

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 352

Short Title: Current Operations Appropriations Act.

(Public)

Sponsors: Senators Plyler, Perdue, and Odom.

Referred to: Appropriations.

March 10, 1997

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

INTRODUCTION

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

TITLE OF ACT

Section 2. This act shall be known as "The Current Operations Appropriations Act of 1997."

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

~~---CONTENTS/INDEX---~~

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

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TITLE I. - CURRENT OPERATIONS

PART I. CURRENT OPERATIONS/GENERAL FUND

Section 3. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 1999, according to the following schedule:

<u>Current Operations - General Fund</u>	<u>1997-98</u>	<u>1998-99</u>
General Assembly	\$ 30,816,313	\$ 34,232,634
Judicial Department	308,641,585	309,348,068
Office of the Governor		
01. Office of the Governor	5,134,780	5,150,508
02. Office of State Budget and Management	3,737,672	3,820,492
03. Office of State Planning	1,782,935	1,796,335
04. Housing Finance	6,300,000	2,300,000
Office of the Lieutenant Governor	589,248	589,408
Department of Secretary of State	5,209,851	5,072,519
Department of State Auditor	9,350,417	9,358,616
Department of State Treasurer		
01. State Treasurer	6,581,006	6,563,463
02. Special Contributions	11,925,187	11,925,187
Department of Public Education	4,295,139,114	4,364,889,546
Department of Justice	61,323,739	61,391,369
Department of Agriculture	48,439,112	48,586,209
<u>Current Operations - General Fund</u>	<u>1997-98</u>	<u>1998-99</u>

1			
2	Department of Labor	\$15,613,078	\$15,525,907
3	Department of Insurance	20,298,117	19,326,764
4	Department of Administration	57,846,262	59,533,868
5	Office of the State Controller	20,837,226	15,840,550
6	Department of Transportation		
7	01. Aeronautics	10,609,854	11,246,445
8	Department of Environment, Health,		
9	and Natural Resources	274,050,483	253,581,019
10	Office of Administrative Hearings	2,138,525	2,138,525
11	Rules Review Commission	276,929	268,478
12	Department of Human Resources		
13	01. DHR - Central Management	33,290,431	33,056,171
14	02. Division of Aging	21,066,584	23,708,560
15	03. Division of Child Development	140,486,351	182,771,241
16	04. Division of Services for the Deaf		
17	and Hard of Hearing	27,217,870	27,171,699
18	05. Division of Social Services	178,768,870	186,996,943
19	06. Division of Medical Assistance	1,212,062,966	1,333,239,992
20	07. Division of Services for		
21	the Blind	14,840,486	14,858,468
22	08. Division of Mental Health, Developmental		
23	Disabilities, and Substance		
24	Abuse Services	521,422,373	536,489,524
25	09. Division of Facility Services	9,738,289	8,839,621
26	10. Division of Vocational Rehabilitation		
27	Services	30,032,174	30,332,295
28	11. Division of Youth Services	85,774,437	87,687,301
29	Total Department of Human Resources	2,274,700,831	2,465,151,815
30	Department of Correction	822,414,124	873,282,471
31	Department of Commerce		
32	01. Commerce	43,318,550	39,432,511
33	02. State Aid to Non-State Entities	3,775,000	1,475,000
34	03. North Carolina Biotechnology Center	7,664,396	7,664,396
35	04. MCNC	4,500,000	2,500,000
36	05. Rural Economic Development Center	5,870,000	5,870,000
37	Department of Revenue	66,270,492	67,348,493
38	Department of Cultural Resources	50,204,878	50,277,399
39	01. Roanoke Island Commission	1,614,716	1,856,053
40			
41	<u>Current Operations - General Fund</u>	<u>1997-98</u>	<u>1998-99</u>
42			
43	Department of Crime Control and		

1	Public Safety	\$ 34,534,872	\$ 34,433,941
2	University of North Carolina - Board of Governors		
3	01. General Administration	36,863,335 36,937,950	
4	02. University Institutional Programs	42,868,676 44,908,470	
5	03. Related Educational Programs	68,982,002 69,365,778	
6	04. University of North Carolina at Chapel Hill		
7	a. Academic Affairs	160,055,071 161,865,368	
8	b. Health Affairs	130,650,674 131,311,241	
9	c. Area Health Education Centers	38,251,900 38,233,662	
10	05. North Carolina State University at Raleigh		
11	a. Academic Affairs	208,719,610 209,178,440	
12	b. Agricultural Research Service	39,988,056 40,011,523	
13	c. Agricultural Extension Service	31,949,476 31,942,119	
14	06. University of North Carolina at Greensboro	61,773,943 62,410,850	
15	07. University of North Carolina at Charlotte	68,021,913 68,221,202	
16	08. University of North Carolina at Asheville	19,800,517 19,854,581	
17	09. University of North Carolina at Wilmington	38,431,107 38,824,326	
18	10. East Carolina University		
19	a. Academic Affairs	84,054,565 84,685,209	
20	b. Division of Health Affairs	40,703,897 40,746,861	
21	11. North Carolina Agricultural and		
22	Technical State University	48,873,818 49,236,938	
23	12. Western Carolina University	42,892,344 42,950,249	
24	13. Appalachian State University	61,302,860 61,602,707	
25	14. University of North Carolina at		
26	Pembroke	18,359,420 18,234,804	
27	15. Winston-Salem State University	19,777,347 19,791,424	
28	16. Elizabeth City State University	17,755,507 17,772,455	
29	17. Fayetteville State University	23,263,896 23,430,722	
30	18. North Carolina Central University	35,287,564 35,975,545	
31	19. North Carolina School of the Arts	11,644,804 11,691,444	
32	20. North Carolina School of Science		
33	and Mathematics	9,413,145 9,476,495	
34	21. UNC Hospitals at Chapel Hill	41,337,439 41,337,439	
35	Total University of North Carolina	1,401,022,886	1,409,997,802
36	Department of Community Colleges	488,052,434	469,847,860
37	State Board of Elections	2,935,922	2,929,516
38	Contingency and Emergency	1,125,000	1,125,000
39	Reserve for Compensation Increase	659,418,662	665,570,764
40	Reserve for Salary Adjustments	2,641,506	3,141,506
41	Reserve for Postage Reduction	(300,000)	(300,000)
42			
43	<u>Current Operations - General Fund</u>	<u>1997-98</u>	<u>1998-99</u>

1			
2	Reserve for Criminal Justice		
3	Information System	\$ 400,000	\$ 400,000
4	Reserve for Salary Reductions/		
5	Span of Control Study	(16,671,086)	(16,671,086)
6	Debt Service	128,424,462	206,873,699
7	01. Federal	1,155,948	1,155,948
8	Reserve for Capital Improvement	62,560,300	-
9			
10	GRAND TOTAL CURRENT OPERATIONS—		
11	GENERAL FUND	\$ 11,242,275,326	\$ 11,535,848,998
12			

13 PART II. CURRENT OPERATIONS/HIGHWAY FUND

14
 15 Section 4. Appropriations from the Highway Fund of the State for the
 16 maintenance and operation of the Department of Transportation, and for other purposes
 17 as enumerated, are made for the biennium ending June 30, 1999, according to the
 18 following schedule:

19			
20	<u>Current Operations - Highway Fund</u>	<u>1997-98</u>	<u>1998-99</u>
21			
22	Department of Transportation		
23	01. Administration	\$ 58,431,964	\$ 58,597,068
24	02. Division of Highways		
25	a. Administration and Operations	35,233,998	35,290,290
26	b. State Construction		
27	(01) Primary Construction	-	-
28	(02) Secondary Construction	80,656,000	83,283,000
29	(03) Urban Construction	14,000,000	14,000,000
30	(04) Access and Public		
31	Service Roads	2,000,000	2,000,000
32	(05) Discretionary Fund	6,000,000	6,000,000
33	(06) Spot Safety Improvements	9,100,000	9,100,000
34	c. State Funds to Match Federal		
35	Highway Aid		
36	(01) Construction	33,153,153	17,947,202
37	(02) Planning Survey and Highway		
38	Planning Research	2,959,649	2,959,649
39	d. State Maintenance		
40	(01) Primary	111,035,113	111,035,113
41	(02) Secondary	187,394,152	187,394,152
42	(03) Urban	36,414,035	36,414,035
43	(04) Contract Resurfacing	121,599,511	100,543,283

1	e.	Ferry Operations	18,098,290	18,098,290
2	03.	Division of Motor Vehicles	85,358,288	83,589,568
3	04.	Governor's Highway Safety Program	311,609	312,080
4	05.	State Aid to Municipalities	80,656,000	83,283,000
5	06.	State Aid for Public Transportation	42,046,921	42,046,921
6	07.	Salary Adjustments for Highway		
7		Fund Employees	200,000	200,000

8				
9		<u>Current Operations - Highway Fund</u>		<u>1997-98</u> <u>1998-99</u>
10				

11 Department of Transportation - Continued

12	08.	Reserve to Correct Occupational Safety		
13		and Health Conditions	\$ 425,000	\$ 425,000
14	09.	State Aid to Railroads	800,000	800,000
15	10.	Asphalt Plant Cleanup	500,000	-
16	11.	Reserve for Computer Replacement	1,000,000	1,000,000
17	12.	DMV Office Complex	1,000,000	14,698,021
18	13.	DMV Systems Reserve	3,045,100	3,824,000
19	14.	Reserve for Compensation Increases	27,545,260	27,545,260
20	15.	Transfer to Highway Trust Fund	38,000,000	38,000,000
21	16.	Capital	12,000,000	-

22 Appropriations for Other State Agencies

23	01.	Department of Crime Control and		
24		Public Safety	\$ 116,689,046	\$ 111,927,823
25	02.	Department of Agriculture	3,151,316	3,069,026
26	03.	Department of Revenue	2,329,577	2,331,760
27	04.	Department of Environment, Health,		
28		and Natural Resources:		
29		LUST Trust Fund		6,921,107
30		Chemical Test Program		396,643
31	05.	Global TransPark	750,000	750,000
32	06.	Department of Public Education	21,452,268	21,633,186

33				
34		GRAND TOTAL CURRENT OPERATIONS—		
35		HIGHWAY FUND	\$ 1,160,654,000	\$ 1,125,792,584
36				

37 **PART III. HIGHWAY TRUST FUND**

38 Section 5. Appropriations from the Highway Trust Fund are made for the
 39 fiscal biennium ending June 30, 1999, according to the following schedule:

40		<u>Highway Trust Fund</u>		<u>1997-98</u> <u>1998-99</u>
41	01.	Intrastate System	\$ 352,109,370	\$ 366,483,841
42	02.	Secondary Roads Construction	68,373,343	70,447,275
43	03.	Urban Loops	142,378,365	148,190,802

1	04.	State Aid - Municipalities	36,944,486	38,452,703	
2	05.	Program Administration	23,654,436	24,714,379	
3	06.	Transfer to General Fund	170,000,000	170,000,000	
4					
5		GRAND TOTAL-HIGHWAY TRUST FUND	\$ 793,460,000		\$ 818,289,000

PART IV. GENERAL FUND AVAILABILITY STATEMENT

BUDGET REFORM SETTLEMENTS

Section 5.1. The General Fund and availability used in developing the 1997-99 budget is as shown below:

		1997-98 (In Millions)	1998-99 (In Millions)
(1)	Composition of the 1997-98 beginning availability:		
a.	Revenue collections left unaddressed	\$ 85.0	-
b.	Revenue collections in 1996-97 in excess of authorized estimates	168.6	-
c.	Unexpended appropriations during 1996-97		151.0
	Subtotal	<u>404.6</u>	-
d.	Transfer to Savings Reserve	\$ 101.2	-
e.	Transfer to Reserve for Repair and Renovations	130.0	-
f.	Transfer to Clean Water Management Reserve		<u>26.3</u>
	Ending Fund Balance	\$ 147.4	-

(2) Beginning Unrestricted Fund Balance \$ 147.4 -

Revenues Existing Tax Structure	\$10,438.3	\$11,079.1
Nontax Revenues	405.9	426.8
Transfer from Highway Trust Fund	170.0	170.0
Disproportionate Share Receipts	83.0	83.0

Changes:

(3) Revenue Assessments from Additional Interstate Auditors \$ 2.6 \$ 7.9

1 Total Availability \$11,244.6 \$11,758.9
2
3

4 **PART V. GENERAL PROVISIONS**
5

6 SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL
7 RECEIPTS/AUTHORIZATION FOR EXPENDITURES
8

9 Section 6. There is appropriated out of the cash balances, federal receipts, and
10 departmental receipts available to each department, sufficient amounts to carry on
11 authorized activities included under each department's operations. All these cash
12 balances, federal receipts, and departmental receipts shall be expended and reported in
13 accordance with provisions of the Executive Budget Act, except as otherwise provided by
14 statute. The Director of the Budget shall develop necessary budget controls, regulations,
15 and systems to ensure that these funds and other State funds subject to the Executive
16 Budget Act, may not be spent in a manner which would cause a deficit in expenditures.

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

23
24 **INSURANCE AND FIDELITY BONDS**
25

26 Section 7. All insurance and all official fidelity and surety bonds authorized
27 for the several departments, institutions, and agencies shall be effected and placed by the
28 Insurance Department, and the cost of placement shall be paid by the affected
29 department, institution, or agency with the approval of the Insurance Commissioner.
30

31 **AUTHORIZED TRANSFERS**
32

33 Section 8. The Director of the Budget may transfer to General Fund budget
34 codes from the General Fund Salary Adjustment Reserves appropriation, and may
35 transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment
36 Reserve appropriation, amounts required to support approved salary adjustments made
37 necessary by difficulties in recruiting and holding qualified employees in State
38 government.

39 Any remaining appropriations for legislative salary increases not required for
40 that purpose may be used to supplement the Salary Adjustment Fund. These funds shall
41 first be used to provide reclassifications of those positions already approved by the Office
42 of State Personnel.
43

1 EXPENDITURES OF FUNDS IN RESERVES LIMITED

2
3 Section 9. All funds appropriated by this act into reserves may be expended
4 only for the purposes for which the reserves were established, except as otherwise
5 provided.

6 Section 10. Each private, nonprofit entity eligible to receive State funds, either
7 by General Assembly appropriation, or by grant, loan, or other allocation from a State
8 agency, before funds may be disbursed to the entity, shall file with the disbursing agency
9 a notarized copy of that entity's policy addressing conflicts of interest that may arise
10 involving the entity's management employees and the members of its board of directors
11 or other governing body. The policy shall address situations in which any of these
12 individuals may directly or indirectly benefit, except as the entity's employees or
13 members of the board or other governing body, from the entity's disbursing of State
14 funds, and shall include actions to be taken by the entity or the individual, or both, to
15 avoid conflicts of interest and the appearance of impropriety.

16
17 **PART VI. PUBLIC SCHOOLS**

18
19 CAREER DEVELOPMENT

20
21 Section 11. (a) Funds appropriated to the State Board of Education for local school
22 administrative units receiving career development funds for the 1997-98 and 1998-99
23 fiscal years shall be used only to ensure that individual employees do not receive less on
24 a monthly basis in salary and State-funded bonuses during the 1997-98 fiscal year or
25 during the 1998-99 fiscal year than they received on a monthly basis during the 1994-95
26 fiscal year, so long as the employees qualify for bonuses under the local differentiated
27 pay plan. The State Board of Education may also use funds appropriated to State Aid to
28 Local School Administrative Units for the 1997-98 and 1998-99 fiscal years as is
29 necessary to hold individual employees harmless as provided in this subsection.

30 (b) Funds appropriated for local school administrative units receiving career
31 development funds for the 1996-97 fiscal year that did not revert on June 30, 1997, shall
32 not be used for expenses other than the costs of holding individual employees harmless as
33 provided in subsection (a) of this section.

34
35 LITIGATION RESERVE

36
37 Section 12. (a) Funds available to the Department of Public Instruction for the
38 1996-97 fiscal year for the Litigation Reserve that are not expended or encumbered on
39 June 30, 1997, shall not revert on July 1, 1997, but shall remain available for expenditure
40 until June 30, 1998.

41 (b) This section becomes effective June 30, 1997.

42
43 EXCEPTIONAL CHILDREN FUNDS

1
2 Section 13. The funds appropriated for exceptional children in this act shall be
3 allocated as follows:

4 (1) Each local school administrative unit shall receive for academically
5 gifted children the sum of \$710.61 per child for four percent (4.0%) of
6 the 1997-98 and 1998-99 actual average daily membership in the local
7 school administrative unit, regardless of the number of children
8 identified as academically gifted in the local school administrative unit.
9 The total number of children for which funds shall be allocated pursuant
10 to this subdivision is 49,047 for the 1997-98 school year and 49,937 for
11 the 1998-99 school year.

12 (2) Each local school administrative unit shall receive for exceptional
13 children other than academically gifted children the sum of \$2,131.87
14 per child for the lesser of (i) all children who are identified as
15 exceptional children other than academically gifted children or (ii)
16 twelve and five-tenths percent (12.5%) of the 1996-97 actual average
17 daily membership in the local school administrative unit. The
18 maximum number of children for which funds shall be allocated
19 pursuant to this subdivision is 141,572 for the 1997-98 school year and
20 145,696 for the 1998-99 school year.

21 The dollar amounts allocated under this subsection for exceptional children
22 shall also increase in accordance with legislative salary increments for personnel who
23 serve exceptional children.

24 25 MINIMUM VACATION LEAVE FOR BUS DRIVERS

26
27 Section 14. Notwithstanding any other provision of law, all school bus drivers,
28 who have been employed for at least one academic year and who are not entitled to more
29 than one day of paid vacation leave, are entitled to one day of paid vacation leave in each
30 subsequent school year.

31 32 SCHOOL PAY DATE FLEXIBILITY PILOT PROGRAM

33
34 Section 15. The State Board of Education may establish a pilot program to
35 grant no more than four local boards of education additional flexibility in setting the pay
36 dates for their 10-month employees. Notwithstanding the provisions of G.S. 115C-302(a)
37 and G.S. 115C-316(a), local school administrative units participating in the pilot may pay
38 10-month employees for a full month of employment when days employed are less than a
39 full month at the beginning or the end of the teachers' contract. No local school
40 administrative unit shall be required to participate in the pilot. A local board
41 participating in the pilot shall bear all of the cost of recouping funds prepaid for work
42 never done and the cost of these funds that cannot be recouped.

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

3
4 PUBLIC SCHOOL TEACHERS/LIABILITY PROTECTION

5
6 Section 16. Of the funds appropriated to the Department of Public Instruction
7 for the 1997-99 fiscal years, an amount equal to ten dollars (\$10.00) for each teacher paid
8 from the General Fund shall be allocated by the State Board of Education to each local
9 school administrative unit to provide comprehensive general liability protection,
10 including coverage for errors and omissions, for teachers employed by the local school
11 administrative unit for the 1997-98 and 1998-99 school years.

12
13 ALTERNATIVE LEARNING PROGRAMS/GUIDELINES

14
15 Section 17. The State Board of Education may use up to two hundred
16 thousand dollars (\$200,000) of the funds in the Alternative Schools/At-Risk Student
17 allotment to implement G.S. 115C-12(24).

18
19 PUBLIC SCHOOL BUILDING CAPITAL FUND (PSBCF)

20
21 Section 18. G.S. 115C-546.1(a) reads as rewritten:

22 "(a) There is created the Public School Building Capital Fund. The Fund shall be
23 used to assist county governments in meeting their public school building capital ~~needs.~~
24 needs and their equipment needs under their local school technology plans."

25 Section 19. G.S. 115C-546.2 reads as rewritten:

26 **"§ 115C-546.2. Allocations from the Fund; uses; expenditures; reversion to General**
27 **Fund; matching requirements.**

28 (a) Monies in the Fund shall be allocated to the counties on a per average daily
29 membership basis according to the average daily membership for the budget year as
30 determined and certified by the State Board of Education. Interest earned on funds
31 allocated to each county shall be allocated to that county.

32 (b) ~~Monies~~ Counties shall use monies in the Fund ~~shall be used~~ for capital outlay
33 projects including the planning, construction, reconstruction, enlargement, improvement,
34 repair, or renovation of public school buildings and for the purchase of land for public
35 school ~~buildings~~ buildings; for equipment to implement a local school technology plan
36 that is approved pursuant to G.S. 115C-102.6C; or for both. Monies used to implement a
37 local school technology plan shall be transferred to the State School Technology Fund
38 and allocated by that Fund to the local school administrative unit for equipment.

39 As used in this section, 'public school buildings' only includes facilities for individual
40 schools that are used for instructional and related purposes and does not include
41 centralized administration, maintenance, or other facilities.

42 In the event a county finds that it does not need all or part of the funds allocated to it
43 for capital outlay projects including the planning, construction, reconstruction,

1 enlargement, improvement, repair, or renovation of public school ~~buildings or~~ buildings,
2 for the purchase of land for public school buildings, or for equipment to implement a
3 local school technology plan, the unneeded funds allocated to that county may be used to
4 retire any indebtedness incurred by the county for public school facilities.

5 In the event a county finds that its public school building needs and its school
6 technology needs can be met in a more timely fashion through the allocation of financial
7 resources previously allocated for purposes other than school building needs or school
8 technology needs and not restricted for use in meeting public school building ~~needs,~~ needs
9 or school technology needs, the county commissioners may, with the concurrence of the
10 affected local Board of Education, use those financial resources to meet school building
11 needs and school technology needs and may allocate the funds it receives under this
12 Article for purposes other than school building needs and school technology needs to the
13 extent that financial resources were redirected from such purposes. The concurrence
14 described herein shall be secured in advance of the allocation of the previously
15 unrestricted financial resources and shall be on a form prescribed by the Local
16 Government Commission.

17 (c) Monies in the Fund allocated for capital projects shall be matched on the basis
18 of one dollar of local funds for every three dollars of State funds. Monies in the Fund
19 transferred to the State School Technology Fund do not require a local match.

20 Revenue received from local sales and use taxes that is restricted for public school
21 capital outlay purposes pursuant to G.S. 105-502 or G.S. 105-487 may be used to meet
22 the local matching requirement. Funds expended by a county after July 1, 1986, for land
23 acquisition, engineering fees, architectural fees, or other directly related costs for a public
24 school building capital project that was not completed prior to July 1, 1987, may be used
25 to meet the local match requirement."
26

27 N.C. CENTER FOR THE PREVENTION OF SCHOOL VIOLENCE

28

29 Section 20. (a) Effective July 1, 1997, The North Carolina Center for the Prevention
30 of School Violence is transferred from the College of Education and Psychology at North
31 Carolina State University to the North Carolina Department of Public Instruction. The
32 Center, which serves as a clearinghouse for information, provides technical assistance
33 and training, and develops alternative programs for the prevention and elimination of
34 school violence, shall operate under the direction and supervision of the Superintendent
35 of Public Schools. Funds in the amount of five hundred eighty thousand dollars
36 (\$580,000) are appropriated to the Department of Public Instruction for support of the
37 Center.

38 (b) Of the funds appropriated to the Department of Public Instruction for 1997-98
39 fiscal year and 1998-99 fiscal year, four million three hundred forty thousand dollars
40 (\$4,340,000) for each year of the biennium is to be allocated by the Department of Public
41 Instruction through a grant application process administered by the Center for the
42 Prevention of School Violence for the purpose of placing School Resource Officers in
43 middle schools. Preference will be given to those schools having the highest number of

1 incidents of school violence. A school resource officer (SRO) is a uniformed local law
2 enforcement officer assigned on a permanent basis to a local school as (i) a peace officer,
3 (ii) a counselor on legal issues, and (iii) a resource for teachers and students.

4 (c) Of the funds appropriated in this act for the Department of Public Instruction,
5 the sum of eighty thousand dollars (\$80,000) shall be for additional staff support required
6 to administer the State grant funds to local units for the middle school SROs. Additional
7 staff shall consist of two positions, one professional and one clerical.

8 (d) Effective with the 1997-98 school year, ten million dollars (\$10,000,000) of
9 the fourteen million two hundred thousand dollars (\$14,200,000) appropriated to the
10 Alternative Schools/At-Risk Student allotment by the 1996 Session of the General
11 Assembly, shall be allocated solely for the support of uniformed school resource officers
12 in the schools.

13 14 **PART VII. COMMUNITY COLLEGES**

15 16 FUNDS TO REWARD EXCELLENCE IN COMMUNITY COLLEGE TEACHING

17
18 Section 21. The State Board of Community Colleges shall develop policies for
19 the distribution of an average one-half percent (1/2%) salary increase for teaching faculty
20 members to be given to those who have demonstrated excellence in teaching in 1997-98.

21 22 COMMUNITY COLLEGE FUNDING FLEXIBILITY

23
24 Section 22. A local community college may use all State funds allocated to it,
25 except for Literacy Funds and Funds for New and Expanding Industries, for any
26 authorized purpose that is consistent with the college's Institutional Effectiveness Plan.
27 Each local community college shall submit an Institutional Effectiveness Plan that
28 indicates to the State Board of Community Colleges how the college will use this funding
29 flexibility to meet the demands of the local community and maintain a presence in all
30 previously funded categorical programs.

31 32 COURSE REPETITION POLICY FOR FIRE, RESCUE, AND POLICE PERSONNEL

33
34 Section 23. The course repetition policy adopted by the State Board of
35 Community Colleges in accordance with Section 102(a) of Chapter 321 of the 1993
36 Session Laws does not apply to fire, rescue, or law enforcement training courses taken by
37 fire, rescue, or law enforcement personnel.

38 39 MODIFY 1997-98 FACULTY SALARY LIMITATIONS

40
41 Section 24. Funds appropriated by the General Assembly for the 1997-98
42 fiscal year for the purpose of community college faculty salary increases shall be used
43 only to provide community college faculty with salary increases.

1
2 **PART VIII. COLLEGES AND UNIVERSITIES**

3
4 **AID TO STUDENTS ATTENDING PRIVATE COLLEGES**

5
6 Section 25. (a) Funds appropriated in this act to the Board of Governors of The
7 University of North Carolina for aid to private colleges shall be disbursed in accordance
8 with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up to
9 seven hundred fifty dollars (\$750.00) per full-time equivalent North Carolina
10 undergraduate student enrolled at a private institution as of October 1 each year.

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

17 (b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition
18 to all other financial assistance made available to private educational institutions located
19 within the State, or to students attending these institutions, there is granted to each full-
20 time North Carolina undergraduate student attending an approved institution as defined in
21 G.S. 116-22, a sum, not to exceed one thousand four hundred fifty dollars (\$1,450) per
22 academic year, which shall be distributed to the student as hereinafter provided.

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

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

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

- 40 (1) The Board of Governors of The University of North Carolina, with the
41 approval of the Office of State Budget and Management, may transfer
42 available funds to meet the needs of the programs provided by
43 subsections (a) and (b) of this section; and

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

4 Any remaining funds shall revert to the General Fund.

5 (c) Expenditures made pursuant to this section may be used only for secular
6 educational purposes at nonprofit institutions of higher learning. Expenditures made
7 pursuant to this section shall not be used for any student who:

- 8 (1) Is incarcerated in a State or federal correctional facility for committing a
9 Class A, B, B1, or B2 felony; or

- 10 (2) Is incarcerated in a State or federal correctional facility for committing a
11 Class C through I felony and is not eligible for parole or release within
12 10 years.

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

21 AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT LIMITATIONS

22

23 Section 26. (a) The amount of a tuition grant awarded to a student enrolled in a
24 degree program at a site away from the main campus of the approved private institution,
25 as defined in G.S. 116-22(1), may be no more than the result of the ratio of the cost per
26 credit hour for off-campus instruction at that site to the cost per credit hour for regular,
27 full-time on-campus instruction, multiplied by the maximum grant award, or the
28 maximum grant award allowable under Section 3 of this Title, whichever is less.

29 (b) No Legislative Tuition Grant funds may be expended for a program at an off-
30 campus site of a private institution, as defined in G.S. 116-22(1), established after May
31 15, 1987, unless (i) the private institution offering the program has previously notified
32 and secured agreement from other private institutions operating degree programs in the
33 county in which the off-campus program is located or operating in the counties adjacent
34 to that county or (ii) the degree program is neither available nor planned in the county
35 with the off-campus site or in the counties adjacent to that county.

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

38 (c) Any member of the armed services as defined in G.S. 116-143-3(a), abiding in
39 this State incident to active military duty, who does not qualify as a resident for tuition
40 purposes as defined under G.S. 116-143.1, is eligible for a Legislative Tuition Grant
41 pursuant to this section if the member is enrolled as a full-time student. The member's
42 Legislative Tuition Grant may not exceed the cost of tuition less any tuition assistance
43 paid by the member's employer.

1
2 WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING
3 FORMULA
4

5 Section 27. Funds appropriated in this act to the Board of Governors of The
6 University of North Carolina for continuation of financial assistance to the medical
7 schools of Duke University and Wake Forest University shall be disbursed on
8 certifications of the respective schools of medicine that show the number of North
9 Carolina residents as first-year, second-year, third-year, and fourth-year students in the
10 medical school as of November 1, 1997, and November 1, 1998. Disbursement to Wake
11 Forest University shall be made in the amount of eight thousand dollars (\$8,000) for each
12 medical student who is a North Carolina resident, one thousand dollars (\$1,000) of which
13 shall be placed by the school in a fund to be used to provide financial aid to needy North
14 Carolina students who are enrolled in the medical school. The maximum aid given to any
15 student from this fund in a given year may not exceed the amount of the difference in
16 tuition and academic fees charged by the school and those charged at the School of
17 Medicine at The University of North Carolina at Chapel Hill.

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

28 The Board of Governors shall establish the criteria for determining the
29 eligibility for financial aid of needy North Carolina students who are enrolled in the
30 medical schools and shall review the grants or awards to eligible students. The Board of
31 Governors shall adopt rules for determining which students are residents of North
32 Carolina for the purposes of these programs. The Board shall also make any regulations
33 as necessary to ensure that these funds are used directly for instruction in the medical
34 programs of the schools and not for religious or other nonpublic purposes. The Board
35 shall encourage the two schools to orient students towards primary care, consistent with
36 the directives of G.S. 143-613(a). The two schools shall supply information necessary
37 for the Board to comply with G.S. 143-613(d).
38

39 TRANSFER OF OVERHEAD RECEIPTS TO TRUST FUNDS/UNC SYSTEM
40

41 Section 28. Section 2 of Chapter 936 of the 1989 Session Laws (1990 Session)
42 expressed the intent of the General Assembly "that overhead receipts derived from
43 reimbursement of indirect costs on contracts and grants shall not continue to be budgeted

1 as offsets to General Fund appropriations for current operations of the constituent
2 institutions of the University of North Carolina". Therefore, G.S. 116-36.1(g) reads as
3 rewritten:

4 "(g) As used in this section, 'trust funds' means:

- 5 (1) Moneys, or the proceeds of other forms of property, received by an
6 institution as gifts, devises, or bequests that are neither presumed nor
7 designated to be gifts, devises or bequests to the endowment fund of the
8 institution;
- 9 (2) Moneys received by an institution pursuant to grants from, or contracts
10 with, the United States government or any agency or instrumentality
11 thereof;
- 12 (3) Moneys received by an institution pursuant to grants from, or contracts
13 with, any State agencies, any political subdivisions of the State, any
14 other states or nations or political subdivisions therefore any private
15 entities whereby the institution undertakes, subject to terms and
16 conditions specified by the entity providing the moneys, to conduct
17 research, training or public service programs, or to provide financial aid
18 to students;
- 19 (4) Moneys collected by an institution to support extracurricular activities
20 of students of the institution;
- 21 (5) Moneys received from or for the operation by an institution of activities
22 established for the benefit of scholarship funds or student activity
23 programs;
- 24 (6) Moneys received from or for the operation by an institution of any of its
25 self-supporting auxiliary enterprises, including institutional student
26 auxiliary enterprise funds for the operation of housing, food, health and
27 laundry services;
- 28 (7) Moneys received by an institution in respect to fees and other payments
29 for services rendered by medical, dental or other health care
30 professionals under an organized practice plan approved by the
31 institution or under a contractual agreement between the institution and
32 a hospital or other health care provider;
- 33 (8) The net proceeds from the disposition effected pursuant to Chapter 146,
34 Article 7 of any interest in real property owned by or under the
35 supervision and control of an institution if interest in real property had
36 first been acquired by gift, devise, or bequest or through expenditure of
37 moneys defined in this subsection (g) as 'trust funds', except the net
38 proceeds from the disposition of an interest in real property first
39 acquired by the institution through expenditure of moneys received as a
40 grant from a State agency;
- 41 (9) Moneys received from the operation and maintenance of institutional
42 forests and forest farmlands, provided, that such moneys shall be used,

- 1 when used, by the institution for support of forest-related research,
2 teaching and public service ~~programs~~ programs; and
3 (10) Moneys received by an institution as reimbursement of overhead and
4 other indirect costs associated with contracts and grants."
5

6 **PART IX. DEPARTMENT OF ADMINISTRATION**

7 8 DOMESTIC VIOLENCE CENTER FUNDS TRANSFERRED

9
10 Section 29. The funds appropriated to the Department of Administration, the
11 North Carolina Council for Women, for the domestic violence centers, shall be
12 administered in accordance with G.S. 50B-9, except that the North Carolina Coalition
13 Against Domestic Violence, Incorporated, shall not receive a grant from funds
14 appropriated under this act that exceeds ten thousand dollars (\$10,000).
15

16 PARKING REVENUES

17
18 Section 30. The Secretary of Administration may use funds from parking
19 revenues that are in excess of parking system expense requirements to fund the ten
20 dollars (\$10.00) per month subsidies for van pools and transit passes.
21

22 **PART X. OFFICE OF THE GOVERNOR**

23 24 HOME PROGRAM MATCHING FUNDS

25
26 Section 31. (a) Funds appropriated in this act to the North Carolina Housing
27 Finance Agency for the federal HOME Program shall be used to match federal funds
28 appropriated for the HOME Program. In allocating State funds appropriated to match
29 federal HOME Program funds, the Agency shall give priority to HOME Program
30 projects, as follows:

- 31 (1) First priority to projects that are located in counties designated as
32 severely distressed counties under G.S. 105-130.40(c) or G.S. 105-
33 151.17(c); and
34 (2) Second priority to projects that benefit persons and families whose
35 incomes are fifty percent (50%) or less of the median family income for
36 the local area, with adjustments for family size, according to the latest
37 figures available from the U.S. Department of Housing and Urban
38 Development.

39 The Housing Finance Agency shall report to the Joint Legislative Commission
40 on Governmental Operations by April 1 of each year concerning the status of the HOME
41 Program and shall include in the report information on priorities met, types of activities
42 funded, and types of activities not funded.

1 (b) If the United States Congress changes the HOME Program such that matching
2 funds are not required for a given program year, then the Agency shall not spend the
3 matching funds appropriated under this act for that program year.

4 (c) Funds appropriated in this act to match federal HOME Program funds shall not
5 revert to the General Fund on June 30, 1998, and on June 30, 1999.

6 7 **PART XI. DEPARTMENT OF TRANSPORTATION**

8 9 **GLOBAL TRANSPARK AUTHORITY TO REIMBURSE HIGHWAY FUND FROM** 10 **FEDERAL SOURCES**

11
12 Section 32. When funds are provided from the Highway Fund to the Global
13 TransPark Authority for environmental impact statements or assessments and the Global
14 TransPark Authority applies for and receives reimbursement for those expenses from
15 federal sources up to one million eight hundred thousand dollars (\$1,800,000), the federal
16 reimbursements shall be paid over by the Global TransPark Authority into the Highway
17 Fund within 30 days of receipt. These funds shall be allocated to State-funded
18 maintenance appropriations in the manner approved by the Board of Transportation.

19 20 **AIRCRAFT AND FERRY ACQUISITIONS**

21
22 Section 33. Before approving the purchase of an aircraft from the Equipment
23 Fund or a ferry in a Transportation Improvement Program, the Board of Transportation
24 shall prepare an estimate of the operational costs and capital costs associated with the
25 addition of the aircraft or ferry and shall report those additional costs to the General
26 Assembly pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on
27 Governmental Operations.

28 29 **HIGHWAY FUND ALLOCATIONS BY CONTROLLER**

30
31 Section 34. The Controller of the Department of Transportation shall allocate
32 at the beginning of each fiscal year from the various appropriations made to the
33 Department of Transportation in this act, Titles:

- 34
35 State Construction
36 State Funds to Match Federal Highway Aid
37 State Maintenance
38 Ferry Operations,

39
40 sufficient funds to eliminate all overdrafts on State maintenance and construction
41 projects, and these allocations may not be diverted to other purposes.

1 CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND
2 APPROPRIATIONS

3
4 Section 35. The General Assembly authorizes and certifies anticipated
5 revenues of the Highway Fund as follows:

6	For Fiscal Year 1999-00	\$1,172.1 Million
7	For Fiscal Year 2000-01	\$1,200.2 Million
8	For Fiscal Year 2001-02	\$1,229.8 Million
9	For Fiscal Year 2002-03	\$1,260.2 Million

10
11 Section 36. The General Assembly authorizes and certifies anticipated
12 revenues of the Highway Trust Fund as follows:

13	For Fiscal Year 1999-00	\$ 807.4 Million
14	For Fiscal Year 2000-01	\$ 834.7 Million
15	For Fiscal Year 2001-02	\$ 863.2 Million
16	For Fiscal Year 2002-03	\$ 892.8 Million

17
18 HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES

19
20 Section 37. (a) Overexpenditures from Section 4 of this act may be made by
21 authorization of the Director of the Budget, Titles:

- 22 State Construction Primary Construction
- 23 State Construction Urban Construction
- 24 Spot Safety Construction
- 25 State Construction Access and Public Service Roads
- 26 State Funds to Match Federal Highway Aid
- 27 State Maintenance
- 28 Ferry Operations,

29 provided that there are corresponding underexpenditures from these same Titles.
30 Overexpenditures or underexpenditures in any Titles may not vary by more than ten
31 percent (10%) without prior consultation with the Advisory Budget Commission.
32 Written reports covering overexpenditures or underexpenditures of more than ten percent
33 (10%) shall be made to the Joint Legislative Oversight Committee. The reports shall be
34 delivered to the Director of the Fiscal Research Division not less than 96 hours prior to
35 the beginning of the Commission's full meeting.

36 (b) Overexpenditures from Section 4 of this act, Titles:

- 37 State Construction Primary Construction
- 38 State Construction Urban Construction
- 39 Spot Safety Construction
- 40 State Construction Access and Public Service Roads
- 41 State Funds to Match Federal Highway Aid
- 42 State Maintenance
- 43 Ferry Operations,

1 for the purpose of providing additional positions shall be approved by the Director of the
2 Budget and shall be reported on a quarterly basis to the Joint Legislative Highway
3 Oversight Committee and to the Fiscal Research Division.

4
5 **RESURFACED ROADS MAY BE WIDENED**

6
7 Section 38. Of the contract maintenance resurfacing program funds
8 appropriated in this act to the Department of Transportation, an amount not to exceed
9 fifteen percent (15%) of the Board of Transportation's allocation of these funds may be
10 used for widening existing narrow pavements that are scheduled for resurfacing.

11
12 **HIGHWAY FUND ADJUSTMENTS TO REFLECT ACTUAL REVENUE**

13
14 Section 39. Any unreserved credit balance in the Highway Fund on June 30 of
15 each of the fiscal years of this biennium shall support appropriations in the succeeding
16 fiscal year. If all of the balance is not needed for these appropriations, the Director of the
17 Budget may use the remaining excess to establish a reserve for access and public roads, a
18 reserve for unforeseen happening of a state of affairs requiring prompt action as provided
19 by G.S. 136-44.1, and other required reserves. If all of the remaining excess is not used
20 to establish these reserves, the remainder shall be allocated to the State-funded
21 maintenance appropriations in the manner approved by the Board of Transportation. The
22 Board of Transportation shall report monthly to the Joint Legislative Highway Oversight
23 Committee and the Fiscal Research Division about the use of the reserve for highway and
24 maintenance.

25
26 **DEPARTMENT OF TRANSPORTATION EXEMPTION FROM GENERAL**
27 **STATUTES FOR EXPERIMENTAL PROJECT—CONGESTION MANAGEMENT**

28
29 Section 40. The Department of Transportation may enter into a design-build-
30 warrant contract to develop, with Federal Highway Administration participation under
31 The 1991 Intermodal Surface Transportation Efficiency Act, Title VI, Part B, Sections
32 6051-6059, a "Congestion Avoidance and Reduction for Autos and Trucks (CARAT)"
33 system of traffic management for the greater Charlotte-Mecklenburg urban areas.
34 Notwithstanding any other provision of law, contractors, contractors' employees, and
35 Department of Transportation employees involved in this project only do not have to be
36 licensed by occupational licensing boards as "license" and "occupational licensing board"
37 are defined in G.S. 93B-1 and for the purpose of entering into contracts, the Department
38 of Transportation is exempted from the provisions of the following General Statutes:
39 G.S. 136-28.1, 143-52, 143-53, 143-58, 143-128, and 143-129. These statutory
40 exemptions are limited and available only to the extent necessary to comply with federal
41 rules, regulations, and policies for completion of this project.

42 The Department of Transportation shall report quarterly to the Joint Legislative
43 Highway Oversight Committee on its efforts to enter into a design-build-warrant contract

1 and to award and construct the project. The report shall include, but not be limited to, the
2 number of types of firms bidding on the project, special qualifications of the firms
3 bidding, and the effect statutory exemptions might have had on the award and
4 construction of the project and the receipt of federal discretionary funding for the project.

5 6 ALLOCATION OF FUNDS FOR DRIVER TRAINING

7
8 Section 41. In allocating funds for driver training, the State Board of
9 Education shall consider the needs of small and low-wealth local school administrative
10 units.

11 12 PART XII. DEPARTMENT OF HUMAN RESOURCES

13 14 WILLIE M.

15
16 Section 42. (a) Legislative Findings. The General Assembly finds:

- 17 (1) That there is a need in North Carolina to provide appropriate treatment
18 and education programs to children under the age of 18 who suffer from
19 emotional, mental, or neurological handicaps accompanied by violent or
20 assaultive behavior.
- 21 (2) That children meeting these criteria have been identified as a class in the
22 case of Willie M., et al. v. Hunt, et al. [Willie M., 3:79 CV 294-MU
23 (Western District)]; and as defined in N.C.G.S. 122C-3 (13a) as Eligible
24 Assaultive and Violent Children; and
- 25 (3) That these children have a need for a variety of services, in addition to
26 those normally provided, that may include, but are not limited to,
27 residential treatment services, educational services, and independent
28 living arrangements.

29 (b) Funds appropriated by the General Assembly to the Department of Human
30 Resources for serving members of the Willie M. Class shall be expended only for
31 programs serving members of the Willie M. Class identified in Willie M., et al. v. Hunt,
32 et al., or as Eligible Assaultive and Violent Children including evaluations of potential
33 class members. The Department shall reallocate these funds among services to Willie M.
34 Class members during the year as it deems advisable in order to use the funds efficiently
35 in providing appropriate services to Willie M. Class children.

36 (c) Funds for the Department of Public Education. Funds appropriated to the
37 Department of Public Education in this act for members of the Willie M. Class, are to
38 establish a supplemental reserve fund to serve only members of the class identified in
39 Willie M., et al. v. Hunt, et al., or Eligible Assaultive and Violent Children. These funds
40 shall be allocated by the State Board of Education to the local education agencies to serve
41 those class members who were not included in the regular average daily membership and
42 the census of children with special needs, and to provide the additional program costs

1 which exceed the per pupil allocation from the State Public School Fund and other State
2 and federal funds for children with special needs.

3 (d) The Department of Human Resources shall continue to implement its
4 prospective unit cost reimbursement system and shall ensure that unit cost rates reflect
5 reasonable costs by conducting cost center service type rate comparisons and cost center
6 line item budget reviews as may be necessary, and based upon these reviews and
7 comparisons, the Department shall reduce and/or cap rates to programs which are
8 significantly higher than those rates paid to other programs for the same service. Any
9 exception to this requirement shall be approved by the Director of the Division of Mental
10 Health, Developmental Disabilities, and Substance Abuse Services.

11 (e) The Department of Human Resources shall implement a process to review
12 those cases for whom treatment has been recommended whose annual cost is anticipated
13 to be in excess of one hundred fifty percent (150%) of the average annual per client
14 expenditure of the previous fiscal year and shall take actions to reduce these treatment
15 costs where appropriate.

16 (f) From existing funds available to it, the Department of Human Resources
17 shall continue its process to document and assess individual class members' progress
18 through the continuum of services. Standardized measures of functioning shall be
19 administered periodically to each member of the class, and the information generated
20 from these measures shall be used to assess client progress and program effectiveness.

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

23 (1) That the General Assembly has evaluated the known needs of the State
24 and has endeavored to satisfy those needs in comparison to their social
25 and economic priorities; and

26 (2) The funds appropriated will enable the development and
27 implementation of placement and services for the class members in
28 Willie M., et al. v. Hunt, et al., or Eligible Assaultive and Violent
29 Children within a reasonable period of time considered within the
30 context of the needs of the class members, the other needs of the State
31 and the resources available to the State.

32 (h) The General Assembly supports the efforts of the responsible officials and
33 agencies of the State to meet the requirements of the court order in Willie M., et al. v.
34 Hunt, et al. [Willie M., 3:79 CV 294-MU (Western District)]. To ensure that Willie M.
35 Class members are appropriately served, no State funds shall be expended on placement
36 and services for Willie M. Class members except:

37 (1) Funds specifically appropriated by the General Assembly for the
38 placement and services of Willie M. Class members; and

39 (2) Funds for placement and services for which Willie M. Class members
40 are otherwise eligible.

41 This limitation shall not preclude the use of unexpended Willie M. funds from prior fiscal
42 years to cover current or future needs of the Willie M. program subject to approval by the

1 Director of the Budget. These Willie M. expenditures shall not be subject to the
2 requirements of G.S. 143-18.

3 (i) Notwithstanding any other provision of law, if the Department of Human
4 Resources determines that a local program is not providing appropriate services to
5 members of the class identified in Willie M., et al. v. Hunt, et al., or Eligible Assaultive
6 and Violent Children the Department may ensure the provision of these services through
7 contracts with public or private agencies or by direct operation by the Department of such
8 programs.

9 (j) The Secretary of the Department of Human Resources shall adopt rules to
10 be followed in the provision of services for disabled, violent, and assaultive children who
11 have not reached their eighteenth birthday. These rules shall allow for the continuation
12 of services to any child the Secretary determines is being appropriately served until the
13 end of the fiscal year in which the child reaches the age of 18 or until six months after the
14 child reaches the age of 18, whichever period is longer.

15
16 THOMAS S.
17

18 Section 43. (a) Funds appropriated to the Department of Human Resources in this
19 act for the 1997-98 and the 1998-99 fiscal years for members of the Thomas S. Class as
20 identified in Thomas S., et al., vs. Bruton, [Thomas S., C-C-82-0418M (Western
21 District)], shall be expended only for programs serving Thomas S. Class members or for
22 services for those clients who are:

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

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

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

5 (1) Funds specifically appropriated by the General Assembly for the
6 placement and services of Thomas S. Class members; and

7 (2) Funds for placement and services for which Thomas S. Class members
8 are otherwise eligible.

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

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

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

20 (1) The number of Thomas S. clients confirmed as class members;

21 (2) The number of individuals identified as prospective class members;

22 (3) The number of class members or prospective class members added in
23 the preceding 12 months due to their admission to a State psychiatric
24 hospital;

25 (4) A description of the types of treatment services provided to class
26 members; and

27 (5) An analysis of the use of funds appropriated for the class.

28 (e) Notwithstanding any other provision of law, if the Department of Human
29 Resources determines that a local program is not providing minimally adequate services
30 to members of the class identified in Thomas S., et al., vs. Bruton, [Thomas S., C-C-82-
31 0418M (Western District)], or does not show a willingness to do so, the Department may
32 ensure the provision of these services through contracts with public or private agencies or
33 by direct operation by the Department of such programs.

34 35 MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

36
37 Section 44. Funds received by the Department of Human Resources from the
38 tax levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the
39 Department of Human Resources as prescribed by G.S. 18B-805(h). These funds shall be
40 allocated to the area mental health programs for substance abuse services based on need
41 and in accordance with an area program's annual Memorandum of Agreement.

42 43 CLINICAL SOCIAL WORKER EXEMPTION

1
2 Section 45. Section 8 of Chapter 732 of the 1991 Session Laws reads as
3 rewritten:

4 "Sec. 8. This act becomes effective January 1, 1992. G.S. 90B-10(b)(3)a. is repealed
5 effective January 1, ~~1997~~1999. The term of the additional Board position for clinical
6 social worker created by this act shall commence upon the expiration of the term of the
7 public member whose term expires first."
8

9 PHYSICIAN SERVICES

10
11 Section 46. With the approval of the Office of State Budget and Management,
12 the Department of Human Resources may use funds appropriated in this act for across-
13 the-board salary increases and performance pay to offset similar increases in the costs of
14 contracting with private and independent universities for the provision of physician
15 services to clients in facilities operated by the Division of Mental Health, Developmental
16 Disabilities, and Substance Abuse Services. This offsetting shall be done in the same
17 manner as is currently done with constituent institutions of The University of North
18 Carolina.

19 20 PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT

21
22 Section 47. To ensure uniformity in rates charged to area programs and funded
23 with State-allocated resources, the Division of Mental Health, Developmental
24 Disabilities, and Substance Abuse Services of the Department of Human Resources may
25 require a private agency that provides services under contract with two or more area
26 programs, except for hospital services that have an established Medicaid rate, to complete
27 an agency-wide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S.
28 122C-147.2. The resulting cost shall be the maximum included for the private agency in
29 the contracting area program's unit cost finding.

30 31 NONSUPPLANTING OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, 32 AND SUBSTANCE ABUSE FUNDS

33
34 Section 48. The Department of Human Resources shall ensure that counties do
35 not reduce county appropriations and expenditures for area mental health, developmental
36 disabilities, and substance abuse authorities because the authorities have received
37 additional State appropriations for services.
38

39 CLIENT SERVICES MONITORING

40
41 Section 49. The Department of Human Resources, Division of Mental Health,
42 Developmental Disabilities, and Substance Abuse Services, shall utilize a system of
43 monitoring and control for client services. This system shall ascertain whether services

1 are provided in a timely manner. Notwithstanding any other provisions of law, the
2 Division shall withhold area mental health agencies' administrative funds until services
3 are provided in a timely manner.
4

5 TRANSFERS OF CERTAIN FUNDS AUTHORIZED 6

7 Section 50. In order to assure maximum utilization of funds in county
8 departments of social services, county or district health agencies, and area mental health,
9 developmental disabilities and substance abuse authorities, the Director of the Budget is
10 authorized to transfer excess funds appropriated to a specific service, program, or fund
11 whether specified service in a block grant plan or General Fund appropriation, into
12 another service, program, or fund for local services within the budget of the respective
13 State agency.
14

15 LIABILITY INSURANCE 16

17 Section 51. The Department of Human Resources, the Secretary of the
18 Department of Environment, Health and Natural Resources, and the Department of
19 Correction may provide medical liability coverage not to exceed one million dollars
20 (\$1,000,000) on behalf of employees of the Departments licensed to practice medicine or
21 dentistry and on behalf of physicians in all residency training programs from The
22 University of North Carolina who are in training at institutions operated by the
23 Department of Human Resources. This coverage may include commercial insurance or
24 self-insurance and shall cover these individuals for their acts or omissions only while
25 they are engaged in providing medical and dental services pursuant to their State
26 employment or training.

27 The coverage provided under this section shall not cover any individual for any
28 act or omission that the individual knows or reasonably should know constitutes a
29 violation of the applicable criminal laws of any state or the United States, or that arises
30 out of any sexual, fraudulent, criminal or malicious act, or out of any act amounting to
31 willful or wanton negligence.

32 The coverage provided pursuant to this section shall not require any additional
33 appropriations and shall not apply to any individual providing contractual service to the
34 Department of Human Resources, the Department of Environment, Health, and Natural
35 Resources, or the Department of Correction, with the exception that coverage may
36 include physicians in all residency training programs from The University of North
37 Carolina who are in training at institutions operated by the Department of Human
38 Resources.
39

40 LIMITATION ON USE OF SPECIAL ALZHEIMER'S UNIT IN WILSON 41

1 Section 52. The Special Alzheimer's Unit established in Wilson by funds
2 appropriated in this act shall serve only those clients who cannot be served by any similar
3 private facility.

4
5 THOMAS S. LAWSUIT COMPLIANCE

6
7 Section 53. The Department of Justice and the Department of Human
8 Resources shall pursue all administrative and legal options necessary to enable the State
9 to resolve the Thomas S. Lawsuit in the most expeditious and cost-effective manner
10 possible and to seek elimination of the necessity for oversight by a special master.

11
12 MEDICAID

13
14 Section 54. (a) Funds appropriated in this Title for services provided in accordance
15 with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy
16 and the medically needy. Funds appropriated for these services shall be expended in
17 accordance with the following schedule of services and payment bases. All services and
18 payments are subject to the language at the end of this subsection.

19 Services and payment bases:

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

- 1 Payment of the professional services fee shall be made in accordance
2 with the plan adopted by the Department of Human Resources,
3 consistent with federal reimbursement regulations. The professional
4 services fee shall be five dollars and sixty cents (\$5.60) per prescription.
5 Adjustments to the professional services fee shall be established by the
6 General Assembly.
- 7 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
8 Nurse Midwife Services - Fee schedules as developed by the
9 Department of Human Resources. Payments for dental services are
10 subject to the provisions of subsection (g) of this section.
- 11 (7) Community Alternative Program, EPSDT Screens - Payment to be
12 made in accordance with rate schedule developed by the Department of
13 Human Resources.
- 14 (8) Home Health and Related Services, Private Duty Nursing, Clinic
15 Services, Prepaid Health Plans, Durable Medical Equipment - Payment
16 to be made according to reimbursement plans developed by the
17 Department of Human Resources.
- 18 (9) Medicare Buy-In - Social Security Administration premium.
- 19 (10) Ambulance Services - Uniform fee schedules as developed by the
20 Department of Human Resources.
- 21 (11) Hearing Aids - Actual cost plus a dispensing fee.
- 22 (12) Rural Health Clinic Services - Provider based - reasonable cost;
23 nonprovider based - single cost reimbursement rate per clinic visit.
- 24 (13) Family Planning - Negotiated rate for local health departments. For
25 other providers - see specific services, for instance, hospitals,
26 physicians.
- 27 (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as
28 developed by the Department of Human Resources.
- 29 (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale
30 cost of materials.
- 31 (16) Ambulatory Surgical Centers - Payment as prescribed in the
32 reimbursement plan established by the Department of Human
33 Resources.
- 34 (17) Medicare Crossover Claims - An amount up to the actual coinsurance or
35 deductible or both, in accordance with the Plan, as approved by the
36 Department of Human Resources.
- 37 (18) Physical Therapy and Speech Therapy - Services limited to EPSDT
38 eligible children. Payments are to be made only to qualified providers
39 at rates negotiated by the Department of Human Resources.
- 40 (19) Personal Care Services - Payment in accordance with Plan approved by
41 the Department of Human Resources.

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

31 Services and payment bases may be changed with the approval of the Director of the
32 Budget.

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

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

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

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

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

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

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

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

(e) 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:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 to \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

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

1 (h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through
2 G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security
3 Act) a prescription order for a drug designated by a trade or brand name shall be
4 considered to be an order for the drug by its established or generic name, except when the
5 prescriber personally indicates, either orally or in his own handwriting on the prescription
6 order, "dispense as written" or words of similar meaning. Generic drugs, when available
7 in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program
8 rather than trade or brand name drugs, subject to the prescriber's "dispense as written"
9 order as noted above.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (s) The Division of Medical Assistance, Department of Human Resources,
40 may administer Medicaid estate recovery mandated by the Omnibus Budget
41 Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5
42 using temporary rules pending approval of final rules promulgated pursuant to Chapter
43 150B of the General Statutes.

(t) The Department of Human Resources may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that such rules are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

NONMEDICAID REIMBURSEMENT

Section 55. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program. Hospitals that provide psychiatric inpatient care for Thomas S. Class members or adults with mental retardation and mental illness may be paid an additional incentive payment not to exceed fifteen percent (15%) of their regular daily per diem reimbursement.

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

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

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

<u>Family Size</u>	<u>Medical Eye Care Adults</u>	<u>All Rehabilitation</u>	<u>Other</u>
1	\$4,860	\$ 8,364	\$ 4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,824	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300.

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind and for adults in the 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 Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts, for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level. State financial participation in the Atypical Antipsychotic Medication Program for these enrollees who become gainfully employed is as follows:

<u>Income</u> (% of poverty)	<u>State Participation</u>	<u>Client Participation</u>
0-100%	100%	0%
101-120%	95%	5%
121-140%	85%	15%
141-160%	75%	25%
161-180%	65%	35%
181-200%	55%	45%
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.

REVIEW OF AUTOMATED COLLECTION AND TRACKING SYSTEM

Section 56. The Information Resource Management Commission shall conduct a quarterly review of the Automated Collection and Tracking System (ACTS) project being developed by the Department of Human Resources. The review shall include an analysis of the problems encountered and progress achieved, identify critical issues to be resolved, and estimate the final cost and date of completion. The review shall be submitted through the Office of the State Controller to the chairs of the House and Senate Appropriations committees, the chairs of the House and Senate Human Resources Appropriations subcommittees, the State Budget Director, and to the Director

1 of the Fiscal Research Division of the Legislative Services Office of the General
2 Assembly no later than the last day of each quarter.

3 4 ADULT CARE HOME REIMBURSEMENTS

5
6 Section 57. (a) The eligibility of Special Assistance recipients residing in adult care
7 homes on August 1, 1995, shall not be affected by an income reduction in the Special
8 Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology
9 Report and Related Services, providing these recipients are otherwise eligible. The
10 maximum monthly rate for these residents in adult care home facilities shall be nine
11 hundred seventy-five dollars (\$975.00) per month for ambulatory residents and one
12 thousand seventeen dollars (\$1,017) per month for semiambulatory residents.

13 (b) The State shall pay fifty percent (50%) and the county shall pay fifty percent
14 (50%) of the nonfederal costs of Medicaid services paid to adult care home facilities. As
15 Medicaid personal care requirements increase, the county matching share shall be capped
16 until it equals fifteen percent (15%) of the nonfederal Medicaid personal care
17 requirements.

18 (c) Effective July 1, 1997, the maximum monthly rate for residents in adult care
19 home facilities shall be eight hundred ninety-three dollars (\$893.00) per month per
20 resident

21 (d) Effective July 1, 1998, the maximum monthly rate for residents in adult care
22 home facilities shall be nine hundred fifteen dollars (\$915.00) per month per resident.

23 24 ADOPTION SUBSIDY

25
26 Section 58. The maximum rates for state participation in the adoption
27 assistance program are established on a graduated scale as follows:

- 28 (1) \$315.00 per child per month for children aged birth through 5;
29 (2) \$365.00 per child per month for children aged 6 through 12; and
30 (3) \$415.00 per child per month for children aged 13 through 18.

31 32 FOSTER CARE

33
34 Section 59. The maximum rates for State participation in the foster care
35 assistance program are established on a graduated scale as follows:

- 36 (1) \$315.00 per child per month for children aged birth through 5;
37 (2) \$365.00 per child per month for children aged 6 through 12; and
38 (3) \$415.00 per child per month for children aged 13 through 18.

39 Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.

40 41 CHILD SUPPORT RESERVE SHALL NOT REVERT

1 Section 60. (a) Any funds appropriated to the Reserve for Child Support Legislation
2 for the 1995-96 fiscal year but not expended as of June 30, 1997, shall not revert but shall
3 remain available for the 1997-98 fiscal year to implement the provisions contained in
4 Chapter 538 of the 1995 Session Laws.

5 (b) This section becomes effective June 30, 1996.
6

7 CLARIFICATION OF AUTHORIZED ADDITIONAL USE OF HIV FOSTER CARE 8 AND ADOPTIVE FAMILY FUNDS 9

10 Section 61. In addition to providing board payments to foster and adoptive
11 families of HIV-infected children as prescribed in Chapter 324 of the 1995 Session Laws,
12 any additional funds remaining that were appropriated in Chapter 324 of the 1995
13 Session Laws for this purpose shall be used as follows:

14 (1) To provide medical training in avoiding HIV transmission in the home;
15 and

16 (2) To transfer funds to the Department of Environment, Health, and
17 Natural Resources to create three social work positions within the
18 Department of Environment, Health, and Natural Resources, for the
19 eastern part of North Carolina to enable the case-managing of families
20 with HIV-infected children so that the children and the parents get
21 access to medical care and so that child protective services issues are
22 addressed rapidly and effectively. The three positions shall be
23 medically based and located:

24 a. One in the northeast, covering Northampton, Hertford, Halifax,
25 Gates, Chowan, Perquimans, Pasquotank, Camden, Currituck,
26 Bertie, Wilson, Edgecombe, and Nash Counties;

27 b. One in the central east, covering Martin, Pitt, Washington,
28 Tyrrell, Dare, Hyde, Beaufort, Jones, Greene, Craven, and
29 Pamlico Counties; and

30 c. One in the southeast, covering New Hanover, Robeson,
31 Brunswick, Carteret, Onslow, Lenoir, Pender, Duplin, Bladen,
32 and Columbus Counties.
33

34 EXTEND CABARRUS COUNTY WORK FIRST AND FOOD STAMP WORKFARE 35 PILOT PROGRAM 36

37 Section 62. Notwithstanding any law to the contrary, the Department of
38 Human Resources shall designate Cabarrus County as a pilot county for the purpose of
39 conducting a demonstration Workfare Program for certain WORK FIRST and Food
40 Stamp recipients. Immediately upon the ratification of this act, the Department shall seek
41 all federal waivers necessary to allow this demonstration program. To the extent that this
42 act or the program established pursuant to it conflicts with any State law, the program
43 supersedes that law.

1 (a) The Cabarrus County demonstration Workfare Program for certain WORK
2 FIRST and Food Stamp recipients shall:

3 (1) Provide job opportunities to all able-bodied WORK FIRST and Food
4 Stamp recipients who:

- 5 a. Are not eligible for the JOBS program;
6 b. Are between the ages of 18 and 64;
7 c. Are not caring for a child under one year of age;
8 d. Are working less than 30 hours per week; and
9 e. Are not full-time high school students or the equivalent;

10 (2) Create job opportunities in the public, the private, nonprofit, and the
11 private, for-profit sector, primarily in the human services areas by
12 allowing Cabarrus County to use grant diversions, consisting of the
13 WORK FIRST benefits and the cash value of Food Stamps that would
14 be paid to otherwise eligible recipients to match employer funds to
15 subsidize the employment of these recipients. Human service area jobs
16 will meet such socially necessary needs as day care work, nursing home
17 aide work, and in-home aide work;

18 (3) Allow wages paid to these recipients, which contain grant-diverted
19 funds, to be exempt from income for purposes of determining eligibility
20 for assistance;

21 (4) Structure payment of wages to these recipients such that they will be
22 considered income, in order to make recipients eligible for the federal
23 earned income tax credit;

24 (5) Create work experience opportunities in the private sector more
25 realistically to reflect the world of work;

26 (6) Require these recipients to participate in the development of an
27 opportunity contract, outlining the responsibilities of the recipient and
28 agency, as well as the incentives for compliance and the sanctions for
29 noncompliance;

30 (7) Require all these recipients who participate in the program to pursue and
31 accept employment, full or part time, subsidized or unsubsidized, as a
32 condition for continued eligibility for WORK FIRST and Food Stamp
33 assistance;

34 (8) Require job search training of all participants;

35 (9) Require monitored job search of all participants until employment is
36 found or until other work activities of up to 40 hours per week are in
37 place;

38 (10) Provide child care by allowing Cabarrus County to use grant
39 diversions, consisting of the Family Support Act child day care
40 subsidies that would be paid to otherwise eligible recipients, and
41 transportation as required;

42 (11) Create a positive work incentive by providing wage incentives to
43 participants who are in compliance with the program, equal to the

1 first thirty dollars (\$30.00) and one-third of the remainder of
2 monthly gross income for a period of up to two years;

3 (12) Provide enhanced Food Stamp benefits after participants are
4 employed and are in program compliance by using the thirty dollars
5 (\$30.00) and one-third of the remainder wage incentive as an income
6 exemption;

7 (13) Provide time-limited sanctions, or withholding of benefits for the
8 adult members of the household of all WORK FIRST and Food
9 Stamp benefits for noncompliance, beginning with the first sanction
10 period equal to the time necessary to come into compliance, second
11 sanction period – four months, third and subsequent sanctions –
12 eight months; and

13 (14) Provide automatic Medicaid coverage for children and pregnant
14 adults of sanctioned families by transferring the children
15 administratively to the Medicaid for Indigent Children (MIC)
16 Program and by transferring the pregnant adults administratively to
17 the Medicaid for Pregnant Women (MPW) Program.

18 (b) An adjunct program to the demonstration program prescribed in subsection (a)
19 of this section shall:

20 (1) Require WORK FIRST recipients who are mandated JOBS
21 participants to pursue and accept employment, full or part time,
22 subsidized or unsubsidized, as part of their job plan. The maximum
23 number of hours delegated to job activities, including employment,
24 shall be 40 hours per week. WORK FIRST recipients who are JOBS
25 eligible and who are caring for children under 5 years of age shall, in
26 this program, not be limited to 20 hours per week;

27 (2) Require WORK FIRST recipients who are potential JOBS
28 participants to engage in job search until either employment is found
29 or they become JOBS eligible; and

30 (3) Ensure that sanctions for noncompliance and provision of Medicaid
31 coverage shall be as provided in subdivisions (13) and (14) of
32 subsection (a) of this section.

33 (c) This act shall be funded by Cabarrus County using the grant diversions and
34 administrative transfers prescribed in Section 2 of this act, together with federal and State
35 administrative funding allocated to Cabarrus County for the public assistance and JOBS
36 programs.

37 (d) The Department of Human Resources shall evaluate the Cabarrus County
38 Demonstration Project and report to the General Assembly on or before May 1, 1998.

39 (e) This act becomes effective July 1, 1995, and shall expire on January 1,
40 1999.

41
42 SENIOR CENTER OUTREACH
43

1 Section 63. (a) Funds appropriated to the Department of Human Resources,
2 Division of Aging, for the 1997-99 fiscal biennium, shall be used by the Division of
3 Aging to enhance senior center programs as follows:

4 (1) To test "satellite" services provided by existing senior centers to
5 unserved or underserved areas; or

6 (2) To provide start-up funds for new senior centers.

7 All of these funds shall be allocated by October 1 of each fiscal year.

8 (b) Prior to funds being allocated pursuant to this section for start-up funds for a
9 new senior center, the county commissioners of the county in which the new center will
10 be located shall:

11 (1) Formally endorse the need for such a center;

12 (2) Formally agree on the sponsoring agency for the center; and

13 (3) Make a formal commitment to use local funds to support the
14 ongoing operation of the center.

15 (c) State funding shall not exceed ninety percent (90%) of reimbursable costs.
16

17 DAY CARE ALLOCATION FORMULA

18

19 Section 64. (a) To simplify current day care allocation methodology and more
20 equitably distribute State day care funds, the Department of Human Resources shall
21 apply the following allocation formula to all noncategorical federal and State day care
22 funds used to pay the costs of necessary day care for minor children of needy families:

23 (1) One-third of budgeted funds shall be distributed according to the
24 county's population in relation to the total population of the State;

25 (2) One-third of the budgeted funds shall be distributed according to the
26 number of children under 6 years of age in a county who are living
27 in families whose income is below the State poverty level in relation
28 to the total number of children under 6 in the State in families whose
29 income is below the poverty level; and

30 (3) One-third of budgeted funds shall be distributed according to the
31 number of working mothers with children under 6 years of age in a
32 county in relation to the total number of working mothers with
33 children under 6 in the State.

34 (b) A county's initial allocation shall not be less than that county's total
35 expenditures for child care in fiscal year 1995-96.
36

37 DAY CARE FUNDS MATCHING REQUIREMENT

38

39 Section 65. No local matching funds may be required by the Department of
40 Human Resources as a condition of any locality's receiving any State day care funds
41 appropriated by this act unless federal law requires such a match.
42

43 CHILD DAY CARE REVOLVING LOAN FUND

1
2 Section 66. Notwithstanding any law to the contrary, funds budgeted for the
3 Child Day Care Revolving Loan Fund may be transferred to and invested by the financial
4 institution contracted to operate the Fund. The principal and any income to the Fund may
5 be used to make loans, reduce loan interest to borrowers, serve as collateral for
6 borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's
7 cost of administering the program.
8

9 EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES
10 QUALITY ASSURANCE/ACCOUNTABILITY
11

12 Section 67. (a) The General Assembly finds, in consultation with the Governor, that
13 it is essential to continue developing comprehensive programs that provide high quality
14 early childhood education and development services locally for children and their
15 families. The General Assembly also finds that it is equally essential that these programs
16 be developed in a manner that will provide both quality assurance and performance-based
17 accountability to the children, their families, their communities, and the State.

18 (b) The Department of Human Resources shall develop and implement a
19 performance-based evaluation system to evaluate the Early Childhood Education and
20 Development Initiatives authorized by Part 10B of Article 3 of Chapter 143B of the
21 General Statutes, as enacted. The Department shall design this system:

- 22 (1) To incorporate the elements of a formative evaluation, including
23 process and efficiency studies, and of a summative evaluation,
24 including outcome and effectiveness studies, in order to:
25 a. Provide information to the Department and to the General
26 Assembly on how to improve and refine the Programs; and
27 b. Enable the Department and the General Assembly to assess the
28 overall quality and impact of the exiting Programs and any future
29 ones; and
30 (2) To focus the Programs, as they develop and continue, on quality
31 assurance, by making quality a central and ongoing priority and to
32 ensure that quality improvement efforts address outcomes, such as
33 functions and processes, rather than persons, specific details, or
34 paperwork;
35 (3) To use reliable statistical methods to measure performance of
36 processes, functions, efforts, and outcomes, which methods shall
37 allow adequate tracking of children and families through the
38 program and into the school system, in order to provide a real,
39 objective measure of the outcome of the Programs; and
40 (4) To provide a detailed fiscal analysis of the use to which State funds
41 for these Programs are put.
42

43 COMMUNITY-BASED ALTERNATIVES PARTICIPATION

1
2 Section 68. County governments participating in the Community-Based
3 Alternatives Program shall certify annually to the Division of Youth Services,
4 Department of Human Resources, that Community-Based Alternatives Aid to Counties
5 shall not be used to duplicate or supplant other programs within the county.
6

7 **DYS CONTINGENCY FOR OVER ENROLLMENT PERIODS IN STATE-**
8 **OPERATED DETENTION CENTERS**
9

10 Section 69. Notwithstanding the provisions of G.S. 143-23, the Department of
11 Human Resources, Division of Youth Services, with the approval of the Office of State
12 Budget and Management, may use whatever resources that are available to fund extra
13 direct care staff, teaching staff, and other direct care costs in a State-operated detention
14 center when its population exceeds one hundred twenty percent (120%) of its stated bed
15 capacity for 30 days or more. When the population of a State-operated detention center
16 falls below one hundred twenty percent (120%) of its capacity for more than a 30-day
17 period, the extra staffing shall be discontinued.
18

19 **OWNERSHIP, CUSTODY, OR CONTROL OF VEHICLES PURCHASED BY THE**
20 **DIVISION OF VOCATIONAL REHABILITATION SERVICES**
21

22 Section 70. The Division of Vocational Rehabilitation Services, Department of
23 Human Resources, may use funds made available to it to purchase vehicles to be used
24 primarily to transport clients being served pursuant to the Rehabilitation Act of 1973, 42
25 U.S.C. § 701, et seq., as amended. Notwithstanding the provisions of G.S. 143-
26 341(8)i.3., the Division of Vocational Rehabilitation Services shall not be required to
27 transfer ownership, custody, or control of any vehicle purchased pursuant to this section
28 to the Department of Administration.
29

30 **DHR EMPLOYEES/IN-KIND MATCH**
31

32 Section 71. Notwithstanding the limitation of G.S. 143B-139.4, the Secretary
33 of the Department of Human Resources may assign employees of the Office of Rural
34 Health and Resource Development to serve as in-kind match to nonprofit corporations
35 working to establish health care programs that will improve health care access while
36 controlling costs.
37

38 **PRIMARY CARE FUNDS**
39

40 Section 72. The Department of Human Resources may combine and allocate
41 funds appropriated for the Office of Rural Health and Resource Development for
42 recruitment and retention of primary care providers in medically underserved areas into
43 one Provider Incentive Fund. Funds in the Provider Incentive Fund may be allocated for

1 purposes of enhancing recruitment and retention of primary care providers in medically
2 underserved areas and for other purposes related to the enhancement of health services to
3 medically underserved communities.

4 5 MODIFIED WILDERNESS EDUCATION CAMP PROGRAM

6
7 Section 73. Of the three million thirty-six thousand three hundred fifty-two
8 dollars (\$3,036,352) appropriated in Chapter 324 of the 1995 Session Laws for two
9 additional Wilderness Camps approved by the 1993 General Assembly, Extra Session
10 1994, one million five hundred eighteen thousand one hundred seventy-six dollars
11 (\$1,518,176) shall be used to fund a Modified Wilderness Education Camp Program in
12 the Department of Human Resources that shall emphasize education for juveniles under
13 the age of 16 referred by the public schools. If the Modified Wilderness Education Camp
14 is discontinued, funds for this purpose shall be directed to operate a traditional
15 Wilderness Camp Program.

16 17 S.O.S. AND FAMILY RESOURCE CENTER GRANT PROGRAMS 18 ADMINISTRATIVE COST LIMITS

19
20 Section 74. (a) Of the funds appropriated to the Department of Human Resources in
21 this act, the Department may use up to a total of three hundred fifty thousand dollars
22 (\$350,000) each fiscal year of the 1997-99 biennium to administer the S.O.S. programs,
23 and to evaluate the local S.O.S. programs. The Department may contract with
24 appropriate public or nonprofit agencies to provide the technical assistance, including
25 training and related services.

26 (b) Of the funds appropriated in this act to the Department of Human Resources
27 for the Family Resource Center Grant Program, the Department may use up to two
28 hundred fifty thousand dollars (\$250,000) for each fiscal year of the 1997-99 biennium to
29 administer the Program.

30 31 CONSIDERATION OF PRIVATIZATION OF RICHMOND COUNTY BOUNDOVER 32 DETENTION FACILITY

33
34 Section 75. The Department of Human Resources may solicit bids to
35 determine whether privatization of the operation of the Richmond County Boundover
36 Unit, designed to serve a small but special population of juveniles being held for trial in
37 superior court as adults, would result in savings to the State. If the Department considers
38 that it is in the best interest of the State to do so, the Department may proceed with the
39 privatization.

40 If the Department does proceed with the privatization, the Department shall
41 request that the contractor give priority employment opportunity to the State employees
42 in the current filled 15 positions scheduled to be reassigned to the Richmond County
43 Boundover Unit from the Pitt Detention Center.

1
2 FOOD STAMP ELECTRONIC BENEFITS TRANSFER FUNDS SPECIFICATION
3

4 Section 76. Funds appropriated to the Controller's Office, Department of
5 Human Resources, for the Food Stamp Electronic Benefits Transfer Program (EBT) shall
6 remain in the Controller's Office and shall not be transferred to any other office or
7 division within the Department.

8 The Controller's Office, Department of Human Resources, may proceed with
9 statewide implementation of the Food Stamp EBT Program.
10

11 IN-HOME AIDE FUNDS
12

13 Section 77. Of the funds appropriated to the Division of Aging, Department of
14 Human Resources, in this act, the sum of two million six hundred forty-one thousand six
15 hundred ninety-five dollars (\$2,641,695) for the 1997-98 fiscal year and the sum of five
16 million two hundred eighty-three thousand three hundred ninety dollars (\$5,283,390) for
17 the 1998-99 fiscal year shall be allocated via the Home and Community Care Block
18 Grant for home and community care services for older persons who are not eligible for
19 Medicaid and who are on the waiting list for these services. Service recipients shall pay
20 for services based on their income in accordance with G.S. 143B-181.1(a)(10).
21

22 CHILD DAY CARE SUBSIDIES
23

24 Section 78. (a) The maximum gross annual income for initial eligibility, adjusted
25 biennially, for subsidized child care services shall be seventy-five percent (75%) of the
26 State median income, adjusted for family size.

27 (b) Parents who receive child care subsidy to work, look for work, attend work-
28 related training or education activities, or meet the special developmental needs of their
29 child, shall share in the cost of child care. No fees shall be charged to the client when
30 child day care services are provided to the individuals in the following circumstances:

31 (1) When children are receiving day care services in conjunction with
32 protective services as described in 10 NCAC35E.0106, up to a
33 maximum of 12 months from the time protective services are
34 initiated;

35 (2) When day care services are provided as a support to a child
36 receiving Child Welfare Services as described in the North Carolina
37 Division of Social Services Family Services Manual, Volume 1,
38 Chapter II; or

39 (3) When a child with no income is living with someone other than the
40 child's biological or adoptive parent or is living with someone who
41 does not have court-ordered responsibility.

42 (c) Fees shall be established based on a percent of gross family income and
43 adjusted for family size. Fees shall be determined as follows:

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FAMILY SIZE PERCENT OF GROSS FAMILY INCOME

- 1 - 3 9%
4 - 5 8%
6 or more 7%

Local departments of social services shall apply this new fee schedule to recipients at the next eligibility review on or after the effective date of this section.

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

(1) For day care facilities, as defined in G.S. 110-86(3), in which fewer than fifty percent (50%) of the enrollees are subsidized by State or federal funds, the State shall continue to pay the same fee paid by private paying parents for a child in the same age group in the same facility.

(2) The monthly schedule of payments for the purchase of child day care services for low-income children from providers who have fifty percent (50%) or more children receiving child care subsidized with State or federal funds include:

a. Provision of payment rates for child care that are tied to the providers regulatory status as follows:

1. Registered homes and "A"licensed centers receive the market rate or the rate they charge their private paying parents, whichever is lower;
2. "AA"licensed centers receive one hundred ten percent (110%) of the market rate or the rate they charge private paying parents, whichever is lower; and
3. Unregistered providers receive fifty percent (50%) of the market rate or the rate they charge their private paying parents, whichever is lower.

b. Provision of payment rates for child care providers in counties who do not have at least 75 children in each age group for center-based and home-based care as follows:

1. Payment rates shall be set at the statewide market rate for registered homes and "A"licensed centers.
2. If it can be demonstrated that the application of the statewide market rate to a county with fewer than 75 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

(e) Payment rates described in subdivision (d)(2) of this section shall be applied to all licensed child care centers, including Head Start Wrap Around, that have

1 fifty percent (50%) or more of enrolled children receiving child care subsidies, and to
2 registered family child care homes and unregulated providers that enroll subsidized
3 children.

4 (f) A market rate shall be calculated for facilities and homes for each county
5 and for each age group or age category of enrollees and shall be representative of fees
6 charged to private paying parents for each age group of enrollees within the county. The
7 Division shall also calculate a statewide market rate for each age category. The Division
8 may also calculate regional market rates for each age group and age category.

9 (g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General
10 Statutes may participate in the program that provides for the purchase of care in day care
11 facilities for minor children of needy families. No separate licensing requirements shall
12 be used to select facilities to participate. In addition, day care facilities shall be required
13 to meet any additional applicable requirements of federal law or regulations.

14 Day care homes as defined in G.S. 110-86(4) from which the State purchases
15 day care services shall meet the standards established by the Child Day Care Commission
16 pursuant to G.S. 110-101 and G.S. 110-105.1 and any additional requirements of State
17 law or federal law or regulations. Child care arrangements exempt from State regulation
18 pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements
19 established by other State law(s) and by the Social Services Commission.

20 County Departments of social services or other local contracting agencies shall
21 not use a provider's failure to comply with requirements in addition to those specified in
22 this subsection as a condition for reducing the provider's subsidized child day care rate.

23 SALARIES, FEES, AND ALLOWANCES

24
25
26 Section 79. Notwithstanding G.S. 138-5(a)(1), those members of the North
27 Carolina Vocational Rehabilitation Advisory Council, the Statewide Independent Living
28 Council, and the Commission for the Blind, who are unemployed or who must forfeit
29 wages from other employment to attend council or commission meetings or to perform
30 related duties, may receive compensation not to exceed fifty dollars (\$50.00) a day for
31 attending these meetings or for performing related duties, as authorized in Sections 105
32 and 705 of P. L. 102-569, the Rehabilitation Act of 1973, 42 U.S.C. § 701, et seq., as
33 amended. This compensation is instead of the compensation specified in G.S. 138-
34 5(a)(1). Reimbursement for subsistence and travel expenses is as specified in G.S. 138-5.
35

36 ADULT CARE HOME STAFFING REQUIREMENTS

37
38 Section 80. (a) Funds in the amount of one million three hundred thousand dollars
39 (\$1,300,000) are appropriated for the 1997-98 fiscal year and two million six hundred
40 thousand dollars (\$2,600,000) in the 1998-99 fiscal year to allow the Department of
41 Human Resources to make staffing grants effective January 1, 1998, to those Adult Care
42 Homes licensed under Chapter 131D of the General Statutes or Combination Homes
43 licensed under Chapter 131E of the General Statutes that are required to add staff on the

1 night shift to increase the staffing ratio from 1:50 to 1:30 through an equivalency formula
2 developed by the Department. These State funds shall pay fifty percent (50%), and the
3 counties shall pay fifty percent (50%) of the staffing grants. Eligibility for these grants
4 will be determined by the Department using criteria including licensed capacity as of
5 May 1, 1997, occupancy rate and percentage of residents receiving State/County Special
6 Assistance. Adult Care Homes or Combination Homes that receive these grants will be
7 required to document that these funds were expended for additional staff to meet the new
8 staff ratio, and any funds not expended for this purpose shall be refunded. The
9 Department will study the options available to incorporate these staffing grants into the
10 existing payment methodology for State and County Special Assistance and report back
11 to the General Assembly by March 1, 1999. These staffing grants will continue until
12 such time as the General Assembly has acted on the report.

13 (b) Effective January 1, 1998, G.S. 131D-4.3(a) reads as rewritten:

14 "(a) Pursuant to G.S. 143B-153, the Social Services Commission shall adopt rules
15 to ensure at a minimum, but shall not be limited to, the provision of the following by
16 adult care homes:

17 (1) Client assessment and independent case management;

18 (2) A minimum of 75 hours of training for personal care aides performing
19 heavy care tasks and a minimum of 40 hours of training for all personal
20 care aides. The training for aides providing heavy care tasks shall be
21 comparable to State-approved Certified Nurse Aide I training. For those
22 aides meeting the 40-hour requirement, at least 20 hours shall be
23 classroom training to include at a minimum:

- 24 a. Basic nursing skills;
- 25 b. Personal care skills;
- 26 c. Cognitive, behavioral, and social care;
- 27 d. Basic restorative services; and
- 28 e. Residents' rights.

29 A minimum of 20 hours of training shall be provided for aides in family
30 care homes that do not have heavy care residents. Persons who either
31 pass a competency examination developed by the Department of Human
32 Resources, have been employed as personal care aides for a period of
33 time as established by the Department, or meet minimum requirements
34 of a combination of training, testing, and experience as established by
35 the Department shall be exempt from the training requirements of this
36 subdivision;

37 (3) Monitoring and supervision of residents; ~~and~~

38 (4) Oversight and quality of care as stated in G.S. ~~131D-4.1~~ 131D-4.1; and

39 (5) At least one aide shall be on duty for every 30 residents during the third
40 (night) shift."

41
42 CHILD PROTECTIVE SERVICES
43

1 Section 81. (a) The funds appropriated in this act to the Department of Human
2 Resources, Division of Social Services, for the 1997-99 biennium for Child Protective
3 Services shall be allocated to county departments of social services based upon a formula
4 which takes into consideration the number of Child Protective Services cases in the
5 county and the number of Child Protective Services workers necessary to meet
6 recommended standards adopted by the North Carolina Association of County Directors
7 of Social Services.

8 (b) Funds allocated under subsection (a) of this section shall be used by county
9 departments for carrying out investigations of reports of child abuse or neglect or for
10 providing protective or preventive services in which the department confirms abuse,
11 neglect, or dependency.

12 (c) The Division of Social Services, Department of Human Resources, shall
13 establish criteria and guidelines to ensure that the allocations to county departments of
14 social services are used in accordance with this section and that available Federal
15 Emergency Assistance funds for Child Protective Services are maximized.

16 (d) As long as federal Emergency Assistance funds are available, counties shall
17 use these federal funds, State Child Protective Services appropriations, and county funds
18 to provide Child Protective Services.

19 20 ADOLESCENT PARENTING PROGRAM EXPANSION

21
22 Section 82. (a) Funds appropriated in this act to the Department of Human
23 Resources, Division of Social Services, shall be used to expand State appropriations to
24 the existing 26 Adolescent Parenting Programs and to add 37 new programs during the
25 1997-99 biennium. The Division of Social Services shall select the agencies to provide
26 the new programs based upon proposals submitted.

27 (b) Funds allocated in this act shall be used for (i) start-up costs and operation of
28 the new programs; (ii) a State program consultant, a consultant/trainer, and a clerk-typist
29 to provide State level support for the program; and (iii) biennial evaluation of the
30 Adolescent Parenting Program.

31 (c) Funds appropriated in this act shall be used to draw down available Medicaid
32 funds for this purpose.

33 34 FIRE PROTECTION REVOLVING LOAN FUND

35
36 Section 83. Of the funds appropriated to the Department of Human Resources
37 in this act, the sum of one million dollars (\$1,000,000) shall be transferred to the North
38 Carolina Housing Finance Agency to fund the Fire Protection Fund.

39 40 MEDICAL DATA PROCESSING FUNDS

41
42 Section 84. The sum of one hundred fifty thousand dollars (\$150,000) for the
43 1997-98 and 1998-99 fiscal years is transferred from the Insurance Regulatory Fund

1 established pursuant to G.S. 58-6-25 to the Division of Facility Services, Department of
2 Human Resources, to certify statewide data processors pursuant to Article 11A of
3 Chapter 131E of the General Statutes, to purchase data from statewide data processors,
4 and to process and analyze the data.

6 **PART XIII. DEPARTMENT OF AGRICULTURE**

8 **AUTHORIZE THE AGRICULTURAL FINANCE AUTHORITY TO USE THE** 9 **INTEREST FROM THE RESERVE FOR FARM LOANS FOR ADMINISTRATIVE** 10 **EXPENSES**

11
12 Section 85. Funds in the Reserve for Farm Loans shall be used for the
13 purposes set out in Chapter 122D of the General Statutes, but shall not be used for the
14 administration of that Chapter. Interest on funds in the Reserve for Farm Loans and
15 interest from agricultural loans, as defined in G.S. 122D-3, may be used for any of the
16 purposes set out in Chapter 122D of the General Statutes and for the administration of
17 that Chapter.

19 **TIMBER SALES FOR MAINTENANCE OF STATE FARMS FORESTLAND**

20
21 Section 86. The Department of Agriculture is authorized to expend up to one
22 hundred thousand dollars (\$100,000) each year for forestry management from funds
23 received from the sale of timber that are deposited with the State Treasurer in a capital
24 improvement account pursuant to G.S. 146-30. The Director of the Budget is authorized
25 to transfer up to one hundred thousand dollars (\$100,000) from the capital improvement
26 account to the Reserve for Forestry Management in the Department of Agriculture's
27 operating budget and to prepare succeeding continuation budget documents to include
28 one hundred thousand dollars (\$100,000) in the Reserve for Forestry Management.

30 **MOUNTAIN STATE FAIR TO BECOME ENTERPRISE FUND**

31
32 Section 87. The activities of the Western North Carolina Agricultural Center
33 and the Mountain State Fair shall be combined and operated in an enterprise fund.
34 Current appropriated support to the Western North Carolina Agricultural Center shall be
35 transferred on a quarterly basis with the anticipation that appropriated support will only
36 be necessary until the combined operation develops sufficient revenue and operating
37 reserves to become totally self-supporting.

39 **PART XIV. DEPARTMENT OF COMMERCE**

41 **COUNCILS OF GOVERNMENT FUNDS**

1 Section 88. (a) Of the funds appropriated in this act to the Department of
2 Commerce, eight hundred sixty-four thousand two hundred seventy dollars (\$864,270)
3 for the 1997-98 fiscal year and eight hundred sixty-four thousand two hundred seventy
4 dollars (\$864,270) for the 1998-99 fiscal year shall only be used as provided by this
5 section. Each regional council of government or lead regional organization is allocated
6 up to forty-eight thousand fifteen dollars (\$48,015) each fiscal year, with the actual
7 amount calculated as provided in subsection (b) of this section.

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

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

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

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

28 29 WORKER TRAINING TRUST FUND 30

31 Section 89. (a) There is appropriated from the Worker Training Trust Fund to the
32 Employment Security Commission of North Carolina the sum of six million sixty-four
33 thousand nine hundred sixty-four dollars (\$6,064,964) for the 1997-98 fiscal year and the
34 sum of six million sixty-four thousand nine hundred forty-six dollars (\$6,064,964) in the
35 1998-99 fiscal year for the operation of local offices and the Common Follow-up tracking
36 system. An additional one hundred forty-five thousand dollars (\$145,000) is
37 appropriated for the 1997-98 fiscal year and one hundred forty-five thousand dollars
38 (\$145,000) for the 1998-99 fiscal year to the Employment Security Commission of North
39 Carolina for the Common Follow-up tracking system.

40 (b) Notwithstanding G.S. 96-5(c), there is appropriated from the Special
41 Employment Security Administration Fund to the Employment Security Commission of
42 North Carolina the sum of two million dollars (\$2,000,000) for the 1997-98 fiscal year
43 and the sum of two million dollars (\$2,000,000) for the 1998-99 fiscal year for

1 administration of the Veterans Employment Program, Employment Services Program,
2 and Unemployment Insurance Program.

3 (c) Supplemental federal funds or other additional funds received by the
4 Employment Security Commission for similar purposes shall be expended prior to the
5 expenditure of funds appropriated by this section.

6 (d) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the
7 Worker Training Trust Fund to the following agencies the following sums for the 1997-
8 98 and the 1998-99 fiscal years for the following purposes:

9 (1) Two million four hundred thousand dollars (\$2,400,000) for the 1997-
10 98 fiscal year and two million four hundred thousand dollars
11 (\$2,400,000) for the 1998-99 fiscal year to the Department of
12 Commerce, Division of Employment and Training, for the Employment
13 and Training Grant Program.

14 (2) One million dollars (\$1,000,000) for the 1997-98 fiscal year and one
15 million (\$1,000,000) for the 1998-99 fiscal year to the North Carolina
16 Department of Labor for customized training of the unemployed and the
17 working poor for specific jobs needed by employers through the
18 Department's Pre-Apprentice Division.

19 (3) One million five hundred twenty-eight thousand sixty-seven dollars
20 (\$1,528,067) for the 1997-98 fiscal year and one million five hundred
21 twenty-eight thousand sixty-seven dollars (\$1,528,067) for the 1998-99
22 fiscal year to the North Carolina Department of Human Resources to
23 assist welfare recipients in gaining employment through the federally
24 funded Job Opportunities and Basic Skills Program in such a way as to
25 gain the maximum match of federal funds for the State dollars
26 appropriated.

27 (4) One million seven hundred forty-six thousand dollars (\$1,746,000) for
28 the fiscal year 1997-98 and one million seven hundred forty-six
29 thousand dollars (\$1,746,000) for 1998-99 to the North Carolina
30 Department of Community Colleges to continue the Focused Industrial
31 Training Program.

32 (5) Three hundred thousand dollars (\$300,000) for the fiscal year 1997-98
33 and three hundred thousand dollars (\$300,000 for the fiscal year 1998-
34 99 to the North Carolina Department of Community Colleges for the
35 N.C. Real Enterprises Program.

36 37 PETROLEUM OVERCHARGE FUNDS ALLOCATION

38
39 Section 90. (a) The funds and interest thereon received from the case of the United
40 States vs. Exxon are deposited in the Special Reserve for Oil Overcharge Funds. There is
41 appropriated from the Special Reserve to the Department of Commerce the sum of one
42 million six hundred fifty thousand dollars (\$1,650,000) for the 1997-98 fiscal year and

1 the sum of one million two hundred thousand dollars (\$1,200,000) for the 1998-99 fiscal
2 year to be used for projects under the State Energy Plan.

3 (b) There is appropriated from funds and interest thereon received from the United
4 States Department of Energy's Stripper Well Litigation (MDL378) which remain in the
5 Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of
6 one million dollars (\$1,000,000) for the 1997-98 fiscal year and the sum of one million
7 eight hundred thousand dollars (\$1,800,000) for the 1998-99 fiscal year to be allocated
8 for the Low Income Weatherization Program.

9 (c) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the
10 allocations made pursuant to subsections (a) and (b) of this section may be expended only
11 as authorized by the General Assembly. All interest or income accruing from all deposits
12 or investments of cash balances shall be credited to the Special Reserve for Oil
13 Overcharge Funds.

14 (d) The funds and interest thereon received from the Diamond Shamrock
15 Settlement which remain in a reserve in the Office of State Budget and Management for
16 the Department of Commerce to administer the petroleum overcharge funds pursuant to
17 Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the
18 Department of Commerce on an as-needed basis.

19 (e) The Department of Commerce shall submit comprehensive annual reports
20 to the General Assembly by May 15, 1998, and January 31, 1999, which detail the use of
21 all Petroleum Overcharge Funds. Any State department or agency that has received
22 petroleum overcharge funds shall provide all information requested by the Department of
23 Commerce for the purpose of preparing these reports.

24 25 UTILITIES REGULATORY FEE

26
27 Section 91. The percentage rate for the Utilities Regulatory Fee under G.S. 62-
28 302(b)(2) shall be reduced to one-ninth of one percent (0.09%) effective July 1, 1997.

29 30 PETROLEUM OVERCHARGE ATTORNEYS' FEES

31
32 Section 92. (a) Unless prohibited by federal law, rule, or regulation or preexisting
33 settlement agreement, no later than October 1, 1989, the North Carolina Attorney General
34 shall direct the withdrawal of all funds received in the cases of United States v. Exxon
35 and Stripper Well that are held in accounts or reserves located out-of-state for payment of
36 attorneys' fees and reasonable expenses incurred in connection with oil overcharge
37 litigation authorized by the Attorney General. The Attorney General shall deposit these
38 funds, and all funds to be received from petroleum overcharge funds in the future for
39 attorneys' fees and reasonable expenses, into the Special Reserve for Oil Overcharge
40 Funds.

41 (b) All attorneys' fees and reasonable expenses incurred in connection with oil
42 overcharge litigation shall be paid by the State Treasurer from petroleum overcharge

1 funds that have been received by this State and deposited into the Special Reserve for Oil
2 Overcharge Funds.

3 (c) Notwithstanding any other provision of law, the Attorney General may
4 authorize the payment of attorneys' fees and reasonable expenses from the Special
5 Reserve for Oil Overcharge Funds without further action of the General Assembly, and
6 funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the
7 1997-98 fiscal year and for the 1998-99 fiscal year for that purpose.

8

9 INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH

10

11 Section 93. Local governments requesting financial assistance from the
12 Industrial Development Fund shall demonstrate to the satisfaction of the Department that
13 it would be an economic hardship for the local government to match State assistance
14 from the Fund with local funds. The Department shall develop guidelines for
15 determining hardship.

16

17 INDUSTRIAL RECRUITMENT COMPETITIVE FUND

18

19 Section 94. Of the funds appropriated in this act to the Department of
20 Commerce, the sum of one million dollars (\$1,000,000) for the 1997-98 fiscal year shall
21 be used to continue within the Department of Commerce the Industrial Recruitment
22 Competitive Fund. The purpose of the Fund is to provide financial assistance to those
23 businesses or industries deemed by the Governor to be vital to a healthy and growing
24 State economy and that are making significant efforts to establish or expand in North
25 Carolina. Monies allocated from the Fund shall be used for the following purposes:

26

(1) Installation or purchase of equipment;

27

(2) Structural repairs, improvements, or renovations of existing buildings to
be used for expansion; and

28

29

(3) Construction of or improvements to new or existing water, sewer, gas or
electric utility distribution lines or equipment for existing buildings.

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PART XV. DEPARTMENT OF LABOR

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OSHA POSITIONS

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Section 95. (a) The Department of Labor may use funds appropriated to the
Department of Labor for the Occupational Safety and Health Act of North Carolina
(OSHANC) program to fully fund enforcement personnel in the Compliance Bureau of

1 the OSHANC program, provided the Department of Labor certifies to the Office of State
2 Budget and Management that no federal match is available for the 1997-98 fiscal year
3 and for the 1998-99 fiscal year.

4 (b) If federal Occupational Safety and Health Administration funds are granted to
5 match all or part of the funds for enforcement positions and support that are one hundred
6 percent (100%) State-funded, then State funds equivalent to the federal match shall revert
7 to the General Fund at the end of the fiscal year for which the federal match was
8 received.

10 **PART XVI. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL** 11 **RESOURCES**

13 IMMUNIZATION PROGRAM FUNDING

15 Section 96. (a) Of the funds appropriated to the Department of Environment,
16 Health, and Natural Resources for the 1997-99 fiscal biennium for childhood
17 immunization programs for positions, operating support, equipment, and
18 pharmaceuticals, the sum of up to one million dollars (\$1,000,000) each fiscal year may
19 be used for projects and activities that are also designed to increase childhood
20 immunization rates in North Carolina. These projects and activities shall include the
21 following:

22 (1) Outreach efforts at the State and local levels to improve service delivery
23 of vaccines. Outreach efforts may include educational seminars, media
24 advertising, support services to parents to enable children to be
25 transported to clinics, longer operating hours for clinics, and mobile
26 vaccine units; and

27 (2) Continued development of an automated immunization registry.

28 (b) Funds authorized to be used for immunization efforts under subsection (a) of
29 this section shall not be used to fund additional State positions in the Department of
30 Environment, Health, and Natural Resources.

32 FUNDS FOR VOLUNTARY REMEDIAL ACTIONS

34 Section 97. (a) During the 1997-99 fiscal biennium, the Secretary of the Department
35 of Environment, Health, and Natural Resources may contribute from the Inactive
36 Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to
37 exceed fifty thousand dollars (\$50,000) per site, of implementing a voluntary remedial
38 action program at up to three high priority sites that substantially endanger public health
39 or the environment.

40 (b) No later than April 1 of each year of the 1997-99 fiscal biennium, the
41 Department of Environment, Health, and Natural Resources shall report to the General
42 Assembly. Each report shall contain the location of the sites for which a voluntary
43 remedial action program was implemented under subsection (a) of this section, the

1 rationale for the State contributing to the cost of that remedial action, and the amount of
2 the contribution made from the Inactive Hazardous Sites Cleanup Fund.

3
4 **SUPERFUND PROGRAM FUNDS**

5
6 Section 98. The Department of Environment, Health, and Natural Resources
7 may use available funds, with the approval of the Office of State Budget and
8 Management, in order to provide the ten percent (10%) cost share required for Superfund
9 cleanups on the National Priority List sites. These funds may be in addition to those
10 appropriated for this purpose.

11
12 **LIABILITY INSURANCE PREMIUMS**

13
14 Section 99. The Department of Environment, Health, and Natural Resources
15 may use funds available from lapsed salaries to pay premiums for liability coverage for
16 medical personnel as authorized in this act.

17
18 **WASTE REDUCTION ASSISTANCE TO SMALL BUSINESSES WITH NEED**

19
20 Section 100. The Office of Waste Reduction shall, to the extent feasible, give
21 greatest priority to small businesses that can demonstrate financial need when the Office
22 of Waste Reduction awards grants or otherwise provides technical or financial assistance.

23
24 **COMMUNICABLE DISEASE CONTROL AID TO COUNTIES FLEXIBILITY**

25
26 Section 101. (a) For the 1997-98 and 1998-99 fiscal years, the Department of
27 Environment, Health, and Natural Resources may combine and allocate funds
28 appropriated for Aid to Counties in the Acute Communicable Disease Control Fund, the
29 Tuberculosis Control Fund, and the Sexually Transmitted Disease Control Fund into one
30 Acute Communicable Disease Control Aid to Counties Grant. Communicable Disease
31 Aid to Counties funding to local health departments and other authorized recipients will
32 be based on a general communicable disease formula to be developed by the Department
33 of Environment, Health, and Natural Resources.

34 (b) The Department of Environment, Health, and Natural Resources, in
35 conjunction with local health departments, will maintain a system to monitor and identify
36 Aid to Counties communicable disease expenditures by each communicable disease
37 group. The Department shall report to the Joint Legislative Commission on
38 Governmental Operations not later than October 1, 1997, and annually thereafter, on Aid
39 to Counties expenditures by county for each communicable disease group and the
40 purpose of the expenditures for the fiscal year. The report shall also include an
41 evaluation of the effectiveness of combining Aid to Counties funding into one grant fund
42 and the effectiveness of the formula used to allocate funds.

1 PUBLIC HEALTH NUTRITION INTERN PROGRAM

2
3 Section 102. Of the funds appropriated to the Department of Environment,
4 Health, and Natural Resources for the Special Supplemental Food Program for Women,
5 Infants, and Children (WIC), the sum of up to one hundred seventy thousand dollars
6 (\$170,000) for the 1997-98 fiscal year and the sum of up to one hundred seventy
7 thousand dollars (\$170,000) for the 1998-99 fiscal year may be used for the purpose of
8 establishing and maintaining a Public Health Nutritionist Internship Program.

9
10 GRASSROOTS SCIENCE PROGRAM

11
12 Section 103. Of the funds appropriated in this act to the Department of
13 Environment, Health, and Natural Resources for the Grassroots Science Program, the
14 sum of five hundred thousand dollars (\$500,000) for fiscal year 1997-98 and the sum of
15 five hundred thousand dollars (\$500,000) for fiscal year 1998-99 are allocated as grants-
16 in-aid for each fiscal year as follows:

	<u>1997-98</u>	<u>1998-99</u>
19 Catawba Science Center	\$50,000	\$50,000
20 Discovery Place	\$50,000	\$50,000
21 Imagination Station	\$50,000	\$50,000
22 North Carolina Museum of Life 23 and Science	\$50,000	\$50,000
24 Rocky Mount Children's Museum	\$50,000	\$50,000
25 Schiele Museum of Natural History	\$50,000	\$50,000
26 Sci Works Science Center 27 and Environmental Park of 28 Forsyth County	\$50,000	\$50,000
29 Natural Science Center of Greensboro	\$50,000	\$50,000
30 Western North Carolina Nature Center	\$15,000	\$15,000
31 The Health Adventure Museum of Pack Place 32 Education, Arts and Science Center, Inc.	\$35,000	\$35,000
33 Cape Fear Museum	\$50,000	\$50,000

34
35 **PART XVII. DEPARTMENT OF CULTURAL RESOURCES**36
37 DEPARTMENT OF CULTURAL RESOURCES RETAIN HISTORICAL
38 PUBLICATIONS RECEIPTS

39
40 Section 104. The Historical Publications Section, Division of Archives and
41 History, Department of Cultural Resources, may retain the receipts, including
42 overrealized receipts, from the sale of its publications. The receipts from the sale of
43 those publications retained by the Historical Publications Section, Division of Archives

1 and History, Department of Cultural Resources, shall not revert, but shall be used to
2 reprint the publications.

3 4 **PART XVIII. OFFICE OF THE STATE CONTROLLER**

5 6 RESERVE FOR THE YEAR 2000 CONVERSION OF THE STATE'S COMPUTER 7 SYSTEM

8
9 Section 105. The Office of the State Controller shall include in its charges for
10 data processing services costs of converting computer applications to operate properly at
11 the turn of the century. The Office of the State Controller shall develop procedures for
12 managing the year 2000 conversion.

13 14 **PART XIX. DEPARTMENT OF CORRECTION**

15 16 REIMBURSE COUNTIES FOR EXTRAORDINARY MEDICAL COSTS FOR 17 INMATES AWAITING TRANSFER TO STATE PRISON SYSTEM

18
19 Section 106. G.S. 148-29 reads as rewritten:

20 "**§ 148-29. Transportation of convicts to prison; reimbursement to counties;**
21 **sheriff's expense affidavit.**

22 The sheriff having in charge any prisoner to be taken to the State prison system shall
23 send the prisoner to the custody of the Department of Correction within five days after
24 sentencing and the disposal of all pending charges against the prisoner, if no appeal has
25 been taken. Beginning on the sixth day after sentencing and disposal of all pending
26 charges against the prisoner and continuing through the day the prisoner is received by
27 the Division of Prisons, the Department of Correction shall pay the ~~county-county~~:

28 (1) ~~a~~-A standard sum set by the General Assembly in its appropriations acts
29 for the cost of providing food, clothing, personal items, supervision, and
30 necessary ordinary medical services to the prisoner awaiting transfer to
31 the State prison ~~system-system~~; and

32 (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by
33 prisoners awaiting transfer to the State prison system.

34 The sheriff shall file with the board of commissioners of his county a copy of his
35 affidavit as to necessary guard, together with a copy of his itemized account of expenses,
36 both certified to by him as true copies of those on file in his office. This provision is
37 effective on July 1, 1997."

38 39 REIMBURSEMENT TO COUNTIES FOR HOUSING AND EXTRAORDINARY 40 MEDICAL COSTS OF INMATES AWAITING TRANSFER TO STATE PRISON 41 SYSTEM

1 Section 107. (a) Of the funds appropriated to the Department of Correction for the
2 1997-98 and 1998-99 fiscal years, the Department may use up to fourteen million six
3 hundred thousand dollars (\$14,600,000) each fiscal year to pay the sum of forty dollars
4 (\$40.00) per day for the cost of housing for inmates convicted and awaiting transfer to the
5 State prison system, as provided in G.S. 148-29.

6 (b) The Department may also use these funds to pay the sum of forty dollars
7 (\$40.00) per day to the counties for the cost of providing food, clothing, personal items,
8 supervision, and necessary ordinary medical services to parolees or post-release
9 supervisees awaiting transfer to the State prison system beginning on the sixth day after
10 preliminary hearings held pursuant to G.S. 15A-1368.6(b) and G.S. 15A-1376(b).

11 (c) The Department may use these funds to pay for extraordinary medical costs as
12 defined in G.S. 148-32.1(a) incurred by prisoners, parolees, and post-release supervisees
13 awaiting transfer to the State prison system.

14 (d) This provision is effective on July 1, 1997.

15 16 EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED

17
18 Section 108. (a) Inpatient chemical dependency or substance abuse facilities that
19 provide services exclusively to inmates of the Department of Correction shall be exempt
20 from licensure by the Department of Human Resources under Chapter 122C of the
21 General Statutes. If an inpatient chemical dependency or substance abuse facility
22 provides services both to inmates of the Department of Correction and to members of the
23 general public, the portion of the facility that serves inmates shall be exempt from
24 licensure.

25 (b) Any person who contracts to provide inpatient chemical dependency or
26 substance abuse services to inmates of the Department of Correction may construct and
27 operate a new chemical dependency or substance abuse facility for that purpose without
28 first obtaining a certificate of need from the Department of Human Resources pursuant to
29 Article 9 of Chapter 131E of the General Statutes. However, a new facility or addition
30 developed for that purpose without a certificate of need shall not be licensed pursuant to
31 Chapter 122C of the General Statutes and shall not admit anyone other than inmates
32 unless the owner or operator first obtains a certificate of need.

33 (c) This section applies to existing facilities, as well as future facilities contracting
34 with the Department of Correction.

35 36 MODIFICATION OF FUNDING FORMULA FROM THE NORTH CAROLINA 37 STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT

38
39 Section 109. Notwithstanding the funding formula set forth in G.S. 143B-
40 273.15, grants made through the North Carolina State-County Criminal Justice
41 Partnership Act for the 1997-98 and 1998-99 fiscal years shall be distributed to the
42 counties as specified in G.S. 143B-273.15(2) only and not as discretionary funds.
43 Further, the Department may use funds available to augment appropriations in order to

1 maintain the counties allocations of nine million six hundred thousand dollars
2 (\$9,600,000) as provided in previous fiscal years. Also, appropriations not claimed or
3 expended by the counties during the 1997-99 fiscal biennium are to be distributed as per
4 G.S. 143B-273.15(1).

5 6 LEASED BEDS FOR INMATES

7
8 Section 110. Of the funds appropriated to the Department of Correction for the
9 1997-98 and 1998-99 fiscal years, the Department may use up to fifteen million dollars
10 (\$15,000,000) each fiscal year to contract to house prisoners in leased beds.

11 12 **PART XX. SALARIES AND BENEFITS**

13 14 SALARY INCREASES/SALARY-RELATED CONTRIBUTIONS

15
16 Section 111. (a) The Director of the Budget may budget funds appropriated in
17 Sections 3 and 4 of this act for the purpose of providing compensation increases to public
18 school employees, community college institutional personnel, and all other permanent
19 State employees. Increases shall be granted equating to three percent (3%) funding of
20 current salaries.

21 (b) Required employer salary-related contributions for employees whose salaries
22 are paid from department, office, institution, or agency receipts shall be paid from the
23 same source as the source of the employees' salary. If an employee's salary is paid in part
24 from the General Fund or Highway Fund and in part from department, office, institution,
25 or agency receipts, required employer salary-related contributions may be paid from the
26 General Fund or Highway Fund only to the extent of the proportionate part paid from the
27 General Fund or Highway Fund in support of the salary of the employee, and the
28 remainder of the employer's requirements shall be paid from the source that supplies the
29 remainder of the employee's salary.

30 (c) The State's employer contribution rates budgeted for retirement and related
31 benefits as percentage of covered salaries for the 1997-98 and 1998-99 fiscal years are (i)
32 ten and eighty-three hundredths percent (10.83%) - Teachers and State Employees; (ii)
33 fifteen and ninety-six hundredths percent (15.96%) - State Law Enforcement Officers;
34 (iii) nine percent (9.0%) - University Employees' Optional Retirement System; (iv)
35 twenty-two and sixty-five hundredths percent (22.65%) - Consolidated Judicial
36 Retirement System; and (v) thirty-six and seven hundredths percent (36.07%) -
37 Legislative Retirement System. Each of the foregoing contribution rates includes two
38 percent (2.0%) for hospital and medical benefits. The rate for State Law Enforcement
39 Officers and for the University Employees' Optional Retirement Program includes forty-
40 two hundredths percent (0.42%) for the Disability Income Plan. The rates for Teachers
41 and State Employees and Law Enforcement Officers includes sixteen hundredths percent
42 (0.16%) for the Death Benefits Plan.

1 GOVERNOR AND COUNCIL OF STATE

2
3 Section 112. (a) Effective July 1, 1997, G.S. 147-11(a) reads as rewritten:

4 "(a) The salary of the Governor shall be ~~one hundred three thousand twelve dollars~~
5 ~~(\$103,012)~~ one hundred six thousand one hundred three dollars (\$106,103) annually,
6 payable monthly."

7 (b) Effective July 1, 1997, the annual salaries for the members of the Council of
8 State, payable monthly, for the 1997-98 and 1998-99 fiscal years are:

9	<u>Council of State</u>	<u>Annual Salary</u>
10		
11		
12	Lieutenant Governor	\$93,643
13	Attorney General	93,643
14	Secretary of State	93,643
15	State Treasurer	93,643
16	State Auditor	93,643
17	Superintendent of Public Instruction	93,643
18	Agriculture Commissioner	93,643
19	Insurance Commissioner	93,643
20	Labor Commissioner	93,643.

21
22 NONELECTED DEPARTMENT HEAD/SALARY INCREASES

23
24 Section 113. In accordance with G.S. 143B-9, the maximum annual salaries,
25 payable monthly, for the nonelected heads of the principal State departments for the
26 1997-98 and 1998-99 fiscal years are:

27	<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
28		
29		
30	Secretary of Administration	\$91,490
31	Secretary of Correction	91,490
32	Secretary of Crime Control and Public Safety	91,490
33	Secretary of Cultural Resources	91,490
34	Secretary of Commerce	91,490
35	Secretary of Environment, Health,	
36	and Natural Resources	91,490
37	Secretary of Human Resources	91,490
38	Secretary of Revenue	91,490
39	Secretary of Transportation	91,490.

40
41 CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

Section 114. The annual salaries, payable monthly, for the 1997-98 and 1998-99 fiscal years for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$ 83,272
State Controller	116,538
Commissioner of Motor Vehicles	83,272
Commissioner of Banks	83,272
State Personnel Director	91,490
Chairman, Parole Commission	76,037
Members of the Parole Commission	70,200
Chairman, Industrial Commission	74,817
Members of the Industrial Commission	72,996
Executive Director, Agency for Public Telecommunications	70,200
General Manager, Ports Railway Commission	63,390
Director, Museum of Art	85,327
Executive Director, Wildlife Resources Commission	71,872
Executive Director, North Carolina Housing Finance Agency	103,057
Executive Director, North Carolina Agricultural Finance Authority	81,052
Director, Office of Administrative Hearings	82,342.

JUDICIAL BRANCH OFFICIALS/SALARY INCREASE

Section 115. (a) The annual salaries, payable monthly, for specified judicial branch officials for the 1997-98 and 1998-99 fiscal years are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$106,103
Associate Justice, Supreme Court	103,330
Chief Judge, Court of Appeals	100,747
Judge, Court of Appeals	99,025
Judge, Senior Regular Resident Superior Court	96,334
Judge, Superior Court	93,643
Chief Judge, District Court	85,032
Judge, District Court	82,342
District Attorney	86,754

1	Administrative Officer of the Courts	96,334
2	Assistant Administrative Officer of the Courts	80,899
3	Public Defender	86,754.

4
 5 (b) The district attorney or public defender of a judicial district, with the approval
 6 of the Administrative Officer of the Courts, shall set the salaries of assistant district
 7 attorneys or assistant public defenders, respectively, in that district such that the average
 8 salaries of assistant district attorneys or assistant public defenders in that district do not
 9 exceed fifty-three thousand three hundred sixty-six dollars (\$53,366), and the minimum
 10 salary of any assistant district attorney or assistant public defender is at least twenty-
 11 seven thousand two hundred forty-five dollars (\$27,245) effective July 1, 1997.

12 (c) The salaries in effect for fiscal year 1996-97 for permanent, full-time
 13 employees of the Judicial Department, except for those whose salaries are itemized in this
 14 Part, shall be increased by three percent (3%), commencing July 1, 1997.

15 (d) The salaries in effect for fiscal year 1996-97 for all permanent, part-time
 16 employees of the Judicial Department shall be increased on and after July 1, 1997, by pro
 17 rata amounts of the three percent (3%).
 18

19 CLERK OF SUPERIOR COURT SALARY DETERMINATION/INCREASE

20
 21 Section 116. Effective July 1, 1997, G.S. 7A-101(a) reads as rewritten:

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

<u>Population</u>	<u>Annual Salary</u>	
26 Less than 100,000	\$60,265	<u>\$62,073</u>
27 100,000 to 149,999	67,695	<u>69,726</u>
28 150,000 to 249,999	75,125	<u>77,379</u>
29 250,000 and above	82,555.	<u>85,032.</u>

30
 31 The salary schedule in this subsection is intended to represent the following
 32 percentage of the salary of the Chief District Court Judge:

33 Less than 100,000	73%
34 100,000 to 149,999	82%
35 150,000 to 249,999	91%
36 250,000 and above	100%.

37 When a county changes from one population group to another, the salary of the clerk
 38 shall be changed, on July 1 of the fiscal year for which the change is reported, to the
 39 salary appropriate for the new population group, except that the salary of the incumbent
 40 clerk shall not be decreased by any change in population group during his continuance in
 41 office."
 42

43 ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASE

Section 117. Effective July 1, 1997, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

<u>Assistant Clerks and Head Bookkeeper</u>	<u>Annual Salary</u>
Minimum \$22,519 <u>\$23,195</u>	
Maximum 39,871 <u>41,067</u>	

<u>Deputy Clerks</u>	<u>Annual Salary</u>
Minimum \$18,004 <u>\$18,544</u>	
Maximum 30,712. <u>31,633.</u>	

MAGISTRATES' PAY PLAN

Section 118. (a) Effective July 1, 1997, G.S. 7A-171.1(a)(1) reads as rewritten:

"(1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall 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

<u>Step Level</u>	<u>Annual Salary</u>	
Entry Rate	\$24,471	<u>\$25,206</u>
Step 1	26,927	<u>27,735</u>
Step 2	29,600	<u>30,488</u>
Step 3	32,516	<u>33,492</u>
Step 4	35,711	<u>36,783</u>
Step 5	39,222	<u>40,399</u>
Step 6	43,083.	<u>44,376."</u>

(b) Effective July 1, 1997, G.S. 7A-171.1(a1)(1) reads as rewritten:

"(1) The salaries of magistrates who on June 30, ~~1994, 1996,~~ were paid at a salary level of less than five years of service under the table in effect that date shall be as follows:

1 or more but less than		
3 years of service	\$20,279	<u>\$20,888</u>

1 3 or more but less than
2 5 years of service ~~22,373.~~ 22,942."

3 4 GENERAL ASSEMBLY PRINCIPAL CLERKS

5
6 Section 119. Effective July 1, 1997, G.S. 120-37(c) reads as rewritten:

7 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be
8 entitled to other benefits available to permanent legislative employees and shall be paid
9 an annual salary of ~~fifty-seven thousand five hundred fifty-nine dollars (\$57,559)~~ fifty-nine
10 thousand two hundred eighty-six dollars (\$59,286) payable monthly. The Legislative
11 Services Commission shall review the salary of the principal clerks prior to submission of
12 the proposed operating budget of the General Assembly to the Governor and Advisory
13 Budget Commission and shall make appropriate recommendations for changes in those
14 salaries. Any changes enacted by the General Assembly shall be by amendment to this
15 paragraph."

16 17 SERGEANT-AT-ARMS AND READING CLERKS

18
19 Section 120. Effective July 1, 1997, G.S. 120-37(b) reads as rewritten:

20 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary
21 of ~~two hundred forty-eight dollars (\$248.00)~~ two hundred fifty-six dollars (\$256.00) per
22 week plus subsistence at the same daily rate provided for members of the General
23 Assembly, plus mileage at the rate provided for members of the the General Assembly
24 for one round trip only from their homes to Raleigh and return. The sergeants-at-arms
25 shall serve during sessions of the General Assembly and at such time prior to the
26 convening of, and subsequent to adjournment or recess of, sessions as may be authorized
27 by the Legislative Services Commission. The reading clerks shall serve during sessions
28 only."

29 30 LEGISLATIVE EMPLOYEES

31
32 Section 121. The Legislative Administrative Officer shall increase the salaries
33 of nonelected employees of the General Assembly in effect for fiscal year 1996-97 by
34 three percent (3%). Nothing in this act limits any of the provisions of G.S. 120-32.

35 36 TEACHER SALARY SCHEDULES

37
38 Section 122. Funds are appropriated in the Reserve for Compensation Increase
39 to provide eight percent (8%) funding to increase compensation for education personnel
40 paid from the teacher salary schedule.

41 42 SCHOOL-BASED ADMINISTRATOR SALARIES

1 Section 123. Funds appropriated to the Reserve for Compensation Increases
2 shall be used in conjunction with the teacher salary schedule for school-based
3 administrators.

4
5 SCHOOL CENTRAL OFFICE SALARIES
6

7 Section 124. (a) The following monthly salary ranges apply to public school
8 superintendents, assistant superintendents, associate superintendents,
9 directors/coordinators, supervisors, and finance officers for the 1997-98 fiscal year,
10 beginning July 1, 1997:

- 11 (1) School Administrator I: \$2,903 - \$4,669
12 (2) School Administrator II: \$3,081 - \$4,956
13 (3) School Administrator III: \$3,270 - \$5,260
14 (4) School Administrator IV: \$3,402 - \$5,473
15 (5) School Administrator V: \$3,539 - \$5,694
16 (6) School Administrator VI: \$3,755 - \$6,044
17 (7) School Administrator VII: \$3,906 - \$6,288.

18 The local board of education shall determine the appropriate category and placement for
19 each assistant superintendent, associate superintendent, director/coordinator, supervisor,
20 or finance officer, within the salary ranges and within funds appropriated by the General
21 Assembly for central office administrators and superintendents. The category in which
22 an employee is placed shall be included in the contract of any employee hired on or after
23 July 1, 1997.

24 (b) The following monthly salary ranges apply to public school superintendents for
25 the 1997-98 fiscal year, beginning July 1, 1997:

- 26 (1) Superintendent I
27 (Up to 2,500 ADM): \$4,146 - \$6,673
28 (2) Superintendent II
29 (2,501 - 5,000 ADM): \$4,401 - \$7,081
30 (3) Superintendent III
31 (5,001 - 10,000 ADM): \$4,669 - \$7,514
32 (4) Superintendent IV
33 (10,001 - 25,000 ADM): \$4,956 - \$7,974
34 (5) Superintendent V
35 (Over 25,000 ADM): \$5,260 - \$8,462.

36 The local board of education shall determine the appropriate category and placement for
37 the superintendent based on the average daily membership of the local school
38 administrative unit and within funds appropriated by the General Assembly for central
39 office administrators and superintendents.

40 Notwithstanding the provisions of this subsection, a local board of education
41 may pay an amount in excess of the applicable range to a superintendent who is entitled
42 to receive the higher amount under Section 123 of this act.

1 (c) Longevity pay for superintendents, assistant superintendents, associate
2 superintendents, directors/coordinators, supervisors, and finance officers shall be as
3 provided for State employees.

4 (d) Superintendents, assistant superintendents, associate superintendents,
5 directors/coordinators, supervisors, and finance officers with certification based on
6 academic preparation at the six-year degree level shall receive a salary supplement of one
7 hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided
8 for pursuant to this section. Superintendents, assistant superintendents, associate
9 superintendents, directors/coordinators, supervisors, and finance officers with
10 certification based on academic preparation at the doctoral degree level shall receive a
11 salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to
12 the compensation provided for under this section.

13 (e) The State Board shall not permit local school administrative units to
14 transfer State funds from other funding categories for salaries for public school central
15 office administrators.

16 (f) The Director of the Budget shall transfer from the Reserve for
17 Compensation Increases created in this act for fiscal year 1997-98, beginning July 1,
18 1997, funds necessary to provide an average annual salary increase of three percent (3%),
19 including funds for the employer's retirement and social security contributions,
20 commencing July 1, 1997, for all permanent full-time personnel paid from the Central
21 Office Allotment. The State Board of Education shall allocate these funds to local school
22 administrative units. The local boards of education shall establish guidelines for
23 providing their salary increases to these personnel.

24 25 NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE

26
27 Section 125. (a) The Director of the Budget may transfer from the Reserve for
28 Compensation Increases created in this act for fiscal year 1997-98, commencing July 1,
29 1997, funds necessary to provide a salary increase of three percent (3%), including funds
30 for the employer's retirement and social security contributions, for all noncertified public
31 school employees, except school bus drivers, whose salaries are supported from the
32 General Fund. These funds shall not be used for any purpose other than for the salary
33 increases and necessary employer contributions provided by this subsection.

34 (b) The fiscal year 1997-98 pay rates adopted by local boards of education for
35 school bus drivers shall be increased by at least three percent (3%), to the extent that such
36 rates of pay are supported by the allocation of State funds from the State Board of
37 Education. Local boards of education shall increase the rates of pay for all school bus
38 drivers who were employed during fiscal year 1996-97 and who continue their
39 employment for fiscal year 1997-98 by at least three percent (3%). The Director of the
40 Budget may transfer from the compensation increase reserve fund created in this act for
41 fiscal year beginning July 1, 1997, funds necessary to provide the salary increases for
42 school bus drivers whose salaries are supported from the General Fund in accordance
43 with the provisions of this subsection.

1
2 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**
3

4 Section 126. The Director of the Budget shall transfer from the Reserve for
5 Compensation Increases created in this act for fiscal years 1997-98 and 1998-99 funds to
6 the Department of Community Colleges necessary to provide an average annual salary
7 increase of three percent (3%), including funds for the employer's retirement and social
8 security contributions, commencing July 1, 1997, for all permanent full-time community
9 college institutional personnel supported by State funds. The State Board of Community
10 Colleges shall establish guidelines for providing their salary increases to community
11 college institutional personnel. Salary funds shall be used to provide an average annual
12 salary increase of three percent (3%) to all full-time employees and part-time employees
13 on a pro rata basis.

14
15 **UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES**
16

17 Section 127. (a) The Director of the Budget shall transfer to the Board of Governors
18 of The University of North Carolina sufficient funds from the Reserve for Compensation
19 Increases created in this act for fiscal year 1997-98 to provide an annual average salary
20 increase of three percent (3%), including funds for the employer's retirement and social
21 security contributions, commencing July 1, 1997, for all employees of The University of
22 North Carolina, as well as employees other than teachers of the North Carolina School of
23 Science and Mathematics, supported by State funds and whose salaries are exempt from
24 the State Personnel Act (EPA). These funds shall be allocated to individuals according to
25 the rules adopted by the Board of Governors, or the Board of Trustees of the North
26 Carolina School of Science and Mathematics, as appropriate, and may not be used for any
27 purpose other than for salary increases and necessary employer contributions provided by
28 this section.

29 (b) The Director of the Budget shall transfer to the Board of Governors of The
30 University of North Carolina sufficient funds from the Reserve for Compensation
31 Increases created in this act for 1997-99 fiscal biennium to provide an annual average
32 salary increase of eight percent (8%), including funds for the employer's retirement and
33 social security contributions, commencing July 1, 1997, for all teaching employees of the
34 North Carolina School of Science and Mathematics supported by State funds and whose
35 salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated
36 to individuals according to the rules adopted by the Board of Trustees of the North
37 Carolina School of Science and Mathematics and may not be used for any purpose other
38 than for salary increases and necessary employer contributions provided by this section.

39
40 **MOST STATE EMPLOYEES**
41

42 Section 128. (a) The salaries in effect July 30, 1997, of all permanent full-time State
43 employees whose salaries are set in accordance with the State Personnel Act, and who are

1 paid from the General Fund or the Highway Fund shall be increased, on or after July 1,
2 1997, unless otherwise provided by this act, by three percent (3%) pursuant to the
3 Comprehensive Compensation System set forth in G.S. 126-7 and rules adopted by the
4 State Personnel Commission.

5 (b) Except as otherwise provided in this act, salaries in effect June 30, 1997, for
6 permanent full-time State officials and persons in exempt positions that are recommended
7 by the Governor or the Governor and the Advisory Budget Commission and set by the
8 General Assembly shall be increased by three percent (3%) commencing July 1, 1997.

9 (c) The salaries in effect June 30, 1997, for all permanent part-time State
10 employees shall be increased on and after July 1, 1997, by pro rata amounts of the salary
11 increases provided for permanent full-time employees covered under subsection (a) of
12 this section.

13 (d) The Director of the Budget may allocate out of special operating funds or from
14 other sources of the employing agency, except tax revenues, sufficient funds to allow a
15 salary increase on and after July 1, 1997, in accordance with subsections (a), (b), or (c) of
16 this section, including funds for the employer's retirement and social security
17 contributions, of the permanent full-time and part-time employees of the agency.

18 (e) Within regular Executive Budget Act procedures as limited by this act, all
19 State agencies and departments may increase on an equitable basis the rate of pay of
20 temporary and permanent hourly State employees, subject to availability of funds in the
21 particular agency or department, by pro rata amounts of the three percent (3%) salary
22 increase provided for permanent full-time employees covered by the provisions of
23 subsection (a) of this section, commencing July 1, 1997.

24 25 **PART XXI. MISCELLANEOUS PROVISIONS**

26 27 TRAVEL ALLOWANCES OF STATE OFFICERS AND EMPLOYEES

28
29 Section 129. G.S. 138-6(4) reads as rewritten:

30 "(4) For convention registration fees not to exceed ~~thirty dollars (\$30.00)~~ two
31 hundred dollars (\$200.00) per convention."
32

33 EFFECT OF HEADINGS

34
35 Section 130. The headings to the Parts and sections of this act are a
36 convenience to the reader and are for reference only. The headings do not expand, limit,
37 or define the text of this act.
38

39 MOST TEXT APPLIES ONLY TO 1997-99

40
41 Section 131. Except for statutory changes or other provisions that clearly
42 indicate an intention to have effects beyond the 1997-99 biennium, the textual provisions

1 of this act shall apply only to funds appropriated for and activities occurring during the
2 1997-99 biennium.

3

4 SEVERABILITY CLAUSE

5

6 Section 132. If any section or provision of this act is declared unconstitutional
7 or invalid by the courts, it does not affect the validity of the act as a whole or any part
8 other than the part so declared to be unconstitutional or invalid.

9

10 EFFECTIVE DATE

11

12 Section 133. Except as otherwise provided, this act becomes effective July 1,
13 1997.