Research Service at North Carolina State University and for North Carolina Agricultural  
2 and Technical State University to design and implement a scientifically based study for  
3 the purpose of determining the extent to which animal waste lagoons pose a threat, if any,  
4 to the groundwater of the State. Lagoons that are representative of soil types and  
5 hydrologic conditions in North Carolina shall be selected for this study. No later than  
6 January 1, 1997, the Department shall report to the Environmental Review Commission  
7 and the Fiscal Research Division on progress under the research, including any findings  
8 and recommendations at that time.

9  
10 Requested by: Representatives Mitchell, Weatherly, Nichols

11 **FINANCIAL ASSISTANCE TO AID MUNICIPALITIES IN NEUSE RIVER**  
12 **BASIN ACHIEVE REDUCTIONS IN NITROGEN LEVELS**

13 Sec. 27.8. (a) Of the funds appropriated by this act to the Department of  
14 Environment, Health, and Natural Resources for the 1996-97 fiscal year the sum of five  
15 million dollars (\$5,000,000) shall be allocated by the Department as grants to local  
16 government units in the Neuse River Basin. The grants shall be awarded by the  
17 Department for the purpose of reducing the nitrogen level in the Neuse River Basin  
18 through improved and more effective wastewater treatment and stormwater control  
19 measures. The criteria established by Chapter 159G of the General Statutes with regard  
20 to grants made for wastewater treatment works and wastewater collection system projects  
21 shall be the primary consideration in granting funds for those types of projects. The  
22 criteria established by the Department under G.S. 143-214.7 shall be the primary  
23 consideration in granting funds to a unit of local government for a project that addresses  
24 stormwater measures and controls. A grant made by the Department under this section to  
25 a unit of local government shall not exceed five hundred thousand dollars (\$500,000) or  
26 ten percent (10%) of the project cost, whichever is less.

27 (b) The Department of Environment, Health, and Natural Resources shall report by  
28 October 15, 1996, and quarterly thereafter to the Environmental Review Commission  
29 regarding the grants awarded and their effectiveness in achieving the goal of reducing the  
30 nitrogen level in the Neuse River Basin and shall also send a written copy of its report to  
31 the Fiscal Research Division of the General Assembly.

32  
33 Requested by: Representatives Mitchell, Weatherly, Nichols

34 **STUDY OF ATMOSPHERIC DEPOSITION OF NITROGEN IN NEUSE**  
35 **ESTUARY**

36 Sec. 27.9. Of the funds appropriated to the Department of Environment,  
37 Health, and Natural Resources in this act, the sum of four hundred fifty thousand dollars  
38 (\$450,000) for the 1996-97 fiscal year shall be used by the Department to contract with a  
39 research institution to research and perform computer modelling to identify the amount of  
40 atmospheric nitrogen reaching the Neuse estuary, to enable the development of strategies  
41 to reduce the most significant sources of nitrogen, and to improve water quality. If the  
42 expertise required for this research is available at a research institution in the State, the  
43 Department shall contract with a research institution in the State. No later than January

1 1, 1997, the Department shall report to the Environmental Review Commission and the  
2 Fiscal Research Division on progress under the research, including any findings and  
3 recommendations at that time.

4  
5 Requested by: Representatives Mitchell, Weatherly

6 **TRANSFER THE GEODETIC SURVEY SECTION TO THE OFFICE OF STATE**  
7 **PLANNING**

8 Sec. 27.10. The twenty-two positions, support, and equipment in the Geodetic  
9 Survey Section of the Division of Land Resources, Department of Environment, Health,  
10 and Natural Resources, shall be moved to the Office of State Planning in the Office of the  
11 Governor.

12  
13 Requested by: Representatives Mitchell, Weatherly

14 **HAZARDOUS WASTE REPORTS**

15 Sec. 27.11. Beginning in 1997, the Department of Environment, Health, and  
16 Natural Resources shall report on the generation, storage, treatment, and disposal of  
17 hazardous waste in North Carolina no more often than it is required to report under  
18 federal law or federal regulation.

19  
20 Requested by: Representatives Mitchell, Weatherly

21 **DRINKING WATER WAIVER PROGRAM**

22 Sec. 27.12. The Department of Environment, Health, and Natural Resources,  
23 Division of Environmental Health, shall establish a drinking water waiver program that  
24 will enable the Division to seek and qualify for additional waivers from the drinking  
25 water regulations of the United States Environmental Protection Agency. The program  
26 shall include, but not be limited to, the collection and study of data on the State's drinking  
27 water testing program to determine which contaminants do not present a significant  
28 health risk and which water systems are not susceptible to particular contaminants. The  
29 Division shall report its progress in establishing and implementing the drinking water  
30 waiver program not later than December 15, 1996, to the Fiscal Research Division, the  
31 Environmental Review Commission, and the Legislative Research Commission study  
32 committee on Water Issues.

33  
34 Requested by: Representatives Mitchell, Weatherly, Tolson, Nichols, H. Hunter

35 **STUDY ENVIRONMENTAL IMPACTS OF ABANDONED LAGOONS/ANIMAL**  
36 **FACILITIES**

37 Sec. 27.13. Of the funds appropriated to the Department of Environment,  
38 Health, and Natural Resources in this act, the sum of twenty-five thousand dollars  
39 (\$25,000) for the 1996-97 fiscal year shall be placed in a reserve in the Department for  
40 the General Assembly for a legislative study commission to study the environmental  
41 impacts of animal waste lagoons and animal facilities that have been closed or abandoned  
42 or are inactive in order to determine the extent and scope of the problems, if any,  
43 associated with these structures, to identify potential solutions for any existing problems,

1 to identify scientifically and environmentally effective methods of closure for these  
2 structures in the future, and to determine the advisability of providing incentives for the  
3 proper management of abandoned animal waste lagoons and abandoned animal facilities.  
4 No later than January 1, 1997, this study commission shall report to the 1997 General  
5 Assembly, the Environmental Review Commission, and the Fiscal Research Division on  
6 its findings, recommendations, and any legislative proposals.

7  
8 Requested by: Representatives Mitchell, Weatherly, Nichols, H. Hunter

9 **RESERVE FOR PERMITTING AND INSPECTING ANIMAL WASTE**  
10 **MANAGEMENT SYSTEMS**

11 Sec. 27.14. Of the funds appropriated in this act to the Department of  
12 Environment, Health, and Natural Resources, the sum of four hundred eighty-four  
13 thousand dollars (\$484,000) shall be placed in a reserve to be used to establish and  
14 support positions in the Division of Environmental Management to conduct permitting,  
15 inspection, and enforcement activities for animal waste management systems in the event  
16 the 1995 General Assembly (1996 Regular Session) enacts legislation that establishes a  
17 permitting or inspection program for animal waste management systems. When  
18 implementing this section, the Department shall cooperate with the Cooperative  
19 Extension Service, the Natural Resources Conservation Service of the United States  
20 Department of Agriculture, and the local Soil and Water Conservation Districts. Any  
21 funds remaining in the reserve at the end of the 1996-97 fiscal year shall not revert, but  
22 shall remain available for use pursuant to this section.

23  
24 Requested by: Representatives Mitchell, Weatherly, H. Hunter

25 **HEALTHY START FOUNDATION FUNDS**

26 Sec. 27.15. Section 26.4 of Chapter 507 of the 1995 Session Laws reads as  
27 rewritten:

28 "Sec. 26.4. Of the funds appropriated in this act to the Department of Environment,  
29 Health, and Natural Resources, the sum of ~~two hundred six hundred fifty~~ thousand dollars  
30 ~~(\$200,000)-(\$650,000)~~ for the ~~1995-96-1996-97~~ fiscal year shall be allocated to the North  
31 Carolina Healthy Start Foundation to support the programs and activities of the  
32 Governor's Commission on Reduction of Infant Mortality. Foundation. Funds allocated  
33 pursuant to this section shall be expended first to support statewide planning, promotion,  
34 and coordination for the First Step Campaign. Funds remaining after allocation for First  
35 Step shall be used to support other programs and ~~activities-~~activities aimed at reducing  
36 infant mortality. The Healthy Start Foundation shall report on all of its programs to the  
37 Joint Legislative Commission on Governmental Operations on or before March 1, ~~1996-~~  
38 1997. The report shall include information on the Foundation's activities and  
39 accomplishments during the past fiscal year, a list of the groups, organizations,  
40 communities, and other recipients of assistance from the Foundation in the last 12  
41 months, itemized expenditures during the past fiscal year with sources of funding,  
42 planned activities, and accomplishments for at least the next 12 months, and itemized  
43 anticipated expenditures with sources of funding for the next 12 months."



1  
2 Requested by: Representatives Mitchell, Weatherly, Culpepper

3 **BEAVER DAMAGE CONTROL FUNDS**

4 Sec. 27.16. Subsection (b) of Section 69 of Chapter 1044 of the 1991 Session  
5 Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3  
6 of Chapter 769 of the 1993 Session Laws, and Section 26.6 of Chapter 507 of the 1995  
7 Session Laws, reads as rewritten:

8 "(b) The Beaver Damage Control Advisory Board shall develop a pilot program to  
9 control beaver damage on private and public lands. Bladen, Brunswick, Carteret,  
10 Chatham, Chowan, Craven, Columbus, Duplin, Edgecombe, Franklin, Greene, Halifax,  
11 Hertford, Johnston, Lincoln, Nash, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson,  
12 Scotland, Vance, Warren, Washington, Wayne, and Wilson Counties shall participate in  
13 the pilot program. The Beaver Damage Control Advisory Board shall act in an advisory  
14 capacity to the Wildlife Resources Commission in the implementation of the program. In  
15 developing the program, the Board shall:

- 16 (1) Orient the program primarily toward public health and safety and  
17 toward landowner assistance, providing some relief to landowners  
18 through beaver control and management rather than eradication;
- 19 (2) Develop a priority system for responding to complaints about beaver  
20 damage;
- 21 (3) Develop a system for documenting all activities associated with beaver  
22 damage control, so as to facilitate evaluation of the program;
- 23 (4) Provide educational activities as a part of the program, such as printed  
24 materials, on-site instructions, and local workshops;
- 25 (5) Provide for the hiring of personnel necessary to implement beaver  
26 damage control activities, administer the pilot program, and set salaries  
27 of personnel;
- 28 (6) Evaluate the costs and benefits of the program that might be applicable  
29 elsewhere in North Carolina.

30 No later than September 30, 1994 and again upon the conclusion of the pilot program  
31 on June 30, ~~1996~~, 1997, the Board shall issue a report to the Wildlife Resources  
32 Commission on the program to date, including recommendations on the feasibility of  
33 continuing the program in participating counties and the desirability of expanding the  
34 program into other counties. The Wildlife Resources Commission shall prepare a plan to  
35 implement a statewide program to control beaver damage on private and public lands.  
36 No later than January 1, 1995, the Wildlife Resources Commission shall present its plan  
37 in a report to the House Appropriations Subcommittee on Natural and Economic  
38 Resources and the Senate Appropriations Committee on Natural and Economic  
39 Resources."

40 (b) Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as  
41 amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of  
42 Chapter 769 of the 1993 Session Laws, and Section 26.6 of Chapter 507 of the 1995  
43 Session Laws, reads as rewritten:

1       (h) Subsections (a) through (d) of this section expire June 30, ~~1996-1997~~."

2       (c) Subsection (d) of Section 26.6 of Chapter 507 of the 1995 Session Laws reads  
3 as rewritten:

4       (d) Of the funds appropriated from the General Fund to the Wildlife Resources  
5 Commission for the 1995-96 fiscal year, ~~year and the 1996-97 fiscal year~~, there is  
6 allocated the sum of three hundred seventy-two thousand six hundred ninety dollars  
7 (\$372,690) for the 1995-96 fiscal year and the sum of three hundred sixty-three thousand  
8 six hundred ninety dollars (\$363,690) for the 1996-97 fiscal year to provide the State  
9 share necessary to continue the beaver damage control pilot program established by  
10 Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of  
11 Chapter 561 of the 1993 Session Laws and Section 27.3 of the 1993 Session Laws, in  
12 Bladen, Brunswick, Carteret, Chatham, Chowan, Craven, Columbus, Duplin,  
13 Edgecombe, Franklin, Greene, Halifax, Hertford, Johnston, Lincoln, Nash, Onslow,  
14 Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren, Washington,  
15 Wayne, and Wilson Counties, provided the sum of twenty-five thousand dollars  
16 (\$25,000) in federal funds is available in each fiscal year to provide the federal share.  
17 These funds shall be matched by four thousand dollars (\$4,000) of local funds in each  
18 fiscal year from each of the ~~27-28~~ participating counties."

19  
20 Requested by: Representatives Mitchell, Weatherly, Nichols

## 21 **TWO PERCENT RESERVE FOR WETLANDS RESTORATION PROGRAM**

22       Sec. 27.17. Article 1 of Chapter 143 of the General Statutes is amended by  
23 adding a new section to read:

### 24 **"§ 143-15.3B. Wetlands Restoration Fund.**

25       (a) The Wetlands Restoration Fund is established in G.S. 143-214.12.  
26 Beginning with the 1998-99 fiscal year, the State Controller shall reserve to the Wetlands  
27 Restoration Fund two percent (2%) of any unreserved credit balance remaining in the  
28 General Fund at the end of each fiscal year. As used in this section, the term 'unreserved  
29 credit balance' means the credit balance amount, as determined on a cash basis, before  
30 funds are reserved by the State Controller to the Savings Reserve Account, the Repairs  
31 and Renovations Reserve Account, or the Wetlands Restoration Fund pursuant to this  
32 section, G.S. 143-15.3, and G.S. 143-15.3A.

33       (b) The funds in the Wetlands Restoration Fund shall be used only in accordance  
34 with Article 21 of Chapter 143 of the General Statutes."

## 35 36 **PART 28. SALARIES AND BENEFITS**

37  
38 Requested by: Representatives Holmes, Creech, Esposito

## 39 **JUDICIAL BRANCH OFFICIALS**

40       Sec. 28. Section 7.4 of Chapter 507 of the 1995 Session Laws reads as  
41 rewritten:

42       "Sec. 7.4. (a) The annual salaries, payable monthly, for specified judicial branch  
43 officials for the ~~1995-96 and 1996-97~~ fiscal ~~years~~ year are:

	<u>Annual Salary</u>
<u>Judicial Branch Officials</u>	
Chief Justice, Supreme Court	\$98,576
Associate Justice, Supreme Court	96,000
Chief Judge, Court of Appeals	93,600
Judge, Court of Appeals	92,000
Judge, Senior Regular Resident Superior Court	89,500
Judge, Superior Court	87,000
Chief Judge, District Court	79,000
Judge, District Court	76,500
District Attorney	80,600
Administrative Officer of the Courts	89,500
Assistant Administrative Officer of the Courts	75,160
Public Defender	80,600

(b) 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 nine thousand five hundred eighty dollars (\$49,580),~~ fifty-one thousand sixty-seven dollars (\$51,067), and the minimum salary of any assistant district attorney or assistant public defender is at least ~~twenty five thousand three hundred twelve dollars (\$25,312) effective July 1, 1995.~~ twenty-six thousand seventy-one dollars (\$26,071) effective July 1, 1996.

(c) The salaries in effect for the ~~1994-95-1995-96~~ fiscal year for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by ~~two percent (2%), commencing July 1, 1995.~~ three percent (3%), commencing July 1, 1996.

(d) The salaries in effect for the ~~1994-95-1995-96~~ fiscal year for all permanent, part-time employees of the Judicial Department shall be increased on and after ~~July 1, 1995,~~ July 1, 1996, by pro rata amounts of the ~~two percent (2%).~~ three percent (3%)."

Requested by: Representatives Justus, Thompson, Daughtry, Culpepper

### **SUPERIOR COURT JUDGES' LONGEVITY**

Sec. 28A. G.S. 7A-44(b) reads as rewritten:

"(b) In lieu of merit and other increment raises paid to regular State employees, a judge of the superior court, regular or special, shall receive as longevity pay an annual amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, ~~and~~ and nineteen and two-tenths percent (19.2%) after 20 years of ~~service.~~ service, and twenty-four percent (24%) after 25 years

1 of service. 'Service' means service as a justice or judge of the General Court of Justice or  
 2 as a member of the Utilities Commission or as director or assistant director of the  
 3 Administrative Office of the Courts. Service shall also mean service as a district attorney  
 4 or as a clerk of superior court."

5  
 6 Requested by: Representatives Holmes, Creech, Esposito  
 7 **ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT**

8 Sec. 28.1. G.S. 7A-102(c1) reads as rewritten:

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

12  
 13 Assistant Clerks and Head Bookkeeper Annual Salary

14  
 15 Minimum \$21,549 \$22,195  
 16 Maximum ~~38,154~~ 39,299

17  
 18 Deputy Clerks Annual Salary

19 Minimum ~~\$17,229~~ \$17,746  
 20 Maximum ~~29,389.~~ 30,271."

21  
 22 Requested by: Representatives Holmes, Creech, Esposito  
 23 **MAGISTRATES' PAY PLAN**

24 Sec. 28.2. (a) G.S. 7A-171.1(a)(1) reads as rewritten:

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

35  
 36 **TABLE OF SALARIES OF FULL-TIME MAGISTRATES**

<u>Step Level</u>	Annual Salary
Entry Rate	\$23,417
<u>\$24,120</u>	
Step 1	<del>25,767</del>
<u>26,540</u>	

1	Step 2	28,325
2	<u>29,175</u>	
3	Step 3	31,116
4	<u>32,049</u>	
5	Step 4	34,173
6	<u>35,198</u>	
7	Step 5	37,533
8	<u>38,659</u>	
9	Step 6	41,228.
10	<u>42,465."</u>	

(b) G.S. 7A-171.1(a1)(1) reads as rewritten:

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

Less than 1 year of service	\$18,457	
1 or more but less than 3 years of service		<del>19,406</del> <u>19,988</u>
3 or more but less than 5 years of service	<del>21,314</del> <u>\$21,953."</u>	

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

Requested by: Representatives Holmes, Creech, Esposito

**GENERAL ASSEMBLY PRINCIPAL CLERKS**

Sec. 28.3. 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 ~~fifty-five thousand eighty dollars (\$55,080)~~ fifty-six thousand seven hundred thirty-two dollars (\$56,732) 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: Representatives Holmes, Creech, Esposito

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

Sec. 28.4. G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred thirty-seven dollars (\$237.00) per week~~, two hundred forty-four dollars (\$244.00) per week, plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized

1 by the Legislative Services Commission. The reading clerks shall serve during sessions  
2 only."

3  
4 Requested by: Representatives Holmes, Creech, Esposito

5 **LEGISLATIVE EMPLOYEES**

6 Sec. 28.5. Section 7.11 of Chapter 507 of the 1995 Session Laws reads as  
7 rewritten:

8 "Sec. 7.11. The Legislative Administrative Officer shall increase the salaries of  
9 nonelected employees of the General Assembly in effect for fiscal year ~~1994-95~~ by two  
10 percent (2%). ~~1995-96~~ by three percent (3%). Nothing in this act limits any of the  
11 provisions of G.S. 120-32."

12  
13 Requested by: Representatives Holmes, Creech, Esposito

14 **COMMUNITY COLLEGES PERSONNEL**

15 Sec. 28.6. Section 7.12 of Chapter 507 of the 1995 Session Laws reads as  
16 rewritten:

17 "Sec. 7.12. The Director of the Budget shall transfer from the Reserve for Salary  
18 Increases created in this act for fiscal year 1995-96 funds to the Department of  
19 Community Colleges necessary to provide an average annual salary increase of ~~two~~  
20 percent (2%), three percent (3%), including funds for the employer's retirement and social  
21 security contributions, commencing ~~July 1, 1995,~~ July 1, 1996, for all permanent full-  
22 time community college institutional personnel supported by State funds. The State  
23 Board of Community Colleges shall establish guidelines for providing their salary  
24 increases to community college institutional ~~personnel.~~ personnel to include  
25 consideration of increases based on performance. Salary funds shall be used to provide an  
26 average annual salary increase of ~~two percent (2%)~~ three percent (3%) to all full-time  
27 employees and part-time employees on a pro rata basis."

28  
29 Requested by: Representatives Holmes, Creech, Esposito

30 **UNIVERSITY OF NORTH CAROLINA SYSTEM – EPA SALARY INCREASES**

31 Sec. 28.7. Section 7.13 of Chapter 507 of the 1995 Session Laws reads as  
32 rewritten:

33 "Sec. 7.13. The Director of the Budget shall transfer to the Board of Governors of  
34 The University of North Carolina sufficient funds from the Reserve for Salary Increases  
35 created in this act for fiscal year ~~1995-96~~ 1996-97 to provide an annual average salary  
36 increase of ~~two percent (2%),~~ three percent (3%), including funds for the employer's  
37 retirement and social security contributions, commencing ~~July 1, 1995,~~ July 1, 1996, for  
38 all employees of The University of North Carolina, as well as employees other than  
39 teachers of the North Carolina School of Science and Mathematics, supported by State  
40 funds and whose salaries are exempt from the State Personnel Act (EPA). These funds  
41 shall be allocated to individuals according to the rules adopted by the Board of  
42 Governors, or the Board of Trustees of the North Carolina School of Science and  
43 Mathematics, as appropriate, and may not be used for any purpose other than for salary

1 increases and necessary employer contributions provided by this section. The Board of  
2 Governors shall include consideration of increases based on performance in its adoption  
3 of rules for the allocation of funds for salary increases."  
4

5 Requested by: Representatives Holmes, Creech, Esposito

#### 6 **MOST STATE EMPLOYEES**

7 Sec. 28.8. Section 7.14 of Chapter 507 of the 1995 Session Laws reads as  
8 rewritten:

9 "Sec. 7.14. (a) The salaries in effect ~~June 30, 1995,~~ June 30, 1996, of all permanent  
10 full-time State employees whose salaries are set in accordance with the State Personnel  
11 Act, and who are paid from the General Fund or the Highway Fund shall be increased, on  
12 or after ~~July 1, 1995,~~ July 1, 1996, unless otherwise provided by this act, by ~~two percent~~  
13 ~~(2%)~~ three percent (3%).

14 (b) Except as otherwise provided in this act, salaries in effect ~~June 30, 1995,~~ June  
15 30, 1996, for permanent full-time State officials and persons in exempt positions that are  
16 recommended by the Governor or the Governor and the Advisory Budget Commission  
17 and set by the General Assembly shall be increased by ~~two percent (2%),~~ commencing  
18 July 1, 1995, ~~three percent (3%),~~ commencing July 1, 1996.

19 (c) The salaries in effect ~~June 30, 1995,~~ June 30, 1996, for all permanent part-time  
20 State employees shall be increased on and after ~~July 1, 1995,~~ July 1, 1996, by pro rata  
21 amounts of the salary increases provided for permanent full-time employees covered  
22 under subsection (a) of this section.

23 (d) The Director of the Budget may allocate out of special operating funds or from  
24 other sources of the employing agency, except tax revenues, sufficient funds to allow a  
25 salary increase on and after ~~July 1, 1995,~~ July 1, 1996, in accordance with subsections  
26 (a), (b), or (c) of this section, including funds for the employer's retirement and social  
27 security contributions, of the permanent full-time and part-time employees of the agency.

28 (e) Within regular Executive Budget Act procedures as limited by this act, all  
29 State agencies and departments may increase on an equitable basis the rate of pay of  
30 temporary and permanent hourly State employees, subject to availability of funds in the  
31 particular agency or department, by pro rata amounts salary increase provided for  
32 permanent full-time employees covered by the provisions of subsection (a) of this  
33 section, commencing ~~July 1, 1995,~~ July 1, 1996.

34 (f) No person may receive a salary increase under G.S. 126-7 during the ~~1995-96~~  
35 1996-97 fiscal year, and no State employee or officer shall receive a merit increment  
36 during the ~~1995-96 and~~ 1996-97 fiscal ~~years~~ year except as otherwise provided by this  
37 act."  
38

39 Requested by: Representatives Holmes, Creech, Esposito

#### 40 **ALL STATE-SUPPORTED PERSONNEL**

41 Sec. 28.9. (a) Salaries and related benefits for positions that are funded partially  
42 from the General Fund or Highway Fund and partially from sources other than the  
43 General Fund or Highway Fund shall be increased from the General Fund or Highway

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

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

6 (c) The salary increases provided in this Part are to be effective July 1, 1996, do  
 7 not apply to persons separated from State service due to resignation, dismissal, reduction  
 8 in force, death, or retirement, whose last workday is prior to July 1, 1996, or to  
 9 employees involved in final written disciplinary procedures. The employee shall receive  
 10 the increase on a current basis when the final written disciplinary procedure is resolved.

11 Payroll checks issued to employees after July 1, 1996, which represent  
 12 payment of services provided prior to July 1, 1996, shall not be eligible for salary  
 13 increases provided for in this act. This subsection shall apply to all employees, subject to  
 14 or exempt from the State Personnel Act, paid from State funds, including public schools,  
 15 community colleges, and The University of North Carolina.

16 (d) The Director of the Budget shall transfer from the Reserve for Salary Increases  
 17 in this act for fiscal year 1996-97 all funds necessary for the salary increases provided by  
 18 this act, including funds for the employer's retirement and social security contributions.

19 (e) Nothing in this act authorizes the transfer of funds between the General  
 20 Fund and the Highway Fund for salary increases.

21  
 22 Requested by: Representatives Holmes, Creech, Esposito

23 **TEACHER SALARY SCHEDULES**

24 Sec. 28.10. (a) The Director of the Budget may transfer from the Reserve for Salary  
 25 Increases for the 1996-97 fiscal year funds necessary to implement the teacher salary  
 26 schedule set out in subsection (b) of this section, including funds for the employer's  
 27 retirement and social security contributions and funds for annual longevity payments at  
 28 one percent (1%) of base salary for 10 to 14 years of State service, one and one-half  
 29 percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of base  
 30 salary for 20 to 24 years of State service, and two and one-half percent (2.5%) of base  
 31 salary for 25 or more years of State service, commencing July 1, 1996, for all teachers  
 32 whose salaries are supported from the State's General Fund. These funds shall be  
 33 allocated to individuals according to rules adopted by the State Board of Education and  
 34 the Superintendent of Public Instruction. The longevity payment shall be paid in a lump  
 35 sum once a year.

36 (b)(1) Beginning July 1, 1996, the following monthly salary schedule shall  
 37 apply to certified personnel of the public schools who are classified as  
 38 "A"teachers. The schedule contains 30 steps with each step  
 39 corresponding to one year of teaching experience.

<u>Years of</u>	<u>1996-97</u>
<u>Experience</u>	<u>Salary</u>
00	\$2,082
01	2,124



1	02	2,166
2	03	2,253
3	04	2,298
4	05	2,344
5	06	2,391
6	07	2,439
7	08	2,487
8	09	2,536
9	10	2,587
10	11	2,639
11	12	2,692
12	13	2,745
13	14	2,800
14	15	2,856
15	16	2,913
16	17	2,971
17	18	3,030
18	19	3,091
19	20	3,153
20	21	3,216
21	22	3,280
22	23	3,346
23	24	3,413
24	25	3,481
25	26	3,551
26	27	3,622
27	28	3,694
28	29	3,768
29	30+	3,768

(2) Beginning July 1, 1996, the following monthly salary schedule shall apply to certified personnel of the public schools who are classified as "G"teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

	<u>Years of Experience</u>	<u>1996-97 Salary</u>
36	00	\$2,212
37	01	2,257
38	02	2,302
39	03	2,394
40	04	2,442
41	05	2,491
42	06	2,540
43	07	2,591

1	08	2,642
2	09	2,695
3	10	2,748
4	11	2,803
5	12	2,859
6	13	2,916
7	14	2,975
8	15	3,035
9	16	3,096
10	17	3,158
11	18	3,221
12	19	3,285
13	20	3,351
14	21	3,418
15	22	3,486
16	23	3,556
17	24	3,627
18	25	3,700
19	26	3,774
20	27	3,849
21	28	3,926
22	29	4,005
23	30+	4,005

(3) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G"teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G"teachers.

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

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral

1 degree level shall receive a salary supplement of two hundred fifty-three dollars  
2 (\$253.00) per month in addition to the compensation provided for certified psychologists.

3 (d) Certified personnel of the public schools who are: (i) classified as  
4 "A"teachers; (ii) at the maximum of their pay range on June 30, 1996; and (iii) employed  
5 as teachers for the first three pay periods of the 1996-97 school year shall receive a one-  
6 time bonus of seven hundred fifty-three dollars (\$753.00), payable at the third payroll  
7 period of the 1996-97 school year. Certified personnel of the public schools who are: (i)  
8 classified as "G"teachers; (ii) at the maximum of their pay range on June 30, 1996; and  
9 (iii) employed as teachers for the first three pay periods of the 1996-97 school year, shall  
10 receive a one-time bonus of eight hundred one dollars (\$801.00), payable at the third  
11 payroll period of the 1996-97 school year. Certified personnel of the public schools who  
12 are: (i) certified based on academic preparation at the six-year degree level; (ii) at the  
13 maximum of their pay range on June 30, 1996; and (iii) employed as teachers for the first  
14 three pay periods of the 1996-97 school year shall receive a one-time bonus of eight  
15 hundred twenty-six dollars (\$826.00), payable at the third payroll period of the 1996-97  
16 school year. Certified personnel of the public schools who are: (i) certified based on  
17 academic preparation at the doctoral degree level; (ii) at the maximum of their pay range  
18 on June 30, 1996; and (iii) employed as teachers for the first three pay periods of the  
19 1996-97 school year shall receive a one-time bonus of eight hundred fifty-one dollars  
20 (\$851.00), payable at the third payroll period of the 1996-97 school year.

21 (e) Certified personnel of the public schools who are: (i) classified as  
22 psychologists with advanced degrees; (ii) at the maximum of their pay range on June 30,  
23 1996; and (iii) employed as school psychologists for the first three pay periods of the  
24 1996-97 school year, shall receive a one-time bonus of nine hundred ten dollars  
25 (\$910.00), payable at the third payroll period of the 1996-97 school year. Certified  
26 personnel of the public schools who are: (i) classified as psychologists with doctoral  
27 degrees; (ii) at the maximum of their pay range on June 30, 1996; and (iii) employed as  
28 school psychologists for the first three pay periods of the 1996-97 school year, shall  
29 receive a one-time bonus of nine hundred thirty-seven dollars (\$937.00), payable at the  
30 third payroll period of the 1996-97 school year.

31  
32 Requested by: Representatives Holmes, Creech, Esposito

### 33 **SCHOOL-BASED ADMINISTRATOR SALARIES**

34 Sec. 28.11. (a) Funds appropriated to the Reserve for Salary Increases shall be used  
35 for the implementation of the salary schedule for school-based administrators as provided  
36 in this section. These funds shall be used for State-paid employees only.

37 (b) The salary schedule for school-based administrators shall apply only to  
38 principals and assistant principals. The salary schedule for the 1996-97 fiscal year is as  
39 follows:

40  
41  
42  
43 Asst.

	Step	Prin.	Prin.I	Prin.II	Prin.III	Prin.IV		Prin.V	Prin.VI	Prin. VII
1										
2										
3	0	—	—	—	—	—	—	—	—	—
4	1	—	—	—	—	—	—	—	—	—
5	2	—	—	—	—	—	—	—	—	—
6	3	—	—	—	—	—	—	—	—	—
7	4	\$2,516	—	—	—	—	—	—	—	—
8	5	2,567	—	—	—	—	—	—	—	—
9	6	2,618	—	—	—	—	—	—	—	—
10	7	2,670	—	—	—	—	—	—	—	—
11	8	2,723	\$2,723	—	—	—	—	—	—	—
12	9	2,777	2,777	—	—	—	—	—	—	—
13	10	2,833	2,833	\$2,890	—	—	—	—	—	—
14	11	2,890	2,890	2,948	—	—	—	—	—	—
15	12	2,948	2,948	3,007	\$3,067	—	—	—	—	—
16	13	3,007	3,007	3,067	3,128	\$3,191	—	—	—	—
17	14	3,067	3,067	3,128	3,191	3,255	\$3,320	—	—	—
18	15	3,128	3,128	3,191	3,255	3,320	3,386	—	—	—
19	16	3,191	3,191	3,255	3,320	3,386	3,454	\$3,523	—	—
20	17	3,255	3,255	3,320	3,386	3,454	3,523	3,593	\$3,665	—
21	18	3,320	3,320	3,386	3,454	3,523	3,593	3,665	3,738	—
22	19	3,386	3,386	3,454	3,523	3,593	3,665	3,738	3,813	—
23	20	3,454	3,454	3,523	3,593	3,665	3,738	3,813	3,889	—
24	21	3,523	3,523	3,593	3,665	3,738	3,813	3,889	3,967	—
25	22	3,593	3,593	3,665	3,738	3,813	3,889	3,967	4,046	—
26	23	3,665	3,665	3,738	3,813	3,889	3,967	4,046	4,127	—
27	24	3,738	3,738	3,813	3,889	3,967	4,046	4,127	4,210	—
28	25	3,813	3,813	3,889	3,967	4,046	4,127	4,210	4,294	—
29	26	3,889	3,889	3,967	4,046	4,127	4,210	4,294	4,380	—
30	27	3,967	3,967	4,046	4,127	4,210	4,294	4,380	4,468	—
31	28	4,046	4,046	4,127	4,210	4,294	4,380	4,468	4,557	—
32	29	4,127	4,127	4,210	4,294	4,380	4,468	4,557	4,648	—
33	30	4,210	4,210	4,294	4,380	4,468	4,557	4,648	4,741	—
34	31	4,294	4,294	4,380	4,468	4,557	4,648	4,741	4,836	—
35	32	—	4,380	4,468	4,557	4,648	4,741	4,836	4,933	—
36	33	—	—	4,557	4,648	4,741	4,836	4,933	5,032	—
37	34	—	—	4,648	4,741	4,836	4,933	5,032	5,133	—
38	35	—	—	—	4,836	4,933	5,032	5,133	5,236	—
39	36	—	—	—	4,933	5,032	5,133	5,236	5,341	—
40	37	—	—	—	—	5,133	5,236	5,341	5,448	—
41	38	—	—	—	—	—	5,341	5,448	5,557	—
42	39	—	—	—	—	—	—	5,557	5,668	—
43	40	—	—	—	—	—	—	5,668	5,781	—

1 41 - - - - - 5,897.

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

<b>Classification</b>	<b>Number of Teachers Supervised</b>
5 Assistant Principal	
6 Principal I	Less than 11 Teachers
7 Principal II	11-21 Teachers
8 Principal III	22-32 Teachers
9 Principal IV	33-43 Teachers
10 Principal V	44-54 Teachers
11 Principal VI	55-65 Teachers
12 Principal VII	More than 65 Teachers

13  
 14  
 15  
 16 The number of teachers supervised includes teachers and assistant principals paid from  
 17 State funds only; it does not include teachers or assistant principals paid from non-State  
 18 funds or the principal or teacher assistants.

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

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

26 (f) There shall be no State requirement that superintendents in each local  
 27 school unit shall receive in State-paid salary at least one percent (1%) more than the  
 28 highest paid principal receives in State salary in that school unit: Provided, however, the  
 29 additional State-paid salary a superintendent who was employed by a local school  
 30 administrative unit for the 1992-93 fiscal year received because of that requirement shall  
 31 not be reduced because of this subsection for subsequent fiscal years that the  
 32 superintendent is employed by that local school administrative unit so long as the  
 33 superintendent is entitled to at least that amount of additional State-paid salary under the  
 34 rules in effect for the 1992-93 fiscal year.

35 (g) Longevity pay for principals and assistant principals shall be as provided  
 36 for State employees.

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

42 (2) If a principal is reassigned to a lower job classification because  
 43 the principal is transferred to a school within a local school

1 administrative unit with a smaller number of State-allotted  
 2 teachers, the principal shall be placed on the salary schedule as if  
 3 the principal had served the principal's entire career as a principal  
 4 at the lower job classification.

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

11 (i) Except as provided in subsection (h) of this section, the salary of a principal  
 12 or assistant principal shall not be less for the 1996-97 fiscal year than it was for the 1993-  
 13 94 fiscal year solely as a result of placement on the salary schedule established in this  
 14 section.

15 Requested by: Representatives Holmes, Creech, Esposito

16 **SCHOOL CENTRAL OFFICE SALARIES**

17 Sec. 28.12. (a) The following monthly salary ranges apply to public school  
 18 superintendents, assistant superintendents, associate superintendents,  
 19 directors/coordinators, supervisors, and finance officers for the 1996-97 fiscal year:

- 20 (1) School Administrator I: \$2,778  
 21 - \$4,468
- 22 (2) School Administrator II: \$2,948  
 23 - \$4,742
- 24 (3) School Administrator III:  
 25 \$3,128 - \$5,033
- 26 (4) School Administrator IV: \$3,255  
 27 - \$5,237
- 28 (5) School Administrator V: \$3,386  
 29 - \$5,449
- 30 (6) School Administrator VI: \$3,593  
 31 - \$5,782
- 32 (7) School Administrator VII:  
 33 \$3,738 - \$6,016

34 The local board of education shall determine the appropriate category and placement for  
 35 each assistant superintendent, associate superintendent, director/coordinator, supervisor,  
 36 or finance officer, within the salary ranges and within funds appropriated by the General  
 37 Assembly for central office administrators and superintendents. The category in which  
 38 an employee is placed shall be included in the contract of any employee hired on or after  
 39 July 1, 1996.

40 (b) The following monthly salary ranges apply to public school superintendents  
 41 for the 1996-97 fiscal year:

- 42 (1) Superintendent I (Up to 2,500 ADM): \$3,968 - \$6,385

- 1       (2) Superintendent II (2,501 - 5,000 ADM):     \$4,211 - \$6,775  
2       (3) Superintendent III (5,001 - 10,000 ADM):   \$4,468 - \$7,190  
3       (4) Superintendent IV (10,001 - 25,000 ADM): \$4,742 - \$7,630  
4       (5) Superintendent V (Over 25,000 ADM):     \$5,033 - \$8,097

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

9           Notwithstanding the provisions of this subsection, a local board of education  
10 may pay an amount in excess of the applicable range to a superintendent who is entitled  
11 to receive the higher amount under Section 28.11(f) of this act.

12           (c) Longevity pay for superintendents, assistant superintendents, associate  
13 superintendents, directors/coordinators, supervisors, and finance officers shall be as  
14 provided for State employees.

15           (d) Superintendents, assistant superintendents, associate superintendents,  
16 directors/coordinators, supervisors, and finance officers with certification based on  
17 academic preparation at the six-year degree level shall receive a salary supplement of one  
18 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided  
19 for pursuant to this section. Superintendents, assistant superintendents, associate  
20 superintendents, directors/coordinators, supervisors, and finance officers with  
21 certification based on academic preparation at the doctoral degree level shall receive a  
22 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to  
23 the compensation provided for under this section.

24           (e) The State Board shall not permit local school administrative units to  
25 transfer State funds from other funding categories for salaries for public school central  
26 office administrators.

27           (f) The Director of the Budget shall transfer from the Reserve for Salary  
28 Increases created in this act for fiscal year 1996-97 funds necessary to provide an average  
29 annual salary increase of three percent (3%), including funds for the employer's  
30 retirement and social security contributions, commencing July 1, 1996, for all permanent  
31 full-time personnel paid from the Central Office Allotment. The State Board of Education  
32 shall allocate these funds to local school administrative units. The local boards of  
33 education shall establish guidelines for providing their salary increases to these  
34 personnel.

35

36 Requested by: Representatives Holmes, Creech, Esposito

37 **NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE**

38       Sec. 28.13. (a) The Director of the Budget may transfer from the Reserve for Salary  
39 Increases created in this act for fiscal year 1996-97 funds necessary to provide a salary  
40 increase of three percent (3%), including funds for the employer's retirement and social  
41 security contributions, commencing July 1, 1996, for all noncertified public school  
42 employees, except school bus drivers, whose salaries are supported from the State's

1 General Fund. These funds shall not be used for any purpose other than for the salary  
2 increases and necessary employer contributions provided by this subsection.

3 (b) The fiscal year 1995-96 pay rates adopted by local boards of education for  
4 school bus drivers shall be increased by at least three percent (3%) on and after July 1,  
5 1996, to the extent that such rates of pay are supported by the allocation of State funds  
6 from the State Board of Education. Local boards of education shall increase the rates of  
7 pay for all school bus drivers who were employed during fiscal year 1995-96 and who  
8 continue their employment for fiscal year 1996-97 by at least three percent (3%) on and  
9 after July 1, 1996. The Director of the Budget may transfer from the salary increase  
10 reserve fund created in this act for fiscal year 1996-97 funds necessary to provide the  
11 salary increases for school bus drivers whose salaries are supported from the State's  
12 General Fund in accordance with the provisions of this subsection.

13  
14 Requested by: Representatives Holmes, Creech, Esposito

15 **STUDY COMMISSION ON THE COMPREHENSIVE COMPENSATION**  
16 **SYSTEM**

17 Sec. 28.14. (a) The Study Commission on the Comprehensive Compensation  
18 System is created. The Commission shall consist of nine members: three Representatives  
19 appointed by the Speaker of the House of Representatives, three Senators appointed by  
20 the President Pro Tempore of the Senate, and three members appointed by the Governor.  
21 The Speaker of the House of Representatives shall designate one Representative as  
22 cochair and the President Pro Tempore of the Senate shall designate one Senator as  
23 cochair. Vacancies in the membership of the Commission shall be filled by the same  
24 appointing officer who made the initial appointment.

25 (b) The Commission shall:

- 26 (1) Evaluate the Comprehensive Compensation System established  
27 in Article 2 of Chapter 126 of the General Statutes; and  
28 (2) Determine a methodology for funding the pay plan for State  
29 employees at varying levels of appropriations to fund State pay  
30 increases.

31 The Commission shall submit a final report of its findings and recommendations to the  
32 General Assembly on or before the first day of the 1997 Session by filing the report with  
33 the Speaker of the House of Representatives and the President Pro Tempore of the  
34 Senate. Upon filing its final report, the Commission shall terminate.

35 (c) The Commission, while in the discharge of official duties, may exercise all  
36 the powers provided for under the provisions of G.S. 120-19, and G.S. 120-19.1 through  
37 G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs.  
38 The Commission may meet in the Legislative Building or the Legislative Office  
39 Building.

40 (d) Members of the Commission who are legislators shall receive subsistence  
41 and travel expenses at the rates set forth in G.S. 120-3.1. Other members of the  
42 Commission shall receive reimbursement for travel expenses at the rates allowed by G.S.  
43 138-6.



1 (e) The Commission may contract for professional, clerical, or consultant  
2 services as provided by G.S. 120-32.02. The Legislative Services Commission, through  
3 the Legislative Administrative Officer, shall assign professional staff to assist in the work  
4 of the Commission. The House of Representatives' and the Senate's Supervisors of Clerks  
5 shall assign clerical staff to the commission upon the direction of the Legislative Services  
6 Commission. The expenses relating to clerical employees shall be borne by the  
7 Commission.

8 (f) All State departments and agencies shall furnish the Commission with any  
9 information in their possession or available to them.

10  
11 Requested by: Representatives Holmes, Creech, Esposito

## 12 **POSTRETIREMENT BENEFIT INCREASES**

13 Sec. 28.15. (a) G.S. 135-5 is amended by adding a new subsection to read:

14 "(bbb) From and after July 1, 1996, the retirement allowance to or on account of  
15 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased  
16 by three percent (3%) of the allowance payable on July 1, 1995, in accordance with G.S.  
17 135-5(o). Furthermore, from and after July 1, 1996, the retirement allowance to or on  
18 account of beneficiaries whose retirement commenced after July 1, 1995, but before June  
19 30, 1996, shall be increased by a prorated amount of three percent (3%) of the allowance  
20 payable as determined by the Board of Trustees based upon the number of months that a  
21 retirement allowance was paid between July 1, 1995, and June 30, 1996."

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

23 "(q) From and after July 1, 1996, the retirement allowance to or on account of  
24 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased  
25 by three percent (3%) of the allowance payable on July 1, 1995. Furthermore, from and  
26 after July 1, 1996, the retirement allowance to or on account of beneficiaries whose  
27 retirement commenced after July 1, 1995, but before June 30, 1996, shall be increased by  
28 a prorated amount of three percent (3%) of the allowance payable as determined by the  
29 Board of Trustees based upon the number of months that a retirement allowance was paid  
30 between July 1, 1995, and June 30, 1996."

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

32 "(k) In accordance with subsection (a) of this section, from and after July 1, 1996,  
33 the retirement allowance to or on account of beneficiaries whose retirement commenced  
34 on or before January 1, 1996, shall be increased by three percent (3%) of the allowance  
35 payable on January 1, 1996. Furthermore, from and after July 1, 1996, the retirement  
36 allowance to or on account of beneficiaries whose retirement commenced after January 1,  
37 1996, but before June 30, 1996, shall be increased by a prorated amount of three percent  
38 (3%) of the allowance payable as determined by the Board of Trustees based upon the  
39 number of months that a retirement allowance was paid between January 1, 1996, and  
40 June 30, 1996."

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

42 "(rr) From and after July 1, 1996, the retirement allowance to or on account of  
43 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased

1 by three percent (3%) of the allowance payable on July 1, 1995, in accordance with G.S.  
2 128-27(k). Furthermore, from and after July 1, 1996, the retirement allowance to or on  
3 account of beneficiaries whose retirement commenced after July 1, 1995, but before June  
4 30, 1996, shall be increased by a prorated amount of three percent (3%) of the allowance  
5 payable as determined by the Board of Trustees based upon the number of months that a  
6 retirement allowance was paid between July 1, 1995, and June 30, 1996."

7  
8 Requested by: Representatives Holmes, Creech, Esposito

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

10 Sec. 28.16. Section 7.1(b) of Chapter 324 of the 1995 Session Laws, as  
11 amended by Section 7.22A of Chapter 507 of the 1995 Session Laws, reads as rewritten:

12 "(b) Effective ~~July 1, 1995, July 1, 1996,~~ the State's employer contribution rates  
13 budgeted for retirement and related benefits as a percentage of covered salaries for the  
14 1995-96 fiscal year are (i) ten and eighty-three hundredths percent (10.83%) - Teachers  
15 and State Employees; (ii) fifteen and eighty-three hundredths percent (15.83%) - State  
16 Law Enforcement Officers; (iii) nine and eighteen hundredths percent (9.18%) -  
17 University Employees' Optional Retirement Program; (iv) twenty-two and sixty-five  
18 hundredths percent (22.65%) - Consolidated Judicial Retirement System; and (v) twenty-  
19 three and ~~twenty-seven hundredths percent (23.27%)~~ eighty-one hundredths percent  
20 (23.81%) - Legislative Retirement System. Each of the foregoing contribution rates  
21 includes two percent (2%) for hospital and medical benefits. The rate for State Law  
22 Enforcement Officers includes five percent (5%) for the Supplemental Retirement  
23 Income Plan. The rates for Teachers and State Employees, State Law Enforcement  
24 Officers, and for the University Employees' Optional Retirement Program includes fifty-  
25 two hundredths percent (0.52%) for the Disability Income Plan."

26  
27 Requested by: Representatives Holmes, Creech, Esposito, Dockham

#### 28 **STATE EMPLOYEE HEALTH BENEFIT PLAN/PREEXISTING HEALTH** 29 **CONDITIONS**

30 Sec. 28.17. (a) G.S. 135-40.1(15) reads as rewritten:

31 "(15) Preexisting Condition. - A condition, disease, illness or injury ~~which~~  
32 ~~existed or had its beginning to any degree, whether diagnosed or not,~~  
33 diagnosed and treated within six months prior to the effective date of  
34 coverage."

35 (b) G.S. 135-40.3(b) is amended by adding a new subdivision to read:

36 "(5) To administer the 12-month waiting period for preexisting conditions  
37 under this Article, the Plan must give credit against the 12-month period  
38 for the time that a person was covered under a previous plan if the  
39 previous plan's coverage was continuous to a date not more than 60 days  
40 before the effective date of coverage. As used in this subdivision, a  
41 'previous plan' means any policy, certificate, contract, or any other  
42 arrangement provided by any accident and health insurer, any hospital  
43 or medical service corporation, any health maintenance organization,

1           any preferred provider organization, any multiple employer welfare  
2           arrangement, any self-insured health benefit arrangement, any  
3           governmental health benefit or health care plan or program, or any other  
4           health benefit arrangement."

5           (c) This section is effective July 1, 1995.

## 7 **PART 29. MISCELLANEOUS PROVISIONS**

8  
9 Requested by: Representatives Holmes, Creech, Esposito

### 10 **EXECUTIVE BUDGET ACT APPLIES**

11           Sec. 29. The provisions of the Executive Budget Act, Chapter 143, Article 1 of  
12 the General Statutes are reenacted and shall remain in full force and effect and are  
13 incorporated in this act by reference.

14  
15 Requested by: Representatives Holmes, Creech, Esposito

### 16 **COMMITTEE REPORT**

17           Sec. 29.1. (a) The House Appropriations Committee Continuation Budget Report,  
18 dated May, 23, 1996, together with any accompanying correction sheets, which was  
19 distributed in the House of Representatives and used to explain this act, shall indicate  
20 action by the General Assembly on this act and shall therefore be used to construe this  
21 act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall  
22 be considered a part of this act.

23           (b) The budget enacted by the General Assembly for the maintenance of the  
24 various departments, institutions, and other spending agencies of the State for the 1995-  
25 97 fiscal biennium is a line item budget, in accordance with the Budget Code Structure  
26 and the State Accounting System Uniform Chart of Accounts set out in the  
27 Administrative Policies and Procedures Manual of the Office of the State Controller.  
28 This budget includes the appropriations made from all sources including the General  
29 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental  
30 receipts.

31           The General Assembly amended the itemized budget requests submitted to the  
32 General Assembly by the Director of the Budget and the Advisory Budget Commission,  
33 in accordance with the steps that follow and the line item detail in the budget enacted by  
34 the General Assembly may be derived accordingly:

- 35           (1) Negative reserves set out in the submitted budget were deleted and the  
36           totals were increased accordingly.
- 37           (2) The base budget was adjusted in accordance with the base budget cuts  
38           and additions that were set out in the House Appropriations Committee  
39           Continuation Budget Report, dated May 23, 1996, together with any  
40           accompanying correction sheets.
- 41           (3) Transfers of funds supporting programs were made in accordance with  
42           the House Appropriations Committee Continuation Budget Report,  
43           dated May 23, 1996, together with any accompanying correction sheets.

1 The budget enacted by the General Assembly shall also be interpreted in  
2 accordance with the special provisions in this act and in accordance with other  
3 appropriate legislation.

4 In the event that there is a conflict between the line item budget certified by the  
5 Director of the Budget and the budget enacted by the General Assembly, the budget  
6 enacted by the General Assembly shall prevail.

7  
8 Requested by: Representatives Holmes, Creech, Esposito

9 **MOST TEXT APPLIES ONLY TO 1996-97**

10 Sec. 29.2. Except for statutory changes or other provisions that clearly indicate  
11 an intention to have effects beyond the 1996-97 fiscal year, the textual provisions of this  
12 act apply only to funds appropriated for, and activities occurring during, the 1996-97  
13 fiscal year.

14  
15 Requested by: Representatives Holmes, Creech, Esposito

16 **1995-96 APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

17 Sec. 29.3. (a) Except where expressly repealed or amended by this act, the  
18 provisions of Chapters 324 and 507 of the 1995 Session Laws remain in effect.

19 (b) Notwithstanding any modifications by this act in the amounts appropriated,  
20 except where expressly repealed or amended, the limitations and directions for the 1995-  
21 96 fiscal year in Chapters 324 and 507 of the 1995 Session Laws that applied to  
22 appropriations to particular agencies or for particular purposes apply to the newly enacted  
23 appropriations and budget reductions of this act for those same particular purposes.

24  
25 Requested by: Representatives Holmes, Creech, Esposito

26 **EFFECT OF HEADINGS**

27 Sec. 29.4. The headings to the parts and sections of this act are a convenience  
28 to the reader and are for reference only. The headings do not expand, limit, or define the  
29 text of this act.

30  
31 Requested by: Representatives Holmes, Creech, Esposito

32 **SEVERABILITY CLAUSE**

33 Sec. 29.5. If any section or provision of this act is declared unconstitutional or  
34 invalid by the courts, it does not affect the validity of this act as a whole or any part other  
35 than the part so declared to be unconstitutional or invalid.

36  
37 Requested by: Representatives Holmes, Creech, Esposito

38 **EFFECTIVE DATE**

39 Sec. 29.6. Except as otherwise provided, this act becomes effective July 1,  
40 1996.