

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
Senate Appropriations Committee Substitute Adopted 6/13/96
Fifth Edition Engrossed 6/13/96

Short Title: Modify Budget.

(Public)

Sponsors:

Referred to:

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.

TITLE OF ACT

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

PART 2. GENERAL FUND APPROPRIATIONS

CURRENT OPERATIONS/GENERAL FUND

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

<u>Current Operations - General Fund</u>	<u>1996-97</u>
General Assembly (225,000)	\$
Judicial	Department 4,5
80,568	
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 4,400,000	
Department of Secretary of State	437
,048	
Department of State	Treasurer 2,2
00,000	
Department of Public	Education 133
,703,616	

1	Department	of	Justice
2			1,0
3	13,702		
4			
5	Department	of	Administration
6			(27
7	0,049)		
8			
9	Department	of	Agriculture
10			1,0
11	28,437		
12			
13	Department	of	Labor
14			419
15	,183		
16			
17	Department	of	Insurance
18			1,8
19	95,364		
20			
21	Department of Environment, Health, and		
22	Natural		Resources
23			28,
24	895,428		
25			
26	Office	of	Administrative
27			Hearings
28	,754		262
29			
30	Department of Human Resources		
31	01. Office of the Secretary	897,466	
32	02. Division of Aging	5,150,231	
33	03. Division of Child Development	20,804,765	
34	04. Division of Services for the		
35	Deaf and Hard of Hearing	(148,984)	
36	05. Division of Social Services	(5,237,841)	
37	06. Division of Medical Assistance	(13,609,703)	
38	07. Division of Services		
39	for the Blind	(36,419)	
40	08. Division of Mental Health,		
41	Developmental Disabilities, and		
42	Substance Abuse Services	(5,968,927)	
43	09. Division of Facility Services	431,977	

- 1 Programs 44,319,013
- 2 03. Related Educational Programs 3,880,160
- 3 04. University of North Carolina
- 4 at Chapel Hill
- 5 a. Academic Affairs (422,425)
- 6 b. Health Affairs (29,424)
- 7 05. North Carolina State University
- 8 at Raleigh
- 9 a. Academic Affairs (246,316)
- 10 06. University of North Carolina at
- 11 Greensboro (114,556)
- 12 07. University of North Carolina at
- 13 Charlotte (5,000)
- 14 08. University of North Carolina at
- 15 Asheville (4,500)
- 16 09. North Carolina Agricultural and
- 17 Technical State University (438,523)
- 18 10. Western Carolina University (91,286)
- 19 11. Appalachian State University (203,487)
- 20 12. University of North Carolina at Pembroke (3,190)
- 21 13. Winston-Salem State University (500)
- 22 14. Elizabeth City State
- 23 University (125,503)
- 24 15. Fayetteville State University (9,000)
- 25 16. North Carolina Central
- 26 University (67,779)
- 27 17. North Carolina School of the
- 28 Arts (317,543)
- 29 18. North Carolina School of
- 30 Science and Mathematics (28,036)
- 31 19. UNC Hospitals at Chapel Hill -

32 Total University of North
 33 Carolina - Board of Governors
 34 59,
 35 092,105

36
 37 Department of Community Colleges
 38 19,
 39 676,317

40
 41 State Board of Elections
 42 175
 43 ,000

1				
2	Contingency		and	Emergency
3				5,0
4	76,466			
5				
6	Salary		Adjustment	Fund
7				10,
8	000,000			
9				
10	Reserve	for	Compensation	Increase
11				338
12	,639,891			
13				
14	Reserve	for	Military	Affairs
15				200
16	,000			
17				
18	Reserve	for	Moving	Expenses
19				4,0
20	00,000			
21				
22	Reduction		in	Postage
23				(30
24	0,000)			
25				
26	Retirement		Rate	Adjustment
27				(32
28	5,600)			
29				
30	Data		Processing	Reserve
31				792
32	,631			
33				
34	Criminal	Justice	Information	System
35				1,0
36	00,000			
37				
38	Reserve	for	Structured	Sentencing
39				1,3
40	38,547			
41				
42	GRAND TOTAL CURRENT OPERATIONS –			

1 GENERAL FUND
2 \$61
3 0,858,706
4

5 **PART 3. CURRENT OPERATIONS/HIGHWAY FUND**
6

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

11
12 Current Operations/Highway Fund 1996-97
13

14 Department of Transportation

- 15 01. Administration \$ 960,000
16 02. Construction and Maintenance 2,206,000
17 03. Division of Motor Vehicles 1,894,190
18 04. Reserve for Salary Increases 19,893,435
19

20 Department of Public Instruction 1,700,000
21

22 GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND \$ 26,653,625
23

24 **CURRENT OPERATIONS/HIGHWAY FUND - NONRECURRING**
25 **APPROPRIATIONS**

26 Sec. 3.1. Appropriations are made from the Highway Fund of the 1996-97
27 fiscal year for use by the Department of Transportation, and for other purposes to provide
28 for one-time expenditures according to the following schedule:
29

30 Current Operations/Highway Fund - Nonrecurring 1996-97
31

32 Department of Transportation

- 33 01. Administration \$ 2,781,145
34 02. Construction and maintenance
35 (a) State Maintenance
36 (01) Contract Resurfacing 5,653,388
37 03. Division of Motor Vehicles 646,716
38 04. Reserve for Capital Projects 1,958,126
39

40 GRAND TOTAL CURRENT OPERATIONS/HIGHWAY FUND -
41 NONRECURRING \$11,039,375
42

43 **PART 4. HIGHWAY TRUST FUND**

1
2 Sec. 4. In addition to the appropriations made by Section 4 of Chapter 324 of
3 the 1995 Session Laws, appropriations from the Highway Trust Fund are made for the
4 1996-97 fiscal year as follows:

5	01.	Intrastate System	\$ 8,569,105
6	02.	Secondary Roads Construction	612,813
7	03.	Urban Loops	3,464,990
8	04.	State Aid - Municipalities	899,099
9	05.	Program Administration	271,993
10	06.	Transfer to General Fund	_____ -

11
12 GRAND TOTAL/HIGHWAY TRUST FUND \$ 13,818,000

13
14
15 **PART 5. GENERAL FUND AVAILABILITY STATEMENTS**

16
17 Requested by: Senators Plyler, Perdue, Odom

18 **BUDGET REFORM STATEMENTS**

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

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

22 (\$ Million)

- | | | | |
|----|----|-------------------------------------|---------|
| 23 | a. | Revenue collections in 1995-96 | |
| 24 | | authorized but not appropriated | |
| 25 | | by the 1995 General Assembly | \$183.8 |
| 26 | b. | Revenue collections in 1995-96 | |
| 27 | | in excess of authorized estimates | 280.6 |
| 28 | c. | Estimated unexpended appropriations | |
| 29 | | for 1995-96 (reversions) | 150.0 |

30
31 1995-96 Ending Credit Balance \$614.4

- | | | | |
|----|----|--|-------|
| 32 | d. | Plus: Reserved 1994-95 | |
| 33 | | Disproportionate Share Funds | 1.6 |
| 34 | e. | Less: Transfer to Savings Reserve | |
| 35 | | Account | 77.4 |
| 36 | f. | Less: Transfer to Reserve for Repair | |
| 37 | | and Renovations | 130.0 |
| 38 | g. | Less: Transfer to Clean Water Management | |
| 39 | | Trust Fund | 39.9 |

40
41 (2) Beginning Unrestricted Fund Balance,
42 July 1, 1996 \$368.7

- 1 (3) Authorizations by the 1995 General Assembly
- 2 for 1996-97:
- 3 a. Revenue collections left
- 4 unaddressed 242.1
- 5 b. 1996-97 capital authorizations -47.8 194.3
- 6
- 7 (4) Projected revenue collections above 1995
- 8 Session estimates under existing tax
- 9 structure 109.4
- 10
- 11 (5) Disproportionate Share Revenue Estimates
- 12 lowered -15.7
- 13
- 14 (6) Non-tax Revenue
- 15 a. Increase Court Fees 5.8
- 16 b. Local Sales Tax–Local
- 17 Government Commission 1.2
- 18
- 19 TOTAL AVAILABILITY \$663.7
- 20

HIGHWAY FUND AVAILABILITY INCREASE

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

24 "Sec. 5.1. The Highway Fund appropriations availability used in developing the
 25 1995-97 Highway Fund budget is shown below:

	<u>1995-96</u>	<u>1996-97</u>
28 Beginning Credit Balance	\$ 19,382,000	\$ 20,829,000
29 Estimated Revenue	1,023,228,000	1,046,316,000
30 <u>1,063,180,000</u>		
31 Reversions:		
32 Financial System Funds	1,300,000	
33 Ferry Credit Balance	200,000	
34 Capital Improvements	4,112,266	
35		
36 Total Highway Fund		
37 Availability	\$1,048,222,226	\$1,046,316,000
38 <u>\$1,084,009,000</u>		

39

40 Requested by: Senator Martin of Guilford

41 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPTS**
 42 **CLARIFICATION**

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

3 "Sec. 6.8. For the 1995-97 fiscal biennium, as it receives funds associated with
4 Disproportionate Share Payments from the State ~~psychiatric~~ hospitals, the Division of
5 Medical Assistance shall deposit funds appropriated for the Medicaid program in a sum
6 equal to the federal share of the Disproportionate Share Payments as nontax revenue.
7 Any of these funds that are not appropriated by the General Assembly shall be reserved
8 by the State Controller for future appropriation."
9

10 Requested by: Senators Perdue, Plyler, Odom

11 **EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND** 12 **RENOVATIONS**

13 Sec. 5.3. (a) Of the funds in the Reserve for Repairs and Renovations for the
14 1996-97 fiscal year, forty-six percent (46%), shall be allocated to the Board of Governors
15 of The University of North Carolina for repairs and renovations pursuant to G.S.143-
16 15.3A, in accordance with guidelines developed in The University of North Carolina
17 Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the
18 Board of Governors of The University of North Carolina; and fifty-four percent (54%)
19 shall be allocated to the Office of State Budget and Management for repairs and
20 renovations pursuant to G.S. 143-15.3A.

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

27 The Board of Governors and the Office of State Budget and Management
28 shall submit to the Joint Legislative Commission on Governmental Operations and to the
29 Fiscal Research Division of the Legislative Services Office, for their review, the
30 proposed allocation of these funds. Subsequent changes in the proposed allocations shall
31 be reported prior to expenditure to the Joint Legislative Commission on Governmental
32 Operations and to the Fiscal Research Division of the Legislative Services Office.

33 (b) Funds earmarked in the 1995-96 fiscal year for the Repairs and
34 Renovations Reserve but not appropriated are hereby appropriated. The Office of State
35 Budget and Management may allocate these funds for land acquisition, matching federal
36 funds, State grants, and grants-in-aid.
37

38 **PART 7. GENERAL PROVISIONS**

39
40 Requested by: Senators Plyler, Perdue, Odom

41 **REPAIRS RESERVE ACCOUNT CHANGES**

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

43 **"§ 143-15.2. Use of General Fund credit balance.**

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

19 (b) G.S. 143-15.3A(a) reads as rewritten:

20 "(a) There is established a Repairs and Renovations Reserve Account as a restricted
21 reserve in the General Fund. The State Controller shall reserve to the Repairs and
22 Renovations Reserve Account ~~the greater of (i) one-fourth of any unreserved credit~~
23 ~~balance as determined on a cash basis, remaining in the General Fund and (ii) three~~
24 percent (3%) of the replacement value of all State buildings supported from the General
25 Fund, at the end of each fiscal year. As used in this section, the term 'unreserved credit
26 balance' means the credit balance amount, as determined on a cash basis, before funds are
27 reserved by the Controller to the Savings Reserve Account or the Repairs and
28 Renovations Reserve Account pursuant to this section and G.S. 143-15.3."

29
30 Requested by: Senator Odom

31 **WESTERN CAROLINA CENTER FUNDS**

32 Sec. 7.1. Of the funds allocated in Section 5.3 of this act to the Office of State
33 Budget and Management from the Repairs and Renovations Fund, up to three hundred
34 thirty-nine thousand three hundred fifty-seven dollars (\$339,357) may be used for Phase
35 II Retrofit to install a freestanding boiler at the Western Carolina Center.

36
37 Requested by: Senator Ballance

38 **NCCU REPAIRS AND RENOVATIONS FUNDS**

39 Sec. 7.2. Of the funds allocated in Section 5.3 of this act to the Board of
40 Governors of The University of North Carolina from the Repairs and Renovations Fund,
41 up to six million five hundred thousand dollars (\$6,500,000) shall be used to correct
42 OSHA violations at North Carolina Central University.

1 Requested by: Senator Plyler

2 **CHANGES IN THE EXECUTION OF THE BUDGET**

3 Sec. 7.3. (a) G.S. 120-76 is amended by adding a new subdivision to read:

4 "(8) The Joint Legislative Commission on Governmental Operations shall be
5 consulted by the Governor before the Governor does any of the
6 following:

- 7 a. Makes allocations from the Contingency and Emergency Fund.
8 b. Overexpends the total requirements of a program as enacted by
9 the General Assembly, except for trust funds as defined in G.S.
10 116-36.1(g).
11 c. Proceeds to reduce programs subsequent to a reduction of ten
12 percent (10%) or more in the federal fund level certified to a
13 department and any subsequent changes in distribution formulas.
14 d. Takes extraordinary measures under Article III, Section 5(3) of
15 the Constitution to effect necessary economies in State
16 expenditures required for balancing the budget due to a revenue
17 shortfall, including, but not limited to, the following: loans
18 among funds, personnel freezes or layoffs, capital project
19 reversions, program eliminations, and use of reserves. However,
20 if the Committee fails to meet within 10 calendar days of a
21 request by the Governor for its consultation, the Governor may
22 proceed to take the actions he feels are appropriate and necessary
23 and shall then report those actions at the next meeting of the
24 Commission.
25 e. Approves a new capital improvement project funded from gifts,
26 grants, receipts, special funds, self-liquidating indebtedness, and
27 other funds or any combination of funds for the project not
28 specifically authorized by the General Assembly. The budget for
29 each capital project must include projected revenues in an
30 amount not less than projected expenditures.

31 Notwithstanding the provisions of this subdivision or any other
32 provision of law requiring prior consultation by the Governor with the
33 Commission, whenever an expenditure is required because of an
34 emergency that poses an imminent threat to public health or public
35 safety, and is either the result of a natural event, such as a hurricane or a
36 flood, or an accident, such as an explosion or a wreck, the Governor
37 may take action under this subsection without consulting the
38 Commission if the action is determined by the Governor to be related to
39 the emergency. The Governor shall report to the Commission on any
40 expenditures made under this paragraph no later than 30 days after
41 making the expenditure and shall identify in the report the emergency,
42 the type of action taken, and how it was related to the emergency."

43 (b) G.S. 143-15.3A is amended by adding a new subsection to read:

1 "(c) The Governor shall consult with the Joint Legislative Commission on
2 Governmental Operations before making allocations from the Repairs and Renovations
3 Reserve Account.

4 Notwithstanding this subsection, whenever an expenditure is required because of an
5 emergency that poses an imminent threat to public health or public safety, and is either
6 the result of a natural event, such as a hurricane or a flood, or an accident, such as an
7 explosion or a wreck, the Governor may take action under this subsection without
8 consulting the Commission if the action is determined by the Governor to be related to
9 the emergency. The Governor shall report to the Commission on any expenditures made
10 under this paragraph no later than 30 days after making the expenditure and shall identify
11 in the report the emergency, the type of action taken, and how it was related to the
12 emergency."

13 (c) G.S. 143-12 reads as rewritten:

14 **"§ 143-12. Bills containing proposed appropriations.**

15 (a) The Director shall cause to be prepared and submitted to the General Assembly
16 the following bills:

17 (1) A bill containing all proposed current operations appropriations of the
18 budget for each year in the ensuing biennium, which shall be known as
19 the 'Current Operations Appropriations Bill', and a bill containing all
20 proposed capital appropriations of the budget for each year in the
21 ensuing biennium, which shall be known as the 'Capital Improvement
22 Appropriations Bill'.

23 (2) If necessary, a bill containing the Director of the Budget's views on
24 revenue for the ensuing biennium, which shall be known as the 'Budget
25 Revenue Bill', and shall provide an amount of revenue for the ensuing
26 biennium sufficient, in the opinion of the Director and the Commission,
27 to meet the appropriations contained in the Current Operations
28 Appropriations Bill and the Capital Improvement Appropriations Bill.

29 (3) Repealed by Session Laws 1983 (Regular Session, 1984), c. 1034, s.
30 153.

31 (b) To the end that all expenses of the State may be brought and kept within the
32 budget, the Current Operations Appropriations Bill shall contain a specific sum as a
33 contingent or emergency appropriation, and shall allocate a specific portion of that sum to
34 a special reserve to be used solely for purposes as outlined in ~~G.S. 143-23(a1)(3), (4), and~~
35 ~~(5). The G.S. 143-23(a1)(2).~~ Notwithstanding any other provision of law, the manner of
36 the allocation of such contingent or emergency appropriation shall be as follows: Any
37 institution, department, commission, or other agency or activity of the State, or other
38 activity in which the State is interested, desiring an allotment out of such contingent or
39 emergency appropriation, shall upon forms prescribed and furnished by the Director of
40 the Budget, present such request in writing to the Director of the Budget, with such
41 information as he may require, and if the Director of the Budget shall approve such
42 request, in whole or in part, and after consulting with the Joint Legislative Commission
43 on Governmental Operations, he shall forthwith present the same to the Governor and

1 Council of State, and upon their order only shall such allotment be made. If the Director
2 shall disapprove the request of such an allotment out of the emergency or contingent
3 appropriation, he shall transmit his refusal and his reason therefor to the Governor and
4 Council of State, for their information.

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

13 (c) The Director of the Budget may, in preparation of the Appropriations and
14 Revenue Bills, seek the advice of the Advisory Budget Commission. If the Director and
15 the Commission shall not agree as to the Appropriations and Revenue Bills in substantial
16 particulars, the Director shall prepare the same, based on his conclusions and judgment,
17 and the Commission or any of its members retain the right to submit separately to the
18 General Assembly such statement of disagreement and the particulars thereof as they
19 shall find proper to submit as representing their own views."

20 (d) G.S. 143-15.3A(b) reads as rewritten:

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

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

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

1 The Director of the Budget shall not use funds in the Repairs and Renovations
2 Reserve Account unless the use has been approved by an act of the General Assembly.
3 Assembly or, if the General Assembly is not in session, the Director of the Budget has
4 first consulted with the Joint Legislative Commission on Governmental Operations under
5 G.S. 143-15.3A(c)."

6 (e) G.S. 143-18.1(c) reads as rewritten:

7 "(c) Upon the request of the administration of any State agency or institution, the
8 Director of the Budget may accept funds by gift or grant for the construction of a capital
9 improvement project not specifically provided for or authorized by the General
10 Assembly. These funds shall be placed in a special reserve account to be held by the State
11 Treasurer until the end of the biennium in which the account was established or until the
12 capital improvement project is authorized by the Director of the Budget, whichever
13 occurs first. These funds shall be invested and the interest thereon shall be added to the
14 reserve. If the project is not authorized by the end of that biennium, the State Treasurer
15 shall pay the funds accumulated in the special reserve account to the grantor or donor.
16 Upon the establishment of a special reserve account under this section, the Director of the
17 Budget shall notify the Speaker of the House and President of the Senate of the receipt of
18 the funds and the existence of the reserve account. Upon the request of the administration
19 of any State agency or institution, the Governor ~~may~~may, under G.S. 120-76(8),
20 authorize the construction of a capital improvement project not specifically authorized by
21 the General Assembly if such project is to be fully funded by gifts, grants, receipts,
22 special funds, self-liquidating indebtedness, other funds, or any combination of funds, but
23 not including funds appropriated from the General Fund. All expenditures under this
24 authorization shall be handled in full compliance with the provisions of the Executive
25 Budget Act.

26 The agency shall support its request for such capital improvement project, or projects,
27 with the following information: the estimated annual operating costs for (i) utilities; (ii)
28 maintenance; (iii) repairs; (iv) additional personnel; (v) any and all other expenses to the
29 State resulting from the addition of this facility to the plant of the institution. Prior to
30 taking any action under this section to authorize a project, the Governor or the Director of
31 the Budget may consult with the Advisory Budget Commission and the Capital Planning
32 Commission."

33 (f) G.S. 143-23 reads as rewritten:

34 "**§ 143-23. All maintenance funds for itemized purposes; transfers between objects**
35 **or line items.**

36 (a) All appropriations now or hereafter made for the maintenance of the various
37 departments, institutions and other spending agencies of the State, are for the (i) purposes
38 or programs and (ii) objects or line items enumerated in the itemized requirements of
39 such departments, institutions and other spending agencies submitted to the General
40 Assembly by the Director of the Budget and the Advisory Budget Commission, as
41 amended by the General Assembly. The function of the Advisory Budget Commission
42 under this subsection applies only if the Director of the Budget consults with the
43 Commission in preparation of the budget.

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

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

16 ~~The Director of the Budget shall report on a quarterly basis to the Joint Legislative~~
17 ~~Commission on Governmental Operations, the Fiscal Research Division of the~~
18 ~~Legislative Services Office, and the State Auditor the reason if the amount expended for~~
19 ~~a purpose or program is more than the amount appropriated for it from all sources. If the~~
20 ~~overexpenditure was authorized under subdivision (2) of this subsection, the Director of~~
21 ~~the Budget shall identify in the report the unforeseen event that required the~~
22 ~~overexpenditure.~~

23 Notwithstanding the provisions of subsection (a) of this section, a department,
24 institution, or other spending agency may, with approval of the Director of the Budget,
25 spend more than was appropriated for:

- 26 (1) An object or line item within a purpose or program so long as the total
27 amount expended for the purpose or program is no more than was
28 appropriated from all sources for the purpose or program for the fiscal
29 period;
30 (2) A purpose or program, without consultation with the Joint Legislative
31 Commission on Governmental Operations, if the overexpenditure of the
32 purpose or program is:
33 a. Required by a court, Industrial Commission, or administrative
34 hearing officer's order;
35 b. Required to respond to an unanticipated disaster such as a fire,
36 hurricane, or tornado; or
37 c. Required to call out the National Guard.

38 The Director of the Budget shall report on a monthly basis to the Joint
39 Legislative Commission on Governmental Operations on any
40 overexpenditures under this subdivision; or

- 41 (3) A purpose or program, after consultation with the Joint Legislative
42 Commission on Governmental Operations in accordance with G.S. 120-
43 76(8), and only if: (i) the overexpenditure is required to continue the

1 purpose or programs due to complications or changes in circumstances
2 that could not have been foreseen when the budget for the fiscal period
3 was enacted and (ii) the scope of the purpose or program is not
4 increased. Total overexpenditures of a purpose or program for a fiscal
5 year under this subdivision shall be limited to the lesser of five hundred
6 thousand dollars (\$500,000) or ten percent (10%) of the amount
7 appropriated from all sources for the purpose or program.

8 (a2) Funds appropriated for salaries and wages are also subject to the limitation that
9 they may only be used for:

10 (1) Salaries and wages or for premium pay, overtime pay, longevity,
11 unemployment compensation, workers' compensation, temporary
12 wages, moving expenses of employees, payment of accumulated annual
13 leave, certain awards to employees, tort claims, and employer's social
14 security, retirement, and hospitalization payments;

15 (2) Contracted personal services if (i) the contract is for temporary services
16 or special project services, (ii) the term of the contract does not extend
17 beyond the fiscal year, (iii) the contract does not impose obligations on
18 the State after the end of the fiscal year; and (iv) the total of all
19 overexpenditures for contracted personal services approved in a
20 program for a fiscal year does not exceed the greater of five hundred
21 thousand dollars (\$500,000) or ten percent (10%) of the lapsed salary
22 funds in the program for the fiscal year; and

23 (3) Uses for which overexpenditures are permitted by ~~subdivisions (3), (4),~~
24 ~~and (5) subdivision (2)~~ of subsection (a1) of this section but the Director
25 of the Budget shall include such use and the reason for it in his ~~quarterly~~
26 ~~report to the Joint Legislative Commission on Governmental~~
27 ~~Operations, the Fiscal Research Division of the Legislative Services~~
28 ~~Office, and the State Auditor. monthly report to the Joint Legislative~~
29 ~~Commission on Governmental Operations.~~

30 Lapsed salary funds that become available from vacant positions are also subject to
31 the limitation that they may not be used for new permanent employee positions or to raise
32 the salary of existing employees.

33 ~~(a3) The requirements in this section that the Director of the Budget report to the~~
34 ~~Joint Legislative Commission on Governmental Operations and the State Auditor shall~~
35 ~~not apply to expenditures of receipts by entities that are wholly receipt supported, except~~
36 ~~for entities supported by the Wildlife Resources Fund.~~

37 ~~(a4) The State Auditor shall review the report received from the Director of the~~
38 ~~Budget to ensure that the transfer complied with the intent and the provisions of this~~
39 ~~Article and shall report the Auditor's findings to the Joint Legislative Commission on~~
40 ~~Governmental Operations and to the Fiscal Research Division.~~

41 (b) Repealed by Session Laws 1985, c. 290, s. 8.

42 (c) Transfers or changes as between objects or line items in the budget of the
43 Senate may be made by the President Pro Tempore of the Senate.

1 (d) Transfers or changes as between objects or line items in the budget of the
2 House of Representatives may be made by the Speaker of the House of Representatives.

3 (e) Transfers or changes as between objects or line items in the budget of the
4 General Assembly other than of the Senate and House of Representatives may be made
5 jointly by the President Pro Tempore of the Senate and the Speaker of the House of
6 Representatives.

7 (f) As used in this section:

8 (1) 'Object or line item' means a budgeted expenditure or receipt in the
9 budget enacted by the General Assembly that is designated by (i) a
10 thirteen-digit code in the 1000-object code series or (ii) an eleven-digit
11 code in all other object code series, in accordance with the Budget Code
12 Structure and the State Accounting System Uniform Chart of Accounts
13 set out in the Administrative Policies and Procedures Manual of the
14 Office of the State Controller.

15 (2) 'Purpose or program' means a group of objects or line items for support
16 of a specific activity outlined in the budget adopted by the General
17 Assembly that is designated by a nine-digit fund code in accordance
18 with the Budget Code Structure and the State Accounting System
19 Uniform Chart of Accounts set out in the Administrative Policies and
20 Procedures Manual of the Office of the State Controller."

21 (g) G.S. 143-25 reads as rewritten:

22 **"§ 143-25. Maintenance appropriations dependent upon adequacy of revenues to**
23 **support them.**

24 All maintenance appropriations now or hereafter made are hereby declared to be
25 maximum, conditional and proportionate appropriations, the purpose being to make the
26 appropriations payable in full in the amounts named herein if necessary and then only in
27 the event the aggregate revenues collected and available during each fiscal year of the
28 biennium for which such appropriations are made, are sufficient to pay all of the
29 appropriations in full; otherwise, the said appropriations shall be deemed to be payable in
30 such proportion as the total sum of all appropriations bears to the total amount of revenue
31 available in each of said fiscal years. The Director of the Budget is hereby given full
32 power and authority to examine and survey the progress of the collection of the revenue
33 out of which such appropriations are to be made, and to declare and determine the
34 amounts that can be, during each quarter of each of the fiscal years of the biennium
35 properly allocated to each respective appropriation. In making such examination and
36 survey, he shall receive estimates of the prospective collection of revenues from the
37 Secretary of Revenue and every other revenue collecting agency of the State. The
38 Director of the Budget may reduce all of said appropriations pro rata when necessary to
39 prevent an overdraft or deficit to the fiscal period for which such appropriations are
40 made. The Governor may also reduce all of said appropriations pursuant to Article III,
41 Section 5(3) of the Constitution after consulting with the Joint Legislative Commission
42 on Governmental Operations under G.S. 120-76(8) if prior consultation is required by
43 that section. The purpose and policy of this Article are to provide and insure that there

1 shall be no overdraft or deficit in the general fund of the State at the end of the fiscal
2 period, growing out of appropriations for maintenance and the Director of the Budget is
3 directed and required to so administer this Article as to prevent any such overdraft or
4 deficit. Prior to taking any action under this section to reduce appropriations pro rata, the
5 Governor may consult with the Advisory Budget Commission."

6 (h) G.S. 143-27 reads as rewritten:

7 **"§ 143-27. Appropriations to educational, charitable and correctional institutions**
8 **are in addition to receipts by them.**

9 All appropriations now or hereafter made to the educational institutions, and to the
10 charitable and correctional institutions, and to such other departments and agencies of the
11 State as receive moneys available for expenditure by them are declared to be in addition
12 to such receipts of said institutions, departments or agencies, and are to be available as
13 and to the extent that such receipts are insufficient to meet the costs anticipated in the
14 budget authorized by the General Assembly, of maintenance of such institutions,
15 departments, and agencies; Provided, however, that if the receipts, other than gifts and
16 grants that are unanticipated and are for a specific purpose only, collected in a fiscal year
17 by an institution, department, or agency exceed the receipts certified for it in General
18 Fund Codes or Codes, Highway Fund Codes, or Special Fund Codes, the Director of the
19 Budget shall decrease the amount he allots to that institution, department, or agency from
20 appropriations from that Fund by the amount of the excess, unless the Director of the
21 Budget has consulted with the Joint Legislative Commission on Governmental
22 Operations and unless the Director of the Budget finds that (i) the appropriations from
23 that Fund are necessary to maintain the function that generated the receipts at the level
24 anticipated in the certified Budget Codes for that Fund-Fund and (ii) the funds may be
25 expended in accordance with G.S. 143-23. Notwithstanding the foregoing provisions of
26 this section, receipts within The University of North Carolina realized in excess of
27 budgeted levels shall be available, up to a maximum of ten percent (10%) above
28 budgeted levels, for each Budget Code, in addition to appropriations, to support the
29 operations generating such receipts, as approved by the Director of the Budget.

30 The Office of State Budget and Management shall report to the Joint Legislative
31 Commission on Governmental Operations and to the Fiscal Research Division of the
32 Legislative Services Office within 30 days after the end of each quarter on expenditures
33 of receipts in excess of the amounts certified in General Fund ~~Codes or Codes,~~ Highway
34 ~~Fund Codes-Codes,~~ or Special Fund Codes, that did not result in a corresponding reduced
35 allotment from appropriations from that Fund."

36 (i) G.S. 116-30.2 reads as rewritten:

37 **"§ 116-30.2. Appropriations to special responsibility constituent institutions.**

38 All General Fund appropriations made by the General Assembly for continuing
39 operations of a special responsibility constituent institution of The University of North
40 Carolina shall be made in the form of a single sum to each budget code of the institution
41 for each year of the fiscal period for which the appropriations are being made.
42 Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and ~~G.S. 143-23(a3),~~ G.S. 143-23(a3)
43 and G.S. 120-76(8), each special responsibility constituent institution may expend the

1 General Fund monies so appropriated to it in the manner deemed by the Chancellor to be
2 calculated to maintain and advance the programs and services of the institutions,
3 consistent with the directives and policies of the Board of Governors. The preparation,
4 presentation, and review of General Fund budget requests of special responsibility
5 constituent institutions shall be conducted in the same manner as are requests of other
6 constituent institutions. The quarterly allotment procedure established pursuant to G.S.
7 143-17 shall apply to the General Fund appropriations made for the current operations of
8 each special responsibility constituent institution. All General Fund monies so
9 appropriated to each special responsibility constituent institution shall be recorded,
10 reported, and audited in the same manner as are General Fund appropriations to other
11 constituent institutions."

12 (j) G.S. 143-16.3 reads as rewritten:

13 **"§ 143-16.3. No expenditures for purposes for which the General Assembly has**
14 **considered but not enacted an appropriation.**

15 Notwithstanding any other provision of law, no funds from any source, except for
16 gifts, grants, and funds allocated from the Contingency and Emergency Fund ~~by the~~
17 ~~Council of State,~~ in accordance with G.S. 143-12(b), may be expended for any purpose,
18 position, or other expenditure for which the General Assembly has considered but not
19 enacted an appropriation of funds for the current fiscal period. For the purpose of this
20 section, the General Assembly has considered a purpose, position, or other expenditure
21 when that purpose is included in a ~~bill~~ bill, amendment, or petition ~~or~~ and when any
22 committee of the Senate or the House of Representatives deliberates on that purpose."

23 (k) G.S. 116-30.1 reads as rewritten:

24 **"§ 116-30.1. Special responsibility constituent institutions.**

25 The Board of Governors of The University of North Carolina, acting on
26 recommendation made by the President of The University of North Carolina after
27 consultation by him with the State Auditor, may designate one or more constituent
28 institutions of The University as special responsibility constituent institutions. That
29 designation shall be based on an express finding by the Board of Governors that each
30 institution to be so designated has the management staff and internal financial controls
31 that will enable it to administer competently and responsibly all additional management
32 authority and discretion to be delegated to it. The Board of Governors, on
33 recommendation of the President, shall adopt rules prescribing management staffing
34 standards and internal financial controls and safeguards, including the lack of any
35 significant exceptions or audit findings in the annual financial audit by the State Auditor's
36 Office, that must be met by a constituent institution before it may be designated a special
37 responsibility constituent institution and must be maintained in order for it to retain that
38 designation. These rules shall not be designed to prohibit participation by a constituent
39 institution because of its size. These rules shall establish procedures for the President and
40 his staff to review the annual financial audit reports or any other special or performance
41 audit reports issued by the State Auditors Office for each special responsibility
42 constituent institution. The President shall take immediate action regarding reported
43 weaknesses in the internal control structure, deficiencies in the accounting records, and

1 noncompliance with rules and regulations. In any instance where such audit exceptions
 2 are identified, the President shall notify the Chancellor of the particular special
 3 responsibility constituent institution that such exceptions must be resolved to the
 4 satisfaction of the State Auditor and the President of The University within a three-month
 5 period commencing with the date of receipt of the published financial audit report. If the
 6 exceptions are not satisfactorily resolved within a three-month period, the President of
 7 The University shall recommend to the Board of Governors at its next meeting that the
 8 designation of the particular institution as a special responsibility constituent institution
 9 be terminated until such time as the exceptions are resolved to the satisfaction of the State
 10 Auditor and the President of The University of North Carolina. However, once the
 11 designation as a special responsibility constituent institution has been withdrawn by the
 12 Board of Governors, reinstatement may not be effective until the beginning of the
 13 following fiscal year at the earliest. Any actions taken by the Board of Governors with
 14 respect to withdrawal or reinstatement of an institution's status as a special responsibility
 15 constituent institution shall be reported immediately to the Joint Legislative Education
 16 Oversight Committee.

17 The rules established under this section shall include review and consultation with the
 18 State Auditor, the Director of the Office of State Personnel, and the Director of the
 19 Division of State Purchasing and Contracts in ascertaining whether or not a constituent
 20 institution has the management staff and internal financial controls to administer the
 21 additional authorities authorized under G.S. 116-30.2, 116-30.4, and 143-53.1. Such
 22 review and consultation must take place no less frequently than once each biennium."
 23

24 **PART 8. GENERAL ASSEMBLY**

25
 26 Requested by: Senator Warren

27 **LEGISLATIVE SERVICES OFFICER POSITION**

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

29 "(a) Plates. – The State government officials listed in this section are eligible for a
 30 special registration plate under G.S. 20-79.4. The plate shall bear the number designated
 31 in the following table for the position held by the official.
 32

Position	Number on Plate	
Governor		1
Lieutenant Governor		2
Speaker of the House of Representatives		3
President Pro Tempore of the Senate		4
Secretary of State		5
State Auditor		6
State Treasurer		7
Superintendent of Public Instruction		8
Attorney General		9
Commissioner of Agriculture		10

1	Commissioner of Labor	11	
2	Commissioner of Insurance	12	
3	Speaker Pro Tempore of the House		13
4	Legislative Administrative Officer		14
5	<u>Legislative Services Officer</u>		
6	Secretary of Administration	15	
7	Secretary of Environment, Health, and		
8	Natural Resources	16	
9	Secretary of Revenue	17	
10	Secretary of Human Resources	18	
11	Secretary of Commerce	19	
12	Secretary of Correction	20	
13	Secretary of Cultural Resources		21
14	Secretary of Crime Control and Public		
15	Safety 22		
16	Governor's Staff	23-29	
17	State Budget Officer	30	
18	State Personnel Director	31	
19	Advisory Budget Commission Nonlegislative		
20	Member 32-41		
21	Chair of the State Board of Education		42
22	President of the U.N.C. System		43
23	Alcoholic Beverage Control Commission	44-46	
24	Assistant Commissioners of Agriculture	47-48	
25	Deputy Secretary of State	49	
26	Deputy State Treasurer	50	
27	Assistant State Treasurer	51	
28	Deputy Commissioner for the Department of		
29	Labor 52		
30	Chief Deputy for the Department of		
31	Insurance 53		
32	Assistant Commissioner of Insurance		54
33	Deputies and Assistant to the Attorney		
34	General 55-65		
35	Board of Economic Development		
36	Nonlegislative Member	66-88	
37	State Ports Authority Nonlegislative		
38	Member 89-96		
39	Utilities Commission Member	97-104	
40	<u>Post-Release Supervision and</u>		
41	Parole Commission Member	105-109	
42	State Board Member, Commission Member,		
43	or State Employee Not Named in List	110-200".	

1 (b) G.S. 120-3.1(a)(3) reads as rewritten:

2 "(3) A subsistence allowance for meals and lodging at a daily rate equal to
3 the maximum per diem rate for federal employees traveling to Raleigh,
4 North Carolina, as set out at 58 Federal Register 67959 (December 22,
5 1993), while the General Assembly is in session and, except as
6 otherwise provided in this subdivision, while the General Assembly is
7 not in session when, with the approval of the Speaker of the House of
8 Representatives in the case of Representatives or the President Pro
9 Tempore of the Senate in case of Senators, the member is:

10 a. Traveling as a representative of the General Assembly or of its
11 committees or commissions, or

12 b. Otherwise in the service of the State.

13 A member who is authorized to travel, whether in or out of session,
14 within the United States outside North Carolina, may elect to receive, in
15 lieu of the amount provided in the preceding paragraph, a subsistence
16 allowance of twenty-six dollars (\$26.00) a day for meals, plus actual
17 expenses for lodging when evidenced by a receipt satisfactory to the
18 ~~Legislative Administrative Officer~~, Legislative Services Officer, the
19 latter not to exceed the maximum per diem rate for federal employees
20 traveling to the same place, as set out at 58 Federal Register 67950-
21 67964 (December 22, 1993) and at 59 Federal Register 23702-23709
22 (May 6, 1994)."

23 (c) G.S. 120-32.1 reads as rewritten:

24 **"§ 120-32.1. Use and maintenance of buildings and grounds.**

25 (a) The Legislative Services Commission shall:

26 (1) Establish policy for the use of the State legislative buildings and
27 grounds;

28 (2) Maintain and care for the State legislative buildings and grounds, but
29 the Commission may delegate the actual work of the maintenance of
30 those buildings and grounds to the Department of Administration, which
31 shall perform the work as delegated;

32 (3) Provide security for the State legislative buildings and grounds;

33 (4) Allocate space within the State legislative buildings and grounds; and

34 (5) Have the exclusive authority to assign parking space in the State
35 legislative buildings and grounds.

36 (b) The ~~Legislative Administrative Officer~~ Legislative Services Officer shall have
37 posted the rules adopted by the Legislative Services Commission under the authority of
38 this section in a conspicuous place in the State Legislative Building and the Legislative
39 Office Building. The ~~Legislative Administrative Officer~~ Legislative Services Officer
40 shall have filed a copy of the rules, certified by the chairman of the Legislative Services
41 Commission, in the office of the Secretary of State and in the office of the Clerk of the
42 Superior Court of Wake County. When so posted and filed, these rules shall constitute
43 notice to all persons of the existence and text of the rules. Any person, whether on his

1 own behalf or for another, or acting as an agent or representative of any person, firm,
2 corporation, partnership or association, who knowingly violates any of the rules adopted,
3 posted and filed under the authority of this section is guilty of a Class 1 misdemeanor.
4 Any person, firm, corporation, partnership or association who combines, confederates,
5 conspires, aids, abets, solicits, urges, instigates, counsels, advises, encourages or procures
6 another or others to knowingly violate any of the rules adopted, posted and filed under
7 the authority of this section is guilty of a Class 1 misdemeanor.

8 (c) The Legislative Services Commission may cause to be removed at the owner's
9 expense any vehicle parked in the State legislative buildings and grounds in violation of
10 the rules of the Legislative Services Commission and may cause to be removed any
11 vehicle parked in any State-owned parking space leased to an employee of the General
12 Assembly where the vehicle is parked without the consent of the employee to whom the
13 space is leased.

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

16 (1) At all times:

- 17 a. The State Legislative Building and the area between outer walls
18 of the State Legislative Building and the near curblines of those
19 sections of Jones, Wilmington, Lane, and Salisbury Streets which
20 border land on which the State Legislative Building is situated;
21 b. The Legislative Office Building and the areas between its outer
22 walls and the near curblines of those sections of Lane and
23 Salisbury Streets that border the land on which it is situated;
24 c. Any State-owned parking lot which is leased to the General
25 Assembly; and
26 d. The bridge between the State Legislative Building and the State
27 Governmental Mall.

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

- 31 a. When the General Assembly is in regular or extra session; and
32 b. On other days on which one or more standing committees of
33 either or both houses of the General Assembly are meeting and
34 the ~~Legislative Administrative Officer~~ Legislative Services
35 Officer determines that additional parking is needed for the
36 functioning of the General Assembly and files notice of the
37 committee's or committees' meetings and his finding that
38 additional parking is needed in the office of the Secretary of State
39 and that of Clerk of the Superior Court of Wake County."

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

41 "**§ 120-36.6. Legislative Fiscal Research staff participation.**

42 Legislative fiscal research staff members may attend all meetings of the Advisory
43 Budget Commission and all hearings conducted by or for the Commission, and may

1 accompany the Commission to inspect the facilities of the State. The ~~Legislative~~
2 ~~Administrative Officer~~ Legislative Services Officer shall designate a member of the
3 Fiscal Research staff, and a member of the General Research or Bill Drafting staff who
4 may attend all meetings of the Board of Awards and Council of State, unless the Board or
5 Council has voted to exclude them from the specific meeting, provided that no final
6 action may be taken while they are so excluded. The Legislative Services Officer and the
7 Director of Fiscal Research shall be notified of all such meetings, hearings and trips in
8 the same manner and at the same time as notice is given to members of the Board,
9 Commission or Council. The Legislative Services Officer and the Director of Fiscal
10 Research shall be provided with a copy of all reports, memoranda, and other
11 informational material which are distributed to the members of the Board, Commission,
12 or Council; these reports, memoranda and materials shall be delivered to the Legislative
13 Services Officer and the Director of Fiscal Research at the same time that they are
14 distributed to the members of the Board, Commission, or Council."

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

16 **"§ 120-70.36. Staffing.**

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

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

24 **"§ 120-70.46. Staffing.**

25 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as
26 staff to the Environmental Review Commission professional employees of the General
27 Assembly, as approved by the Legislative Services Commission. Clerical staff shall be
28 assigned to the Environmental Review Commission through the offices of the Supervisor
29 of Clerks of the Senate and Supervisor of Clerks of the House of Representatives. The
30 expenses of employment of clerical staff shall be borne by the Environmental Review
31 Commission."

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

33 "(c) The Committee shall be funded by appropriations made to the Highway Trust
34 Fund and allocated to the Intrastate System projects. Members of the Committee receive
35 subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may
36 contract for consultants or hire employees in accordance with G.S. 120-32.02. The
37 Legislative Services Commission, through the ~~Legislative Administrative Officer~~,
38 Legislative Services Officer, shall assign professional staff to assist the Committee in its
39 work. Upon the direction of the Legislative Services Commission, the Supervisors of
40 Clerks of the Senate and of the House of Representatives shall assign clerical staff to the
41 Committee. The expenses for clerical employees shall be borne by the Committee."

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

43 **"§ 120-70.65. Staffing.**

1 The ~~Legislative Administrative Officer~~ Legislative Services Officer shall assign as
2 staff to the Commission professional employees of the General Assembly, as approved
3 by the Legislative Services Commission. Clerical staff shall be assigned to the
4 Commission through the Offices of the Supervisor of Clerks of the Senate and Supervisor
5 of Clerks of the House of Representatives. The expenses of employment of clerical staff
6 shall be borne by the Commission."

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

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

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

17 "(c) Members of the Committee receive subsistence and travel expenses as
18 provided in G.S. 120-3.1. The Legislative Services Commission, through the ~~Legislative~~
19 ~~Administrative Officer~~, Legislative Services Officer, shall assign professional staff to
20 assist the Committee in its work. Upon the direction of the Legislative Services
21 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives
22 shall assign clerical staff to the Committee. The expenses for clerical employees shall be
23 borne by the Committee."

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

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

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

34 "(c) Members of the Committee receive subsistence and travel expenses as
35 provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees
36 in accordance with G.S. 120-32.02. The Committee may meet in the Legislative
37 Building or the Legislative Office Building upon the approval of the Legislative Services
38 Commission. The Legislative Services Commission, through the ~~Legislative~~
39 ~~Administrative Officer~~, Legislative Services Officer, shall assign professional staff to
40 assist the Committee in its work. Upon the direction of the Legislative Services
41 Commission, the Supervisors of Clerks of the Senate and of the House of Representatives
42 shall assign clerical staff to the Committee. The expenses for clerical employees shall be
43 paid by the Committee."

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

2 **"§ 143-8. Reporting of legislative and judicial expenditures and financial needs.**

3 On or before the first day of September, biennially, in the even-numbered years, the
4 ~~Legislative Administrative Officer~~ Legislative Services Officer shall furnish the Director
5 a detailed statement of expenditures of the General Assembly for the current fiscal
6 biennium, and an estimate of its financial needs, itemized in accordance with the budget
7 classification adopted by the Director and approved and certified by the President ~~pro~~
8 ~~tempore~~ Pro Tempore of the Senate and the Speaker of the House of Representatives for
9 each year of the ensuing biennium, beginning with the first day of July thereafter. The
10 Administrative Officer of the Courts shall furnish the Director a detailed statement of
11 expenditures of the judiciary, and for each year of the current fiscal biennium an estimate
12 of its financial needs as provided by law, itemized in accordance with the budget
13 classification adopted by the Director and approved and certified by the Chief Justice for
14 each year of the ensuing biennium, beginning with the first day of July thereafter. The
15 Director shall include these estimates and accompanying explanations in the budget
16 submitted with such recommendations as the Director may desire to make in reference
17 thereto."

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

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

23 If the Auditor's hotline receives a report of allegations of improper governmental
24 activities in a program or activity that the Auditor is prohibited by this subsection from
25 auditing, the Hotline Manager shall transmit the report to the ~~Legislative Administrative~~
26 ~~Officer~~ Legislative Services Officer or his designee. The report shall retain the same
27 confidentiality after transmittal to the General Assembly that it had in the possession of
28 the Auditor."

29 (o) All powers, duties, and responsibilities assigned to the Legislative
30 Administrative Officer of the Legislative Services Commission, including the assignment
31 of professional and clerical staff to assist in the work of studies and commissions, shall be
32 transferred to the Legislative Services Officer of the Legislative Services Commission.
33 All rules and policies of the Legislative Services Commission relating to the Legislative
34 Administrative Officer shall apply to the Legislative Services Officer unless otherwise
35 expressly amended or repealed.

36
37 Requested by: Senator Warren

38 **EXTENSION OF TERRITORIAL JURISDICTION OF LEGISLATIVE**
39 **SERVICES COMMISSION TO ALL OF LANE STREET**

40 Sec. 8.1. G.S. 120-32.1(d) reads as rewritten:

41 "(d) For the purposes of this section, the term 'State legislative buildings and
42 grounds' means:

43 (1) At all times:

- 1 a. The State Legislative ~~Building and the area~~ Building;
- 2 a1. The areas between the outer walls of the State Legislative
- 3 Building and the near curbline of those sections of Jones,
- 4 Wilmington, Lane, and Salisbury Streets which border land on
- 5 which the State Legislative Building it is situated;
- 6 a2. The area between the outer walls of the State Legislative
- 7 Building and the far curbline of that section of Lane Street which
- 8 borders the land on which it is situated;
- 9 b. The Legislative Office Building and the areas between its outer
- 10 walls and the near curbline of those sections of Lane and
- 11 Salisbury Streets that border the land on which it is situated;
- 12 c. Any State-owned parking lot which is leased to the General
- 13 Assembly; and
- 14 d. The bridge between the State Legislative Building and the State
- 15 Governmental Mall.
- 16 (2) In addition, the surface area to the far curbline of those sections of
- 17 Jones, Wilmington, Lane, and Salisbury Streets which border the land
- 18 on which the State Legislative Building is situated:
- 19 a. When the General Assembly is in regular or extra session; and
- 20 b. On other days on which one or more standing committees of
- 21 either or both houses of the General Assembly are meeting and
- 22 the Legislative Administrative Officer determines that additional
- 23 parking is needed for the functioning of the General Assembly
- 24 and files notice of the committee's or committees' meetings and
- 25 his finding that additional parking is needed in the office of the
- 26 Secretary of State and that of Clerk of the Superior Court of
- 27 Wake County."
- 28

29 Requested by: Senator Warren

30 **ACCESS TO STATE INFORMATION BY LEGISLATIVE SERVICES OFFICE**

31 Sec. 8.2. G.S. 120-32.01 reads as rewritten:

32 **"§ 120-32.01. Information to be supplied.**

- 33 (a) Every State department, State agency, or State institution shall furnish the
- 34 Legislative ~~Administrative Services~~ Office and the Research, Fiscal Research, and Bill
- 35 Drafting Divisions any information or records requested by them. Except when
- 36 accessibility is prohibited by a federal statute, federal regulation or State statute, every
- 37 State department, State agency, or State institution shall give the Legislative Services
- 38 Office and the Fiscal Research Division access to any data base or stored information
- 39 maintained by computer, telecommunications, or other electronic data processing
- 40 equipment, whether stored on tape, disk, or otherwise, and regardless of the medium for
- 41 storage or transmission.

1 (b) Notwithstanding subsection (a) of this section, access to the State Personnel
2 Management Information System ~~by the Legislative Administrative Office and by the~~
3 Research and Bill Drafting Divisions shall only be through the Fiscal Research Division.
4

5 **PART 9. OFFICE OF STATE BUDGET AND MANAGEMENT**

6
7 Requested by: Senator Warren

8 **RESERVE FOR MOVING EXPENSE/STATE AGENCIES**

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

21 **PART 10. DEPARTMENT OF ADMINISTRATION**

22
23 Requested by: Senator Warren

24 **DOA TO EVALUATE UTILIZATION OF "STATE-OWNED SPACE"**

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

34 The Department of Administration shall develop a long-term plan to reduce the
35 State's dependency on leased office space and shall report to the General Assembly no
36 later than January 1, 1997, regarding the Department's findings, recommendations, and
37 the proposed long-term plan. The report shall also include the priority list developed by
38 the Department in accordance with this section.
39

40 Requested by: Senator Warren

41 **DIRECTOR OF THE BUDGET AND STATE CONSTRUCTION MAY TIME** 42 **SELECTION OF DESIGNERS AND RELEASE OF DESIGN AND**

1 **CONSTRUCTION FUNDS TO AVOID INFLATION DUE TO MARKET PRICES**
2 **BEING INCREASED BY THE NUMBER OF CONTRACTS**

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

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

38 The State Building Commission shall submit a written report to the
39 Joint Legislative Commission on Governmental Operations on the
40 Commission's selection of a designer for a project within 30 days of
41 selecting the designer."
42

43 Requested by: Senator Warren

MOTOR FLEET MANAGEMENT MODIFICATIONS

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

"7a. To adopt with the approval of the Governor and to enforce rules and to coordinate State policy regarding (i) the permanent assignment of state-owned passenger motor vehicles and (ii) the use of and reimbursement for those vehicles for the limited commuting permitted by this subdivision. For the purpose of this subdivision 7a, 'state-owned passenger motor vehicle' includes any state-owned passenger motor vehicle, whether or not owned, maintained or controlled by the Department of Administration, and regardless of the source of the funds used to purchase it. Notwithstanding the provisions of G.S. 20-190 or any other provisions of law, all state-owned passenger motor vehicles are subject to the provisions of this subdivision 7a; no permanent assignment shall be made and no one shall be exempt from payment of reimbursement for commuting or from the other provisions of this subdivision 7a except as provided by this subdivision 7a. Commuting, as defined and regulated by this subdivision, is limited to those specific cases in which the Secretary has received and accepted written justification, verified by historical data. The Department shall not assign any state-owned motor vehicle that may be used for commuting other than those authorized by the procedure prescribed in this subdivision.

A State-owned passenger motor vehicle shall not be permanently assigned to an individual who is likely to drive it on official business at a rate of less than 3,150 miles per quarter unless (i) the individual's duties are routinely related to public safety or (ii) the individual's duties are likely to expose the individual routinely to life-threatening situations. A State-owned passenger motor vehicle shall also not be permanently assigned to an agency that is likely to drive it on official business at a rate of less than 3,150 miles per quarter unless the agency can justify to the Division of Motor Fleet Management the need for permanent assignment because of the unique use of the vehicle. Each agency, other than the Department of Transportation, that has a vehicle assigned to it or has an employee to whom a vehicle is assigned shall submit a quarterly report to the Division of Motor Fleet Management on the miles driven during the quarter by the

1 assigned vehicle. The Division of Motor Fleet
2 Management shall review the report to verify that each
3 motor vehicle has been driven at the minimum allowable
4 rate. If it has not and if the department by whom the
5 individual to which the car is assigned is employed or the
6 agency to which the car is assigned cannot justify the
7 lower mileage for the quarter, the permanent assignment
8 shall be revoked immediately. The Department of
9 Transportation shall submit an annual report to the
10 Division of Motor Fleet Management on the miles driven
11 during the year by vehicles assigned to the Department or
12 to employees of the Department. If a vehicle included in
13 this report has not been driven at least 12,600 miles during
14 the year, the Department of Transportation shall review
15 the reasons for the lower mileage and decide whether to
16 terminate the assignment. The Division of Motor Fleet
17 Management may not revoke the assignment of a vehicle
18 to the Department of Transportation or an employee of
19 that Department for failure to meet the minimum mileage
20 requirement unless the Department of Transportation
21 consents to the revocation.

22 Every individual who uses a State-owned passenger
23 motor vehicle, pickup truck, or van to drive between the
24 individual's official work station and his or her home,
25 shall reimburse the State for these trips at a rate computed
26 by the Department. This rate shall approximate the benefit
27 derived from the use of the vehicle as prescribed by
28 federal law. Reimbursement shall be for 20 days per
29 month regardless of how many days the individual uses
30 the vehicle to commute during the month. Reimbursement
31 shall be made by payroll deduction. Funds derived from
32 reimbursement on vehicles owned by the Motor Fleet
33 Management Division shall be deposited to the credit of
34 the Division; funds derived from reimbursements on
35 vehicles initially purchased with appropriations from the
36 Highway Fund and not owned by the Division shall be
37 deposited in a Special Depository Account in the
38 Department of Transportation, which shall revert to the
39 Highway Fund; funds derived from reimbursement on all
40 other vehicles shall be deposited in a Special Depository
41 Account in the Department of Administration which shall
42 revert to the General Fund. Commuting, for purposes of
43 this paragraph, does not include those individuals whose

1 office is in their home, as determined by the Department
2 of Administration, Division of Motor Fleet Management.
3 Also, this paragraph does not apply to the following
4 vehicles: (i) clearly marked police and fire vehicles, (ii)
5 delivery trucks with seating only for the driver, (iii)
6 flatbed trucks, (iv) cargo carriers with over a 14,000
7 pound capacity, (v) school and passenger buses with over
8 20 person capacities, (vi) ambulances, ~~(vii) hearses,~~ ~~(viii)~~
9 bucket trucks, (ix) cranes and derricks, (x) forklifts, (xi)
10 cement mixers, (xii) dump trucks, (xiii) garbage trucks,
11 (xiv) specialized utility repair trucks (except vans and
12 pickup trucks), (xv) tractors, (xvi) unmarked law-
13 enforcement vehicles that are used in undercover work
14 and are operated by full-time, fully sworn law-
15 enforcement officers whose primary duties include
16 carrying a firearm, executing search warrants, and making
17 arrests, and (xvii) any other vehicle exempted under
18 Section 274(d) of the Internal Revenue Code of 1954, and
19 Federal Internal Revenue Services regulations based
20 thereon. The Department of Administration, Division of
21 Motor Fleet Management, shall report quarterly to the
22 Joint Legislative Commission on Governmental
23 Operations and to the Fiscal Research Division of the
24 Legislative Services Office on individuals who use State-
25 owned passenger motor vehicles, pickup trucks, or vans
26 between their official work stations and their homes, who
27 are not required to reimburse the State for these trips.

28 The Department of Administration shall revoke the
29 assignment or require the Department owning the vehicle
30 to revoke the assignment of a State-owned passenger
31 motor vehicle, pickup truck or van to any individual who:

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

1 commuting reimbursement forms, or other required
2 reports or forms;

3 IV. Does not personally sign all reports on forms
4 submitted for vehicles permanently assigned to him
5 or her and does not cure the deficiency within 30
6 days of receiving a request to do so;

7 V. Abuses the vehicle; or

8 VI. Violates other rules or policy promulgated by the
9 Department of Administration not in conflict with
10 this act.

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

15 The Department of Administration, with the approval
16 of the Governor, may delegate, or conditionally delegate,
17 to the respective heads of agencies which own passenger
18 motor vehicles or to which passenger motor vehicles are
19 permanently assigned by the Department, the duty of
20 enforcing all or part of the rules adopted by the
21 Department of Administration pursuant to this subdivision
22 7a. The Department of Administration, with the approval
23 of the Governor, may revoke this delegation of authority.

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

27 Notwithstanding the provisions of this section and G.S.
28 14-247, the Department of Administration may allow the
29 organization sanctioned by the Governor's Council on
30 Physical Fitness to conduct the North Carolina State
31 Games to use State trucks and vans for the State Games of
32 North Carolina. The Department of Administration shall
33 not charge any fees for the use of the vehicles for the State
34 Games. The State shall incur no liability for any damages
35 resulting from the use of vehicles under this provision.
36 The organization that conducts the State Games shall
37 carry liability insurance of not less than one million
38 dollars (\$1,000,000) covering such vehicles while in its
39 use and shall be responsible for the full cost of repairs to
40 these vehicles if they are damaged while used for the State
41 Games."

42
43 Requested by: Senator Warren

PROCEEDS OF TIMBER SALES MAY BE USED FOR VETERANS HOMES

Sec. 10.4. Notwithstanding any other provision of law, the net proceeds derived from the sale of timber from land owned by or under the supervision and control of the Department of Administration, Division of Veterans Affairs, shall be deposited in the North Carolina Veterans Home Trust Fund and shall be used for the purposes set out in G.S. 165-48.

PART 11. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Senator Warren

ROANOKE ISLAND HISTORICAL ASSOCIATION

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

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

The governing body of said Association shall be a board of directors consisting of the Governor of the State, the Attorney General and the Secretary of Cultural Resources as ex officio members, and the following 21 members: J. Spencer Love, Greensboro; Miles Clark, Elizabeth City; Mrs. Richard J. Reynolds, Winston-Salem; D. Hiden Ramsey, Asheville; Mrs. Charles A. Cannon, Concord; Dr. Fred Hanes, Durham; Mrs. Frank P. Graham, Chapel Hill; Bishop Thomas C. Darst, Wilmington; W. Dorsey Pruden, Edenton; John A. Buchanan, Durham; William B. Rodman, Jr., Washington; J. Melville Broughton, Raleigh; Melvin R. Daniels, Manteo; Paul Green, Chapel Hill; Samuel Selden, Chapel Hill; R. Bruce Etheridge, Manteo; Theodore S. Meekins, Manteo; Roy L. Davis, Manteo; M. K. Fearing, Manteo; A. R. Newsome, Chapel Hill. The members of said board of directors herein named other than the ex officio members, shall serve for a term of two years and until their successors are appointed. Appointments thereafter shall be made by the membership of the Association in regular annual meeting or special meeting called for such ~~purpose, and in purpose.~~ In the event the Association through its membership should fail to make such appointments, then the appointments shall be made by the Governor of the State. If a vacancy occurs between annual meetings, the board of directors may fill the vacancy until the next annual meeting. All vacancies ~~Vacancies~~ occurring on the board of directors not filled by the board of directors within 30 days of the vacancy shall be filled by the Governor of the State."

Requested by: Senator Warren

DEPARTMENT OF CULTURAL RESOURCES TO REVIEW ADMISSION RATES FOR HISTORIC SITES

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

1 Requested by: Senator Warren

2 **DEPARTMENT OF CULTURAL RESOURCES RETAIN HISTORICAL**
3 **PUBLICATIONS RECEIPTS**

4 Sec. 11.3. The Historical Publications Section, Division of Archives and
5 History, Department of Cultural Resources, may retain the receipts, including over-
6 realized receipts, from the sale of its publications. The receipts from the sale of those
7 publications retained by the Historical Publications Section, Division of Archives and
8 History, Department of Cultural Resources, shall not revert, but shall be used to reprint
9 the publications.

10

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

12

13 Requested by: Senator Warren

14 **CONSTRUCTION CODE RECEIPTS**

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

17 "Sec. 13. Departmental receipts realized by the Department of Insurance in excess of
18 amounts approved for expenditure by the General Assembly, as adjusted by the Office of
19 State Budget and Management to reflect the distribution of statewide reserves, shall
20 revert to the General Fund at the end of each fiscal year. This section shall not apply to
21 receipts realized by the Department from the sale of copies of the State construction code
22 if the receipts are used for the purchase of copies of the code for sale to the public, except
23 that unspent construction code receipts shall revert to the General Fund at the end of each
24 fiscal year."

25

26 Requested by: Senator Warren

27 **USE OF INSURANCE REGULATORY FUND**

28 Sec. 11A.1. G.S. 58-6-25(d) reads as rewritten:

29 "(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State
30 treasury, under the control of the Office of State Budget and Management. The proceeds
31 of the charge levied in this section and all fees collected under Articles 69 through 71 of
32 this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be
33 credited to the Fund. The Fund shall be placed in an interest-bearing account and any
34 interest or other income derived from the Fund shall be credited to the Fund. Moneys in
35 the Fund may be spent only pursuant to appropriation by the General Assembly and in
36 accordance with the line item budget enacted by the General Assembly. The Fund is
37 subject to the provisions of the Executive Budget Act, except that no unexpended surplus
38 of the Fund shall revert to the General Fund. All money credited to the Fund shall be used
39 to reimburse the General Fund for the following:

40 (1) Money appropriated to the Department of Insurance to pay its expenses
41 incurred in regulating the insurance industry and other industries in this
42 State.

- 1 (2) Money ~~money~~ appropriated to State agencies to pay the expenses
2 incurred in regulating the insurance industry, in certifying statewide
3 data processors under Article 11A of Chapter 131E of the General
4 Statutes, and in purchasing reports of patient data from statewide data
5 processors certified under that Article."
6

7 **PART 13. DEPARTMENT OF SECRETARY OF STATE**

8
9 Requested by: Senator Warren

10 **INVESTOR PROTECTION AND EDUCATION TRUST FUND**

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

13 **"§ 147-54.5. Investor Protection and Education Trust Fund; administration;**
14 **limitations on use of the Fund.**

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

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

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

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

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

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

31 (2) General operating expenses of the Department of the Secretary of State,
32 or to supplement General Fund appropriations to the Department of the
33 Secretary of State for other than investor education and protection
34 activities.

35 (3) Promoting the Secretary of State or the Department of the Secretary of
36 State.

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

41 (e) Revenues derived from consent orders resulting from negotiated settlements of
42 securities investigations by the Secretary of State shall be credited to the Fund. The State
43 Treasurer shall invest the assets of the Fund according to law. Any interest or other

1 investment income earned by the Investor Protection and Education Trust Fund shall
2 remain in the Fund. The balance of the Investor Protection and Education Trust Fund at
3 the end of each fiscal year shall not revert to the General Fund.

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

10 **PART 14. OFFICE OF STATE CONTROLLER**

11
12 Requested by: Senator Warren

13 **NORTH CAROLINA INFORMATION HIGHWAY**

14 Sec. 14. (a) The funds appropriated in this act to the Office of the State
15 Controller for the operation of the North Carolina Information Highway shall be used
16 only for costs incurred by the Office of the State Controller related to the operations and
17 support of the North Carolina Information Highway. No funds appropriated in this act
18 shall be expended to pay Minimum Monthly usage charges for North Carolina
19 Information Highway Services.

20 (b) Of the funds appropriated to the Office of the State Controller for the North
21 Carolina Information Highway (NCIH), an amount not to exceed five hundred thousand
22 dollars (\$500,000) shall be used to expand the long distance capacity and provide for the
23 establishment of regional hubs in each of the seven LATAS in North Carolina. The
24 remaining funds shall be used to help defray the costs of existing NCIH sites except those
25 located at university sites other than East Carolina University academic affairs campus.
26 Any savings accrued shall be placed in reserve in the Office of the State Controller for
27 consideration by the 1997 General Assembly.

28 (c) Beginning October 1, 1996, the State Controller shall report quarterly to the
29 Joint Legislative Commission on Governmental Operations regarding the costs incurred
30 by the Office of the State Controller related to the operations and support of the North
31 Carolina Information Highway and the savings placed in reserve in the Office of the State
32 Controller.

33
34 Requested by: Senators Warren and Little

35 **RESERVE FOR THE YEAR 2000 CONVERSION OF THE STATE'S** 36 **COMPUTER SYSTEM**

37 Sec. 14.1. (a) The Office of the State Controller shall include in its charges for
38 data processing services costs of converting computer applications to operate properly at
39 the turn of the century. The Office of the State Controller shall develop procedures for
40 managing the year 2000 conversion.

41 (b) The Office of the State Controller shall not reduce State Information
42 Processing Services (SIPS) charges for data processing services below budgeted levels
43 for the 1996-97 fiscal year.

1 (c) The State Controller shall use any excess receipts from the 1996-97 charges
2 for data processing services to fund one time capital and equipment start up requirements
3 at community colleges remaining unconnected to the North Carolina Information
4 Highway. The balance of these receipts shall be held in reserve by the Office of State
5 Controller to be expended only for costs associated directly with the conversion of the
6 State's computing systems to the year 2000. Nothing in this section shall obligate the
7 General Assembly to pay monthly usage charges for any connections to the North
8 Carolina Information Highway added under this subsection.

9 (d) Beginning October 1, 1996, the Office of the State Controller shall report
10 quarterly to the Joint Legislative Commission on Governmental Operations on the use of
11 the receipts and the calculations related to the allocation of State Information Processing
12 Services (SIPS) charges used for the conversion. The report shall also include the
13 progress made toward accomplishing the conversion goals established for the fiscal year.
14

15 PART 15. DEPARTMENT OF REVENUE

16
17 Requested by: Senator Kerr

18 REDUCE STATE SALES TAX ON FOOD, REDUCE CORPORATE INCOME 19 TAX RATE, AND REDUCE EXCISE TAX ON SOFT DRINKS

20 Sec. 15.1. G.S. 105-164.4(a) is amended by adding a new subdivision to read:

21 "(5) The rate of three percent (3%) applies to the sales price of food that is
22 not otherwise exempt pursuant to G.S. 105-164.13 but would be exempt
23 pursuant to G.S. 105-164.13 if it were purchased with coupons issued
24 under the Food Stamp Program, 7 U.S.C. § 51."

25 Sec. 15.2. G.S. 105-465 reads as rewritten:

26 **"§ 105-465. County election as to adoption of local sales and use tax.**

27 The board of elections of any county, upon the written request of the board of county
28 commissioners thereof, or upon receipt of a petition signed by qualified voters of the
29 county equal in number to at least fifteen percent (15%) of the total number of votes cast
30 in the county, at the last preceding election for the office of Governor, shall call a special
31 election for the purpose of submitting to the voters of the county the question of whether
32 a one percent (1%) sales and use tax as hereinafter provided will be levied.

33 The special election shall be held under the same rules and regulations applicable to
34 the election of members of the General Assembly. No new registration of voters shall be
35 required. All qualified voters in the county who are properly registered not later than 21
36 days (excluding Saturdays and Sundays) prior to the election shall be entitled to vote at
37 said election. The county board of elections shall give at least 20 days' public notice prior
38 to the closing of the registration books for the special election.

39 The county board of election shall prepare ballots for the special ~~election which shall~~
40 ~~contain the words, election. The question presented on the ballot shall be 'FOR the one~~
41 ~~percent (1%) local sales and use tax only on those items presently covered by the four~~
42 ~~percent (4%) sales and use tax,' and the words, on items subject to State sales and use tax~~
43 at the general State rate and on food' or 'AGAINST the one percent (1%) local sales and

1 use tax ~~only on those items presently covered by the four percent (4%) sales and use tax,~~
2 ~~with appropriate squares so that each voter may designate his vote by his cross (X) mark.~~
3 on items subject to State sales and use tax at the general State rate and on food'.

4 The county board of elections shall fix the date of the special election; provided,
5 however, that the special election shall not be held on the date of any biennial election for
6 county officers, nor within 60 days thereof, nor within one year from the date of the last
7 preceding special election under this section."

8 Sec. 15.3. G.S. 105-467 reads as rewritten:

9 **"§ 105-467. Scope of sales tax.**

10 The sales tax ~~which that~~ may be imposed under this Article is limited to a tax at the
11 rate of one percent (1%) ~~of~~ of the following:

12 (1) The sales price of ~~those articles of~~ tangible personal property ~~now~~
13 subject to the general rate of sales tax imposed by the State under G.S.
14 105-164.4(a)(1) and ~~(4b); (a)(4b).~~

15 (2) The gross receipts derived from the lease or rental of tangible personal
16 property when the lease or rental of the property is subject to the general
17 rate of sales tax imposed by the State under G.S. ~~105-164.4(a)(2); 105-~~
18 164.4(a)(2).

19 (3) The gross receipts derived from the rental of any room or ~~lodging~~
20 ~~furnished by any hotel, motel, inn, tourist camp or other similar~~
21 accommodations ~~now~~ subject to the general rate of sales tax imposed by
22 the State under G.S. ~~105-164.4(a)(3); and 105-164.4(a)(3).~~

23 (4) The gross receipts derived from services rendered by laundries, dry
24 cleaners, and other businesses ~~now~~ subject to the general rate of sales
25 tax imposed by the State under G.S. 105-164.4(a)(4).

26 (5) The sales price of food subject to three percent (3%) sales tax imposed
27 by the State under G.S. 105-164.4(a)(5).

28 The sales tax authorized by this Article does not apply to sales that are taxable by the
29 State under G.S. 105-164.4 but are not specifically included in subdivisions (1) through
30 ~~(4)-(5)~~ of this section.

31 The State exemptions and exclusions contained in G.S. 105-164.13 and the State
32 refund provisions contained in G.S. 105-164.14 ~~shall apply with equal force and in like~~
33 ~~manner~~ to the local sales and use tax authorized to be levied and imposed under this
34 Article. A taxing county ~~shall have no authority, with respect to the local sales and use~~
35 ~~tax imposed under this Article to change, alter, add to or delete any refund provisions~~
36 ~~contained in G.S. 105-164.14, or any exemptions or exclusions contained in G.S. 105-~~
37 ~~164.13 or which are elsewhere provided for.~~ may not allow an exemption, exclusion, or
38 refund that is not allowed under the State sales and use tax.

39 The local sales tax authorized to be imposed and levied under ~~the provisions of this~~
40 Article ~~shall apply to such retail sales, leases, rentals, the rendering of services,~~
41 ~~furnishing of rooms, lodgings or accommodations and other~~ applies to taxable
42 transactions ~~which are made, furnished or rendered by retailers whose place of business is~~
43 located within the taxing county. ~~The tax imposed shall apply to the furnishing of rooms,~~

1 lodging or other accommodations within the county which are rented to transients. For
2 the purpose of this Article, the situs of a transaction is the location of the retailer's place
3 of business."

4 Sec. 15.4. G.S. 105-468 reads as rewritten:

5 **"§ 105-468. Scope of use tax.**

6 The use tax ~~which may be imposed under~~ authorized by this Article shall be ~~is~~ a tax at
7 the rate of one percent (1%) of the cost price of each item or article of tangible personal
8 property ~~when it that~~ is not sold in the taxing county but is used, ~~consumed~~ consumed, or
9 stored for use or consumption in the taxing ~~county~~, ~~except that no tax shall be imposed~~
10 ~~upon tangible personal property when the property would be taxed by the State at a rate~~
11 ~~other than the general rate of tax set in G.S. 105-164.4 if it were taxable under G.S. 105-~~
12 ~~164.6. county.~~ The tax applies to the same items that are subject to tax under G.S. 105-
13 467.

14 Every retailer who is engaged in business in this State and in the taxing county and is
15 required to collect the use tax levied by G.S. 105-164.6 shall ~~also~~ collect the one percent
16 (1%) use tax when ~~such~~ the property is to be used, ~~consumed~~ consumed, or stored in the
17 taxing ~~county~~, ~~one percent (1%) use tax to be collected concurrently with the State's use~~
18 ~~tax; but no retailer not required to collect the use tax levied by G.S. 105-164.6 shall be~~
19 ~~required to collect the one percent (1%) use tax.~~ county. The use tax contemplated by this
20 section shall be levied against the purchaser, and the purchaser's liability for the use tax
21 shall be extinguished only upon payment of the use tax to the retailer, where the retailer
22 is required to collect the tax, or to the ~~Secretary of Revenue, or to the taxing county,~~ as
23 ~~appropriate,~~ Secretary, where the retailer is not required to collect the tax.

24 Where a local sales or use tax has been paid with respect to tangible personal property
25 by the purchaser, either in another taxing county within the State, or in a taxing
26 jurisdiction outside the State where the purpose of the tax is similar in purpose and intent
27 to the tax which may be imposed pursuant to this Article, the tax paid may be credited
28 against the tax imposed under this section by a taxing county upon the same property. If
29 the amount of sales or use tax so paid is less than the amount of the use tax due the taxing
30 county under this section, the purchaser shall pay to the ~~Secretary of Revenue or to the~~
31 ~~taxing county, as appropriate,~~ an amount equal to the difference between the amount so
32 paid in the other taxing county or jurisdiction and the amount due in the taxing county.
33 The ~~Secretary of Revenue or the taxing county, as appropriate,~~ may require such proof of
34 payment in another taxing county or jurisdiction as is deemed to be necessary. The use
35 tax levied under this Article is not subject to credit for payment of any State sales or use
36 tax not imposed for the benefit and use of counties and municipalities. No credit shall be
37 given under this section for sales or use taxes paid in a taxing jurisdiction outside this
38 State if that taxing jurisdiction does not grant similar credit for sales taxes paid under this
39 Article."

40 Sec. 15.5. The first paragraph of Section 4 of Chapter 1096 of the 1967
41 Session Laws, as amended, is amended as follows:

42 (1) By deleting the word "and" before subdivision (4).

1 (2) By changing the period at the end of subdivision (4) to a semicolon and
2 adding the word "and".

3 (3) By adding a new subdivision to read:

4 "(5) The sales price of food subject to three percent (3%) sales tax imposed
5 by the State under G.S. 105-164.4(a)(5)."

6 Sec. 15.6. The first sentence of Section 5 of Chapter 1096 of the 1967 Session
7 Laws is amended by deleting the first sentence of that section and substituting the
8 following sentences to read:

9 "The use tax that Mecklenburg County may impose under this division is a tax at the
10 rate of one percent (1%) of the cost price of each item or article of tangible personal
11 property that is not sold but is used, consumed, or stored for use or consumption in
12 Mecklenburg County. The tax applies to the same items that are subject to tax under
13 Section 4 of this act."

14 Sec. 15.7. Approval under Article 39, 40, or 42 of Chapter 105 of the General
15 Statutes, or under the Mecklenburg County Sales and Use Tax Act, Chapter 1096 of the
16 1967 Session Laws, as amended, of local sales and use taxes on items subject to State
17 sales and use tax at the general State rate constitutes approval of local sales and use taxes
18 on food.

19 Sec. 15.8. G.S. 105-130.3 reads as rewritten:

20 "**§ 105-130.3. Corporations.**

21 A tax is imposed on the State net income of every C Corporation doing business in
22 this State at ~~seven and seventy-five one-hundredths percent (7.75%)~~ seven and one-half
23 percent (7.5%) of the corporation's State net income. An S Corporation is not subject to
24 the tax levied in this section."

25 Sec. 15.9. G.S. 115C-546.1(b) reads as rewritten:

26 "(b) Each calendar quarter, the Secretary of Revenue shall remit to the State
27 Treasurer for credit to the Public School Building Capital Fund an amount equal to ~~two~~
28 ~~thirty-firsts (2/31)~~ one-fifteenth (1/15) of the net collections received during the previous
29 quarter by the Department of Revenue under G.S. 105-130.3 minus two million five
30 hundred thousand dollars (\$2,500,000). All funds deposited in the Public School
31 Building Capital Fund shall be invested as provided in G.S. 147-69.2 and G.S. 147-69.3."

32 Sec. 15.10. Effective July 1, 1997, G.S. 105-113.45 reads as rewritten:

33 "**§ 105-113.45. Excise taxes on soft drinks and base products.**

34 (a) Bottled Soft Drinks. – An excise tax of ~~three-fourths cent (3/4¢)~~ one-half cent
35 (1/2¢) is levied on each bottled soft drink.

36 (b) Repealed by Session Laws 1991, c. 689, s. 276.

37 (c) Liquid Base Products. – An excise tax at the rate of ~~seventy-five cents (75¢)~~
38 fifty cents (50¢) is levied on each individual container of a liquid base product. The tax
39 applies regardless whether the liquid base product is diverted to and used for a purpose
40 other than making a soft drink.

41 (d) Dry Base Products. – An excise tax is levied on each individual container of a
42 dry base product at the rate:

- 1 (1) Of ~~three-fourths cent (3/4¢)~~ one-half cent (1/2¢) an ounce if the dry base
2 product is not converted into a syrup or other liquid base product before
3 it is used to make a soft drink.
- 4 (2) That would apply under subsection (c) to the resulting liquid base
5 product if the dry base product is converted into a liquid base product
6 before it is used to make a soft drink.
- 7 (e) Repealed by Session Laws 1991, c. 689, s. 276."
8 Sec. 15.11. Sections 15.1 through 15.7 of this act become effective January 1,
9 1997, and apply to sales made on or after that date. Section 15.8 of this act is effective
10 for taxable years beginning on or after January 1, 1997. Section 15.9 of this act becomes
11 effective October 1, 1997, and applies to remittances made on or after that date. Section
12 15.10 of this act becomes effective July 1, 1997.

13
14 Requested by: Senator Rand

15 **CREDIT/REFUND FEDERAL RETIREES**

16 Sec. 15.12. G.S. 105-151.20 reads as rewritten:

17 "**§ 105-151.20. Credit or partial refund for tax paid on certain government federal**
18 **retirement benefits.**

19 (a) Purpose; Definitions. – The purpose of this section is to benefit certain retired
20 federal government workers on account of their public service. The following definitions
21 apply in this section:

22 (1) Federal retirement benefits. – Retirement benefits received from one or
23 more federal government retirement plans.

24 (2) Net pension tax. – The amount of tax a taxpayer paid under this
25 Division for the 1985, 1986, 1987, and 1988 tax years on federal
26 retirement benefits, without interest, less any part of the tax for which
27 the taxpayer received a credit under this section before 1998 and any
28 part of the tax refunded to the taxpayer before 1998.

29 (3) Tax year. – The taxpayer's taxable year beginning on a day in the
30 applicable calendar year.

31 (b) Credit. – A taxpayer who received ~~government federal~~ retirement benefits
32 during the 1985, 1986, 1987, or 1988 tax year may claim a credit against the tax imposed
33 by this Division equal to the net pension tax on those benefits. ~~The amount by which the~~
34 ~~tax under this Division paid by the taxpayer for the 1988 tax year would have been~~
35 ~~reduced if none of the taxpayer's government retirement benefits had been included in the~~
36 ~~taxpayer's taxable income. If a taxpayer received a refund of any tax paid under this~~
37 ~~Division on government retirement benefits for the 1988 tax year, the amount of the~~
38 ~~refund reduces the amount of the credit allowed under this section.~~

39 ~~As used in this section, the term "government retirement benefits" means retirement~~
40 ~~benefits received from one or more state, local, or federal government retirement plans.~~
41 ~~As used in this section, the term "1988 tax year" means the taxpayer's taxable year~~
42 ~~beginning on a day in 1988.~~

43 The

1 credit allowed under this section shall be taken in equal installments over the taxpayer's
2 first three taxable years beginning on or after January 1, ~~1990-1997~~. The credit allowed
3 under this section may not exceed the amount of tax imposed by this Division reduced by
4 the sum of all credits allowed against the tax, except payments of tax made by or on
5 behalf of the taxpayer.

6 (c) Partial Refund Alternative. – If the amount of tax imposed by this Division on
7 the taxpayer for the taxpayer's 1996 tax year, reduced by the sum of all credits allowed
8 against the tax except payments of tax made by or on behalf of the taxpayer, is less than
9 five percent (5%) of the taxpayer's net pension tax for which credit is allowed, the
10 taxpayer is eligible to elect a partial refund under this subsection in lieu of claiming the
11 credit. The partial refund allowed under this subsection is equal to the lesser of eighty-
12 five percent (85%) of the taxpayer's net pension tax or the reduced amount determined by
13 the Secretary as provided in this subsection. To elect the partial refund, an eligible
14 taxpayer must file with the Secretary on or before April 15, 1998, a written request for a
15 partial refund of the taxpayer's net pension. The Secretary shall calculate from these
16 requests eighty-five percent (85%) of the total amount of net pension tax for which partial
17 refunds have been claimed and, if this sum exceeds the amount in the Federal Retiree
18 Refund Account created in this section, shall allocate the amount in the Account among
19 the eligible taxpayers claiming partial refunds by reducing each taxpayer's claimed refund
20 in proportion to the size of the claimed refund. The Secretary shall remit these partial
21 refunds before January 1, 1999.

22 (d) Substantiation. – In order to claim a refund or credit under this section, a
23 taxpayer must provide any information required by the Secretary to establish the
24 taxpayer's eligibility for tax benefit and the amount of the tax benefit.

25 (e) Federal Retiree Accounts. – There are created in the Department of Revenue
26 two special accounts to be known as the Federal Retiree Refund Account and the Federal
27 Retiree Administration Account. Funds in the Federal Retiree Refund Account shall be
28 spent only for partial refunds pursuant to subsection (c) of this section. The Department
29 of Revenue may use funds in the Federal Retiree Administration Account only for the
30 costs of administering this section. Funds in the Federal Retiree Refund Account and the
31 Federal Retiree Administration Account shall not revert to the General Fund until the
32 Director of the Budget certifies that the Department of Revenue has completed all duties
33 necessary to implement this section, including processing the escheat of refund checks
34 that have not been cashed."

35 Sec. 15.13. Effective January 1, 2004, G.S. 105-151.20 is repealed.

36 Sec. 15.14. It is the intent of the General Assembly to appropriate from the
37 General Fund to the Department of Revenue the sum of twenty-five million dollars
38 (\$25,000,000) for the 1997-98 fiscal year to the credit of the Federal Retiree Refund
39 Account created in this Part. It is the intent that these funds be used to make refunds to
40 federal retirees as provided in this Part.

41 Sec. 15.15. It is the intent of the General Assembly to appropriate from the
42 General Fund to the Department of Revenue a sum of money sufficient to cover the

1 Department's cost of administering this Part for the 1997-98 fiscal year. The money
2 would be credited to the Federal Retiree Administration Account.

3 Sec. 15.16. Sections 15.12 through 15.16 of this act become effective July 1,
4 1997.

5
6 Requested by: Senators Perdue, Warren, Kerr

7 **FEDERAL PENSION WITHHOLDING**

8 Sec. 15.17. Of the funds appropriated to the Department of Revenue for the
9 1996-97 fiscal year the sum of one hundred nineteen thousand three hundred eighty-two
10 dollars (\$119,382) shall be used for start-up costs for participation in the United States
11 Office of Personnel Management's voluntary program for withholding State income tax
12 from civil service pension benefits.

13 14 **PART 16. COLLEGES AND UNIVERSITIES**

15
16 Requested by: Senators Plexico, Winner

17 **AID TO STUDENTS ATTENDING PRIVATE COLLEGES**

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

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

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

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

39 The tuition grants provided for in this section shall be administered by the State
40 Education Assistance Authority pursuant to rules adopted by the State Education
41 Assistance Authority not inconsistent with this section. The State Education Assistance
42 Authority shall not approve any grant until it receives proper certification from an
43 approved institution that the student applying for the grant is an eligible student. Upon

1 receipt of the certification, the State Education Assistance Authority shall remit at such
2 times as it shall prescribe the grant to the approved institution on behalf, and to the credit,
3 of the student.

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

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

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

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

20 Any remaining funds shall revert to the General Fund.

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

23 (d) The State Education Assistance Authority shall document the number of full-
24 time equivalent North Carolina undergraduate students that are enrolled in off-campus
25 programs and the State funds collected by each institution pursuant to G.S. 116-19 for
26 those students. The State Education Assistance Authority shall also document the
27 number of scholarships and the amount of the scholarships that are awarded under G.S.
28 116-20 to students enrolled in off-campus programs. An 'off-campus program' is any
29 program offered for degree credit away from the institution's main permanent campus.

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

32
33 Requested by: Senators Plexico, Winner

34 **DISTANCE LEARNING INITIATIVES**

35 Sec. 16.1. Of the funds appropriated by this act to The University of North
36 Carolina Board of Governors, the sum of one million two hundred thousand dollars
37 (\$1,200,000) in nonrecurring funds and the sum of five hundred thousand dollars
38 (\$500,000) in recurring funds shall be allocated to North Carolina State University to
39 furnish the Engineering Graduate Research Center and to operate distance learning
40 programs. Engineering programs offered through this funding shall be a cooperative
41 effort among North Carolina State University, North Carolina Agricultural and Technical
42 State University, and the University of North Carolina at Charlotte.

1 An additional amount of two million two hundred fifty-five thousand dollars
2 (\$2,255,000) appropriated by this act to the Board of Governors shall be allocated and
3 used for distance learning and capacity enhancing alternatives, including expansion of the
4 "2 + 2" engineering programs offered through North Carolina State University, incentives
5 for summer school enrollments, and other initiatives planned by the Board of Governors.
6

7 Requested by: Senators Plexico, Winner

8 **UNC EQUITY OF FUNDING**

9 Sec. 16.2. (a) Notwithstanding G.S. 116-30.3, the five constituent institutions
10 (Appalachian State University, East Carolina University, University of North Carolina at
11 Charlotte, University of North Carolina at Greensboro, and University of North Carolina
12 at Wilmington) cited in the study of equity of funding among the constituent institutions
13 of The University of North Carolina as receiving lower than average per pupil funding in
14 several comparisons, shall not be required to revert two percent (2%) of their General
15 Fund appropriations for the 1996-97 fiscal year. These funds shall be used to improve
16 areas of need that can be addressed with nonrecurring funds.

17 (b) Of the funds appropriated to the Board of Governors of The University of
18 North Carolina for the 1996-97 fiscal year, the sum of two million two hundred twenty-
19 six thousand dollars (\$2,226,000) in nonrecurring funds shall be used to assure that the
20 total funds retained pursuant to subsection (a) of this section and the additional funds
21 from this allocation shall provide a minimum of thirty-seven and one-half percent
22 (37.5%) of the funding needs identified for each of the campuses cited as having funding
23 below an equitable level in the Board of Governors' Phase I final report on "An Analysis
24 of Funding Equity in The University of North Carolina."
25

26 Requested by: Senators Plexico, Winner

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

28 Sec. 16.3. Of the funds appropriated for the 1996-97 fiscal year to the Board
29 of Governors for The University of North Carolina, the sum of two hundred ninety-seven
30 thousand dollars (\$297,000) shall be allocated to North Carolina State University to
31 operate the Center of Prevention of School Violence. The Center shall assist the
32 Department of Public Instruction in coordinating training for school resource officers in
33 public schools.
34

35 Requested by: Senators Plexico, Winner

36 **EVALUATE UNIVERSITY RESIDENCES FOR FIRE SAFETY AND REPORT** 37 **ON ESTIMATED COST TO INSTALL ANY NEEDED FIRE DETECTION AND** 38 **SAFETY EQUIPMENT**

39 Sec. 16.5. (a) The Board of Governors of The University of North Carolina shall
40 survey each constituent institution and the North Carolina School of Science and
41 Mathematics regarding its campus residential facilities and the fire detection and safety
42 equipment currently installed in those facilities. Each constituent institution shall
43 indicate whether each residential facility on its campus has an adequate fire alarm system

1 including smoke detectors and fire sprinklers, and, if not, the estimated cost to install
2 adequate fire detection and safety equipment. The Board of Governors shall report as
3 soon as possible to the General Assembly regarding the findings of the survey.

4 (b) The Board of Governors of The University of North Carolina shall begin to
5 address fire safety needs in campus residential facilities including the North Carolina
6 School of Science and Mathematics during the 1996-97 fiscal year. The Board of
7 Governors shall give top priority to those fire safety needs that are determined to be the
8 most egregious and shall address those needs first. The Board of Governors shall use
9 available reserves in institutional housing trust funds, as well as funds allocated to the
10 Board from the Reserve for Repairs and Renovations to comply with this section. Should
11 the Board of Governors allocate funds from the Reserve for Repairs and Renovations for
12 fire safety improvements in campus residential facilities not supported from the General
13 Fund, it shall first find that sufficient funds are not available from other sources. Any
14 such finding shall be included in the Board's submission to the Joint Legislative
15 Commission on Governmental Operations on the proposed allocation of funds.

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

20
21 Requested by: Senators Plexico and Winner

22 **FACILITATE FINANCING OF FIRE WARNING AND SUPPLEMENTAL FIRE**
23 **PROTECTION SYSTEMS IN STUDENT HOUSING**

24 Sec. 16.6. (a) Article 1 of Chapter 116 of the General Statutes is amended by
25 adding a new Part to read:

26 **"PART 7. FIRE SAFETY.**

27 **"§ 116-44.6. Definitions.**

28 Unless the context clearly requires another meaning, the following definitions apply
29 in this Part:

30 (1) Fraternity or sorority. – A social, professional, or educational
31 incorporated organization that, by official recognition, is affiliated or
32 identified with a public or nonpublic institution of higher education in
33 this State and which maintains a living facility that provides
34 accommodations for five or more students enrolled at the recognition-
35 granting institution of higher education.

36 (2) Fund. – The Fire Safety Loan Fund authorized by this Part.

37 (3) Living facility. – A sleeping facility capable of overnight
38 accommodation and other capabilities which support continuous
39 occupancy.

40 (4) Residence hall. – A living facility maintained by a public or nonpublic
41 institution of higher education in North Carolina or by the North
42 Carolina School of Science and Mathematics for use by enrolled
43 students.

1 (5) Supplemental fire safety protection system. – A water system capability
2 which is sized to accommodate the added water supply pressure and
3 volume required for building fire protection.

4 (6) Water system. –

5 a. A city, county, or sanitary district; or

6 b. A water and sewer authority, a metropolitan water district, or
7 county water and sewer district, established pursuant to Chapter
8 162A of the General Statutes.

9 **"§ 116-44.7. Exemption from certain fees and charges.**

10 No water system serving a residence hall or fraternity or sorority housing shall levy or
11 collect any water-meter fee, water-hydrant fee, tap fee, or similar service fee with respect
12 to supporting a supplemental fire safety protection system.

13 **"§ 116-44.8. Fire Safety Loan Fund.**

14 (a) There is established the Fire Safety Loan Fund. The Fund shall be a revolving
15 loan fund for installing fire safety equipment and systems in fraternity and sorority
16 housing.

17 (b) The Fund shall be administered by the Office of the State Treasurer, and that
18 office may establish the policies and procedures that it deems appropriate for the
19 operation of the Fund. The Office of the State Treasurer may enlist the assistance of
20 other State departments or entities which have expertise that would be useful in
21 administering the Fund, and those State departments or entities shall provide the
22 assistance requested.

23 (c) The Fund shall be operated on a revolving basis with proceeds from the
24 repayment of prior loans being made available for subsequent loans.

25 (d) Loans from the Fund shall be secured by a first or second mortgage or other
26 pledge. Loans shall be made for a period not to exceed 10 years. Interest shall not be
27 charged on loans from the Fund."

28 (b) Of the funds allocated by this act to the Board of Governors of The University
29 of North Carolina from the Reserve for Repairs and Renovations, the sum of one million
30 two hundred sixty-three thousand eight hundred three dollars (\$1,263,803) for the 1996-
31 97 fiscal year shall be used to add central fire alarm and warning systems to residence
32 halls at the constituent institutions of The University and at the North Carolina School of
33 Science and Mathematics that are not currently so equipped. The central alarm and
34 warning systems to be installed shall be interconnected with a supervisory campuswide
35 system of reporting into a station that is continuously monitored.

36 (c) Of the funds appropriated to the Office of the State Treasurer, the sum of one
37 million dollars (\$1,000,000) for the 1996-97 fiscal year shall be used for the purpose of
38 establishing the Fire Safety Loan Fund for installing fire safety equipment and systems in
39 fraternity and sorority housing at public and nonpublic institutions of higher education
40 located in North Carolina as authorized by G.S. 116-44.8.

41
42 Requested by: Senator Perdue

REPORT ON SERVICES PROVIDED BY FACULTY AND STUDENT ADVISORS

Sec. 16.7. The Board of Governors of The University of North Carolina shall report to the Joint Legislative Education Oversight Committee prior to January 2, 1997, on the implementation by each constituent institution of the recommendations included in the report on "Academic Advising in the University of North Carolina." The report shall include the following information collected from each constituent institution: (i) the progress of the institution's initiative to improve advising, (ii) the results of the senior survey referenced in the report on "Academic Advising in the University of North Carolina", and (iii) the plans of each constituent institution to address specifically any item of student dissatisfaction on the senior survey that had a score of dissatisfaction above thirty-three percent (33%).

Requested by: Senators Plexico, Winner

PARENTAL SAVINGS TRUST FUND

Sec. 16.8. Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-209.25. Parental Savings Trust Fund.

(a) Policy. – The General Assembly of North Carolina hereby finds and declares that encouraging parents and other interested parties to save for the postsecondary education expenses of eligible students is fully consistent with and furthers the long-established policy of the State to encourage, promote, and assist education as more fully set forth in G.S. 116-201(a).

(b) Parental Savings Trust Fund. – There is established a parental savings trust fund to be administered by the State Education Assistance Authority to enable qualified parents to save funds to meet the costs of the postsecondary education expenses of eligible students.

(c) Contributions to the Trust Fund. – The Authority is authorized to accept, hold, and disburse contributions, and interest earned on such contributions, from qualified parents and other interested parties in the parental savings trust fund. The contributions to the parental savings trust fund shall be held by the Authority in a separate institutional trust fund and, as such, contributions to the trust fund shall be invested by the State Treasurer as authorized in G.S. 147-69.2(b)(1) through (6) and the applicable provisions of G.S. 147-69.3. The contributions to the parental savings trust fund shall not be considered State moneys, assets of the State, or State revenue for any purpose.

(d) Administration of the Trust Fund. – The Authority is authorized to develop and perform all functions necessary and desirable to administer the parental savings trust fund and to provide such other services as the Authority shall deem necessary to facilitate participation in the parental savings trust fund.

(e) Loan Program. – The Authority is authorized to develop and administer a loan program in conjunction with the parental savings trust fund to provide loan assistance to qualified parents and interested parties in order to facilitate the postsecondary education of eligible students. All funds appropriated to, or otherwise received by the Authority for

1 loans under this section, all funds received as repayment of such loans and all interest
2 earned on these funds shall be placed in an institutional trust fund. This institutional trust
3 fund may be used only for loans made to qualified parents and interested parties of funds
4 advanced under this loan program."

5
6 Requested by: Senators Plexico, Winner

7 **SUPERCOMPUTER AND THE RESEARCH AND EDUCATION**
8 **NETWORK/BOARD OF GOVERNORS TO MAINTAIN FUNDS**

9 Sec. 16.9. The Board of Governors of The University of North Carolina shall
10 maintain the funds transferred by this act for the purchase of the Supercomputer and the
11 Research and Education Network in a central identifiable budget purpose.

12
13 Requested by: Senators Plyler, Plexico, Winner

14 **AGRICULTURE RESEARCH FUNDS**

15 Sec. 16.10. Of the funds appropriated to the Board of Governors of The
16 University of North Carolina for the 1996-97 fiscal year the following sums shall be
17 allocated as follows:

- 18 (1) The sum of \$1,000,000 in nonrecurring funds shall be allocated for
19 research efforts focused upon eradicating diseases in the State's turkey
20 population.
21 (2) The sum of \$90,000 in nonrecurring funds shall be allocated to enhance
22 fish hatcheries research and production.
23 (3) The sum of \$250,000 in nonrecurring funds shall be allocated for
24 turfgrass research.

25
26 Requested by: Senators Plexico, Winner

27 **UNC FUNDING FOR NEW ENROLLMENT POLICY CHANGE**

28 Sec. 16.11. In requesting funds for additional students, the Board of Governors
29 of The University of North Carolina shall revise its methodology to ensure sufficient
30 funding for support services needed due to enrollment growth. The policy change shall
31 be implemented for the 1996-97 fiscal year and each fiscal year thereafter. Funds are
32 provided in this act to implement this policy change for the 1996-97 fiscal year.

33
34 Requested by: Senator Parnell

35 **PEMBROKE STATE UNIVERSITY NAME CHANGE**

36 Sec. 16.12. (a) G.S. 116-2(4) reads as rewritten:

- 37 "(4) 'Constituent institution' or 'institution' means one of the 16 public senior
38 institutions, to wit, the University of North Carolina at Chapel Hill,
39 North Carolina State University at Raleigh, the University of North
40 Carolina at Greensboro, the University of North Carolina at Charlotte,
41 the University of North Carolina at Asheville, the University of North
42 Carolina at Wilmington, Appalachian State University, East Carolina
43 University, Elizabeth City State University, Fayetteville State

1 University, North Carolina Agricultural and Technical State University,
2 North Carolina Central University, North Carolina School of the Arts,
3 Pembroke State University, redesignated effective July 1, 1996, as the
4 'University of North Carolina at Pembroke', Western Carolina
5 University, and Winston-Salem State University."

6 (b) G.S. 116-4 reads as rewritten:

7 **"§ 116-4. Constituent institutions of the University of North Carolina.**

8 On July 1, 1972, the University of North Carolina shall be composed of the following
9 institutions: the University of North Carolina at Chapel Hill, North Carolina State
10 University at Raleigh, the University of North Carolina at Greensboro, the University of
11 North Carolina at Charlotte, the University of North Carolina at Asheville, the University
12 of North Carolina at Wilmington, Appalachian State University, East Carolina
13 University, Elizabeth City State University, Fayetteville State University, North Carolina
14 Agricultural and Technical State University, North Carolina Central University, North
15 Carolina School of the Arts, Pembroke State University, redesignated effective July 1,
16 1996, as the 'University of North Carolina at Pembroke', Western Carolina University and
17 Winston-Salem State University."

18 (c) G.S. 116-5(a) reads as rewritten:

19 "(a) Commencing July 1, 1972, and continuing for the terms hereinafter stated and
20 until their successors are chosen, the Board of Governors shall consist of the following
21 members:

22 (1) Three persons elected prior to January 1, 1972, by and from the
23 membership of the Board of Trustees of East Carolina University and
24 two persons elected prior to January 1, 1972, by and from the
25 membership of the board of trustees of each of the following
26 institutions: Appalachian State University, North Carolina Agricultural
27 and Technical State University, North Carolina Central University, and
28 Western Carolina University.

29 (2) One person elected prior to January 1, 1972, by and from the
30 membership of the board of trustees of each of the following
31 institutions: Elizabeth City State University, Fayetteville State
32 University, North Carolina School of the Arts, Pembroke State
33 University, redesignated effective July 1, 1996, as the 'University of
34 North Carolina at Pembroke', and Winston-Salem State University.

35 (3) Sixteen persons elected prior to January 1, 1972, by and from the
36 membership of the Board of Trustees of the University of North
37 Carolina.

38 (4) Two persons elected prior to January 1, 1972, by the Board of Higher
39 Education from its eight members-at-large. These shall be nonvoting
40 members whose terms shall expire on June 30, 1973."

41 (d) G.S. 116-12 reads as rewritten:

42 **"§ 116-12. Property and obligations.**

1 All property of whatsoever kind and all rights and privileges held by the Board of
 2 Higher Education and by the Boards of Trustees of Appalachian State University, East
 3 Carolina University, Elizabeth City State University, Fayetteville State University, North
 4 Carolina Agricultural and Technical State University, North Carolina Central University,
 5 North Carolina School of the Arts, Pembroke State University, redesignated effective
 6 July 1, 1996, as the 'University of North Carolina at Pembroke', Western Carolina
 7 University and Winston-Salem State University, as said property, rights and privileges
 8 may exist immediately prior to July 1, 1972, shall be, and hereby are, effective July 1,
 9 1972, transferred to and vested in the Board of Governors of the University of North
 10 Carolina. All obligations of whatsoever kind of the Board of Higher Education and of the
 11 Boards of Trustees of Appalachian State University, East Carolina University, Elizabeth
 12 City State University, Fayetteville State University, North Carolina Agricultural and
 13 Technical State University, North Carolina Central University, North Carolina School of
 14 the Arts, Pembroke State University, redesignated effective July 1, 1996, as the
 15 'University of North Carolina at Pembroke', Western Carolina University and Winston-
 16 Salem State University, as said obligations may exist immediately prior to July 1, 1972,
 17 shall be, and the same hereby are, effective July 1, 1972, transferred to and assumed by
 18 the Board of Governors of the University of North Carolina. Any property, real or
 19 personal, held immediately prior to July 1, 1972, by a board of trustees of a constituent
 20 institution for the benefit of that institution or by the University of North Carolina for the
 21 benefit of any one or more of its six institutions, shall from and after July 1, 1972, be kept
 22 separate and distinct from other property held by the Board of Governors, shall continue
 23 to be held for the benefit of the institution or institutions that were previously the
 24 beneficiaries and shall continue to be held subject to the provisions of the respective
 25 instruments, grants or other means or process by which any property right was acquired.
 26 In case a conflict arises as to which property, rights or privileges were held for the
 27 beneficial interest of a particular institution, or as to the extent to which such property,
 28 rights or privileges were so held, the Board of Governors shall determine the issue, and
 29 the determination of the Board shall constitute final administrative action. Nothing in this
 30 Article shall be deemed to increase or diminish the income, other revenue or specific
 31 property which is pledged, or otherwise hypothecated, for the security or liquidation of
 32 any obligations, it being the intent that the Board of Governors shall assume said
 33 obligations without thereby either enlarging or diminishing the rights of the holders
 34 thereof."

35 (e) G.S. 147-45 reads as rewritten:

36 "**§ 147-45. Distribution of copies of State publications.**

37 The Secretary of State shall, at the State's expense, as soon as possible after
 38 publication, provide such number of copies of the Session Laws and Senate and House
 39 Journals to federal, State, and local governmental officials, departments and agencies,
 40 and to educational institutions of instruction and exchange use, as is set out in the table
 41 below:

		Session	Assembly
42	<u>Agency or Institution</u>	<u>Laws</u>	<u>Journals</u>
43			

1	Governor, Office of the	3	2
2	Lieutenant Governor, Office of the	1	1
3	Secretary of State, Department of the	3	3
4	Auditor, Department of the State	3	1
5	Treasurer, Department of the State	3	1
6	Local Government Commission	2	0
7	State Board of Education	1	0
8	Department of Public Instruction	3	1
9	Controller	1	0
10	Technical Assistance Centers	1 ea.	0
11	Department of Community Colleges	3	1
12	Justice, Department of		
13	Office of the Attorney General	25	3
14	Budget Bureau (Administration)	1	0
15	Property Control (Administration)	1	1
16	State Bureau of Investigation	1	0
17	Agriculture, Department of	3	1
18	Labor, Department of	5	1
19	Insurance, Department of	5	1
20	Administration, Department of	1	1
21	Budget Bureau	2	1
22	Controller	1	0
23	Property Control	1	0
24	Purchase and Contract	2	0
25	Policy and Development	1	0
26	Veterans Affairs Commission	1	0
27	Environment, Health, and Natural		
28	Resources, Department of	1	0
29	Division of Environmental Management	2	0
30	Board of Environment, Health, and		
31	Natural Resources	1	0
32	Soil and Water Conservation Commission	1	0
33	Wildlife Resources Commission	2	0
34	Revenue, Department of	5	1
35	Human Resources, Department of	3	0
36	Board of Human Resources	1	0
37	Health Services, Division of	3	0
38	Mental Health, Developmental		
39	Disabilities, and Substance Abuse Services,		
40	Division of	1	0
41	Social Services, Division of	3	0
42	Facilities Services, Division of	1	0
43	Youth Services, Division of	1	0

1	Hospitals and Institutions	1 ea.	0
2	Transportation, Department of	1	0
3	Board of Transportation	3	0
4	Motor Vehicles, Division of	1	0
5	Commerce, Department of	1	0
6	Economic Development, Division of	2	0
7	State Ports Authority	1	0
8	Alcoholic Beverage Control Commission,		
9	North Carolina	2	0
10	Banking Commission	2	0
11	Utilities Commission	8	1
12	Industrial Commission	7	0
13	Labor Force Development Council	1	0
14	Milk Commission	5	0
15	Employment Security Commission	1	1
16	Correction, Department of	1	0
17	Department of Correction	2	0
18	Parole Commission	2	0
19	State Prison	1	0
20	Correctional Institutions	1 ea.	0
21	Cultural Resources, Department of	1	0
22	Archives and History, Division of	5	1
23	State Library	5	5
24	Publications Division	1	1
25	Crime Control and Public Safety,		
26	Department of	2	1
27	North Carolina Crime Commission	1	0
28	Adjutant General	2	0
29	Elections, State Board of	2	0
30	Office of Administrative Hearings	2	0
31	State Personnel Commission	1	0
32	Office of State Personnel	1	1
33	Legislative Branch		
34	State Senators	1 ea.	1 ea.
35	State Representatives	1 ea.	1 ea.
36	Principal Clerk – Senate	1	1
37	Principal Clerk – House	1	1
38	Reading Clerk – Senate	1	1
39	Reading Clerk – House	1	1
40	Sergeant at Arms – House	1	1
41	Sergeant at Arms – Senate	1	1
42	Enrolling Clerk	1	0
43	Engrossing Clerk	1	0

1	Indexer of the Laws	1	0
2	Legislative Building Library	35	15
3	Judicial System		
4	Justices of the Supreme Court	1 ea.	1 ea.
5	Judges of the Court of Appeals	1 ea.	1 ea.
6	Judges of the Superior Court	1 ea.	0
7	Emergency and Special Judges of the		
8	Superior Court	1 ea.	0
9	District Court Judges	1 ea.	0
10	District Attorneys	1 ea.	0
11	Clerk of the Supreme Court	1	1
12	Clerk of the Court of Appeals	1	1
13	Administrative Office of the Courts	4	1
14	Supreme Court Library AS MANY AS REQUESTED		
15	Colleges and Universities		
16	The University of North Carolina System		
17	Administrative Offices	3	0
18	University of North Carolina, Chapel Hill	65	25
19	University of North Carolina, Charlotte	3	1
20	University of North Carolina, Greensboro	3	1
21	University of North Carolina, Asheville	2	1
22	University of North Carolina, Wilmington	2	1
23	North Carolina State University, Raleigh	5	3
24	Appalachian State University	2	1
25	East Carolina University	3	2
26	Elizabeth City State University	2	1
27	Fayetteville State University	2	1
28	North Carolina Agricultural and		
29	Technical University	2	1
30	North Carolina Central University	5	5
31	Western Carolina University	2	1
32	Pembroke State University of		
33	<u>North Carolina, Pembroke</u>	2	1
34	Winston-Salem State University	2	1
35	North Carolina School of the Arts	1	1
36	Private Institutions		
37	Duke University	6	6
38	Davidson College	3	2
39	Wake Forest University	5	5
40	Lenoir Rhyne College	1	1
41	Elon College	1	1
42	Guilford College	1	1
43	Campbell University	5	5

1	Wingate College	1	1
2	Pfeiffer College	1	1
3	Barber Scotia College	1	1
4	Barton College	1	1
5	Shaw University	1	1
6	St. Augustine's College	1	1
7	J.C. Smith University	1	1
8	Belmont Abbey College	1	1
9	Bennett College	1	1
10	Catawba College	1	1
11	Gardner-Webb College	1	1
12	Greensboro College	1	1
13	High Point College	1	1
14	Livingstone College	1	1
15	Mars Hill College	1	1
16	Meredith College	1	1
17	Methodist College	1	1
18	North Carolina Wesleyan College	1	1
19	Queens College	1	1
20	Sacred Heart College	1	1
21	St. Andrews Presbyterian College	1	1
22	Salem College	1	1
23	Warren Wilson College	1	1
24	County and Local Officials		
25	Clerks of the Superior Court	1 ea.	1 ea.
26	Register of Deeds	1 ea.	1 ea.
27	Federal, Out-of-State and Foreign		
28	Secretary to the President	1	0
29	Secretary of State	1	1
30	Secretary of Defense	1	0
31	Secretary of Agriculture	1	0
32	Secretary of the Interior	1	0
33	Secretary of Labor	1	1
34	Secretary of Commerce	1	1
35	Secretary of the Treasury	1	0
36	Secretary of Health, Education and Welfare	1	0
37	Secretary of Housing and Urban Development	1	0
38	Secretary of Transportation	1	0
39	Attorney General	1	0
40	Postmaster General	1	0
41	Bureau of Census	1	0
42	Bureau of Public Roads	1	0
43	Department of Justice	1	0

1	Department of Internal Revenue	1	0
2	Veterans' Administration	1	0
3	Farm Credit Administration	1	0
4	Securities and Exchange Commission	1	0
5	Social Security Board	1	0
6	Environmental Protection Agency	1	0
7	Library of Congress	8	2
8	Federal Judges resident in North Carolina	1 ea.	0
9	Federal District Attorneys resident in		
10	North Carolina	1 ea.	0
11	Marshal of the United States Supreme Court	1	0
12	Federal Clerks of Court resident in NC	1 ea.	0
13	Supreme Court Library exchange list	1 ea.	0

14
 15 One copy of the Session Laws shall be furnished the head of any department of State
 16 government created in the future.

17 State agencies, institutions, etc., not found in or covered by this list may, upon written
 18 request from their respective department head to the Secretary of State, and upon the
 19 discretion of the Secretary of State as to need, be issued copies of the Session Laws on a
 20 permanent loan basis with the understanding that should said copies be needed they will
 21 be recalled."

22 (f) The General Statutes are further amended by substituting the phrase
 23 "University of North Carolina at Pembroke" for the phrase "Pembroke State University"
 24 wherever that phrase may appear.

25 (g) All statutory and other legal authority, powers, duties, functions, records,
 26 personnel, property, and unexpended balances of appropriations or other funds of
 27 Pembroke State University remain those of the University of North Carolina at
 28 Pembroke.

29 (h) Nothing in this section requires the immediate replacement of any
 30 stationery, other supplies, or any emblems or other symbols used by the University of
 31 North Carolina at Pembroke as they existed prior to the enactment of this section.

32 (i) This section shall be funded by funds currently available to the University
 33 of North Carolina at Pembroke. Nothing in this section obligates the General Assembly
 34 to appropriate any funds to implement it.

35
 36 Requested by: Senators Plexico and Winner

37 **ACADEMIC ENHANCEMENT FUNDS**

38 Sec. 16.13. Of the funds appropriated to The University of North Carolina
 39 Board of Governors, the sum of seventeen million eight hundred thousand dollars
 40 (\$17,800,000) shall be allocated to constituent institutions classified as Research
 41 University I campuses in direct proportion to the funds to be raised on each campus for
 42 the 1996-97 fiscal year from the tuition increases authorized under Section 15.15 of
 43 Chapter 507 of the 1995 Session Laws.

1
2 Requested by: Senator Plexico

3 **INCENTIVE FUNDING FOR PRIVATE COLLEGES**

4 Sec. 16.4. The Joint Education Oversight Committee with the assistance of the
5 North Carolina Association of Independent Colleges and Universities, shall study various
6 methods to provide additional incentives for North Carolina residents to attend private
7 colleges in North Carolina in an effort to plan for projected increases in college
8 enrollments over the next 10 years. The Committee shall take into account the capacity
9 of the physical facilities of the private colleges and universities. The Committee shall
10 complete its study by November 15, 1996, when the Education Cabinet is scheduled to
11 present its comprehensive plan to meet projected increases in higher education
12 enrollments, and the Committee shall consider the results of its study along with the plan
13 as it makes recommendations to the 1997 General Assembly.

14
15 **PART 17. COMMUNITY COLLEGES**

16
17 Requested by: Senators Plexico, Winner

18 **COMPUTATION OF FTE FOR COURSES TAUGHT IN PRISONS**

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

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

28
29 Requested by: Senators Plexico, Winner

30 **IN-STATE TUITION FOR FAMILIES TRANSFERRED INTO STATE**

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

32 **"§ 115D-39. Student tuition and fees.**

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

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

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

1 further, however, a community college may charge in-State tuition to up to one percent
2 (1%) of its out-of-state students, rounded up to the next whole number, to accommodate
3 the families transferred by business and industry into the State. Notwithstanding these
4 requirements, a refugee who lawfully entered the United States and who is living in this
5 State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1)
6 and as a State resident for community college tuition purposes as defined in G.S. 116-
7 143.1(a)(2)."

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

10
11 Requested by: Senators Plexico, Winner

12 **ELIMINATION OF BARRIERS AMONG PUBLIC SCHOOLS, COMMUNITY** 13 **COLLEGES, AND UNIVERSITIES/STUDY**

14 Sec. 17.2. The Education Cabinet shall study ways to eliminate barriers to
15 cooperation among public schools, community colleges, and universities in the area of
16 distant learning. The Education Cabinet shall develop a plan for sharing registration,
17 credit hours, funding for full-time equivalent students (FTE), counseling and financial aid
18 services, tuition receipts, and administrative responsibilities, and shall report to the
19 General Assembly prior to January 31, 1997, on the plan it develops. The report shall
20 include a list of any statutory or rule changes that are necessary prior to implementation
21 of the plan and an explanation of why each change is necessary and appropriate.

22
23 Requested by: Senators Plexico, Winner

24 **COMMUNITY COLLEGES FUNDING FORMULAS/STUDY**

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

36
37 Requested by: Senators Plexico, Winner

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

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

40 "(i) The State Board of Community Colleges shall report to the Joint Legislative
41 Education Oversight Committee on March 1 and September 1 of each year on
42 expenditures for the New and Expanding Industry Program each fiscal year. The report

1 shall include, for each company or individual that receives funds for New and Expanding
2 Industry:

- 3 (1) The total amount of funds received by the company or individual;
4 (2) The amount of funds per trainee received by the company or individual;
5 (3) The amount of funds received per trainee by the community college
6 training the trainee;
7 (4) The number of trainees trained, by company and by community college;
8 and
9 (5) The number of years the companies or individuals have been funded.

10 The September 1, 1996, report shall include this information for the prior three fiscal
11 years."

12
13 Requested by: Senators Winner, Plexico, Odom

14 **UNIFORM MEDICAL HISTORY FORM/POSTSECONDARY INSTITUTIONS**

15 Sec. 17.5. The State Board of Community Colleges and the Board of
16 Governors of The University of North Carolina shall adopt a uniform student medical
17 history form for use by all institutions in the North Carolina Community College System
18 and by all of the constituent institutions of The University of North Carolina. This form
19 shall be used for all new students enrolling after July 1, 1997, who are required to submit
20 health forms.

21 The State Board of Community Colleges and the Board of Governors of The
22 University of North Carolina shall report to the Joint Legislative Education Oversight
23 Committee by December 15, 1996, on their progress in implementing the provisions of
24 this section.

25
26 Requested by: Senators Plexico, Winner

27 **DEPARTMENT OF COMMUNITY COLLEGES/BUDGET REALIGNMENT**

28 Sec. 17.6. The Department of Community Colleges may realign its budget in
29 accordance with the departmental reorganization plan adopted by the State Board of
30 Community Colleges, which is in place June 1, 1996.

31
32 Requested by: Senators Plexico, Winner

33 **START-UP FUNDS FOR PROGRAMS IN PRISON FACILITIES**

34 Sec. 17.7. The State Board of Community Colleges shall use five hundred
35 thousand dollars (\$500,000) of the funds in the State Board Reserve to provide funds to
36 enable colleges to start new programs in prison facilities.

37
38 Requested by: Senators Plexico, Winner, Little

39 **INFORMATION HIGHWAY SITES/COMMUNITY ACCESS**

40 Sec. 17.8. It is the policy of the State to make all North Carolina Information
41 Highway sites available to all public agencies for public use. The Education Cabinet
42 shall adopt guidelines for ensuring public access to the university, community colleges,

1 and public school information highway sites, and shall report these guidelines to the Joint
2 Legislative Education Oversight Committee by January 2, 1997.

3 4 **PART 18. PUBLIC SCHOOLS**

5
6 Requested by: Senators Winner, Plexico

7 **EXCEPTIONAL CHILDREN FUNDS**

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

10 (1) Each local school administrative unit shall receive for academically
11 gifted children the sum of \$686.38 per child for four percent (4.0%) of
12 the 1995-96 actual average daily membership in the local school
13 administrative unit, regardless of the number of children identified as
14 academically gifted in the local school administrative unit. The total
15 number of children for which funds shall be allocated pursuant to this
16 subdivision is 47,038 for the 1996-97 school year.

17 (2) Each local school administrative unit shall receive for exceptional
18 children other than academically gifted children the sum of \$2,059.14
19 per child for the lesser of (i) all children who are identified as
20 exceptional children other than academically gifted children or (ii)
21 twelve and five-tenths percent (12.5%) of the 1995-96 actual average
22 daily membership in the local school administrative unit. The maximum
23 number of children for which funds shall be allocated pursuant to this
24 subdivision is 137,449 for the 1996-97 school year.

25 The dollar amounts allocated under this subsection for exceptional children shall also
26 increase in accordance with legislative salary increments for personnel who serve
27 exceptional children.

28
29 Requested by: Senators Winner, Little, Plexico

30 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES/SMALL SCHOOL** 31 **SYSTEM SUPPLEMENTAL FUNDING**

32 Sec. 18.2. (a) Supplemental funds for low-wealth counties.— The funds in the
33 continuation budget for the 1996-97 fiscal year to provide supplemental funds in low-
34 wealth counties shall be allocated and administered as provided in Section 17.1 of
35 Chapter 507 of the 1995 Session Laws. The funds in the expansion budget for the 1996-
36 97 fiscal year to provide supplemental funds in low-wealth counties shall be allocated
37 and administered as provided in Section 17.1 of Chapter 507 of the 1995 Session Laws
38 except that these funds shall be allocated only to the 25 counties with lowest ability to
39 pay rank under the formula contained in that section.

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

1 (c) Reports. – The State Board of Education shall report to the Appropriations
2 Committees of the Senate and the House of Representatives prior to May 1, 1997, on
3 whether counties supplanted local funds with the funds received pursuant to this section.
4

5 Requested by: Senators Perdue, Plexico, Winner

6 **SUBSTITUTE PAY FOR TEACHER ASSISTANTS**

7 Sec. 18.3. G.S. 115C-12(8) reads as rewritten:

8 "(8) Power to Make Provisions for Sick Leave and for Substitute Teachers. –
9 The Board shall provide for sick leave with pay for all public school
10 employees in accordance with the provisions of this Chapter and shall
11 promulgate rules and regulations providing for necessary substitutes on
12 account of sick leave and other teacher absences.

13 The pay for a substitute shall be fixed by the Board. If a teacher
14 assistant ~~assigned to a classroom in kindergarten through third grade~~
15 acts as a substitute ~~teacher for that classroom,~~ teacher, the salary of the
16 teacher assistant for the day shall be the same as the daily salary of an
17 entry-level teacher with an "A" certificate.

18 The Board may provide to each local school administrative unit not
19 exceeding one percent (1%) of the cost of instructional services for the
20 purpose of providing substitute teachers for those on sick leave as
21 authorized by law or by regulations of the Board, but not exceeding the
22 provisions made for other State employees."
23

24 Requested by: Senators Winner, Plexico

25 **EXEMPTIONS FROM THE COMPUTER SKILLS TEST**

26 Sec. 18.4. The State Board of Education may exempt a school from the
27 implementation of the computer skills test if the school does not have adequate computer
28 resources to instruct students in computer skills or to administer the test.
29

30 Requested by: Senator Plyler, Winner, Plexico

31 **PURCHASING FLEXIBILITY PILOT PROGRAM FOR SCHOOLS**

32 Sec. 18.5. (a) The State Board of Education shall develop and implement a
33 two-year pilot program allowing selected local school administrative units to purchase
34 supplies, equipment, and materials from noncertified sources. In developing the
35 program, the State Board shall collaborate with the Department of Administration on
36 establishing standards, specifications, and any other measures necessary to implement
37 and evaluate the pilot program. The State Board shall select six local school
38 administrative units that are diverse in geography and size to participate in the pilot
39 program.

40 (b) Local school administrative units participating in the pilot program shall
41 have the authority to purchase the same supplies, equipment, and materials from
42 noncertified sources as are available under State term contracts, subject to the following
43 conditions:

- 1 (1) The purchase price, including the cost of delivery, is less than the cost
2 under the State term contract;
- 3 (2) The cost of the purchase shall not exceed the bid value benchmark
4 established under G.S. 143-53.1;
- 5 (3) The local school administrative unit documents in writing the cost
6 savings; and
- 7 (4) The local school administrative unit shall provide annually by July 1 an
8 itemized report of the cost savings to the State Board of Education.

9 (c) The requirements listed in subsection (b) of this section shall not apply to
10 purchases from noncertified sources that fall below the economic ordering quantity of a
11 State term contract.

12 (d) The State Board of Education shall provide to the Department of
13 Administration copies of the itemized annual reports produced by the local school
14 administrative units participating in the pilot programs. The State Board of Education
15 shall evaluate the information provided by the participating units and make an interim
16 report of its findings and recommendations to the Joint Legislative Education Oversight
17 Committee by September 1, 1997, and a final report by September 1, 1998.

18 (e) This section becomes effective July 1, 1996, and applies to State term
19 contracts for which bids or offers are solicited on or after that date.

20
21 Requested by: Senators Winner, Plexico

22 **MINIMUM VACATION LEAVE FOR BUS DRIVERS**

23 Sec. 18.6. Notwithstanding any other provision of law, all school bus drivers,
24 who have been employed for at least one academic year and who are not entitled to more
25 than one day of paid vacation leave, are entitled to one day of paid vacation leave in each
26 subsequent school year.

27
28 Requested by: Senators Winner, Plexico

29 **ALTERNATIVE LEARNING PROGRAM/GUIDELINES, TECHNICAL 30 ASSISTANCE, EVALUATION**

31 Sec. 18.7. (a) G.S. 115C-12 is amended by adding a new subdivision to read:

32 "(24) Duty to Develop Guidelines for Alternative Learning Programs,
33 Provide Technical Assistance on Implementation of Programs, and
34 Evaluate Programs. – The State Board of Education shall adopt
35 guidelines for assigning students to alternative learning programs.
36 These guidelines shall include (i) a description of the programs and
37 services that are recommended to be provided in alternative learning
38 programs and (ii) a process for ensuring that an assignment is
39 appropriate for the student and that the student's parents are involved
40 in the decision.

41 The State Board of Education shall provide technical support to local
42 school administrative units to assist them in developing and
43 implementing plans for alternative learning programs.

1 The State Board shall evaluate the effectiveness of alternative
2 learning programs and, in its discretion, of any other programs funded
3 from the Alternative Schools/At-Risk Student allotment. Local school
4 administrative units shall report to the State Board of Education on how
5 funds in the Alternative Schools/At-Risk Student allotment are spent
6 and shall otherwise cooperate with the State Board of Education in
7 evaluating the alternative learning programs."

8 (b) The first priority for the use of the expansion budget funds appropriated in this
9 act to the Alternative Schools/At-Risk Student allotment shall be to enable every high
10 school in North Carolina to have a uniformed school resources officer. If a local board of
11 education determines after conferring with parents, teachers, and students at a high school
12 that the school does not need a uniformed school resources officer, the local board may
13 use these funds for other purposes. Local boards of education may use any remaining
14 funds for other programs to ensure school safety, prevent violence, and provide
15 alternative learning programs.

16 Local boards of education may use funds from the Alternative Schools/At-Risk
17 Student allotment to form partnerships with the Cities In Schools Program or to contract
18 with the Cities In Schools Program for services.

19 (c) State funds in the Alternative Schools/At-Risk Student allotment are intended
20 to be in addition to local funds and local boards of education shall not use these State
21 funds to supplant local funds.

22 (d) The State Board of Education may use up to two hundred thousand dollars
23 (\$200,000) of the funds in the Alternative Schools/At-Risk Student Allotment to
24 implement G.S. 115C-12(24), as enacted by subsection (a) of this section.

25
26 Requested by: Senator Rand

27 **PILOT PROGRAM TO PERMIT THE USE OF OPERATING FUNDS FOR**
28 **CAPITAL EXPENDITURES**

29 Sec. 18.8. The State Board of Education may establish a pilot program to
30 permit one or more local school administrative units to use State operating funds more
31 efficiently. If a local school administrative unit participating in the pilot program
32 consolidates schools and receives a reduction in funds and positions allotted for school
33 operating expenses as a result of the consolidation, the unit shall continue to receive
34 funds, including funds for positions, in the amount of the reduction in the year of the
35 reduction and in subsequent fiscal years. The local unit shall also receive any legislative
36 increases in salaries that would have accrued for the positions lost. The local unit shall
37 use these funds to cover capital expenditures for the consolidation, including debt service
38 requirements.

39 The State Board of Education shall report to the Joint Legislative Education
40 Oversight Committee on this pilot program prior to March 1, 1997, and March 1, 1998.

41
42 Requested by: Senators Winner, Plexico

43 **SCHOOL PAY DATE FLEXIBILITY PILOT PROGRAM**

1 Sec. 18.9. The State Board of Education may establish a pilot program to grant
2 no more than four local boards of education additional flexibility in setting the pay dates
3 for their 10-month employees. Notwithstanding the provisions of G.S. 115C-302(a) and
4 G.S. 115C-316(a), local school administrative units participating in the pilot may pay 10-
5 month employees for a full month of employment when days employed are less than a
6 full month at the beginning or the end of the teachers' contract. No local school
7 administrative unit shall be required to participate in the pilot. A local board
8 participating in the pilot shall bear all of the cost of recouping funds prepaid for work
9 never done and the cost of these funds that cannot be recouped.

10 The State Board of Education shall report to the Joint Legislative Education
11 Oversight Committee on the pilot program prior to September 1, 1998.

12
13 Requested by: Senators Winner, Plexico

14 **FUNDS FOR NATIONAL BOARD FOR PROFESSIONAL TEACHING**
15 **STANDARDS**

16 Sec. 18.10. Sec. 17.11 of Chapter 507 of the 1995 Session Laws reads as
17 rewritten:

18 "Sec. 17.11. The National Board for Professional Teaching Standards (NBPTS)
19 was established in 1987 as an independent, nonprofit organization to establish
20 high standards for teachers' knowledge and performance and for development and
21 operation of a national voluntary system to assess and certify teachers who meet those
22 standards. In order to apply for the NBPTS certification process, teachers must have
23 three years or more of teaching experience, be currently teaching, have graduated from an
24 accredited college or university, and hold a valid State teaching license. Upon successful
25 completion of a year-long process of developing a portfolio of student work and
26 videotapes of teaching/learning activities for NBPTS review and then participating in
27 NBPTS assessment center simulation exercises, including performance-based activities
28 and a content knowledge examination, teachers may become NBPTS-certified.

29 Of the funds appropriated to the Department of Public Instruction in this act, the sum
30 of:

- 31 (1) Two hundred thirty thousand seven hundred seventy-six dollars
32 (\$230,776) for the 1995-96 fiscal year and nine hundred thirty-six
33 five hundred seven thousand dollars (\$936,507) for the 1996-97
34 fiscal year shall be used to pay for the National Board for
35 Professional Teaching Standards (NBPTS) participation fee and for
36 up to three days of approved paid leave for teachers participating in
37 the NBPTS program during the 1995-96 school year and the 1996-
38 97 fiscal year for State-paid teachers who (i) have completed three
39 years of teaching in North Carolina schools operated by local boards
40 of education, the Department of Human Resources, the Department
41 of Correction, or The University of North Carolina, or affiliated with
42 The University of North Carolina, prior to application for NBPTS
43 certification, and (ii) who have not previously received State funds

1 for participating in any certification area in the NBPTS program.
2 Teachers participating in the program shall take paid leave only with
3 the approval of their supervisors.

4 A teacher for whom the State pays the participation fee (i) who does
5 not complete the process or (ii) who completes the process but does not
6 teach in a North Carolina public school for at least one year after
7 completing the process, shall repay the certification fee to the State.
8 Repayment is not required if the process is not completed or the teacher
9 fails to teach for one year due to the death or disability of the teacher or
10 other extenuating circumstances as may be recognized by the State
11 Board.

- 12 (2) Two hundred forty-five thousand five hundred eighty-two dollars
13 (\$245,582) for the 1995-96 fiscal year and two hundred forty-three
14 thousand eighty-seven dollars (\$243,087) for the 1996-97 fiscal year
15 shall be used for an annual bonus of four percent (4%) of the
16 teacher's State-paid salary for the 10-month school year for State-
17 paid teachers who (i) completed three years of teaching in North
18 Carolina schools operated by local boards of education, the
19 Department of Human Resources, the Department of Correction, or
20 The University of North Carolina prior to application for NBPTS
21 certification and (ii) received NBPTS certification. The bonus for
22 each fiscal year shall be paid at the end of each full school year that
23 the teacher teaches full time in a North Carolina school operated by
24 local boards of education, the Department of Human Resources, the
25 Department of Correction, or The University of North Carolina.
26 Teachers shall continue this bonus only as long as they retain
27 NBPTS certification."
28

29 Requested by: Senators Winner, Plexico

30 **ADDITIONAL EDUCATIONAL AND CAREER OPPORTUNITIES FOR**
31 **TEACHER ASSISTANTS**

32 Sec. 18.11. G.S. 115C-468 reads as rewritten:

33 **"§ 115C-468. Establishment of fund.**

34 (a) There is established a revolving fund known as the 'Scholarship Loan Fund for
35 Prospective Teachers'.

36 (b) Criteria for awarding scholarship loans from the fund shall include
37 measures of academic performance including grade point averages, scores on
38 standardized tests, class rank, and recommendations of guidance counselors and
39 principals. To the extent practical, an equal number of scholarships shall be awarded in
40 each of the State's Congressional Districts.

41 (c) The Superintendent of Public Instruction may earmark up to twenty percent
42 (20%) of the funds available for scholarship loans each year for awards to applicants who
43 have been employed for at least one year as teacher assistants and who are currently

1 employed as teacher assistants. Preference for these scholarship loans from funds
2 earmarked for teacher assistants shall be given first to applicants who worked as teacher
3 assistants for at least five years and whose positions as teacher assistants were abolished
4 and then to applicants who already hold a baccalaureate degree or who have already been
5 formally admitted to an approved teacher education program in North Carolina. The
6 criteria for awarding scholarship loans to applicants who worked as teacher assistants for
7 at least five years and whose positions as teacher assistants were abolished shall include
8 whether the teacher assistant has been admitted to an approved teacher education
9 program in North Carolina.

10 The Superintendent of Public Instruction may further earmark a portion of these funds
11 each year for two-year awards to applicants who have been employed for at least one
12 year as teacher assistants to attend community colleges to get other skills of use in public
13 schools or to get an early childhood associate degree. The provisions of this Article shall
14 apply to these scholarship loans except that a recipient of one of these scholarship loans
15 may receive credit upon the amount due by reason of the loan as provided in G.S. 115C-
16 471(5) or by working in a nonteaching position in the North Carolina public schools
17 or by working in a licensed day care center in North Carolina."

18
19 Requested by: Senators Lucas, Winner, Plexico

20 PROFESSIONAL TEACHING STANDARDS COMMISSION

21 Sec. 18.12. (a) G.S. 115C-295.1 reads as rewritten:

22 "§ 115C-295.1. North Carolina Professional Teaching Standards Commission.

23 (a) There is created the North Carolina Professional Teaching Standards
24 Commission (the 'Commission'). The Commission shall be located administratively
25 ~~within the Department of Public Instruction under the State Board of Education~~ but shall
26 exercise its powers and duties independently of the ~~Department of Public Instruction. The~~
27 ~~Department of Public Instruction shall provide staff, offices, office equipment, and~~
28 ~~meeting space to the Commission.~~ State Board of Education.

29 (b) The purpose of the Commission is to establish high standards for North
30 Carolina teachers and the teaching profession.

31 (c) ~~The Beginning September 1, 1996, the~~ Commission shall consist of the
32 following ~~18~~ members:

- 33 (1) ~~The State Superintendent of Public Instruction who shall serve as~~
34 ~~chair of the Commission.~~
- 35 (2) ~~A representative of the North Carolina Association of Educators~~
36 ~~appointed by the Governor.~~
- 37 (3) ~~A representative of the North Carolina Federation of Teachers~~
38 ~~appointed by the Governor.~~
- 39 (4) ~~Three teachers, at least one of whom teaches in elementary school~~
40 ~~and one of whom teaches special education, appointed by the~~
41 ~~Governor.~~
- 42 (5) ~~Two teachers, at least one of whom teaches in middle or junior high~~
43 ~~school, appointed by the President Pro Tempore of the Senate.~~

- 1 (6) Two teachers, at least one of whom teaches in high school,
2 appointed by the Speaker of the House of Representatives.
3 (7) One school administrator, either a principal or a superintendent,
4 appointed by the Governor.
5 (8) Two representatives of teacher education institutions, one of whom
6 shall be a representative of a University of North Carolina institution
7 and one of whom shall be a representative of a private teacher
8 education institution, appointed by the Governor.
9 (9) One State Board member appointed by the chair of the State Board
10 of Education.
11 (10) Two at-large members appointed by the Governor.
12 (11) Two at-large members, one of these members shall be appointed by
13 the President Pro Tempore of the Senate, and one of these members
14 shall be appointed by the Speaker of the House of Representatives.

15 15 members:

- 16 (1) The Governor shall appoint four teachers who are certified by the
17 National Board for Professional Teaching Standards; one principal
18 or superintendent; and two representatives of schools of education,
19 one of which is in a constituent institution of The University of
20 North Carolina and one of which is in a private college or university.
21 (2) The President Pro Tempore of the Senate shall appoint three teachers
22 who have different areas of expertise or who teach at different grade
23 levels; and one at-large member.
24 (3) The Speaker of the House of Representatives shall appoint three
25 teachers who have different areas of expertise or who teach at
26 different grade levels; and one at-large member.

27 In making appointments, the appointing authorities are encouraged to select
28 qualified citizens who are committed to improving the teaching profession and student
29 achievement and who represent the racial, geographic, and gender diversity of the State.
30 Before their appointment to this Commission, with the exception of the at-large members,
31 the members must have been actively engaged in the profession of teaching, in the
32 education of students in teacher education programs, or in the practice of public school
33 administration for at least three years, at least two of which occurred in this State. The
34 members shall serve for two-year terms. Initial terms shall begin September 1, 1994.
35 Vacancies in the membership shall be filled by the original appointing authority using the
36 same criteria as provided in this subsection.

37 (d) The Commission shall elect a ~~vice-chair~~ chair, a vice-chair, and a secretary-
38 treasurer from among its membership. In the absence of the chair, the vice-chair shall
39 preside over the Commission's meetings. All members are voting members, and a
40 majority of the Commission constitutes a quorum. The Commission shall adopt rules to
41 govern its proceedings.

42 (e) Meetings of the Commission shall be held upon the call of the chair or the
43 vice-chair with the approval of the chair.

1 (f) ~~Members of the Commission who are State or public school employees shall~~
2 ~~receive travel expenses as set forth in G.S. 138-6. All other Commission members shall~~
3 ~~receive per diem and travel expenses as set forth in G.S. 138-5. shall receive~~
4 compensation for their services and reimbursement for expenses incurred in the
5 performance of their duties required by this Article, at the rate prescribed in G.S. 90B-5.

6 (g) The Commission may employ, subject to Chapter 126 of the General Statutes,
7 the necessary personnel for the performance of its functions, and fix compensation within
8 the limits of funds available to the Commission."

9 (b) Article 20 of Chapter 115C of the General Statutes is amended by adding the
10 following new sections to read:

11 "**§ 115C-295.2. Powers and duties of the Commission.**

12 (a) The North Carolina Teaching Standards Commission shall:

13 (1) Develop and recommend to the State Board of Education
14 professional standards or revisions to professional standards for
15 North Carolina teachers.

16 (2) Review the areas of teacher certification and recommend to the State
17 Board of Education those areas that should be consolidated,
18 redesigned, eliminated, or enhanced.

19 (3) Consider current methods to assess teachers and teaching candidates,
20 including the National Teacher Exam, the assessments of the
21 National Board for Professional Teaching Standards, and alternative
22 methods of assessment and recommend to the State Board of
23 Education the implementation of rigorous and appropriate
24 assessments for initial and continuing certification that are valid and
25 reliable measures of professional practice.

26 (4) Evaluate, develop, and recommend to the State Board a procedure
27 for the assessment and recommendation of candidates for initial and
28 continuing teacher certification.

29 In addition, the Commission may review all current programs related to the areas of
30 teacher certification and may recommend to the State Board of Education those programs
31 that should be eliminated or changed.

32 For purposes of this subsection, the areas of teacher certification include initial
33 certification, continuing certification, and certification renewal, and do not include
34 teacher education programs.

35 (b) The Commission shall submit its recommendations under subsection (a) of this
36 section to the State Board. The State Board shall adopt or reject the recommendations.
37 The State Board shall not make any substantive changes to any recommendation that it
38 adopts. If the State Board rejects the recommendation, it shall state with specificity its
39 reasons for rejection; the Commission then may amend that recommendation and
40 resubmit it to the State Board. The Board shall adopt or reject the amended
41 recommendation. If the State Board fails to adopt the Commission's original and
42 amended recommendation concerning the implementation of assessments for certification

1 and the procedure for the assessment and recommendation of candidates for teacher
2 certification, the State Board may develop and adopt its own plan.

3 Notwithstanding G.S. 115C-284(c), 115C-296, and 115C-315(d), the General
4 Assembly urges the State Board to follow the Commission's recommendations to the
5 maximum extent they are consistent with the State Board's policies.

6 (c) The Commission shall submit an annual report by December 1 of each year to
7 the Joint Legislative Education Oversight Committee of its activities during the preceding
8 year, together with any recommendations and findings regarding improvement of the
9 teaching profession. The State Board shall submit a report by April 15, 1998, to the Joint
10 Legislative Education Oversight Committee on the current status of assessments for
11 certification and any changes to the procedures for assessment and recommendation of
12 candidates for teacher certification.

13 **"§ 115C-295.3. Professional Practices Board.**

14 The State Board of Education shall establish a Professional Practices Board composed
15 of teachers, school administrators, and representatives of the general public. The
16 Professional Practices Board shall:

- 17 (1) Develop a code of ethics for the teaching profession and develop
18 procedures to investigate violations of the code.
19 (2) Investigate complaints concerning violations of the code of ethics.
20 (3) Make recommendations to the State Board of Education concerning
21 the revocation and suspension of teacher certificates as the result of
22 an ethics violation.

23 The Professional Practices Board shall recommend the code of ethics and the
24 investigation procedures that it develops to the State Board of Education for its approval.
25 The State Board of Education is the final authority in all decisions under this section,
26 except as provided in the procedures concerning the due process rights of any person
27 subject to an investigation under this section. The State Board of Education shall adopt
28 rules necessary to implement this section."

29
30 Requested by: Senator Winner

31 **ALLOCATION OF FUNDS FOR SCHOOL TECHNOLOGY**

32 Sec. 18.13. Funds appropriated in this act to the State School Technology
33 Fund shall be allocated to local school administrative units on the basis of average daily
34 membership.

35
36 Requested by: Senator Winner, Plexico

37 **TEACHER VACATION LEAVE FOR ADOPTIVE PARENTS**

38 Sec. 18.14. G.S. 115C-302(f) reads as rewritten:

39 "(f) A teacher may use annual leave, personal leave, or leave without pay to care
40 for a newborn child or for a child placed with the teacher for adoption or foster care. The
41 leave may be for consecutive workdays during the first 12 months after the date of birth
42 or placement of the child, unless the the teacher and local board of education agree
43 otherwise.

1 ~~The total of all such leave time shall be no more than 12 weeks."~~

2
3 Requested by: Senators Winner, Plexico

4 **COMPONENTS OF THE TESTING PROGRAM**

5 Sec. 18.15. G.S. 115C-174.11(b) reads as rewritten:

6 "(b) Competency Testing Program.

7 (1) The State Board of Education shall adopt tests or other measurement
8 devices which may be used to assure that graduates of the public
9 high schools and graduates of nonpublic schools supervised by the
10 State Board of Education pursuant to the provisions of Part 1 of
11 Article 39 of this Chapter possess the skills and knowledge
12 necessary to function independently and successfully in assuming
13 the responsibilities of citizenship.

14 (2) The tests shall be administered annually to all tenth grade students in
15 the public schools. Students who fail to attain the required minimum
16 standard for graduation in the tenth grade shall be given remedial
17 instruction and additional opportunities to take the test up to and
18 including the last month of the twelfth grade. Students who fail to
19 pass parts of the test shall be retested on only those parts they fail.
20 Students in the tenth grade who are enrolled in special education
21 programs or who have been officially designated as eligible for
22 participation in such programs may be excluded from the testing
23 programs.

24 (3) The State Board of Education may develop and validate alternate
25 means and standards for demonstrating minimum competence.
26 These standards, which must be more difficult than the tests adopted
27 pursuant to subdivision (1) of this subsection, may be passed by
28 students in lieu of the testing requirement of subdivision (2) of this
29 subsection.

30 ~~(4) Funds appropriated for the purpose of remediation support for
31 students who fail the high school competency test shall be
32 distributed in accordance with rules promulgated by the State Board
33 of Education. The State Board of Education shall allocate
34 remediation funds to institutions administered by the Department of
35 Human Resources on the same basis as funds allocated to other local
36 education agencies."~~

37
38 Requested by: Senators Plexico, Winner

39 **GLOBAL CURRICULUM PROGRAM**

40 Sec. 18.16. The funds appropriated in this act for the Global Curriculum
41 Program shall be used to improve the knowledge and understanding of middle and high
42 school students in the areas of international and cultural studies, by identifying and
43 training master teachers and providing orientations and materials for school

1 administrators. The State Board of Education may enter into contracts to implement the
2 Program.

3
4 Requested by: Senators Winner, Plexico

5 **REWARDS FOR TEACHER EXCELLENCE**

6 Sec. 18.17. The State Board of Education shall study ways to reward excellent
7 teachers and other school personnel by linking some portion of future salary increases to
8 the performance of students. In the course of the study, the State Board shall take into
9 account the differences in schools, school resources, and student populations, that
10 different teachers and other school personnel encounter. The State Board shall also
11 consider the types of pay plans used in other states.

12 The State Board shall report on the study to the Joint Legislative Education
13 Oversight Committee prior to January 15, 1997.

14
15 Requested by: Senators Hobbs, Winner, Plexico

16 **SCHOOL FACILITIES GUIDELINES**

17 Sec. 18.18. (a) G.S. 115C-81(b) reads as rewritten:

18 "(b) The Basic Education Program shall include course requirements and
19 descriptions similar in format to materials previously contained in the standard course of
20 study and it shall provide:

- 21 (1) A core curriculum for all students that takes into account the special
22 needs of children and includes appropriate modifications for the
23 learning disabled, the academically gifted, and the students with
24 discipline and emotional problems;
- 25 (2) A set of competencies, by grade level, for each curriculum area;
- 26 (3) A list of textbooks for use in providing the curriculum;
- 27 (4) Standards for student performance and promotion based on the
28 mastery of competencies, including standards for graduation, that
29 take into account children with special needs and, in particular,
30 include appropriate modifications;
- 31 (5) A program of remedial education;
- 32 (6) Required support programs;
- 33 (7) A definition of the instructional day;
- 34 (8) Class size recommendations and requirements;
- 35 (9) Prescribed staffing allotment ratios;
- 36 (10) Material and equipment allotment ratios;
- 37 (11) Facilities standards;—guidelines that reflect educational program
38 appropriateness, long-term cost efficiency, and safety
39 considerations; and
- 40 (12) Any other information the Board considers appropriate and
41 necessary.

42 The State Board shall not adopt or enforce any rule that requires Algebra I as a
43 graduation standard or as a requirement for a high school diploma for any student whose

1 individualized education program (i) identifies the student as learning disabled in the
2 area of mathematics and (ii) states that this learning disability will prevent the student
3 from mastering Algebra I."

4 (b) G.S. 115C-489.3(c) is repealed.

5 (c) G.S. 115C-521(c) reads as rewritten:

6 "(c) The building of all new school buildings and the repairing of all old school
7 buildings shall be under the control and direction of, and by contract with, the board of
8 education for which the building and repairing is done. If a board of education is
9 considering building a new school building to replace an existing school building, the
10 board shall not invest any construction money in the new building unless it submits to the
11 State Superintendent and the State Superintendent submits to the North Carolina
12 Historical Commission an analysis that compares the costs and feasibility of building the
13 new building and of renovating the existing building and that clearly indicates the
14 desirability of building the new building. ~~Boards of education shall also not invest any~~
15 ~~money in any new building that is not built in accordance with plans approved by the~~
16 ~~State Superintendent to structural and functional soundness, safety and sanitation, nor~~ No
17 board of education shall invest any money in any new building until it has (i) developed
18 plans based upon a consideration of the State Board's facilities guidelines, (ii) submitted
19 these plans to the State Board for its review and comments, and (iii) reviewed the plans
20 based upon a consideration of the comments it receives from the State Board. No local
21 board of education shall contract for more money than is made available for its erection.
22 the erection of a new building. However, this subsection shall not be construed so as to
23 prevent boards of education from investing any money in buildings that are being
24 constructed pursuant to a continuing contract of construction as provided for in G.S.
25 115C-441(c1). All contracts for buildings shall be in writing and all buildings shall be
26 inspected, received, and approved by the local superintendent and the architect before full
27 payment is made ~~therefor. Provided, that this subsection shall not therefor.~~ Nothing in
28 this subsection shall prohibit boards of education from repairing and altering buildings
29 with the help of janitors and other regular employees of the board.

30 In the design and construction of new school buildings and in the renovation of
31 existing school buildings that are required to be designed by an architect or engineer
32 under G.S. 133-1.1, the local board of education shall participate in the planning and
33 review process of the Energy Guidelines for School Design and Construction that are
34 developed and maintained by the Department of Public Instruction and shall adopt local
35 energy-use goals for building design and operation that take into account local conditions
36 in an effort to reduce the impact of operation costs on local and State budgets. In the
37 design and construction of new school facilities and in the repair and renovation of
38 existing school facilities, the local board of education shall consider the placement and
39 design of windows to use the climate of North Carolina for both light and ventilation in
40 case of power shortages. A local board shall also consider the installation of solar energy
41 systems in the school facilities whenever practicable.

42 In the case of any school buildings erected, repaired, or equipped with any money
43 loaned or granted by the State to any local school administrative unit, the State Board of

1 Education, under any rules as it may deem advisable, may retain any amount not to
2 exceed fifteen percent (15%) of the loan or grant, until the completed buildings, erected
3 or repaired, in whole or in part, from the loan or grant funds, shall have been approved by
4 a designated agent of the State Board of Education. Upon approval by the State Board of
5 Education, the State Treasurer may pay the balance of the loan or grant to the treasurer of
6 the local school administrative unit for which the loan or grant was made."

7 (d) G.S. 115C-521 is amended by adding a new subsection to read:

8 "(e) The State Board of Education shall establish within the Department of Public
9 Instruction a central clearinghouse for access by local boards of education that may want
10 to use a prototype design in the construction of school facilities. The State Board shall
11 compile necessary publications and a computer database to distribute information on
12 prototype designs to local school administrative units. All architects and engineers
13 registered in North Carolina may submit plans for inclusion in the computer database and
14 these plans may be accessed by any person. The original architect of record or engineer
15 of record shall retain ownership and liability for a prototype design. The State Board
16 may adopt rules it considers necessary to implement this subsection."

17 (e) School facilities guidelines and standards adopted by the State Board of
18 Education before the effective date of this act shall remain in effect as guidelines only.

19 Sec.18.19 The School Facilities Task Force.

20 (a) There is created the School Facilities Task Force under the State Board of
21 Education. The Task Force shall consist of the following members appointed by the
22 State Board:

- 23 (1) One member of the State Board.
- 24 (2) One architect.
- 25 (3) One representative from a school of architecture within a constituent
26 institution of The University of North Carolina.
- 27 (4) Two local school administrative unit employees with expertise in
28 school facilities.
- 29 (5) One representative of the North Carolina Association of County
30 Commissioners.
- 31 (6) One representative of the North Carolina School Boards Association.
- 32 (7) One engineer.
- 33 (8) Any other members the State Board considers necessary.

34 All members shall be voting members. The Task Force shall select a member
35 of the Task Force to serve as its chair.

36 Members of the Task Force shall receive travel and subsistence expenses in
37 accordance with G.S. 138-5 and G.S. 138-6.

38 The Department of Public Instruction shall, with the approval of the State
39 Board of Education, provide staff, office equipment, supplies, and meeting space to the
40 Task Force.

41 (b) The Task Force shall:

- 42 (1) Review the State Board's facilities guidelines for the construction,
43 acquisition, renovation, and replacement of facilities, furniture,

1 equipment, apparatus, and spaces for public schools to ensure they
2 reflect both educational program appropriateness and long-term cost-
3 efficiency.

4 (2) Make recommendations to the State Board as to (i) which guidelines
5 should be maintained, revised, or eliminated, and (ii) any new
6 guidelines that it considers appropriate.

7 (3) Develop and recommend to the State Board a procedure for the
8 Board to follow when facilities plans are submitted by local school
9 administrative units for the Board's review and comments.

10 (4) Develop and recommend to the State Board a proposal in accordance
11 with G.S. 115C-521(e) for the establishment of a central
12 clearinghouse for prototype designs.

13 (5) Submit its recommendations under this subsection to the State Board
14 no later than December 1, 1996.

15 (c) Based upon a consideration of the recommendations of the Task Force, the
16 State Board shall adopt (i) revised facilities guidelines to assist local school
17 administrative units in the construction, acquisition, renovation, and replacement of
18 facilities, furniture, equipment, apparatus, and spaces for public schools, (ii) the
19 procedure for local school administrative units to follow when they submit school
20 facilities plans for the State Board's review and comments, and (iii) a plan to establish
21 within the Department of Public Instruction a central clearinghouse for prototype designs.
22 The State Board shall submit a report by April 15, 1997, to the General Assembly that
23 includes the revised facilities guidelines, the facilities review procedure, and the plan to
24 establish a central clearinghouse for prototype designs. Upon submission of this report to
25 the General Assembly, the Task Force shall terminate.

26
27 Requested by: Senators Winner, Plexico

28 FUNDS TO IMPLEMENT THE ABC PLAN

29 Sec. 18.20. (a) Section 30 of Senate Bill 1139, Third Edition, if enacted by the
30 1995 General Assembly, reads as rewritten:

31 "Sec. 30. ~~There is~~ Of the funds appropriated from the General Fund to State Aid to
32 Local School Administrative Units ~~Units~~, the State Board of Education shall allocate the
33 sum of ~~twenty-four million five hundred thirty-two thousand five hundred fifty dollars~~
34 ~~(\$24,532,550)~~ twenty-two million nine hundred thirty-two thousand five hundred fifty
35 dollars (\$22,932,550) for the 1996-97 fiscal year. ~~The State Board of Education shall~~
36 ~~allocate these funds~~ year to local school administrative units for personnel paid with
37 State funds who are identified as eligible for performance recognition awards under G.S.
38 115C-105.29 as follows:

39 (1) ~~\$21,000,000~~ \$19,754,200 to be distributed on a per capita basis of no
40 less than \$500.00 and no more than \$1,000 for personnel other than
41 teacher assistants.

1 (2) ~~\$3,532,550~~ \$3,178,350 to be distributed on a per capita basis to
2 teacher assistants in the amount of one-half the amount under
3 subdivision (1) of this section."

4 (b) Section 31 of Senate Bill 1139, Third Edition, if enacted by the 1995
5 General Assembly, is repealed.

6
7 Requested by: Senators Plyler, Perdue, Odom

8 **CERTIFIED PUBLIC SCHOOL PERSONNEL COMPENSATION STUDY**

9 Sec. 18.21. (a) The Joint Legislative Commission on Governmental
10 Operations shall contract with a qualified employee benefits consulting practice or
11 research organization to conduct a comparative analysis of certified public school
12 personnel compensation in North Carolina school systems. As part of the analysis,
13 teachers base pay, the statewide salary schedule, incentives (i.e., local supplements,
14 benefits, etc., if any), and benefits packages in other Southeastern States (in the Southern
15 Regional Education Board region) shall be compared with North Carolina's certified
16 public school personnel salary schedule and benefits packages.

17 The scope of this comparative analysis shall be to determine, in those states
18 who are regional neighbors as defined by Southern Legislative Conference and Southern
19 Regional Education Board,* how North Carolina certified public school personnel
20 salaries and benefits rank within the states in the region, and the recurring cost to offer
21 and maintain them at current levels. Median as well as average salary levels shall be
22 determined for each state.

23 In addition, this comparative analysis shall identify 5 to 10 other states in the
24 country most like North Carolina in terms of public school demographics (both students
25 and certified personnel), public school funding policy and governing structure, entry,
26 certification, and career requirements for teaching personnel, and other factors or
27 conditions that most affect teachers salary and benefits, and compare and rank those
28 salaries and benefits packages of these states to North Carolina certified public school
29 personnel compensation packages.

30 Applying survey research methods considered to be reliable and valid
31 statistically, the contractor shall determine the relative "economic value" of these benefits
32 to the employees.

33 Finally, the contractor shall produce a "regional compensation survey model"
34 as a product of this study of certified public school personnel that could then be made
35 available for other studies of state employees in the executive and judicial branches of
36 North Carolina state government. As part of the contractors work, training in conducting
37 these other studies would be provided to legislative staff.

38 (b) In order to determine which organizations may be most qualified to conduct
39 such an analysis, the Commission may appoint a subcommittee that shall be responsible
40 for issuing a Request for Qualifications (RFQ). All firms responding to the RFQ shall be
41 evaluated in accordance with procedures established by the Subcommittee. Up to five
42 firms may be invited to submit separate technical and cost proposals, in response to the
43 standard Request for Proposals (RFP).

1 A contract shall be awarded no later than September 13, 1996. The study shall
2 begin no later than October 1, 1996. A progress report shall be issued to the
3 subcommittee for review and approval no later than December 31, 1996, and a final
4 report no later than April 1, 1997.

5 The Legislative Services Office shall provide such coordinating staff to the
6 Joint Legislative Commission on Governmental Operations and its subcommittee as
7 necessary.
8

9 **PART 19. DEPARTMENT OF TRANSPORTATION**

10
11 Requested by: Senator Hoyle

12 **USE OF FUNDS RESULTING FROM THE ELIMINATION OF POSITIONS IN** 13 **DIVISION OF MOTOR VEHICLES**

14 Sec. 19. Funds in the amount of one hundred thirty-five thousand three
15 hundred eighty-nine dollars (\$135,389) realized from the elimination of 11 positions in
16 the Division of Motor Vehicles during the 1996-97 fiscal year shall be placed in a reserve
17 and shall be used only to support the implementation of the State Titling and Registration
18 System. Funds remaining in the reserve at the end of the 1996-97 fiscal year shall revert
19 to the Highway Fund.
20

21 Requested by: Senator Hoyle

22 **DEPARTMENT OF TRANSPORTATION REPORT ON REORGANIZATION OF** 23 **DIVISION OF MOTOR VEHICLES**

24 Sec. 19.1. The Department of Transportation shall report to the Joint
25 Legislative Transportation Oversight Committee by December 15, 1996, concerning how
26 it will implement the recommendations for the restructuring of the Division of Motor
27 Vehicles through the elimination of positions, consolidation of offices and functions, and
28 the transfer of functions within and from the Division, which were contained in the
29 performance audit of the Division of Motor Vehicles presented to the Joint Legislative
30 Commission on Governmental Operations in May 1996. This report shall discuss both
31 short-term and long-term managerial actions necessary to implement the
32 recommendations and contain detailed budgetary analyses of the short-term and long-
33 term effects of these actions. This report shall also describe how the various proposals fit
34 in a long-range plan for the modernization of the Division of Motor Vehicles and the
35 functions it performs.
36

37 Requested by: Senator Hoyle

38 **DEPARTMENT OF TRANSPORTATION REPORTS TO THE JOINT** 39 **LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE**

40 Sec. 19.2. The Department of Transportation shall make the following reports
41 to the Joint Legislative Transportation Oversight Committee by the dates specified:

- 42 (1) By November 1, 1996, the Department shall report on any changes
43 needed to be made to the vehicle salvage laws to minimize the

1 number of salvage inspections without compromising the integrity of
2 the salvage process. This report shall address how reductions in
3 dedicated salvage inspection positions shall be made under the
4 proposed system.

5 (2) By October 1, 1996, the Department shall provide plans for the study
6 of the following issues, including a schedule for completion of the
7 studies:

8 A. How the process by which licenses are modified, revoked, and
9 suspended can be simplified.

10 B. How touch-tone technology and credit cards can be used in the
11 motor vehicle registration process.

12 C. How credit cards can be used to increase customer payment
13 options.

14 D. How collision reports can be entered directly into an automated
15 system database by law enforcement officers.

16 (3) By December 1, 1996, the Department shall report how computer
17 software used to register motor carriers under the International
18 Registration Plan can be reconfigured so that it can be used more
19 efficiently by staff and customers.

20 (4) By November 1, 1996, the Department shall:

21 A. Develop a formula to determine the number, location, and
22 staffing of drivers license field offices within the State.

23 B. Use this formula to develop a five-year plan for changes in the
24 number and sizes of drivers license field offices that recognizes
25 the need for the development of larger, multi-functional drivers
26 license offices that provide a wider range of services at
27 centralized locations and to provide a plan for the renovation of
28 existing drivers license field offices that will be retained.

29 (5) By December 1, 1996, the Department shall report on how it will
30 maintain technical support for the vehicle registration and drivers
31 license data systems for the 1997-99 biennium. This report shall
32 estimate staffing needs for technical support in each year, address
33 whether and how contract personnel will be used, and determine the
34 feasibility of using more permanent personnel instead of contractors.
35

36 Requested by: Senator Hoyle

37 **DIVISION OF MOTOR VEHICLES ENFORCEMENT DUTIES**

38 Sec. 19.3. G.S. 20-4 reads as rewritten:

39 "~~§ 20-4. Clarification of conflicts as to transfer of functions. Enforcement duties of~~
40 the Division.

41 ~~In the event that there shall arise any conflict as to the transfer of any functions from~~
42 ~~the Department of Revenue to the Division of Motor Vehicles, the Governor of the State~~

1 is hereby authorized to issue an executive order clarifying and making certain the issue
2 thus arising.

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

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

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

10 (2) Enforcement of the emissions inspection program.

11 (3) Inspection of salvage vehicles.

12 (4) Provide security at rest areas.

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

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

17
18 Requested by: Senator Hoyle

19 **DEPARTMENT OF TRANSPORTATION–CASH FLOW CONTRACT FUNDING**

20 Sec. 19.4. (a) G.S. 136-176(d) reads as rewritten:

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

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

25 **"§ 143-28.1. Highway Fund appropriation.**

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

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

35 (2) Appropriations are for Payments and Contract Commitments to be
36 Made in the Appropriation Fiscal Year. – The appropriations
37 provided for by the Appropriations Act for highway maintenance
38 and construction are for maximum payments estimated to be made
39 during the appropriation fiscal year and for maximum contracting
40 authority for future years. Highway maintenance and construction
41 contracts shall be scheduled so that the total contract payments and
42 other expenditures charged to projects in the fiscal year for each
43 highway maintenance and construction appropriation item will not

1 exceed the current appropriations provided by the General Assembly
2 and unspent prior appropriations made by the General Assembly for
3 the particular appropriation item.

4 (3) Payments Subject to Availability of Funds – Retainage Fully
5 Funded – 5% Cash Balance Required. – The annual appropriations
6 for highway maintenance and construction provided for by the
7 Appropriations Act shall be expended only to the extent that
8 sufficient funds are available in the Highway Fund. The Department
9 of Transportation shall fully fund retainage from maintenance and
10 construction contracts in the year in which the work is performed,
11 and in addition shall maintain an available cash balance at the end of
12 each month equal to at least five percent (5%) of the unpaid balance
13 of the total maintenance and construction contract obligations. In the
14 event this cash position is not maintained, no further construction
15 and maintenance contract commitments shall be entered into until
16 the cash balance has been regained. For the purposes of awarding
17 contracts involving federal-aid, any amount due from the federal
18 government and the Highway Bond Fund as a result of unreimbursed
19 expenditures may be considered as cash for the purposes of this
20 provision.

21 (4) Anticipation of Revenues. – In awarding State highway construction
22 and maintenance contracts requiring payments beyond a biennium,
23 the Director of the Budget may anticipate revenues as authorized and
24 certified by the General Assembly, to continue contract payments for
25 up to seventy-five percent (75%) of the revenues which are
26 estimated for the first fiscal year of the succeeding biennium and
27 which are not required for other budget items. Up to fifty percent
28 (50%) of the revenues not required for other budget items may be
29 anticipated for the second ~~and subsequent~~ fiscal years' year of the
30 succeeding biennium's contract payments. Up to forty percent
31 (40%) of the revenues not required for other budget items may be
32 anticipated for the first year of the second succeeding biennium and
33 up to twenty percent (20%) of the revenues not required for other
34 budget items may be anticipated for the second year of the second
35 succeeding biennium.

36 (5) Amounts Obligated – Payments Subject to the Availability of Funds
37 – Termination of Contracts. – Highway maintenance and
38 construction appropriations may be obligated in the amount of
39 allotments made to the Department of Transportation by the Office
40 of State Budget and Management for the estimated payments for
41 maintenance and construction contract work to be performed in the
42 appropriation fiscal year. The allotments shall be multi-year
43 allotments and shall be based on estimated revenues and shall be

subject to the maximum contract authority contained in subdivision (2) above. Payment for highway maintenance and construction work performed pursuant to contract in any fiscal year other than the current fiscal year will be subject to appropriations by the General Assembly. Highway maintenance and construction contracts shall contain a schedule of estimated completion progress and any acceleration of this progress shall be subject to the approval of the Department of Transportation provided funds are available. The State reserves the right to terminate or suspend any highway maintenance or construction contract and any highway maintenance or construction contract shall be so terminated or suspended if funds will not be available for payment of the work to be performed during that fiscal year pursuant to the contract. In the event of termination of any contract, the contractor shall be given a written notice of termination at least 60 days before completion of scheduled work for which funds are available. In the event of termination, the contractor shall be paid for the work already performed in accordance with the contract specifications.

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

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

(c) The Department of Transportation shall report quarterly beginning on October 15, 1996, and then on the fifteenth of the month following the end of the fiscal quarter, to the Joint Legislative Transportation Oversight Committee on all projects to be built with funds obligated using the cash flow provisions of G.S. 143-28.1. The report shall contain a list of the projects and the amount obligated in anticipation of revenues for each year of the project.

Requested by: Senator Hoyle

CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

Sec. 19.5. Section 18.9 of Chapter 324 of the 1995 Session Laws reads as rewritten:

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

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

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

3	For Fiscal Year 1997-98	\$ 775.8 Million <u>\$ 788.2 Million</u>
4	For Fiscal Year 1998-99	\$ 799.8 Million <u>\$ 812.7 Million</u>
5	<u>For Fiscal Year 1999-00</u>	<u>\$839.3 Million</u>
6	<u>For Fiscal Year 2000-01</u>	<u>\$867.2 Million</u> .

7
8 Requested by: Senator Hoyle

9 **RADIO ISLAND RAILROAD TRESTLE**

10 Sec. 19.6. (a) Subsection (b) of Section 18.28 of Chapter 324 of the 1995 Session
11 Laws reads as rewritten:

12 "(b) The Department of Transportation shall proceed with the planning and
13 construction of the trestle, Project P-3100 in the 1996-2002 Transportation Improvement
14 Program, and shall commence construction of the trestle during calendar year 1996. The
15 Beaufort and Morehead Railroad Company, owner of the trestle, shall be conveyed to the
16 Department of Transportation by the North Carolina Ports Railway Commission for
17 construction of the replacement trestle and related purposes authorized by G.S. 136-
18 44.36. The completed bridge shall be owned by the Department of Transportation and
19 shall be added to the State System for maintenance purposes."

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

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

27
28 Requested by: Senators Hoyle, Little

29 **UNPAVED SECONDARY ROADS ON STATE LANDS**

30 Sec. 19.7. Chapter 136 of the General Statutes is amended by adding a new
31 section to read:

32 "§ 136-44.7A. Submission of secondary roads construction programs to State
33 agencies.

34 When the Department of Transportation proposes to pave an unpaved secondary road
35 that crosses land controlled by a State agency, the Department of Transportation shall
36 obtain the approval of that State agency before paving that secondary road."

37
38 Requested by: Senator Hoyle

39 **GREEN ROADS INITIATIVE**

40 Sec. 19.8. From funds available to the Department of Transportation, the
41 Department of Correction, and the Division of Forest Resources, Department of
42 Environment, Health, and Natural Resources, approximately 700 acres of land shall be

1 planted with trees during the 1996-97 fiscal year as the start of a "Green Roads Initiative"
2 of reforestation along highways across the State.

3 The Department of Transportation, in conjunction with the Department of
4 Environment, Health, and Natural Resources, shall identify the locations where the
5 reforestation can be accomplished through the use of seedlings provided by the Division
6 of Forest Resources and prisoners allocated to the Department of Transportation by the
7 Department of Correction.

8 The goals of the initiative are to plant trees that will provide additional natural
9 habitat for birds and other wildlife, to reduce expensive roadside maintenance by
10 reducing the acreage requiring frequent mowing of grasses, to beautify the State's
11 highways, and to maintain safety for the motoring public.

12 The Department of Transportation, the Department of Environment, Health,
13 and Natural Resources, and the Department of Correction shall jointly report to the Joint
14 Legislative Transportation Oversight Committee by December 31, 1996, on progress in
15 implementing the Green Roads Initiative.

16
17 Requested by: Senator Hoyle

18 **CLARIFICATION OF POLICY RELATED TO MATERIALS THAT MAY BE**
19 **DISPLAYED AT WELCOME CENTERS**

20 Sec. 19.9. (a) G.S. 136-18(9) reads as rewritten:

21 "(9) To employ appropriate means for properly selecting, planting and
22 protecting trees, shrubs, vines, grasses or legumes in the highway right-
23 of-way in the promotion of erosion control, landscaping and general
24 protection of said highways; to acquire by gift or otherwise land for and
25 to construct, operate and maintain roadside parks, picnic areas, picnic
26 tables, scenic overlooks and other appropriate turnouts for the safety and
27 convenience of highway users; and to cooperate with municipal or
28 county authorities, federal agencies, civic bodies and individuals in the
29 furtherance of those objectives. None of the roadside parks, picnic areas,
30 picnic tables, scenic overlooks or other turnouts, or any part of the
31 highway right-of-way shall be used for commercial purposes except (i)
32 for materials displayed in welcome centers in accordance with G.S. 136-
33 89.56, and (ii) for vending machines permitted by the Department of
34 Transportation and placed by the Division of Services for the Blind,
35 Department of Human Resources, as the State licensing agency
36 designated pursuant to Section 2(a)(5) of the Randolph-Sheppard Act
37 (20 USC 107a(a)(5)). The Department of Transportation shall regulate
38 the placing of the vending machines in highway rest areas and shall
39 regulate the articles to be dispensed. Every other use or attempted use of
40 any of these areas for commercial purposes shall constitute a Class 1
41 misdemeanor and each day's use shall constitute a separate offense."

42 (b) G.S. 136-89.56 reads as rewritten:

43 **"§ 136-89.56. Commercial enterprises.**

1 No commercial enterprises or activities shall be authorized or conducted by the
2 Department of Transportation, or the governing body of any city or town, within or on
3 the property acquired for or designated as a controlled-access facility, as defined in this
4 Article, except ~~for vending for:~~

5 (1) Materials displayed at welcome centers which shall be directly related
6 to travel, accommodations, tourist-related activities, tourist-related
7 services, and attractions. These materials may contain advertisements
8 for real estate; and

9 (2) Vending machines permitted by the Department of Transportation and
10 placed by the Division of Services for the Blind, Department of Human
11 Resources, as the State licensing agency designated pursuant to Section
12 2(a)(5) of the Randolph-Sheppard Act (20 USC 107a(a)(5)). The
13 Department of Transportation shall regulate the placing of the vending
14 machines in highway rest areas and shall regulate the articles to be
15 dispensed. In order to permit the establishment of adequate fuel and
16 other service facilities by private owners or their lessees for the users of
17 a controlled-access facility, the Department of Transportation shall
18 permit access to service or frontage roads within the publicly owned
19 right-of-way of any controlled-access facility established or designated
20 as provided in this Article, at points which, in the opinion of the
21 Department of Transportation, will best serve the public interest. The
22 location of such fuel and other service facilities may be indicated to the
23 users of the controlled-access facilities by appropriate signs, the size,
24 style, and specifications of which shall be determined by the
25 Department of Transportation.

26 The location of fuel and other service facilities may be indicated to the users of the
27 controlled access facilities by appropriate logos placed on signs owned, controlled, and
28 erected by the Department of Transportation. The owners, operators or lessees of fuel and
29 other service facilities who wish to place a logo identifying their business or service on a
30 sign shall furnish a logo meeting the size, style and specifications determined by the
31 Department of Transportation and shall pay the Department for the costs of initial
32 installation and subsequent maintenance. The fees for logo sign installation and
33 maintenance shall be set by the Board of Transportation based on cost."
34

35 Requested by: Senator Hoyle

36 RAILROAD DIVIDEND USES

37 Sec. 19.10. G.S. 136-16.6(a) reads as rewritten:

38 "(a) There is annually ~~appropriated~~ credited to the Highway Fund one hundred
39 percent (100%) of the annual dividends anticipated to be received in the prior fiscal year
40 by the State from its ownership of stock in the North Carolina Railroad Company ~~to the~~
41 ~~Highway Fund~~ for use by the Department of Transportation for railroad purposes."
42

43 Requested by: Senator Hoyle

DEPARTMENT OF TRANSPORTATION LAND SALES PROCEEDS USED FOR CAPITAL IMPROVEMENTS

Sec. 19.11. Funds received by the Department of Transportation from the sale of Department-owned land (not right-of-way property) during the 1995-96 fiscal year in the amount of twenty-four thousand three hundred ninety-three dollars (\$24,393) shall be used to supplement appropriations for Department of Transportation capital outlays funded in this act.

Requested by: Senator Hoyle

VISITOR CENTERS

Sec. 19.12. (a) The Department of Transportation, with the assistance of the Department of Commerce, shall collect the necessary data to accurately estimate the extent and type of use the public makes of the visitor centers on the State highway system. The Department shall use this data to develop a formula for allocating State resources for the funding of these visitor centers.

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

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

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

(e) G.S. 20-79.7(c)(2), as amended by Section 18.17 of Chapter 507 of the 1995 Session Laws, reads as rewritten:

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

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

PART 20. DEPARTMENT OF CORRECTION

Requested by: Senator Ballance

USE OF FACILITIES CLOSED UNDER GPAC

1 Sec. 20.1. In conjunction with the closing of small expensive prison units
2 recommended for consolidation by the Government Performance Audit Committee, the
3 Department of Correction shall consult with the county or municipality in which the unit
4 is located or any private for-profit or nonprofit firm about the possibility of converting
5 that unit to other use. Consistent with existing law, the Department may provide for the
6 lease of any of these units to counties, municipalities, or private firms wishing to convert
7 them to other use. The Department of Correction may also consider converting some of
8 the units recommended for closing from medium security to minimum security, where
9 that conversion would be cost-effective.

10 The Department of Correction shall report quarterly to the Joint Legislative
11 Corrections Oversight Committee on the conversion of these units to other use.

12
13 Requested by: Senator Ballance

14 **COMBINATION OF PAROLE PROBATION FIELD SERVICES AND PAROLE**
15 **PRE- AND POST-RELEASE SERVICES PROGRAMS FOR BUDGETING**
16 **PURPOSES**

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

22
23 Requested by: Senator Ballance

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

26 Sec. 20.4. Notwithstanding the funding formula set forth in G.S. 143B-273.15,
27 grants made through the North Carolina State-County Criminal Justice Partnership Act
28 for the 1996-97 fiscal year shall be distributed to the counties as specified in G.S. 143B-
29 273.15(2) only, and not as discretionary funds. Appropriations not claimed or expended
30 by counties during the 1996-97 fiscal year shall be distributed pursuant to G.S. 143B-
31 273.15(1).

32
33 Requested by: Senator Ballance

34 **DART AFTERCARE FUNDS SHALL NOT REVERT**

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

42 The Department of Correction shall report on the pilot programs to the Chairs
43 of the Senate and House Appropriations Committees and the Chairs of the Senate and

1 House Appropriations Subcommittees on Justice and Public Safety by March 1, 1997.
2 The report shall include information on the number of clients served, the quality of
3 services, the cost-effectiveness of the services, and the benefits of the programs to
4 offenders.

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

6
7 Requested by: Senator Ballance

8 **DEPARTMENT OF CORRECTION/DEPARTMENT OF HUMAN RESOURCES**
9 **JOINT PLAN/RESERVE FOR SUBSTANCE ABUSE TREATMENT PILOT**
10 **PROGRAM FOR PAROLEES AND PROBATIONERS SHALL NOT REVERT**

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

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

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

28
29 Requested by: Senators Ballance, Odom

30 **SALARY CONTINUATION BENEFITS FOR ALL DEPARTMENT OF**
31 **CORRECTION EMPLOYEES INJURED BY DELIBERATE ACT OR WHILE**
32 **PERFORMING SUPERVISORY DUTIES**

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

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

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

39 (2) Employees of the Department of Correction injured by a direct and
40 deliberate act of an offender supervised by the Department or while
41 performing supervisory duties over offenders which place the
42 employees at risk of such injury."

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

3
4 Requested by: Senator Ballance

5 **REPORT ON WOMEN AT RISK**

6 Sec. 20.9. The Women at Risk Program shall report by December 1, 1996, and
7 by May 1, 1997, to the Joint Legislative Commission on Governmental Operations, the
8 Chairs of the House and Senate Appropriations Committees, and the Chairs of the House
9 and Senate Appropriations Subcommittees on Justice and Public Safety on the
10 expenditure of State appropriations and on the effectiveness of the program, including
11 information on the number of clients served, the number of clients who have had their
12 probation revoked, and the number of clients who have successfully completed the
13 program.

14
15 Requested by: Senator Ballance

16 **FEDERAL MATCHING FUNDS**

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

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

28 The Office of State Construction shall report to the Chairs of the Joint Legislative
29 Commission on Governmental Operations, the Joint Legislative Corrections Oversight
30 Committee, the Chairs of the Senate and House Appropriations Committees, and the
31 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
32 Safety on the availability of federal prison construction matching funds."
33

34 Requested by: Senator Ballance

35 **USE OF PRISON MATCH FUNDS**

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

41
42 Requested by: Senator Ballance

43 **ALTERNATIVES TO OUT-OF-STATE HOUSING**

1 Sec. 20.12. The Department of Correction shall investigate methods of
2 housing inmates within the State rather than in out-of-state facilities, including the use of
3 modular units and small units scheduled to be closed as a result of the recommendations
4 made by the Government Performance Audit Committee. The Department shall report its
5 findings and recommendations quarterly to the Joint Legislative Commission on
6 Governmental Operations and the Joint Legislative Correction Oversight Committee.

7
8 Requested by: Senator Ballance

9 **HARRIET'S HOUSE FUNDS**

10 Sec. 20.13. (a) Section 19.7 of Chapter 507 of the 1995 Session Laws reads as
11 rewritten:

12 "Sec. 19.7. Of the funds appropriated to the Department of Correction, the sum of
13 two hundred thousand dollars (\$200,000) for the 1995-96 fiscal year and the sum of two
14 hundred thousand dollars (\$200,000) for the 1996-97 fiscal year shall be used to support
15 the programs of Harriet's House, a transitional home for female ex-offenders and their
16 children. The funds may be used for program operating costs, the purchase of equipment,
17 and the rental of real property. Harriet's House shall report quarterly to the Joint
18 Legislative Commission on Governmental Operations on the expenditure of State
19 appropriations and on the effectiveness of the program including information on the
20 number of clients served and the number of clients who successfully complete the
21 Harriet's House program."

22 (b) The balance of the two hundred thousand dollars (\$200,000) appropriated in
23 Chapter 507 of the 1995 Session Laws to the Department of Correction for the 1995-96
24 fiscal year to support the programs at Harriet's House shall not revert at the end of the
25 fiscal year but shall remain available to the Department during the 1996-97 fiscal year to
26 be used for program operating costs, the purchase of equipment, and the rental of real
27 property.

28
29 Requested by: Senators Ballance, Cooper

30 **CREATE A NEW FELONY OFFENSE OF ASSAULT INFLICTING SERIOUS**
31 **BODILY INJURY AS RECOMMENDED BY THE NORTH CAROLINA**
32 **SENTENCING AND POLICY ADVISORY COMMISSION, TO INCREASE THE**
33 **PUNISHMENT FOR SALE OF HANDGUNS TO MINORS TO A CLASS H**
34 **FELONY, AND TO INCREASE THE PUNISHMENT FOR SALE OF**
35 **CONTROLLED SUBSTANCES TO PERSONS UNDER AGE SIXTEEN OR**
36 **PREGNANT FEMALES TO A CLASS D FELONY**

37 Sec. 20.14. (a) Chapter 14 of the General Statutes is amended by adding a new
38 section to read:

39 **"§ 14-32.4. Assault inflicting serious bodily injury.**

40 Unless the conduct is covered under some other provision of law providing greater
41 punishment, any person who assaults another person and inflicts serious bodily injury is
42 guilty of a Class F felony. 'Serious bodily injury' is defined as bodily injury that creates a
43 substantial risk of death, or that causes serious permanent disfigurement, coma, a

1 permanent or protracted condition that causes extreme pain, or permanent or protracted
2 loss or impairment of the function of any bodily member or organ, or that results in
3 prolonged hospitalization."

4 (b) G.S. 14-315(a1) reads as rewritten:

5 "(a1) Sale of Handguns. – If a person sells, offers for sale, gives, or in any way
6 transfers to a minor any handgun as defined in G.S. 14-269.7, the person is guilty of a
7 ~~Class I~~Class H felony and, in addition, shall forfeit the proceeds of any sale made in
8 violation of this section. This section does not apply in any of the following
9 circumstances:

10 (1) The handgun is lent to a minor for temporary use if the minor's
11 possession of the handgun is lawful under G.S. 14-269.7 and G.S.
12 14-316 and is not otherwise unlawful.

13 (2) The handgun is transferred to an adult custodian pursuant to Chapter
14 33A of the General Statutes, and the minor does not take possession
15 of the handgun except that the adult custodian may allow the minor
16 temporary possession of the handgun in circumstances in which the
17 minor's possession of the handgun is lawful under G.S. 14-269.7 and
18 G.S. 14-316 and is not otherwise unlawful.

19 (3) The handgun is a devise or legacy and is distributed to a parent or
20 guardian under G.S. 28A-22-7, and the minor does not take
21 possession of the handgun except that the parent or guardian may
22 allow the minor temporary possession of the handgun in
23 circumstances in which the minor's possession of the handgun is
24 lawful under G.S. 14-269.7 and G.S. 14-316 and is not otherwise
25 unlawful."

26 (c) G.S. 90-95(e)(5) reads as rewritten:

27 "(5) Any person 18 years of age or over who violates G.S. 90-95(a)(1) by
28 selling or delivering a controlled substance to a person under 16
29 years of age or a pregnant female shall be punished as a ~~Class E~~
30 Class D felon. Mistake of age is not a defense to a prosecution
31 under this section. It shall not be a defense that the defendant did
32 not know that the recipient was pregnant;"

33 (d) This act becomes effective January 1, 1997, and applies to offenses
34 committed on or after that date.

35
36 Requested by: Senator Ballance

37 **ELIMINATE WAIVER OF PRELIMINARY HEARINGS IN PAROLE AND**
38 **POST-RELEASE SUPERVISION REVOCATION PROCEEDINGS**

39 Sec. 20.15. (a) G.S. 15A-1376 reads as rewritten:

40 "(b) When and Where Preliminary Hearing on Parole Violation Required. – Unless
41 the hearing required by subsection (e) is first held ~~or the parolee waives the hearing~~ or a
42 continuance is requested by the parolee, a preliminary hearing on parole violation must
43 be held reasonably near the place of the alleged violation or arrest and within seven

1 working days of the arrest of a parolee to determine whether there is probable cause to
2 believe that he violated a condition of parole. Otherwise, the parolee must be released
3 seven working days after his arrest to continue on parole pending a hearing. If the
4 parolee is not within the State, his preliminary hearing is as prescribed by G.S. 148-
5 65.1A."

6 (b) G.S. 15A-1368.6 reads as rewritten:

7 "(b) When and Where Preliminary Hearing on Post-Release Supervision Violation
8 Required. – Unless the hearing required by subsection (e) of this section is first held ~~or~~
9 ~~the supervisee waives the hearing~~ or a continuance is requested by the supervisee, a
10 preliminary hearing on supervision violation shall be held reasonably near the place of
11 the alleged violation or arrest and within seven working days of the arrest of a supervisee
12 to determine whether there is probable cause to believe that the supervisee violated a
13 condition of post-release supervision. Otherwise, the supervisee shall be released seven
14 working days after arrest to continue on supervision pending a hearing. If the supervisee
15 is not within the State, the preliminary hearing is as prescribed by G.S. 148-65.1A."

17 PART 21. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

18
19 Requested by: Senators Ballance, Parnell

20 EXTEND DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY 21 STUDY COMMISSION

22 Sec. 21.1. (a) Section 20.4(d) of Chapter 324 of the 1995 Session Laws reads as
23 rewritten:

24 "(d) The Study Commission shall make an interim report to the 1996 Regular
25 Session of the 1995 General Assembly by May 1, 1996, and shall submit a final written
26 report of its findings and recommendations to the ~~General Assembly by May 1, 1996.~~
27 1997 General Assembly. All reports shall be filed with the Speaker of the House of
28 Representatives and the President Pro Tempore of the Senate. Upon filing its final report,
29 the Commission shall terminate."

30 (b) This section becomes effective April 30, 1996.

31
32 Requested by: Senator Ballance

33 STUDY LAW ENFORCEMENT OFFICER COMPENSATION AND SALARY 34 CONTINUATION FOR RESIDENTIAL FACILITY EMPLOYEES

35 Sec. 21.2. (a) The Office of State Personnel shall study:

- 36 (1) Employee classifications, salary schedules, pay equity, and pay
37 inequities for all sworn law enforcement personnel certified by the
38 North Carolina Criminal Justice Training and Standards Commission
39 in every law enforcement agency in the State. The study shall
40 consider appropriate factors related to the compensation of law
41 enforcement personnel, including job specifications and
42 qualifications required by the Office of State Personnel, the
43 compensation of personnel in accordance with educational levels

and years of experience, and the equity of compensation between all State law enforcement agencies.

(2) The feasibility and desirability of providing salary continuation pursuant to Article 12B of Chapter 143 of the General Statutes for employees of State-operated residential facilities who have been injured by acts of persons housed at the facilities or who have been injured while performing supervisory duties over persons housed at the facilities.

(3) Issues related to civilianizing certain State government law enforcement functions and positions, including the appropriate use of nonsworn, noncertified personnel in positions for which sworn status is not cost-effective or required. This study shall include the recommendations made by the Government Performance Audit Committee on civilianization to the 1993 General Assembly.

(b) The Office of State Personnel shall report to the Criminal Law Study Commission on its findings and recommendations related to the studies mandated by this section no later than November 1, 1996.

PART 22. JUDICIAL DEPARTMENT

Requested by: Senator Ballance

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,	8		
	Dare, Gates, Pasquotank,			
	Perquimans			
2	Beaufort, Hyde, Martin,	4		
	Tyrrell, Washington			
3A	Pitt	7		
3B	Carteret, Craven, Pamlico	6	<u>7</u>	
4	Duplin, Jones, Onslow,	10	<u>11</u>	
	Sampson			
5	New Hanover, Pender	9	<u>10</u>	
6A	Halifax	3		
6B	Bertie, Hertford,	3	<u>4</u>	
	Northampton			
7	Edgecombe, Nash, Wilson	10	<u>11</u>	

1	8	Greene, Lenoir, Wayne	8	<u>9</u>	
2	9	Franklin, Granville,	8		
3		Vance, Warren			
4	9A	Person, Caswell	2		
5	10	Wake			20 <u>22</u>
6	11	Harnett, Johnston, Lee	10		
7	12	Cumberland	12	<u>13</u>	
8	13	Bladen, Brunswick, Columbus	6		
9	14	Durham	9		
10	15A	Alamance	6		
11	15B	Orange, Chatham	5		
12	16A	Scotland, Hoke	3		
13	16B	Robeson	7	<u>8</u>	
14	17A	Rockingham	4		
15	17B	Stokes, Surry	4		
16	18	Guilford	18	<u>20</u>	
17	19A	Cabarrus	4		
18	19B	Montgomery, Randolph	5		
19	19C	Rowan	4		
20	20	Anson, Moore, Richmond,	12		
21		Stanly, Union			
22	21	Forsyth	12		
23	22	Alexander, Davidson, Davie,	11	<u>12</u>	
24		Iredell			
25	23	Alleghany, Ashe, Wilkes,	4		
26		Yadkin			
27	24	Avery, Madison, Mitchell,	3		
28		Watauga, Yancey			
29	25	Burke, Caldwell, Catawba	11		
30	26	Mecklenburg	24	<u>27</u>	
31	27A	Gaston	8	<u>9</u>	
32	27B	Cleveland,	5		
33		Lincoln			
34	28	Buncombe	8		
35	29	Henderson, McDowell, Polk,	8		
36		Rutherford, Transylvania			
37	30	Cherokee, Clay, Graham,	6		
38		Haywood, Jackson, Macon,			
39		Swain."			

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

41

42 Requested by: Senator Ballance

43 **ASSISTANT PUBLIC DEFENDERS**

1 Sec. 22.1. From funds appropriated to the Indigent Persons' Attorney Fee Fund
2 for the 1996-97 fiscal year, the Administrative Office of the Courts may use up to three
3 hundred sixty-five thousand three hundred seventy-six dollars (\$365,376) for salaries,
4 benefits, and related expenses to establish up to 11 new assistant public defenders.

5
6 Requested by: Senator Ballance

7 **RESERVE FOR DRUG TREATMENT COURT PROGRAM**

8 Sec. 22.2. (a) Of the funds appropriated to the Judicial Department in the certified
9 budget for the 1995-96 fiscal year to the Reserve for Court/Drug Treatment Program,
10 established by Section 41 of Chapter 24 of the Session Laws of the 1994 Extra Session,
11 as amended by Section 21.6 of Chapter 507 of the 1995 Session Laws, up to the sum of
12 one hundred seventy-five thousand dollars (\$175,000) of any balance remaining in the
13 reserve shall not revert, but may be used during the 1996-97 fiscal year for nonrecurring
14 program items.

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

16
17 Requested by: Senator Ballance

18 **ANNUAL REPORT ON RECIDIVISM**

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

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

41 Data collection and report preparation for the first year shall be funded from
42 the sum of four thousand dollars (\$4,000) appropriated to the Judicial Department for the
43 1996-97 fiscal year for that purpose, and grant funds available to the Department of

1 Correction for the 1996-97 fiscal year, up to the sum of twenty-five thousand dollars
 2 (\$25,000). The report shall be due by April 1 of each year.

3
 4 Requested by: Senator Ballance

5 **AUTHORIZE ADDITIONAL MAGISTRATES**

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

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

9
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County	Min.-Max.	Magistrates Court	Additional Seats of
Camden	1 2		
Chowan	2 3		
Currituck	1 3		
Dare	3 8		
Gates	2 3		
Pasquotank	3 5		
Perquimans	2 3		
Martin	5 8		
Beaufort	4 8		
Tyrrell	1 3		
Hyde	2 4		
Washington	3 4		
Pitt	10 12	Farmville	
Craven	7 10	Havelock	Ayden
Pamlico	2 3		
Carteret	5 8		
Sampson	6 8		
Duplin	9 11		
Jones	2 3		
Onslow	8 14		
New Hanover	6 11		
Pender	4 6		
Halifax	9 14	Roanoke	Rapids, Scotland Neck
Northampton	5 6 <u>7</u>		
Bertie	4 5 <u>8</u>		
Hertford	5 6		
Nash	7 10	Rocky Mount	

1	Edgecombe	4	6	Rocky Mount	
2	Wilson	4	6		
3	Wayne	5	11	Mount Olive	
4	Greene	2	4		
5	Lenoir	4 10		La Grange	
6	Granville	3	7		
7	Vance	3	5 <u>6</u>		
8	Warren	3	4		
9	Franklin	3	6 <u>7</u>		
10	Person	3	4		
11	Caswell	2	5		
12	Wake	12 20		Apex,	
13					Wendell,
14					Fuquay-
15					Varina,
16					Wake Forest
17	Harnett	7	11	Dunn	
18	Johnston	10	12	Benson,	
19					Clayton,
20					Selma
21	Lee	4	6		
22	Cumberland		10	17	
23	Bladen	4	6		
24	Brunswick		4	7	
25	Columbus	6	8	Tabor City	
26	Durham	8	12		
27	Alamance	7	10	Burlington	
28	Orange	4	11	Chapel Hill	
29	Chatham	3	8	Siler City	
30	Scotland	3	5		
31	Hoke	4	5		
32	Robeson	8	16	Fairmont,	
33					Maxton,
34					Pembroke,
35					Red Springs,
36					Rowland,
37					St. Pauls
38	Rockingham		4	9	Reidsville,
39					Eden,
40					Madison
41	Stokes	2	5		
42	Surry	5	9	Mt. Airy	
43	Guilford	20	26	High Point	

1	Cabarrus	5	9	Kannapolis
2	Montgomery		2	4
3	Randolph	5	8	Liberty
4	Rowan	5	10	
5	Stanly	5	6	
6	Union	4	6	
7	Anson	4	5	
8	Richmond		5	6 Hamlet
9	Moore	5	8	Southern
10				Pines
11	Forsyth	3	15	Kernersville
12	Alexander		2	3
13	Davidson	7	10	Thomasville
14	Davie	2	3	
15	Iredell	4	9	Mooresville
16	Alleghany		1	2
17	Ashe	3	4	
18	Wilkes	4	6	
19	Yadkin	3	5	
20	Avery	3	4	
21	Madison	4	5	
22	Mitchell	3	4	
23	Watauga	4	6	
24	Yancey	2	4	
25	Burke	4	7	
26	Caldwell	4	7	
27	Catawba	6	10	Hickory
28	Mecklenburg		15	26
29	Gaston	11	20	
30	Cleveland	5	8	
31	Lincoln	4	6	
32	Buncombe		6	15
33	Henderson		4	6
34	McDowell		3	5
35	Polk	3	4	
36	Rutherford		6	8
37	Transylvania		2	4
38	Cherokee	3	4	
39	Clay	1	2	
40	Graham	2	3	
41	Haywood	5	7	Canton
42	Jackson	3	4	
43	Macon	3	4	

1 Swain 2 3."

2
3 Requested by: Senators Ballance, Odom

4 **MAKE SPECIAL SUPERIOR COURT JUDGE TERMS CONSISTENT**

5 Sec. 22.6. (a) G.S. 7A-45.1 reads as rewritten:

6 **"§ 7A-45.1. Special judges.**

7 (a) Effective November 1, 1993, the Governor may appoint two special superior
8 court judges to serve terms expiring ~~December 31, 1998.~~ September 30, 2000.
9 Successors to the special superior court judges appointed pursuant to this subsection shall
10 be appointed to ~~four-year~~ five-year terms. A special judge takes the same oath of office
11 and is subject to the same requirements and disabilities as are or may be prescribed by
12 law for regular judges of the superior court, save the requirement of residence in a
13 particular district.

14 (a1) Effective October 1, 1995, the Governor may appoint two special superior
15 court judges to serve terms expiring September 30, 2000. Successors to the special
16 superior court judges appointed pursuant to this subsection shall be appointed to five-year
17 terms. A special judge takes the same oath of office and is subject to the same
18 requirements and disabilities as are or may be prescribed by law for regular judges of the
19 superior court, save the requirement of residence in a particular district.

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

23 (c) A special judge, in any court in which he is duly appointed to hold, has the
24 same power and authority in all matters that a regular judge holding the same court would
25 have. A special judge, duly assigned to hold the court of a particular county, has during
26 the session of court in that county, in open court and in chambers, the same power and
27 authority of a regular judge in all matters arising in the district or set of districts as
28 defined in G.S. 7A-41.1(a) in which that county is located, that could properly be heard
29 or determined by a regular judge holding the same session of court.

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

32 (b) Section 24.7 of Chapter 769 of the 1993 Session Laws reads as rewritten:

33 "Sec. 24.7. Notwithstanding G.S. 7A-45, G.S. 7A-45.1, Section 7 of Chapter 509 of
34 the 1987 Session Laws, or any other provision of law, if any special superior court judge
35 who is holding office on the effective date of this act first took office as an appointed or
36 elected regular or special superior court judge in the calendar year 1986, the term of that
37 judge is extended through ~~December 31, 1998.~~ September 30, 2000."

38
39 Requested by: Senator Ballance

40 **CRIMINAL CASE MANAGEMENT PROGRAM**

41 Sec. 22.8. Section 21.10 of Chapter 507 of the 1995 Session Laws reads as
42 rewritten:

1 "Sec. 21.10. Of the funds appropriated to the Judicial Department for the 1995-97
 2 biennium, the Administrative Office of the Courts shall use the sum of fifty thousand
 3 dollars (\$50,000) for the 1995-96 fiscal year and the sum of fifty thousand dollars
 4 (\$50,000) for the 1996-97 fiscal year to establish a criminal case management ~~pilot~~
 5 program in the Twelfth and Thirteenth Judicial Districts to help reduce the backlog of
 6 court cases and resolve new court cases quicker. A case management facilitator position
 7 shall be added to the district attorney's office in both of those judicial districts to help
 8 implement the ~~pilot~~-program and the positions shall be filled after consultation with the
 9 Senior Resident Superior Court Judges in both of those judicial districts. Of the funds
 10 appropriated to the Judicial Department for the 1996-97 fiscal year, the Administrative
 11 Office of the Courts shall use the sum of two hundred forty-one thousand six hundred
 12 forty-eight dollars (\$241,648) to establish criminal case management programs in eight
 13 additional judicial districts. The case management facilitators to be added in the eight
 14 additional districts shall also be filled after consultation with the Senior Resident Superior
 15 Court Judge in each of those eight districts.

16 The Administrative Office of the Courts shall report by ~~May 1, 1996~~ March 1, 1997 to
 17 the Chairs of the Senate and House Appropriations Committees and the Chairs of the
 18 Senate and House Appropriations Subcommittees on Justice and Public Safety on the
 19 implementation of the ~~pilot~~-program."
 20

21 Requested by: Senators Ballance, Rand

22 **ADDITIONAL DISTRICT COURT JUDGE**

23 Sec. 22.9. (a) G.S. 7A-133(a) reads as rewritten:

24 "(a) Each district court district shall have the numbers of judges as set forth in the
 25 following table:
 26
 27

District	Judges	County
1	4	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	3 Martin	Beaufort Tyrrell Hyde Washington
3A	4 Pitt	
3B	4 Craven	

1				Pamlico
2				Carteret
3	4	6	Sampson	
4				Duplin
5				Jones
6				Onslow
7	5	6	New Hanover	
8				Pender
9	6A	2	Halifax	
10	6B	3	Northampton	
11				Bertie
12				Hertford
13	7	6	Nash	
14				Edgecombe
15				Wilson
16	8	6	Wayne	
17				Greene
18				Lenoir
19	9	4	Granville	
20				(part of Vance
21				see subsection (b))
22				Franklin
23	9A	2	Person	
24				Caswell
25	9B	1	Warren	
26				(part of Vance
27				see subsection (b))
28	10	12	Wake	
29	11	6	Harnett	
30				Johnston
31				Lee
32	12	7 8	Cumberland	
33	13	4	Bladen	
34				Brunswick
35				Columbus
36	14	5		Durham
37	15A	3	Alamance	
38	15B	3	Orange	
39				Chatham
40	16A	2	Scotland	
41				Hoke
42	16B	5	Robeson	
43	17A	2	Rockingham	

1	17B	3	Stokes	
2				Surry
3	18	11	Guilford	
4	19A	3	Cabarrus	
5	19B	3	Montgomery	
6				Randolph
7	19C	3	Rowan	
8	20	7	Stanly	
9				Union
10				Anson
11				Richmond
12				Moore
13	21	7	Forsyth	
14	22	7	Alexander	
15				Davidson
16				Davie
17				Iredell
18	23	3	Alleghany	
19				Ashe
20				Wilkes
21				Yadkin
22	24	3	Avery	
23				Madison
24				Mitchell
25				Watauga
26				Yancey
27	25	7	Burke	
28				Caldwell
29				Catawba
30	26	14	Mecklenburg	
31	27A	5	Gaston	
32	27B	4	Cleveland	
33				Lincoln
34	28	5	Buncombe	
35	29	5	Henderson	
36				McDowell
37				Polk
38				Rutherford
39				Transylvania
40	30	4	Cherokee	
41				Clay
42				Graham
43				Haywood

1 Jackson
2 Macon
3 Swain."

4 (b) The Governor shall appoint an additional district court judge for District Court
5 District 12 as authorized by subsection (a) of this section. The judge's successor shall be
6 elected in the 2000 general election for a four-year term commencing on the first Monday
7 in December 2000.

8 (c) Subsection (a) of this section becomes effective December 15, 1996, or 15
9 days after the date upon which that subsection is approved under Section 5 of the Voting
10 Rights Act of 1965, whichever is later.

11
12 Requested by: Senator Ballance

13 **MECKLENBURG DRUG COURT FUNDING**

14 Sec. 22.10. It is the intent of the General Assembly that the Mecklenburg Drug
15 Court program shall be funded as a recurring item within the continuation budget.

16
17 Requested by: Senator Ballance

18 **FUNDING FOR SUPERIOR COURT REPORTERS**

19 Sec. 22.11. It is the intent of the General Assembly that funding for superior
20 court reporters shall remain a part of the continuation budget.

21
22 Requested by: Senators Ballance, Odom

23 **DISTRICT COURT REPORTER OPTION**

24 Sec. 22.12. G.S. 7A-198 is amended by adding a new subsection to read:

25 "(g) A party to a civil trial in district court may request a private agreement from
26 the opposing party or parties to share equally in the cost of a court reporter to be selected
27 from a list provided by the Administrative Office of the Courts. If the opposing party
28 does not consent to share this cost, the requesting party may nevertheless pay to have a
29 court reporter present to record the trial and, in the event that the opposing party appeals
30 the case, that party shall reimburse the party providing the court reporter in full for the
31 costs incurred for the court reporter's services and transcripts.

32 In the event that the recording device in a civil trial conducted without a court reporter
33 fails for any reason to provide a reasonably accurate record of the trial for purposes of
34 appeal, then the trial judge shall grant a motion for a new trial made by a losing party
35 whose request pursuant to this section to share the cost of a court reporter was not
36 consented to by the opposing party."

37 38 **PART 23. DEPARTMENT OF JUSTICE**

39
40 Requested by: Senator Ballance

41 **AUTHORIZATION OF FICTITIOUS LICENSES AND REGISTRATION** 42 **PLATES ON PUBLICLY OWNED MOTOR VEHICLES**

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

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

28 (b) The Joint Legislative Commission on Governmental Operations shall study the
29 statutory authorization of the use of private license plates on State-owned motor vehicles
30 and the administration and enforcement of the applicable statutes. The Commission shall
31 report the results of its study to the 1997 General Assembly.

32 (c) Subsection (a) of this section expires June 30, 1997.

33
34 Requested by: Senator Ballance

35 **FINGERPRINT AND PHOTOGRAPH DELINQUENT JUVENILES**

36 Sec. 23.2. (a) Article 48 of Chapter 7A of the General Statutes is amended by
37 adding a new section to read:

38 **"§ 7A-603. Fingerprinting and photographing delinquent juveniles.**

39 (a) A juvenile shall be fingerprinted and photographed by a law enforcement
40 officer or agency upon adjudication of the juvenile as a delinquent pursuant to G.S. 7A-
41 637 if the juvenile was 10 years of age or older at the time the juvenile allegedly
42 committed an offense that would be a Class A, B, C, D, or E felony if committed by an
43 adult. Upon adjudication, the court shall order the juvenile be fingerprinted and

1 photographed unless the juvenile has been fingerprinted and photographed previously and
2 the fingerprints and photographs are in a proper format for transfer to the State Bureau of
3 Investigation.

4 (b) Fingerprints obtained pursuant to this section shall be transferred to the State
5 Bureau of Investigation in a format approved by the State Bureau of Investigation and
6 placed in the Automated Fingerprint Identification System (AFIS) to be used for all
7 investigation and comparison purposes. Photographs shall be placed in a format approved
8 by the State Bureau of Investigation and may be used for all investigative or comparison
9 purposes.

10 (c) Fingerprints and photographs taken pursuant to this section shall not be
11 included in the clerk's record pursuant to G.S. 7A-675 and shall not be eligible for
12 expunction pursuant to G.S. 7A-676."

13 (b) G.S. 15A-502(c) reads as rewritten:

14 "(c) This section does not authorize the taking of photographs or fingerprints of a
15 juvenile alleged to be delinquent except under G.S. 7A-596 through ~~7A-601.~~ 7A-601 and
16 7A-603."

17
18 Requested by: Senators Ballance, Rand

19 **ESTABLISH CRIMINAL JUSTICE INFORMATION NETWORK GOVERNING**
20 **BOARD**

21 Sec. 23.3. (a) Chapter 143 of the General Statutes is amended by adding a new
22 Article to read:

23 **"ARTICLE 69.**

24 **"CRIMINAL JUSTICE INFORMATION NETWORK GOVERNING BOARD.**

25 **"§ 143-660. Definitions.**

26 As used in this Article:

- 27 (1) 'Board' means the Criminal Justice Information Network Governing
28 Board established by G.S. 143-661.
29 (2) 'Local government user' means a unit of local government of this State
30 having authorized access to the Network.
31 (3) 'Network' means the Criminal Justice Information Network established
32 by the Board pursuant to this Article.
33 (4) 'Network user' or 'user' means any person having authorized access to
34 the Network.
35 (5) 'State agency' means any State department, agency, institution, board,
36 commission, or other unit of State government.

37 **"§ 143-661. Criminal Justice Information Network Governing Board – Creation;**
38 **purpose; membership; conflicts of interest.**

39 (a) The Criminal Justice Information Network Governing Board is established
40 within the Office of State Budget and Management to operate the State's Criminal Justice
41 Information Network, the purpose of which shall be to provide the governmental and
42 technical information systems infrastructure necessary for accomplishing State and local
43 governmental public safety and justice functions in the most effective manner by

1 appropriately and efficiently sharing criminal justice information among law
2 enforcement, judicial, and corrections agencies. The Board is established within the
3 Office of State Budget and Management for organizational and budgetary purposes only
4 and the Board shall exercise all of its statutory powers in this Article independent of
5 control by the Office of State Budget and Management.

6 (b) The Board shall consist of 15 members, appointed as follows:

7 (1) Three members appointed by the Governor, including one member who
8 shall be a director or employee of a State correction agency for a term to
9 begin September 1, 1996, and to expire on June 30, 1997, one member
10 who shall be an employee of the North Carolina Department of Crime
11 Control and Public Safety for a term beginning September 1, 1996, and
12 to expire on June 30, 1997, and one member selected from a list of at
13 least three names submitted to the Governor by the North Carolina
14 Association of Chiefs of Police for a term to begin September 1, 1996,
15 and to expire on June 30, 1999.

16 (2) Four members appointed by the General Assembly in accordance with
17 G.S. 120-121, as follows:

18 a. Two members recommended by the President Pro Tempore of
19 the Senate, including one member of the general public for a
20 term to begin on September 1, 1996, and to expire on June 30,
21 1997, and one member who shall be selected from a list of at
22 least three names submitted to the President Pro Tempore by the
23 North Carolina League of Municipalities and who shall be a
24 member of or an employee working directly for the governing
25 board of a North Carolina municipality for a term to begin on
26 September 1, 1996, and to expire on June 30, 1999; and

27 b. Two members recommended by the Speaker of the House of
28 Representatives, including one member of the general public for
29 a term to begin on September 1, 1996, and to expire on June 30,
30 1999, and one member selected from a list of at least three names
31 submitted to the Speaker by the North Carolina Association of
32 County Commissioners, and who shall be a member of or an
33 employee working directly for the governing board of a North
34 Carolina county for a term to begin on September 1, 1996, and to
35 expire on June 30, 1997.

36 (3) Two members appointed by the Attorney General, including one
37 member who shall be an employee of the Attorney General for a term to
38 begin on September 1, 1996, and to expire on June 30, 1997, and one
39 member from a list of at least three names submitted to the Attorney
40 General by the North Carolina Sheriffs' Association for a term to begin
41 on September 1, 1996, and to expire on June 30, 1999.

42 (4) Five members appointed by the Chief Justice of the North Carolina
43 Supreme Court, including the Director or an employee of the

1 Administrative Office of the Courts for a term to begin on September 1,
2 1996, and to expire on June 30, 1997, one clerk of the superior court for
3 a term to begin on September 1, 1996, and to expire on June 30, 1997,
4 two judges of the trial division of the General Court of Justice for a term
5 to begin on September 1, 1996, and to expire on June 30, 1999, and one
6 district attorney or employee of a district attorney for a term to begin on
7 September 1, 1996, and to expire on June 30, 1999.

8 (5) One member appointed by the Chair of the Information Resource
9 Management Commission, who shall be the Chair or a member of that
10 Commission for a term to begin on September 1, 1996, and to expire on
11 June 30, 1999.

12 The respective appointing authorities shall appoint to the Board persons having a
13 background in and familiarity with criminal information systems and networks generally
14 and with the criminal information needs and capacities of the constituency from which
15 the member is appointed.

16 As the initial terms expire, subsequent members of the Board shall be appointed to
17 serve four-year terms. At the end of a term, a member shall continue to serve on the
18 Board until a successor is appointed. A member who is appointed after a term is begun
19 serves only for the remainder of the term and until a successor is appointed. Any
20 vacancy in the membership of the Board shall be filled by the same appointing authority
21 that made the appointment, except that vacancies among members appointed by the
22 General Assembly shall be filled in accordance with G.S. 120-122.

23 (c) Members of the Board shall not be employed by or serve on the board of
24 directors or other corporate governing body of any information systems, computer
25 hardware, computer software, or telecommunications vendor of goods and services to the
26 State or to any unit of local government in the State. No member of the Board shall vote
27 on an action affecting solely the member's own State agency or local governmental unit
28 or specific judicial office.

29 **"§ 143-662. Compensation and expenses of Board members; travel reimbursements.**

30 Members of the Board shall serve without compensation but may receive travel and
31 subsistence as follows:

32 (1) Board members who are officials or employees of a State agency or unit
33 of local government, in accordance with G.S. 138-6.

34 (2) All other Board members, at the rate established in G.S. 138-5.

35 **"§ 143-663. Powers and duties.**

36 (a) The Board shall have the following powers and duties:

37 (1) To establish and operate the Network as an integrated system of State
38 and local government components for effectively and efficiently storing,
39 communicating, and using criminal justice information at the State and
40 local levels throughout North Carolina's law enforcement, judicial, and
41 corrections agencies, with the components of the Network to include
42 electronic devices, programs, data, and governance and to set the
43 Network's policies and procedures.

- 1 (2) To determine and establish uniform standards, consistent with any
2 applicable standards adopted by the Information Resource Management
3 Commission, for entering, storing, and transmitting information in
4 criminal justice databases.
- 5 (3) To evaluate the capacity of available information technology to meet the
6 present and future needs of the users of the Network and the costs and
7 benefits of adopting any present or prospective information technology
8 for the Network.
- 9 (4) To develop and promulgate technical standards that achieve maximum
10 compatibility among user technologies while assuring maximum user
11 freedom in adopting technologies.
- 12 (5) To identify the funds needed to establish and maintain the Network,
13 identify public and private sources of funding, and secure funding for
14 the Board.
- 15 (6) To receive funds appropriated or granted to the Board and to use those
16 funds to:
- 17 a. Create the Network and to facilitate the sharing of information
18 among users of the Network;
- 19 b. Develop elements of the Network which are the responsibility of
20 the State;
- 21 c. Make grants to local government users to enable them to acquire
22 or improve elements of the Network that lie within the
23 responsibility of their agencies, provided that the elements
24 developed with such funds must be available for use by the State
25 or by local governments without cost; and
- 26 d. Make grants to local government users to enable them to acquire
27 or improve elements of the Network that lie within the
28 responsibility of one or more State agencies, provided that:
- 29 1. The State agencies must join in the request for funding,
30 and
- 31 2. The elements developed with such funds must be
32 available for use by the State or by local governments
33 without cost, if the State agency or agencies certify that
34 the element advances the State's ability to meet its goal of
35 having an integrated criminal justice information network.
- 36 (7) To coordinate and assist the Network users of this State in soliciting
37 bids for information technology hardware, software, and services in
38 order to assure compliance with the Board's technical standards, to gain
39 the most advantageous contracts for the Network users of this State, and
40 to assure financial accountability where State funds are used.
- 41 (8) To provide a liaison among local government users and provide
42 assistance for the financial and systems planning for Network related
43 automation.

1 (9) To facilitate the sharing of knowledge about information technologies
2 among users of the Network.

3 (10) To be an advocate for the Network and the needs of its users in
4 connection with legislation affecting the Network.

5 (11) To take any other appropriate actions to foster the development of the
6 Network.

7 (b) All grants or other uses of funds appropriated or granted to the Board shall be
8 conditioned on compliance with the Board's technical and other standards.

9 **"§ 143-664. Election of officers; meetings; staff; etc.**

10 (a) The Governor shall call the first meeting of the Board. At the first meeting, the
11 Board shall elect a chair and a vice-chair, each to serve a one-year term, with subsequent
12 officers to be elected for one-year terms. The Board shall hold at least two regular
13 meetings each year, as provided by policies and procedures adopted by the Board. The
14 Board may hold additional meetings upon the call of the chair or any three Board
15 members. A majority of the Board membership constitutes a quorum.

16 (b) The Board shall employ a full-time Executive Director who shall have
17 appropriate training and experience to assist the Board in the performance of its duties.
18 The Executive Director shall be exempt from coverage under the State Personnel Act and
19 shall serve at the pleasure of the Board. The salary of the Executive Director shall be set
20 by the Governor upon the recommendation of the Board.

21 (c) The Executive Director may employ such other full or part-time staff and
22 contract for such services as may be necessary or appropriate to assist the Board in the
23 performance of its duties, as funds permit. Staff employed by the Executive Director
24 shall be exempt from coverage under the State Personnel Act and shall serve at the
25 pleasure of the Executive Director. The salaries of such staff shall be set by the
26 Executive Director.

27 (d) The Board may meet in an area provided by the Office of State Budget and
28 Management, and the Board's staff shall use space provided by the Office of State Budget
29 and Management."

30 (b) G.S. 143B-426.21(a) is amended by adding a new subdivision to read:

31 "(9) The Chair of the Criminal Justice Information Network Governing
32 Board."

33 (c) The Criminal Justice Information Network Governing Board shall report by
34 April 1, 1997, to the Chairs of the Senate and House Appropriations Committees and the
35 Chairs of the Senate and House Appropriations Subcommittees on Justice and Public
36 Safety on the organization, operations, and expenditures of the Board, including the
37 Board's progress in developing data sharing standards, the progress in the coordination
38 and cooperation of State and local agencies in establishing standards, and the estimated
39 time of completion of the standards. The Board shall also provide a long-term strategic
40 plan and cost analysis for statewide implementation of the Criminal Justice Information
41 Network as well as a report on the State and local law enforcement agencies'
42 implementation of the mobile data network system, including the amount of funds spent

1 on the system as of the date of the report and the long-term costs of implementing the
2 system statewide.

3 (d) Of the funds appropriated in this act to the reserve for the Criminal Justice
4 Information Network Governing Board, the sum of three hundred thousand dollars
5 (\$300,000) shall be used to support the operation of the Criminal Justice Information
6 Network Governing Board, including staff salaries and benefits and related expenses, and
7 the sum of seven hundred thousand dollars (\$700,000) shall be used to fund the
8 development of data standards for the Network. Funds appropriated to the reserve for the
9 Criminal Justice Information Network Governing Board shall not revert.

11 PART 24. DEPARTMENT OF HUMAN RESOURCES

13 Requested by: Senator Martin of Guilford

14 MEDICAID

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

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

21 Services and payment bases:

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

1 or in accordance with the State Plan adopted by the Department of
2 Human Resources consistent with federal reimbursement regulations.
3 Payment of the professional services fee shall be made in accordance
4 with the Plan adopted by the Department of Human Resources,
5 consistent with federal reimbursement regulations. The professional
6 services fee shall be five dollars and sixty cents (\$5.60) per prescription.
7 Adjustments to the professional services fee shall be established by the
8 General Assembly.

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

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

33 Services and payment bases may be changed with the approval of the Director of the
34 Budget.

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

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

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

(d) Medicaid and Aid to Families With Dependent Children Income Eligibility Standards. The maximum net family annual income eligibility standards for Medicaid and Aid to Families with Dependent Children, and the Standard of Need for Aid to Families with Dependent Children shall be as follows:

Family Size	Categorically Needy		Medically Needy	
	Standard of Need	AFDC Payment Level*	AA, AB, AD*	
1	\$ 4,344	\$ 2,172	\$ 2,900	
2	5,664	2,8323,800		
3	6,528	3,2644,400		
4	7,128	3,5644,800	5 7,776	3,888 5,200
6	8,376	4,1885,600		
7	8,952	4,4766,000		
8	9,256	4,6806,300		

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

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

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

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

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

Monthly Net Wages	Monthly Incentive Allowance
\$1.00 to \$100.99	Up to \$50.00
\$101.00 - \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

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

3 (h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through G.S.
4 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security Act) a
5 prescription order for a drug designated by a trade or brand name shall be considered to
6 be an order for the drug by its established or generic name, except when the prescriber
7 personally indicates, either orally or in his own handwriting on the prescription order,
8 'dispense as written' or words of similar meaning. Generic drugs, when available in the
9 pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather
10 than trade or brand name drugs, subject to the prescriber's 'dispense as written' order as
11 noted above.

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

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

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

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

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

36 (m) The Department of Human Resources shall provide Medicaid to 19-, 20-, and
37 21-year olds in accordance with federal rules and regulations.

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

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

- 1 (2) Infants under the age of 1 with family incomes equal to or less than one
2 hundred eighty-five percent (185%) of the federal poverty guidelines as
3 revised each April 1 shall be covered for Medicaid ~~benefits;~~ benefits.
- 4 (3) Children aged 1 through 5 with family incomes equal to or less than one
5 hundred thirty-three percent (133%) of the federal poverty guidelines as
6 revised each April 1 shall be covered for Medicaid ~~benefits;~~ benefits.
- 7 (4) Children aged 6 through 18 with family incomes equal to or less than
8 the federal poverty guidelines as revised each April 1 shall be covered
9 for Medicaid benefits. ~~Services to pregnant women eligible under this
10 section continue throughout the pregnancy but include only those
11 related to pregnancy and to those other conditions determined by the
12 Department as conditions that may complicate pregnancy. In order to
13 reduce county administrative costs and to expedite the provision of
14 medical services to pregnant women, to infants, and to children eligible
15 under this section, no resources test shall be applied; and~~
- 16 (5) The Department of Human Resources shall provide Medicaid coverage
17 for adoptive children with special or rehabilitative needs regardless of
18 the adoptive family's income.

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

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

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

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

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

6 (s) The Division of Medical Assistance, Department of Human Resources, may
 7 administer Medicaid estate recovery mandated by Omnibus Budget Reconciliation Act of
 8 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5 using temporary rules
 9 pending approval of final rules promulgated pursuant to Chapter 150B of the General
 10 Statutes.

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

15
 16 Requested by: Senator Martin of Guilford

17 **NONMEDICAID REIMBURSEMENT CHANGES**

18 Sec. 24.1. Section 23.16 of Chapter 324 of the 1995 Session Laws, as
 19 amended by section 23.5 of Chapter 507, 1995 Session Laws, reads as rewritten:

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

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

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

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

42
 43 Medical Eye All

Family Size	Care Adults	Rehabilitation	Other
1	\$ 4,860	\$ 8,364	\$ 4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,824	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

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

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

Income	State Participation	Client Participation
(% of poverty)		
0-100%	100%	0%
101-120%	95%	5%
121-140%	85%	15%
141-160%	75%	25%
161-180%	65%	35%
191-180%	65%	35%
<u>181-200%</u>	<u>55%</u>	<u>45%</u>
201-220%	45%	55%
221-240%	35%	65%
241-260%	25%	75%
261-280%	15%	85%
281-300%	5%	95%
301%-over	0%	100%.

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

1 Requested by: Senator Martin of Guilford

2 **MEDICAID SUBROGATION CHANGE**

3 Sec. 24.1A. (a) G.S. 108A-57 reads as rewritten:

4 **"§ 108A-57. Subrogation rights; withholding of information a misdemeanor.**

5 (a) Notwithstanding any other provisions of the law, to the extent of payments
6 under this Part, the State, or the county providing medical assistance benefits, shall be
7 subrogated to all rights of recovery, contractual or otherwise, of the beneficiary of ~~such~~
8 this assistance, or of ~~his—the~~ beneficiary's personal representative, ~~his—~~heirs, or the
9 administrator or executor of ~~his—the~~ estate, against any person. ~~It shall be the~~
10 ~~responsibility of the—~~The county attorney—attorney, or an attorney retained by the county
11 ~~and/or or~~ the State or both, or an attorney retained by the beneficiary of the assistance if
12 ~~such—this~~ attorney has actual notice of payments made under this Part ~~to—shall~~ enforce this
13 ~~section, and said section.~~ An attorney retained by the county or the State or both shall be
14 compensated for ~~his—~~services in accordance with the attorneys' fee arrangements approved
15 by the ~~Department; provided, however, that any—Department.~~ Any attorney retained by
16 the beneficiary of the assistance shall ~~be compensated for his—services—~~distribute proceeds
17 obtained on behalf of the beneficiary by settlement with, judgment against, or otherwise
18 from a third party by reason of the injury or death in accordance with the following
19 schedule and in the following order of ~~priority from any amount obtained on behalf of the~~
20 ~~beneficiary by settlement with, judgment against, or otherwise from a third party by~~
21 ~~reason of such injury or death: priority:~~

- 22 (1) First to the payment of any court costs taxed by the judgment;
- 23 (2) Second to the payment of the fee of the attorney representing the
24 beneficiary making the settlement or obtaining the judgment, but this
25 fee shall not exceed one-third of the gross amount obtained or ~~recovered~~
26 ~~to which the right of subrogation applies; recovered;~~
- 27 (3) Third to the payment to the Department of the amount of assistance
28 received by the ~~beneficiary as prorated with other claims against the~~
29 ~~amount obtained or received from the third party to which the right of~~
30 ~~subrogation applies, but the amount shall not exceed one third of the~~
31 ~~amount obtained or recovered to which the right of subrogation applies;~~
32 beneficiary; and
- 33 (4) Fourth to the payment of any amount remaining to the beneficiary or ~~his~~
34 the beneficiary's personal representative.

35 The United States and the State of ~~North Carolina shall be—~~is entitled to shares in each
36 net recovery under this section. Their shares shall be promptly paid under this section
37 and their proportionate parts of ~~such—the~~ sum shall be determined in accordance with the
38 matching formulas in use during the period for which assistance was paid to the recipient.

39 (b) It ~~shall be—~~is a Class 1 misdemeanor for any person seeking or having obtained
40 assistance under this Part for himself or another to willfully fail to disclose to the county
41 department of social services or its attorney the identity of any person or organization
42 against whom the recipient of assistance has a right of recovery, contractual or
43 otherwise."

1 (b) This section becomes effective October 1, 1996.

2
3 Requested by: Senator Martin of Guilford

4 **VOCATIONAL REHABILITATION SUBROGATION CHANGE**

5 Sec. 24.1B. (a) G.S. 143-547 reads as rewritten:

6 **"§ 143-547. Subrogation rights; withholding of information a misdemeanor.**

7 (a) Notwithstanding any other provisions of law, to the extent of payments under
8 this Article, the State Vocational Rehabilitation program shall be subrogated to all rights
9 of recovery, contractual or otherwise, of the beneficiary of the assistance, or ~~his~~ the
10 beneficiary's personal representative, ~~his~~ heirs, or the administrator or executor of ~~his~~ the
11 estate, against any person; provided, however, that any person. Any attorney retained by
12 the beneficiary of the assistance shall be compensated for his services distribute proceeds
13 obtained on behalf of the beneficiary by settlement with, judgment against, or otherwise
14 from a third party by reason of injury or death in accordance with the following schedule
15 and in the following order of ~~priority from any amount obtained on behalf of the~~
16 ~~beneficiary by settlement with, judgment against, or otherwise from a third party by~~
17 ~~reason of such injury or death: priority:~~

- 18 (1) First to the payment of any court costs taxed by the judgment;
- 19 (2) Second to the payment of the fee of the attorney representing the
20 beneficiary making the settlement or obtaining the judgment, but this
21 fee shall not exceed one-third of the gross amount obtained or ~~recovered~~
22 ~~to which the right of subrogation applies; recovered;~~
- 23 (3) Third to the payment of the amount of assistance received by the
24 beneficiary as prorated with other claims against the amount obtained or
25 received from the third party ~~to for which the~~ a right of subrogation
26 applies, but the amount shall not exceed one-third of the amount
27 obtained or ~~recovered to which the right of subrogation applies;~~
28 recovered; and
- 29 (4) Fourth to the payment of any amount remaining to the beneficiary or ~~his~~
30 the beneficiary's personal representative.

31 The United States and the State ~~of North Carolina shall be~~ is entitled to shares in each net
32 recovery under this section. Their shares shall be promptly paid under this section and
33 their proportionate parts of ~~such~~ the sum shall be determined in accordance with the
34 matching formulas in use during the period for which assistance was paid to the recipient.

35 (b) In furnishing a person rehabilitation services, including medical case services
36 under this Chapter, the Division of Vocational Rehabilitation Services is subrogated to
37 the person's right of recovery from:

- 38 (1) Personal insurance;
- 39 (2) Worker's Compensation;
- 40 (3) Any other person or personal injury caused by the other person's
41 negligence or wrongdoing; or
- 42 (4) Any other source.

1 (c) The Division of Vocational Rehabilitation Services' right to subrogation is
2 limited to the cost of the rehabilitation services provided by or through the Division for
3 which a financial needs test is a condition of the service provisions. Those services that
4 are provided without a financial needs test are excluded from these subrogation rights.

5 (d) The Division of Vocational Rehabilitation Services may totally or partially
6 waive subrogation rights when the Division finds that enforcement would tend to defeat
7 the client's process of rehabilitation or when client assets can be used to offset additional
8 Division costs.

9 (e) The Division of Vocational Rehabilitation Services may adopt rules for the
10 enforcement of its rights of subrogation.

11 (f) It is a Class 1 misdemeanor for a person seeking or having obtained assistance
12 under this Part for himself or another to willfully fail to disclose to the Division of
13 Vocational Rehabilitation Services or its attorney the identity of any person or
14 organization against whom the recipient of assistance has a right of recovery, contractual
15 or otherwise."

16 (b) This section becomes effective October 1, 1996.

17
18 Requested by: Senator Martin of Guilford

19 **THOMAS S.**

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

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

27 (1) Adults with mental retardation, or who have been treated as if they had
28 mental retardation, who were admitted to a State psychiatric hospital on
29 or after March 22, 1984, and who are included on the Division of
30 Mental Health, Developmental Disabilities, and Substance Abuse
31 Services' official list of prospective Class members;

32 (2) Adults with mental retardation who have a documented history of State
33 psychiatric hospital admissions regardless of admission date and who,
34 without funding support, have a good probability of being readmitted to
35 a State psychiatric hospital;

36 (3) Adults with mental retardation who have never been admitted to a State
37 psychiatric hospital but who have a documented history of behavior
38 determined to be of danger to self or others that results in referrals for
39 inpatient psychiatric treatment and who, without funding support, have a
40 good probability of being admitted to a State psychiatric hospital; or

41 (4) Adults who are included on the Division of Mental Health,
42 Developmental Disabilities, and Substance Abuse Services' official list
43 of prospective Class members and have yet to be confirmed as Class

1 members, who currently reside in the community, and who have a good
2 probability of being admitted to a facility licensed as a 'home for the
3 aged and disabled'.

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

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

8 (1) Funds specifically appropriated by the General Assembly for the
9 placement and services of Thomas S. Class members; and

10 (2) Funds for placement and services for which Thomas S. Class members
11 are otherwise eligible.

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

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

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

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

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

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

26 (3a) The number of individuals identified as prospective Class members;

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

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

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

33 (e) Notwithstanding any other provision of law, if the Department of Human
34 Resources determines that a local program is not providing minimally adequate services
35 to members of the Class identified in Thomas S., et al. v. Britt, formerly Thomas S., et al.
36 v. Flaherty, or does not show a willingness to do so, the Department may ensure the
37 provision of these services through contracts with public or private agencies or by direct
38 operation by the Department of these programs."
39

40 Requested by: Senator Martin of Guilford

41 **EXTENSION OF TASK FORCE TO DETERMINE A MINIMUM**
42 **REIMBURSEMENT RATE FOR ADULT DEVELOPMENTAL ACTIVITY**
43 **PROGRAMS (ADAP)**

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

3 "Section 1. The Secretary of the Department of Human Resources shall establish in
4 the Office of the Secretary a special task force to determine a minimum reimbursement
5 rate for Adult Developmental Activity Programs (ADAP). In addition, this task force
6 shall review the current funding stream to ensure that it is the most effective way possible
7 to provide day services to adults with developmental disabilities, including which
8 division within the Department is most appropriate for this program. The task force shall
9 report to the Mental Health Study Commission the results of its study in time for these
10 results to be included in the Mental Health Study Commission's report to the ~~1995~~
11 ~~General Assembly, Regular Session 1996-1997 General Assembly.~~ The task force shall
12 terminate after the presentation of its report to the Commission.

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

- 14 (1) Two representatives from community rehabilitation programs;
- 15 (2) A representative from the Department of Human Resources;
- 16 (3) A representative from the Division of Mental Health, Developmental
17 Disabilities, and Substance Abuse Services;
- 18 (4) A representative from the Division of Vocational Rehabilitation; and
- 19 (5) A representative from the Association for Retarded Citizens.

20 This task force shall be funded by funds available to the Department."
21

22 Requested by: Senator Martin of Guilford

23 **CONSOLIDATION OF JOHN UMSTEAD HOSPITAL AND THE ADATC-**
24 **BUTNER OPERATING FUND**

25 Sec. 24.6. As the administrative and programmatic functions of John Umstead
26 Hospital and the ADATC-Butner (Alcohol and Drug Abuse Treatment Center at Butner)
27 have been consolidated in an effort to streamline administrative costs, the Division of
28 Mental Health, Developmental Disabilities, and Substance Abuse Services may
29 consolidate the operating budget of these two institutions.
30

31 Requested by: Senator Martin of Guilford

32 **IMPROVEMENT OF OPERATING EFFICIENCIES IN COLLOCATED**
33 **INSTITUTIONS**

34 Sec. 24.7. The Department of Human Resources' collocated institutions shall
35 create operating efficiencies in support functions through increased service coordination
36 across facilities. The Department shall ensure that annual savings in salary and supplies
37 of at least one hundred thousand dollars (\$100,000) are achieved in the 1996-97 fiscal
38 year and in every fiscal year thereafter. These institutions' managers shall be included in
39 the process and in the determination of the methods for achieving the required savings.
40

41 Requested by: Senator Martin of Guilford

1 **AREA MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND**
2 **SUBSTANCE ABUSE SERVICES PROGRAMS**
3 **REDUCTIONS/SPECIFICATIONS**

4 Sec. 24.9. The Division of Mental Health, Developmental Disabilities, and
5 Substance Abuse Services shall ensure that reductions in its State appropriations for the
6 1996-97 fiscal year that are allocated to area mental health, developmental disabilities,
7 and substance abuse programs are applied by the area authorities only to those services
8 and programs in which additional increased federal TITLE IVA-Emergency Assistance
9 and Medicaid revenues are anticipated.

10
11 Requested by: Senator Martin of Guilford

12 **CAROLINA ALTERNATIVES EXPANSION LIMITS**

13 Sec. 24.10. The Department of Human Resources may expand Carolina
14 Alternatives beyond the 10 area authorities that currently participate in the Carolina
15 Alternatives/Medicaid Waiver/Managed Care Program.

16
17 Requested by: Senator Martin of Guilford

18 **CLINICAL SOCIAL WORKER EXEMPTION**

19 Sec. 24.10A. Section 8 of Chapter 732 of the 1991 Session Laws reads as
20 rewritten:

21 "Sec. 8. This act becomes effective January 1, 1992. G.S. 90B-10(b)(3)a. is repealed
22 effective January 1, ~~1997-1999~~. The term of the additional Board position for clinical
23 social worker created by this act shall commence upon the expiration of the term of the
24 public member whose term expires first."

25
26 Requested by: Senator Martin of Guilford

27 **FOSTER CARE REPORTING REPEALED**

28 Sec. 24.11. Section 23.22 of Chapter 324 of the 1995 Session Laws is
29 repealed.

30
31 Requested by: Senator Martin of Guilford

32 **CHILD SUPPORT RESERVE SHALL NOT REVERT**

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

37 (b) This section is effective June 30, 1996.

38
39 Requested by: Senator Martin of Guilford

40 **AFDC EMERGENCY ASSISTANCE RULES CLARIFIED**

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

- 1 (1) Ensuring that the applicant produce documented verification of the
2 emergency for which AFDC-EA cash is requested; except that where it
3 is unreasonable or not feasible to obtain written verification, such
4 verification can be achieved through telephonic or other reliable means
5 of communication; and
6 (2) Ensuring that the verified emergency is one that would threaten the
7 health, safety, or well-being of the child or children in the care or
8 custody of the applicant.
9

10 Requested by: Senator Martin of Guilford

11 **CLARIFICATION OF AUTHORIZED ADDITIONAL USE OF HIV FOSTER**
12 **CARE AND ADOPTIVE FAMILY FUNDS**

13 Sec. 24.14A. Section 23.9 of Chapter 507 of the 1995 Session Laws reads as
14 rewritten:

15 "Sec. 23.9. In addition to providing board payments to foster and adoptive families of
16 HIV-infected children as prescribed in Chapter 324 of the 1995 Session Laws, any
17 additional funds remaining that were appropriated in Chapter 324 of the 1995 Session
18 Laws for this purpose shall be used to provide medical training in avoiding HIV
19 transmission in the home, as follows:

- 20 (1) ~~To provide medical training in avoiding HIV transmission in the home;~~
21 ~~and~~
22 (2) ~~To transfer funds to the Department of Environment, Health, and~~
23 ~~Natural Resources to create three social work positions within the~~
24 ~~Department of Environment, Health, and Natural Resources, for the~~
25 ~~eastern part of North Carolina to enable the case managing of families~~
26 ~~with HIV infected children so that the children and the parents get~~
27 ~~access to medical care and so that child protective services issues are~~
28 ~~addressed rapidly and effectively. The three positions shall be~~
29 ~~medically based and located:~~
30 a. ~~One in the northeast, covering Northampton, Hertford, Halifax,~~
31 ~~Gates, Chowan, Perquimans, Pasquotank, Camden, Currituck,~~
32 ~~Bertie, Wilson, Edgecombe, and Nash Counties;~~
33 b. ~~One in the central east, covering Martin, Pitt, Washington,~~
34 ~~Tyrrell, Dare, Hyde, Beaufort, Jones, Greene, Craven, and~~
35 ~~Pamlico Counties; and~~
36 c. ~~One in the southeast, covering New Hanover, Robeson,~~
37 ~~Brunswick, Carteret, Onslow, Lenoir, Pender, Duplin, Bladen,~~
38 ~~and Columbus Counties."~~
39

40 Requested by: Senator Martin of Guilford

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

42 Sec. 24.16. The Department of Human Resources shall review all the rules
43 adopted by the Social Services Commission currently in effect to determine which rules

1 to petition the Commission to amend or repeal and shall report on these rules, together
2 with its requested actions, to the 1997 General Assembly.

3
4 Requested by: Senators Martin of Guilford, Hartsell

5 **EXTEND CABARRUS COUNTY AFDC AND FOOD STAMP WORKFARE**
6 **PILOT PROGRAM**

7 Sec. 24.16A. Chapter 368 of the 1995 Session Laws reads as rewritten:

8 "Section 1. Notwithstanding any law to the contrary, the Department of Human
9 Resources shall designate Cabarrus County as a pilot county for the purpose of
10 conducting a demonstration Workfare Program for certain Aid to Families with
11 Dependent Children (AFDC) and Food Stamp recipients. Immediately upon the
12 ratification of this act, the Department shall seek all federal waivers necessary to allow
13 this demonstration program. To the extent that this act or the program established
14 pursuant to it conflicts with any State law, the program supersedes that law.

15 Sec. 2. (a) The Cabarrus County demonstration Workfare Program for certain
16 AFDC and Food Stamp recipients shall:

- 17 (1) Provide job opportunities to all able-bodied AFDC and Food Stamp
18 recipients who:
- 19 a. Are not eligible for the JOBS program;
 - 20 b. Are between the ages of 18 and 64;
 - 21 c. Are not caring for a child under one year of age;
 - 22 d. Are working less than 30 hours per week; and
 - 23 e. Are not full-time high school students or the equivalent;
- 24 (2) Create job opportunities in the public, the private, nonprofit, and the
25 private, for-profit sector, primarily in the human services areas by
26 allowing Cabarrus County to use grant diversions, consisting of the
27 AFDC benefits and the cash value of Food Stamps that would be paid to
28 otherwise eligible recipients to match employer funds, to subsidize the
29 employment of these recipients. Human service area jobs will meet
30 such socially necessary needs as day care work, nursing home aide
31 work, and in-home aide work;
- 32 (3) Allow wages paid to these recipients, which contain grant-diverted
33 funds, to be exempt from income for purposes of determining eligibility
34 for assistance;
- 35 (4) Structure payment of wages to these recipients such that they will be
36 considered income, in order to make recipients eligible for the federal
37 earned income tax credit;
- 38 (5) Create work experience opportunities in the private sector more
39 realistically to reflect the world of work;
- 40 (6) Require these recipients to participate in the development of an
41 opportunity contract, outlining the responsibilities of the recipient and
42 agency, as well as the incentives for compliance and the sanctions for
43 noncompliance;

- 1 (7) Require all these recipients who participate in the program to pursue and
2 accept employment, full or part time, subsidized or unsubsidized, as a
3 condition for continued eligibility for AFDC and Food Stamp
4 assistance;
 - 5 (8) Require job search training of all participants;
 - 6 (9) Require monitored job search of all participants until employment is
7 found or until other work activities of up to 40 hours per week are in
8 place;
 - 9 (10) Provide child care by allowing Cabarrus County to use grant diversions,
10 consisting of the Family Support Act child day care subsidies that
11 would be paid to otherwise eligible recipients, and transportation as
12 required;
 - 13 (11) Create a positive work incentive by providing wage incentives to
14 participants who are in compliance with the program, equal to the first
15 thirty dollars (\$30.00) and one-third of the remainder of monthly gross
16 income for a period of up to two years;
 - 17 (12) Provide enhanced Food Stamp benefits after participants are employed
18 and are in program compliance by using the thirty dollar (\$30.00) and
19 one-third of the remainder wage incentive as an income exemption;
 - 20 (13) Provide time-limited sanctions, or withholding of benefits for the adult
21 members of the household of all AFDC and Food Stamp benefits for
22 noncompliance, beginning with the first sanction period equal to the
23 time necessary to come into compliance, second sanction period – four
24 months, third and subsequent sanctions – eight months; and
 - 25 (14) Provide automatic Medicaid coverage for children and pregnant adults
26 of sanctioned families by transferring the children administratively to
27 the Medicaid for Indigent Children (MIC) Program and by transferring
28 the pregnant adults administratively to the Medicaid for Pregnant
29 Women (MPW) Program.
- 30 (b) An adjunct program to the demonstration program prescribed in subsection (a)
31 of this section shall:
- 32 (1) Require AFDC recipients who are mandated JOBS participants to
33 pursue and accept employment, full or part time, subsidized or
34 unsubsidized, as part of their job plan. The maximum number of hours
35 delegated to job activities, including employment, shall be 40 hours per
36 week. AFDC recipients who are JOBS eligible and who are caring for
37 children under five years of age shall, in this program, not be limited to
38 20 hours per week;
 - 39 (2) Require AFDC recipients who are potential JOBS participants to engage
40 in job search until either employment is found or they become JOBS
41 eligible; and

1 (3) Ensure that sanctions for noncompliance and provision of Medicaid
2 coverage shall be as provided in subdivisions (13) and (14) of
3 subsection (a) of this section.

4 Sec. 3. This act shall be funded by Cabarrus County using the grant diversions
5 and administrative transfers prescribed in Section 2 of this act, together with federal and
6 State administrative funding allocated to Cabarrus County for the public assistance and
7 JOBS programs.

8 Sec. 4. The Department of Human Resources shall evaluate the Cabarrus
9 County Demonstration Project and report to the General Assembly on or before ~~March 1,~~
10 ~~1997.~~ May 1, 1998.

11 Sec. 5. This act becomes effective July 1, 1995 and shall expire on ~~July 1,~~
12 ~~1997.~~ January 1, 1999."

13
14 Requested by: Senator Martin of Guilford

15 **MEDICAL DATA PROCESSING FUNDS**

16 Sec. 24.16B. The sum of one hundred fifty thousand dollars (\$150,000) for the
17 1996-97 fiscal year is transferred from the Insurance Regulatory Fund established
18 pursuant to G.S. 58-6-25 to the Division of Facility Services, Department of Human
19 Resources, to certify statewide data processors pursuant to Article 11A of Chapter 131E
20 of the General Statutes, to purchase data from statewide data processors, and to process
21 and analyze the data.

22
23 Requested by: Senator Martin of Guilford

24 **RURAL COMMUNITY AND MIGRANT HEALTH CENTERS'** 25 **PARTICIPATION IN STATE CONTRACT PURCHASING**

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

27 "(6) To make available to nonprofit corporations operating charitable
28 hospitals, to local nonprofit community sheltered workshops or centers
29 that meet standards established by the Division of Vocational
30 Rehabilitation of the Department of Human Resources, to private
31 nonprofit agencies licensed or approved by the Department of Human
32 Resources as child placing ~~agencies or agencies,~~ residential child-care
33 facilities, private nonprofit rural, community, and migrant health centers
34 designated by the Office of Rural Health and Resource Development,
35 and to counties, cities, towns, governmental entities and other
36 subdivisions of the State and public agencies thereof in the expenditure
37 of public funds, the services of the Department of Administration in the
38 purchase of materials, supplies and equipment under such rules,
39 regulations and procedures as the Secretary of Administration may
40 adopt. In adopting rules and regulations any or all provisions of this
41 Article may be made applicable to such purchases and contracts made
42 through the Department of Administration, and in addition the rules and
43 regulations shall contain a requirement that payment for all such

1 purchases be made in accordance with the terms of the contract. Prior to
2 adopting rules and regulations under this subdivision, the Secretary of
3 Administration may consult with the Advisory Budget Commission."
4

5 Requested by: Senator Martin of Guilford

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

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

9 "Sec. 23. (a) Funds appropriated to the Department of Human Resources for the
10 1995-96 fiscal year have been reduced by fourteen million thirteen thousand three
11 hundred ninety-six dollars (\$14,013,396) in anticipation of the receipt of federal funds
12 from the Title IV A - Emergency Assistance Program and the Social Services Block
13 Grant. If these federal funds are not received or if only a portion of these funds are
14 received, notwithstanding G.S. 143-15.3, the Director of the Budget may use funds
15 available to the Department, not to exceed fourteen million thirteen thousand three
16 hundred ninety-six dollars (\$14,013,393). The Director of the Budget shall report to the
17 Joint Legislative Commission on Governmental Operations prior to any such transfer.

18 (b) Funds appropriated to the Department of Human Resources for the 1996-97
19 fiscal year have been reduced by fourteen million five hundred thirty-nine thousand seven
20 hundred two dollars (\$14,539,702) in anticipation of the receipt of federal funds from the
21 Title IV A - Emergency Assistance Program. If these federal funds are not received or if
22 only a portion of these funds are received, notwithstanding G.S. 143-15.3, the Director of
23 the Budget may use funds available to the Department, not to exceed fourteen million
24 five hundred thirty-nine thousand seven hundred two dollars (\$14,539,702). The Director
25 of the Budget shall report to the Joint Legislative Commission on Governmental
26 Operations prior to any such transfer."
27

28 Requested by: Senator Martin of Guilford

29 **DHR RESOURCE STUDIES EXTENDED**

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

32 "Sec. 23.6B. The Department shall study the following two issues and shall report
33 these two issues, together with any recommendations, to the ~~1995 General Assembly,~~
34 ~~Regular Session 1996, within one week of convening:~~ General Assembly by December 1,
35 1996:

- 36 (1) The average staff vacancy rate by division over the last five fiscal years,
37 to determine its effect on lapsed salaries; and
38 (2) An analysis of unbudgeted revenues in excess of revenues in the
39 certified budget as amended by the General Assembly received by the
40 Department in the last two fiscal years, including:
41 a. Indirect cost receipts; and
42 b. Prior year earned revenue."
43

1 Requested by: Senator Martin of Guilford

2 **INDEPENDENT STUDY/PLAN FOR REORGANIZATION OF DEPARTMENT**
3 **OF HUMAN RESOURCES**

4 Sec. 24.20. (a) The General Assembly intends to reorganize the Department of
5 Human Resources to improve service delivery through careful identification of service
6 needs and strategic integration of program planning, implementation, and evaluation.
7 The General Assembly intends that this program planning, implementation, and
8 evaluation reflect a family-centered policy that lends itself to accessible, nonfragmented
9 service delivery. To the extent consistent with these goals, the General Assembly intends
10 that the reorganization consolidate and streamline functions, programs, and services.

11 (b) There is established the Independent Study Commission on the
12 Reorganization of the Department of Human Resources, budgetarily based in the Office
13 of State Budget and Management. The Commission shall study systemwide issues
14 affecting the administration and delivery of Department of Human Resources' services in
15 North Carolina in order to determine how best to effect the General Assembly's intent
16 prescribed in subsection (a) of this section.

17 (c) The Commission shall be composed of 15 members, as follows:

18 (1) Five members of the House of Representatives at the time of their
19 appointment, two appointed by the Speaker of the House of
20 Representatives, one other a chair of the House Appropriations
21 Subcommittee on Human Resources, one other a member of the House
22 Appropriations Subcommittee on Human Resources, and one other the
23 House of Representatives chair or other member of the Subcommittee
24 on Human Resources of the Joint Legislative Commission on
25 Governmental Operations;

26 (2) Five members of the Senate at the time of their appointment, two
27 appointed by the President Pro Tempore of the Senate, one other the
28 chair of the Senate Appropriations Subcommittee on Human Resources,
29 one other a member of the Senate Appropriations Subcommittee on
30 Human Resources, and one other the Senate chair or other member of
31 the Subcommittee on Human Resources of the Joint Legislative
32 Commission on Governmental Operations; and

33 (3) Five members appointed by the Governor, including one representative
34 from the Department of Human Resources and four public members.

35 (d) The Speaker of the House of Representatives and the President Pro
36 Tempore of the Senate shall each select a legislative member from their respective
37 chambers to serve as cochair of the Commission.

38 (e) The Commission, while in the discharge of official duties, may exercise all
39 the powers provided for under the provisions of G.S. 120-19 and G.S. 120-19.1 through
40 G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs.
41 The Commission may meet in the Legislative Building or the Legislative Office
42 Building.

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

3 (g) The Commission may contract for professional, clerical, or consultant
4 services as provided by G.S. 120-32.02. The Legislative Services Commission, through
5 the Legislative Services Officer, shall assign professional and clerical staff to staff the
6 Commission. The House of Representatives' and the Senate's Supervisors of Clerks shall
7 assign clerical staff to the Commission or committee, upon the direction of the
8 Legislative Services Commission. The expenses relating to professional and clerical
9 employees supplied through the Legislative Services Commission shall be borne by the
10 Legislative Services Commission.

11 (h) When a vacancy occurs in the membership of the Commission, the vacancy
12 shall be filled by the same appointing officer who made the initial appointment.

13 (i) All State departments and agencies and local governments and their
14 subdivisions shall furnish the Commission with any information in their possession or
15 available to them.

16 (j) The cochairs of the Commission shall appoint five members of the
17 Commission to serve as an advisory council. In partnership with this council, the Office
18 of State Budget and Management shall contract with an independent management
19 consultant for the development of a plan to effect the General Assembly's intent
20 prescribed in subsection (a) of this section. This plan shall include an implementation
21 schedule and shall be designed to improve the Department of Human Resources' capacity
22 for:

- 23 (1) Integrated and comprehensive planning and needs assessment;
- 24 (2) Performance-based evaluation of integrated programs and services; and
- 25 (3) Development of policies that encourage, facilitate, and mandate
26 integrated delivery of effective family-centered services at the local
27 level.

28 Because time is of the essence, if a majority of the advisory council has not
29 been appointed by August 2, 1996, the Office of State Budget and Management may
30 negotiate and enter into a contract with an independent management consultant without
31 the council's involvement. In this case, the professional legislative staff shall work with
32 the Office of State Budget and Management in the contract negotiations and
33 specifications.

34 The independent management consultant that is awarded the contract shall
35 report to the Commission as the Commission considers appropriate and shall submit a
36 final report to the Commission by January 10, 1997. While conducting its work, the
37 independent management consultant shall devise a means of obtaining confidential input
38 from managerial and nonmanagerial human services personnel, such as through the
39 establishment of a confidential, temporary hotline.

40 (k) The Commission shall report its findings and recommendations, including
41 any legislative proposals, to the General Assembly by February 1, 1997, at which time
42 the Commission shall terminate.

1 (1) Of the funds appropriated to the Department of Human Resources, the sum
2 of five hundred thousand dollars (\$500,000) is transferred to the Office of State Budget
3 and Management to implement this section.

4
5 Requested by: Senator Martin of Guilford

6 **HUMAN SERVICES WORKERS' CRIMINAL RECORD CHECKS LAW**
7 **CLARIFICATION**

8 Sec. 24.20A. G.S. 114-19.3 reads as rewritten:

9 **"§ 114-19.3. Criminal record checks of providers of treatment for or services to**
10 **children, the elderly, mental health patients, the sick, and the disabled.**

11 (a) The Department of Justice may provide a criminal record ~~check~~check,
12 including a criminal record check from the State and National Repositories of Criminal
13 Histories, if requested, to the employer of an individual who is employed by or who has
14 applied for employment with the following: any of the following agencies, facilities,
15 organizations, or corporations listed in this subsection:

- 16 (1) Hospitals licensed under Chapter 131E of the General Statutes;
- 17 (2) Nursing homes licensed under Chapter 131E of the General Statutes;
- 18 (3) ~~Domiciliary care facilities~~Adult care homes licensed under Chapter
19 ~~131E-131D~~ of the General Statutes;
- 20 (4) Home care agencies or hospices licensed under Chapter 131E of the
21 General Statutes;
- 22 (5) Child placing agencies licensed under Chapter 131D of the General
23 Statutes;
- 24 (6) Residential child care facilities licensed under Chapter 131D of the
25 General Statutes;
- 26 (7) Hospitals licensed under Chapter 122C of the General Statutes;
- 27 (8) Area mental health, developmental disabilities, and substance abuse
28 authorities licensed under Chapter 122C of the General Statutes,
29 including a contract agency of an area authority that is subject to the
30 provisions of Article 4 of Chapter 122C of the General Statutes;
- 31 (9) Licensed child day care facilities and registered and nonregistered child
32 day care homes, regulated by the State; and
- 33 (10) Any other organization or corporation, whether for profit or nonprofit,
34 that provides direct care or services to children, the sick, the disabled, or
35 the elderly.

36 (b) A criminal record check shall be provided only if the employee or applicant
37 consents to the record check. The information shall be kept confidential by the employer
38 that receives the information. Upon the disclosure of confidential information under this
39 section by the employer, the Department may refuse to provide further criminal record
40 checks to that employer.

41 (c) The Department of Justice, at the request of an agency, facility, organization,
42 or corporation listed in subsection (a) of this section, may provide a criminal record
43 check of a volunteer who provides direct care on behalf of the organization or corporation

1 if the volunteer consents to the record check. The information shall be kept confidential
2 and upon the disclosure of confidential information under this section by the agency,
3 facility, corporation, or organization, the Department may refuse to provide further
4 criminal record checks to that agency, facility, corporation, or organization.

5 (d) The Department of Justice, at the request of a child placing agency licensed
6 under Chapter 131D of the General Statutes or a local department of social services, may
7 provide a criminal record check of a prospective foster care or adoptive parent if the
8 prospective parent consents to the record check. The information shall be kept
9 confidential and upon the disclosure of confidential information under this section by the
10 agency or department, the Department may refuse to provide further criminal record
11 checks to that agency or department.

12 (e) The Department may charge a fee to offset the cost incurred by it to conduct a
13 criminal record check under this section. The fee may not exceed fourteen dollars
14 (\$14.00)."

15
16 Requested by: Senator Martin of Guilford

17 **DHR REPORT ON PLANS FOR IMPLEMENTING DYS COMPREHENSIVE**
18 **STUDY RECOMMENDATIONS**

19 Sec. 24.21. The Department of Human Resources shall report to the Joint
20 Legislative Commission on Governmental Operations by October 1, 1996, on its plans
21 for implementing the recommendations of the Comprehensive Study of the Division of
22 Youth Services.

23
24 Requested by: Senator Martin of Guilford

25 **STUDY COURT-ORDERED COUNTY PAYMENT OF JUVENILE**
26 **TREATMENT**

27 Sec. 24.21A. (a) The Division of Youth Services, Department of Human Resources,
28 and the Administrative Office of the Courts shall study county payment of the cost of
29 medical, surgical, psychiatric, psychological, or other treatment of juveniles ordered
30 pursuant to G.S. 7A-647 when the parents are not able to pay the cost of treatment. The
31 study shall provide recommendations on the feasibility and desirability of allowing the
32 counties to present evidence of their financial status in each case and of requiring the
33 State to pay the cost of treatment of juveniles in counties that are not able to pay the cost
34 of treatment.

35 (b) The Division of Youth Services and the Administrative Office of the Courts
36 shall report the results of this study and its recommendations to the Chairs of the House
37 and Senate Appropriations Committees and the Chairs of the House and Senate
38 Appropriations Subcommittees on the Department of Human Resources and on Justice
39 and Public Safety by December 1, 1996.

40
41 Requested by: Senator Martin of Guilford

42 **S.O.S. AND FAMILY RESOURCE CENTER GRANT PROGRAMS**
43 **ADMINISTRATIVE COST LIMITS**

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

3 "Sec. 23.6. (a) Of the funds appropriated to the Department of Human Resources in
4 this act, the Department may use up to a total of three hundred fifty thousand dollars
5 (\$350,000) each fiscal year of the biennium to administer the S.O.S. Program, to provide
6 technical assistance to applicants and to local S.O.S. programs, and to evaluate the local
7 S.O.S. programs. The Department may contract with appropriate public or nonprofit
8 agencies to provide the technical assistance, including training and related services.

9 (b) Of the funds appropriated in this act to the Department of Human Resources
10 for the Family Resource Center Grant Program, the Department may use up to three
11 hundred thousand dollars (\$300,000) each fiscal year of the biennium for the 1995-96
12 fiscal year and two hundred fifty thousand dollars (\$250,000) for the 1996-97 fiscal year
13 to administer the Program."

14
15 Requested by: Senator Martin of Guilford

16 **SUPPORT OUR STUDENTS PROGRAM'S LOCATION**

17 Sec. 24.23. The Department of Human Resources shall ensure that the Support
18 Our Students Program remains in the Division of Youth Services.

19
20 Requested by: Senator Martin of Guilford

21 **DHR POSITION ELIMINATION SPECIFICATIONS**

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

- 27 (1) All vacant positions targeted for elimination shall be eliminated
28 effective July 1, 1996; and
29 (2) All filled positions targeted for elimination shall be eliminated effective
30 November 1, 1996.

31 The Department of Human Resources shall not eliminate any position
32 prescribed by this subsection that it targeted but that was not referenced as eliminated in
33 the Current Operations Appropriations Act of 1996 or in the Conference Report
34 incorporated into the Act. In order to comply with State Personnel Commission policy
35 and in order to protect filled positions, the Department may substitute vacant positions or
36 filled positions whose incumbents volunteer for discontinued service allowance for filled
37 positions targeted for elimination.

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

- 41 (1) First, from vacant, noncritical positions, which positions shall be
42 eliminated effective July 1, 1996;

1 (2) Then, from vacant, critical positions, which positions shall be
2 eliminated effective July 1, 1996; and

3 (3) Then, from filled, noncritical positions, which positions shall be
4 eliminated effective November 1, 1996.

5
6 Requested by: Senator Martin of Guilford

7 **FOOD STAMP ELECTRONIC BENEFITS TRANSFER FUNDS**
8 **SPECIFICATION**

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

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

15
16 Requested by: Senators Martin of Guilford, Cochrane

17 **IN-HOME AIDE FUNDS**

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

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

29
30 Requested by: Senator Martin of Guilford

31 **ADULT CARE HOME REIMBURSEMENT RATE/ADULT CARE HOME**
32 **ALLOCATION OF NONFEDERAL COST OF MEDICAID PAYMENTS**

33 Sec. 24.26C. Section 23.10 of Chapter 507 of the 1995 Session Laws reads as
34 rewritten:

35 "Sec. 23.10. (a) Effective July 1, 1995, the maximum monthly rate for residents in
36 adult care home facilities shall be nine hundred seventy-five dollars (\$975.00) per month
37 for ambulatory residents and one thousand seventeen dollars (\$1,017) per month for
38 semiambulatory residents.

39 (b) Effective August 1, 1995, the maximum monthly rate for residents in adult care
40 home facilities shall be eight hundred forty-four dollars (\$844.00) per month per resident.

41 (c) Effective August 1, 1995, the Department of Human Resources may use the
42 remaining funds available from the State/County Special Assistance appropriation to
43 provide:

1 (1) Needed Medicaid-covered services, specifically one hour of personal
2 care services per day to all Medicaid-eligible residents and a maximum
3 of 50 additional hours per month of personal care services for residents
4 who require heavy care;

5 (2) Funds to the area mental health authorities to provide wraparound
6 services for adult home care residents with mental health conditions;

7 (3) Funds for the implementation of the provisions of G.S. 131D-4.1 and
8 G.S. 131D-4.2, including funds for necessary additional staff.

9 (d) The eligibility of Special Assistance recipients residing in adult care homes on
10 August 1, 1995, shall not be affected by an income reduction in the Special Assistance
11 eligibility criteria resulting from adoption of the Rate Setting Methodology Report and
12 Related Services, providing these recipients are otherwise eligible.

13 (e) Effective August 1, 1995, the State shall pay fifty percent (50%) and the
14 county shall pay fifty percent (50%) of the nonfederal costs of Medicaid services paid to
15 adult care home facilities. As Medicaid personal care requirements increase, the county
16 matching share shall be capped until it equals fifteen percent (15%) of the nonfederal
17 Medicaid personal care requirements.

18 (f) To maximize Medicaid funding, the Department of Human Resources may
19 take the temporary measures necessary to implement Medicaid funding during the period
20 from August 1, 1995, through September 30, 1995. This authorization includes
21 authorization to continue payment of State/County Assistance at the July 1995 rates until
22 the Health Care Financing Administration approval of Medicaid personal care services
23 with future recoupment from providers of an amount equal to the difference between the
24 July 1995 rates and the August 1995 rates.

25 (g) Effective July 1, 1996, the maximum monthly rate for residents in adult care
26 home facilities shall be eight hundred seventy-four dollars (\$874.00) per month per
27 resident."

28
29 Requested by: Senator Martin of Guilford

30 FIRE PROTECTION REVOLVING LOAN FUND

31 Sec. 24.26D. (a) Chapter 122A of the General Statutes is amended by adding a
32 new section to read:

33 **"§ 122A-5.13. Adult Care Home, Group Home, and Nursing Home Fire Protection** 34 **Fund authorized; authority.**

35 (a) The North Carolina Housing Finance Agency shall establish an Adult Care
36 Home, Group Home, and Nursing Home Fire Protection Fund (hereinafter 'Fire
37 Protection Fund') to assist owners of adult care homes, group homes for developmentally
38 disabled adults, and nursing homes with the purchase and installation of fire protection
39 systems in existing and new adult care homes, group homes for developmentally disabled
40 adults, and nursing homes. The Fire Protection Fund shall be a revolving fund.

41 (b) The Agency, in consultation with the Department of Human Resources, shall
42 adopt rules for the management and use of the Fire Protection Fund. These rules at a
43 minimum shall provide for the following:

- 1 (1) Financial incentives for owners of facilities who utilize Fire Protection
2 Fund monies to install sprinkler systems instead of smoke detection
3 equipment.
- 4 (2) Maximum loan amounts of one dollar and seventy-five cents (\$1.75) per
5 square foot for advanced smoke detectors and digital communication
6 equipment, three dollars and seventy-five cents (\$3.75) per square foot
7 for residential sprinkler systems, and six dollars (\$6.00) per square foot
8 for institutional sprinkler systems.
- 9 (3) Interest rates from three percent (3%) to six percent (6%) for a period
10 not to exceed 20 years for sprinkler systems and 10 years for smoke
11 detection systems.
- 12 (4) Documentary verification that owners of facilities obtain fire protection
13 systems at a reasonable cost.
- 14 (5) Acceleration of a loan when statutory fire protection requirements are
15 not met by the facility for which the loan was made.
- 16 (6) Loan approval priority criteria that considers the frailty level of
17 residents at a facility.
- 18 (7) Loan origination and servicing fees."

19 (b) Proceeds from the Fire Protection Fund created in this act may be used to
20 provide staff support to the North Carolina Housing Finance Agency for loan processing
21 and to the Department of Human Resources for review and approval of fire protection
22 plans and inspection of fire protection systems.

23 (c) The North Carolina Housing Finance Agency shall, by October 1, 1996, adopt
24 temporary rules to implement this section.

25 (d) Of the funds appropriated to the Department of Human Resources in this act,
26 the sum of one million dollars (\$1,000,000) shall be transferred to the North Carolina
27 Housing Finance Agency to fund the Fire Protection Fund.

28
29 Requested by: Senator Martin of Guilford

30 **CHILD DAY CARE SUBSIDIES**

31 Sec. 24.26E. (a) The maximum gross annual income for initial eligibility, adjusted
32 biennially, for subsidized child care services shall be seventy-five percent (75%) of the
33 State median income, adjusted for family size.

34 (b) Parents who receive child care subsidy to work, look for work, attend work-
35 related training or education activities, or meet the special developmental needs of their
36 child, shall share in the cost of child care. No fees shall be charged to the client when
37 child day care services are provided to the individuals in the following circumstances:

- 38 (1) When children are receiving day care services in conjunction with
39 protective services as described in 10 NCAC 35E.0106, up to a
40 maximum of 12 months from the time protective services are initiated;
- 41 (2) When day care services are provided as a support to a child receiving
42 Child Welfare Services as described in the North Carolina Division of
43 Social Services Family Services Manual, Volume 1, Chapter II; or

1 (3) When a child with no income is living with someone other than the
2 child's biological or adoptive parent or is living with someone who does
3 not have court-ordered financial responsibility.

4 (c) The amount of the fees charged to the client shall be in accordance with the fee
5 determination process established schedules adopted by the Social Services Commission
6 and published by the Division of Child Development. Fees shall be established based on
7 a percent of gross family income and adjusted for family size. Fees shall be determined
8 as follows:

9 FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
10 1-3	9%
11 4-5	8%
12 6 or more	7%

13 (d) The monthly schedule of payments for the purchase of child day care
14 services for low-income children from providers who have fifty percent (50%) or more
15 children receiving child care subsidized with State or federal funds include:

16 (1) Provision of payment rates for child care that are tied to the provider's
17 regulatory status as follows:

- 18 a. Registered homes and "A"licensed centers receive the market
19 rate or the rate they charge their full fee-paying parents,
20 whichever is lower;
- 21 b. "AA"licensed centers receive one hundred ten percent (110%) of
22 the market rate or the rate they charge their full fee-paying
23 parents, whichever is lower; and
- 24 c. Unregistered providers receive fifty percent (50%) of the market
25 rate or the rate they charge their full fee-paying parents,
26 whichever is lower.

27 (2) Provision of payment rates for child care providers in counties who do
28 not have at least 75 children in each age group for center-based and
29 home-based care as follows:

- 30 a. Payment rates shall be set at the statewide market rate for
31 registered homes and "A"licensed centers.
- 32 b. If it can be demonstrated that the application of the statewide
33 market rate to a county with fewer than 75 children in each age
34 group is lower than the county market rate and would inhibit the
35 ability of the county to purchase child care for low-income
36 children, then the county market rate may be applied.

37 (e) Payment rates described in subdivision (1) of subsection (d) of this section
38 shall be applied to all licensed child care centers, including Head Start, that have more
39 than fifty percent (50%) of enrolled children receiving child care subsidies, and to
40 registered family child care homes and unregulated providers that enroll subsidized
41 children.

1 (f) The Department may seek the necessary waivers to extend the Family
2 Support Act Transitional Child Care to two-year coverage in order to maximize federal
3 funds.

4
5 Requested by: Senator Martin of Guilford

6 **ALLOCATION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,**
7 **AND SUBSTANCE ABUSE EXPANSION FUNDS**

8 Sec. 24.26F. Of the funds appropriated in this act to the Division of Mental
9 Health, Developmental Disabilities, and Substance Abuse Services, Department of
10 Human Resources, for expansion of mental health, developmental disabilities, and
11 substance abuse programs and services, those funds needed by area authorities for "catch-
12 up" purposes shall be allocated pursuant to the Incentive Method adopted by the Mental
13 Health Study Commission and presented in the Commission's Report to the 1996 General
14 Assembly. The Department, in conjunction with all stakeholders, shall work together to
15 develop a needs-based approach for the allocation of future expansion funds.

16
17 Requested by: Senators Martin of Guilford, Cooper

18 **EARLY CHILDHOOD INITIATIVES**

19 Sec. 24.29. (a) The intent of the General Assembly is to strengthen the
20 accountability and effectiveness of the Early Childhood Education and Development
21 Initiatives Program, as set forth in Part 10B of Article 3 of Chapter 143B of the General
22 Statutes.

23 In order to accomplish this goal, the General Assembly finds that, to the extent
24 practicable, the findings and recommendations of the independent performance audit
25 prepared pursuant to subdivision (1) of Section 27A of Chapter 324 of the 1995 Session
26 Laws shall be implemented by the North Carolina Partnership for Children, Inc., the
27 Department of Human Resources, and the local partnerships as set forth herein.

28 (b) G.S. 143B-168.12(a) reads as rewritten:

29 "(a) In order to receive State funds, the following conditions shall be met:

30 (1) ~~Members of the Board of Directors shall consist~~ The North Carolina
31 Partnership shall have a Board of Directors consisting of the following
32 39 members:

- 33 a. The Secretary of Human Resources, ex officio;
34 b. The Secretary of Environment, Health, and Natural Resources, ex
35 officio;
36 c. The Superintendent of Public Instruction, ex officio;
37 d. The President of the Department of Community Colleges, ex
38 officio;
39 e. One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th
40 Congressional Districts, appointed by the President Pro Tempore
41 of the Senate;

- 1 f. One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th
2 Congressional Districts, appointed by the Speaker of the House
3 of Representatives;
- 4 g. Seventeen members, of whom four shall be members of the party
5 other than the Governor's party, appointed by the Governor;
- 6 h. The President Pro Tempore of the Senate, or a designee;
- 7 i. The Speaker of the House of Representatives, or a designee;
- 8 j. The Majority Leader of the Senate, or a designee;
- 9 k. The Majority Leader of the House of Representatives, or a
10 designee;
- 11 l. The Minority Leader of the Senate, or a designee; and
- 12 m. The Minority Leader of the House of Representatives, or a
13 designee.
- 14 (2) The North Carolina Partnership shall agree to adopt procedures for its
15 operations that are comparable to those of Article 33C of Chapter 143 of
16 the General Statutes, the Open Meetings Law, and Chapter 132 of the
17 General Statutes, the Public Records Law, and provide for enforcement
18 by the Department.
- 19 (3) The North Carolina Partnership shall oversee the development and
20 implementation of the local demonstration projects as they are selected.
- 21 (4) The North Carolina Partnership shall develop and implement a
22 comprehensive standard fiscal accountability plan to ensure the fiscal
23 integrity and accountability of State funds appropriated to it and to the
24 local partnerships. The standard fiscal accountability plan shall, at a
25 minimum, include a uniform, standardized system of accounting,
26 internal controls, payroll, fidelity bonding, chart of accounts, and
27 contract management and monitoring. The North Carolina Partnership
28 may contract with outside firms to develop and implement the standard
29 fiscal accountability plan. All local partnerships shall be required to
30 participate in the standard fiscal accountability plan developed and
31 adopted by the North Carolina Partnership pursuant to this subdivision.
- 32 (5) The North Carolina Partnership shall develop and implement a
33 centralized accounting and contract management system which
34 incorporates features of the required standard fiscal accountability plan
35 described in subdivision (4) of subsection (a) of this section. The
36 following local partnerships shall be required to participate in the
37 centralized accountability system developed by the North Carolina
38 Partnership pursuant to this subdivision:
- 39 a. Local partnerships which have significant deficiencies in their
40 accounting systems, internal controls, and contract management
41 systems, as determined by the North Carolina Partnership based
42 on the annual financial audits of the local partnerships conducted
43 by the Office of the State Auditor; and

1 b. Local partnerships which are in the first two years of operation
2 following their selection. At the end of this two-year period,
3 local partnerships shall continue to participate in the centralized
4 accounting and contract management system. With the approval
5 of the North Carolina Partnership, local partnerships may
6 perform accounting and contract management functions at the
7 local level using the standardized and uniform accounting
8 system, internal controls, and contract management systems
9 developed by the North Carolina Partnership.

10 Local partnerships which otherwise would not be required to participate
11 in the centralized accounting and contract management system pursuant
12 to this subdivision may voluntarily choose to participate in the system.
13 Participation or nonparticipation shall be for a minimum of two years,
14 unless, in the event of nonparticipation, the North Carolina Partnership
15 determines that any partnership's annual financial audit reveals serious
16 deficiencies in accounting or contract management.

17 (6) The North Carolina Partnership shall develop a formula for allocating
18 direct services funds appropriated for this purpose to local partnerships.
19 The formula shall incorporate 'full funding' amounts, as described in the
20 performance audit authorized in Section 27A of Chapter 324 of the 1995
21 Session Laws, for each local partnership as determined by the
22 Department based on its existing funding formula, and shall include a
23 base amount equal to a local partnership's full allocation of direct
24 services funds, or the average allocation for all partnerships when the
25 program is fully funded, whichever is less. No local partnership, in its
26 first year of receiving direct services funding, shall receive more than
27 seventy-five percent (75%) of its direct services allocation. The funds
28 remaining after these base allocations are made shall be allocated from
29 all available funds appropriated for direct services in any fiscal year on
30 a pro rata basis to local partnerships which received less than their full
31 allocation.

32 (7) The North Carolina Partnership may adjust its allocations on the basis
33 of local partnerships' performance assessments. In determining whether
34 to adjust its allocations to local partnerships, the North Carolina
35 Partnership shall consider whether the local partnerships are meeting the
36 outcome goals and objectives of the North Carolina Partnership and the
37 goals and objectives set forth by the local partnerships in their approved
38 annual program plans.

39 The North Carolina Partnership may use additional factors to determine
40 whether to adjust the local partnerships' allocations. These additional
41 factors shall be developed with input from the local partnerships and
42 shall be communicated to the local partnerships when the additional
43 factors are selected. These additional factors may include board

1 involvement, family and community outreach, collaboration among
2 public and private service agencies, and family involvement.

3 On the basis of performance assessments, local partnerships annually
4 shall be rated 'superior', 'satisfactory', or 'needs improvement'. Local
5 partnerships rated 'superior' shall receive, to the extent that funds are
6 available, a ten percent (10%) increase in their annual funding
7 allocation. Local partnerships rated 'satisfactory' shall receive their
8 annual funding allocation. Local partnerships rated 'needs
9 improvement' shall receive ninety percent (90%) of their annual funding
10 allocation.

11 The North Carolina Partnership may contract with outside firms to
12 conduct the performance assessments of local partnerships.

13 (8) The North Carolina Partnership shall establish a local partnership
14 advisory committee comprised of 15 members. Eight of the members
15 shall be chairs of local partnerships' board of directors, and seven shall
16 be staff of local partnerships. Members shall be chosen by the Chair of
17 the North Carolina Partnership from a pool of candidates nominated by
18 their respective boards of directors. The local partnership advisory
19 committee shall serve in an advisory capacity to the North Carolina
20 Partnership and shall establish a schedule of regular meetings.
21 Members shall serve two-year terms and may not serve more than two
22 consecutive terms. Members shall be chosen from local partnerships on
23 a rotating basis. The advisory committee shall annually elect a chair
24 from among its members.

25 (9) The North Carolina Partnership shall report (i) quarterly to the Joint
26 Legislative Commission on Governmental Operations and (ii) to the
27 General Assembly and the Governor on the ongoing progress of all the
28 local partnerships' work, including all details of the use to which the
29 allocations were put, and on the continuing plans of the North Carolina
30 Partnership and of the Department, together with legislative proposals,
31 including proposals to implement the program statewide."

32 (c) G.S. 143B-168.13(a) reads as rewritten:

33 "(a) The Department shall:

34 (1) Develop a statewide process, in cooperation with the North Carolina
35 Partnership, to select the local demonstration projects. The first 12 local
36 demonstration projects developed and implemented shall be located in
37 the 12 congressional districts, one to a district. The locations of
38 subsequent selections of local demonstration projects shall represent the
39 various geographic areas of the State.

40 (2) ~~Develop, in cooperation with the North Carolina Partnership, Develop~~
41 ~~and conduct a statewide needs and resource assessment for each county.~~
42 ~~Of the funds appropriated to it to implement this Part, the Department~~
43 ~~may make available funds to each county for one year to an appropriate~~

~~private nonprofit entity or to the county to perform this assessment every third year, beginning in the 1997-98 fiscal year. This needs assessment shall be conducted in cooperation with the North Carolina Partnership and with the local partnerships. The data and findings of this needs assessment shall form the basis for annual program plans developed by local partnerships and approved by the North Carolina Partnership.~~

(3) Provide technical and administrative assistance to local partnerships, particularly during the first year after they are selected under this Part to receive State funds. The Department, at any time, may authorize the North Carolina Partnership or a governmental or public entity to do the contracting for one or more local partnerships. After a local partnership's first year, the Department may allow the partnership to contract for itself.

(4) Adopt, in cooperation with the North Carolina Partnership, any rules necessary to implement this Part, ~~including rules to ensure that no State funds or local funds used to supplant these State funds shall be used for personnel sick leave and annual leave benefits not allowed to State employees.~~ Part, including rules to ensure that State leave policy is not applied to the North Carolina Partnership and the local partnerships. In order to allow local partnerships to focus on the development of long-range plans in their initial year of funding, the Department may adopt rules that limit the categories of direct services for young children and their families for which funds are made available during the initial year.

(5) ~~Report (i) quarterly to the Joint Legislative Commission on Governmental Operations and (ii) to the General Assembly and the Governor by April 1, 1994, and by March 1, 1995, on the ongoing results of all the local demonstration projects' work, including all details of the use to which the allocations were put, and on the continuing plans of the North Carolina Partnership and of the Department, together with legislative proposals, including proposals to implement the program statewide.~~

(6) Annually update its funding formula using the most recent data available. These amounts shall serve as the basis for determining 'full funding' amounts for each local partnership."

(d) (1) G.S. 143B-168.14(a) reads as rewritten:

"(a) In order to receive State funds, the following conditions shall be met:

(1) Each local demonstration project shall be coordinated by a new local partnership responsible for developing a comprehensive, collaborative, long-range plan of services to children and families in the service-delivery area. The board of directors of each local partnership shall consist of members including representatives of public and private nonprofit health and human service agencies, day care providers, the

1 business community, foundations, county and municipal governments,
2 local education units, and families. The Department, in cooperation with
3 the North Carolina Partnership, may specify in its requests for
4 applications the local agencies that shall be represented on a local board
5 of directors. No existing local, private, nonprofit 501(c)(3) organization,
6 other than one established on or after July 1, 1993, and that meets the
7 guidelines for local partnerships as established under this Part, shall be
8 eligible to apply to serve as the local partnership for the purpose of this
9 Part.

10 (2) Each local partnership shall agree to adopt procedures for its operations
11 that are comparable to those of Article 33C of Chapter 143 of the
12 General Statutes, the Open Meetings Law, and Chapter 132 of the
13 General Statutes, the Public Records Law, and provide for enforcement
14 by the Department.

15 (3) Each local partnership shall adopt procedures to ensure that all
16 personnel who provide services to young children and their families
17 under this Part know and understand their responsibility to report
18 suspected child abuse, neglect, or dependency, as defined in G.S. 7A-
19 517.

20 (4) Each local partnership shall participate in the uniform, standard fiscal
21 accountability plan developed and adopted by the North Carolina
22 Partnership.

23 (5) Each local partnership shall have a minimum resident population of
24 150,000 or represent a minimum of three contiguous counties.
25 Population estimates of the Office of State Planning shall be used to
26 determine whether the population requirements of this subdivision have
27 been met."

28 (2) Multicounty local partnerships existing as of the effective date of this act
29 shall be exempt from the requirements described in subdivision (5) of G.S. 143B-
30 168.14(a). The North Carolina Partnership shall report to the Joint Legislative
31 Commission on Governmental Operations by January 1, 1997, on its progress towards
32 implementation of regionalization of the local partnerships. Local partnerships shall be
33 in compliance with this section effective July 1, 1997.

34 (e) G.S. 143B-168.15 reads as rewritten:

35 "**§ 143B-168.15. Use of State funds.**

36 (a) State funds allocated to local projects for services to children and families shall
37 be used to meet assessed needs, expand coverage, and improve the quality of these
38 services. The local plan shall address the assessed needs of all children to the extent
39 feasible. It is the intent of the General Assembly that the needs of both young children
40 below poverty who remain in the home, as well as the needs of young children below
41 poverty who require services beyond those offered in child care settings, be addressed.
42 Therefore, as local partnerships address the assessed needs of all children, they should

1 devote an appropriate amount of their State allocations, considering these needs and other
2 available resources, to meet the needs of children below poverty and their families.

3 (b) Depending on local, regional, or statewide needs, funds may be used to support
4 activities and services that shall be made available and accessible to providers, children,
5 and families on a voluntary basis. Of the funds allocated to local partnerships that are
6 designated by the Secretary for direct services, seventy-five percent (75%) shall be used
7 for any one or more of the following activities and services:

8 (1) Child day care services, including:

- 9 a. Child day care subsidies to reduce waiting lists;
- 10 b. Raising the county child day care subsidy rate to the State market
11 rate, if applicable, in return for improvements in the quality of
12 child day care services;
- 13 c. Raising the income eligibility for child day care subsidies to
14 seventy-five percent (75%) of the State median family income;
- 15 d. Start-up funding for child day care providers;
- 16 e. Assistance to enable child day care providers to conform to
17 licensing and building code requirements;
- 18 f. Child day care resources and referral services;
- 19 g. Enhancement of the quality of child day care provided;
- 20 h. Technical assistance for child day care providers;
- 21 i. Quality grants for child day care centers or family child day care
22 homes;
- 23 j. Expanded services or enhanced rates for children with special
24 needs;
- 25 k. Head Start services;
- 26 l. Development of comprehensive child day care services that
27 include child health and family support;
- 28 m. Activities to reduce staff turnover;
- 29 n. Activities to serve children with special needs;
- 30 o. Transportation services related to providing child day care
31 services;
- 32 p. Evaluation of plan implementation of child day care services; and
- 33 q. Needs and resources assessments for child day care services.

34 (2) Family- and child-centered services, including early childhood
35 education and child development services, including:

- 36 a. Enhancement of the quality of family- and child-centered
37 services provided;
- 38 b. Technical assistance for family- and child-centered services;
- 39 c. Needs and resource assessments for family- and child-centered
40 services;
- 41 d. Home-centered services; and
- 42 e. Evaluation of plan implementation of family- and child-centered
43 services.

1 (3) Other appropriate activities and services for child day care providers
2 and for family- and child-centered services, including:

3 a. Staff and organizational development, leadership and
4 administrative development, technology assisted education, and
5 long-range planning; and

6 b. Procedures to ensure that infants and young children receive
7 needed health, immunization, and related services.

8 (c) Long-term plans for local projects that do not receive their full allocation in the
9 first year, other than those selected in 1993, should consider how to meet the assessed
10 needs of low-income children and families within their neighborhoods or communities.
11 These plans also should reflect a process to meet these needs as additional allocations and
12 other resources are received.

13 (d) State funds designated ~~by the Secretary~~ for start-up and related activities may
14 be used for capital expenses or to support activities and services for children, families,
15 and providers. State funds designated ~~by the Secretary~~ to support activities and direct
16 services for children, families, and providers shall not be used for major capital expenses
17 unless the ~~Secretary~~ North Carolina Partnership approves this use of State funds based
18 upon a finding that a local partnership has demonstrated that (i) this use is a clear priority
19 need for the local plan, (ii) it is necessary to enable the local partnership to provide
20 services and activities to underserved children and families, and (iii) the local partnership
21 will not otherwise be able to meet this priority need by using State or federal funds
22 available to that ~~county~~ local partnership. The funds approved for capital projects in any
23 two consecutive fiscal years may not exceed ten percent (10%) of the total funds for
24 direct services allocated to a local partnership in those two consecutive fiscal years.

25 (e) State funds allocated to local partnerships shall not supplant current
26 expenditures by counties on behalf of young children and their families, and maintenance
27 of current efforts on behalf of these children and families shall be sustained. State funds
28 shall not be applied without the Secretary's approval where State or federal funding
29 sources, such as Head Start, are available or could be made available to that county.

30 (f) Local partnerships may carry over funds from one fiscal year to the next,
31 subject to the following conditions:

32 (1) Local partnerships in their first year of receiving direct services funding
33 may, on a one-time basis only, carry over any unspent funds to the
34 subsequent fiscal year.

35 (2) Any local partnership may carry over any unspent funds to the
36 subsequent fiscal year, subject to the limitation that funds carried over
37 may not exceed the increase in funding the local partnership received
38 during the current fiscal year over the prior fiscal year.

39 (g) Not less than thirty percent (30%) of each local partnership's direct services
40 allocation shall be used to expand child day care subsidies. To the extent practicable,
41 these funds shall be used to enhance the affordability, availability, and quality of child
42 day care services as described in this section. Notwithstanding any other provision of
43 law, funds allocated for child day care subsidies shall not be considered in calculating the

1 base funding amount for determining the cash and in-kind matching requirements which
2 the North Carolina Partnership or local partnerships may be required to meet."

3 (f) Section 27A of Chapter 324 of the 1995 Session Laws reads as rewritten:

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

8 (1) Accountability.

9 The intent of the General Assembly is to strengthen the
10 accountability of the Department of Human Resources, the North
11 Carolina Partnership for Children, Inc., and the local partnerships in the
12 expenditure of public funds and achievement of Program goals for the
13 Early Childhood Education and Development Initiatives Program, as
14 authorized under Part 10B of Article 3 of Chapter 143B of the General
15 Statutes. The importance of education as a part of all initiatives in this
16 Program shall be emphasized.

17 In order to accomplish this level of accountability, the Joint
18 Legislative Commission on Governmental Operations shall, consistent
19 with current law, be the legislative oversight body for the Program. The
20 President Pro Tempore of the Senate and the Speaker of the House of
21 Representatives may appoint a subcommittee of the Joint Legislative
22 Commission on Governmental Operations to carry out this function.
23 This subcommittee may conduct all initial reviews of plans, reports, and
24 budgets relating to the Program and shall make recommendations to the
25 Joint Legislative Commission on Governmental Operations.

26 a. Existing Partnerships - Local partnerships receiving State funds
27 shall submit a Certification Annual Report on April 1 of each
28 year to the North Carolina Partnership for Children, Inc., the
29 Joint Legislative Commission on Governmental Operations, or
30 any committee designated by Joint Legislative Commission on
31 Governmental Operations. Administrative costs shall be
32 equivalent to, on an average statewide basis for all local
33 partnerships, not more than eight percent (8%) of the total
34 statewide allocation to all local partnerships. Quality incentive
35 grants shall be administered at the partnership level. A definition
36 of administrative costs shall be determined by the independent
37 firm selected under sub-subdivision b. of this subdivision.

38 b. Program Audit - The Joint Legislative Commission on
39 Governmental Operations shall select an independent firm
40 recognized in performance auditing to conduct an independent
41 performance audit of the first two years of operations of the 24
42 existing partnerships and of the administration of the Program by
43 the Department of Human Resources. The audit's directives shall

1 be determined by the Joint Legislative Commission on
2 Governmental Operations and the independent firm. An interim
3 program and performance audit report shall be submitted to the
4 Joint Legislative Commission on Governmental Operations by
5 January 1, 1996, and a final program and performance audit
6 report shall be submitted to the Joint Legislative Commission on
7 Governmental Operations by April 1, 1996. A definition of
8 administrative costs shall be determined by the independent firm.
9 Only in-kind contributions that are quantifiable, as determined by
10 the independent firm, may be applied to the in-kind match
11 requirement. The match requirement in subdivision (3) of this
12 section shall be studied by the independent firm and
13 recommendations for revision, if any, shall be reported to the
14 Joint Legislative Commission on Governmental Operations.

15 e. ~~The North Carolina Partnership for Children, Inc., shall continue~~
16 ~~to make quarterly reports to the Joint Legislative Commission on~~
17 ~~Governmental Operations as provided for in G.S. 143B-~~
18 ~~168.13(5).~~

19 d. New partnerships-Partnerships - In subsequent fiscal biennia, any
20 new local partnership, before receiving State funds, shall be
21 required to submit a detailed plan for expenditure of State funds
22 for appropriate programs to the North Carolina Partnership for
23 Children, Inc., and the Joint Legislative Commission on
24 Governmental Operations for approval in April of the fiscal year
25 in which the local partnership received planning funds. State
26 funds to implement the programs shall not be allocated to the
27 local partnership until the program plan is approved by the North
28 Carolina Partnership for Children, Inc., after consultation with
29 the Joint Legislative Commission on Governmental Operations.
30 After receipt of initial program funds, local partnerships shall
31 then be required to submit annual Certification Reports as
32 provided for in sub-subdivision a. of this subdivision.

33 e. Contracting for Services - The North Carolina Partnership for
34 Children, Inc., and all local Partnerships shall use competitive
35 bidding practices in contracting for goods and services on all
36 contract amounts of \$1,500 and above, and where practicable, for
37 amounts of less than \$1,500.

38 f. Role of North Carolina Partnership for Children, Inc. - The role
39 of the North Carolina Partnership for Children, Inc., shall be
40 expanded to provide technical assistance to local partnerships,
41 assess outcome goals for children and families, ensure that
42 statewide goals and legislative guidelines are being met, help
43 establish policies and outcome measures, obtain non-State

1 resources for early childhood and family services, and document
2 and verify the cumulative contributions received by the
3 partnerships.

4 (2) Funding.

5 a. Existing ~~partnerships~~ Partnerships - All 24 local partnerships that
6 received State funds during the 1993-95 biennium shall receive
7 their State funds proposed for the 1995-96 fiscal year. Existing
8 partnerships shall file budgets and plans for review by the North
9 Carolina Partnership for Children, Inc. Funds for the 1996-97
10 fiscal year shall be available after the Joint Legislative
11 Commission on Governmental Operations has reviewed the
12 independent evaluation discussed in sub-subdivision (1)b. of this
13 subdivision, and the Partnership has approved these plans and
14 budgets in consultation with the Joint Legislative Commission on
15 Governmental Operations. These 24 partnerships shall be
16 required to submit a Certification Annual Report as provided in
17 sub-subdivision a. of subdivision (1) of this ~~section~~, subsection
18 beginning in April 1997.

19 b. New ~~partnerships~~ Partnerships - Funds for planning, up to a
20 maximum of \$3,500,000, may be made available to the ~~42~~-new
21 partnerships in the 1995-96 fiscal year out of the continuation
22 monies designated for the program. If the performance audit
23 report is determined to be satisfactory to the Joint Legislative
24 Commission on Governmental Operations, funding and other
25 recommendations for expansion shall be made to the General
26 Assembly by the Joint Legislative Commission on Governmental
27 Operations for the 1996-97 fiscal year.

28 c. Department of Human Resources; State-level administrative
29 funding in the 1995-96 fiscal year and the 1996-97 fiscal year -
30 Of the funds appropriated to the Department of Human
31 Resources for Early Childhood Education and Development
32 Initiatives for the 1995-97 fiscal biennium:

- 33 1. No funds shall be used for State education technology;
- 34 2. The Department of Human Resources shall receive
35 \$500,000 for the 1995-96 fiscal year and ~~\$250,000~~
36 \$500,000 for the 1996-97 fiscal year for State
37 administration;
- 38 3. The Joint Legislative Commission on Governmental
39 Operations shall receive \$500,000 for the 1995-96 fiscal
40 year for the independent performance audit contract; ~~and~~
- 41 4. Funding for the North Carolina Partnership for Children,
42 Inc., shall be \$700,000 for ~~each fiscal year of the~~

1 ~~biennium~~, the 1995-96 fiscal year and shall be \$1,700,000
2 for the 1996-97 fiscal year; and

3 5. Funding for the Frank Porter Graham Child Development
4 Center's evaluation of the Early Childhood Education and
5 Development Initiatives shall be increased to \$850,000 for
6 the 1996-97 fiscal year.

7 (3) Matching requirement.

8 The North Carolina Partnership for Children, Inc., and all local
9 partnerships shall, in the aggregate, be required to match no less than
10 50% of the total amount budgeted for the Early Childhood Education
11 and Development Initiatives in each fiscal year of the biennium as
12 follows: contributions of cash equal to at least ten percent (10%) and
13 in-kind donated resources equal to no more than ten percent (10%) for a
14 total match requirement of twenty percent (20%) for each fiscal year.
15 Funds allocated for child day care subsidies are exempt from this
16 matching requirement. Only in-kind contributions that are quantifiable,
17 as determined by the independent auditing firm, shall be applied to the
18 in-kind match requirement.

19 Failure to obtain a twenty percent (20%) match by May 1 of each fiscal year
20 shall result in a proportionate reduction in the appropriation for the
21 Early Childhood Education and Development Initiatives Program for
22 the next fiscal year. The North Carolina Partnership for Children, Inc.,
23 shall be responsible for compiling information on the private cash and
24 in-kind contributions into a report that is submitted to the Joint
25 Legislative Commission on Governmental Operations pursuant to G.S.
26 143B-168.13(5) in a format that allows verification by the Department
27 of Revenue. The same match requirements shall apply to any expansion
28 funds appropriated by the General Assembly."

29 (g) Article 12I of Chapter 120 of the General Statutes is repealed.

30 (h) Section 23.13 of Chapter 324 of the 1995 Session Laws reads as rewritten:

31 "Sec. 23.13. Counties participating in the Early Childhood Education and
32 Development Initiatives authorized by Part 10B of Article 3 of Chapter 143B of the
33 General Statutes may use the county's allocation of State and federal child care funds to
34 subsidize child care according to the county's Early Childhood Education and
35 Development Initiatives Plan as approved by the ~~Department of Human Resources~~. North
36 Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with
37 the appropriate federal regulations. Day care providers shall, at a minimum, comply with
38 the applicable requirements for State licensure or registration pursuant to Article 7 of
39 Chapter 110 of the General Statutes, with other applicable requirements of State law or
40 rule, including rules adopted for nonregistered day care by the Social Services
41 Commission, and with applicable federal regulations."

42 (i) Notwithstanding any policy to the contrary, the Frank Porter Graham Child
43 Development Center may use any method legally available to it to track children who are

1 participating or who have participated in any Early Childhood Education and
2 Development Initiative in order to carry out its ongoing evaluation of the Early
3 Childhood Education and Development Initiatives Program.

4 (j) In addition to the specific changes set forth in subsections (b) through (i) of
5 this section, the Department of Human Resources, the North Carolina Partnership, and
6 the local partnerships also shall do the following:

- 7 (1) Plan and prepare for effective Early Childhood Initiatives Program
8 implementation in those counties not yet phased into the overall
9 program.
- 10 (2) Maintain the current State level of administrative support for the Early
11 Childhood Initiatives Program.
- 12 (3) Develop a statewide resource and referral database.
- 13 (4) Continue the evaluation of the Early Childhood Initiatives Program by
14 the Frank Porter Graham Child Development Center.
- 15 (5) Conduct a study related to transportation issues as recommended in the
16 independent performance audit and report the results to the Joint
17 Legislative Commission on Governmental Operations by January 1,
18 1997.

19 (k) Effective July 1, 1996, there is allocated from the funds appropriated to the
20 Department of Human Resources, Division of Child Development, in this act, the sum of
21 twenty million six hundred fifty thousand dollars (\$20,650,000) for the 1996-97 fiscal
22 year to fund this section. Of these funds, the sum of one hundred seventy-five thousand
23 dollars (\$175,000) shall be transferred to the Office of the State Auditor to perform
24 financial and compliance audits of the local partnerships.

25 26 **PART 25. DEPARTMENT OF AGRICULTURE**

27
28 Requested by: Senator Martin of Pitt

29 **RELEASE THE STATE'S REVERSIONARY INTEREST IN THE PROPERTY** 30 **OF FUQUAY-VARINA AMERICAN LEGION POST 116**

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

- 32 (1) On April 28, 1941, the United States deeded to the State Board of
33 Education a parcel of land north of Fuquay-Varina in Wake County, that
34 deed being recorded at Book 868, page 171, Wake County Registry, and
35 that deed had a right of termination by the United States if the property
36 was not used for facilities which further the rehabilitation or education
37 of the rural people of North Carolina;
- 38 (2) On April 1, 1949, as approved by the Council of State, the State of
39 North Carolina deeded to trustees for the use and benefit of Fuquay
40 Springs, North Carolina, Post 116 of the American Legion, the same
41 parcel with the same covenant as to the use of the property, that deed
42 being recorded at Book 1019, page 172, Wake County Registry; and

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

5 (4) By deed dated November 30, 1962, and recorded at Book 1533, page
6 54, Wake County Registry, the United States conveyed its remaining
7 interest in the property to the North Carolina Rural Development
8 Corporation, an agency of the State of North Carolina under G.S. 137-
9 31.1; and

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

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

18
19 Requested by: Senators Kerr, Martin of Pitt

20 **REMOVE SUNSET FOR GRAPE GROWERS' EXCISE TAX DISTRIBUTION**

21 Sec. 25.2. (a) Section 3 of Chapter 836 of the 1987 Session Laws reads as
22 rewritten:

23 "Sec. 3. This act shall become effective August 1, 1987, and shall terminate June 30,
24 1997-1987."

25 (b) Section 12(b) of Chapter 1036 of the 1987 Session Laws, as amended by
26 Section 176(b) of Chapter 900 of the 1991 Session Laws, is repealed.

27 (c) This section is effective upon ratification.

28
29 Requested by: Senator Martin of Pitt

30 **TIMBER RECEIPTS FOR CERTAIN CAPITAL PROJECTS**

31 Sec. 25.3. The sum of one million three hundred seventy-six thousand dollars
32 (\$1,376,000) shall be transferred from the Department of Agriculture's timber sales
33 capital improvement account, established pursuant to G.S. 146-30, to the Department of
34 Agriculture for the 1996-97 fiscal year and shall be used for the following capital
35 improvement projects at research stations and State farms:

36 (1) \$387,400 for an addition to the swine facility at the Cherry Farm Unit.

37 (2) \$126,700 for a farm equipment shelter at the Cherry Farm Unit.

38 (3) \$329,300 for a shop and storage facility at the Upper Coastal Plain
39 Station.

40 (4) \$106,900 for a dairy milking parlor at the Caswell Farm Unit.

41 (5) \$132,300 for research plot land at the Upper Mountain Station.

42 (6) \$150,000 for an irrigation system at the Mountain Station.

43 (7) \$143,400 for an office building at the Oxford Station.

1
2 **PART 26. DEPARTMENT OF COMMERCE**
3

4 Requested by: Senator Martin of Pitt

5 **GLOBAL TRANSPARK AUTHORITY/AUDIT BY STATE AUDITOR**

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

7 "**§ 63A-23. Annual and quarterly reports.**

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

14 The Authority shall submit quarterly reports to the Joint Legislative Commission on
15 Governmental Operations. The reports shall summarize the Authority's activities during
16 the quarter and contain any information about the Authority's activities that is requested
17 by the Commission."
18

19 Requested by: Senator Martin of Pitt

20 **WORLD TRADE CENTER FUNDS**

21 Sec. 26.1. Of the funds appropriated in this act to the Department of
22 Commerce, the sum of two hundred thousand dollars (\$200,000) for the 1996-97 fiscal
23 year shall be allocated to the World Trade Center North Carolina (WTCNC) to support
24 international trade education programs for small and medium-sized businesses. The
25 WTCNC shall report to the Joint Legislative Commission on Governmental Operations
26 on the use of these funds on or before March 1 of each fiscal year, and more frequently as
27 requested by the Commission.
28

29 Requested by: Senator Martin of Pitt

30 **FUNDS FOR ECONOMIC DEVELOPMENT**

31 Sec. 26.2. Of the funds appropriated in this act to the Department of
32 Commerce, the sum of one million five hundred twenty-five thousand dollars
33 (\$1,525,000) for the 1996-97 fiscal year shall be allocated as follows:

- 34 (1) \$275,000 to the Land Loss Prevention Project, Inc., to provide free legal
35 representation to low-income, financially distressed small farmers. The
36 Land Loss Prevention Project, Inc., shall not use these funds to
37 represent farmers who have income and assets that would make them
38 financially ineligible for legal services pursuant to Title 45, Part 1611 of
39 the Code of Federal Regulations. The Land Loss Prevention Project,
40 Inc., shall report to the Joint Legislative Commission on Governmental
41 Operations on October 1 and March 1 of each fiscal year, and more
42 frequently as requested by the Commission, on the use of these funds;

- 1 (2) \$245,000 to the North Carolina Coalition of Farm and Rural Families,
2 Inc., for its Small Farm Economic Development Project. These funds
3 shall be used to foster economic development within the State's rural
4 farm communities by offering marketing and technical assistance to
5 small and limited resource farmers. The North Carolina Coalition of
6 Farm and Rural Families, Inc., shall report to the Joint Legislative
7 Commission on Governmental Operations on October 1 and March 1 of
8 each fiscal year, and more frequently as requested by the Commission,
9 on the use of these funds;
- 10 (3) \$730,000 to the North Carolina Institute for Minority Economic
11 Development, Inc., to foster minority economic development within the
12 State through policy analysis, information and technical assistance,
13 resource expansion and support of community-based demonstration
14 initiatives. The North Carolina Institute for Minority Economic
15 Development, Inc., shall report to the Joint Legislative Commission on
16 Governmental Operations on October 1 and March 1 of each fiscal year,
17 and more frequently as requested by the Commission, on the use of
18 these funds; and
- 19 (4) \$275,000 to the North Carolina Minority Support Center (formerly
20 known as the Minority Credit Union Support Center) for technical
21 assistance to community-based minority credit unions. The North
22 Carolina Minority Support Center shall report to the Credit Union
23 Division of the Department of Commerce and to the Joint Legislative
24 Commission on Governmental Operations on October 1 and March 1 of
25 each fiscal year, and more frequently as requested by the Department or
26 the Commission, on the use of these funds.

27
28 Requested by: Senator Martin of Pitt

29 **MCNC**

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

32 "Sec. 25.9. (a) MCNC shall report on all of its programs including contractual
33 services for Supercomputer and the Research and Education Network to the Joint
34 Legislative Commission on Governmental Operations and the Fiscal Research Division
35 on or before March 1 of each fiscal year, and more frequently as requested by the
36 Commission. The reports shall include information on the activities and accomplishments
37 during the past fiscal year, itemized expenditures during the past fiscal year with sources
38 of funding, planned activities, and accomplishments for at least the next 12 months, and
39 itemized anticipated expenditures with sources of funding for the next 12 months. The
40 report on the activities of the Supercomputer and the Research and Education Network
41 ~~program programs~~ shall identify the ~~users of the Supercomputer, users,~~ the major projects
42 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	\$5,362,523 4,966,721
Supercomputer	9,576,319	9,576,319 798,275
Telecommunications	4,826,158	4,826,158 0-

(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.

~~(f) 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 continue to have the capability currently available through the North Carolina Research and Education Network;~~
- ~~(2) For program support, and~~
- ~~(3) For MCNC to serve as gateway to the North Carolina Information Highway for the 18 sites. Of the funds appropriated to the Department of Commerce for MCNC in Chapter 324 of the 1995 Session Laws for the 1996-97 fiscal year, the sum of thirteen million dollars (\$13,000,000) shall be transferred to the UNC Board of Governors for contracting the purchase of supercomputing and research and education networking services to continue the provision of these services at North Carolina universities and colleges.~~

Requested by: Senator Martin of Pitt

ECONOMIC DEVELOPMENT FUNDS

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

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

- 1 (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 2 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code
- 3 of 1986;
- 4 (3) Whose primary mission is to develop and improve low-income
- 5 communities and neighborhoods through economic and related
- 6 development;
- 7 (4) Whose activities and decisions are initiated, managed, and controlled by
- 8 the constituents of those local communities; and
- 9 (5) Whose primary function is to act as deal-maker and packager of projects
- 10 and activities that will increase their constituencies' opportunities to
- 11 become owners, managers, and producers of small businesses,
- 12 affordable housing, and jobs designed to produce positive cash flow and
- 13 curb blight in the target community.

14 (b) Of the funds appropriated in this act to the Rural Economic Development
15 Center, Inc., the sum of ~~three million eight hundred thousand dollars (\$3,800,000) for the~~
16 ~~1995-96~~ two million seven hundred fifty thousand dollars (\$2,750,000) for the 1996-97
17 fiscal year shall be placed in an Economic and Community Development Program
18 Reserve. Funds shall be allocated from the Reserve by the Rural Economic Development
19 Center, Inc. as follows:

- 20 (1) \$1,350,000 for community development grants to support community
- 21 development projects and activities within the State's minority
- 22 communities. Any community development corporation as defined in
- 23 this section is eligible to apply for funds. The Rural Economic
- 24 Development Center shall establish performance-based criteria for
- 25 determining which community development corporations will receive a
- 26 grant and the grant amount. Funding will also be allocated to the North
- 27 Carolina Association of Community Development Corporations, Inc.
- 28 The Rural Economic Development Center, Inc., shall allocate these
- 29 grant funds from the Economic and Community Development Program
- 30 Reserve as follows:
 - 31 a. \$900,000 for direct grants to the local community development
 - 32 corporations that have previously received State funds for this
 - 33 purpose to support operations and project activities,
 - 34 b. \$250,000 for direct grants to local community development
 - 35 organizations that have not previously received State funds,
 - 36 c. \$150,000 to the North Carolina Association of Community
 - 37 Development Corporations, Inc. to provide training, technical
 - 38 assistance, resource development, project assistance, and support
 - 39 for local community development corporations statewide, and
 - 40 d. \$50,000 to the Rural Economic Development Center, Inc. to be
 - 41 used to cover expenses in administering this section;
- 42 (2) ~~\$275,000 to the Minority Credit Union Support Center for technical~~
43 ~~assistance to community-based minority credit unions;~~

- 1 (3) \$250,000 to the Microenterprise Loan Program to support the loan fund
2 and operations of the Program;
- 3 (4) ~~\$100,000~~ \$150,000 allocated as follows:
- 4 a. \$25,000 to the Opportunities Industrialization Center of Wilson,
5 Inc., for its ongoing job training programs;
- 6 b. \$25,000 to Opportunities Industrialization Center, Inc., in Rocky
7 Mount, for its ongoing job training programs;
- 8 c. \$25,000 to Pitt-Greenville Opportunities Industrialization Center,
9 Inc. for its ongoing job training programs; and
- 10 d. \$25,000 to the Opportunities Industrialization Center of Lenoir,
11 Greene, and Jones ~~Counties~~ Counties; and
- 12 e. \$50,000 to the Opportunities Industrialization Center of
13 Elizabeth City, Inc.
- 14 Funds allocated pursuant to sub-subdivisions a. through d. of this
15 subdivision shall be in addition to funds allocated pursuant to Section
16 25.12 of Chapter 324 of the 1995 Session Laws. Reporting
17 requirements of that section shall apply to all funds allocated under this
18 subdivision; and
- 19 (5) ~~\$400,000~~ \$1,000,000 shall be used for a program to provide
20 supplemental funding for matching requirements for economic
21 development in economically depressed areas. The Center shall use the
22 funds to make grants to local governments and nonprofit corporations to
23 provide funds necessary to match federal grants or other grants for
24 necessary economic development projects and activities in economically
25 depressed areas. The grant recipients shall be selected on the basis of
26 ~~need~~; need. Of the funds allocated under this subdivision, the sum of up
27 to one hundred thousand dollars (\$100,000) shall be used to address
28 potential and actual threats to the public health resulting from
29 wastewater system problems.
- 30 (6) ~~\$275,000 to the Land Loss Prevention Project, Inc., to provide free legal~~
31 ~~representation to low income, financially distressed small farmers. The~~
32 ~~Land Loss Prevention Project, Inc., shall not use these funds to~~
33 ~~represent farmers who have income and assets that would make them~~
34 ~~financially ineligible for legal services pursuant to Title 45, Part 1611 of~~
35 ~~the Code of Federal Regulations. The Land Loss Prevention Project,~~
36 ~~Inc., shall report to the Joint Legislative Commission on Governmental~~
37 ~~Operations on October 1 and March 1 of each fiscal year, and more~~
38 ~~frequently as requested by the Commission, on the use of these funds;~~
- 39 (7) ~~\$245,000 to the North Carolina Coalition of Farm and Rural Families,~~
40 ~~Inc., for its Small Farm Economic Development Project. These funds~~
41 ~~shall be used to foster economic development within the State's rural~~
42 ~~farm communities by offering financial, marketing, and technical~~
43 ~~assistance to small and limited resource farmers. The North Carolina~~

1 ~~Coalition of Farm and Rural Families, Inc., shall report to the Joint~~
2 ~~Legislative Commission on Governmental Operations on October 1 and~~
3 ~~March 1 of each fiscal year, and more frequently as requested by the~~
4 ~~Commission, on the use of these funds;~~

5 (8) ~~\$780,000 to the North Carolina Institute for Minority Economic~~
6 ~~Development, Inc., to foster minority economic development within the~~
7 ~~State through policy analysis, information and technical assistance,~~
8 ~~resource expansion and support of community based demonstration~~
9 ~~initiatives. The North Carolina Institute for Minority Economic~~
10 ~~Development, Inc., shall report to the Joint Legislative Commission on~~
11 ~~Governmental Operations on October 1 and March 1 of each fiscal year,~~
12 ~~and more frequently as requested by the Commission, on the use of~~
13 ~~these funds;~~

14 (9) ~~\$100,000 to the Lake Gaston Economic Development Corporation for~~
15 ~~planning and preliminary development of a conference center and~~
16 ~~related facilities for the Lake Gaston area; and~~

17 (10) ~~\$25,000 to the Roanoke-Chowan Community College for its sheltered~~
18 ~~workshop program.~~

19 (c) The Rural Economic Development Center, Inc. shall report to the Joint
20 Legislative Commission on Governmental Operations on October 1 and March 1 of each
21 fiscal year, and more frequently as requested by the Commission, on the uses of funds
22 allocated pursuant to subdivisions (1), (2), (3), (4), (5), (9), and (10) (3), (4), and (5) of
23 subsection (b) of this section."
24

25 Requested by: Senator Martin of Pitt

26 **INDUSTRIAL DEVELOPMENT FUND UTILITY ACCOUNT**

27 Sec. 26.5. (a) Of the funds appropriated in this act to the Department of
28 Commerce for the 1996-97 fiscal year, the sum of four million dollars (\$4,000,000) shall
29 be deposited to and used for the Utility Account established under subsection (b) of this
30 section.

31 (b) There is created within the Industrial Development Fund a special account to
32 be known as the Utility Account to provide funds to assist the local government units of
33 the 10 most severely distressed counties of the State, as determined in accordance with
34 G.S. 105-130.40(c) or G.S. 105-151.17(c), in creating jobs in manufacturing and
35 processing, warehousing and distribution, and data processing, as defined in the Standard
36 Industrial Classification Manual issued by the United States Bureau of the Census. The
37 Department of Commerce shall adopt rules for the administration of the program. Except
38 as otherwise provided in this subsection, these rules shall be consistent with the rules
39 adopted with respect to the Industrial Development Fund. The rules shall provide that the
40 funds in the Utility Account may be used only for construction of or improvements to
41 new or existing water, sewer, gas, or electrical utility distribution lines or equipment for
42 existing or new or proposed industrial buildings to be used for industrial operations in
43 manufacturing or processing, warehousing or distribution, or data processing. To be

1 eligible for funding, the water, sewer, gas, or electrical utility lines or facilities shall be
2 located on the site of the building or, if not located on the site, shall be directly related to
3 the operation of the specific industrial activity. There shall be no maximum funding
4 amount per new job to be created or per project.

5 (c) In addition to the reporting requirements of G.S. 143B-437A, the Department
6 of Commerce shall report annually to the General Assembly concerning the payments
7 made from the Utility Account and the impact of the payments on job creation in the
8 State. The Department of Commerce shall also report quarterly to the Joint Legislative
9 Commission on Governmental Operations and the Fiscal Research Division on the use of
10 the moneys in the Utility Account including information regarding to whom payments
11 were made, in what amounts, and for what purposes.

12
13 Requested by: Senator Martin of Pitt

14 **TECHNOLOGICAL DEVELOPMENT AUTHORITY FUNDS/INVESTMENT**

15 Sec. 26.6. G.S. 96-5 is amended by adding the following new subsection to
16 read:

17 "(g) Notwithstanding subsection (f) of this section, the State Treasurer may invest
18 not more than a total of twenty-five million dollars (\$25,000,000) of funds in the
19 Employment Security Commission Reserve Fund established under subsection (f) of this
20 section in securities issued by the North Carolina Technological Development Authority,
21 Inc., the proceeds for which are directed to support investment in venture capital funds.
22 The State Treasurer shall report to the Joint Legislative Commission on Governmental
23 Operations and the Fiscal Research Division on October 1 and March 1 of each fiscal
24 year on investments made pursuant to this subsection."

25
26 Requested by: Senator Martin of Pitt

27 **CENTER FOR COMMUNITY SELF-HELP FUNDS**

28 Sec. 26.7. (a) Of the funds appropriated in this act to the Department of
29 Commerce, the sum of three million dollars (\$3,000,000) for the 1996-97 fiscal year shall
30 be allocated to the Center for Community Self-Help to further a statewide program of
31 lending for home ownership throughout North Carolina. These funds will be leveraged
32 on a ten-to-one basis, generating at least ten dollars (\$10.00) of nontraditional home loans
33 for every one dollar (\$1.00) of State funds. Payments of principal shall be available for
34 further loans or loan guarantees.

35 (b) The Center for Community Self-Help shall submit, within 180 days after the
36 close of its fiscal year, audited financial statements to the State Auditor. All records
37 pertaining to the use of State funds shall be made available to the State Auditor upon
38 request. The Center for Community Self-Help shall make quarterly reports on the use of
39 State funds to the State Auditor, in form and format prescribed by the State Auditor or his
40 designee. The Center for Community Self-Help shall make a written report by May 1 of
41 each year for the next three years to the General Assembly on the use of the funds
42 allocated under this section.

1 (c) The Center for Community Self-Help shall report to the Joint Legislative
2 Commission on Governmental Operations, the House Appropriations Subcommittee on
3 Natural and Economic Resources, the Senate Appropriations Committee on Natural and
4 Economic Resources, and the Department of Commerce on a quarterly basis for the next
5 three years.

6 (d) The Office of the State Auditor may conduct an annual end-of-year audit of the
7 revolving fund for economic development lending created by this appropriation for each
8 year of the life of the revolving fund.

9 (e) If the Center for Community Self-Help dissolves, the corporation shall
10 transfer the remaining assets of the revolving fund to the State and shall refrain from
11 disposing of the revolving fund assets without approval of the State Treasurer.

12 (f) The Department of Commerce shall disburse this appropriation within 15
13 working days of the receipt of a request for the funds from the Center for Community
14 Self-Help. The request shall include a commitment of the leveraged funds by the Center
15 for Community Self-Help or its affiliates.

16
17 Requested by: Senator Martin of Pitt

18 **RURAL TOURISM DEVELOPMENT FUNDS**

19 Sec. 26.8. (a) Of the funds appropriated in this act from the General Fund to
20 the Department of Commerce for the 1996-97 fiscal year, the sum of two hundred
21 thousand dollars (\$200,000) shall be used for the Rural Tourism Development Grant
22 Program. The Department shall establish and implement this Program to provide grants
23 to local governments and nonprofit organizations to encourage the development of new
24 tourism projects and activities in rural areas of the State. Grant funds shall not be
25 allocated for projects or activities eligible to receive funds from the Department's
26 Tourism Promotion Grant Program. The Secretary shall establish guidelines for
27 eligibility to receive grants under the Rural Tourism Development Grant Program. No
28 recipient or new tourism project shall receive a total of more than fifty thousand dollars
29 (\$50,000) of these grant funds for the 1996-97 fiscal year.

30 (b) Of the funds appropriated in this act from the General Fund to the Department
31 of Commerce for the 1996-97 fiscal year, the sum of eight thousand dollars (\$8,000) shall
32 be used to fund the Babe Ruth Regional All-Star Games.

33
34 Requested by: Senator Martin of Pitt

35 **FUNDS FROM WORKER TRAINING TRUST FUND**

36 Sec. 26.9. Notwithstanding G.S. 96-5(f), there is appropriated from the
37 Worker Training Trust Fund to the following agencies the following sums for the 1996-
38 97 fiscal year for the following purposes:

- 39 (1) \$218,500 to the Department of Commerce to be used for a computer
40 system upgrade in the Division of Employment and Training in order to
41 meet federal reporting requirements under the Job Training Partnership
42 Act;

- 1 (2) \$210,000 to the Department of Labor for a computer upgrade in the
2 apprenticeship tracking system in order to meet federal reporting
3 requirements under the Federal Apprenticeship Program;
- 4 (3) \$90,000 to the Department of Labor to establish nationally certified
5 dietary managers pilot projects. These projects will offer training
6 programs to meet new federal regulations requiring a certified dietary
7 manager on-site at every residential care facility in the State; and
- 8 (4) \$100,000 to the Department of Community Colleges for a training
9 program in entrepreneurial skills to be operated by North Carolina
10 REAL Enterprises. Funds appropriated under this subdivision are in
11 addition to those appropriated for the same purpose under Section
12 25.9(d)(6) of Chapter 507 of the 1995 Session Laws.

13
14 **PART 27. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL**
15 **RESOURCES**

16
17 Requested by: Senator Martin of Pitt

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

20 Sec. 27. Of the funds appropriated in this act to the Department of
21 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,
22 for the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the sum
23 of four million three hundred thousand dollars (\$4,300,000) for the 1996-97 fiscal year
24 shall be used to assist existing animal operations in obtaining approved animal waste
25 management plans for those animal operations located, in whole or in part, in a county in
26 one of the State's 17 river basins other than the Neuse River Basin and shall be used in
27 accordance with G.S. 143-215.74(b) and any provisions enacted by the 1995 General
28 Assembly regarding the expenditure of funds under this Program. When implementing
29 this section, the Department shall cooperate with the Cooperative Extension Service, the
30 Natural Resource Conservation Service of the United States Department of Agriculture,
31 and the local Soil and Water Conservation Districts. Any of these funds remaining at the
32 end of the 1996-97 fiscal year shall not revert, but shall remain available for use pursuant
33 to this section.

34
35 Requested by: Senator Martin of Pitt

36 **AGRICULTURE COST SHARE FUNDS FOR AGRICULTURE OPERATIONS**
37 **LOCATED IN THE NEUSE RIVER BASIN**

38 Sec. 27.1. Of the funds appropriated in this act to the Department of
39 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,
40 for the Agriculture Cost Share Program for Nonpoint Source Pollution Control, the sum
41 of four million dollars (\$4,000,000) for the 1996-97 fiscal year shall be used to assist
42 existing animal operations in obtaining approved animal waste management plans and
43 farm operations in installing best management practices for those agriculture operations

1 located, in whole or in part, in a county in the Neuse River Basin and shall be used in
2 accordance with G.S. 143-215.74(b) and any provisions enacted by the 1995 General
3 Assembly regarding the expenditure of funds under this Program. When implementing
4 this section, the Department shall cooperate with the Cooperative Extension Service, the
5 Natural Resource Conservation Service of the United States Department of Agriculture,
6 and the local Soil and Water Conservation Districts. Any of these funds remaining at the
7 end of the 1996-97 fiscal year shall not revert, but shall remain available for use pursuant
8 to this section.

9
10 Requested by: Senator Martin of Pitt

11 **STATEWIDE TECHNICAL ASSISTANCE FOR ANIMAL WASTE**
12 **MANAGEMENT PLANS**

13 Sec. 27.2. Of the funds appropriated in this act to the Department of
14 Environment, Health, and Natural Resources, Division of Soil and Water Conservation,
15 the sum of one million one hundred sixty-seven thousand five hundred dollars
16 (\$1,167,500) for the 1996-97 fiscal year shall be used to provide technical assistance to
17 operators in the process of obtaining approved animal waste management plans for
18 animal operations. When implementing this section, the Department shall cooperate with
19 the Cooperative Extension Service, the Natural Resource Conservation Service of the
20 United States Department of Agriculture, and the local Soil and Water Conservation
21 Districts. Any of these funds remaining at the end of the 1996-97 fiscal year shall not
22 revert, but shall remain available for use pursuant to this section.

23
24 Requested by: Senator Martin of Pitt

25 **ODOR CONTROL TECHNOLOGY STUDY**

26 Sec. 27.3. Of the funds appropriated to the Department of Environment,
27 Health, and Natural Resources in this act, the sum of six hundred thousand dollars
28 (\$600,000) for the 1996-97 fiscal year shall be allocated to the Board of Governors of
29 The University of North Carolina for the North Carolina Agricultural Research Service at
30 North Carolina State University to conduct research into economically feasible odor
31 control technologies and to provide detailed economic analysis of odor management
32 alternatives; provided these funds are matched with an equal sum from private sources.
33 No later than January 1, 1997, the Department shall report to the Environmental Review
34 Commission and the Fiscal Research Division on progress under the research, including
35 any findings and recommendations at that time.

36
37 Requested by: Senator Martin of Pitt

38 **WETLANDS RESTORATION PROGRAM/FUNDS**

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

41 **"§ 143-214.8. Wetlands Restoration Program: established.**

42 The Wetlands Restoration Program is established within the Department of
43 Environment, Health, and Natural Resources. The Wetlands Restoration Program shall be

1 developed by the Department as a nonregulatory statewide wetlands restoration program
2 for the acquisition, maintenance, restoration, enhancement, and creation of wetland and
3 riparian resources that contribute to the protection and improvement of water quality,
4 flood prevention, fisheries, wildlife habitat, and recreational opportunities. The Wetlands
5 Restoration Program shall consist of the following components:

- 6 (1) Restoration and perpetual maintenance of wetlands.
- 7 (2) Development of restoration plans.
- 8 (3) Landowner contact and land acquisition.
- 9 (4) Evaluation of site plans and engineering studies.
- 10 (5) Oversight of construction and monitoring of restoration sites.
- 11 (6) Land ownership and management.
- 12 (7) Mapping, site identification, and assessment of wetlands functions.
- 13 (8) Oversight of private wetland mitigation banks to facilitate the
14 components of the Wetlands Restoration Program.

15 **"§ 143-214.9. Wetlands Restoration Program: purposes.**

16 The purposes of the program are as follows:

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

32 **"§ 143-214.10. Wetlands Restoration Program: development and implementation**
33 **of basinwide restoration plans.**

34 Develop Basinwide Restoration Plans. – The Department shall develop basinwide
35 plans for wetlands and riparian area restoration with the goal of protecting and enhancing
36 water quality, flood prevention, fisheries, wildlife habitat, and recreational opportunities
37 within each of the 17 major river basins in the State. Beginning July 1, 1997, the
38 Department shall develop and begin implementing a basinwide restoration plan for each
39 of the 17 river basins in the State in accordance with the basinwide schedule currently
40 established by the Division of Environmental Management.

41 **"§ 143-214.11. Wetlands Restoration Program: compensatory mitigation.**

42 (a) Definition. – For purposes of this section, the term 'compensatory mitigation'
43 means the restoration, creation, enhancement, or preservation of wetlands or other areas

1 required as a condition of a section 404 permit issued by the United States Army Corps of
2 Engineers.

3 (b) Department of Environment, Health, and Natural Resources to Coordinate
4 Compensatory Mitigation. – All compensatory mitigation required by permits or
5 authorizations issued by the United States Army Corps of Engineers under 33 U.S.C. §
6 1344 shall be coordinated by the Department consistent with the basinwide plans for
7 wetlands restoration and rules developed by the Environmental Management
8 Commission. All compensatory wetlands mitigation, whether performed by the
9 Department or by permit applicants, shall be consistent with the basinwide restoration
10 plans.

11 (c) Mitigation Emphasis on Replacing Ecological Function Within Same River
12 Basin. – The emphasis of mitigation is on replacing functions within the same river basin
13 unless it is demonstrated that restoration of other areas would be more beneficial to the
14 overall purposes of the Wetlands Restoration Program.

15 (d) Compensatory Mitigation Options Available to Applicant. – An applicant may
16 satisfy compensatory wetlands mitigation requirements by the following actions, if those
17 actions are consistent with the basinwide restoration plans and also meet or exceed the
18 requirements of the United State Army Corps of Engineers:

19 (1) Payment of a fee established by the Department into the Wetlands
20 Restoration Fund established in G.S. 143-214.6.

21 (2) Donation of land to the Wetlands Restoration Program or to other public
22 or private nonprofit conservation organizations as approved by the
23 Department.

24 (3) Participation in a private wetlands mitigation bank.

25 (4) Preparing and implementing a wetlands restoration plan.

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

32 (f) Mitigation Banks. – State agencies and private mitigation banking companies
33 shall demonstrate that adequate, dedicated financial surety exists to provide for the
34 perpetual land management and hydrological maintenance of lands acquired by the State
35 as mitigation banks, or proposed to the State as privately operated and permitted
36 mitigation banks.

37 **"§ 143-214.12. Wetlands Restoration Program: Wetlands Restoration Fund.**

38 (a) Wetlands Restoration Fund. – The Wetlands Restoration Fund is established
39 as a nonreverting fund within the Department. The Fund shall be treated as a special trust
40 fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2
41 and G.S. 147-69.3. The Wetlands Restoration Fund shall provide a repository for
42 monetary contributions and donations or dedications of interests in real property to
43 promote projects for the restoration, enhancement, preservation, or creation of wetlands

1 and riparian areas and for payments made in lieu of compensatory mitigation as described
2 in subsection (b) of this section. No funds shall be expended from this Fund for any
3 purpose other than those directly contributing to the acquisition, perpetual maintenance,
4 enhancement, restoration, or creation of wetlands and riparian areas in accordance with
5 the basinwide plan as described in subsection (a) of this section.

6 (b) Authorized Methods of Payment. – A person subject to a permit or
7 authorization issued by the United States Army Corps of Engineers under 33 U.S.C. §
8 1344, may contribute to the Wetlands Restoration Program, to comply with conditions to,
9 or terms of, the permit or authorization, if participation in the Wetlands Restoration
10 Program will meet the mitigation requirements of the United States Army Corps of
11 Engineers. The Department shall, at the discretion of the applicant, accept payment into
12 the Wetlands Restoration Fund in lieu of other compensatory mitigation requirements of
13 any authorizations issued by the United States Army Corps of Engineers under 33 U.S.C.
14 § 1344 if the contributions will meet the mitigation requirements of the United States
15 Army Corps of Engineers. Payment may be made in the form of monetary contributions
16 according to a fee schedule established by the Environmental Management Commission
17 or in the form of donations of real property provided that the property is approved by the
18 Department as a suitable site consistent with the basinwide wetlands restoration plan.

19 (c) Accounting of Payments. – The Department shall provide an itemized
20 statement that accounts for each payment into the Fund. The statement shall include the
21 expenses and activities financed by the payment.

22 **"§ 143-214.13. Wetlands Restoration Program: reporting requirement.**

23 The Department of Environment, Health, and Natural Resources shall report annually
24 to the Environmental Review Commission regarding its progress in implementing the
25 Wetlands Restoration Program and its use of the funds in the Wetlands Restoration Fund.
26 The report shall document statewide wetlands losses and gains and compensatory
27 mitigation performed under G.S. 143-214.8 through G.S. 143-214.12. The report shall
28 also provide an accounting of receipts and disbursements of the Wetlands Restoration
29 Fund and analysis of the per-acre cost of wetlands restoration. The Department shall also
30 send a copy of its report to the Fiscal Research Division of the General Assembly."

31 (b) G.S. 143B-282(a)(1) is amended by adding the following:

32 "u. To administer the State's authority under 33 USC § 1341 of the
33 federal Clean Water Act."

34 (c) The Department of Environment, Health, and Natural Resources is directed
35 to negotiate and enter into a Memorandum of Agreement with the United States Army
36 Corps of Engineers regarding the restoration, creation, enhancement, and preservation of
37 wetlands and the compensatory mitigation required of permit applicants under 33 U.S.C.
38 § 1344. The purpose of the Memorandum of Agreement is to ensure that the State's
39 implementation of the Wetlands Restoration Program with regard to mitigation of
40 wetlands satisfies the United States Army Corps of Engineers and that the standards
41 developed by the State to which the State's and other mitigation banks must adhere is
42 acceptable to the Corps for purposes of section 404 mitigation requirements.

1 (d) Of the funds appropriated to the Department of Environment, Health, and
2 Natural Resources for the 1996-97 fiscal year the sum of two million dollars (\$2,000,000)
3 in recurring funds shall be credited to the Wetlands Restoration Fund.

4 (e) Of the funds appropriated to the Department of Environment, Health, and
5 Natural Resources, the sum of five hundred thousand dollars (\$500,000) in recurring
6 funds for the 1996-97 fiscal year shall be allocated to support eight staff positions and for
7 administrative and other expenses to implement the Wetlands Restoration Program.

8
9 Requested by: Senator Martin of Pitt

10 **STUDY GROUNDWATER IMPACTS OF LAGOONS**

11 Sec. 27.7. Of the funds appropriated to the Department of Environment,
12 Health, and Natural Resources in this act, the sum of four hundred thousand dollars
13 (\$400,000) for the 1996-97 fiscal year shall be used by the Department to contract with
14 the Board of Governors of The University of North Carolina for the North Carolina
15 Agricultural Research Service at North Carolina State University to design and
16 implement a scientifically based study for the purpose of determining the extent to which
17 animal waste lagoons pose a threat, if any, to the groundwater of the State. Lagoons that
18 are representative of soil types and hydrologic conditions in North Carolina shall be
19 selected for this study. No later than January 1, 1997, the Department shall report to the
20 Environmental Review Commission and the Fiscal Research Division on progress under
21 the research, including any findings and recommendations at that time.

22
23 Requested by: Senator Martin of Pitt

24 **LOWER NEUSE RIVER BASIN ASSOCIATION FUNDS**

25 Sec. 27.8. (a) Of the funds appropriated by this act to the Lower Neuse River
26 Basin Association for the 1996-97 fiscal year, the sum of two million dollars
27 (\$2,000,000) shall be allocated as grants to local government units in the Neuse River
28 Basin to assist those local government units in fulfilling their obligations under the Neuse
29 River Nutrient Sensitive Waters Management Strategy plan adopted by the
30 Environmental Management Commission. The funds are contingent upon the adoption of
31 the plan by the Environmental Management Commission. If the Environmental
32 Management Commission fails to adopt the plan by June 30, 1997, then the funds shall
33 revert to the General Fund.

34 (b) The Lower Neuse River Basin Association shall report by October 15, 1996,
35 and quarterly thereafter to the Environmental Review Commission regarding the grants
36 awarded and the effectiveness of the projects funded by those grants in reducing the
37 pollution in the Neuse River Basin. The Lower Neuse River Basin Association shall also
38 send a written copy of its report to the Fiscal Research Division of the General Assembly.

39
40 Requested by: Senator Martin of Pitt

41 **STUDY OF ATMOSPHERIC DEPOSITION OF NITROGEN IN NEUSE** 42 **ESTUARY**

1 Sec. 27.9. Of the funds appropriated to the Department of Environment,
2 Health, and Natural Resources in this act, the sum of four hundred fifty thousand dollars
3 (\$450,000) for the 1996-97 fiscal year shall be used by the Department to contract with a
4 research institution to research and perform computer modelling to identify the amount of
5 atmospheric nitrogen reaching the Neuse estuary, to enable the development of strategies
6 to reduce the most significant sources of nitrogen, and to improve water quality. If the
7 expertise required for this research is available at a research institution in the State, the
8 Department shall contract with a research institution in the State. No later than January
9 1, 1997, the Department shall report to the Environmental Review Commission and the
10 Fiscal Research Division on progress under the research, including any findings and
11 recommendations at that time.

12
13 Requested by: Senator Martin of Pitt

14 **TRANSFER THE GEODETIC SURVEY SECTION TO THE OFFICE OF STATE**
15 **PLANNING**

16 Sec. 27.10. The 22 positions, support, and equipment in the Geodetic Survey
17 Section of the Division of Land Resources, Department of Environment, Health, and
18 Natural Resources, shall be moved to the Office of State Planning in the Office of the
19 Governor.

20
21 Requested by: Senator Martin of Pitt

22 **HAZARDOUS WASTE REPORTS**

23 Sec. 27.11. Beginning in 1997, the Department of Environment, Health, and
24 Natural Resources shall report on the generation, storage, treatment, and disposal of
25 hazardous waste in North Carolina no more often than it is required to report under
26 federal law or federal regulation.

27
28 Requested by: Senator Martin of Pitt

29 **DRINKING WATER WAIVER PROGRAM**

30 Sec. 27.12. The Department of Environment, Health, and Natural Resources,
31 Division of Environmental Health, shall establish a drinking water waiver program that
32 will enable the Division to seek and qualify for additional waivers from the drinking
33 water regulations of the United States Environmental Protection Agency. The program
34 shall include, but not be limited to, the collection and study of data on the State's drinking
35 water testing program to determine which contaminants do not present a significant
36 health risk and which water systems are not susceptible to particular contaminants. The
37 Division shall report its progress in establishing and implementing the drinking water
38 waiver program not later than December 15, 1996, to the Fiscal Research Division, the
39 Environmental Review Commission, and the Legislative Research Commission Study
40 Committee on Water Issues.

41
42 Requested by: Senator Martin of Pitt

RESERVE FOR PERMITTING AND INSPECTING ANIMAL WASTE MANAGEMENT SYSTEMS

Sec. 27.14. (a) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of one million eight hundred fifty thousand seven hundred sixty-six dollars (\$1,850,766) shall be placed in a reserve to be used to establish and support positions to conduct permitting, inspection, and enforcement activities for animal waste management systems in the event the 1995 General Assembly enacts legislation that establishes a permitting or inspection program for animal waste management systems. These funds shall be used as follows:

- (1) \$749,473 in recurring funds and \$77,000 in nonrecurring funds shall be used to establish and support 14 positions in the Division of Soil and Water Conservation; and
- (2) \$891,293 in recurring funds and \$133,000 in nonrecurring funds shall be used to establish and support 18 positions in the Division of Environmental Management.

When implementing this section, the Department shall cooperate with the Cooperative Extension Service, the Natural Resources Conservation Service of the United States Department of Agriculture, and the local Soil and Water Conservation Districts.

(b) No later than October 15, 1996, and quarterly thereafter, the Department of Environment, Health, and Natural Resources shall submit status reports to the Environmental Review Commission and the Fiscal Research Division. Each report shall include, but not be limited to:

- (1) The number of permits for animal waste management systems, itemized by type of animal subject to such permits, issued since the last report and a total for that calendar year.
- (2) The number of operations reviews of animal waste management systems that the Division of Soil and Water Conservation has conducted since the last report and a total for that calendar year.
- (3) The number of reinspections associated with operations reviews conducted by the Division of Soil and Water Conservation since the last report and a total for that calendar year.
- (4) The number of compliance inspections of animal waste management systems that the Division of Environmental Management has conducted since the last report and a total for that calendar year.
- (5) The number of follow-up inspections associated with compliance inspections conducted by the Division of Environmental Management since the last report and a total for that calendar year.
- (6) The average length of time for each category of reviews and inspections under subdivisions (2) through (4) of this subsection.
- (7) The number of violations found during each category of review and inspection under subdivisions (2) through (4) of this subsection, the status of enforcement actions taken and pending, and the penalties

1 imposed, collected, and in the process of being negotiated for each such
2 violation.

3 (c) The information to be included in the reports pursuant to subsection (b) of this
4 section shall be itemized by each regional office of the Department, with totals for the
5 State indicated.

6
7 Requested by: Senator Martin of Pitt

8 **HEALTHY START FOUNDATION FUNDS**

9 Sec. 27.15. Section 26.4 of Chapter 507 of the 1995 Session Laws reads as
10 rewritten:

11 "Sec. 26.4. Of the funds appropriated in this act to the Department of Environment,
12 Health, and Natural Resources, the sum of ~~two hundred six hundred fifty~~ thousand dollars
13 ~~(\$200,000) (\$650,000)~~ for the ~~1995-96-1996-97~~ fiscal year shall be allocated to the North
14 Carolina Healthy Start Foundation to support the programs and activities of the
15 ~~Governor's Commission on Reduction of Infant Mortality.~~ Foundation. Funds allocated
16 pursuant to this section shall be expended first to support statewide planning, promotion,
17 and coordination for the First Step Campaign. Funds remaining after allocation for First
18 Step shall be used to support other programs and ~~activities.~~ activities aimed at reducing
19 infant mortality. The Healthy Start Foundation shall report on all of its programs to the
20 Joint Legislative Commission on Governmental Operations on or before March 1, ~~1996-~~
21 1997. The report shall include information on the Foundation's activities and
22 accomplishments during the past fiscal year, a list of the groups, organizations,
23 communities, and other recipients of assistance from the Foundation in the last 12
24 months, itemized expenditures during the past fiscal year with sources of funding,
25 planned activities, and accomplishments for at least the next 12 months, and itemized
26 anticipated expenditures with sources of funding for the next 12 months."

27
28 Requested by: Senator Martin of Pitt

29 **BEAVER DAMAGE CONTROL FUNDS**

30 Sec. 27.16. (a) Subsection (b) of Section 69 of Chapter 1044 of the 1991 Session
31 Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3
32 of Chapter 769 of the 1993 Session Laws, and Section 26.6 of Chapter 507 of the 1995
33 Session Laws, reads as rewritten:

34 "(b) The Beaver Damage Control Advisory Board shall develop a ~~pilot~~ program to
35 control beaver damage on private and public lands. Anson, Bladen, Brunswick, Carteret,
36 Chatham, Chowan, Craven, Columbus, Cumberland, Duplin, Edgecombe, Franklin,
37 Granville, Greene, Halifax, Harnett, Hertford, Johnston, Jones, Lee, Lincoln, Martin,
38 Nash, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren,
39 Washington, Wayne, and Wilson Counties shall participate in the ~~pilot~~ program. The
40 Beaver Damage Control Advisory Board shall act in an advisory capacity to the Wildlife
41 Resources Commission in the implementation of the program. In developing the
42 program, the Board shall:

- 1 (1) Orient the program primarily toward public health and safety and
2 toward landowner assistance, providing some relief to landowners
3 through beaver control and management rather than eradication;
- 4 (2) Develop a priority system for responding to complaints about beaver
5 damage;
- 6 (3) Develop a system for documenting all activities associated with beaver
7 damage control, so as to facilitate evaluation of the program;
- 8 (4) Provide educational activities as a part of the program, such as printed
9 materials, on-site instructions, and local workshops;
- 10 (5) Provide for the hiring of personnel necessary to implement beaver
11 damage control activities, administer the ~~pilot~~ program, and set salaries
12 of personnel;
- 13 (6) Evaluate the costs and benefits of the program that might be applicable
14 elsewhere in North Carolina.

15 No later than ~~September 30, 1994 and again upon the conclusion of the pilot program~~
16 ~~on June 30, 1996, January 15, 1997,~~ the Board shall issue a report to the Wildlife
17 Resources Commission on the program to date, including recommendations on the
18 feasibility of continuing the program in participating counties and the desirability of
19 expanding the program into other counties. The Wildlife Resources Commission shall
20 prepare a plan to implement a statewide program to control beaver damage on private and
21 public lands. No later than ~~January 1, 1995, March 15, 1997,~~ the Wildlife Resources
22 Commission shall present its plan in a report to the House Appropriations Subcommittee
23 on Natural and Economic ~~Resources and Resources,~~ the Senate Appropriations
24 Committee on Natural and Economic ~~Resources. Resources,~~ and the Fiscal Research
25 Division."

26 (b) Subsection (c) of Section 69 of Chapter 1044 of the 1991 Session Laws reads
27 as rewritten:

28 "(c) The Wildlife Resources Commission shall implement the ~~pilot~~ program, and
29 may enter a cooperative agreement with the Animal Damage Control Division of the
30 Animal and Plant Health Inspection Service, United States Department of Agriculture, to
31 accomplish the ~~pilot~~ program."

32 (c) Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as
33 amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of
34 Chapter 769 of the 1993 Session Laws, and Section 26.6 of Chapter 507 of the 1995
35 Session Laws, reads as rewritten:

36 "(h) Subsections (a) through (d) of this section expire June 30, ~~1996-1997.~~"

37 (d) Subsection (d) of Section 26.6 of Chapter 507 of the 1995 Session Laws reads
38 as rewritten:

39 "(d) Of the funds appropriated from the General Fund to the Wildlife Resources
40 Commission for the 1995-96 fiscal ~~year, year and the 1996-97 fiscal year,~~ there is
41 allocated the sum of three hundred seventy-two thousand six hundred ninety dollars
42 (\$372,690) for the 1995-96 fiscal year and the sum of four hundred fifty thousand dollars
43 (\$450,000) for the 1996-97 fiscal year to provide the State share necessary to continue

1 the beaver damage control ~~pilot~~ program established by Section 69 of Chapter 1044 of
2 the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session
3 Laws and Section 27.3 of the 1993 Session Laws, in Anson, Bladen, Brunswick, Carteret,
4 Chatham, Chowan, Craven, Columbus, Cumberland, Duplin, Edgecombe, Franklin,
5 Granville, Greene, Halifax, Harnett, Hertford, Johnston, Jones, Lee, Lincoln, Martin,
6 Nash, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren,
7 Washington, Wayne, and Wilson Counties, provided the sum of twenty-five thousand
8 dollars (\$25,000) in federal funds is available in each fiscal year to provide the federal
9 share. These funds shall be matched by four thousand dollars (\$4,000) of local funds in
10 each fiscal year from each of the ~~27~~ participating counties. Counties participating in this
11 program shall make a commitment of their local matching funds to the Wildlife
12 Resources Commission no later than September 30 of that fiscal year."

13
14 Requested by: Senator Martin of Pitt

15 **1995-96 BEAVER DAMAGE CONTROL FUNDS REVERT**

16 Sec. 27.16A. The sum of one hundred fifty thousand dollars (\$150,000) that
17 was appropriated to the Wildlife Resources Commission for the 1995-96 fiscal year to
18 provide the State share for beaver damage control pursuant to Section 27.3 of Chapter
19 769 of the 1993 Session Laws and that was designated as recurring funds shall revert to
20 the General Fund on June 30, 1996.

21
22 Requested by: Senator Martin of Pitt

23 **PILOT PRIVATIZATION PROJECT FOR CONSTRUCTION OF FORESTRY** 24 **BUILDINGS**

25 Sec. 27.18. Of the funds appropriated in this act to the Department of
26 Environment, Health, and Natural Resources, the sum of one hundred fifty thousand
27 dollars (\$150,000) for the 1996-97 fiscal year shall be used for a pilot project whereby
28 the Department shall enter into a contract for the construction of a forestry headquarters
29 building. It is the intent of the General Assembly that the General Assembly shall not
30 appropriate additional funds for this pilot project and that the county in which the forestry
31 headquarters building is to be located shall be responsible for all costs related to the
32 construction of this building in excess of one hundred fifty thousand dollars (\$150,000).
33 No later than December 15, 1996, and again no later than April 15, 1997, the Department
34 shall report to the General Assembly and the Fiscal Research Division on the progress of
35 this pilot project and shall include in both reports the Department's findings and
36 recommendations on the desirability and feasibility of expanding this project to the
37 construction of forestry buildings in other counties.

38
39 Requested by: Senator Martin of Pitt

40 **FOREST RESOURCES NURSERY PROGRAM FUNDS**

41 Sec. 27.19. The Division of Forest Resources, Department of Environment,
42 Health, and Natural Resources, may retain and use any funds derived from the taking of
43 nursery acreage at Claridge State Forest Nursery near Goldsboro in Wayne County due to

1 the construction of the Highway 70 Bypass. These funds shall remain in a nonreverting
2 fund in the Department to be used to cover the cost associated with relocating nursery
3 fields and seed orchards.

4
5 Requested by: Senators Ballance, Kerr

6 **WARREN COUNTY FORESTRY HEADQUARTERS CONSTRUCTION AND**
7 **EQUIPMENT PURCHASE**

8 Sec. 27.19A. Notwithstanding any other provision of law, funds remaining the
9 Warren County Forestry Capital Project Code 49216-4630 in the amount of eight
10 thousand two hundred fifty dollars and sixty-nine cents (\$8,250.69) and an uncommitted
11 balance of twenty-one thousand one hundred sixty-seven dollars (\$21,167) in the 1995
12 Reserve for Forestry Projects shall be used for construction of a storage building and
13 purchase of equipment at the Warren County Forestry Headquarters.

14
15 Requested by: Senators Perdue, Martin of Pitt

16 **MARINE FISHERIES DOCK MAY BE USED BY OTHER AGENCIES**

17 Sec. 27.20. The Division of Marine Fisheries' Morehead City Dock Facility
18 shall be available for use by the University of North Carolina Institute of Marine
19 Sciences, the North Carolina Sea Grant College Program, and Carteret Community
20 College for their programs and activities.

21
22 Requested by: Senator Martin of Pitt

23 **ACCOUNTABILITY FOR CERTAIN STATE AGRICULTURE COST SHARE**
24 **FUNDING/RAISE CAP/ADD ELIGIBLE PROJECTS**

25 Sec. 27.21. (a) G.S. 143-215.74(b) reads as rewritten:

26 "(b) The program shall be subject to the following requirements and
27 limitations:

- 28 (1) The purpose of the program shall be to reduce the input of agricultural
29 nonpoint source pollution into the water courses of the State.
- 30 (2) The program shall initially include the present 16 nutrient sensitive
31 watershed counties and 17 additional counties.
- 32 (3) ~~Priority~~—Subject to subdivision (7) of this subsection, priority
33 designations for inclusions in the program shall be under the authority
34 of the Soil and Water Conservation Commission and the Commission.
35 The Soil and Water Conservation Commission shall retain the authority
36 to allocate the cost share funds.
- 37 (4) Areas shall be included in the program as the funds are appropriated and
38 the technical assistance becomes available from the local Soil and Water
39 Conservation District.
- 40 (5) Funding may be provided to assist practices including conservation
41 tillage, diversions, filter strips, field borders, critical area plantings,
42 sediment control structures, sod-based rotations, grassed waterways,
43 strip-cropping, terraces, cropland conversion to permanent vegetation,

1 grade control structures, water control structures, emergency spillways,
2 riparian buffers or equivalent controls, odor control best management
3 practices, insect control best management practices, and animal waste
4 managements systems and application.

5 (6) State funding shall be limited to seventy-five percent (75%) of the
6 average cost for each practice with the assisted farmer providing
7 twenty-five percent (25%) of the cost (which may include in-kind
8 support) with a maximum of ~~fifteen thousand dollars (\$15,000) per year~~
9 seventy-five thousand dollars (\$75,000) to each applicant.

10 (7) Priority designation for inclusion in the program for State funding shall
11 be given to projects that improve water quality. To be eligible for cost
12 share funds under this subdivision, a project shall be evaluated before
13 funding is awarded and after the project is completed to determine the
14 impact on water quality."

15 (b) G.S. 143-215.74 is amended by adding a new subsection to read:

16 "(e) The Soil and Water Conservation Commission shall report no later than
17 January 31, 1997, and annually thereafter to the Environmental Review Commission and
18 the Fiscal Research Division. This report shall include a list of projects that received
19 State funding pursuant to the program, the results of the evaluations conducted pursuant
20 to subdivision (7) of subsection (b) of this section, findings regarding the effectiveness of
21 each of these projects to accomplish its primary purpose, and any recommendations to
22 assure that State funding is used in the most cost-effective manner and accomplishes the
23 greatest improvement in water quality."

24 (c) The Division of Soil and Water Conservation, Department of Environment,
25 Health, and Natural Resources, shall report to the Environmental Review Commission no
26 later than January 1, 1997, regarding the desirability of requiring each applicant for State
27 funding under the Agriculture Cost Share Program for Nonpoint Source Pollution Control
28 under Part 9 of Article 21 of Chapter 143 of the General Statutes to submit a nutrient
29 management plan.

30 (d) This section applies to State cost share funds expended on or after the effective
31 date of this act.

32
33 Requested by: Senator Martin of Pitt

34 **PROHIBIT TRANSFER OF POSITIONS FROM SOIL AND WATER**
35 **CONSERVATION TO ENVIRONMENTAL MANAGEMENT**

36 Sec. 27.22. The Department of Environment, Health, and Natural Resources
37 shall not transfer any positions established in this act for the Division of Soil and Water
38 Conservation to the Division of Environmental Management.

39
40 Requested by: Senator Martin of Pitt

41 **ADOPT-A-BEACH**

42 Sec. 27.23. (a) Chapter 143 of the General Statutes is amended by adding a
43 new Article to read:

"ARTICLE 69.
"ADOPT-A-BEACH PROGRAM.

"§ 143-660. Definitions.

The following definitions apply in this Article:

- (1) Department. – The Department of Environment, Health, and Natural Resources.
- (2) Program. – Adopt-A-Beach Program established by this Article.
- (3) Trash. – Debris not natural to the coastal environment such as plastic bags, aluminum, glass, and paper products. The term does not include indigenous materials such as driftwood and seaweed.

"§ 143-661. Adopt-A-Beach Program; established; purposes.

The Adopt-A-Beach Program is established within the Department of Environment, Health, and Natural Resources. The purpose of the Program is twofold: (i) to educate citizens and make them more aware of the need to keep the State's coastline clean and free of trash, and (ii) to generate data on the volume and contents of beach pollution.

"§ 143-662. Adopt-A-Beach Program; pilot program; expansion of program reporting requirement.

(a) Initially, the Department shall select five improved ocean accesses and two sound-side accesses to be cleaned up and maintained on a monthly basis. Each access shall be assigned by the Department to an organization or business applying to the Department to participate in the Program. Participants in the Program shall be recognized at their selected access by the placement of an 8" x10" sign bearing the Adopt-A-Beach Program name, sponsor, and participant. The Program shall be expanded to accommodate increased participation as appropriate.

(b) The Department shall report to the Environmental Review Commission by March 15, 1997, and annually thereafter regarding its progress in implementing the Program.

"§ 143-663. Rule-making authority.

The Department may adopt rules to implement this Article."

(b) Of the funds appropriated by this act for the 1996-97 fiscal year to the Department of Environment, Health, and Natural Resources, the sum of thirty thousand dollars (\$30,000) shall be allocated to implement this section.

Requested by: Senator Martin of Pitt

CITIZENS MONITORING PROGRAM

Sec. 27.24. (a) Article 21 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-215A. Citizen Water Quality Monitoring Program.

The Department shall establish the Citizen Water Quality Monitoring Program to provide an avenue for individuals to play a role in and to take personal responsibility for protecting the State's water quality. The goals of the Citizen Water Quality Monitoring Program are to coordinate monitoring activities among volunteers by river basins; to provide adequate training of volunteers and quality assurance of all data collected; to

1 establish a comprehensive data collection system that supplements the State's data; to
2 incorporate the data collected by volunteers into the State's overall management of water
3 quality; and to provide access to the data to the public through a centralized database
4 located in the Center for Marine Sciences and Technology."

5 (b) Of the funds appropriated in this act to the Department of Environment,
6 Health, and Natural Resources for the 1996-97 fiscal year, the sum of four hundred
7 thousand dollars (\$400,000) in recurring funds shall be allocated by the Department of
8 Environment, Health, and Natural Resources to implement and cover operating costs of
9 the Citizen Water Quality Monitoring Program and to provide three staff positions for the
10 Citizen Water Quality Monitoring Program.

11
12 Requested by: Senator Martin of Pitt

13 **WATER RESOURCES DEVELOPMENT PROJECTS FUNDS**

14 Sec. 27.25. (a) Of the funds appropriated in this act to the Department of
15 Environment, Health, and Natural Resources for the 1996-97 fiscal year, the sum of four
16 million five hundred thousand dollars (\$4,500,000) shall be used for water resources
17 development projects. The Department shall allocate funds for the following projects
18 whose estimated costs are as indicated:

19	(1)	Jordan Lake Water Supply Repayment	\$130,000
20	(2)	Wilmington Harbor Maintenance Dredging	575,000
21	(3)	Morehead City Harbor Maintenance	50,000
22		Dredging	
23	(4)	Wanchese Channel Maintenance Dredging	100,000
24	(5)	Aquatic Plant Control (statewide,	200,000
25		including Lake Gaston)	
26	(6)	Wilmington Harbor Anchorage Basin Widener	400,000
27	(7)	Cape Fear - Northeast Cape Fear Deepening	530,000
28	(8)	North & Manteo Channel Maintenance	400,000
29		Dredging	
30	(9)	State - Local Projects	380,000
31	(10)	New Hanover County Spoil Disposal	125,000
32	(11)	Beaufort Harbor	80,000
33	(12)	Rollinson Channel Maintenance, Dare County	400,000
34	(13)	Far Creek Channel Maintenance, Hyde County	280,000
35	(14)	Currituck Sound Flow Study	100,000
36	(15)	Emergency Flood Control Projects	75,000
37		(Section 14)	
38	(16)	Corps of Engineers Feasibility Studies	100,000
39	(17)	Planning Assistance to Communities	75,000
40	(18)	Walter Slough Dredging	<u>500,000</u>
41		TOTAL	\$4,500,000

42 (b) Where the actual costs are different from the estimated costs under subsection
43 (a) of this section, the Department may adjust the allocations among projects as needed.

1 If any projects listed in subsection (a) of this section are delayed and the budgeted State
2 funds cannot be used during the 1996-97 fiscal year, or if the projects listed in subsection
3 (a) of this section are accomplished at a lower cost, the Department may use the resulting
4 fund availability to fund any of the following:

- 5 (1) Corps of Engineers project feasibility studies.
- 6 (2) Corps of Engineers projects whose schedules have advanced and require
7 State matching funds in fiscal year 1996-97.
- 8 (3) State-local Water Resources Development Projects.

9 Funds not expended or encumbered for these purposes shall revert to the
10 General Fund at the end of the 1997-98 fiscal year.

11 (c) The Department shall make quarterly reports on the use of these funds to the
12 Joint Legislative Commission on Governmental Operations, the Fiscal Research
13 Division, and the Office of State Budget and Management. Each report shall include all
14 of the following:

- 15 (1) All projects listed in this section.
- 16 (2) The estimated cost of each project.
- 17 (3) The date that work on each project began or is expected to begin.
- 18 (4) The date that work on each project was completed or is expected to be
19 completed.
- 20 (5) The actual cost of each project.

21 The quarterly reports shall also show those projects advanced in schedule,
22 those projects delayed in schedule, and an estimate of the amount of funds expected to
23 revert to the General Fund.

24
25 Requested by: Senator Martin of Pitt

26 **STRAIGHT PIPE ELIMINATION AMNESTY PROGRAM**

27 Sec. 27.26. (a) The Department of Environment, Health, and Natural
28 Resources shall establish a program for the elimination of domestic sewage or wastewater
29 discharges, both direct (straight pipes) and from overland flow of failing septic systems.
30 The initial focus of the program shall include three components: (i) the identification and
31 elimination of domestic sewage discharges into streams proposed to be used or currently
32 used for public water supplies, (ii) an amnesty period to end December 31, 1997, during
33 which violations of State rules and laws regarding domestic sewage and wastewater
34 discharges identified as a result of this program may be reported and addressed without
35 incurring legal consequences, and (iii) a public education effort regarding the program
36 and the amnesty period.

37 (b) Of the funds appropriated in this act to the Department of Environment,
38 Health, and Natural Resources, the sum of one hundred seventeen thousand five hundred
39 dollars (\$117,500) in recurring funds and the sum of twelve thousand five hundred
40 dollars (\$12,500) in nonrecurring funds shall be allocated for two staff positions with the
41 responsibility for carrying out the program developed by the Department of Environment,
42 Health, and Natural Resources pursuant to this section and for other operating costs of
43 implementing this section.

1
2 Requested by: Senators Odom, Martin of Pitt

3 **DEVELOP RIPARIAN BUFFERS**

4 Sec. 27.27. (a) G.S. 143-214.7 reads as rewritten:

5 **"§ 143-214.7. Stormwater runoff rules and programs.**

6 (a) Policy, Purpose and Intent. – The Commission shall undertake a continuing
7 planning process to develop and adopt a statewide plan with regard to establishing and
8 enforcing stormwater rules for the purpose of protecting the surface waters of the State.
9 It is the purpose and intent of this section that, in developing stormwater runoff rules and
10 programs, the Commission may utilize stormwater rules established by the Commission
11 to protect classified shellfish waters, water supply watersheds, and outstanding resource
12 waters; and to control stormwater runoff disposal in coastal counties and other nonpoint
13 sources. Further, it is the intent of this section that the Commission phase in the
14 stormwater rules on a priority basis for all sources of pollution to the water. The plan
15 shall be applied evenhandedly throughout the State to address the State's water quality
16 needs. The Commission shall continually monitor water quality in the State and shall
17 revise stormwater runoff rules as necessary to protect water quality. As necessary, the
18 stormwater rules shall be modified to comply with federal regulations.

19 (b) The Commission shall be authorized and directed to implement stormwater
20 runoff rules and programs for point and nonpoint sources on a phased-in statewide basis.
21 The Commission shall consider standards and best management practices for the
22 protection of the State's water resources in the following order of priority:

- 23 (1) Classified shellfish waters;
- 24 (2) Water supply watersheds;
- 25 (3) Outstanding resource waters;
- 26 (4) High quality waters; and
- 27 (5) Other waters where the Commission finds control of stormwater is
28 needed to meet the purposes of this Article. Provided however, that
29 prior to implementation of rules under this subdivision (5), the
30 Commission shall consult with the Environmental Review Commission.

31 (c) Chapter 150B of the General Statutes governs adoption of rules by the
32 Commission.

33 (d) For purposes of this subsection, 'nutrient-sensitive waters (NSW)' means any of
34 the waters of the State that have been classified as nutrient sensitive by the Commission
35 in rules adopted pursuant to G.S. 143-214.1. The Commission shall adopt rules to
36 establish a matrix of minimum forested or equivalent riparian buffers to protect water
37 quality and to restore impaired water quality in nutrient-sensitive waters. Buffers may be
38 used to filter pollutants such as sediment, nutrients, and pesticides in surface water runoff
39 and subsurface flows. To the maximum extent practical, existing buffers should be
40 maintained, and where buffers do not exist, a proactive program to restore those buffers
41 should be initiated. In developing these rules, the Commission shall provide a procedure
42 whereby a landowner may seek a determination on a site-specific basis that alternative
43 buffers or other appropriate water quality management measures will provide an

1 equivalent or greater protection and restoration of water quality than the buffer that
2 would be required by rule. In developing the matrix of buffers and site-specific
3 alternatives, the Commission shall incorporate regional variations in soil types and in
4 topography and shall be subject to the following considerations:

- 5 (1) Appropriate riparian buffers may be required on both sides of public
6 surface water bodies.
- 7 (2) Riparian buffers may be modified based on impacts on existing
8 development, crop allotments, maintenance of drainage features and
9 diminimus activities which would not otherwise compromise the
10 integrity of the water quality, and may include alternatives such as
11 implementation of best management practices or nutrient management
12 plans designed to reduce water pollution and protect water quality.
- 13 (3) Riparian buffers shall not be required along ditches which do not
14 discharge or overflow into State waters designated as solid blue lines on
15 U.S. Geological Survey Topographic Maps.
- 16 (4) Regional alternatives to the buffer requirement may be developed in
17 cooperation with the Directors of the Division of Environmental
18 Management and the Division of Soil and Water Conservation of the
19 Department, the Cooperative Extension Service, and the Natural
20 Resources Conservation Service to provide options for landowners in
21 lieu of or in conjunction with site-specific riparian buffers."

22 (b) A unit of local government may submit a written request to the Department to
23 implement and manage the riparian buffer requirements within their jurisdiction subject
24 to terms provided by the Department.

25 (c) Of the funds appropriated by this act to the Department of Environment,
26 Health, and Natural Resources, the sum of twenty-five thousand dollars (\$25,000) shall
27 be allocated to the Board of Governors for the Sea Grant College Program of North
28 Carolina State University to be used as matching funds to develop a matrix to determine
29 appropriate buffers to protect water quality.

30 (d) The Commission may adopt temporary rules to implement the provisions of
31 this act.

32
33 Requested by: Senator Martin of Pitt

34 **CLEAN WATER MANAGEMENT TRUST FUND**

35 Sec. 27.28. (a) Chapter 113 of the General Statutes is amended by adding a
36 new Article to read:

37 **"ARTICLE 13A.**

38 **"CLEAN WATER MANAGEMENT TRUST FUND.**

39 **"§ 113-145.1. Purpose.**

40 The General Assembly recognizes that a critical need exists in this State to clean up
41 pollution in the State's surface waters and to protect and conserve those waters that are
42 not yet polluted. The task of cleaning up polluted waters and protecting the State's water
43 resources is multifaceted and requires different approaches that take into account the

1 problems, the type of pollution, the geographical area, and the recognition that the
2 hydrological and ecological values of each resource sought to be upgraded, conserved,
3 and protected are unique.

4 It is the intent of the General Assembly that moneys from the Fund created under this
5 Article shall be used to help finance projects that specifically address water pollution
6 problems and focus on upgrading surface waters, eliminating pollution, and protecting
7 and conserving unpolluted surface waters, including urban drinking water supplies. It is
8 the further intent of the General Assembly that moneys from the Fund also be used to
9 build a network of riparian buffers and greenways for environmental, educational, and
10 recreational benefits. While the purpose of this Article is to focus on the cleanup and
11 prevention of pollution of the State's surface waters and the establishment of a network of
12 riparian buffers and greenways, the General Assembly believes that the results of these
13 efforts will also be beneficial to wildlife and marine fisheries habitats.

14 **"§ 113-145.2. Definitions.**

15 As used in this Article:

- 16 (1) Council. – The advisory council for the Clean Water Management Trust
17 Fund.
18 (2) Economically Distressed Units of Local Government. – Counties
19 designated as economically distressed by the Secretary of Commerce
20 under G.S. 143B-437A and any cities located in those counties.
21 (3) Fund. – The Clean Water Management Trust Fund created pursuant to
22 this Article.
23 (4) Land. – Real property and any interest in, easement in, or restriction on
24 real property.
25 (5) Trustees. – The trustees of the Clean Water Management Trust Fund.

26 **"§ 113-145.3. Clean Water Management Trust Fund: established.**

27 (a) Fund Established. – There is established a Clean Water Management Trust
28 Fund in the State Treasurer's Office that shall be used to finance projects to clean up or
29 prevent surface water pollution in accordance with this Article.

30 (b) Fund Earnings, Assets, and Balances. – The State Treasurer shall hold the
31 Fund separate and apart from all other moneys, funds, and accounts. Investment earnings
32 credited to the assets of the Fund shall become part of the Fund. Any balance remaining
33 in the Fund at the end of any fiscal year shall be carried forward in the Fund for the next
34 succeeding fiscal year. Payments from the Fund shall be made on the warrant of the
35 Chair of the Board of Trustees.

36 (c) Fund Purposes. – Moneys from the Fund may be used for any of the following
37 purposes:

- 38 (1) To acquire land for riparian buffers for the purposes of providing
39 environmental protection for surface waters and urban drinking water
40 supplies and establishing a network of riparian greenways for
41 environmental, educational, and recreational uses.

- 1 (2) To acquire conservation easements or other interests in real property for
2 the purpose of protecting and conserving surface waters and urban
3 drinking water supplies.
- 4 (3) To coordinate with other public programs involved with lands adjoining
5 water bodies to gain the most public benefit while protecting and
6 improving water quality.
- 7 (4) To restore previously degraded lands to reestablish their ability to
8 protect water quality.
- 9 (5) To repair failing waste treatment systems if: (i) an application has first
10 been submitted to receive a loan or grant from the Clean Water
11 Revolving Loan and Grant Fund and the application was denied during
12 the latest review cycle; (ii) the repair is a reasonable remedy for
13 resolving an existing waste treatment problem; and (iii) the repair is not
14 for the purpose of expanding the system to accommodate future
15 anticipated growth of a community. Priority shall be given to
16 economically distressed units of local government.
- 17 (6) To repair and eliminate failing septic tank systems, to eliminate illegal
18 drainage connections, and to expand waste treatment systems if the
19 system is being expanded as a remedy to eliminate failing septic tank
20 systems or illegal drainage connections. Priority shall be given to
21 economically distressed units of local government.
- 22 (7) To improve stormwater controls and management practices.
- 23 (8) To facilitate planning that targets reductions in surface water pollution.
- 24 (9) To fund operating expenses of the Board of Trustees and its staff.
- 25 (d) Limit on Operating and Administrative Expenses. – No more than two percent
26 (2%) of the annual balance of the Fund on July 1 or a total sum of six hundred thousand
27 dollars (\$600,000), whichever is less, may be used each fiscal year for administrative and
28 operating expenses of the Board of Trustees and its staff.

29 **§ 113-145.4. Clean Water Management Trust Fund: eligibility for grants;**
30 **matching funds or property requirement.**

31 (a) Eligible Grant Applicants. – Any of the following are eligible to apply for a
32 grant from the Fund for the purpose of protecting and enhancing water quality:

- 33 (1) A State agency.
- 34 (2) A local government or other political subdivision of the State or a
35 combination of such entities.
- 36 (3) A nonprofit corporation whose primary purpose is the conservation,
37 preservation, and restoration of our State's environmental and natural
38 resources.

39 (b) Grant Matching Requirement. – The Board of Trustees shall establish
40 matching requirements for grants awarded under this Article. The Board of Trustees may
41 require a match of up to twenty percent (20%) of the amount of the grant awarded. This
42 requirement may be satisfied by the donation of land to a public or private nonprofit
43 conservation organization as approved by the Board of Trustees. The Board of Trustees

1 may also waive the requirement to match a grant pursuant to guidelines adopted by the
2 Board of Trustees.

3 **"§ 113-145.5. Clean Water Management Trust Fund: Board of Trustees**
4 **established; membership qualifications; vacancies; meetings and meeting**
5 **facilities.**

6 (a) Board of Trustees Established. – There is established the Clean Water
7 Management Trust Fund Board of Trustees. The Clean Water Management Trust Fund
8 Board of Trustees shall be independent, but for administrative purposes shall be located
9 under the Department of Environment, Health, and Natural Resources.

10 (b) Membership. – The Clean Water Management Trust Fund Board of Trustees
11 shall be composed of 18 members. Six members shall be appointed by the Governor, six
12 by the General Assembly upon the recommendation of the President Pro Tempore of the
13 Senate in accordance with G.S. 120-121, and six by the General Assembly upon the
14 recommendation of the Speaker of the House of Representatives in accordance with G.S.
15 120-121. The office of Trustee is declared to be an office that may be held concurrently
16 with any other executive or appointive office, under the authority of Article VI, Section
17 9, of the North Carolina Constitution.

18 Persons appointed shall be knowledgeable in one of the following areas:

19 (1) Acquisition and management of natural areas.

20 (2) Conservation and restoration of water quality.

21 (3) Wildlife and fisheries habitats and resources.

22 (4) Environmental management.

23 (c) Initial Appointments. – Each appointing officer shall designate two of the
24 officer's initial appointments to serve two-year terms, two to serve four-year terms, and
25 two to serve six-year terms. Thereafter, all appointments shall be for four years, subject
26 to reappointment. All initial appointments shall be made on or before January 1, 1997.
27 The Governor shall appoint one Trustee to serve as Chair of the Board.

28 (d) Vacancies. – If a vacancy occurs, other than by the expiration of term, of a
29 member subject to appointment by the General Assembly upon the recommendation of
30 the Speaker of the House of Representatives or the President Pro Tempore of the Senate,
31 the vacancy shall be filled in accordance with G.S. 120-122. All other vacancies shall be
32 filled by the appointing official in the original manner.

33 (e) Frequency of Meetings. – The Trustees shall meet at least twice each year and
34 may hold special meetings at the call of the Chair or a majority of the members.

35 (f) Per Diem and Expenses. – The Trustees shall receive per diem and necessary
36 travel and subsistence expenses in accordance with the provisions of G.S. 138-5. Per
37 diem, subsistence, and travel expenses of the Trustees shall be paid from the Fund.

38 (g) Meeting Facilities. – The Secretary of the Department of Environment, Health,
39 and Natural Resources shall provide meeting facilities for the Board of Trustees and its
40 staff as requested by the Chair.

41 **"§ 113-145.6. Clean Water Management Trust Fund Board of Trustees: powers**
42 **and duties.**

1 (a) Allocate Grant Funds. – The Trustees shall allocate moneys from the Fund as
2 grants. A grant may be awarded only for a project or activity that satisfies the criteria and
3 furtheres the purposes of this Article.

4 (b) Develop Grant Criteria. – The Trustees shall develop criteria for awarding
5 grants under this Article. The criteria developed shall include consideration of the
6 following:

7 (1) The significant enhancement and conservation of water quality in the
8 State.

9 (2) The objectives of the basinwide management plans for the State's river
10 basins and watersheds.

11 (3) The promotion of regional integrated ecological networks insofar as
12 they affect water quality.

13 (4) The specific areas targeted as being environmentally sensitive.

14 (5) The geographic distribution of funds as appropriate.

15 (6) The preservation of water resources with significant recreational or
16 economic value and uses.

17 (7) The development of a network of riparian buffer-greenways bordering
18 and connecting the State's waterways that will serve environmental,
19 educational, and recreational uses.

20 (c) Develop Additional Guidelines. – The Trustees may develop guidelines in
21 addition to the grant criteria consistent with and as necessary to implement this Article.

22 (d) Acquisition of Land. – The Trustees may acquire land by purchase,
23 negotiation, gift, or devise. Any acquisition of land by the Trustees must be reviewed
24 and approved by the Council of State and the deed for the land subject to approval of the
25 Attorney General before the acquisition can become effective. In determining whether to
26 acquire land as permitted by this Article, the Trustees shall consider whether the
27 acquisition furtheres the purposes of this Article and may also consider recommendations
28 from the Council. Nothing in this section shall allow the Trustees to acquire land under
29 the right of eminent domain.

30 (e) Exchange of Land. – The Trustees may exchange any land they acquire in
31 carrying out the powers conferred on the Trustees by this Article.

32 (f) Land Management. – The Trustees may designate managers or managing
33 agencies of the lands acquired under this Article.

34 (g) Tax Credit Certification. – The Trustees shall develop guidelines to determine
35 whether land donated for a tax credit under G.S. 105-130.34 or G.S. 105-151.12 are
36 suitable for one of the purposes under this Article and may be certified for a tax credit.

37 **§ 113-145.7. Clean Water Management Trust Fund: Executive Director and staff.**

38 The Clean Water Management Trust Fund Board of Trustees, as soon as practicable
39 after its organization, shall select and appoint a competent person in accordance with this
40 section as Executive Director of the Clean Water Management Trust Fund Board of
41 Trustees. The Executive Director shall be charged with the supervision of all activities
42 under the jurisdiction of the Trustees and shall serve as the chief administrative officer of
43 the Trustees. Subject to the approval of the Trustees and the Director of the Budget, the

1 Executive Director may employ such clerical and other assistants as may be deemed
2 necessary.

3 The person selected as Executive Director shall have had training and experience in
4 conservation, protection, and management of surface water resources. The salary of the
5 Executive Director shall be fixed by the Trustees, and the Executive Director shall be
6 allowed travel and subsistence expenses in accordance with G.S. 138-6. The Executive
7 Director's salary and expenses shall be paid from the Fund. The term of office of the
8 Executive Director shall be at the pleasure of the Trustees.

9 **"§ 113-145.8. Clean Water Management Trust Fund: Advisory Council.**

10 There is established the Clean Water Management Trust Fund Advisory Council. The
11 Council shall advise the Trustees with regard to allocations made from the Fund, and
12 other issues as requested by the Trustees. The Council shall be composed of the
13 following or its designees:

14 (1) Commissioner of Agriculture.

15 (2) Chair of the Wildlife Resources Commission.

16 (3) Secretary of the Department of Environment, Health, and Natural
17 Resources.

18 (4) Secretary of the Department of Commerce."

19 (b) Article 1 of Chapter 143 of the General Statutes is amended by adding a
20 new section to read:

21 **"§ 143-15.3B. The Clean Water Management Trust Fund.**

22 (a) The Clean Water Management Trust Fund is established in G.S. 113-145.3.
23 The State Controller shall reserve to the Clean Water Management Trust Fund six and
24 one-half percent (6.5%) of any unreserved credit balance remaining in the General Fund
25 at the end of each fiscal year. As used in this section, the term 'unreserved credit balance'
26 means the credit balance amount, as determined on a cash basis, before funds are
27 reserved by the State Controller to the Savings Reserve Account, the Repairs and
28 Renovations Reserve Account, or the Clean Water Management Trust Fund pursuant to
29 this section, G.S. 143-15.3, and G.S. 143-15.3A.

30 (b) The funds in the Clean Water Management Trust Fund shall be used only in
31 accordance with Article 13A of Chapter 113 of the General Statutes."

32 (c) The Chair of the Board of Trustees of the Clean Water Management Trust
33 Fund shall report to the Environmental Review Commission beginning November 1,
34 1996, and annually thereafter on implementation of this section. A written copy of the
35 report shall also be sent to the Fiscal Research Division of the General Assembly
36 beginning November 1, 1996, and annually thereafter on implementation of this section.

37 (d) The Board of Trustees may adopt temporary rules to implement this section.

38 (e) This section becomes effective June 30, 1996.

39
40 **PART 28. SALARIES AND BENEFITS**

41
42 Requested by: Senators Plyler, Perdue, Odom

43 **GOVERNOR AND COUNCIL OF STATE**

1 Sec. 28. (a) G.S. 147-11(a) reads as rewritten:

2 "(a) The salary of the Governor shall be ~~ninety-eight thousand five hundred~~
3 ~~seventy-six dollars (\$98,576)~~ one hundred three thousand five hundred five dollars
4 (\$103,505) annually, payable monthly."

5 (b) Section 7.1(b) of Chapter 507 of the 1995 Session Laws reads as rewritten:

6 "(b) The annual salaries for the members of the Council of State, payable monthly,
7 for the ~~1995-96 and~~ 1996-97 fiscal years-year are:

Council	of	State	
<u>Annual Salary</u>			
Lieutenant Governor		\$87,000	\$91,350
Attorney General		87,000	91,350
Secretary of State		87,000	91,350
State Treasurer		87,000	91,350
State Auditor		87,000	91,350
Superintendent of Public Instruction		87,000	91,350
Agriculture Commissioner		87,000	91,350
Insurance Commissioner		87,000	91,350
Labor Commissioner		87,000	91,350"

22 Requested by: Senators Plyler, Perdue, Odom

23 **NONELECTED DEPARTMENT HEADS**

24 Sec. 28.1. Section 7.2 of Chapter 507 of the 1995 Session Laws reads as
25 rewritten:

26 "Sec. 7.2. In accordance with G.S. 143B-9, the maximum annual salaries, payable
27 monthly, for the nonelected heads of the principal State departments for the ~~1995-96 and~~
28 1996-97 fiscal years-year are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>	
Secretary of Administration	\$85,000	\$89,250
Secretary of Correction	85,000	89,250
Secretary of Cultural Resources	85,000	89,250
Secretary of Commerce	85,000	89,250
Secretary of Environment, Health, and Natural Resources	85,000	89,250
Secretary of Human Resources	85,000	89,250
Secretary of Revenue	85,000	89,250
Secretary of Transportation	85,000	89,250
Secretary of Crime Control and Public Safety	85,000	89,250"

42 Requested by: Senators Plyler, Perdue, Odom

43 **CERTAIN EXECUTIVE BRANCH OFFICIALS**

1 Sec. 28.2. (a) Section 7.3 of Chapter 507 of the 1995 Session Laws reads as
2 rewritten:

3 "Sec. 7.3. The annual salaries, payable monthly, for the ~~1995-96 and~~ 1996-97 fiscal
4 ~~years-year~~ for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$ 77,365 <u>81,233</u>
State Controller	108,271 <u>113,685</u>
Commissioner of Motor Vehicles	77,365 <u>81,233</u>
Commissioner of Banks	77,365 <u>81,233</u>
Chairman, Employment Security Commission	77,365 <u>81,233</u>
State Personnel Director	85,000 <u>89,250</u>
Chairman, Parole Commission	70,643 <u>74,175</u>
Members of the Parole Commission	65,220 <u>68,481</u>
Chairman, Industrial Commission	69,510 <u>72,986</u>
Members of the Industrial Commission	67,817 <u>71,208</u>
Chairman of the Utilities Commission	81,381
Commissioner of the Utilities Commission	80,381
Executive Director, Agency for Public Telecommunications	65,220 <u>68,481</u>
General Manager, Ports Railway Commission	58,893 <u>61,838</u>
Director, Museum of Art	79,274 <u>83,238</u>
Executive Director, Wildlife Resources Commission	66,773 <u>70,112</u>
Executive Director, North Carolina Housing Finance Agency	95,746 <u>100,533</u>
Executive Director, North Carolina Agricultural Finance Authority	75,302 <u>79,067</u>
Director, Office of Administrative Hearings	76,500 <u>80,325</u> "

30 (b) G.S. 62-10(h) reads as rewritten:

31 "(h) The salary of each commissioner ~~and that of the commissioner designated as~~
32 ~~chairman shall be set by the General Assembly in the Current Operations Appropriations~~
33 ~~Act shall be the same as that fixed from time to time for judges of the superior court~~
34 ~~except that the commissioner designated as chairman shall receive one thousand dollars~~
35 ~~(\$1,000) additional per annum. In lieu of merit and other increment raises paid to regular~~
36 ~~State employees, each commissioner, including the commissioner designated as~~
37 ~~chairman, shall receive as longevity pay an amount equal to four and eight-tenths percent~~
38 ~~(4.8%) of the annual salary set forth in the Current Operations Appropriations Act~~
39 ~~payable monthly after five years of service, and nine and six-tenths percent (9.6%) after~~
40 ~~10 years of service. 'Service' means service as a member of the Utilities Commission."~~

42 Requested by: Senators Plyler, Perdue, Odom

43 **JUDICIAL BRANCH OFFICIALS**

1 Sec. 28.3. Section 7.4 of Chapter 507 of the 1995 Session Laws reads as
2 rewritten:

3 "Sec. 7.4. (a) The annual salaries, payable monthly, for specified judicial branch
4 officials for the ~~1995-96 and 1996-97~~ fiscal year are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$98,576 <u>\$103,505</u>
Associate Justice, Supreme Court	96,000 <u>100,800</u>
Chief Judge, Court of Appeals	93,600 <u>98,280</u>
Judge, Court of Appeals	92,000 <u>96,600</u>
Judge, Senior Regular Resident Superior Court	89,500 <u>93,975</u>
Judge, Superior Court	87,000 <u>91,350</u>
Chief Judge, District Court	79,000 <u>82,950</u>
Judge, District Court	76,500 <u>80,325</u>
District Attorney	80,600 <u>84,630</u>
Administrative Officer of the Courts	89,500 <u>93,975</u>
Assistant Administrative Officer of the Courts	75,160 <u>78,918</u>
Public Defender	80,600 <u>84,630</u>

21 (b) The district attorney or public defender of a judicial district, with the approval
22 of the Administrative Officer of the Courts, shall set the salaries of assistant district
23 attorneys or assistant public defenders, respectively, in that district such that the average
24 salaries of assistant district attorneys or assistant public defenders in that district do not
25 exceed ~~forty nine thousand five hundred eighty dollars (\$49,580),~~ fifty-two thousand
26 fifty-nine dollars (\$52,059) and the minimum salary of any assistant district attorney or
27 assistant public defender is at least ~~twenty five thousand three hundred twelve dollars~~
28 ~~(\$25,312) effective July 1, 1995.~~ twenty-six thousand five hundred seventy-eight dollars
29 (\$26,578) effective July 1, 1996.

30 (c) The salaries in effect for the ~~1994-95-1995-96~~ fiscal year for permanent, full-
31 time employees of the Judicial Department, except for those whose salaries are itemized
32 in this Part, shall be increased by ~~two percent (2%), commencing July 1, 1995.~~ five
33 percent (5%), commencing July 1, 1996.

34 (d) The salaries in effect for the ~~1994-95-1995-96~~ fiscal year for all permanent,
35 part-time employees of the Judicial Department shall be increased on and after ~~July 1,~~
36 ~~1995,~~ July 1, 1996, by pro rata amounts of the ~~two percent (2%).~~ five percent (5%)."

37
38 Requested by: Senators Plyler, Perdue, Odom

39 **CLERKS OF SUPERIOR COURT**

40 Sec. 28.4. G.S. 7A-101(a) reads as rewritten:

41 "(a) The clerk of superior court is a full-time employee of the State and shall
42 receive an annual salary, payable in equal monthly installments, based on the population

1 of the county as determined in subsection (a1) of this section, according to the following
 2 schedule:

3	Population	Annual Salary
4	Less than 100,000	\$57,670 <u>\$60,554</u>
5	100,000 to 149,999	64,780 <u>68,019</u>
6	150,000 to 249,999	71,890 <u>75,485</u>
7	250,000 and above	79,000 <u>82,950</u>

8
 9 The salary schedule in this subsection is intended to represent the following
 10 percentage of the salary of a chief district court judge:

11	Less than 100,000	73%
12	100,000 to 149,999	82%
13	150,000 to 249,999	91%
14	250,000 and above	100%.

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

20
 21 Requested by: Senators Plyler, Perdue, Odom

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT

22 Sec. 28.5. G.S. 7A-102(c1) reads as rewritten:

23 "(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time
 24 deputy clerk serving as head bookkeeper per county, shall be paid an annual salary
 25 subject to the following minimum and maximum rates:
 26

27
 28 Assistant Clerks and Head Bookkeeper Annual Salary

29	Minimum	\$21,549	<u>\$22,626</u>
30	Maximum	38,154	<u>40,062</u>

31
 32
 33 Deputy Clerks Annual Salary

34	Minimum	\$17,229	<u>\$18,090</u>
35	Maximum	29,389	<u>30,858</u>

36
 37 Requested by: Senators Plyler, Perdue, Odom

MAGISTRATES' PAY PLAN

38 Sec. 28.6. (a) G.S. 7A-171.1(a)(1) reads as rewritten:

39 "(1) A full-time magistrate shall be paid the annual salary indicated in the
 40 table set out in this subdivision. A full-time magistrate is a magistrate
 41 who is assigned to work an average of not less than 40 hours a week
 42 during the term of office. The Administrative Officer of the Courts shall
 43

designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

TABLE OF SALARIES OF FULL-TIME MAGISTRATES

Step Level	Annual Salary	
Entry Rate	\$23,417	\$24,588
Step 1	25,767	27,055
Step 2	28,325	29,741
Step 3	31,116	32,672
Step 4	34,173	35,882
Step 5	37,533	39,410
Step 6	41,228.	43,289."

(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	19,406-20,376
3 or more but less than 5 years of service	21,314-22,380."

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: Senators Plyler, Perdue, Odom

GENERAL ASSEMBLY PRINCIPAL CLERKS

Sec. 28.7. 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-seven thousand eight hundred thirty-four dollars (\$57,834) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Senators Plyler, Perdue, Odom

SERGEANT-AT-ARMS AND READING CLERKS

Sec. 28.8. G.S. 120-37(b) reads as rewritten:

1 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary
2 of ~~two hundred thirty seven dollars (\$237.00) per week, two hundred forty-nine dollars~~
3 (\$249.00) per week plus subsistence at the same daily rate provided for members of the
4 General Assembly, plus mileage at the rate provided for members of the General
5 Assembly for one round trip only from their homes to Raleigh and return. The sergeants-
6 at-arms shall serve during sessions of the General Assembly and at such time prior to the
7 convening of, and subsequent to adjournment or recess of, sessions as may be authorized
8 by the Legislative Services Commission. The reading clerks shall serve during sessions
9 only."

10
11 Requested by: Senators Plyler, Perdue, Odom

12 **LEGISLATIVE EMPLOYEES**

13 Sec. 28.9. Section 7.11 of Chapter 507 of the 1995 Session Laws reads as
14 rewritten:

15 "Sec. 7.11. The Legislative Administrative Officer shall increase the salaries of
16 nonelected employees of the General Assembly in effect for fiscal year ~~1994-95 by two~~
17 ~~percent (2%).~~ 1995-96 by five percent (5%). Nothing in this act limits any of the
18 provisions of G.S. 120-32."

19
20 Requested by: Senators Plyler, Perdue, Odom

21 **COMMUNITY COLLEGES PERSONNEL**

22 Sec. 28.10. Section 7.12 of Chapter 507 of the 1995 Session Laws reads as
23 rewritten:

24 "Sec. 7.12. The Director of the Budget shall transfer from the Reserve for Salary
25 Increases created in this act for fiscal year ~~1995-96-1996-97~~ funds to the Department of
26 Community Colleges necessary to provide an average annual salary increase of ~~two~~
27 ~~percent (2%),~~ five percent (5%), including funds for the employer's retirement and social
28 security contributions, commencing ~~July 1, 1995,~~ July 1, 1996, for all permanent full-
29 time community college institutional personnel supported by State funds. The State
30 Board of Community Colleges shall establish guidelines for providing their salary
31 increases to community college institutional personnel. Salary funds shall be used to
32 provide an average annual salary increase of ~~two percent (2%)~~ five percent (5%) to all
33 full-time employees and part-time employees on a pro rata basis."

34
35 Requested by: Senators Winner, Plexico, Plyler, Perdue, Odom

36 **FUNDS TO REWARD EXCELLENCE IN COMMUNITY COLLEGE** 37 **TEACHING**

38 Sec. 28.11. The State Board of Community Colleges shall develop policies for
39 the distribution of a one-half percent (1/2%) salary increase for teaching faculty members
40 who have demonstrated excellence in teaching.

41
42 Requested by: Senators Winner, Plexico, Plyler, Perdue, Odom

43 **UNIVERSITY OF NORTH CAROLINA SYSTEM – EPA SALARY INCREASES**

1 Sec. 28.12. Section 7.13 of Chapter 507 of the 1995 Session Laws reads as
2 rewritten:

3 "Sec. 7.13. The Director of the Budget shall transfer to the Board of Governors of
4 The University of North Carolina sufficient funds from the Reserve for Salary Increases
5 created in this act for fiscal year ~~1995-96-1996-97~~ to provide an annual average salary
6 increase of ~~two percent (2%)~~, five percent (5%), including funds for the employer's
7 retirement and social security contributions, commencing ~~July 1, 1995~~, July 1, 1996, for
8 all employees of The University of North Carolina, as well as employees other than
9 teachers of the North Carolina School of Science and Mathematics, supported by State
10 funds and whose salaries are exempt from the State Personnel Act (EPA). These funds
11 shall be allocated to individuals according to the rules adopted by the Board of
12 Governors, or the Board of Trustees of the North Carolina School of Science and
13 Mathematics, as appropriate, and may not be used for any purpose other than for salary
14 increases and necessary employer contributions provided by this section."
15

16 Requested by: Senators Winner, Plexico, Plyler, Perdue, Odom

17 **ADDITIONAL SALARY INCREASE FOR OUTSTANDING UNC TEACHING**
18 **FACULTY**

19 Sec. 28.13. (a) Of the funds allocated for the 1996-97 fiscal year to the Board of
20 Governors of The University of North Carolina for faculty salary increases, the Board of
21 Governors shall allocate a sufficient sum that would enable the Board of Governors to
22 award a one-half percent (1/2%) salary increase for teaching faculty. The Board of
23 Governors shall develop criteria for awarding the additional one-half percent (1/2%)
24 salary increase to those teaching faculty members who are judged to have outstanding
25 teaching performance and shall award the one-half percent (1/2%) salary increase based
26 on those criteria.

27 (b) The Board of Trustees of the North Carolina School of Science and
28 Mathematics shall allocate a sufficient sum that would enable the Board of Trustees to
29 award a one-half percent (1/2%) salary increase for teachers. The Board of Governors
30 shall develop criteria for awarding the additional one-half percent (1/2%) salary increase
31 to those teachers who are judged to have outstanding teaching performance and shall
32 award the one-half percent (1/2%) salary increase based on those criteria.
33

34 Requested by: Senators Plyler, Perdue, Odom

35 **MOST STATE EMPLOYEES**

36 Sec. 28.14. Section 7.14 of Chapter 507 of the 1995 Session Laws reads as
37 rewritten:

38 "Sec. 7.14. (a) The salaries in effect ~~June 30, 1995~~, June 30, 1996, of all permanent
39 full-time State employees whose salaries are set in accordance with the State Personnel
40 Act, and who are paid from the General Fund or the Highway Fund shall be increased, on
41 or after ~~July 1, 1995~~, July 1, 1996, unless otherwise provided by this act, ~~by two percent~~
42 ~~(2%)~~ pursuant to the Comprehensive Compensation System set forth in G.S. 126-7, as
43 follows:

- 1 (1) Career growth recognition awards in the amount of two percent (2%);
2 (2) A cost-of-living adjustment in the amount of two percent (2%); and
3 (3) A one-time performance bonus averaging one percent (1%) for eligible
4 State employees.

5 (b) Except as otherwise provided in this act, salaries in effect ~~June 30, 1995, June~~
6 ~~30, 1996,~~ for permanent full-time State officials and persons in exempt positions that are
7 recommended by the Governor or the Governor and the Advisory Budget Commission
8 and set by the General Assembly shall be increased by ~~two percent (2%), commencing~~
9 ~~July 1, 1995,~~ five percent (5%).

10 (c) The salaries in effect ~~June 30, 1995, June 30, 1996,~~ for all permanent part-time
11 State employees shall be increased on and after ~~July 1, 1995, July 1, 1996,~~ by pro rata
12 amounts of the salary increases provided for permanent full-time employees covered
13 under subsection (a) of this section.

14 (d) The Director of the Budget may allocate out of special operating funds or from
15 other sources of the employing agency, except tax revenues, sufficient funds to allow a
16 salary increase on and after ~~July 1, 1995, July 1, 1996,~~ in accordance with subsections
17 (a), (b), or (c) of this section, including funds for the employer's retirement and social
18 security contributions, of the permanent full-time and part-time employees of the agency.

19 (e) Within regular Executive Budget Act procedures as limited by this act, all
20 State agencies and departments may increase on an equitable basis the rate of pay of
21 temporary and permanent hourly State employees, subject to availability of funds in the
22 particular agency or department, by pro rata amounts salary increase provided for
23 permanent full-time employees covered by the provisions of subsection (a) of this
24 section, commencing ~~July 1, 1995,~~ July 1, 1996.

25 (f) No person may receive a salary increase under G.S. 126-7 during the 1995-
26 96 fiscal year, and no State employee or officer shall receive a merit increment during the
27 ~~1995-96 and 1996-97 fiscal years~~ year except as otherwise provided by this act."
28

29 Requested by: Senators Plyler, Perdue, Odom

30 **ALL STATE-SUPPORTED PERSONNEL**

31 Sec. 28.15. (a) Salaries and related benefits for positions that are funded partially
32 from the General Fund or Highway Fund and partially from sources other than the
33 General Fund or Highway Fund shall be increased from the General Fund or Highway
34 Fund appropriation only to the extent of the proportionate part of the salaries paid from
35 the General Fund or Highway Fund.

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

39 (c) The salary increases provided in this Part are to be effective July 1, 1996, do
40 not apply to persons separated from State service due to resignation, dismissal, reduction
41 in force, death, or retirement, whose last workday is prior to July 1, 1996, or to
42 employees involved in final written disciplinary procedures. The employee shall receive
43 the increase on a current basis when the final written disciplinary procedure is resolved.

1 Payroll checks issued to employees after July 1, 1996, which represent
 2 payment of services provided prior to July 1, 1996, shall not be eligible for salary
 3 increases provided for in this act. This subsection shall apply to all employees, subject to
 4 or exempt from the State Personnel Act, paid from State funds, including public schools,
 5 community colleges, and The University of North Carolina.

6 (d) The Director of the Budget shall transfer from the Reserve for Salary Increases
 7 in this act for fiscal year 1996-97 all funds necessary for the salary increases provided by
 8 this act, including funds for the employer's retirement and social security contributions.

9 (e) Nothing in this act authorizes the transfer of funds between the General
 10 Fund and the Highway Fund for salary increases.

11
 12 Requested by: Senators Plyler, Perdue, Odom

13 **TEACHER SALARY SCHEDULES**

14 Sec. 28.16. (a) The Director of the Budget may transfer from the Reserve for Salary
 15 Increases for the 1996-97 fiscal year funds necessary to implement the teacher salary
 16 schedule set out in subsection (b) of this section, including funds for the employer's
 17 retirement and social security contributions and funds for annual longevity payments at
 18 one percent (1%) of base salary for 10 to 14 years of State service, one and one-half
 19 percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of base
 20 salary for 20 to 24 years of State service, and two and one-half percent (2.5%) of base
 21 salary for 25 or more years of State service, commencing July 1, 1996, for all teachers
 22 whose salaries are supported from the State's General Fund. These funds shall be
 23 allocated to individuals according to rules adopted by the State Board of Education and
 24 the Superintendent of Public Instruction. The longevity payment shall be paid in a lump
 25 sum once a year.

26 (b)(1) Beginning July 1, 1996, the following monthly salary schedule
 27 shall apply to certified personnel of the public schools who are
 28 classified as "A"teachers. The schedule contains 30 steps with
 29 each step corresponding to one year of teaching experience.

	<u>Years of</u>	<u>1996-97</u>
	<u>Experience</u>	<u>Salary</u>
32	00	\$2,144
33	01	2,186
34	02	2,229
35	03	2,317
36	04	2,364
37	05	2,412
38	06	2,461
39	07	2,510
40	08	2,560
41	09	2,611
42	10	2,663
43	11	2,716

1	12	2,770
2	13	2,825
3	14	2,881
4	15	2,939
5	16	2,997
6	17	3,057
7	18	3,118
8	19	3,181
9	20	3,245
10	21	3,310
11	22	3,376
12	23	3,444
13	24	3,513
14	25	3,583
15	26	3,655
16	27	3,728
17	28	3,803
18	29	3,879
19	30+	3,879

(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</u> <u>Experience</u>	<u>1996-97</u> <u>Salary</u>
26	00	\$2,278
27	01	2,323
28	02	2,369
29	03	2,463
30	04	2,513
31	05	2,563
32	06	2,614
33	07	2,666
34	08	2,719
35	09	2,773
36	10	2,828
37	11	2,884
38	12	2,942
39	13	3,001
40	14	3,062
41	15	3,123
42	16	3,185
43	17	3,249

1	18	3,314
2	19	3,380
3	20	3,448
4	21	3,517
5	22	3,587
6	23	3,659
7	24	3,732
8	25	3,807
9	26	3,883
10	27	3,961
11	28	4,040
12	29	4,121
13	30+	4,121

14 (3) Certified public school teachers with certification based on academic
 15 preparation at the six-year degree level shall receive a salary supplement
 16 of one hundred twenty-six dollars (\$126.00) per month in addition to the
 17 compensation provided for certified personnel of the public schools who
 18 are classified as "G"teachers. Certified public school teachers with
 19 certification based on academic preparation at the doctoral degree level
 20 shall receive a salary supplement of two hundred fifty-three dollars
 21 (\$253.00) per month in addition to the compensation provided for
 22 certified personnel of the public schools who are classified as
 23 "G"teachers.

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

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

36 (d) Speech pathologists who hold masters degrees and who are employed in the
 37 public schools as speech and language specialists shall be paid on the school psychologist
 38 salary schedule.

39
 40 Requested by: Senators Plyler, Perdue, Odom
 41 **SCHOOL-BASED ADMINISTRATOR SALARIES**

1 Sec. 28.17. (a) Funds appropriated to the Reserve for Salary Increases shall be used
 2 for the implementation of the salary schedule for school-based administrators as provided
 3 in this section. These funds shall be used for State-paid employees only.

4 (b) The salary schedule for school-based administrators shall apply only to
 5 principals and assistant principals. The salary schedule for the 1996-97 fiscal year is as
 6 follows:

Step	Asst.	Prin.	Prin.I	Prin.II	Prin.III	Prin.IV	Prin.V	Prin.VI	Prin. VII
0	—	—	—	—	—	—	—	—	—
1	—	—	—	—	—	—	—	—	—
2	—	—	—	—	—	—	—	—	—
3	—	—	—	—	—	—	—	—	—
4	\$2,589	—	—	—	—	—	—	—	—
5	2,641	—	—	—	—	—	—	—	—
6	2,694	—	—	—	—	—	—	—	—
7	2,748	—	—	—	—	—	—	—	—
8	2,803	\$2,803	—	—	—	—	—	—	—
9	2,859	2,859	—	—	—	—	—	—	—
10	2,916	2,916	\$2,974	—	—	—	—	—	—
11	2,974	2,974	3,033	—	—	—	—	—	—
12	3,033	3,033	3,094	\$3,156	—	—	—	—	—
13	3,094	3,094	3,156	3,219	\$3,283	—	—	—	—
14	3,156	3,156	3,219	3,283	3,349	\$3,416	—	—	—
15	3,219	3,219	3,283	3,349	3,416	3,484	—	—	—
16	3,283	3,283	3,349	3,416	3,484	3,554	\$3,625	—	—
17	3,349	3,349	3,416	3,484	3,554	3,625	3,698	\$3,772	—
18	3,416	3,416	3,484	3,554	3,625	3,698	3,772	3,847	—
19	3,484	3,484	3,554	3,625	3,698	3,772	3,847	3,924	—
20	3,554	3,554	3,625	3,698	3,772	3,847	3,924	4,002	—
21	3,625	3,625	3,698	3,772	3,847	3,924	4,002	4,082	—
22	3,698	3,698	3,772	3,847	3,924	4,002	4,082	4,164	—
23	3,772	3,772	3,847	3,924	4,002	4,082	4,164	4,247	—
24	3,847	3,847	3,924	4,002	4,082	4,164	4,247	4,332	—
25	3,924	3,924	4,002	4,082	4,164	4,247	4,332	4,419	—
26	4,002	4,002	4,082	4,164	4,247	4,332	4,419	4,507	—
27	4,082	4,082	4,164	4,247	4,332	4,419	4,507	4,597	—
28	4,164	4,164	4,247	4,332	4,419	4,507	4,597	4,689	—
29	4,247	4,247	4,332	4,419	4,507	4,597	4,689	4,783	—
30	4,332	4,332	4,419	4,507	4,597	4,689	4,783	4,879	—

1	31	4,419	4,419	4,507	4,597	4,689	4,783	4,879	4,977
2	32	—	4,507	4,597	4,689	4,783	4,879	4,977	5,077
3	33	—	—	4,689	4,783	4,879	4,977	5,077	5,179
4	34	—	—	4,783	4,879	4,977	5,077	5,179	5,283
5	35	—	—	—	4,977	5,077	5,179	5,283	5,389
6	36	—	—	—	5,077	5,179	5,283	5,389	5,497
7	37	—	—	—	—	5,283	5,389	5,497	5,607
8	38	—	—	—	—	—	5,497	5,607	5,719
9	39	—	—	—	—	—	—	5,719	5,833
10	40	—	—	—	—	—	—	5,833	5,950
11	41	—	—	—	—	—	—	—	6,069.

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

	Classification	Number of Teachers Supervised
15		
16		
17	Assistant Principal	
18	Principal I	Less than 11 Teachers
19	Principal II	11-21 Teachers
20	Principal III	22-32 Teachers
21	Principal IV	33-43 Teachers
22	Principal V	44-54 Teachers
23	Principal VI	55-65 Teachers
24	Principal VII	More than 65 Teachers
25		

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

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

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

36 (f) There shall be no State requirement that superintendents in each local
 37 school unit shall receive in State-paid salary at least one percent (1%) more than the
 38 highest paid principal receives in State salary in that school unit: Provided, however, the
 39 additional State-paid salary a superintendent who was employed by a local school
 40 administrative unit for the 1992-93 fiscal year received because of that requirement shall
 41 not be reduced because of this subsection for subsequent fiscal years that the
 42 superintendent is employed by that local school administrative unit so long as the

1 superintendent is entitled to at least that amount of additional State-paid salary under the
 2 rules in effect for the 1992-93 fiscal year.

3 (g) Longevity pay for principals and assistant principals shall be as provided
 4 for State employees.

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

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

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

22 (i) Except as provided in subsection (h) of this section, the salary of a principal
 23 or assistant principal shall not be less for the 1996-97 fiscal year than it was for the 1993-
 24 94 fiscal year solely as a result of placement on the salary schedule established in this
 25 section.

26 Requested by: Senators Plyler, Perdue, Odom

27 **SCHOOL CENTRAL OFFICE SALARIES**

28 Sec. 28.18. (a) The following monthly salary ranges apply to public school
 29 superintendents, assistant superintendents, associate superintendents,
 30 directors/coordinators, supervisors, and finance officers for the 1996-97 fiscal year:

- | | | | |
|----|-----|---------------------------|---------|
| 31 | (1) | School Administrator I: | \$2,832 |
| 32 | | - \$4,555 | |
| 33 | (2) | School Administrator II: | \$3,005 |
| 34 | | - \$4,834 | |
| 35 | (3) | School Administrator III: | |
| 36 | | \$3,189 - \$5,130 | |
| 37 | (4) | School Administrator IV: | \$3,318 |
| 38 | | - \$5,338 | |
| 39 | (5) | School Administrator V: | \$3,451 |
| 40 | | - \$5,555 | |
| 41 | (6) | School Administrator VI: | \$3,662 |
| 42 | | - \$5,895 | |
| 43 | | | |

1 (7) School Administrator VII:
2 \$3,810 - \$6,133

3 The local board of education shall determine the appropriate category and placement for
4 each assistant superintendent, associate superintendent, director/coordinator, supervisor,
5 or finance officer, within the salary ranges and within funds appropriated by the General
6 Assembly for central office administrators and superintendents. The category in which
7 an employee is placed shall be included in the contract of any employee hired on or after
8 July 1, 1996.

9 (b) The following monthly salary ranges apply to public school superintendents
10 for the 1996-97 fiscal year:

- 11 (1) Superintendent I (Up to 2,500 ADM): \$4,045 - \$6,509
12 (2) Superintendent II (2,501 - 5,000 ADM): \$4,292 - \$6,907
13 (3) Superintendent III (5,001 - 10,000 ADM): \$4,555 - \$7,330
14 (4) Superintendent IV (10,001 - 25,000 ADM): \$4,834 - \$7,778
15 (5) Superintendent V (Over 25,000 ADM): \$5,130 - \$8,254

16 The local board of education shall determine the appropriate category and placement for
17 the superintendent based on the average daily membership of the local school
18 administrative unit and within funds appropriated by the General Assembly for central
19 office administrators and superintendents.

20 Notwithstanding the provisions of this subsection, a local board of education
21 may pay an amount in excess of the applicable range to a superintendent who is entitled
22 to receive the higher amount under Section 28.11(f) of this act.

23 (c) Longevity pay for superintendents, assistant superintendents, associate
24 superintendents, directors/coordinators, supervisors, and finance officers shall be as
25 provided for State employees.

26 (d) Superintendents, assistant superintendents, associate superintendents,
27 directors/coordinators, supervisors, and finance officers with certification based on
28 academic preparation at the six-year degree level shall receive a salary supplement of one
29 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
30 for pursuant to this section. Superintendents, assistant superintendents, associate
31 superintendents, directors/coordinators, supervisors, and finance officers with
32 certification based on academic preparation at the doctoral degree level shall receive a
33 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to
34 the compensation provided for under this section.

35 (e) The State Board shall not permit local school administrative units to
36 transfer State funds from other funding categories for salaries for public school central
37 office administrators.

38 (f) The Director of the Budget shall transfer from the Reserve for Salary
39 Increases created in this act for fiscal year 1996-97 funds necessary to provide an average
40 annual salary increase of five percent (5%), including funds for the employer's retirement
41 and social security contributions, commencing July 1, 1996, for all permanent full-time
42 personnel paid from the Central Office Allotment. The State Board of Education shall
43 allocate these funds to local school administrative units.

1
2 Requested by: Senators Plyler, Perdue, Odom

3 **NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE**

4 Sec. 28.19. (a) The Director of the Budget may transfer from the Reserve for Salary
5 Increases created in this act for fiscal year 1996-97 funds necessary to provide a salary
6 increase of five percent (5%), including funds for the employer's retirement and social
7 security contributions, commencing July 1, 1996, for all noncertified public school
8 employees, except school bus drivers, whose salaries are supported from the State's
9 General Fund. These funds shall not be used for any purpose other than for the salary
10 increases and necessary employer contributions provided by this subsection.

11 (b) The fiscal year 1995-96 pay rates adopted by local boards of education for
12 school bus drivers shall be increased by at least five percent (5%) on and after July 1,
13 1996, to the extent that such rates of pay are supported by the allocation of State funds
14 from the State Board of Education. Local boards of education shall increase the rates of
15 pay for all school bus drivers who were employed during fiscal year 1995-96 and who
16 continue their employment for fiscal year 1996-97 by at least five percent (5%) on and
17 after July 1, 1996. The Director of the Budget may transfer from the salary increase
18 reserve fund created in this act for fiscal year 1996-97 funds necessary to provide the
19 salary increases for school bus drivers whose salaries are supported from the State's
20 General Fund in accordance with the provisions of this subsection.

21
22 Requested by: Senators Plyler, Perdue, Odom

23 **SALARY ADJUSTMENT FUND**

24 Sec. 28.20. Any remaining appropriations for legislative salary increases not
25 required for that purpose may be used to supplement the Salary Adjustment Fund. These
26 funds shall first be used to provide reclassifications of those positions already approved
27 by the Office of State Personnel. The Office of State Budget and Management shall
28 report to the Joint Legislative Commission on Governmental Operations prior to the
29 allocation of these funds.

30
31 Requested by: Senator Perdue

32 **TRAVEL EXPENSE REIMBURSEMENT STUDY**

33 Sec. 28.21. The Office of State Budget and Management shall study the issue
34 of whether the current system of reimbursement of State employees for job-related travel
35 expenses is flexible enough to allow State employees to recover the actual cost of
36 expenses incurred for lodging and meals, when the total of all such costs does not exceed
37 the maximum statutory amount. If the Office of State Budget and Management finds that
38 the current system is not flexible enough to allow State employees to recover all such
39 expenses, the Office of State Budget and Management shall consider ways to make the
40 system more flexible. The Office of State Budget and Management shall report the
41 results of its study, including any proposed policy or statutory changes and the fiscal
42 impact of such changes, to the Joint Legislative Commission on Governmental
43 Operations, prior to February 1, 1997.

1
2 Requested by: Senators Plyler, Perdue, Odom, Conder, Soles

3 **POSTRETIREMENT BENEFIT INCREASES**

4 Sec. 28.22. (a) G.S. 135-5 is amended by adding a new subsection to read:

5 "(bbb) From and after July 1, 1996, the retirement allowance to or on account of
6 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased
7 by four and four-tenths percent (4.4%) of the allowance payable on July 1, 1995, in
8 accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1996, the retirement
9 allowance to or on account of beneficiaries whose retirement commenced after July 1,
10 1995, but before June 30, 1996, shall be increased by a prorated amount of four and four-
11 tenths percent (4.4%) of the allowance payable as determined by the Board of Trustees
12 based upon the number of months that a retirement allowance was paid between July 1,
13 1995, and June 30, 1996."

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

15 "(q) From and after July 1, 1996, the retirement allowance to or on account of
16 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased
17 by four and four-tenths percent (4.4%) of the allowance payable on July 1, 1995.
18 Furthermore, from and after July 1, 1996, the retirement allowance to or on account of
19 beneficiaries whose retirement commenced after July 1, 1995, but before June 30, 1996,
20 shall be increased by a prorated amount of four and four-tenths percent (4.4%) of the
21 allowance payable as determined by the Board of Trustees based upon the number of
22 months that a retirement allowance was paid between July 1, 1995, and June 30, 1996."

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

24 "(k) In accordance with subsection (a) of this section, from and after July 1, 1996,
25 the retirement allowance to or on account of beneficiaries whose retirement commenced
26 on or before January 1, 1996, shall be increased by four and four-tenths percent (4.4%) of
27 the allowance payable on January 1, 1996. Furthermore, from and after July 1, 1996, the
28 retirement allowance to or on account of beneficiaries whose retirement commenced after
29 January 1, 1996, but before June 30, 1996, shall be increased by a prorated amount of
30 four and four-tenths percent (4.4%) of the allowance payable as determined by the Board
31 of Trustees based upon the number of months that a retirement allowance was paid
32 between January 1, 1996, and June 30, 1996."

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

34 "(rr) From and after July 1, 1996, the retirement allowance to or on account of
35 beneficiaries whose retirement commenced on or before July 1, 1995, shall be increased
36 by four and four-tenths percent (4.4%) of the allowance payable on July 1, 1995, in
37 accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1996, the retirement
38 allowance to or on account of beneficiaries whose retirement commenced after July 1,
39 1995, but before June 30, 1996, shall be increased by a prorated amount of four and four-
40 tenths percent (4.4%) of the allowance payable as determined by the Board of Trustees
41 based upon the number of months that a retirement allowance was paid between July 1,
42 1995, and June 30, 1996."

1 Requested by: Senators Plyler, Perdue, Odom

2 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

3 Sec. 28.23. Section 7.1(b) of Chapter 324 of the 1995 Session Laws, as
4 amended by Section 7.22A of Chapter 507 of the 1995 Session Laws, reads as rewritten:

5 "(b) Effective ~~July 1, 1995, July 1, 1996,~~ the State's employer contribution rates
6 budgeted for retirement and related benefits as a percentage of covered salaries for the
7 1995-96 fiscal year are (i) ten and eighty-three hundredths percent (10.83%) - Teachers
8 and State Employees; (ii) fifteen and eighty-three hundredths percent (15.83%) - State
9 Law Enforcement Officers; (iii) nine and eighteen hundredths percent (9.18%) -
10 University Employees' Optional Retirement Program; (iv) twenty-two and sixty-five
11 hundredths percent (22.65%) - Consolidated Judicial Retirement System; and (v) ~~twenty-~~
12 ~~three and twenty-seven hundredths percent (23.27%)~~ twenty-four and forty-two
13 hundredths percent (24.42%) - Legislative Retirement System. Each of the foregoing
14 contribution rates includes two percent (2%) for hospital and medical benefits. The rate
15 for State Law Enforcement Officers includes five percent (5%) for the Supplemental
16 Retirement Income Plan. The rates for Teachers and State Employees, State Law
17 Enforcement Officers, and for the University Employees' Optional Retirement Program
18 includes fifty-two hundredths percent (0.52%) for the Disability Income Plan."

19

20 Requested by: Senators Plyler, Perdue, Odom

21 **STATE EMPLOYEE HEALTH BENEFIT PLAN/PREEXISTING HEALTH**
22 **CONDITIONS**

23 Sec. 28.24. (a) G.S. 135-40.1(15) reads as rewritten:

24 "(15) Preexisting Condition. – A condition, disease, illness or injury ~~which~~
25 ~~existed or had its beginning to any degree, whether diagnosed or not,~~
26 diagnosed and treated within six months prior to the effective date of
27 coverage."

28 (b) G.S. 135-40.3(b) is amended by adding a new subdivision to read:

29 "(5) To administer the 12-month waiting period for preexisting conditions
30 under this Article, the Plan must give credit against the 12-month period
31 for the time that a person was covered under a previous plan if the
32 previous plan's coverage was continuous to a date not more than 60 days
33 before the effective date of coverage. As used in this subdivision, a
34 'previous plan' means any policy, certificate, contract, or any other
35 arrangement provided by any accident and health insurer, any hospital
36 or medical service corporation, any health maintenance organization,
37 any preferred provider organization, any multiple employer welfare
38 arrangement, any self-insured health benefit arrangement, any
39 governmental health benefit or health care plan or program, or any other
40 health benefit arrangement."

41 (c) This section is effective July 1, 1995.

42

43 Requested by: Senators Plyler, Perdue, Odom

STATE EMPLOYEE HEALTH BENEFIT PLAN/SKILLED NURSING FACILITY BENEFITS IN FACILITIES NOT MEDICARE-QUALIFIED

Sec. 28.25. G.S. 135-40.6(3) reads as rewritten:

"(3) Skilled Nursing Facility Benefits. – The Plan will pay benefits in a skilled nursing facility ~~which qualifies for delivery of benefits under Title XVIII of the Social Security Act (Medicare),~~ licensed under applicable State laws as follows:

After discharge from a hospital for which inpatient hospital benefits were provided by this Plan for a period of not less than three days, and treatment consistent with the same illness or condition for which the covered individual was hospitalized, the daily charges will be paid for room and board in a semiprivate room or any multibed unit up to the maximum benefit specified in subsection (1) of this section, less the days of care already provided for the same illness in a hospital. Plan allowances for total daily charges may be negotiated but will not exceed the daily semiprivate hospital room rate as determined by the Plan.

Credit will be allowed toward private room charges in an amount equal to the facility's most prevalent charge for semiprivate accommodations. Charges will also be paid for general nursing care and other services which would ordinarily be covered in a general hospital. In order to be eligible for these benefits, admission must occur within 14 days of discharge from the hospital.

In order to qualify for benefits provided by a skilled nursing facility, the following stipulations apply:

- a. The services are medically required to be given on an inpatient basis because of the covered individual's need for skilled nursing care on a continuing basis for any of the conditions for which he or she was receiving inpatient hospital services prior to transfer from a hospital to the skilled nursing facility or for a condition requiring such services which arose after such transfer and while he or she was still in the facility for treatment of the condition or conditions for which he or she was receiving inpatient hospital services,
- b. Only on prior referral by and so long as, the patient remains under the active care of an attending doctor who certifies that continual hospital confinement would be required without the care and treatment of the skilled nursing facility, and
- c. Approved in advance by the Claims Processor.

For facilities not qualified for delivery of services covered by the benefits of Title XVIII of the Social Security Act (Medicare), neither the Plan nor any of its members shall be billed or held liable by such facilities for charges that otherwise would be covered by Medicare."

1 Requested by: Senators Plyler, Perdue, Odom

2 **STATE EMPLOYEE HEALTH BENEFIT PLAN/ACUPUNCTURE COVERAGE**

3 Sec. 28.26. (a) G.S. 135-40.6(8) is amended by adding a new subdivision to
4 read:

5 "u. Acupuncture: Allowable charges up to five hundred dollars
6 (\$500.00) per covered individual per fiscal year for the practice
7 of acupuncture when performed by a doctor of medicine or an
8 acupuncturist licensed or certified in the state in which the
9 acupuncturist practices."

10 (b) The Executive Administrator of the North Carolina Teachers' and State
11 Employees' Comprehensive Major Medical Plan shall report the financial impact upon
12 the Plan resulting from this section to the Joint Legislative Commission on Governmental
13 Operations at the end of March 1997 and at the end of May 1997.

14 (c) This section becomes effective October 1, 1996, but expires September 30,
15 1998.

16
17 Requested by: Senator Ballance, Rand

18 **REDEFINE SERVICE FOR PURPOSES OF LONGEVITY PAY FOR PUBLIC**
19 **DEFENDERS**

20 Sec. 28.27. G.S. 7A-465(b) reads as rewritten:

21 "(b) The public defender shall be an attorney licensed to practice law in North
22 Carolina, and shall devote his full time to the duties of his office.

23 In lieu of merit and other increment raises paid to regular State employees, a public
24 defender shall receive as longevity pay an amount equal to four and eight-tenths percent
25 (4.8%) of the annual salary set forth in the Current Operations Appropriations Act
26 payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10
27 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, and
28 nineteen and two-tenths percent (19.2%) after 20 years of service. 'Service' means service
29 as a public ~~defender~~ defender, assistant public defender, justice or judge of the General
30 Court of Justice, or clerk of superior court."

31
32 **PART 29. MISCELLANEOUS PROVISIONS**

33
34 Requested by: Senators Plyler, Perdue, Odom

35 **EXECUTIVE BUDGET ACT APPLIES**

36 Sec. 29. The provisions of the Executive Budget Act, Chapter 143, Article 1 of
37 the General Statutes, as amended by this act, are reenacted and shall remain in full force
38 and effect and are incorporated in this act by reference.

39
40 Requested by: Senators Plyler, Perdue, Odom

41 **COMMITTEE REPORT**

42 Sec. 29.1. (a) The Senate Appropriations Committee Budget Modification Report,
43 dated June 13, 1996, together with any accompanying correction sheets, which was

1 distributed in the Senate and used to explain this act, shall indicate action by the General
2 Assembly on this act and shall therefore be used to construe this act, as provided in G.S.
3 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of
4 this act.

5 (b) The budget enacted by the General Assembly for the maintenance of the
6 various departments, institutions, and other spending agencies of the State for the 1995-
7 97 fiscal biennium is a line item budget, in accordance with the Budget Code Structure
8 and the State Accounting System Uniform Chart of Accounts set out in the
9 Administrative Policies and Procedures Manual of the Office of the State Controller.
10 This budget includes the appropriations made from all sources including the General
11 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental
12 receipts.

13 The General Assembly amended the itemized budget requests submitted to the
14 General Assembly by the Director of the Budget and the Advisory Budget Commission,
15 in accordance with the steps that follow and the line item detail in the budget enacted by
16 the General Assembly may be derived accordingly:

- 17 (1) Negative reserves set out in the submitted budget were deleted and the
18 totals were increased accordingly.
- 19 (2) The base budget was adjusted in accordance with the base budget cuts
20 and additions that were set out in the Senate Appropriations Committee
21 Budget Modification Report, dated June 13, 1996, together with any
22 accompanying correction sheets.
- 23 (3) Transfers of funds supporting programs were made in accordance with
24 the Senate Appropriations Committee Budget Modification Report,
25 dated June 13, 1996, together with any accompanying correction sheets.

26 The budget enacted by the General Assembly shall also be interpreted in
27 accordance with the special provisions in this act and in accordance with other
28 appropriate legislation.

29 In the event that there is a conflict between the line item budget certified by the
30 Director of the Budget and the budget enacted by the General Assembly, the budget
31 enacted by the General Assembly shall prevail.

32
33 Requested by: Senators Plyler, Perdue, Odom

34 **MOST TEXT APPLIES ONLY TO 1996-97**

35 Sec. 29.2. Except for statutory changes or other provisions that clearly indicate
36 an intention to have effects beyond the 1996-97 fiscal year, the textual provisions of this
37 act apply only to funds appropriated for, and activities occurring during, the 1996-97
38 fiscal year.

39
40 Requested by: Senators Plyler, Perdue, Odom

41 **1995-96 APPROPRIATIONS LIMITATIONS AND DIRECTIONS APPLY**

42 Sec. 29.3. (a) Except where expressly repealed or amended by this act, the
43 provisions of Chapters 324 and 507 of the 1995 Session Laws remain in effect.

1 (b) Notwithstanding any modifications by this act in the amounts appropriated,
2 except where expressly repealed or amended, the limitations and directions for the 1995-
3 96 fiscal year in Chapters 324 and 507 of the 1995 Session Laws that applied to
4 appropriations to particular agencies or for particular purposes apply to the newly enacted
5 appropriations and budget reductions of this act for those same particular purposes.
6

7 Requested by: Senators Plyler, Perdue, Odom

8 **EFFECT OF HEADINGS**

9 Sec. 29.4. The headings to the parts and sections of this act are a convenience
10 to the reader and are for reference only. The headings do not expand, limit, or define the
11 text of this act.
12

13 Requested by: Senators Plyler, Perdue, Odom

14 **SEVERABILITY CLAUSE**

15 Sec. 29.5. If any section or provision of this act is declared unconstitutional or
16 invalid by the courts, it does not affect the validity of this act as a whole or any part other
17 than the part so declared to be unconstitutional or invalid.
18

19 Requested by: Senators Plyler, Perdue, Odom

20 **EFFECTIVE DATE**

21 Sec. 29.6. Except as otherwise provided, this act becomes effective July 1,
22 1996.