

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

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SENATE BILL 352  
Appropriations Committee Substitute Adopted 4/22/97  
Third Edition Engrossed 4/23/97  
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Short Title: Current Operations & Capital Budget Act.

(Public)

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Sponsors:

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Referred to:

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March 10, 1997

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE APPROPRIATIONS FOR CURRENT OPERATIONS AND FOR  
3 CAPITAL IMPROVEMENTS FOR STATE DEPARTMENTS, INSTITUTIONS,  
4 AND AGENCIES, AND FOR OTHER PURPOSES.

5 The General Assembly of North Carolina enacts:

6  
7 **PART I. INTRODUCTION, TITLE OF ACT, AND INDEX**

8  
9 **INTRODUCTION**

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

16

**TITLE OF ACT**

Section 1.1. This act shall be known as "The Current Operations and Capital Improvements 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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17	LEGISLATIVE RETIREMENT SYSTEM, OR THE LOCAL	
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36

**37 PART II. CURRENT OPERATIONS/GENERAL FUND**

38

39 Section 2. Appropriations from the General Fund of the State for the  
40 maintenance of the State departments, institutions, and agencies, and for other purposes  
41 as enumerated are made for the biennium ending June 30, 1999, according to the  
42 following schedule:  
43

	<u>1997-98</u>	<u>1998-99</u>
1 <u>Current Operations - General Fund</u>		
2		
3 General Assembly	\$ 30,726,277	\$ 34,142,598
4		
5 Judicial Department	324,141,885	325,088,510
6		
7 Office of the Governor		
8     01. Office of the Governor	5,134,624    5,150,352	
9     02. Office of State Budget		
10         and Management	7,098,018    7,030,838	
11     03. Office of State Planning	1,802,450    1,815,850	
12     04. Housing Finance Agency	7,300,000    2,300,000	
13		
14 Office of the Lieutenant Governor	609,230	609,390
15		
16 Department of Secretary of State	6,553,012	5,310,680
17		
18 Department of State Auditor	10,184,864	10,016,613
19		
20 Department of State Treasurer	18,890,311	18,872,768
21		
22 Department of Public Education	4,506,966,784	4,486,681,491
23		
24 Department of Justice	69,523,290	67,539,435
25		
26 Department of Administration	57,334,144	57,814,012
27		
28 Department of Agriculture	49,802,660	49,785,632
29		
30 Department of Labor	15,917,134	15,828,463
31		
32 Department of Insurance	24,286,640	24,341,742
33		
34 Department of Transportation	10,609,854	11,246,445
35		
36 Department of Environment, Health, and		
37 Natural Resources	261,047,135	252,347,598
38		
39 Office of Administrative Hearings	2,357,389	2,357,389
40		
41 Rules Review Commission	521,892	273,441
42		
43 Department of Human Resources		

1	01.	Office of the Secretary	33,670,146	33,435,886	
2	02.	Division of Aging	24,508,916	23,564,197	
3	03.	Division of Child Development		167,493,379	166,668,985
4	04.	Division of Services for the			
5		Deaf and the Hard of Hearing	27,843,994	27,797,823	
6	05.	Division of Social Services	176,674,189	181,969,720	
7	06.	Division of Medical Assistance		1,253,658,044	1,387,538,513
8	07.	Division of Services			
9		for the Blind	15,317,973	15,335,955	
10	08.	Division of Mental Health,			
11		Developmental Disabilities, and			
12		Substance Abuse Services	529,025,863	545,903,882	
13	09.	Division of Facility Services	8,838,793	8,940,125	
14	10.	Division of Vocational			
15		Rehabilitation Services	33,034,755	32,834,876	
16	11.	Division of Youth Services	84,578,571	85,915,373	
17		Total Department of Human Resources		2,354,644,623	2,509,905,335
18					
19		Department of Correction		827,192,782	867,041,502
20					
21		Department of Commerce			
22	01.	Commerce	42,139,786	37,622,471	
23	02.	Biotechnology Center	9,664,396	7,664,396	
24	03.	MCNC	4,500,000	2,500,000	
25	04.	Rural Economic Development			
26		Center	6,770,000	4,070,000	
27	05.	State Aid to non-State			
28		Entities	10,175,000	2,800,000	
29					
30		Department of Revenue		67,717,995	68,746,867
31					
32		Department of Cultural Resources		56,179,672	56,253,016
33					
34		Department of Crime Control			
35		and Public Safety		33,743,793	33,719,040
36					
37		Office of State Controller		19,317,773	10,705,706
38					
39		University of North Carolina - Board			
40		of Governors			
41	01.	General Administration	37,174,175	37,248,792	
42	02.	University Institutional			
43		Programs	67,730,488	67,958,424	

1	03.	Related Educational Programs	66,753,509	68,955,374
2	04.	University of North Carolina		
3		at Chapel Hill		
4	a.	Academic Affairs	162,097,964	163,908,261
5	b.	Health Affairs	131,844,663	132,505,230
6	c.	Area Health Education		
7		Centers	38,317,066	38,298,828
8	05.	North Carolina State University		
9		at Raleigh		
10	a.	Academic Affairs	210,711,631	211,170,461
11	b.	Agricultural Research Service	40,675,732	40,699,199
12	c.	Cooperative Extension Service	32,268,366	32,261,009
13	06.	University of North Carolina at		
14		Greensboro	62,538,002	63,174,909
15	07.	University of North Carolina at		
16		Charlotte	68,516,099	69,065,019
17	08.	University of North Carolina at		
18		Asheville	20,074,355	20,128,419
19	09.	University of North Carolina at		
20		Wilmington	38,928,327	39,321,546
21	10.	East Carolina University		
22	a.	Academic Affairs	85,080,264	85,710,908
23	b.	Division of Health Affairs	41,088,406	41,131,370
24	11.	North Carolina Agricultural and		
25		Technical State University	49,527,350	49,890,470
26	12.	Western Carolina University	43,458,211	43,516,116
27	13.	Appalachian State University	62,036,516	62,336,363
28	14.	The University of North		
29		Carolina at Pembroke	18,594,577	18,469,961
30	15.	Winston-Salem State University	20,012,597	20,026,674
31	16.	Elizabeth City State		
32		University	17,995,877	18,012,825
33	17.	Fayetteville State University	23,587,398	23,754,224
34	18.	North Carolina Central		
35		University	35,546,465	36,234,446
36	19.	North Carolina School of the		
37		Arts	11,808,727	11,855,365
38	20.	North Carolina School of		
39		Science and Mathematics	9,519,375	9,582,725
40	21.	UNC Hospitals at Chapel Hill	35,615,701	35,615,701
41	Total University of North			
42	Carolina - Board of Governors		1,431,501,841	1,440,832,619
43				

1	Department of Community Colleges	522,772,657	504,000,909
2			
3	State Board of Elections	1,487,787	2,070,381
4			
5	Contingency and Emergency	1,125,000	1,125,000
6			
7	Reserve for Compensation Increase	355,267,819	353,109,761
8			
9	Reserve for Retirement Rate Changes	(40,292,000)	
10		(40,292,000)	
11			
12	Reserve for Salary Adjustments	9,073,829	
13		9,573,829	
14			
15	Debt Service	156,436,663	
16		209,371,883	
17			
18	Reserve for Welfare Reform	7,150,000	
19		3,300,000	
20			
21	Reserve for Structured Sentencing	400,000	
22		400,000	
23			
24	Postage Reduction	(300,000)	
25		(300,000)	
26			
27	Debt Service - Federal	1,155,948	
28		1,155,948	
29			
30	GRAND TOTAL CURRENT OPERATIONS –	\$ 11,288,632,957	\$
31	11,463,929,910		

### PART II-A. CAPITAL APPROPRIATIONS/GENERAL FUND

Section 2A. Appropriations are made from the General Fund of the State for the 1997-99 biennium for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

#### 1997-98

Department of Administration

1. State Government Visitors' Center Planning \$ 1,000,000

Department of Agriculture (Total) 4,044,400

1	1.	Piedmont Triad Farmers Market	
2		Wholesale/Retail Building Planning	3,444,400
3	2.	Cattle and Livestock Exposition Center Planning	600,000
4			
5		State Ports Authority (Total)	13,707,200
6	1.	Wilmington	
7	a.	Acquire Additional Wilmington	780,000
8		City Property	
9	a1.	Purchase New Gantry	4,079,300
10	a2.	Capital Projects Reserve	1,282,500
11	b.	Pier Replacement	1,383,400
12	2.	Morehead City	
13		Cargo Facility	6,182,000
14			
15		Department of Cultural Resources (Total)	3,700,000
16	1.	Museum of History Restaurant	1,800,000
17	2.	Reserve for Exhibits	1,900,000
18			
19		Department of Environment, Health, and Natural Resources (Total)	10,098,200
20	1.	Water Resources Development/Watershed Projects	6,063,100
21	2.	Amphibious Water Scooping Tanker Aircraft	4,035,100
22			
23		University Board of Governors (Total)	67,337,500
24	1.	Technology Reserve	3,000,000
25	2.	Fire Safety Improvements for Student Residence Halls	5,000,000
26	3.	Appalachian State University	
27		Convocation Center Supplement	3,900,000
28	4.	Elizabeth City State University	
29		Addition to Academic Computing Center	3,557,600
30	5.	East Carolina University	
31	a.	Science Labs & Technology Building: Continued Design	2,000,000
32	b.	Addition to Nursing/Home Economics Building Planning	500,000
33	6.	North Carolina Central University	
34	a.	Lee Biology Building Renovation	1,359,200
35	b.	Repairs to 5 Academic Buildings	10,515,000
36	c.	B.N. Duke Auditorium Addition/Renovation	2,962,500
37	7.	North Carolina School of the Arts	
38		Classrooms, offices and support space for School of Filmmaking	1,700,000
39	8.	North Carolina State University	
40	a.	Nelson Hall Renovations	6,914,900
41	b.	Toxicology Building Planning	760,600
42	c.	Research & Teaching Feed Mill	2,604,400
43	9.	UNC Asheville	



1	Graduate Center, Phase II (Completion of third floor)	792,700
2	10. UNC Chapel Hill	
3	Paul J. Rizzo Conference Center Supplement	2,800,000
4	11. UNC Charlotte	
5	Additional Planning for Academic Facilities	780,000
6	12. UNC Greensboro	
7	Music Building Supplement	2,300,000
8	13. UNC Wilmington	
9	General Classroom Building Planning/Construction	8,465,500
10	14. Winston-Salem State University	
11	Expansion/Renovation of F.L. Atkins Nursing Building	5,198,500
12	15. Western Carolina University	
13	Renovate Camp Lab School, Phase II	<u>2,226,600</u>
14		
15	<b>GRAND TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ 99,887,300</b>

**PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND**

Section 3. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 1999, according to the following schedule:

<u>Current Operations - Highway Fund</u>		<u>1997-98</u>	<u>1998-99</u>
Department of Transportation			
01.	Administration	\$ 57,934,614	\$ 58,109,718
02.	Operations	34,667,278	34,723,375
03.	Construction and Maintenance		
a.	Construction		
(01)	Primary Construction	-	-
(02)	Secondary Construction	80,656,000	83,283,000
(03)	Urban Construction	14,000,000	14,000,000
(04)	Access and Public Service Roads	2,000,000	2,000,000
(05)	Discretionary Fund	10,000,000	10,000,000
(06)	Spot Safety Construction	9,100,000	9,100,000
b.	State Funds to Match Federal Highway Aid	27,329,255	36,112,802
c.	State Maintenance	453,635,520	444,145,948
d.	Ferry Operations	18,098,290	18,098,290
e.	Capital Improvements	12,000,000	0
f.	State Aid to Municipalities	80,656,000	83,283,000
g.	State Aid for Public		

1	Transportation & Railroads	42,846,921	29,446,921
2	h. OSHA - State 925,000 425,000		
3	04. Governor's Highway Safety Program 311,609 312,080		
4	05. Division of Motor Vehicles 89,230,731 89,071,677		
5	06. Reserves and Transfers <u>238,396,026</u> <u>232,513,926</u>		
6	<b>GRAND TOTAL CURRENT OPERATIONS</b>		
7	<b>AND EXPANSION</b>	<b>\$1,171,787,244</b>	<b>\$1,144,625,737</b>

8

9 **PART IV. HIGHWAY TRUST FUND**

10

11 Section 4. Appropriations from the Highway Trust Fund are made for the  
 12 fiscal biennium ending June 30, 1999, according to the following schedule:

13

14	<u>Highway Trust Fund</u>	<u>1997-98</u>	<u>1998-99</u>
15	01. Intrastate System \$381,880,586 \$397,487,432		
16	02. Secondary Roads Construction 80,411,583 82,983,836		
17	03. Urban Loops 145,502,060 151,443,802		
18	04. State Aid - Municipalities 40,068,181 41,705,703		
19	05. Program Administration 25,918,895 27,072,575		
20	06. Transfer to General Fund <u>170,000,000</u> <u>170,000,000</u>		
21	<b>GRAND TOTAL - HIGHWAY TRUST FUND</b>	<b>\$843,781,305</b>	<b>\$870,693,348</b>

22

23 **PART V. BLOCK GRANT FUNDS**

24

25 Requested by: Representatives Gardner, Cansler, Clary

26 **DHR BLOCK GRANT PROVISIONS**

27 Section 5. (a) Appropriations from federal block grant funds are made for the  
 28 fiscal year ending June 30, 1998, according to the following schedule:

29

30 **COMMUNITY SERVICES BLOCK GRANT**

31

32	01. Community Action Agencies \$ 11,546,034	
33	02. Limited Purpose Agencies 641,446	
34		
35	03. Department of Human Resources	
36	to administer and monitor	
37	the activities of the	
38	Community Services Block Grant 641,446	

39

40	<b>TOTAL COMMUNITY SERVICES BLOCK GRANT</b>	<b>\$ 12,828,926</b>
----	---	----------------------

41

42 **SOCIAL SERVICES BLOCK GRANT**

43

- 1       01.    County departments of social services\$ 30,395,663
- 2
- 3       02.    Allocation for in-home services provided
- 4            by county departments of
- 5            social services    2,101,113
- 6
- 7       03.    Division of Mental Health, Developmental
- 8            Disabilities, and Substance Abuse Services  4,764,124
- 9
- 10      04.    Division of Services for the Blind     3,205,711
- 11
- 12      05.    Division of Youth Services     950,674
- 13
- 14      06.    Division of Facility Services    343,341
- 15
- 16      07.    Division of Aging - Home and Community
- 17            Care Block Grant        1,915,234
- 18
- 19      08.    Day care services            13,853,152
- 20
- 21      09.    Division of Vocational Rehabilitation -
- 22            United Cerebral Palsy    71,484
- 23
- 24      10.    State administration        1,954,237
- 25
- 26      11.    Child Medical Evaluation Program   238,321
- 27
- 28      12.    Adult day care services  2,255,301
- 29
- 30      13.    County departments of social services for
- 31            child abuse/prevention and
- 32            permanency planning    394,841
- 33
- 34      14.    Transfer to Preventive Health
- 35            Block Grant for emergency medical services 213,128
- 36
- 37      15.    Allocation to Preventive Health Block
- 38            Grant for AIDS education, counseling,
- 39            and testing            66,939
- 40
- 41      16.    Transfer to Department of Administration
- 42            for the N.C. Commission of Indian Affairs
- 43            In-Home Services Program for the elderly   203,198

1			
2	17.	Division of Vocational Rehabilitation -	
3		Easter Seals Society 116,779	
4			
5	18.	UNC-CH CARES Program for training and	
6		consultation services 247,920	
7			
8	19.	Transfer to Department of Environment, Health,	
9		and Natural Resources for the Adolescent	
10		Pregnancy Prevention Program 239,261	
11			
12	20.	Office of the Secretary - Office of Economic	
13		Opportunity for N.C. Senior Citizens'	
14		Federation for outreach services to	
15		low-income elderly persons 41,302	
16			
17	21.	County departments of social services	
18		for child welfare improvements 2,211,687	
19			
20	22.	Division of Mental Health, Developmental	
21		Disabilities, and Substance Abuse	
22		Services for juvenile offenders 1,182,280	
23			
24		TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 66,965,690
25			
26		LOW-INCOME ENERGY BLOCK GRANT	
27			
28	01.	Energy Assistance Programs \$ 6,284,055	
29			
30	02.	Crisis Intervention 6,393,661	
31			
32	03.	Administration 1,428,386	
33			
34	04.	Weatherization Program 4,128,479	
35			
36	05.	Indian Affairs 33,022	
37			
38		TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 18,267,603
39			
40		MENTAL HEALTH SERVICES BLOCK GRANT	
41			
42	01.	Provision of community-based	
43		services in accordance with the	

1	Mental Health Study Commission's	
2	Adult Severe and Persistently	
3	Mentally Ill Plan \$ 3,794,179	
4		
5	02. Provision of community-based	
6	services in accordance with the	
7	Mental Health Study Commission's	
8	Child Mental Health Plan	1,819,931
9		
10	03. Administration	624,231
11		
12	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 6,238,341
13		
14	SUBSTANCE ABUSE PREVENTION	
15	AND TREATMENT BLOCK GRANT	
16		
17	01. Provision of community-based	
18	alcohol and drug abuse services,	
19	tuberculosis services, and services	
20	provided by the Alcohol, Drug Abuse	
21	Treatment Centers	\$ 10,935,939
22		
23	02. Continuation of services for	
24	pregnant women and women	
25	with dependent children	5,060,076
26		
27	03. Continuation and expansion of	
28	services to IV drug abusers and others	
29	at risk for HIV diseases	4,836,407
30		
31	04. Provision of services in accordance with	
32	the Mental Health Study Commission's	
33	Child and Adolescent Alcohol and Other	
34	Drug Abuse Plan	5,964,093
35		
36	05. Services for former SSI recipients	1,123,757
37		
38	06. Gender specific services and Employee	
39	Assistance Program services for Work First	
40	recipients	893,811
41		
42	07. Juvenile offender services and substance	
43	abuse pilot	300,000

1			
2	08.	Administration	1,841,742
3			
4	TOTAL SUBSTANCE ABUSE PREVENTION		
5	AND TREATMENT BLOCK GRANT		\$ 30,955,825
6			
7	CHILD CARE AND DEVELOPMENT BLOCK GRANT		
8			
9	01.	Child care services	\$ 17,581,167
10			
11	02.	Administrative expenses and quality	
12		and availability initiatives	488,366
13			
14	03.	Before and After School Child Care Programs	
15		and Early Childhood Development Programs	1,750,000
16			
17	04.	Quality improvement activities	740,000
18			
19	TOTAL CHILD CARE AND DEVELOPMENT		
20	BLOCK GRANT		\$ 20,559,533
21			
22	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
23			
24	01.	Child care subsidies	\$ 99,845,334
25			
26	02.	Quality and availability initiatives	4,388,806
27			
28	03.	Administrative expenses	5,486,007
29			
30	04.	Transfer from TANF Block Grant for	
31		child care subsidies and support	5,599,759
32			
33	05.	Transfer from TANF Block Grant for the	
34		development of child care centers at	
35		community colleges	600,000
36			
37	TOTAL CHILD CARE AND DEVELOPMENT FUND		
38	BLOCK GRANT		\$115,919,906
39			
40	TEMPORARY ASSISTANCE TO NEEDY FAMILIES		
41	(TANF) BLOCK GRANT		
42			
43	01.	Block Grants to county departments	

1	of social services (partial funding)	\$302,029,076	
2			
3	02. Transfer to Child Care and Development		
4	Fund for development of child care centers		
5	at community colleges	600,000	
6			
7	03. Transfer to the Child Care and		
8	Development Fund for Work First child		
9	care subsidies	5,599,759	
10			
11	04. Allocation to the Division of Mental		
12	Health, Developmental Disabilities, and		
13	Substance Abuse Services for Work First		
14	substance abuse treatment and testing services	3,000,000	
15			
16	05. Allocation to the Division of Social		
17	Services for evaluation	300,000	
18			
19	06. Allocation to the Division of Social		
20	Services for State and county		
21	staff development	500,000	
22			
23	07. Allocation to the Department of		
24	Environment, Health, and Natural		
25	Resources for the reduction of		
26	out-of-wedlock births	1,600,000	
27			
28	08. Allocation to the Division of Mental		
29	Health, Developmental Disabilities, and		
30	Substance Abuse Services for screening,		
31	diagnostic, and counseling services		
32	related to substance abuse services		
33	for Work First participants	2,300,000	
34			
35	09. Transfer to the Social Services Block Grant		
36	for substance abuse services for juveniles	1,182,280	
37			
38	10. Transfer to the Social Services Block Grant		
39	to establish the Special Children		
40	Adoption Fund	300,000	
41			
42	<b>TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES</b>		
43	<b>(TANF) BLOCK GRANT</b>		<b>\$317,411,115</b>

1  
2 (b) Decreases in Federal Fund Availability Except the TANF Block Grant

3 If federal funds are reduced below the amounts specified above after the  
4 effective date of this act, then every program in each of the federal block grants listed  
5 above shall be reduced equally to total the reduction in federal funds.

6 (c) Increases in Federal Fund Availability - Block Grant Funds Except the Social  
7 Services Block Grant, the TANF Block Grant, and the Child Care and Development Fund  
8 Block Grant

9 Any block grant funds appropriated by the United States Congress in addition  
10 to the funds specified in this act shall be expended by the Department of Human  
11 Resources, provided that the resultant increases are in accordance with federal block  
12 grant requirements, by allocating the additional funds for direct services only among the  
13 programs funded in this section.

14 (d) Increases in Federal Fund Availability - Social Services Block Grant

15 Any block grant funds appropriated by the United States Congress in addition  
16 to the funds specified in this act shall be expended by the Department of Human  
17 Resources, provided the resultant increases are in accordance with federal block grant  
18 requirements, as follows:

19 (1) Fifty percent (50%) of the funds shall be allocated to the county  
20 departments of social services for mandatory services; and

21 (2) The remaining fifty percent (50%) shall be allocated for direct  
22 services only among the programs funded in this section.

23 All these budgeted increases shall be reported to the members of the House and  
24 Senate Appropriations Subcommittees on Human Resources and to the Fiscal Research  
25 Division.

26 (e) Of the funds appropriated in this act to the Department of Human  
27 Resources, Division of Social Services, the sum of one million three hundred thousand  
28 dollars (\$1,300,000) for the 1997-98 fiscal year and the sum of one million three hundred  
29 thousand dollars (\$1,300,000) for the 1998-99 fiscal year shall be allocated to county  
30 departments of social services for hiring or contracting for additional child protective  
31 services, foster care, and adoption worker positions created after July 1, 1997, based upon  
32 a formula which takes into consideration the number of child protective services, foster  
33 care, and adoption cases, and child protective services, foster care, and adoption workers  
34 necessary to meet recommended standards adopted by the North Carolina Association of  
35 County Directors of Social Services. No local match shall be required as a condition for  
36 receipt of these funds.

37 (f) There is established in the Department of Human Resources, Division of  
38 Social Services, a Special Children Adoption Fund. The purpose of the fund is to provide  
39 funds for adoptive placements of children described in G.S. 108A-50 in foster care above  
40 those funds that participating licensed public and private adoption agencies can provide  
41 with existing resources.

42 Of the funds appropriated in this act to the Department of Human Resources,  
43 Special Children Adoption Fund, the sum of nine hundred eleven thousand six hundred



1 eighty-seven dollars (\$911,687) for the 1997-98 fiscal year and the sum of nine hundred  
2 eleven thousand six hundred eighty-seven dollars (\$911,687) for the 1998-99 fiscal year  
3 shall be used to implement this subsection. Of the monies in the Special Children  
4 Adoption Fund, the Department shall award a minimum of four hundred thousand dollars  
5 (\$400,000) to licensed private adoption agencies. The Department of Human Resources,  
6 Division of Social Services, in consultation with the North Carolina Association of  
7 County Directors of Social Services and representatives of licensed private adoption  
8 agencies, shall develop guidelines for the awarding of funds to licensed public and  
9 private adoption agencies upon successful placement for adoption of children described  
10 in G.S. 108A-50 and in foster care. No local match shall be required as a condition for  
11 receipt of these funds. Funds not expended at the end of a fiscal year shall not revert but  
12 shall remain in the Fund for the purpose enumerated in this subsection.

13 The Department of Human Resources, Division of Social Services, shall report  
14 by May 1, 1998, to the House and Senate Appropriations Subcommittees on Human  
15 Resources on the use of funds allocated in this subsection and the number of children  
16 placed.

17 (g) The Department of Human Resources, Division of Mental Health,  
18 Developmental Disabilities, and Substance Abuse Services, shall consult with the  
19 Department of Human Resources, Division of Youth Services, the Administrative Office  
20 of the Courts, local juvenile court counselors, and local area mental health programs on  
21 the expenditure of the funds allocated to the Department of Human Resources from the  
22 Social Services Block Grant to ensure that those funds are used for substance abuse  
23 services for juveniles.

24 (h) Funding for the Weatherization Program from the Low-Income Energy  
25 Block Grant is contingent upon approval of a federal waiver to increase funding. In the  
26 event the federal waiver is not approved, the funds appropriated for the Weatherization  
27 Program will be reduced to fifteen percent (15%) of the Block Grant, and excess funds  
28 will be transferred to the Crisis Intervention Program.

29 (i) Increases in Federal Fund Availability - Child Care and Development Fund  
30 Block Grant

31 The Child Care and Development Fund Block Grant funds appropriated by the  
32 United States Congress in addition to the funds specified in this act shall be expended by  
33 the Department of Human Resources, provided the resultant increases are in accordance  
34 with federal block grant requirements and are within the scope of the block grant plan  
35 approved by the General Assembly.

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

41 (k) Of the funds appropriated in this act to the Department of Human  
42 Resources, Division of Child Development, the sum of six hundred thousand dollars  
43 (\$600,000) for fiscal year 1997-98 shall be transferred to the Department of Community

1 Colleges to establish three model early childhood education centers in three community  
2 colleges, one in the eastern part of the State, one in the western part of the State, and one  
3 in the Piedmont.

4 (l) The Department of Environment, Health, and Natural Resources and the  
5 county departments of public health shall consult with the Department of Human  
6 Resources and the county departments of social services on the expenditure of the funds  
7 allocated to the Department of Environment, Health, and Natural Resources from the  
8 Temporary Assistance to Needy Families Block Grant to ensure that those funds are used  
9 for meeting the goal of reducing out-of-wedlock births.

10 (m) The Department of Human Resources, Division of Mental Health,  
11 Developmental Disabilities, and Substance Abuse Services, shall consult with the county  
12 departments of social services and the area mental health programs on the expenditure of  
13 funds allocated to the Department of Human Resources from the TANF Block Grant to  
14 ensure that those funds are used for substance abuse services.

15 (n) By January 1, 1998, the Department of Human Resources shall report to  
16 the Senate and House Appropriations Subcommittees on Human Resources on the  
17 process undertaken for determining how the funds described in subsections (g), (l), and  
18 (m) of this section will be allocated.

19 (o) If the United States Congress reduces the amount of TANF funds below  
20 the amounts specified above after the effective date of this act, then the Department shall  
21 reduce every item in the TANF Block Grant section listed above pro rata. Any TANF  
22 funds appropriated by the United States Congress in addition to the funds specified in this  
23 act shall not be expended until appropriated by the General Assembly. Any TANF Block  
24 Grant fund changes shall be reported to the Joint Legislative Public Assistance  
25 Commission within 30 days after the change.

26  
27 Requested by: Representatives Mitchell, Baker, Carpenter

## 28 **NER BLOCK GRANT FUNDS**

29 Section 5.1. (a) Appropriations from federal block grant funds are made for  
30 the fiscal year ending June 30, 1998, according to the following schedule:

### 31 32 **COMMUNITY DEVELOPMENT BLOCK GRANT**

34	01.	State Administration	\$ 1,000,000
35			
36	02.	Urgent Needs and Contingency	2,177,500
37			
38	03.	Community Empowerment	2,000,000
39			
40	04.	Economic Development	8,710,000
41			
42	05.	Community Revitalization	29,000,000
43			

1	06.	State Technical Assistance	450,000	
2				
3	07.	Housing Development	1,662,500	
4				
5	TOTAL COMMUNITY DEVELOPMENT			
6	BLOCK GRANT - 1998 Program Year			\$ 45,000,000
7				
8	MATERNAL AND CHILD HEALTH BLOCK GRANT			
9				
10	01.	Healthy Mother/Healthy Children		
11		Block Grants to Local Health		
12		Departments	\$ 9,838,074	
13				
14	02.	High Risk Maternity Clinic Services,		
15		Perinatal Education and Training,		
16		Childhood Injury Prevention,		
17		Public Information and Education, and		
18		Technical Assistance to Local Health		
19		Departments	1,722,869	
20				
21	03.	Services to Children With Special Health		
22		Care Needs	4,954,691	
23				
24	TOTAL MATERNAL AND CHILD			
25	HEALTH BLOCK GRANT			\$ 16,515,634
26				
27	PREVENTIVE HEALTH SERVICES BLOCK GRANT			
28				
29	01.	Emergency Medical Services	\$ 213,128	
30				
31	02.	Hypertension Programs	711,813	
32				
33	03.	Statewide Health Promotion Programs	2,777,924	
34				
35	04.	Dental Health for Fluoridation		
36		of Water Supplies	224,170	
37				
38	05.	Rape Prevention and Rape		
39		Crisis Programs	187,110	
40				
41	06.	Rape Prevention and Rape Education	935,552	
42				
43	07.	AIDS/HIV Education, Counseling,		

1	and Testing	66,939	
2			
3	08. Office of Minority Health and		
4	Minority Health Council	186,478	
5			
6	09. Administrative and Indirect Cost	217,762	
7			
8	TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$ 5,520,876
9			

10 (b) Decreases in Federal Fund Availability

11 Decreases in federal fund availability shall be allocated as follows:

12 (1) For the Community Development Block Grants – If federal funds are  
13 reduced below the amounts specified above after the effective date of  
14 this act, then every program in each of these federal block grants shall  
15 be reduced by the same percentage as the reduction in federal funds.

16 (2) For the Maternal and Child Health and Preventive Health Services  
17 federal block grant – If federal funds are reduced less than ten percent  
18 (10%) below the amounts specified above after the effective date of this  
19 act, then every program in the Maternal and Child Health and in the  
20 Preventive Health Services Block Grants shall be reduced by the same  
21 percentage as the reduction in federal funds. If federal funds are reduced  
22 by ten percent (10%) or more below the amounts specified above after  
23 the effective date of this act, then for the Maternal and Child Health and  
24 the Preventive Health Services Block Grants the Department of  
25 Environment, Health, and Natural Resources shall allocate the decrease  
26 in funds after considering the effectiveness of the current level of  
27 services.

28 (c) Increases in Federal Fund Availability

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

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

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

38 (3) For the Preventive Health Block Grants – These additional funds may  
39 be budgeted by the appropriate department, with the approval of the  
40 Office of State Budget and Management, after considering the  
41 effectiveness of the current level of services and the effectiveness of  
42 services to be funded by the increase, provided the resultant increases

1 are in accordance with federal block grant requirements and are within  
2 the scope of the block grant plan approved by the General Assembly.

3 (d) Changes to budgeted allocations to the Maternal and Child Health and the  
4 Preventive Health Services Block Grants due to increases or decreases in federal funds  
5 shall be reported to the Joint Legislative Commission on Governmental Operations and  
6 the Fiscal Research Division within 30 days of the allocation. All other increases shall be  
7 reported to the Joint Legislative Commission on Governmental Operations and to the  
8 Director of the Fiscal Research Division.

9 (e) Limitations on Community Development Block Grant Funds

10 Of the funds appropriated in this section for the Community Development  
11 Block Grant, the following shall be allocated in each category for each program year: up  
12 to one million dollars (\$1,000,000) may be used for State administration; up to two  
13 million one hundred seventy-seven thousand five hundred dollars (\$2,177,500) may be  
14 used for Urgent Needs and Contingency; up to two million dollars (\$2,000,000) may be  
15 used for Community Empowerment; up to eight million seven hundred ten thousand  
16 dollars (\$8,710,000) may be used for Economic Development; not less than twenty-nine  
17 million dollars (\$29,000,000) shall be used for Community Revitalization; up to four  
18 hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up  
19 to one million six hundred sixty-two thousand five hundred dollars (\$1,662,500) may be  
20 used for Housing Development. If federal block grant funds are reduced or increased by  
21 the Congress of the United States after the effective date of this act, then these reductions  
22 or increases shall be allocated in accordance with subsection (b) or (c) of this section, as  
23 applicable. If funds are available from program income, deobligated funds, or urgent  
24 needs and contingency, then the Department of Commerce shall use up to five hundred  
25 thousand dollars (\$500,000) for an Infrastructure Demonstration Project that will focus  
26 on innovative approaches to straight piping and pit privy problems.

27 (f) Limitations on Preventive Health Service Block Grant Funds

28 Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape  
29 Education shall be allocated as grants to nonprofit organizations to provide rape  
30 prevention and education programs targeted for middle, junior high, and high school  
31 students. Any rape crisis center or other nonprofit organization that receives funds under  
32 this section to provide rape education and rape prevention programs to schools shall give  
33 priority to schools with an abstinence-based sex education curriculum.

34  
35 **PART VI. GENERAL FUND AND HIGHWAY FUND AVAILABILITY**  
36 **STATEMENTS**

37  
38 **GENERAL FUND AVAILABILITY STATEMENTS**

39 Section 6. The General Fund and availability used in developing the 1997-99  
40 budget is as shown below:

41  
42 Budget Reform Statement

43 (\$ Millions)

1	(1) Composition of the 1997-98 beginning availability:		
2	a. Revenue collections unaddressed in 1996-97	\$ 200.0	
3	b. Disaster Relief Reserve	(115.0)	
4	c. Revenue collections in 1996-97 in excess of		
5	authorized estimates	447.9	
6	d. Unexpended appropriations during		
7	1996-97 (reversions)	151.0	
8	e. Adjustment for Emergency Appropriation to		
9	Community Colleges, S.L. 1997-38	<u>(4.7)</u>	
10		Subtotal	679.2
11	f. Reserve for North Carolina Railroad		
12	Acquisition	(61.0)	
13	g. Transfer to Reserve for Repairs		
14	and Renovations	(135.0)	
15	h. Transfer to Clean Water Management Reserve		(13.1)
16	i. Appropriation Adjustment in 1996-97		3
17	j. Reserve for Intangible Tax Refunds	<u>(156.0)</u>	
18		Ending Fund Balance	314.4

19				
20			(\$ Millions)	(\$ Millions)
21		<u>1997-98</u>	<u>1998-99</u>	
22	(2) Beginning Unrestricted Fund Balance		314.4	
23	(3) Revenues Based on Existing Tax			
24	Structure	11,164.7	11,829.2	
25	(4) Tax Changes:			
26	H57 - Nonresident Withholding	8.5	10.0	
27	H59 - Internal Revenue Code Update	(8.5)	(16.8)	
28	S323 - Historic Rehabilitation Tax Credit	-	(.1)	
29	H260 - Conservation Tax Credit	(3.2)	(3.2)	
30	S727 - Reduce Sales Tax on Food	(37.8)	(89.6)	
31	H35 - Conform Sales Tax Refund Period	(.2)	(.2)	
32	H36 - Consumer Use Tax Returns	-	-	
33	H204 - Foreclosure Filing Fee	.1	.1	
34	S316 - Amend Bill Lee Act	(.5)	(1.6)	
35	H13 - Simplify and Reduce Inheritance Tax	(9.9)	(22.1)	
36	H15 - Conform Tax on Restored Income	(.1)	(.1)	
37	H19 - Expand Corporate Tax Deduction	-	(4.9)	
38	H20 - Increase Nonitemizer Charity Credit	-	(7.6)	
39	H271 - School District Sales Tax Refund	(13.1)	(30.4)	
40	H272 - Public College Sales Tax Refund	(10.2)	(21.3)	
41	H754 - Illicit Liquor Tax	.1	.1	
42	H537 - Federal Retiree Relief	(7.6)	(3.3)	
43	H1057 - Exempt Audiovisual Masters	(1.4)	(1.6)	

1	(5)	Court Fee Increases (S727)		13.9	15.1
2	(6)	Insurance Regulatory Charge (S727)		-	-
3	(7)	Utilities Regulatory Charge (S727)		-	-
4	(8)	Secretary of State - Fee Increase (S727)		1.7	1.7
5	(9)	Treasurer's Banking and			
6		Local Government Commission	.5	.5	
7	(10)	Revenue - Corporate Filing Charge		.3	.3
8	(11)	Interest on Bond Proceeds		35.0	-
9	(12)	Local Government Payments - Clean			
10		Water Bonds	4.1	4.0	
11	(13)	Disproportionate Share Receipts		83.0	83.0
12	(14)	Highway Fund Transfer		12.6	13.4
13	(15)	Revenue Assessments for Additional			
14		Interstate Auditors	2.6	7.9	
15	(16)	State Health Plan Purchasing Alliance			
16		Board - Transfer Cash Balance	0.6		
17	(17)	Earmarked Refunds for			
18		Federal Retirees	<u>(35.5)</u>	<u>(35.5)</u>	
19					
20		Total Availability		\$11,514.1	\$11,727.0

21  
22 Requested by: Representatives Holmes, Creech, Esposito, Crawford

23 **HIGHWAY FUND AVAILABILITY**

24 Section 6.1. The Highway Fund appropriations availability used in developing  
25 the 1997-99 Highway Fund budget is shown below:

26			<u>1997-98</u>	<u>1998-99</u>	
27		Beginning Credit Balance	\$ 46,835,492	\$ -	
28		Estimated Revenue	1,124,951,752	1,144,625,737	
29					
30		Total Highway Fund Availability	\$1,171,787,244	\$1,144,625,737	

31  
32 **PART VII. GENERAL PROVISIONS**

33  
34 Requested by: Representatives Holmes, Creech, Esposito, Crawford

35 **GENERAL FUND CREDIT BALANCE/PRIORITY USES**

36 Section 7.8. (a) G.S. 143-15.2 reads as rewritten:

37 **"§ 143-15.2. Use of General Fund credit ~~balance.~~ balance; priority uses.**

38 ~~The State Controller shall reserve up to one fourth of any unreserved credit balance,~~  
39 ~~as determined on a cash basis, remaining in the General Fund at the end of each fiscal~~  
40 ~~year to the Savings Reserve Account as provided in G.S. 143-15.3, unless that would~~  
41 ~~result in the Savings Reserve Account having funds in excess of five percent (5%) of the~~  
42 ~~amount appropriated the preceding year for the General Fund operating budget, including~~  
43 ~~local government tax sharing funds if directly appropriated; in that case, only funds~~

1 sufficient to reach the five percent (5%) level shall be reserved. The State Controller shall  
2 also reserve from the unreserved credit balance, as determined on a cash basis, remaining  
3 in the General Fund three percent (3%) of the replacement value of all State buildings  
4 supported from the General Fund, at the end of each fiscal year to the Repairs and  
5 Renovations Reserve Account as provided in G.S. 143-15.3A. The General Assembly  
6 may appropriate that part of the anticipated General Fund credit balance not expected to  
7 be reserved to the Savings Reserve Account or the Repairs and Renovations Reserve  
8 Account only for capital improvements or other one-time expenditures. As used in this  
9 section, the term 'unreserved credit balance' means the credit balance amount, as  
10 determined on a cash basis, before funds are reserved by the Controller to the Savings  
11 Reserve Account or the Repairs and Renovations Reserve Account pursuant to G.S. 143-  
12 15.3 and G.S. 143-15.3A.

13 (a) As used in G.S. 143-15.3, 143-15.3A, and 143-15.3B, the term 'unreserved  
14 credit balance' means the credit balance amount, as determined on a cash basis, before  
15 funds are reserved by the State Controller to the Savings Reserve Account, the Repairs  
16 and Renovations Reserve Account, or the Clean Water Management Trust Fund pursuant  
17 to G.S. 143-15.3, 143-15.3A, and 143-15.3B.

18 (b) The State Controller shall transfer funds from the unreserved credit balance to  
19 the Savings Reserve Account in accordance with G.S. 143-15.3(a).

20 (c) The State Controller shall transfer funds from the unreserved credit balance to  
21 the Repairs and Renovation Reserve Account in accordance with G.S. 143-15.3A(a).

22 (d) The State Controller shall transfer funds from the unreserved credit balance to  
23 the Clean Water Management Trust Fund in accordance with G.S. 143-15.3B(a).

24 (e) If insufficient funds are available in the unreserved credit balance to fulfill the  
25 requirements of G.S. 143-15.3(a), 143-15.3A(a), and 143-15.3B(a), the State Controller  
26 shall transfer funds based on the following priorities:

27 (1) The Savings Reserve Account has first priority.

28 (2) The Repairs and Renovations Reserve Account has second priority.

29 (3) The Clean Water Management Trust Fund has third priority.

30 (f) The General Assembly may appropriate that part of the anticipated General  
31 Fund credit balance not expected to be reserved only for capital improvements or other  
32 one-time expenditures."

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

34 "**§ 143-15.3. Savings Reserve Account.**

35 (a) There is established a Savings Reserve Account as a restricted reserve in the  
36 General Fund. The State Controller shall reserve to the Savings Reserve Account one-  
37 fourth of any unreserved credit balance remaining in the General Fund at the end of each  
38 fiscal year until the account contains funds equal to five percent (5%) of the amount  
39 appropriated the preceding year for the General Fund operating budget, including local  
40 government tax-sharing funds. funds, that were directly appropriated. In the event that  
41 the one-fourth exceeds the amount necessary to reach the five percent (5%) level, only  
42 funds necessary to reach that level shall be reserved.



1 (a1) If the balance in the Savings Reserve Account falls below ~~this~~ the five percent  
2 (5%) level during a fiscal year, the State Controller ~~shall~~ shall, in accordance with  
3 subsection (a) of this section, reserve to the Savings Reserve Account for the following  
4 fiscal years up to one-fourth of any unreserved credit balance remaining in the General  
5 Fund at the end of each fiscal year until the account again equals the five percent (5%) of  
6 ~~the amount appropriated the preceding year for the General Fund operating budget,~~  
7 ~~including local government tax sharing funds.~~ level set out in subsection (a) of this  
8 section. ~~As used in this section, the term 'unreserved credit balance' means the credit~~  
9 ~~balance amount, as determined on a cash basis, before funds are reserved by the~~  
10 ~~Controller to the Savings Reserve Account or the Repairs and Renovations Reserve~~  
11 ~~Account pursuant to this section and G.S. 143-15.3A.~~

12 (b) The Director may not use funds in the Savings Reserve Account unless the use  
13 has been approved by an act of the General Assembly."

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

15 **"§ 143-15.3A. Repairs and Renovations Reserve Account.**

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

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

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

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

4 The Director of the Budget shall not use funds in the Repairs and Renovations  
5 Reserve Account unless the use has been approved by an act of the General Assembly or,  
6 if the General Assembly is not in session, the Director of the Budget has first consulted  
7 with the Joint Legislative Commission on Governmental Operations under G.S. 143-  
8 15.3A(c).

9 (c) The Governor shall consult with the Joint Legislative Commission on  
10 Governmental Operations before making allocations from the Repairs and Renovations  
11 Reserve Account.

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

21 (d) G.S. 143-15.3B reads as rewritten:

22 **"§ 143-15.3B. The Clean Water Management Trust Fund.**

23 (a) The Clean Water Management Trust Fund is established in G.S. 113-145.3.  
24 The State Controller shall reserve to the Clean Water Management Trust Fund six and  
25 one-half percent (6.5%) of any unreserved credit balance remaining in the General Fund  
26 at the end of each fiscal ~~year-year~~, until the Clean Water Management Trust Fund equals  
27 fifty million dollars (\$50,000,000). In the event that six and one-half percent (6.5%)  
28 exceeds the amount necessary to equal the fifty million dollar (\$50,000,000) level, only  
29 funds necessary to equal fifty million dollars (\$50,000,000) shall be reserved. As used in  
30 this section, the term "unreserved credit balance" means the credit balance amount, as  
31 determined on a cash basis, before funds are reserved by the State Controller to the  
32 Savings Reserve Account, the Repairs and Renovations Reserve Account, or the Clean  
33 Water Management Trust Fund pursuant to this section, G.S. 143-15.3, and G.S. 143-  
34 15.3A.

35 (b) The funds in the Clean Water Management Trust Fund shall be used only in  
36 accordance with Article 13A of Chapter 113 of the General Statutes."  
37

38 Requested by: Representatives Gray, Holmes, Creech, Esposito, Crawford

39 **INTANGIBLES TAX REMEDY**

40 Section 7.9. (a) Of the unreserved credit balance as of June 30, 1997, the sum of one  
41 hundred fifty-six million dollars (\$156,000,000) is reserved for the costs of intangibles  
42 tax refunds required by G.S. 105-267, including interest, and the Department of  
43 Revenue's additional costs of administering the refunds. If this sum is not sufficient, the

1 Department of Revenue may draw additional funds from collections under Division II of  
2 Article 4 of Chapter 105 of the General Statutes, as necessary, but in no case may the  
3 Department of Revenue receive pursuant to this subsection more than a total of five  
4 hundred thousand dollars (\$500,000) for its additional costs of administering the refunds.

5 (b) This section becomes effective only if legislation directing the Secretary of  
6 Revenue to make intangibles tax refunds required by G.S. 105-267 is enacted by the 1997  
7 General Assembly and becomes law.

8  
9 Requested by: Representatives Holmes, Creech, Esposito, Crawford

#### 10 **EXECUTIVE BUDGET ACT EXCEPTION**

11 Section 7.10. (a)G.S. 143-16.3 reads as rewritten:

12 **"§ 143-16.3. No expenditures for purposes for which the General Assembly has**  
13 **considered but not enacted an appropriation.**

14 Notwithstanding any other provision of law, no funds from any source, except for  
15 gifts, grants, funds allocated from the Repairs and Renovations Reserve Account in  
16 accordance with G.S. 143-15.3A, and funds allocated from the Contingency and  
17 Emergency Fund in accordance with G.S. 143-12(b), may be expended for any purpose,  
18 position, or other expenditure for which the General Assembly has considered but not  
19 enacted an appropriation of funds for the current fiscal period. For the purpose of this  
20 section, the General Assembly has considered a purpose, position, or other expenditure  
21 when that purpose is included in a bill, amendment, or petition and when any committee  
22 of the Senate or the House of Representatives deliberates on that purpose.

23 (b) G.S. 143-16.3 does not apply to the following projects:

- 24 (1) The acquisition of gamelands in the South Mountains (House Bill 610).
- 25 (2) Blue Ridge Parkway - Scenic Vistas.

26  
27 Requested by: Representatives Holmes, Creech, Esposito, Crawford

#### 28 **TRANSFERS FOR OVEREXPENDITURES OF A PURPOSE OR PROGRAM**

29 Section 7.11. G.S. 143-23(a1) reads as rewritten:

30 "(a1) Notwithstanding the provisions of subsection (a) of this section, a department,  
31 institution, or other spending agency may, with approval of the Director of the Budget,  
32 spend more than was appropriated for:

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

1 c. Required to call out the National Guard.

2 The Director of the Budget shall report on a quarterly basis to the Joint  
3 Legislative Commission on Governmental Operations on any  
4 overexpenditures under this subdivision; or

- 5 (3) A purpose or program, after consultation with the Joint Legislative  
6 Commission on Governmental Operations in accordance with G.S. 120-  
7 76(8), and only if: (i) the overexpenditure is required to continue the  
8 purpose or programs due to complications or changes in circumstances  
9 that could not have been foreseen when the budget for the fiscal period  
10 was enacted and (ii) the scope of the purpose or program is not  
11 increased. ~~Total overexpenditures of a purpose or program for a fiscal~~  
12 ~~year under this subdivision shall be limited to the lesser of five hundred~~  
13 ~~thousand dollars (\$500,000) or ten percent (10%) of the amount~~  
14 ~~appropriated from all sources for the purpose or program, unless such~~  
15 ~~overexpenditures are necessary to provide matching funds for federal~~  
16 ~~entitlement programs."~~

17  
18 Requested by: Representatives Bowie, Dockham, McMahan

### 19 NORTH CAROLINA RAILROAD ACQUISITION

20 Section 7.12. (a) The sum of sixty-one million dollars (\$61,000,000) of the  
21 unreserved General Fund balance as of June 30, 1997, is placed in a reserve account.

22 (b) Notwithstanding G.S. 147-69.1, the State Treasurer shall invest on a one-  
23 time basis up to sixty-one million dollars (\$61,000,000) from the reserve account created  
24 in subsection (a) of this section in obligations of the Beaufort and Morehead Railroad  
25 Company or any successor company. Such obligations shall provide for total repayment  
26 within seven years, with no principal or interest payments required for two years, with  
27 capitalization of the interest accrued but not paid during that two-year period.

28 (c) Section 54 of Chapter 82 of the Laws of 1848-49, as amended by Chapter  
29 1046 of the 1951 Session Laws, reads as rewritten:

30 "No stock owned by the State of North Carolina in the North Carolina Railroad  
31 Company shall be sold or transferred except with the prior consent of the General  
32 ~~Assembly.~~ Assembly, except as part of a transaction or series of transactions relating to a  
33 plan of merger or consolidation of that company with another company, and where the  
34 State will be the owner of all of the stock in the merged or consolidated corporation."

35 (d) G.S. 136-16.6(c) reads as rewritten:

36 "(c) There is annually appropriated to the Department of Transportation for railroad  
37 purposes including capital contributions to the Beaufort and Morehead Railroad  
38 Company one hundred percent (100%) of the funds credited to the Highway Fund  
39 pursuant to subsection (a) of this section. No monies appropriated for highway  
40 construction or maintenance from the Highway Fund, the Highway Trust Fund, or  
41 transferred to the Highway Fund under G.S. 136-176(c), may be used by the State of  
42 North Carolina or any of its political subdivisions to acquire stock in the North Carolina

1 Railroad Company, or make a capital contribution or loan to either that company or the  
2 Beaufort and Morehead Railroad Company."

3 (e) G.S. 147-12(7) is repealed.

4 (f) G.S. 124-6 reads as rewritten:

5 "**§ 124-6. Appointment of proxies, director of railroad companies, etc.**

6 (a) The Governor shall appoint on behalf of the State all such officers or agents as,  
7 by any act, incorporating a company for the purpose of internal improvement, are  
8 allowed to represent the stock or other interests which the State may have in such  
9 company; and such person or persons shall cast the vote to which the State may be  
10 entitled in all the meetings of the stockholders of such company under the direction of  
11 said Governor; and the said Governor may, if in his opinion the public interest so  
12 requires, remove or suspend such persons, officers, agents, proxies, or directors in his  
13 discretion.

14 (b) Notwithstanding subsection (a) of this section, for any railroad company  
15 organized as a corporation in which the State is the owner of all the stock and which has  
16 trackage in more than two counties, four of the members of the Board of Directors shall  
17 be appointed by the Governor, four of the members of the Board of Directors shall be  
18 appointed by the General Assembly upon the recommendation of the Speaker of the  
19 House of Representatives in accordance with G.S. 120-121, and four of the members of  
20 the Board of Directors shall be appointed by the President Pro Tempore of the Senate in  
21 accordance with G.S. 120-121. The Board of Directors shall consist of 15 members. The  
22 four members appointed by the Governor shall include an investment banker, a person  
23 with experience in railroad management, a certified public accountant, and an at-large  
24 member. The four members recommended to the General Assembly by the Speaker of  
25 the House of Representatives shall include an attorney with experience in corporate law,  
26 a member of a regional economic development commission whose region contains track  
27 of the company, a person with experience in railroad management, and an at-large  
28 member. The four members recommended to the General Assembly by the President Pro  
29 Tempore of the Senate shall include an investment banker, an attorney with experience in  
30 corporate law, a member of a regional economic development commission whose region  
31 contains track of the company, and an at-large member. These 12 appointed members of  
32 the Board of Directors shall elect the remaining three members of the Board. The Board  
33 of Directors shall elect its chairman from among its membership."

34 (g) Any railroad company covered by G.S. 124-6(b) shall present to the Joint  
35 Legislative Transportation Oversight Committee, by November 20, 1998, a business plan  
36 for the railroad including, but not limited to:

37 (1) A mission statement with goals and objectives;

38 (2) Areas and types of services to be provided;

39 (3) Pro forma financial statements that cover a five-year period beginning  
40 January 1, 1999; and

41 (4) Alternative forms of organization.

42  
43 Requested by: Representatives Holmes, Creech, Esposito, Crawford

**DISASTER RELIEF FUNDS/REPORTING REQUIREMENTS**

Section 7.13. (a) The Department of Crime Control and Public Safety shall report to the 1997 General Assembly, 1998 Regular Session, regarding the status of the federal disaster relief funds. The report shall include the purpose for which the funds were spent, the total amount of the expenditure, and the total funds remaining for disaster relief. A copy of the report shall also be provided to the Fiscal Research Division of the General Assembly.

(b) State funds that are designated to match federal funds for disaster relief, but that are not needed as matching funds, shall revert to the General Fund.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Justus, Thompson, Kiser, Redwine

**ANALYSIS OF STATE ADMINISTRATIVE SPAN OF GOVERNMENT CONTROL**

Section 7.14. The Office of State Budget and Management shall continue to review and analyze the administrative span of control of State agencies. That study was authorized by the General Assembly in Section 10.1 of Chapter 324 of the 1995 Session Laws. The starting point for the continued review shall be the recommendations in the May 1996 study report, "Study of State Agency Spans of Control and Organizational Layers." In its review, the Office of State Budget and Management shall focus on four major areas: (i) excessively narrow spans of control goals (supervisors with few employees to supervise); (ii) excessive layers of management between top management and employees; (iii) one-to-one reporting relationships; and (iv) work units with small numbers of staff.

The study goals shall be fewer management layers; realistic supervisor to employee ratios; proper classification of supervisors; cost savings by eliminating unnecessary positions; and improved policies and procedures for reviewing and monitoring organizational layers and supervisor to employee ratios.

The review shall be conducted as a joint effort between the Office of State Budget and Management, the Office of State Personnel and State agencies to further review the number of organizational levels and the average span of control in each State agency and determine the appropriate span of control and management levels for the agency and for each major division and section within that agency. This review shall use the statewide benchmarks in the 1996 Span of Control study as a starting point for analysis, not as the required goal for each department. However, the study shall highlight the reasons for any deviation from the statewide benchmarks recommended in the 1996 study.

In its study, the Office of State Budget and Management shall:

- (1) Document any cost savings available from eliminating positions. These cost savings must be based on a reduced number of organizational layers and positions or a reduced number of supervisors due to increasing employee to supervisor ratios.

- 1 (2) Highlight classifications that appear to be improperly classified as  
2 supervisors and, conversely, those nonsupervisory classifications that  
3 should be designated as supervisors. Potential costs or cost savings for  
4 reclassification of positions should be documented where possible.
- 5 (3) Recommend new policies and procedures to be implemented by the  
6 Office of State Budget and Management and the Office of State  
7 Personnel for reviewing and monitoring agency organizational and  
8 supervisory changes. State Personnel should specifically review  
9 possible modifications to the State Personnel Management Information  
10 System that would allow for easy access and monitoring of agency  
11 organizational layers and supervisor to employee ratios.
- 12 (4) Expand its scope to include The University of North Carolina System  
13 and the North Carolina Community College System.
- 14 (5) Include a timetable for completing implementation of the study  
15 recommendations.

16 The Office of State Budget and Management shall report its findings and  
17 recommendations to the 1997 General Assembly by April 1, 1998. A progress report  
18 shall be provided quarterly by the Office of State Budget and Management to the Joint  
19 Legislative Commission on Governmental Operations, the Chairs of the Senate and  
20 House Appropriations Committees, and the Fiscal Research Division.

21  
22 Requested by: Representatives Gray, Holmes, Creech, Esposito, Crawford

### 23 INTANGIBLES TAX REMEDY

24 Section 7.15. (a) Of the unreserved credit balance as of June 30, 1997, the sum of one  
25 hundred fifty-six million dollars (\$156,000,000) is reserved for the costs of intangibles  
26 tax refunds required by G.S. 105-267, including interest, and the Department of  
27 Revenue's additional costs of administering the refunds. If this sum is not sufficient, the  
28 Department of Revenue may draw additional funds from collections under Division II of  
29 Article 4 of Chapter 105 of the General Statutes, as necessary, but in no case may the  
30 Department of Revenue receive pursuant to this subsection more than a total of five  
31 hundred thousand dollars (\$500,000) for its additional costs of administering the refunds.

32 (b) This section becomes effective only if legislation directing the Secretary of  
33 Revenue to make intangibles tax refunds required by G.S. 105-267 is enacted by the 1997  
34 General Assembly and becomes law.

35  
36 Requested by: Representatives Justus, Kiser, Thompson, Holmes, Creech, Esposito,  
37 Crawford

### 38 AUTHORIZATION OF PRIVATE LICENSE TAGS ON STATE-OWNED 39 MOTOR VEHICLES

40 Section 7.16. (a) Pursuant to the provisions of G.S. 14-250, for the 1997-99 fiscal  
41 biennium, the General Assembly authorizes the use of private license tags on State-  
42 owned motor vehicles only for the State Highway Patrol and for the following:

43 Department      Exemption CategoryNumber

1	Motor Vehicles License and Theft	97
2	JusticeSBI Agents	301
3	Correction Probation/Parole Surveillance	
4	Officers (intensive probation)	25
5	Crime Control and	
6	Public Safety ALE Officers	160
7	Revenue	3
8	Capital Area	
9	Police	2.

10 (b) The 160 ALE vehicles authorized by this section to use private license tags  
11 shall be distributed as follows:

- 12 (1) 114 license tags for line vehicles;
- 13 (2) 14 license tags for spare vehicles;
- 14 (3) 12 license tags for surveillance vehicles; and
- 15 (4) 20 license tags for undercover vehicles.

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

18  
19 Requested by: Representative Arnold

#### 20 **NO STATE AGENCY CONTRACT LOBBYING**

21 Section 7.17. No state agency may retain any person who would be required to  
22 register as a lobbyist under Article 9A of Chapter 120 of the General Statutes in order to  
23 carry out the task for which that person is retained.

#### 24 25 **PART VIII. PUBLIC SCHOOLS**

26  
27 Requested by: Representatives Arnold, Grady, Preston

#### 28 **CAREER DEVELOPMENT**

29 Section 8.1. (a) The State Board of Education shall use funds available for the 1997-  
30 98 and 1998-99 fiscal years to ensure that individual employees do not receive less on a  
31 monthly basis in salary and State-funded bonuses during the 1997-98 fiscal year or  
32 during the 1998-99 fiscal year than they received on a monthly basis during the 1994-95  
33 fiscal year, so long as the employees qualify for bonuses under the local differentiated  
34 pay plan. The State Board of Education may also use funds appropriated to State Aid to  
35 Local School Administrative Units for the 1997-98 and 1998-99 fiscal years as is  
36 necessary to hold individual employees harmless as provided in this subsection.

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

41  
42 Requested by: Representatives Arnold, Grady, Preston

#### 43 **SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**



1 Section 8.2. (a) Funds for Supplemental Funding. – The General Assembly finds that  
2 it is appropriate to provide supplemental funds in low-wealth counties to allow those  
3 counties to enhance the instructional program and student achievement; therefore, funds  
4 are appropriated to Aid to Local School Administrative Units for the 1997-98 fiscal year  
5 and the 1998-99 fiscal year to be used for supplemental funds for schools.

6 (b) Use of Funds for Supplemental Funding. – Local school administrative units  
7 shall use funds received pursuant to this section only to provide instructional positions,  
8 instructional support positions, teacher assistant positions, clerical positions, instructional  
9 supplies and equipment, staff development, and textbooks; provided, however, local  
10 school administrative units may use these funds for salary supplements for instructional  
11 personnel and instructional support personnel.

12 (c) Definitions. – As used in this section:

13 (1) "Anticipated county property tax revenue availability" means the county  
14 adjusted property tax base multiplied by the effective State average tax  
15 rate.

16 (2) "Anticipated total county revenue availability" means the sum of the:

- 17 a. Anticipated county property tax revenue availability,
- 18 b. Local sales and use taxes received by the county that are levied  
19 under Chapter 1096 of the 1967 Session Laws or under  
20 Subchapter VIII of Chapter 105 of the General Statutes,
- 21 c. Food stamp exemption reimbursement received by the county  
22 under G.S. 105-164.44C,
- 23 d. Homestead exemption reimbursement received by the county  
24 under G.S. 105-277.1A,
- 25 e. Inventory tax reimbursement received by the county under G.S.  
26 105-275.1 and G.S. 105-277A,
- 27 f. Intangibles tax distribution and reimbursement received by the  
28 county under G.S. 105-213 and G.S. 105-213.1, and
- 29 g. Fines and forfeitures deposited in the county school fund for the  
30 most recent year for which data are available.

31 (3) "Anticipated total county revenue availability per student" means the  
32 anticipated total county revenue availability for the county divided by  
33 the average daily membership of the county.

34 (4) "Anticipated State average revenue availability per student" means the  
35 sum of all anticipated total county revenue availability divided by the  
36 average daily membership for the State.

37 (5) "Average daily membership" means average daily membership as  
38 defined in the North Carolina Public Schools Allotment Policy Manual,  
39 adopted by the State Board of Education. If a county contains only part  
40 of a local school administrative unit, the average daily membership of  
41 that county includes all students who reside within the county and  
42 attend that local school administrative unit.

43 (6) " County adjusted property tax base" shall be computed as follows:

- 1 a. Subtract the present-use value of agricultural land, horticultural  
2 land, and forestland in the county, as defined in G.S. 105-277.2,  
3 from the total assessed real property valuation of the county,
- 4 b. Adjust the resulting amount by multiplying by a weighted  
5 average of the three most recent annual sales assessment ratio  
6 studies,
- 7 c. Add to the resulting amount the:
  - 8 1. Present-use value of agricultural land, horticultural land,  
9 and forestland, as defined in G.S. 105-277.2,
  - 10 2. Value of property of public service companies,  
11 determined in accordance with Article 23 of Chapter 105  
12 of the General Statutes, and
  - 13 3. Personal property value for the county.
- 14 (7) " County adjusted property tax base per square mile" means the county  
15 adjusted property tax base divided by the number of square miles of  
16 land area in the county.
- 17 (8) " County wealth as a percentage of State average wealth" shall be  
18 computed as follows:
  - 19 a. Compute the percentage that the county per capita income is of  
20 the State per capita income and weight the resulting percentage  
21 by a factor of five-tenths,
  - 22 b. Compute the percentage that the anticipated total county revenue  
23 availability per student is of the anticipated State average revenue  
24 availability per student and weight the resulting percentage by a  
25 factor of four-tenths,
  - 26 c. Compute the percentage that the county adjusted property tax  
27 base per square mile is of the State adjusted property tax base per  
28 square mile and weight the resulting percentage by a factor of  
29 one-tenth,
  - 30 d. Add the three weighted percentages to derive the county wealth  
31 as a percentage of the State average wealth.
- 32 (9) " Effective county tax rate" means the actual county tax rate multiplied  
33 by a weighted average of the three most recent annual sales assessment  
34 ratio studies.
- 35 (10) " Effective State average tax rate" means the average of effective county  
36 tax rates for all counties.
- 37 (10a) " Local current expense funds" means the most recent county current  
38 expense appropriations to public schools, as reported by local boards of  
39 education in the audit report filed with the Secretary of the Local  
40 Government Commission pursuant to G.S. 115C-447.
- 41 (11) " Per capita income" means the average for the most recent three years  
42 for which data are available of the per capita income according to the  
43 most recent report of the United States Department of Commerce,

1 Bureau of Economic Analysis, including any reported modifications for  
2 prior years as outlined in the most recent report.

3 (12) " Sales assessment ratio studies" means sales assessment ratio studies  
4 performed by the Department of Revenue under G.S. 105-289(h).

5 (13) " State average current expense appropriations per student" means the  
6 most recent State total of county current expense appropriations to  
7 public schools, as reported by local boards of education in the audit  
8 report filed with the Secretary of the Local Government Commission  
9 pursuant to G.S. 115C-447.

10 (14) " State average adjusted property tax base per square mile" means the  
11 sum of the county adjusted property tax bases for all counties divided by  
12 the number of square miles of land area in the State.

13 (14a) " Supplant" means to decrease local per student current expense  
14 appropriations from one fiscal year to the next fiscal year.

15 (15) " Weighted average of the three most recent annual sales assessment  
16 ratio studies" means the weighted average of the three most recent  
17 annual sales assessment ratio studies in the most recent years for which  
18 county current expense appropriations and adjusted property tax  
19 valuations are available. If real property in a county has been revalued  
20 one year prior to the most recent sales assessment ratio study, a  
21 weighted average of the two most recent sales assessment ratios shall be  
22 used. If property has been revalued the year of the most recent sales  
23 assessment ratio study, the sales assessment ratio for the year of  
24 revaluation shall be used.

25 (d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the  
26 State Board of Education shall allocate these funds to local school administrative units  
27 located in whole or in part in counties in which the county wealth as a percentage of the  
28 State average wealth is less than one hundred percent (100%).

29 (e) Allocation of Funds. – Except as provided in subsection (g) of this section,  
30 the amount received per average daily membership for a county shall be the difference  
31 between the State average current expense appropriations per student and the current  
32 expense appropriations per student that the county could provide given the county's  
33 wealth and an average effort to fund public schools. (To derive the current expense  
34 appropriations per student that the county could be able to provide given the county's  
35 wealth and an average effort to fund public schools, multiply the county wealth as a  
36 percentage of State average wealth by the State average current expense appropriations  
37 per student.)

38 The funds for the local school administrative units located in whole or in part  
39 in the county shall be allocated to each local school administrative unit, located in whole  
40 or in part in the county, based on the average daily membership of the county's students  
41 in the school units.

1 If the funds appropriated for supplemental funding are not adequate to fund the  
2 formula fully, each local school administrative unit shall receive a pro rata share of the  
3 funds appropriated for supplemental funding.

4 (f) Formula for Distribution of Supplemental Funding Pursuant to This  
5 Section Only. – The formula in this section is solely a basis for distribution of  
6 supplemental funding for low-wealth counties and is not intended to reflect any measure  
7 of the adequacy of the educational program or funding for public schools. The formula is  
8 also not intended to reflect any commitment by the General Assembly to appropriate any  
9 additional supplemental funds for low-wealth counties.

10 (g) Minimum Effort Required. – Counties that had effective tax rates in the  
11 1994-95 fiscal year that were above the State average effective tax rate but that had  
12 effective rates below the State average in the 1995-96 fiscal year or thereafter shall  
13 receive reduced funding under this section. This reduction in funding shall be determined  
14 by subtracting the amount that the county would have received pursuant to Section  
15 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws from the amount that the county  
16 would have received if qualified for full funding and multiplying the difference by ten  
17 percent (10%). This method of calculating reduced funding shall apply one time only.

18 This method of calculating reduced funding shall not apply in cases in which  
19 the effective tax rate fell below the statewide average effective tax rate as a result of a  
20 reduction in the actual property tax rate. In these cases, the minimum effort required  
21 shall be calculated in accordance with Section 17.1(g)(ii) of Chapter 507 of the 1995  
22 Session Laws.

23 If the county documents that it has increased the per student appropriation to  
24 the school current expense fund in the current fiscal year, the State Board of Education  
25 shall include this additional per pupil appropriation when calculating minimum effort  
26 pursuant to Section 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws.

27 (h) Nonsupplant requirement. – A county in which a local school  
28 administrative unit receives funds under this section shall use the funds to supplement  
29 local current expense funds and shall not supplant local current expense funds. For the  
30 1997-99 fiscal biennium, the State Board of Education shall not allocate funds under this  
31 section to a county found to have used these funds to supplant local per student current  
32 expense funds. The State Board of Education shall make a finding that a county has used  
33 these funds to supplant local current expense funds in the prior year, or the year for which  
34 the most recent data are available, if:

35 (1) The current expense appropriation per student of the county for the  
36 current year is less than ninety-five percent (95%) of the average of the  
37 local current expense appropriations per student for the three prior fiscal  
38 years; and

39 (2) The county cannot show (i) that it has remedied the deficiency in  
40 funding, or (ii) that extraordinary circumstances caused the county to  
41 supplant local current expense funds with funds allocated under this  
42 section.

43 The State Board of Education shall adopt rules to implement this section.

1 (i) Reports. – The State Board of Education shall report to the Joint  
2 Legislative Education Oversight Committee prior to May 1, 1998, on its analysis of  
3 whether counties supplanted funds.

4 (j) Department of Revenue Reports. – The Department of Revenue shall  
5 provide to the Department of Public Instruction a preliminary report for the current fiscal  
6 year of the assessed value of the property tax base for each county prior to March 1 of  
7 each year and a final report prior to May 1 of each year. The reports shall include for  
8 each county the annual sales assessment ratio and the taxable values of (i) total real  
9 property, (ii) the portion of total real property represented by the present-use value of  
10 agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii)  
11 property of public service companies determined in accordance with Article 23 of  
12 Chapter 105 of the General Statutes, and (iv) personal property.

13  
14 Requested by: Representatives Arnold, Grady, Preston

### 15 **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

16 Section 8.3. (a) Funds for small school systems. – Except as provided in subsection  
17 (b) of this section, the State Board of Education shall allocate funds appropriated for  
18 small school system supplemental funding (i) to each county school administrative unit  
19 with an average daily membership of less than 3,150 students and (ii) to each county  
20 school administrative unit with an average daily membership of from 3,150 to 4,000  
21 students if the county in which the local school administrative unit is located has a county  
22 adjusted property tax base per student that is below the State adjusted property tax base  
23 per student and if the total average daily membership of all local school administrative  
24 units located within the county is from 3,150 to 4,000 students. The allocation formula  
25 shall:

- 26 (1) Round all fractions of positions to the next whole position.
- 27 (2) Provide five and one-half additional regular classroom teachers in  
28 counties in which the average daily membership per square mile is  
29 greater than four and seven additional regular classroom teachers in  
30 counties in which the average daily membership per square mile is four  
31 or less.
- 32 (3) Provide additional program enhancement teachers adequate to offer the  
33 standard course of study.
- 34 (4) Change the duty-free period allocation to one teacher assistant per 400  
35 average daily membership.
- 36 (5) Provide a base for the consolidated funds allotment of at least one  
37 hundred fifty thousand dollars (\$150,000), excluding textbooks.
- 38 (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

39 If funds appropriated for each fiscal year for small school system supplemental funding  
40 are not adequate to fund fully the program, the State Board of Education shall reduce the  
41 amount allocated to each county school administrative unit on a pro rata basis. This  
42 formula is solely a basis for distribution of supplemental funding for certain county  
43 school administrative units and is not intended to reflect any measure of the adequacy of

1 the educational program or funding for public schools. The formula is also not intended  
2 to reflect any commitment by the General Assembly to appropriate any additional  
3 supplemental funds for such county administrative units.

4 (b) Nonsupplant requirement. – A county in which a local school administrative  
5 unit receives funds under this section shall use the funds to supplement local current  
6 expense funds and shall not supplant local current expense funds. For the 1997-99 fiscal  
7 biennium, the State Board of Education shall not allocate funds under this section to a  
8 county found to have used these funds to supplant local per student current expense  
9 funds. The State Board of Education shall make a finding that a county has used these  
10 funds to supplant local current expense funds in the prior year, or the year for which the  
11 most recent data are available, if:

12 (1) The current expense appropriation per student of the county for the  
13 current year is less than ninety-five percent (95%) of the average of the  
14 local current expense appropriations per student for the three prior fiscal  
15 years; and

16 (2) The county cannot show (i) that it has remedied the deficiency in  
17 funding, or (ii) that extraordinary circumstances caused the county to  
18 supplant local current expense funds with funds allocated under this  
19 section.

20 The State Board of Education shall adopt rules to implement this section.

21 (c) Phase-out provision. – If a local school administrative unit becomes ineligible  
22 for funding under this formula solely because of an increase in population or an increase  
23 in the county adjusted property tax base per student of the county in which the local  
24 school administrative unit is located, funding for that unit shall be phased out over a two-  
25 year period. For the first year of ineligibility, the unit shall receive the same amount it  
26 received for the prior fiscal year. For the second year of ineligibility, it shall receive half  
27 of that amount.

28 (d) Definitions. – As used in this section:

29 (1) "Average daily membership" means within two percent (2%) of the  
30 average daily membership as defined in the North Carolina Public  
31 Schools Allotment Policy Manual, adopted by the State Board of  
32 Education.

33 (2) "County adjusted property tax base per student" means the total  
34 assessed property valuation for each county, adjusted using a weighted  
35 average of the three most recent annual sales assessment ratio studies,  
36 divided by the total number of students in average daily membership  
37 who reside within the county.

38 (2a) "Local current expense funds" means the most recent county current  
39 expense appropriations to public schools, as reported by local boards of  
40 education in the audit report filed with the Secretary of the Local  
41 Government Commission pursuant to G.S. 115C-447.

42 (3) "Sales assessment ratio studies" means sales assessment ratio studies  
43 performed by the Department of Revenue under G.S. 105-289(h).

1 (4) " State adjusted property tax base per student" means the sum of all  
2 county adjusted property tax bases divided by the total number of  
3 students in average daily membership who reside within the State.

4 (4a) " Supplant" means to decrease local per student current expense  
5 appropriations from one fiscal year to the next fiscal year.

6 (5) " Weighted average of the three most recent annual sales assessment  
7 ratio studies" means the weighted average of the three most recent  
8 annual sales assessment ratio studies in the most recent years for which  
9 county current expense appropriations and adjusted property tax  
10 valuations are available. If real property in a county has been revalued  
11 one year prior to the most recent sales assessment ratio study, a  
12 weighted average of the two most recent sales assessment ratios shall be  
13 used. If property has been revalued the year of the most recent sales  
14 assessment ratio study, the sales assessment ratio for the year of  
15 revaluation shall be used.

16 (e) Reports. – The State Board of Education shall report to the Joint  
17 Legislative Education Oversight Committee prior to May 1, 1998, on the results of its  
18 analysis of whether counties supplanted funds.

19  
20 Requested by: Representatives Arnold, Grady, Preston

#### 21 **LITIGATION RESERVE**

22 Section 8.4. (a) Funds in the State Board of Education's Litigation Reserve that  
23 are not expended or encumbered on June 30, 1997, shall not revert on July 1, 1997, but  
24 shall remain available for expenditure until June 30, 1999.

25 (b) The State Board of Education may expend up to five hundred thousand  
26 dollars (\$500,000) for the 1997-98 fiscal year from unexpended funds for certified  
27 employees' salaries to pay expenses related to pending litigation.

28 (c) Subsection (a) of this section becomes effective June 30, 1997.

29  
30 Requested by: Representatives Arnold, Grady, Preston

#### 31 **EXCEPTIONAL CHILDREN FUNDS**

32 Section 8.5. The funds appropriated for exceptional children in this act shall be  
33 allocated as follows:

34 (1) Each local school administrative unit shall receive for academically  
35 gifted children the sum of seven hundred ten dollars and sixty-one cents  
36 (\$710.61) per child for four percent (4%) of the 1997-98 allocated  
37 average daily membership in the local school administrative unit,  
38 regardless of the number of children identified as academically gifted in  
39 the local school administrative unit. The total number of children for  
40 which funds shall be allocated pursuant to this subdivision is 49,045 for  
41 the 1997-98 school year.

42 (2) Each local school administrative unit shall receive for exceptional  
43 children other than academically gifted children the sum of two

1 thousand one hundred thirty-one dollars and eighty-seven cents  
2 (\$2,131.87) per child for the lesser of (i) all children who are identified  
3 as exceptional children other than academically gifted children or (ii)  
4 twelve and five-tenths percent (12.5%) of the 1997-98 allocated average  
5 daily membership in the local school administrative unit. The maximum  
6 number of children for which funds shall be allocated pursuant to this  
7 subdivision is 142,956 for the 1997-98 school year.

8 The dollar amounts allocated under this subsection for exceptional children shall also  
9 increase in accordance with legislative salary increments for personnel who serve  
10 exceptional children.

11  
12 Requested by: Representatives Arnold, Grady, Preston

### 13 **MINIMUM VACATION LEAVE FOR BUS DRIVERS**

14 Section 8.6. Notwithstanding any other provision of law, all regular school bus  
15 drivers, who have been employed for at least one academic year and who are not entitled  
16 to more than one day of paid vacation leave, are entitled to one day of paid vacation leave  
17 in each subsequent school year. An employee who is terminated or resigns before taking  
18 the leave day is not entitled to compensation for the day.

19  
20 Requested by: Representatives Arnold, Grady, Preston

### 21 **LOSS OF BUDGET FLEXIBILITY UNDER CERTAIN** 22 **CIRCUMSTANCES/PROHIBITION ON USE OF STATE FUNDS TO BUY OUT** 23 **SUPERINTENDENTS' CONTRACTS**

24 Section 8.7. (a) G.S. 115C-451 reads as rewritten:

#### 25 **"§ 115C-451. Reports to State Board of Education; failure to comply with School** 26 **Budget Act.**

27 (a) The State Board of Education shall have authority to require local school  
28 administrative units to make such reports as it may deem advisable with respect to the  
29 financial operation of the public schools.

30 (b) The State Board of Education shall be responsible for assuring that local  
31 boards of education comply with State laws and regulations regarding the budgeting,  
32 management, and expenditure of funds. When a local board of education willfully or  
33 negligently fails or refuses to comply with these laws and regulations, the State Board of  
34 Education shall issue a warning to the local board of education and direct it to take  
35 remedial action. In addition, the State Board may suspend the flexibility given to the  
36 local board under G.S. 115C-105.21A and may require the local board to use funds  
37 during the term of suspension only for the purposes for which they were allotted or for  
38 other purposes with the specific approval from the State Board.

39 (c) If the local board of education, after warning, persists in willfully or  
40 negligently failing or refusing to comply with these laws and regulations, the State Board  
41 of Education shall by resolution assume control of the financial affairs of the local board  
42 of education and shall appoint an administrator to exercise the powers assumed. The  
43 adoption of a resolution shall have the effect of divesting the local board of education of



1 its powers as to the adoption of budgets, expenditure of money, and all other financial  
2 powers conferred upon the local board of education by law."

3 (b) G.S. 115C-271 reads as rewritten:

4 **"§ 115C-271. Selection by local board of education, term of office.**

5 Each local board of education shall elect a superintendent of schools for a term of one  
6 to four years, ending on June 30th of the final 12 months of the contract. The board of  
7 education may, with the written consent of the current superintendent, extend or renew  
8 the term of the superintendent's contract at any time after the first 12 months of the  
9 contract; provided, however, that the current superintendent's contract may not be  
10 extended for a term of greater than four years; and provided, further, that if new board  
11 members have been elected or appointed and are to be sworn in, the board may not act to  
12 extend or renew the current superintendent's contract until after the new members have  
13 been sworn in. The term and conditions of employment shall be stated in a written  
14 contract which shall be entered into between the board of education and the  
15 superintendent. A copy of the contract shall be filed with the Superintendent of Public  
16 Instruction before any person is eligible for this office.

17 Contracts of employment for a period of less than one year shall be governed and  
18 limited by G.S. 115C-275.

19 It is the policy of the State of North Carolina that the superintendents of each of the  
20 several school administrative units be hired solely at the discretion of the local boards of  
21 education and that a candidate for superintendent of a local school administrative unit  
22 must have been, at least, a principal in a North Carolina public school or have equivalent  
23 experience as prescribed by the State Board of Education and have other minimum  
24 credentials, educational prerequisites and experience requirements as the State Board of  
25 Education shall prescribe. The State Board of Education is directed to promulgate  
26 prerequisites for candidacy for superintendent not later than January 1, 1985.

27 If any board of education shall elect a person to serve as superintendent of schools in  
28 any local school administrative unit who is not qualified, or cannot qualify, according to  
29 this section, such election is null and void and it shall be the duty of such board of  
30 education to elect a person who can qualify.

31 (a) It is the policy of the State that each local board of education has the sole  
32 discretion to elect a superintendent of schools. However, the State Board shall adopt  
33 rules that establish the qualifications for election. At a minimum, each superintendent  
34 shall have been a principal in a North Carolina public school or shall have equivalent  
35 experience. In addition, the State Board may establish other minimum credentials,  
36 educational prerequisites, and experience requirements. It is the duty of each local board  
37 to elect a superintendent who is qualified. If a local board elects a superintendent who is  
38 not qualified or who cannot qualify under this section, then the election and contract are  
39 null and void, and the board shall elect a person who is qualified.

40 (b) Each local board of education shall elect a superintendent under a written  
41 contract of employment for a term of no more than four years, ending on June 30 of the  
42 final months of the contract. Contracts of employment for a period of less than one year

1 shall be governed and limited by G.S. 115C-275. Each local board shall file a copy of the  
2 contract with the State Board of Education before the individual is eligible for this office.

3 (c) At any time after the first 12 months of the contract, a local board may, with  
4 the written consent of the current superintendent, extend or renew the term of the  
5 superintendent's contract for a term of no more than four years. If new board members  
6 have been elected or appointed and are to be sworn in, a board shall not act to extend or  
7 renew the current superintendent's contract until after the new members have been sworn  
8 in.

9 (d) A local board may terminate the superintendent's contract before the contract  
10 term of employment has expired so long as all the following conditions are met:

11 (1) No State funds are used for this purpose.

12 (2) Local funds appropriated for teachers, textbooks, or classroom  
13 materials, supplies and equipment are not transferred or used for this  
14 purpose.

15 (3) The local board makes public the funds that are to be transferred or used  
16 for this purpose.

17 (4) The local board notifies the State Board of the funds that are to be  
18 transferred or used for this purpose.

19 (5) No funds acquired through donation or fund-raising are used for this  
20 purpose, except for funds raised specifically for this purpose or for  
21 funds donated by private for-profit corporations.

22 Immediately upon receipt of the notification from a local board under this subsection,  
23 the State Board shall review the accounts of that local school administrative unit. If the  
24 State Board finds that the local board failed to meet all the conditions set out in this  
25 subsection, the State Board shall issue a warning to the local board as provided in G.S.  
26 115C-451 and, in addition to any other actions the State Board may take under G.S.  
27 115C-451, shall order the local board to take action to comply with this subsection."

28  
29 Requested by: Representatives Arnold, Grady, Preston

### 30 **DELETE REPORT ON GUARANTEED ENERGY SAVINGS CONTRACTS**

31 Section 8.8. Section 9 of Chapter 775 of the 1993 Session Laws is repealed.

32  
33 Requested by: Representatives Arnold, Grady, Preston

### 34 **SCHOOL PAY DATE FLEXIBILITY PILOT PROGRAM**

35 Section 8.9. The State Board of Education may continue a pilot program to  
36 grant no more than four local boards of education additional flexibility in setting the pay  
37 dates for their 10-month employees. Notwithstanding the provisions of G.S. 115C-302(a)  
38 and G.S. 115C-316(a), local school administrative units participating in the pilot may pay  
39 10-month employees for a full month of employment when days employed are less than a  
40 full month at the beginning or the end of the teachers' contracts. No local school  
41 administrative unit shall be required to participate in the pilot. A local board  
42 participating in the pilot shall bear all of the cost of recouping funds prepaid for work  
43 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 15, 1998.

3  
4 Requested by: Representatives Arnold, Grady, Preston

5 **ALTERNATIVE SCHOOLS/AT-RISK STUDENTS**

6 Section 8.10. (a) Local boards of education may use funds from the Alternative  
7 Schools/At-Risk Student allotment to form partnerships with the Communities In Schools  
8 Program or to contract with the Communities In Schools Program for services.

9 (b) Local boards of education shall not use these State funds in the Alternative  
10 Schools/At-Risk Student allotment to supplant local funds.

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

14  
15 Requested by: Representatives Arnold, Grady, Preston

16 **ADVANCED PLACEMENT TESTS**

17 Section 8.11. (a) Advanced Placement tests are taken by many high school  
18 students who are seeking college credit for coursework completed in high school. The  
19 Board of Governors of The University of North Carolina is encouraged to develop a  
20 standardized system of credit for the Advanced Placement test scores to ensure that  
21 college credit granted for Advanced Placement courses is equitable and predictable.

22 (b) The Board of Governors of The University of North Carolina shall  
23 encourage the University system to assist the public school systems of the State to  
24 provide education for teachers who are instructors of Advanced Placement courses.

25 (c) Notwithstanding any other provision of law, the State Board of Community  
26 Colleges shall allow a college to earn regular budget FTEs for a college level course  
27 taught to high school students even though the course instructor is a local high school  
28 teacher under contract, provided the following criteria are met:

29 (1) The course does not duplicate or supplant the Advanced Placement  
30 courses or the other college level course offerings of the high school.

31 (2) The contractual responsibilities of the high school teacher employed as  
32 an instructor for the course do not supplant the regular classroom and  
33 teaching responsibilities of the teacher.

34 (3) The State Board of Community Colleges is satisfied that the substance,  
35 quality, and level at which the course is taught merits it being  
36 considered a college level course.

37 (d) The State Board of Education and the State Board of Community Colleges  
38 shall report to the Joint Legislative Education Oversight Committee by March 1, 1998,  
39 regarding the cooperative effort being made to encourage high school students to  
40 complete college general education courses through the community college system. The  
41 report shall include information about the curricula designed to encourage this effort, the  
42 number of students enrolled in college courses, and the fiscal impact of these efforts.

1 Requested by: Representatives Arnold, Grady, Preston

2 **DATA ON TEACHER ASSISTANTS' YEARS OF EXPERIENCE,**  
3 **CREDENTIALS, AND PLACEMENT ON LOCALLY ADOPTED SALARY**  
4 **SCHEDULES/REVIEW OF TEACHER ASSISTANT EDUCATION PROGRAMS**  
5 **AND STANDARDS/STUDY ON NONCERTIFIED SCHOOL PERSONNEL**  
6 **SALARY SCHEDULES**

7 Section 8.12. (a) The State Board of Education shall collect data on teacher  
8 assistants' years of experience in the public schools and in State and local government  
9 and the degrees that they hold. The State Board shall report the results of its study to the  
10 Joint Legislative Education Oversight Committee prior to February 15, 1998.

11 The State Board of Education shall also collect data on locally adopted salary  
12 schedules for teacher assistants and the distribution of teacher assistants on the locally  
13 adopted schedules. The State Board shall report the results of its study to the Joint  
14 Legislative Education Oversight Committee prior to February 15, 1998.

15 (b) The State Board of Education shall review existing teacher assistant  
16 education programs, including the program offered by the North Carolina Association of  
17 Teacher Assistants.

18 The State Board of Education shall also develop educational standards, goals,  
19 and competencies for teacher assistants.

20 The State Board of Education shall report on the results of its study and on the  
21 educational standards, goals, and competencies to the Joint Legislative Education  
22 Oversight Committee prior to February 15, 1998.

23 (c) The State Board of Community Colleges shall review the reports submitted to  
24 the Joint Legislative Education Oversight Committee by the State Board of Education  
25 pursuant to subsection (b) of this section and shall use the reports to develop a plan for a  
26 certification program for teacher assistants. The State Board of Community Colleges  
27 shall report to the Joint Legislative Education Oversight Committee on the plan it  
28 develops, including the costs of implementing the plan.

29 (d) The State Board of Education shall study salary schedules for noncertified  
30 public school employees. In the course of the study, the State Board shall consider the  
31 current salary schedules and salary ranges for noncertified public school employees, the  
32 need for minimum salary schedules for noncertified public school employees, and the  
33 cost of implementing minimum salary schedules. The State Board shall report the results  
34 of its study to the Joint Legislative Education Oversight Committee prior to February 15,  
35 1999.

36  
37 Requested by: Representatives Arnold, Grady, Preston

38 **CLASS-SIZE COMPUTATION FOR K-2**

39 Section 8.13. The expansion budget funds appropriated by the 1993 and 1995  
40 General Assemblies to provide teacher positions to reduce class size in kindergarten  
41 through second grade shall be allocated by the State Board of Education to local school  
42 administrative units on the basis of one teacher for every 23 students in each grade.  
43 Local school administrative units shall use these funds (i) to reduce class size in

1 kindergarten through second grade to 23 or fewer students or (ii) to hire reading teachers  
2 within kindergarten through third grade or otherwise reduce the student-teacher ratio  
3 within kindergarten through third grade.

4 For the purpose of calculating the maximum allowable class size for the grade  
5 span kindergarten, first grade, and second grade, the ratio of teachers to students shall at  
6 no time exceed one to 23. In addition, the size of an individual class within this grade  
7 span shall not exceed the allotment ratio by more than three students.

8  
9 Requested by: Representatives Arnold, Grady, Preston

10 **ABC'S PERFORMANCE RECOGNITION FOR PERSONNEL SERVING**  
11 **PREKINDERGARTEN THROUGH TWELFTH GRADE**

12 Section 8.14. G.S. 115C-105.36 reads as rewritten:

13 **"§ 115C-105.36. Performance recognition.**

14 (a) The personnel serving students in prekindergarten through twelfth grade in  
15 schools that achieve a level of expected growth greater than one hundred percent (100%)  
16 at a level to be determined by the State Board of Education are eligible for financial  
17 awards in amounts set by the State Board. Schools and personnel shall not be required to  
18 apply for these awards. For the purpose of this section, 'personnel' includes the principal,  
19 assistant principal, instructional personnel, instructional support personnel, and teacher  
20 assistants assigned to that school.

21 (b) The State Board shall establish a procedure to allocate the funds for these  
22 awards to the local school administrative units in which the eligible schools are located.  
23 Funds shall become available for expenditure July 1 of each fiscal year. Funds shall  
24 remain available until November 30 of the subsequent fiscal year for expenditure for:

25 (1) Awards to the ~~personnel~~; personnel serving students in prekindergarten  
26 through grade 12; or

27 (2) The purposes authorized in a plan that has been:

28 a. Developed and voted on by the personnel in the same manner  
29 that a school improvement plan is approved under G.S. 115C-  
30 105.27;

31 b. Approved by a majority of the personnel who vote on the plan;  
32 and

33 c. Submitted to and approved by the local board of education.

34 The local board shall approve this plan unless the plan involves expenditures of funds  
35 that are not for a public purpose or that are otherwise unlawful."

36  
37 Requested by: Representatives Arnold, Grady, Preston

38 **SCHOOL LAW REVISION SUBCOMMITTEE EXTENDED**

39 Section 8.15. (a) The cochairs of the Joint Legislative Education Oversight  
40 Committee may appoint a subcommittee to revise the public school laws.

41 The subcommittee shall consist of equal numbers of members appointed by the  
42 Senate chair and the House chair. Either chair may appoint to the subcommittee  
43 members, including public members, who are not also members of the Committee.

1 Members of the subcommittee who are not members of the Committee may  
2 participate fully in all subcommittee business, including all deliberations and votes;  
3 however, these members are not members of the Committee for any other purpose.

4 (b) The subcommittee shall:

5 (1) Conduct a comprehensive review of the public school laws;

6 (2) Identify laws that are outdated, vague, unnecessary, or otherwise in need  
7 of revision; and

8 (3) Recommend revisions to the public laws so they are consistent with the  
9 North Carolina Constitution and with the goals of the General Assembly  
10 and the State Board of Education in order to improve student  
11 performance, increase local flexibility and control, and promote  
12 economy and efficiency.

13  
14 Requested by: Representatives Arnold, Grady, Preston

#### 15 **DISTANCE LEARNING PROGRAM**

16 Section 8.17. Notwithstanding any other provision of law, funds appropriated  
17 to the State Board of Education and to State Aid to Local School Administrative Units for  
18 the Distance Learning Program shall be used for distance learning educational purposes,  
19 as directed by the State Board of Education.

20  
21 Requested by: Representatives Arnold, Grady, Preston

#### 22 **CRIME CONTROL GRANTS FOR THE N.C. CENTER FOR THE** 23 **PREVENTION OF SCHOOL VIOLENCE**

24 Section 8.18. The Secretary of Crime Control and Public Safety shall continue  
25 to make grants for the 1997-99 fiscal biennium for the operating expenses of the North  
26 Carolina Center for the Prevention of School Violence. If grant funds are not available  
27 for this purpose, the Board of Governors of The University of North Carolina may use  
28 funds within its budget for the expenses of the Center.

29  
30 Requested by: Representatives Arnold, Grady, Preston

#### 31 **CHARTER SCHOOL ACCOUNTABILITY REQUIREMENTS**

32 Section 8.19. G.S. 115C-238.29F(f) reads as rewritten:

33 "(f) Accountability. –

34 (1) The school is subject to the financial audits, the audit procedures, and  
35 the audit requirements adopted by the State Board of Education for  
36 charter schools. These audit requirements may include the requirements  
37 of the School Budget and Fiscal Control Act.

38 (2) The school shall comply with the reporting requirements established by  
39 the State Board of Education in the Uniform Education Reporting  
40 System.

41 (3) The school shall report at least annually to the chartering entity and the  
42 State Board of Education the information required by the chartering  
43 entity or the State Board."

1  
2 Requested by: Representatives Arnold, Grady, Preston

3 **AVAILABILITY OF FUNDS ALLOCATED FOR STAFF DEVELOPMENT**

4 Section 8.21. G.S. 115C-417 reads as rewritten:

5 "**§ 115C-417. Availability of funds allocated for staff development.**

6 Funds allocated by the State Board of Education for staff development at the local  
7 level shall become available for expenditure on ~~September 1~~ July 1 of each fiscal year  
8 and shall remain available for expenditure until ~~August 31~~ December 31 of the  
9 subsequent fiscal year."

10  
11 Requested by: Representatives Arnold, Grady, Preston

12 **TEACHER CERTIFICATION**

13 Section 8.22. (a) The State Board of Education shall establish an advisory  
14 committee to assist it in studying the lateral entry program, a program which encourages  
15 lateral entry into the profession of teaching by skilled individuals from the private sector.  
16 In the course of the study, the State Board shall consider the recruitment, retention,  
17 training, and evaluation of persons who enter the teaching profession by lateral entry.  
18 The State Board shall place special emphasis on lateral entry of teachers at the high  
19 school level who have significant postbachelors degree experience.

20 The State Board of Education shall report the results of its study to the Joint  
21 Legislative Education Oversight Committee prior to April 15, 1998.

22 (b) The State Board of Education shall use funds appropriated from the Worker  
23 Training Trust Fund in Section 14 of this act to design and implement a public school  
24 teacher apprenticeship program. Notwithstanding any other provision of law, individuals  
25 who participate in the program may be granted a provisional teaching certificate by the  
26 State Board of Education for no more than five years and shall be required to obtain  
27 certification before contracting for a sixth year of service with any local administrative  
28 unit in this State.

29 The State Board of Education shall collaborate with and may contract with the  
30 Governor's Commission on Workforce Preparedness on designing and implementing the  
31 program.

32 (c) An applicant is eligible for initial certification as a teacher if the applicant  
33 (i) took the NTE specialty area tests and completed an approved out-of-state teacher  
34 education program prior to July 1, 1996, and (ii) met the minimum specialty area test  
35 score in effect for North Carolina when the applicant took the test.

36  
37 Requested by: Representatives Arnold, Grady, Preston

38 **FUNDS FOR NATIONAL BOARD FOR PROFESSIONAL TEACHING**  
39 **STANDARDS**

40 Section 8.23. (a) Funds appropriated to the Department of Public Instruction in this  
41 act shall be used to pay for the National Board for Professional Teaching Standards  
42 (NBPTS) participation fee and for up to three days of approved paid leave for teachers  
43 participating in the NBPTS program during the 1997-98 school year and the 1998-99

1 fiscal year for State-paid teachers who (i) have completed three years of teaching in  
2 North Carolina schools operated by local boards of education, the Department of Human  
3 Resources, the Department of Correction, or The University of North Carolina, or  
4 affiliated with The University of North Carolina, prior to application for NBPTS  
5 certification, and (ii) have not previously received State funds for participating in any  
6 certification area in the NBPTS program. Teachers participating in the program shall  
7 take paid leave only with the approval of their supervisors.

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

14 (b) The State Board shall adopt policies and guidelines to implement this section.  
15

16 Requested by: Representatives Daughtry, Arnold, Grady, Preston

17 **PUBLIC-PRIVATE PARTNERSHIP TO EXPAND TECHNOLOGY IN PUBLIC**  
18 **SCHOOLS**

19 Section 8.25. (a) The State Board of Education may use up to five hundred thousand  
20 dollars (\$500,000) for the 1997-98 fiscal year from the School Technology Fund to  
21 establish a public-private partnership to encourage, promote, and expand technology in  
22 North Carolina Public Schools.

23 (b) The purposes of the public-private partnership are to enlist public, private, and  
24 volunteer sectors to develop creative means of bringing technology to North Carolina  
25 Public School classrooms at minimal cost and expense to the State and its taxpayers:

- 26 (1) Help schools wire classrooms with high-speed data wire that enables  
27 them to connect to school networks as well as the Internet.
- 28 (2) Develop a plan to increase the number of computers, computing  
29 equipment, and networking equipment in North Carolina Public  
30 Schools.
- 31 (3) Develop a plan that will assure every school can connect to the Internet  
32 so that this tool is made available equally to all children in North  
33 Carolina Public Schools.
- 34 (4) Help develop programs to train teachers and other educators in the use  
35 of technology.
- 36 (5) Develop Internet-based learning programs designed to assist teachers in  
37 the job of helping young people learn.
- 38 (6) Test and evaluate the benefits of each of the projects; investigate and  
39 develop other means of using computer-based technology in  
40 classrooms; and assure that this information is available to educators.

41 (c) Pursuant to subdivision (2) of subsection (b) of this section, a vocational  
42 education computer recycling pilot program shall be established. The purposes of the  
43 pilot program are to:



- 1           (1)    Develop and implement high school vocational education programs that  
2           train students to test, repair, reconfigure, upgrade, and maintain donated  
3           computers.
- 4           (2)    Enhance a community's opportunities for economic development by  
5           providing vocational education students with educational, job, and  
6           hireability skills as well as skills in computer technology.
- 7           (3)    Provide upgraded computers to schools, consistent with State-approved  
8           local school technology plans at a cost of four hundred dollars (\$400.00)  
9           to six hundred dollars (\$600.00) per unit rather than new computers  
10          costing around three thousand dollars (\$3,000) each.
- 11          (4)    Help communities support their schools by encouraging business and  
12          industry to donate computer components to schools or sell them at  
13          greatly reduced prices.
- 14          (5)    The State Board of Education, after consultation with ExplorNet, shall  
15          select seven local administrative units to participate in the computer  
16          recycling program. In selecting the pilot units, the State Board shall  
17          consider (i) indicators of the readiness of a unit to participate in the  
18          program, (ii) the degree of community support for such a program, and  
19          (iii) indicators of the need for the program in the community, such as  
20          lack of comparable training or resources in the community.
- 21          (6)    The Information Resources Management Commission, in consultation  
22          with the State Board of Education, shall review and modify its standards  
23          for technical components of local school technology purchases to  
24          facilitate the implementation of the programs.
- 25          (d)    The State Board of Education shall contract with the nonprofit corporation,  
26          ExplorNet, to administer the programs.
- 27          (e)    The provisions of Article 3 of Chapter 143 of the General Statutes do not  
28          apply to contracts for supplies, materials, equipment, and contractual services to  
29          implement these programs. The Department of Administration may make its services  
30          available to the State Board of Education, when requested by the State Board of  
31          Education.
- 32          (f)    The State Board of Education shall evaluate the educational components of  
33          the programs.
- 34          The State Board's contract with ExplorNet shall require ExplorNet to evaluate  
35          the technical components of the program and to submit the results of its evaluation to the  
36          Information Resources Management Commission for review and comment by May 15,  
37          1999. The Information Resources Management Commission shall submit the evaluation  
38          done by ExplorNet and the Commission's comments on it to the State Board of Education  
39          by August 15, 1999.
- 40          The State Board of Education shall report the results of these evaluations to the  
41          Joint Legislative Education Oversight Committee by September 15, 1999.

42  
43 Requested by: Representatives Arnold, Grady, Preston

**UNIFORM EDUCATION REPORTING SYSTEMS FUNDS/BUILDING LEVEL REPORTS ON SCHOOL FUNDING**

Section 8.26. (a) Funds appropriated for the 1997-99 fiscal biennium for the Uniform Education Reporting System shall be used for the maintenance, enhancement, or purchase of financial, personnel, or student information software, in order to support the State Board of Education's responsibilities under G.S. 115C-12(18).

(b) The State Board of Education shall modify the Uniform Education Reporting System to provide clear, accurate, and standard information on the use of funds at the unit and school level. The plan shall provide information that will enable the General Assembly to determine State, local, and federal expenditures for personnel at the unit and school level. The plan also shall allow the tracking of expenditures for textbooks, educational supplies and equipment, capital outlay, at-risk students, and other purposes. The revised Uniform Education Reporting System shall be implemented beginning with the 1998-99 school year.

Requested by: Representatives Arnold, Grady, Preston

**LEGISLATORS MAY SERVE ON SCHOOL TECHNOLOGY COMMISSION**

Section 8.27. (a) G.S. 115C-102.5 reads as rewritten:

**"§ 115C-102.5. Commission on School Technology created; membership.**

(a) There is created the Commission on School Technology. The Commission shall be located administratively in the Department of Public Instruction but shall exercise all its prescribed statutory powers independently of the Department of Public Instruction.

(b) The Commission shall consist of the following ~~16-18~~ members:

- (1) The State Superintendent of Public Instruction or a designee;
- (2) One representative of The University of North Carolina, appointed by the President of The University of North Carolina;
- (3) One representative of the North Carolina Community College System, appointed by the President of the North Carolina Community College System;
- (4) The Deputy Controller for the Information Resources Management Commission in the Office of the State Controller;
- (5) Four members appointed by the Governor;
- (6) ~~Four-Six~~ members appointed by the ~~General Assembly upon the recommendation of the~~ President Pro Tempore of the Senate ~~in accordance with G.S. 120-121,~~ two of whom shall be members of the Senate. one of whom ~~One of these six members shall be recommended appointed by the President of the Senate to serve as cochair; and~~
- (7) ~~Four-Six~~ members appointed by the ~~General Assembly upon the recommendation of the~~ Speaker of the House of Representatives ~~in accordance with G.S. 120-121,~~ two of whom shall be members of the House of Representatives. one of whom ~~One of these six members shall~~

1           be ~~recommended~~ appointed by the Speaker of the House of  
2           Representatives to serve as cochair.

3   In appointing members pursuant to subdivisions (5), (6), and (7) of this subsection, the  
4   appointing ~~entities~~ persons shall select individuals with technical or applied knowledge or  
5   experience in learning and instructional management technologies or individuals with  
6   expertise in curriculum or instruction who have successfully used learning and  
7   instructional management technologies.

8       No producers, vendors, or consultants to producers or vendors of learning or  
9   instructional management technologies shall serve on the Commission.

10       Members shall serve for two-year terms. Vacancies in terms of members ~~appointed by~~  
11 ~~the Governor~~ shall be filled by the appointing officer. ~~Vacancies in terms of members~~  
12 ~~appointed by the General Assembly shall be filled in accordance with G.S. 120-122.~~  
13   Persons appointed to fill vacancies shall qualify in the same manner as persons appointed  
14   for full terms.

15       ~~(e) Notwithstanding G.S. 120-123 and subsection (b) of this section, the~~  
16 ~~Commission shall also include one member of the Senate appointed by the President Pro~~  
17 ~~Tempore of the Senate and one member of the House of Representatives appointed by the~~  
18 ~~Speaker of the House of Representatives. These members shall be voting members. The~~  
19 ~~term of office of these members shall end November 1, 1994.~~

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

25       (e) The Department of Public Instruction, the Department of Community Colleges,  
26   and the Office of the State Controller shall provide requested professional and clerical  
27   staff to the Commission. The Commission may also employ professional and clerical  
28   staff and may hire outside consultants to assist it in its work. The Commission shall use  
29   an outside consultant to perform a requirements analysis for learning and instructional  
30   management technologies on a statewide basis that is based on information gathered from  
31   each local school administrative unit and that considers the needs of teachers, students,  
32   and administrators."

33       (b) G.S. 115C-102.6B reads as rewritten:

34   "**§ 115C-102.6B. Approval of State school technology plan.**

35       (a) The Commission shall present the State school technology plan it develops to  
36   the Joint Legislative Commission on Governmental Operations and the Joint Legislative  
37   Education Oversight Committee for their comments prior to January 1, 1995. At least  
38   every two years thereafter, the Commission shall develop any necessary modifications to  
39   the State school technology plan and present them to the Joint Legislative Commission  
40   on Governmental Operations and the Joint Legislative Education Oversight Committee.

41       (b) After presenting the plan or any proposed modifications to the plan to the Joint  
42   Legislative Commission on Governmental Operations and the Joint Legislative Education  
43   Oversight Committee, the Commission shall submit the plan or any proposed

1 modifications to (i) the Information Resources Management Commission for its approval  
2 of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4), and  
3 (ii) the State Board of Education for its approval of information purposes only. The State  
4 Board shall adopt a plan that includes the components of the a plan set out in G.S. 115C-  
5 103.6A (1) through (16).

6 At least one-fourth of the members of any technical committee that reviews the plan  
7 for the Information Resources Management Commission shall be people actively  
8 involved in primary or secondary education.

9 (c) If no changes are made to the plan or the proposed modifications to the plan  
10 after the submission to the Information Resources Management Commission and the  
11 State Board of Education, the plan or the proposed modifications shall take effect upon  
12 approval by the Information Resources Management Commission and the State Board of  
13 Education."

14 (c) G.S. 120-123(60) is repealed.

15  
16 Requested by: Representatives Arnold, Grady, Preston

### 17 RIGOROUS ACADEMIC CONTENT STANDARDS

18 Section 8.28. (a) G.S. 115C-12 is amended by adding the following new  
19 subdivision to read:

20 "(9b) Power to Develop Content Standards. – The Board shall develop a  
21 comprehensive plan to revise content standards and the standard course  
22 of study in the core academic areas of reading, writing, mathematics,  
23 science, history, geography, and civics. The Board shall involve and  
24 survey a representative sample of parents, teachers, and the public to  
25 help determine academic content standard priorities and usefulness of  
26 the content standards. A full review of available and relevant academic  
27 content standards that are rigorous, specific, sequenced, clear, focused,  
28 and measurable, whenever possible, shall be a part of the process of the  
29 development of content standards. The revised content standards  
30 developed in the core academic areas shall (i) reflect high expectations  
31 for students and quality; (ii) be clearly grounded in the content of each  
32 academic area; (iii) be defined grade-by-grade and course-by-course;  
33 (iv) be understandable to parents and teachers; (v) be developed in full  
34 recognition of the time available to teach the core academic areas at  
35 each grade level; and (vi) be measurable, whenever possible, in a  
36 reliable, valid, and efficient manner for accountability purposes.

37 High school course content standards shall include alignment with  
38 coursework required for admission to constituent institutions of The  
39 University of North Carolina and end-of-course testing. This alignment  
40 shall include a plan to develop and implement end-of-course tests for  
41 the minimum courses required for admission to these institutions. The  
42 Board of Governors of The University of North Carolina shall work in  
43 collaboration with the State Board of Education to ensure that teacher

1           and school administrator programs, ongoing professional development  
2           and other university activity in the State's public schools align with the  
3           State Board's priorities.

4           The Board also shall develop and implement an ongoing process to  
5           align State programs and support materials with the revised academic  
6           content standards for each core academic area every five years.  
7           Alignment shall include revising textbook criteria, support materials,  
8           State tests, teacher and school administrator preparation, and ongoing  
9           professional development programs to be compatible with content  
10           standards. The Board shall develop and make available to teachers and  
11           parents support materials, including teacher and parent guides, for  
12           academic content standards."

13           (b) The State Board of Education shall report to the Joint Legislative Education  
14 Oversight Committee by April 15, 1998, on the implementation of this section, including  
15 the Board's comprehensive plan to revise content standards and the standard course of  
16 study and the Board's proposed timetable to align State programs and support materials  
17 with these standards so that the first cycle of alignment is completed by December 31,  
18 2002. The Board, in its report, may recommend any necessary statutory changes.

19           (c) The North Carolina Standards and Accountability Commission has  
20 submitted a report to the State Board of Education. Therefore, effective August 1, 1997,  
21 Article 8A of Chapter 115C of the General Statutes is repealed.

22           Funds appropriated to the Standards and Accountability Commission for the  
23 1997-99 fiscal biennium shall be used by the State Board of Education to develop core  
24 academic area standards and to align State programs and support materials with the core  
25 academic standards in accordance with G.S. 115C-12(9b).

26  
27 Requested by: Representatives Arnold, Grady, Preston, Black

## 28 **SAFE SCHOOLS**

29           Section 8.31. (a)           G.S. 115C-366 is amended by adding the following new  
30 subsections to read:

31           "(a3) When a student transfers into the public schools of a local school  
32           administrative unit, that local board shall require the student's parent, guardian, or  
33           custodian to provide a statement made under oath or affirmation before a qualified  
34           official indicating whether the student is, at the time, under suspension or expulsion from  
35           attendance at a private or public school in this or any other state or has been convicted of  
36           a felony in this or any other state. This subsection does not apply to the enrollment of a  
37           student who has never been enrolled in or attended a private or public school in this or  
38           any other state.

39           (a4) Notwithstanding any other law, a local board may deny admission to or place  
40           reasonable conditions on the admission of a student who has been suspended from a  
41           school under G.S. 115C-391 or who has been suspended from a school for conduct that  
42           could have led to a suspension from a school within the local school administrative unit  
43           where the student is seeking admission until the period of suspension has expired. Also,

1 a local board may deny admission to or place reasonable conditions on the admission of a  
2 student who has been expelled from a school under G.S. 115C-391 or who has been  
3 expelled from a school for behavior that indicated the student's continued presence in  
4 school constituted a clear threat to the safety of other students or employees or who has  
5 been convicted of a felony in this or any other state. If the local board denies admission  
6 to a student who has been expelled or convicted of a felony, the student may request the  
7 local board to reconsider that decision in accordance with G.S. 115C-391(d)."

8 (b) Article 54 of Chapter 7A of the General Statutes is amended by adding the  
9 following new section to read:

10 **"§ 7A-675.1. Notification of schools when juveniles are alleged or found to be**  
11 **delinquent.**

12 (a) Notwithstanding G.S. 7A-675, the juvenile court counselor shall deliver verbal  
13 and written notification of the following actions to the principal of the school that the  
14 juvenile attends:

- 15 (1) A petition is filed under G.S. 7A-560 that alleges delinquency for an  
16 offense that would be a felony if committed by an adult;
- 17 (2) The judge transfers jurisdiction over a juvenile to superior court under  
18 G.S. 7A-608;
- 19 (3) The judge dismisses under G.S. 7A-637 the petition that alleges  
20 delinquency for an offense that would be a felony if committed by an  
21 adult;
- 22 (4) The judge issues a dispositional order under Article 52 of Chapter 7A of  
23 the General Statutes including, but not limited to an order of probation  
24 that requires school attendance, concerning a juvenile alleged or found  
25 delinquent for an offense that would be a felony if committed by an  
26 adult; or
- 27 (5) The judge modifies or vacates any order or disposition under G.S. 7A-  
28 664 concerning a juvenile alleged or found delinquent for an offense  
29 that would be a felony if committed by an adult.

30 Notification of the school principal in person or by telephone shall be made before the  
31 beginning of the next school day. Delivery shall be made as soon as practicable but at  
32 least within five days of the action. Delivery shall be made in person or by certified mail.  
33 Notification that a petition has been filed shall describe the nature of the offense.  
34 Notification of a dispositional order, a modified or vacated order, or a transfer to superior  
35 court shall describe the judge's action and any applicable disposition requirements. As  
36 used in this subsection, the term 'offense' shall not include any offense under Chapter 20  
37 of the General Statutes.

38 (b) If the principal of the school the juvenile attends returns any notification as  
39 required by G.S. 115C-404, and if the juvenile court counselor learns that the juvenile is  
40 transferring to another school, the juvenile court counselor shall deliver the notification to  
41 the principal of the school to which the juvenile is transferring. Delivery shall be made  
42 as soon as practicable and shall be made in person or by certified mail.

1 (c) Principals shall handle any notification delivered under this section in  
2 accordance with G.S. 115C-404.

3 (d) For the purpose of this section, 'school' means any public or private school in  
4 the State that is authorized under Chapter 115C of the General Statutes."

5 (c) Article 29 of Chapter 115C of the General Statutes is amended by adding a  
6 new section to read:

7 "**§ 115C-404. Use of juvenile court information.**

8 (a) Written notifications received in accordance with G.S. 7A-675.1 are  
9 confidential records, are not public records as defined under G.S. 132-1, and shall not be  
10 made part of the student's official record under G.S. 115C-402. Immediately upon  
11 receipt, the principal shall maintain these documents in a safe, locked record storage that  
12 is separate from the student's other school records. The principal shall maintain these  
13 documents until the principal receives notification that the judge dismissed the petition  
14 under G.S. 7A-637, the judge transferred jurisdiction over the student to superior court  
15 under G.S. 7A-608, or the judge granted the student's petition for expunction of the  
16 records. At that time, the principal shall shred, burn, or otherwise destroy the documents  
17 to protect the confidentiality of this information. In no case shall the principal make a  
18 copy of these documents.

19 (b) Documents received under this section may be used only to protect the safety  
20 of or to improve the educational opportunities for the student or others. Upon receipt of  
21 each document, the principal shall share the document with appropriate staff members  
22 who shall indicate in writing that they have read the document and that they agree to  
23 maintain its confidentiality. For the purposes of this section, 'appropriate staff members'  
24 are those individuals who have direct guidance, teaching, or supervisory responsibility  
25 for the student, or who have a specific need to know in order to protect the safety of the  
26 student or others. The failure of a principal or staff member to maintain the  
27 confidentiality of these documents as required by this section is grounds for the dismissal  
28 of that individual.

29 (c) If the student graduates, withdraws from school, is suspended for the  
30 remainder of the school year, is expelled, or transfers to another school, the principal  
31 shall return the documents to the juvenile court counselor and, if applicable, shall provide  
32 the counselor with the name and address of the school to which the student is  
33 transferring."

34 (d) G.S. 15A-505 reads as rewritten:

35 "**§ 15A-505. Notification of ~~minor's parent.~~ parent and school.**

36 (a) ~~A law enforcement~~ law enforcement officer who charges a minor with a  
37 criminal offense shall notify the minor's parent or guardian of the charge, as soon as  
38 practicable, in person or by telephone. If the minor is taken into custody, the law  
39 enforcement officer or the officer's immediate superior shall notify a parent or guardian  
40 in writing that the minor is in custody within 24 hours of the minor's arrest. If the parent  
41 or guardian of the minor cannot be found, then the officer or the officer's immediate  
42 superior shall notify the minor's next-of-kin of the minor's arrest as soon as practicable.

1 (b) The notification provided for by subsection (a) of this section shall not be  
2 required if:

- 3 (1) The minor is emancipated;
- 4 (2) The minor is not taken into custody and has been charged with a motor  
5 vehicle moving violation for which three or fewer points are assessed  
6 under G.S. 20-16(c), except an offense involving impaired driving, as  
7 defined in G.S. 20-4.01(24a); or
- 8 (3) The minor has been charged with a motor vehicle offense that is not a  
9 moving violation.

10 (c) When a person is charged with a criminal offense that is a felony, except for a  
11 criminal offence under Chapter 20 of the General Statutes, a representative from the  
12 District Attorney's office shall notify the principal of any school the person attends of the  
13 charge as soon as practicable but at least within five days. The notification may be made  
14 in person or by telephone. If the person is taken into custody, the representative from the  
15 District Attorney's office shall notify the principal of any school the person attends. This  
16 notification shall be in writing and shall be made within five days of the person's arrest.  
17 As used in this subsection, the term 'school' means any public or private school in the  
18 State that is authorized under Chapter 115C of the General Statutes."

19 (e) Prior to August 15, 1997, the State Board of Education shall review and  
20 modify, if necessary, its policies and procedures on data kept and reports made on acts of  
21 violence in school and on students suspended or expelled from school, to ensure that data  
22 and reports are accurate and consistent on a statewide basis. The State Board shall report  
23 to the Joint Legislative Education Oversight Committee prior to March 15, 1998, on the  
24 impact of its efforts to attain accurate and consistent reports.

25 (f)(1) There is created the At-Risk Students Task Force under the State Board  
26 of Education. The Task Force shall consist of the Chair of the State  
27 Board of Education, the Superintendent of Public Instruction, the Chair  
28 of the State Board of Community Colleges, the Secretary of Human  
29 Resources, the State Health Director, and the Director of the  
30 Administrative Office of the Courts. Each officer may designate one  
31 representative from that officer's department or office to represent that  
32 officer on the Task Force. These officers also may appoint additional  
33 members who represent other State and local public agencies to the  
34 Task Force. The Chair of the State Board of Education, or the Chair's  
35 designee, shall serve as the Chair of the Task Force. The Department of  
36 Public Instruction and the Department of Human Resources shall  
37 provide staff and clerical support to the Task Force. The State Board of  
38 Education shall fund the Task Force within funds available to it.

39 (2) The Task Force shall develop a plan to develop interagency agreements  
40 between local school administrative units and other local public  
41 agencies, including, among others, health departments, departments of  
42 social services, mental health agencies, and courts, in order to provide



1 cooperative services to students who are at risk of school failure, at risk  
2 of participation in juvenile crime, or both.

3 (3) The Task Force shall report its plan, along with any suggested statutory  
4 revisions, to the Joint Legislative Education Oversight Committee by  
5 October 15, 1997, at which time the Task Force shall terminate.

6 (g) G.S. 115C-12(24), as amended by Section 15(e) of S.L. 1997-18, reads as  
7 rewritten:

8 "(24) Duty to Develop Guidelines for Alternative Learning Programs, Provide  
9 Technical Assistance on Implementation of Programs, and Evaluate  
10 Programs. – The State Board of Education shall adopt guidelines for  
11 assigning students to alternative learning programs. These guidelines  
12 shall include (i) a description of the programs and services that are  
13 recommended to be provided in alternative learning programs and (ii) a  
14 process for ensuring that an assignment is appropriate for the student  
15 and that the student's parents are involved in the decision.

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

19 The State Board of Education shall recommend to local boards of  
20 education ways to measure the academic achievement of students while  
21 they are in the alternative learning programs or in remedial learning  
22 programs.

23 The State Board shall evaluate the effectiveness of alternative  
24 learning programs and, in its discretion, of any other programs funded  
25 from the Alternative Schools/At-Risk Student allotment. Local school  
26 administrative units shall report to the State Board of Education on how  
27 funds in the Alternative Schools/At-Risk Student allotment are spent  
28 and shall otherwise cooperate with the State Board of Education in  
29 evaluating the alternative learning programs. The State Board of  
30 Education shall report annually to the Joint Legislative Education  
31 Oversight Committee, beginning in December 1996, on the results of  
32 this evaluation."

33 (h) G.S. 115C-391 reads as rewritten:

34 **"§ 115C-391. Corporal punishment, suspension, or expulsion of pupils.**

35 (a) Local boards of education shall adopt policies not inconsistent with the  
36 provisions of the Constitutions of the United States and North Carolina, governing the  
37 conduct of students and establishing procedures to be followed by school officials in  
38 suspending or expelling any student, or in disciplining any student if the offensive  
39 behavior could result in suspension, expulsion, or the administration of corporal  
40 punishment. The policies that shall be adopted for the administration of corporal  
41 punishment shall include at a minimum the following conditions:

42 (1) Corporal punishment shall not be administered in a classroom with  
43 other children present;

- 1 (2) The student body shall be informed beforehand what general types of  
2 misconduct could result in corporal punishment;
- 3 (3) Only a teacher, substitute teacher, principal, or assistant principal may  
4 administer corporal punishment and may do so only in the presence of a  
5 principal, assistant principal, teacher, substitute teacher, teacher  
6 assistant, or student teacher, who shall be informed beforehand and in  
7 the student's presence of the reason for the punishment; and
- 8 (4) An appropriate school official shall provide the child's parent or  
9 guardian with notification that corporal punishment has been  
10 administered, and upon request, the official who administered the  
11 corporal punishment shall provide the child's parent or guardian a  
12 written explanation of the reasons and the name of the second school  
13 official who was present.

14 ~~The Each local~~ board shall publish all the policies mandated by this subsection and make  
15 them available to each student and his parent or guardian at the beginning of each school  
16 year.

17 Notwithstanding any policy adopted pursuant to this section, school personnel may  
18 use reasonable force, including corporal punishment, to control behavior or to remove a  
19 person from the scene in those situations when necessary:

- 20 (1) To quell a disturbance threatening injury to others;
- 21 (2) To obtain possession of weapons or other dangerous objects on the  
22 person, or within the control, of a student;
- 23 (3) For self-defense; ~~or~~
- 24 (4) For the protection of persons or ~~property~~; or
- 25 (5) To maintain order on school property, in the classroom, or at a school-  
26 related activity on or off school property.

27 (b) The principal of a school, or his delegate, shall have authority to suspend for a  
28 period of 10 days or less any student who willfully violates policies of conduct  
29 established by the local board of education: Provided, that a student suspended pursuant  
30 to this subsection shall be provided an opportunity to take any quarterly, semester or  
31 grading period examinations missed during the suspension period.

32 (c) The principal of a school, with the prior approval of the superintendent, shall  
33 have the authority to suspend for periods of times in excess of 10 school days but not  
34 exceeding the time remaining in the school year, any pupil who willfully violates the  
35 policies of conduct established by the local board of education. The pupil or his parents  
36 may appeal the decision of the principal to the local board of education.

37 (d) Notwithstanding G.S. 115C-378, a local board of education may, upon  
38 recommendation of the principal and superintendent, expel any student 14 years of age or  
39 older whose behavior indicates that the student's continued presence in school constitutes  
40 a clear threat to the safety of other students or employees. The local board of education's  
41 decision to expel a student under this section shall be based on clear and convincing  
42 evidence. Prior to ordering the expulsion of a student pursuant to this subsection, the  
43 local board of education shall consider whether there is an alternative program offered by

1 the local school administrative unit that may provide education services for the student  
2 who is subject to expulsion. At any time after the first July 1 that is at least six months  
3 after the board's decision to expel a student under this subsection, a student may request  
4 the local board of education to reconsider that decision. If the student demonstrates to the  
5 satisfaction of the local board of education that the student's presence in school no longer  
6 constitutes a threat to the safety of other students or employees, the board shall readmit  
7 the student to a school in that local school administrative unit on a date the board  
8 considers appropriate. ~~Notwithstanding the provisions of G.S. 115C-112, a local board of~~  
9 ~~education has no duty to continue to provide a child with special needs, expelled pursuant~~  
10 ~~to this subsection, with any special education or related services during the period of~~  
11 ~~expulsion.~~

12 (d1) A local board of education shall suspend for 365 days any student who brings a  
13 weapon, as defined in G.S. 14-269.2(b) and ~~(g)~~, G.S. 14-269.2(g), onto school property.  
14 The local board of education upon recommendation by the superintendent may modify  
15 this suspension requirement on a case-by-case basis ~~which~~ that includes, but is not  
16 limited to, the procedures ~~set out in G.S. 115C-112 established for the discipline of~~  
17 students with disabilities and may also provide, or contract for the provision of,  
18 educational services to any student suspended pursuant to this subsection in an alternative  
19 school setting or in another setting that provides educational and other services.

20 (d2) A local board of education shall suspend for 365 days or shall remove to an  
21 alternative educational setting, as provided in this subsection, any student who physically  
22 assaults and seriously injures a teacher or other individual on school property or while  
23 attending a school-sponsored or school-related activity on or off school property. If the  
24 other individual is a student, then this subsection shall not apply when the board finds  
25 that the student who is subject to suspension or removal was acting in self-defense. If the  
26 board chooses to remove the student to an alternative educational setting and the conduct  
27 leading to the suspension occurred on or before the ninetieth school day, the board shall  
28 remove the student to that setting for the remainder of the current school year and the first  
29 90 school days in the following school year. If the board chooses to remove the student to  
30 an alternative educational setting and the conduct leading to the suspension occurred after  
31 the ninetieth school day, the board shall remove the student to that setting for the  
32 remainder of the current school year and for the entire subsequent school year. If a  
33 teacher is assaulted and seriously injured and as a result a student is suspended or  
34 removed to an alternative educational setting under this subsection, then the student shall  
35 not be returned to that teacher's classroom unless the teacher consents.

36 (e) A decision of a local board under subsection (c), (d), ~~or (d1)-(d1)~~, or (d2) of  
37 this section is final and, except as provided in this subsection, is subject to judicial review  
38 in accordance with Article 4 of Chapter 150B of the General Statutes. A person seeking  
39 judicial review shall file a petition in the superior court of the county where the local  
40 board made its decision.

41 (f) Local boards of education shall, ~~no later than December 1, 1993,~~ reevaluate  
42 ~~and update their policies related to school safety so they reflect changes authorized by the~~  
43 ~~1993 General Assembly. In particular, boards shall ensure they have clear policies~~

1 governing the conduct of ~~students, which~~ students. At a minimum, these policies shall  
2 state the consequences of violent or assaultive behavior, possessions of weapons, and  
3 criminal acts committed on school property or at school-sponsored functions. The State  
4 Board shall develop guidelines to assist local boards in this process.

5 (g) Notwithstanding the provisions of this section, the policies and procedures for  
6 the discipline of students with disabilities shall be consistent with federal laws and  
7 regulations.

8 (h) Notwithstanding any other law, no officer or employee of the State Board of  
9 Education or of a local board of education shall be civilly liable for using reasonable  
10 force, including corporal punishment, in conformity with State law, State or local rules,  
11 or State or local policies regarding the control, discipline, suspension, and expulsion of  
12 students. Furthermore, the burden of proof is on the claimant to show that the amount of  
13 force used was not reasonable."

14 (i) G.S. 115C-402 reads as rewritten:

15 "**§ 115C-402. Student records; maintenance; contents; confidentiality.**

16 The official record of each student enrolled in North Carolina public schools shall be  
17 permanently maintained in the files of the appropriate school after the student graduates,  
18 or should have graduated, from high school unless the local board determines that such  
19 files may be filed in the central office or other location designated by the local board for  
20 that purpose.

21 The official record shall contain, as a minimum, adequate identification data including  
22 date of birth, attendance data, grading and promotion data, and such other factual  
23 information as may be deemed appropriate by the local board of education having  
24 jurisdiction over the school wherein the record is maintained. Each student's official  
25 record also shall include notice of any suspension for a period of more than 10 days or of  
26 any expulsion under G.S. 115C-391 and the conduct for which the student was suspended  
27 or expelled. The notice of suspension or expulsion shall be expunged from the record if  
28 the student (i) graduates from high school or (ii) is not expelled or suspended again  
29 during the two-year period commencing on the date of the student's return to school after  
30 the expulsion or suspension.

31 The official record of each student is not a public record as the term 'public record' is  
32 defined by G.S. 132-1. The official record shall not be subject to inspection and  
33 examination as authorized by G.S. 132-6."

34 (j) G.S. 115C-288(g) reads as rewritten:

35 "(g) To Report Certain Acts to Law Enforcement. – When the principal has a  
36 ~~reasonable belief~~ actual notice that an act has occurred on school property involving  
37 assault resulting in serious personal injury, sexual assault, sexual offense, rape,  
38 kidnapping, indecent liberties with a minor, assault involving the use of a weapon,  
39 possession of a firearm in violation of the law, possession of a weapon in violation of the  
40 law, or possession of a controlled substance in violation of the law, the principal shall  
41 immediately report the act to the appropriate local law enforcement agency. Failure to  
42 report under this subsection is a Class 3 misdemeanor. For purposes of this subsection,  
43 'school property' shall include any public school building, bus, public school campus,

1 grounds, recreational area, or athletic field, in the charge of the principal. It is the intent  
2 of the General Assembly that the principal notify the superintendent and the  
3 superintendent notify the local board of any report made to law enforcement under this  
4 subsection."

5 (k) Chapter 115C of the General Statutes is amended by adding a new Article  
6 to read:

7 **"ARTICLE 8C.**

8 **"LOCAL PLANS FOR MAINTAINING SAFE AND ORDERLY SCHOOLS.**

9 **"§ 115C-105.45. Legislative findings.**

10 The General Assembly finds that all schools should be safe, secure, and orderly. If  
11 students are to aim for academic excellence, it is imperative that there is a climate of  
12 respect in every school and that every school is free of disruption, drugs, violence, and  
13 weapons. All schools must have plans, policies, and procedures for dealing with  
14 disorderly and disruptive behavior. All schools and school units must have effective  
15 measures for assisting students who are at risk of academic failure or of engaging in  
16 disruptive and disorderly behavior.

17 **"§ 115C-105.46. State Board of Education responsibilities.**

18 In order to implement this Article, the State Board of Education:

- 19 (1) Shall adopt guidelines for developing local plans under G.S. 115C-  
20 105.47;  
21 (2) Shall provide, in cooperation with the Board of Governors of The  
22 University of North Carolina, ongoing technical assistance to the local  
23 school administrative units in the development, implementation, and  
24 evaluation of their local plans under G.S. 115C-105.47;  
25 (3) May require a local board of education to withhold the salary of any  
26 administrator or other employee of local school administrative units  
27 who delays or refuses to prepare and implement local safe school plans  
28 in accordance with G.S. 115C-105.47; and  
29 (4) May revoke the certificate of the superintendent, pursuant to G.S. 115C-  
30 274(c), for failure to fulfill the superintendent's duties under a local safe  
31 school plan.

32 **"§ 115C-105.47. Local safe school plans.**

33 (a) Each local board of education shall develop a local school administrative unit  
34 safe school plan designed to ensure that every school in the local school administrative  
35 unit is safe, secure, and orderly, that there is a climate of respect in every school, and that  
36 appropriate personal conduct is a priority for all students and all public school personnel.  
37 The board shall include parents, the school community, representatives of the  
38 community, and others in the development of this plan. The plan may be developed by or  
39 in conjunction with other committees.

40 (b) Each plan shall include each of the following components:

- 41 (1) Clear statements of the standard of behavior expected of students at  
42 different grade levels and of school personnel and clear statements of

- 1           the consequences that will result from one or more violations of those  
2           standards.
- 3           (2) A clear statement of the responsibility of the superintendent for  
4           coordinating the adoption and the implementation of the plan,  
5           evaluating principals' performance regarding school safety, monitoring  
6           and evaluating the implementation of safety plans at the school-level,  
7           and coordinating with local law enforcement and court officials  
8           appropriate aspects of implementation of the plan. The statement of  
9           responsibility shall provide appropriate disciplinary consequences that  
10           may occur if the superintendent fails to carry out these responsibilities,  
11           including a reprimand in the superintendent's personnel file and  
12           withholding of the superintendent's salary.
- 13           (3) A clear statement of the responsibility of the school principal for  
14           restoring, if necessary, and maintaining a safe, secure, and orderly  
15           school environment and of the consequences that may occur if the  
16           principal fails to meet that responsibility. The principal's duties shall  
17           include exhibiting appropriate leadership for school personnel and  
18           students, providing for alternative placements for students who are  
19           seriously disruptive, reporting all criminal acts pursuant to G.S. 115C-  
20           288(g), and providing appropriate disciplinary consequences for  
21           disruptive students. The consequences to the principal that may occur  
22           shall include a reprimand in the principal's personnel file, disciplinary  
23           proceedings under G.S. 115C-325 for principals who hold career status,  
24           and disciplinary proceedings under the principal's contract for principals  
25           who are under contract.
- 26           (4) Clear statements of the roles of other administrators, teachers, and other  
27           school personnel in restoring, if necessary, and maintaining a safe,  
28           secure, and orderly school environment.
- 29           (5) Procedures for identifying and serving the needs of students who are at  
30           risk of academic failure or of engaging in disruptive or disorderly  
31           behavior.
- 32           (6) Mechanisms for assessing the needs of disruptive and disorderly  
33           students, providing them with services to assist them in achieving  
34           academically and in modifying their behavior, and removing them from  
35           the classroom when necessary.
- 36           (7) Measurable objectives for improving school safety and order.
- 37           (8) Measures of the effectiveness of efforts to assist students at risk of  
38           academic failure or of engaging in disorderly or disruptive behavior.
- 39           (9) Professional development clearly matched to the goals and objectives of  
40           the plan.
- 41           (10) A plan to work effectively with local law enforcement officials and  
42           court officials to ensure that schools are safe and laws are enforced.

1           (11) A plan to provide access to information to the school community,  
2           parents, and representatives of the local community on the ongoing  
3           implementation of the local plan, monitoring of the local plan, and the  
4           integration of educational and other services for students into the total  
5           school program.

6           (12) The name and role description of the person responsible for  
7           implementation of the plan.

8           (13) Direction to school improvement teams within the local school  
9           administrative unit to consider the special conditions at their schools  
10           and to incorporate into their local school improvement plans the  
11           appropriate components of the local plan for maintaining safe and  
12           orderly schools.

13           (14) Any other information the local board considers necessary or  
14           appropriate to implement this Article.

15           (c) The local board may amend the plan as often as it considers necessary or  
16           appropriate."

17           (k1) G.S. 115C-105.27 reads as rewritten:

18 **"§ 115C-105.27. Development and approval of school improvement plans.**

19           In order to improve student performance, each school shall develop a school  
20 improvement plan that takes into consideration the annual performance goal for that  
21 school that is set by the State Board under G.S. 115C-105.35. The principal of each  
22 school, representatives of the assistant principals, instructional personnel, instructional  
23 support personnel, and teacher assistants assigned to the school building, and parents of  
24 children enrolled in the school shall constitute a school improvement team to develop a  
25 school improvement plan to improve student performance. Parents serving on school  
26 improvement teams shall reflect the racial and socioeconomic composition of the  
27 students enrolled in that school and shall not be members of the building-level staff.  
28 Parental involvement is a critical component of school success and positive student  
29 achievement; therefore, it is the intent of the General Assembly that parents, along with  
30 teachers, have a substantial role in developing school improvement plans. To this end,  
31 school improvement team meetings shall be held at a convenient time to assure  
32 substantial parent participation. The strategies for improving student performance shall  
33 include a plan for the use of staff development funds that may be made available to the  
34 school by the local board of education to implement the school improvement ~~plan~~ plan  
35 and shall include a plan to address school safety and discipline concerns in accordance  
36 with the safe school plan developed under Article 8C of this Chapter. The strategies may  
37 include a decision to use State funds in accordance with G.S. 115C-105.25. The strategies  
38 may also include requests for waivers of State laws, rules, or policies for that school. A  
39 request for a waiver shall meet the requirements of G.S. 115C-105.26.

40           Support among affected staff members is essential to successful implementation of a  
41 school improvement plan to address improved student performance at that school. The  
42 principal of the school shall present the proposed school improvement plan to all of the  
43 principals, assistant principals, instructional personnel, instructional support personnel,

1 and teacher assistants assigned to the school building for their review and vote. The vote  
2 shall be by secret ballot. The principal shall submit the school improvement plan to the  
3 local board of education only if the proposed school improvement plan has the approval  
4 of a majority of the staff who voted on the plan.

5 The local board of education shall accept or reject the school improvement plan. The  
6 local board shall not make any substantive changes in any school improvement plan that  
7 it accepts. If the local board rejects a school improvement plan, the local board shall state  
8 with specificity its reasons for rejecting the plan; the school improvement team may then  
9 prepare another plan, present it to the principals, assistant principals, instructional  
10 personnel, instructional support personnel, and teacher assistants assigned to the school  
11 building for a vote, and submit it to the local board to accept or reject. If no school  
12 improvement plan is accepted for a school within 60 days after its initial submission to  
13 the local board, the school or the local board may ask to use the process to resolve  
14 disagreements recommended in the guidelines developed by the State Board under G.S.  
15 115C-105.20(b)(5). If this request is made, both the school and local board shall  
16 participate in the process to resolve disagreements. If there is no request to use that  
17 process, then the local board may develop a school improvement plan for the school. The  
18 General Assembly urges the local board to utilize the school's proposed school  
19 improvement plan to the maximum extent possible when developing such a plan.

20 A school improvement plan shall remain in effect for no more than three years;  
21 however, the school improvement team may amend the plan as often as is necessary or  
22 appropriate. If, at any time, any part of a school improvement plan becomes unlawful or  
23 the local board finds that a school improvement plan is impeding student performance at  
24 a school, the local board may vacate the relevant portion of the plan and may direct the  
25 school to revise that portion. The procedures set out in this subsection shall apply to  
26 amendments and revisions to school improvement plans."

27 (k2) The State Board of Education shall develop a plan to reward school  
28 principals for improving school safety and school climate. The Board shall report this  
29 plan, along with any recommended statutory changes, to the Joint Legislative Education  
30 Oversight Committee by April 15, 1998.

31 (k3) Local boards of education shall begin implementation of local safe school  
32 plans developed under this section by the beginning of the 1998-99 school year.

33 (l) G.S. 115C-12 is amended by adding the following new subdivision to read:  
34 "(26) Reporting Dropout Rates. – The State Board shall not include students  
35 that have been expelled from school when calculating the dropout rate."

36 (m) The Board of Governors of The University of North Carolina, in  
37 consultation with the State Board of Education, the Administrative Office of the Courts,  
38 the Department of Crime Control and Public Safety, and other appropriate State agencies,  
39 shall develop a program for the ongoing training of school officials, local law  
40 enforcement officials, and local court officials. The program shall be designed to  
41 promote local collaboration on school safety and discipline issues. The Board of  
42 Governors shall report to the Joint Legislative Education Oversight Committee on the  
43 development of this program by January 15, 1998.



1  
2 Requested by: Representatives Arnold, Grady, Preston

3 **SCHOOL CENTRAL OFFICE SALARIES**

4 Section 8.33. (a) The following monthly salary ranges apply to assistant  
5 superintendents, associate superintendents, directors/coordinators, supervisors, and  
6 finance officers for the 1997-98 fiscal year, beginning July 1, 1997:

- |    |     |                           |
|----|-----|---------------------------|
| 7  | (1) | School Administrator I:   |
| 8  |     | \$2,818 - \$4,715         |
| 9  | (2) | School Administrator II:  |
| 10 |     | \$2,991 - \$5,004         |
| 11 | (3) | School Administrator III: |
| 12 |     | \$3,174 - \$5,311         |
| 13 | (4) | School Administrator IV:  |
| 14 |     | \$3,302 - \$5,526         |
| 15 | (5) | School Administrator V:   |
| 16 |     | \$3,435 - \$5,750         |
| 17 | (6) | School Administrator VI:  |
| 18 |     | \$3,645 - \$6,102         |
| 19 | (7) | School Administrator VII: |
| 20 |     | \$3,792 - \$6,349         |

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

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

- |    |     |  |                   |
|----|-----|--|-------------------|
| 29 | (1) | Superintendent I (Up to 2,500 ADM):      | \$4,025 - \$6,738 |
| 30 | (2) | Superintendent II (2,501 - 5,000 ADM):   | \$4,272 - \$7,149 |
| 31 | (3) | Superintendent III (5,001 - 10,000 ADM): | \$4,533 - \$7,587 |
| 32 | (4) | Superintendent IV (10,001 - 25,000 ADM): | \$4,811 - \$8,051 |
| 33 | (5) | Superintendent V (Over 25,000 ADM):      | \$5,106 - \$8,544 |

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

38 Notwithstanding the provisions of this subsection, a local board of education  
39 may pay an amount in excess of the applicable range to a superintendent who is entitled  
40 to receive the higher amount under Section 8.35A of this act.

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

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

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

13 (f) The Director of the Budget shall transfer from the Reserve for Salary  
14 Increases created in this act for fiscal year 1997-98, beginning July 1, 1997, funds  
15 necessary to provide an average annual salary increase of four percent (4%), including  
16 funds for the employer's retirement and social security contributions, commencing July 1,  
17 1997, for all permanent full-time personnel paid from the Central Office Allotment. The  
18 State Board of Education shall allocate these funds to local school administrative units.  
19 The local boards of education shall establish guidelines for providing their salary  
20 increases to these personnel.

21  
22 Requested by: Representatives Arnold, Grady, Preston

### 23 **NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE**

24 Section 8.34. The Director of the Budget may transfer from the Reserve for  
25 Compensation Increase created in this act for fiscal year 1997-98, commencing July 1,  
26 1997, funds necessary to provide a salary increase of four percent (4%), including funds  
27 for the employer's retirement and social security contributions, commencing July 1, 1997,  
28 for all noncertified public school employees whose salaries are supported from the State's  
29 General Fund. Local boards of education shall increase the rates of pay for all such  
30 employees who were employed during fiscal year 1996-97 and who continue their  
31 employment for fiscal year 1997-98 by at least four percent (4%), commencing July 1,  
32 1997. These funds shall not be used for any purpose other than for the salary increases  
33 and necessary employer contributions provided by this section.

34 The Director of the Budget may transfer from the Reserve for Compensation  
35 Increase created in this act for fiscal year 1997-98, beginning July 1, 1997, funds  
36 necessary to provide the salary increases for noncertified public school employees whose  
37 salaries are supported from the State's General Fund in accordance with the provisions of  
38 this section.

39  
40 Requested by: Representatives Arnold, Grady, Preston

### 41 **TEACHER SALARY SCHEDULES**

42 Section 8.35. (a) Effective for the 1997-98 school year, the Director of the Budget  
43 may transfer from the Reserve for Compensation Increase for the 1997-98 fiscal year

1 funds necessary to implement the teacher salary schedule set out in subsection (b) of this  
 2 section, including funds for the employer's retirement and social security contributions  
 3 and funds for annual longevity payments at one percent (1%) of base salary for 10 to 14  
 4 years of State service, one and one-half percent (1.5%) of base salary for 15 to 19 years  
 5 of State service, two percent (2%) of base salary for 20 to 24 years of State service, and  
 6 four and one-half percent (4.5%) of base salary for 25 or more years of State service,  
 7 commencing July 1, 1997, for all teachers whose salaries are supported from the State's  
 8 General Fund. These funds shall be allocated to individuals according to rules adopted  
 9 by the State Board of Education and the Superintendent of Public Instruction. The  
 10 longevity payment shall be paid in a lump sum once a year.

11 (b)(1) For the 1997-98 school year, the following monthly salary schedules  
 12 shall apply to certified personnel of the public schools who are  
 13 classified as teachers. The schedule contains 30 steps with each step  
 14 corresponding to one year of teaching experience.

15  
 16 **1997-98 MONTHLY SALARY SCHEDULE**  
 17 **"A"TEACHERS**

18	19 Years of	"A"	NBPTS
20	Experience	Teachers	Certification
21			
22	0	2,150	N/A
23	1	2,257	N/A
24	2	2,300	N/A
25	3	2,378	2,615
26	4	2,529	2,781
27	5	2,576	2,833
28	6	2,624	2,886
29	7	2,673	2,940
30	8	2,722	2,994
31	9	2,771	3,048
32	10	2,821	3,103
33	11	2,873	3,160
34	12	2,926	3,218
35	13	2,980	3,278
36	14	3,035	3,338
37	15	3,091	3,400
38	16	3,148	3,462
39	17	3,206	3,526
40	18	3,266	3,592
41	19	3,327	3,659
42	20	3,390	3,729
43	21	3,453	3,798

1	22	3,517	3,868
2	23	3,582	3,940
3	24	3,649	4,013
4	25	3,718	4,089
5	26	3,788	4,166
6	27	3,859	4,244
7	28	3,932	4,325
8	29+	4,006	4,406

**1997-98 MONTHLY SALARY SCHEDULE  
"G"TEACHERS**

13	Years of	"G"	NBPTS
14	Experience	Teachers	Certification
15			
16	0	2,353	N/A
17	1	2,398	N/A
18	2	2,444	N/A
19	3	2,527	2,779
20	4	2,687	2,955
21	5	2,737	3,010
22	6	2,788	3,066
23	7	2,840	3,124
24	8	2,892	3,181
25	9	2,944	3,238
26	10	2,997	3,296
27	11	3,053	3,358
28	12	3,109	3,419
29	13	3,166	3,482
30	14	3,225	3,547
31	15	3,284	3,612
32	16	3,345	3,679
33	17	3,406	3,746
34	18	3,470	3,817
35	19	3,535	3,888
36	20	3,602	3,962
37	21	3,669	4,035
38	22	3,737	4,110
39	23	3,806	4,186
40	24	3,877	4,264
41	25	3,950	4,345
42	26	4,025	4,427
43	27	4,100	4,510

1	28	4,178	4,595
2	29+	4,256	4,681
3	(2)	Certified public school teachers with certification based on academic	
4		preparation at the six-year degree level shall receive a salary supplement	
5		of one hundred twenty-six dollars (\$126.00) per month in addition to the	
6		compensation provided for certified personnel of the public schools who	
7		are classified as "G"teachers. Certified public school teachers with	
8		certification based on academic preparation at the doctoral degree level	
9		shall receive a salary supplement of two hundred fifty-three dollars	
10		(\$253.00) per month in addition to the compensation provided for	
11		certified personnel of the public schools who are classified as	
12		"G"teachers.	

13 (c) Effective for the 1997-98 school year, the first step of the salary schedule for  
 14 school psychologists shall be equivalent to Step 5, corresponding to five years of  
 15 experience, on the salary schedule established in this section for certified personnel of the  
 16 public schools who are classified as "G"teachers. Certified psychologists shall be placed  
 17 on the salary schedule at an appropriate step based on their years of experience. Certified  
 18 psychologists shall receive longevity payments based on years of State service in the  
 19 same manner as teachers.

20 Certified psychologists with certification based on academic preparation at the  
 21 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars  
 22 (\$126.00) per month in addition to the compensation provided for certified psychologists.  
 23 Certified psychologists with certification based on academic preparation at the doctoral  
 24 degree level shall receive a salary supplement of two hundred fifty-three dollars  
 25 (\$253.00) per month in addition to the compensation provided for certified psychologists.

26 (d) Effective for the 1997-98 school year, speech pathologists who are certified  
 27 as speech pathologists at the masters degree level and audiologists who are certified as  
 28 audiologists at the masters degree level and who are employed in the public schools as  
 29 speech and language specialists and audiologists shall be paid on the school psychologist  
 30 salary schedule.

31 Speech pathologists with certification based on academic preparation at the  
 32 six-year degree level shall receive a salary supplement of one hundred twenty-six dollars  
 33 (\$126.00) per month in addition to the compensation provided for speech pathologists.  
 34 Speech pathologists with certification based on academic preparation at the doctoral  
 35 degree level shall receive a salary supplement of two hundred fifty-three dollars  
 36 (\$253.00) per month in addition to the compensation provided for speech pathologists.

37  
 38 Requested by: Representatives Arnold, Grady, Preston  
 39 **SCHOOL-BASED ADMINISTRATOR SALARIES**

40 Section 8.35A. (a) Funds appropriated to the Reserve for Compensation Increase  
 41 shall be used for the implementation of the salary schedule for school-based  
 42 administrators as provided in this section. These funds shall be used for State-paid  
 43 employees only.

(b) The salary schedule for school-based administrators shall apply only to principals and assistant principals. The salary schedule for the 1997-98 fiscal year, commencing July 1, 1997, is as follows:

Step	Assistant Principal			Base	Principal I		
	Base	Base + 1%	Base + 2%		Base	Base + 1%	Base + 2%
4	\$2,627	\$2,653	\$2,679	—	—	—	
5	2,679	2,706	2,732	—	—	—	
6	2,732	2,759	2,787	—	—	—	
7	2,787	2,815	2,843	—	—	—	
8	2,843	2,871	2,900	2,843	2,871	2,900	
9	2,900	2,929	2,958	2,900	2,929	2,958	
10	2,958	2,988	3,018	2,958	2,988	3,018	
11	3,018	3,048	3,078	3,018	3,048	3,078	
12	3,078	3,109	3,140	3,078	3,109	3,140	
13	3,140	3,171	3,203	3,140	3,171	3,203	
14	3,203	3,235	3,267	3,203	3,235	3,267	
15	3,267	3,300	3,332	3,267	3,300	3,332	
16	3,332	3,365	3,399	3,332	3,365	3,399	
17	3,399	3,433	3,467	3,399	3,433	3,467	
18	3,467	3,502	3,536	3,467	3,502	3,536	
19	3,536	3,571	3,607	3,536	3,571	3,607	
20	3,607	3,643	3,679	3,607	3,643	3,679	
21	3,679	3,716	3,753	3,679	3,716	3,753	
22	3,753	3,791	3,828	3,753	3,791	3,828	
23	3,828	3,866	3,905	3,828	3,866	3,905	
24	3,905	3,944	3,983	3,905	3,944	3,983	
25	3,983	4,023	4,063	3,983	4,023	4,063	
26	4,063	4,104	4,144	4,063	4,104	4,144	
27	4,144	4,185	4,227	4,144	4,185	4,227	
28	4,227	4,269	4,312	4,227	4,269	4,312	
29	4,312	4,355	4,398	4,312	4,355	4,398	
30	4,398	4,442	4,486	4,398	4,442	4,486	
31	4,486	4,531	4,576	4,486	4,531	4,576	
32	—	—	—	4,576	4,622	4,668	

Step	Principal II			Base	Principal III		
	Base	Base + 1%	Base + 2%		Base	Base + 1%	Base + 2%
4	—	—	—	—	—	—	

1	5	—	—	—	—	—	—
2	6	—	—	—	—	—	—
3	7	—	—	—	—	—	—
4	8	—	—	—	—	—	—
5	9	—	—	—	—	—	—
6	10	\$3,018	\$3,048	\$3,078	—	—	—
7	11	3,078	3,109	3,140	—	—	—
8	12	3,140	3,171	3,203	3,203	3,325	3,267
9	13	3,203	3,235	3,267	3,267	3,300	3,332
10	14	3,267	3,300	3,332	3,332	3,365	3,399
11	15	3,332	3,365	3,399	3,399	3,433	3,467
12	16	3,399	3,433	3,467	3,467	3,502	3,536
13	17	3,467	3,502	3,536	3,536	3,571	3,607
14	18	3,536	3,571	3,607	3,607	3,643	3,679
15	19	3,607	3,643	3,697	3,679	3,716	3,753
16	20	3,679	3,716	3,753	3,753	3,791	3,828
17	21	3,753	3,791	3,828	3,828	3,866	3,905
18	22	3,828	3,866	3,905	3,905	3,944	3,983
19	23	3,905	3,944	3,983	3,983	4,023	3,063
20	24	3,983	4,023	4,064	4,063	4,104	4,144
21	25	4,063	4,104	4,144	4,144	4,185	4,227
22	26	4,144	4,185	4,227	4,227	4,269	4,312
23	27	4,227	4,269	4,312	4,312	4,355	4,398
24	28	4,312	4,355	4,398	4,398	4,442	4,486
25	29	4,398	4,442	4,486	4,486	4,531	4,576
26	30	4,486	4,531	4,576	4,576	4,622	4,668
27	31	4,576	4,622	4,668	4,668	4,715	4,761
28	32	4,668	4,715	4,761	4,761	4,809	4,856
29	33	4,761	4,809	4,856	4,856	4,905	4,953
30	34	4,856	4,905	4,953	4,953	5,003	5,052
31	35	—	—	—	5,052	5,103	5,153
32	36	—	—	—	5,153	5,205	5,256
33							
34			Principal IV			Principal V	
35	Step	Base	Base	Base	Base	Base	Base
36			+ 1%	+ 2%		+ 1%	+ 2%
37							
38	4	—	—	—	—	—	—
39	5	—	—	—	—	—	—
40	6	—	—	—	—	—	—
41	7	—	—	—	—	—	—
42	8	—	—	—	—	—	—
43	9	—	—	—	—	—	—

1	10	—	—	—	—	—	—
2	11	—	—	—	—	—	—
3	12	—	—	—	—	—	—
4	13	\$3,332	\$3,365	\$3,399	—	—	—
5	14	3,399	3,433	3,467	\$3,467	\$3,502	\$3,536
6	15	3,467	3,502	3,536	3,536	3,571	3,607
7	16	3,536	3,571	3,607	3,607	3,643	3,679
8	17	3,607	3,643	3,679	3,679	3,716	3,753
9	18	3,679	3,716	3,753	3,753	3,791	3,828
10	19	3,753	3,791	3,828	3,828	3,866	3,905
11	20	3,828	3,866	3,905	3,905	3,944	3,983
12	21	3,905	3,944	3,983	3,983	4,023	4,063
13	22	3,983	4,023	4,063	4,063	4,104	4,144
14	23	4,063	4,104	4,144	4,144	4,185	4,227
15	24	4,144	4,185	4,227	4,227	4,269	4,312
16	25	4,227	4,269	4,312	4,312	4,355	4,398
17	26	4,312	4,355	4,398	4,398	4,442	4,486
18	27	4,398	4,442	4,486	4,486	4,531	4,576
19	28	4,486	4,531	4,576	4,576	4,622	4,668
20	29	4,576	4,622	4,668	4,668	4,715	4,761
21	30	4,668	4,715	4,761	4,761	4,809	4,856
22	31	4,761	4,809	4,856	4,856	4,905	4,953
23	32	4,856	4,905	4,953	4,953	5,003	5,052
24	33	4,953	5,003	5,052	5,052	5,103	5,153
25	34	5,052	5,103	5,153	5,153	5,205	5,256
26	35	5,153	5,205	5,256	5,256	5,309	5,361
27	36	5,256	5,309	5,361	5,361	5,415	5,468
28	37	5,361	5,415	5,468	5,468	5,523	5,577
29	38	—	—	—	5,577	5,633	5,689
30	39	—	—	—	—	—	—
31	40	—	—	—	—	—	—
32	41	—	—	—	—	—	—
33							
34			Principal VI			Principal VII	
35	Step	Base	Base	Base	Base	Base	Base
36			+ 1%	+ 2%		+ 1%	+ 2%
37							
38	4	—	—	—	—	—	—
39	5	—	—	—	—	—	—
40	6	—	—	—	—	—	—
41	7	—	—	—	—	—	—
42	8	—	—	—	—	—	—
43	9	—	—	—	—	—	—



1	10	—	—	—	—	—	—
2	11	—	—	—	—	—	—
3	12	—	—	—	—	—	—
4	13	—	—	—	—	—	—
5	14	—	—	—	—	—	—
6	15	—	—	—	—	—	—
7	16	3,679	3,716	3,753	—	—	—
8	17	3,753	3,791	3,828	3,828	3,866	3,905
9	18	3,828	3,866	3,905	3,905	3,944	3,983
10	19	3,905	3,944	3,983	3,983	4,023	4,063
11	20	3,983	4,023	4,063	4,063	4,104	4,144
12	21	4,063	4,104	4,144	4,144	4,185	4,227
13	22	4,144	4,185	4,227	4,227	4,269	4,312
14	23	4,227	4,269	4,312	4,312	4,355	4,398
15	24	4,312	4,355	4,398	4,398	4,442	4,486
16	25	4,398	4,442	4,486	4,486	4,531	4,576
17	26	4,486	4,531	4,576	4,576	4,622	4,668
18	27	4,576	4,622	4,668	4,668	4,715	4,761
19	28	4,668	4,715	4,761	4,761	4,809	4,856
20	29	4,761	4,809	4,856	4,856	4,905	4,953
21	30	4,856	4,905	4,953	4,953	5,003	5,052
22	31	4,953	5,003	5,052	5,052	5,103	5,153
23	32	5,052	5,103	5,153	5,153	5,205	5,256
24	33	5,153	5,205	5,256	5,256	5,309	5,361
25	34	5,256	5,309	5,361	5,361	5,415	5,468
26	35	5,361	5,415	5,468	5,468	5,523	5,577
27	36	5,468	5,523	5,577	5,577	5,633	5,689
28	37	5,577	5,633	5,689	5,689	5,746	5,803
29	38	5,689	5,746	5,803	5,803	5,861	5,919
30	39	5,803	5,861	5,919	5,919	5,978	6,037
31	40	5,919	5,978	6,037	6,037	6,097	6,158
32	41	—	—	—	6,158	6,220	6,281

33  
 34 (c) The appropriate classification for placement of principals and assistant  
 35 principals on the salary schedule, except for principals in alternative schools, shall be  
 36 determined in accordance with the following schedule:

37		<b>Number of Teachers</b>
38	<b>Classification</b>	<b>Supervised</b>
39	Assistant Principal	
40	Principal I	Less than 11 Teachers
41	Principal II	11-21 Teachers
42	Principal III	22-32 Teachers
43	Principal IV	33-43 Teachers

1	Principal V	44-54 Teachers
2	Principal VI	55-65 Teachers
3	Principal VII	More than 65 Teachers

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

7 Principals in alternative schools shall be classified at the Principal III level,  
8 regardless of the number of teachers supervised.

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

12 (e) For the 1997-98 fiscal year, a principal or assistant principal shall be placed  
13 on the appropriate step plus one percent (1%) if:

14 (1) The principal's or assistant principal's school exceeds the projected  
15 levels of improvement in student performance, in accordance with the  
16 ABC's of Public Education Program; or

17 (2) The local board of education finds that the principal's or assistant  
18 principal's performance in developing the local plan for maintaining  
19 safe and orderly schools is exemplary.

20 The principal or assistant principal shall be placed on the appropriate step plus two  
21 percent (2%) if the conditions set out in both subdivision (1) and (2) are satisfied.

22 (f) Principals and assistant principals with certification based on academic  
23 preparation at the six-year degree level shall be paid a salary supplement of one hundred  
24 twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a  
25 salary supplement of two hundred fifty-three dollars (\$253.00) per month.

26 (g) There shall be no State requirement that superintendents in each local  
27 school unit shall receive in State-paid salary at least one percent (1%) more than the  
28 highest paid principal receives in State salary in that school unit: Provided, however, the  
29 additional State-paid salary a superintendent who was employed by a local school  
30 administrative unit for the 1992-93 fiscal year received because of that requirement shall  
31 not be reduced because of this subsection for subsequent fiscal years that the  
32 superintendent is employed by that local school administrative unit so long as the  
33 superintendent is entitled to at least that amount of additional State-paid salary under the  
34 rules in effect for the 1992-93 fiscal year.

35 (h) Longevity pay for principals and assistant principals shall be as provided  
36 for State employees.

37 (i)(1) If a principal is reassigned to a higher job classification because the  
38 principal is transferred to a school within a local school administrative  
39 unit with a larger number of State-allotted teachers, the principal shall  
40 be placed on the salary schedule as if the principal had served the  
41 principal's entire career as a principal at the higher job classification.

42 (2) If a principal is reassigned to a lower job classification because the  
43 principal is transferred to a school within a local school administrative

1 unit with a smaller number of State-allotted teachers, the principal shall  
2 be placed on the salary schedule as if the principal had served the  
3 principal's entire career as a principal at the lower job classification.

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

9 (j) The State Board may authorize local boards of education to pay persons for  
10 one year at the entry-level step of the assistant principal's salary schedule if they (i) are  
11 serving as assistant principals, (ii) have completed one year of a masters in school  
12 administration program, and (iii) are not certified as assistant principals.

13 (k) The State Board of Education may use up to fifty thousand dollars  
14 (\$50,000) of the funds appropriated to State Aid to Local School Administrative Units to  
15 study (i) the relationship of principal's salaries to the salaries of teachers and other  
16 certified school personnel and (ii) the tenure rights of psychologists, speech pathologists,  
17 and audiologists. The State Board shall report the results of the study to the Joint  
18 Legislative Education Oversight Committee.

19  
20 Requested by: Representatives Arnold, Grady, Preston

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

22 Section 8.36. (a) Of the funds appropriated to State Aid to Local School  
23 Administrative Units, the State Board of Education may use up to seventy-two million  
24 four hundred thousand dollars (\$72,400,000) for the 1997-98 fiscal year to provide  
25 incentive funding for schools that meet or exceed the projected levels of improvement in  
26 student performance, in accordance with the ABC's of Public Education Program. In  
27 accordance with State Board of Education policy, incentive awards in schools that  
28 achieve higher than expected improvements may be up to: (i) one thousand five hundred  
29 dollars (\$1,500) for each teacher and for certified personnel; and (ii) five hundred dollars  
30 (\$500.00) for each teacher assistant. In accordance with State Board of Education policy,  
31 incentive awards in schools that meet the expected improvements may be up to: (i) seven  
32 hundred fifty dollars (\$750.00) for each teacher and for certified personnel; and (ii) three  
33 hundred seventy-five dollars (\$375.00) for each teacher assistant.

34 (b) The State Board of Education may use funds appropriated to State Aid to Local  
35 School Administrative Units for assistance teams to low-performing schools.

36  
37 Requested by: Representatives Arnold, Grady, Preston

#### 38 **EXTRA PAY FOR MENTOR TEACHERS**

39 Section 8.37. Of the funds appropriated to State Aid to Local School  
40 Administrative Units, the sum of three million five hundred thousand dollars  
41 (\$3,500,000) for the 1997-98 fiscal year shall be used to provide every newly certified  
42 teacher with a qualified and well-trained mentor. These funds shall be used to  
43 compensate each mentor at the rate of (i) one hundred dollars (\$100.00) per month for a

1 maximum of 10 months for serving as a mentor during the school year, and (ii) one  
2 hundred dollars (\$100.00) for serving as a mentor for one day prior to the beginning of  
3 the school year.

4  
5 Requested by: Representatives Arnold, Grady, Preston

6 **EXTRA PAY FOR NEW TEACHER DEVELOPMENT**

7 Section 8.38. Of the funds appropriated to State Aid to Local School  
8 Administrative Units, the sum of eight hundred thousand dollars (\$800,000) for the 1997-  
9 98 fiscal year shall be used to provide every newly certified teacher with three extra days  
10 of employment for orientation and classroom preparation. These funds shall be used to  
11 compensate each newly certified teacher at the daily pay rate of an entry-level teacher.

12  
13 Requested by: Representatives Arnold, Grady, Preston

14 **EXTRA PAY FOR PROFESSIONAL DEVELOPMENT**

15 Section 8.39. Of the funds appropriated to State Aid to Local School  
16 Administrative Units, the sum of six million eight hundred thousand dollars (\$6,800,000)  
17 for the 1997-98 fiscal year and the sum of six million eight hundred thousand dollars  
18 (\$6,800,000) for the 1998-99 fiscal year shall be used only for assistance teams to low-  
19 performing schools and for professional development relating to the State Board's reading  
20 plan under the ABC's Plan and mathematics education. These funds shall not be used to  
21 fund staff positions in the Department of Public Instruction.

22  
23 Requested by: Representatives Arnold, Grady, Preston

24 **ADDITIONAL PAY FOR TEACHERS WITH ADDITIONAL**  
25 **RESPONSIBILITIES**

26 Section 8.39A. Of the funds appropriated to State Aid to Local School  
27 Administrative Units, the sum of one million nine hundred thousand dollars (\$1,900,000)  
28 for the 1997-98 fiscal year and the sum of one million nine hundred thousand dollars  
29 (\$1,900,000) for the 1998-99 fiscal year shall be used to compensate teachers for  
30 additional assignments and responsibilities designed to improve student achievement for  
31 additional workdays outside of the school calendar. These funds shall be allocated to  
32 local school administrative units on the basis of average daily membership. The local  
33 board shall use one-half of the funds on the recommendation of the local superintendent  
34 and one-half on the recommendation of school improvement teams. These funds shall be  
35 used to compensate teachers for purposes such as teaching after-school or Saturday  
36 academies for students at risk of academic failure, developing curriculum, participating  
37 in teacher training and development outside of the school calendar, and teaching classes  
38 on Saturday to students needing additional instructional opportunities.

39  
40 Requested by: Representatives Arnold, Grady, Preston

41 **PUBLIC SCHOOL CALENDAR CHANGES/EXTRA PAY FOR EXTRA DAYS**  
42 **AND EXTRA DUTIES**

43 Section 8.40. (a)G.S. 115C-84 is repealed.

1 (b) G.S. 115C-84.1 is repealed.

2 (c) Part 2 of Article 8 of Chapter 115C of the General Statutes is amended by  
3 adding a new section to read:

4 **"§ 115C-84.2. School calendar.**

5 (a) School Calendar. – Each local board of education shall adopt a school calendar  
6 consisting of 220 days all of which must fall within the same State fiscal year. A school  
7 calendar shall include the following:

8 (1) A minimum of 180 days and 1,000 hours of instruction covering at least  
9 nine calendar months. The number of instructional hours in an  
10 instructional day may vary according to local board policy and does not  
11 have to be uniform among schools in the administrative unit. The  
12 school calendar shall include a plan for making up days when schools  
13 close early or are not opened due to inclement weather.

14 (2) A minimum of 10 annual vacation leave days and the same or an  
15 equivalent number of legal holidays occurring within the school  
16 calendar as those designated by the State Personnel Commission for  
17 State employees.

18 (3) The remaining days shall be designated by the local board for use as  
19 teacher workdays, additional instructional days, or other lawful  
20 purposes. A local board may delegate to the individual schools some or  
21 all of the days for the principal to schedule. A local board or a principal  
22 may schedule different purposes for different personnel on any given  
23 day and is not required to schedule the same dates for all personnel.

24 Local boards of education shall consult with parents and the employed public school  
25 personnel in the development of the school calendar.

26 (b) Limitations. – The following limitations apply when developing the school  
27 calendar:

28 (1) The total number of teacher workdays shall not exceed 200 days.

29 (2) School shall not be held on Sundays.

30 (3) Veterans Day shall be a holiday for all children enrolled in the public  
31 schools.

32 (c) Emergency Conditions. – During any period of emergency in any section of  
33 the State where emergency conditions make it necessary, the State Board of Education  
34 may order general, and if necessary, extended recesses or adjournment of the public  
35 schools.

36 (d) Opening and Closing Dates. – Local boards of education shall determine the  
37 dates of opening and closing the public schools under subdivision (a)(1) of this section.  
38 A local board may revise the scheduled closing date if necessary in order to comply with  
39 the minimum requirements for instructional days or instructional time. Different opening  
40 and closing dates may be fixed for schools in the same administrative unit."

41 (d) G.S. 115C-302 is repealed.

42 (e) Article 20 of Chapter 115C of the General Statutes is amended by adding a  
43 new section to read:

1 "§ 115C-302.1. Salary.

2 (a) Prompt Payment. – Teachers shall be paid promptly when their salaries are  
3 due provided the legal requirements for their employment and service have been met. All  
4 teachers employed by any local school administrative unit who are to be paid from local  
5 funds shall be paid promptly as provided by law and as State-allotted teachers are paid.

6 (b) Salary Payments. – State-allotted teachers shall be paid for a term of 10  
7 months. State-allotted months of employment for vocational education to local boards  
8 shall be used for the employment of teachers of vocational and technical education for a  
9 term of employment to be determined by the local boards of education.

10 Each local board of education shall establish a set date on which monthly salary  
11 payments to State-allotted teachers shall be made. This set pay date may differ from the  
12 end of the month of service. The daily rate of pay for teachers shall equal one twenty-  
13 second of the monthly rate of pay.

14 Teachers may be prepaid on the monthly pay date for days not yet worked. A teacher  
15 who fails to attend scheduled workdays or who has not worked the number of days for  
16 which the teacher has been paid and who resigns, is dismissed, or whose contract is not  
17 renewed shall repay to the local board any salary payments received for days not yet  
18 worked. A teacher who has been prepaid and continues to be employed by a local board  
19 but fails to attend scheduled workdays may be subject to dismissal under G.S. 115C-325  
20 or other appropriate discipline.

21 Any individual teacher who is not employed in a year-round school may be paid in 12  
22 monthly installments if the teacher so requests on or before the first day of the school  
23 year. The request shall be filed in the local school administrative unit which employs the  
24 teacher. The payment of the annual salary in 12 installments instead of 10 shall not  
25 increase or decrease the teacher's annual salary nor in any other way alter the contract  
26 made between the teacher and the local school administrative unit. Teachers employed  
27 for a period of less than 10 months may not receive their salaries in 12 installments.

28 (c) Vacation. – Included within the 10-month term shall be annual vacation leave  
29 at the same rate provided for State employees, computed at one-twelfth of the annual rate  
30 for State employees for each month of employment. Local boards shall provide at least  
31 10 days of annual vacation leave at a time when students are not scheduled to be in  
32 regular attendance. However, instructional personnel who do not require a substitute may  
33 use annual vacation leave on days that students are in attendance. Vocational and  
34 technical education teachers who are employed for 11 or 12 months may, with prior  
35 approval of the principal, work on annual vacation leave days designated in the school  
36 calendar and may use those annual vacation leave days during the eleventh or twelfth  
37 month of employment.

38 On a day that pupils are not required to attend school due to inclement weather, but  
39 employees are required to report for a workday, a teacher may elect not to report due to  
40 hazardous travel conditions and to take an annual vacation day or to make up the day at a  
41 time agreed upon by the teacher and the teacher's immediate supervisor or principal. On  
42 a day that school is closed to employees and pupils due to inclement weather, a teacher  
43 shall work on the scheduled makeup day.

1 Vacation leave taken by the teacher will be upon the authorization of the teacher's  
2 immediate supervisor and under policies established by the local board of education.  
3 Annual vacation leave shall not be used to extend the term of employment.

4 Teachers may accumulate annual vacation leave days without any applicable  
5 maximum until June 30 of each year. In order that only 30 days of annual vacation leave  
6 carry forward to July 1, on June 30 of each year any teacher or other personnel paid on  
7 the teacher salary schedule who has accumulated more than 30 days of annual vacation  
8 leave shall:

9 (1) Convert to either sick leave or pay the excess accumulation that is the  
10 result of the teacher having to forfeit annual vacation leave in order to  
11 attend required workdays; and

12 (2) Convert to sick leave the remaining excess accumulation.

13 Local boards of education shall identify which days are accumulated due to the teacher  
14 forfeiting annual vacation leave in order to attend required workdays. Actual payment  
15 for excess accumulated annual vacation leave may be made after July 1.

16 Upon separation from service due to retirement, resignation, dismissal, reduction in  
17 force, or death, an employee shall be paid in a lump sum for accumulated annual leave  
18 not to exceed a maximum of 30 days. Employees going onto term disability may exhaust  
19 annual leave rather than be paid in a lump sum.

20 Notwithstanding any provisions of this subsection to the contrary, no person shall be  
21 entitled to pay for any vacation day not earned by that person.

22 (d) Teachers in Year-Round Schools. – Compensation for teachers employed in  
23 year-round schools shall be the same as teachers paid for a 10-month term, but those days  
24 may be scheduled over 12 calendar months. Annual leave, sick leave, workdays,  
25 holidays, salary, and longevity for teachers who are employed at year-round schools shall  
26 be equivalent to those of other teachers employed for the same number of months,  
27 respectively. Teachers paid for a term of 10 months in year-round schools shall receive  
28 their salary in 12 equal installments.

29 (e) Overpayment. – Each local board of education shall sustain any loss by reason  
30 of an overpayment to any teacher paid from State funds.

31 (f) Social Security. – All of the foregoing provisions of this section shall be  
32 subject to the requirement that at least fifty dollars (\$50.00), or other minimum amount  
33 required by federal social security laws, of the compensation of each school employee  
34 covered by the Teachers' and State Employees' Retirement System or otherwise eligible  
35 for social security coverage shall be paid in each of the four quarters of the calendar year.

36 (g) Service in Armed Forces. – The State Board of Education, in fixing the State  
37 standard salary schedule of teachers as authorized by law, shall provide that teachers who  
38 entered the armed or auxiliary forces of the United States after September 16, 1940, and  
39 who left their positions for such service shall be allowed experience increments for the  
40 period of such service as though the same had not been interrupted thereby, in the event  
41 such persons return to the positions of teachers, principals, and superintendents in the  
42 public schools of the State after having been honorably discharged from the armed or  
43 auxiliary forces of the United States.

1        (h) Teachers Paid From Other Funds. – Every local board of education may  
2 adopt, as to teachers not paid out of State funds, a salary schedule similar to the State  
3 salary schedule, but it likewise shall recognize a difference in salaries based on different  
4 duties, training, experience, professional fitness, and continued service in the same school  
5 system. If a local board of education does not adopt a local salary schedule, the State  
6 salary schedule shall apply. No teacher shall receive a salary higher than that provided in  
7 the salary schedule, unless by action of the board of education a higher salary is allowed  
8 for special fitness, special duties, or under extraordinary circumstances.

9        Whenever a higher salary is allowed, the minutes of the board shall show what salary  
10 is allowed and the reason. A board of education may authorize the superintendent to  
11 supplement the salaries of all teachers from local funds, and the minutes of the board  
12 shall show what increase is allowed each teacher.

13        (i) Longevity Pay. – Longevity pay shall be based on the annual salary on the  
14 employee's anniversary date.

15        (j) Parental Leave. – A teacher may use annual leave, personal leave, or leave  
16 without pay to care for a newborn child or for a child placed with the teacher for adoption  
17 or foster care. The leave may be for consecutive workdays during the first 12 months  
18 after the date of birth or placement of the child, unless the teacher and local board of  
19 education agree otherwise."

20        (f) G.S. 115C-316(a)(1) reads as rewritten:

21        "(1) Employees Other than Superintendents, Supervisors and Classified  
22 Principals on an Annual Basis. – Each local board of education shall  
23 establish a set date on which monthly salary payments to employees  
24 other than superintendents, supervisors, and classified principals  
25 employed on an annual basis, shall be made. This set pay date may  
26 differ from the end of the calendar month of service. ~~These employees~~  
27 ~~shall only be paid for the days employed as of the set pay date. Payment~~  
28 ~~for a full month when days employed are less than a full month is~~  
29 ~~prohibited as this constitutes prepayment. Employees may be prepaid on~~  
30 ~~the monthly pay date for days not yet worked. An employee who fails~~  
31 ~~to attend scheduled workdays or who has not worked the number of~~  
32 ~~days for which the employee has been paid and who resigns or is~~  
33 ~~dismissed shall repay to the local board any salary payments received~~  
34 ~~for days not yet worked. An employee who has been prepaid and who~~  
35 ~~continues to be employed by a local board but fails to attend scheduled~~  
36 ~~workdays may be subject to dismissal or other appropriate discipline.~~  
37 ~~The daily rate of pay shall equal the number of weekdays in the pay~~  
38 ~~period. Included within their term of employment shall be annual~~  
39 ~~vacation leave at the same rate provided for State employees, computed~~  
40 ~~at one-twelfth (1/12) of the annual rate for state employees for each~~  
41 ~~calendar month of employment. On a day that employees are required~~  
42 ~~to report for a workday but pupils are not required to attend school due~~  
43 ~~to inclement weather, an employee may elect not to report due to~~



1 hazardous travel conditions and to take one of ~~his~~ the employee's annual  
2 vacation days or to make up the day at a time agreed upon by the  
3 employee and ~~his~~ the employee's immediate supervisor or principal. On  
4 a day that school is closed to employees and pupils due to inclement  
5 weather, an employee shall work on the scheduled makeup day.  
6 Included within their term of employment each local board of education  
7 shall designate the same or an equivalent number of legal holidays as  
8 those designated by the State Personnel Commission for State  
9 employees."

10 (g) G.S. 115C-316(a)(2) reads as rewritten:

11 "(2) School Employees Paid on an Hourly or Other Basis. – Salary payments  
12 to employees other than those covered in G.S. 115C-272(b)(1), 115C-  
13 285(a)(1) and (2), ~~115C-302(a)(1) and (2), 115C-302.1(b),~~ and 115C-  
14 316(a)(1) shall be made at a time determined by each local board of  
15 education. Expenditures for the salary of these employees from State  
16 funds shall be within allocations made by the State Board of Education  
17 and in accordance with rules and regulations approved by the State  
18 Board of Education concerning allocations of State funds: Provided,  
19 that school employees employed for a term of 10 calendar months in  
20 year-round schools shall be paid in 12 equal installments: Provided  
21 further, that any individual school employee employed for a term of 10  
22 calendar months who is not employed in a year-round school may be  
23 paid in 12 monthly installments if the employee so requests on or before  
24 the first day of the school year. Such request shall be filed in the  
25 administrative unit which employs the employee. The payment of the  
26 annual salary in 12 installments instead of 10 shall not increase or  
27 decrease said annual salary nor in any other way alter the contract  
28 between the employee and the said administrative unit. Employees may  
29 be prepaid on the set pay date for days not yet worked. An employee  
30 who fails to attend scheduled workdays or who has not worked the  
31 number of days for which the employee has been paid and who resigns  
32 or is dismissed shall repay to the local board any salary payments  
33 received for days not yet worked. An employee who has been prepaid  
34 and who continues to be employed by a local board but fails to attend  
35 scheduled workdays may be subject to dismissal or other appropriate  
36 discipline. The daily rate of pay shall equal the number of weekdays in  
37 the pay period. Included within the term of employment shall be  
38 provided for full-time employees annual vacation leave at the same rate  
39 provided for State employees, computed at one-twelfth (1/12) of the  
40 annual rate for State employees for each calendar month of  
41 employment, to be taken under policies determined by each local board  
42 of education. On a day that employees are required to report for a  
43 workday but pupils are not required to attend school due to inclement

1 weather, an employee may elect not to report due to hazardous travel  
2 conditions and to take one of his annual vacation days or to make up the  
3 day at a time agreed upon by the employee and his immediate  
4 supervisor or principal. On a day that school is closed to employees and  
5 pupils due to inclement weather, the employee shall work on the  
6 scheduled makeup day. Included within their term of employment, each  
7 local board of education shall designate the same or an equivalent  
8 number of legal holidays occurring within the period of employment as  
9 those designated by the State Personnel Commission for State  
10 employees."

11 (h) G.S. 115C-47(5) reads as rewritten:

12 "(5) To Fix Time of Opening and Closing Schools. – The time of opening  
13 and closing the public schools shall be fixed ~~pursuant to the provisions~~  
14 ~~of G.S. 115C-84(e).~~ under G.S. 115C-84.2."

15 (i) G.S. 115C-47(11) reads as rewritten:

16 "(11) To Determine the ~~Length of the School Day, the School Month and~~  
17 ~~the School Term.~~ School Calendar. – Local boards of education shall  
18 determine the school calendar under G.S. 115C-84.2. ~~length of the~~  
19 ~~school day, the school month and the school term pursuant to the~~  
20 ~~provisions of G.S. 115C-84(a) through (e)."~~

21 (j) G.S. 115C-47(21) reads as rewritten:

22 "(21) It is the duty of every local board of education to provide for the  
23 prompt monthly payment of all salaries due teachers and other  
24 school officials and employees, and of all current bills and other  
25 necessary operating expenses. All salaries and bills shall be paid as  
26 provided by law for disbursing State and local funds.

27 The local board shall determine salary schedules of employees  
28 pursuant to the provisions of G.S. 115C-273, 115C-285(b), ~~115C-~~  
29 ~~302(e), 115C-302.1(h), and 115C-316(b).~~

30 The authority for boards of education to issue salary vouchers to all  
31 school employees, whether paid from State or local funds, shall be a  
32 monthly payroll prepared on forms approved by the State Board of  
33 Education and containing all information required by the State Board of  
34 Education. This monthly payroll shall be signed by the principal of each  
35 school."

36 (k) By October 31, 1997, the State Board of Education shall review and revise  
37 its rules, policies, and guidelines to make them consistent with this section. The State  
38 Board may use its authority under G.S. 150B-21.1 regarding the adoption of temporary  
39 rules consistent with this section.

40 (l) Of the funds appropriated to State Aid to Local School Administrative  
41 Units, the sum of five million dollars (\$5,000,000) for the 1997-98 school year and the  
42 sum of five million dollars (\$5,000,000) for the 1998-99 fiscal year shall be used as  
43 follows:

1 (1) For the 1997-98 fiscal year, local boards of education may opt to use  
2 these funds to pay teachers for working on, and thereby forfeiting,  
3 up to two annual vacation leave days, in accordance with G.S. 115C-  
4 302.1(c); and

5 (2) For the 1998-99 fiscal year, local boards of education shall use these  
6 funds to pay teachers for working on, and thereby forfeiting, up to  
7 two annual vacation leave days, in accordance with G.S. 115C-  
8 302.1(c).

9 (m) This section becomes effective July 1, 1997. Local boards of education  
10 are not required to implement the provisions of G.S. 115C-84.1, as enacted in subsection  
11 (a) of this section prior to July 1, 1998. For the 1997-98 fiscal year, the provisions of  
12 G.S. 115C-302.1(c), as enacted by subsection (e) of this section, that permit teachers to  
13 opt to have excess vacation leave converted to pay apply to only two annual vacation  
14 leave days per year and apply only if a local board of education opts to require the  
15 teachers to work on these days. For the 1998-99 fiscal year, the provisions of G.S. 115C-  
16 302.1(c), as enacted by subsection (e) of this section, that permit teachers to opt to have  
17 excess vacation leave converted to pay apply to up to two annual vacation leave days that  
18 the local board requires the teachers to work per year. Local school administrative units  
19 may begin planning for the implementation of this act for the 1998-99 school year on or  
20 after July 1, 1997.

21 (n) G.S. 115C-272(b)(1) reads as rewritten:

22 "(1) Each local board of education shall establish a set date on which  
23 monthly salary payments to superintendents shall be made. This set  
24 pay date may differ from the end of the calendar month of service.  
25 Superintendents shall only be paid for the days employed as of the  
26 set pay date. Payment for a full month when days employed are less  
27 than a full month is prohibited as this constitutes prepayment. The  
28 daily rate of pay shall equal the number of weekdays in the pay  
29 period. Included within their term of employment shall be annual  
30 vacation leave at the same rate provided for State employees.  
31 Included within the 12 months' employment each local board of  
32 education shall designate the same or an equivalent number of legal  
33 holidays as those designated by the State Personnel Commission for  
34 State employees."

35 (o) G.S. 115C-285(b)(1) reads as rewritten:

36 "(1) Classified principals and State-allotted supervisors shall be  
37 employed for a term of 12 calendar months. Each local board of  
38 education shall establish a set date on which monthly salary  
39 payments to classified principals and State-allotted supervisors shall  
40 be made. This set pay date may differ from the end of the calendar  
41 month of service. Classified principals and State-allotted supervisors  
42 shall only be paid for the days employed as of the set pay date.  
43 Payment for a full month when days employed are less than a full

1 month is prohibited as this constitutes prepayment. The daily rate of  
2 pay shall equal the number of weekdays in the pay period. They  
3 shall earn annual vacation leave at the same rate provided for State  
4 employees. On a day that employees are required to report for a  
5 workday but pupils are not required to attend school due to  
6 inclement weather, an employee may elect not to report due to  
7 hazardous travel conditions and to take one of ~~his~~ the employee's  
8 annual vacation days or to make up the day at the time agreed upon  
9 by the employee and ~~his~~ the employees's immediate supervisor.  
10 They shall be provided by the board the same or an equivalent  
11 number of legal holidays as those designated by the State Personnel  
12 Commission for State employees."  
13

14 Requested by: Representatives Arnold, Grady, Preston

#### 15 **GLOBAL CURRICULUM PROGRAM**

16 Section 8.41. The funds appropriated in this act for the Global Curriculum  
17 Program shall be used to improve the knowledge and understanding of middle and high  
18 school students in the areas of international and cultural studies, by identifying and  
19 training master teachers and providing orientations and materials. The State Board of  
20 Education may enter into contracts to implement the Program.  
21

22 Requested by: Representatives Reynolds, Arnold, Grady, Preston

#### 23 **PILOT PROGRAM FOR COMPUTER NETWORK ADMINISTRATION**

24 Section 8.42. (a) The State Board of Education shall use up to five hundred  
25 thousand dollars (\$500,000) for the 1997-98 fiscal year from the State School  
26 Technology Fund to establish pilot programs in the administration, design, and  
27 maintenance of computer networks in public schools business programs as part of Tech  
28 Prep and School-to-Work.

29 (b) The State Board of Education shall select local school administrative units to  
30 participate in the pilot program. In selecting the pilot units, the State Board shall  
31 consider (i) indicators of the readiness of a unit to participate in the program, (ii) the  
32 degree of community support for such a program, (iii) indicators of the need for the  
33 program in the community, such as lack of comparable training or resources in the  
34 community, and (iv) the availability of the necessary computer hardware.

35 The program shall be implemented in one to three high schools in each  
36 participating unit. Two teachers shall participate at each high school in which the  
37 program is implemented. Classes shall be limited to 15 students each.

38 (c) Each pilot program shall meet the following criteria:

- 39 (1) The program shall be available to high school juniors and seniors  
40 and shall be four semesters in length, including a work-based  
41 learning component;

- 1           (2)       The program shall be taught by a certified North Carolina business  
2                   education teacher who is appropriately certified in computer network  
3                   administration, design, and maintenance;  
4           (3)       Courses shall be taught in an appropriate classroom/laboratory  
5                   environment;  
6           (4)       The program shall be designed to extend into the community college  
7                   system to provide engineer and instructor certification;  
8           (5)       Students successfully completing the program shall be provided an  
9                   opportunity to take the appropriate certification examination in  
10                  network administration, design, and maintenance; and  
11           (6)       The program shall be monitored and managed by the State Board of  
12                  Education, in consultation with private industry business partners.

13       (d)       The State Board of Education may contract with outside consultants or with  
14       private nonprofit corporations to assist it in implementing and evaluating the pilot  
15       programs.

16       (e)       The State Board of Education shall evaluate the educational components of  
17       the programs.

18       The State Board of Education shall report the results of these evaluations to the  
19       Joint Legislative Education Oversight Committee by September 15, 1999.

20  
21       Requested by: Representatives Arnold, Grady, Preston

#### 22       **FUNDS TO GRADE STANDARDIZED TESTS**

23       Section 8.43. (a) The State Board of Education may use up to five hundred thousand  
24       dollars (\$500,000) appropriated for the operations of the Department of Public Instruction  
25       for the 1997-98 fiscal year to upgrade or replace equipment used by local school  
26       administrative units to score end-of-grade and end-of-course tests.

27       (b)       The State Board of Education may use up to eight hundred thousand dollars  
28       (\$800,000) appropriated for the operations of the Department of Public Instruction for the  
29       1997-98 fiscal year to grade the additional fifth and eighth grade short essay tests.

30  
31       Requested by: Representatives Arnold, Grady, Preston

#### 32       **PROTOTYPE SCHOOL DESIGN CLEARINGHOUSE**

33       Section 8.44. Of the funds appropriated to State Aid to Local School  
34       Administrative Units, the State Board of Education may use up to one hundred seventy  
35       thousand four hundred dollars (\$170,400) for the 1997-98 fiscal year and up to seventy-  
36       seven thousand nine hundred dollars (\$77,900) to establish a prototype school design  
37       clearinghouse in accordance with G.S. 115C-521(e).

38  
39       Requested by: Representatives Arnold, Grady, Preston

#### 40       **INCENTIVES AND SALARY STUDIES**

41       Section 8.45. (a) The State Board of Education may use up to one hundred  
42       fifty thousand dollars (\$150,000) of funds appropriated to State Aid to Local School  
43       Administrative Units for the 1997-98 fiscal year for a Study of Performance Pay and

1 Employee Accountability Plans. The State Board shall contract with the most creditable  
2 provider possible to conduct the study.

3 The purposes of the study shall be to:

- 4 (1) Identify ways in which the General Assembly could strengthen the  
5 employee accountability and incentive provisions of the Excellent  
6 Schools Act,
- 7 (2) Evaluate the issues, including compensation, relating to  
8 noninstructional duties of teachers, and
- 9 (3) Identify ways in which the State Board of Education could develop  
10 and revise uniform performance standards and criteria to be used in  
11 evaluating professional public school employees, including school  
12 administrators.

13 The State Board shall report the results of the study to the Joint Legislative Education  
14 Oversight Committee prior to April 15, 1998.

15 (b) The State Board of Education may use up to fifty thousand dollars  
16 (\$50,000) of funds appropriated by this act to State Aid to Local School Administrative  
17 Units for the 1997-98 fiscal year for a Study of Principal Salaries.

18 The State Board shall report the results of the study to the Joint Legislative  
19 Education Oversight Committee prior to April 15, 1998.

20  
21 Requested by: Representatives Arnold, Grady, Preston

#### 22 **STUDY OF TEACHER SUPPLY AND DEMAND**

23 Section 8.46. The State Board of Education, in consultation with the Board of  
24 Governors of The University of North Carolina, shall conduct a comprehensive study of  
25 teacher supply and demand. The State Board of Education shall report the results of the  
26 study to the Joint Legislative Education Oversight Committee prior to April 15, 1998.

27  
28 Requested by: Representative Gulley

#### 29 **LOCAL BOARDS STUDY COURT ORDERS**

30 Section 8.46A. Beginning in the 1997-98 school year and every five years  
31 thereafter, every local board of education shall review applicable court orders and  
32 evaluate whether unitary status has been achieved in that local school administrative unit.  
33 As part of the evaluation, local boards shall also estimate any transportation cost savings  
34 that would be realized by achieving unitary status.

35  
36 Requested by: Representatives Thompson, Clary, Justus, Weatherly, Baker, G. Wilson,  
37 Owens

#### 38 **ALLOCATION OF INVESTMENT EARNINGS ON SCHOOL BONDS TO** 39 **SMALL COUNTY SCHOOL SYSTEMS**

40 Section 8.47. (a) Section 5 of Chapter 631 of the 1995 Session Laws reads as  
41 rewritten:

1 "Sec. 5. Uses of Bond and Note Proceeds. – The proceeds of Public School Building  
2 Bonds and notes shall be used for the purpose of making grants to counties for paying the  
3 cost of public school capital outlay projects.

4 Any additional moneys that may be received by means of a grant or grants from the  
5 United States of America or any agency or department thereof or from any other source  
6 to aid in financing the cost of any public school capital outlay projects authorized by this  
7 act may be placed by the State Treasurer in the Public School Building Bonds Fund or in  
8 a separate account or fund and shall be disbursed, to the extent permitted by the terms of  
9 the grant or grants, without regard to any limitations imposed by this act.

10 Moneys in the Public School Building Bonds Fund or in any separate fund or account  
11 may be invested from time to time by the State Treasurer in the same manner permitted  
12 for investment of moneys belonging to the State or held in the State treasury except with  
13 respect to grant money to the extent otherwise directed by the terms of the grant, and any  
14 investment earnings shall be credited to the Public School Building Bonds Fund or the  
15 particular fund or account from which the investment was made. When the State Budget  
16 Officer determines that uncommitted funds are available, the State Board of Education  
17 shall allocate from these investment earnings the sum of one million four hundred forty  
18 thousand eight hundred twenty-one dollars (\$1,440,821) as a grant to Avery County, the  
19 sum of one million three hundred ninety-three thousand sixty-nine dollars (\$1,393,069)  
20 as a grant to Alleghany County, the sum of one million three hundred fifty-seven  
21 thousand eight hundred thirty-five dollars (\$1,357,835) as a grant to Currituck County,  
22 and the sum of one million four hundred seventy-one thousand nine hundred seventeen  
23 dollars (\$1,471,917) as a grant to Polk County, because these counties (i) have a small  
24 county school system, (ii) did not receive an allocation under Section 6(b) of this act, and  
25 (iii) have school construction needs that were not met by the allocations under Section  
26 6(c) of this act.

27 All moneys deposited in, or accruing to the credit of, the Public School Building  
28 Bonds Fund, other than moneys set aside for administrative expenses, including expenses  
29 related to determining compliance with applicable requirements of the federal tax law and  
30 cost of issuance, shall be used to pay the cost of public school capital outlay projects in  
31 the manner authorized by this act.

32 The proceeds of Public School Building Bonds and notes may be used with any other  
33 moneys made available by the General Assembly for public school capital outlay  
34 projects, including the proceeds of any other State bond issues, whether heretofore made  
35 available or that may be made available at the session of the General Assembly at which  
36 this act is ratified or any subsequent sessions. The proceeds of Public School Building  
37 Bonds and notes shall be expended and disbursed under the direction and supervision of  
38 the Director of the Budget. The funds provided by this act for public school capital  
39 outlay projects shall be disbursed for the purposes provided in this act upon warrants  
40 drawn on the State Treasurer by the State Controller, which warrants shall not be drawn  
41 until requisition has been approved by the Director of the Budget and which requisition  
42 shall be approved only after full compliance with the Executive Budget Act, Article 1 of  
43 Chapter 143 of the General Statutes.

1 The Director of the Budget shall provide quarterly reports to the State Board of  
2 Education, the Superintendent of Public Instruction, and the General Assembly on the  
3 expenditure of moneys from the Public School Building Bonds Fund. Reports to the  
4 General Assembly shall be filed with the Legislative Library, the Speaker of the House of  
5 Representatives, the President Pro Tempore of the Senate, and the Fiscal Research  
6 Division."

7 (b) This section is effective when this act becomes law.  
8

9 Requested by: Representative Allred

#### 10 SCHOOL TRANSPORTATION FLEXIBILITY

11 Section 8.48. (a) G.S. 115C-242(1) reads as rewritten:

12 "(1) A school bus may be used for the transportation of pupils enrolled in  
13 and employees in the operation of the school to which such bus is  
14 assigned by the superintendent of the local school administrative  
15 unit. Except as otherwise herein provided, such transportation shall  
16 be limited to transportation to and from such school for the regularly  
17 organized school day, and from and to the points designated by the  
18 principal of the school to which such bus is assigned, for the  
19 receiving and discharging of passengers. Upon the written request of  
20 a pupil's parent or guardian, a pupil may be transported from a  
21 location other than the pupil's residence to the pupil's school and  
22 from the pupil's school to a location other than the pupil's residence  
23 so long as the location is within the school attendance zone and on  
24 an established bus route assigned to that school, including  
25 turnaround zone, provided, the local board of education is not  
26 required to provide transportation to and from a location within one  
27 and one-half miles from the school in which the child is enrolled.  
28 No pupil or employee shall be so transported upon any bus other  
29 than the bus to which such pupil or employee has been assigned  
30 pursuant to the provisions of this Article: Provided, that children  
31 enrolled in a Headstart program which is housed in a building owned  
32 and operated by a local school administrative unit where school is  
33 being conducted may be transported on public school buses, so long  
34 as the contractual arrangements made cause no extra expense to the  
35 State: Provided further, that children with special needs may be  
36 transported to and from the nearest appropriate private school having  
37 a special education program approved by the State Board of  
38 Education if the children to be transported are or have been placed in  
39 that program by a local school administrative unit as a result of the  
40 State or the unit's duty to provide such children with a free  
41 appropriate public education."

42 (b) Local boards of education may adopt policies by August 15, 1997, to  
43 implement this act.



1  
2 **PART IX. COMMUNITY COLLEGES**

3  
4 Requested by: Representatives Arnold, Grady, Preston

5 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

6 Section 9. A local community college may use all State funds allocated to it,  
7 except for Literacy Funds and Funds for New and Expanding Industries, for any  
8 authorized purpose that is consistent with the college's Institutional Effectiveness Plan.  
9 Each local community college shall submit an Institutional Effectiveness Plan that  
10 indicates to the State Board of Community Colleges how the college will use this funding  
11 flexibility to meet the demands of the local community and maintain a presence in all  
12 previously funded categorical programs.

13  
14 Requested by: Representatives Arnold, Grady, Preston

15 **COMMUNITY COLLEGE TUITION AND FEE PAYMENTS**

16 Section 9.1. The General Assembly finds that the North Carolina Community  
17 College System's change from a three quarter academic year to a two semester academic  
18 year may make it difficult for students to pay all of their tuition for a semester in a single  
19 payment; therefore, the General Assembly urges the community colleges to exercise the  
20 authority granted to them under State Board of Community College rules to permit  
21 students to make their payments at prescribed intervals instead of in a lump sum.

22  
23 Requested by: Representatives Arnold, Grady, Preston

24 **ASSESSMENT OF OCCUPATIONAL EXTENSION FORMULA**

25 Section 9.2. As the State Board of Community Colleges completes Phase  
26 Three of its consultant's study on the budget formula, the State Board shall reexamine  
27 whether and the extent to which the faculty-student ratio for occupational extension  
28 programs should vary by college size. The State Board shall also consider the  
29 appropriate funding level for occupational extension programs based on analysis of cost.

30 The State Board shall report the results of its studies to the Joint Legislative  
31 Education Oversight Committee prior to April 30, 1998.

32  
33 Requested by: Representatives Arnold, Grady, Preston

34 **MODIFICATIONS IN THE FTE FUNDING FORMULA TO REFLECT**  
35 **FLUCTUATIONS IN ENROLLMENT**

36 Section 9.3. The State Board of Community Colleges shall study alternative  
37 methods of protecting colleges from the budgetary impact of fluctuations in enrollment.  
38 The State Board shall report to the General Assembly on its recommended budget  
39 stability proposals and on an appropriate transition period prior to April 30, 1998.

40  
41 Requested by: Representatives Arnold, Grady, Preston

42 **STUDENT CENSUS DATE**

1 Section 9.4. (a) The census date for reporting student membership hours for  
2 curriculum and occupational extension classes shall be at the ten percent (10%) point of  
3 the class.

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

6  
7 Requested by: Representatives Arnold, Grady, Preston

#### 8 **NEW AND EXPANDING INDUSTRY REPORT DATE MODIFIED**

9 Section 9.5. G.S. 115D-5(i) reads as rewritten:

10 "(i) The State Board of Community Colleges shall report to the Joint Legislative  
11 Education Oversight Committee on March 1 and ~~September 1~~October 1 of each year on  
12 expenditures for the New and Expanding Industry Program each fiscal year. The report  
13 shall include, for each company or individual that receives funds for New and Expanding  
14 Industry:

- 15 (1) The total amount of funds received by the company or individual;
- 16 (2) The amount of funds per trainee received by the company or  
17 individual;
- 18 (3) The amount of funds received per trainee by the community college  
19 training the trainee;
- 20 (4) The number of trainees trained by company and by community  
21 college; and
- 22 (5) The number of years the companies or individuals have been funded.

23 ~~The September 1, 1996, report shall include this information for the prior three fiscal~~  
24 ~~years."~~

25  
26 Requested by: Representatives Arnold, Grady, Preston

#### 27 **NEW AND EXPANDING INDUSTRY GUIDELINES**

28 Section 9.6. The North Carolina Community College System's New and  
29 Expanding Industry Training (NEIT) Program Guidelines, which were adopted by the  
30 State Board of Community Colleges on April 18, 1997, apply to all funds appropriated  
31 for the Program after June 30, 1997. A project approved as an exception under the  
32 Guidelines shall be approved for one year only.

33  
34 Requested by: Representatives Arnold, Grady, Preston

#### 35 **COMMUNITY COLLEGE PROGRAM EFFICIENCY**

36 Section 9.8. The State Board of Community Colleges shall direct the  
37 community colleges to continue to review classes with low enrollment to determine  
38 whether some classes should be terminated or consolidated into other programs to  
39 increase the efficiency of the Community College System. The State Board of  
40 Community Colleges shall report to the Joint Legislative Education Oversight Committee  
41 on the results of this review by November 1, 1998, and November 1, 1999.

42  
43 Requested by: Representatives Arnold, Grady, Preston

**HOSPITAL-BASED NURSING PROGRAMS**

Section 9.9. Funds appropriated to the Department of Community Colleges for hospital-based diploma nursing programs shall be made available to both associate degree nursing programs and diploma nursing programs.

Requested by: Representatives Arnold, Grady, Preston

**HRD MULTIENTRY/MULTIEXIT CLASSES**

Section 9.11. (a) The State Board of Community Colleges may allow the Human Resources Development Program to offer multientry/multiexit classes for their students and to count the class hours on a contact-hour basis.

(b) Nothing in this section allows these classes to generate budget FTE.

Requested by: Representatives Arnold, Grady, Preston, Davis

**OPERATIONS AND MAINTENANCE OF PLANT FUNDS**

Section 9.12. (a) The Department of Community Colleges may use up to two hundred thousand dollars (\$200,000) for the 1997-98 fiscal year to provide operations and maintenance of plant funds for community colleges with seven or more counties in their service delivery areas.

(b) Of the funds allocated to Central Carolina Community College for the 1997-98 fiscal year, the College may use up to one hundred ninety thousand dollars (\$190,000) for the operations and maintenance of the plant.

(c) Of the funds allocated to Southwestern Community College for the 1997-98 fiscal year, the College may use up to one hundred twenty-one thousand dollars (\$121,000) for the operations and maintenance of the plant.

Requested by: Representative Berry

**HOSIERY TECHNOLOGY CENTER FUNDS**

Section 9.13. For the 1997-98 fiscal year only, the State Board of Community Colleges may use up to two hundred thousand dollars (\$200,000) of funds within the budget of the Department of Community Colleges for the Hosiery Technology Center of North Carolina.

Requested by: Representative Hardy

**HYDE COUNTY CORRECTIONAL INSTITUTION TEACHING POSITIONS**

Section 9.15A. Of the funds appropriated in this act to the Department of Community Colleges, the sum of one hundred twenty-nine thousand six hundred seventy-four dollars (\$129,674) for the 1997-98 fiscal year, shall be used to fund five new teaching positions at Beaufort Community College to provide education to the prisoners at the Hyde County Correctional Institution.

**PART X. UNIVERSITIES**

Requested by: Representatives Preston, Arnold, Grady

**FUNDING FOR OFF-CAMPUS AND DISTANCE LEARNING DEGREE-CREDIT EXTENSION INSTRUCTION**

Section 10. The General Assembly has focused attention in recent sessions on increasing access and providing for additional enrollment in higher education. The 1995 Session Laws directed the Board of Governors of The University of North Carolina to "consider different funding approaches to meeting the needs of an increasing pool of high school graduates, as well as adult learners unable to return to a university campus for additional education." Among the methods the Board was directed to consider was funding for off-campus degree programs "on a basis more comparable to the current regular term funding." The Board recommended that "state-appropriated support for instruction be extended to all forms of regular term degree-credit instruction, whether it occurs on campus or off-campus, through traditional means or distance learning technologies." It stated that the funding mechanisms for implementing this recommendation would be addressed in the new funding model currently being developed. In a second report responding to legislative directives, the Board found evidence of deep and widespread desire for access to higher education throughout the State and reiterated the importance of funding comparable to that provided for regular-term instruction in order to meet these demands and provide an alternative means of delivering education to the large number of North Carolinians expected to seek higher education in the future.

The Board of Governors shall make a budget request to the 1998 reconvened session of the General Assembly for funding for off-campus and distance learning degree-credit extension instruction that is proportional to regular term funding and shall propose tuition rates that are comparable to the rates charged for regular-term instruction. The funding request shall be sufficient to provide for projected off-campus and distance learning enrollments in the 1998-99 fiscal year. This request shall be made to the Chairs of the House and Senate Appropriations Committees on Education and to the Chairs of the House and Senate Appropriations Committees by March 1, 1998.

Requested by: Representatives Preston, Arnold, Grady, Kinney

**MILITARY RESIDENCY/UNC TUITION**

Section 10A. G.S. 116-143.3(b) reads as rewritten:

"(b) Any member of the armed services qualifying for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the out-of-State tuition rate; provided, that the out-of-State tuition shall be forgiven to the extent that the out-of-State tuition rate exceeds any amounts payable to the institution or the service member by the service member's employer by reason of enrollment pursuant to such admission while the member is abiding in this State incident to active military duty, plus the amount that represents the percentage of the out-of-State tuition rate paid to the institution or the service member by the service member's employer multiplied by the in-State tuition rate and then subtracted from the in-State tuition rate. Any member of the armed services

1 who does not qualify for any payment by the member's employer shall be eligible to be  
2 charged the in-State tuition rate and shall pay the full amount of the in-State tuition rate."

3  
4 Requested by: Representatives Preston, Arnold, Grady

5 **WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING**  
6 **FORMULA**

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

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

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

40 (b) If the funds appropriated in this act to the Board of Governors of The  
41 University of North Carolina for continuation of financial assistance to the medical  
42 schools of Duke University and Wake Forest University are insufficient to cover the  
43 enrolled students in accordance with this section, then the Board of Governors may

1 transfer unused funds from other programs in the Related Educational Programs budget  
2 code to cover the extra students.

3  
4 Requested by: Representatives Preston, Arnold, Grady

5 **AID TO STUDENTS ATTENDING PRIVATE COLLEGES PROCEDURE**

6 Section 10.1. (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 available for  
16 the tuition 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  
41 the approval of the Office of State Budget and Management, may  
42 transfer available funds to meet the needs of the programs provided  
43 by 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  
3           period 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  
9           committing a Class A, B, B1, or B2 felony; or

- 10          (2) Is incarcerated in a State or federal correctional facility for  
11          committing a Class C through I felony and is not eligible for parole  
12          or release within 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           The State Education Assistance Authority shall include in its annual report to  
21 the Joint Legislative Education Oversight Committee the information it has compiled and  
22 its findings regarding this program.

23  
24 Requested by: Representatives Preston, Arnold, Grady

25 **AID TO STUDENTS ATTENDING PRIVATE COLLEGES/LEGISLATIVE**  
26 **TUITION GRANT LIMITATIONS**

27       Section 10.2. (a) No Legislative Tuition Grant funds shall be expended for a program  
28 at an off-campus site of a private institution, as defined in G.S. 116-22(1), established  
29 after May 15, 1987, unless (i) the private institution offering the program has previously  
30 notified and secured agreement from other private institutions operating degree programs  
31 in the county in which the off-campus program is located or operating in the counties  
32 adjacent to that county or (ii) the degree program is neither available nor planned in the  
33 county with the off-campus site or in the counties adjacent to that county.

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

36       (b) Any member of the armed services as defined in G.S. 116-143.3(a), abiding in  
37 this State incident to active military duty, who does not qualify as a resident for tuition  
38 purposes as defined under G.S. 116-143.1, is eligible for a Legislative Tuition Grant  
39 pursuant to this section if the member is enrolled as a full-time student. The member's  
40 Legislative Tuition Grant shall not exceed the cost of tuition less any tuition assistance  
41 paid by the member's employer.

42  
43 Requested by: Representatives Preston, Arnold, Grady

**DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND**

Section 10.3. G.S. 116-41.18(a) reads as rewritten:

"(a) Each constituent institution that receives, through private gifts and an allocation by the Board of Governors, funds for the purpose shall, under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution, select a holder of the Distinguished Professorship. Once given, that designation shall be retained by the distinguished professor as long as he remains in the full-time service of the ~~institution.~~ institution as a faculty member, or for more limited lengths of time when authorized by the Board of Governors and the board of trustees at the institution when the Distinguished Professorship is originally established or vacated. When a distinguished professorship becomes vacant, it shall remain assigned to the institution and another distinguished professor shall be selected under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution."

Requested by: Representatives Preston, Arnold, Grady

**UNC OVERHEAD RECEIPT FLEXIBILITY**

Section 10.7. G.S. 116-30.2 reads as rewritten:

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

All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of The University of North Carolina shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 143-23(a3) and G.S. 120-76(8), each special responsibility constituent institution may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Chancellor to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions. The quarterly allotment procedure established pursuant to G.S. 143-17 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions."

Requested by: Representatives Preston, Arnold, Grady

**UNC ASSISTANCE TO PUBLIC SCHOOLS**

Section 10.8. Funding in this act is provided to the Board of Governors of The University of North Carolina for several initiatives to work cooperatively with the public schools to improve public education in North Carolina. The Board of Governors shall redirect the funding provided for educational consortia at eight constituent institutions to



1 these initiatives requested for the 1997-99 biennium. The Board of Governors shall  
2 redirect at least one-third of the consortia appropriations during the 1997-98 fiscal year  
3 and the balance for the 1998-99 fiscal year toward these efforts. The Board of Governors  
4 shall also reallocate sufficient funds from other resources to fully fund these initiatives  
5 for the 1997-98 fiscal year.

6 Upon request of a constituent institution with a current consortium program, the  
7 Board of Governors may direct continual funding to that program.

8  
9 Requested by: Representatives Preston, Arnold, Grady

#### 10 **UNC LIBRARIES FUNDING**

11 Section 10.8A. Of the funds appropriated to the Board of Governors of The  
12 University of North Carolina in this act, the sum of two million dollars (\$2,000,000) shall  
13 be allocated each year of the biennium for enhancement of libraries for the constituent  
14 institutions. Of this amount, a sufficient sum each year shall be used for the development  
15 of the NC-LIVE project, a cooperative effort of The University of North Carolina, the  
16 Department of Community Colleges, and the State Library of North Carolina designed to  
17 improve access to information resources across the State and to reduce the duplication of  
18 expenditures for library resources.

19  
20 Requested by: Representatives Preston, Arnold, Grady

#### 21 **AREA HEALTH EDUCATION CENTERS FUNDING**

22 Section 10.9. Of the funds appropriated in this act to the Board of Governors  
23 of The University of North Carolina, the sum of two million dollars (\$2,000,000) for the  
24 1998-99 fiscal year shall be allocated to the Area Health Education Centers programs for  
25 continuation of the restructuring of educational programs for health care professionals.

26  
27 Requested by: Representatives Preston, Arnold, Grady

#### 28 **MANUFACTURING EXTENSION PARTNERSHIP**

29 Section 10.9A. Of the funds appropriated to the Board of Governors of The  
30 University of North Carolina, the sum of nine hundred thousand dollars (\$900,000) for  
31 the 1997-98 fiscal year shall be allocated to North Carolina State University to match  
32 additional federal funds for the Manufacturing Extension Partnership Program.

33  
34 Requested by: Representatives Preston, Arnold, Grady

#### 35 **COOPERATIVE EXTENSION SERVICES**

36 Section 10.11. (a) The Joint Legislative Education Oversight Committee and  
37 the Board of Governors of The University of North Carolina shall undertake a joint  
38 review and study of the role, funding, personnel resources, programs, and other aspects of  
39 the Cooperative Extension Services of The University of North Carolina given the  
40 changing nature of the agricultural base of the State.

41 (b) The study shall consider all of the following:

- 42 (1) The role of cooperative extension services in the environmental  
43 aspects of agricultural activities and other activities.

1 (2) The reduced or increased needs for various current extension  
2 services due to changes in the State's agricultural base.

3 (3) The top priority agricultural needs of the State and whether or not  
4 current cooperative extension services are aligned with those needs.

5 (4) The duplication, if any, of cooperative extension services with  
6 services offered by other entities.

7 (c) The Joint Legislative Education Oversight Committee and the Board of  
8 Governors may appoint a subcommittee to work cooperatively on this study. The Chairs  
9 of the Joint Legislative Education Oversight Committee shall designate one member of  
10 the Subcommittee to serve as a cochair and the Chair of the Board of Governors shall  
11 designate one member of the Subcommittee to serve as a cochair.

12 (d) The Subcommittee shall meet at such times and places as the Subcommittee  
13 cochairs designate. The facilities of the State Legislative Building and the Legislative  
14 Office Building shall be available to the Subcommittee subject to the approval of the  
15 Legislative Services Commission. The facilities of the university system shall also be  
16 available to the Subcommittee.

17 (e) Subject to the approval of the Legislative Services Commission, the staff  
18 resources of the Legislative Services Commission shall be available to the Subcommittee  
19 without cost except for travel, subsistence, supplies, and materials. Subject to the  
20 approval of the Board of Governors, the staff resources of the Board of Governors shall  
21 also be available to the Subcommittee without cost except for travel, subsistence,  
22 supplies, and materials which shall be the expense of the Board of Governors.

23 (f) The Joint Legislative Education Oversight Committee and the Board of  
24 Governors shall report their findings to the General Assembly by May 1, 1998.

25  
26 Requested by: Representatives Preston, Arnold, Grady

### 27 **SCHOLARSHIP FUND BALANCES**

28 Section 10.13. The remaining balances in the Social Worker Education Loan  
29 Fund shall be transferred to the Nurse Scholars Scholarship Fund account to implement  
30 the budget reductions in that program.

31  
32 Requested by: Representatives Preston, Arnold, Grady

### 33 **UNIVERSITY FIRE SAFETY COSTS LIMITED**

34 Section 10.14. G.S. 116-44.7 reads as rewritten:

#### 35 **"§ 116-44.7. Exemption from certain fees and charges.**

36 No water system serving a residence hall or fraternity or sorority housing shall levy or  
37 collect any water-meter fee, water-hydrant fee, tap fee, or similar service fee on a  
38 residence hall or fraternity or sorority house with respect to supporting a supplemental  
39 fire safety protection system in excess of the ~~actual~~-marginal cost to the water system to  
40 support the fire safety protection system."

41  
42 Requested by: Representatives Preston, Arnold, Grady

### 43 **ACADEMIC ENHANCEMENT FUNDS CLARIFICATION**

1 Section 10.18. In Section 16.11 of Chapter 18 of the Session Laws of the 1996  
2 Second Extra Session, the Board of Governors of The University of North Carolina was  
3 directed to allocate for the 1996-97 fiscal year the amount of seventeen million eight  
4 hundred thousand dollars (\$17,800,000) between the constituent institutions classified as  
5 Research University I campuses in direct proportion to the funds to be raised on each  
6 campus for the 1996-97 fiscal year from the tuition increases authorized under Section  
7 15.15 of Chapter 507 of the 1995 Session Laws.

8 There has been no directive as to which budget codes the funds should be  
9 credited. Since these funds are part of the continuation budget, each campus shall have  
10 the authority to allocate these funds among the General Fund budget codes on that  
11 campus based on campus priorities.

12  
13 Requested by: Representatives Preston, Arnold, Grady

#### 14 **ASU CENTENNIAL CELEBRATION**

15 Section 10.20. The Board of Governors of The University of North Carolina  
16 shall allocate from balances in its overhead receipts fund the sum of two hundred  
17 thousand dollars (\$200,000) for the 1997-98 fiscal year to Appalachian State University  
18 for costs associated with the celebration of the one hundredth anniversary of the founding  
19 of Appalachian State University.

20  
21 Requested by: Representatives Adams, Oldham

#### 22 **UNC CAPITAL FACILITIES STUDY**

23 Section 10.21. Based on findings of The Legislative Study Commission on the  
24 Status of Education at The University of North Carolina, the General Assembly is  
25 concerned about perceived differences in the quality of capital facilities on the different  
26 campuses, which may impact the ability of some campuses to attract students and faculty.  
27 Since the Board of Governors has recently completed studies of equity of funding for  
28 operating costs among the constituent institutions and of the Board of Governors' capital  
29 improvements request process, it is timely that the remaining questions of equity be  
30 addressed.

31 The Board of Governors of The University of North Carolina shall study the  
32 relative equity and adequacy of the physical facilities of its constituent institutions. The  
33 study shall consider the condition of the facilities, whether or not facilities are  
34 comparable among the campuses given the different missions of the institutions,  
35 comparable adequacy of the physical facilities given the size of the school, and such  
36 other factors deemed appropriate by the Board of Governors. The study shall include all  
37 facilities contributing to the accomplishment of the campuses' missions, including  
38 academic, administrative, research, residential, dining, and other facilities.

39 The Board of Governors shall report to the General Assembly by January 15,  
40 1999, with the results of its study. The report shall include recommendations to rectify  
41 any inequities or inadequacies found in the study. The Board of Governors shall consider  
42 its policies on funding of self-liquidating projects and whether those policies contribute to  
43 any inequities among the campuses.

1  
2 Requested by: Representatives Preston, Arnold, Grady

3 **AGRICULTURAL ENHANCEMENT**

4 Section 10.22. Of the funds appropriated to the Board of Governors of The  
5 University of North Carolina for Agricultural Programs, the amount of one million one  
6 hundred thousand dollars (\$1,100,000) shall be allocated to the Agricultural Budget  
7 codes at North Carolina State University. These funds may be used to increase  
8 nonpersonnel budgets which had been reduced in order to provide competitive salary  
9 increases during the 1996-97 fiscal year. None of these funds may be used for additional  
10 salary increases.

11  
12 **PART XI. DEPARTMENT OF HUMAN RESOURCES**

13  
14 Requested by: Representatives Gardner, Cansler, Clary

15 **REORGANIZATION OF THE DEPARTMENT OF HUMAN RESOURCES**

16 Section 11. (a) The Department of Human Resources shall, using the report of  
17 KPMG Peat Marwick, L.L.P. to the General Assembly dated March 20, 1997, develop  
18 and begin implementing a plan to reorganize the Department of Human Resources. The  
19 reorganization plan shall be designed:

- 20 (1) To structure planning, management, and service delivery around a  
21 strategic shared mission and long-range vision for the Department;  
22 (2) To better achieve a consolidated family-center services orientation that  
23 facilitates identification of gaps in services, improvement of efficient  
24 and effective access to services, and reduces fragmentation of  
25 leadership, management, and service delivery;  
26 (3) To facilitate a system of incentives within the Department and within  
27 local agencies that will reinforce personnel efforts at integrated services  
28 delivery; and  
29 (4) To enable assessment of program performance in terms of actual client  
30 outcomes, effective and efficient service delivery, and the impact  
31 services and departmental functions are having in the lives of clients,  
32 rather than in terms of process measures.

33 (b) With funds from within the Department, and in consultation with the  
34 Legislative Oversight Committee on the Reorganization of the Department of Human  
35 Resources, the Department of Human Resources shall engage an entity with proven  
36 expertise to provide the Department leadership and management with the knowledge and  
37 tools needed to ensure a change in departmental culture that creates an environment:

- 38 (1) Where there is an understanding and appreciation for a departmental  
39 mission and primary goals that portray a coordinated system of services,  
40 rather than a group of independently operating group of services;  
41 (2) Where, although the Department delivers few direct services, a client  
42 needing multiple services can have them delivered in a coordinated  
43 manner through local governing entities and by local service providers;

- 1 (3) Where counties have the opportunity, where practicable, to develop  
2 approaches to service delivery that work best for them;  
3 (4) Where the Department can restructure around functions rather than  
4 programs; and  
5 (5) Where the Department can develop an internal management capacity for  
6 strategic planning, program planning and evaluation, and formal senior  
7 management reviews, on a regular basis, of client needs, program  
8 performance, and issues related to resource allocation and risk  
9 assessment.

10 (c) The Department of Human Resources shall begin establishment of the  
11 following service delivery functions: services, regulation, institutional management,  
12 education, and health care financing.

13 (d) The Department of Human Resources shall give very strong consideration  
14 to establishing the following coordination and infrastructure functions: information  
15 services and performance services.  
16

17 Requested by: Representatives Gardner, Cansler, Clary

18 **LEGISLATIVE OVERSIGHT COMMITTEE ON DHR REORGANIZATION**

19 Section 11.1. (a) The General Assembly intends to reorganize the Department of  
20 Human Resources, using the report of KPMG Peat Marwick, L.L.P. to the General  
21 Assembly dated March 20, 1997, to provide an alternative and improved approach to the  
22 organization and delivery of human services in North Carolina.

23 (b) There is established the Legislative Oversight Committee on the  
24 Reorganization of the Department of Human Resources to oversee the reorganization of  
25 the Department.

26 (c) The Committee shall be composed of 10 members, as follows:

- 27 (1) Five members of the House of Representatives at the time of their  
28 appointment, two appointed by the Speaker of the House of  
29 Representatives, one other a chair of the House Appropriations  
30 Subcommittee on Human Resources, one other a member of the House  
31 Appropriations Subcommittee on Human Resources, and one other the  
32 House of Representatives chair or other member of the Subcommittee  
33 on Human Resources of the Joint Legislative Commission on  
34 Governmental Operations; and  
35 (2) Five members of the Senate at the time of their appointment, two  
36 appointed by the President Pro Tempore of the Senate, one other the  
37 chair of the Senate Appropriations Subcommittee on Human Resources,  
38 one other a member of the Senate Appropriations Subcommittee on  
39 Human Resources, and one other the Senate chair or other member of  
40 the Subcommittee on Human Resources of the Joint Legislative  
41 Commission on Governmental Operations.

1 (d) The Speaker of the House of Representatives and the President Pro Tempore of  
2 the Senate shall each select a member from their respective chambers to serve as cochair  
3 of the Committee.

4 (e) The Committee, while in the discharge of official duties, may exercise all  
5 the powers provided for under the provisions of G.S. 120-19 and G.S. 120-19.1 through  
6 G.S. 120-19.4. The Committee may meet at any time upon the joint call of the cochairs.  
7 The Committee may meet in the Legislative Building or the Legislative Office Building.

8 (f) Members of the Committee shall receive subsistence and travel expenses at  
9 the rates set forth in G.S. 120-3.1.

10 (g) The Committee may contract for professional, clerical, or consultant  
11 services as provided by G.S. 120-32.02. The Legislative Services Commission, through  
12 the Legislative Services Officer, shall assign professional and clerical staff to staff the  
13 Committee. The House of Representatives' and the Senate's Supervisors of Clerks shall  
14 assign clerical staff to the Committee, upon the direction of the Legislative Services  
15 Commission. The expenses relating to professional and clerical employees supplied  
16 through the Legislative Services Commission shall be borne by the Legislative Services  
17 Commission.

18 Notwithstanding any Legislative Services Office policy to the contrary, the  
19 Committee may meet during any session of the General Assembly, and legislative staff  
20 may serve the Committee during session.

21 (h) Members serve at the pleasure of their appointing officer. When a vacancy  
22 occurs in the membership of the Committee, the vacancy shall be filled by the same  
23 appointing officer who made the initial appointment.

24 (i) All State departments and agencies and local governments and their  
25 subdivisions shall furnish the Committee with any information in their possession or  
26 available to them.

27 (j) The Committee shall report on the progress of the reorganization and any  
28 recommendations, including any legislative proposals, to the General Assembly by  
29 December 1, 1998, and then by April 1 and November 1 every year until April 1, 2003,  
30 or until the Committee completes its work, at which time the Committee shall terminate.

31 (k) If a provision in this act or in another act of the 1997 General Assembly  
32 authorizes the Standing Appropriations Committees and Standing Appropriations  
33 Subcommittees of the House and Senate to meet separately or jointly during the interim  
34 between the Regular 1997 and 1998 Sessions of the General Assembly, then this section  
35 is repealed on the date the act authorizing the interim meetings becomes law.

36  
37 Requested by: Representatives Gardner, Cansler, Clary

### 38 **IMPLEMENT ABC'S PLAN FOR RESIDENTIAL SCHOOLS**

39 Section 11.2. (a) The Department of Human Resources shall plan to  
40 implement the State Board of Education's ABC's Plan for all of its residential schools  
41 where children are in attendance for more than 120 days a year. The ABC's Plan shall be  
42 implemented for the 1998-99 school year, if possible.

1 (b) The State Board of Education shall assist the Department of Human  
2 Resources with the implementation. The Department of Human Resources and the State  
3 Board of Education shall:

- 4 (1) Identify any policy or technical reason this accountability model cannot  
5 be adopted in the residential schools.
- 6 (2) Develop accountability standards for each residential school, including  
7 baseline data for these standards. Accountability standards shall also be  
8 developed to measure improvements in performance among the  
9 nondiploma bound students attending the residential schools.
- 10 (3) Determine the feasibility of implementing these accountability standards  
11 in the 1998-99 school year and propose a phase-in approach, if  
12 necessary.
- 13 (4) Define the strategies and consequences for State intervention in low-  
14 performing residential schools.
- 15 (5) Review the site-based management practices within the State Board of  
16 Education which, if implemented in the Department of Human  
17 Resources, should result in improved student performance.

18 The State Board of Education and the Department of Human Resources shall  
19 report jointly on their progress toward implementation in an interim report to the Joint  
20 Legislative Education Oversight Committee by October 1, 1997, and with a final report  
21 to that Committee by April 1, 1998.

22 (c) In addition to the implementation of the ABC's Plan in the Department of  
23 Human Resources' residential schools, the State Board of Education and the Department  
24 of Human Resources shall study and report on the following issues:

- 25 (1) Mandatory accreditation and dual certification of teachers in the  
26 residential schools.
- 27 (2) Comparison of the staffing and financial resources available to serve  
28 special needs children in local education authorities versus residential  
29 schools (excluding the residential cost component).
- 30 (3) Alignment of the Department of Human Resources' curricula with the  
31 State Board of Education's high school vocational educational  
32 curriculum, including opportunities for the residential schools to  
33 participate in the Tech Prep program with the community colleges.
- 34 (4) Strategies for developing select residential schools as resource centers to  
35 local educational authorities in serving their special needs children.

36  
37 Requested by: Representatives Gardner, Cansler, Clary

#### 38 **DHR STUDY OF PROVIDER REIMBURSEMENT RATES/REPORT**

39 Section 11.3. The Department of Human Resources shall study the process of  
40 setting provider reimbursement rates for programs within the Department. This study  
41 shall include an analysis of the following:

- 42 (1) The extent to which rates are set in accordance with clear policies that  
43 are consistent across program lines;

- 1 (2) Whether there are general principles and assumptions that are or should  
2 be included in all rate-setting processes;
- 3 (3) The policies and economic and accounting principles that are utilized  
4 for setting rates in each program and a comparison of those policies and  
5 principles between the programs; and
- 6 (4) How any differences between programs in setting rates are justified.

7 The Department shall provide a status report before February 1, 1998, and a  
8 final report to the members of the House and Senate Appropriations Subcommittees on  
9 Human Resources and the Fiscal Research Division before February 1, 1999.

10  
11 Requested by: Representatives Gardner, Cansler, Clary

#### 12 **DHR EMPLOYEES/IN-KIND MATCH**

13 Section 11.4. Notwithstanding the limitations of G.S. 143B-139.4, the  
14 Secretary of the Department of Human Resources may assign employees of the Office of  
15 Rural Health and Resource Development to serve as in-kind match to nonprofit  
16 corporations working to establish health care programs that will improve health care  
17 access while controlling costs.

18  
19 Requested by: Representatives Gardner, Cansler, Clary

#### 20 **TRANSFER OF CERTAIN FUNDS AUTHORIZED**

21 Section 11.5. In order to assure maximum utilization of funds in county  
22 departments of social services, county or district health agencies, and area mental health,  
23 developmental disabilities, and substance abuse services authorities, the Director of the  
24 Budget may transfer excess funds appropriated to a specific service, program, or fund,  
25 whether specified service in a block grant plan or General Fund appropriation, into  
26 another service, program, or fund for local services within the budget of the respective  
27 State agency.

28  
29 Requested by: Representatives Gardner, Cansler, Clary

#### 30 **MEDICAL RECORDS COPY FEES/SOCIAL SECURITY DISABILITY CLAIMS**

31 Section 11.6. G.S. 90-411 reads as rewritten:

#### 32 **"§ 90-411. Record copy fee.**

33 (a) A health care provider operated by a governmental unit may charge a  
34 reasonable fee to cover the costs incurred in searching, handling, copying, and mailing  
35 medical records to the patient or the patient's designated representative. The maximum  
36 fee shall be fifty cents (50¢) per page, provided that the health care provider may impose  
37 a minimum fee of up to ten dollars (\$10.00), inclusive of copying costs. If requested by  
38 the patient or the patient's designated representative, nothing herein shall limit a  
39 reasonable professional fee charged by a physician for the review and preparation of a  
40 narrative summary of the patient's medical record. This section shall only apply with  
41 respect to liability claims for personal injury, except that charges for medical records and  
42 reports related to claims under Article 1 of Chapter 97 of the General Statutes shall be



1 governed by the fees established by the North Carolina Industrial Commission pursuant  
 2 to G.S. 97-26.1.

3 (b) A health care provider not operated by a governmental unit may charge a  
 4 reasonable fee to cover the costs incurred in searching, handling, copying, and mailing  
 5 medical records to the patient or the patient's designated representative. The maximum  
 6 fee shall be seventy-five cents (75¢) per page, provided that the health care provider may  
 7 impose a minimum fee of up to twelve dollars (\$12.00), inclusive of copying costs. If  
 8 requested by the patient or the patient's designated representative, nothing herein shall  
 9 limit a reasonable professional fee charged by a physician for the review and preparation  
 10 of a narrative summary of the patient's medical record. This section shall only apply with  
 11 respect to liability claims for personal injury, and claims for social security disability,  
 12 except that charges for medical records and reports related to claims under Article 1 of  
 13 Chapter 97 of the General Statutes shall be governed by the fees established by the North  
 14 Carolina Industrial Commission pursuant to G.S. 97-26.1."

15  
 16 Requested by: Representatives Gardner, Cansler, Clary

17 **NONMEDICAID REIMBURSEMENT CHANGES**

18 Section 11.7. Providers of medical services under the various State programs,  
 19 other than Medicaid, offering medical care to citizens of the State shall be reimbursed at  
 20 rates no more than those under the North Carolina Medical Assistance Program.  
 21 Hospitals that provide psychiatric inpatient care for Thomas S. class members or adults  
 22 with mental retardation and mental illness may be paid an additional incentive payment  
 23 not to exceed fifteen percent (15%) of their regular daily per diem reimbursement.

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

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

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

41		Medical Eye	All	
42	<u>Family Size</u>	<u>Care Adults</u>	<u>Rehabilitation</u>	<u>Other</u>
43	1	\$ 4,860	\$ 8,364	\$ 4,200

1	2	5,940	10,944	5,300
2	3	6,204	13,500	6,400
3	4	7,284	16,092	7,500
4	5	7,824	18,648	7,900
5	6	8,220	21,228	8,300
6	7	8,772	21,708	8,800
7	8	9,312	22,220	9,300

9 The eligibility level for children in the Medical Eye Care Program in the  
 10 Division of Services for the Blind and for adults in the Atypical Antipsychotic  
 11 Medication Program in the Division of Mental Health, Developmental Disabilities, and  
 12 Substance Abuse Services shall be one hundred percent (100%) of the federal poverty  
 13 guidelines, as revised annually by the United States Department of Health and Human  
 14 Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in  
 15 the Atypical Antipsychotic Medication Program who become gainfully employed may  
 16 continue to be eligible to receive State support, in decreasing amounts, for the purchase  
 17 of atypical antipsychotic medication and related services up to three hundred percent  
 18 (300%) of the poverty level.

19 State financial participation in the Atypical Antipsychotic Medication Program  
 20 for those enrollees who become gainfully employed is as follows:

21	<u>Income</u>	<u>State Participation</u>	<u>Client Participation</u>
22	(% of poverty)		
23	0-100%	100%	0%
24	101-120%	95%	5%
25	121-140%	85%	15%
26	141-160%	75%	25%
27	161-180%	65%	35%
28	181-200%	55%	45%
29	201-220%	45%	55%
30	221-240%	35%	65%
31	241-260%	25%	75%
32	261-280%	15%	85%
33	281-300%	5%	95%
34	301%-over	0%	100%.

35  
 36  
 37 The Department of Human Resources shall contract at, or as close as possible  
 38 to, Medicaid rates for medical services provided to residents of State facilities of the  
 39 Department.

40  
 41 Requested by: Representatives Gardner, Cansler, Clary

42 **MEDICAL DATA PROCESSING FUNDS**

1 Section 11.8. The sum of one hundred fifty thousand dollars (\$150,000) for  
2 each of the 1997-98 and 1998-99 fiscal years is transferred from the Insurance  
3 Regulatory Fund established pursuant to G.S. 58-6-25 to the Division of Facility  
4 Services, Department of Human Resources, to certify statewide data processors pursuant  
5 to Article 11A of Chapter 131E of the General Statutes, to purchase data from statewide  
6 data processors, and to process and analyze the data.

7  
8 Requested by: Representatives Gardner, Cansler, Clary

9 **FIRE PROTECTION REVOLVING LOAN FUND**

10 Section 11.9. Proceeds from the Fire Protection Revolving Loan Fund,  
11 established pursuant to G.S. 122A-5.13, may be used to provide staff support to the North  
12 Carolina Housing Finance Agency for loan processing and to the Department of Human  
13 Resources for review and approval of fire protection plans and inspection of fire  
14 protection systems.

15  
16 Requested by: Representatives Gardner, Cansler, Clary

17 **DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CLARIFICATION**

18 Section 11.10. For the 1997-99 fiscal biennium, as it receives funds associated  
19 with Disproportionate Share Payments from the State hospitals, the Division of Medical  
20 Assistance shall deposit funds appropriated for the Medicaid program in a sum equal to  
21 the federal share of the Disproportionate Share Payments as nontax revenue. Any of  
22 these funds that are not appropriated by the General Assembly shall be reserved by the  
23 State Controller for future appropriation.

24  
25 Requested by: Representatives Gardner, Cansler, Clary

26 **MEDICAID**

27 Section 11.11. (a) Funds appropriated in this act for services provided in  
28 accordance with Title XIX of the Social Security Act (Medicaid) are for both the  
29 categorically needy and the medically needy. Funds appropriated for these services shall  
30 be expended in accordance with the following schedule of services and payment bases.  
31 All services and payments are subject to the language at the end of this subsection.

32 Services and payment bases:

- 33 (1) Hospital-Inpatient - Payment for hospital inpatient services will be  
34 prescribed in the State Plan as established by the Department of Human  
35 Resources. Administrative days for any period of hospitalization shall  
36 be limited to a maximum of three days.
- 37 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a  
38 prospective reimbursement plan as established by the Department of  
39 Human Resources.
- 40 (3) Nursing Facilities - Payment for nursing facility services will be  
41 prescribed in the State Plan as established by the Department of Human  
42 Resources. Nursing facilities providing services to Medicaid recipients  
43 who also qualify for Medicare, must be enrolled in the Medicare

- 1 program as a condition of participation in the Medicaid program. State  
2 facilities are not subject to the requirement to enroll in the Medicare  
3 program.
- 4 (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed  
5 in the State Plan as established by the Department of Human Resources.
- 6 (5) Drugs - Drug costs as allowed by federal regulations plus a professional  
7 services fee per month excluding refills for the same drug or generic  
8 equivalent during the same month. Reimbursement shall be available  
9 for up to six prescriptions per recipient, per month, including refills.  
10 Payments for drugs are subject to the provisions of subsection (h) of this  
11 section and to the provisions at the end of subsection (a) of this section,  
12 or in accordance with the State Plan adopted by the Department of  
13 Human Resources consistent with federal reimbursement regulations.  
14 Payment of the professional services fee shall be made in accordance  
15 with the State Plan adopted by the Department of Human Resources,  
16 consistent with federal reimbursement regulations. The professional  
17 services fee shall be five dollars and sixty cents (\$5.60) per prescription.  
18 Adjustments to the professional services fee shall be established by the  
19 General Assembly.
- 20 (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified  
21 Nurse Midwife Services - Fee schedules as developed by the  
22 Department of Human Resources. Payments for dental services are  
23 subject to the provisions of subsection (g) of this section.
- 24 (7) Community Alternative Program, EPSDT Screens - Payment to be  
25 made in accordance with rate schedule developed by the Department of  
26 Human Resources.
- 27 (8) Home Health and Related Services, Private Duty Nursing, Clinic  
28 Services, Prepaid Health Plans, Durable Medical Equipment - Payment  
29 to be made according to reimbursement plans developed by the  
30 Department of Human Resources.
- 31 (9) Medicare Buy-In - Social Security Administration premium.
- 32 (10) Ambulance Services - Uniform fee schedules as developed by the  
33 Department of Human Resources.
- 34 (11) Hearing Aids - Actual cost plus a dispensing fee.
- 35 (12) Rural Health Clinic Services - Provider-based, reasonable cost;  
36 nonprovider-based, single-cost reimbursement rate per clinic visit.
- 37 (13) Family Planning - Negotiated rate for local health departments. For  
38 other providers - see specific services, for instance, hospitals,  
39 physicians.
- 40 (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as  
41 developed by the Department of Human Resources.
- 42 (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale  
43 cost of materials.

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

42 Services and payment bases may be changed with the approval of the Director of the  
43 Budget.

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

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

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

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

	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	Family	Standard	AFDC Payment	
<u>Size</u>	<u>of Need</u>	<u>Level*</u>	<u>AA, AB, AD*</u>	
22	1	\$ 4,344	\$ 2,172	\$ 2,900
23	2	5,664	2,832	3,800
24	3	6,528	3,264	4,400
25	4	7,128	3,564	4,800
26	6	8,376	4,188	5,600
27	7	8,952	4,476	6,000
28	8	9,256	4,680	6,300

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

31  
 32 The payment level for Aid to Families With Dependent Children shall be fifty percent  
 33 (50%) of the standard of need.

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

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

38 (f) ICF and ICF/MR Work Incentive Allowances. The Department of Human  
 39 Resources may provide an incentive allowance to Medicaid-eligible recipients of ICF and  
 40 ICF/MR facilities who are regularly engaged in work activities as part of their  
 41 developmental plan and for whom retention of additional income contributes to their  
 42 achievement of independence. The State funds required to match the federal funds that  
 43 are required by these allowances shall be provided from savings within the Medicaid

1 budget or from other unbudgeted funds available to the Department. The incentive  
2 allowances may be as follows:

3  
4 Monthly Net Wages Monthly Incentive Allowance

5 \$1.00 to \$100.99 Up to \$50.00  
6 \$101.00 - \$200.99 \$80.00  
7 \$201.00 to \$300.99 \$130.00  
8 \$301.00 and greater \$212.00.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

31 (p) The Department of Human Resources shall submit a monthly status report  
32 on expenditures for acute care and long-term care services to the Fiscal Research  
33 Division and to the Office of State Budget and Management. This report shall include an  
34 analysis of budgeted versus actual expenditures for eligibles by category and for long-  
35 term care beds. In addition, the Department shall revise the program's projected spending  
36 for the current fiscal year and the estimated spending for the subsequent fiscal year on a  
37 quarterly basis. Reports for the preceding month shall be forwarded to the Fiscal  
38 Research Division and to the Office of State Budget and Management no later than the  
39 third Thursday of the month.

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



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

6 (s) The Division of Medical Assistance, Department of Human Resources,  
7 may administer Medicaid estate recovery mandated by the Omnibus Budget  
8 Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5  
9 using temporary rules pending approval of final rules promulgated pursuant to Chapter  
10 150B of the General Statutes.

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

18  
19 Requested by: Representatives Gardner, Cansler, Clary

#### 20 **MEDICAID TRUST FUND TRANSFER/SHORTFALL**

21 Section 11.12. Upon certification to the Director of the Budget that all  
22 alternative sources of funding are exhausted and receipt of approval by the Director of the  
23 Budget, notwithstanding any prohibition which may exist in G.S. 143-23.2, the  
24 Department may use up to twenty-five million dollars (\$25,000,000) during fiscal year  
25 1997-98 from the fund established pursuant to G.S. 143-23.2 to support Medicaid  
26 program expenditures.

27  
28 Requested by: Representatives Gardner, Cansler, Clary

#### 29 **MEDICAID GROWTH REDUCTION**

30 Section 11.13. (a) The Department of Human Resources shall develop and  
31 implement a plan that is designed to reduce the growth of Medicaid to eight percent (8%)  
32 by the year 2001. However, the Department shall not eliminate categories of eligibles or  
33 categories of services to achieve this reduction unless the General Assembly identifies  
34 specific categories of eligibles or categories of services that it wants eliminated.

35 (b) The Division of Medical Assistance, Department of Human Resources,  
36 shall consider the following actions in developing the plan to reduce Medicaid growth:

- 37 (1) Changes in the methods of reimbursement;
- 38 (2) Changes in the method of determining or limiting inflation factors or  
39 both;
- 40 (3) Recalibration of existing methods of reimbursement;
- 41 (4) Develop more specific criteria for determining medical necessity of  
42 services;
- 43 (5) Contracting for services;

- 1 (6) Application of limits on specific numbers of slots or expenditure levels  
2 for certain services or both;
- 3 (7) Expansion of managed care; and
- 4 (8) Recommend changes in statutes to enhance the ability of the  
5 Department to manage the program.

6 (c) In considering the actions listed in subsection (b) of this section and in the  
7 development of the Medicaid growth reduction plan, the Division of Medical Assistance,  
8 Department of Human Resources, shall not adjust reimbursement rates to levels which  
9 would cause Medicaid providers of service to be out of compliance with certification  
10 requirements, licensure rules, or other mandated quality or safety standards.

11 (d) The Division of Medical Assistance, Department of Human Resources, shall  
12 report to the Chairs of the House and Senate Appropriations Subcommittees on Human  
13 Resources by September 1, 1997, on the actions the Department intends to take to meet  
14 the required reductions for 1998-99. The Division of Medical Assistance shall not  
15 implement any of these actions until after the September 1, 1997, report.

16 (e) The Division of Medical Assistance, Department of Human Resources shall  
17 report to the Chairs of the House and Senate Appropriations Subcommittees on Human  
18 Resources by April 1, 1998, on the final plan to reduce Medicaid growth by eight percent  
19 (8%) by the year 2001.

20  
21 Requested by: Representatives Gardner, Cansler, Clary

22 **ADULT DAY HEALTH CARE MEDICAID WAIVER**

23 Section 11.14. The Division of Medical Assistance, Department of Human  
24 Resources, shall request a waiver from the Health Care Financing Administration to  
25 provide adult day health care services to Medicaid recipients who are not participating in  
26 a community alternative program. The Division shall report to the Chairs of the House  
27 and Senate Appropriations Subcommittees on Human Resources by May 1, 1998, on its  
28 progress in obtaining this waiver. The Division of Medical Assistance shall not  
29 implement this waiver, if obtained, until it has reported to the Chairs of the House and  
30 Senate Appropriations Subcommittees on Human Resources on the impact of the waiver  
31 on the provision of long-term care services for Medicaid recipients and the fiscal impact  
32 of adding this additional service.

33  
34 Requested by: Representatives Gardner, Cansler, Clary

35 **FOSTER CARE ASSISTANCE PAYMENTS**

36 Section 11.15. The maximum rates for State participation in the foster care  
37 assistance program are established on a graduated scale as follows:

- 38 (1) \$315.00 per child per month for children aged birth through 5;  
39 (2) \$365.00 per child per month for children aged 6 through 12; and  
40 (3) \$415.00 per child per month for children aged 13 through 18.

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

42  
43 Requested by: Representatives Gardner, Cansler, Clary

**AUTHORIZED ADDITIONAL USE OF HIV FOSTER CARE AND ADOPTIVE FAMILY FUNDS**

Section 11.16. (a) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated in Chapter 324 of the 1995 Session Laws for this purpose shall be used as follows:

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

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

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

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

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

(b) The maximum rates for State participation in HIV foster care and adoptions assistance are established on a graduated scale as follows:

(1) \$800.00 per month per child with indeterminate HIV status;

(2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;

(3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and

(4) \$1,600 per month per child terminally ill with complex care needs.

Requested by: Representatives Gardner, Cansler, Clary

**ADOPTION ASSISTANCE PAYMENTS**

Section 11.17. The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

(1) \$315.00 per child per month for children aged birth through 5;

(2) \$365.00 per child per month for children aged 6 through 12; and

(3) \$415.00 per child per month for children aged 13 through 18.

Requested by: Representatives Gardner, Cansler, Clary

**CHILD PROTECTIVE SERVICES**

1 Section 11.18. (a) The funds appropriated in this act to the Department of  
2 Human Resources, Division of Social Services, for the 1997-99 fiscal biennium for Child  
3 Protective Services shall be allocated to county departments of social services based upon  
4 a formula which takes into consideration the number of Child Protective Services cases  
5 and the number of Child Protective Services workers necessary to meet recommended  
6 standards adopted by the North Carolina Association of County Directors of Social  
7 Services.

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

12  
13 Requested by: Representatives Cansler, Gardner, Clary

#### 14 **CHILD CARING INSTITUTION FUND**

15 Section 11.19. (a) There is allocated from the funds appropriated to the  
16 Department of Human Resources, Division of Social Services, Child Caring Institution  
17 Fund, the sum of two million dollars (\$2,000,000) for the 1997-98 fiscal year and the sum  
18 of two million dollars (\$2,000,000) for the 1998-99 fiscal year in order to increase the  
19 balance in the CCI Fund. Funds allocated under this section shall be used to increase the  
20 private child caring agency reimbursement rate for the State-funded portion of services to  
21 children who are not eligible for federal IV-E or AFDC-EA subsidies.

22 (b) Funds allocated under this section shall be used to increase reimbursement  
23 rates to those child caring agencies providing residential care services and behavioral  
24 health care services under agreements with the county departments of social services  
25 during fiscal year 1996-97. Counties shall not reduce their contributions to the agencies'  
26 cost of care as a result of the allocation of funds under subsection (a) of this section.  
27 County contributions to the cost of care shall continue to be negotiated between the  
28 counties and the agencies. County contributions to the cost of care shall not be used to  
29 reduce or offset State reimbursement for the cost of care in private child caring  
30 institutions.

31 (c) Funds allocated under this section shall be allocated to agencies by the  
32 Division of Social Services according to the current and agreed upon formulas and  
33 reimbursement methodologies, adjusted to reflect the additional funds appropriated.  
34 Funds allocated from the CCI Fund may be used by agencies to match federal funds for  
35 eligible children.

36  
37 Requested by: Representatives Gardner, Cansler, Clary, Easterling

#### 38 **CHILD WELFARE SYSTEM IMPROVEMENTS**

39 Section 11.20. (a) Of the funds appropriated in this act to the Department of  
40 Human Resources, Division of Social Services, the sum of two million two hundred  
41 sixty-nine thousand seven hundred fifty-two dollars (\$2,269,752) for the 1997-98 fiscal  
42 year and the sum of two million two hundred sixty-nine thousand seven hundred fifty-  
43 two dollars (\$2,269,752) for the 1998-99 fiscal year shall be allocated to county

1 departments of social services for hiring or contracting for additional foster care and  
2 adoption worker positions created after July 1, 1997, based upon a formula which takes  
3 into consideration the number of foster care and adoption cases and the number of foster  
4 care and adoption workers necessary to meet recommended standards adopted by the  
5 North Carolina Association of County Directors of Social Services.

6 (b) Of the funds appropriated in this act to the Department of Human Resources,  
7 Division of Social Services, the sum of one hundred fifty-nine thousand dollars  
8 (\$159,000) for the 1997-98 fiscal year and the sum of one hundred sixty-three thousand  
9 dollars (\$163,000) for the 1998-99 fiscal year shall be used to establish and maintain a  
10 State Child Fatality Review Team to conduct in-depth reviews of any child fatalities  
11 which have occurred involving children and families involved with local departments of  
12 social services child protective services in the 12 months preceding the fatality.

13 The purpose of these reviews shall be to implement a team approach to  
14 identifying factors which may have contributed to conditions leading to the fatality and to  
15 develop recommendations for improving coordination between local and State entities  
16 which might have avoided the threat of injury or fatality and to identify appropriate  
17 remedies. The Division of Social Services shall make public the findings and  
18 recommendations developed for each fatality reviewed relating to improving  
19 coordination between local and State entities.

20 The State Child Fatality Review Team shall include representatives of the local  
21 departments of social services and the Division of Social Services, a member of the local  
22 Community Child Protection Team, a member of the local child fatality prevention team,  
23 a representative from local law enforcement, a prevention specialist, and a medical  
24 professional.

25 The State Child Fatality Review Team shall have access to all medical records,  
26 hospital records, and records maintained by this State, any county, or any local agency as  
27 necessary to carry out the purposes of this subsection, including police investigative data,  
28 medical examiner investigative data, health records, mental health records, and social  
29 services records. Any member of the State Child Fatality Review Team may share, only  
30 in an official meeting of the State Child Fatality Review Team, any information available  
31 to that member that the State Child Fatality Review Team needs to carry out its duties.

32 Meetings of the State Child Fatality Review Team are not subject to the  
33 provisions of Article 33C of Chapter 143 of the General Statutes. However, the State  
34 Child Fatality Review Team may hold periodic public meetings to discuss, in a general  
35 manner not revealing confidential information about children and families, the findings of  
36 their reviews and their recommendations for preventive actions. Minutes of all public  
37 meetings, excluding those of executive sessions, shall be kept in compliance with Article  
38 33C of Chapter 143 of the General Statutes. Any minutes or any other information  
39 generated during any executive session shall be sealed from public inspection.

40 All otherwise confidential information and records acquired by the State Child  
41 Fatality Review Team, in the exercise of its duties are confidential; are not subject to  
42 discovery or introduction into evidence in any proceedings; and may only be disclosed as  
43 necessary to carry out the purposes of the State Child Fatality Review Team. In addition,

1 all otherwise confidential information and records created by the State Child Fatality  
2 Review Team in the exercise of its duties are confidential; are not subject to discovery or  
3 introduction into evidence in any proceedings; and may only be disclosed as necessary to  
4 carry out the purposes of the State Child Fatality Review Team. No member of the State  
5 Child Fatality Review Team, nor any person who attends a meeting of the State Child  
6 Fatality Review Team, may testify in any proceeding about what transpired at the  
7 meeting, about information presented at the meeting, or about opinions formed by the  
8 person as a result of the meetings. This subsection shall not, however, prohibit a person  
9 from testifying in a civil or criminal action about matters within that person's independent  
10 knowledge.

11 Each member of the State Child Fatality Review Team and invited participant  
12 shall sign a statement indicating an understanding of and adherence to confidentiality  
13 requirements, including the possible civil or criminal consequences of any breach of  
14 confidentiality.

15 Funds allocated under this subsection shall be used as follows:

- 16 (1) To contract with a statewide prevention organization and a statewide  
17 medical organization to identify and orient prevention specialists and  
18 medical professionals with experience in reviewing child fatalities to  
19 serve on the State Child Fatality Review Team; and
- 20 (2) To pay per diem expenses for the five participants in each review who  
21 are not employed by the Division of Social Services or county  
22 departments of social services.

23 The Division of Social Services, Department of Human Resources, shall report  
24 quarterly to the Cochairs of the House and Senate Appropriations Subcommittees on  
25 Human Resources and the Fiscal Research Division on the activities of the State Child  
26 Fatality Review Team and shall provide a final report to the House and Senate  
27 Appropriations Subcommittees on Human Resources within one week of the convening  
28 of the 1997 General Assembly, Regular Session 1998, including recommendations for  
29 changes in the statewide child protection system.

30  
31 Requested by: Representatives Gardner, Cansler, Clary

## 32 **REVIEW OF AUTOMATED COLLECTION AND TRACKING SYSTEM**

33 Section 11.21. The Information Resource Management Commission shall  
34 conduct a quarterly review of the Automated Collection and Tracking System (ACTS)  
35 project being developed by the Department of Human Resources. The review shall  
36 include an analysis of the problems encountered and progress achieved, identify critical  
37 issues to be resolved, and estimate the final cost and date of completion. The review  
38 shall be submitted through the Office of the State Controller to the Chairs of the House  
39 and Senate Appropriations Committees, the Chairs of the House and Senate Human  
40 Resources Appropriations Subcommittees, the State Budget Director, and to the Director  
41 of the Fiscal Research Division of the Legislative Services Office no later than the last  
42 day of each quarter.

1 Requested by: Representatives Gardner, Cansler, Clary

2 **LIMITATIONS ON STATE ABORTION FUND**

3 Section 11.22. The limitations on funding of the performance of abortion  
4 established in Section 23.27 of Chapter 324 of the 1995 Session Laws, Regular Session  
5 1996, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, Regular  
6 Session 1996, apply to the 1997-98 and 1998-99 fiscal years.

7  
8 Requested by: Representatives Gardner, Cansler, Clary

9 **FOOD STAMP ELECTRONIC BENEFITS TRANSFER FUNDS**  
10 **SPECIFICATIONS**

11 Section 11.23. The Controller's Office, Department of Human Resources, shall  
12 manage the development, implementation, and operation of the Food Stamp Electronic  
13 Benefits Transfer Program (EBT).

14  
15 Requested by: Representatives Gardner, Cansler, Clary

16 **ANNUAL REPORT ON CARING PROGRAM FOR CHILDREN, INC.**

17 Section 11.25. The Caring Program for Children, Inc., shall report annually by  
18 May 1 to the Joint Legislative Commission on Governmental Operations and to the Fiscal  
19 Research Division of the Legislative Services Office, beginning with May 1, 1998, on its  
20 program for providing health care for children.

21 This report shall include the number of children served and the cost per child  
22 served.

23  
24 Requested by: Representatives Cansler, Gardner, Clary

25 **ADULT CARE HOME BED VACANCIES**

26 Section 11.26. (a) From the effective date of this act until 18 months after the  
27 effective date of this act, the Department of Human Resources shall not approve the  
28 addition of any adult care home beds for any type home or facility in the State, except as  
29 follows:

30 (1) Plans submitted for approval prior to May 18, 1997, may continue to be  
31 processed for approval;

32 (2) Plans submitted for approval subsequent to May 18, 1997, may be  
33 processed for approval if the individual or organization submitting the  
34 plan demonstrates to the Department that on or before May 18, 1997,  
35 the individual or organization purchased real property, entered into a  
36 binding contract to purchase real property, or entered into a binding real  
37 property lease arrangement for the purpose of establishing or expanding  
38 an adult care home facility; or

39 (3) If the Department determines that the vacancy rate of adult care home  
40 beds in a county is less than fifteen percent (15%) of the total number of  
41 beds in the county as of the effective date of this act and no new beds  
42 have been approved or licensed in the county or plans submitted for  
43 approval in accordance with subdivision (1) or (2) of this section, then

1 the Department may accept and approve the addition of beds in that  
2 county.

3 (b) The Department shall study the issue of high vacancy rates for adult care home  
4 beds, including the impact of those vacancy rates on cost-effectiveness and quality of  
5 care for the occupants of adult care homes and other facilities, and make  
6 recommendations with respect to the need for the establishment of a certificate of need  
7 type process for adult care homes and any change needed in the certificate of need  
8 process for any other facilities to prevent high vacancy rates for adult care home beds.  
9 The Department shall report the results of its study, along with the recommendations  
10 required by this section and any other proposals and recommendations, to either the  
11 Chairs of the House and Senate Appropriations Subcommittees on Human Resources or  
12 to a study commission established to study this issue, should one be established, by  
13 December 1, 1997. The Department's report shall include any observations or  
14 recommendations it deems appropriate with respect to correlations between the vacancy  
15 rates and the condition or age of facilities.

16  
17 Requested by: Representatives Gardner, Cansler, Clary

#### 18 **ADULT CARE HOMES REPORT**

19 Section 11.27. Beginning October 1, 1997, the Department of Human  
20 Resources shall report annually, on the previous fiscal year's activities, to the Joint  
21 Legislative Commission on Governmental Operations and the Fiscal Research Division  
22 of the Legislative Services Office as to the status of the following:

- 23 (1) Rate-setting and financing of adult care homes, including the use of  
24 Medicaid funds for personal care services;
- 25 (2) Quality assurance and enhancement of adult care homes, including case  
26 management for residents with special care needs, monitoring of adult  
27 care home facilities, and specialized training of direct care staff; and
- 28 (3) The process of the evaluation of the Adult Care Home Financing and  
29 Quality Assurance Program.

30  
31 Requested by: Representatives Gardner, Cansler, Clary

#### 32 **ADULT CARE HOMES REIMBURSEMENT RATE/ADULT CARE HOMES** 33 **ALLOCATION OF NONFEDERAL COST OF MEDICAID PAYMENTS**

34 Section 11.28. (a) The eligibility of Special Assistance recipients residing in  
35 adult care homes on August 1, 1995, shall not be affected by an income reduction in the  
36 Special Assistance eligibility criteria resulting from adoption of the Rate-Setting  
37 Methodology Report and Related Services, providing these recipients are otherwise  
38 eligible. The maximum monthly rate for these residents in adult care home facilities shall  
39 be nine hundred seventy-five dollars (\$975.00) per month for ambulatory residents and  
40 one thousand seventeen dollars (\$1,017) per month for semiambulatory residents.

41 (b) Effective August 1, 1995, the State shall pay fifty percent (50%) and the  
42 county shall pay fifty percent (50%) of the nonfederal costs of Medicaid services paid to  
43 adult care home facilities. As Medicaid personal care requirements increase, the county



1 matching share shall be capped until it equals fifteen percent (15%) of the nonfederal  
2 Medicaid personal care requirements.

3 (c) Effective July 1, 1997, the maximum monthly rate for residents in adult care  
4 home facilities shall be eight hundred seventy-four dollars (\$874.00) per month per  
5 resident.

6 (d) Effective July 1, 1998, the maximum monthly rate for residents in adult care  
7 home facilities shall be eight hundred seventy-four dollars (\$874.00) per month per  
8 resident.

9

10 Requested by: Representatives Gardner, Cansler, Clary, Earle

11 **IN-HOME SPECIAL ASSISTANCE DEMONSTRATION PROJECT**

12 Section 11.29. (a) Notwithstanding any law to the contrary, the Department of  
13 Human Resources, Division of Social Services, in consultation with the Department of  
14 Human Resources, Division of Aging, shall develop and implement an In-Home Special  
15 Assistance Demonstration Project. The purpose of the project is to determine the  
16 feasibility of using State and county funds to provide financial assistance to low-income  
17 elderly or disabled adults who are otherwise eligible for Special Assistance under G.S.  
18 108A-41(b) but who would rather live at home than in an adult care home and whose  
19 daily care needs can be adequately met through in-home services.

20 (b) The Department shall select five counties to participate in the project.  
21 Counties desiring to participate shall apply to the Department for selection. The  
22 Department shall provide information to all counties about the scope and duration of the  
23 project, the procedure for applying to be a participating county, and what will be required  
24 of participating counties. The counties selected to participate in the project shall be  
25 representative of the State as a whole. In selecting the participating counties, the  
26 Department shall consider each applicant county's:

- 27 (1) Total population;
- 28 (2) Regional location;
- 29 (3) Urban or rural composition;
- 30 (4) Percentage of county population eligible for Special Assistance  
31 services;
- 32 (5) Ability to offer case management services to each client selected for the  
33 project;
- 34 (6) Ongoing support system for the aging and disabled; and
- 35 (7) Ability to effectively and efficiently administer the project.

36 (c) Individuals who are eligible for Special Assistance under G.S. 108A-41(b)  
37 and who reside in a participating county shall be eligible for project assistance.  
38 However, each participating county shall allocate project funds for not more than 40  
39 eligible individuals. Funds used for project assistance and administration shall be  
40 matched State-County in the same proportion as under the State-County Special  
41 Assistance for Adults Program.

42 (d) The Department shall:

- 1 (1) Monitor local administration to ensure that adequate case management
- 2 services are provided to project recipients and that the health, safety,
- 3 and well-being of project recipients are being protected;
- 4 (2) Oversee approval of services purchased by project recipients;
- 5 (3) Collect information about the service providers and types of services
- 6 purchased by project funds; and
- 7 (4) Obtain comprehensive data and information to enable the State to
- 8 anticipate, plan for, and provide in-home services to its elderly and
- 9 disabled citizens in the future.

10 (e) The Department shall set a monthly budget for each eligible individual  
11 participating in the project which shall not exceed the statewide average monthly  
12 payment for Special Assistance plus the maximum monthly payment allowed for Special  
13 Assistance recipients receiving basic or enhanced Medicaid personal care services.  
14 Project participants who are Medicaid eligible shall be entitled to receive any and all  
15 Medicaid-funded services for which they are eligible.

16 (f) The North Carolina Study Commission on Aging, with assistance from the  
17 Division of Aging, Department of Human Resources, shall contract for professional  
18 services to evaluate the In-Home Special Assistance Demonstration Project. The  
19 Commission shall determine the scope of the evaluation and shall require the contractor  
20 to provide written reports to the Commission on July 1, 1998, and January 30, 1999.

21 The Department shall report to the North Carolina Study Commission on  
22 Aging, to the Cochairs of the House and Senate Appropriations Subcommittees on  
23 Human Resources, and to the Fiscal Research Division on October 1, 1997, March 1,  
24 1998, and October 1, 1998, on the progress of project development and implementation.  
25 The Department's October 1998 report shall include recommendations on whether the  
26 project should be continued and, if so, the extent to which it should be continued, why it  
27 should be continued, and the costs associated with continuing the project. If the  
28 Department recommends that the project not be continued, it shall provide the reasons for  
29 the recommendation.

30 (g) This section becomes effective July 1, 1997, and expires June 30, 1999.  
31 Nothing in this section shall be construed as creating an entitlement to Special Assistance  
32 funds or services under the In-Home Special Assistance Demonstration Project created  
33 by this section.

34  
35 Requested by: Representatives Clary, Gardner, Cansler

36 **ADULT CARE HOME STAFFING FOR ENHANCED PERSONAL CARE**  
37 **SERVICES**

38 Section 11.30. (a) The Department of Human Resources shall develop and  
39 implement a methodology for ensuring that adult care homes with 12 or more beds have  
40 adequate staff to meet the enhanced personal care needs of the home's heavy-care  
41 residents. As used in this section, the term:

- 42 (1) "Adequate staff" means one staff person for every 7-10 heavy-care  
43 residents of the adult care home; and

- 1 (2) " Heavy-care resident" means an individual residing in an adult care  
2 home who, according to Medicaid criteria, needs intensive assistance or  
3 is totally dependent on another person for eating, toileting, or both  
4 eating and toileting.

5 If the Department finds that an adult care home has not provided adequate staff  
6 to meet the enhanced personal care needs of its heavy-care residents, then the Department  
7 shall withhold payment for enhanced personal care services until the staffing  
8 requirements of this section have been met.

9 (b) The methodology developed by the Department shall be applied effective  
10 October 1, 1997. The methodology shall be incorporated into the chart of accounts used  
11 by adult care homes to complete all required cost reporting under G.S. 131D-4.2  
12 beginning with the October 1, 1997, through September 30, 1998, cost reporting time  
13 period.

14  
15 Requested by: Representatives Gardner, Cansler, Clary

#### 16 **SENIOR CENTER OUTREACH**

17 Section 11.31. (a) Funds appropriated to the Department of Human Resources,  
18 Division of Aging, for the 1997-99 fiscal biennium, shall be used by the Division of  
19 Aging to enhance senior center programs as follows:

- 20 (1) To test "satellite" services provided by existing senior centers to  
21 unserved or underserved areas; or  
22 (2) To provide start-up funds for new senior centers.

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

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

- 27 (1) Formally endorse the need for a center;  
28 (2) Formally agree on the sponsoring agency for the center; and  
29 (3) Make a formal commitment to use local funds to support the ongoing  
30 operation of the center.

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

32  
33 Requested by: Representatives Gardner, Cansler, Clary

#### 34 **SURROGATE CONSENT FOR HEALTH CARE/STUDY**

35 Section 11.32. (a) The North Carolina Study Commission on Aging, as  
36 established under G.S. 120-180, shall study and recommend a procedure for determining  
37 which person or persons may make health care decisions for adult individuals in nursing  
38 homes and other health care facilities who lack sufficient understanding or capacity to  
39 make or communicate health care decisions for themselves and for whom there is no  
40 authorized health care agent, guardian of the person, or attorney-in-fact to make the  
41 decision. The Commission shall ensure that the procedure recommended operates  
42 consistently with existing law, including living wills, health care powers of attorney, and

1 durable powers of attorney. In conducting the study, the Commission may consider the  
2 provisions of House Bill 1112, first edition, 1997 General Assembly.

3 (b) The Commission shall report its findings and recommendations to the 1997  
4 General Assembly, Regular Session 1998, upon its convening.

5  
6 Requested by: Representatives Gardner, Cansler, Clary

### 7 **COMMISSION ON AGING STUDY OF ADULT CARE HOME MONITORING**

8 Section 11.33. The North Carolina Study Commission on Aging shall study  
9 the effectiveness and efficiency of State and county monitoring and regulation of adult  
10 care homes. The Commission shall report its findings and recommendations to the 1997  
11 General Assembly, Regular Session 1998, upon its convening.

12  
13 Requested by: Representatives Gardner, Cansler, Clary

### 14 **SENIOR CENTER FUNDS**

15 Section 11.34. Of the funds appropriated in this act to the Department of  
16 Human Resources, the sum of one million dollars (\$1,000,000) for the 1997-98 fiscal  
17 year shall be used to support existing senior centers and to assist in the development of  
18 new senior centers. The Department shall allocate funds equally among senior centers  
19 throughout the State as determined by the Division of Aging. Expenditures of State  
20 funds for senior centers shall not exceed ninety percent (90%) of all funds expended for  
21 this purpose.

22  
23 Requested by: Representatives Gardner, Cansler, Clary

### 24 **IN-HOME AND CAREGIVER SUPPORT FUNDS**

25 Section 11.35. Of the funds appropriated in this act to the Department of  
26 Human Resources, Division of Aging, the sum of five million dollars (\$5,000,000) for  
27 the 1997-98 fiscal year and the sum of five million dollars (\$5,000,000) for the 1998-99  
28 fiscal year shall be allocated via the Home and Community Care Block Grant for home  
29 and community care services for older persons who are not eligible for Medicaid and who  
30 are on the waiting list for these services. These funds shall be used only for direct  
31 services. Service recipients shall pay for services based on their income in accordance  
32 with G.S. 143B-181.1(a)(10).

33  
34 Requested by: Representatives Gardner, Cansler, Clary

### 35 **CLINICAL SOCIAL WORKER EXEMPTION**

36 Section 11.36. Section 8 of Chapter 732 of the 1991 Session Laws reads as  
37 rewritten:

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

42  
43 Requested by: Representatives Gardner, Cansler, Clary

**MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS**

Section 11.37. Funds received by the Department of Human Resources from the tax levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the Department of Human Resources as prescribed by G.S. 18B-805(h). These funds shall be allocated to the area mental health programs for substance abuse services.

Requested by: Representatives Gardner, Cansler, Clary

**LIABILITY INSURANCE**

Section 11.38. The Secretary of the Department of Human Resources, the Secretary of the Department of Environment, Health, and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to exceed one million dollars (\$1,000,000) per incident on behalf of employees of the Departments licensed to practice medicine or dentistry, all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Human Resources. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

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

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Human Resources, the Department of Environment, Health, and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Human Resources and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Requested by: Representatives Gardner, Cansler, Clary

**PHYSICIAN SERVICES**

Section 11.39. With the approval of the Office of State Budget and Management, the Department of Human Resources may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health,

1 Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done  
2 in the same manner as is currently done with constituent institutions of The University of  
3 North Carolina.

4  
5 Requested by: Representatives Gardner, Cansler, Clary

6 **PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT**

7 Section 11.40. To ensure uniformity in rates charged to area programs and  
8 funded with State-allocated resources, the Division of Mental Health, Developmental  
9 Disabilities, and Substance Abuse Services of the Department of Human Resources may  
10 require a private agency that provides services under contract with two or more area  
11 programs, except for hospital services that have an established Medicaid rate, to complete  
12 an agencywide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S.  
13 122C-147.2. The resulting cost shall be the maximum included for the private agency in  
14 the contracting area program's unit cost finding.

15  
16 Requested by: Representatives Gardner, Cansler, Clary

17 **THOMAS S.**

18 Section 11.41. (a) Funds appropriated to the Department of Human Resources in  
19 this act for the 1997-98 fiscal year and the 1998-99 fiscal year for members of the  
20 Thomas S. Class as identified in **Thomas S., et al. v. Britt**, formerly **Thomas S., et al. v.**  
21 **Flaherty**, [**Thomas S. et al. v. Bruton**, Thomas S., C-C-82-0418M (Western District)]  
22 shall be expended only for programs serving Thomas S. Class members or for services  
23 for those clients who are:

- 24 (1) Adults with mental retardation, or who have been treated as if they had  
25 mental retardation, who were admitted to a State psychiatric hospital on  
26 or after March 22, 1984, and who are included on the Division of  
27 Mental Health, Developmental Disabilities, and Substance Abuse  
28 Services' official list of prospective Class members;
- 29 (2) Adults with mental retardation who have a documented history of State  
30 psychiatric hospital admissions regardless of admission date and who,  
31 without funding support, have a good probability of being readmitted to  
32 a State psychiatric hospital;
- 33 (3) Adults with mental retardation who have never been admitted to a State  
34 psychiatric hospital but who have a documented history of behavior  
35 determined to be of danger to self or others that results in referrals for  
36 inpatient psychiatric treatment and who, without funding support, have a  
37 good probability of being admitted to a State psychiatric hospital; or
- 38 (4) Adults who are included on the Division of Mental Health,  
39 Developmental Disabilities, and Substance Abuse Services' official list  
40 of prospective Class members and have yet to be confirmed as Class  
41 members, who currently reside in the community, and who have a good  
42 probability of being admitted to a facility licensed as a "home for the  
43 aged 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 subdivision (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) The Department of Human Resources shall submit by April 1 of each fiscal  
17 year a report to the General Assembly on the progress achieved in serving members and  
18 prospective members of the Thomas S. Class. The report shall include the following:

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

20 (2) The number of prospective Class members;

21 (3) The number of confirmed Class members awaiting services;

22 (4) 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 (5) A description of the types of treatment services provided to Class  
26 members;

27 (6) An analysis of the use of funds appropriated for the Class; and

28 (7) The total State funds expended, by program, on Thomas S. Class  
29 members, other than those funds specifically appropriated for the  
30 Thomas S. program and services.

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

38  
39 Requested by: Representatives Gardner, Cansler, Clary

40 **WILLIE M.**

41 Section 11.42. (a) Legislative Findings. – The General Assembly finds:

42 (1) That there is a need in North Carolina to provide appropriate treatment  
43 and education programs to children under the age of 18 who suffer from

1 emotional, mental, or neurological handicaps accompanied by violent or  
2 assaultive behavior;

3 (2) That children meeting these criteria have been identified as a Class in  
4 the case of **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v.**  
5 **Martin, et al.** [**Willie M.**, 3:79 CV 294-MU (Western District); and as  
6 defined in G.S. 122C-3(13a) as Eligible Assaultive and Violent  
7 Children]; and

8 (3) That these children have a need for a variety of services, in addition to  
9 those normally provided, that may include, but are not limited to,  
10 residential treatment services, educational services, and independent  
11 living arrangements.

12 (b) Funds appropriated by the General Assembly to the Department of Human  
13 Resources for serving members of the Willie M. Class shall be expended only for  
14 programs serving members of the Willie M. Class identified in **Willie M., et al. v. Hunt,**  
15 **et al.**, formerly **Willie M., et al. v. Martin, et al.**, [or as Eligible Assaultive and Violent  
16 Children] including evaluations of potential Class members. The Department shall  
17 reallocate these funds among services to Willie M. Class members during the year as it  
18 deems advisable in order to use the funds efficiently in providing appropriate services to  
19 Willie M. Class members.

20 (c) Funds for Department of Public Education. – Funds appropriated to the  
21 Department of Public Education in this act for members of the Willie M. Class are to  
22 establish a supplemental reserve fund to serve only members of the Class identified in  
23 **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et al.**, [or as  
24 Eligible Assaultive and Violent Children]. These funds shall be allocated by the State  
25 Board of Education to the local education agencies to serve those Class members who  
26 were not included in the regular average daily membership and the census of children  
27 with special needs, and to provide the additional program costs which exceed the per  
28 pupil allocation from the State Public School Fund and other State and federal funds for  
29 children with special needs.

30 (d) The Department of Human Resources shall continue to implement its  
31 prospective unit cost reimbursement system and shall ensure that unit cost rates reflect  
32 reasonable costs by conducting cost center service type rate comparisons and cost  
33 centerline item budget reviews as may be necessary, and based upon these reviews and  
34 comparisons, the Department shall reduce and/or cap rates to programs which are  
35 significantly higher than those rates paid to other programs for the same service.

36 Any exception to this requirement shall be approved by the Director of the  
37 Division of Mental Health, Developmental Disabilities, and Substance Abuse Services,  
38 and shall be reported in the Department's annual joint report to the Governor and the  
39 General Assembly and in any periodic report the Department may make to the Joint  
40 Legislative Commission on Governmental Operations.

41 (d1) The Department of Human Resources shall implement a process to  
42 review those cases for whom treatment has been recommended whose annual cost is  
43 anticipated to be in excess of one hundred fifty percent (150%) of the average annual per



1 client expenditure of the previous fiscal year and shall take actions to reduce these  
2 treatment costs where appropriate.

3 (e) The Department of Human Resources and the Department of Public  
4 Education shall submit, by May 1 of each fiscal year, a joint report to the Governor and  
5 the General Assembly on the progress achieved in serving members of the Willie M.  
6 Class. The report shall include the following unduplicated data for each area  
7 program/authority: (i) the number of children nominated for the Willie M. Class; (ii) the  
8 number of children actually identified as members of the Class in each area  
9 program/authority; (iii) the number of children served as members of the Class in each  
10 area program/authority; (iv) the number of children who remain unserved or for whom  
11 additional services are needed in order to be determined to be appropriately served; (v)  
12 the types and locations of treatment and education services provided to Class members;  
13 (vi) the cost of services, by type, to members of the Class and the maximum and  
14 minimum rates paid to providers for each service; (vii) the number of cases whose  
15 treatment costs were in excess of one hundred fifty percent (150%) of the average annual  
16 per client expenditure; (viii) information on the impact of treatment and education  
17 services on members of the Class; (ix) an explanation of, and justification for, any waiver  
18 of departmental rules that affect the Willie M. program; and (x) the total State funds  
19 expended, by program, on Willie M. Class members, other than those funds specifically  
20 appropriated for the Willie M. programs and services.

21 (e1) From existing funds available to it, the Department of Human Resources  
22 shall begin a process to document and assess individual Class members' progress through  
23 the continuum of services. Standardized measures of functioning shall be administered  
24 periodically to each member of the Class, and the information generated from these  
25 measures shall be used to assess client progress and program effectiveness.

26 (f) The Departments of Human Resources and Public Education shall provide  
27 periodic reports of expenditures and program effectiveness on behalf of the Willie M.  
28 Class to the Fiscal Research Division. As part of these reports, the Departments shall  
29 explain measures they have taken to control and reduce program expenditures.

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

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

35 (2) That the funds appropriated will enable the development and  
36 implementation of placement and services for the Class members in  
37 **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et**  
38 **al.**, [or Eligible Assaultive and Violent Children] within a reasonable  
39 period of time considered within the context of the needs of the Class  
40 members, the other needs of the State, and the resources available to the  
41 State.

42 (h) The General Assembly supports the efforts of the responsible officials and  
43 agencies of the State to meet the requirements of the court order in **Willie M., et al. v.**

1 **Hunt, et al.,** formerly **Willie M., et al. v. Martin, et al.,** [**Willie M.,** 3:79 CV 294-MU  
2 (Western District)]. To ensure that Willie M. Class members are appropriately served, no  
3 State funds shall be expended on placement and services for Willie M. Class members  
4 except:

- 5 (1) Funds specifically appropriated by the General Assembly for the  
6 placement and services of Willie M. Class members; and
- 7 (2) Funds for placement and services for which Willie M. Class members  
8 are otherwise eligible.

9 This limitation shall not preclude the use of unexpended Willie M. funds from prior fiscal  
10 years to cover current or future needs of the Willie M. program subject to approval by the  
11 Director of the Budget. These Willie M. expenditures shall not be subject to the  
12 requirements of G.S. 143-18.

13 (i) Notwithstanding any other provision of law, if the Department of Human  
14 Resources determines that a local program is not providing appropriate services to  
15 members of the Class identified in **Willie M., et al. v. Hunt, et al.,** formerly **Willie M.,**  
16 **et al. v. Martin, et al.,** [or as Eligible Assaultive and Violent Children] the Department  
17 may ensure the provision of these services through contracts with public or private  
18 agencies or by direct operation by the Department of these programs.

19  
20 Requested by: Representatives Gardner, Cansler, Clary

#### 21 **CAROLINA ALTERNATIVES**

22 Section 11.43. The Department of Human Resources shall move forward with  
23 planning, readiness assessments, and other necessary activities to be able to expand the  
24 Carolina Alternatives Child and Adult Waiver Pilot Program. Prior to actual  
25 implementation of additional covered populations, the Department shall:

- 26 (1) Receive approval from the Health Care Financing Administration;
- 27 (2) Continue the 10-site Carolina Alternatives pilot programs;
- 28 (3) Make a determination that each area authority that is going to participate  
29 in the pilot has the capacity to implement the waiver;
- 30 (4) Obtain certification from the Office of State Budget and Management  
31 that expansion of Carolina Alternatives is budget neutral, excluding the  
32 payment of claims related to the transition from fee-for-service to  
33 Medicaid managed care, and authorization from the Office of State  
34 Budget and Management to proceed with the pilot;
- 35 (5) Evaluate capitation rates to determine if they are adequate to provide  
36 appropriate services;
- 37 (6) Develop five-year cost estimates for Carolina Alternatives; and
- 38 (7) Submit a progress report to the 1997 General Assembly, Regular  
39 Session 1998, and the Fiscal Research Division not later than May 1,  
40 1998.

41  
42 Requested by: Representatives Gardner, Cansler, Clary

#### 43 **LIMITATION ON USE OF SPECIAL ALZHEIMER'S UNIT IN WILSON**

1 Section 11.44. (a) The Special Alzheimer's Unit established in Wilson by funds  
2 appropriated in Chapter 507 of the 1995 Session Laws shall serve only those clients who  
3 cannot be served by a similar private facility.

4 (b) The Department of Human Resources shall solicit information from private  
5 providers for the operation of the Special Alzheimer's Unit in Wilson. The Department  
6 shall report to the members of the House and Senate Appropriations Subcommittees on  
7 Human Resources, and the Fiscal Research Division, not less than 90 days prior to the  
8 opening of the Unit for operation. The report shall provide the cost of operation of the  
9 Unit by the State as compared to the cost of operation by private providers who have  
10 submitted information.

11  
12 Requested by: Representatives Cansler, Gardner, Clary

### 13 **EFFICIENCY STUDY OF STATE PSYCHIATRIC HOSPITALS**

14 Section 11.45. (a) The Department of Human Resources shall contract with an  
15 independent consulting firm with proven experience in hospital  
16 administration/management and an understanding of the special operational issues related  
17 to psychiatric hospitals to conduct a study of the management and operation of the four  
18 State psychiatric hospitals. The purpose of the study shall be to identify areas for  
19 improved operations and efficiency. The study shall address, but not be limited to,  
20 patient-to-staff ratios, cost-efficiency of the various patient units within the hospitals, and  
21 potential areas for achieving greater cost-efficiencies by contracting with private  
22 providers. If the findings of the study reflect the need for specific physical plant  
23 renovations, replacements, or new construction, the report shall provide information  
24 which reflects the cost-efficiencies which would result from the improvements and the  
25 time period over which the cost-efficiencies would repay the cost of improvements. The  
26 study shall also consider all potential sources of revenue for the hospitals and what  
27 impact any proposed operational changes may have on that revenue and the overall need  
28 for appropriations from the General Fund. Contract services shall be paid for from funds  
29 available to the Department.

30 (b) The results of the study and the Department's response to the study shall be  
31 provided to the cochairs of the House and Senate Appropriations Subcommittees on  
32 Human Resources and the Fiscal Research Division not later than February 3, 1998.

33  
34 Requested by: Representatives Gardner, Cansler, Clary

### 35 **THOMAS S. LAWSUIT COMPLIANCE**

36 Section 11.46. The Department of Justice and the Department of Human  
37 Resources shall pursue all administrative and legal options necessary to enable the State  
38 to resolve the Thomas S. lawsuit in the most expeditious and cost-effective manner  
39 possible and to seek elimination of the necessity for oversight by a special master.

40  
41 Requested by: Representatives Gardner, Cansler, Clary

### 42 **THOMAS S. FUNDS/COST CONTAINMENT**

1 Section 11.47. (a) If Thomas S. funds are not sufficient, then notwithstanding  
2 G.S. 143-16.3 and G.S. 143-23, the Director of the Budget may use funds available to the  
3 Department in an amount not to exceed fifteen million two hundred thousand dollars  
4 (\$15,200,000).

5 (b) The Department of Human Resources, in conjunction with area mental  
6 health programs, shall develop and implement cost containment measures to reduce the  
7 cost of direct services. The Department shall develop these strategies to emphasize  
8 positive client outcomes through developmental disability long-term managed supports  
9 rather than to emphasize process. These measures shall include, but not be limited to, the  
10 following:

- 11 (1) Reduction of those process-oriented tasks required by the State,  
12 including, but not limited to, tasks required by the Divisions of: Medical  
13 Assistance, Vocational Rehabilitation Services, Social Services,  
14 Facilities Services, and Mental Health, Developmental Disabilities, and  
15 Substance Abuse Services;
- 16 (2) Single stream funding from all available sources;
- 17 (3) Waivers of federal requirements in order to comply with the federal  
18 court order; and
- 19 (4) Review and, if necessary, amendment or repeal of rules that conflict or  
20 otherwise interfere with cost containment measures.

21 (c) The Department shall provide to the members of the House and Senate  
22 Appropriations Subcommittees on Human Resources, and to the Fiscal Research Division  
23 a detailed report of the status of development and implementation of cost containment  
24 measures required under this section. The report shall address each of the measures listed  
25 in subsection (b) of this section, and any other related cost containment measures  
26 developed by the Department. The Department shall provide the report on December 1,  
27 1997, and May 1, 1998.

28  
29 Requested by: Representatives Gardner, Cansler, Clary

30 **MENTAL HEALTH COMMITMENT LAW/THOMAS S.**

31 Section 11.48. (a) G.S. 122C-261(f) reads as rewritten:

32 "(f) When a petition is filed for an individual who is a resident of a single portal  
33 area, the procedures for examination by a physician or eligible psychologist as set forth in  
34 G.S. 122C-263 shall be carried out in accordance with the area plan. Prior to issuance of  
35 a custody order for a respondent who resides in an area authority with a single portal  
36 plan, the clerk or magistrate shall communicate with the area authority to determine the  
37 appropriate 24-hour facility to which the respondent should be admitted according to the  
38 area plan or to determine if there are more appropriate resources available through the  
39 area authority to assist the petitioner or the respondent. When an individual from a single  
40 portal area is presented for commitment at a 24-hour or State facility directly, the  
41 individual may not be accepted for admission until the facility notifies the area authority  
42 and the area authority agrees to the admission. If the area authority does not agree to the  
43 admission, it shall determine the appropriate 24-hour facility to which the individual

1 should be admitted according to the area plan or determine if there are more appropriate  
2 resources available through the area authority to assist the individual. If the area  
3 authority agrees to the admission, further planning of treatment for the client is the joint  
4 responsibility of the area authority and the facility as prescribed in the area plan.

5 Notwithstanding the provisions of this section, in no event shall an individual who is  
6 18 years of age or older and known or reasonably believed to be mentally retarded be  
7 admitted to a State psychiatric hospital, except as follows:

- 8 (1) Persons described in G.S. 122C-266(b);
- 9 (2) Persons admitted pursuant to G.S. 15A-1321;
- 10 (3) Respondents who are so extremely dangerous as to pose a serious threat  
11 to the community and to other patients committed to non-State hospital  
12 psychiatric inpatient units, as determined by the Director of the Division  
13 of Mental Health, Developmental Disabilities, and Substance Abuse  
14 Services or his designee; and
- 15 (4) Respondents who are so gravely disabled by both multiple disorders and  
16 medical fragility or multiple disorders and deafness that alternative care  
17 is inappropriate, as determined by the Director of the Division of Mental  
18 Health, Developmental Disabilities, and Substance Abuse Services or  
19 his designee.

20 Individuals transported to a State facility for the mentally ill who are not admitted by  
21 the facility may be transported by law enforcement officers or designated staff of the  
22 State facility in State-owned vehicles to an appropriate 24-hour facility that provides  
23 psychiatric inpatient care.

24 No later than 24 hours after the transfer, the responsible professional at the original  
25 facility shall notify the petitioner, the clerk of court, and, if consent is granted by the  
26 respondent, the next of kin, that the transfer has been completed."

27 (b) G.S. 122C-262(d) reads as rewritten:

28 "(d) Anyone, including a law enforcement officer if necessary, may transport the  
29 individual to a 24-hour facility described in G.S. 122C-252 for examination and treatment  
30 pending a district court hearing. If there is no area 24-hour facility and if the respondent  
31 is indigent and unable to pay for care at a private 24-hour facility, the law enforcement  
32 officer or other designated person providing transportation shall take the respondent to a  
33 State facility for the mentally ill designated by the Commission in accordance with G.S.  
34 143B-147(a)(1)a and immediately notify the clerk of superior court of this action. The  
35 physician's or eligible psychologist's certificate shall serve as the custody order and the  
36 law enforcement officer or other designated person shall provide transportation in  
37 accordance with the provisions of G.S. 122C-251.

38 In the event an individual who is 18 years of age or older and known or reasonably  
39 believed to be mentally retarded is transported to a State facility for the mentally ill, in no  
40 event shall that individual be admitted to that facility except as follows:

- 41 (1) Persons described in G.S. 122C-266(b);
- 42 (2) Persons admitted pursuant to G.S. 15A-1321;

- 1           (3) Respondents who are so extremely dangerous as to pose a serious threat  
2           to the community and to other patients committed to non-State hospital  
3           psychiatric inpatient units, as determined by the Director of the Division  
4           of Mental Health, Developmental Disabilities, and Substance Abuse  
5           Services or his designee; and  
6           (4) Respondents who are so gravely disabled by both multiple disorders and  
7           medical fragility or multiple disorders and deafness that alternative care  
8           is inappropriate, as determined by the Director of the Division of Mental  
9           Health, Developmental Disabilities, and Substance Abuse Services or  
10          his designee.

11          Individuals transported to a State facility for the mentally ill who are not admitted by  
12          the facility may be transported by law enforcement officers or designated staff of the  
13          State facility in State-owned vehicles to an appropriate 24-hour facility that provides  
14          psychiatric inpatient care.

15          No later than 24 hours after the transfer, the responsible professional at the original  
16          facility shall notify the petitioner, the clerk of court, and, if consent is granted by the  
17          respondent, the next of kin, that the transfer has been completed."

18          (c) G.S. 122C-263(d) reads as rewritten:

19          "(d) After the conclusion of the examination the physician or eligible psychologist  
20          shall make the following determinations:

- 21          (1) If the physician or eligible psychologist finds that:  
22               a. The respondent is mentally ill;  
23               b. The respondent is capable of surviving safely in the community  
24               with available supervision from family, friends, or others;  
25               c. Based on the respondent's psychiatric history, the respondent is  
26               in need of treatment in order to prevent further disability or  
27               deterioration that would predictably result in dangerousness as  
28               defined by G.S. 122C-3(11); and  
29               d. The respondent's current mental status or the nature of the  
30               respondent's illness limits or negates the respondent's ability to  
31               make an informed decision to seek voluntarily or comply with  
32               recommended treatment.

33          The physician or eligible psychologist shall so show on the examination  
34          report and shall recommend outpatient commitment. In addition the  
35          examining physician or eligible psychologist shall show the name,  
36          address, and telephone number of the proposed outpatient treatment  
37          physician or center. The person designated in the order to provide  
38          transportation shall return the respondent to the respondent's regular  
39          residence or, with the respondent's consent, to the home of a consenting  
40          individual located in the originating county, and the respondent shall be  
41          released from custody.

- 42          (2) If the physician or eligible psychologist finds that the respondent is  
43          mentally ill and is dangerous to self, as defined in G.S. 122C-3(11)a., or

1 others, as defined in G.S. 122C-3(11)b., the physician or eligible  
2 psychologist shall recommend inpatient commitment, and shall so show  
3 on the examination report. If, in addition to mental illness and  
4 dangerousness, the physician or eligible psychologist also finds that the  
5 respondent is known or reasonably believed to be mentally retarded, this  
6 finding shall be shown on the report. The law enforcement officer or  
7 other designated person shall take the respondent to a 24-hour facility  
8 described in G.S. 122C-252 pending a district court hearing. If there is  
9 no area 24-hour facility and if the respondent is indigent and unable to  
10 pay for care at a private 24-hour facility, the law enforcement officer or  
11 other designated person shall take the respondent to a State facility for  
12 the mentally ill designated by the Commission in accordance with G.S.  
13 143B-147(a)(1)a. for custody, observation, and treatment and  
14 immediately notify the clerk of superior court of this action.

15 In the event an individual who is 18 years of age or older and known  
16 or reasonably believed to be mentally retarded is transported to a State  
17 facility for the mentally ill, in no event shall that individual be admitted  
18 to that facility except as follows:

- 19 a. Persons described in G.S. 122C-266(b);
- 20 b. Persons admitted pursuant to G.S. 15A-1321;
- 21 c. Respondents who are so extremely dangerous as to pose a serious  
22 threat to the community and to other patients committed to non-  
23 State hospital psychiatric inpatient units, as determined by the  
24 Director of the Division of Mental Health, Developmental  
25 Disabilities, and Substance Abuse Services or his designee; and
- 26 d. Respondents who are so gravely disabled by both multiple  
27 disorders and medical fragility or multiple disorders and deafness  
28 that alternative care is inappropriate, as determined by the  
29 Director of the Division of Mental Health, Developmental  
30 Disabilities, and Substance Abuse Services or his designee.

31 Individuals transported to a State facility for the mentally ill who are  
32 not admitted by the facility may be transported by law enforcement  
33 officers or designated staff of the State facility in State-owned vehicles  
34 to an appropriate 24-hour facility that provides psychiatric inpatient  
35 care.

36 No later than 24 hours after the transfer, the responsible professional  
37 at the original facility shall notify the petitioner, the clerk of court, and,  
38 if consent is granted by the respondent, the next of kin, that the transfer  
39 has been completed.

- 40 (3) If the physician or eligible psychologist finds that neither condition  
41 described in subdivisions (1) or (2) of this subsection exists, the  
42 proceedings shall be terminated. The person designated in the order to  
43 provide transportation shall return the respondent to the respondent's

1 regular residence or, with the respondent's consent, to the home of a  
2 consenting individual located in the originating county and the  
3 respondent shall be released from custody."  
4

5 Requested by: Representatives Crawford, Gardner, Cansler, Clary, Wilkins

6 **BUTNER COMMUNITY LAND RESERVATION**

7 Section 11.49. The Department of Human Resources shall reserve and  
8 dedicate the following described land for the construction of a Community Building and  
9 related facilities to serve the Butner Reservation:

10 "Approximately 2 acres, on the east side it borders Central Avenue with a line running  
11 along the Wallace Bradshur property on the north back to the tree line next to the  
12 ADATC. From there it follows the tree line south and west to and including the softball  
13 field. From the softball field it turns east to the State Employees Credit Union and  
14 follows the Credit Union property on the south side back to Central Avenue."

15 This land shall be reserved and dedicated for the project which shall be funded  
16 with contributions from Granville County, contributions from the residents of the Butner  
17 Reservation, the use of cablevision franchise rebate funds received by the Department of  
18 Human Resources on behalf of the Butner Reservation, and other public and private  
19 sources.

20 The Butner Planning Council shall advise the Secretary of Human Resources,  
21 through resolutions adopted by the Council, regarding the use of this reserved and  
22 dedicated land, the construction of the Community Building, and the expenditure of the  
23 cablevision franchise rebate funds.

24 The Department of Human Resources shall reserve and dedicate the above  
25 described property for the above described purposes until the time, if any, that a  
26 permanent local government is established on the Butner Reservation at which time the  
27 land shall be transferred to the local government.

28  
29 Requested by: Representatives Gardner, Cansler, Clary

30 **ALLOCATION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,  
31 AND SUBSTANCE ABUSE EXPANSION FUNDS**

32 Section 11.50. Of the funds appropriated in this act to the Division of Mental  
33 Health, Developmental Disabilities, and Substance Abuse Services, Department of  
34 Human Resources, for expansion of mental health, developmental disabilities, and  
35 substance abuse programs and services, other than crisis services, those funds needed by  
36 area authorities for "catch-up" purposes shall be allocated pursuant to the Incentive  
37 Method adopted by the Mental Health Study Commission and presented in the  
38 Commission's Report to the 1995 General Assembly, 1996 Regular Session.

39  
40 Requested by: Representatives Gardner, Cansler, Clary

41 **PROCEDURE FOR PRISONERS HELD IN COUNTY JAIL**

42 Section 11.51. Notwithstanding Chapter 122C of the General Statutes,  
43 prisoners held in a county jail, other than prisoners who have been found to be incapable



1 of proceeding to trial pursuant to Article 56 of Chapter 15A of the General Statutes, who  
2 require mental health treatment that the county decides can best be provided by inpatient  
3 care, shall be transported to the mental health unit of Central Prison in accordance with  
4 G.S. 162-39.

5  
6 Requested by: Representatives Gardner, Cansler, Clary

7 **LEGISLATIVE STUDY COMMISSION ON MENTAL HEALTH,**  
8 **DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

9 Section 11.52. G.S. 120-205 reads as rewritten:

10 **"§ 120-205. Commission membership; meetings; terms; vacancies.**

11 (a) This commission shall be composed of ~~21~~22 members appointed as follows:

12 (1) Seven members of the House of Representatives at the time of their  
13 appointment, appointed by the Speaker of the House of Representatives.  
14 Of these members, one shall be a Chair of the House Appropriations  
15 Subcommittee on Human Resources;

16 (2) Seven members of the Senate at the time of their appointment,  
17 appointed by the President Pro Tempore of the Senate. Of these  
18 members, one shall be the Chair of the Senate Human Resources  
19 Appropriations Committee;

20 (3) Three members who are representatives of Coalition 2001, appointed by  
21 the Governor. Of these members, one shall be a representative from  
22 mental health, one from developmental disabilities, and one from  
23 substance abuse services;

24 (4) Two members of the public, appointed by the Speaker of the House of  
25 Representatives. Of these members, one shall be a county commissioner  
26 at the time of appointment, selected from a list of four candidates  
27 nominated by the North Carolina Association of County  
28 Commissioners. If the Association has failed to submit nominations by  
29 September 1, 1996, the Speaker of the House of Representatives may  
30 appoint any county commissioner; ~~and~~

31 (5) Two members of the public, appointed by the President Pro Tempore of  
32 the Senate. Of these members, one shall be a county commissioner at  
33 the time of appointment, selected from a list of four candidates  
34 nominated by the North Carolina Association of County  
35 Commissioners. If the Association has failed to submit nominations by  
36 September 1, 1996, the President Pro Tempore of the Senate may  
37 appoint any county ~~commissioner~~commissioner; ~~and~~

38 (6) One member who is a representative of the North Carolina Hospital  
39 Association, appointed by the Governor.

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

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

5  
6 Requested by: Representatives Gardner, Cansler, Clary

7 **WHITAKER SCHOOL REPLACEMENT FACILITY**

8 Section 11.53. The Department of Human Resources and the Office of State  
9 Budget and Management shall, in consultation with the Human Rights Committee of the  
10 Whitaker School in Butner, attempt to locate a facility that would be a suitable  
11 replacement facility for the Whitaker School. The facility may be located in Butner or  
12 elsewhere. To be a suitable replacement, the existing facility must be of size and  
13 structural condition to reasonably accommodate current needs and must represent overall  
14 an improvement over the current facility housing Whitaker School. The Department may  
15 also investigate and consider whether it would be more cost-effective to build a new  
16 facility than to renovate an existing facility. If a suitable existing facility is located, then  
17 the Department and Office of State Budget and Management shall pursue funding for  
18 repairs and renovations that may be necessary to render the facility a suitable  
19 replacement. Not later than May 1, 1998, the Department shall provide a status report on  
20 its search for a replacement facility to the House and Senate Appropriations  
21 Subcommittees on Human Resources, the Fiscal Research Division, and the Human  
22 Rights Committee of the Whitaker School. If the Department determines that it would be  
23 more cost-effective to build a new facility than to repair an existing facility, then the  
24 Department shall provide information supporting its determination in its May 1, 1998,  
25 report.

26  
27 Requested by: Representatives Gardner, Cansler, Clary

28 **FORENSIC TREATMENT PROGRAM**

29 Section 11.54. The Commission for Mental Health, Developmental  
30 Disabilities, and Substance Abuse Services shall adopt temporary rules, in accordance  
31 with Chapter 150B of the General Statutes, to implement the forensic treatment program  
32 at Dorothea Dix Hospital. Notwithstanding the provisions of Chapter 122C of the  
33 General Statutes pertaining to seclusion, the rules shall include, for the purpose of  
34 protecting the health, safety, and welfare of patients, employees, and the general public,  
35 provisions for locking the rooms of patients in the forensic treatment program during rest  
36 times, including normal sleeping hours.

37  
38 Requested by: Representatives Gardner, Cansler, Clary

39 **STUDY DOWNSIZING OF MENTAL RETARDATION CENTERS**

40 Section 11.55. The Department of Human Resources shall conduct a study of  
41 the impact of the plan for downsizing mental retardation centers currently being  
42 implemented by the Department. The study shall include the time period from the  
43 commencement of implementation through June 30, 1996. The study shall include, but is

1 not limited to, the impact on patient census, staffing in general, staff-to-patient ratios,  
2 budget changes, placement of clients in the community, and development of community  
3 services for developmental disability clients. The Department shall provide the results of  
4 the study to the House and Senate Appropriations Subcommittees on Human Resources  
5 and the Fiscal Research Division not later than March 2, 1998.

6  
7 Requested by: Representatives Gardner, Cansler, Clary

#### 8 **EARLY INTERVENTION FUNDING/REFERRAL**

9 Section 11.56. Of the funds appropriated in this act to the Department of  
10 Human Resources, Division of Mental Health, Developmental Disabilities, and Substance  
11 Abuse Services, the sum of five million dollars (\$5,000,000) for the 1997-98 fiscal year  
12 and the sum of five million dollars (\$5,000,000) for the 1998-99 fiscal year shall be  
13 allocated based on a plan developed in consultation with the affected divisions within the  
14 Department and the North Carolina Interagency Coordinating Council to meet the needs  
15 of those children who are on the waiting list for early intervention services. The  
16 Department may create up to 41 new positions, as needed, in the Division of Services for  
17 the Blind and the Division of Services for the Deaf and the Hard of Hearing to expand  
18 early intervention-related preschool services.

19 The agencies providing early intervention services to children from birth  
20 through five years of age shall work together to develop procedures to ensure that  
21 Beginnings for Parents of Hearing-Impaired Children, Inc., shall be notified of children  
22 newly identified with hearing loss and determined to be eligible for services.

23  
24 Requested by: Representatives Gardner, Cansler, Clary

#### 25 **REIMBURSEMENT AND COMPENSATION OF MEMBERS OF THE NORTH** 26 **CAROLINA VOCATIONAL REHABILITATION ADVISORY COUNCIL, THE** 27 **STATEWIDE INDEPENDENT LIVING COUNCIL, AND THE COMMISSION** 28 **FOR THE BLIND**

29 Section 11.57. Notwithstanding G.S. 138-5(a)(1), those members of the North  
30 Carolina Vocational Rehabilitation Advisory Council, the Statewide Independent Living  
31 Council, and the Commission for the Blind who are unemployed or who shall forfeit  
32 wages from other employment to attend council or commission meetings or to perform  
33 related duties, may receive compensation not to exceed fifty dollars (\$50.00) a day for  
34 attending these meetings or for performing related duties, as authorized in sections 105  
35 and 705 of P.L. 102-569, the Rehabilitation Act of 1973, 42 U.S.C. § 701, et seq., as  
36 amended. This compensation is instead of the compensation specified in G.S. 138-  
37 5(a)(1). Reimbursement for subsistence and travel expenses is as specified in G.S. 138-5.  
38

39 Requested by: Representatives Gardner, Cansler, Clary

#### 40 **DIVISION OF SERVICES FOR BLIND/PERFORMANCE AUDIT**

41 Section 11.58. The Office of the State Auditor shall conduct a performance  
42 audit of the Division of Services for the Blind in the Department of Human Resources, to  
43 include the Governor Morehead School. The performance audit shall address, but not be

1 limited to, the financial management of the Division. The Office of the State Auditor  
2 shall submit the results of the performance audit to the cochairs of the Senate and House  
3 Appropriations Subcommittees on Human Resources by January 1, 1998.

4  
5 Requested by: Representatives Gardner, Cansler, Clary

6 **SERVICES FOR BLIND/EXTENDED SERVICE PROVIDER POSITIONS**

7 Section 11.59. Of the funds appropriated in this act to the Department of  
8 Human Resources, Division of Services for the Blind, the sum of two hundred fifty  
9 thousand dollars (\$250,000) in each fiscal year of the 1997-99 biennium shall be used to  
10 maintain extended service provider positions at local, nonprofit supported employment  
11 programs.

12  
13 Requested by: Representatives Gardner, Cansler, Clary

14 **GOVERNOR MOREHEAD SCHOOL/TEXTBOOK FUNDS**

15 Section 11.60. Of the funds appropriated in this act to the Division of Services  
16 for the Blind, the sum of twelve thousand four hundred eight dollars (\$12,408) for the  
17 1997-98 fiscal year and the sum of twelve thousand four hundred eight dollars (\$12,408)  
18 for the 1998-99 fiscal year shall be used to increase funding for textbooks or for adaptive  
19 technology, or both, for student education at the Governor Morehead School. Funds for  
20 this purpose shall be part of the Division's continuation budget request.

21  
22 Requested by: Representatives Gardner, Cansler, Clary

23 **FAMILY SUPPORT/DEAF AND HARD OF HEARING SERVICES CONTRACT**

24 Section 11.61. Of the funds appropriated in this act to the Division of Services  
25 for the Deaf and Hard of Hearing, Department of Human Resources, for family support  
26 services, the sum of five hundred three thousand two hundred thirty-eight dollars  
27 (\$503,238) for the 1997-98 fiscal year and the sum of five hundred three thousand two  
28 hundred thirty-eight dollars (\$503,238) for the 1998-99 fiscal year shall be used to  
29 contract with a private, nonprofit corporation licensed to do business in North Carolina to  
30 perform those services, including family support and advocacy services as well as  
31 technical assistance to professionals who work with families of hearing-impaired  
32 children.

33  
34 Requested by: Representatives Gardner, Cansler, Clary

35 **S.O.S. AND FAMILY RESOURCE CENTER GRANT PROGRAMS**  
36 **ADMINISTRATIVE COST LIMITS**

37 Section 11.62. (a) Of the funds appropriated to the Department of Human  
38 Resources in this act, not more than three hundred fifty thousand dollars (\$350,000) for  
39 the 1997-98 fiscal year and not more than three hundred fifty thousand dollars (\$350,000)  
40 for the 1998-99 fiscal year may be used to administer the S.O.S. Program, to provide  
41 technical assistance to applicants and to local S.O.S. programs, and to evaluate the local  
42 S.O.S. programs. The Department may contract with appropriate public or nonprofit  
43 agencies to provide the technical assistance, including training and related services.

1 (b) Of the funds appropriated in this act to the Department of Human Resources  
2 for the Family Resource Center Grant Program, the Department may use up to two  
3 hundred fifty thousand dollars (\$250,000) in each fiscal year to administer the Program.

4  
5 Requested by: Representatives Gardner, Cansler, Clary

6 **ANNUAL EVALUATION OF WILDERNESS CAMP, COACH MENTOR**  
7 **TRAINING, AND GOVERNOR'S ONE-ON-ONE PROGRAMS**

8 Section 11.63. The Department of Human Resources shall conduct an annual  
9 evaluation of the Wilderness Camp, Coach Mentor Training, and Governor's One-on-One  
10 Programs. The results of the evaluation shall be submitted to the Joint Legislative  
11 Commission on Governmental Operations no later than October 1 of each year covering  
12 the program for the prior fiscal year. In conducting the evaluation, among other things,  
13 the focus shall be on directing youth toward long-term positive and productive  
14 noncriminal behavior. The review shall be qualitative and quantitative.

15  
16 Requested by: Representatives Gardner, Cansler, Clary

17 **DYS TRAINING SCHOOLS/STUDENT EVALUATIONS**

18 Section 11.64. The Department of Human Resources shall take immediate  
19 steps to ensure that multidisciplinary diagnoses and evaluations, as provided for in G.S.  
20 115C-113, are made on all students in training schools operated by the Division of Youth  
21 Services and that the requisite resources and services are provided for all DYS training  
22 school students who are identified as children with special needs. The Department may  
23 use funds available to provide evaluations, resources, and services, but shall not reduce  
24 current DYS services. Lapsed salary funds shall not be used to create new permanent  
25 positions.

26  
27 Requested by: Representatives Gardner, Cansler, Clary

28 **RECEIPTS OF FEDERAL FUNDS FOR EMERGENCY ASSISTANCE**

29 Section 11.65. The Department of Human Resources may use up to twenty-  
30 five percent (25%) of federal Title IV-Emergency Assistance funds, received after June  
31 30, 1997, as reimbursement for retroactive claims filed for defined critical needs. The  
32 remainder of these funds shall be placed in a reserve for appropriation by the General  
33 Assembly. The Department may submit a prioritized list of recommended needs for  
34 these funds to the cochairs of the Senate and House Appropriations Subcommittees on  
35 Human Resources for consideration.

36  
37 Requested by: Representatives Gardner, Cansler, Clary

38 **COMMUNITY-BASED ALTERNATIVES PARTICIPATION**

39 Section 11.66. County governments participating in the Community-Based  
40 Alternatives Program shall certify annually to the Division of Youth Services,  
41 Department of Human Resources, that Community-Based Alternatives Aid to Counties  
42 shall not be used to duplicate or supplant other programs within the county.

1 Requested by: Representatives Gardner, Cansler, Clary

2 **CHILD CARE FUNDS MATCHING REQUIREMENT**

3 Section 11.67. No local matching funds may be required by the Department of  
4 Human Resources as a condition of any locality's receiving any State child care funds  
5 appropriated by this act unless federal law requires such a match.

6  
7 Requested by: Representatives Gardner, Cansler, Clary

8 **CHILD CARE SUBSIDIES**

9 Section 11.68. (a) The maximum gross annual income for initial eligibility,  
10 adjusted biennially, for subsidized child care services shall be seventy-five percent (75%)  
11 of the State median income, adjusted for family size.

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

- 16 (1) When children are receiving child care services in conjunction with  
17 protective services as described in 10 NCAC 35E.0106, up to a  
18 maximum of 12 months from the time protective services are initiated;
- 19 (2) When child care services are provided as a support to a child receiving  
20 Child Welfare Services as described in the North Carolina Division of  
21 Social Services Family Services Manual, Volume 1, Chapter II; or
- 22 (3) When a child with no income is living with someone other than the  
23 child's biological or adoptive parent or is living with someone who does  
24 not have court-ordered financial responsibility.

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

27 FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
28 1-3	9%
29 4-5	8%
30 6 or more	7%

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

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

- 36 (1) For child care facilities as defined in G.S. 110-86(3) in which fewer  
37 than fifty percent (50%) of the enrollees are subsidized by State or  
38 federal funds, the State shall continue to pay the same fee paid by  
39 private paying parents for a child in the same age group in the same  
40 facility.
- 41 (2) "AA"licensed centers which are certified as developmental day centers  
42 by the Division of Mental Health, Developmental Disabilities, and  
43 Substance Abuse Services receive one hundred ten percent (110%) of

1 the market rate or the rate they charge private paying parents, whichever  
2 is lower, for typically developing children.

3 (3) The monthly schedule of payments for the purchase of child care  
4 services for low-income children from providers who have fifty percent  
5 (50%) or more children receiving child care subsidized with State or  
6 federal funds include:

7 a. Provision of payment rates for child care that are tied to the  
8 provider's regulatory status as follows:

- 9 1. Registered homes and "A"licensed centers receive the  
10 market rate or the rate they charge their private paying  
11 parents, whichever is lower;
- 12 2. "AA"licensed centers receive one hundred ten percent  
13 (110%) of the market rate or the rate they charge their  
14 private paying parents, whichever is lower; and
- 15 3. Unregistered providers receive fifty percent (50%) of the  
16 market rate or the rate they charge their private paying  
17 parents, whichever is lower.

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

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

29 (e) Payment rates described in sub-subdivision (3)a. of subsection (d) of this  
30 section shall be applied to all licensed child care centers, including Head Start Wrap  
31 Around, that have fifty percent (50%) or more of enrolled children receiving child care  
32 subsidies, and to registered family child care homes and unregulated providers that enroll  
33 subsidized children.

34 (f) A market rate shall be calculated for facilities and homes for each county  
35 and for each age group or age category of enrollees and shall be representative of fees  
36 charged to unsubsidized private paying parents for each age group of enrollees within the  
37 county. The Division of Child Development shall also calculate a statewide market rate  
38 for each age category. The Division of Child Development may also calculate regional  
39 market rates for each age group and age category.

40 (g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General  
41 Statutes may participate in the program that provides for the purchase of care in child  
42 care facilities for minor children of needy families. No separate licensing requirements

1 shall be used to select facilities to participate. In addition, child care facilities shall be  
2 required to meet any additional applicable requirements of federal law or regulations.

3 Child care homes as defined in G.S. 110-86(4) from which the State purchases  
4 child care services shall meet the standards established by the Child Day Care  
5 Commission pursuant to G.S. 110-101 and G.S. 110-105.1 and any additional  
6 requirements of State law or federal law or regulations. Child care arrangements exempt  
7 from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall  
8 meet the requirements established by other State law and by the Social Services  
9 Commission.

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

13  
14 Requested by: Representatives Gardner, Cansler, Clary

#### 15 **CHILD CARE ALLOCATION FORMULA**

16 Section 11.69. (a) To simplify current child care allocation methodology and  
17 more equitably distribute State child care funds, the Department of Human Resources  
18 shall apply the following allocation formula to all noncategorical federal and State child  
19 care funds used to pay the costs of necessary child care for minor children of needy  
20 families:

- 21 (1) One-third of budgeted funds shall be distributed according to the  
22 county's population in relation to the total population of the State;
- 23 (2) One-third of the budgeted funds shall be distributed according to the  
24 number of children under 6 years of age in a county who are living in  
25 families whose income is below the State poverty level in relation to the  
26 total number of children under 6 years of age in the State in families  
27 whose income is below the poverty level; and
- 28 (3) One-third of budgeted funds shall be distributed according to the  
29 number of working mothers with children under 6 years of age in a  
30 county in relation to the total number of working mothers with children  
31 under 6 years of age in the State.

32 (b) A county's initial allocation shall not be less than that county's total  
33 expenditures for both FSA and non-FSA child care in fiscal year 1995-96.

34  
35 Requested by: Representatives Gardner, Cansler, Clary

#### 36 **CHILD DAY CARE REVOLVING LOAN FUND**

37 Section 11.70. Notwithstanding any law to the contrary, funds budgeted for  
38 the Child Day Care Revolving Loan Fund may be transferred to and invested by the  
39 financial institution contracted to operate the Fund. The principal and any income to the  
40 Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for  
41 borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's  
42 cost of administering the program.



1 Requested by: Representatives Gardner, Cansler, Clary

2 **EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES**  
3 **PROGRAM**

4 Section 11.71. (a) The General Assembly finds that it is essential to continue  
5 developing comprehensive programs that provide high quality early childhood education  
6 and development services locally for children and their families. The General Assembly  
7 intends to expand the Early Childhood Education and Development Initiatives Program  
8 (the "Program" ) in a manner which ensures quality assurance and performance-based  
9 accountability for the Program.

10 (b) Notwithstanding any provision of Part 10B of Article 3 of Chapter 143B of  
11 the General Statutes or any other provision of law or policy, the Department of Human  
12 Resources and the North Carolina Partnership for Children, Inc., jointly shall continue to  
13 implement the recommendations contained in the Smart Start Performance Audit  
14 prepared pursuant to Section 27A(1)b. of Chapter 324 of the 1995 Session Laws, as  
15 modified by Section 24.29 of Chapter 18 of the Session Laws, Second Extra Session  
16 1996. The North Carolina Partnership for Children, Inc., shall continue to report  
17 quarterly to the Joint Legislative Commission on Governmental Operations on its  
18 progress toward full implementation of the modified audit recommendations.

19 (c) The Joint Legislative Commission on Governmental Operations shall,  
20 consistent with current law, continue to be the legislative oversight body for the Program.  
21 The President Pro Tempore of the Senate and the Speaker of the House of  
22 Representatives may appoint a subcommittee of the Joint Legislative Commission on  
23 Governmental Operations to carry out this function. This subcommittee may conduct all  
24 initial reviews of plans, reports, and budgets relating to the Program and shall make  
25 recommendations to the Joint Legislative Commission on Governmental Operations.

26 (d) Administrative costs shall be equivalent to, on an average statewide basis for  
27 all local partnerships, not more than eight percent (8%) of the total statewide allocation to  
28 all local partnerships. What counts as administrative costs shall be as defined in the  
29 Smart Start Performance Audit.

30 (e) Any local partnership, before receiving State funds, shall be required  
31 annually to submit a plan and budget for State funds for appropriate programs to the  
32 North Carolina Partnership for Children, Inc., and the Joint Legislative Commission on  
33 Governmental Operations. State funds to implement the programs shall not be allocated  
34 to a local partnership until the program plan is approved by the North Carolina  
35 Partnership for Children, Inc.

36 (f) The North Carolina Partnership for Children, Inc., and all local  
37 partnerships shall use competitive bidding practices in contracting for goods and services  
38 on all contract amounts of one thousand five hundred dollars (\$1,500) and above, and,  
39 where practicable, on contracts for amounts of less than one thousand five hundred  
40 dollars (\$1,500).

41 (g) The role of the North Carolina Partnership for Children, Inc., shall  
42 continue to be expanded to incorporate all the aspects of the new role determined for the  
43 Partnership in the Smart Start Performance Audit recommendations and to provide

1 technical assistance to local partnerships, assess outcome goals for children and families,  
2 ensure that statewide goals and legislative guidelines are being met, help establish  
3 policies and outcome measures, obtain non-State resources for early childhood and  
4 family services, and document and verify the cumulative contributions received by the  
5 partnerships.

6 (h) The North Carolina Partnership for Children, Inc., and all local  
7 partnerships shall, in the aggregate, be required to match no less than fifty percent (50%)  
8 of the total amount budgeted for the Program in each fiscal year of the biennium as  
9 follows: contributions of cash equal to at least ten percent (10%) and in-kind donated  
10 resources equal to no more than ten percent (10%) for a total match requirement of  
11 twenty percent (20%) for each fiscal year. Only in-kind contributions that are  
12 quantifiable, as determined in the Smart Start Performance Audit, shall be applied to the  
13 in-kind match requirement.

14 Failure to obtain a twenty percent (20%) match by May 1 of each fiscal year  
15 shall result in a dollar-for-dollar reduction in the appropriation for the Program for the  
16 next fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible  
17 for compiling information on the private cash and in-kind contributions into a report that  
18 is submitted to the Joint Legislative Commission on Governmental Operations pursuant  
19 to G.S. 143B-168.13(5) in a format that allows verification by the Department of  
20 Revenue. The same match requirements shall apply to any expansion funds appropriated  
21 by the General Assembly.

22 (i) Counties participating in the Program may use the county's allocation of  
23 State and federal child care funds to subsidize child care according to the county's Early  
24 Childhood Education and Development Initiatives Plan as approved by the North  
25 Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with  
26 the appropriate federal regulations. Child care providers shall, at a minimum, comply  
27 with the applicable requirements for State licensure or registration pursuant to Article 7  
28 of Chapter 110 of the General Statutes, with other applicable requirements of State law or  
29 rule, including rules adopted for nonregistered child care by the Social Services  
30 Commission, and with applicable federal regulations.

31 (j) The Department of Human Resources shall continue to implement the  
32 performance-based evaluation system.

33 (k) The Frank Porter Graham Child Development Center shall continue its  
34 evaluation of the Program. Notwithstanding any policy to the contrary, the Frank Porter  
35 Graham Child Development Center may use any method legally available to it to track  
36 children who are participating or who have participated in any Early Childhood  
37 Education and Development Initiative in order to carry out its ongoing evaluation of the  
38 Program.

39 (l) G.S. 143B-168.12(a) reads as rewritten:

40 "(a) In order to receive State funds, the following conditions shall be met:

41 (1) The North Carolina Partnership shall have a Board of Directors  
42 consisting of the following 39 members:

43 a. The Secretary of Human Resources, ex officio;

- 1           b.     The Secretary of Environment, Health, and Natural Resources, ex  
2           officio;
- 3           c.     The Superintendent of Public Instruction, ex officio;
- 4           d.     The President of the Department of Community Colleges, ex  
5           officio;
- 6           e.     One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th  
7           Congressional Districts, appointed by the President Pro Tempore  
8           of the Senate;
- 9           f.     One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th  
10          Congressional Districts, appointed by the Speaker of the House  
11          of Representatives;
- 12          g.     Seventeen members, of whom four shall be members of the party  
13          other than the Governor's party, appointed by the Governor;
- 14          h.     The President Pro Tempore of the Senate, or a designee;
- 15          i.     The Speaker of the House of Representatives, or a designee;
- 16          j.     The Majority Leader of the Senate, or a designee;
- 17          k.     The Majority Leader of the House of Representatives, or a  
18          designee;
- 19          l.     The Minority Leader of the Senate, or a designee; and
- 20          m.     The Minority Leader of the House of Representatives, or a  
21          designee.
- 22        (2)    The North Carolina Partnership shall agree to adopt procedures for its  
23        operations that are comparable to those of Article 33C of Chapter 143 of  
24        the General Statutes, the Open Meetings Law, and Chapter 132 of the  
25        General Statutes, the Public Records Law, and provide for enforcement  
26        by the Department.
- 27        (3)    The North Carolina Partnership shall oversee the development and  
28        implementation of the local demonstration projects as they are selected.
- 29        (4)    The North Carolina Partnership shall develop and implement a  
30        comprehensive standard fiscal accountability plan to ensure the fiscal  
31        integrity and accountability of State funds appropriated to it and to the  
32        local partnerships. The standard fiscal accountability plan shall, at a  
33        minimum, include a uniform, standardized system of accounting,  
34        internal controls, payroll, fidelity bonding, chart of accounts, and  
35        contract management and monitoring. The North Carolina Partnership  
36        may contract with outside firms to develop and implement the standard  
37        fiscal accountability plan. All local partnerships shall be required to  
38        participate in the standard fiscal accountability plan developed and  
39        adopted by the North Carolina Partnership pursuant to this subdivision.
- 40        (5)    The North Carolina Partnership shall develop and implement a  
41        centralized accounting and contract management system which  
42        incorporates features of the required standard fiscal accountability plan  
43        described in subdivision (4) of subsection (a) of this section. The

1 following local partnerships shall be required to participate in the  
2 centralized accountability system developed by the North Carolina  
3 Partnership pursuant to this subdivision:

- 4 a. Local partnerships which have significant deficiencies in their  
5 accounting systems, internal controls, and contract management  
6 systems, as determined by the North Carolina Partnership based  
7 on the annual financial audits of the local partnerships conducted  
8 by the Office of the State Auditor; and  
9 b. Local partnerships which are in the first two years of operation  
10 following their ~~selection~~ selection, except for those created by  
11 combination with existing local partnerships. At the end of this  
12 two-year period, local partnerships shall continue to participate in  
13 the centralized accounting and contract management system.  
14 With the approval of the North Carolina Partnership, local  
15 partnerships may perform accounting and contract management  
16 functions at the local level using the standardized and uniform  
17 accounting system, internal controls, and contract management  
18 systems developed by the North Carolina Partnership.

19 Local partnerships which otherwise would not be required to participate  
20 in the centralized accounting and contract management system pursuant  
21 to this subdivision may voluntarily choose to participate in the system.  
22 Participation or nonparticipation shall be for a minimum of two years,  
23 unless, in the event of nonparticipation, the North Carolina Partnership  
24 determines that any partnership's annual financial audit reveals serious  
25 deficiencies in accounting or contract management.

- 26 (6) The North Carolina Partnership shall develop a formula for allocating  
27 direct services funds appropriated for this purpose to local partnerships.  
28 (7) The North Carolina Partnership may adjust its allocations on the basis  
29 of local partnerships' performance assessments. In determining whether  
30 to adjust its allocations to local partnerships, the North Carolina  
31 Partnership shall consider whether the local partnerships are meeting the  
32 outcome goals and objectives of the North Carolina Partnership and the  
33 goals and objectives set forth by the local partnerships in their approved  
34 annual program plans.

35 The North Carolina Partnership may use additional factors to  
36 determine whether to adjust the local partnerships' allocations. These  
37 additional factors shall be developed with input from the local  
38 partnerships and shall be communicated to the local partnerships when  
39 the additional factors are selected. These additional factors may include  
40 board involvement, family and community outreach, collaboration  
41 among public and private service agencies, and family involvement.

42 On the basis of performance assessments, local partnerships annually  
43 shall be rated 'superior', 'satisfactory', or 'needs improvement'. Local

1 partnerships rated 'superior' ~~shall~~may receive, to the extent that funds  
2 are available, a ten percent (10%) increase in their annual funding  
3 allocation. Local partnerships rated 'satisfactory' ~~shall~~may receive their  
4 annual funding allocation. Local partnerships rated 'needs  
5 improvement' ~~shall~~may receive ninety percent (90%) of their annual  
6 funding allocation.

7 The North Carolina Partnership may contract with outside firms to  
8 conduct the performance assessments of local partnerships.

9 (8) The North Carolina Partnership shall establish a local partnership  
10 advisory committee comprised of 15 members. Eight of the members  
11 shall be chairs of local partnerships' board of directors, and seven shall  
12 be staff of local partnerships. Members shall be chosen by the Chair of  
13 the North Carolina Partnership from a pool of candidates nominated by  
14 their respective boards of directors. The local partnership advisory  
15 committee shall serve in an advisory capacity to the North Carolina  
16 Partnership and shall establish a schedule of regular meetings.  
17 Members shall serve two-year terms and shall not serve more than two  
18 consecutive terms. Members shall be chosen from local partnerships on  
19 a rotating basis. The advisory committee shall annually elect a chair  
20 from among its members.

21 (9) The North Carolina Partnership shall report (i) quarterly to the Joint  
22 Legislative Commission on Governmental Operations and (ii) to the  
23 General Assembly and the Governor on the ongoing progress of all the  
24 local partnerships' work, including all details of the use to which the  
25 allocations were put, and on the continuing plans of the North Carolina  
26 Partnership and of the Department, together with legislative proposals,  
27 including proposals to implement the program statewide."

28 (m) G.S. 143B-168.13(a) reads as rewritten:

29 "(a) The Department shall:

30 (1) Develop a statewide process, in cooperation with the North Carolina  
31 Partnership, to select the local demonstration projects. The first 12 local  
32 demonstration projects developed and implemented shall be located in  
33 the 12 congressional districts, one to a district. The locations of  
34 subsequent selections of local demonstration projects shall represent the  
35 various geographic areas of the State.

36 (2) Develop and conduct a statewide needs and resource assessment every  
37 third year, beginning in the 1997-98 fiscal year. This needs assessment  
38 shall be conducted in cooperation with the North Carolina Partnership  
39 and with the local partnerships. The Department may contract with an  
40 independent firm to conduct the needs assessment. The needs  
41 assessment shall be conducted in a way which enables the Department  
42 and the North Carolina Partnership to review, and revise as necessary,  
43 the total program cost estimate and methodology. The data and findings

1 of this needs assessment shall form the basis for annual program plans  
2 developed by local partnerships and approved by the North Carolina  
3 Partnership. A report of the findings of the needs assessment shall be  
4 presented to the General Assembly prior to the beginning of the 1999  
5 Session and every three years after that date.

6 (2a) Develop and maintain an automated, publicly accessible database of all  
7 regulated child care programs.

8 (3) ~~Provide technical and administrative assistance to local partnerships,~~  
9 ~~particularly during the first year after they are selected under this Part to~~  
10 ~~receive State funds. The Department, at any time, may authorize the~~  
11 ~~North Carolina Partnership or a governmental or public entity to do the~~  
12 ~~contracting for one or more local partnerships. After a local~~  
13 ~~partnership's first year, the Department may allow the partnership to~~  
14 ~~contract for itself.~~

15 (4) Adopt, in cooperation with the North Carolina Partnership, any rules  
16 necessary to implement this Part, including rules to ensure that State  
17 leave policy is not applied to the North Carolina Partnership and the  
18 local partnerships. In order to allow local partnerships to focus on the  
19 development of long-range plans in their initial year of funding, the  
20 Department may adopt rules that limit the categories of direct services  
21 for young children and their families for which funds are made available  
22 during the initial year.

23 (5) Repealed by Session Laws 1996, Second Extra Session, c. 18, s.  
24 24.29(c).

25 (6) Annually update its funding formula using the most recent data  
26 available. These amounts shall serve as the basis for determining 'full  
27 funding' amounts for each local partnership."

28 (n) G.S. 143B-168.15 reads as rewritten:

29 **"§ 143B-168.15. Use of State funds.**

30 (a) State funds allocated to local projects for services to children and families shall  
31 be used to meet assessed needs, expand coverage, and improve the quality of these  
32 services. The local plan shall address the assessed needs of all children to the extent  
33 feasible. It is the intent of the General Assembly that the needs of both young children  
34 below poverty who remain in the home, as well as the needs of young children below  
35 poverty who require services beyond those offered in child care settings, be addressed.  
36 Therefore, as local partnerships address the assessed needs of all children, they should  
37 devote an appropriate amount of their State allocations, considering these needs and other  
38 available resources, to meet the needs of children below poverty and their families.

39 (b) Depending on local, regional, or statewide needs, funds may be used to support  
40 activities and services that shall be made available and accessible to providers, children,  
41 and families on a voluntary basis. Of the total funds allocated to all local partnerships  
42 ~~that are designated by the Secretary for direct services, seventy five percent (75%) shall~~  
43 ~~be used for any one or more of the following activities and services:~~

- 1           (1) ~~Child day care services, including:~~
- 2           a. ~~Child day care subsidies to reduce waiting lists;~~
- 3           b. ~~Raising the county child day care subsidy rate to the State market~~
- 4           ~~rate, if applicable, in return for improvements in the quality of~~
- 5           ~~child day care services;~~
- 6           c. ~~Raising the income eligibility for child day care subsidies to~~
- 7           ~~seventy five percent (75%) of the State median family income;~~
- 8           d. ~~Start-up funding for child day care providers;~~
- 9           e. ~~Assistance to enable child day care providers to conform to~~
- 10           ~~licensing and building code requirements;~~
- 11           f. ~~Child day care resources and referral services;~~
- 12           g. ~~Enhancement of the quality of child day care provided;~~
- 13           h. ~~Technical assistance for child day care providers;~~
- 14           i. ~~Quality grants for child day care centers or family child day care~~
- 15           ~~homes;~~
- 16           j. ~~Expanded services or enhanced rates for children with special~~
- 17           ~~needs;~~
- 18           k. ~~Head Start services;~~
- 19           l. ~~Development of comprehensive child day care services that~~
- 20           ~~include child health and family support;~~
- 21           m. ~~Activities to reduce staff turnover;~~
- 22           n. ~~Activities to serve children with special needs;~~
- 23           o. ~~Transportation services related to providing child day care~~
- 24           ~~services;~~
- 25           p. ~~Evaluation of plan implementation of child day care services; and~~
- 26           q. ~~Needs and resources assessments for child day care services.~~
- 27           (2) ~~Family and child centered services, including early childhood~~
- 28           ~~education and child development services, including:~~
- 29           a. ~~Enhancement of the quality of family and child centered~~
- 30           ~~services provided;~~
- 31           b. ~~Technical assistance for family and child centered services;~~
- 32           c. ~~Needs and resource assessments for family and child centered~~
- 33           ~~services;~~
- 34           d. ~~Home-centered services; and~~
- 35           e. ~~Evaluation of plan implementation of family and child centered~~
- 36           ~~services.~~
- 37           (3) ~~Other appropriate activities and services for child day care providers~~
- 38           ~~and for family and child centered services, including:~~
- 39           a. ~~Staff and organizational development, leadership and~~
- 40           ~~administrative development, technology assisted education, and~~
- 41           ~~long-range planning; and~~
- 42           b. ~~Procedures to ensure that infants and young children receive~~
- 43           ~~needed health, immunization, and related services. seventy~~

1                   percent (70%) shall be used in child care-related activities and  
2                   programs which improve access to child care services, develop  
3                   new child care services, or improve the quality of child care  
4                   services in all settings.

5           (c)     Long-term plans for local projects that do not receive their full allocation in the  
6 first year, other than those selected in 1993, should consider how to meet the assessed  
7 needs of low-income children and families within their neighborhoods or communities.  
8 These plans also should reflect a process to meet these needs as additional allocations and  
9 other resources are received.

10          (d)     State funds designated for start-up and related activities may be used for capital  
11 expenses or to support activities and services for children, families, and providers. State  
12 funds designated to support direct services for children, families, and providers shall not  
13 be used for major capital expenses unless the North Carolina Partnership approves this  
14 use of State funds based upon a finding that a local partnership has demonstrated that (i)  
15 this use is a clear priority need for the local plan, (ii) it is necessary to enable the local  
16 partnership to provide services and activities to underserved children and families, and  
17 (iii) the local partnership will not otherwise be able to meet this priority need by using  
18 State or federal funds available to that local partnership. The funds approved for capital  
19 projects in any two consecutive fiscal years may not exceed ten percent (10%) of the total  
20 funds for direct services allocated to a local partnership in those two consecutive fiscal  
21 years.

22          (e)     State funds allocated to local partnerships shall not supplant current  
23 expenditures by counties on behalf of young children and their families, and maintenance  
24 of current efforts on behalf of these children and families shall be sustained. State funds  
25 shall not be applied without the Secretary's approval where State or federal funding  
26 sources, such as Head Start, are available or could be made available to that county.

27          (f)     Local partnerships may carry over funds from one fiscal year to the next,  
28 subject to the following conditions:

29               (1)     Local partnerships in their first year of receiving direct services funding  
30                   may, on a one-time basis only, carry over any unspent funds to the  
31                   subsequent fiscal year.

32               (2)     Any local partnership may carry over any unspent funds to the  
33                   subsequent fiscal year, subject to the limitation that funds carried over  
34                   may not exceed the increase in funding the local partnership received  
35                   during the current fiscal year over the prior fiscal year.

36          (g)     Not less than thirty percent (30%) of each local partnership's direct services  
37 allocation shall be used to expand child ~~day~~-care subsidies. To the extent practicable,  
38 these funds shall be used to enhance the affordability, availability, and quality of child  
39 ~~day~~-care services as described in this section. The North Carolina Partnership may  
40 increase this percentage requirement up to a maximum of fifty percent (50%) when,  
41 based upon the local waiting list for subsidized child care or the total percentage of  
42 children served whose families are income eligible for subsidized child care, the North  
43 Carolina Partnership determines a higher percentage is justified."



1 (o) The North Carolina Partnership shall not apply the subsidy requirement in  
2 G.S. 143B-168.15(g) to the 45 counties eligible to receive planning funds in 1997-98.

3 (p) There is allocated from the funds appropriated to the Department of Human  
4 Resources, Division of Child Development, in this act, the sum of twenty-one million one  
5 hundred seventy-nine thousand seven hundred forty-seven dollars (\$21,179,747) for the  
6 1997-98 fiscal year and the sum of twenty million three hundred twenty-nine thousand  
7 seven hundred forty-seven dollars (\$20,329,747) for the 1998-99 fiscal year to be used as  
8 follows:

9 (1) Of the 35 partnerships existing as of the 1996-97 fiscal year, funds for  
10 direct services shall be increased a total of \$14,137,034 for the 1997-98  
11 fiscal year and \$14,137,034 for the 1998-99 fiscal year. The North  
12 Carolina Partnership for Children, Inc., may use up to \$1,500,000 of  
13 these funds in the 1997-98 fiscal year as planning funds for the  
14 remaining 45 unfunded counties.

15 (2) For the 12 new partnerships planned for as of the 1996-97 fiscal year,  
16 funds shall be \$5,252,713 for the 1997-98 fiscal year and \$5,252,713 for  
17 the 1998-99 fiscal year to administer and deliver direct services.

18 (3) The North Carolina Partnership for Children, Inc., shall receive an  
19 additional \$700,000 in the 1997-98 fiscal year and an additional  
20 \$700,000 in the 1998-99 fiscal year for the State-level administration of  
21 the Program.

22 (4) The Department of Human Resources shall receive \$750,000 in  
23 nonrecurring funds in the 1997-98 fiscal year to conduct a statewide  
24 needs and resources assessment.

25 (5) The Department of Human Resources shall receive \$100,000 in  
26 nonrecurring funds in the 1997-98 fiscal year to complete the  
27 automation of a database of all regulated child care programs.

28 (6) The Department of Human Resources shall receive \$240,000 in the  
29 1997-98 fiscal year and \$240,000 in the 1998-99 fiscal year for  
30 professional development programs.

31 (q) Of the funds appropriated to the Department of Human Resources for the  
32 Program for the 1997-99 biennium, the Frank Porter Graham Child Development Center  
33 shall receive the sum of eight hundred fifty thousand dollars (\$850,000) for the 1997-98  
34 fiscal year and the sum of eight hundred fifty thousand dollars (\$850,000) for the 1998-  
35 99 fiscal year.

36  
37 Requested by: Representative Gardner

38 **EXTEND DHR ADMINISTRATION OF TRI-COUNTY/TRI-COUNTY-**  
39 **REALIGNMENT INCENTIVE FUNDS**

40 Section 11.72. (a) Notwithstanding S.L. 1997-7, the Department of Human  
41 Resources may continue to administer the services of the Tri-County Area Authority in  
42 accordance with G.S. 122C-125.1 on behalf and at the request of the board of county  
43 commissioners of one or more of the counties that constitute the Tri-County Area

1 Authority. The extension granted under this subsection shall be for a period not to  
2 exceed three calendar months commencing July 1, 1997, and shall be for the sole purpose  
3 of allowing one or more of the counties that constitute the Tri-County Area Authority to  
4 assess the feasibility of aligning with another existing area authority.

5 (b) Of the funds appropriated in this act to the Department of Human  
6 Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse  
7 Services, the sum of one million two hundred thousand dollars (\$1,200,000) in the 1997-  
8 98 fiscal year and the sum of one million two hundred thousand dollars (\$1,200,000) for  
9 the 1998-99 fiscal year shall be allocated by the Division to any existing area authority  
10 that has aligned with one or more of the counties that comprised the Tri County Area  
11 Authority. Funds shall be allocated only if the per capita funding level for the existing  
12 area authority is greater than the per capita funding level of the county that aligned with  
13 the existing area authority. Funds allocated to an existing area authority under this  
14 subsection shall not exceed the amount necessary in each fiscal year to raise the aligned  
15 county's level of per capita funding to that of the existing area authority.

16 If the funds appropriated for the purpose of this subsection are not sufficient,  
17 then notwithstanding G.S. 143-16.3 and G.S 143-23, the Department of Human  
18 Resources shall allocate from funds available to the Department the amount necessary to  
19 make up the difference between the amount needed and the amount appropriated. Funds  
20 allocated under this subsection shall not be used for any purpose other than the purpose  
21 authorized. Funds appropriated but not allocated at the end of the 1997-99 fiscal  
22 biennium shall revert to the General Fund.

23  
24 Requested by: Representatives Gardner, Cansler, Clary

#### 25 **NO STATE FUNDS FOR LOBBYING**

26 Section 11.73. (a) Funds appropriated by this act to the Department of Human  
27 Resources shall not be used to conduct activities aimed at influencing the General  
28 Assembly. The prohibition in this subsection does not apply to employees of the  
29 Department of Human Resources, to employees of county departments of social services,  
30 or to private grantees.

31 (b) Neither the Department of Human Resources nor any county department of  
32 social services, area mental health authority, or county human services agency may retain  
33 any person who would be required to register as a lobbyist under Article 9A of Chapter  
34 120 of the General Statutes in order to carry out the task for which that person is retained.

35  
36 Requested by: Representative Gardner

#### 37 **MENTAL HEALTH/FUNDS FOR CRISIS SERVICES**

38 Section 11.74. Purposes for which funds are appropriated in this act to the  
39 Department of Human Resources, Division of Mental Health, for the development of  
40 local crisis services shall include, but not be limited to, meeting the short term crisis  
41 needs of mentally retarded children determined by the Division to need crisis services.  
42 The Division shall pursue the use of available State resources and services, including  
43 State mental retardation centers, for these children.

1  
2 **PART XI-A. WELFARE REFORM INITIATIVES AND CONFORMING**  
3 **CHANGES**

4  
5 Requested by: Representatives Berry, Howard

6 **SUBPART A. WELFARE REFORM INITIATIVES.**

7  
8 Section 11A.1. The title of Part 2 of Article 2 of Chapter 108A of the General  
9 Statutes reads as rewritten:

10 "~~Part 2. Aid to Families with Dependent Children-Work First Program.~~"

11 Section 11A.2. G.S. 108A-24 reads as rewritten:

12 "**§ 108A-24. Definitions.**

13 As used in Chapter 108A:

14 (1) 'Applicant' is any person who requests assistance or on whose behalf  
15 assistance is requested.

16 (1a) 'Attainment' means to equal or exceed the outcomes and goals set forth  
17 in a County Plan or the State Plan.

18 (1b) 'Biometric' means a digitized image of selected features of an individual  
19 encoded and processed in a manner that ensures an extraordinarily high  
20 correlation between the digital data and the actual characteristics of an  
21 individual.

22 (1c) 'Child Development Agreement' ('CDA') means an agreement between a  
23 county and a recipient of Work First Program assistance which  
24 describes the parental responsibilities and child development goals  
25 required to maintain eligibility for qualification for Work First Family  
26 Assistance and Work First Services, and what the county will provide to  
27 assist the recipient in achieving those child development goals.

28 (1d) 'Community service' means work exchanged for temporary public  
29 assistance.

30 (1e) 'County block grant' means nonreverting federal and State money  
31 appropriated to implement and maintain a county's Work First Program.

32 (1f) 'County department of social services' means a county department of  
33 social services, consolidated human services agency, or other local  
34 agency designated to administer or provide services pursuant to this  
35 Article.

36 (1g) 'County Plan' is the biennial Work First Program plan prepared by each  
37 county pursuant to this Article and submitted to the Department for  
38 incorporation into the State Plan.

39 (2) 'Department' is the Department of Human Resources, unless the context  
40 clearly indicates otherwise.

41 (3) ~~'Dependent child' is a person under 18 years of age who is living with a~~  
42 ~~natural parent, adoptive parent, stepparent, or any other person related~~  
43 ~~by blood, marriage, or legal adoption, in a place of residence maintained~~

1 by one or more of such persons as his or their own home, and who is  
2 deprived of parental support or care; it shall also include a minor who  
3 has been eligible for AFDC who is now living in a foster care facility  
4 or child-caring institution; it shall also include a dependent child in  
5 school under 21 years of age as provided by Titles IV-A and XIX of the  
6 Social Security Act.

7 (3a) 'Employment' means work that requires either a contribution to FICA or  
8 the filing of a State N.C. Form D-400, or the equivalent.

9 (3b) 'Family' means a unit consisting of a minor child or children and one or  
10 more of their biological parents, adoptive parents, or grandparents living  
11 together and in which one or more of the parents is employed or  
12 performing community service.

13 (3c) 'Federal TANF funds' means the Temporary Assistance for Needy  
14 Families block grant funds provided for in Title IV-A of the Social  
15 Security Act.

16 (3d) 'First Stop Employment Assistance' is the program established to assist  
17 recipients of Work First Program assistance or food stamps with  
18 employment through job registration, job search, job preparedness, and  
19 community service.

20 (3e) 'Full-time employment' means employment averaging over 30 hours a  
21 week for at least 50 consecutive weeks and which either requires a  
22 contribution to FICA for four consecutive quarters or the filing of a  
23 State N.C. Form D-400.

24 (3f) 'FICA' means the taxes imposed by the Federal Insurance Contribution  
25 Act, 26 U.S.C. § 3101, et seq.

26 (4) Repealed by Session Laws 1983, c. 14, s. 3.

27 (4a) 'Mutual Responsibility Agreement' ('MRA') is an agreement between a  
28 county and a recipient of Work First Program assistance which  
29 describes the conditions for eligibility for the assistance and what the  
30 county will provide to assist the recipient in moving from assistance to  
31 self-sufficiency. Improvement in literacy shall be a part of a MRA with  
32 persons who cannot read above the eighth grade level. A MRA is a  
33 prerequisite for any temporary Work First Program assistance under this  
34 Article.

35 (4b) 'Parent' means biological parent, adoptive parent, or grandparent.

36 (5) 'Recipient' is a person to whom, or on whose behalf, assistance is  
37 granted under this Article.

38 (6) 'Resident,' unless otherwise defined by federal regulation, is a person  
39 who is living in North Carolina at the time of application with the intent  
40 to remain permanently or for an indefinite period; or who is a person  
41 who enters North Carolina seeking employment or with a job  
42 commitment.

- 1 (7) 'Secretary' is the Secretary of Human Resources, unless the context  
2 clearly indicates otherwise.
- 3 (8) 'State Plan' is the biennial Work First Program plan, based upon the  
4 aggregate of the County Plans, prepared by the Department for the  
5 State's Work First Program pursuant to this Article, and submitted  
6 sequentially to the Budget Director, to the General Assembly, to the  
7 Governor, and to the appropriate federal officials.
- 8 (9) 'Temporary' is a time period, not to exceed 60 cumulative months,  
9 which meets the federal requirement of Title IV-A.
- 10 (10) 'Title IV-A' means the Social Security Act, 42 U.S.C. § 601, et seq., as  
11 amended by the Personal Responsibility and Work Opportunity  
12 Reconciliation Act of 1996, P.L. 104-193, and to other provisions of  
13 federal law as may apply to assistance provided in this Article.
- 14 (11) 'Underemployment' means anything less than full-time employment  
15 except unemployment.
- 16 (12) 'Unemployment' means no FICA contributions for four consecutive  
17 quarters or earnings less than those required for filing a State N.C. Form  
18 D-400.
- 19 (13) 'Work' is lawful activity exchanged for cash, goods, uses, or services.
- 20 (14) 'Work First Diversion Assistance' is a short-term cash payment that is  
21 intended to produce a substantial reduction in the likelihood of a family  
22 requiring Work First Family Assistance.
- 23 (15) 'Work First Family Assistance' is a program of time-limited periodic  
24 payments to assist in maintaining the children of eligible families while  
25 the adult family members engage in activities to prepare for entering  
26 and to enter the workplace.
- 27 (16) 'Work First Program' is the temporary assistance to needy families  
28 program established in this Article.
- 29 (17) 'Work First Program assistance' means the goods, uses, or services  
30 provided under the Work First Program.
- 31 (18) 'Work First Services' are services funded from appropriations made  
32 pursuant to this Article and designed to facilitate the purposes of the  
33 Work First Program."

34 Section 11A.3. G.S. 108A-25 reads as rewritten:

35 **"§ 108A-25. Creation of programs.**

36 (a) The following programs of public assistance are hereby established, and shall  
37 be administered by the county department of social services or board of commissioners or  
38 the Department of Human Resources under federal regulations or under rules ~~and~~  
39 ~~regulations~~ adopted by the Social Services Commission and under the supervision of the  
40 Department of Human Resources:

- 41 (1) ~~Aid to families with dependent children;~~ Work First Program;  
42 (2) State-county special assistance for adults;  
43 (3) Food stamp program;

1 (4) Foster care and adoption assistance payments;

2 (5) Low income energy assistance program.

3 (b) The program of medical assistance is hereby established as a program of  
4 public assistance and shall be administered by the county departments of social services  
5 under rules ~~and regulations~~ adopted by the Department of Human Resources.

6 (c) The Department of Human Resources ~~is hereby authorized to~~ shall accept all  
7 grants-in-aid for programs of public assistance which may be available to the State by the  
8 federal government. The provisions of this Article shall be liberally construed in order  
9 that the State and its citizens may benefit fully from ~~such~~ the federal grants-in-aid."

10 Section 11A.4. G.S. 108A-27 reads as rewritten:

11 **"§ 108A-27. Authorization of Aid to Families with Dependent Children Program.**  
12 **Work First Program.**

13 ~~The (a) Each county Department is authorized to~~ shall ~~establish and supervise an~~  
14 ~~Aid to Families with Dependent Children Program.~~ develop, implement, and administer a  
15 biennial County Plan that begins to reduce unemployment and underemployment in that  
16 county. This program is to ~~County Plan shall be administered by county departments of~~  
17 ~~social services under federal regulations and rules and regulations of the Social Services~~  
18 ~~Commission.~~ in accordance with:

19 (1) This Article;

20 (2) Applicable federal, State, and local laws; and

21 (3) Rules adopted pursuant to this Article by the Department.

22 (b) The Department shall adopt rules regarding the biennial County Plans that  
23 shall be the most flexible and least restrictive while ensuring that federal and State laws,  
24 regulations, and goals for the State are met or achieved.

25 (c) The Department shall establish, administer, and supervise the Work First  
26 Program in accordance with:

27 (1) This Article;

28 (2) The State Plan;

29 (3) Rules adopted pursuant to this Article by the Department; and

30 (4) Applicable federal and State laws."

31 Section 11A.5. Part 2 of Article 2 of Chapter 108A of the General Statutes is  
32 amended by adding the following new sections:

33 **"§ 108A-27.1. Assistance not an entitlement.**

34 Any assistance programs established under this Part are not entitlements, and nothing  
35 in this Part shall create any property right.

36 **"§ 108A-27.2. Purpose; program description.**

37 (a) The purpose of the Work First Program is to provide eligible families with  
38 short-term assistance to facilitate their movement to self-sufficiency through lawful  
39 employment.

40 (b) The Work First Program shall include program administration and four  
41 categories of assistance to participants:

42 (1) First Stop Employment Assistance;

43 (2) Work First Diversion Assistance;

1           (3) Work First Family Assistance; and

2           (4) Work First Services.

3       (c) A case in which benefits are paid only for a child may be considered a family  
4 for the Work First Program.

5 **"§ 108A-27.3. Duties of county boards of commissioners.**

6       (a) The duties of the county boards of commissioners under the Work First  
7 Program are as follows:

8           (1) Establish county outcome and performance goals based on county  
9 economic, educational, and employment factors and adopt criteria for  
10 determining the progress of the county in moving persons and families  
11 to self-sufficiency.

12          (2) Establish eligibility criteria for recipients.

13          (3) Prescribe the method of calculating benefits for recipients.

14          (4) Determine and list individuals and families eligible for the Work First  
15 Program.

16          (5) Develop and enter into Mutual Responsibility Agreements with Work  
17 First Program recipients.

18          (6) Develop and enter into Child Development Agreements with every  
19 eligible parent who has a MRA.

20          (7) Provide community service work for any recipient who cannot find  
21 employment.

22          (8) Make payments of Work First Diversion Assistance and Work First  
23 Family Assistance to recipients having MRAs and CDAs.

24          (9) Monitor compliance with Mutual Responsibility Agreements and  
25 enforce the agreement provisions.

26          (10) Monitor compliance with Child Development Agreements and enforce  
27 the agreement provisions.

28          (11) Ensure compliance with State and federal law, rules, and regulations for  
29 the Work First Program.

30          (12) Adopt and submit to the Department a biennial County Plan.

31       (b) County boards of commissioners shall not delegate the responsibilities  
32 described in subdivisions (a)(1), (a)(11), and (a)(12) of this section but may delegate  
33 other duties to public or private entities.

34 **"§ 108A-27.4. Duties of the Department.**

35       The Department shall have the following duties:

36          (1) Establish and maintain a uniform system of identifying Work First  
37 Program, food stamp, and Medicaid recipients. This system shall  
38 provide security and portability throughout the State and between the  
39 departments within the State involved in the Work First Program, the  
40 food stamp program, and the Medicaid program. The system shall use  
41 multiple biometrics to ensure greater than ninety-nine percent (99%)  
42 accuracy for interdepartmental identification. The Department shall

- 1           ensure that the biometric identification system will be able to interface  
2           with any existing departmental biometric identification system.
- 3           (2)   Provide technical assistance to counties developing and implementing  
4           their County Plans, including providing information concerning  
5           applicable federal law and regulations and changes to federal law and  
6           regulations that effect the permissible use of federal funds and scope of  
7           the Work First Program in a county.
- 8           (3)   Adopt necessary rules, terms of funding, and promulgate criteria that  
9           allows counties maximum flexibility in designing and implementing  
10           County Plans.
- 11           (4)   Ensure that County Plans comply with federal and State laws, rules, and  
12           regulations.
- 13           (5)   Establish schedules for counties to submit their County Plans to ensure  
14           that all County Plans are adopted by the counties by the first day of  
15           February of each even-numbered calendar year.
- 16           (6)   Accept County Plans after ensuring that the aggregate of the County  
17           Plans is in compliance with federal law and regulations for receipt of  
18           federal funds and maximizes federal receipts for the Work First  
19           Program.
- 20           (7)   Coordinate activities of other State agencies providing technical support  
21           to counties developing their County Plans.
- 22           (8)   At the request of the counties, provide assistance to counties in their  
23           activities with private sector individuals and organizations relative to  
24           County Plans.
- 25           (9)   Transmit federal annual block grant funds to the counties as soon as  
26           they become available to the State and in accordance with federal cash  
27           management laws and regulations. The Department shall transmit one-  
28           fourth of the counties' annual block grant funds funded by the General  
29           Fund to the counties at the beginning of each quarter. Once paid, these  
30           funds shall be nonreverting.
- 31           (10)   Provide for exceptions to criteria and standards for federal programs.
- 32           (11)   Describe authorized federal and State work activities.
- 33           (12)   Define requirements for assignment of child support income and  
34           compliance with child support enforcement activities.
- 35           (13)   Monitor the performance of counties on a quarterly basis relative to  
36           their County Plans and report quarterly to the Director of the Budget  
37           and to the Joint Legislative Public Assistance Commission and annually  
38           to the General Assembly on the counties' attainment of the outcomes  
39           and goals specified in Part II of each County Plan.
- 40           (14)   Prepare and submit, by April 1 of each even-numbered calendar year, a  
41           biennial State Plan to the Director of the Budget in accordance with  
42           federal laws and regulations and State laws and rules.
- 43           (15)   Establish the baseline for the State maintenance of effort.



1           (16) Establish a Work First Reserve Fund to provide for future needs of the  
2 Work First Program. Funds placed in this reserve shall not be expended  
3 until the Department notifies the Joint Legislative Public Assistance  
4 Commission, submits a request for expenditure of these funds to the  
5 House and Senate Appropriations Subcommittees on Human Resources,  
6 and funds are appropriated by the General Assembly for the  
7 expenditure.

8 **"§ 108A-27.5. County Plan.**

9           (a) Each county shall submit to the Department, according to the schedule  
10 established by the Department and in compliance with all federal and State laws, rules  
11 and regulations, a County Plan.

12           (b) A County Plan shall have the following five parts:

13               (1) Part I. Conditions Within the County;

14               (2) Part II. Outcomes and Goals for the County;

15               (3) Part III. Plans to Achieve the Outcomes and Goals;

16               (4) Part IV. Administration; and

17               (5) Part V. Funding Requirements.

18           (c) Funding requirements shall, at least, identify the amount of a county block  
19 grant for Work First Diversion Assistance, a county block grant for Work First Family  
20 Assistance, a county block grant for Work First Services, and the county's maintenance of  
21 effort contribution. A county may establish a reserve.

22           (d) Each county shall include in its County Plan the following:

23               (1) The number of MRAs and CDAs entered into by the county;

24               (2) A description of the county's priorities for serving families who need  
25 child care based on the needs of the community and the availability of  
26 services and funding;

27               (3) A list of the community service programs equivalent to full-time  
28 employment that are being offered to Work First Program recipients  
29 who are unable to find full-time employment; and

30               (4) Any request from the Department for waivers to rules or any proposals  
31 for statutory changes to remove any impediments to implementation of  
32 the County's Plan.

33           (e) Each county shall provide to the general public an opportunity to review and  
34 comment upon its County Plan prior to its submission to the Department.

35           (f) A county may modify its County Plan once each biennium but not at any other  
36 time except by special request to the Joint Legislative Public Assistance Commission.

37 **"§ 108A-27.6. Performance standards; corrective action.**

38           (a) All adult recipients of Work First Program assistance are expected to achieve  
39 full-time employment and at least eighth grade literacy. Adult recipients of Work First  
40 Program assistance shall comply with the provisions and requirements in their MRAs and  
41 CDAs. Failure to comply shall be cause to terminate Work First Program assistance.

42           (b) County performance shall be judged solely upon its ability to attain the  
43 outcomes and goals established in that county's County Plan.

1       (c) When a county fails to achieve its Work First Program goals, the Department  
2 may take one or more of the following actions to assist the county in meeting its goals:

3           (1) Notify the county of the deficiencies and add additional monitoring and  
4 reporting requirements.

5           (2) Require the county to develop and submit for approval by the  
6 Department a corrective action plan.

7       If a county fails to achieve its Work First Program goals for two consecutive years, or  
8 fails to comply with a corrective action plan developed pursuant to this section, the  
9 county shall lose an appropriate portion of the State's block grant to the county in the  
10 subsequent State Plan.

11 **"§ 108A-27.7. State Plan.**

12       (a) The Department shall prepare and submit to the Director of the Budget, in  
13 accordance with the procedures established in G.S. 143-16.1 for federal block grant  
14 funds, a biennial State Plan that proposes the terms of the Work First Program for each  
15 fiscal year. The State Plan shall be based upon the aggregate of the County Plans. The  
16 State Plan shall include the following:

17           (1) Allocations of federal and State funds for the Work First Program,  
18 including block grants to counties and the allocation of funding for  
19 administration not to exceed the federally established limitations on the  
20 use of federal TANF funds and the limits imposed under this Article;

21           (2) Maintenance of effort and levels of State and county funding for the  
22 Work First Program;

23           (3) Federal eligibility requirements and a description of the eligibility  
24 requirements in each county;

25           (4) A description of eligible federal and State work activities;

26           (5) A description of the federal, State, and each county's financial  
27 participation in the Work First Program;

28           (6) Provisions to ensure that no Work First Program recipients, required to  
29 participate in work activities, shall be employed or assigned when:

30           a. Any regular employee is on layoff from the same or substantially  
31 equivalent job;

32           b. An employer terminates any regular employee or otherwise  
33 causes an involuntary reduction in the employer's workforce in  
34 order to hire Work First recipients; or

35           c. An employer otherwise causes the displacement of any currently  
36 employed worker or positions, including partial displacements  
37 such as reductions in hours of nonovertime work, wages, or  
38 employment benefits, in order to hire Work First recipients;

39           (7) Provisions to ensure the establishment and maintenance of grievance  
40 procedures to resolve complaints by regular employees who allege that  
41 the employment or assignment of a Work First Program recipient is in  
42 violation of subdivision (6) of this section;

1           (8) Provisions to ensure that Work First Program participants, required to  
2 participate in work activities, shall be subject to and have the same  
3 rights under federal, State, or local laws applicable to non-Work First  
4 Program employees in similarly situated work activities, including, but  
5 not limited to, health and safety standards and nondiscrimination laws,  
6 provided that nothing in this subdivision shall be construed to prohibit  
7 Work First Program participants from receiving State or county services  
8 designed to assist Work First Program participants achieve job stability  
9 and self-sufficiency;

10           (9) Requirements for assignment of child support income and compliance  
11 with child support enforcement activities; and

12           (10) Anything else required by federal or State law, rule, or regulation to be  
13 included in the State Plan.

14           (b) The State Plan may provide for automatic Medicaid eligibility for Work First  
15 Program recipients.

16           (c) The State Plan may distinguish among potential groups of recipients on  
17 whatever basis necessary to enhance program purposes and to increase federal revenues.

18           (d) The Department may modify the State Plan once a biennium but at no other  
19 time except by special request to the Joint Legislative Public Assistance Commission.  
20 Any changes to the State Plan shall be reported to the General Assembly during the next  
21 session following the changes.

22 **"§ 108A-27.8. Duties of the Director of the Budget/Governor.**

23           (a) The Director of the Budget shall, by April 15 of each even-numbered calendar  
24 year, approve and recommend adoption by the General Assembly of the State Plan.

25           (b) At the beginning of every fiscal year, the Director of the Budget shall report to  
26 the General Assembly the number of permanent State employees who have been Work  
27 First Program recipients during the previous calendar year.

28           (c) After the State Plan has become law, the Governor shall sign it and cause it to  
29 be submitted to federal officials in accordance with federal law.

30 **"§ 108A-27.9. Maintenance of effort.**

31           (a) The Department shall maintain the State's maintenance of effort at one hundred  
32 percent (100%) of the amount the State budgeted for programs under this Part during  
33 fiscal year 1996-97. A county's maintenance of effort shall be no less than eighty percent  
34 (80%) of the amount the county budgeted for programs under this Part during fiscal year  
35 1996-97.

36           (b) The Department shall provide to counties a list of activities that qualify for  
37 maintenance of effort requirements.

38 **"§ 108A-27.10. Exemption from limitations for individuals convicted of certain**  
39 **drug-related felonies.**

40           Individuals convicted of Class H or I controlled substance felony offenses in this State  
41 shall be eligible to participate in the Work First Program and food stamp program:

42           (1) Six months after release from custody if no additional controlled  
43 substance felony offense is committed during that period and successful

1 completion of a required substance abuse treatment program determined  
2 appropriate by the area mental health authority; or

- 3 (2) If not in custody, six months after the date of conviction if no additional  
4 controlled substance felony offense is committed during that period and  
5 successful completion of a required substance abuse treatment program  
6 determined appropriate by the area mental health authority.

7 A county department of social services shall require individuals who are eligible for  
8 Work First Program assistance and food stamp benefits pursuant to this section to  
9 undergo substance abuse treatment as a condition for receiving Work First Program or  
10 food stamp benefits, if funds and programs are available.

11 **"§ 108A-27.11. Appeals.**

12 The Work First Program is a program of temporary public assistance for the purpose  
13 of an appeal under G.S. 108A-79."

14 Section 11A.6. (a) G.S. 108A-29 reads as rewritten:

15 **"§ 108A-29. Limitations on eligibility. First Stop Employment Assistance; priority**  
16 **for employment services.**

17 (a) ~~The Social Services Commission shall adopt such administrative rules~~  
18 ~~concerning work requirements as conditions of eligibility for Aid to Families with~~  
19 ~~Dependent Children in order to be in compliance with federal regulations, but such rules~~  
20 ~~shall not be more restrictive than the work requirements applicable to the Job~~  
21 ~~Opportunities and Basic Skills Training Program provided for in G.S. 108A-30.~~

22 (a1) There is established in the Employment Security Commission, Department of  
23 Commerce, a program to be called First Stop Employment Assistance. The Chairman of  
24 the Employment Security Commission shall administer the program with the  
25 participation and cooperation of county boards of commissioners, the Department of  
26 Human Resources, the Department of Labor, the Department of Crime Control and  
27 Public Safety, and the community college system.

28 (a2) Individuals seeking to apply or reapply for Work First Program assistance or  
29 food stamps who are unemployed or underemployed shall make their 'first stop' in the  
30 application process for assistance the Employment Security Commission, where they  
31 shall register for a job, unless exempt either temporarily or permanently from  
32 participating in a work program by federal or State law, rules, or regulations.

33 (a3) Individuals who are not otherwise exempt shall present verification of  
34 registration with the Employment Security Commission at the time of applying for public  
35 assistance. Unless exempt, the individual shall not be approved for Work First Program  
36 assistance or food stamps until verification is received. Child-only cases are exempt from  
37 this requirement.

38 (a4) The Employment Security Commission shall expand its Labor Market  
39 Information System. The expansion shall at least include: statistical information on  
40 unemployment rates and other labor trends by county; and publications dealing with  
41 licensing requirements, economic development, and career projections, and information  
42 technology systems which can be used to track participants through the employment and  
43 training process.

1       (a5) The First Stop Employment Program shall assist Work First Program and food  
2 stamp recipients with employment through job registration, job search, job preparedness,  
3 and community service.

4       (a6) The Employment Security Commission shall offer a continuum of services to  
5 individuals seeking employment and training assistance ranging from self-help options to  
6 labor-intensive case management approaches. The Employment Security Commission  
7 shall provide an intense program of employment or reemployment services such as job  
8 seeking skills, workshops, employment counseling, and testing to move individuals into  
9 the workforce as quickly as possible.

10       (a7) If after evaluation of an individual the Employment Security Commission  
11 believes it necessary, the Employment Security Commission also may refer an individual  
12 placed in the Job Preparedness component of the First Stop Employment Program to a  
13 local community college for enrollment in General Education Development, Adult Basic  
14 Education, or Human Resources Development programs which are already in existence.  
15 Additionally, the Commission may refer an individual to a literacy council. Whenever an  
16 individual is referred to a community college or to a literacy council, the Employment  
17 Security Commission shall monitor the individual's progress through close  
18 communications with those agencies. The Employment Security Commission shall adopt  
19 rules to accomplish this subsection.

20       (a8) The Job Preparedness component of the Program shall last a maximum of 12  
21 weeks unless the recipient is registered and is satisfactorily progressing in a program that  
22 requires additional time to complete. Every effort shall be made to place the recipient in  
23 part-time employment or part-time community service if the time required exceeds the  
24 12-week maximum.

25       (a9) An individual placed in the Job Search component of the First Stop  
26 Employment Program shall look for work and shall accept any suitable employment. The  
27 Employment Security Commission shall refer individuals to current job openings and  
28 shall make job development contacts for individuals. Individuals shall be required to  
29 keep a record of their job search activities on a job search record form provided by the  
30 Commission, and the Employment Security Commission will monitor these activities. A  
31 'job search record' means a written list of dates, times, places, addresses, telephone  
32 numbers, names, and circumstances of job interviews. The Job Search component shall  
33 include at least one weekly contact with the Employment Security Commission. The  
34 Employment Security Commission shall adopt rules to accomplish this subsection.

35       (a10) The Employment Security Commission shall work with the Private Personnel  
36 Service Division of the Department of Labor to develop a relationship with these private  
37 employment agencies to utilize their services and make referrals of individuals registered  
38 with the Employment Security Commission.

39       (a11) The Employment Security Commission shall notify all employers in the State  
40 of the 'Exclusive No-Fault' Referral Service available through the Employment Security  
41 Commission to employers who hire personnel through Job Service referrals.

42       (a12) All individuals referred to jobs through the Employment Security Commission  
43 shall be instructed in the procedures for applying for the Federal Earned Income Credit

1 (FEIC). All individuals referred to jobs through the Employment Security Commission  
2 who qualify for the FEIC shall apply for the FEIC by filing a W-5 form with their  
3 employers.

4 (a13) The FEIC shall not be counted as income when eligibility is determined for  
5 Work First Program assistance, Medicaid, food stamps, subsidies, public housing, or  
6 Supplemental Security Income.

7 (a14) An individual who has not found a job within 12 weeks of being placed in the  
8 Job Search component of the Program may also be placed in the Community Service  
9 component at the county's option.

10 (a15) Once an individual has registered with the Employment Security Commission  
11 and upon verification of the registration by the agency or contractor providing the Work  
12 First Program assistance, the individual's eligibility for Work First Program assistance  
13 may be evaluated and the application completed. The individual then may be eligible for  
14 all the benefits for which the individual is eligible under the county's County Plan.  
15 Continued receipt of Work First Program benefits is contingent upon successful  
16 participation in the First Stop Employment Program, and lack of cooperation and  
17 participation in the First Stop Employment Program may result in the termination of  
18 benefits to the individual.

19 (a16) The county board of commissioners shall determine which agencies or  
20 nonprofit or private contractors will participate with the Employment Security  
21 Commission in developing the rules to implement the First Stop Employment Program.  
22 The rules and operations of the program shall be reviewed by the Joint Legislative Public  
23 Assistance Commission before implementation.

24 (a17) Each county shall organize a Job Service Employer Committee, based on the  
25 membership makeup of the Job Service Employer Committees in existence at the time  
26 this act becomes law. Each Job Service Employer Committee shall oversee the operation  
27 of the First Stop Employment Program in that county. The Committee shall report to the  
28 local Employment Security Commission quarterly on its recommendations to improve the  
29 First Stop Employment Program. The Employment Security Commission shall develop  
30 the reporting method and time frame and shall coordinate a full report to be presented to  
31 the Joint Legislative Public Assistance Commission by the end of each calendar year.

32 (b) Members of families with dependent children and with aggregate family  
33 income at or below the level required for eligibility for ~~Aid to Families with Dependent~~  
34 ~~Children assistance, Work First Family Assistance,~~ regardless of whether or not they  
35 have applied for such assistance, shall be given priority in obtaining ~~manpower~~  
36 ~~employment services~~ including training and ~~public service employment community~~  
37 ~~service~~ provided by or through State agencies or counties or with funds which are  
38 allocated to the State of North Carolina directly or indirectly through prime sponsors or  
39 otherwise for the purpose of employment of unemployed persons.

40 (c) [Repealed.]"

41 (b) Each county's Job Service Employer Committee shall develop a study of the  
42 "working poor" in their respective counties and shall include the following in the study:

- 1 (1) Determine the extent to which current labor market participation enables  
2 individuals and families to earn the amount of disposable income  
3 necessary to meet their basic needs;
- 4 (2) Determine how many North Carolinians work and earn wages below  
5 one hundred fifty percent (150%) of the Federal Poverty Guideline and  
6 study trends in the size and demographic profiles of this underemployed  
7 group within the respective county;
- 8 (3) Examine job market factors that contribute to any changes in the  
9 composition and numbers of the working poor including, but not limited to,  
10 shifts from manufacturing to service, from full-time to part-time  
11 work, from permanent to temporary or their contingent employment;
- 12 (4) Consider and determine the respective responsibilities of the public and  
13 private sectors in ensuring that working families and individuals have  
14 disposable income adequate to meet their basic needs;
- 15 (5) Evaluate the effectiveness of the unemployment insurance system in  
16 meeting the needs of low-wage workers when they become  
17 unemployed;
- 18 (6) Examine the efficacy of a State earned income tax credit that would  
19 enable working families to meet the requirements of the basic needs  
20 budget;
- 21 (7) Examine the wages, benefits, and protections available to part-time and  
22 temporary workers, leased employees, independent contractors, and  
23 other contingent workers as compared to regular full-time workers;
- 24 (8) Solicit, receive, and accept grants or other funds from any person or  
25 entity and enter into agreements with respect to these grants or other  
26 funds regarding the undertaking of studies or plans necessary to carry  
27 out the purposes of the committee; and
- 28 (9) Request any necessary data from either public or private entities that  
29 relate to the needs of the committee.

30 Each committee shall prepare and submit a report on the finding for the county  
31 which it represents by May 1, 1998, to the Joint Legislative Public Assistance  
32 Commission.

33 (c) The First Stop Employment Assistance program becomes effective beginning  
34 July 1, 1997. Funds shall be allocated from the Work First Program to establish the First  
35 Stop Employment Program and to assist the Job Service Employer Committees in their  
36 completion of the study of the working poor.

37 (d) G.S. 126-7.1 reads as rewritten:

38 **"§ 126-7.1. Posting requirement; State employees receive priority consideration;  
39 ~~reduction-in-force rights; rights; Work First hiring.~~**

40 (a) All vacancies for which any State agency, department, or institution openly  
41 recruit shall be posted within at least the following:

- 42 (1) The personnel office of the agency, department, or institution having the  
43 vacancy; and

1           (2)    The particular work unit of the agency, department, or institution having  
2                    the vacancy  
3 in a location readily accessible to employees. If the decision is made, initially or at any  
4 time while the vacancy remains open, to receive applicants from outside the recruiting  
5 agency, department, or institution, the vacancy shall be listed with the Office of State  
6 Personnel for the purpose of informing current State employees of such vacancy. The  
7 State agency, department, or institution may not receive approval from the Office of State  
8 Personnel to fill a job vacancy if the agency, department, or institution cannot prove to  
9 the satisfaction of the Office of State Personnel that it complied with these posting  
10 requirements. The agency, department, or institution which hires any person in violation  
11 of these posting requirements shall pay such person when employment is discontinued as  
12 a result of such violation for the work performed during the period of time between his  
13 initial employment and separation.

14       (a1)   State employees to be affected by a reduction in force shall be notified of the  
15 reduction in force as soon as practicable, and in any event, no less than 30 days prior to  
16 the effective date of the reduction in force.

17       (a2)   The State Personnel Commission shall adopt rules to provide that priority  
18 consideration for State employees separated from State employment as the result of  
19 reductions in force is to enable a State employee's return to career service at a salary  
20 grade and salary rate equal to that held in the most recent position. The State Personnel  
21 Commission shall provide that a State employee who:

22           (1)   Accepts a position at the same salary grade shall be paid at the same  
23 salary rate as the employee's previous position.

24           (2)   Accepts a position at a lower salary grade than the employee's previous  
25 position shall be paid at the same rate as the previous position unless the  
26 salary rate exceeds the maximum of the new salary grade. When the  
27 salary rate exceeds the maximum of the salary grade, the employee's  
28 new salary rate shall be reduced to the maximum of the new salary  
29 grade.

30       (b)   Subsection (a) of this section does not apply to vacancies which must be filled  
31 immediately to prevent work stoppage or the protection of the public health, safety, or  
32 security.

33       (c)   If a State employee subject to this section:

34           (1)   Applies for another position of State employment that would constitute  
35 a promotion and;

36           (2)   Has substantially equal qualifications as an applicant who is not a State  
37 employee

38 then the State employee shall receive priority consideration over the applicant who is not  
39 a State employee. This priority consideration shall not apply when the only applicants  
40 considered for the vacancy are current State employees.

41       (c1)   If a State employee who has been separated due to reduction in force or who  
42 has been given notice of imminent separation due to reduction in force:



1 (1) Applies for another position of State employment equal to or lower in  
2 salary grade than the position held by the employee at the time of  
3 notification or separation; and

4 (2) Is determined qualified for that position

5 then within all State agencies, the State employee shall receive priority consideration  
6 over all other applicants but shall receive equal consideration with other applicants who  
7 are current State employees not affected by the reduction in force. This priority shall  
8 remain in effect for a period of 12 months from the date the employee receives  
9 notification of separation by reduction in force. State employees separated due to  
10 reduction in force shall receive higher priority than other applicants with employment or  
11 reemployment priorities, except that the reemployment priority created by G.S. 126-  
12 5(e)(1) shall be considered as equal. The reduction-in-force priority created by this  
13 subsection shall be administered in accordance with rules promulgated by the State  
14 Personnel Commission.

15 (c2) If the applicants for reemployment for a position include current State  
16 employees, a State employee with more than 10 years of service shall receive priority  
17 consideration over a State employee having less than 10 years of service in the same or  
18 related position classification. This reemployment priority shall be given by all State  
19 departments, agencies, and institutions with regard to positions subject to this Chapter.

20 (d) 'Qualifications' within the meaning of subsection (c) of this section shall  
21 consist of:

22 (1) Training or education;

23 (2) Years of experience; and

24 (3) Other skills, knowledge, and abilities that bear a reasonable functional  
25 relationship to the abilities and skills required in the job vacancy applied  
26 for.

27 (e) Each State agency, department, and institution is encouraged to hire into State  
28 government employment qualified applicants who are current or former Work First  
29 program participants."

30 Section 11A.7. Chapter 108A of the General Statutes is amended by adding a  
31 new section to read:

32 **"§ 108A-29.1. Substance abuse treatment required; drug testing for Work First**  
33 **Program recipients.**

34 (a) Each applicant or current recipient of Work First Program benefits, determined  
35 by a Qualified Substance Abuse Professional (QSAP) or by a physician certified by the  
36 American Society of Addiction Medicine (ASAM) to be addicted to alcohol or drugs and  
37 to be in need of professional substance abuse treatment services shall be required, as part  
38 of the person's MRA and as a condition to receiving Work First Program benefits, to  
39 participate satisfactorily in an individualized plan of treatment in an appropriate treatment  
40 program. As a mandatory program component of participation in an addiction treatment  
41 program, each applicant or current recipient shall be required to submit to an approved,  
42 reliable, and professionally administered regime of testing for presence of alcohol or  
43 drugs, without advance notice, during and after participation, in accordance with the

1 addiction treatment program's individualized plan of treatment, follow-up, and continuing  
2 care services for the applicant or current recipient.

3 (b) An applicant or current recipient who fails to comply with any requirement  
4 imposed pursuant to this section shall not be eligible for benefits or shall be subject to the  
5 termination of benefits, but shall be considered to be receiving benefits for purposes of  
6 determining eligibility for medical assistance.

7 (c) The children of any applicant or current recipient shall remain eligible for  
8 benefits, and these benefits shall be paid to a protective payee pursuant to G.S. 108A-38.

9 (d) An applicant or current recipient shall not be regarded as failing to comply  
10 with the requirements of this section if an appropriate drug or alcohol treatment program  
11 is unavailable.

12 (e) Area mental health authorities organized pursuant to Article 4 of Chapter 122C  
13 of the General Statutes shall be responsible for administering the provisions of this  
14 section."

15 Section 11A.8. G.S. 108A-38 reads as rewritten:

16 **"§ 108A-38. Protective and vendor payments.**

17 ~~Instead of the use of personal representatives provided for by G.S. 108A-37, when~~  
18 When necessary to comply with any present or future federal law or regulation in order to  
19 obtain federal participation in public assistance payments, the payments may be made  
20 direct to vendors to reimburse them for goods and services provided the applicants or  
21 recipients, and may be made to protective payees who shall act for the applicant or  
22 recipient for receiving and managing assistance. Payments to vendors and protective  
23 payees shall be made to the extent provided in, and in accordance with, rules ~~and~~  
24 regulations of the Social Services Commission or the Department, which rules ~~and~~  
25 regulations shall be subject to applicable federal laws and regulations."

26 Section 11A.9. G.S. 108A-49 reads as rewritten:

27 **"§ 108A-49. Foster care and adoption assistance payments.**

28 (a) Benefits in the form of foster care assistance shall be granted in accordance  
29 with the rules ~~and regulations~~ of the Social Services Commission to any dependent child  
30 who ~~is~~ would have been eligible to receive ~~AFDC~~ Aid to Families with Dependent  
31 Children (as that program was in effect on June 1, 1995), but for his or her removal from  
32 the home of a specified relative for placement in a foster care facility; provided, that the  
33 child's placement and care is the responsibility of a county department of social services.

34 (b) Adoption assistance payments for certain adoptive children shall be granted in  
35 accordance with the rules ~~and regulations~~ of the Social Services Commission to adoptive  
36 parents who adopt a child eligible to receive foster care maintenance payments or  
37 supplemental security income benefits; provided, that the child cannot be returned to his  
38 or her parents; and provided, that the child has special needs which create a financial  
39 barrier to adoption.

40 (c) The Department is authorized to use available federal payments to states under  
41 Title IV-E of the Social Security Act for foster care and adoption assistance payments."

42 Section 11A.10. G.S. 108A-58 reads as rewritten:

1 **"§ 108A-58. Transfer of property for purposes of qualifying for medical assistance;**  
2 **periods of ineligibility.**

3 (a) Any person, otherwise eligible, who, either while receiving medical assistance  
4 benefits or within one year prior to the date of applying for medical assistance benefits,  
5 unless some other time period is mandated by controlling federal law, sells, gives, assigns  
6 or transfers countable real or personal property or an interest ~~therein, either by himself or~~  
7 ~~through his legal representative,~~ in real or personal property for the purpose of retaining  
8 or establishing eligibility for medical assistance benefits, shall be ineligible to receive  
9 medical assistance benefits ~~thereafter~~ as set forth in subsection (c) of this section.

10 Countable real and personal property includes real property, excluding a homesite,  
11 intangible personal property, nonessential motor and recreational vehicles, nonincome  
12 producing business equipment, boats and motors. The provisions of this act shall not  
13 apply to the sale, gift, assignment or transfer of real or personal property if and to the  
14 extent that the person applying for medical assistance would have been eligible for such  
15 assistance notwithstanding ownership of such property or an interest therein.

16 (b) Any sale, gift, assignment or transfer of real or personal property or an interest  
17 ~~therein, in real or personal property,~~ as provided in subsection (a) of this section, shall be  
18 presumed to have been made for the purpose of retaining or establishing eligibility for  
19 medical assistance benefits unless the person, or ~~his~~ the person's legal representative, who  
20 sells, gives, assigns or transfers the property or interest, receives valuable consideration at  
21 least equal to the fair market value, less encumbrances, of the property or interest.

22 (c) Any person ~~who, by himself or through his legal representative, who~~ sells,  
23 gives, assigns or transfers real or personal property or an interest ~~therein in real or~~  
24 personal property for the purpose of retaining or establishing eligibility for medical  
25 assistance benefits, as provided in subsection (a) of this section, ~~shall~~ shall, after the time  
26 of transfer, be ineligible to receive these benefits ~~thereafter~~ until an amount equal to the  
27 uncompensated value of the property or interest has been expended by or on behalf of the  
28 person for ~~his~~ the person's maintenance and support, including medical expenses, paid or  
29 incurred, or shall be ineligible in accordance with the following schedule, whichever is  
30 sooner:

- 31 (1) For uncompensated value of at least one thousand dollars (\$1,000) but  
32 not more than six thousand dollars (\$6,000), a one-year period of  
33 ineligibility from date of sale, gift, assignment or transfer;
- 34 (2) For uncompensated value of more than six thousand dollars (\$6,000)  
35 but not more than twelve thousand dollars (\$12,000), a two-year period  
36 of ineligibility from date of sale, gift, assignment or transfer;
- 37 (3) For uncompensated value of more than twelve thousand dollars  
38 (\$12,000), a two-year period of ineligibility from date of sale, gift,  
39 assignment or transfer, plus one additional month of ineligibility for  
40 each five hundred dollar (\$500.00) increment or portion thereof by  
41 which the uncompensated value exceeds twelve thousand dollars  
42 (\$12,000), but in no event to exceed three years.

1 (d) The sale, gift, assignment or transfer for a consideration less than fair market  
2 value, less encumbrances, of any tangible personal property which was acquired with the  
3 proceeds of sale, assignment or transfer of real or intangible personal property described  
4 in subsection (a) of this section or in exchange for such real or intangible personal  
5 property shall be presumed to have been for the purpose of evading the provisions of this  
6 section if the acquisition and sale, gift, assignment or transfer of the tangible personal  
7 property is by or on behalf of a person receiving medical assistance or within one year of  
8 making application for such assistance and the consequences of the sale, gift, assignment  
9 of transfer of such tangible personal property shall be determined under the provisions of  
10 subsections (c), (f) and (g) of this section.

11 (e) The presumptions created by subsections (b) and (d) may be overcome if the  
12 person receiving or applying for medical assistance, or ~~his~~ the person's legal  
13 representative, establishes by the greater weight of the evidence that the sale, gift,  
14 assignment or transfer was exclusively for some purpose other than retaining or  
15 establishing eligibility for medical assistance benefits.

16 (f) For the purpose of establishing uncompensated value under subsection (c), the  
17 value of property or an interest therein shall be the fair market value of the property or  
18 interest at the time of the sale, gift, assignment or transfer, less the amount of  
19 compensation, if any, received for the property or interest. There shall be a rebuttable  
20 presumption that the fair market value of real property is the most recent property tax  
21 value of the property, as ascertained according to Subchapter II of Chapter 105 of the  
22 General Statutes. Fair market value for purpose of this subsection shall be such value,  
23 determined as above set out, less any legally enforceable encumbrances to which the  
24 property is subject.

25 (g) In the event that there is more than one sale, gift, assignment or transfer of  
26 property or an interest therein by a person receiving medical assistance or within one year  
27 of the date of an application for medical assistance, unless some other time period is  
28 mandated by controlling federal law, the uncompensated value, for the purposes of  
29 subsection (c), shall be the aggregate uncompensated value of all sales, gifts, assignments  
30 and transfers. The date which is the midpoint between the date of the first and last sale,  
31 gift, assignment or transfer shall be the date from which the period of ineligibility shall be  
32 determined under subsection (c).

33 (h) This section shall not apply to applicants for or recipients of ~~aid to families~~  
34 ~~with dependent children~~ Work First Family Assistance or to persons entitled to medical  
35 assistance by virtue of their eligibility for ~~aid to families with dependent children~~ Work  
36 First Family Assistance.

37 (i) This section shall apply only to transfers made before July 1, 1988."

38 Section 11A.11. G.S. 108A-80 reads as rewritten:  
39 **"§ 108A-80. Confidentiality of records.**

40 (a) Except as provided in (b) below, it shall be unlawful for any person to obtain,  
41 disclose or use, or to authorize, permit, or acquiesce in the use of any list of names or  
42 other information concerning persons applying for or receiving public assistance or social  
43 services that may be directly or indirectly derived from the records, files or

1 communications of the Department or the county boards of social services, or county  
2 departments of social services or acquired in the course of performing official duties  
3 except for the purposes directly connected with the administration of the programs of  
4 public assistance and social services in accordance with federal law, rules and regulations  
5 ~~and regulations, and the rules and regulations~~ of the Social Services Commission or the  
6 Department.

7 (b) ~~The Department~~ Each county shall furnish a copy of the recipient check  
8 register monthly to ~~each its~~ county auditor showing a complete list of all recipients of ~~Aid~~  
9 ~~To Families with Dependent Children~~ Work First Family Assistance and State-County  
10 Special Assistance for Adults, their addresses, and the amounts of the monthly grants.  
11 This register shall be a public record open to public inspection during the regular office  
12 hours of the county auditor, but said register or the information contained therein may not  
13 be used for any commercial or political purpose. Any violation of this section shall  
14 constitute a Class 1 misdemeanor.

15 (c) Any listing of recipients of benefits under any public assistance or social  
16 services program compiled by or used for official purposes by a county board of social  
17 services or a county department of social services shall not be used as a mailing list for  
18 political purposes. This prohibition shall apply to any list of recipients of benefits of any  
19 federal, State, county or mixed public assistance or social services program. Further, this  
20 prohibition shall apply to the use of such listing by any person, organization, corporation,  
21 or business, including but not limited to public officers or employees of federal, State,  
22 county, or other local governments, as a mailing list for political purposes. Any violation  
23 of this section shall be punishable as a Class 1 misdemeanor.

24 (d) The Social Services Commission ~~shall have the authority to~~ may adopt rules  
25 ~~and regulations~~ governing access to case files for social services and public assistance  
26 programs, except the Medical Assistance Program. The Secretary of the Department of  
27 Human Resources shall have the authority to adopt rules ~~and regulations~~ governing  
28 access to medical assistance case files."

29 Section 11A.12. Part 10B of Article 3 of Chapter 143B of the General Statutes  
30 is amended by adding a new section to read:

31 "**§ 143B-168.17. Priority/programs for children in Work First families.**

32 (a) All programs authorized and funded in whole or in part under this Part shall  
33 give the children in Work First Program families priority in appropriate programs or  
34 services.

35 (b) Counties which do not have programs funded in whole or in part under this  
36 Part shall develop programs which first address the needs of children in participating  
37 Work First Program families whenever funds under this Part become available.

38 (c) Counties may use funds provided under this Part for Work First Services but  
39 shall not use funds provided for Work First Services for programs authorized under this  
40 Part."

41 Section 11A.13. G.S. 153A-255 reads as rewritten:

42 "**§ 153A-255. Authority to provide social service programs.**

1 (a) Each county shall have the duty to provide temporary assistance to its poor  
2 residents.

3 (b) Each county shall provide social service programs pursuant to Chapter 108A  
4 and Chapter 111 and may otherwise undertake, sponsor, organize, engage in, and support  
5 other social service programs intended to further the health, welfare, education,  
6 employment, safety, comfort, and convenience of its citizens."

7 Section 11A.14. G.S. 108A-28, 108A-28.1, 108A-30, 108A-31, 108A-32,  
8 108A-33, 108A-34, 108A-35, 108A-39.1, and 108A-92 are repealed.

9 Section 11A.15. Article 12G of Chapter 120 of the General Statutes is  
10 repealed.

11 Section 11A.16. (a) The Department of Labor shall establish a pilot project  
12 creating Individual Development Accounts (IDA) to assist working families.

13 (b) Of the funds appropriated in this act to the Department of Labor, the sum of  
14 three hundred thousand dollars (\$300,000) for the 1997-98 fiscal year and the sum of  
15 three hundred thousand dollars (\$300,000) for the 1998-99 fiscal year shall be used to  
16 establish a pilot project creating Individual Development Accounts (IDA) to:

17 (1) Provide individuals and families, especially the underemployed, an  
18 opportunity and an incentive to accumulate assets.

19 (2) Promote investments in education, homeownership, and microenterprise  
20 development.

21 (3) Demonstrate that household savings strategies, such as the development  
22 of IDAs, can be a powerful strategy for assisting working persons and  
23 families to achieve long-term self-sufficiency.

24 (4) Utilize and build comprehensive community partnerships that support  
25 asset building in low-wealth communities.

26 (c) The funds allocated in this section shall be made available to serve as  
27 matching funds for personal savings of qualified participants selected to participate in a  
28 multiyear demonstration to last not more than five years. Other expenses of the  
29 demonstration, including training, technical assistance, evaluation, and other program and  
30 administrative expenses, shall be covered from other public and private sources.  
31 Matching funds provided from the funds allocated in this section may be used by  
32 qualified participants for home purchase, investment in a business or self-employment  
33 venture owned by the participant, or costs of postsecondary education or training for the  
34 participant. Participants shall not be restricted as to the amounts or sources of funds  
35 deposited in the account, but in order to create the incentive for continued savings, only  
36 savings from earned income will qualify for State matching funds. Tax return reports of  
37 earned income shall be used to verify compliance.

38 (d) This section becomes effective July 1, 1997.

39 Section 11A.17. (a) In order to ensure that the intent of the people is carried out, it  
40 is the intent of the General Assembly to sit in Special Session to enact the first State Plan  
41 developed pursuant to this Part. Thereafter, the State Plan shall be adopted as part of the  
42 Current Operations Appropriations Act.

1 (b) While sitting in Special Session, the General Assembly shall entertain requests  
2 by counties for proposed changes to statutory requirements or rules which a county  
3 considers an impediment to its County Plan. In subsequent regular sessions, county  
4 requests for changes shall be in the form of local bills.

5 (c) The requirement that the Department prepare and submit the State Plan to the  
6 General Assembly for approval in accordance with the procedures set forth in G.S. 143-  
7 16.1 shall not be applicable for fiscal year 1997-98. Until the counties have prepared  
8 their County Plans and the State has prepared its State Plan in accordance with this Part  
9 and that State Plan has been enacted by the General Assembly and it becomes law, either  
10 during its Regular Session 1998, or by Special Session, the provisions of the State Plan  
11 submitted to the federal government on October 16, 1996, shall remain in effect. State  
12 Plans submitted after the 1997-98 fiscal year shall be enacted by the General Assembly in  
13 order to be effective.

14 Section 11A.18. (a) All funds intended for the Work First Program shall be  
15 appropriated to that Program through the 1997-99 biennium. No Work First Program  
16 funds shall be diverted into other programs during the 1997-99 biennium.

17 (b) The administrative costs of the Work First Program, at any level, shall not  
18 exceed eight percent (8%) of the State's federal TANF block grant funds, and one-time  
19 expenditures for equipment and support shall not exceed ten percent (10%) of the State's  
20 federal TANF block grant funds.

21 (c) Federal, State, and county funding for the Work First Program shall be  
22 commingled and shall not be separated to frustrate the purposes of the Work First  
23 Program.

24 (d) The commingled block grants paid quarterly to counties shall not be reverted.

25 Section 11A.19. Notwithstanding any other provision of law, beginning July  
26 1, 1997, each county shall dedicate seventy-five percent (75%) of the total AFDC and  
27 Work First Cash Assistance benefit amount that was determined fraudulent or erroneous  
28 and recovered by that county pursuant to the AFDC Fraud Control Program to enhance  
29 and improve program integrity.

30 Section 11A.20. (a) There is established a Joint Legislative Public Assistance  
31 Commission. The Joint Legislative Public Assistance Commission shall monitor and  
32 oversee the implementation of the provisions of this Part and shall make any necessary  
33 recommendations to the General Assembly regarding any further changes to law or rule.  
34 The Speaker of the House of Representatives shall appoint 10 members, two of whom  
35 shall be cochair, and the President Pro Tempore of the Senate shall appoint 10 members,  
36 two of whom shall be cochair. The Joint Legislative Public Assistance Commission shall  
37 first convene within 30 days after this act becomes law.

38 (b) Of the funds appropriated in this act to the General Assembly, the sum of one  
39 hundred thousand dollars (\$100,000) for the 1997-98 fiscal year and the sum of one  
40 hundred thousand dollars (\$100,000) for the 1998-99 fiscal year shall be used for the  
41 Joint Legislative Public Assistance Commission.

42 (c) This section becomes effective July 1, 1997.

1 Section 11A.21. The Legislative Research Commission may study issues  
2 relating to the Medical Assistance Program and the State-County Special Assistance  
3 Program, including the following: the need for further restrictions and longer periods of  
4 disqualification for the transfer of property for purposes of qualifying for medical  
5 assistance and State-County Special Assistance, and appropriate recovery from recipient  
6 estates of benefits paid by the Medical Assistance Program and the State-County Special  
7 Assistance Program. The Legislative Research Commission may report the results of its  
8 study, along with any legislative proposals and cost analyses, to the 1998 General  
9 Assembly.

10 Section 11A.22. (a) Article 3 of Chapter 143B of the General Statutes is  
11 amended by adding a new Part to read:

12 **"PART 31. OFFICE OF INSPECTOR GENERAL.**

13 **"§ 143B-216.50. Department of Human Resources Inspector General.**

14 (a) The Office of Inspector General is established in the Department of Human  
15 Resources to provide a central point for coordination of and responsibility for activities  
16 that promote accountability, integrity, and efficiency in the Department and in means-  
17 tested public assistance programs. The Office of Inspector General is designated as the  
18 State Law Enforcement Bureau (SLEB) to take custody and control of food stamps from  
19 the federal Food and Consumer Service to make them available to nonfederal law  
20 enforcement and investigative agencies to conduct criminal and food stamp program  
21 violation investigations.

22 (b) It shall be the duty and responsibility of the Inspector General to:

- 23 (1) Advise in the development of performance measures, standards, and  
24 procedures for the evaluation of the Department.
- 25 (2) Assess the reliability and validity of the information provided by the  
26 Department on performance measures and standards and make  
27 recommendations for improvement, if necessary.
- 28 (3) Review the actions taken by the Department to improve program  
29 performance and meet program standards and make recommendations  
30 for improvement, if necessary.
- 31 (4) Provide direction for, supervise, and coordinate audits, investigations,  
32 and management reviews relating to the programs and operations of the  
33 Department.
- 34 (5) Conduct, supervise, or coordinate other activities and programs carried  
35 out or financed by the Department for the purpose of promoting  
36 economy and efficiency in the administration of, or preventing and  
37 detecting fraud and abuse in, its programs and operations, including  
38 coordinating activities between local program integrity workers and the  
39 State.
- 40 (6) Keep the Secretary of Human Resources informed concerning fraud,  
41 abuses, and deficiencies relating to programs and operations  
42 administered or financed by the Department, recommend corrective



1 action concerning fraud, abuses, and deficiencies, and report on the  
2 progress made in implementing corrective action.

3 (7) Ensure effective coordination and cooperation between the State  
4 Auditor, federal auditors, and other governmental bodies with a view  
5 toward avoiding duplication.

6 (8) Review, as appropriate, rules relating to the programs and operations of  
7 the Department and make recommendations concerning their impact.

8 (9) Ensure that an appropriate balance is maintained between audit,  
9 investigative, and other accountability activities.

10 (c) The Inspector General shall be appointed by the Secretary. The appointment  
11 shall be made after notifying the Governor in writing, at least seven days prior to an offer  
12 of employment, of the Secretary's intention to hire the Inspector General.

13 (d) The Inspector General shall report to and be under the general supervision of  
14 the Secretary and shall not be subject to supervision by any other employee of the  
15 Department. The Inspector General shall be appointed without regard to political  
16 affiliation.

17 (e) The Inspector General may be removed from office by the Secretary. The  
18 Secretary shall notify the Governor, in writing, of the intention to terminate the Inspector  
19 General at least seven days prior to the removal.

20 (f) The Secretary shall not prevent or prohibit the Inspector General from  
21 initiating, carrying out, or completing any audit or investigation.

22 (g) The Inspector General shall have access to any records, data, and other  
23 information of the Department the Inspector General believes necessary to carry out the  
24 Inspector General's duties. The Inspector General is also authorized to request such  
25 information or assistance as may be necessary from the Department or from any federal,  
26 State, or local government entity.

27 **§ 143B-216.51. Inspector General – Department audits.**

28 (a) To ensure that Department audits are performed in accordance with applicable  
29 auditing standards, the Inspector General shall possess the following qualifications:

30 (1) A bachelors degree from an accredited college or university with a  
31 major in accounting, or with a major in business which includes five  
32 courses in accounting, and five years of experience as an internal  
33 auditor or independent postauditor, electronic data processing auditor,  
34 accountant, or any combination thereof. The experience shall at a  
35 minimum consist of audits of units of government or private business  
36 enterprises operating for profit or not for profit;

37 (2) A masters degree in accounting, business administration, or public  
38 administration from an accredited college or university and four years of  
39 experience as required in subdivision (1) of this subsection; or

40 (3) A certified public accountant license issued pursuant to law or a  
41 certified internal audit certificate issued by the Institute of Internal  
42 Auditors or earned by examination, and four years of experience as  
43 required in subdivision (1) of this subsection.

1       The Inspector General shall, to the extent both necessary and practicable, include on  
2 the Inspector General's staff individuals with electronic data processing auditing  
3 experience.

4       (b) In carrying out the auditing duties and responsibilities of this Part, the  
5 Inspector General shall review and evaluate internal controls necessary to ensure the  
6 fiscal accountability of the Department. The Inspector General shall conduct financial,  
7 compliance, electronic data processing, and performance audits of the Department and  
8 prepare audit reports of the findings. The scope and assignment of the audits shall be  
9 determined by the Inspector General; however, the Secretary may at any time direct the  
10 Inspector General to perform an audit of a special program, function, or organizational  
11 unit. The performance of the audit shall be under the direction of the Inspector General.

12       (c) Audits undertaken pursuant to this Part shall be conducted in accordance with  
13 the current Standards for the Professional Practice of Internal Auditing and subsequent  
14 Internal Auditing Standards or Statements on Internal Auditing Standards published by  
15 the Institute of Internal Auditors, Inc., or, where appropriate, in accordance with  
16 generally accepted governmental auditing standards. All audit reports issued by internal  
17 audit staff shall include a statement that the audit was conducted pursuant to the  
18 appropriate standards.

19       (d) Audit workpapers and reports shall be public records to the extent that they do  
20 not include information which, under the laws of the State, is confidential and exempt  
21 from Chapter 132 of the General Statutes.

22       (e) At the conclusion of each audit, the Inspector General shall submit tentative  
23 findings and recommendations to the person responsible for supervision of the program  
24 function or operational unit who shall respond to any adverse findings within 20 working  
25 days after receipt of the tentative findings. The response and the Inspector General's  
26 rebuttal to the response shall be included in the final audit report.

27       (f) The Inspector General shall submit the final report to the Secretary and to the  
28 State Auditor.

29       (g) The State Auditor, in connection with any audit of the Department pursuant to  
30 law, shall give appropriate consideration to internal audit reports and the resolution of  
31 findings therein. The Joint Legislative Commission on Governmental Operations may  
32 inquire into the reasons or justifications for failure of the Secretary to correct the  
33 deficiencies reported in internal audits that are also reported by the State Auditor and  
34 shall take appropriate action. The State Auditor shall also review a sample of the  
35 Department's internal audit reports at least once every three years to determine  
36 compliance with current Standards for the Professional Practice of Internal Auditing or, if  
37 appropriate, generally accepted governmental auditing standards. If the State Auditor  
38 finds that these standards have not been complied with, the State Auditor shall include a  
39 statement of this finding in the audit report of the Department.

40       (h) The Inspector General shall monitor the implementation of the Department's  
41 response to any audit of the Department conducted by the State Auditor pursuant to law.  
42 No later than six months after the State Auditor publishes a report of the audit of the  
43 Department, the Inspector General shall report to the Secretary on the status of corrective

1 actions taken. A copy of the report shall be filed with the Joint Legislative Commission  
2 on Governmental Operations.

3 (i) The Inspector General shall develop long-term and annual audit plans based on  
4 the findings of periodic risk assessments. The plan, where appropriate, should include  
5 postaudit samplings of payments and accounts. The plan shall show the individual audits  
6 to be conducted during each year and related resources to be devoted to the respective  
7 audits. The State Controller may utilize audits performed by the Inspector General. The  
8 plan shall be submitted to the Secretary for approval. A copy of the approved plan shall  
9 be submitted to the State Auditor.

10 **"§ 143B-216.52. Inspector General – investigations.**

11 (a) In carrying out the investigative duties and responsibilities specified in this  
12 section, the Inspector General shall initiate, conduct, supervise, and coordinate  
13 investigations designed to detect, deter, prevent, and eradicate fraud, waste,  
14 mismanagement, misconduct, and other abuses in the Department and in means-tested  
15 public assistance programs. For these purposes, the Inspector General shall:

- 16 (1) Receive and consider complaints and conduct, supervise, or coordinate  
17 such inquiries, investigations, or reviews as the Inspector General deems  
18 appropriate.
- 19 (2) Establish policies and standards for the investigation, detection, and  
20 elimination of fraud, abuse, waste, and mismanagement in the  
21 Department and in means-tested public assistance programs.
- 22 (3) Establish and conduct training programs for local and State program  
23 integrity workers to improve detection of fraud and abuse.
- 24 (4) Conduct, supervise, and coordinate a program aimed at eliminating food  
25 stamp violations, enter into any agreements with the federal government  
26 necessary to establish this program, and serve as the official authorized  
27 to accept food stamps from the federal Food and Consumer Service for  
28 this purpose.
- 29 (5) Report expeditiously to the State Bureau of Investigation or other law  
30 enforcement agencies, as appropriate, whenever the Inspector General  
31 has reasonable grounds to believe there has been a violation of criminal  
32 law.
- 33 (6) Conduct investigations and other inquiries free of actual or perceived  
34 impairment to the independence of the Inspector General or the  
35 Inspector General's office. This shall include freedom from any  
36 interference with investigations and timely access to records and other  
37 sources of information.
- 38 (7) Submit in a timely fashion final reports on investigations conducted by  
39 the Inspector General to the Secretary.

40 (b) The Inspector General shall, not later than September 30 of each year, prepare  
41 an annual report summarizing the activities of the office during the immediately  
42 preceding State fiscal year. The final report shall be furnished to the Secretary. Such  
43 report shall include, but need not be limited to:

- 1           (1)    A description of activities relating to the development, assessment, and  
2           validation of performance measures.
- 3           (2)    A description of significant abuses and deficiencies relating to programs  
4           and to operations of the Department disclosed by investigations, audits,  
5           reviews, or other activities during the reporting period.
- 6           (3)    A description of the recommendations for corrective action made by the  
7           Inspector General during the reporting period with respect to significant  
8           problems, abuses, or deficiencies identified.
- 9           (4)    The identification of each significant recommendation described in  
10           previous annual reports on which corrective action has not been  
11           completed.
- 12           (5)    A summary of each audit and investigation completed during the  
13           reporting period."

14           (b)    The Department shall immediately proceed with the implementation of this  
15 section, including proceeding with all actions necessary to establish a State Law  
16 Enforcement Bureau (SLEB) program for food stamps in this State.

17  
18 **SUBPART B. STATUTORY TECHNICAL AND CONFORMING CHANGES**  
19 **RELATING TO ENACTMENT OF THE WORK FIRST PROGRAM.**

20  
21           Section 11A.24. G.S. 1-110(a) reads as rewritten:

22           "(a)    Subject to the provisions of subsection (b) of this section with respect to prison  
23 inmates, any superior or district court judge or clerk of the superior court may authorize a  
24 person to sue as an indigent in their respective courts when the person makes affidavit  
25 that he or she is unable to advance the required court costs. The clerk of superior court  
26 shall authorize a person to sue as an indigent if the person makes the required affidavit  
27 and meets one or more of the following criteria:

- 28           (1)    Receives food stamps.
- 29           (2)    Receives ~~Aid to Families with Dependent Children (AFDC)~~. Work First  
30           Family Assistance.
- 31           (3)    Receives Supplemental Security Income (SSI).
- 32           (4)    Is represented by a legal services organization that has as its primary  
33           purpose the furnishing of legal services to indigent persons.
- 34           (5)    Is represented by private counsel working on the behalf of or under the  
35           auspices of a legal services organization under subdivision (4) of this  
36           section.
- 37           (6)    Is seeking to obtain a domestic violence protective order pursuant to  
38           G.S. 50B-2.

39           A superior or district court judge or clerk of superior court may authorize a person  
40 who does not meet one or more of these criteria to sue as an indigent if the person is  
41 unable to advance the required court costs. The court to which the summons is returnable  
42 may dismiss the case and charge the court costs to the person suing as an indigent if the

1 allegations contained in the affidavit are determined to be untrue or if the court is  
2 satisfied that the action is frivolous or malicious."

3 Section 11A.25. G.S. 15-155.1 reads as rewritten:

4 "**§ 15-155.1. Reports to district attorneys of ~~aid to dependent children~~ Work First  
5 Family Assistance and illegitimate-out-of-wedlock births.**

6 The Department of Human Resources, by and through the Secretary of Human  
7 Resources, shall promptly after June 19, 1959, make a report to each district attorney,  
8 setting out the names and addresses of all mothers who reside in his prosecutorial district  
9 as defined in G.S. 7A-60 and are recipients of ~~aid to dependent children~~ assistance under  
10 the provisions of Part 2, Article 2, Chapter 108A of the General Statutes. Such report  
11 shall in some manner show the identity of the unwed mothers and shall set forth the  
12 number of children born to each said mother. Such a report shall also be made monthly  
13 thereafter setting out the names and addresses of all such mothers who reside in the  
14 district and who may have become recipients of ~~aid to dependent children~~ assistance  
15 under the provisions of Part 2, Article 2, Chapter 108A of the General Statutes since the  
16 date of the last report."

17 Section 11A.26. G.S. 15-155.2(a) reads as rewritten:

18 "(a) Upon receipt of such reports as are provided for in G.S. 15-155.1, the district  
19 attorney of superior court may make an investigation to determine whether the mother of  
20 an ~~illegitimate-out-of-wedlock~~ child or who is a recipient of ~~aid to a dependent child or~~  
21 ~~children~~, Work First Family Assistance, has abandoned, is willfully neglecting or is  
22 refusing to support and maintain the child within the meaning of G.S. 14-326 or 49-2 or  
23 is diverting any part of the funds received as ~~aid to a dependent child~~ Work First Family  
24 Assistance to any purpose other than for the support and maintenance of ~~such dependent~~  
25 a child in violation of G.S. 108-76.1. In making this investigation the district attorney is  
26 authorized to call upon:

- 27 (1) Any county board of social services or the Department of Human  
28 Resources for personal, clerical or investigative assistance and for  
29 access to any records kept by either such board and relating to the  
30 matter under investigation and such boards are hereby directed to assist  
31 in all investigations hereunder and to furnish all records relating thereto  
32 when so requested by the district attorney;
- 33 (2) The board of county commissioners of any county within his district for  
34 legal or clerical assistance in making any investigation or investigations  
35 in such county and such boards are hereby authorized to furnish such  
36 assistance in their discretion; and
- 37 (3) The district attorney of any inferior court in his district for personal  
38 assistance in making any investigation or investigations in the county in  
39 which the court is located and any district attorney so called upon is  
40 hereby authorized to furnish such assistance by and with the consent of  
41 the board of county commissioners of the county in which the court is  
42 located, which board shall provide and fix his compensation for  
43 assistance furnished."

1 Section 11A.27. G.S. 95-25.3(d) reads as rewritten:

2 "(d) The Commissioner, in order to prevent curtailment of opportunities for  
3 employment of the economically disadvantaged and the unemployed, may, by regulation,  
4 establish a wage rate not less than eighty-five percent (85%) of the otherwise applicable  
5 wage rate in effect under subsection (a) which shall apply to all persons (i) who have  
6 been unemployed for at least 15 weeks and who are economically disadvantaged, or (ii)  
7 who are, or whose families are, receiving ~~aid to families with dependent children~~  
8 ~~provided under Part A of Title IV of the Social Security Act, Work First Family~~  
9 Assistance or who are receiving supplemental security benefits under Title XVI of the  
10 Social Security Act.

11 Pursuant to regulations issued by the Commissioner, certificates establishing  
12 eligibility for such subminimum wage shall be issued by the Employment Security  
13 Commission.

14 The regulation issued by the Commissioner shall not permit employment at the  
15 subminimum rate for a period in excess of 52 weeks."

16 Section 11A.28. G.S. 105A-2(1) reads as rewritten:

17 "(1) 'Claimant agency' means and includes:

- 18 a. The State Education Assistance Authority as enabled by Article  
19 23 of Chapter 116 of the General Statutes;
- 20 b. The North Carolina Department of Human Resources when in  
21 the exercise of its authority to collect health profession student  
22 loans made pursuant to G.S. 131-121;
- 23 c. The North Carolina Department of Human Resources when in  
24 the performance of its duties under the Medical Assistance  
25 Program enabled by Chapter 108A, Article 2, Part 6, and any  
26 county operating the same Program at the local level, when and  
27 only to the extent such a county is in the performance of Medical  
28 Assistance Program collection functions;
- 29 d. The North Carolina Department of Human Resources when in  
30 the performance of its duties, under the Child Support  
31 Enforcement Program as enabled by Chapter 110, Article 9 and  
32 Title IV, Part D of the Social Security Act to obtain  
33 indemnification for past paid public assistance or to collect child  
34 support arrearages owed to an individual receiving program  
35 services and any county operating the program at the local level,  
36 when and only to the extent that the county is engaged in the  
37 performance of those same duties;
- 38 e. The University of North Carolina, including its constituent  
39 institutions as specified by G.S. 116-2(4);
- 40 f. The University of North Carolina Hospitals at Chapel Hill in the  
41 conduct of its financial affairs and operations pursuant to G.S.  
42 116-37;

- 1 g. The Board of Governors of the University of North Carolina and  
2 the State Board of Education through the College Scholarship  
3 Loan Committee when in the performance of its duties of  
4 administering the Scholarship Loan Fund for Prospective College  
5 Teachers enabled by Chapter 116, Article 5;
- 6 h. The Office of the North Carolina Attorney General on behalf of  
7 any State agency when the claim has been reduced to a judgment;
- 8 i. The State Board of Community Colleges through community  
9 colleges as enabled by Chapter 115D in the conduct of their  
10 financial affairs and operations;
- 11 j. State facilities as listed in G.S. 122C-181(a), School for the Deaf  
12 at Morganton, North Carolina Sanatorium at McCain, Western  
13 Carolina Sanatorium at Black Mountain, Eastern North Carolina  
14 Sanatorium at Wilson, and Gravely Sanatorium at Chapel Hill  
15 under Chapter 143, Article 7; Governor Morehead School under  
16 Chapter 115, Article 40; Central North Carolina School for the  
17 Deaf under Chapter 115, Article 41; Wright School for  
18 Treatment and Education of Emotionally Disturbed Children  
19 under Chapter 122C; and these same institutions by any other  
20 names by which they may be known in the future;
- 21 k. The North Carolina Department of Revenue;
- 22 l. The Administrative Office of the Courts;
- 23 m. The Division of Forest Resources of the Department of  
24 Environment, Health, and Natural Resources;
- 25 n. The Administrator of the Teachers' and State Employees'  
26 Comprehensive Major Medical Plan, established in Article 3 of  
27 General Statutes Chapter 135;
- 28 o. The State Board of Education through the Superintendent of  
29 Public Instruction when in the performance of his duties of  
30 administering the Scholarship Loan Fund for Prospective  
31 Teachers enabled by Chapter 115C, Article 32A and the  
32 scholarship loan and grant programs enabled by Chapter 115C,  
33 Article 24C, Part 1;
- 34 p. The Board of Trustees of the Teachers' and State Employees'  
35 Retirement System and the Board of Trustees of the Local  
36 Governmental Employees' Retirement System in the performance  
37 of their duties pursuant to Chapters 120, 128, 135 and 143 of the  
38 General Statutes;
- 39 q. The North Carolina Teaching Fellows Commission in the  
40 performance of its duties pursuant to Chapter 115C, Article 24C,  
41 Part 2;
- 42 r. The North Carolina Department of Human Resources when in  
43 the performance of its collection duties for intentional program

1 violations and violations due to inadvertent household error  
2 under the Food Stamp Program enabled by Chapter 108A,  
3 Article 2, Part 5, and any county operating the same Program at  
4 the local level, when and only to the extent such a county is in  
5 the performance of Food Stamp Program collection functions.

6 The North Carolina Department of Human Resources when,  
7 in the performance of its duties under the ~~Aid to Families with~~  
8 ~~Dependent Children Program or the Aid to Families with~~  
9 ~~Dependent Children Emergency Assistance Program provided~~  
10 ~~in Part 2 of Article 2 of Chapter 108A or the Work First Cash~~  
11 ~~Assistance Program established pursuant to the federal waivers~~  
12 ~~received by the Department on February 5, 1996, Work First~~  
13 ~~Program provided in Part 2 of Article 2 of Chapter 108A of the~~  
14 General Statutes, or under the State-County Special Assistance  
15 for Adults Program provided in Part 3 of Article 2 of Chapter  
16 108A, it seeks to collect public assistance payments obtained  
17 through an intentional false statement, intentional  
18 misrepresentation, intentional failure to disclose a material fact,  
19 or inadvertent household error;

- 20 s. The Employment Security Commission of North ~~Carolina.~~  
21 Carolina;
- 22 t. Any State agency in the collection of salary overpayments from  
23 former ~~employees.~~employees; or
- 24 u. The State Board of Education through the Superintendent of  
25 Public Instruction when in the performance of his duties of  
26 administering the program under which the State encourages  
27 participation in the National Board for Professional Teaching  
28 Standards (NBPTS) Program, enabled by Section 19.28 of  
29 Chapter 769 of the 1993 Session Laws."

30 Section 11A.29. G.S. 110-129(6) reads as rewritten:

- 31 "(6) 'Disposable income' means any form of periodic payment to an  
32 individual, regardless of sources, including but not limited to wages,  
33 salary, commission, self-employment income, bonus pay, severance  
34 pay, sick pay, incentive pay, vacation pay, compensation as an  
35 independent contractor, worker's compensation, unemployment  
36 compensation benefits, disability, annuity, survivor's benefits, pension  
37 and retirement benefits, interest, dividends, rents, royalties, trust income  
38 and other similar payments, which remain after the deduction of  
39 amounts for federal, State, and local taxes, Social Security, and  
40 involuntary retirement contributions. However, Supplemental Security  
41 Income, ~~Aid for Dependent Children,~~Work First Family Assistance,  
42 and other public assistance payments shall be excluded from disposable  
43 income. For employers, disposable income means 'wage' as it is defined



1 by G.S. 95-25.2(16). Unemployment compensation benefits shall be  
2 treated as disposable income only for the purposes of income  
3 withholding under the provisions of G.S. 110-136.4, and the amount  
4 withheld shall not exceed twenty-five percent (25%) of the  
5 unemployment compensation benefits."

6 Section 11A.30. G.S. 110-130.1 reads as rewritten:

7 "**§ 110-130.1. ~~Non-AFDC~~ Non-Work First services.**

8 (a) All child support collection and paternity determination services provided  
9 under this Article to recipients of public assistance shall be made available to any  
10 individual not receiving public assistance in accordance with federal law and as  
11 contractually authorized by the nonrecipient, upon proper application and payment of a  
12 nonrefundable application fee of ten dollars (\$10.00).

13 (b) Repealed by Session Laws 1989, c. 490.

14 (b1) In cases in which a public assistance debt which accrued pursuant to G.S. 110-  
15 135 remains unrecovered, support payments shall be transmitted to the Department of  
16 Human Resources for appropriate distribution. When services are terminated and all costs  
17 and any public assistance debts have been satisfied, the support payment shall be  
18 redirected to the client.

19 (c) Actions or proceedings to establish, enforce, or modify a duty of support or  
20 establish paternity as initiated under this Article shall be brought in the name of the  
21 county or State agency on behalf of the public assistance recipient or nonrecipient client.  
22 Collateral disputes between a custodial parent and noncustodial parent, involving  
23 visitation, custody and similar issues, shall be considered only in separate proceedings  
24 from actions initiated under this Article. The attorney representing the designated  
25 representative of programs under Title IV-D of the Social Security Act shall be deemed  
26 attorney of record only for proceedings under this Article, and not for the separate  
27 proceedings. No attorney/client relationship shall be considered to have been created  
28 between the attorney who represents the child support enforcement agency and any  
29 person by virtue of the action of the attorney in providing the services required.

30 (c1) The Department is hereby authorized to use the electronic and print media in  
31 attempting to locate absent and deserting parents. Due diligence must be taken to ensure  
32 that the information used is accurate or has been verified. Print media shall be under no  
33 obligation or duty, except that of good faith, to anyone to verify the correctness of any  
34 information furnished to it by the Department or county departments of social services.

35 (d) Any fee imposed by the North Carolina Department of Revenue or the  
36 Secretary of the Treasury to cover their costs of withholding for ~~non-AFDC~~ non-Work  
37 First arrearages certified for the collection of past due support from State or federal  
38 income tax refunds shall be borne by the client by deducting the fee from the amount  
39 collected.

40 Any income tax refund offset amounts which are subsequently determined to have  
41 been incorrectly withheld and distributed to a client, and which must be refunded by the  
42 State to a responsible parent or the nondebtor spouse, shall constitute a debt to the State  
43 owed by the client."

1 Section 11A.31. G.S. 111-21 reads as rewritten:

2 **"§ 111-21. Disqualifications for relief.**

3 No aid to needy blind persons shall be given under the provisions of this Article to  
4 any individual for any period with respect to which he is receiving aid under the laws of  
5 North Carolina providing aid for dependent children Work First Family Assistance  
6 and/or relief for the aged, and/or aid for the permanently and totally disabled."  
7

8 **SUBPART C. STATUTORY TECHNICAL AND CONFORMING CHANGES**  
9 **RELATING TO THE ABOLISHMENT OF THE COMMISSION ON THE**  
10 **FAMILY.**

11  
12 Section 11A.76. G.S. 143-318.14A(a) reads as rewritten:

13 "(a) Except as provided in subsection (e) below, all official meetings of  
14 commissions, committees, and standing subcommittees of the General Assembly  
15 (including, without limitation, joint committees and study committees), shall be held in  
16 open session. For the purpose of this section, the following also shall be considered to be  
17 'commissions, committees, and standing subcommittees of the General Assembly':

- 18 (1) The Legislative Research Commission;
- 19 (2) The Legislative Services Commission;
- 20 (3) The Advisory Budget Commission;
- 21 (4) The Joint Legislative Utility Review Committee;
- 22 (5) The Joint Legislative Commission on Governmental Operations;
- 23 (6) The Joint Legislative Commission on Municipal Incorporations;
- 24 ~~(7) The Commission on the Family;~~
- 25 (8) The Joint Select Committee on Low-Level Radioactive Waste;
- 26 (9) The Environmental Review Commission;
- 27 (10) The Joint Legislative Transportation Oversight Committee;
- 28 (11) The Joint Legislative Education Oversight Committee;
- 29 (12) The Joint Legislative Commission on Future Strategies for North  
30 Carolina;
- 31 (13) The Commission on Children with Special Needs;
- 32 (14) The Legislative Committee on New Licensing Boards;
- 33 (15) The Agriculture and Forestry Awareness Study Commission;
- 34 (16) The North Carolina Study Commission on Aging; and
- 35 (17) The standing Committees on Pensions and Retirement."

36 Section 11A.79. G.S. 143B-150.8 reads as rewritten:

37 **"§ 143B-150.8. Advisory Committee on Family-Centered Services; responsibilities.**

38 (a) The Advisory Committee on Family-Centered Services shall have the  
39 following responsibilities:

- 40 (1) Provide guidance and advice to the Secretary in the development of a  
41 plan for the statewide implementation of an inter-agency family  
42 preservation services program whereby family-centered preservation  
43 services are available to all counties by July 1, 1995, through the

- 1 coordinated efforts of the Division of Social Services, Division of  
2 Youth Services, and Division of Mental Health, Developmental  
3 Disabilities, and Substance Abuse Services.
- 4 (2) Recommend standards for:
- 5 a. Oversight and development of family-centered preservation  
6 services;
- 7 b. Development and maintenance of inter-agency training and  
8 technical assistance in the provision of family-centered services;
- 9 c. Professional staff qualifications, program monitoring, and data  
10 collection;
- 11 d. Statewide evaluation of locally-based family preservation  
12 programs;
- 13 e. Coordination of funding sources for family preservation  
14 programs;
- 15 f. Procedures for awarding grants to local agencies providing  
16 family-centered services; and
- 17 g. Annual reports to the Governor and the General Assembly on the  
18 services provided and achievements of the Family Preservation  
19 Services Program.
- 20 (3) The Committee shall submit a written report not later than May 1, 1992,  
21 and not later than October 1 of each year thereafter, to the Governor, to  
22 the Joint Legislative Commission on Governmental ~~Operations~~, and to  
23 ~~the Commission on the Family-Operations~~. The report shall address the  
24 progress in implementation of the Family Preservation Services  
25 Program. The report shall include an accounting of funds expended and  
26 anticipated funding needs for full implementation of the program. The  
27 report shall also include the following information for each county  
28 participating in the Program and for the Program as a whole:
- 29 a. The number of families receiving service through the Program;
- 30 b. The number of children at risk of placement prior to initiation of  
31 service in families receiving Program services;
- 32 c. Among those children in sub-subdivision b., the number of  
33 children placed in foster care, in group homes, and in other  
34 facilities outside their homes and families;
- 35 d. The average cost of the service provided to families under the  
36 Program;
- 37 e. The estimated cost of out-of-home placement, through foster  
38 care, group homes, or other facilities, which would otherwise  
39 have been expended on behalf of children at risk of placement  
40 who successfully remain united with their families as a result of  
41 services provided through the Program. Cost estimates should be  
42 based on average length of stay and average cost of such out-of-  
43 home placements;

- 1 f. The number of children who remain unified with their families  
2 for one, two, and three years after receiving services under the  
3 Program; and  
4 g. An overall statement of the progress of the Program and local  
5 projects during the preceding year, along with recommendations  
6 for improvements.

7 (b) The Committee may use funds allocated to it to contract for services to monitor  
8 local projects and for an independent evaluation of the Family Preservation Services  
9 Program."

10 Section 11A.86. (a) Of the funds appropriated in this act to the Department of  
11 Human Resources, the sum of six million seven hundred fifty thousand dollars  
12 (\$6,750,000) for the 1997-98 fiscal year and the sum of two million nine hundred  
13 thousand dollars (\$2,900,000) for the 1998-99 fiscal year shall be used as follows:

- 14 (1) To establish the uniform system of Work First Program, food stamp,  
15 and Medicaid recipient identification;  
16 (2) To provide counties with workstations for biometric imaging; and  
17 (3) To fund one program integrity worker in each county.

18 (b) This section becomes effective July 1, 1997.

19 Section 11A.86A. (a) Of the funds appropriated in this act to the Department of  
20 Human Resources, the sum of twenty million dollars (\$20,000,000) shall be placed in the  
21 Work First Reserve Fund established pursuant to G.S. 108A-27.4.

22 (b) This section becomes effective July 1, 1997.

23 Section 11A.87. The Department of Human Resources shall have the uniform  
24 system of Work First Program, food stamp, and Medicaid recipient identification in place  
25 and operating before June 1, 1998. Except as otherwise provided in this Part, this Part is  
26 effective when it becomes law.

## 27 28 **PART XII. DEPARTMENT OF AGRICULTURE**

29  
30 Requested by: Representative Owens

### 31 **DEPARTMENTS OF AGRICULTURE/COMMERCE/LABOR/AND** 32 **ENVIRONMENT, HEALTH, AND NATURAL RESOURCES/RECEIPT** 33 **SUPPORTED POSITIONS**

34 Section 12. (a) The Department of Agriculture, the Department of Commerce,  
35 the Department of Environment, Health, and Natural Resources, and the Department of  
36 Labor shall by October 15, 1997, and semiannually thereafter, report to the Joint  
37 Legislative Commission on Governmental Operations, the Appropriations  
38 Subcommittees on Natural and Economic Resources in both the House of  
39 Representatives and the Senate, and the Fiscal Research Division regarding the creation  
40 of new receipt-supported positions created within each Department. The report shall  
41 include the following information for each new position created with receipts:

- 42 (1) The Commission, Division, program or office in which the position  
43 is created.

- 1           (2)     The position title or classification.  
2           (3)     The salary.  
3           (4)     The funding source.  
4           (5)     An explanation of the position responsibilities and the justification  
5                 for the position.  
6           (6)     The designation of the position as full-time, part-time, and if time-  
7                 limited, the length of time that the position is anticipated to be  
8                 required.

9           (b) The Department of Agriculture, the Department of Commerce, the  
10 Department of Environment, Health, and Natural Resources, and the Department of  
11 Labor shall abolish any receipt supported position upon approval of the Office of State  
12 Budget and Management if: (i) the position is vacant for more than one calendar year,  
13 and (ii) receipts are insufficient to adequately fund the positions.

14           The Department of Agriculture, the Department of Commerce, the Department  
15 of Environment, Health, and Natural Resources, and the Department of Labor shall by  
16 October 15, 1997, and semiannually thereafter, report to the Joint Legislative  
17 Commission on Governmental Operations, the Appropriations Subcommittees on Natural  
18 and Economic Resources in both the House of Representatives and the Senate, and the  
19 Fiscal Research Division regarding any receipt-supported positions that are abolished and  
20 shall justify any position that is vacant for a calendar year or longer and is not abolished.

21  
22 Requested by: Representatives Mitchell, Baker, Carpenter

### 23 **MOUNTAIN STATE FAIR TO BECOME ENTERPRISE FUND**

24           Section 12A. The activities of the Western North Carolina Agricultural Center  
25 and the Mountain State Fair shall be combined and operated in an enterprise fund.  
26 Current appropriated support to the Western North Carolina Agricultural Center shall be  
27 transferred on a quarterly basis with the anticipation that appropriated support will only  
28 be necessary until the combined operation develops sufficient revenue and operating  
29 reserves to become totally self-supporting.

30  
31 Requested by: Representatives Mitchell, Baker, Carpenter

### 32 **TIMBER SALES FOR MAINTENANCE OF STATE FARMS FORESTLAND**

33           Section 12.1. The Department of Agriculture is authorized to expend up to one  
34 hundred thousand dollars (\$100,000) each year for forestry management from funds  
35 received from the sale of timber that are deposited with the State Treasurer in a capital  
36 improvement account pursuant to G.S. 146-30. The Director of the Budget is authorized  
37 to transfer up to one hundred thousand dollars (\$100,000) from the capital improvement  
38 account to the Reserve for Forestry Management in the Department of Agriculture's  
39 operating budget and to prepare succeeding continuation budget documents to include  
40 one hundred thousand dollars (\$100,000) in the Reserve for Forestry Management.

41  
42 Requested by: Representatives Mitchell, Baker, Carpenter

### 43 **TRANSFER MARITIME MUSEUM TO CULTURAL RESOURCES**

1 Section 12.2. The North Carolina Maritime Museum, all funds appropriated by  
2 the General Assembly for the museum, and all resources and personnel provided for the  
3 museum by the Department of Agriculture are transferred from the Department of  
4 Agriculture to the Department of Cultural Resources. This transfer shall have all of the  
5 elements of a Type I transfer, as that term is defined in G.S. 143A-6(a). Where a conflict  
6 arises in connection with the transfer, the transfer shall be resolved by the Governor, and  
7 the decision of the Governor shall be final.

8  
9 Requested by: Representatives Mitchell, Baker, Carpenter

10 **WESTERN NORTH CAROLINA DEVELOPMENT ASSOCIATION**

11 Section 12.3. The Western North Carolina Development Association shall:

- 12 (1) By January 15, 1998, and more frequently as requested, report to the  
13 Joint Legislative Commission on Governmental Operations and the  
14 Fiscal Research Division the following information:
- 15 a. State fiscal year 1996-97 program activities, objectives, and  
16 accomplishments;
  - 17 b. State fiscal year 1996-97 itemized expenditures and fund  
18 sources;
  - 19 c. State fiscal year 1997-98 planned activities, objectives, and  
20 accomplishments, including actual results through December 31,  
21 1997; and
  - 22 d. State fiscal year 1997-98 estimated itemized expenditures and  
23 fund sources, including actual expenditures and fund sources  
24 through December 31, 1997.
- 25 (2) By January 15, 1999, and more frequently as requested, report to the  
26 Joint Legislative Commission on Governmental Operations and the  
27 Fiscal Research Division the following information:
- 28 a. State fiscal year 1997-98 program activities, objectives, and  
29 accomplishments;
  - 30 b. State fiscal year 1997-98 itemized expenditures and fund  
31 sources;
  - 32 c. State fiscal year 1998-99 planned activities, objectives, and  
33 accomplishments, including actual results through December 31,  
34 1998; and
  - 35 d. State fiscal year 1998-99 estimated itemized expenditures and  
36 fund sources, including actual expenditures and fund sources  
37 through December 31, 1998.
- 38 (3) Provide a copy of the Association's annual audited financial  
39 statement to the Fiscal Research Division within 30 days of issuance  
40 of the statement.

41  
42 Requested by: Representatives Mitchell, Baker, Carpenter

43 **INCREASE GRAPE GROWERS FUNDS**

1 Section 12.4. G.S. 105-113.81A reads as rewritten:

2 **"§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina**  
3 **wine.**

4 The Secretary shall on a quarterly basis credit to the Department of Agriculture  
5 ninety-four percent (94%) of the net proceeds of the excise tax collected on unfortified  
6 wine bottled in North Carolina during the previous quarter and ninety-five percent (95%)  
7 of the net proceeds of the excise tax collected on fortified wine bottled in North Carolina  
8 during the previous quarter, ~~provided except~~ that the amount credited to the Department  
9 of Agriculture under this section shall not exceed ~~ninety-one hundred fifty thousand~~  
10 ~~dollars (\$90,000)–(\$150,000)~~ per fiscal year. The Department of Agriculture shall  
11 allocate the funds received under this section to the North Carolina Grape Growers  
12 Council to be used to promote the North Carolina grape and wine industry and to contract  
13 for research and development services to improve viticultural and enological practices in  
14 North Carolina. Any funds credited to the Department of Agriculture under this section  
15 that are not expended by June 30 of any fiscal year may not revert to the General Fund,  
16 but shall remain available to the Department for the uses set forth in this section."

17  
18 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

19 **AUTHORIZE THE AGRICULTURAL FINANCE AUTHORITY TO USE THE**  
20 **INTEREST FROM THE RESERVE FOR FARM LOANS FOR**  
21 **ADMINISTRATIVE EXPENSES**

22 Section 12.5. G.S. 122D-16 reads as rewritten:

23 "§ 122D-16. Trust funds. (a) Notwithstanding any other provisions of law to the  
24 contrary, all moneys received pursuant to the authority of this Chapter shall be deemed to  
25 be trust funds to be held and applied solely as provided in this Chapter. Interest earned  
26 from these moneys and interest received from loans made from these moneys may be  
27 used for any purpose set out in this Chapter and for the costs of administering this  
28 Chapter. ~~The resolution authorizing any obligations or the trust agreement securing the~~  
29 ~~same any obligations may provide that any of such these moneys may be temporarily~~  
30 ~~invested pending the disbursement thereof of the moneys and shall provide that any~~  
31 ~~officer with whom, or any bank or trust company with which, such moneys shall be~~  
32 ~~deposited, shall act as trustee of such the moneys and shall hold and apply the same~~  
33 ~~moneys for the purposes hereof, under this Chapter, subject to such regulations as this~~  
34 ~~Chapter and such resolution or trust agreement may provide. any rules adopted pursuant~~  
35 ~~to this Chapter and any provisions in the provision or trust agreement. Any such moneys~~  
36 ~~or any other~~

37 (b) All moneys of the Authority may be invested in the following:

- 38 (1) Bonds, notes or treasury bills of the United States;  
39 (2) Non-convertible debt securities of the following issuers:  
40 a. The Federal Home Loan Bank Board;  
41 b. The Federal National Mortgage Association;  
42 c. The Federal Farm Credit Bank; and  
43 d. The Student Loan Marketing Association;

- 1 (3) Any other obligations not listed above which are guaranteed as to  
2 principal and interest by the United States or any of its agencies;
- 3 (4) Certificates of deposit and other evidences of deposit at state and  
4 federal chartered banks and savings and loan associations; provided  
5 that any principal amount of such certificate in excess of the amount  
6 insured by the federal government or any agency thereof be fully  
7 collateralized;
- 8 (5) Obligations of the United States or its agencies under a repurchase  
9 agreement for a shorter time than the maturity date of the security  
10 itself if the market value of the security itself is more than the  
11 amount of funds invested;
- 12 (6) Money market funds whose portfolios consist of any of the  
13 foregoing investments;
- 14 (7) A guaranteed investment or similar contract, which provides for the  
15 investment of funds at a guaranteed rate of return, with an insurance  
16 company or depository financial institution with a claim paying  
17 rating of no less than either of the two highest grades given by a  
18 nationally recognized rating agency; and
- 19 (8) Any other investment authorized by law for the investment of funds  
20 by a unit of local government."  
21

22 Requested by: Representatives Tolson, Arnold

23 **EASTERN NORTH CAROLINA LIVESTOCK ARENA FUNDS**

24 Section 12.6. Section 94 of Chapter 561 of the 1993 Session Laws reads as  
25 rewritten:

26 "Sec. 94. ~~(a)~~ The seven hundred thousand dollars (\$700,000) appropriated in  
27 Section 4 of Chapter 1014 of the 1985 Session Laws and allocated in Section 158(b) of  
28 Chapter 1014 of the 1985 Session Laws, as amended by Section 137(a) of Chapter 738 of  
29 the 1987 Session Laws, Section 154 of Chapter 1086 of the 1987 Session Laws, and  
30 Section 34 of Chapter 1100 of the 1987 Session Laws, to the Rocky Mount Business  
31 Development Authority for the agricultural complex located at Fountain Park ~~in Section~~  
32 ~~137(a) of Chapter 738 of the 1987 Session Laws, as amended by Section 154 of Chapter~~  
33 ~~1086 of the 1987 Session Laws and Section 34 of Chapter 1100 of the 1987 Session~~  
34 ~~Laws, the sum of seven hundred thousand dollars (\$700,000) may be loaned to a city~~  
35 ~~which is located in two counties so as to allow that city to establish a Farmer's Market in~~  
36 ~~the vicinity of the old Fenner's Warehouse No. 1 on the North Church Street corridor.~~

37 ~~(b) This no interest loan shall be repaid by the city to the Rocky Mount Business~~  
38 ~~Development Authority (RMBDA) over the next seven years at the rate of one hundred~~  
39 ~~thousand dollars (\$100,000) per year or at a rate necessary to support the cash flow~~  
40 ~~requirement for planning and constructing a processing facility at Fountain Park.~~

41 ~~(e) The Rocky Mount Business Development Authority (RMBDA) shall provide a~~  
42 ~~grant of all interest accrued to date, less expenses, on the seven hundred thousand dollar~~



1 ~~(\$700,000) appropriation to the Rocky Mount/Edgecombe Community Development~~  
2 ~~Corporation (RMECDC) for the South Washington Street Revitalization Project.~~

3 ~~(d) The City of Rocky Mount shall organize the Rocky Mount Business~~  
4 ~~Development Authority (RMBDA) such that the Authority assists in planning and~~  
5 ~~construction of a vegetable and fruit processing facility in Fountain Park before January~~  
6 ~~1, 2001. This processing facility shall have the capability to, at least: cool, wash, wax,~~  
7 ~~grade, sort, package, and store for transit the commercial produce of local farm families.~~  
8 ~~The facility shall provide facilities for unloading harvested farm fruits and vegetables,~~  
9 ~~loading surface transport with packaged fruits and vegetables, and supporting brokerage~~  
10 ~~operations. RMBDA may use the funds repaid to it under subsection (b) of this section~~  
11 ~~for the purposes of this subsection. Park, plus all interest accrued, shall be used for the~~  
12 ~~construction of a facility to replace the Eastern North Carolina Livestock Arena. This~~  
13 ~~facility shall be used for horse- and swine-breeding stock auctions, for cattle sales, and~~  
14 ~~for functions of the Future Farmers of America and 4-H Clubs.~~"

15  
16 Requested by: Representatives Mitchell, Baker, Carpenter, Brown, H. Hunter

#### 17 **ASSISTANCE FOR SMALL, FAMILY FARMS**

18 Section 12.7. Of the funds appropriated in this act to the Department of  
19 Agriculture for the 1997-98 fiscal year, the sum of fifty thousand dollars (\$50,000) shall  
20 be used to provide assistance to farmers who operate small, family farms. By March 1,  
21 1998, the Department shall report to the Joint Legislative Commission on Governmental  
22 Operations, the Appropriations Subcommittees on Natural and Economic Resources in  
23 both the House of Representatives and the Senate, and the Fiscal Research Division on  
24 the use of these funds, including the number and geographic location of the small, family  
25 farms assisted through this allocation of funds, the type of assistance provided, and any  
26 other information or indicators that demonstrate the overall impact of this allocation of  
27 funds.

28  
29 Requested by: Representatives Mitchell, Baker, Carpenter

#### 30 **SOUTHERN DAIRY COMPACT COMMISSION FUNDS**

31 Section 12.8. (a)Of the funds appropriated in this act to the Department of  
32 Agriculture, the sum of twenty-five thousand dollars (\$25,000) for the 1997-98 fiscal  
33 year and the sum of twenty-five thousand dollars (\$25,000) for the 1998-99 fiscal year  
34 shall be used to support the Southern Dairy Compact Commission.

35 (b) The allocation of funds under subsection (a) of this section is contingent upon  
36 the enactment of House Bill 998 of the 1997 Session of the General Assembly, Senate  
37 Bill 977 of the 1997 Session of the General Assembly, or substantially similar legislation  
38 that creates the Southern Dairy Compact Commission.

### 39 40 **PART XIII. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL** 41 **RESOURCES**

42  
43 Requested by: Representative Carpenter

1 **STUDY DESIRABILITY OF REORGANIZING DEPARTMENT OF**  
2 **ENVIRONMENT, HEALTH, AND NATURAL RESOURCES**

3 Section 13. (a) The Office of State Budget and Management shall review the  
4 programs, divisions, boards, commissions, councils, and committees currently within the  
5 Department of Environment, Health, and Natural Resources and shall conduct a study to  
6 determine the desirability of reorganizing the Department of Environment, Health, and  
7 Natural Resources so as to create two separate departments with one department that  
8 would manage and protect the State's natural resources and with a separate department  
9 that would protect the environment and the public health and contain regulatory  
10 programs. The study shall determine:

- 11 (1) A proposal for allocating existing administrative operating support and  
12 personnel between these two separate departments;
- 13 (2) Any additional personnel that would be needed in association with  
14 creating these two separate departments and the projected cost of these  
15 personnel;
- 16 (3) Any additional equipment that would be needed in association with  
17 creating these two separate departments and the projected cost of this  
18 equipment;
- 19 (4) Any additional office space that would be required and its projected  
20 cost;
- 21 (5) Which programs, divisions, boards, commissions, councils, and  
22 committees should be in a department of natural resources, which  
23 programs, divisions, boards, commissions, councils, and committees  
24 should be in a department of environment and health, and which  
25 programs, divisions, boards, commissions, councils, and committees, if  
26 any, should be in other departments;
- 27 (6) Any additional factors and costs that should be considered were the  
28 Department of Environment, Health, and Natural Resources reorganized  
29 so as to create these two separate departments; and
- 30 (7) The total costs of reorganizing the Department of Environment, Health,  
31 and Natural Resources so as to create these two separate departments.

32 (b) The Office of State Budget and Management shall recommend whether the  
33 Department of Environment, Health, and Natural Resources should be reorganized so as  
34 to create two separate departments, with one department that would manage and protect  
35 the State's natural resources and with a separate department that would protect the  
36 environment and public health and contain regulatory programs. By March 15, 1998, the  
37 Office of State Budget and Management shall report on all matters contained in  
38 subdivisions (1) through (7) of subsection (a) of this section to the Joint Legislative  
39 Commission on Governmental Operations, the Environmental Review Commission, and  
40 the Fiscal Research Division.

41 (c) If House Bill 478 of the 1997 Session of the General Assembly, Senate Bill  
42 383 of the 1997 Session of the General Assembly, or substantially similar legislation that  
43 transfers health services to the Department of Human Resources is enacted by the

1 General Assembly, the Office of State Budget and Management shall exclude from its  
 2 study under this section the programs, divisions, boards, commissions, councils, and  
 3 committees related to health services.

4  
 5 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

6 **ENVIRONMENTAL EDUCATION GRANTS**

7 Section 13A. (a) Of the funds appropriated in this act to the Department of  
 8 Environment, Health, and Natural Resources, the sum of two hundred thousand dollars  
 9 (\$200,000) for the 1997-98 fiscal year shall be used to provide grants to promote  
 10 environmental education throughout the State. Grants under this section may be awarded  
 11 to:

- 12 (1) Schools, community organizations, and environmental education centers  
 13 for the development of environmental education library collections; or
- 14 (2) School groups for field trips to environmental education centers across  
 15 the State, provided the activities of the field trip are correlated with the  
 16 Department of Public Instruction's curriculum objectives.

17 (b) The Department shall report to the Joint Legislative Commission on  
 18 Governmental Operations, the Environmental Review Commission, and the Fiscal  
 19 Research Division by January 1, 1998, and again by July 1, 1998, on the grant program.  
 20 The report shall include a list of amounts awarded and project descriptions for each grant  
 21 recipient.

22  
 23 Requested by: Representative Mitchell

24 **GRASSROOTS SCIENCE PROGRAM**

25 Section 13.1. Of the funds appropriated in this act to the Department of  
 26 Environment, Health, and Natural Resources for the Grassroots Science Program, the  
 27 sum of six hundred thousand dollars (\$600,000) for fiscal year 1997-98 and the sum of  
 28 six hundred thousand dollars (\$600,000) for fiscal year 1998-99 are allocated as grants-  
 29 in-aid for each fiscal year as follows:

	1997-98	1998-99
30		
31		
32		
33	Iredell County Children's Museum	\$50,000
34	\$50,000	
35	Museum of Coastal Carolina	\$50,000
36	\$50,000	
37	Rocky Mount Children's Museum	\$50,000
38	\$50,000	
39	Imagination Station	\$50,000
40	\$50,000	
41	Western North Carolina Nature Center	\$25,000
42	\$25,000	
43	The Health Adventure Museum	

1	of Pack Place Education,	
2	Arts and Science Center, Inc.	\$25,000
3	\$25,000	
4	Cape Fear Museum	\$50,000
5	\$50,000	
6	Catawba Science Center	\$50,000
7	\$50,000	
8	Sci Works Science Center and	
9	Environmental Park of	
10	Forsyth County	\$50,000
11	\$50,000	
12	Natural Science	
13	Center of Greensboro	\$50,000
14	\$50,000	
15	Schiele Museum of Natural History	\$50,000
16	\$50,000	
17	North Carolina Museum of	
18	Life and Science	\$50,000
19	\$50,000	
20	Discovery Place	\$50,000
21	\$50,000	
22		
23	TOTAL	\$600,000
24	\$600,000	

25  
26 Requested by: Representatives Mitchell, Baker, Carpenter

27 **FORESTRY AIRCRAFT LEASE RECEIPTS**

28 Section 13.2. The Division of Forest Resources, Department of Environment,  
29 Health, and Natural Resources, shall use receipts received from the leasing of an  
30 amphibious water-scooping tanker aircraft to offset the operating costs associated with  
31 the aircraft. At the end of each fiscal year of the 1997-99 biennium after all receipts  
32 received for that fiscal year from the leasing of this aircraft have been applied to the  
33 operating costs associated with the aircraft for that fiscal year, any excess funds  
34 appropriated by the General Assembly for that fiscal year for the operating costs  
35 associated with this aircraft shall revert.

36

37 Requested by: Representative Owens

38 **DEHNR LAW ENFORCEMENT PAY STUDY BY THE OFFICE OF STATE**  
39 **PERSONNEL**

40 Section 13.4. (a) The Office of State Personnel shall study employee  
41 classifications, salary schedules, pay equities, and pay inequities for sworn law  
42 enforcement personnel certified by the North Carolina Criminal Justice Training and  
43 Standards Commission who are employed in the Department of Environment, Health,

1 and Natural Resources, Division of Parks and Recreation, in comparison to law  
2 enforcement officers employed in the Division of Marine Fisheries and the Wildlife  
3 Resources Commission. The study by the Office of State Personnel shall consider  
4 appropriate factors related to the compensation of law enforcement officers in the  
5 Division of Parks and Recreation as compared to law enforcement officers in the  
6 Division of Marine Fisheries and the Wildlife Resources Commission, including job  
7 specifications and qualifications, the compensation of personnel in accordance with  
8 educational levels and years of experience, and the equity of compensation among law  
9 enforcement personnel in the Division of Parks and Recreation as compared to the  
10 Division of Marine Fisheries and the Wildlife Resources Commission.

11 (b) The Office of State Personnel shall report its findings and recommendations to  
12 the Joint Legislative Commission on Governmental Operations and the Fiscal Research  
13 Division by January 15, 1998.

14  
15 Requested by: Representatives Mitchell, Baker, Carpenter

#### 16 **MARINE FISHERIES COMMISSION REFORM FUNDS**

17 Section 13.5. (a) Of the funds appropriated in this act to the Department of  
18 Environment, Health, and Natural Resources, the sum of two hundred forty-seven  
19 thousand four hundred seventy-five dollars (\$247,475) for the 1997-98 fiscal year and the  
20 sum of two hundred thirty thousand four hundred seventy-five dollars (\$230,475) for the  
21 1998-99 fiscal year shall be used to provide funding for standing advisory committees  
22 and permanent staff for the Marine Fisheries Commission.

23 (b) The allocation of funds under subsection (a) of this section is contingent  
24 upon the enactment into law of Section 2.1 of House Bill 1097 (Second Edition) or  
25 identical legislation that reduces the membership of the Marine Fisheries Commission  
26 and requires the establishment of advisory committees for the Commission.

27  
28 Requested by: Representatives Mitchell, Baker, Carpenter

#### 29 **MARINE FISHERIES INFORMATION TECHNOLOGY REPORT**

30 Section 13.6. The Division of Marine Fisheries of the Department of  
31 Environment, Health, and Natural Resources shall by March 15, 1998, and more  
32 frequently as requested, report to the Joint Legislative Commission on Seafood and  
33 Aquaculture, the Joint Legislative Commission on Governmental Operations, and the  
34 Fiscal Research Division the following information:

- 35 (1) An update on the consolidation and modernization of the Division's  
36 computer-based management information systems.
- 37 (2) A list of objectives and performance measures for the information  
38 technologies improvement project, for each of the following phases of  
39 the project: development, implementation, and ongoing operation and  
40 maintenance of the new system.
- 41 (3) An explanation, justification, and itemized list of expenditures to date  
42 for consolidation and modernization of the Division's computer-based  
43 management information systems.

- 1 (4) An explanation, justification, and estimate of any additional anticipated  
2 expenditures required beyond fiscal year 1997-98 to complete the  
3 project. If additional expenditures are required, then the Division shall  
4 provide a calendar-based project schedule delineating the additional  
5 phases required including the associated expenditures for each  
6 additional project phase.
- 7 (5) A calendar-based project schedule delineating the various phases of the  
8 project including development, implementation, and completion. This  
9 schedule shall identify the associated expenditures for each project  
10 phase.

11  
12 Requested by: Representatives Mitchell, Baker, Carpenter

13 **MARINE PATROL VESSEL**

14 Section 13.7. The Department of Environment, Health, and Natural Resources  
15 shall make a reasonable effort to obtain a marine patrol vessel from excess federal  
16 property. If the Department fails to obtain such a vessel from excess federal property,  
17 then the Department may use available funds for the 1997-99 biennium, not to exceed  
18 two hundred thousand dollars (\$200,000) to complete the purchase of a marine patrol  
19 vessel.

20  
21 Requested by: Representatives Mitchell, Baker, Carpenter

22 **SHELLFISH REHABILITATION PROGRAM**

23 Section 13.8. The Oyster Rehabilitation Program in the Division of Marine  
24 Fisheries in the Department of Environment, Health, and Natural Resources shall be  
25 renamed the Shellfish Rehabilitation Program. Funds appropriated for the Oyster  
26 Rehabilitation Program or the Shellfish Rehabilitation Program shall be used for the  
27 Shellfish Rehabilitation Program. The Oyster, Clam, and Scallop Subcommittee of the  
28 Marine Fisheries Commission shall advise the Division of Marine Fisheries on the  
29 expenditure of Shellfish Rehabilitation Program funds. The Division of Marine Fisheries  
30 shall report to the Joint Legislative Commission on Seafood and Aquaculture on the  
31 expenditure of Shellfish Rehabilitation Program funds annually, beginning January 1,  
32 1998.

33  
34 Requested by: Representatives Mitchell, Baker, Carpenter

35 **SOIL SURVEY SUPERVISOR ASSIGNMENT**

36 Section 13.9. The Department of Environment, Health, and Natural Resources  
37 shall assign a soil survey supervisor to complete soil surveys in Buncombe and Madison  
38 Counties. This position shall remain assigned to these counties until the soil surveys are  
39 complete.

40  
41 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

42 **BEAVER DAMAGE CONTROL FUNDS**

1 Section 13.10. (a) Subsection (b) of Section 69 of Chapter 1044 of the 1991  
2 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws,  
3 Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of  
4 the 1995 Session Laws, and Section 27.15 of Chapter 18 of the Session Laws of the 1996  
5 Second Extra Session reads as rewritten:

6 "(b) The Beaver Damage Control Advisory Board shall develop a program to  
7 control beaver damage on private and public lands. Anson, Bertie, Bladen, Brunswick,  
8 Carteret, Chatham, Chowan, Craven, Columbus, Cumberland, Duplin, Edgecombe,  
9 Franklin, Gates, Granville, Greene, Halifax, Harnett, Hertford, Hoke, Johnston, Jones,  
10 Lee, Lenoir, Lincoln, Martin, Nash, Northampton, Onslow, Pamlico, Pender, Pitt,  
11 Robeson, Sampson, Scotland, Vance, Warren, Washington, Wayne, and Wilson Counties  
12 shall participate in the program. The Beaver Damage Control Advisory Board shall act  
13 in an advisory capacity to the Wildlife Resources Commission in the implementation of  
14 the program. In developing the program, the Board shall:

- 15 (1) Orient the program primarily toward public health and safety and  
16 toward landowner assistance, providing some relief to landowners  
17 through beaver control and management rather than eradication;
- 18 (2) Develop a priority system for responding to complaints about beaver  
19 damage;
- 20 (3) Develop a system for documenting all activities associated with beaver  
21 damage control, so as to facilitate evaluation of the program;
- 22 (4) Provide educational activities as a part of the program, such as printed  
23 materials, on-site instructions, and local workshops;
- 24 (5) Provide for the hiring of personnel necessary to implement beaver  
25 damage control activities, administer the program, and set salaries of  
26 personnel;
- 27 (6) Evaluate the costs and benefits of the program that might be applicable  
28 elsewhere in North Carolina.

29 No later than January ~~15, 1997,~~ 15 of each year, the Board shall issue a report to the  
30 Wildlife Resources Commission on the program to date, including recommendations on  
31 the feasibility of continuing the program in participating counties and the desirability of  
32 expanding the program into other counties. The Wildlife Resources Commission shall  
33 prepare a plan to implement a statewide program to control beaver damage on private and  
34 public lands. No later than March ~~15, 1997,~~ 15 of each year, the Wildlife Resources  
35 Commission shall present its plan in a report to the House Appropriations Subcommittee  
36 on Natural and Economic Resources, the Senate Appropriations Committee on Natural  
37 and Economic Resources, and the Fiscal Research Division."

38 (b) Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as  
39 amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of  
40 Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of the 1995 Session  
41 Laws, and Section 27.15 of Chapter 18 of the Session Laws of the 1996 Second Extra  
42 Session reads as rewritten:

43 "(h) Subsections (a) through (d) of this section expire June 30, ~~1997-1998.~~"

1 (c) Of the funds available to the Wildlife Resources Commission for the 1997-98  
2 fiscal year, up to the sum of four hundred fifty thousand dollars (\$450,000) shall be used  
3 to provide the State share necessary to continue the beaver damage control program,  
4 provided the sum of twenty-five thousand dollars (\$25,000) in federal funds is available  
5 for the 1997-98 fiscal year to provide the federal share. These funds shall be matched by  
6 four thousand dollars (\$4,000) of local funds for the 1997-98 fiscal year from each of the  
7 participating counties. Counties participating in this program shall make a commitment  
8 of their local matching funds to the Wildlife Resources Commission no later than  
9 September 30, 1997.

10  
11 Requested by: Representative Hall

12 **AREA THREE SOIL AND WATER REGIONAL COORDINATOR**

13 Section 13.11. Of the funds appropriated in this act to the Department of  
14 Environment, Health, and Natural Resources, the sum of forty-six thousand six hundred  
15 dollars (\$46,600) for the 1997-98 fiscal year and the sum of forty-three thousand six  
16 hundred dollars (\$43,600) for the 1998-99 fiscal year shall be allocated to support a new  
17 position and equipment needs of a regional coordinator for Area 3 of the State Soil and  
18 Water Conservation districts. Area 3 of the State Soil and Water Conservation districts  
19 includes the Neuse River Basin and the following 11 counties: Alamance, Caswell,  
20 Chatham, Guilford, Lee, Montgomery, Moore, Orange, Person, Randolph, and  
21 Rockingham.

22  
23 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

24 **ANIMAL WASTE COMPLIANCE PROGRAM REPORT**

25 Section 13.12. (a) No later than October 15, 1997, and quarterly thereafter, the  
26 Department of Environment, Health, and Natural Resources shall submit status reports to  
27 the Environmental Review Commission and the Fiscal Research Division. Each report  
28 shall include, but not be limited to:

- 29 (1) The number of permits for animal waste management systems, itemized  
30 by type of animal subject to such permits, issued since the last report  
31 and a total for that calendar year.
- 32 (2) The number of operations reviews of animal waste management systems  
33 that the Division of Soil and Water Conservation has conducted since  
34 the last report and a total for that calendar year.
- 35 (3) The number of operations reviews of animal waste management systems  
36 conducted by agencies other than the Division of Soil and Water  
37 Conservation that have been conducted since the last report and a total  
38 for that calendar year.
- 39 (4) The number of reinspections associated with operations reviews  
40 conducted by the Division of Soil and Water Conservation since the last  
41 report and a total for that calendar year.



- 1 (5) The number of reinspections associated with operations reviews  
2 conducted by agencies other than the Division of Soil and Water  
3 Conservation since the last report and a total for that calendar year.
- 4 (6) The number of compliance inspections of animal waste management  
5 systems that the Division of Water Quality has conducted since the last  
6 report and a total for that calendar year.
- 7 (7) The number of follow-up inspections associated with compliance  
8 inspections conducted by the Division of Water Quality since the last  
9 report and a total for that calendar year.
- 10 (8) The average length of time for each category of reviews and inspections  
11 under subdivisions (2) through (7) of this subsection.
- 12 (9) The number of violations found during each category of review and  
13 inspection under subdivisions (2) through (7) of this subsection, the  
14 status of enforcement actions taken and pending, and the penalties  
15 imposed, collected, and in the process of being negotiated for each such  
16 violation.
- 17 (b) The information to be included in the reports pursuant to subsection (a) of this  
18 section shall be itemized by each regional office of the Department, with totals for the  
19 State indicated.

20  
21 Requested by: Representative Mitchell

22 **ANIMAL WASTE MANAGEMENT SYSTEM GENERAL PERMIT REVISIONS**

23 Section 13.13. (a) The interagency group created in Section 18 of Chapter 626  
24 of the 1995 Session Laws and the Department of Environment, Health, and Natural  
25 Resources shall, by October 1, 1997, cooperatively revise the general permits for animal  
26 waste management systems that were previously developed by the Department and  
27 accordingly revise the proposed time schedule for issuing these general permits. The  
28 provisions of the revised general permits shall be more flexible for the farmer and more  
29 practical for the farmer to implement and shall not conflict with the site-specific certified  
30 animal waste management plans. The interagency group and the Department may refer  
31 to House Bill 357 of the 1997 Regular Session of the General Assembly for guidance in  
32 determining the issues that need to be addressed in the revision process. By October 1,  
33 1997, the interagency group and the Department shall submit a joint report of the revised  
34 general permits and the revised time schedule for issuing these permits to the  
35 Environmental Review Commission.

36 (b) Subsection (c) of Section 19 of Chapter 626 of the 1995 Session Laws reads as  
37 rewritten:

- 38 "(c) (1) G.S. 143-215.10C, as enacted by Section 1 of this act,  
39 becomes effective January 1, 1997. In order to ensure an orderly and  
40 cost-effective phase-in of the permit program, the Department of  
41 Environment, Health, and Natural Resources shall issue permits for  
42 animal operations over a five-year period. The Subject to subdivision  
43 (5) of this subsection, the Department shall issue permits for

1 approximately twenty percent (20%) of the animal waste management  
2 facilities that are in operation on January 1, 1997, during each of the  
3 five calendar years beginning January 1, 1997, and shall give priority  
4 to those animal waste management systems serving the largest animal  
5 operations. An animal waste management system that is deemed  
6 permitted by rule on January 1, 1997, under 15A N.C.A.C. 2H.0217  
7 may continue to operate on a deemed permitted basis as provided in  
8 ~~subsection (b) of this section.~~ subdivision (2) of this subsection.

9 (2) In accordance with its phase-in schedule, the Department shall notify  
10 each owner or operator of an animal waste management system that is  
11 deemed permitted of the date by which an application for a permit for  
12 that animal waste management system shall be submitted by certified  
13 mail. An owner or operator of an animal waste management system  
14 who fails to submit an application for a permit by the date specified by  
15 the Department shall not operate the animal waste management system  
16 after that date. An animal waste management system that is authorized  
17 to continue operation under this section and for which a timely  
18 application for a permit is submitted may continue to operate on a  
19 deemed permitted basis until the Department either issues a permit or  
20 notifies the owner or operator that the application for a permit is denied.  
21 An animal waste management system that is deemed permitted shall be  
22 subject to the annual operational review and annual inspection  
23 requirements as though it were permitted.

24 (3) The Department shall act on an application for a permit for a new  
25 facility or for the expansion of an existing facility within 90 days after  
26 the Department receives the application.

27 (4) Notwithstanding G.S. 143-215.10C (a) through (d), a dry litter animal  
28 waste management system involving 30,000 or more birds shall  
29 continue to operate on a deemed permitted basis by rule under 15A  
30 N.C.A.C. 2H.0217 and shall comply with the animal waste management  
31 plan testing and record-keeping requirements by January 1, ~~1998-2000.~~

32 (5) Animal waste management systems for dairy facilities that are  
33 constructed or expanded on or after January 1, 1998, shall be required to  
34 obtain a permit in accordance with G.S. 143-215.10C prior to the  
35 construction or expansion. An animal waste management system for  
36 any dairy facility in operation before January 1, 1998, shall continue to  
37 be deemed permitted under 15A N.C.A.C. 2H.0217 so long as both of  
38 the following are satisfied:

39 a. That facility obtains a certified animal waste management plan  
40 by December 31, 1997, or the operator of that facility and the  
41 Environmental Management Commission enter into a special  
42 agreement pursuant to Section 14(b) of Chapter 626 of the 1995  
43 Session Laws.

1           b.     That facility remains in compliance with the certified animal  
2                 waste management plan or the special agreement, whichever  
3                 applies.

4           The Department shall issue permits for approximately twenty percent  
5           (20%) of the animal waste management systems for dairy facilities in  
6           operation before January 1, 1998, during each of the five calendar years  
7           beginning January 1, 1999, and shall give priority to those animal waste  
8           management systems serving the largest dairies. An animal waste  
9           management system for a dairy facility in operation before January 1,  
10           1998, that is deemed permitted by rule under 15A N.C.A.C. 2H.0217  
11           may continue to operate on a deemed permitted basis as provided in this  
12           subdivision and subdivision (2) of this subsection."

13       (c)     After the revised general permits are adopted, the Department shall issue the  
14     revised general permit to all animal waste management operations currently holding  
15     general permits.

16  
17     Requested by: Representatives Mitchell, Baker, Carpenter

#### 18     **ODOR CONTROL STUDY FUNDS**

19           Section 13.14. Of the funds appropriated to the Department of Environment,  
20     Health, and Natural Resources for the 1996-97 fiscal year and transferred to the Board of  
21     Governors of The University of North Carolina for the North Carolina Agricultural  
22     Research Service at North Carolina State University for research into economically  
23     feasible odor control technologies and for a detailed economic analysis of odor  
24     management alternatives, the sum of six hundred thousand dollars (\$600,000) shall not  
25     revert to the General Fund on June 30, 1997. These funds shall remain in the budget of  
26     North Carolina State University for expenditure by the North Carolina Agricultural  
27     Research Service during the 1997-98 fiscal year. These funds may be used for capital  
28     expenditures to construct current technology swine production facilities for the purpose  
29     of research in adapting or developing new odor control technologies. The use of these  
30     funds for capital expenditures shall be authorized without any requirement of matching  
31     funds from private sources.

32  
33     Requested by: Representatives Mitchell, Baker, Carpenter

#### 34     **SUPERFUND PROGRAM/INACTIVE HAZARDOUS SITES FUNDS**

35           Section 13.15. (a)     The Department of Environment, Health, and Natural  
36     Resources may use available funds, with the approval of the Office of State Budget and  
37     Management, to provide the ten percent (10%) cost share required for Superfund  
38     cleanups on the National Priority List sites, to pay the operating and maintenance costs  
39     associated with these Superfund cleanups, and for the cleanup of priority inactive  
40     hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of  
41     the General Statutes. These funds may be in addition to those appropriated for this  
42     purpose.

1 (b) The Department of Environment, Health, and Natural Resources and the Office  
2 of State Budget and Management shall report to the Environmental Review Commission  
3 and the Joint Legislative Commission on Governmental Operations the amount and the  
4 source of the funds used pursuant to subsection (a) of this section within 30 days of the  
5 expenditure of these funds.

6  
7 Requested by: Representatives Mitchell, Baker, Carpenter

#### 8 **FUNDS FOR VOLUNTARY REMEDIAL ACTIONS**

9 Section 13.16. (a) During the 1997-99 fiscal biennium, the Secretary of  
10 Environment, Health, and Natural Resources may contribute from the Inactive Hazardous  
11 Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to exceed  
12 fifty thousand dollars (\$50,000) per site, of implementing a voluntary remedial action  
13 program at up to three high-priority sites that substantially endanger public health or the  
14 environment.

15 (b) No later than April 1 of each year of the 1997-99 fiscal biennium, the  
16 Department of Environment, Health, and Natural Resources shall report to the General  
17 Assembly. Each report shall contain the location of the sites for which a voluntary  
18 remedial action program was implemented under subsection (a) of this section, the  
19 rationale for the State contributing to the cost of that remedial action, and the amount of  
20 the contribution made from the Inactive Hazardous Sites Cleanup Fund.

21  
22 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

#### 23 **POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE TO** 24 **SMALL BUSINESSES WITH NEED**

25 Section 13.17. The Division of Pollution Prevention and Environmental  
26 Assistance shall, to the extent feasible, give greatest priority to small businesses that can  
27 demonstrate financial need when the Division of Pollution Prevention and Environmental  
28 Assistance awards grants or otherwise provides technical or financial assistance.

29  
30 Requested by: Representatives Mitchell, Baker, Carpenter

#### 31 **PERMIT INFORMATION CENTER**

32 Section 13.18. The Department of Environment, Health, and Natural  
33 Resources may use any available funds to operate a permit information center within the  
34 Department to improve permit applications, guidance materials, applicant and citizen  
35 training, and for other related purposes.

36  
37 Requested by: Representatives Mitchell, Baker, Carpenter

#### 38 **AGRICULTURE WASTE RESEARCH REPORTS**

39 Section 13.19. The Primary Investigator or Researcher receiving funding from  
40 the State pursuant to Section 2 of Chapter 18 of the Session Laws of the 1996 Second  
41 Extra Session for each of the following research projects and studies shall provide a  
42 progress report to the Environmental Review Commission, the Joint Legislative  
43 Commission on Governmental Operations, the Scientific Advisory Council on Water

1 Resources and Coastal Fisheries Management, and the Fiscal Research Division on  
2 January 1 and July 1 of each year until the project or study is complete:

- 3 (1) Odor control technology.
- 4 (2) Sources of nitrogen through isotope markers.
- 5 (3) Groundwater impacts of lagoons.
- 6 (4) Atmospheric deposition of nitrogen in the Neuse Estuary.
- 7 (5) Alternative animal waste technologies.

8 Upon completion of the project or study, the Primary Investigator or Researcher shall  
9 provide a final report.

10

11 Requested by: Representatives Mitchell, Baker, Carpenter

12 **TOWN FORK CREEK SOIL CONSERVATION PROJECT**

13 Section 13.20. (a) The funds placed in a reserve account in the Department of  
14 Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507  
15 of the 1995 Session Laws shall not revert until June 30, 1999. Those funds are  
16 reallocated as follows:

- 17 (1) Five hundred four thousand five hundred sixty dollars (\$504,560) to the  
18 Stokes County Water and Sewer Authority, Inc., for the Germanton  
19 Water Project.
- 20 (2) Nine hundred thirty thousand six hundred eighty dollars (\$930,680) to  
21 the Stokes County Water and Sewer Authority, Inc., for the Madison  
22 Connection Project.
- 23 (3) Eighty thousand dollars (\$80,000) to the Stokes County Water and  
24 Sewer Authority, Inc., for the Dan River Project.
- 25 (4) Thirty thousand dollars (\$30,000) to the Department of Environment,  
26 Health, and Natural Resources for the Limestone Creek small watershed  
27 project in Duplin County.
- 28 (5) Three hundred forty thousand six hundred forty dollars (\$340,640) to  
29 the Department of Environment, Health, and Natural Resources for the  
30 Deep Creek small watershed project in Yadkin County.

31 (b) The Department of Environment, Health, and Natural Resources and the  
32 Stokes County Water and Sewer Authority, Inc., shall report by October 1 and March 1  
33 of each fiscal year to the Joint Legislative Commission on Governmental Operations, the  
34 Fiscal Research Division of the General Assembly, and the Office of State Budget and  
35 Management regarding the use of the funds reallocated by this section. Each report shall  
36 include all of the following:

- 37 (1) The estimated cost of each project.
- 38 (2) The date that work on each project began or is expected to begin.
- 39 (3) The date that work on each project was completed or is expected to be  
40 completed.
- 41 (4) The actual cost of each project.

42

43 Requested by: Representatives Mitchell, Baker, Carpenter, Yongue

1 **MEADOW BRANCH WATER PROJECT AND DEEP CREEK PROJECT**  
2 **FUNDS DO NOT REVERT**

3 Section 13.21. Section 107(b) of Chapter 561 of the 1993 Session Laws as  
4 rewritten by Section 26.1 of Chapter 507 of the 1995 Session Laws reads as rewritten:

5 "(b) Where the actual costs are different from the estimated costs under subsection  
6 (a) of this section, the Department may adjust the allocations among projects as needed.  
7 If any projects listed in subsection (a) of this section are delayed and the budgeted State  
8 funds cannot be used during the 1993-94 fiscal year, or if the projects listed in subsection  
9 (a) of this section are accomplished at a lower cost, the Department may use the resulting  
10 fund availability to fund:

- 11 (1) Corps of Engineers project feasibility studies, or
- 12 (2) Corps of Engineers projects whose schedules have advanced and require  
13 State matching funds in fiscal year 1993-94, or
- 14 (3) State-local Water Resources Development Projects.

15 Funds, except those allocated in subdivisions (a)(14), (15), (16), and (17) of this section,  
16 not expended or encumbered for these purposes shall revert to the General Fund at the  
17 end of the 1994-95 fiscal year. The funds allocated in subdivisions (a)(14), ~~(15), (16),~~  
18 ~~and (17) and (16)~~ of this section shall not revert until June 30, 1997. The funds allocated  
19 in subdivisions (15) and (17) of this section shall not revert until June 30, 1999."

20  
21 Requested by: Representative Culp

22 **RANDLEMAN DAM FUNDS DO NOT REVERT**

23 Section 13.22. Subsection (c) of Section 8 of Chapter 777 of the 1993 Session  
24 laws as rewritten by Section 26.2 of Chapter 507 of the 1995 Session Laws reads as  
25 rewritten:

26 "(c) All funds appropriated in Chapter 769 of the 1993 Session Laws for the  
27 construction of Randleman Dam shall revert to the General Fund on ~~October 1, 1997,~~  
28 October 1, 1999, if construction has not begun before that date."

29  
30 Requested by: Representative Allred

31 **MULTI-COUNTY WATER CONSERVATION AND INFRASTRUCTURE**  
32 **DISTRICT**

33 Section 13.22A. G.S. 158-15.1(f) reads as rewritten:

34 "(f) At times specified by the Multi-County Water Commission, net revenues after  
35 operating expenses of the District shall be paid ~~only to Bertie, Granville, Halifax, Martin,~~  
36 ~~Northampton, Person, Vance, and Warren Counties according to each of the fifteen~~  
37 member counties according to the following formula: (i) one-half pro-rata based on the  
38 population located within the Roanoke River Basin area of each member county; and (ii)  
39 one-half pro-rata based on the land area located within the Roanoke River Basin area of  
40 each county. The remaining member counties shall receive none of the net revenues  
41 received pursuant to subsection (d) of this section."

42  
43 Requested by: Representatives Mitchell, Baker, Carpenter

**WATER QUALITY PERMIT PROGRAMS/RESERVE FUNDS**

Section 13.23. (a) Of the funds appropriated to the Department of Environment, Health, and Natural Resources by this act for the 1997-98 fiscal year, the sum of one million dollars (\$1,000,000) shall be held in reserve within the Department.

(b) Of those funds held in reserve, the sum of one hundred fifty thousand dollars (\$150,000) shall be used to replace federal construction grant funds when the federal funds cease for the support of three positions in the Division of Water Quality, Department of Environment, Health, and Natural Resources.

(c) The remaining eight hundred fifty thousand dollars (\$850,000) held in reserve is to offset a possible permit receipt shortfall for the water quality programs for unrealized revenue up to two million nine hundred fifty thousand dollars (\$2,950,000).

Subject to approval by the Office of State Budget and Management, the Department may use the reserve funds during the 1997-98 fiscal year in accordance with this subsection. The eight hundred fifty thousand dollars (\$850,000) in reserve may be used to provide the necessary cash flow for the water quality programs during the fiscal year if receipts during the fiscal year are insufficient to cover water quality program expenditures. The reserve funds shall be used only for the water quality programs administered by the Water Quality Section of the Water Quality Division.

At the end of the 1997-98 fiscal year:

(1) If the receipts generated by the water quality permit programs for the 1997-98 fiscal year are less than two million nine hundred fifty thousand dollars (\$2,950,000), then the Water Quality Section may retain from the reserve an amount equal to the difference between two million nine hundred fifty thousand dollars (\$2,950,000) and actual water quality permit receipts for the 1997-98 fiscal year, not to exceed eight hundred fifty thousand dollars (\$850,000).

(2) If the receipts generated by the water quality permit programs for the 1997-98 fiscal year are two million nine hundred fifty thousand dollars (\$2,950,000) or more, then the Water Quality Section shall not retain any funds from the reserve.

(d) All receipts, State funds, and federal funds that are budgeted for the Water Quality Section of the Water Quality Division, Department of Environment, Health, and Natural Resources, shall be used only for the Water Quality Section and the water quality programs administered by that section and shall not be transferred or used for any other purpose.

(e) For purposes of this section, "water quality permits" means all permits issued under Part 1 of Article 21 of Chapter 143 of the General Statutes that are administered by the Water Quality Section of the Water Quality Division, Department of Environment, Health, and Natural Resources.

Requested by: Representatives Mitchell, Baker, Carpenter

**FEDERAL FUNDS FOR WATER QUALITY INDIRECT COSTS USED FOR WATER QUALITY**

1 Section 13.24. Federal funds received by the Department of Environment,  
2 Health, and Natural Resources received as federal indirect cost receipts associated with  
3 the federal Environmental Protection Agency "106" water quality grant may be credited  
4 to and used by the Water Quality Section of the Water Quality Division for the permit  
5 programs and activities administered by that section.  
6

7 Requested by: Representatives Mitchell, Baker, Carpenter

8 **STATE MATCH FOR FEDERAL WATER SUPPLY AND WASTEWATER**  
9 **ASSISTANCE FUNDS**

10 Section 13.25. For the 1997-98 fiscal year, of the funds reserved under G.S.  
11 143-15.3B to the Clean Water Management Trust Fund, the State Controller shall transfer  
12 the sum of thirteen million two hundred twenty-four thousand five hundred ninety-five  
13 dollars (\$13,224,595) to the Department of Environment, Health, and Natural Resources  
14 to be allocated as follows:

15 (1) The sum of \$4,001,775 shall be used for the twenty percent (20%) State  
16 match required to receive federal wastewater assistance funds for  
17 revolving construction loans and other assistance as set forth in Chapter  
18 159G of the General Statutes. The funds allocated under this section  
19 shall be deposited in the State Revolving Water Fund account of the  
20 Clean Water Pollution Control Revolving Fund.

21 (2) The sum of \$9,222,820 shall be used for the twenty percent (20%) State  
22 match required to receive federal water supply assistance funds for  
23 revolving construction loans and other assistance as set forth in Title I,  
24 section 130 of the federal Safe Drinking Water Act Amendments of  
25 1996. The funds allocated under this section are to be deposited in a  
26 State fund that is available from year to year for the purpose of  
27 providing revolving loans and grants to local government units for water  
28 supply assistance.  
29

30 Requested by: Representative Culp

31 **ESTABLISH DRINKING WATER REVOLVING LOAN FUND**

32 Section 13.26. G.S. 159G-5 is amended by adding a new subsection to read:

33 "(d) The Drinking Water Treatment Revolving Loan Fund is established as a  
34 special account within the Clean Water Revolving Loan and Grant Fund. This account  
35 shall be established and managed in accordance with the requirements of section 130 of  
36 Title I of the federal Safe Drinking Water Act Amendments of 1996 (Pub. L. 104-182;  
37 110 Stat. 1662; 42 U.S.C. § 300j-12), to achieve the purposes and goals of the federal  
38 Safe Drinking Water Act Amendments of 1996. The funds in the Drinking Water  
39 Treatment Revolving Loan Fund may be used only for the purposes of providing  
40 revolving construction loans and other assistance as set forth in section 130 of Title I of  
41 the federal Safe Drinking Water Act Amendments of 1996 and the regulations  
42 promulgated thereunder, including making grants to the extent permitted by these  
43 amendments or these regulations."



1  
2 Requested by: Representative Baker

3 **SOLID WASTE OPERATOR COURSE EXEMPT**

4 Section 13.27. G.S. 130A-309.25 is amended by adding a new subsection to  
5 read:

6 "(f) This section does not apply to any operator of a solid waste management  
7 facility who has five years continuous experience as an operator of a solid waste  
8 management facility immediately preceding January 1, 1998, provided that the operator  
9 attends a course and completes the continuing education requirements approved by the  
10 Department."

11  
12 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

13 **PARTNERSHIP FOR THE SOUNDS**

14 Section 13.28. (a) Subject to subsection (c) of this section, the Partnership for  
15 the Sounds shall, no later than January 15, 1998, submit a report to the Joint Legislative  
16 Commission on Governmental Operations and the Fiscal Research Division that provides  
17 the following information:

- 18 (1) Program activities, objectives, and accomplishments for the 1996-97  
19 fiscal year;
- 20 (2) Itemized expenditures and fund sources for the 1996-97 fiscal year;
- 21 (3) Planned activities, objectives, and accomplishments for the 1997-98  
22 fiscal year, including actual results through December 31, 1997; and
- 23 (4) Estimated itemized expenditures and fund sources for the 1997-98 fiscal  
24 year, including actual expenditures and fund sources through December  
25 31, 1997.

26 (b) Subject to subsection (c) of this section, the Partnership for the Sounds shall,  
27 no later than January 15, 1999, submit a report to the Joint Legislative Commission on  
28 Governmental Operations and the Fiscal Research Division that provides the following  
29 information:

- 30 (1) Program activities, objectives, and accomplishments for the 1997-98  
31 fiscal year;
- 32 (2) Itemized expenditures and fund sources for the 1997-98 fiscal year;
- 33 (3) Planned activities, objectives, and accomplishments for the 1998-99  
34 fiscal year, including actual results through December 31, 1998; and
- 35 (4) Estimated itemized expenditures and fund sources for the 1998-99 fiscal  
36 year, including actual expenditures and fund sources through December  
37 31, 1998.

38 (c) The Partnership for the Sounds shall provide additional reports to the Joint  
39 Legislative Commission on Governmental Operations or the Fiscal Research Division  
40 upon request.

41 (d) The Partnership for the Sounds shall provide a copy of its annual audited  
42 financial statement to the Fiscal Research Division within 30 days of issuing the financial  
43 statement.

1  
2 Requested by: Representatives Mitchell, Baker, Carpenter

3 **COMMUNICABLE DISEASE CONTROL AID TO COUNTIES FLEXIBILITY**

4 Section 13.29. (a) For the 1997-98 and 1998-99 fiscal years, the Department of  
5 Environment, Health, and Natural Resources may combine and allocate funds  
6 appropriated for Aid to Counties in the Acute Communicable Disease Control Fund, the  
7 Tuberculosis Control Fund, and the Sexually Transmitted Disease Control Fund into one  
8 Acute Communicable Disease Control Aid to Counties Grant. Communicable Disease  
9 Aid to Counties funding to local health departments and other authorized recipients will  
10 be based on a general communicable disease formula to be developed by the Department  
11 of Environment, Health, and Natural Resources.

12 (b) The Department of Environment, Health, and Natural Resources, in  
13 conjunction with local health departments, will maintain a system to monitor and identify  
14 Aid to Counties communicable disease expenditures by each communicable disease  
15 group. The Department shall report to the Joint Legislative Commission on  
16 Governmental Operations not later than October 1, 1997, and annually thereafter, on Aid  
17 to Counties expenditures by county for each communicable disease group and the  
18 purpose of the expenditures for the fiscal year. The report shall also include an  
19 evaluation of the effectiveness of combining Aid to Counties funding into one grant fund  
20 and the effectiveness of the formula used to allocate funds.

21  
22 Requested by: Representatives Mitchell, Baker, Carpenter

23 **DWI TEST CHANGES**

24 Section 13.30. (a) For the 1997-98 and 1998-99 fiscal years, any funds  
25 collected under G.S. 20-16.5(j) that are designated for the chemical alcohol testing  
26 program of the Injury Control Section of the Department of Environment, Health, and  
27 Natural Resources and are not needed for that program shall be transferred annually to  
28 the Governor's Highway Safety Program for grants to local law enforcement agencies for  
29 training and enforcement of the laws on driving while impaired. The Governor's  
30 Highway Safety Program shall expend funds transferred to it under this section within 13  
31 months of receipt of the funds. Amounts received by the Governor's Highway Safety  
32 Program shall not revert until the June 30 following the 13-month period.

33 (b) Notwithstanding G.S. 143-23(a1)(3), if the total requirements for the 1997-98  
34 and 1998-99 fiscal years for the statewide chemical alcohol testing program exceed funds  
35 appropriated in this act for the program, then the Injury Control Section may use funds in  
36 accordance with G.S. 20-16.5(j) to fund the chemical alcohol testing program  
37 requirements in excess of the General Fund appropriation, provided that total  
38 expenditures for the 1997-98 and 1998-99 fiscal years for the chemical alcohol testing  
39 program shall not exceed amounts collected under G.S. 20-16.5(j) and designated for the  
40 chemical alcohol and testing program.

41  
42 Requested by: Representatives Mitchell, Baker, Carpenter

43 **STATE TRAINING/ENVIRONMENTAL HEALTH SPECIALISTS**

1 Section 13.31. The Department of Environment, Health, and Natural  
2 Resources shall improve the initial training provided to environmental health specialists  
3 serving as agents of the State. The Department shall utilize modern technology and  
4 training techniques for improving the training program. The Department shall make a  
5 progress report on the training program to the Joint Legislative Commission on  
6 Governmental Operations and the Fiscal Research Division not later than July 1, 1998.

7  
8 Requested by: Representatives Mitchell, Baker, Carpenter

9 **CHILDHOOD LEAD EXPOSURE CONTROL**

10 Section 13.32. (a) Of the funds appropriated in this act to the Department of  
11 Environment, Health, and Natural Resources, the sum of two hundred thirty-seven  
12 thousand seventy-nine dollars (\$237,079) for the 1997-98 fiscal year and the sum of two  
13 hundred ten thousand eight hundred seventy-nine dollars (\$210,879) for the 1998-99  
14 fiscal year shall be used to expand the State's Childhood Lead Poisoning Prevention  
15 Program.

16 (b) The allocation of funds under subsection (a) of this section is contingent  
17 upon the enactment into law of House Bill 1007, Senate Bill 806, or identical legislation,  
18 by the 1997 General Assembly.

19  
20 Requested by: Representatives Mitchell, Baker, Carpenter

21 **EXTEND HEART DISEASE AND STROKE PREVENTION TASK FORCE**

22 Section 13.33. Subsections (l) and (m) of Section 26.9 of Chapter 507 of the  
23 1995 Session Laws read as rewritten:

24 "(l) The Task Force shall submit to the Governor and to the General Assembly a  
25 preliminary report by January 1, 1996; an interim report within the first week of the  
26 convening of the 1997 General Assembly; a second interim report within the first week of  
27 the convening of the 1997 General Assembly, Regular Session 1998; a third interim  
28 report within the first week of the convening of the 1999 General Assembly, and a final  
29 report by ~~October 1, 1997.~~ June 30, 1999. The reports shall address the Plan, actions and  
30 resources needed to fully implement the Plan, and progress in achieving implementation  
31 of the Plan to reduce the occurrence of and burden from heart disease and stroke in North  
32 Carolina. The reports shall include an accounting of funds expended and anticipated  
33 funding needs for full implementation of recommended plans and programs.

34 (m) Upon submission of its final report to the Governor and the ~~1997-1999~~ General  
35 Assembly, the Task Force shall expire."

36  
37 Requested by: Representatives Mitchell, Baker, Carpenter

38 **CANCER CONTROL FUNDS**

39 Section 13.34. Of the funds appropriated in this act to the Department of  
40 Environment, Health, and Natural Resources, the sum of three hundred fifty thousand  
41 dollars (\$350,000) for the 1997-98 fiscal year and the sum of two hundred fifty thousand  
42 dollars (\$250,000) for the 1998-99 fiscal year shall be allocated for promoting the  
43 prevention, early detection, data collection, coordination, and optimal care in the control

1 of cancer. Purposes for which funds appropriated under this section may be used include  
2 a total of five full-time positions for the Central Cancer Registry, the Division of Health  
3 Promotion, and the Advisory Committee on Cancer Coordination and Control. Funds  
4 shall be allocated upon the advice of the Advisory Committee on Cancer Coordination  
5 and Control. The Department shall report to the Joint Legislative Commission on  
6 Governmental Operations and the Fiscal Research Division by February 1, 1998, on the  
7 allocation and use of the funds.

8           These funds are appropriated to honor the memory of Dr. John Kernodle.

9  
10 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

### 11 **IMMUNIZATION PROGRAM FUNDING**

12       Section 13.35. (a)       Of the funds appropriated to the Department of Environment,  
13 Health, and Natural Resources for the 1997-99 fiscal biennium for childhood  
14 immunization programs for positions, operating support, equipment, and  
15 pharmaceuticals, the sum of up to one million dollars (\$1,000,000) each fiscal year may  
16 be used for projects and activities that are also designed to increase childhood  
17 immunization rates in North Carolina. These projects and activities shall include the  
18 following:

- 19           (1)       Outreach efforts at the State and local levels to improve service delivery  
20                   of vaccines. Outreach efforts may include educational seminars, media  
21                   advertising, support services to parents to enable children to be  
22                   transported to clinics, longer operating hours for clinics, and mobile  
23                   vaccine units; and
- 24           (2)       Continued development of an automated immunization registry.

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

28  
29 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

### 30 **WIC PROGRAM FUNDS**

31       Section 13.36. Of the funds appropriated to the Department of Environment,  
32 Health, and Natural Resources for the Women, Infants, and Children (WIC) Program, the  
33 sum of one million two hundred eighty thousand dollars (\$1,280,000) for the 1997-98  
34 fiscal year and the sum of one million two hundred eighty thousand dollars (\$1,280,000)  
35 for the 1998-99 fiscal year shall, if sufficient federal food funds are available, be used for  
36 the WIC Program as follows:

- 37           (1)       Not more than five hundred thousand dollars (\$500,000) in each fiscal  
38                   year shall be used to establish new WIC Programs in Head Start or other  
39                   private or public nonprofit agencies to serve additional mothers, infants,  
40                   and children. The Department shall utilize these funds for local  
41                   program operations including staff to provide eligibility determination,  
42                   nutrition education, and health care referrals. In selecting the new WIC

1 Programs, the Department shall consider accessibility to the target  
2 population including location and hours of operation.

3 (2) Not more than two hundred fifty thousand dollars (\$250,000) in each  
4 fiscal year shall be used to renovate facilities of existing programs  
5 where space constraints limit program expansion, and to fund rental  
6 costs in areas where accessible donated space is not available. In  
7 selecting the facilities the Department shall consider accessibility to the  
8 target population including location and extended hours of operation. In  
9 determining whether to fund rental of space, the Department shall  
10 ensure that options for using donated accessible space have been  
11 considered. Not more than seventy-five thousand dollars (\$75,000) of  
12 funds allocated under this subdivision for each fiscal year shall be used  
13 for rental of space.

14 (3) Not more than three hundred thousand dollars (\$300,000) in each fiscal  
15 year shall be used to purchase physician-prescribed special formulas and  
16 nutritional supplements for infants, children, and women.

17 (4) Not more than sixty thousand dollars (\$60,000) in each fiscal year shall  
18 be used to provide the required State match to the WIC farmers' market  
19 project.

20 (5) Not more than one hundred seventy thousand dollars (\$170,000) in each  
21 fiscal year shall be used for the purpose of establishing and maintaining  
22 a Public Health Nutritionist Internship Program.

23 If sufficient federal food funds are not available then funds appropriated for the WIC  
24 Program under this section shall be used to supplement federal food funds and any  
25 balance in funds remaining after the supplemental use shall be used in accordance with  
26 subdivisions (1) through (5) of this section.

27  
28 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

29 **ADOLESCENT PREGNANCY PREVENTION COALITION OF**  
30 **NC/REPORTING**

31 Section 13.37. The Adolescent Pregnancy Prevention Coalition of N.C. shall:

32 (1) By January 15, 1998, and more frequently as requested, report to the  
33 Joint Legislative Commission on Governmental Operations and the  
34 Fiscal Research Division the following information:

35 a. State fiscal year 1996-97 program activities, objectives, and  
36 accomplishments;

37 b. State fiscal year 1996-97 itemized expenditures and fund  
38 sources;

39 c. State fiscal year 1997-98 planned activities, objectives, and  
40 accomplishments including actual results through December 31,  
41 1997; and

- 1 d. State fiscal year 1997-98 estimated itemized expenditures and  
2 fund sources including actual expenditures and fund sources  
3 through December 31, 1997.
- 4 (2) By January 15, 1999, and more frequently as requested, report to the  
5 Joint Legislative Commission on Governmental Operations and the  
6 Fiscal Research Division the following information:
- 7 a. State fiscal year 1997-98 program activities, objectives, and  
8 accomplishments;
- 9 b. State fiscal year 1997-98 itemized expenditures and fund  
10 sources;
- 11 c. State fiscal year 1998-99 planned activities, objectives, and  
12 accomplishments including actual results through December 31,  
13 1998; and
- 14 d. State fiscal year 1998-99 estimated itemized expenditures and  
15 fund sources including actual expenditures and fund sources  
16 through December 31, 1998.
- 17 (3) Provide to the Fiscal Research Division a copy of the Coalition's annual  
18 audited financial statement within 30 days of issuance of the statement.  
19

20 Requested by: Representatives Mitchell, Baker, Carpenter

21 **NORTH CAROLINA HEALTHY START FOUNDATION/REPORTING**

22 Section 13.38. The North Carolina Healthy Start Foundation shall:

- 23 (1) By January 15, 1998, and more frequently as requested, report to the  
24 Joint Legislative Commission on Governmental Operations and the  
25 Fiscal Research Division the following information:
- 26 a. State fiscal year 1996-97 program activities, objectives, and  
27 accomplishments;
- 28 b. State fiscal year 1996-97 itemized expenditures and fund  
29 sources;
- 30 c. State fiscal year 1997-98 planned activities, objectives, and  
31 accomplishments including actual results through December 31,  
32 1997; and
- 33 d. State fiscal year 1997-98 estimated itemized expenditures and  
34 fund sources including actual expenditures and fund sources  
35 through December 31, 1997.
- 36 (2) Provide to the Fiscal Research Division a copy of the Foundation's  
37 annual audited financial statement within 30 days of issuance of the  
38 statement.  
39

40 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

41 **PREVENT BLINDNESS, INC./REPORTING**

42 Section 13.39. Prevent Blindness, Inc., shall:

- 1 (1) By January 15, 1998, and more frequently as requested, report to the  
2 Joint Legislative Commission on Governmental Operations and the  
3 Fiscal Research Division the following information:  
4 a. State fiscal year 1996-97 program activities, objectives, and  
5 accomplishments;  
6 b. State fiscal year 1996-97 itemized expenditures and fund  
7 sources;  
8 c. State fiscal year 1997-98 planned activities, objectives, and  
9 accomplishments including actual results through December 31,  
10 1997; and  
11 d. State fiscal year 1997-98 estimated itemized expenditures and  
12 fund sources including actual expenditures and fund sources  
13 through December 31, 1997.  
14 (2) Provide to the Fiscal Research Division a copy of the Prevent Blindness,  
15 Inc., annual audited financial statement within 30 days of issuance of  
16 the statement.  
17

18 Requested by: Representatives Mitchell, Baker, Carpenter

#### 19 **FEDERAL ABSTINENCE EDUCATION FUNDS**

20 Section 13.40. If federal funds are received under the Maternal and Child  
21 Health Block Grant for abstinence education, pursuant to Section 912 of Public Law 104-  
22 193 (42 U.S.C. 710), for the 1997-98 or the 1998-99 fiscal year, or both, then those funds  
23 shall be transferred to and administered by the State Board of Education.  
24

#### 25 **PART XIV. DEPARTMENT OF COMMERCE**

26  
27 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

#### 28 **WORKER TRAINING TRUST FUND APPROPRIATIONS**

29 Section 14. (a) There is appropriated from the Worker Training Trust Fund to the  
30 Employment Security Commission of North Carolina the sum of six million six hundred  
31 eighty-nine thousand nine hundred sixty-four dollars (\$6,689,964) for the 1997-98 fiscal  
32 year and the sum of six million six hundred eighty-nine thousand nine hundred sixty-four  
33 dollars (\$6,689,964) for the 1998-99 fiscal year for the operation of local offices.

34 (b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the  
35 Worker Training Trust Fund to the following agencies the following sums for the 1997-  
36 98 and the 1998-99 fiscal years for the following purposes:

- 37 (1) \$2,400,000 for the 1997-98 fiscal year and \$2,400,000 for the 1998-99  
38 fiscal year to the Department of Commerce, Division of Employment  
39 and Training, for the Employment and Training Grant Program;  
40 (2) \$1,000,000 for the 1997-98 fiscal year and \$1,000,000 for the 1998-99  
41 fiscal year to the Department of Labor for customized training of the  
42 unemployed and the working poor for specific jobs needed by  
43 employers through the Department's Bureau for Training Initiatives;

- 1 (3) \$1,746,000 for the 1997-98 fiscal year and \$1,746,000 for the 1998-99  
2 fiscal year to the Department of Community Colleges to continue the  
3 Focused Industrial Training Program;
- 4 (4) \$225,000 for the 1997-98 fiscal year and \$225,000 for the 1998-99  
5 fiscal year to the Employment Security Commission for the State  
6 Occupational Information Coordinating Committee to develop and  
7 operate an interagency system to track former participants in State  
8 education and training programs;
- 9 (5) \$400,000 for the 1997-98 fiscal year and \$400,000 for the 1998-99  
10 fiscal year to the Department of Community Colleges for a training  
11 program in entrepreneurial skills to be operated by North Carolina  
12 REAL Enterprises; and
- 13 (6) \$50,000 for the 1997-98 fiscal year and \$50,000 for the 1998-99 fiscal  
14 year to the Office of State Budget and Management to maintain  
15 compliance with Chapter 96 of the General Statutes, which directs the  
16 Office of State Budget and Management to employ the Common  
17 Follow-Up Management Information System to evaluate the  
18 effectiveness of the State's job training, education, and placement  
19 programs.
- 20 (7) \$100,000 for the 1997-98 fiscal year and \$100,000 for the 1998-99  
21 fiscal year to the State Board of Education for the Teacher  
22 Apprenticeship Program.
- 23 (8) \$500,000 for the 1997-98 fiscal year and \$1,000,000 for the 1998-99  
24 fiscal year to the Department of Labor to expand the Apprenticeship  
25 Program. It is intended that the appropriation of funds in this  
26 subdivision will result in the Department of Labor serving a benchmark  
27 performance level of 10,000 adult and youth apprentices by the year  
28 2000.
- 29

30 Requested by: Representatives Mitchell, Baker, Carpenter

31 **JOB TRAINING STUDY COMMISSION**

32 Section 14.1. (a) The General Assembly intends to reorganize the State's workforce  
33 development system to improve the delivery of job training programs and services in  
34 North Carolina.

35 (b) There is created a Legislative Study Commission on Job Training Programs.  
36 The purpose of the Commission is to review State and federally funded job training  
37 programs and services currently in existence to determine the feasibility of eliminating or  
38 consolidating those which are duplicative, inefficient, or ineffective in carrying out their  
39 purposes and activities.

40 (c) The Commission shall consist of six members appointed by the Speaker of the  
41 House of Representatives, at least three of whom shall be members of the House of  
42 Representatives, and six members appointed by the President Pro Tempore of the Senate,  
43 at least three of whom shall be members of the Senate. The Speaker shall designate one



1 Representative as cochair and the President Pro Tempore shall designate one Senator as  
2 cochair. Vacancies on the Commission shall be filled by the same appointing officer who  
3 made the initial appointment. The Commission shall expire upon delivering its final  
4 report to the 1997 General Assembly (1998 Regular Session).

5 The Commission, while in the discharge of official duties, may exercise all  
6 powers provided for under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S.  
7 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The  
8 Commission may meet in the Legislative Building or the Legislative Office Building.  
9 The Commission may contract for professional, clerical, or consultant services as  
10 provided by G.S. 120-32.02.

11 The Legislative Services Commission, through the Legislative Administrative  
12 Officer, shall assign professional staff to assist the Commission in its work. The House  
13 of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the  
14 Commission, and the expenses relating to the clerical employees shall be borne by the  
15 Commission. Members of the Commission shall receive subsistence and travel expenses  
16 at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

17 (d) The Commission shall have the following powers and duties:

- 18 (1) To review State and federal laws, rules, and regulations pertaining to job  
19 training programs to determine the purpose of each program, the  
20 population served, and each program's annual outcomes in terms of type  
21 of training received, work search efforts, and job placement;
- 22 (2) To ascertain as far as possible the intention of the United States  
23 Congress with respect to continued funding of federally mandated job  
24 training programs and any changes in funding formulae;
- 25 (3) To review the amount of State and federal dollars appropriated for each  
26 job training program conducted in this State and to review federal  
27 requirements for continuous federal funding of the programs;
- 28 (4) To review the number of different State agencies that administer State  
29 and federal job training programs, the number of persons employed to  
30 implement each job training program, and the amount of State dollars  
31 needed annually to implement the program;
- 32 (5) To determine whether federally funded job training programs in this  
33 State may lawfully be abolished or reduced in size by the General  
34 Assembly, and the impact of such reduction or elimination;
- 35 (6) To conduct public hearings to receive citizen, State agency, and local  
36 government comment and experience with the job training programs;
- 37 (7) To conduct other studies or activities to aid the Commission in carrying  
38 out its purpose and duties, including reviewing reorganization and  
39 consolidation efforts in other states; and
- 40 (8) To ensure program evaluation and accountability for all workforce  
41 development programs and to create a comprehensive statewide focus  
42 on workforce development.

1 (e) The Commission shall report to the 1997 General Assembly (1998 Regular  
2 Session), the Joint Legislative Commission on Governmental Operations, and the Joint  
3 Legislative Education Oversight Committee not later than May 1, 1998. The report shall  
4 identify each job training program operating in the State and recommend whether each  
5 program should be expanded, continued without change, abolished, consolidated with  
6 another program, or otherwise modified, including implementation components.

7 (f) All State departments and agencies and local governments and their  
8 subdivisions shall furnish the Commission with any information in their possession or  
9 available to them.

10 (g) Notwithstanding G.S. 96-5(f), there is appropriated from the Worker  
11 Training Trust Fund to the General Assembly the sum of fifty thousand dollars (\$50,000)  
12 for the 1997-98 fiscal year to implement this section.

13  
14 Requested by: Representatives Mitchell, Baker, Carpenter

15 **NC REAL ENTERPRISES REPORTING**

16 Section 14.2. NC REAL Enterprises shall do the following:

- 17 (1) By January 15, 1998, and more frequently as requested, report to the  
18 Joint Legislative Commission on Governmental Operations and the  
19 Fiscal Research Division the following information:  
20 a. State fiscal year 1996-97 program activities, objectives, and  
21 accomplishments;  
22 b. State fiscal year 1996-97 itemized expenditures and fund  
23 sources;  
24 c. State fiscal year 1997-98 planned activities, objectives, and  
25 accomplishments including actual results through December 31,  
26 1997; and  
27 d. State fiscal year 1997-98 estimated itemized expenditures and  
28 fund sources including actual expenditures and fund sources  
29 through December 31, 1997;
- 30 (2) By January 15, 1999, and more frequently as requested, report to the  
31 Joint Legislative Commission on Governmental Operations and the  
32 Fiscal Research Division the following information:  
33 a. State fiscal year 1997-98 program activities, objectives, and  
34 accomplishments;  
35 b. State fiscal year 1997-98 itemized expenditures and fund  
36 sources;  
37 c. State fiscal year 1998-99 planned activities, objectives, and  
38 accomplishments including actual results through December 31,  
39 1998; and  
40 d. State fiscal year 1998-99 estimated itemized expenditures and  
41 fund sources including actual expenditures and fund sources  
42 through December 31, 1998; and

- 1           (3) Provide to the Fiscal Research Division a copy of the organization's  
2           annual audited financial statement within 30 days of issuance of the  
3           statement.  
4

5 Requested by: Representatives Mitchell, Baker, Carpenter

6 **SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND**

7       Section 14.3. (a) Notwithstanding G.S. 96-5(c), there is appropriated from the Special  
8       Employment Security Administration Fund to the Employment Security Commission of  
9       North Carolina, the sum of two million dollars (\$2,000,000) for the 1997-98 fiscal year  
10      and the sum of two million dollars (\$2,000,000) for the 1998-99 fiscal year for  
11      administration of the Employment Services and Unemployment Insurance Programs.

12      (b) Supplemental federal funds or other additional funds received by the  
13      Employment Security Commission for similar purposes shall be expended prior to the  
14      expenditure of funds appropriated by this section.  
15

16 Requested by: Representatives Mitchell, Baker, Carpenter

17 **INDUSTRIAL RECRUITMENT COMPETITIVE FUND**

18       Section 14.4. (a) Funds appropriated in this act to the Department of  
19       Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the  
20       Fund. The purpose of the Fund is to provide financial assistance to those businesses or  
21       industries deemed by the Governor to be vital to a healthy and growing State economy  
22       and that are making significant efforts to establish or expand in North Carolina. Monies  
23       allocated from the Fund shall be used for the following purposes:

- 24           (1) Installation or purchase of equipment;  
25           (2) Structural repairs, improvements, or renovations of existing buildings to  
26           be used for expansion; and  
27           (3) Construction of or improvements to new or existing water, sewer, gas or  
28           electric utility distribution lines, or equipment for existing buildings.

29       Monies may also be used for construction of or improvements to new or  
30       existing water, sewer, gas or electric utility distribution lines, or equipment to serve new  
31       or proposed industrial buildings used for manufacturing and industrial operations. The  
32       Governor shall adopt guidelines and procedures for the commitment of monies from the  
33       Fund.

34      (b) The Department of Commerce shall report on or before October 1, 1997, and  
35      quarterly thereafter to the Joint Legislative Commission on Governmental Operations on  
36      the commitment, allocation, and use of funds allocated from the Industrial Recruitment  
37      Competitive Fund.  
38

39 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

40 **COUNCIL OF GOVERNMENT FUNDS**

41       Section 14.5. (a) Of the funds appropriated in this act to the Department of  
42       Commerce, eight hundred sixty-four thousand two hundred seventy dollars (\$864,270)  
43       for the 1997-98 fiscal year and eight hundred sixty-four thousand two hundred seventy

1 dollars (\$864,270) for the 1998-99 fiscal year shall only be used as provided by this  
2 section. Each regional council of government or lead regional organization is allocated  
3 up to forty-eight thousand fifteen dollars (\$48,015) for each fiscal year, with the actual  
4 amount calculated as provided in subsection (b) of this section.

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

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

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

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

25  
26 Requested by: Representatives Mitchell, Baker, Carpenter

### 27 **PETROLEUM OVERCHARGE ATTORNEYS' FEES**

28 Section 14.6. (a) Unless prohibited by federal law, rule, or regulation or  
29 preexisting settlement agreement, no later than October 1, 1989, the North Carolina  
30 Attorney General shall direct the withdrawal of all funds received in the cases of **United**  
31 **States v. Exxon and Stripper Well** that are held in accounts or reserves located out-of-  
32 state for payment of attorneys' fees and reasonable expenses incurred in connection with  
33 oil overcharge litigation authorized by the Attorney General. The Attorney General shall  
34 deposit these funds, and all funds to be received from Petroleum Overcharge Funds in the  
35 future for attorneys' fees and reasonable expenses, into the Special Reserve for Oil  
36 Overcharge Funds.

37 (b) All attorneys' fees and reasonable expenses incurred in connection with oil  
38 overcharge litigation shall be paid by the State Treasurer from Petroleum Overcharge  
39 Funds that have been received by this State and deposited into the Special Reserve for Oil  
40 Overcharge Funds.

41 (c) Notwithstanding any other provision of law, the Attorney General may  
42 authorize the payment of attorneys' fees and reasonable expenses from the Special  
43 Reserve for Oil Overcharge Funds without further action of the General Assembly, and

1 funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the  
2 1997-98 fiscal year and for the 1998-99 fiscal year for that purpose.

3  
4 Requested by: Representatives Mitchell, Baker, Carpenter

5 **PETROLEUM OVERCHARGE FUNDS ALLOCATION**

6 Section 14.7. (a) The funds and interest thereon received from the case of the **United**  
7 **States v. Exxon** are deposited in the Special Reserve for Oil Overcharge Funds. There is  
8 appropriated from the Special Reserve to the Department of Commerce the sum of one  
9 million two hundred thousand dollars (\$1,200,000) for the 1997-98 fiscal year and the  
10 sum of one million two hundred thousand dollars (\$1,200,000) for the 1998-99 fiscal year  
11 to be used for projects under the State Energy Efficiency Programs.

12 (b) There is appropriated from funds and interest thereon received from the United  
13 States Department of Energy's Stripper Well Litigation (MDL378) that remain in the  
14 Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of  
15 one million dollars (\$1,000,000) for the 1997-98 fiscal year and the sum of one million  
16 eight hundred thousand dollars (\$1,800,000) for the 1998-99 fiscal year to be allocated  
17 for the Residential Energy Conservation Assistance Programs (RECAP).

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

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

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

33  
34 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

35 **INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH**

36 Section 14.8. Local governments requesting financial assistance from the  
37 Industrial Development Fund that wish to request to be exempted from the local  
38 matching requirements placed on the receipt of this assistance shall demonstrate to the  
39 satisfaction of the Department of Commerce that it would be an economic hardship for  
40 the local government to match State assistance from the Fund with local funds. The  
41 Department shall develop guidelines for determining hardship.

42  
43 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

**INDUSTRIAL DEVELOPMENT FUND UTILITY ACCOUNT**

Section 14.9. (a) Of the funds appropriated in this act to the Department of Commerce for the 1997-98 fiscal year, the sum of five hundred thousand dollars (\$500,000) shall be deposited to and used for the Utility Account established under G.S. 143B-437A(b1).

(b) In addition to the reporting requirements of G.S. 143B-437A, the Department of Commerce shall report annually to the General Assembly concerning the payments made from the Utility Account and the impact of the payments on job creation in the State. The Department of Commerce shall also report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of the moneys in the Utility Account including information regarding to whom payments were made, in what amounts, and for what purposes.

Requested by: Representatives Mitchell, Baker, Carpenter

**REGIONAL COMMISSION REPORTS**

Section 14.10. (a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
  - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
  - b. State fiscal year 1996-97 itemized expenditures and fund sources;
  - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 1997;
  - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
  - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
  - b. State fiscal year 1997-98 itemized expenditures and fund sources;
  - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through

- 1 (b)(6) of this section including actual results through December  
2 31, 1998;
- 3 d. State fiscal year 1998-99 estimated itemized expenditures and  
4 fund sources including actual expenditures and fund sources  
5 through December 31, 1998.
- 6 (3) Provide to the Fiscal Research Division and the Department of  
7 Commerce a copy of its annual audited financial statement within 30  
8 days of issuance of the statement.
- 9 (b) Each regional economic development commission receiving a grant-in-aid  
10 from the Department of Commerce in each fiscal year of the 1997-99 biennium shall by  
11 the 25th day of the month following the end of a fiscal quarter, report to the Department  
12 of Commerce the following information for the most recent completed fiscal quarter:
- 13 (1) The number of and description of marketing outreach events including  
14 trade shows, recruitment missions, and related activities;
- 15 (2) The number of inquiries, leads, and prospects generated;
- 16 (3) The amount of investment and number of jobs created by the direct  
17 efforts of a commission;
- 18 (4) The amount of investment and number of jobs created by the indirect  
19 efforts of a commission;
- 20 (5) The number and listing of available sites and buildings within the region  
21 served by a commission;
- 22 (6) A listing of major accomplishments.
- 23

24 Requested by: Representatives Mitchell, Baker, Carpenter

25 **REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS**

26 Section 14.11. (a) Funds appropriated in this act to the Department of  
27 Commerce for regional economic development commissions shall be allocated to the  
28 following commissions in accordance with subsection (b) of this section: Western North  
29 Carolina Regional Economic Development Commission, Research Triangle Regional  
30 Commission, Southeastern North Carolina Regional Economic Development  
31 Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional  
32 Economic Development Commission, Global TransPark Development Commission, and  
33 Carolinas Partnership, Inc.

34 (b) Funds appropriated pursuant to subsection (a) of this section shall be allocated  
35 to each regional economic development commission as follows:

- 36 (1) First, the Department shall establish each commission's allocation by  
37 determining the sum of allocations to each county that is a member of  
38 that commission. Each county's allocation shall be determined by  
39 dividing the county's enterprise factor by the sum of the enterprise  
40 factors for eligible counties and multiplying the resulting percentage by  
41 the amount of the appropriation. As used in this subdivision, the term  
42 "enterprise factor" means a county's enterprise factor as calculated under  
43 G.S. 105-129.3;

- 1           (2) Next, the Department shall subtract from funds allocated to the Global  
2 TransPark Development Zone the sum of two hundred seventy-six  
3 thousand nine hundred twenty-three dollars (\$276,923) in each fiscal  
4 year, which sum represents the interest earnings in each fiscal year on  
5 the estimated balance of seven million five hundred thousand dollars  
6 (\$7,500,000) appropriated to the Global TransPark Development Zone  
7 in Section 6 of Chapter 561 of the 1993 Session Laws; and
- 8           (3) Next, the Department shall redistribute the sum of two hundred seventy-  
9 six thousand nine hundred twenty-three dollars (\$276,923) in each fiscal  
10 year to the seven regional economic development commissions named  
11 in subsection (a) of this section. Each commission's share of this  
12 redistribution shall be determined according to the enterprise factor  
13 formula set out in subdivision (1) of this subsection. This redistribution  
14 shall be in addition to each commission's allocation determined under  
15 subdivision (1) of this subsection.  
16

17 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

#### 18 **TOURISM PROMOTION FUNDS**

19           Section 14.12. Funds appropriated in this act to the Department of Commerce  
20 for tourism promotion grants shall be allocated according to per capita income,  
21 unemployment, and population growth in an effort to direct funds to counties most in  
22 need in terms of lowest per capita income, highest unemployment, and slowest  
23 population growth, in the following manner:

- 24           (1) Counties 1 through 20 are each eligible to receive a maximum grant of  
25 \$7,500 for each fiscal year, provided these funds are matched on the  
26 basis of one non-State dollar for every four State dollars.
- 27           (2) Counties 21 through 50 are each eligible to receive a maximum grant of  
28 \$3,500 for two of the next three fiscal years, provided these funds are  
29 matched on the basis of one non-State dollar for every three State  
30 dollars.
- 31           (3) Counties 51 through 100 are each eligible to receive a maximum grant  
32 of \$3,500 for alternating fiscal years, beginning with the 1991-92 fiscal  
33 year, provided these funds are matched on the basis of four non-State  
34 dollars for every State dollar.  
35

36 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

#### 37 **RURAL TOURISM DEVELOPMENT FUNDS**

38           Section 14.13. Of the funds appropriated in this act to the Department of  
39 Commerce for the 1997-98 fiscal year, the sum of one hundred thousand dollars  
40 (\$100,000) shall be used for the Rural Tourism Development Grant Program. The  
41 Department shall establish and implement this Program to provide grants to local  
42 governments and nonprofit organizations to encourage the development of new tourism  
43 projects and activities in rural areas of the State. The Department shall develop



1 procedures for the administration and distribution of funds allocated to the Rural Tourism  
2 Development Program under the following guidelines:

- 3 (1) Eligible organizations shall make application under procedures  
4 established by the Department;
- 5 (2) Eligible organizations shall be nonprofit tourism-related organizations  
6 located in the State's rural regions;
- 7 (3) Priority shall be given to eligible organizations that have significant  
8 involvement of travel and tourism-related businesses;
- 9 (4) Priority shall be given to eligible organizations serving economically  
10 distressed rural counties;
- 11 (5) Priority shall be given to eligible organizations that match funds; and
- 12 (6) Funds shall not be used for renting or purchasing land or buildings, or  
13 for financing debt.

14 No recipient or new tourism project shall receive a total of more than fifty  
15 thousand dollars (\$50,000) of these grant funds for the 1997-98 fiscal year.

16  
17 Requested by: Representatives Mitchell, Baker, Carpenter

18 **NORTH CAROLINA ALLIANCE FOR COMPETITIVE TECHNOLOGIES**  
19 **REPORT**

20 Section 14.13A. The North Carolina Alliance for Competitive Technologies, a  
21 Division of the Department of Commerce, shall do the following:

- 22 (1) By January 15, 1998, and more frequently as requested, report to the  
23 Joint Legislative Commission on Governmental Operations and the  
24 Fiscal Research Division the following information:
  - 25 a. State fiscal year 1996-97 program activities, objectives, and  
26 accomplishments;
  - 27 b. State fiscal year 1996-97 itemized expenditures and fund  
28 sources;
  - 29 c. State fiscal year 1997-98 planned activities, objectives, and  
30 accomplishments including actual results through December 31,  
31 1997; and
  - 32 d. State fiscal year 1997-98 estimated itemized expenditures and  
33 fund sources including actual expenditures and fund sources  
34 through December 31, 1997; and
- 35 (2) By January 15, 1999, and more frequently as requested, report to the  
36 Joint Legislative Commission on Governmental Operations and the  
37 Fiscal Research Division the following information:
  - 38 a. State fiscal year 1997-98 program activities, objectives, and  
39 accomplishments;
  - 40 b. State fiscal year 1997-98 itemized expenditures and fund  
41 sources;

- 1 c. State fiscal year 1998-99 planned activities, objectives, and  
2 accomplishments including actual results through December 31,  
3 1998; and  
4 d. State fiscal year 1998-99 estimated itemized expenditures and  
5 fund sources including actual expenditures and fund sources  
6 through December 31, 1998.  
7

8 Requested by: Representatives Mitchell, Baker, Carpenter

9 **DIVISION OF EMPLOYMENT AND TRAINING AND COMMISSION ON**  
10 **WORKFORCE PREPAREDNESS CONSOLIDATED**

11 Section 14.13B. The Department of Commerce shall consolidate the functions,  
12 staff, and budget of the Commission on Workforce Preparedness into the Division of  
13 Employment and Training. In consolidating these departmental entities, the Department  
14 shall eliminate budget expenditures and personnel positions, including management, that  
15 are duplicative. To the maximum extent possible, the Department shall use the  
16 efficiencies realized from the consolidation of the entities and the elimination of  
17 duplicative positions and budget expenditures to increase funds available for job training  
18 for individuals eligible for services under State and federal programs administered by the  
19 Division of Employment and Training. The Department shall complete the consolidation  
20 required under this section not later than October 1, 1997, and shall report on the  
21 consolidation to the Joint Legislative Commission on Governmental Operations and the  
22 Fiscal Research Division not later than November 1, 1997.  
23

24 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

25 **FUNDS FOR ECONOMIC DEVELOPMENT**

26 Section 14.15. (a) Of the funds appropriated in this act to the Department of  
27 Commerce, the sum of nine hundred seventy-five thousand dollars (\$975,000) for the  
28 1997-98 fiscal year shall be allocated as follows:

- 29 (1) \$350,000 to the Land Loss Prevention Project, Inc., to provide free legal  
30 representation to low-income, financially distressed, small farmers. The  
31 Land Loss Prevention Project, Inc., shall not use these funds to  
32 represent farmers who have income and assets that would make them  
33 financially ineligible for legal services pursuant to Title 45, Part 1611 of  
34 the Code of Federal Regulations;  
35 (2) \$250,000 to the North Carolina Coalition of Farm and Rural Families,  
36 Inc., for its Small Farm Economic Development Project. These funds  
37 shall be used to foster economic development within the State's rural  
38 farm communities by offering marketing and technical assistance to  
39 small and limited resource farmers; and  
40 (3) \$375,000 to the North Carolina Minority Support Center (formerly  
41 known as the Minority Credit Union Support Center) for technical  
42 assistance to community-based minority credit unions.

43 (b) Each of the nonprofit organizations receiving funds under this section shall:

- 1           (1) By January 15, 1998, and more frequently as requested, report to the  
2           Joint Legislative Commission on Governmental Operations and the  
3           Fiscal Research Division the following information:  
4           a. State fiscal year 1996-97 program activities, objectives, and  
5           accomplishments;  
6           b. State fiscal year 1996-97 itemized expenditures and fund  
7           sources;  
8           c. State fiscal year 1997-98 planned activities, objectives, and  
9           accomplishments including actual results through December 31,  
10          1997; and  
11          d. State fiscal year 1997-98 estimated itemized expenditures and  
12          fund sources including actual expenditures and fund sources  
13          through December 31, 1997.  
14          (2) Provide to the Fiscal Research Division a copy of the organization's  
15          annual audited financial statement within 30 days of issuance of the  
16          statement.

17  
18 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

19 **NORTH CAROLINA INSTITUTE FOR MINORITY ECONOMIC**  
20 **DEVELOPMENT REPORT**

21           Section 14.15A. The North Carolina Institute for Minority Economic  
22           Development, Inc., shall do the following:

- 23          (1) By January 15, 1998, and more frequently as requested, report to the  
24          Joint Legislative Commission on Governmental Operations and the  
25          Fiscal Research Division the following information:  
26          a. State fiscal year 1996-97 program activities, objectives, and  
27          accomplishments;  
28          b. State fiscal year 1996-97 itemized expenditures and fund  
29          sources;  
30          c. State fiscal year 1997-98 planned activities, objectives, and  
31          accomplishments including actual results through December 31,  
32          1997; and  
33          d. State fiscal year 1997-98 estimated itemized expenditures and  
34          fund sources including actual expenditures and fund sources  
35          through December 31, 1997;  
36          (2) By January 15, 1999, and more frequently as requested, report to the  
37          Joint Legislative Commission on Governmental Operations and the  
38          Fiscal Research Division the following information:  
39          a. State fiscal year 1997-98 program activities, objectives, and  
40          accomplishments;  
41          b. State fiscal year 1997-98 itemized expenditures and fund  
42          sources;

- 1 c. State fiscal year 1998-99 planned activities, objectives, and  
2 accomplishments including actual results through December 31,  
3 1998; and  
4 d. State fiscal year 1998-99 estimated itemized expenditures and  
5 fund sources including actual expenditures and fund sources  
6 through December 31, 1998; and  
7 (3) Provide to the Fiscal Research Division a copy of the organization's  
8 annual audited financial statement within 30 days of issuance of the  
9 statement.  
10

11 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

12 **TECHNOLOGICAL DEVELOPMENT AUTHORITY REPORT**

13 Section 14.16. The Technological Development Authority, Inc., shall do the  
14 following:

- 15 (1) By January 15, 1998, and more frequently as requested, report to the  
16 Joint Legislative Commission on Governmental Operations and the  
17 Fiscal Research Division the following information:  
18 a. State fiscal year 1996-97 program activities, objectives, and  
19 accomplishments;  
20 b. State fiscal year 1996-97 itemized expenditures and fund  
21 sources;  
22 c. State fiscal year 1997-98 planned activities, objectives, and  
23 accomplishments including actual results through December 31,  
24 1997; and  
25 d. State fiscal year 1997-98 estimated itemized expenditures and  
26 fund sources including actual expenditures and fund sources  
27 through December 31, 1997;  
28 (2) By January 15, 1999, and more frequently as requested, report to the  
29 Joint Legislative Commission on Governmental Operations and the  
30 Fiscal Research Division the following information:  
31 a. State fiscal year 1997-98 program activities, objectives, and  
32 accomplishments;  
33 b. State fiscal year 1997-98 itemized expenditures and fund  
34 sources;  
35 c. State fiscal year 1998-99 planned activities, objectives, and  
36 accomplishments including actual results through December 31,  
37 1998; and  
38 d. State fiscal year 1998-99 estimated itemized expenditures and  
39 fund sources including actual expenditures and fund sources  
40 through December 31, 1998; and  
41 (3) Provide to the Fiscal Research Division a copy of the organization's  
42 annual audited financial statement within 30 days of issuance of the  
43 statement.

1  
2 Requested by: Representatives Mitchell, Baker, Carpenter

3 **WORLD TRADE CENTER FUNDS**

4 Section 14.17. Of the funds appropriated in this act to the Department of  
5 Commerce, the sum of three hundred thousand dollars (\$300,000) for the 1997-98 fiscal  
6 year shall be allocated to the World Trade Center North Carolina (WTCNC) to support  
7 international trade education programs for small- and medium-sized businesses. The  
8 World Trade Center North Carolina shall:

- 9 (1) By January 15, 1998, and more frequently as requested, report to the  
10 Joint Legislative Commission on Governmental Operations and the  
11 Fiscal Research Division the following information:  
12 a. State fiscal year 1996-97 program activities, objectives, and  
13 accomplishments;  
14 b. State fiscal year 1996-97 itemized expenditures and fund  
15 sources;  
16 c. State fiscal year 1997-98 planned activities, objectives, and  
17 accomplishments including actual results through December 31,  
18 1997;  
19 d. State fiscal year 1997-98 estimated itemized expenditures and  
20 fund sources including actual expenditures and fund sources  
21 through December 31, 1997.  
22 (2) Provide to the Fiscal Research Division a copy of the Center's annual  
23 audited financial statement within 30 days of issuance of the statement.  
24

25 Requested by: Representatives Mitchell, Baker, Carpenter

26 **CENTER FOR COMMUNITY SELF-HELP FUNDS**

27 Section 14.18. (a) Of the funds appropriated in this act to the Department of  
28 Commerce, the sum of three million dollars (\$3,000,000) for the 1997-98 fiscal year shall  
29 be allocated to the Center for Community Self-Help to further a statewide program of  
30 lending for home ownership throughout North Carolina. These funds will be leveraged  
31 on a ten-to-one basis, generating at least ten dollars (\$10.00) of nontraditional home loans  
32 for every one dollar (\$1.00) of State funds. Payments of principal shall be available for  
33 further loans or loan guarantees.

34 (b) The Center for Community Self-Help shall submit, within 180 days after the  
35 close of its fiscal year, audited financial statements to the State Auditor. All records  
36 pertaining to the use of State funds shall be made available to the State Auditor upon  
37 request. The Center for Community Self-Help shall make quarterly reports on the use of  
38 State funds to the State Auditor, in form and format prescribed by the State Auditor or his  
39 designee. The Center for Community Self-Help shall make a written report by May 1 of  
40 each year for the next three years to the General Assembly on the use of the funds  
41 allocated under this section.

42 (c) The Center for Community Self-Help shall report to the Joint Legislative  
43 Commission on Governmental Operations, the House Appropriations Subcommittee on

1 Natural and Economic Resources, the Senate Appropriations Committee on Natural and  
2 Economic Resources, and the Department of Commerce on a quarterly basis for the next  
3 three years.

4 (d) The Department of State Auditor may conduct an annual end-of-year audit of  
5 the revolving fund for economic development lending created by this appropriation for  
6 each year of the life of the revolving fund.

7 (e) If the Center for Community Self-Help dissolves, the corporation shall  
8 transfer the remaining assets of the revolving fund to the State and shall refrain from  
9 disposing of the revolving fund assets without approval of the State Treasurer.

10 (f) The Department of Commerce shall disburse this appropriation within 15  
11 working days of the receipt of a request for the funds from the Center for Community  
12 Self-Help. The request shall include a commitment of the leveraged funds by the Center  
13 for Community Self-Help or its affiliates.

14  
15 Requested by: Representatives Mitchell, Baker, Carpenter

16 **STATE GOVERNMENT COMPETITION INITIATIVE**

17 Section 14.18A. (a) The General Statutes are amended by adding a new Chapter  
18 to read:

19 **"CHAPTER 143C.**

20 **"NORTH CAROLINA GOVERNMENT COMPETITION ACT OF 1997.**

21 **"§ 143C-1. Short title.**

22 This Chapter shall be known and may be cited as the 'North Carolina Government  
23 Competition Act'.

24 **"§ 143C-2. Definitions.**

25 As used in this Chapter, unless the context otherwise requires:

26 (1) 'Commission' means the North Carolina Government Competition  
27 Commission.

28 (2) 'State agency' means any State department, agency, or institution.

29 **"§ 143C-3. North Carolina Government Competition Commission created; duties.**

30 (a) There is hereby created the North Carolina Government Competition  
31 Commission. The purpose of the Commission is to be the catalyst to cause the use of  
32 competition to improve the delivery of State government services, to make State  
33 government more effective and more efficient, and to reduce the costs of government to  
34 taxpayers.

35 (b) The Commission shall:

36 (1) Develop an institutional framework for a statewide competition  
37 initiative to encourage innovation and competition within State  
38 government.

39 (2) Establish a system to encourage the use of feasibility studies and  
40 innovation to determine where competition could reduce government  
41 costs without adversely affecting essential services.

42 (3) Monitor the activities, products, and services of State agencies to bring  
43 an element of competition and to ensure a spirit of innovation and

1 entrepreneurship to compete with the private sector to increase the  
2 quality of services or reduce costs to taxpayers.

3 (4) Identify any barriers to competition in State government and  
4 recommend actions to overcome those barriers.

5 (5) Promote acceptance of competition by State government officials and  
6 State employees as a viable alternative to in-house operations for  
7 delivering State government services where savings to the State may be  
8 realized through competition, including the development and  
9 implementation of State employee adjustment and incentive programs.

10 (6) Advocate, develop, and accelerate implementation of a competitive  
11 program for State agencies to ensure competition for the provision or  
12 production of government services from both public sector and private  
13 sector entities.

14 (7) Establish approval, planning, and reporting processes required to carry  
15 out the functions of the Commission.

16 (8) Determine the competition potential of a State program or activity,  
17 perform cost and benefit analyses, and conduct public and private  
18 competition analyses.

19 (9) Devise evaluation criteria to be used in conducting performance reviews  
20 of any State program or activity which is subject to a competition  
21 recommendation.

22 (10) Assess the short-term and long-term results of State government  
23 competition efforts.

24 (11) Appoint, as needed, ad hoc committees relating to specific matters  
25 within the Commission's purview.

26 **"§ 143C-4. Membership; appointment; terms; vacancies; chair; quorum;**  
27 **compensation.**

28 (a) The Commission shall be composed of nine members to be appointed as  
29 follows:

30 (1) Three members appointed by the Governor, one of whom shall be a  
31 State employee and two of whom shall be members of the private  
32 sector, and one of these private sector members shall have large scale  
33 purchasing experience.

34 (2) Three members appointed by the Speaker of the House of  
35 Representatives, two of whom shall be members of the private sector.

36 (3) Three members appointed by the President Pro Tempore of the Senate,  
37 two of whom shall be members of the private sector.

38 Members of the Commission shall serve two-year terms. In making the initial  
39 appointments to the Commission, the respective appointing authorities shall appoint at  
40 least one member for a one-year term so that subsequent terms stagger.

41 (b) All initial appointments shall be effective July 1, 1997. The initial members'  
42 terms shall end on June 30 of the applicable year in which a term expires, with the  
43 subsequent term beginning on July 1 of that year. No member may serve more than two

1 consecutive terms. Vacancies shall be filled by the appointing authority for any unexpired  
2 portion of a term. Members shall receive subsistence, per diem, and travel allowances as  
3 provided by G.S. 138-5.

4 (c) A majority of the members shall constitute a quorum. The Commission shall  
5 annually elect its chair and vice-chair from among its members.

6 **"§ 143C-5. Cooperation of other State agencies.**

7 All State agencies shall cooperate with the Commission and, upon request, assist the  
8 Commission in the performance of its duties and responsibilities. The Commission shall  
9 not impose unreasonable burdens or costs in connection with requests of State agencies.

10 **"§ 143C-6. Staff support; application for and acceptance of gifts and grants;**  
11 **authority to enter into contract.**

12 (a) The Office of State Budget and Management shall provide staff support to the  
13 Commission to enable it to perform its duties as provided by this Chapter.

14 (b) The Commission may apply for, accept, and expend gifts, grants, or donations  
15 from public or private sources to enable it to better carry out its objectives. No entity  
16 which provides a gift, donation, or grant shall be eligible for a contract award which  
17 results from action of a Commission recommendation.

18 (c) The Commission may enter into contracts for professional or consultant  
19 services. Any consultant awarded a contract under this subsection shall be ineligible for  
20 a contract award resulting from the consultant's recommendations.

21 **"§ 143C-7. Public-private competition analysis; proposals for competition.**

22 (a) The Governor or the General Assembly may direct any State agency to  
23 perform a public-private competition analysis covering any service for which the  
24 Commission has received a qualifying unsolicited proposal for competition from a  
25 private entity which is consistent with the Commission's purposes and duties as provided  
26 by this Chapter.

27 (b) The Commission may solicit competition proposals from private entities in  
28 order to make cost comparison decisions. Any State agency may submit proposals to the  
29 Commission for cost comparison decisions.

30 **"§ 143C-8. Duties of the Office of State Budget and Management.**

31 The Office of State Budget and Management shall determine the amount of an  
32 existing appropriation that would no longer be needed by a State agency as the result of  
33 savings realized through competition and shall report annually, by February 1, the nature  
34 and amount of the savings to the Governor and to the General Assembly.

35 **"§ 143C-9. Reports to the Governor and General Assembly.**

36 The Commission shall report annually, by February 1, its findings and  
37 recommendations to the Governor and to the General Assembly and may make other  
38 interim reports it deems advisable. By February 1, 1999, the Commission shall make a  
39 special report of its progress to the Governor and to the General Assembly."

40 (b) Of the funds appropriated in this act to the Department of Commerce, the  
41 sum of five thousand six hundred dollars (\$5,600) for the 1997-98 fiscal year and the sum  
42 of five thousand six hundred dollars (\$5,600) for the 1998-99 fiscal year are transferred  
43 to the Office of State Budget and Management to carry out the purposes of this section.



1 (c) This section becomes effective July 1, 1997, and expires June 30, 2001.

2  
3 Requested by: Representatives Mitchell, Baker, Carpenter

4 **MCNC**

5 Section 14.19. (a) MCNC shall report on all of its programs including  
6 contractual services for the Supercomputer and the Research and Education Network.  
7 The reports shall:

8 (1) By January 15, 1998, and more frequently as requested, report to the  
9 Joint Legislative Commission on Governmental Operations and the  
10 Fiscal Research Division the following information:

- 11 a. State fiscal year 1996-97 program activities, objectives, and  
12 accomplishments;
- 13 b. State fiscal year 1996-97 itemized expenditures and fund  
14 sources;
- 15 c. State fiscal year 1997-98 planned activities, objectives, and  
16 accomplishments including actual results through December 31,  
17 1997;
- 18 d. State fiscal year 1997-98 estimated itemized expenditures and  
19 fund sources including actual expenditures and fund sources  
20 through December 31, 1997.
- 21 e. The users, major projects and benefits resulting from the  
22 activities of the Supercomputer and the Research and Education  
23 Network.
- 24 f. The organization's progress toward achieving self-sufficiency by  
25 July 1, 1999.

26 (2) By January 15, 1999, and more frequently as requested, report to the  
27 Joint Legislative Commission on Governmental Operations and the  
28 Fiscal Research Division the following information:

- 29 a. State fiscal year 1997-98 program activities, objectives, and  
30 accomplishments;
- 31 b. State fiscal year 1997-98 itemized expenditures and fund  
32 sources;
- 33 c. State fiscal year 1998-99 planned activities, objectives, and  
34 accomplishments including actual results through December 31,  
35 1998;
- 36 d. State fiscal year 1998-99 estimated itemized expenditures and  
37 fund sources including actual expenditures and fund sources  
38 through December 31, 1998.
- 39 e. The users, major projects and benefits resulting from the  
40 activities of the Supercomputer and the Research and Education  
41 Network.
- 42 f. The organization's progress toward achieving self-sufficiency by  
43 July 1, 1999.

1 (3) Provide to the Fiscal Research Division a copy of MCNC's annual  
2 audited financial statement within 30 days of issuance of the statement.

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

	<u>FY 1997-98</u>	<u>FY 1998-99</u>
4		
5 Electronic and Information		
6 Technologies Programs	\$4,500,000	
7 \$2,500,000		

8 (c) Of the funds appropriated for the Electronic and Information Technologies  
9 Programs, four million five hundred thousand dollars (\$4,500,000) for the 1997-98 fiscal  
10 year and two million five hundred thousand dollars (\$2,500,000) for the 1998-99 fiscal  
11 year is contingent upon a dollar-for-dollar match in non-State funds.

12  
13 Requested by: Representatives Mitchell, Baker, Carpenter

14 **BIOTECHNOLOGY CENTER**

15 Section 14.20. (a) The North Carolina Biotechnology Center shall recapture  
16 funds spent in support of successful research and development efforts in the for-profit  
17 private sector.

18 (b) The North Carolina Biotechnology Center shall provide funding for  
19 biotechnology, biomedical, and related bioscience applications under its Business and  
20 Science Technology Programs.

21 (c) The North Carolina Biotechnology Center shall:

22 (1) By January 15, 1998, and more frequently as requested, report to the  
23 Joint Legislative Commission on Governmental Operations and the  
24 Fiscal Research Division the following information:

- 25 a. State fiscal year 1996-97 program activities, objectives, and  
26 accomplishments;
- 27 b. State fiscal year 1996-97 itemized expenditures and fund  
28 sources;
- 29 c. state fiscal year 1997-98 planned activities, objectives, and  
30 accomplishments including actual results through December 31,  
31 1997; and
- 32 d. State fiscal year 1997-98 estimated itemized expenditures and  
33 fund sources including actual expenditures and fund sources  
34 through December 31, 1997.

35 (2) By January 15, 1999, and more frequently as requested, report to the  
36 Joint Legislative Commission on Governmental Operations and the  
37 Fiscal Research Division the following information:

- 38 a. State fiscal year 1997-98 program activities, objectives, and  
39 accomplishments;
- 40 b. State fiscal year 1997-98 itemized expenditures and fund  
41 sources;

- 1 c. State fiscal year 1998-99 planned activities, objectives, and  
2 accomplishments including actual results through December 31,  
3 1998; and  
4 d. State fiscal year 1998-99 estimated itemized expenditures and  
5 fund sources including actual expenditures and fund sources  
6 through December 31, 1998.

- 7 (3) Provide to the Fiscal Research Division a copy of the Center's annual  
8 audited financial statement within 30 days of issuance of the statement.

9 (d) The North Carolina Biotechnology Center shall provide a report containing  
10 detailed budget, personnel, and salary information to the Office of State Budget and  
11 Management and to the Fiscal Research Division in the same manner as State  
12 departments and agencies in preparation for biennium budget requests.

13  
14 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

15 **BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES**

16 Section 14.21. Of the funds appropriated in this act from the General Fund to  
17 the North Carolina Biotechnology Center, the sum of two million dollars (\$2,000,000) for  
18 the 1997-98 fiscal year and the sum of one million dollars (\$1,000,000) for the 1998-99  
19 fiscal year shall be used to continue the special biotechnology program initiative for  
20 North Carolina's Public Historically Black Colleges and Universities and the University  
21 of North Carolina at Pembroke. This program initiative is a means to get more funds to  
22 these institutions of higher education in the short run to help them develop their  
23 biotechnology programs and a means to develop a mechanism to improve these  
24 institutions' capacity over the long term. The Center's special initiative shall, at a  
25 minimum, provide for:

- 26 (1) A range of program activities, including grants, designed to enhance the  
27 existing strengths and capabilities of the University of North Carolina at  
28 Pembroke and North Carolina's Public Historically Black Colleges and  
29 Universities;  
30 (2) A Facilities and Infrastructure Review Committee to advise the Center  
31 on major program elements and priority projects that would be most  
32 helpful to these institutions; and  
33 (3) A Program Advisory Panel with representation from these institutions to  
34 advise and make recommendations to the Center's President and Board  
35 of Directors on funding proposals under this initiative.

36 The Center shall report on its biotechnology program grants to universities to  
37 the Joint Legislative Commission on Governmental Operations and the Fiscal Research  
38 Division on or before March 1 of each fiscal year, and more frequently as requested by  
39 the Commission. These reports shall include the current number of enrollments and the  
40 capacity of enrollments in the biotechnology program in each of the universities, the  
41 number of faculty in the biotechnology program in each of the universities, whether and  
42 to what extent the enrollments, capacity, and number of faculty have changed in the last  
43 three academic years in the biotechnology program in each of the universities, how the

1 funds allocated by this section are being used in each of the universities, and any other  
2 information that indicates whether these grants are accomplishing their purpose.

3  
4 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

5 **RURAL ECONOMIC DEVELOPMENT CENTER**

6 Section 14.22. (a) Of the funds appropriated in this act to the Rural Economic  
7 Development Center, Inc., the sum of one million two hundred seventy thousand dollars  
8 (\$1,270,000) for the 1997-98 fiscal year and the sum of one million two hundred seventy  
9 thousand dollars (\$1,270,000) for the 1998-99 fiscal year shall be allocated as follows:

	<u>1997-98 FY</u>	<u>1998-99 FY</u>
10 Research and Demonstration Grants	\$475,864	\$475,864
11 Technical Assistance and Center		
12 Administration of Research		
13 and Demonstration Grants	444,136	444,136
14 Center Administration, Oversight,		
15 and Other Programs	350,000	350,000.

16  
17 (b) The Rural Economic Development Center, Inc., shall provide a report  
18 containing detailed budget, personnel, and salary information to the Office of State  
19 Budget and Management in the same manner as State departments and agencies in  
20 preparation for biennium budget requests.

21 (c) Not more than fifty percent (50%) of the interest earned on State funds  
22 appropriated to the Rural Economic Development Center, Inc., may be used by the  
23 Center for administrative purposes, including salaries and fringe benefits.

24 (d) For purposes of this section, the term "community development  
25 corporation" means a nonprofit corporation:

- 26 (1) Chartered pursuant to Chapter 55A of the General Statutes;
- 27 (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code  
28 of 1986;
- 29 (3) Whose primary mission is to develop and improve low-income  
30 communities and neighborhoods through economic and related  
31 development;
- 32 (4) Whose activities and decisions are initiated, managed, and controlled by  
33 the constituents of those local communities; and
- 34 (5) Whose primary function is to act as deal-maker and packager of projects  
35 and activities that will increase their constituencies' opportunities to  
36 become owners, managers, and producers of small businesses,  
37 affordable housing, and jobs designed to produce positive cash flow and  
38 curb blight in the targeted community.

39 (e) Of the funds appropriated in this act to the Rural Economic Development  
40 Center, Inc., the sum of five million two hundred fifty thousand dollars (\$5,250,000) for  
41 the 1997-98 fiscal year and the sum of two million five hundred fifty thousand dollars  
42 (\$2,550,000) for the 1998-99 fiscal year shall be allocated as follows:

- 1           (1)    \$1,400,000 in fiscal year 1997-98 and \$1,350,000 in fiscal year 1998-99  
2           for community development grants to support development projects and  
3           activities within the State's minority communities. Any community  
4           development corporation as defined in this section is eligible to apply  
5           for funds. The Rural Economic Development Center, Inc., shall  
6           establish performance-based criteria for determining which community  
7           development corporation will receive a grant and the grant amount.  
8           Funding shall also be allocated to the North Carolina Association of  
9           Community Development Corporations, Inc. The Rural Economic  
10          Development Center, Inc., shall allocate these funds as follows:
- 11          a.     \$900,000 in each fiscal year for direct grants to the local  
12          community development corporations that have previously  
13          received State funds for this purpose to support operations and  
14          project activities;
- 15          b.     \$250,000 in each fiscal year for direct grants to local community  
16          development corporations that have not previously received State  
17          funds;
- 18          c.     \$200,000 in fiscal year 1997-98 and \$150,000 in fiscal year  
19          1998-99 to the North Carolina Association of Community  
20          Development Corporations, Inc., to provide training, technical  
21          assistance, resource development, and support for local  
22          community development corporations statewide; and
- 23          d.     \$50,000 in each fiscal year to the Rural Economic Development  
24          Center, Inc., to be used to cover expenses in administering this  
25          section.
- 26          (2)    \$250,000 in each fiscal year to the Microenterprise Loan Program to  
27          support the loan fund and operations of the Program; and
- 28          (3)    \$3,600,000 for the 1997-98 fiscal year and \$950,000 for the 1998-99  
29          fiscal year shall be used for a program to provide supplemental funding  
30          for matching requirements for economic development in economically  
31          depressed areas. The Center shall use these funds to make grants to  
32          local governments and nonprofit corporations to provide funds  
33          necessary to match federal grants or other grants for necessary  
34          economic development projects and activities in economically  
35          depressed areas. The grant recipients shall be selected on the basis of  
36          need. No grant recipient shall receive a total of more than \$250,000 in  
37          grant awards in each fiscal year.
- 38          (f) The Rural Economic Development Center, Inc., shall:
- 39          (1)    By January 15, 1998, and more frequently as requested, report to the  
40          Joint Legislative Commission on Governmental Operations and the  
41          Fiscal Research Division the following information:
- 42          a.     State fiscal year 1996-97 program activities, objectives, and  
43          accomplishments;

- 1                   b.     State fiscal year 1996-97 itemized expenditures and fund  
2                   sources;
- 3                   c.     State fiscal year 1997-98 planned activities, objectives, and  
4                   accomplishments including actual results through December 31,  
5                   1997; and
- 6                   d.     State fiscal year 1997-98 estimated itemized expenditures and  
7                   fund sources including actual expenditures and fund sources  
8                   through December 31, 1997.
- 9           (2)    By January 15, 1999, and more frequently as requested, report to the  
10           Joint Legislative Commission on Governmental Operations and the  
11           Fiscal Research Division the following information:
- 12           a.     State fiscal year 1997-98 program activities, objectives, and  
13           accomplishments;
- 14           b.     State fiscal year 1997-98 itemized expenditures and fund  
15           sources;
- 16           c.     State fiscal year 1998-99 planned activities, objectives, and  
17           accomplishments including actual results through December 31,  
18           1998; and
- 19           d.     State fiscal year 1998-99 estimated itemized expenditures and  
20           fund sources including actual expenditures and fund sources  
21           through December 31, 1998.
- 22           (3)    Provide to the Fiscal Research Division a copy of each grant recipient's  
23           annual audited financial statement within 30 days of issuance of the  
24           statement.
- 25

26 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

27 **COMMUNITY DEVELOPMENT INITIATIVE**

28           Section 14.23. Of the funds appropriated in this act to the Department of  
29 Commerce, the sum of two million dollars (\$2,000,000) for fiscal year 1997-98 and the  
30 sum of two million dollars (\$2,000,000) for fiscal year 1998-99 shall be used to support  
31 the grant and loan fund and operations of the North Carolina Community Development  
32 Initiative, Inc. The Initiative shall provide operating and project activity grants to mature  
33 community development corporations that have demonstrated project and organizational  
34 capacity.

35           The North Carolina Community Development Initiative, Inc., shall:

- 36           (1)    By January 15, 1998, and more frequently as requested, report to the  
37           Joint Legislative Commission on Governmental Operations and the  
38           Fiscal Research Division the following information:
- 39           a.     State fiscal year 1996-97 program activities, objectives, and  
40           accomplishments;
- 41           b.     State fiscal year 1996-97 itemized expenditures and fund  
42           sources;

- 1 c. State fiscal year 1997-98 planned activities, objectives, and  
2 accomplishments including actual results through December 31,  
3 1997;
- 4 d. State fiscal year 1997-98 estimated itemized expenditures and  
5 fund sources including actual expenditures and fund sources  
6 through December 31, 1997.
- 7 (2) By January 15, 1999, and more frequently as requested, report to the  
8 Joint Legislative Commission on Governmental Operations and the  
9 Fiscal Research Division the following information:
- 10 a. State fiscal year 1997-98 program activities, objectives, and  
11 accomplishments;
- 12 b. State fiscal year 1997-98 itemized expenditures and fund  
13 sources;
- 14 c. State fiscal year 1998-99 planned activities, objectives, and  
15 accomplishments including actual results through December 31,  
16 1998;
- 17 d. State fiscal year 1998-99 estimated itemized expenditures and  
18 fund sources including actual expenditures and fund sources  
19 through December 31, 1998.
- 20 (3) Provide to the Fiscal Research Division a copy of the Initiative's annual  
21 audited financial statement within 30 days of issuance of the statement.  
22

23 Requested by: Representatives Mitchell, Baker, Carpenter

24 **OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS**

25 Section 14.24. (a) Of the funds appropriated in this act to the Rural Economic  
26 Development Center, Inc., the sum of two hundred fifty thousand dollars (\$250,000) for  
27 the 1997-98 fiscal year and the sum of two hundred fifty thousand dollars (\$250,000) for  
28 the 1998-99 fiscal year shall be allocated as follows:

- 29 (1) \$50,000 in each fiscal year to the Opportunities Industrialization Center  
30 of Wilson, Inc., for its ongoing job training programs;
- 31 (2) \$50,000 in each fiscal year to Opportunities Industrialization Center,  
32 Inc., in Rocky Mount, for its ongoing job training programs;
- 33 (3) \$50,000 in each fiscal year to Pitt-Greenville Opportunities  
34 Industrialization Center, Inc., for its ongoing job training programs;
- 35 (4) \$50,000 in each fiscal year to the Opportunities Industrialization Center  
36 of Lenoir, Green, and Jones Counties; and
- 37 (5) \$50,000 in each fiscal year to the Opportunities Industrialization Center  
38 of Elizabeth City, Inc.
- 39 (b) The Rural Economic Development Center, Inc., shall:
- 40 (1) By January 15, 1998, and more frequently as requested, report to  
41 the Joint Legislative Commission on Governmental Operations  
42 and the Fiscal Research Division the following information:

- 1 a. State fiscal year 1996-97 program activities, objectives, and  
2 accomplishments;
- 3 b. State fiscal year 1996-97 itemized expenditures and fund  
4 sources;
- 5 c. State fiscal year 1997-98 planned activities, objectives, and  
6 accomplishments including actual results through December 31,  
7 1997;
- 8 d. State fiscal year 1997-98 estimated itemized expenditures and  
9 fund sources including actual expenditures and fund sources  
10 through December 31, 1997.
- 11 (2) By January 15, 1999, and more frequently as requested, report to the  
12 Joint Legislative Commission on Governmental Operations and the  
13 Fiscal Research Division the following information:
- 14 a. State fiscal year 1997-98 program activities, objectives, and  
15 accomplishments;
- 16 b. State fiscal year 1997-98 itemized expenditures and fund  
17 sources;
- 18 c. State fiscal year 1998-99 planned activities, objectives, and  
19 accomplishments including actual results through December 31,  
20 1998;
- 21 d. State fiscal year 1998-99 estimated itemized expenditures and  
22 fund sources including actual expenditures and fund sources  
23 through December 31, 1998.
- 24 (3) Provide to the Fiscal Research Division a copy of the annual audited  
25 financial statements of the Opportunities Industrialization Centers  
26 funded by this act within 30 days of issuance of the statement.  
27

#### 28 PART XIV-A. DEPARTMENT OF LABOR

29

30 Requested by: Representatives Mitchell, Baker, Carpenter, Owens

#### 31 OSHA TECHNICAL ASSISTANCE

32 Section 14A.1. (a) Article 22 of Chapter 95 of the General Statutes is amended  
33 by adding a new section to read:

#### 34 "§ 95-255.1. Technical assistance.

35 Employers notified pursuant to G.S. 95-255(a) shall be offered technical  
36 assistance from the Division of Occupational Safety and Health to reduce injuries and  
37 illnesses in their workplaces."

38 (b) G.S. 95-136.1(b) reads as rewritten:

39 "(b) The Department shall develop and implement a special emphasis inspection  
40 program that targets for special emphasis inspection employers who:

- 41 (1) Have a high rate of serious or willful violations of any standard, rule,  
42 order, or other requirement under this Article, or of regulations



1 prescribed pursuant to the Federal Occupational Safety and Health Act  
2 of 1970, in a one-year period;

3 (2) Have a high rate of work-related deaths, or a high rate of work-related  
4 serious injuries or illnesses, in a one-year period; or

5 (3) Are engaged in a type of industry determined by the Department to be at  
6 high risk for serious or fatal work-related injuries or ~~illnesses; or~~  
7 illnesses.

8 ~~(4) Have an experience modification rating established for workers'~~  
9 ~~compensation premium rates that is significantly higher than the State~~  
10 ~~average. For purposes of targeting employers under this subdivision, the~~  
11 ~~Department, in consultation with the North Carolina Rate Bureau and~~  
12 ~~the Commissioner of Insurance, shall set the experience modification~~  
13 ~~rating threshold for determining a rating that is significantly higher than~~  
14 ~~the State average.~~

15 To identify an employer for a special emphasis inspection, the Department shall use  
16 the most current data available from its own database and from other sources, including  
17 State departments, divisions, boards, commissions, and other State entities. The  
18 Department shall ensure that every employer targeted for a special emphasis inspection is  
19 inspected at least one time within the two-year period following targeting of the employer  
20 by the Department. The Department shall update its special emphasis inspection records  
21 at least annually."

22 (c) The Department of Labor shall use up to the sum of four hundred fifty  
23 thousand dollars (\$450,000) in additional federal funds received from the United States  
24 Department of Labor under the federal OSHA 23(g) grant to provide technical assistance  
25 to employers notified pursuant to G.S. 95-255(a).

26  
27 Requested by: Representatives Mitchell, Baker, Carpenter

#### 28 **ESTABLISH DEPARTMENTAL SAFETY OFFICER**

29 Section 14A.2. The Department of Labor shall use up to the sum of fifty  
30 thousand dollars (\$50,000) in additional federal funds received from the United States  
31 Department of Labor under the federal OSHA 23(g) grant to establish a departmental  
32 Safety Officer position.

#### 33 34 **PART XV. JUDICIAL DEPARTMENT**

35  
36 Requested by: Representatives Justus, Kiser, Thompson

#### 37 **TRANSFER OF EQUIPMENT AND SUPPLY FUNDS**

38 Section 15. Funds appropriated to the Judicial Department in the 1997-99  
39 biennium for equipment and supplies shall be certified in a reserve account. The  
40 Administrative Office of the Courts shall have the authority to transfer these funds to the  
41 appropriate programs and between programs as the equipment priorities and supply  
42 consumptions occur during the operating year. These funds shall not be expended for  
43 any other purpose. The Administrative Office of the Courts shall make quarterly reports

1 on transfers made pursuant to this section to the Joint Legislative Commission on  
2 Governmental Operations and the Chairs of the Senate and House Appropriations  
3 Subcommittees on Justice and Public Safety.

4  
5 Requested by: Representatives Justus, Kiser, Thompson

6 **INDIGENT PERSONS' ATTORNEY FEE FUND**

7 Section 15.2. (a) Effective July 1, 1997, the Administrative Office of the Courts shall  
8 each year of the 1997-99 biennium reserve funds for adult, juvenile, and guardian ad  
9 litem cases from the Indigent Persons' Attorney Fee Fund. These funds shall be allotted  
10 to each judicial district in which the superior and district courts are coterminous, and  
11 otherwise by county, according to the caseload of indigent persons who were not  
12 represented by the public defender in the districts or counties during 1996-97 and 1997-  
13 98, respectively. The remaining available funds in the Indigent Persons' Attorney Fee  
14 Fund shall be budgeted for capital cases and for transcripts, professional examinations,  
15 expert witness fees, and other supporting services.

16 The Administrative Office of the Courts shall notify all senior resident superior  
17 court judges, all chief district court judges, and the clerk of superior court within the  
18 district or county immediately after the allotment is made and shall provide a monthly  
19 report on the status of the allotment for the district or county.

20 The senior resident superior court judge and the chief district court judge of  
21 each district or county shall ask all judges holding court within the district or county: (i)  
22 to take into consideration the amount of money allotted at the beginning of the fiscal year  
23 and the amount of money remaining in the allotment when they award counsel fees to  
24 attorneys of indigent persons, and (ii) to make an effort to award fees equally and justly  
25 for legal services provided. The clerk of superior court for each county shall ensure that  
26 all judges holding court within the county receive this request from the senior resident  
27 superior court judge and the chief district court judge.

28 (b) If the funds allotted pursuant to subsection (a) of this section are depleted in a  
29 district or county prior to the end of the fiscal year, the Administrative Office of the  
30 Courts shall allot any available funds from the reserve fund specified in subsection (a) or  
31 from unanticipated receipts. However, if necessary and appropriate due to unusual and  
32 unanticipated circumstances occurring in the current year, the Administrative Office of  
33 the Courts may allocate available funds to a district or county in a manner calculated to  
34 result in the reasonably fair distribution of remaining funds.

35 (c) If funds allocated in subsections (a) and (b) of this section are depleted in a  
36 district or county prior to the end of the fiscal year, the Administrative Office of the  
37 Courts shall allot available funds from the Public Defender program.

38 (d) If the funds allotted pursuant to subsections (a), (b), and (c) of this section are  
39 depleted in a district or county prior to the end of the fiscal year, the Administrative  
40 Office of the Courts is authorized to transfer funds between districts or counties only if  
41 the Administrative Office of the Courts determines that the funds transferred will not be  
42 needed to meet the obligations incurred by the Indigent Persons' Attorney Fee Fund for  
43 the county or district from which the funds are transferred for the fiscal year.

1  
2 Requested by: Representatives Justus, Kiser, Thompson

3 **REPORT ON DISPUTE SETTLEMENT CENTERS**

4 Section 15.3. (a) All local dispute settlement centers currently receiving State funds  
5 shall report annually to the Judicial Department on the program's funding and activities,  
6 including:

- 7 (1) Types of dispute settlement services provided;
- 8 (2) Clients receiving each type of dispute settlement service;
- 9 (3) Number and type of referrals received, cases actually mediated, cases  
10 resolved in mediation, and total clients served in the cases mediated;
- 11 (4) Total program funding and funding sources;
- 12 (5) Itemization of the use of funds, including operating expenses and  
13 personnel;
- 14 (6) Itemization of the use of State funds appropriated to the center;
- 15 (7) Level of volunteer activity; and
- 16 (8) Identification of future service demands and budget requirements.

17 The Judicial Department shall compile and summarize the information  
18 provided pursuant to this subsection and shall provide the information to the Chairs of the  
19 House and Senate Appropriations Committees and the Chairs of the House and Senate  
20 Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

21 (b) A local dispute settlement center requesting State funds for the first time shall  
22 provide the General Assembly with the information enumerated in subsection (a) of this  
23 section, or projections where historical data are not available, as well as a detailed  
24 statement justifying the need for State funding.

25 (c) Each local dispute settlement center receiving State funds for the first time  
26 shall document in the information provided pursuant to G.S. 7A-346.1 that, after the  
27 second year of receiving State funds, at least ten percent (10%) of total funding comes  
28 from non-State sources.

29 (d) Each local dispute settlement center receiving State funds for the third, fourth,  
30 or fifth year shall document that at least twenty percent (20%) of total funding comes  
31 from non-State sources.

32 (e) Each local dispute settlement center receiving State funds for six or more  
33 years shall document that at least fifty percent (50%) of total funding comes from non-  
34 State sources.

35 (f) Each local dispute settlement center currently receiving State funds that has  
36 achieved a funding level from non-State sources greater than that provided for that center  
37 by subsection (c), (d), or (e) of this section shall make a good faith effort to maintain that  
38 level of funding.

39 (g) The percentage that State funds comprise of the total funding of each  
40 dispute settlement center shall be determined at the conclusion of each fiscal year with  
41 the information provided pursuant to G.S. 7A-346.1 and is intended as a funding ratio  
42 and not a matching funds requirement. Local dispute settlement centers may include the

1 market value of donated office space, utilities, and professional legal and accounting  
2 services in determining total funding.

3 (h) A local dispute settlement center having difficulty meeting the funding  
4 ratio provided for that center by subsection (c), (d), or (e) of this section may request a  
5 waiver or special consideration through the Administrative Office of the Courts for  
6 consideration by the Senate and House Appropriations Subcommittees on Justice and  
7 Public Safety.

8 (i) The provisions of G.S. 143-31.4 do not apply to local dispute settlement  
9 centers receiving State funds.

10  
11 Requested by: Representatives Justus, Kiser, Thompson

### 12 **COMMUNITY PENALTIES PROGRAM**

13 Section 15.4. (a) Of the funds appropriated from the General Fund to the Judicial  
14 Department for the 1997-99 biennium to conduct the Community Penalties Program, the  
15 sum of four million two hundred five thousand three hundred eighty-two dollars  
16 (\$4,205,382) for the 1997-98 fiscal year and the sum of four million three hundred five  
17 thousand three hundred eighty-two dollars (\$4,305,382) for the 1998-99 fiscal year may  
18 be allocated by the Judicial Department in each year of the biennium in any amount  
19 among existing community penalties programs, including any State-operated programs,  
20 or may be used to establish new community penalties programs.

21 (b) The Judicial Department shall report annually to the Senate and  
22 House Appropriations Subcommittees on Justice and Public Safety and to the Fiscal  
23 Research Division on the administrative expenditures of the community penalties  
24 programs. The Judicial Department shall report quarterly to the Joint Legislative  
25 Commission on Governmental Operations on any elimination or reduction of funding for  
26 community penalties programs funded in the 1996-97 fiscal year or any program  
27 receiving initial funding during the 1997-99 biennium.

28  
29 Requested by: Representatives Justus, Kiser, Thompson

### 30 **MAKE SENTENCING COMMISSION PERMANENT**

31 Section 15.6. (a) Section 8 of Chapter 1076 of the 1989 Session Laws, as amended by  
32 Chapters 812 and 816 of the 1991 Session Laws, Chapters 253, 321, and 591 of the 1993  
33 Session Laws, and Chapter 236 of the 1995 Session Laws, reads as rewritten:

34 "Sec. 8. This act is effective upon ~~ratification, and shall expire July 1, 1997.~~  
35 ratification."

36 (b) G.S. 164-38 reads as rewritten:

37 "**§ 164-38. Terms of members; compensation; expenses.**

38 The terms of existing members shall expire on June 30, ~~1995, 1997,~~ unless they resign  
39 or are removed. New members shall be appointed or the existing members reappointed by  
40 the appointing authorities to serve ~~until July 1, 1997,~~ terms of two years, unless they  
41 resign or are removed. Members serving by virtue of elective or appointive office or as  
42 designees of such officeholders may serve only so long as the officeholders hold those  
43 respective offices. Members appointed by the Speaker of the House and the President Pro

1 Tempore of the Senate may be removed by the appointing authority without cause.  
2 Vacancies occurring before the expiration of a term shall be filled in the manner provided  
3 for the members first appointed. A member of the Commission may be removed only for  
4 disability, neglect of duty, incompetence, or malfeasance in office. Before removal, the  
5 member is entitled to a hearing. Effective with respect to members designated on or after  
6 July 1, 1992, a person making a designation pursuant to G.S. 164-37 may not make  
7 another designation, except that the person's successor in elective or appointive office  
8 may make a new designation.

9 The Commission members shall receive no salary for serving. All Commission  
10 members shall receive necessary subsistence and travel expenses in accordance with the  
11 provisions of G.S. 120-3.1, 138-5, and 138-6 as applicable."

12 (c) G.S. 164-36 reads as rewritten:

13 "**§ 164-36. Powers and duties.**

14 Sentences established for violations of the State's criminal laws should be based on  
15 the established purposes of our criminal justice and corrections systems. The  
16 Commission shall evaluate sentencing laws and policies in relationship to both the stated  
17 purposes of the criminal justice and corrections systems and the availability of sentencing  
18 options. The Commission shall make recommendations to the General Assembly for the  
19 modification of sentencing laws and policies, and for the addition, deletion, or expansion  
20 of sentencing options as necessary to achieve policy goals. The Commission shall make  
21 a report of its recommendations, including any recommended legislation, to the General  
22 Assembly annually."

23  
24 Requested by: Representatives Justus, Kiser, Thompson

25 **VICTIMS' RIGHTS AMENDMENT/FLEXIBILITY IN USE OF VICTIM**  
26 **WITNESS ASSISTANTS AND LEGAL ASSISTANTS**

27 Section 15.8A. (a) The victim witness assistants funded in this act are intended  
28 to support the implementation of the Victims' Rights Amendment to the North Carolina  
29 Constitution and to address the current workload. These positions shall be allocated on  
30 the basis of workload and population. The Judicial Department shall report to the Joint  
31 Legislative Commission on Governmental Operations on the allocation of these positions  
32 by November 1, 1997.

33 (b) In order to better manage current workloads, the district attorney may  
34 temporarily assign a victim witness assistant to perform duties normally performed by a  
35 legal assistant and may temporarily assign a legal assistant to perform duties normally  
36 performed by a victim witness assistant.

37  
38 Requested by: Representatives Justus, Kiser, Thompson

39 **CRIMINAL CASE MANAGEMENT FUNDS**

40 Section 15.9. (a) The criminal case docket management programs funded in  
41 this act shall be distributed in a manner that ensures representation in all areas of the  
42 State.

(b) The Administrative Office of the Courts shall report by April 1, 1998, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the criminal case management programs established in 10 judicial districts. The report shall assess the success of these 10 programs in reducing the backlog of court cases and resolving new court cases more quickly and shall include recommendations for the location of additional criminal case management programs in the 1998-99 fiscal year.

Requested by: Representatives Justus, Kiser, Thompson

**DIVIDE DISTRICT COURT DISTRICT 30 AND PROSECUTORIAL DISTRICT 30 INTO DISTRICTS 30A AND 30B**

Section 15.11A. (a) G.S. 7A-133(a) reads as rewritten:

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

District	Judges		County
1	4		Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	3	Martin	Beaufort Tyrrell Hyde Washington
3A	3	Pitt	
3B	4	Craven	Pamlico Carteret
4	6	Sampson	Duplin Jones Onslow
5	6	New Hanover	Pender
6A	2	Halifax	
6B	3	Northampton	Bertie

1				Hertford
2	7	6	Nash	
3				Edgecombe
4				Wilson
5	8	5	Wayne	
6				Greene
7				Lenoir
8	9	4	Granville	
9				(part of Vance
10				see subsection (b))
11				Franklin
12	9A	2	Person	
13				Caswell
14	9B	1	Warren	
15				(part of Vance
16				see subsection (b))
17	10	12	Wake	
18	11	6	Harnett	
19				Johnston
20				Lee
21	12	8	Cumberland	
22	13	4	Bladen	
23				Brunswick
24				Columbus
25	14	5		Durham
26	15A	3	Alamance	
27	15B	3	Orange	
28				Chatham
29	16A	3	Scotland	
30				Hoke
31	16B	5	Robeson	
32	17A	2	Rockingham	
33	17B	3	Stokes	
34				Surry
35	18	10	Guilford	
36	19A	3	Cabarrus	
37	19B	5	Montgomery	
38				Moore
39				Randolph
40	19C	3	Rowan	
41	20	6	Stanly	
42				Union
43				Anson

1 Richmond  
 2 Moore  
 3 21 7 Forsyth  
 4 22 7 Alexander  
 5 Davidson  
 6 Davie  
 7 Iredell  
 8 23 4 Alleghany  
 9 Ashe  
 10 Wilkes  
 11 Yadkin  
 12 24 3 Avery  
 13 Madison  
 14 Mitchell  
 15 Watauga  
 16 Yancey  
 17 25 7 Burke  
 18 Caldwell  
 19 Catawba  
 20 26 14 Mecklenburg  
 21 27A 5 Gaston  
 22 27B 4 Cleveland  
 23 Lincoln  
 24 28 5 Buncombe  
 25 29 5 Henderson  
 26 McDowell  
 27 Polk  
 28 Rutherford  
 29 Transylvania  
 30 ~~30~~30A42 Cherokee  
 31 Clay  
 32 Graham  
 33 ~~Haywood~~  
 34 ~~Jackson~~  
 35 Macon  
 36 ~~Swain~~ Swain  
 37 30B 2 Haywood  
 38 Jackson."

39 (b) The district court judgeships established for District 30A by subsection (a) of  
 40 this section shall be filled by the district court judges from current District 30 who reside  
 41 in Cherokee and Swain Counties. The term of the judge residing in Swain County  
 42 expires the first Monday in December of 1998. That judge's successor shall be elected in  
 43 the 1998 election. The term of the judge residing in Cherokee County expires the first



1 Monday in December of 2000. That judge's successor shall be elected in the 2000  
 2 election.

3 (c) The district court judgeships established for District 30B by subsection (a) of  
 4 this section shall be filled by the district court judges from current District 30 who reside  
 5 in Haywood County. The term of one of the judges residing in Haywood County expires  
 6 the first Monday in December of 1998. That judge's successor shall be elected in the  
 7 1998 election. The term of the other judge residing in Haywood County expires the first  
 8 Monday in December of 2000. That judge's successor shall be elected in the 2000  
 9 election.

10 (d) G.S. 7A-60(a1) reads as rewritten:

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

			No. of Full-Time Asst. District
Prosecutorial			
District	Counties	Attorneys	
17	1	Camden, Chowan, Currituck,	9
18		Dare, Gates, Pasquotank,	
19		Perquimans	
20	2	Beaufort, Hyde, Martin,5	
21		Tyrrell, Washington	
22	3A	Pitt	8
23	3B	Carteret, Craven, Pamlico	8
24	4	Duplin, Jones, Onslow, 12	
25		Sampson	
26	5	New Hanover, Pender	11
27	6A	Halifax	4
28	6B	Bertie, Hertford, 4	
29		Northampton	
30	7	Edgecombe, Nash, Wilson	12
31	8	Greene, Lenoir, Wayne	10
32	9	Franklin, Granville, 9	
33		Vance, Warren	
34	9A	Person, Caswell	3
35	10	Wake	23
36	11	Harnett, Johnston, Lee	11
37	12	Cumberland	14
38	13	Bladen, Brunswick, Columbus	8
39	14	Durham	10
40	15A	Alamance	7
41	15B	Orange, Chatham	6
42	16A	Scotland, Hoke	4
43	16B	Robeson	8

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

(e) The district attorney position established for District 30B by subsection (d) of this section shall be filled by the district attorney from current District 30B who resides in Haywood County. The district attorney position established for District 30A by subsection (d) of this section shall be filled by appointment by the Governor. That district attorney's term expires on December 31, 2000. A successor shall be elected in the 2000 election.

(f) The four assistant district attorney positions established for District 30A by subsection (d) of this section shall be filled by four assistant district attorneys currently serving Cherokee, Clay, Graham, Macon, and Swain Counties in current District 30. The three assistant district attorney positions established for District 30B by subsection (d) of this section shall be filled by three assistant district attorneys currently serving Haywood and Jackson Counties in current District 30.

(g) Subsections (a), (b), and (c) of this act become effective October 1, 1997, or the date upon which those subsections are approved under section 5 of the Voting Rights Act of 1965, whichever is later. The remainder of this section becomes effective October 1, 1997.

Requested by: Representatives Justus, Kiser, Thompson

**ADDITIONAL ASSISTANT DISTRICT ATTORNEYS/REESTABLISH ASSISTANT DISTRICT ATTORNEY POSITIONS IN DISTRICTS 19B AND 20**

Section 15.12. (a) G.S. 7A-60(a1), as amended by Section 15.11A of this act, reads as rewritten:

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

Prosecutorial District	Counties	Attorneys	No. of Full-Time Asst. District
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans		<del>9</del> <u>10</u>
2	Beaufort, Hyde, Martin, Tyrrell, Washington		<del>5</del> <u>6</u>
3A	Pitt		<del>8</del> <u>9</u>
3B	Carteret, Craven, Pamlico		<del>8</del> <u>9</u>
4	Duplin, Jones, Onslow, Sampson		<del>12</del> <u>14</u>
5	New Hanover, Pender		<del>11</del> <u>12</u>
6A	Halifax		<del>4</del> <u>5</u>
6B	Bertie, Hertford, Northampton		<del>4</del> <u>5</u>
7	Edgecombe, Nash, Wilson		<del>12</del> <u>14</u>
8	Greene, Lenoir, Wayne		<del>10</del> <u>12</u>
9	Franklin, Granville, Vance, Warren		<del>9</del> <u>10</u>
9A	Person, Caswell		<del>3</del> <u>4</u>
10	Wake		<del>23</del> <u>28</u>
11	Harnett, Johnston, Lee		<del>11</del> <u>13</u>
12	Cumberland		<del>14</del> <u>16</u>
13	Bladen, Brunswick, Columbus		<del>8</del> <u>9</u>
14	Durham		<del>10</del> <u>12</u>
15A	Alamance		<del>7</del> <u>8</u>
15B	Orange, Chatham		<del>6</del> <u>7</u>
16A	Scotland, Hoke		<del>4</del> <u>5</u>
16B	Robeson		<del>8</del> <u>9</u>
17A	Rockingham		<del>5</del> <u>6</u>
17B	Stokes, Surry		<del>5</del> <u>6</u>
18	Guilford		<del>22</del> <u>26</u>

- 1           19A Cabarrus            5-6
- 2           19B Montgomery, Moore, Randolph    9-11
- 3           19C Rowan    5-6
- 4           20 Anson, Richmond,       12-14
- 5                     Stanly, Union
- 6           21 Forsyth 13-14
- 7           22 Alexander, Davidson, Davie, 13-16
- 8                     Iredell
- 9           23 Alleghany, Ashe, Wilkes,    5-6
- 10                    Yadkin
- 11           24 Avery, Madison, Mitchell,    4-5
- 12                    Watauga, Yancey
- 13           25 Burke, Caldwell, Catawba 12-13
- 14           26 Mecklenburg 29-31
- 15           27A Gaston    10-11
- 16           27B Cleveland,       6-7
- 17                     Lincoln
- 18           28 Buncombe       9-10
- 19           29 Henderson, McDowell, Polk, 10-11
- 20                    Rutherford, Transylvania
- 21           30A Cherokee, Clay, Graham,    4-5
- 22                    Macon, Swain
- 23           30B Haywood, Jackson    3-4."
- 24           (b) Subsections (c) and (d) of Section 5 of Chapter 589 of the 1995 Session
- 25   Laws are repealed.
- 26           (c) Subsection (a) of this section becomes effective December 1, 1997.

27  
28 Requested by: Representatives Justus, Kiser, Thompson

29 **AUTHORIZE ADDITIONAL MAGISTRATES**

30 Section 15.14. G.S. 7A-133(c) reads as rewritten:

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

County	Min.-Max.	Magistrates Court	Additional Seats of
38 Camden	1 2		
39 Chowan	2 3		
40 Currituck	1 3		
41 Dare	3 8		
42 Gates	2 3		
43 Pasquotank	3 5		

1	Perquimans	2	3	
2	Martin	5	8	
3	Beaufort	4	8	
4	Tyrrell	1	3	
5	Hyde	2	4	
6	Washington	3	4	
7	Pitt	10	12	Farmville
8				Ayden
9	Craven	7	10	Havelock
10	Pamlico	2	3	
11	Carteret	5	8	
12	Sampson	6	8	
13	Duplin	9	11	
14	Jones	2	3	
15	Onslow	8	14	
16	New Hanover	6	11	
17	Pender	4	6	
18	Halifax	9	14	Roanoke
19				Rapids,
20				Scotland Neck
21	Northampton	5	7	
22	Bertie	4	6	
23	Hertford	5	6	
24	Nash	7	10	Rocky Mount
25	Edgecombe	4	<del>6</del> 7	Rocky Mount
26	Wilson	4	<del>6</del> 7	
27	Wayne	5	<del>11</del> 12	Mount Olive
28	Greene	2	4	
29	Lenoir	4	10	La Grange
30	Granville	3	7	
31	Vance	3	6	
32	Warren	3	4	
33	Franklin	3	6	
34	Person	3	4	
35	Caswell	2	5	
36	Wake	12	<del>20</del> 21	Apex,
37				Wendell,
38				Fuquay-
39				Varina,
40				Wake Forest
41	Harnett	7	11	Dunn
42	Johnston	10	12	Benson,
43				Clayton,

Selma

Maxton,  
Pembroke,  
Red Springs,  
Rowland,  
St. Pauls

Eden,  
Madison

Pines

1				
2	Lee	4 6		
3	Cumberland	10	<del>17</del> <u>18</u>	
4	Bladen	4 6		
5	Brunswick	4 7		
6	Columbus	6 8	Tabor City	
7	Durham	8 12		
8	Alamance	7 10	Burlington	
9	Orange	4 11	Chapel Hill	
10	Chatham	3 8	Siler City	
11	Scotland	3 5		
12	Hoke	4 5		
13	Robeson	8 16	Fairmont,	
14				
15				
16				
17				
18				
19	Rockingham	4 9	Reidsville,	
20				
21				
22	Stokes	2 5		
23	Surry	5 9	Mt. Airy	
24	Guilford	20 26	High Point	
25	Cabarrus	5 9	Kannapolis	
26	Montgomery	2 4		
27	Randolph	5 10	Liberty	
28	Rowan	5 10		
29	Stanly	5 6		
30	Union	4 <del>6</del> <u>7</u>		
31	Anson	4 5		
32	Richmond	5 6	Hamlet	
33	Moore	5 8	Southern	
34				
35	Forsyth	3 15	Kernersville	
36	Alexander	2 3		
37	Davidson	7 10	Thomasville	
38	Davie	2 3		
39	Iredell	4 9	Mooresville	
40	Alleghany	1 2		
41	Ashe	3 4		
42	Wilkes	4 <del>6</del> <u>7</u>		
43	Yadkin	3 5		

1	Avery	3	4	
2	Madison	4	5	
3	Mitchell	3	4	
4	Watauga	4	6	
5	Yancey	2	4	
6	Burke	4	7	
7	Caldwell	4	7	
8	Catawba	6	10	Hickory
9	Mecklenburg	15	26	
10	Gaston	11	<del>20</del> <u>21</u>	
11	Cleveland	5	8	
12	Lincoln	4	7	
13	Buncombe	6	<del>15</del> <u>16</u>	
14	Henderson	4	7	
15	McDowell	3	5	
16	Polk	3	4	
17	Rutherford	6	8	
18	Transylvania	2	4	
19	Cherokee	3	4	
20	Clay	1	2	
21	Graham	2	3	
22	Haywood	5	7	Canton
23	Jackson	3	4	
24	Macon	3	4	
25	Swain	2	3."	

27 Requested by: Representatives Justus, Kiser, Thompson

28 **ADDITIONAL INVESTIGATORIAL ASSISTANTS**

29 Section 15.16A. G.S. 7A-69 reads as rewritten:

30 **"§ 7A-69. Investigatorial assistants.**

31 The district attorney in ~~the first, third B, fourth, seventh, eighth, tenth, eleventh,~~  
 32 ~~twelfth, fourteenth, fifteenth A, sixteenth, eighteenth, twentieth, twenty first, twenty-~~  
 33 ~~fifth, twenty sixth, twenty seventh, twenty eighth, twenty ninth and thirtieth~~  
 34 prosecutorial districts 1, 3B, 4, 7, 8, 10, 11, 12, 14, 15A, 15B, 18, 20, 21, 24, 25, 26, 27A,  
 35 27B, 28, 29, and 30A is entitled to one investigatorial assistant to be appointed by the  
 36 district attorney and to serve at his pleasure. The investigatorial assistant for prosecutorial  
 37 district 30A shall also serve district 30B, and the district attorneys for those districts shall  
 38 cooperate to ensure that the investigatorial assistant performs a substantially equivalent  
 39 amount of work for each district.

40 It shall be the duty of the investigatorial assistant to investigate cases preparatory to  
 41 trial and to perform such other duties as may be assigned by the district attorney. The  
 42 investigatorial assistant is entitled to reimbursement for his subsistence and travel  
 43 expenses to the same extent as State employees generally."

1  
2 Requested by: Representatives Justus, Kiser, Thompson

3 **IRMC REVIEW OF INFORMATION TECHNOLOGY PLANS OF THE**  
4 **ADMINISTRATIVE OFFICE OF THE COURTS**

5 Section 15.17. (a) G.S. 143B-426.21(b) reads as rewritten:

6 "(b) Powers and Duties. – The Commission has the following powers and duties:

- 7 (1) To develop, approve, and publish a statewide information technology  
8 strategy covering the current and following biennium that shall be  
9 updated annually and shall be submitted to the General Assembly on the  
10 first day of each regular session.
- 11 (2) To develop, approve, and sponsor statewide technology initiatives and  
12 to report on those initiatives in the annual update of the statewide  
13 information technology strategy.
- 14 (3) To review and approve biennially the information technology plans of  
15 the executive agencies, ~~including their agencies~~ and to review and  
16 comment biennially on the information technology plans of the  
17 Administrative Office of the Courts. This review shall include plans for  
18 the procurement and use of personal computers and workstations.
- 19 (4) To recommend to the Governor and the Office of State Budget and  
20 Management the relative priorities across executive agency information  
21 technology plans.
- 22 (5) To establish a quality assurance policy for all agency information  
23 technology projects, information systems training programs, and  
24 information systems documentation.
- 25 (6) To establish and enforce a quality review and expenditure review  
26 procedure for major agency information technology projects.
- 27 (7) To review and approve expenditures from appropriations made to the  
28 Office of State Budget and Management for the purpose of creating a  
29 Computer Reserve Fund.
- 30 (8) To develop and promote a policy and procedures for the fair and  
31 competitive procurement of information technology consistent with the  
32 rules of the Department of Administration and consistent with published  
33 industry standards for open systems that provide agencies with a  
34 vendor-neutral operating environment where different information  
35 technology hardware, software, and networks operate together easily  
36 and reliably."

37 (b) The Information Resources Management Commission shall review the  
38 information technology plans of the Administrative Office of the Courts and report its  
39 findings to the Joint Legislative Commission on Governmental Operations by November  
40 1, 1997.

41  
42 Requested by: Representatives Justus, Kiser, Thompson

43 **STUDY COMMISSION ON THE ALLOCATION OF JUDICIAL RESOURCES**



1 Section 15.18. (a) The Study Commission on the Allocation of Judicial  
2 Resources is created. The Commission shall consist of 19 voting members as follows:

- 3 (1) Four members of the House of Representatives to be appointed by the  
4 Speaker of the House of Representatives;
- 5 (2) Four members of the Senate to be appointed by the President Pro  
6 Tempore of the Senate;
- 7 (3) Two superior court judges, one to be appointed by the Speaker of the  
8 House and one to be appointed by the President Pro Tempore of the  
9 Senate;
- 10 (4) Two district court judges, one to be appointed by the Speaker of the  
11 House and one to be appointed by the President Pro Tempore of the  
12 Senate;
- 13 (5) Two district attorneys, one to be appointed by the Speaker of the House  
14 and one to be appointed by the President Pro Tempore of the Senate;
- 15 (6) Two clerks of superior court, one to be appointed by the Speaker of the  
16 House and one to be appointed by the President Pro Tempore of the  
17 Senate;
- 18 (7) Two magistrates, one to be appointed by the Speaker of the House and  
19 one to be appointed by the President Pro Tempore of the Senate; and
- 20 (8) The Director of the Administrative Office of the Courts, or the  
21 Director's designee.

22 The Speaker of the House of Representatives and the President Pro Tempore of  
23 the Senate shall each designate a cochair from the General Assembly membership serving  
24 on the Commission. The Commission shall meet upon the call of the cochairs. A  
25 majority of the Commission shall constitute a quorum for the transaction of business.

26 (b) The Commission shall study the allocation of judicial resources, including  
27 superior court judges, district court judges, assistant district attorneys, deputy clerks of  
28 court, assistant clerks of court, magistrates, and support staff. The study shall include a  
29 review of the existing workload and staffing formulas for judicial personnel.

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

42 Members of the Commission shall receive per diem, subsistence, and travel  
43 allowances as follows:

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

6 (d) The Commission shall report the results of its study and its recommendations  
7 to the 1999 General Assembly and may make an interim report to the 1998 Regular  
8 Session of the 1997 General Assembly. The Commission shall terminate upon filing its  
9 final report.

10 (e) There is allocated from the funds appropriated to the Legislative Services  
11 Commission's studies reserve to the Study Commission on the Allocation of Judicial  
12 Resources Study Commission the sum of fifteen thousand dollars (\$15,000) for the 1997-  
13 98 fiscal year and the sum of fifteen thousand dollars (\$15,000) for the 1998-99 fiscal  
14 year to conduct the study directed by this section.

15  
16 Requested by: Representatives Justus, Kiser, Thompson

17 **GUARDIAN AD LITEM ATTORNEY BILLINGS**

18 Section 15.19. Attorneys providing legal services for the Guardian Ad Litem  
19 program shall bill the Judicial Department within 30 days after the end of each quarter of  
20 the fiscal year in order to be reimbursed for those services.

21  
22 Requested by: Representatives Justus, Kiser, Thompson

23 **PROJECT CHALLENGE REPORT**

24 Section 15.20. (a) Of the funds appropriated in this act to the Administrative  
25 Office of the Courts for the 1997-98 fiscal year, the sum of one hundred thousand dollars  
26 (\$100,000) shall be used to support the operation of Project Challenge North Carolina,  
27 Inc., a nonprofit corporation that provides alternative dispositions and services to  
28 juveniles who have been adjudicated delinquent or undisciplined in District Court District  
29 24, and for expansion of the program. The funds shall be used to:

- 30 (1) Provide community resources and dispositional alternatives for  
31 juveniles in the form of community services, including services to the  
32 elderly and economically disadvantaged;
- 33 (2) Promote the involvement of juveniles in community programs that  
34 instill in juveniles pride in their communities and develop self-respect  
35 and the skills needed for them to be productive, responsible members of  
36 their communities;
- 37 (3) Coordinate with the local schools and State and local law enforcement  
38 to educate juveniles regarding the justice system and to promote respect  
39 for authority and an appreciation of societal laws and mores; and
- 40 (4) Collaborate with community agencies and organizations to provide  
41 guidance to and positive role models for juveniles.

42 (b) Project Challenge North Carolina, Inc. shall report by March 1, 1998, to the  
43 Joint Legislative Commission on Governmental Operations, the Chairs of the House and

1 Senate Appropriations Committees, and the Chairs of the House and Senate  
2 Appropriations Subcommittees on Justice and Public Safety on the expenditure of State  
3 appropriations and on the operations and the effectiveness of the program, including  
4 information on the number of juveniles served. Thereafter, Project Challenge North  
5 Carolina, Inc. shall report quarterly to the Chairs of the House and Senate Appropriations  
6 Subcommittees on Justice and Public Safety on the operations and effectiveness of the  
7 program.

8  
9 Requested by: Representatives Alexander, Justus, Kiser, Thompson

10 **EDUCATIONAL PROGRAM FOR PARENTS WHO ARE PARTIES TO A**  
11 **CUSTODY OR VISITATION ACTION**

12 Section 15.21. (a) The Administrative Office of the Courts shall develop a  
13 program to educate and sensitize separated or divorcing couples with children about the  
14 needs of their children during and after the separation and divorce process. Program  
15 development shall include the following:

- 16 (1) An educational course that parties to a custody or visitation action may  
17 attend voluntarily or if ordered by the court. The course should be  
18 designed to inform attendees of the impact of their separation, custody,  
19 or visitation action on:  
20 a. The children,  
21 b. The parents' relationship with one another,  
22 c. The family's relationship, and  
23 d. The couple's financial responsibilities for the children;  
24 The course should provide information to attendees on resources  
25 available in the community to help them address these issues;
- 26 (2) An administrative plan for the implementation of the program in at least  
27 four judicial districts selected by the Administrative Office of the  
28 Courts; the administrative plan shall include:  
29 a. Provisions to ensure the program will be financially self-  
30 sustaining in each district,  
31 b. Methods for evaluating the courses to ensure effectiveness, and  
32 for certifying attendance,  
33 c. How the program will be implemented at the local level, and  
34 d. Other administrative matters identified by the Administrative  
35 Office of the Courts as necessary for effective and efficient  
36 program implementation;
- 37 (3) Identification of course providers with whom the Administrative Office  
38 of the Courts would contract to make courses available at reasonable  
39 times and to ensure that courses will be available with sufficient  
40 regularity to meet the needs of the judicial district in which the program  
41 is offered; and
- 42 (4) Other matters considered by the Administrative Office of the Courts to  
43 be important program components.

1 The Administrative Office of the Courts shall ensure that the program is  
2 operational in judicial districts to be selected by the Administrative Office of the Courts  
3 no later than January 1, 1998. The Administrative Office of the Courts shall consider  
4 implementing the program in judicial districts 4, 12, 19B, and 26. The program shall  
5 expire on July 1, 1999, unless the program is implemented statewide.

6 (b) The Administrative Office of the Courts shall ensure involvement and input  
7 into the development of the program by persons who have experience in assisting  
8 families through and after the divorcing process.

9 (c) The court shall order participation in this educational course if it finds that  
10 significant parental conflict has adversely affected the children and that the children's best  
11 interests would be served by the party or parties' participation in the course.

12 (d) The Administrative Office of the Courts shall report to the General Assembly  
13 not later than March 1, 1999, on the program developed pursuant to this section. The  
14 report shall include the following:

- 15 (1) Progress made on the implementation of the targeted pilot districts and  
16 recommendations for the expansion of the program to other districts or  
17 statewide;
- 18 (2) The amount of State funds that will be necessary for the Administrative  
19 Office of the Courts to supervise and oversee program operation;
- 20 (3) Estimates of reasonable fees that attendees would be charged if the  
21 program were implemented statewide and a method for waiving such  
22 fees in cases of severe financial hardship;
- 23 (4) Legislation that may be needed to facilitate program implementation  
24 and operation; and
- 25 (5) Other recommendations the Administrative Office of the Courts  
26 considers appropriate.

27  
28 Requested by: Representatives Morris, Hurley, Justus, Kiser, Thompson

29 **CUMBERLAND JUVENILE ASSESSMENT CENTER**

30 Section 15.22. (a) Of the funds appropriated in this act to the Administrative  
31 Office of the Courts for the 1997-98 fiscal year, the sum of sixty thousand dollars  
32 (\$60,000) shall be used to fund the Juvenile Assessment Project authorized by this  
33 section. These funds shall be matched by local funds on the basis of one dollar (\$1.00) of  
34 local funds for every three dollars (\$3.00) of State funds.

35 (b) The Administrative Office of the Courts, in collaboration with the Chief  
36 Court Counselor of District Court District 12, the Cumberland County Department of  
37 Social Services, and the appropriate local school administrative units, shall develop and  
38 implement a Juvenile Assessment Center Project in District Court District 12 to operate  
39 from the effective date of this act to June 30, 1998. The purpose of the Project is to  
40 facilitate efficient prevention and intervention service delivery to juveniles who are (i)  
41 alleged to be delinquent or undisciplined and have been taken into custody or (ii) at risk  
42 of becoming delinquent or undisciplined because they have behavioral problems and  
43 have committed delinquent acts even though they have not been taken into custody. The

1 Project shall assist these juveniles by providing a centralized point of intake and  
2 assessment for the juveniles, by addressing the educational, emotional, and physical  
3 needs of the juveniles, and by providing juveniles with an atmosphere for learning  
4 personal responsibility, self-respect, and respect for others. The Administrative Office of  
5 the Courts shall consider the recommendations of the Juvenile Assessment Advisory  
6 Board in developing and implementing the Project.

7 (c) The Project shall be modeled after the Juvenile Assessment Center in  
8 Hillsborough County, Florida, and shall:

- 9 (1) Identify those juveniles who are alleged to be delinquent or  
10 undisciplined or are at risk of becoming delinquent or undisciplined;
- 11 (2) Evaluate the educational, emotional, and physical needs of the juveniles  
12 identified and determine whether the juveniles have problems related to  
13 substance abuse, depression, or other emotional conditions;
- 14 (3) Develop in-depth and comprehensive assessment plans for the juveniles  
15 identified that recommend appropriate treatment, counseling, and  
16 disposition of the juveniles; and
- 17 (4) Provide services to juveniles identified and their families through  
18 collaboration with public and private resources, including local law  
19 enforcement, parents' organizations, the Fayetteville Chamber of  
20 Commerce, and county and community programs and organizations that  
21 provide substance abuse treatment and child and family counseling.

22 (d) There is established the Juvenile Assessment Advisory Board to make  
23 recommendations to the Administrative Office of the Courts regarding the development  
24 and operations of the Project. The Board shall consist of 13 members, including:

- 25 (1) The director of the Department of Social Services of Cumberland  
26 County, or the director's designee.
- 27 (2) A representative from the local mental health area authority of  
28 Cumberland County.
- 29 (3) A member of the Cumberland County Board of Education.
- 30 (4) The sheriff of Cumberland County, or the sheriff's designee.
- 31 (5) The chief of police of the Fayetteville Police Department, or the  
32 designee of the chief of police.
- 33 (6) A judge of District Court District 12.
- 34 (7) A juvenile court counselor from District Court District 12.
- 35 (8) The director of the Guardian Ad Litem program in Cumberland County,  
36 or the director's designee.
- 37 (9) The director of the Health Department of Cumberland County, or the  
38 director's designee.
- 39 (10) Two public members appointed by the Fayetteville City Council.
- 40 (11) Two public members appointed by the Board of County Commissioners  
41 of Cumberland County.

42 The members of the Board shall, within 30 days after the initial appointment is  
43 made, meet and elect one member as chair. The Board shall meet at least once a month at

1 the call of the chair, and a quorum of the Board shall consist of a majority of its members.  
2 The Board of County Commissioners of Cumberland County shall provide necessary  
3 clerical and professional assistance to the Board.

4 Initial appointments shall be made by August 1, 1997, and all terms shall  
5 expire June 30, 1998.

6 (e) The Administrative Office of the Courts, in consultation with the  
7 Department of Human Resources, shall evaluate the Project and report to the Chairs of  
8 the House and Senate Appropriations Committees, the Chairs of the House and Senate  
9 Appropriations Subcommittees on Justice and Public Safety and Human Resources, and  
10 the Fiscal Research Division of the General Assembly on December 1, 1997, and May 1,  
11 1998, on the progress of the development and implementation of the Project. In the May  
12 1998 report, the Administrative Office of the Courts, in consultation with the Department  
13 of Human Resources, shall evaluate the effectiveness of the Project, including the number  
14 of juveniles served or expected to be served, and shall recommend whether the Project  
15 should be continued. If the May 1998 report recommends that the Project be continued,  
16 it shall also provide a cost analysis outlining the long-term staffing and operating needs  
17 of the Project.

18  
19 Requested by: Representatives Sexton, Eddins, Justus, Kiser, Thompson

#### 20 **BAD CHECK PILOT PROGRAM FUNDS/REPORT**

21 Section 15.23. Of the funds appropriated to the Judicial Department for the  
22 1997-98 fiscal year, the sum of one hundred twenty thousand dollars (\$120,000) shall be  
23 used to establish a bad check collection pilot program in Wake and Rockingham  
24 Counties. The Administrative Office of the Courts shall add two administrative positions  
25 to the district attorney's office in each county to assist in implementing the pilot program.

26 The Administrative Office of the Courts shall report by May 1, 1998, to the  
27 Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate  
28 and House Appropriations Subcommittees on Justice and Public Safety on the  
29 implementation of the programs, including their effectiveness in assisting the recipients  
30 of worthless checks in obtaining restitution and the amount of time saved in prosecuting  
31 worthless check cases.

32  
33 Requested by: Representatives Justus, Kiser, Thompson

#### 34 **DISTRICT COURT CIVIL CASE MANAGEMENT**

35 Section 15.24. The Administrative Office of the Courts shall report by May 1,  
36 1998, to the Chairs of the Senate and House Appropriations Committees and the Chairs  
37 of the Senate and House Appropriations Subcommittees on Justice and Public Safety on  
38 the civil case management pilot programs established in District Court Districts 13, 18,  
39 30A, and 30B. The report shall assess the success of these programs in reducing the  
40 backlog of civil court cases and in resolving new cases more quickly.

41  
42 Requested by: Representatives Redwine, Hackney, Bowie, Justus, Kiser, Thompson

**ESTABLISH TEEN COURTS IN ORANGE, GUILFORD, CABARRUS, FORSYTH, WAKE, AND BRUNSWICK COUNTIES**

Section 15.25. (a) Of the funds appropriated in this act to the Judicial Department, the Administrative Office of the Courts shall use:

- (1) The sum of fifteen thousand dollars (\$15,000) for the 1997-98 fiscal year and the sum of fifteen thousand dollars (\$15,000) for the 1998-99 fiscal year to establish a "teen court" program in Orange County.
- (2) The sum of twenty thousand dollars (\$20,000) for the 1997-98 fiscal year and the sum of twenty thousand dollars (\$20,000) for the 1998-99 fiscal year to establish a "teen court" program in Guilford County.
- (3) The sum of twenty thousand dollars (\$20,000) for the 1997-98 fiscal year and the sum of twenty thousand dollars (\$20,000) for the 1998-99 fiscal year to establish a "teen court" program in Brunswick County.
- (4) The sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1997-98 fiscal year and the sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1998-99 fiscal year to establish a "teen court" program in Forsyth County.
- (5) The sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1997-98 fiscal year and the sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1998-99 fiscal year to establish a "teen court" program in Cabarrus County.
- (6) The sum of fifteen thousand dollars (\$15,000) for the 1997-98 fiscal year to establish a "teen court" program in Wake County.

The Administrative Office of the Courts shall establish the programs pursuant to the guidelines and objectives set forth in Section 40 of Chapter 24 of the Session Laws of the 1994 Extra Session.

(b) Each of the programs established pursuant to this section shall report to the Administrative Office of the Courts on the expenditures and operations of the program by March 1, 1998, and thereafter on a quarterly basis. The Administrative Office of the Courts shall evaluate the effectiveness of the programs and report its findings and recommendations to the Joint Legislative Commission on Governmental Operations and to the Chairs of the House of Representatives and Senate Appropriations Subcommittees on Justice and Public Safety by April 15, 1998.

**PART XVI. DEPARTMENT OF CORRECTION**

Requested by: Representatives Justus, Kiser, Thompson

**REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM**

Section 16. (a) G.S. 148-29 reads as rewritten:

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

1       (a) The sheriff having in charge any prisoner to be taken to the State prison system  
2 shall send the prisoner to the custody of the Department of Correction within five days  
3 after sentencing and the disposal of all pending charges against the prisoner, if no appeal  
4 has been taken. Beginning on the sixth day after sentencing and disposal of all pending  
5 charges against the prisoner and continuing through the day the prisoner is received by  
6 the Division of Prisons, the Department of Correction shall pay the ~~county a~~ county:

7           (1) A standard sum set by the General Assembly in its appropriations acts  
8               for the cost of providing food, clothing, personal items, supervision, and  
9               necessary ordinary medical services to the prisoner awaiting transfer to  
10              the State prison system; and

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

13       (b) The sheriff having in charge any parolee or post-release supervisee to be taken  
14 to the State prison system shall send the prisoner to the custody of the Department of  
15 Correction within five days after preliminary hearing held under G.S. 15A-1368.6(b) or  
16 G.S. 15A-1376(b). Beginning on the sixth day after the hearing and continuing through  
17 the day the prisoner is received by the Division of Prisons, the Department of Correction  
18 shall pay the county:

19           (1) A standard sum set by the General Assembly in its appropriations acts  
20               for the cost of providing food, clothing, personal items, supervision, and  
21               necessary ordinary medical services to the parolee or post-release  
22              supervisee awaiting transfer to the State prison system; and

23           (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by  
24              parolees or post-release supervisees awaiting transfer to the State prison  
25              system.

26       (c) The sheriff shall file with the board of commissioners of his county a copy of  
27 his affidavit as to necessary guard, together with a copy of his itemized account of  
28 expenses, both certified to by him as true copies of those on file in his office."

29       (b) The Department of Correction may use funds appropriated to the Department  
30 for the 1997-99 biennium to pay the sum of forty dollars (\$40.00) per day as  
31 reimbursement to counties for the cost of housing convicted inmates and parolees and  
32 post-release supervisees awaiting transfer to the State prison system, as provided in G.S.  
33 148-29. The Department shall report quarterly to the Joint Legislative Commission on  
34 Governmental Operations, the Joint Legislative Corrections Oversight Committee, the  
35 Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate  
36 and House Appropriations Subcommittees on Justice and Public Safety on the  
37 expenditure of funds to reimburse counties for prisoners awaiting transfer and on its  
38 progress in reducing the jail backlog.

39       Prior to the expenditure of more than the sum of six million five hundred  
40 thousand dollars (\$6,500,000) for the 1997-98 fiscal year or more than the sum of four  
41 million dollars (\$4,000,000) for the 1998-99 fiscal year to reimburse counties for  
42 prisoners awaiting transfer, the Department of Correction and the Office of State Budget



1 and Management shall report to the Joint Legislative Commission on Governmental  
2 Operations on the necessity of that expenditure.

3  
4 Requested by: Representatives Justus, Kiser, Thompson

5 **INMATE HOUSING FUNDS**

6 Section 16.1. If delays in the construction of prison units funded in the 1997-  
7 99 biennium continuation budget reserves for operating prisons result in the availability  
8 of non-recurring funds for the 1997-98 fiscal year, those funds shall be used to contract  
9 for prison beds to house inmates in out-of-state prisons or in local jails. To the extent that  
10 funds from the reserves for operating prisons are not available, the Department of  
11 Correction may use funds appropriated to the Department for the 1997-98 fiscal year to  
12 contract for prison beds to house inmates in out-of-state prisons or in local jails. The  
13 Department shall report quarterly to the Joint Legislative Commission on Governmental  
14 Operations, the Joint Legislative Corrections Oversight Committee, the Chairs of the  
15 Senate and House Appropriations Committees, and the Chairs of the Senate and House  
16 Appropriations Subcommittees on Justice and Public Safety on these contracts. The  
17 report shall include the amount expended monthly for each contract, the source of  
18 funding used to pay for the contracts, the status of each contract, and the projected dates  
19 for returning the inmates housed out-of-state or in local jails to the State prison system.

20 Prior to the expenditure of more than the sum of one million dollars  
21 (\$1,000,000) to fund contracts for out-of-state and local jail beds, the Department of  
22 Correction and the Office of State Budget and Management shall report to the Joint  
23 Legislative Commission on Governmental Operations on the necessity of that  
24 expenditure.

25  
26 Requested by: Representatives Justus, Kiser, Thompson

27 **LIMIT USE OF OPERATIONAL FUNDS**

28 Section 16.3. Funds appropriated in this act to the Department of Correction  
29 for operational costs for additional facilities shall be used for personnel and operating  
30 expenses set forth in the budget approved by the General Assembly in this act. These  
31 funds shall not be expended for any other purpose, except as provided for in this act, and  
32 shall not be expended for additional prison personnel positions until the new facilities are  
33 within 90 days of projected completion, except for certain management, security, and  
34 support positions necessary to prepare the facility for opening, as authorized in the budget  
35 approved by the General Assembly.

36  
37 Requested by: Representatives Justus, Kiser, Thompson

38 **USE OF FACILITIES CLOSED UNDER GPAC**

39 Section 16.4. In conjunction with the closing of small expensive prison units  
40 recommended for consolidation by the Government Performance Audit Committee, the  
41 Department of Correction shall consult with the county or municipality in which the unit  
42 is located or any private for-profit or nonprofit firm about the possibility of converting  
43 that unit to other use. Consistent with existing law, the Department may provide for the

1 transfer or the lease for 20 years or more of any of these units to counties, municipalities,  
2 or private firms wishing to convert them to other use. The Department of Correction may  
3 also consider converting some of the units recommended for closing from medium  
4 security to minimum security, where that conversion would be cost-effective. A prison  
5 unit under lease to a county pursuant to the provisions of this section is exempt for the  
6 period of the lease from any of the minimum standards adopted by the Secretary of  
7 Human Resources pursuant to G.S. 153A-221 that would subject the unit to greater  
8 standards than those required of a unit of the State prison system.

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

11  
12 Requested by: Representatives Justus, Kiser, Thompson

### 13 **FEDERAL GRANT REPORTING**

14 Section 16.5. The Department of Correction, the Department of Justice, the  
15 Department of Crime Control and Public Safety, and the Judicial Department shall report  
16 by December 1 and May 1 of each year to the Joint Legislative Commission on  
17 Governmental Operations, the Chairs of the Senate and House Appropriations  
18 Committees, and the Chairs of the Senate and House Appropriations Subcommittees on  
19 Justice and Public Safety on federal grant funds received or preapproved for receipt by  
20 those departments. The report shall include information on the amount of grant funds  
21 received or preapproved for receipt by each department, the use of the funds, the State  
22 match expended to receive the funds, and the period to be covered by each grant. If the  
23 department intends to continue the program beyond the end of the grant period, the  
24 department shall report on the proposed method for continuing the funding of the  
25 program at the end of the grant period. Each department shall also report on any  
26 information it may have indicating that the State will be requested to provide future  
27 funding for a program presently supported by a local grant.

28  
29 Requested by: Representatives Justus, Kiser, Thompson

### 30 **HARRIET'S HOUSE FUNDS**

31 Section 16.6. Funds appropriated in this act to the Department of Correction to  
32 support the programs of Harriet's House may be used for program operating costs, the  
33 purchase of equipment, and the rental of real property. Harriet's House shall report by  
34 December 1 and May 1 of each year to the Joint Legislative Commission on  
35 Governmental Operations on the expenditure of State appropriations and on the  
36 effectiveness of the program including information on the number of clients served and  
37 the number of clients who successfully complete the Harriet's House program.

38  
39 Requested by: Representatives Justus, Kiser, Thompson

### 40 **REPORT ON SUMMIT HOUSE**

41 Section 16.7. Summit House shall report by December 1 and May 1 of each  
42 year to the Joint Legislative Commission on Governmental Operations on the expenditure  
43 of State appropriations and on the effectiveness of the program, including information on

1 the number of clients served, the number of clients who have their probation revoked, and  
2 the number of clients who successfully complete the program while housed at Summit  
3 House.

4  
5 Requested by: Representatives Justus, Kiser, Thompson

6 **MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA**  
7 **STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT**

8 Section 16.8. (a) Notwithstanding the funding formula set forth in G.S. 143B-  
9 273.15, grants made through the North Carolina State-County Criminal Justice  
10 Partnership Act for the 1997-98 fiscal year shall be distributed to the counties as specified  
11 in G.S. 143B-273.15(2) only, and not as discretionary funds. The Department may also  
12 use funds from the State-County Criminal Justice Partnership Account in order to  
13 maintain the counties' allocations of nine million six hundred thousand dollars  
14 (\$9,600,000) as provided in previous fiscal years. Appropriations not claimed or  
15 expended by the counties during the 1997-99 biennium shall be distributed as specified in  
16 G.S. 143B-273.15(1).

17 (b) G.S. 143B-273.4(a) reads as rewritten:

18 "(a) An eligible offender is an adult offender who either is in confinement awaiting  
19 trial, or was convicted of a misdemeanor or a felony offense and received a  
20 nonincarcerative sentence of an intermediate punishment or is serving a term of parole or  
21 post-release supervision after completing serving an active sentence of imprisonment."  
22

23 Requested by: Representatives Justus, Kiser, Thompson

24 **REPORT ON DART/DWI PROGRAM AT CHERRY HOSPITAL**

25 Section 16.8A. The Department of Correction shall report by December 1,  
26 1997, and by May 1, 1998, to the Joint Legislative Corrections Oversight Committee, the  
27 Chairs of the Senate and House Appropriations Committees, and the Chairs of the  
28 Appropriations Subcommittees on Justice and Public Safety on the residential  
29 DWI/Substance Abuse Treatment Program for probationers and parolees at the DART  
30 facility at Cherry Hospital. The report shall include monthly statistical summaries of  
31 population versus capacity and comparisons of the percentage of offenders entering the  
32 program versus those completing the program, for both probationers and parolees. The  
33 report shall also include a budget report showing expenditures by purpose. If the  
34 program is not operating at capacity by the end of each reporting period, the Department  
35 of Correction shall explain the reasons for underutilization and its proposed strategies for  
36 addressing the problem of underutilization. Any new initiatives that would revise or  
37 expand the treatment model at the facility, along with the accompanying costs, shall also  
38 be included in each report.

39  
40 Requested by: Representatives Justus, Kiser, Thompson

41 **REDUCE MEMBERSHIP ON POST-RELEASE SUPERVISION AND PAROLE**  
42 **COMMISSION**

43 Section 16.9. (a) G.S. 143B-267 reads as rewritten:

1 **"§ 143B-267. Post-Release Supervision and Parole Commission – members;**  
2 **selection; removal; chairman; compensation; quorum; services.**

3 The Post-Release Supervision and Parole Commission shall consist of ~~five~~three full-  
4 time members. The ~~five~~three full-time members shall be appointed by the Governor  
5 from persons whose recognized ability, training, experience, and character qualify them  
6 for service on the Commission. ~~The terms of office of the five members presently~~  
7 ~~-serving on the Commission shall expire on June 30, 1993. The terms of three members~~  
8 ~~appointed effective July 1, 1993, shall be for three years. The terms of two members~~  
9 ~~appointed effective July 1, 1993, shall be for four years. In order to stagger the terms of~~  
10 the three members serving on the Commission on July 1, 1997, the Governor shall  
11 designate one of those members to serve a term expiring on June 30, 1999, one to serve a  
12 term expiring on June 30, 2000, and one to serve a term expiring on June 30, 2001.  
13 Thereafter, the terms of office of persons appointed by the Governor as members of the  
14 Commission shall be for four years or until their successors are appointed and qualify.  
15 Any appointment to fill a vacancy on the Commission created by the resignation,  
16 removal, death or disability of a full-time member shall be for the balance of the  
17 unexpired term only.

18 The Governor shall have the authority to remove any member of the Commission  
19 from office for misfeasance, malfeasance or nonfeasance, pursuant to the provisions of  
20 G.S. 143B-13. The Governor shall designate a full-time member of the Commission to  
21 serve as chairman of the Commission at the pleasure of the Governor.

22 ~~With regard to the transaction of the business of the Commission the following~~  
23 ~~procedure shall be followed: The chairman shall designate panels of two voting~~  
24 ~~Commission members and shall designate a third commissioner to serve as an alternate~~  
25 ~~member of a panel. Insofar as practicable, the chairman shall assign the members to~~  
26 ~~panels in such fashion that each commissioner sits a substantially equal number of times~~  
27 ~~with each other commissioner. Whenever any matter of business, such as the granting,~~  
28 ~~denying, revoking or rescinding of parole, or the authorization of work release privileges~~  
29 ~~to a prisoner, shall come before the Commission for consideration and action, the~~  
30 ~~chairman shall refer such matter to a panel. Action may be taken by concurring vote of~~  
31 ~~the two sitting panel members. If there is not a concurring vote of the two panel~~  
32 ~~members, the matter will be referred to the alternate member who shall cast the deciding~~  
33 ~~vote. However, no person serving a sentence of life imprisonment shall be granted parole~~  
34 ~~or work release privileges except by majority vote of the full Commission.~~

35 The full-time members of the Commission shall receive the salary fixed by the  
36 General Assembly in the Current Operations Appropriations Act and shall receive  
37 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-  
38 6.

39 All clerical and other services required by the Commission shall be supplied by the  
40 Secretary of Correction."

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

42  
43 Requested by: Representatives Justus, Kiser, Thompson

**IMPACT DEFENDANTS IN DOC FACILITIES**

Section 16.9A. G.S. 15A-1343(b1)(2a) reads as rewritten:

"(2a) Submit to a period of ~~imprisonment~~ confinement in a facility ~~for youthful offenders operated by the Department of Correction~~ for a minimum of 90 days or a maximum of 120 days under special probation, reference G.S. 15A-1351(a) or G.S. 15A-1344(e), and abide by all rules and regulations as provided in conjunction with the Intensive Motivational Program of Alternative Correctional Treatment (IMPACT), which provides an atmosphere for learning personal confidence, personal responsibility, self-respect, and respect for attitudes and value systems. This condition may also include a period of supervision through the Post-Boot Camp Probation Program."

Requested by: Representatives Justus, Kiser, Thompson

**REPORT ON WOMEN AT RISK**

Section 16.9B. Women at Risk shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

Requested by: Representatives Justus, Kiser, Thompson

**PERFORMANCE AUDIT OF DIVISION OF ADULT PROBATION AND PAROLE**

Section 16.9C. The Department of Correction, in consultation with the State Auditor, shall select an independent firm recognized in performance auditing to conduct an independent performance audit of the Division of Adult Probation and Parole in the Department of Correction. The Department shall consult with the State Auditor both in issuing the request for proposals and in making the final selection of the auditing firm.

The Department of Correction shall provide for the reporting of the audit results to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, the Chairs of the Joint Legislative Corrections Oversight Committee, and the Joint Legislative Commission on Governmental Operations by May 1, 1998.

The performance audit of the Division of Adult Probation and Parole shall review the efficiency and effectiveness of major management policies, practices, and functions, including the following areas:

- (1) Organization and structure;
- (2) Effect of organizational relationships with other community correction programs and the Post-Release Supervision and Parole Commission;
- (3) Current staffing patterns and workload;
- (4) Personnel and patronage practices; and
- (5) General effectiveness of probation and parole.

1  
2 Requested by: Representatives Justus, Kiser, Thompson

3 **CORRECTIONAL OFFICER WORKING HOURS**

4 Section 16.9D. G.S. 95-28 reads as rewritten:

5 "**§ 95-28. Working hours of employees in State institutions.**

6 It shall be unlawful for any person or official or foreman or other person in authority  
7 in Dorothea Dix Hospital, Broughton Hospital, ~~Cherry Hospital, or any penal or~~  
8 ~~correctional institution of the State of North Carolina, excepting the State prison and~~  
9 ~~institutions under the control of the Board of Transportation, or Cherry Hospital~~ to  
10 require any employee to work for a greater number of hours than 12 during any 24-hour  
11 period, or not more than 72 hours during any one week, or permit the same, during which  
12 period the said employee shall be permitted to take one continuous hour off duty; except  
13 in case of an emergency as determined by the superintendent, in which case the limitation  
14 of 12 hours in any consecutive 24 hours shall not apply. Nothing in this section shall be  
15 construed to affect the hours of doctors and superintendents in these hospitals. Any  
16 violation of this section shall be a Class 1 misdemeanor."  
17

18 Requested by: Representatives Sexton, Justus, Kiser, Thompson

19 **TRANSFER ROCKINGHAM CORRECTIONAL CENTER**

20 Section 16.9E. (a) The below described land and improvements with property  
21 installed in the buildings and other movable equipment and supplies are transferred by  
22 the State of North Carolina to Rockingham County:

23 All that property lying south of N.C. Highway 65 upon which is situated the  
24 former Rockingham County Correctional Center building and grounds containing  
25 approximately 24 acres.

26 (b) The transfer made in subsection (a) of this section shall be evidenced by a deed  
27 executed under G.S. 146-75 and registered in accordance with G.S. 146-77.  
28

29 Requested by: Representatives Justus, Kiser, Thompson

30 **FUNDING OF PRISON ROAD SQUADS**

31 Section 16.9F. The Department of Transportation shall reimburse the  
32 Department of Correction for the cost of inmate road squads on a cost basis, as provided  
33 for in G.S. 148-26.5.  
34

35 Requested by: Representatives Justus, Kiser, Thompson

36 **PRIVATE PRISON EXPANSION**

37 Section 16.9G. The Department of Correction, in consultation with the United  
38 States Corrections Corporation, shall determine the feasibility of expanding each of the  
39 two 500-bed private confinement facilities presently under construction to 1,000-bed  
40 facilities and the cost savings of that expansion over the construction of new facilities.  
41 The Department shall report its findings to the Joint Legislative Commission on  
42 Governmental Operations and the Joint Legislative Corrections Oversight Committee by  
43 December 1, 1997. If the report determines that there would be cost savings associated

1 with expansion to 1,000-bed facilities, the Department of Correction may use funds  
2 available to the Department for the 1997-98 fiscal year and the 1998-99 fiscal year to  
3 accomplish that expansion.

4  
5 Requested by: Representatives Justus, Kiser, Thompson

6 **TITLE VII FUNDS**

7 Section 16.9H. The Department of Correction may use funds available to the  
8 Department during the 1997-98 fiscal year for payment to claimants as part of the  
9 settlement of the Title VII lawsuit over the recruitment, hiring, and promotion of females  
10 in the Department.

11  
12 Requested by: Representatives Justus, Kiser, Thompson

13 **MODULAR PRISON UNITS**

14 Section 16.9I. The five modular housing units scheduled to be constructed at  
15 the Warren, Craven, and Hyde prison units shall instead be constructed at the Haywood,  
16 Henderson, Yadkin, Davie, and Catawba prison units.

17  
18 Requested by: Representatives Justus, Kiser, Thompson

19 **REPORT ON BUNKING INMATES IN SHIFTS**

20 Section 16.9J. The Department of Correction shall report to the Joint  
21 Legislative Corrections Oversight Committee by November 1, 1997, on the Department's  
22 progress in implementing the pilot program to bunk inmates in shifts at the Lincoln  
23 Correctional Center.

24  
25 Requested by: Representatives Justus, Kiser, Thompson

26 **INMATE COSTS**

27 Section 16.9K. The Department of Correction may use funds appropriated to  
28 the Department for the 1997-99 biennium to pay the cost of providing food and health  
29 care to inmates housed in the Division of Prisons if:

- 30 (1) The prison population exceeds the December 1996 population  
31 projections of the North Carolina Sentencing and Policy Advisory  
32 Commission; and  
33 (2) The cost of providing food and health care to inmates is anticipated to  
34 exceed the continuation budget amounts provided for that purpose in  
35 this act.

36 The Department of Correction shall report on any expenditures that exceed the  
37 food and health care continuation budget to the Joint Legislative Commission on  
38 Governmental Operations, the Joint Legislative Corrections Oversight Committee, and  
39 the Chairs of the House and Senate Appropriations Committees.

40  
41 Requested by: Representatives Justus, Kiser, Thompson

42 **INCREASE REIMBURSEMENT TO COUNTIES FOR STATE INMATES**  
43 **HOUSED IN LOCAL CONFINEMENT FACILITIES**

1 Section 16.9L. Of the funds appropriated to the Department of Correction in  
2 this act, the sum of three million ten thousand eighty-nine dollars (\$3,010,089) for the  
3 1997-98 fiscal year shall be used to raise the per diem reimbursement to counties from  
4 fourteen dollars and fifty cents (\$14.50) per day to twenty dollars (\$20.00) per day for  
5 State inmates serving sentences of 30 days or more in local confinement facilities. This  
6 reimbursement will resume at fourteen dollars and fifty cents (\$14.50) per day during the  
7 1998-99 fiscal year.

8  
9 Requested by: Representatives Justus, Kiser, Thompson

10 **ADDITIONAL PRISON BEDS/INCREASE THE CRIMINAL PENALTY FOR**  
11 **THE SALE OF CERTAIN CONTROLLED SUBSTANCES/INCREASE THE**  
12 **CRIMINAL PENALTY FOR CERTAIN EMBEZZLEMENT**  
13 **OFFENSES/RECLASSIFY OFFENSE OF ACCESSORY AFTER THE**  
14 **FACT/INCREASE PENALTY FOR VOLUNTARY MANSLAUGHTER FROM A**  
15 **CLASS E FELONY TO A CLASS D FELONY/ADD TO THE LIST OF**  
16 **AGGRAVATING FACTORS THAT CERTAIN PEOPLE WERE SERIOUSLY**  
17 **INJURED AS A RESULT OF THE OFFENSE/INCREASE THE PENALTY FOR**  
18 **THE ESTABLISHMENT OF PYRAMID DISTRIBUTION PLANS/ESTABLISH**  
19 **THE OFFENSES OF TRESPASS ON PINE STRAW PRODUCTION LAND AND**  
20 **LARCENY OF PINE STRAW/INCREASE THE PENALTY FOR CERTAIN**  
21 **OFFENSES COMMITTED WHILE IN PRISON/RECLASSIFY CERTAIN**  
22 **OFFENSES RELATED TO ESCAPE FROM CORRECTIONAL**  
23 **FACILITIES/INCREASE THE PENALTIES FOR CERTAIN ASSAULTS ON A**  
24 **PROBATION OFFICER, PAROLE OFFICER, OR STATE OR COUNTY**  
25 **CORRECTIONS EMPLOYEE/LOWER MARIJUANA TRAFFICKING**  
26 **AMOUNTS/LIMIT, MODIFY AND ENHANCE ATTEMPTING TO ELUDE**  
27 **ARREST STATUTES**

28 Section 16.14. (a) Of the funds appropriated to the Department of Correction in  
29 this act for the 1998-99 fiscal year, the sum of one hundred thirty-five thousand dollars  
30 (\$135,000) shall be placed in a reserve to fund additional prison beds and other  
31 associated costs to implement the provisions of this section.

32 (b) G.S. 90-95(b) reads as rewritten:

33 "(b) Except as provided in subsections (h) and (i) of this section, any person who  
34 violates G.S. 90-95(a)(1) with respect to:

35 (1) A controlled substance classified in Schedule I or II shall be punished as  
36 a Class H ~~felon; felon~~, except that the sale of a controlled substance  
37 classified in Schedule I or II shall be punished as a Class G felon;

38 (2) A controlled substance classified in Schedule III, IV, V, or VI shall be  
39 punished as a Class I felon, except that the sale of a controlled substance  
40 classified in Schedule III, IV, V, or VI shall be punished as a Class H  
41 felon. ~~but the~~ The transfer of less than 5 grams of marijuana for no  
42 remuneration shall not constitute a delivery in violation of G.S. 90-  
43 95(a)(1)."



1 (c) G.S. 14-74 reads as rewritten:

2 **"§ 14-74. Larceny by servants and other employees.**

3 If any servant or other employee, to whom any money, goods or other chattels, or any  
4 of the articles, securities or choses in action mentioned in the following section [G.S. 14-  
5 75], by his master shall be delivered safely to be kept to the use of his master, shall  
6 withdraw himself from his master and go away with such money, goods or other chattels,  
7 or any of the articles, securities or choses in action mentioned as aforesaid, or any part  
8 thereof, with intent to steal the same and defraud his master thereof, contrary to the trust  
9 and confidence in him reposed by his said master; or if any servant, being in the service  
10 of his master, without the assent of his master, shall embezzle such money, goods or  
11 other chattels, or any of the articles, securities or choses in action mentioned as  
12 aforesaid, or any part thereof, or otherwise convert the same to his own use, with like  
13 purpose to steal them, or to defraud his master thereof, the servant so offending shall be  
14 ~~punished as a Class H felon~~; guilty of a felony. Provided, that nothing contained in this  
15 section shall extend to apprentices or servants within the age of 16 years. If the value of  
16 the money, goods, or other chattels, or any of the articles, securities, or choses in action  
17 mentioned in G.S. 14-75, is one hundred thousand dollars (\$100,000) or more, the person  
18 is guilty of a Class C felony. If the value of the money, goods, or other chattels, or any of  
19 the articles, securities, or choses in action mentioned in G.S. 14-75, is less than one  
20 hundred thousand dollars (\$100,000), the person is guilty of a Class H felony."

21 (d) G.S. 14-90 reads as rewritten:

22 **"§ 14-90. Embezzlement of property received by virtue of office or employment.**

23 If any person exercising a public trust or holding a public office, or any guardian,  
24 administrator, executor, trustee, or any receiver, or any other fiduciary, or any officer or  
25 agent of a corporation, or any agent, consignee, clerk, bailee or servant, except persons  
26 under the age of 16 years, of any person, shall embezzle or fraudulently or knowingly and  
27 willfully misapply or convert to his own use, or shall take, make away with or secrete,  
28 with intent to embezzle or fraudulently or knowingly and willfully misapply or convert to  
29 his own use any money, goods or other chattels, bank note, check or order for the  
30 payment of money issued by or drawn on any bank or other corporation, or any treasury  
31 warrant, treasury note, bond or obligation for the payment of money issued by the United  
32 States or by any state, or any other valuable security whatsoever belonging to any other  
33 person or corporation, unincorporated association or organization which shall have come  
34 into his possession or under his care, he shall be ~~punished as a Class H felon~~; guilty of a  
35 felony. If the value of the property is one hundred thousand dollars (\$100,000) or more,  
36 the person is guilty of a Class C felony. If the value of the property is less than one  
37 hundred thousand dollars (\$100,000), the person is guilty of a Class H felony."

38 (e) G.S. 14-91 reads as rewritten:

39 **"§ 14-91. Embezzlement of State property by public officers and employees.**

40 If any officer, agent, or employee of the State, or other person having or holding in  
41 trust for the same any bonds issued by the State, or any security, or other property and  
42 effects of the same, shall embezzle or knowingly and willfully misapply or convert the  
43 same to his own use, or otherwise willfully or corruptly abuse such trust, such offender

1 and all persons knowingly and willfully aiding and abetting or otherwise assisting therein  
2 shall be ~~punished as a Class F felon, guilty of a felony.~~ If the value of the property is one  
3 hundred thousand dollars (\$100,000) or more, a violation of this section is a Class C  
4 felony. If the value of the property is less than one hundred thousand dollars (\$100,000),  
5 a violation of this section is a Class F felony."

6 (f) G.S. 14-92 reads as rewritten:

7 **"§ 14-92. Embezzlement of funds by public officers and trustees.**

8 If an officer, agent, or employee of an entity listed below, or a person having or  
9 holding money or property in trust for one of the listed entities, shall embezzle or  
10 otherwise willfully and corruptly use or misapply the same for any purpose other than  
11 that for which such moneys or property is held, such person shall be ~~punished as a Class~~  
12 ~~F felon, guilty of a felony.~~ If the value of the money or property is one hundred thousand  
13 dollars (\$100,000) or more, the person is guilty of a Class C felony. If the value of the  
14 money or property is less than one hundred thousand dollars (\$100,000), the person is  
15 guilty of a Class F felony. If any clerk of the superior court or any sheriff, treasurer,  
16 register of deeds or other public officer of any county, unit or agency of local  
17 government, or local board of education shall embezzle or wrongfully convert to his own  
18 use, or corruptly use, or shall misapply for any purpose other than that for which the same  
19 are held, or shall fail to pay over and deliver to the proper persons entitled to receive the  
20 same when lawfully required so to do, any moneys, funds, securities or other property  
21 which such officer shall have received by virtue or color of his office in trust for any  
22 person or corporation, such officer shall be ~~punished as a Class F felon, guilty of a~~  
23 ~~felony.~~ If the value of the money, funds, securities, or other property is one hundred  
24 thousand dollars (\$100,000) or more, the person is guilty of a Class C felony. If the value  
25 of the money, funds, securities, or other property is less than one hundred thousand  
26 dollars (\$100,000), the person is guilty of a Class F felony. The provisions of this section  
27 shall apply to all persons who shall go out of office and fail or neglect to account to or  
28 deliver over to their successors in office or other persons lawfully entitled to receive the  
29 same all such moneys, funds and securities or property aforesaid. The following entities  
30 are protected by this section: a county, a city or other unit or agency of local government,  
31 a local board of education, and a penal, charitable, religious, or educational institution."

32 (g) G.S. 14-93 reads as rewritten:

33 **"§ 14-93. Embezzlement by treasurers of charitable and religious organizations.**

34 If any treasurer or other financial officer of any benevolent or religious institution,  
35 society or congregation shall lend any of the moneys coming into his hands to any other  
36 person or association without the consent of the institution, association or congregation to  
37 whom such moneys belong; or, if he shall fail to account for such moneys when called  
38 on, he shall be guilty of a ~~Class H~~ felony. If the violation of this section involves money  
39 with a value of one hundred thousand dollars (\$100,000) or more, the person is guilty of a  
40 Class C felony. If the violation of this section involves money with a value of less than  
41 one hundred thousand dollars (\$100,000) or less, a violation of this section is a Class H  
42 felony."

43 (h) G.S. 14-94 reads as rewritten:

1 **"§ 14-94. Embezzlement by officers of railroad companies.**

2 If any president, secretary, treasurer, director, engineer, agent or other officer of any  
3 railroad company shall embezzle any moneys, bonds or other valuable funds or securities,  
4 with which such president, secretary, treasurer, director, engineer, agent or other officer  
5 shall be charged by virtue of his office or agency, or shall in any way, directly or  
6 indirectly, apply or appropriate the same for the use or benefit of himself or any other  
7 person, state or corporation, other than the company of which he is president, secretary,  
8 treasurer, director, engineer, agent or other officer, for every such offense the person so  
9 offending shall be guilty of a felony, and on conviction in the superior or criminal court  
10 of any county through which the railroad of such company shall pass, shall be punished  
11 as a ~~Class H~~-felon. If the value of the money, bonds, or other valuable funds or securities  
12 is one hundred thousand dollars (\$100,000) or more, a violation of this section is a Class  
13 C felony. If the value of the money, bonds, or other valuable funds or securities has  
14 value of less than one hundred thousand dollars (\$100,000), a violation of this section is a  
15 Class H felony."

16 (i) G.S. 14-97 reads as rewritten:

17 **"§ 14-97. Appropriation of partnership funds by partner to personal use.**

18 Any person engaged in a partnership business in the State of North Carolina who  
19 shall, without the knowledge and consent of his copartner or copartners, take funds  
20 belonging to the partnership business and appropriate the same to his own personal use  
21 with the fraudulent intent of depriving his copartners of the use thereof, shall be guilty of  
22 a ~~Class H~~-felony. Appropriation of partnership funds with a value of one hundred  
23 thousand dollars (\$100,000) or more by a partner is a Class C felony. Appropriation of  
24 partnership funds with the value of less than one hundred thousand dollars (\$100,000) by  
25 a partner is a Class H felony."

26 (j) G.S. 14-98 reads as rewritten:

27 **"§ 14-98. Embezzlement by surviving partner.**

28 If any surviving partner shall willfully and intentionally convert any of the property,  
29 money or effects belonging to the partnership to his own use, and refuse to account for  
30 the same on settlement, he shall be ~~punished as a Class H felon~~-guilty of a felony. If the  
31 property, money, or effects has a value of one hundred thousand dollars (\$100,000) or  
32 more, a violation of this section is a Class C felony. If the property, money, or effects has  
33 a value of less than one hundred thousand dollars (\$100,000), a violation of this section is  
34 a Class H felony."

35 (k) G.S. 14-99 reads as rewritten:

36 **"§ 14-99. Embezzlement of taxes by officers.**

37 If any officer appropriates to his own use the State, county, school, city or town taxes,  
38 he shall be guilty of embezzlement, and shall be punished as a ~~Class F~~-felon. If the value  
39 of the taxes is one hundred thousand dollars (\$100,000) or more, a violation of this  
40 section is a Class C felony. If the value of the taxes is less than one hundred thousand  
41 dollars (\$100,000), a violation of this section is a Class F felony."

42 (l) G.S. 14-100(a) reads as rewritten:

1       "(a) If any person shall knowingly and designedly by means of any kind of false  
2 pretense whatsoever, whether the false pretense is of a past or subsisting fact or of a  
3 future fulfillment or event, obtain or attempt to obtain from any person within this State  
4 any money, goods, property, services, chose in action, or other thing of value with intent  
5 to cheat or defraud any person of such money, goods, property, services, chose in action  
6 or other thing of value, such person shall be guilty of a ~~felony, and shall be punished as a~~  
7 ~~Class H felon:~~ felony: Provided, that if, on the trial of anyone indicted for such crime, it  
8 shall be proved that he obtained the property in such manner as to amount to larceny or  
9 embezzlement, the jury shall have submitted to them such other felony proved; and no  
10 person tried for such felony shall be liable to be afterwards prosecuted for larceny or  
11 embezzlement upon the same facts: Provided, further, that it shall be sufficient in any  
12 indictment for obtaining or attempting to obtain any such money, goods, property,  
13 services, chose in action, or other thing of value by false pretenses to allege that the party  
14 accused did the act with intent to defraud, without alleging an intent to defraud any  
15 particular person, and without alleging any ownership of the money, goods, property,  
16 services, chose in action or other thing of value; and upon the trial of any such  
17 indictment, it shall not be necessary to prove either an intent to defraud any particular  
18 person or that the person to whom the false pretense was made was the person defrauded,  
19 but it shall be sufficient to allege and prove that the party accused made the false pretense  
20 charged with an intent to defraud. If the value of the money, goods, property, services,  
21 chose in action, or other thing of value is one hundred thousand dollars (\$100,000) or  
22 more, a violation of this section is a Class C felony. If the value of the money, goods,  
23 property, services, chose in action, or other thing of value is less than one hundred  
24 thousand dollars (\$100,000), a violation of this section is a Class H felony."

25       (m) G.S. 53-129 reads as rewritten:

26 **"§ 53-129. Misapplication, embezzlement of funds, etc.**

27       Whoever being an officer, employee, agent or director of a bank, with intent to  
28 defraud or injure the bank, or any person or corporation, or to deceive an officer of the  
29 bank or an agent appointed to examine the affairs of such bank, embezzles, abstracts, or  
30 misapplies any of the money, funds, credit or property of such bank, whether owned by it  
31 or held in trust, or who, with such intent, willfully and fraudulently issues or puts forth a  
32 certificate of deposit, draws an order or bill of exchange, makes an acceptance, assigns a  
33 note, bond, draft, bill of exchange, mortgage, judgment, decree or fictitiously borrows or  
34 solicits, obtains or receives money for a bank not in good faith, intended to become the  
35 property of such bank; or whoever being an officer, employee, agent, or director of a  
36 bank, makes or permits the making of a false statement or certificate, as to a deposit, trust  
37 fund or contract, or makes or permits to be made a false entry in a book, report, statement  
38 or record of such bank, or conceals or permits to be concealed by any means or manner,  
39 the true and correct entries of said bank, or its true and correct transactions, who  
40 knowingly loans, or permits to be loaned, the funds or credit of any bank to any insolvent  
41 company or corporation, or corporation which has ceased to exist, or which never had  
42 any existence, or upon collateral consisting of stocks or bonds of such company or  
43 corporation, or who makes or publishes or knowingly permits to be made or published a

1 false report, statement or certificate as to the true financial condition of such bank, shall  
2 be ~~punished as a Class H felon.~~ guilty of a felony. If an offense committed under this  
3 section involves money, funds, credit or property with a value of one hundred thousand  
4 dollars (\$100,000) or more, it is a Class C felony. If an offense committed under this  
5 section involves money, funds, credit or property with a value of less than one hundred  
6 thousand dollars (\$100,000), it is a Class H felony. Any other offense committed under  
7 this section is a Class H felony."

8 (n) G.S. 58-2-162 reads as rewritten:

9 **"§ 58-2-162. Embezzlement by insurance agents, brokers, or administrators.**

10 If any insurance agent, broker, or administrator embezzles or fraudulently converts to  
11 his own use, or, with intent to use or embezzle, takes, secretes, or otherwise disposes of,  
12 or fraudulently withholds, appropriates, lends, invests, or otherwise uses or applies any  
13 money, negotiable instrument, or other consideration received by him in his performance  
14 as an agent, broker, or administrator, he shall be ~~punished as a Class H felon.~~ guilty of a  
15 felony. If the value of the money, negotiable instrument, or other consideration is one  
16 hundred thousand dollars (\$100,000) or more, violation of this section is a Class C  
17 felony. If the value of the money, negotiable instrument, or other consideration is less  
18 than one hundred thousand dollars (\$100,000), violation of this section is a Class H  
19 felony."

20 (o) G.S. 90-210.70(a) reads as rewritten:

21 "(a) Anyone who embezzles or who fraudulently, or knowingly and willfully  
22 misapplies, or in any manner converts preneed funeral funds to his own use, or for the use  
23 of any partnership, corporation, association, or entity for any purpose other than as  
24 authorized by this Article; or anyone who takes, makes away with or secretes, with intent  
25 to embezzle or fraudulently or knowingly and willfully misapply or in any manner  
26 convert preneed funeral funds for his own use or the use of any other person for any  
27 purpose other than as authorized by this Article shall be ~~punished as a Class H felon.~~  
28 guilty of a felony. If the value of the preneed funeral funds is one hundred thousand  
29 dollars (\$100,000) or more, violation of this section is a Class C felony. If the value of  
30 the preneed funeral funds is less than one hundred thousand dollars (\$100,000), violation  
31 of this section is a Class H felony. Each such embezzlement, conversion, or  
32 misapplication shall constitute a separate offense and may be prosecuted individually.  
33 Upon conviction, all licenses issued under this Article shall be revoked."

34 (p) G.S. 14-7 reads as rewritten:

35 **"§ 14-7. Accessories after the fact; trial and punishment.**

36 If any person shall become an accessory after the fact to any felony, whether the same  
37 be a felony at common law or by virtue of any statute made, or to be made, such person  
38 shall be guilty of a ~~felony, crime,~~ and may be indicted and convicted together with the  
39 principal felon, or after the conviction of the principal felon, or may be indicted and  
40 convicted for such ~~felony-crime~~ whether the principal felon shall or shall not have been  
41 previously convicted, or shall or shall not be amenable to ~~justice, and shall be punished as~~  
42 a Class H felon. justice. Unless a different classification is expressly stated, that person  
43 shall be punished for an offense that is two classes lower than the felony the principal

1 felon committed, except that an accessory after the fact to a Class A or Class B1 felony is  
2 a Class C felony, an accessory after the fact to a Class B2 felony is a Class D felony, an  
3 accessory after the fact to a Class H felony is a Class 1 misdemeanor, and an accessory  
4 after the fact to a Class I felony is a Class 2 misdemeanor. The offense of such person  
5 may be inquired of, tried, determined and punished by any court which shall have  
6 jurisdiction of the principal felon, in the same manner as if the act, by reason whereof  
7 such person shall have become an accessory, had been committed at the same place as the  
8 principal felony, although such act may have been committed without the limits of the  
9 State; and in case the principal felony shall have been committed within the body of any  
10 county, and the act by reason whereof any person shall have become accessory shall have  
11 been committed within the body of any other county, the offense of such person guilty of  
12 a felony as aforesaid may be inquired of, tried, determined, and punished in either of said  
13 counties: Provided, that no person who shall be once duly tried for such felony shall be  
14 again indicted or tried for the same offense."

15 (q) G.S. 14-18 reads as rewritten:

16 **"§ 14-18. Punishment for manslaughter.**

17 Voluntary manslaughter shall be punishable as a Class ~~E~~D felony, and involuntary  
18 manslaughter shall be punishable as a Class F felony."

19 (r) G.S. 15A-1340.16(d) reads as rewritten:

20 "(d) Aggravating Factors. – The following are aggravating factors:

- 21 (1) The defendant induced others to participate in the commission of the  
22 offense or occupied a position of leadership or dominance of other  
23 participants.
- 24 (2) The defendant joined with more than one other person in committing  
25 the offense and was not charged with committing a conspiracy.
- 26 (3) The offense was committed for the purpose of avoiding or preventing  
27 a lawful arrest or effecting an escape from custody.
- 28 (4) The defendant was hired or paid to commit the offense.
- 29 (5) The offense was committed to disrupt or hinder the lawful exercise of  
30 any governmental function or the enforcement of laws.
- 31 (6) The offense was committed against or resulted in serious injury to a  
32 present or former law enforcement officer, employee of the  
33 Department of Correction, jailer, fireman, emergency medical  
34 technician, ambulance attendant, justice or judge, clerk or assistant or  
35 deputy clerk of court, magistrate, prosecutor, juror, or witness against  
36 the defendant, while engaged in the performance of that person's  
37 official duties or because of the exercise of that person's official  
38 duties.
- 39 (7) The offense was especially heinous, atrocious, or cruel.
- 40 (8) The defendant knowingly created a great risk of death to more than  
41 one person by means of a weapon or device which would normally be  
42 hazardous to the lives of more than one person.

- 1 (9) The defendant held public office at the time of the offense and the  
2 offense related to the conduct of the office.
- 3 (10) The defendant was armed with or used a deadly weapon at the time of  
4 the crime.
- 5 (11) The victim was very young, or very old, or mentally or physically  
6 infirm, or handicapped.
- 7 (12) The defendant committed the offense while on pretrial release on  
8 another charge.
- 9 (13) The defendant involved a person under the age of 16 in the  
10 commission of the crime.
- 11 (14) The offense involved an attempted or actual taking of property of  
12 great monetary value or damage causing great monetary loss, or the  
13 offense involved an unusually large quantity of contraband.
- 14 (15) The defendant took advantage of a position of trust or confidence to  
15 commit the offense.
- 16 (16) The offense involved the sale or delivery of a controlled substance to  
17 a minor.
- 18 (17) The offense for which the defendant stands convicted was committed  
19 against a victim because of the victim's race, color, religion,  
20 nationality, or country of origin.
- 21 (18) The defendant does not support the defendant's family.
- 22 (18a) The defendant has previously been adjudicated delinquent for an  
23 offense that would be a Class A, B1, B2, C, D, or E felony if  
24 committed by an adult.
- 25 (19) The serious injury inflicted upon the victim is permanent and  
26 debilitating.
- 27 (20) Any other aggravating factor reasonably related to the purposes of  
28 sentencing.

29 Evidence necessary to prove an element of the offense shall not be used to prove any  
30 factor in aggravation, and the same item of evidence shall not be used to prove more than  
31 one factor in aggravation. Evidence necessary to establish that an enhanced sentence is  
32 required under G.S. 14-2.2 may not be used to prove any factor in aggravation.

33 The judge shall not consider as an aggravating factor the fact that the defendant  
34 exercised the right to a jury trial."

35 (s) G.S. 14-291.2 reads as rewritten:

36 **"§ 14-291.2. Pyramid and chain schemes prohibited.**

37 (a) ~~Any~~ No person who shall establish, promote, operate or participate in operate,  
38 participate in, or otherwise promote any pyramid distribution plan, program, device or  
39 scheme whereby a participant pays a valuable consideration for the opportunity or chance  
40 to receive a fee or compensation upon the introduction of other participants into the  
41 program, whether or not such opportunity or chance is received in conjunction with the  
42 purchase of merchandise, ~~shall be deemed to have participated merchandise.~~ A person  
43 who establishes or operates a pyramid distribution plan is guilty of a Class H felony. A

1 person who participates in or otherwise promotes a pyramid distribution plan is deemed  
2 to participate in a lottery and shall be is guilty of a Class 2 misdemeanor.

3 (b) 'Pyramid distribution plan' means any program utilizing a pyramid or chain  
4 process by which a participant gives a valuable consideration for the opportunity to  
5 receive compensation or things of value in return for inducing other persons to become  
6 participants in the program; and

7 'Compensation' does not mean payment based on sales of goods or services to persons  
8 who are not participants in the scheme, and who are not purchasing in order to participate  
9 in the ~~scheme; and~~ scheme.

10 '~~Promotes~~' shall mean ~~inducing one or more other persons to become a participant.~~

11 (c) Any judge of the superior court shall have jurisdiction, upon petition by the  
12 Attorney General of North Carolina or district attorney of the superior court, to enjoin, as  
13 an unfair or deceptive trade practice, the continuation of the scheme described in  
14 subsection (a); in such proceeding the court may assess civil penalties and attorneys' fees  
15 to the Attorney General or the District Attorney pursuant to G.S. 75-15.2 and 75-16.1;  
16 and the court may appoint a receiver to secure and distribute assets obtained by any  
17 defendant through participation in any such scheme.

18 (d) Any contract hereafter created for which a part of the consideration consisted  
19 of the opportunity or chance to participate in a program described in subsection (a) is  
20 hereby declared to be contrary to public policy and therefore void and unenforceable."

21 (t) The title of Article 22A of Chapter 14 of the General Statutes reads as  
22 rewritten:

23 **"ARTICLE 22A.**

24 **TRESPASSING UPON 'POSTED' PROPERTY TO HUNT,**  
25 **FISH OR TRAP. FISH, TRAP, OR REMOVE PINE NEEDLES/STRAW."**

26 (u) G.S. 14-159.6 reads as rewritten:

27 **"§ 14-159.6. Trespass for purposes of hunting, etc., without written consent a**  
28 **misdemeanor.**

29 (a) Any person who willfully goes on the land, waters, ponds, or a legally  
30 established waterfowl blind of another upon which notices, signs or ~~posters, described in~~  
31 G.S. 14-159.7, posters prohibiting hunting, fishing or trapping, trapping have been placed  
32 in accordance with the provisions of G.S. 14-159.7, or upon which 'posted' notices have  
33 been placed, placed in accordance with the provisions of G.S. 14-159.7, to hunt, fish or  
34 trap without the written consent of the owner or his agent shall be guilty of a Class 2  
35 misdemeanor. Provided, further, that no arrests under authority of this ~~section~~ subsection  
36 shall be made without the consent of the owner or owners of said land, or their duly  
37 authorized agents in the following counties: Halifax and Warren.

38 (b) Any person who willfully goes on the land of another upon which notices,  
39 signs, or posters prohibiting raking or removing pine needles or pine straw have been  
40 placed in accordance with the provisions of G.S. 14-159.7, or upon which 'posted' notices  
41 have been placed in accordance with the provisions of G.S. 14-159.7, to rake or remove  
42 pine needles or pine straw without the written consent of the owner or his agent shall be



1 guilty of a Class 1 misdemeanor for the first offense and of a Class I felony for second or  
2 subsequent offenses."

3 (v) Article 16 of Chapter 14 of the General Statutes is amended by adding a  
4 new section to read:

5 **"§ 14-79.1. Larceny of pine needles or pine straw.**

6 If any person shall take and carry away, or shall aid in taking or carrying away, any  
7 pine needles or pine straw being produced on the land of another person upon which land  
8 notices, signs, or posters prohibiting the raking or removal of pine needles or pine straw  
9 have been placed in accordance with the provisions of G.S. 14-159.7, or upon which  
10 posted notices have been placed in accordance with the provisions of G.S. 14-159.7, with  
11 the intent to steal the pine needles or pine straw, that person shall be guilty of a Class H  
12 felony."

13 (w) G.S. 90-95(e) reads as rewritten:

14 "(e) The prescribed punishment and degree of any offense under this Article shall  
15 be subject to the following conditions, but the punishment for an offense may be  
16 increased only by the maximum authorized under any one of the applicable conditions:

- 17 (1), (2) Repealed by Session Laws 1979, c. 760, s. 5.
- 18 (3) If any person commits a Class 1 misdemeanor under this Article and if  
19 he has previously been convicted for one or more offenses under any  
20 law of North Carolina or any law of the United States or any other state,  
21 which offenses are punishable under any provision of this Article, he  
22 shall be punished as a Class I felon. The prior conviction used to raise  
23 the current offense to a Class I felony shall not be used to calculate the  
24 prior record level;
- 25 (4) If any person commits a Class 2 misdemeanor, and if he has previously  
26 been convicted for one or more offenses under any law of North  
27 Carolina or any law of the United States or any other state, which  
28 offenses are punishable under any provision of this Article, he shall be  
29 guilty of a Class 1 misdemeanor. The prior conviction used to raise the  
30 current offense to a Class 1 misdemeanor shall not be used to calculate  
31 the prior conviction level;
- 32 (5) Any person 18 years of age or over who violates G.S. 90-95(a)(1) by  
33 selling or delivering a controlled substance to a person under 16 years of  
34 age or a pregnant female shall be punished as a Class D felon. Mistake  
35 of age is not a defense to a prosecution under this section. It shall not be  
36 a defense that the defendant did not know that the recipient was  
37 pregnant;
- 38 (6) For the purpose of increasing punishment under G.S. 90-95(e)(3) and  
39 (e)(4), previous convictions for offenses shall be counted by the number  
40 of separate trials at which final convictions were obtained and not by the  
41 number of charges at a single trial;
- 42 (7) If any person commits an offense under this Article for which the  
43 prescribed punishment requires that any sentence of imprisonment be

1 suspended, and if he has previously been convicted for one or more  
2 offenses under any law of North Carolina or any law of the United  
3 States or any other state, which offenses are punishable under any  
4 provision of this Article, he shall be guilty of a Class 2 misdemeanor;

5 (8) Any person 21 years of age or older who commits an offense under G.S.  
6 90-95(a)(1) on property used for an elementary or secondary school or  
7 within 300 feet of the boundary of real property used for an elementary  
8 or secondary school shall be punished as a Class E felon. For purposes  
9 of this subdivision, the transfer of less than five grams of marijuana for  
10 no remuneration shall not constitute a delivery in violation of G.S. 90-  
11 95(a)(1).

12 (9) Any person who violates G.S. 90-95(a)(3) on the premises of a penal  
13 institution or local confinement facility shall be guilty of a Class ~~I~~H  
14 felony."

15 (x) G.S. 148-46.1 reads as rewritten:

16 **"§ 148-46.1. Inflicting or assisting in infliction of self injury to prisoner resulting in**  
17 **incapacity to perform assigned duties.**

18 Any person serving a sentence or sentences within the State prison system who,  
19 during the term of such imprisonment, willfully and intentionally inflicts upon himself  
20 any injury resulting in a permanent or temporary incapacity to perform work or duties  
21 assigned to him by the State Department of Correction, or any prisoner who aids or abets  
22 any other prisoner in the commission of such offense, shall be punished as a Class ~~I~~H  
23 felon."

24 (y) G.S. 14-255 reads as rewritten:

25 **"§ 14-255. Escape of working prisoners from custody.**

26 If any prisoner removed from the local confinement facility or satellite jail/work  
27 release unit of a county pursuant to G.S. 162-58 shall escape from the person having him  
28 in custody or the person supervising him, he shall be guilty of a Class ~~3~~1 misdemeanor."

29 (z) G.S. 14-256 reads as rewritten:

30 **"§ 14-256. Prison breach and escape from county or municipal confinement**  
31 **facilities or officers.**

32 If any person shall break any prison, jail or lockup maintained by any county or  
33 municipality in North Carolina, being lawfully confined therein, or shall escape from the  
34 lawful custody of any superintendent, guard or officer of such prison, jail or lockup, he  
35 shall be guilty of a Class 1 misdemeanor, except that the person is guilty of a Class ~~I~~H  
36 felony if:

37 (1) He has been convicted of a felony and has been committed to the  
38 facility pending transfer to the State prison system; or

39 (2) He is serving a sentence imposed upon conviction of a felony."

40 (aa) G.S. 148-45 reads as rewritten:

41 **"§ 148-45. Escaping or attempting escape from State prison system; failure of**  
42 **conditionally and temporarily released prisoners and certain youthful**  
43 **offenders to return to custody of Department of Correction.**

1 (a) Any person in the custody of the Department of Correction in any of the  
2 classifications hereinafter set forth who shall escape from the State prison system, shall  
3 for the first such offense, except as provided in subsection (g) of this section, be guilty of  
4 a Class I ~~felony~~ misdemeanor:

5 (1) A prisoner serving a sentence imposed upon conviction of a  
6 misdemeanor;

7 (2) A person who has been charged with a misdemeanor and who has been  
8 committed to the custody of the Department of Correction under the  
9 provisions of G.S. 162-39;

10 (3) Repealed by Session Laws 1985, c. 226, s. 4.

11 (4) A person who shall have been convicted of a misdemeanor and who  
12 shall have been committed to the Department of Correction for  
13 presentence diagnostic study under the provisions of G.S. 15A-1332(c).

14 (b) Any person in the custody of the Department of Correction, in any of the  
15 classifications hereinafter set forth, who shall escape from the State prison system, shall,  
16 except as provided in subsection (g) of this section, be punished as a Class I ~~H~~ H felon.

17 (1) A prisoner serving a sentence imposed upon conviction of a felony;

18 (2) A person who has been charged with a felony and who has been  
19 committed to the custody of the Department of Correction under the  
20 provisions of G.S. 162-39;

21 (3) Repealed by Session Laws 1985, c. 226, s. 5.

22 (4) A person who shall have been convicted of a felony and who shall have  
23 been committed to the Department of Correction for presentence  
24 diagnostic study under the provisions of G.S. 15A-1332(c); or

25 (5) Any person previously convicted of escaping or attempting to escape  
26 from the State prison system.

27 (c) Repealed by Session Laws 1979, c. 760, s. 5.

28 (d) Any person who aids or assists other persons to escape or attempt to escape  
29 from the State prison system shall be guilty of a Class 1 misdemeanor.

30 (e) Repealed by Session Laws 1983, c. 465, s. 5.

31 (f) Any person convicted of an escape or attempt to escape classified as a felony  
32 by this section shall be immediately classified and treated as a convicted felon even if  
33 such person has time remaining to be served in the State prison system on a sentence or  
34 sentences imposed upon conviction of a misdemeanor or misdemeanors.

35 (g) (1) Any person convicted and in the custody of the North  
36 Carolina Department of Correction and ordered or otherwise assigned  
37 to work under the work-release program, G.S. 148-33.1, or any  
38 convicted person in the custody of the North Carolina Department of  
39 Correction and temporarily allowed to leave a place of confinement  
40 by the Secretary of Correction or his designee or other authority of  
41 law, who shall fail to return to the custody of the North Carolina  
42 Department of Correction, shall be guilty of the crime of escape and  
43 subject to the applicable provisions of this section and shall be

1 deemed an escapee. For the purpose of this subsection, escape is  
2 defined to include, but is not restricted to, willful failure to return to  
3 an appointed place and at an appointed time as ordered.

- 4 (2) If a person, who would otherwise be guilty of a first violation of G.S.  
5 148-45(g)(1), voluntarily returns to his place of confinement within 24  
6 hours of the time at which he was ordered to return, such person shall  
7 not be charged with an escape as provided in this section but shall be  
8 subject to such administrative action as may be deemed appropriate for  
9 an escapee by the Department of Correction; said escapee shall not be  
10 allowed to be placed on work release for a four-month period or for the  
11 balance of his term if less than four months; provided, however, that if  
12 such person commits a subsequent violation of this section then such  
13 person shall be charged with that offense and, if convicted, punished  
14 under the provisions of this section."

15 (bb) G.S. 14-34.5 reads as rewritten:

16 "**§ 14-34.5. Assault with a firearm on a law enforcement officer, enforcement,**  
17 **probation, or parole officer or on a person employed at a State or local**  
18 **detention facility.**

19 (a) Any person who commits an assault with a firearm upon a law enforcement  
20 ~~officer-officer, probation officer, or parole officer~~ while the law enforcement-officer is in  
21 the performance of his or her duties is guilty of a Class E felony.

22 (b) Anyone who commits an assault with a firearm upon a person who is  
23 employed at a detention facility operated under the jurisdiction of the State or a local  
24 government while the employee is in the performance of the employee's duties is guilty  
25 of a Class E felony."

26 (cc) G.S. 14-34.7 reads as rewritten:

27 "**§ 14-34.7. Assault on a law enforcement officer, enforcement, probation, or parole**  
28 **officer or on a person employed at a State or local detention facility.**

29 (a) Unless covered under some other provision of law providing greater  
30 punishment, a person is guilty of a Class F felony if the person assaults a law  
31 enforcement ~~officer-officer, probation officer, or parole officer~~ while the law enforcement  
32 officer is discharging or attempting to discharge his or her official duties and inflicts  
33 serious bodily injury on the law enforcement-officer.

34 (b) Anyone who assaults a person who is employed at a detention facility operated  
35 under the jurisdiction of the State or a local government while the employee is in the  
36 performance of the employee's duties and inflicts serious bodily injury on the employee is  
37 guilty of a Class F felony, unless the person's conduct is covered under some other  
38 provision of law providing greater punishment."

39 (dd) G.S. 90-95(h) reads as rewritten:

40 "(h) Notwithstanding any other provision of law, the following provisions apply  
41 except as otherwise provided in this Article.

- 42 (1) Any person who sells, manufactures, delivers, transports, or possesses  
43 in excess of ~~50~~10 pounds (avoirdupois) of marijuana shall be guilty of a

1 felony which felony shall be known as 'trafficking in marijuana' and if  
2 the quantity of such substance involved:

- 3 a. Is in excess of ~~50~~10 pounds, but less than 100 pounds, such  
4 person shall be punished as a Class H felon and shall be  
5 sentenced to a minimum term of 25 months and a maximum term  
6 of 30 months in the State's prison and shall be fined not less than  
7 five thousand dollars (\$5,000);
- 8 b. Is 100 pounds or more, but less than 2,000 pounds, such person  
9 shall be punished as a Class G felon and shall be sentenced to a  
10 minimum term of 35 months and a maximum term of 42 months  
11 in the State's prison and shall be fined not less than twenty-five  
12 thousand dollars (\$25,000);
- 13 c. Is 2,000 pounds or more, but less than 10,000 pounds, such  
14 person shall be punished as a Class F felon and shall be  
15 sentenced to a minimum term of 70 months and a maximum term  
16 of 84 months in the State's prison and shall be fined not less than  
17 fifty thousand dollars (\$50,000);
- 18 d. Is 10,000 pounds or more, such person shall be punished as a  
19 Class D felon and shall be sentenced to a minimum term of 175  
20 months and a maximum term of 219 months in the State's prison  
21 and shall be fined not less than two hundred thousand dollars  
22 (\$200,000).

23 (2) Any person who sells, manufactures, delivers, transports, or possesses  
24 1,000 tablets, capsules or other dosage units, or the equivalent quantity,  
25 or more of methaqualone, or any mixture containing such substance,  
26 shall be guilty of a felony which felony shall be known as 'trafficking in  
27 methaqualone' and if the quantity of such substance or mixture  
28 involved:

- 29 a. Is 1,000 or more dosage units, or equivalent quantity, but less  
30 than 5,000 dosage units, or equivalent quantity, such person shall  
31 be punished as a Class G felon and shall be sentenced to a  
32 minimum term of 35 months and a maximum term of 42 months  
33 in the State's prison and shall be fined not less than twenty-five  
34 thousand dollars (\$25,000);
- 35 b. Is 5,000 or more dosage units, or equivalent quantity, but less  
36 than 10,000 dosage units, or equivalent quantity, such person  
37 shall be punished as a Class F felon and shall be sentenced to a  
38 minimum term of 70 months and a maximum term of 84 months  
39 in the State's prison and shall be fined not less than fifty thousand  
40 dollars (\$50,000);
- 41 c. Is 10,000 or more dosage units, or equivalent quantity, such  
42 person shall be punished as a Class D felon and shall be  
43 sentenced to a minimum term of 175 months and a maximum

1 term of 219 months in the State's prison and shall be fined not  
2 less than two hundred thousand dollars (\$200,000).

3 (3) Any person who sells, manufactures, delivers, transports, or possesses  
4 28 grams or more of cocaine and any salt, isomer, salts of isomers,  
5 compound, derivative, or preparation thereof, or any coca leaves and  
6 any salt, isomer, salts of isomers, compound, derivative, or preparation  
7 of coca leaves, and any salt, isomer, salts of isomers, compound,  
8 derivative or preparation thereof which is chemically equivalent or  
9 identical with any of these substances (except decocainized coca leaves  
10 or any extraction of coca leaves which does not contain cocaine) or any  
11 mixture containing such substances, shall be guilty of a felony, which  
12 felony shall be known as 'trafficking in cocaine' and if the quantity of  
13 such substance or mixture involved:

14 a. Is 28 grams or more, but less than 200 grams, such person shall  
15 be punished as a Class G felon and shall be sentenced to a  
16 minimum term of 35 months and a maximum term of 42 months  
17 in the State's prison and shall be fined not less than fifty thousand  
18 dollars (\$50,000);

19 b. Is 200 grams or more, but less than 400 grams, such person shall  
20 be punished as a Class F felon and shall be sentenced to a  
21 minimum term of 70 months and a maximum term of 84 months  
22 in the State's prison and shall be fined not less than one hundred  
23 thousand dollars (\$100,000);

24 c. Is 400 grams or more, such person shall be punished as a Class D  
25 felon and shall be sentenced to a minimum term of 175 months  
26 and a maximum term of 219 months in the State's prison and  
27 shall be fined at least two hundred fifty thousand dollars  
28 (\$250,000).

29 (3a) Any person who sells, manufactures, delivers, transports, or possesses  
30 1,000 tablets, capsules or other dosage units, or the equivalent quantity,  
31 or more of amphetamine, its salts, optical isomers, and salts of its  
32 optical isomers or any mixture containing such substance, shall be  
33 guilty of a felony which felony shall be known as 'trafficking in  
34 amphetamine' and if the quantity of such substance or mixture involved:

35 a. Is 1,000 or more dosage units, or equivalent quantity, but less  
36 than 5,000 dosage units, or equivalent quantity, such person shall  
37 be punished as a Class G felon and shall be sentenced to a  
38 minimum term of 35 months and a maximum term of 42 months  
39 in the State's prison and shall be fined not less than twenty-five  
40 thousand dollars (\$25,000);

41 b. Is 5,000 or more dosage units, or equivalent quantity, but less  
42 than 10,000 dosage units, or equivalent quantity, such person  
43 shall be punished as a Class F felon and shall be sentenced to a

- 1 minimum term of 70 months and a maximum term of 84 months  
2 in the State's prison and shall be fined not less than fifty thousand  
3 dollars (\$50,000);
- 4 c. Is 10,000 or more dosage units, or equivalent quantity, such  
5 person shall be punished as a Class D felon and shall be  
6 sentenced to a minimum term of 175 months and a maximum  
7 term of 219 months in the State's prison and shall be fined not  
8 less than two hundred thousand dollars (\$200,000).
- 9 (3b) Any person who sells, manufactures, delivers, transports, or possesses  
10 28 grams or more of methamphetamine shall be guilty of a felony which  
11 felony shall be known as 'trafficking in methamphetamine' and if the  
12 quantity of such substance or mixture involved:
- 13 a. Is 28 grams or more, but less than 200 grams, such person shall  
14 be punished as a Class G felon and shall be sentenced to a  
15 minimum term of 35 months and a maximum term of 42 months  
16 in the State's prison and shall be fined not less than fifty thousand  
17 dollars (\$50,000);
- 18 b. Is 200 grams or more, but less than 400 grams, such person shall  
19 be punished as a Class F felon and shall be sentenced to a  
20 minimum term of 70 months and a maximum term of 84 months  
21 in the State's prison and shall be fined not less than one hundred  
22 thousand dollars (\$100,000);
- 23 c. Is 400 grams or more, such person shall be punished as a Class D  
24 felon and shall be sentenced to a minimum term of 175 months  
25 and a maximum term of 219 months in the State's prison and  
26 shall be fined at least two hundred fifty thousand dollars  
27 (\$250,000).
- 28 (4) Any person who sells, manufactures, delivers, transports, or possesses  
29 four grams or more of opium or opiate, or any salt, compound,  
30 derivative, or preparation of opium or opiate (except apomorphine,  
31 nalbuphine, analoxone and naltrexone and their respective salts),  
32 including heroin, or any mixture containing such substance, shall be  
33 guilty of a felony which felony shall be known as 'trafficking in opium  
34 or heroin' and if the quantity of such controlled substance or mixture  
35 involved:
- 36 a. Is four grams or more, but less than 14 grams, such person shall  
37 be punished as a Class F felon and shall be sentenced to a  
38 minimum term of 70 months and a maximum term of 84 months  
39 in the State's prison and shall be fined not less than fifty thousand  
40 dollars (\$50,000);
- 41 b. Is 14 grams or more, but less than 28 grams, such person shall be  
42 punished as a Class E felon and shall be sentenced to a minimum  
43 term of 90 months and a maximum term of 117 months in the

- 1 State's prison and shall be fined not less than one hundred  
2 thousand dollars (\$100,000);
- 3 c. Is 28 grams or more, such person shall be punished as a Class C  
4 felon and shall be sentenced to a minimum term of 225 months  
5 and a maximum term of 279 months in the State's prison and  
6 shall be fined not less than five hundred thousand dollars  
7 (\$500,000).
- 8 (4a) Any person who sells, manufactures, delivers, transports, or possesses  
9 100 tablets, capsules, or other dosage units, or the equivalent quantity,  
10 or more, of Lysergic Acid Diethylamide, or any mixture containing such  
11 substance, shall be guilty of a felony, which felony shall be known as  
12 'trafficking in Lysergic Acid Diethylamide'. If the quantity of such  
13 substance or mixture involved:
- 14 a. Is 100 or more dosage units, or equivalent quantity, but less than  
15 500 dosage units, or equivalent quantity, such person shall be  
16 punished as a Class G felon and shall be sentenced to a minimum  
17 term of 35 months and a maximum term of 42 months in the  
18 State's prison and shall be fined not less than twenty-five  
19 thousand dollars (\$25,000);
- 20 b. Is 500 or more dosage units, or equivalent quantity, but less than  
21 1,000 dosage units, or equivalent quantity, such person shall be  
22 punished as a Class F felon and shall be sentenced to a minimum  
23 term of 70 months and a maximum term of 84 months in the  
24 State's prison and shall be fined not less than fifty thousand  
25 dollars (\$50,000);
- 26 c. Is 1,000 or more dosage units, or equivalent quantity, such  
27 person shall be punished as a Class D felon and shall be  
28 sentenced to a minimum term of 175 months and a maximum  
29 term of 219 months in the State's prison and shall be fined not  
30 less than two hundred thousand dollars (\$200,000).
- 31 (5) Except as provided in this subdivision, a person being sentenced under  
32 this subsection may not receive a suspended sentence or be placed on  
33 probation. The sentencing judge may reduce the fine, or impose a prison  
34 term less than the applicable minimum prison term provided by this  
35 subsection, or suspend the prison term imposed and place a person on  
36 probation when such person has, to the best of his knowledge, provided  
37 substantial assistance in the identification, arrest, or conviction of any  
38 accomplices, accessories, co-conspirators, or principals if the sentencing  
39 judge enters in the record a finding that the person to be sentenced has  
40 rendered such substantial assistance.
- 41 (6) Sentences imposed pursuant to this subsection shall run consecutively  
42 with and shall commence at the expiration of any sentence being served  
43 by the person sentenced hereunder."



1 (ee) Chapter 20 of the General Statutes is amended by adding a new section to  
2 read:

3 **"§ 20-141.5. Speeding to elude arrest.**

4 (a) It shall be unlawful for any person to operate a motor vehicle or knowingly  
5 allow a vehicle owned by him, or under his control, to be operated on a street, highway,  
6 or public vehicular area while fleeing or attempting to elude a law enforcement officer  
7 who is in the lawful performance of his duties.

8 (b) If two or more of the following aggravating factors are present at the time the  
9 violation occurs, the person operating the vehicle shall be guilty of a Class H felony.

10 (1) Speeding in excess of 15 miles per hour over the legal speed limit.

11 (2) Gross impairment of the person's faculties while driving due to:

12 a. Consumption of an impairing substance; or

13 b. A blood alcohol concentration of 0.14 or more within a relevant  
14 time after the driving.

15 (3) Especially reckless or dangerous driving.

16 (4) Negligent driving leading to an accident causing:

17 a. Property damage in excess of one thousand dollars (\$1,000); or

18 b. Personal injury.

19 (5) Driving when the person's drivers license is revoked.

20 (6) Driving through a marked school zone or work zone.

21 (7) Passing a stopped school bus.

22 (8) Driving with a child under 12 years of age in the vehicle.

23 Any other violation of this section shall be punished as a Class 1 misdemeanor.

24 (c) Whenever evidence is presented in any court or administrative hearing of the  
25 fact that a vehicle was operated in violation of this section, it shall be prima facie  
26 evidence that the vehicle was operated by the person in whose name the vehicle was  
27 registered at the time of the violation, according to the Division's records. If the vehicle  
28 is rented, then proof of that rental shall be prima facie evidence that the vehicle was  
29 operated by the renter of the vehicle at the time of the violation.

30 (d) The Division shall revoke, for one year, the drivers license of any person  
31 convicted of a misdemeanor under this section. The Division shall revoke, for three  
32 years, the drivers license of any person convicted of a felony under this section. In the  
33 case of a first felony conviction under this section, the licensee may apply to the  
34 sentencing court for a limited driving privilege after a period of 18 months of revocation,  
35 provided the operator's license has not also been revoked or suspended under any other  
36 provision of law. A limited driving privilege issued under this subsection shall be valid  
37 for the period of revocation remaining in the same manner and under the terms and  
38 conditions prescribed in G.S. 20-16.1(b). If the person's license is revoked under any  
39 other statute, the limited driving privilege issued pursuant to this subsection is invalid.

40 (e) When the probable cause of the law enforcement officer is based on the prima  
41 facie evidence rule set forth in subsection (c) above, the officer shall make a reasonable  
42 effort to contact the registered owner of the vehicle prior to initiating criminal process."

43 (ff) G.S. 20-141(j) and G.S. 20-17(10) are repealed.

1 (gg) G.S. 20-179(d) reads as rewritten:  
 2 "(d) Aggravating Factors to Be Weighed. – The judge must determine before  
 3 sentencing under subsection (f) whether any of the aggravating factors listed below apply  
 4 to the defendant. The judge must weigh the seriousness of each aggravating factor in the  
 5 light of the particular circumstances of the case. The factors are:

- 6 (1) Gross impairment of the defendant's faculties while driving or an  
 7 alcohol concentration of 0.16 or more within a relevant time after the  
 8 driving.
- 9 (2) Especially reckless or dangerous driving.
- 10 (3) Negligent driving that led to a reportable accident.
- 11 (4) Driving by the defendant while his driver's license was revoked.
- 12 (5) Two or more prior convictions of a motor vehicle offense not involving  
 13 impaired driving for which at least three points are assigned under G.S.  
 14 20-16 or for which the convicted person's license is subject to  
 15 revocation, if the convictions occurred within five years of the date of  
 16 the offense for which the defendant is being sentenced, or one or more  
 17 prior convictions of an offense involving impaired driving that occurred  
 18 more than seven years before the date of the offense for which the  
 19 defendant is being sentenced.
- 20 (6) Conviction under ~~G.S. 20-141(j)~~ G.S. 20-141.5 of speeding by the  
 21 defendant while fleeing or attempting to elude apprehension.
- 22 (7) Conviction under G.S. 20-141 of speeding by the defendant by at least  
 23 30 miles per hour over the legal limit.
- 24 (8) Passing a stopped school bus in violation of G.S. 20-217.
- 25 (9) Any other factor that aggravates the seriousness of the offense.

26 Except for the factor in subdivision (5) the conduct constituting the aggravating factor  
 27 must occur during the same transaction or occurrence as the impaired driving offense."

28 (hh) G.S. 58-36-75(c) reads as rewritten:

29 "(c) The subclassification plan promulgated pursuant to G.S. 58-36-65(b) shall  
 30 provide for facility recoupment surcharges pursuant to G.S. 58-37-40(f) and G.S. 58-37-  
 31 75, in addition to premium surcharges, for convictions for the following moving traffic  
 32 violations:

33 General Statute	Description of Offense
34 20-12.1	Being impaired while accompanying a permittee who is learning to drive
35 20-28	Driving while license is suspended or revoked
36 20-138.1	Driving a vehicle while impaired
37 20-138.2	Driving a commercial vehicle while impaired
38 20-138.3	Driving by provisional licensee after consuming alcohol or drugs
39 20-140(a)	Driving carelessly and heedlessly in willful or wanton disregard of the rights of others
40	
41	
42	

1	20-140(b)	Driving without due caution in a manner so as to
2		endanger other people or property
3	20-141(a)	Only driving at least 11 miles per hour over the
4		posted speed limit
5	<del>20-141(j)</del>	<del>Driving in excess of 55 mph and at least 15 mph</del>
6		<del>over legal limit, while fleeing or attempting to</del>
7		<del>elude arrest by a law enforcement officer</del>
8	20-141(j1)	Driving more than 15 mph over legal
9		limit
10	20-141.1	Speeding in a school zone
11	20-141.3(a)	Engaging in prearranged speed competition with
12		another motor vehicle
13	20-141.3(b)	Willfully engaging in speed competition with
14		another motor vehicle (not prearranged)
15	20-141.3(c)	Allowing or authorizing others to use one's motor
16		vehicle in prearranged speed competition or
17		placing or receiving a bet or wager on a
18		prearranged speed competition
19	20-141.4(a1)	Death by vehicle (unintentionally causing death
20		of another while engaged in impaired driving)
21	20-141.4(a2)	Death by vehicle (unintentionally causing death
22		of another as a result of a violation of motor
23		vehicle law intended to regulate traffic or used to
24		control operation of a vehicle)
25	<u>20-141.5</u>	<u>Speeding while fleeing or attempting to elude</u>
26		<u>arrest</u>
27	20-166(a)	Failure to stop by driver who knew or should
28		have known he was involved in accident and that
29		accident caused death or injury to any person
30	20-166(c)	Failure of driver involved in accident causing
31		property damage or personal injury or death (if
32		driver did not know of injury or death) to stop at
33		scene of accident
34	20-175.2	Failure to yield right-of-way to blind person at
35		crossings, intersections, and traffic control signal
36		points
37	20-217	Failure to stop and remain stopped when
38		approaching a stopped school bus engaged in
39		receiving or discharging passengers and while
40		bus has mechanical stop signal displayed
41	14-18	Voluntary manslaughter
42	14-18	Involuntary manslaughter".
43	(ii) G.S. 143-116.8(b) reads as rewritten:	

1       "(b)               (1)       It shall be unlawful for a person to operate a vehicle in the  
2                       State parks and forests road system at a speed in excess of twenty-five  
3                       miles per hour (25 mph). When the Secretary of Environment,  
4                       Health, and Natural Resources determines that this speed is greater  
5                       than reasonable and safe under the conditions found to exist in the  
6                       State parks and forests road system, the Secretary may establish a  
7                       lower reasonable and safe speed limit. No speed limit established by  
8                       the Secretary pursuant to this provision shall be effective until posted  
9                       in the part of the system sought to be affected.

10           (2)       Any person convicted of violating this subsection by operating a vehicle  
11                       on the State parks and forests road system ~~in excess of twenty-five miles~~  
12                       ~~per hour (25 mph) and at least fifteen miles per hour (15 mph) over the~~  
13                       ~~legal limit~~ while fleeing or attempting to elude arrest or apprehension by  
14                       a law enforcement officer with authority to enforce the motor vehicle  
15                       laws, shall be punished as provided in ~~G.S. 20-141(j)~~. G.S. 20-141.5.

16           (3)       For the purposes of enforcement and administration of Chapter 20, the  
17                       speed limits stated and authorized to be adopted by this section are  
18                       speed limits under Chapter 20.

19           (4)       The Secretary may designate any part of the State parks and forests road  
20                       system for one-way traffic and shall erect appropriate signs giving  
21                       notice thereof. It shall be a violation of G.S. 20-165.1 for any person to  
22                       willfully drive or operate any vehicle on any part of the State parks and  
23                       forests road system so designated except in the direction indicated.

24           (5)       The Secretary shall have power, equal to the power of local authorities  
25                       under G.S. 20-158 and G.S. 20-158.1, to place vehicle control signs and  
26                       signals and yield-right-of-way signs in the State parks and forests road  
27                       system; the Secretary also shall have power to post such other signs and  
28                       markers and mark the roads in accordance with Chapter 20 as the  
29                       Secretary may determine appropriate for highway safety and traffic  
30                       control. The failure of any vehicle driver to obey any vehicle control  
31                       sign or signal, or any yield-right-of-way sign placed under the authority  
32                       of this section in the State parks and forests road system shall be an  
33                       infraction and shall be punished as provided in G.S. 20-176."

34           (jj)       This section becomes effective December 1, 1997, and applies to offenses  
35                       committed on or after that date. Prosecutions for offenses under subsection (y), (z), or  
36                       (aa) of this section committed before the effective date of those subsections are not  
37                       abated or affected by those subsections and the statutes that would be applicable but for  
38                       those subsections remain applicable to those prosecutions.

39  
40       Requested by: Representatives Morgan, Justus, Kiser, Thompson

41       **INTIMIDATION TO INFLUENCE LEGISLATOR**

42           Section 16.15. G.S. 120-86 reads as rewritten:

43       "**§ 120-86. Bribery, etc.**

1 (a) No person shall offer or give to a legislator or a member of a legislator's  
2 immediate household, or to a business with which ~~he the legislator~~ is associated, and no  
3 legislator shall solicit or receive, anything of monetary value, including a gift, favor or  
4 service or a promise of future employment, based on any understanding that ~~such the~~  
5 legislator's vote, official actions or judgment would be influenced thereby, or where it  
6 could reasonably be inferred that the thing of value would influence the legislator in the  
7 discharge of ~~his the legislator's~~ duties.

8 (b) It shall be unlawful for the partner, client, customer, or employer of a legislator  
9 or the agent of that partner, client, customer, or ~~employer to threaten economically,~~  
10 ~~directly or indirectly,~~ employer, directly or indirectly, to threaten economically that  
11 legislator with the intent to influence the legislator in the discharge of ~~his legislative the~~  
12 legislator's duties.

13 (b1) It shall be unlawful for any person, directly or indirectly, to threaten  
14 economically another person in order to compel the threatened person to attempt to  
15 influence a legislator in the discharge of the legislator's duties.

16 (c) It shall be unethical for a legislator to contact the partner, client, customer, or  
17 employer of another legislator if the purpose of the contact is to cause the partner, client,  
18 customer, or ~~employer to threaten economically, directly or indirectly,~~ employer, directly  
19 or indirectly, to threaten economically that legislator with the intent to influence that  
20 legislator in the discharge of ~~his legislative the legislator's~~ duties.

21 (d) For the purposes of this section, the term 'legislator' also includes any person  
22 who has been elected or appointed to the General Assembly but who has not yet taken the  
23 oath of office.

24 (e) Violation of subsection ~~(a) or (b)~~ (a), (b), or (b1) is a Class F felony. Violation  
25 of subsection (c) is not a crime but is punishable under G.S. 120-103."  
26

27 Requested by: Representatives Justus, Kiser, Thompson

28 **DIRECT CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS**  
29 **COMMISSION TO REVISE HIRING AND RECORD-KEEPING PROCEDURES**  
30 **FOR EMPLOYEES OF DEPARTMENT OF CORRECTION**

31 Section 16.16. No later than June 30, 1998, the Criminal Justice Education and  
32 Training Standards Commission shall reestablish the hiring and record-keeping  
33 procedures for the employment of certified positions in the Department of Correction.  
34

35 **PART XVII. DEPARTMENT OF JUSTICE**

36  
37 Requested by: Representatives Justus, Kiser, Thompson

38 **SBI FUNDS/SPENDING PRIORITIES**

39 Section 17.1. Of the funds appropriated in this act to the Department of  
40 Justice, State Bureau of Investigation, for the 1997-99 biennium for overtime payments,  
41 the first priority for use of the funds by the Department shall be to make overtime  
42 payments to SBI agents in the Field Investigations Division.  
43

1 Requested by: Representatives Justus, Kiser, Thompson

2 **SBI USE OF COURT-ORDERED REIMBURSEMENT FUNDS**

3 Section 17.2. The State Bureau of Investigation (SBI) may use funds available  
4 from court-ordered reimbursement in undercover drug operations.

5  
6 Requested by: Representatives Justus, Kiser, Thompson

7 **PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING**  
8 **BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES**

9 Section 17.3. The Private Protective Services and Alarm Systems Licensing  
10 Boards shall pay the appropriate State agency for the use of physical facilities and  
11 services provided to those boards by the State.

12  
13 Requested by: Representatives Justus, Kiser, Thompson

14 **LIMITS ON COMPUTER SYSTEM UPGRADE**

15 Section 17.4. Any proposed increase in mainframe computer capacity or  
16 system upgrade for the Judicial Department, the Department of Correction, the  
17 Department of Justice, or the Department of Crime Control and Public Safety, to be  
18 funded from the Continuation Budget, shall be reported to the Joint Legislative  
19 Commission on Governmental Operations, to the Chairs of the Senate and House of  
20 Representatives Appropriations Committees, and to the Chairs of the Senate and House  
21 Appropriations Subcommittees on Justice and Public Safety before the department enters  
22 into any contractual agreement. This report is to be made jointly by the Information  
23 Resource Management Commission, the Office of State Budget and Management, and  
24 the requesting department.

25  
26 Requested by: Representatives Justus, Kiser, Thompson

27 **CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS**

28 Section 17.5. Client departments, agencies, and boards shall reimburse the  
29 Department of Justice for reasonable court fees, attorney travel and subsistence costs, and  
30 other costs directly related to litigation in which the Department of Justice is representing  
31 the department, agency, or board.

32  
33 Requested by: Representatives Justus, Kiser, Thompson

34 **REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL**  
35 **REPRESENTATION**

36 Section 17.6. The Department of Justice shall be reimbursed by the Board of  
37 Governors of The University of North Carolina for two Attorney III positions to provide  
38 legal representation to The University of North Carolina system.

39  
40 Requested by: Representatives Justus, Kiser, Thompson

41 **USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE**  
42 **LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT**

1 Section 17.7. (a) Assets transferred to the Department of Justice during the 1997-99  
2 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department  
3 and shall result in an increase of law enforcement resources for the Department. Assets  
4 transferred to the Department of Crime Control and Public Safety during the 1997-99  
5 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department  
6 and shall result in an increase of law enforcement resources for the Department. The  
7 Departments of Justice and Crime Control and Public Safety shall report to the Joint  
8 Legislative Commission on Governmental Operations upon receipt of the assets and,  
9 before using the assets, shall report on the intended use of the assets and the departmental  
10 priorities on which the assets may be expended.

11 The General Assembly finds that the use of assets transferred pursuant to 19  
12 U.S.C. § 1616a for new personnel positions, new projects, the acquisition of real  
13 property, repair of buildings where the repair includes structural change, and construction  
14 of or additions to buildings may result in additional expenses for the State in future fiscal  
15 periods. Therefore, the Department of Justice and the Department of Crime Control and  
16 Public Safety are prohibited from using these assets for such purposes without the prior  
17 approval of the General Assembly, except during the 1997-98 fiscal year, the Department  
18 of Justice may:

- 19 (1) Use an amount not to exceed the sum of twenty-five thousand dollars  
20 (\$25,000) of the funds to extend the lease of space in the Town of  
21 Salemburg for SBI training; and  
22 (2) Use an amount not to exceed fifty thousand dollars (\$50,000) of the  
23 funds to lease space for its technical operations unit, storage of its  
24 equipment and vehicles, and command post vehicle.  
25 (b) Nothing in this section prohibits North Carolina law enforcement agencies  
26 from receiving funds from the United States Department of Justice pursuant to 19 U.S.C.  
27 § 1616a.

28  
29 Requested by: Representatives Justus, Kiser, Thompson

### 30 **DEPARTMENT OF JUSTICE RECORD CHECKS FUNDS AND REPORTS**

31 Section 17.8. (a) The Department of Justice may use, for each year of the  
32 1997-99 biennium, the sum of up to two hundred ten thousand five hundred sixty-three  
33 dollars (\$210,563) to add up to five positions in the State Bureau of Investigation to  
34 facilitate record checks for concealed weapons permits. The Office of State Budget and  
35 Management may adjust the allotment of appropriations to the Department of Justice  
36 until receipts are realized. The Department of Justice may fund one and one-half  
37 positions per 10,000 record checks for concealed weapons permits. If the total number of  
38 annual criminal record checks performed by the State Bureau of Investigation falls below  
39 the level of 5,000 checks, the number of positions shall be reduced to one.

40 (b) The Department of Justice shall report by January 15 each year to the Joint  
41 Legislative Commission on Governmental Operations, the Chairs of the Senate and  
42 House Appropriations Committees, and the Chairs of the Senate and House  
43 Appropriations Subcommittees on Justice and Public Safety on the receipts, costs for, and

1 number of criminal record checks performed in connection with applications for  
2 concealed weapons permits. The report by the Department of Justice shall also include  
3 information on the number of applications received and approved for firearms safety  
4 courses.

5  
6 Requested by: Representatives Justus, Kiser, Thompson

7 **INCREASE THE NUMBER OF FICTITIOUS LICENSES AND REGISTRATION**  
8 **PLATES AUTHORIZED FOR PUBLICLY OWNED MOTOR VEHICLES AND**  
9 **REMOVE THE SUNSET ON PRIOR INCREASE ON NUMBER OF PLATES**

10 Section 17.10. G.S. 20-39(h) reads as rewritten:

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

38 (b) Subsection (c) of Section 23 of Chapter 18 of the Session Laws of the 1996  
39 Second Extra Session is repealed.

40 (c) This section becomes effective June 29, 1997.

41  
42 Requested by: Representatives Justus, Kiser, Thompson



1 **SHERIFF EDUCATION AND TRAINING STANDARDS COMMISSION TO**  
2 **ESTABLISH MINIMUM EMPLOYMENT, TRAINING, AND RETENTION**  
3 **STANDARDS FOR TELECOMMUNICATORS**

4 Section 17.11. (a) Of the funds appropriated in this act to the Department of  
5 Justice for the 1997-99 biennium, the sum of one hundred fifty-six thousand seven  
6 hundred thirty-one dollars (\$156,731) for the 1997-98 fiscal year and the sum of one  
7 hundred thirty-two thousand two hundred thirty-one dollars (\$132,231) for the 1998-99  
8 fiscal year shall be used to fund a criminal justice research associate, a processing  
9 assistant, a criminal justice instructor-coordinator, and related expenses to implement this  
10 section.

11 (b) G.S. 17E-2(3) reads as rewritten:

12 "(3) ~~'Justice officer' means a person who, through the special trust and~~  
13 ~~confidence of the sheriff of the county, has taken the oath of office~~  
14 ~~prescribed by Chapter 11 of these statutes as a peace officer in the office~~  
15 ~~of a sheriff, or who has been duly appointed as a detention officer by the~~  
16 ~~sheriff. The term includes 'deputy sheriffs' and 'special deputy sheriffs'~~  
17 ~~but does not include clerical and support personnel not required to take~~  
18 ~~an oath. The term 'special deputy' means a person who, through~~  
19 ~~appointment by the sheriff, becomes an unpaid criminal justice officer~~  
20 ~~to perform a specific act directed to the person by the sheriff. Justice~~  
21 ~~officer shall also mean the administrator and the other custodial~~  
22 ~~personnel of district confinement facilities as defined in G.S. 153A-219.~~  
23 ~~Nothing in this Chapter shall transfer any supervisory or administrative~~  
24 ~~control of employees of district confinement facilities to the office of~~  
25 ~~the sheriff. means:~~

- 26 a. A person who, through the special trust and confidence of the  
27 sheriff, has taken the oath of office prescribed by Chapter 11 of  
28 the General Statutes as a peace officer in the office of the sheriff.  
29 This term includes 'deputy sheriffs', 'reserve deputy sheriffs', and  
30 'special deputy sheriffs', but does not include clerical and support  
31 personnel not required to take an oath. The term 'special deputy'  
32 means a person who, through appointment by the sheriff,  
33 becomes an unpaid criminal justice officer to perform a specific  
34 act directed by the sheriff; or
- 35 b. A person who, through the special trust and confidence of the  
36 sheriff, has been appointed as a detention officer by the sheriff;  
37 or
- 38 c. A person who is either the administrator or other custodial  
39 personnel of district confinement facilities as defined in G.S.  
40 153A-219; however, nothing in this Chapter transfers any  
41 supervisory or administrative control over employees of district  
42 confinement facilities to the office of the sheriff; or

1           d.     A person who, through the special trust and confidence of the  
2           sheriff, is under the direct supervision and control of the sheriff  
3           and serves as a telecommunicator, or who is presented to the  
4           Commission for appointment as a telecommunicator by an  
5           employing entity other than the sheriff for the purpose of  
6           obtaining certification from the Commission as a  
7           telecommunicator."

8           (c)     G.S. 17E-7 reads as rewritten:

9     "**§ 17E-7. Required standards.**

10          (a)     ~~Justice officers~~officers, other than those set forth in subsection (c1) of this  
11 section, shall not be required to meet any requirements of subsections (b) and (c) of this  
12 section as a condition of continued employment, nor shall failure of a justice officer to  
13 fulfill such requirements make him ineligible for any promotional examination for which  
14 he is otherwise eligible if the officer held an appointment prior to July 1, 1983, and is a  
15 sworn law-enforcement officer with power of arrest. The legislature finds, and it is  
16 hereby declared to be the policy of this Chapter, that such officers have satisfied such  
17 requirements by their experience. It is the intent of the Chapter that all justice officers  
18 employed at the entry level after the Commission has adopted the required standards shall  
19 meet the requirements of this Chapter. All justice officers who are exempted from the  
20 required entry level standards by this subsection are subject to the requirements of  
21 subsections (b) and (c) of this section as well as the requirements of G.S. 17E-4(a) in  
22 order to retain certification.

23          (b)     The Commission shall provide, by regulation, that no person may be appointed  
24 as a justice officer at entry level, except on a temporary or probationary basis, unless such  
25 person has satisfactorily completed an initial preparatory program of training at a school  
26 certified by the Commission or has been exempted from that requirement by the  
27 Commission pursuant to this Chapter. Upon separation of a justice officer from a sheriff's  
28 department within the temporary or probationary period of appointment, the probationary  
29 certification shall be terminated by the Commission. Upon the reappointment to the same  
30 department or appointment to another department of an officer who has separated from a  
31 department within the probationary period, the officer shall be charged with the amount  
32 of time served during his initial appointment and allowed the remainder of the  
33 probationary period to complete the basic training requirement. Upon the reappointment  
34 to the same department or appointment to another department of an officer who has  
35 separated from a department within the probationary period and who has remained out of  
36 service for more than one year from the date of separation, the officer shall be allowed  
37 another probationary period to complete such training as the Commission shall require by  
38 rule for an officer returning to service.

39          (c)     In addition to the requirements of subsection (b) of this section, the  
40 Commission, by rules and regulations, may fix other qualifications for the employment  
41 and retention of justice officers including minimum age, education, physical and mental  
42 standards, citizenship, good moral character, experience, and such other matters as relate  
43 to the competence and reliability of persons to assume and discharge the responsibilities

1 of the office, and the Commission shall prescribe the means for presenting evidence of  
2 fulfillment of these requirements.

3 Where minimum educational standards are not met, yet the individual shows potential  
4 and a willingness to achieve the standards by extra study, they may be waived by the  
5 Commission for the reasonable amount of time it will take to achieve the standards  
6 required. Upon petition from a sheriff, the Commission may grant a waiver of any  
7 provisions of this section (17E-7) for any justice officer serving that sheriff.

8 (c1) Any justice officer appointed as a telecommunicator at the entry level after  
9 October 1, 1997, shall meet all requirements of this Chapter. Any person employed in  
10 the capacity of a telecommunicator as defined by the Commission on or before October  
11 1, 1997, shall not be required to meet any entry-level requirements as a condition of  
12 continued employment but shall be reported to the Commission for certification. All  
13 justice officers who are exempted from the required entry-level standards by this  
14 subsection are subject to the requirements of subsections (b) and (c) of this section as  
15 well as the requirements of G.S. 17E-4(a) in order to retain certification.

16 (d) The Commission may issue a certificate evidencing satisfaction of the  
17 requirements of subsections ~~(b) and (c)~~, (c), and (c1) of this section to any applicant  
18 who presents such evidence as may be required by its rules and regulations of satisfactory  
19 completion of a program or course of instruction in another jurisdiction."

20 (d) Any entity, other than a sheriff's office, that employs telecommunicators is  
21 not required to submit telecommunicators under its employment for certification pursuant  
22 to Chapter 17E of the General Statutes and is not subject to criminal or civil liability if it  
23 does not do so.

24  
25 Requested by: Representatives Preston, Justus, Kiser, Thompson

26 **DEPARTMENT OF JUSTICE TO PROVIDE TRAINING TO STATE AND**  
27 **LOCAL LAW ENFORCEMENT OFFICERS IN THE IDENTIFICATION OF**  
28 **ACCIDENT-TRAUMA VICTIMS IN ORDER TO FACILITATE TIMELY**  
29 **IDENTIFICATION OF POTENTIAL ORGAN AND TISSUE DONORS AND TO**  
30 **PROVIDE FOR THE IDENTIFICATION OF ACCIDENT-TRAUMA VICTIMS**

31 Section 17.12. (a) Of the funds appropriated in this act to the Department of  
32 Justice for the 1997-98 fiscal year, the sum of twenty-five thousand dollars (\$25,000)  
33 shall be used by the North Carolina Criminal Justice Education and Standards Training  
34 Commission, the North Carolina Sheriffs' Education and Training Standards  
35 Commission, and the North Carolina Justice Academy to provide for the training of State  
36 and local law enforcement officers in the timely identification of accident-trauma victims  
37 in order to facilitate the identification of potential organ and tissue donors.

38 (b) Chapter 90 of the General Statutes is amended by adding a new Article to read:

39 **"ARTICLE 33.**

40 **"ACCIDENT-TRAUMA VICTIM IDENTIFICATION.**

41 **"§ 90-600. Short title.**

42 This Article shall be known and may be cited as the Carolyn Sonzogni Act.

43 **"§ 90-601. Purpose.**

1       The identification of accident-trauma victims is crucial to the timely notification of  
2 the next of kin of accident-trauma victims and to the recovery of organs and tissues for  
3 organ transplants. In recognition of these facts, it is the policy of this State and the  
4 purpose of this act to provide for the timely identification of accident-trauma victims by  
5 law enforcement, fire, emergency, rescue, and hospital personnel.

6 **"§ 90-602. Routine search for donor information.**

7       (a) The following persons may make a reasonable search for a document of gift or  
8 other information identifying the bearer as an organ donor or as an individual who has  
9 refused to make an anatomical gift:

10           (1) A law enforcement officer, firefighter, paramedic, or other official  
11 emergency rescuer finding an individual who the searcher believes is  
12 near death; and

13           (2) A hospital, upon the admission of an individual at or near the time of  
14 death, if there is not immediately available any other source of that  
15 information.

16       (b) Any law enforcement officer or other person listed in subsection (a) of this  
17 section may conduct an administrative search of the accident-trauma victim's Division of  
18 Motor Vehicles driver record to determine the individual's authorization for organ  
19 donation or refusal of organ donation.

20       (c) A physical search pursuant to subsection (a) of this section may be conducted  
21 at or near the time of death or hospital admission and shall be limited to those personal  
22 effects of the individual where a drivers license reasonably may be stored. Any  
23 information, document, tangible objects, or other items discovered during the search shall  
24 be used solely for the purpose of ascertaining the individual's identity, notifying the  
25 individual's next of kin, and determining whether the individual intends to make an  
26 anatomical gift, and in no event shall any such discovered material be admissible in any  
27 subsequent criminal or civil proceeding, unless obtained pursuant to a lawful search on  
28 other grounds.

29 **"§ 90-603. Timely notification of next of kin.**

30       A State or local law enforcement officer shall make a reasonable effort to notify the  
31 next of kin of an accident-trauma victim if the individual is hospitalized or dead.  
32 Whenever possible, the notification should be delivered in person and without delay after  
33 ensuring positive identification. If appropriate under the circumstances, the notification  
34 may be given by telephone in accordance with State and local law enforcement  
35 departmental policies. In addition to the notification of next of kin made by law  
36 enforcement personnel, other emergency rescue or hospital personnel may contact the  
37 next of kin, or the nearest organ procurement organization, in order to expedite decision  
38 making with regard to potential organ and tissue recovery.

39 **"§ 90-604. Use of body information tags.**

40       (a) In order to provide the identifying information necessary to facilitate organ  
41 and tissue transplants, a body information tag shall be attached to or transmitted with the  
42 body of an accident-trauma victim by the following persons:

1           (1) A law enforcement officer, firefighter, paramedic, or other official  
2           emergency rescuer who believes the seriously injured individual to be  
3           near death; and

4           (2) Hospital personnel, after the individual has been pronounced dead.

5       (b) The body information tag shall include information identifying the accident-  
6 trauma victim, identifying whether the individual is an organ donor, and providing any  
7 information on the next of kin. The Division of Motor Vehicles shall be responsible for  
8 producing and distributing body information tags to all State and local law enforcement  
9 departments. In addition, the tags shall be distributed by the Division of Motor Vehicles  
10 to all State and local agencies employing firefighters, paramedics, and other emergency  
11 and rescue personnel."

12  
13 Requested by: Representatives Justus, Kiser, Thompson

#### 14 **CRIMINAL JUSTICE INFORMATION NETWORK REPORT**

15           Section 17.13. The Criminal Justice Information Network Governing Board  
16 created pursuant to Section 23.3 of Chapter 18 of the Session Laws of the 1996 Second  
17 Extra Session shall report by April 15, 1998, to the Chairs of the Senate and House  
18 Appropriations Committees, the Chairs of the Senate and House Appropriations  
19 Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the  
20 General Assembly on:

21           (1) The operations of the Board, including the Board's progress in  
22           developing data-sharing standards in cooperation with State and local  
23           agencies and the estimated time of completion of the standards;

24           (2) The operating budget of the Board, the expenditures of the Board as of  
25           the date of the report, and the amount of funds in reserve for the  
26           operation of the Board;

27           (3) A long-term strategic plan and cost analysis for statewide  
28           implementation of the Criminal Justice Information Network; and

29           (4) The status of the implementation of the mobile data network system,  
30           including the amount of funds spent on the system as of the date of the  
31           report and the long-term costs of implementing the system statewide.

32           The Board shall make an interim report on these issues to the Chairs of the  
33 Senate and House Appropriations Committees, the Chairs of the Senate and House  
34 Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research  
35 Division of the General Assembly by November 1, 1997.

36  
37 Requested by: Representatives Kiser, Justus, Thompson

#### 38 **STATE BUREAU OF INVESTIGATION LAW ENFORCEMENT OFFICERS'** 39 **SALARY ADJUSTMENTS**

40           Section 17.14. (a) Of the funds appropriated in this act to the Department of  
41 Justice, the sum of three million sixty-four thousand seven hundred seventy-eight dollars  
42 (\$3,064,778) shall be used to adjust the salaries of sworn law enforcement officers  
43 employed with the State Bureau of Investigation. The salary of each sworn law

1 enforcement officer of the State Bureau of Investigation shall be adjusted by increasing  
2 the salary of each officer by five percent (5%) per each year of service since 1985 in a  
3 sworn status position at the Bureau. No salary adjustment shall result in an increase  
4 beyond the maximum salary set for an officer's pay grade. If an officer's salary is near or  
5 at the top of the officer's pay grade, the officer shall be eligible to receive a salary  
6 adjustment up to the top of the officer's pay grade. If an officer is at the top of the  
7 officer's pay grade, then the officer is not eligible to receive the one-time salary  
8 adjustment. Sworn officers holding the following management positions are not eligible  
9 to receive the salary adjustment: SBI Director, SBI Assistant Directors of Support  
10 Services, SBI Assistant Director, SBI Assistant Directors of Field Services, SBI Assistant  
11 Director of Crime Laboratory, Deputy Director of Medicaid Fraud.

12 (b) G.S. 114-13 reads as rewritten:

13 "**§ 114-13. Director of the Bureau; ~~personnel~~; personnel; salaries.**

14 (a) The Attorney General shall appoint a Director of the Bureau of Investigation,  
15 who shall serve at the will of the Attorney General, and whose salary shall be fixed by the  
16 Department of Administration under G.S. 143-36 et seq. ~~He~~ The Attorney General may  
17 further appoint a sufficient number of assistants and stenographic and clerical help, who  
18 shall be competent and qualified to do the work of the Bureau. The salaries of such  
19 assistants shall be fixed by the Department of Administration under G.S. 143-36 et seq.  
20 The salaries of clerical and stenographic help shall be the same as now provided for  
21 similar employees in other State departments and bureaus.

22 (b) Beginning July 1, 1998, and annually thereafter, each sworn law enforcement  
23 officer of the State Bureau of Investigation shall be granted an automatic increase in the  
24 amount of five percent (5%) of their total salary, not to exceed the maximum of their  
25 salary range. The Director of the State Bureau of Investigation and Assistant Directors of  
26 the State Bureau of Investigation are not eligible to receive the five percent (5%) annual  
27 increase."

28 (c) Subsection (a) of this section becomes effective July 1, 1997. Subsection (b)  
29 of this section becomes effective July 1, 1998.

30  
31 Requested by: Representative Redwine

32 **ATTORNEY GENERAL APPROVAL REQUIRED FOR ALL STATE**  
33 **SETTLEMENTS**

34 Section 17.15. Chapter 114 of the General Statutes is amended by adding a  
35 new section to read:

36 "**§ 114-2.4. Attorney General to approve settlement agreements.**

37 To be effective against the State, a settlement agreement entered into by the State, a  
38 State department, a State agency, a State institution, or a State officer, involving the  
39 payment of any public monies must be approved by the Attorney General. The Attorney  
40 General by rule may delegate to a deputy or assistant Attorney General or to another  
41 subordinate the power to approve settlement agreements."

42  
43 **PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**

1  
2 Requested by: Representatives Justus, Kiser, Thompson  
3 **LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER**  
4 **GRANTS**

5 Section 18. (a) Section 1303(4) of the Omnibus Crime Control and Safe Streets Act  
6 of 1968 provides that the State application for Drug Law Enforcement Grants is subject  
7 to review by the State legislature or its designated body. Therefore, the Governor's Crime  
8 Commission of the Department of Crime Control and Public Safety shall report on the  
9 State application for grants under the State and Local Law Enforcement Assistance Act  
10 of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted  
11 by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, to the Senate and House  
12 Appropriations Subcommittees on Justice and Public Safety when the General Assembly  
13 is in session. When the General Assembly is not in session, the Governor's Crime  
14 Commission shall report on the State application to the Joint Legislative Commission on  
15 Governmental Operations.

16 (b) Unless a State statute provides a different forum for review, when a federal law  
17 or regulation provides that an individual State application for a grant shall be reviewed by  
18 the State legislature or its designated body and at the time of the review the General  
19 Assembly is not in session, that application shall be reviewed by the Joint Legislative  
20 Commission on Governmental Operations.

21  
22 Requested by: Representatives Justus, Kiser, Thompson

23 **VICTIMS ASSISTANCE NETWORK FUNDS**

24 Section 18.1. Of the funds appropriated in this act to the Department of Crime  
25 Control and Public Safety, the sum of one hundred fifty thousand dollars (\$150,000) for  
26 the 1997-98 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for  
27 the 1998-99 fiscal year shall be used to support the Victims Assistance Network. These  
28 funds shall be used by the Victims Assistance Network to perform the following  
29 functions under the direction of and as required by the Department of Crime Control and  
30 Public Safety:

- 31 (1) Conduct surveys and gather data on crime victims and their needs;  
32 (2) Act as a clearinghouse for crime victims services;  
33 (3) Provide an automated crime victims bulletin board for subscribers;  
34 (4) Coordinate and support the activities of other crime victims advocacy  
35 groups;  
36 (5) Identify training needs of crime victims services providers and criminal  
37 justice personnel and coordinate training efforts for those persons; and  
38 (6) Provide other services as identified by the Governor's Crime  
39 Commission or the Department of Crime Control and Public Safety.

40  
41 Requested by: Representatives Justus, Kiser, Thompson  
42 **REPORT ON COMMUNITY SERVICE WORKERS**

1 Section 18.2. The Department of Crime Control and Public Safety shall report  
2 to the Joint Legislative Commission on Governmental Operations and the Fiscal  
3 Research Division by March 1 and September 1 of each fiscal year of the 1997-99  
4 biennium on the number of community service workers who were available during each  
5 month of the time period preceding that report to perform repairs and maintenance of the  
6 parks and when and where they were available.

7  
8 Requested by: Representatives Justus, Kiser, Thompson

9 **REPORT ON CRIME VICTIMS COMPENSATION FUND**

10 Section 18.3. The Department of Crime Control and Public Safety shall report  
11 to the Chairs of the Senate and House Appropriations Committees, the Chairs of the  
12 Senate and House Appropriations Subcommittees on Justice and Public Safety, and the  
13 Fiscal Research Division of the General Assembly by March 15 in odd-numbered years  
14 and May 15 in even-numbered years on the North Carolina Crime Victims Compensation  
15 Fund. The report shall include a statement regarding:

- 16 (1) The administrative expenses of the Fund for the prior fiscal year and the  
17 current fiscal year on the date of the report;  
18 (2) The current unencumbered balance of the Fund;  
19 (3) The amount of funds carried over from the prior fiscal year;  
20 (4) The amount of funds received in the prior fiscal year from the  
21 Department of Correction and from the compensation fund established  
22 pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.;  
23 (5) The amount of funds expected to be received in the current fiscal year,  
24 as well as the amount actually received in the current fiscal year on the  
25 date of the report, from the Department of Correction and from the  
26 compensation fund established pursuant to the Victims Crime Act of  
27 1984, 42 U.S.C. § 10601, et seq.; and  
28 (6) The total amount of funds paid to victims in the prior fiscal year and in  
29 the current fiscal year on the date of the report.

30  
31 Requested by: Representatives Kiser, Justus, Thompson

32 **EXTEND DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY**  
33 **STUDY COMMISSION**

34 Section 18.4. (a) Section 20.4(b) of Chapter 324 of the 1995 Session Laws  
35 reads as rewritten:

36 "(b) The Commission shall review the efficiency and effectiveness of the  
37 Department of Crime Control and Public Safety and determine whether the Department  
38 should be reorganized or any of its divisions eliminated or transferred. The Commission  
39 shall also consider whether other State law enforcement agencies ~~in the State~~ should be  
40 transferred to the Department. To fulfill its duties and responsibilities in a well-informed  
41 manner, the Commission may conduct on-site visits of the Department, the divisions of  
42 the Department, and any other State law enforcement agencies. The Commission shall  
43 determine the potential cost savings of any recommended reorganizations or transfers."



1 (b) Section 20.4(d) of Chapter 324 of the 1995 Session Laws, as amended by  
2 Section 21.1 of Chapter 18 of the Session Laws of the 1996 Second Extra Session, reads  
3 as rewritten:

4 "(d) The Study Commission shall ~~make an interim report to the 1996-1998 Regular~~  
5 ~~Session of the 1995-1997 General Assembly by May 1, 1996, May 1, 1998, and shall~~  
6 ~~submit a final written report of its findings and recommendations to the 1997 General~~  
7 ~~Assembly. All reports~~ The report shall be filed with the Speaker of the House of  
8 Representatives and the President Pro Tempore of the Senate. Upon filing ~~its final~~ the  
9 report, the Commission shall terminate."

10 (c) There is allocated from the funds appropriated to the Legislative Services  
11 Commission's Studies Reserve to the Study Commission on the Department of Crime  
12 Control and Public Safety the sum of fifty thousand dollars (\$50,000) for the 1997-98  
13 fiscal year to conduct the study directed by this section.

14 (d) Subsection (b) of this section becomes effective January 15, 1997.

## 16 PART XIX. GENERAL ASSEMBLY

17  
18 Requested by: Representatives Ives, McCombs, Sherrill

### 19 ANALYSIS OF STATE BUDGET DURING THE INTERIM

20 Section 19. (a) The President Pro Tempore of the Senate shall authorize the  
21 standing Appropriations Committees and standing Appropriations Subcommittees of the  
22 Senate and the Speaker of the House of Representatives shall authorize the standing  
23 Appropriations Committees and standing Appropriations Subcommittees of the House of  
24 Representatives to meet separately or jointly during the interim between the Regular 1997  
25 and 1998 Sessions of the General Assembly to review matters related to the State budget,  
26 the organization of State government, and any other matter as they deem appropriate.  
27 The review shall include, but not be limited to, an analysis of the budget of each agency  
28 to determine:

- 29 (1) The cost savings that could be realized from improvements in  
30 administrative structure, practices, and procedures in State agencies;
- 31 (2) Ways to increase efficiency in budgeting and use of resources; and
- 32 (3) Instances in which functions of agencies are duplicative, overlapping,  
33 obsolete, incomplete in scope or coverage, or fail to accomplish  
34 legislative objectives, and should be abolished, transferred, or modified  
35 to accomplish cost savings.

36 (b) The President Pro Tempore of the Senate shall appoint an oversight  
37 committee comprised of the Senate Appropriations Committee Chairs and one member of  
38 each Senate Appropriations Subcommittee and the Speaker of the House of  
39 Representatives shall appoint an oversight committee comprised of the House  
40 Appropriations Committee Chairs and one member of each House Appropriations  
41 Subcommittee to meet separately or jointly to oversee the work of the Appropriations  
42 Committees and Subcommittees during the interim.

1 Requested by: Representatives Ives, McCombs, Sherrill

2 **HEALTH CARE OVERSIGHT COMMITTEE**

3 Section 19.1. (a) Of the funds appropriated in this act to the General Assembly,  
4 the sum of fifty thousand dollars (\$50,000) for the 1997-98 fiscal year and the sum of  
5 fifty thousand dollars (\$50,000) for the 1998-99 fiscal year shall be allocated by the  
6 Legislative Services Commission for the Joint Legislative Health Care Oversight  
7 Committee established under subsection (b) of this section.

8 (b) Chapter 120 of the General Statutes is amended by adding the following new  
9 Article to read:

10 **"ARTICLE 12K.**

11 **"JOINT LEGISLATIVE HEALTH CARE OVERSIGHT COMMITTEE.**

12 **"§ 120-70.96. Creation and membership of Joint Legislative Health Care Oversight**  
13 **Committee.**

14 There is established the Joint Legislative Health Care Oversight Committee. The  
15 Committee consists of 14 members as follows:

- 16 (1) Seven members of the Senate appointed by the President Pro Tempore  
17 of the Senate, at least three of whom are members of the minority party;  
18 and  
19 (2) Seven members of the House of Representatives appointed by the  
20 Speaker of the House of Representatives, at least three of whom are  
21 members of the minority party.

22 Terms on the Committee are for two years and begin on the convening of the General  
23 Assembly in each odd-numbered year, except the terms of the initial members, which  
24 begin on appointment. Members may complete a term of service on the Committee even  
25 if they do not seek reelection or are not reelected to the General Assembly, but  
26 resignation or removal from service in the General Assembly constitutes resignation or  
27 removal from service on the Committee.

28 A member continues to serve until the member's successor is appointed. A vacancy  
29 shall be filled within 30 days by the officer who made the original appointment.

30 **"§ 120-70.97. Purpose and powers of Committee.**

31 (a) The Joint Legislative Health Care Oversight Committee shall review, on a  
32 continuing basis, the provision of health care and health care coverage to the citizens of  
33 this State, in order to make ongoing recommendations to the General Assembly on ways  
34 to improve health care for North Carolinians. To this end, the Committee shall study the  
35 delivery, availability, and cost of health care in North Carolina. The Committee may also  
36 study other matters related to health care and health care coverage in this State.

37 (b) The Committee may make interim reports to the General Assembly on matters  
38 for which it may report to a regular session of the General Assembly. A report to the  
39 General Assembly may contain any legislation needed to implement a recommendation  
40 of the Committee.

41 **"§ 120-70.98. Organization of Committee.**

42 (a) The President Pro Tempore of the Senate and the Speaker of the House of  
43 Representatives shall each designate a cochair of the Joint Legislative Health Care

1 Oversight Committee. The Committee shall meet at least once a quarter and may meet at  
2 other times upon the joint call of the cochairs.

3 (b) A quorum of the Committee is eight members. No action may be taken except  
4 by a majority vote at a meeting at which a quorum is present. While in the discharge of  
5 its official duties, the Committee has the powers of a joint committee under G.S. 120-19  
6 and G.S. 120-19.1 through G.S. 120-19.4.

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

14  
15 Requested by: Representatives Ives, McCombs, Sherrill, Shubert

#### 16 **STATE EMPLOYEES' COMMUNICATIONS WITH LEGISLATORS**

17 Section 19.2. (a) Chapter 126 of the General Statutes is amended by adding a  
18 new Article to read:

#### 19 **"ARTICLE 15.**

#### 20 **"COMMUNICATIONS WITH MEMBERS OF THE GENERAL ASSEMBLY.**

#### 21 **"§ 126-90. Communications with members of the General Assembly.**

22 A State employee's right to speak to a member of the General Assembly at the  
23 member's request shall not be directly or indirectly limited by the employee's supervisor  
24 or by any policy of the department, agency, or institution that employs that State  
25 employee."

26 (b) G.S. 126-5 is amended by adding a new subsection to read:

27 "(c6) Article 15 of this Chapter shall apply to all State employees, public school  
28 employees, and community college employees."

#### 29 30 **PART XX. OFFICE OF THE GOVERNOR**

31  
32 Requested by: Representatives Ives, McCombs, Sherrill, Hardy, R. Hunter, Jeffus

#### 33 **FIRE PROTECTION AND RESCUE GRANT FUNDS**

34 Section 20.1. (a) Chapter 58 of the General Statutes is amended by adding a new  
35 Article to read:

#### 36 **"ARTICLE 85A.**

#### 37 **"STATE FIRE PROTECTION AND RESCUE GRANT FUND.**

#### 38 **"§ 58-85A-1. Creation of Fund; allocation to local fire districts, political** 39 **subdivisions of the State, volunteer fire departments, and volunteer rescue** 40 **squads.**

41 (a) Creation; Purpose. – There is created in the Office of State Budget and  
42 Management the State Fire Protection and Rescue Grant Fund. The purposes of the Fund  
43 are:

1           (1)    To compensate local fire districts and political subdivisions of the State  
2                   for providing local fire protection to State-owned buildings and their  
3                   contents.

4           (2)    To reimburse volunteer fire departments and volunteer rescue squads for  
5                   highway use tax they pay on their fire trucks and emergency services  
6                   vehicles.

7           The Office of State Budget and Management shall develop and implement an  
8           equitable and uniform statewide method for distributing any funds to the State's local fire  
9           districts, political subdivisions, and volunteer fire departments and volunteer rescue  
10           squads. Upon the request of the Director of the Budget, the Department of Insurance  
11           shall provide the Office of State Budget and Management all information necessary to  
12           develop and implement the formula.

13        (b)    Definitions. – The following definitions apply in this section:

14           (1)    Fire truck. – A fire truck, a pump truck, a tanker truck, or a ladder truck  
15                   used to suppress fire; or a four-wheel drive vehicle intended to be  
16                   mounted with a water tank and hose and used for forest fire fighting.

17           (2)    Highway use tax. – The tax imposed in Article 5A of Chapter 105 of the  
18                   General Statutes.

19           (3)    Volunteer fire department. – A fire department that is not part of a unit  
20                   of local government, has no more than two paid employees, and is  
21                   exempt from State income tax under G.S. 105-130.11.

22           (4)    Volunteer rescue squad. – An organization that provides rescue services,  
23                   emergency medical services, or both, is not part of a unit of local  
24                   government, has no more than two paid employees, and is exempt from  
25                   State income tax under G.S. 105-130.11.

26        (c)    Funds; Use. – It is the intent of the General Assembly to appropriate annually  
27           to the State Fire Protection and Rescue Grant Fund at least three million eighty thousand  
28           dollars (\$3,080,000) from the General Fund, one hundred fifty thousand dollars  
29           (\$150,000) from the Highway Fund, and nine hundred seventy thousand dollars  
30           (\$970,000) from University of North Carolina receipts to the State Fire Protection and  
31           Rescue Grant Fund. Funds received from the General Fund shall be allocated only for (i)  
32           providing local fire protection for State-owned property supported by the General Fund  
33           and (ii) grants to volunteer fire departments and volunteer rescue squads to reimburse  
34           them for highway use tax they pay on their fire trucks and emergency services vehicles;  
35           funds received from the Highway Fund shall be allocated only for providing local fire  
36           protection for State-owned property supported by the Highway Fund; and funds received  
37           from University of North Carolina receipts shall be allocated only for providing local fire  
38           protection for State-owned property supported by University of North Carolina receipts."

39           (b) G.S. 143-3.7 is repealed.

40           (c) Of the funds appropriated from the General Fund to the Office of State  
41           Budget and Management, the sum of three million eighty thousand dollars (\$3,080,000)  
42           for the 1997-98 fiscal year and the sum of three million eighty thousand dollars

1 (\$3,080,000) for the 1998-99 fiscal year shall be used for the State Fire Protection and  
2 Rescue Grant Fund.

3 (d) Of the funds appropriated from the Highway Fund to the Office of State  
4 Budget and Management, the sum of one hundred fifty thousand dollars (\$150,000) for  
5 the 1997-98 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for  
6 the 1998-99 fiscal year shall be used for the State Fire Protection and Rescue Grant Fund.

7 (e) Of the funds available to The University of North Carolina from receipts,  
8 the sum of nine hundred seventy thousand dollars (\$970,000) for the 1997-98 fiscal year  
9 and the sum of nine hundred seventy thousand dollars (\$970,000) for the 1998-99 fiscal  
10 year shall be transferred to the State Fire Protection and Rescue Grant Fund for use as  
11 provided by G.S. 58-85A-1(c) as enacted by this section.

12  
13 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

#### 14 HOME PROGRAM MATCHING FUNDS

15 Section 20.2. (a) Funds appropriated in this act to the Housing Finance Agency for the  
16 federal HOME Program shall be used to match federal funds appropriated for the HOME  
17 Program. In allocating State funds appropriated to match federal HOME Program funds,  
18 the Agency shall give priority to HOME Program projects, as follows:

- 19 (1) First priority to projects that are located in counties designated as Tier  
20 One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3;  
21 and
- 22 (2) Second priority to projects that benefit persons and families whose  
23 incomes are fifty percent (50%) or less of the median family income for  
24 the local area, with adjustments for family size, according to the latest  
25 figures available from the U.S. Department of Housing and Urban  
26 Development.

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

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

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

36  
37 Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter

#### 38 AFFORDABLE HOUSING ASSISTANCE FUNDS

39 Section 20.3. (a) Of the funds appropriated in this act to the North Carolina  
40 Housing Finance Agency for the Housing Trust Fund, not more than five hundred  
41 thousand dollars (\$500,000) for the 1997-98 fiscal year may be allocated by the Housing  
42 Finance Agency to community-based nonprofit low-income housing development and  
43 technical assistance organizations. Funds allocated shall be used to support the

1 development of housing affordable to persons of low income, for direct grants to new and  
2 existing housing development and technical assistance organizations to support  
3 operations and project activities, and for administrative and other operational purposes  
4 that expand the capacity of these organizations to provide affordable housing and  
5 associated comprehensive services and programs.

6 (b) The North Carolina Housing Finance Agency shall adopt rules governing the  
7 eligibility of applicants, application procedures, eligibility requirements, criteria and  
8 standards for awarding grants and performance standards for continued funding, and shall  
9 make available to the general public and interested parties adequate opportunity for input  
10 into the rule-making process.

11 (c) The North Carolina Housing Finance Agency shall report every six months to  
12 the Joint Legislative Commission on Governmental Operations on the use of these funds  
13 allocated pursuant to this section. The Agency shall not use these funds for its own  
14 administrative purposes.

15 (d) For purposes of this section, the term "community-based nonprofit low-income  
16 housing development and technical assistance organization" means a nonprofit  
17 corporation chartered pursuant to section 501(c)(3) of the Internal Revenue Code, which  
18 has as a major purpose the development and improvement of housing that is affordable to  
19 persons of low income; serves the community in which it is located; is neither controlled  
20 by, nor under the direction of, individuals or entities seeking to derive profit or gain from  
21 the organization; and maintains accountability to low-income community residents  
22 through board membership or other formal processes for input into the organization's  
23 housing decision-making process. For purposes of this section, the term "low-income"  
24 refers to persons and families whose incomes do not exceed eighty percent (80%) of the  
25 area median family income, with adjustments for family size, according to the latest  
26 figures available for the United States Department of Housing and Urban Development.

## 27 28 **PART XXI. DEPARTMENT OF SECRETARY OF STATE**

29  
30 Requested by: Representatives Ives, McCombs, Sherrill

### 31 **INFORMATION RESOURCES MANAGEMENT COMMISSION**

32 Section 21. (a) Effective July 1, 1997, G.S. 143B-426.21(a) reads as rewritten:

33 "(a) Creation; Membership. – The Information Resource Management Commission  
34 is created in the Office of the State Controller. The Commission consists of the following  
35 members:

- 36 (1) Four members of the Council of State, appointed by the Governor.
- 37 (1a) The Secretary of State.
- 38 (2) The Secretary of Administration.
- 39 (3) The State Budget Officer.
- 40 (4) Two members of the Governor's cabinet, appointed by the Governor.
- 41 (5) One citizen of the State of North Carolina with a background in and  
42 familiarity with information systems or telecommunications, appointed

1 by the General Assembly upon the recommendation of the President Pro  
2 Tempore of the Senate in accordance with G.S. 120-121.

3 (6) One citizen of the State of North Carolina with a background in and  
4 familiarity with information systems or telecommunications, appointed  
5 by the General Assembly upon the recommendation of the Speaker of  
6 the House of Representatives in accordance with G.S. 120-121.

7 (7) The Chair of the Governor's Committee on Data Processing and  
8 Information Systems.

9 (8) The Chair of the State Information Processing Services Advisory Board.

10 (9) The Chair of the Criminal Justice Information Network Governing  
11 Board.

12 (10) The State Controller.

13 Members of the Commission shall not be employed by or serve on the board of  
14 directors or other corporate governing body of any information systems, computer  
15 hardware, computer software, or telecommunications vendor of goods and services to the  
16 State of North Carolina.

17 The two initial cabinet members appointed by the Governor and the two initial citizen  
18 members appointed by the General Assembly shall each serve a term beginning  
19 September 1, 1992, and expiring on June 30, 1995. Thereafter, their successors shall be  
20 appointed for four-year terms, commencing July 1. Members of the Governor's cabinet  
21 shall be disqualified from completing a term of service of the Commission if they are no  
22 longer cabinet members.

23 The appointees by the Governor from the Council of State shall each serve a term  
24 beginning on September 1, 1992, and expiring on June 30, 1993. Thereafter, their  
25 successors shall be appointed for four-year terms, commencing July 1. Members of the  
26 Council of State shall be disqualified from completing a term of service on the  
27 Commission if they are no longer members of the Council of State.

28 Vacancies in the two legislative appointments shall be filled as provided in G.S. 120-  
29 122.

30 The Commission chair shall be elected in the first meeting of each calendar year from  
31 among the appointees of the Governor from the Council of State and shall serve a term of  
32 one year. The Secretary of Administration shall be secretary to the Commission.

33 No member of the Information Resource Management Commission shall vote on an  
34 action affecting solely his or her own State agency."

35 (b) This section expires June 30, 2001.

## 37 PART XXII. DEPARTMENT OF STATE AUDITOR

39 Requested by: Representatives Ives, McCombs, Sherrill

### 40 PERFORMANCE AUDIT OF SIPS

41 Section 22.1. The State Auditor shall conduct a performance audit of State  
42 Information Processing Services (SIPS). In conducting the audit, the State Auditor shall  
43 consider the growth in the number of SIPS employees, the distribution of work within

1 SIPS, increases in employees' salaries, use of SIPS receipts, and all other indicators of  
2 cost of services in relation to service delivery, including a review of the business plan and  
3 rate setting process. The State Auditor shall report the results of this audit to the Joint  
4 Legislative Commission on Governmental Operations prior to April 15, 1998.

#### 6 **PART XXII-A. DEPARTMENT OF STATE TREASURER**

8 Requested by: Representatives Ives, McCombs, Sherrill

#### 9 **RETIREMENT SYSTEM ADMINISTRATIVE EXPENSES TO COMPLY WITH** 10 **SUPREME COURT DECISIONS**

11 Section 22A. The Board of Trustees of the Teachers' and State Employees'  
12 Retirement System may expend an aggregate total of not more than five hundred  
13 thousand dollars (\$500,000) for fiscal year 1997-98 and an aggregate total of not more  
14 than two hundred thousand dollars (\$200,000) for fiscal year 1998-99 from assets of the  
15 Teachers' and State Employees' Retirement System and the Local Governmental  
16 Employees Retirement System to meet administrative expenses to comply with the  
17 Faulkenberry, Woodard and Peel cases (109PA96) decided by the Supreme Court on  
18 April 11, 1997.

#### 20 **PART XXIII. DEPARTMENT OF INSURANCE**

22 Requested by: Representative Ives

#### 23 **CONSTRUCTION CODE RECEIPTS**

24 Section 23. Departmental receipts realized by the Department of Insurance in  
25 excess of amounts approved for expenditure by the General Assembly, as adjusted by the  
26 Office of State Budget and Management to reflect the distribution of statewide reserves,  
27 shall revert to the General Fund at the end of each fiscal year. This section shall not  
28 apply to receipts realized by the Department from the sale of copies of the State  
29 construction code if the receipts are used for the purchase of copies of the code for sale to  
30 the public, except that unspent construction code receipts shall revert to the General Fund  
31 at the end of each fiscal year.

33 Requested by: Representative Ives

#### 34 **EXPAND USE OF INSURANCE REGULATORY FUND**

35 Section 23.1. G.S. 58-6-25(d) reads as rewritten:

36 "(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State  
37 treasury, under the control of the Office of State Budget and Management. The proceeds  
38 of the charge levied in this section and all fees collected under Articles 69 through 71 of  
39 this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be  
40 credited to the Fund. The Fund shall be placed in an interest-bearing account and any  
41 interest or other income derived from the Fund shall be credited to the Fund. Moneys in  
42 the Fund may be spent only pursuant to appropriation by the General Assembly and in  
43 accordance with the line item budget enacted by the General Assembly. The Fund is



1 subject to the provisions of the Executive Budget Act, except that no unexpended surplus  
2 of the Fund shall revert to the General Fund. All money credited to the Fund shall be used  
3 to reimburse the General Fund for the following:

- 4 (1) Money appropriated to the Department of Insurance to pay its expenses  
5 incurred in regulating the insurance industry and other industries in this  
6 State.
- 7 (2) Money appropriated to State agencies to pay the expenses incurred in  
8 regulating the insurance industry, in certifying statewide data processors  
9 under Article 11A of Chapter 131E of the General Statutes, and in  
10 purchasing reports of patient data from statewide data processors  
11 certified under that Article.
- 12 (3) Money appropriated to the Department of Revenue to pay the expenses  
13 incurred in collecting and administering the taxes on insurance  
14 companies levied in Article 8B of Chapter 105 of the General Statutes."

#### 16 PART XXIV. DEPARTMENT OF ADMINISTRATION

17  
18 Requested by: Representatives Ives, McCombs, Sherrill

#### 19 COMBINE PROGRAMS TO HELP WOMEN AND CHILDREN

20 Section 24. The Office of State Budget and Management shall study the  
21 feasibility of consolidating the budgets and services and the administration of federal and  
22 State grants for domestic violence programs and rape crisis programs in the State,  
23 including those programs currently administered by the Council for Women, Department  
24 of Administration, the Governor's Crime Commission, Department of Crime Control and  
25 Public Safety, and the Division of Social Services, Department of Human Resources.  
26 This study shall include an analysis of the feasibility of combining budgets and services  
27 of the NC Council for Women (Fund 1731), the Domestic Violence Program (Fund  
28 1781), the Domestic Violence Center (Fund 1782), the Displaced Homemakers Program  
29 (Fund 1732), and the Rape Crisis Program (Fund 1734) and an analysis of ways to  
30 promote more efficient and effective coordination of resources and services at the State  
31 and local levels. The Office of State Budget and Management shall report the findings  
32 and recommendations of the study to the House and Senate Appropriations  
33 Subcommittees on General Government and the Fiscal Research Division by March 31,  
34 1998.

35  
36 Requested by: Representatives Ives, McCombs, Sherrill

#### 37 PROCUREMENT CARD PILOT PROGRAM

38 Section 24.1. (a) Except as provided by this section, no State agency, community  
39 college, constituent institution of The University of North Carolina, or local school  
40 administrative unit shall use procurement cards for the purchase of equipment or supplies  
41 prior to July 1, 1998.

42 (b) The Secretary of Administration shall designate not more than 15  
43 governmental entities to participate in a pilot program on the purchase of supplies and

1 equipment by procurement card. Those designated shall represent a cross section of  
2 governmental entities and shall include at least one State agency, one community college,  
3 two constituent institutions of The University of North Carolina, and one local school  
4 administrative unit.

5 (c) The Division of Purchase and Contract and the State Controller shall report  
6 to the Joint Legislative Commission on Governmental Operations on March 1, 1998, on  
7 this pilot program. The report shall include estimates from the pilot program of how  
8 many purchasing and accounts payable personnel hours could be saved or redirected or  
9 both as a result of the procurement card, and the impact of the procurement card on  
10 accounting and budgeting records and on purchasing history records. The report shall  
11 also include a discussion of the effect of the procurement card on the State's ability to  
12 track both out-of-state sales taxes and North Carolina State and local sales tax payments  
13 by county. Finally, the report shall include a discussion of any other costs and benefits of  
14 the procurement card.

15 (d) This section does not affect contracts for procurement cards entered into prior  
16 to March 31, 1997.

17  
18 Requested by: Representatives Ives, McCombs, Sherrill

19 **STATE HEALTH PLAN PURCHASING ALLIANCE BOARD OPERATING**  
20 **FUNDS REVERT**

21 Section 24.2. (a)G.S. 143-635(c) reads as rewritten:

22 "~~(c) Moneys appropriated by the General Assembly shall be deposited in the Fund~~  
23 ~~and shall become part of the continuation budget of the Department of Administration.~~  
24 for operations of the State Health Plan Purchasing Alliance Board shall not be part of the  
25 State Health Plan Purchasing Alliance Fund."

26 (b) The sum of six hundred forty-eight thousand seven hundred eighteen  
27 dollars (\$648,718) for the 1996-97 fiscal year shall be transferred from the State Health  
28 Plan Purchasing Alliance Fund to the General Fund.

29 (c) All monies for operations of the State Health Plan Purchasing Alliance  
30 Board unexpended at the end of the 1996-97 fiscal year shall revert to the General Fund.

31 (d) This section becomes effective June 30, 1997.

32  
33 Requested by: Representatives Ives, McCombs, Sherrill

34 **GOVERNOR'S ADVOCACY COUNCIL FOR PERSONS WITH DISABILITIES**

35 Section 24.3. The Department of Human Resources shall continue to provide  
36 the current office space for the four regional offices of the Governor's Advocacy Council  
37 for Persons with Disabilities or office space that is comparable to that now used by the  
38 Council.

39  
40 Requested by: Representatives Ives, McCombs, Sherrill

41 **FEES FOR USE OF STATE-OWNED OFFICE SPACE**

42 Section 24.4. G.S. 143-342.1 reads as rewritten:

43 "**§ 143-342.1. State-owned office space; fees for use by self-supporting agencies.**

1 The Department shall determine equitable fees for the use of State owned and  
2 operated office space, and it shall assess the Department of State Treasurer, the  
3 Department of Insurance, and all self-supporting agencies using any of this office space  
4 for payment of these fees. For the purposes of this section, self-supporting agencies are  
5 those agencies designated by the Director of the Budget as being primarily funded from  
6 sources other than State appropriations. Fees assessed under this section shall be paid to  
7 the General Fund."  
8

9 Requested by: Representatives Ives, McCombs, Sherrill

#### 10 **PARKING REVENUES**

11 Section 24.5. The Secretary of Administration may use funds from parking  
12 revenues that are in excess of parking system expense requirements to fund the fifteen  
13 dollar (\$15.00) per month subsidies for vanpools and transit passes.  
14

15 Requested by: Representative Ives

#### 16 **STATE CONSTRUCTION STUDY COMMISSION**

17 Section 24.6. (a)The State Construction Study Commission is created. The  
18 Commission shall consist of 15 members:

- 19 (1) Two members of the House of Representatives appointed by the  
20 Speaker of the House of Representatives,
- 21 (2) Two members of the Senate appointed by the President Pro Tempore of  
22 the Senate,
- 23 (3) The Secretary of Administration or a designee,
- 24 (4) The Commissioner of Insurance or a designee,
- 25 (5) The chair of the State Building Commission or a designee,
- 26 (6) One member appointed by the Speaker of the House of Representatives  
27 on the recommendation of the American Institute of Architects, Inc.,  
28 North Carolina Chapter,
- 29 (7) One member appointed by the President Pro Tempore of the Senate on  
30 the recommendation of Carolina's AGC, Inc.,
- 31 (8) One member appointed by the Speaker of the House of Representatives  
32 on the recommendation of the Consulting Engineers Council of North  
33 Carolina, Inc.,
- 34 (9) One member who is a plumbing contractor appointed by the President  
35 Pro Tempore of the Senate on the recommendation of the North  
36 Carolina Association of Plumbing-Heating-Cooling Contractors,  
37 Incorporated,
- 38 (10) One member who is a heating-cooling contractor appointed by the  
39 Speaker of the House of Representatives on the recommendation of the  
40 North Carolina Association of Plumbing-Heating-Cooling Contractors,  
41 Incorporated,

1 (11) One member appointed by the President Pro Tempore of the Senate on  
2 the recommendation of the Carolinas Electrical Contractor's  
3 Association, Inc.,

4 (12) One member appointed by the Speaker of the House of Representatives  
5 on the recommendation of the North Carolina Association of Electrical  
6 Contractors, Inc., and

7 (13) One member appointed by the President Pro Tempore of the Senate on  
8 the recommendation of the American Fire Sprinkler Association  
9 Carolinas Chapter, Incorporated.

10 (b) The President Pro Tempore of the Senate shall designate one Senator as  
11 cochair and the Speaker of the House of Representatives shall designate one  
12 Representative as cochair.

13 (c) The Commission shall study:

14 (1) Ways to streamline the review and approval processes for State projects;  
15 and

16 (2) Ways to eliminate duplication of effort and overlapping responsibilities  
17 among State agencies involved in the review and approval processes.

18 (d) The Commission shall submit a final report of its findings and  
19 recommendations to the Regular 1998 Session of the 1997 General Assembly by filing  
20 the report with the President Pro Tempore of the Senate and the Speaker of the House of  
21 Representatives. Upon filing its final report, the Commission shall terminate.

22 (e) The Commission, while in the discharge of official duties, may exercise all  
23 the powers provided for under the provisions of G.S. 120-19 and G.S. 120-19.1 through  
24 G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs.  
25 The Commission may meet in the Legislative Building or the Legislative Office  
26 Building.

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

29 (g) The Commission may contract for professional, clerical, or consultant  
30 services as provided by G.S. 120-32.02. The Legislative Services Commission, through  
31 the Legislative Administrative Officer, shall assign professional staff to assist in the work  
32 of the Commission. The House of Representatives' and the Senate's Supervisors of  
33 Clerks shall assign clerical staff to the Commission or committee, upon the direction of  
34 the Legislative Services Commission. The expenses relating to clerical employees shall  
35 be borne by the Commission.

36 (h) When a vacancy occurs in the membership of the Commission the vacancy  
37 shall be filled by the same appointing office who made the initial appointment.

38 (i) All State departments and agencies and local governments and their  
39 subdivisions shall furnish the Commission with any information in their possession or  
40 available to them.

41 (j) Of the funds appropriated to the General Assembly for the 1997-98 fiscal  
42 year, the sum of twenty-five thousand dollars (\$25,000) shall be allocated to implement  
43 the provisions of this section.

1  
2 Requested by: Representatives Ives, McCombs, Sherrill

3 **TRANSFER POSITIONS FROM CAPITOL POLICE TO REVENUE**

4 Section 24.7. The positions of 10 property guards are transferred from the  
5 Capitol Police in the Department of Administration to the Department of Revenue. The  
6 funds, equipment, supplies, records, and other property to support the positions  
7 transferred by this section are also transferred from the Capitol Police in the Department  
8 of Administration to the Department of Revenue. Any disputes arising out of this  
9 transfer shall be resolved by the Director of the Budget.

10  
11 Requested by: Representatives Ives, McCombs, Sherrill, Easterling, Moore

12 **CONSOLIDATE YOUTH COUNCILS**

13 Section 24.8. (a)Part 18 of Article 9 of Chapter 143B of the General Statutes is  
14 repealed.

15 (b) G.S. 143B-414 reads as rewritten:

16 **"§ 143B-414. Governor's ~~Advocacy~~ Council on Children and Youth – creation;  
17 powers and duties.**

18 (a) There is hereby created the Governor's ~~Advocacy~~ Council on Children and  
19 Youth of the Department of Administration.

20 (b) The Council shall have the following functions and duties:

21 (1) To act as an advocate for children and youth within State and local  
22 governments, and with private agencies serving children and youth;

23 (2) To provide assistance ~~in the development and coordination of to~~  
24 individuals and children in child advocacy systems at the regional and  
25 local levels within the State;

26 (3) To perform a continuing review of existing programs of State  
27 government for children and youth and their families;

28 (4) To, in cooperation with State, local or private agencies, identify needs  
29 of children and youth and their families that are not currently being met  
30 and recommend new programs or improvement of existing programs;

31 (5) To review any new programs affecting children and youth proposed by  
32 any State agency and recommend changes to avoid duplication of  
33 services, to promote better planning, or otherwise to make more  
34 effective use of available resources;

35 (5a) To screen applications for student internships and select from these  
36 applications the recipients of student internships;

37 (5b) To determine the appropriateness of proposals for projects for student  
38 interns submitted by the offices and departments enumerated in  
39 subdivision (5.3) of this subsection;

40 (5c) To determine the number of student interns to be allocated to each of the  
41 following offices or departments:

42 a. Office of the Governor

43 b. Department of Administration

- 1           c.     Department of Correction
- 2           d.     Department of Cultural Resources
- 3           e.     Department of Revenue
- 4           f.     Department of Transportation
- 5           g.     Department of Environment, Health, and Natural Resources
- 6           h.     Department of Commerce
- 7           i.     Department of Crime Control and Public Safety
- 8           j.     Department of Human Resources
- 9           k.     Office of the Lieutenant Governor
- 10          l.     Office of the Secretary of State
- 11          m.     Office of the State Auditor
- 12          n.     Office of the State Treasurer
- 13          o.     Department of Public Instruction
- 14          p.     Department of Agriculture
- 15          q.     Department of Labor
- 16          r.     Department of Insurance
- 17          s.     Office of the Speaker of the House of Representatives
- 18          t.     Justices of the Supreme Court and Judges of the Court of
- 19             Appeals
- 20          u.     Department of Community Colleges
- 21          v.     Office of State Personnel
- 22          w.     Office of the Senate President Pro Tempore;
- 23          (5d) To receive on behalf of the Department of Administration and to
- 24             recommend expenditure of gifts and grants from public and private
- 25             donors and to award grants;
- 26          (5e) To suggest, monitor, and impact legislation affecting children and
- 27             youth;
- 28          (6) ~~To meet at least annually with the Governor and present a written an~~
- 29             annual report to the Governor concerning the health and well-being of
- 30             North Carolina's children and youth and the effectiveness of current
- 31             programs and the need for new programs for children and youth;
- 32          (7) To provide information to the general public and State, local and private
- 33             agencies serving children and youth and their families concerning the
- 34             activities and findings of the Council; and
- 35          (8) ~~To perform other advisory functions assigned by~~ advise the Secretary of
- 36             Administration or a legislative committee. upon any matter the
- 37             Secretary may refer to it; and
- 38          (9) To adopt bylaws, guidelines, and policies necessary to carry out its
- 39             powers and duties and to recommend rules to the Secretary of
- 40             Administration that the Secretary may adopt. This function shall not
- 41             require the Secretary to adopt rules nor prevent the Secretary from
- 42             adopting rules when the Secretary believes them to be necessary or
- 43             desirable."

1 (c) G.S. 143B-415 reads as rewritten:

2 **"§ 143B-415. Governor's ~~Advocacy~~ Council on Children and Youth – members;**  
3 **selection; quorum; compensation.**

4 (a) The Governor's ~~Advocacy~~ Council on Children and Youth shall consist of 18  
5 members. ~~The composition of the Council shall be as follows: two members appointed by~~  
6 ~~the President Pro Tempore of the Senate from the membership of the Senate; two~~  
7 ~~members selected by the Speaker of the House of Representatives from the membership~~  
8 ~~of the House of Representatives; 14 members appointed by the Governor. 20 members as~~  
9 ~~follows:~~

10 (1) One Senator appointed by the General Assembly upon the  
11 recommendation of the President Pro Tempore of the Senate.

12 (2) One representative of a child or youth organization appointed by the  
13 General Assembly upon the recommendation of the President Pro  
14 Tempore of the Senate.

15 (3) One Representative appointed by the General Assembly upon the  
16 recommendation of the Speaker of the House of Representatives.

17 (4) One representative of a child or youth organization appointed by the  
18 General Assembly upon the recommendation of the Speaker of the  
19 House of Representatives.

20 (5) Fourteen members appointed by the Governor as follows:

21 a. An attorney.

22 b. Two young adults, each of whom is over 18 years old but less  
23 than 25 years old at the time of appointment and who have an  
24 interest in and knowledge of children or youth services or  
25 programs.

26 c. Two public college or university representatives, one of whom  
27 must represent an historically African-American college or  
28 university.

29 d. A private college or university representative.

30 e. A community college representative.

31 f. One male and one female youth, each of whom is 18 years old or  
32 younger at the time of appointment.

33 g. Five representatives of children and youth organizations.

34 (6) One male and one female youth elected by the North Carolina State  
35 Youth Council, each of whom is 18 years old or younger at the time of  
36 appointment.

37 ~~Of the members appointed by the Governor, at least one shall come from each~~  
38 ~~congressional district in accordance with G.S. 147-12(3)b.~~

39 ~~In selecting the 14 members of the Council, the Governor shall select 10 public-~~  
40 ~~spirited adult citizens who have an interest in and knowledge of children and youth,~~  
41 ~~persons who work with children or representatives of organizations concerned with~~  
42 ~~problems of children and youth. The remaining four members to be appointed by the~~

1 Governor shall consist of two youths of each sex who are 18 years of age or under at the  
2 time of their appointments.

3 (b) ~~The initial members of the Council shall be the members of the former~~  
4 ~~Governor's Advocacy Council on Children and Youth of the Department of Human~~  
5 ~~Resources whose terms shall expire on the date they would have, had said Council of the~~  
6 ~~Department of Human Resources not been transferred. At the end of the respective terms~~  
7 ~~of office of the initial members of the Council, the appointment of all members shall be~~  
8 ~~as provided in this section and for terms of four years and until their successors are~~  
9 ~~appointed and qualify. Any appointment to fill a vacancy on the Council created by the~~  
10 ~~resignation, death, dismissal, or disability of a member shall be for the balance of the~~  
11 ~~unexpired term. The members appointed by the General Assembly upon the~~  
12 ~~recommendation of the President Pro Tempore of the Senate and upon the~~  
13 ~~recommendation of the Speaker of the House of Representatives shall serve for two-year~~  
14 ~~terms to commence as of July 1. The youth members 18 years old or younger appointed~~  
15 ~~by the Governor and those appointed by the North Carolina State Youth Council shall~~  
16 ~~serve two-year terms to commence as of July 1. The initial term for six of the remaining~~  
17 ~~members appointed by the Governor shall be one year to commence as of July 1. The~~  
18 ~~initial terms of the remaining six members appointed by the Governor shall be two years~~  
19 ~~to commence as of July 1. At the end of the respective terms of office of these last 12~~  
20 ~~members appointed by the Governor, the appointment of their successors shall be for~~  
21 ~~terms of two years and until their successors are appointed and qualify.~~

22 Of the members appointed by the Governor, at least one shall come from each  
23 congressional district in accordance with G.S. 147-12(3b).

24 Vacancies in appointments made by the General Assembly shall be filled in  
25 accordance with G.S. 120-122. Other vacancies shall be filled in the same manner as the  
26 original appointment.

27 (c) ~~The Governor~~ Each appointing officer may remove any member of the Council  
28 ~~appointed by the Governor.~~ that officer or Council respectively.

29 The Governor shall designate from the membership of the Council a ~~chairman~~ chair  
30 and a ~~vice-chairman~~ vice-chair to serve at ~~his~~ the Governor's ~~pleasure.~~ pleasure for not  
31 more than two terms.

32 ~~The Council shall meet at least quarterly and upon the call of the chairman or upon~~  
33 ~~written request of at least nine members.~~

34 The members of the Council shall receive per diem and necessary travel and  
35 subsistence expenses in accordance with the provisions of G.S. 138-5.

36 A majority of the Council shall constitute a quorum for the transaction of business.

37 (d) All administrative, management, clerical and other functions and services  
38 required by the Council shall be supplied by the Secretary of Administration."

39 (d) G.S. 143B-416 reads as rewritten:

40 **"§ 143B-416. Governor's Advocacy Council on Children and Youth – access to**  
41 **information.**

42 Unless otherwise prohibited by law, every State and local agency, department, board,  
43 commission, school, or corporation that supervises, administers, or otherwise directs



1 programs or services for children and youth shall provide the Council with any requested  
2 information relating to such programs and services."

3 (e) G.S. 143B-385 and G.S. 143B-386 are repealed.

4 (f) G.S. 143B-387 reads as rewritten:

5 "**§ 143B-387. North Carolina State Youth Council. Council – creation; powers and**  
6 **duties.**

7 (a) ~~There shall be a State Youth Council. It shall be established within one year of~~  
8 ~~July 1, 1975, in accordance with the methods and procedures established by the Youth~~  
9 ~~Advisory Council. The State Youth Council is authorized and empowered to do the~~  
10 ~~following:~~ There is created the North Carolina State Youth Council in the Department of  
11 Administration.

12 (b) The Council shall have the following functions and duties:

13 (1) To consider problems affecting youth and recommend solutions or  
14 approaches to these problems to State and local governments and their  
15 officials;

16 (2) To promote statewide activities for the benefit of youth; and,

17 (3) To elect ~~the two~~ youth representatives to the ~~Youth Advisory Council.~~  
18 Governor's Council on Children and Youth;

19 (4) To establish a statewide organization of youth councils at the local,  
20 congressional district, and State levels, with the power to call  
21 conventions of such youth councils as necessary;

22 (5) To encourage the establishment and support of local youth councils in  
23 every county of the State;

24 (6) To receive on behalf of the Department of Administration and to  
25 recommend to the Secretary of Administration the expenditure of gifts  
26 and grants from public and private donors and the award of grants;

27 (7) To adopt bylaws, guidelines, and policies necessary to carry out its  
28 powers and duties and to recommend rules to the Secretary of  
29 Administration that the Secretary may adopt. This function shall not  
30 require the Secretary to adopt rules nor prevent the Secretary from  
31 adopting rules when the Secretary believes them to be necessary or  
32 desirable;

33 (8) To advise the Secretary of Administration upon any matter the Secretary  
34 may refer to it; and

35 (9) To perform any other duties as may be assigned to it by the Secretary of  
36 Administration."

37 (g) Part 7 of Article 9 of Chapter 143B of the General Statutes is amended by  
38 adding a new section to read:

39 "**§ 143B-387.1. North Carolina State Youth Council – members; selection; quorum;**  
40 **compensation.**

41 (a) The North Carolina State Youth Council shall consist of 16 members, each of  
42 whom shall be 18 years old or younger at the time of election, selected as follows:

1           (1)    The four North Carolina State Youth Council officers of chair, vice-  
2           chair, secretary, and sergeant-at-arms elected at an annual convention of  
3           delegates from local youth councils.

4           (2)    Twelve members elected by an annual convention of delegates from  
5           local youth councils. Each member elected under this provision shall  
6           reside in and represent a separate congressional district.

7           (b)    The term for the four Council officers shall be one year to commence as of  
8           July 1. The terms of the 12 congressional district members shall be two years to  
9           commence as of July 1.

10          The chair of the Council shall fill any vacancy on the Council for the balance of the  
11          unexpired term. The chair shall fill any vacancy in a congressional district member's  
12          seat with a youth from that congressional district.

13          (c)    The members of the Council shall receive per diem and necessary travel and  
14          subsistence expenses in accordance with the provisions of G.S. 138-5. Nevertheless, no  
15          Council member nor member of a local or district youth council shall receive per diem,  
16          travel, or subsistence for attending conventions.

17          A majority of the Council shall constitute a quorum for the transaction of business.

18          (d)    All administrative, management, clerical, and other functions and services  
19          required by the Council shall be supplied by the Secretary of Administration."

20          (h)    The terms of all current members of the Governor's Advocacy Council on  
21 Children and Youth shall terminate on June 30, 1997, no matter the expiration date of  
22 their terms, and the terms of all new appointees to the Governor's Council on Children  
23 and Youth shall begin on July 1, 1997. The officers and members of the State Youth  
24 Council holding office on the effective date of this section shall continue to hold those  
25 offices on the North Carolina State Youth Council until a convention elects new officers  
26 and members, who shall hold their offices until July 1, 1998.

27          (i)    The Revisor of Statutes may delete any reference to the Governor's  
28 Advocacy Council on Children and Youth in any portion of the General Statutes to which  
29 conforming amendments are not made by this section and to substitute, as appropriate  
30 and consistent with this section, the Governor's Council on Children and Youth.

31          (j)    The Revisor of Statutes is authorized to delete any reference to the State  
32 Youth Council in any portion of the General Statutes to which conforming amendments  
33 are not made by this section and to substitute, as appropriate and consistent with this  
34 section, the North Carolina State Youth Council.

35          (k)    The Governor shall determine whether he should create by Executive  
36 Order a body of youth leaders to be denominated the North Carolina Council for Youth.  
37 Such a group would be composed of youth leaders from various youth organizations  
38 across the State, including, but not limited to, the North Carolina State Youth Council,  
39 the 4-H, the Boy Scouts of America, the Girl Scouts of America, the Future Farmers of  
40 America, the Future Homemakers of America, and the Future Business Leaders of  
41 America. The North Carolina Council for Youth would examine issues common to youth  
42 and recommend to the Governor, the General Assembly, the Council of State, and the

1 Governor's Cabinet any suggestions for solutions and improvements regarding such  
2 issues and problems facing the youth of the State.

3  
4 Requested by: Representative Sutton

5 **INDIAN CULTURAL CENTER FUNDS**

6 Section 24.9. Section 33(a) of Chapter 561 of the 1993 Session Laws reads as  
7 rewritten:

8 "(a) Of the funds appropriated from the General Fund to the Department of  
9 Administration, the sum of seven hundred fifty thousand dollars (\$750,000) for the 1993-  
10 94 fiscal year shall be used for the purchase of land as necessary, an environmental study,  
11 and design as necessary, of the North Carolina Indian Cultural Center in Robeson  
12 County. Up to ~~fifty thousand dollars (\$50,000)~~ one hundred fifty thousand dollars  
13 (\$150,000) of these funds may be used by the North Carolina Indian Cultural Center,  
14 Inc., for administrative and operating expenses."

15  
16 **PART XXV. OFFICE OF STATE CONTROLLER**

17  
18 Requested by: Representatives Ives, McCombs, Sherrill

19 **NORTH CAROLINA INFORMATION HIGHWAY**

20 Section 25. (a) The funds appropriated in this act to the Office of State Controller  
21 for the operation of the North Carolina Information Highway shall be used only for costs  
22 incurred by the Office of State Controller related to the operations and support of the  
23 North Carolina Information Highway. No funds appropriated in this act shall be  
24 expended to pay Minimum Monthly usage charges for North Carolina Information  
25 Highway Services.

26 (b) The Office of State Controller may use the two hundred twenty-four thousand  
27 dollars (\$224,000) in savings that accrued in fiscal year 1996-97 to fund new sites in  
28 fiscal year 1997-98.

29 (c) The Office of State Controller is encouraged to consider new technologies and  
30 capabilities as a means of providing NCIH users access to the existing ATM-SONET  
31 network. The Office of State Controller shall report to the General Assembly in 1998  
32 before the reconvening of the regular session on its findings.

33 (d) The State Controller shall report quarterly to the Joint Legislative Commission  
34 on Governmental Operations regarding the costs incurred by the Office of State  
35 Controller related to the operations and support of the North Carolina Information  
36 Highway.

37 (e) Given the appropriations subcommittees meet in the interim, the House and  
38 Senate Appropriations Subcommittees on General Government will consider information  
39 leading to a recommendation to adopt an alternate approach to State funding of sites,  
40 effective in fiscal year 1998-99. The subcommittee is not limited to the information that  
41 may be considered and may include in the review cost-sharing measures that require sites  
42 to participate in the annual cost of network charges; the phasing-out of one hundred

1 percent (100%) State funding of site network charges; and the cost of adding new sites  
2 with a specific period of time designated for State funding of network charges.

3  
4 Requested by: Representatives Ives, McCombs, Sherrill

5 **FUNDS FOR YEAR 2000 CONVERSION OF THE STATE'S COMPUTER**  
6 **SYSTEM**

7 Section 25.1. (a) The Office of State Controller shall include in its charges for  
8 data processing services costs of converting computer applications to operate properly at  
9 the turn of the century. The State Controller shall develop procedures for managing the  
10 year 2000 conversion.

11 (b) The State Controller shall analyze the needs of State agencies for funds to  
12 convert their systems. In the course of the analysis, the State Controller shall consider an  
13 agency's need for each system it wishes to convert and the most cost-effective manner in  
14 which to manage conversion. The State Controller shall certify to the Office of State  
15 Budget and Management the cost of each State agency for the year 2000 conversion.

16 (c) The Director of the Budget may use up to twenty million dollars (\$20,000,000)  
17 of projected 1997-98 General Fund reversions to cover the cost of the year 2000  
18 conversion in General Fund agencies during the 1997-98 fiscal year.

19 (d) Beginning October 1, 1997, and quarterly thereafter, the Office of State  
20 Controller shall report to the Joint Legislative Commission on Governmental Operations  
21 on the status of the conversion and cost projections.

22  
23 **PART XXVI. RESERVED**

24  
25 **PART XXVI-A. OFFICE OF ADMINISTRATIVE HEARINGS**

26  
27 Requested by: Representatives Ives, McCombs, Sherrill

28 **ADMINISTRATIVE LAW JUDGE SALARY**

29 Section 26A. G.S. 7A-751, as amended by Section 11 of S.L. 1997-34, reads  
30 as rewritten:

31 **"§ 7A-751. Agency head; powers and ~~duties.~~ duties; salaries of Chief Administrative**  
32 **Law Judge and other administrative law judges.**

33 (a) The head of the Office of Administrative Hearings is the Chief Administrative  
34 Law Judge, who shall serve as Director of the Office. The Chief Administrative Law  
35 Judge has the powers and duties conferred on that position by this Chapter and the  
36 Constitution and laws of this State and may adopt rules to implement the conferred  
37 powers and duties.

38 The salary of the Chief Administrative Law Judge shall be ~~fixed by the General~~  
39 ~~Assembly in the Current Operations Appropriations Act.~~ the same as that fixed from time  
40 to time for district court judges.

41 In lieu of merit and other increment raises, the Chief Administrative Law Judge shall  
42 receive longevity pay on the same basis as is provided to employees of the State who are  
43 subject to the State Personnel Act.

1        (b)The salary of other administrative law judges shall be ninety percent (90%) of the  
2 salary of the Chief Administrative Law Judge.

3        In lieu of merit and other increment raises, an administrative law judge shall receive  
4 longevity pay on the same basis as is provided to employees who are subject to the  
5 Personnel Act."

## 7 **PART XXVII. DEPARTMENT OF CULTURAL RESOURCES**

8  
9 Requested by: Representatives Ives, McCombs, Sherrill

### 10 **DEPARTMENT OF CULTURAL RESOURCES RETAIN HISTORICAL** 11 **PUBLICATIONS RECEIPTS**

12        Section 27. The Historical Publications Section, Division of Archives and  
13 History, Department of Cultural Resources, may retain the receipts, including over-  
14 realized receipts, from the sale of its publications during each year of the 1997-99  
15 biennium. The receipts from the sale of those publications retained by the Historical  
16 Publications Section shall not revert but shall be used to reprint the publications.

17  
18 Requested by: Representatives Ives, McCombs, Sherrill

### 19 **MODIFY THE AREAS OF RESPONSIBILITY OF THE ROANOKE ISLAND** 20 **COMMISSION**

21        Section 27.1. G.S. 143B-131.2(b)(1) reads as rewritten:

22        "(1) To advise the Secretary of Transportation and adopt rules on matters  
23        pertaining to, affecting, and encouraging restoration, preservation, and  
24        enhancement of the appearance, maintenance, and aesthetic quality of  
25        U.S. Highway 64/264 and the U.S. 64/264 Bypass and N.C. 400 travel  
26        corridors on Roanoke Island and the grounds on ~~Lee Plant Island.~~  
27        Roanoke Island Festival Park."

28  
29 Requested by: Representatives Ives, McCombs, Sherrill

### 30 **MUSEUM OF HISTORY RESTAURANT**

31        Section 27.3. Within the funds available, the Secretary of Cultural Resources  
32 may contract with any person, firm, or corporation to provide restaurant services in the  
33 North Carolina Museum of History, as provided in subdivisions (16) and (17) of G.S.  
34 121-4. The Secretary shall negotiate a contract based on marketable prices for the leased  
35 space and a percentage of gross income. The contract shall provide that any agreed-upon  
36 profits are payable only to the Department of Cultural Resources. Proceeds derived from  
37 the contract shall be reflected in the Museum of History's budget as a receipt to reduce  
38 the General Fund appropriation.

39  
40 Requested by: Representatives Ives, McCombs, Sherrill, Decker

### 41 **NORTH CAROLINA POSTAL HISTORY COMMISSION**

42        Section 27.6. Chapter 143 of the General Statutes is amended by adding a new  
43 Article to read:

"ARTICLE 71."NORTH CAROLINA POSTAL HISTORY COMMISSION."§ 143-675. Commission established; purpose; members; terms of office; quorum; compensation; termination.

(a) Establishment. – There is established the North Carolina Postal History Commission. The Commission shall be located within the Department of Cultural Resources for organizational, budgetary, and administrative purposes.

(b) Purpose. – The purpose of the Commission is to advise the Secretary of Cultural Resources on the collection, preservation, cataloging, publication, and exhibition of material associated with North Carolina's postal history.

(c) Membership. – The Commission shall consist of 16 members, as follows:

(1) Four persons appointed by the Governor, two of whom shall be recommended by the President of the North Carolina Postal History Society.

(2) Four persons appointed by the President Pro Tempore of the Senate, two of whom shall be recommended by the President of the North Carolina Postal History Society.

(3) Four persons appointed by the Speaker of the House of Representatives, two of whom shall be recommended by the President of the North Carolina Postal History Society.

(4) Four persons appointed by the Secretary of Cultural Resources, two of whom shall be recommended by the President of the North Carolina Postal History Society.

The members appointed to the North Carolina Postal History Commission shall be chosen from among individuals who have education or experience in the fields of archives preservation, North Carolina history, historical administration, museum administration, or a knowledge of North Carolina's postal history.

(d) Terms. – Members shall serve for the duration of the Commission. Initial terms shall commence July 1, 1997.

(e) Chair. – The chair shall be elected biennially from the membership of the Commission from among its members. The initial term shall commence July 1, 1997.

(f) Vacancies. – Vacancies resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made, and the term shall be for the balance of the unexpired term.

(g) Compensation. – The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as applicable.

(h) Removal. – Members may be removed in accordance with G.S. 143B-13.

(i) Meetings. – The chair shall convene the Commission. The Commission shall meet at least quarterly until an exhibit on postal history is mounted and at least semiannually thereafter.

1 (j) Quorum. – A majority of the members of the Commission shall constitute a  
2 quorum for the transaction of business. The affirmative vote of a majority of the members  
3 present at meetings of the Commission shall be necessary for action to be taken by the  
4 Commission.

5 (k) Termination of Commission. – The Commission shall terminate June 30,  
6 2000.

7 **"§ 143-676. Powers and duties of the Commission.**

8 (a) Powers and Duties. – The Commission shall have the following powers and  
9 duties:

10 (1) To advise the Secretary of Cultural Resources on the collection,  
11 preservation, cataloging, publication, and exhibition of materials  
12 associated with North Carolina's postal history in cooperation with the  
13 North Carolina Museum of History.

14 (2) To adopt bylaws by a majority vote of the Commission.

15 (3) To accept grants, contributions, devises, bequests, gifts, and services for  
16 the purpose of providing support to the Commission. The funds and  
17 property shall be retained by the Commission, and the Commission  
18 shall prescribe rules under which the Commission may accept donations  
19 of money, property, or personal services, and determine the value of  
20 donations of property or personal services.

21 (b) Contract Authority. – The Commission may procure supplies, services, and  
22 property as appropriate and may enter into contracts, leases, or other legal agreements  
23 within funds available to carry out the purposes of this Article. All contracts, leases, or  
24 legal agreements entered into by the Commission shall terminate on the date of  
25 termination of the Commission. Termination shall not affect any disputes or causes of  
26 action of the Commission that arise before the date of termination, and the Department of  
27 Cultural Resources may prosecute or defend any causes of action arising before the date  
28 of termination. All property acquired by the Commission that remains in the possession  
29 of the Commission on the date of termination shall become the property of the  
30 Department of Cultural Resources.

31 **"§ 143-677. Assignment of property; offices.**

32 (a) Assignment of Property. – Upon request of the Commission, the head of any  
33 State agency may assign property, equipment, and personnel of such agency to the  
34 Commission to assist the Commission in carrying out its duties under this Article.  
35 Assignments under this subsection shall be without reimbursement by the Commission to  
36 the agency from which the assignment was made. Property and equipment that remain in  
37 the possession of the Commission on the date of the termination of the Commission shall  
38 revert to the agency from which the property was acquired.

39 (b) Office Space. – The Department of Cultural Resources shall provide office  
40 space in Raleigh for use as offices by the North Carolina Postal History Commission, and  
41 the Department of Cultural Resources shall receive no reimbursement from the  
42 Commission for the use of the property during the life of the Commission.

43 **"§ 143-678. Commission reports.**

1 (a) Annual Report. – Before July 1, 1998, the Commission shall submit to the  
2 General Assembly a comprehensive report incorporating specific recommendations of the  
3 Commission. After the initial report, the Commission shall submit a report to the General  
4 Assembly within 30 days of the convening of each regular session of the General  
5 Assembly.

6 (b) Final Report. – The Commission shall submit a final report to the General  
7 Assembly no later than June 30, 2000. The final report shall include:

8 (1) A summary of the activities of the Commission.

9 (2) A final accounting of funds received and expended by the Commission.

10 **"§ 143-679. Application of Article.**

11 The provisions of Article 1 of Chapter 121 of the General Statutes apply to the  
12 Commission."

13  
14 Requested by: Representatives Ives, McCombs, Sherrill

15 **SCHOOL VISIT/BALLET THEATER PROGRAM**

16 Section 27.7. The School Visit/Ballet Theater Program is established in the  
17 Department of Cultural Resources. The program shall offer educational programming  
18 through the provision of preparatory classroom instructional materials and teacher  
19 training and a live, professional, in-theater performance experience for school children in  
20 conjunction with a school visit to the City of Raleigh.

21  
22 Requested by: Representatives Ives, McCombs, Sherrill, Culpepper

23 **PRESERVATION OF BLACKBEARD'S FLAGSHIP**

24 Section 27.8. Of the funds appropriated in this act for the 1997-98 fiscal year  
25 to the Department of Cultural Resources, the sum of two hundred thousand dollars  
26 (\$200,000) shall be used for the surveillance, preservation, and protection of the  
27 shipwreck of Blackbeard's flagship, Queen Anne's Revenge, and a systematic underwater  
28 archaeological recovery of cargo, tackle, and artifacts for preservation, interpretation, and  
29 display.

30  
31 Requested by: Representatives Ives, McCombs, Sherrill, Mercer

32 **PRINCEVILLE CEMETERY OVERSIGHT**

33 Section 27.9. Within funds available, the Department of Cultural Resources  
34 shall provide oversight and guidance to the Town of Princeville and the Princeville  
35 Cemetery Commission with regard to the restoration of the Princeville Cemetery and the  
36 preparation of documents for the Princeville Cemetery to be placed on the National  
37 Register of Historic Places.

38  
39 Requested by: Representatives Ives, McCombs, Sherrill, Ellis

40 **ARTS COUNCIL GRANTS**

41 Section 27.10. Chapter 143B of the General Statutes is amended by adding a  
42 new section to read:

43 **"§ 143B-87.8. Arts council grants; criteria.**



1       (a) Arts Council grants that are to be used for artworks shall include as a term of  
2 each grant that the artwork created with the grant funds shall not be displayed or  
3 performed in a publicly funded facility if the governing body of the community that  
4 would have zoning jurisdiction over the facility adopts a resolution objecting to the  
5 display or performance of the artwork in that community.

6       (b) The Department of Cultural Resources shall notify the applicant of the grant  
7 terms. No grant shall be issued to an applicant for artwork unless the applicant agrees in  
8 writing to comply with the terms of the grant."

## 10 **PART XXVIII. STATE BOARD OF ELECTIONS**

11  
12 Requested by: Representatives Ives, McCombs, Sherrill

### 13 **STATEWIDE DATA ELECTIONS MANAGEMENT SYSTEM**

14       Section 28. (a) The State Board of Elections shall establish a statewide data  
15 elections management system. The system shall prescribe data format standards, data  
16 communication standards, and data content standards. The State Board of Elections shall  
17 establish the system no later than November 1, 1997. Counties shall adhere to the  
18 standards prescribed by the system no later than August 31, 1998. The State Board of  
19 Elections may adopt rules to implement this section. Chapter 150B of the General  
20 Statutes governs the adoption of rules by the State Board of Elections.

21       (b) Of the funds appropriated in this act to the State Board of Elections for a  
22 statewide data elections management system, the sum of one hundred fifty thousand  
23 dollars (\$150,000) may be used by the State Board of Elections to hire a project manager,  
24 to research and determine the needs of the local boards of election in each county, and to  
25 develop a needs assessment report.

26       (c) The remainder of the funds appropriated in Section 13.2 of Chapter 597 of the  
27 1995 Session Laws shall be used to develop, implement, and operate a statewide data  
28 elections management system, which will include voter registration, campaign reporting,  
29 and election night returns. These funds shall be used only after the State Board of  
30 Elections and the Information Resource Management Commission have jointly approved  
31 and submitted a written, detailed implementation plan for statewide data elections  
32 management to the Joint Legislative Commission on Governmental Operations. That  
33 implementation plan shall include:

- 34           (1) A description of the system being implemented;
- 35           (2) A description of the system's capabilities, including user-friendliness;
- 36           (3) An itemized estimate of the costs of the system, with a justification for  
37 each item, including a plan for implementing the system within the  
38 funds appropriated;
- 39           (4) A list of the counties to be brought into the system during the fiscal  
40 year; and
- 41           (5) A proposed project management plan.

42 After their initial joint report, the State Board of Elections and the Information Resource  
43 Management Commission shall make written quarterly joint reports to the Joint

1 Legislative Commission on Governmental Operations, describing the status of the  
2 project, listing the counties that have been brought into the system and that are planned to  
3 be brought into the system, and the costs.

4 (d) To the extent that this section conflicts with G.S. 163-82.11 through G.S. 163-  
5 82.13, with Section 16 of Chapter 769 of the 1993 Session Laws, or with Section 13.2 of  
6 Chapter 507 of the 1995 Session Laws, this section prevails to the extent of the conflict.  
7 Except to the extent of the conflict, Section 16 of Chapter 769 of the 1993 Session Laws  
8 remains in effect.

9  
10 Requested by: Representatives Ives, McCombs, Sherrill

#### 11 **FLEXIBILITY IN VOTING EQUIPMENT ALLOCATION**

12 Section 28.1. G.S. 163-166 is repealed.

13  
14 Requested by: Representatives Ives, McCombs, Sherrill

#### 15 **STATE TO SUPPLY ABSENTEE BALLOTS TO COUNTY ONLY IF IT IS** 16 **SUPPLYING BALLOTS FOR THAT COUNTY FOR USE AT THE PRECINCTS**

17 Section 28.2. (a)G.S. 163-136 is amended by adding a new subsection to read:

18 "(e) Notwithstanding any other provision of law, the State Board of Elections shall  
19 supply absentee and supplemental ballots for use by a county board of elections only if  
20 the State is supplying ballots to the county for use in the precincts as provided by G.S.  
21 163-136(b)(3)."

22 (b) This section applies to elections conducted on or after January 1, 1998.

#### 23 24 **PART XXIX. DEPARTMENT OF TRANSPORTATION**

25  
26 Requested by: Representatives Bowie, Dockham, McMahan

#### 27 **GLOBAL TRANSPARK AUTHORITY TO REIMBURSE HIGHWAY FUND** 28 **FROM FEDERAL SOURCES**

29 Section 29. When funds are provided from the Highway Fund to the Global  
30 TransPark Authority for environmental impact statements or assessments and the Global  
31 TransPark Authority applies for and receives reimbursement for those expenses from  
32 federal sources up to one million eight hundred thousand dollars (\$1,800,000), the federal  
33 reimbursements shall be paid over by the Global TransPark Authority into the Highway  
34 Fund within 30 days of receipt. These funds shall be allocated to State-funded  
35 maintenance appropriations in the manner approved by the Board of Transportation.

36  
37 Requested by: Representatives Bowie, Dockham, McMahan

#### 38 **AIRCRAFT AND FERRY ACQUISITIONS**

39 Section 29.1. G.S. 143B-350 is amended by adding a new subsection to read:

40 "(i) Before approving the purchase of an aircraft from the Equipment Fund or a  
41 ferry in a Transportation Improvement Program, the Board of Transportation shall  
42 prepare an estimate of the operational costs and capital costs associated with the addition  
43 of the aircraft or ferry and shall report those additional costs to the General Assembly

1 pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on Governmental  
2 Operations."

3  
4 Requested by: Representatives Bowie, Dockham, McMahan

5 **DEPARTMENT OF TRANSPORTATION TO PAY DEPARTMENT OF**  
6 **CORRECTION ONLY FOR ACTUAL MEDIUM CUSTODY INMATE LABOR**

7 Section 29.2. The Department of Transportation shall pay the Department of  
8 Correction only for the actual labor performed by medium custody inmates.

9  
10 Requested by: Representatives Bowie, Dockham, McMahan

11 **HIGHWAY FUND ALLOCATIONS BY CONTROLLER**

12 Section 29.3. Article 1 of Chapter 136 of the General Statutes is amended by  
13 adding a new section to read:

14 **"§ 136-16.10. Allocations by Department Controller to eliminate overdrafts.**

15 The Controller of the Department of Transportation shall allocate at the beginning of  
16 each fiscal year from the various appropriations made to the Department of  
17 Transportation for State Construction, State Funds to Match Federal Highway Aid, State  
18 Maintenance, and Ferry Operations, sufficient funds to eliminate all overdrafts on State  
19 maintenance and construction projects, and these allocations shall not be diverted to other  
20 purposes."

21  
22 Requested by: Representatives Bowie, Dockham, McMahan

23 **SMALL URBAN CONSTRUCTION PROGRAM DISCRETIONARY FUNDS**

24 Section 29.4. Of the funds appropriated in this act to the Department of  
25 Transportation:

26 (1) \$14,000,000 shall be allocated in each fiscal year for small urban  
27 construction projects. These funds shall be allocated equally in each  
28 fiscal year of the biennium among the 14 Highway Divisions for the  
29 small urban construction program for small urban construction projects  
30 that are located within the area covered by a one-mile radius of the  
31 municipal corporate limits.

32 (2) \$10,000,000 shall be used statewide for rural or small urban highway  
33 improvements, industrial access roads, and spot safety projects as  
34 approved by the Secretary of the Department of Transportation.

35 None of these funds used for rural secondary road construction are subject to  
36 the county allocation formula as provided in G.S. 136-44.5.

37 The Department of Transportation shall report to the members of the General  
38 Assembly on projects funded pursuant to this section in each member's district prior to  
39 the Board of Transportation's action. The Department shall make a quarterly  
40 comprehensive report on the use of these funds to the Joint Legislative Transportation  
41 Oversight Committee and the Fiscal Research Division.

42  
43 Requested by: Representatives Bowie, Dockham, McMahan

**USE OF ANNUAL UNRESERVED HIGHWAY FUND CREDIT BALANCE**

Section 29.5. G.S. 136-44.2 reads as rewritten:

**"§ 136-44.2. Budget and appropriations.**

The Director of the Budget shall include in the 'Current Operations Appropriations Bill' an enumeration of the purposes or objects of the proposed expenditures for each of the construction and maintenance programs for that budget period for the State primary, secondary, urban, and State parks road systems. The State primary system shall include all portions of the State highway system located outside municipal corporate limits which are designated by N.C., U.S. or Interstate numbers. The State secondary system shall include all of the State highway system located outside municipal corporate limits that is not a part of the State primary system. The State urban system shall include all portions of the State highway system located within municipal corporate limits. The State parks system shall include all State parks roads and parking lots which are not also part of the State highway system.

All construction and maintenance programs for which appropriations are requested shall be enumerated separately in the budget. Programs that are entirely State funded shall be listed separately from those programs involving the use of federal-aid funds. Proposed appropriations of State matching funds for each of the federal-aid construction programs shall be enumerated separately as well as the federal-aid funds anticipated for each program in order that the total construction requirements for each program may be provided for in the budget. Also, proposed State matching funds for the highway planning and research program shall be included separately along with the anticipated federal-aid funds for that purpose.

Other program categories for which appropriations are requested, such as, but not limited to, maintenance, channelization and traffic control, bridge maintenance, public service and access road construction, and ferry operations shall be enumerated in the budget.

The Department of Transportation shall have all powers necessary to comply fully with provisions of present and future federal-aid acts. No federally eligible construction project may be funded entirely with State funds unless the Department of Transportation has first consulted with the Joint Legislative Commission on Governmental Operations. For purposes of this section, 'federally eligible construction project' means any construction project except secondary road projects developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any federal-aid act, whether or not federal funds are actually available.

The 'Current Operations Appropriations Bill' shall also contain the proposed appropriations of State funds for use in each county for maintenance and construction of secondary roads, to be allocated in accordance with G.S. 136-44.5 and 136-44.6. State funds appropriated for secondary roads shall not be transferred nor used except for the construction and maintenance of secondary roads in the county for which they are allocated pursuant to G.S. 136-44.5 and 136-44.6.

~~In the event receipts and increments to the State Highway Fund shall be more than the appropriations made for the preceding fiscal year, such excesses shall be allocated by the~~

1 ~~Director of the Budget to the Department of Transportation for school and industrial~~  
2 ~~access roads and unforeseen happenings or state of affairs requiring prompt action, with~~  
3 ~~fifty percent (50%) of the balance to be allocated to the State secondary roads program on~~  
4 ~~the basis of need as determined by the Department of Transportation and the remaining~~  
5 ~~fifty percent (50%) to be allocated in accordance with G.S. 136-44.5. If the unreserved~~  
6 ~~credit balance in the Highway Fund on the last day of a fiscal year is greater than the~~  
7 ~~amount estimated for that date in the Current Operations Appropriations Act for the~~  
8 ~~following fiscal year, the excess shall be used in accordance with this paragraph. The~~  
9 ~~Director of the Budget may allocate part or all of the excess among reserves for access~~  
10 ~~and public roads, for unforeseen events requiring prompt action, or for other urgent~~  
11 ~~needs. The amount not allocated to any of these reserves by the Director of the Budget~~  
12 ~~shall be credited to a reserve for maintenance. The Board of Transportation shall report~~  
13 ~~monthly to the Joint Legislative Transportation Oversight Committee and the Fiscal~~  
14 ~~Research Division on the use of funds in the maintenance reserve.~~

15 The Department of Transportation may provide for costs incurred or accrued for  
16 traffic control measures to be taken by the Department at major events which involve a  
17 high degree of traffic concentration on State highways, and which cannot be funded from  
18 regular budgeted items. This authorization applies only to events which are expected to  
19 generate 30,000 vehicles or more per day. The Department of Transportation shall  
20 provide for this funding by allocating and reserving up to one hundred thousand dollars  
21 (\$100,000) before any other allocations from the appropriations for State maintenance for  
22 primary, secondary, and urban road systems are made, based upon the same proportion as  
23 is appropriated to each system."  
24

25 Requested by: Representatives Bowie, Dockham, McMahan

#### 26 **DRIVERS EDUCATION FUNDING**

27 Section 29.6. From funds appropriated by this act to the Department of  
28 Transportation, the Department shall pay for the increased costs for drivers education due  
29 to the projected increase in average daily membership in the ninth grade drivers  
30 education program.

31 In allocating funds for driver training, the State Board of Education shall  
32 consider the needs of small and low-wealth local school administrative units.  
33

34 Requested by: Representatives Bowie, Dockham, McMahan

#### 35 **BRANCH AGENT REIMBURSEMENT RATE**

36 Section 29.7. (a)G.S. 20-63(h) reads as rewritten:

37 "(h) Commission Contracts for Issuance of Plates and Certificates. – All  
38 registration plates, registration certificates and certificates of title issued by the Division,  
39 outside of those issued from the Raleigh offices of the said Division and those issued and  
40 handled through the United States mail, shall be issued insofar as practicable and possible  
41 through commission contracts entered into by the Division for the issuance of such plates  
42 and certificates in localities throughout North Carolina with persons, firms, corporations  
43 or governmental subdivisions of the State of North Carolina and the Division shall make

1 a reasonable effort in every locality, except as hereinbefore noted, to enter into a  
2 commission contract for the issuance of such plates and certificates and a record of these  
3 efforts shall be maintained in the Division. In the event the Division is unsuccessful in  
4 making commission contracts as hereinbefore set out it shall then issue said plates and  
5 certificates through the regular employees of the Division. Whenever registration plates,  
6 registration certificates and certificates of title are issued by the Division through  
7 commission contract arrangements, the Division shall provide proper supervision of such  
8 distribution. Commission contracts entered under this subsection shall provide for the  
9 payment of compensation ~~at a rate of sixty cents (60¢) per transaction~~ for all transactions  
10 as set forth below. Nothing contained in this subsection will allow or permit the  
11 operation of fewer outlets in any county in this State than are now being operated.

12 A transaction is any of the following activities:

- 13 (1) Issuance of a registration plate, a registration card, a registration  
14 renewal sticker, or a certificate of title.
- 15 (2) Issuance of a handicapped placard or handicapped identification card.
- 16 (3) Acceptance of an application for a personalized registration plate.
- 17 (4) Acceptance of a surrendered registration plate, registration card, or  
18 registration renewal sticker, or acceptance of an affidavit stating why a  
19 person cannot surrender a registration plate, registration card, or  
20 registration renewal sticker.
- 21 (5) Cancellation of a title because the vehicle has been junked.
- 22 (6) Acceptance of an application for, or issuance of, a refund for a fee or a  
23 tax, other than the highway use tax.
- 24 (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in  
25 financial responsibility or receipt of the restoration fee imposed by that  
26 statute.
- 27 (8) Acceptance of a notice of failure to maintain financial responsibility for  
28 a motor vehicle.
- 29 (9) Collection of the highway use tax.

30 Performance at the same time of any combination of the items that are listed within  
31 each subdivision or are listed within subdivisions (1) through (8) of this section is a  
32 single transaction for which a dollar and thirty-five cent (\$1.35) compensation shall be  
33 paid. Performance of the item listed in subdivision (9) of this subsection in combination  
34 with any other items listed in this subsection is a separate transaction for which a one  
35 dollar and twenty cent (\$1.20) compensation shall be paid."

36 (b) The Department of Transportation shall develop performance measures for  
37 commission agent contracts, entered into pursuant to G.S. 20-63(h), as a basis for judging  
38 compliance with those contracts. The Department shall report on the performance  
39 measures to the Joint Legislative Transportation Oversight Committee and the Fiscal  
40 Research Division by December 1, 1997. No performance measures shall be  
41 implemented prior that review.

42 (c) Subsection (a) of this section becomes effective July 1, 1997.

43

1 Requested by: Representatives Bowie, Dockham, McMahan

2 **INTERNATIONAL REGISTRATION PLAN BUDGET CODE MERGED INTO**  
3 **VEHICLE REGISTRATION BUDGET CODE**

4 Section 29.8. Within Budget Code 84260 (Division of Motor Vehicles), fund  
5 0560 (International Registration Plan Section) shall be merged into fund 0520 (Vehicle  
6 Registration).

7  
8 Requested by: Representatives Bowie, Dockham, McMahan

9 **PRIVATIZATION OF THE SCHOOL BUS DRIVER TRAINING PROGRAM**

10 Section 29.9. The Department of Transportation shall prepare a plan for the  
11 privatization of school bus driver training. This plan shall include, but not be limited to  
12 the following:

- 13 (1) A full description of the school bus driver training activities carried out  
14 by the Department.
- 15 (2) An accounting of all costs, both personnel and nonpersonnel costs, to  
16 the Department related to school bus driver training.
- 17 (3) A list of all Department positions performing functions related to school  
18 bus driver training and the portion of time that each position devotes to  
19 these functions.
- 20 (4) A draft request for proposals for private contracts to provide all school  
21 bus driver training services.
- 22 (5) An estimate of the cost of private contracts to provide all school bus  
23 driver training services and an explanation of how that estimate was  
24 developed.
- 25 (6) A detailed estimate of the projected cost to the Department to administer  
26 contracts for school bus driver training.
- 27 (7) A schedule for issuing a contract for school bus driver training and a  
28 schedule for the elimination of Department positions and expenditures  
29 related to that training.

30 Copies of the plan shall be provided to the Chairs of the Joint Legislative  
31 Transportation Oversight Committee and the Fiscal Research Division by March 1, 1998.

32  
33 Requested by: Representatives Bowie, Dockham, McMahan

34 **HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES**

35 Section 29.10. (a) Overexpenditures from Section 3 of this act may be made by  
36 authorization of the Director of the Budget,

37 Titles:

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

1 Ferry Operations,  
2 provided that there are corresponding underexpenditures from these same Titles.  
3 Overexpenditures or underexpenditures in any Titles shall not vary by more than ten  
4 percent (10%) without prior consultation with the Advisory Budget Commission.  
5 Written reports covering overexpenditures or underexpenditures of more than ten percent  
6 (10%) shall be made to the Joint Legislative Transportation Oversight Committee. The  
7 reports shall be delivered to the Director of the Fiscal Research Division not less than 96  
8 hours prior to the beginning of the Commission's full meeting.

9 (b) Overexpenditures from Section 3 of this act,  
10 Titles:

11 State Construction Primary Construction

12 State Construction Urban Construction

13 Spot Safety Construction

14 State Construction Access and Public Service Roads

15 State Funds to Match Federal Highway Aid

16 State Maintenance

17 Ferry Operations,

18 for the purpose of providing additional positions shall be approved by the Director of the  
19 Budget and shall be reported on a quarterly basis to the Joint Legislative Transportation  
20 Oversight Committee and to the Fiscal Research Division.

21  
22 Requested by: Representatives Bowie, Dockham, McMahan

23 **DEPARTMENT OF TRANSPORTATION EXEMPTION FROM GENERAL**  
24 **STATUTES FOR EXPERIMENTAL PROJECT-CONGESTION**  
25 **MANAGEMENT**

26 Section 29.11. The Department of Transportation may enter into a design-  
27 build-warrant contract to develop, with Federal Highway Administration participation  
28 under The 1991 Intermodal Surface Transportation Efficiency Act, Title VI, Part B,  
29 Sections 6051-6059, a "Congestion Avoidance and Reduction for Autos and Trucks  
30 (CARAT)" system of traffic management for the greater Charlotte-Mecklenburg urban  
31 areas. Notwithstanding any other provision of law, contractors, contractors' employees,  
32 and Department of Transportation employees involved in this project only do not have to  
33 be licensed by occupational licensing boards as "license" and "occupational licensing  
34 board" are defined in G.S. 93B-1; and for the purpose of entering into contracts, the  
35 Department of Transportation is exempted from the provisions of the following General  
36 Statutes: G.S. 136-28.1, 143-52, 143-53, 143-58, 143-128, and 143-129. These statutory  
37 exemptions are limited and available only to the extent necessary to comply with federal  
38 rules, regulations, and policies for completion of this project.

39 The Department of Transportation shall report quarterly to the Joint Legislative  
40 Transportation Oversight Committee on its efforts to enter into a design-build-warrant  
41 contract and to award and construct the project. The report shall include, but not be  
42 limited to, the number of types of firms bidding on the project, special qualifications of



1 the firms bidding, and the effect statutory exemptions might have had on the award and  
2 construction of the project and the receipt of federal discretionary funding for the project.

3  
4 Requested by: Representatives Bowie, Dockham, McMahan

5 **RESURFACED ROADS MAY BE WIDENED**

6 Section 29.12. Chapter 136 of the General Statutes is amended by adding a  
7 new section to read:

8 **"§ 136-44.16. Resurfaced roads may be widened.**

9 Of the contract maintenance resurfacing program funds appropriated by the General  
10 Assembly to the Department of Transportation, an amount not to exceed fifteen percent  
11 (15%) of the Board of Transportation's allocation of these funds may be used for  
12 widening existing narrow pavements that are scheduled for resurfacing."

13  
14 Requested by: Representatives Bowie, Dockham, McMahan

15 **CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND**  
16 **APPROPRIATIONS**

17 Section 29.13. The General Assembly authorizes and certifies anticipated  
18 revenues of the Highway Fund as follows:

19	FY 1999-2000	\$1,182.2 million
20	FY 2000-2001	\$1,211.2 million
21	FY 2001-2002	\$1,241.2 million
22	FY 2002-2003	\$1,271.9 million

23 The General Assembly authorizes and certifies anticipated revenues of the  
24 Highway Trust Fund as follows:

25	FY 1999-2000	\$861.7 million
26	FY 2000-2001	\$891.0 million
27	FY 2001-2002	\$921.6 million
28	FY 2002-2003	\$953.3 million

29  
30 Requested by: Representatives Bowie, Dockham, McMahan

31 **F.E.M.A. RECEIVABLES**

32 Section 29.14. The Department of Transportation shall report to the Joint  
33 Legislative Transportation Oversight Committee and the Fiscal Research Division by  
34 March 1, 1998, on the status of Federal Emergency Management Agency receivables for  
35 past natural disasters and the efforts by the State to collect those funds from the federal  
36 government.

37  
38 Requested by: Representatives Bowie, Dockham, McMahan, Hiatt

39 **FEASIBILITY STUDY OF DRIVERS EDUCATION TESTING**

40 Section 29.15. The Department of Transportation and the Department of  
41 Public Instruction shall conduct a study of the feasibility of having drivers education  
42 instructors, rather than Division of Motor Vehicles examiners, administer the required  
43 written and road tests before a student is issued his or her first drivers permit or license.

1 The Department of Transportation shall report to the Joint Legislative  
2 Transportation Oversight Committee and the Fiscal Research Division by March 1, 1998,  
3 on the results of this feasibility study along with any enabling legislation necessary to  
4 implement any recommended changes.

5  
6 Requested by: Representatives Bowie, Dockham, McMahan

7 **GLOBAL TRANSPARK AUTHORITY BUSINESS PLAN FOR**  
8 **DISADVANTAGED BUSINESS PARTICIPATION**

9 Section 29.16. The Global TransPark Authority shall develop a business plan  
10 for meeting its ten percent (10%) goal for disadvantaged business participation in  
11 contracting. The Global TransPark Authority shall submit a copy of that business plan to  
12 the Joint Legislative Transportation Oversight Committee and the Fiscal Research  
13 Division by March 1, 1998.

14  
15 Requested by: Representatives Bowie, Dockham, McMahan

16 **USE OF PUBLIC TRANSPORTATION AND PASSENGER RAIL FUNDING**

17 Section 29.17. The Department of Transportation shall prepare a plan for the  
18 use of the expansion funds provided in this act for the improvement of public  
19 transportation and passenger rail service. This plan shall set out the specific purposes for  
20 which the funds will be used and shall set specific, quantitative goals to be met through  
21 the use of the additional funds.

22 The goals shall address the following:

- 23 (1) Travel time, cost recovery, and business ridership of passenger rail  
24 service between Raleigh and Charlotte;
- 25 (2) Extension of passenger rail service to Asheville;
- 26 (3) Assessment of the feasibility and costs of extending passenger rail  
27 service in Eastern North Carolina;
- 28 (4) Increases in the number of routes served by rural, urban, and regional  
29 public transportation systems;
- 30 (5) Increases in ridership for rural, urban, and regional public transportation  
31 systems;
- 32 (6) Public transportation service to Work First clients; and
- 33 (7) Cost savings achieved by rural, urban, and regional public transportation  
34 systems through the use of new technologies.

35 The Department of Transportation shall present this plan to the Joint  
36 Legislative Transportation Oversight Committee by October 1, 1997, and shall make a  
37 report to the 1999 session of the General Assembly indicating the Department's  
38 performance in meeting the goals set forth in the plan.

39  
40 Requested by: Representatives Bowie, Dockham, McMahan

41 **FEDERAL FUNDS FOR PUBLIC TRANSPORTATION IMPROVEMENTS**

1 Section 29.18. To the extent allowable by federal law, the Department of  
2 Transportation shall use ten million dollars (\$10,000,000) of federal highway funds for  
3 improvements to public transportation.

4  
5 Requested by: Representatives Bowie, Dockham, McMahan

6 **BIENNIAL REPORT ON MAINTENANCE REQUIREMENTS**

7 Section 29.19. G.S. 136-44.3 reads as rewritten:

8 "~~§ 136-44.3. Annual maintenance program; State primary and urban systems.~~  
9 Maintenance program.

10 ~~The Department of Transportation shall make a study of the maintenance needs and~~  
11 ~~costs of the State primary and urban systems. On the basis of the costs and proposed~~  
12 ~~appropriations, the Department of Transportation shall develop a statewide annual~~  
13 ~~maintenance program for the State primary and urban systems which shall be subject to~~  
14 ~~the approval of the Board of Transportation and shall take into consideration the general~~  
15 ~~maintenance needs, the special maintenance needs and vehicular traffic and other factors~~  
16 ~~deemed pertinent. The Department of Transportation, from time to time, shall restudy the~~  
17 ~~costs and criteria used as a basis for its annual maintenance program. Copies of the~~  
18 ~~annual maintenance program shall be made available to any member of the General~~  
19 ~~Assembly upon request. Each division engineer, at the end of the fiscal year, shall certify~~  
20 ~~the maintenance of highways in his division in accordance with the annual work program,~~  
21 ~~along with the explanations of any deviations.~~

22 In each even-numbered year, the Department of Transportation shall survey the  
23 condition of the State highway system and shall prepare a report of the findings of the  
24 survey. The report shall provide both quantitative and qualitative descriptions of the  
25 condition of the system and shall provide estimates of the following:

- 26 (1) The annual cost of routine maintenance of the State highway system;  
27 (2) The cost of eliminating any maintenance backlog by categories of  
28 maintenance requirements;  
29 (3) The annual cost to resurface the State highway system based upon a 12-  
30 year repaving cycle for the primary system and a 15-year cycle for other  
31 highways; and  
32 (4) The cost of eliminating any resurfacing backlog, by type of system.

33 On the basis of the report, the Department of Transportation shall develop a statewide  
34 annual maintenance program for the State highway system, which shall be subject to the  
35 approval of the Board of Transportation and shall take into consideration the general  
36 maintenance needs, special maintenance needs, vehicular traffic, and other factors  
37 deemed pertinent.

38 Each division engineer, at the end of the fiscal year, shall certify the maintenance of  
39 highways in his division in accordance with the annual work program, along with an  
40 explanation for any deviations.

41 The report on the condition of the State highway system and the annual maintenance  
42 program shall be presented to the Joint Legislative Transportation Oversight Committee

1 by November 30 of each even-numbered year, and copies shall be made available to any  
2 member of the General Assembly upon request."

3  
4 Requested by: Representatives Bowie, Dockham, McMahan

#### 5 **GRADUATED DRIVERS LICENSE PROGRAM**

6 Section 29.20. Section 11 of S.L. 1997-16 reads as rewritten:

7 "Section 11. This act becomes effective December 1, 1997, if the General Assembly  
8 appropriates the necessary funds from the Highway Fund to the Department of  
9 Transportation, Division of Motor Vehicles, to administer the provisional license  
10 program. 1997. Sections 1 through 7 of this act do not apply to any person who holds a  
11 valid North Carolina limited learner's permit issued before the effective date of this act,  
12 who holds a valid North Carolina learner's permit issued before the effective date of this  
13 act, or who is a provisional licensee and holds a valid North Carolina drivers license  
14 issued before the effective date of this act."

15  
16 Requested by: Representatives Bowie, Dockham, McMahan

#### 17 **PHASE OUT OPERATIONAL SUPPORT FOR VISITORS CENTERS**

18 Section 29.22. (a) G.S. 20-79.7(c) reads as rewritten:

19 "(c) Use of Funds in Special Registration Plate Account. –

20 (1) The Division shall deduct the costs of special registration plates,  
21 including the costs of issuing, handling, and advertising the availability  
22 of the special plates, from the Special Registration Plate Account.

23 (2) From the funds remaining in the Special Registration Plate Account  
24 after the deductions in accordance with subdivision (1) of this  
25 subsection, there is ~~annually~~ appropriated from the Special Registration  
26 Plate Account the ~~sum of five hundred twenty five thousand dollars~~  
27 ~~(\$525,000)~~ following sums to provide operating assistance for the  
28 Visitor Centers:

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

36 For each visitor center listed above:

- 37 1. Seventy-five thousand dollars (\$75,000) is appropriated  
38 for the 1997-98 fiscal year.  
39 2. Thirty-seven thousand five hundred dollars (\$37,500) is  
40 appropriated for the 1998-99 fiscal year.  
41 3. Eighteen thousand seven hundred fifty dollars (\$18,750) is  
42 appropriated for the 1999-2000 fiscal year.

1            Thereafter, it is the intention of the General Assembly that no  
2            additional state funds shall be appropriated for the operations of  
3            any of these visitor centers.

4            For visitor centers established in accordance with G.S. 136-18.7 there is  
5            appropriated the sum of seventy-five thousand dollars (\$75,000) for the  
6            first year of operation; thirty-seven thousand five hundred dollars  
7            (\$37,500) for the second year of operation; and eighteen thousand seven  
8            hundred fifty dollars (\$18,750) for the third year of operation. It is the  
9            intention of the General Assembly that no additional state funds be  
10           appropriated for the operations of a new visitor center after the third  
11           year of its operation.

12           (3) The Division shall transfer the remaining revenue in the Account  
13           quarterly as follows:

14           a.     Thirty-three percent (33%) to the account of the Department of  
15           Commerce to aid in financing out-of-state print and other media  
16           advertising under the program for the promotion of travel and  
17           industrial development in this State.

18           b.     Fifty percent (50%) to the Department of Transportation to be  
19           used solely for the purpose of beautification of highways other  
20           than those designated as interstate. These funds shall be  
21           administered by the Department of Transportation for  
22           beautification purposes not inconsistent with good landscaping  
23           and engineering principles.

24           c.     Seventeen percent (17%) to the account of the Department of  
25           Human Resources to promote travel accessibility for disabled  
26           persons in this State. These funds shall be used to collect and  
27           update site information on travel attractions designated by the  
28           Department of Commerce in its publications, to provide technical  
29           assistance to travel attractions concerning accommodation of  
30           disabled tourists, and to develop, print, and promote the  
31           publication ACCESS NORTH CAROLINA as provided in G.S.  
32           168-2. Any funds allocated for these purposes that are neither  
33           spent nor obligated at the end of the fiscal year shall be  
34           transferred to the Department of Administration for removal of  
35           man-made barriers to disabled travelers at State-funded travel  
36           attractions. Guidelines for the removal of man-made barriers  
37           shall be developed in consultation with the Department of  
38           Human Resources."

39           (b) Chapter 136 of the General Statutes is amended by adding a new section to  
40           read:

41           **"§ 136-18.7. Visitor Centers.**

42           Recommendations to the General Assembly on visitor centers to be wholly or  
43           partially state funded shall be made by the Joint Legislative Transportation Oversight

1 Committee based on criteria which shall be developed in accordance with the following  
2 procedures:

- 3       (1) The legal entity desiring the construction and operation of a wholly or  
4 partially state funded visitor center shall petition the Joint Legislative  
5 Transportation Oversight Committee for a recommendation concerning  
6 that visitor center.
- 7       (2) The petition shall contain a plan for the financing of the operations of  
8 the visitor center for at least the first four years of its existence. The  
9 first three years may include the state appropriations authorized by G.S.  
10 20-79.7(c)(2) and funding for the fourth and subsequent years shall  
11 provide for operations without state funding.
- 12       (3) Petitions shall be made to the Joint Legislative Transportation Oversight  
13 Committee at least 90 days prior to the last meeting of the Committee  
14 before the convening of the next session of the General Assembly.
- 15       (4) The Joint Legislative Transportation Oversight Committee shall submit  
16 its recommendation to the General Assembly prior to the first day of the  
17 next legislative session after the petition has been filed. If there is  
18 insufficient information to make a determination, the Committee shall  
19 render a negative recommendation for that legislative session.
- 20       (5) No new visitor center shall be approved by the General Assembly  
21 without a positive recommendation from the Joint Legislative  
22 Transportation Oversight Committee."

23  
24 Requested by: Representatives Bowie, Dockham, McMahan

#### 25 **CONTRACT AGENT TRANSACTION ANALYSIS**

26       Section 29.23. The Office of Productivity Management in the Administrative  
27 Division of the Department of Transportation shall study the transactions performed by  
28 tag agents pursuant to the Commission Contracts authorized by G.S. 20-63(h). The study  
29 shall:

- 30       (1) Analyze and weight the relative complexity and time required to  
31 complete the various transactions so that a scale can be established to  
32 provide reimbursement based on those factors.
- 33       (2) To the extent possible, determine the costs of performing the  
34 transactions based on a review of the actual costs of operating a sample  
35 of tag agencies across the State.

36       The Department shall not recommend a particular reimbursement rate for each  
37 transaction.

38       The Department shall report the results of this study to the Joint Legislative  
39 Transportation Oversight Committee by March 1, 1998.

40  
41 Requested by: Representatives Bowie, Dockham, McMahan

#### 42 **DEPARTMENT OF TRANSPORTATION MINORITY- AND WOMEN-OWNED** 43 **BUSINESS PARTICIPATION PLAN**

1 Section 29.24. The Department of Transportation shall develop a plan for  
2 meeting its goals for minority- and women-owned business participation in construction  
3 and supply contracts. The Department of Transportation shall submit a copy of that plan  
4 to the Joint Legislative Transportation Oversight Committee and the Fiscal Research  
5 Division by December 1, 1997.

6  
7 Requested by: Representatives Bowie, Dockham, McMahan

#### 8 **CONTAMINATED PROPERTY REMEDIATION**

9 Section 29.25. Of the funds appropriated to the Department of Transportation  
10 for the State's participation in the cleanup of the 601 Bypass Superfund site, any amounts  
11 not required for this purpose may be used by the Department for participation in the  
12 cleanup of other contaminated sites currently or previously owned or contaminated by the  
13 Department. These funds may be used for: (i) site assessments; (ii) site remediation; (iii)  
14 settlements of lawsuits, administrative actions, or claims; or (iv) administrative costs.

15  
16 Requested by: Representatives Bowie, Dockham, McMahan

#### 17 **FEDERAL DRIVER'S PRIVACY PROTECTION ACT COMPLIANCE**

18 Section 29.26. (a) Chapter 20 of the General Statutes is amended by adding a  
19 new section to read:

##### 20 **"§ 20-43.1. Disclosure of personal information in motor vehicle records.**

21 The Division shall disclose personal information contained in motor vehicle records  
22 in accordance with the federal Driver's Privacy Protection Act of 1994, as amended, 18  
23 U.S.C. §§ 2721, et seq.

24 As authorized in 18 U.S.C. § 2721, the Division shall not disclose personal  
25 information for the purposes specified in 18 U.S.C. § 2721(b)(11) and (b)(12), or  
26 establish a waiver procedure described in 18 U.S.C. § 2721(d)."

27 (b) G.S. 20-26(c) reads as rewritten:

28 "(c) The Division shall furnish copies of license records required to be kept by  
29 subsection (a) of this section in accordance with G.S. 20-43.1 to other persons for uses  
30 other than official upon prepayment of the following fees:

- 31 (1) Limited extract copy of license record,  
32 for period up to three years \$5.00  
33 (2) Complete extract copy of license record 5.00  
34 (3) Certified true copy of complete license  
35 record 7.00.

36 All fees received by the Division under this subsection shall be credited to the Highway  
37 Fund."

38 (c) G.S. 20-27(a) reads as rewritten:

39 "(a) All records of the Division pertaining to application and to drivers' licenses,  
40 except the confidential medical report referred to in G.S. 20-7, of the current or previous  
41 five years shall be open to public inspection in accordance with G.S. 20-43.1, at any  
42 reasonable time during office hours and copies shall be provided pursuant to the  
43 provisions of G.S. 20-26."

1 (d) G.S. 20-43(a) reads as rewritten:

2 "(a) All records of the Division, other than those declared by law to be confidential  
3 for the use of the Division, shall be open to public inspection during office ~~hours.~~ hours  
4 in accordance with G.S. 20-43.1. A photographic image or signature recorded in any  
5 format by the Division for a drivers license or a special identification card is confidential  
6 and shall not be released except for law enforcement purposes."

7 (e) This section becomes effective September 13, 1997.  
8

9 Requested by: Representatives Bowie, Dockham, McMahan

#### 10 **SALVAGE VEHICLE INSPECTIONS**

11 Section 29.27. G.S. 20-71.3 reads as rewritten:

#### 12 **"§ 20-71.3. Titles and registration cards to be branded.**

13 Motor Vehicle certificates of title and registration cards issued pursuant to G.S. 20-57  
14 shall be branded. As used herein 'branded' means that the title and registration card shall  
15 contain a designation that discloses if the vehicle is classified as (a) Flood Vehicle, (b)  
16 Non-U.S.A. Vehicle, (c) Reconstructed Vehicle, (d) Salvage Motor Vehicle, or (e)  
17 Salvage Rebuilt Vehicle or other classification authorized by law. Any motor vehicle up  
18 to six model years old damaged by collision or other occurrence which is to be retitled in  
19 this State shall be subject to preliminary and final inspections by the Enforcement Section  
20 of the Division, and the Division shall refuse to issue a title to a vehicle up to six model  
21 years old which has not undergone a preliminary inspection. These inspections serve as  
22 an antitheft measure and do not certify the safety or roadworthiness of a vehicle. Any  
23 motor vehicle which has been branded in another state shall be branded with the nearest  
24 applicable brand specified in this section, except that no junk vehicle or vehicle that has  
25 been branded junk in another state shall be titled or registered. A motor vehicle titled in  
26 another state and damaged by collision or other occurrence may be repaired and an  
27 unbranded title issued in North Carolina only if the cost of repairs, including parts and  
28 labor, does not exceed seventy-five percent (75%) of its fair market retail value. The  
29 Commissioner shall prepare necessary forms and may adopt regulations required to carry  
30 out the provisions of this Part 3A. The title shall reflect the branding until surrendered to  
31 or cancelled by the Commissioner."  
32

33 Requested by: Representatives Gray, Esposito, Oldham, Womble, Decker, Sexton

#### 34 **WESTERN PASSENGER RAIL SERVICE ROUTE MAJOR INVESTMENT** 35 **STUDY**

36 Section 29.28. From funds appropriated to the Department of Transportation  
37 for the 1997-98 fiscal year, seven hundred fifty thousand dollars (\$750,000) shall be used  
38 to fund a Major Investment Study (MIS) which shall include:

39 (1) A passenger rail proposal providing service between Asheville and  
40 Raleigh through Winston-Salem generally following the I-40 corridor;  
41 and

42 (2) A passenger rail proposal providing for commuter rail services between  
43 Winston-Salem, Greensboro, High Point, and outlying communities.



1 The MIS shall be administered by the Department of Transportation in  
 2 consultation with the Forsyth County Metropolitan Planning Organization (MPO), the  
 3 Greensboro MPO, and the High Point MPO. A report, including plans and cost analyses  
 4 for the proposals, shall be presented to the General Assembly by March 1, 1999.

5  
 6 Requested by: Representatives Bowie, Dockham, McMahan, Morgan

7 **GOVERNOR'S HIGHWAY SAFETY PROGRAM NOT HIRE PAID LOBBYISTS**

8 Section 29.29. The Governor's Highway Safety Program may not retain any  
 9 person who would be required to register as a lobbyist under Article 9A of Chapter 120  
 10 of the General Statutes in order to carry out the task for which that person is retained.

11  
 12 Requested by: Representatives Bowie, Dockham, McMahan, Reynolds

13 **DIVISION OF MOTOR VEHICLES TO CONDUCT AN ON-LINE**  
 14 **REGISTRATION STUDY**

15 Section 29.30. The Division of Motor Vehicles shall study the feasibility of a  
 16 system that would allow motor vehicle dealers to enter information onto the STARS  
 17 system for the issuance of certificates of title, registration plates, or both for new vehicles  
 18 sold by them.

19 The Division shall report the results of this study, including the advisability of  
 20 a pilot program and necessary legislation to implement the program, as appropriate, to the  
 21 Joint Legislative Transportation Oversight Committee by March 1, 1998.

22  
 23 **PART XXX. SALARIES AND BENEFITS**

24  
 25 Requested by: Representatives Holmes, Creech, Esposito, Crawford

26 **GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES**

27 Section 30. (a) Effective July 1, 1997, G.S. 147-11(a) reads as rewritten:

28 "(a) The salary of the Governor shall be ~~one hundred three thousand twelve dollars~~  
 29 ~~(\$103,012)~~ one hundred seven thousand one hundred thirty-two dollars (\$107,132)  
 30 annually, payable monthly."

31 (b) The annual salaries for the members of the Council of State, payable monthly,  
 32 for the 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, are:

Council	of	State
<u>Annual Salary</u>		
Lieutenant Governor		\$94,552
Attorney General		94,552
Secretary of State		94,552
State Treasurer		94,552
State Auditor		94,552
Superintendent of Public Instruction		94,552
Agriculture Commissioner		94,552

1	Insurance Commissioner	94,552
2	Labor Commissioner	94,552.

3

4 Requested by: Representatives Holmes, Creech, Esposito, Crawford

5 **NONELECTED DEPARTMENT HEADS/SALARY INCREASES**

6 Section 30.1. In accordance with G.S. 143B-9, the maximum annual salaries,  
7 payable monthly, for the nonelected heads of the principal State departments for the  
8 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, are:

9

10	<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
11		
12	Secretary of Administration	\$92,378
13	Secretary of Correction	92,378
14	Secretary of Cultural Resources	92,378
15	Secretary of Commerce	92,378
16	Secretary of Environment, Health,	
17	and Natural Resources	92,378
18	Secretary of Human Resources	92,378
19	Secretary of Revenue	92,378
20	Secretary of Transportation	92,378
21	Secretary of Crime Control and Public Safety	92,378.

22

23 Requested by: Representatives Holmes, Creech, Esposito, Crawford

24 **CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES**

25 Section 30.2. The annual salaries, payable monthly, for the 1997-98 and 1998-  
26 99 fiscal years, beginning July 1, 1997, for the following executive branch officials are:

27

28	<u>Executive Branch Officials</u>	<u>Annual Salary</u>
29		
30	Chairman, Alcoholic Beverage Control	
31	Commission	\$ 84,080
32	State Controller	117,669
33	Commissioner of Motor Vehicles	84,080
34	Commissioner of Banks	94,552
35	Chairman, Employment Security Commission	84,080
36	State Personnel Director	92,378
37	Chairman, Parole Commission	76,775
38	Members of the Parole Commission	70,881
39	Chairman, Industrial Commission	75,544
40	Members of the Industrial Commission	73,704
41	Chairman of the Utilities Commission	95,592
42	Commissioners of the Utilities Commission	94,552
43	Executive Director, Agency for Public	

1	Telecommunications	70,881
2	General Manager, Ports Railway Commission	64,005
3	Director, Museum of Art	86,155
4	Executive Director, Wildlife Resources Commission	72,569
5	Executive Director, North Carolina Housing	
6	Finance Agency	104,057
7	Executive Director, North Carolina Agricultural	
8	Finance Authority	81,839
9	Director, Office of Administrative Hearings	83,141

10

11 Requested by: Representative Buchanan

12 **LEGISLATORS/SALARY AND EXPENSE/ADJUST PER DIEM FOR FEDERAL**  
 13 **CHANGES**

14 Section 30.2A. (a) Effective upon convening of the 1999 Regular Session of  
 15 the General Assembly, G.S. 120-3 reads as rewritten:

16 **"§ 120-3. Pay of members and officers of the General Assembly.**

17 (a) The Speaker of the House shall be paid an annual salary of ~~thirty-eight~~  
 18 ~~thousand one hundred fifty one dollars (\$38,151)~~ thirty-nine thousand six hundred  
 19 seventy-seven dollars (\$39,677) payable monthly, and an expense allowance of ~~one~~  
 20 ~~thousand four hundred thirteen dollars (\$1,413)~~ one thousand four hundred seventy  
 21 dollars (\$1,470) per month. The President Pro Tempore of the Senate shall be paid an  
 22 annual salary of ~~thirty-eight thousand one hundred fifty one dollars (\$38,151)~~ thirty-nine  
 23 thousand six hundred seventy-seven dollars (\$39,677) payable monthly, and an expense  
 24 allowance of ~~one thousand four hundred thirteen dollars (\$1,413)~~ one thousand four  
 25 hundred seventy dollars (\$1,470) per month. The Speaker Pro Tempore of the House  
 26 shall be paid an annual salary of ~~twenty-one thousand seven hundred thirty nine dollars~~  
 27 ~~(\$21,739)~~ twenty-two thousand six hundred nine dollars (\$22,609) payable monthly, and  
 28 an expense allowance of ~~eight hundred thirty six dollars (\$836.00)~~ eight hundred sixty-  
 29 nine dollars (\$869.00) per month. The Deputy President Pro Tempore of the Senate shall  
 30 be paid an annual salary of ~~twenty-one thousand seven hundred thirty nine dollars~~  
 31 ~~(\$21,739)~~ twenty-two thousand six hundred nine dollars (\$22,609) payable monthly, and  
 32 an expense allowance of ~~eight hundred thirty six dollars (\$836.00)~~ eight hundred sixty-  
 33 six dollars (\$869.00) per month. The majority and minority leaders in the House and the  
 34 majority and minority leaders in the Senate shall be paid an annual salary of ~~seventeen~~  
 35 ~~thousand forty eight dollars (\$17,048)~~ seventeen thousand seven hundred thirty dollars  
 36 (\$17,730) payable monthly, and an expense allowance of ~~six hundred sixty six dollars~~  
 37 ~~(\$666.00)~~ six hundred ninety-three dollars (\$693.00) per month.

38 (b) Every other member of the General Assembly shall receive increases in annual  
 39 salary only to the extent of and in the amounts equal to the average increases received by  
 40 employees of the State, effective upon convening of the next Regular Session of the  
 41 General Assembly after enactment of these increased amounts, ~~except no such increase is~~  
 42 ~~granted upon the convening of the 1997 Regular Session of the General Assembly.~~  
 43 amounts. Accordingly, upon convening of the ~~1997-1999~~ 1999 Regular Session of the General

1 Assembly, every other member of the General Assembly shall be paid an annual salary of  
2 ~~thirteen thousand nine hundred fifty one dollars (\$13,951)~~ fourteen thousand five  
3 hundred nine dollars (\$14,509) payable monthly, and an expense allowance of ~~five~~  
4 ~~hundred fifty nine dollars (\$559.00)~~ five hundred eighty-one dollars (\$581.00) per  
5 month.

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

11 (b) Effective upon convening of the 1999 Regular Session of the General  
12 Assembly, G.S. 120-3.1(a) reads as rewritten:

13 "(a) In addition to compensation for their services, members of the General  
14 Assembly shall be paid the following allowances:

15 (1) A weekly travel allowance for each week or fraction thereof that the  
16 General Assembly is in regular or extra session. The amount of the  
17 weekly travel allowance shall be calculated for each member by  
18 multiplying the actual round-trip mileage from that member's home to  
19 the City of Raleigh by the rate per mile which is the business standard  
20 mileage rate set by the Internal Revenue Service in ~~Rev. Proc. 93-51,~~  
21 ~~December 27, 1993.~~ Rev. Proc. 96-63, December 30, 1996.

22 (2) A travel allowance at the rate which is the business standard mileage  
23 rate set by the Internal Revenue Service in ~~Rev. Proc. 93-51, December~~  
24 ~~27, 1993,~~ Rev. Proc. 96-63, December 30, 1996, whenever the member  
25 travels, whether in or out of session, as a representative of the General  
26 Assembly or of its committees or commissions, with the approval of the  
27 Legislative Services Commission.

28 (3) A subsistence allowance for meals and lodging at a daily rate equal to  
29 the maximum per diem rate for federal employees traveling to Raleigh,  
30 North Carolina, as set out at ~~58 Federal Register 67959 (December 22,~~  
31 ~~1993),~~ 61 Federal Register 59194 (November 21, 1996), while the  
32 General Assembly is in session and, except as otherwise provided in this  
33 subdivision, while the General Assembly is not in session when, with  
34 the approval of the Speaker of the House of Representatives in the case  
35 of Representatives or the President Pro Tempore of the Senate in case of  
36 Senators, the member is:

37 a. Traveling as a representative of the General Assembly or of its  
38 committees or commissions, or

39 b. Otherwise in the service of the State.

40 A member who is authorized to travel, whether in or out of session,  
41 within the United States outside North Carolina, may elect to receive, in  
42 lieu of the amount provided in the preceding paragraph, a subsistence  
43 allowance of ~~twenty six dollars (\$26.00)~~ thirty dollars (\$30.00) a day

1 for meals, plus actual expenses for lodging when evidenced by a receipt  
2 satisfactory to the Legislative Services Officer, the latter not to exceed  
3 the maximum per diem rate for federal employees traveling to the same  
4 place, as set out at ~~58 Federal Register 67950-67964 (December 22,~~  
5 ~~1993) and at 59 Federal Register 23702-23709 (May 6, 1994).~~ 61  
6 Federal Register 59185-59198 (November 21, 1996), 62 Federal  
7 Register 6041-6042 (February 10, 1997) and 62 Federal Register 13342-  
8 13343 (March 20, 1997).

9 (4) A member may be reimbursed for registration fees as permitted by the  
10 Legislative Services Commission."

11 (c) This section is funded by using recurring reserves appropriated in this act to  
12 the General Assembly for fiscal year 1998-99.

13  
14 Requested by: Representatives Holmes, Creech, Esposito, Crawford, Russell

15 **SALARY OF THE CHAIRMAN OF THE EMPLOYMENT SECURITY**  
16 **COMMISSION**

17 Section 30.3A. G.S. 96-3(c) reads as rewritten:

18 "(c) Salaries. – The chairman of the Employment Security Commission of North  
19 Carolina, appointed by the Governor, shall be paid from the Employment Security  
20 Administration Fund a salary payable on a monthly basis, which salary shall be fixed by  
21 ~~the appointing officer in an amount no higher than the highest salary set by the General~~  
22 ~~Assembly for an executive branch official; and General Assembly in the Current~~  
23 ~~Operations Appropriations Act; and~~ the members of the Commission, other than the  
24 chairman, shall each receive the same amount per diem for their services as is provided  
25 for the members of other State boards, commissions, and committees who receive  
26 compensation for their services as such, including necessary time spent in traveling to  
27 and from his place of residence within the State to the place of meeting while engaged in  
28 the discharge of the duties of his office and his actual traveling expenses, the same to be  
29 paid from the aforesaid fund."

30  
31 Requested by: Representatives Holmes, Creech, Esposito, Crawford

32 **SALARIES OF MEMBERS AND CHAIR OF THE UTILITIES COMMISSION**

33 Section 30.4A. G.S. 62-10(h) reads as rewritten:

34 "(h) The salary of each commissioner ~~shall be the same as that fixed from time to~~  
35 ~~time for judges of the superior court except that the commissioner designated as the~~  
36 ~~chairman shall receive one thousand dollars (\$1,000) additional per annum. and that of~~  
37 ~~the commissioner designated as chairman shall be set by the General Assembly in the~~  
38 Current Operations Appropriations Act. In lieu of merit and other increment raises paid to  
39 regular State employees, each commissioner, including the commissioner designated as  
40 chairman, shall receive as longevity pay an amount equal to four and eight-tenths percent  
41 (4.8%) of the annual salary set forth in the Current Operations Appropriations Act  
42 payable monthly after five years of service, and nine and six-tenths percent (9.6%) after  
43 10 years of service. 'Service' means service as a member of the Utilities Commission."

1  
2 Requested by: Representatives Holmes, Creech, Esposito, Crawford

3 **TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES**  
4 **COMMISSION SALARY INCREASES**

5 Section 30.6. For the 1997-98 and 1998-99 fiscal years, the Secretary of  
6 Revenue shall transfer at the end of each quarter from the State sales and use tax net  
7 collections received by the Department of Revenue under Article 5 of Chapter 105 of the  
8 General Statutes to the State Treasurer for the Wildlife Resources Fund to fund the cost  
9 of any legislative salary increase for employees of the Wildlife Resources Commission.

10  
11 Requested by: Representatives Holmes, Creech, Esposito, Crawford

12 **JUDICIAL BRANCH OFFICIALS/SALARY INCREASES**

13 Section 30.7. (a) The annual salaries, payable monthly, for specified judicial branch  
14 officials for the 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
18 Chief Justice, Supreme Court	\$107,132
19 Associate Justice, Supreme Court	104,333
20 Chief Judge, Court of Appeals	101,724
21 Judge, Court of Appeals	99,986
22 Judge, Senior Regular Resident Superior Court	97,269
23 Judge, Superior Court	94,552
24 Chief Judge, District Court	85,857
25 Judge, District Court	83,141
26 District Attorney	87,596
27 Administrative Officer of the Courts	97,269
28 Assistant Administrative Officer of the Courts	81,684
29 Public Defender	87,596.

30  
31 (b) The district attorney or public defender of a judicial district, with the approval  
32 of the Administrative Officer of the Courts, shall set the salaries of assistant district  
33 attorneys or assistant public defenders, respectively, in that district such that the average  
34 salaries of assistant district attorneys or assistant public defenders in that district do not  
35 exceed fifty-three thousand eight hundred eighty-three dollars (\$53,883) and the  
36 minimum salary of any assistant district attorney or assistant public defender is at least  
37 twenty-seven thousand five hundred nine dollars (\$27,509), effective July 1, 1997.

38 (c) The salaries in effect for the 1996-97 fiscal year on June 30, 1997, for  
39 permanent, full-time employees of the Judicial Department, except for those whose  
40 salaries are itemized in this Part, shall be increased by four percent (4%), commencing  
41 July 1, 1997.

(d) The salaries in effect on June 30, 1997, for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1997, by pro rata amounts of four percent (4%).

Requested by: Representatives Holmes, Creech, Esposito, Crawford

#### CLERKS OF SUPERIOR COURT/SALARY INCREASES

Section 30.8. Effective July 1, 1997, G.S. 7A-101(a) reads as rewritten:

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

Population	Annual	Salary
Less than 100,000	<del>\$60,265</del>	<u>\$62,676</u>
100,000 to 149,999	<del>67,695</del>	<u>70,403</u>
150,000 to 249,999	<del>75,125</del>	<u>78,130</u>
250,000 and above	<del>82,555</del>	<u>85,857</u>

The salary schedule in this subsection is intended to represent the following percentage of the salary of a chief district court judge:

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

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

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Justus, Kiser, Thompson

#### ASSISTANT CLERKS OF SUPERIOR COURT/SALARY RANGE

Section 30.8A. G.S. 7A-102(d) reads as rewritten:

"(d) Full-time assistant clerks, licensed to practice law in North Carolina, who are employed in the office of superior court clerk on and after July 1, 1984, and full-time assistant clerks possessing a masters degree in business administration, public administration, accounting, or other similar discipline from an accredited college or university who are employed in the office of superior court clerk on and after July 1, 1997, are authorized an annual salary of not less than three-fourths of the maximum annual salary established for assistant clerks; the clerk of superior court, with the approval of the Administrative Office of the Courts, may establish a higher annual salary but that salary shall not be higher than the maximum annual salary established for assistant clerks. Full-time assistant clerks, holding a law degree from an accredited law school, who are employed in the office of superior court clerk on and after July 1, 1984,

1 are authorized an annual salary of not less than two-thirds of the maximum annual salary  
2 established for assistant clerks; the clerk of superior court, with the approval of the  
3 Administrative Office of the Courts, may establish a higher annual salary, but the entry-  
4 level salary may not be more than three-fourths of the maximum annual salary  
5 established for assistant clerks, and in no event may be higher than the maximum annual  
6 salary established for assistant clerks. The entry-level annual salary for all other assistant  
7 and deputy clerks employed on and after July 1, 1984, shall be at the minimum rates as  
8 herein established."  
9

10 Requested by: Representatives Holmes, Creech, Esposito, Crawford

### 11 **GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES**

12 Section 30.9. Effective July 1, 1997, G.S. 120-37(c) reads as rewritten:

13 "(c) The principal clerks shall be full-time officers. Each principal clerk shall be  
14 entitled to other benefits available to permanent legislative employees and shall be paid  
15 an annual salary of ~~fifty seven thousand five hundred fifty nine dollars (\$57,559)~~ fifty-  
16 nine thousand eight hundred sixty-one dollars (\$59,861) payable monthly. The  
17 Legislative Services Commission shall review the salary of the principal clerks prior to  
18 submission of the proposed operating budget of the General Assembly to the Governor  
19 and Advisory Budget Commission and shall make appropriate recommendations for  
20 changes in those salaries. Any changes enacted by the General Assembly shall be by  
21 amendment to this paragraph."  
22

23 Requested by: Representatives Holmes, Creech, Esposito, Crawford

### 24 **SERGEANT-AT-ARMS AND READING CLERKS**

25 Section 30.10. Effective July 1, 1997, G.S. 120-37(b) reads as rewritten:

26 "(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary  
27 of ~~two hundred forty eight dollars (\$248.00) per week~~ two hundred fifty-eight dollars  
28 (\$258.00) per week plus subsistence at the same daily rate provided for members of the  
29 General Assembly, plus mileage at the rate provided for members of the General  
30 Assembly for one round trip only from their homes to Raleigh and return. The sergeants-  
31 at-arms shall serve during sessions of the General Assembly and at such time prior to the  
32 convening of, and subsequent to adjournment or recess of, sessions as may be authorized  
33 by the Legislative Services Commission. The reading clerks shall serve during sessions  
34 only."  
35

36 Requested by: Representatives Holmes, Creech, Esposito, Crawford

### 37 **LEGISLATIVE EMPLOYEES/SALARY INCREASES**

38 Section 30.11. The Legislative Administrative Officer shall increase the  
39 salaries of nonelected employees of the General Assembly in effect for fiscal year 1996-  
40 97 by four percent (4%). Nothing in this act limits any of the provisions of G.S. 120-32.  
41

42 Requested by: Representatives Holmes, Creech, Esposito, Crawford

### 43 **COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES**



1 Section 30.12. The Director of the Budget shall transfer from the Reserve for  
2 Salary Increases created in this act for fiscal year 1997-98 funds to the Department of  
3 Community Colleges necessary to provide an average annual salary increase of four  
4 percent (4%), including funds for the employer's retirement and social security  
5 contributions, commencing July 1, 1997, for all permanent full-time community college  
6 institutional personnel supported by State funds. The State Board of Community  
7 Colleges shall establish guidelines for providing their salary increases to community  
8 college institutional personnel to include consideration of increases based on  
9 performance. Salary funds shall be used to provide an average annual salary increase of  
10 four percent (4%) to all full-time employees and part-time employees on a pro rata basis.

11  
12 Requested by: Representatives Holmes, Creech, Esposito, Crawford

13 **UNIVERSITY OF NORTH CAROLINA SYSTEM - EPA SALARY INCREASES**

14 Section 30.13. (a) The Director of the Budget shall transfer to the Board of  
15 Governors of The University of North Carolina sufficient funds from the Reserve for  
16 Compensation Increase created in this act for fiscal year 1997-98 to provide an annual  
17 average salary increase of four percent (4%), including funds for the employer's  
18 retirement and social security contributions, commencing July 1, 1997, for all employees  
19 of The University of North Carolina, as well as employees other than teachers of the  
20 North Carolina School of Science and Mathematics, supported by State funds and whose  
21 salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated  
22 to individuals according to the rules adopted by the Board of Governors, or the Board of  
23 Trustees of the North Carolina School of Science and Mathematics, as appropriate, and  
24 shall not be used for any purpose other than for salary increases and necessary employer  
25 contributions provided by this section. The Board of Governors shall include  
26 consideration of increases based on performance in its adoption of rules for the allocation  
27 of funds for salary increases.

28 (b) The Director of the Budget shall transfer to the Board of Governors of The  
29 University of North Carolina sufficient funds from the Reserve for Salary Increases  
30 created in this act for fiscal year 1997-98 to provide an annual average salary increase  
31 comparable to that provided in this act for public school teachers, including funds for the  
32 employer's retirement and social security contributions, commencing July 1, 1997, for all  
33 teaching employees of the North Carolina School of Science and Mathematics, supported  
34 by State funds and whose salaries are exempt from the State Personnel Act (EPA). These  
35 funds shall be allocated to individuals according to the rules adopted by the Board of  
36 Trustees of the North Carolina School of Science and Mathematics and shall not be used  
37 for any purpose other than for salary increases and necessary employer contributions  
38 provided by this section.

39  
40 Requested by: Representatives Holmes, Creech, Esposito, Crawford

41 **MOST STATE EMPLOYEES/SALARY INCREASES**

42 Section 30.14. (a) The salaries in effect June 30, 1997, of all permanent full-  
43 time State employees whose salaries are set in accordance with the State Personnel Act,

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

5 (1) Career growth recognition awards in the amount of two percent (2%);  
6 and

7 (2) A cost-of-living adjustment in the amount of two percent (2%).

8 Notwithstanding G.S. 126-7(4a), any permanent full-time State employee  
9 whose salary is set in accordance with the State Personnel Act and whose salary is at the  
10 top of the salary range or within two percent of the top of the salary range shall receive a  
11 one-time bonus of two percent (2%) less the career growth recognition award the  
12 employee receives. The employee shall receive the career growth bonus at the time the  
13 employee is eligible for the career growth recognition award, but not earlier than July 1,  
14 1997.

15 (b) Except as otherwise provided in this act, salaries in effect June 30, 1997, for  
16 permanent full-time State officials and persons in exempt positions that are recommended  
17 by the Governor or the Governor and the Advisory Budget Commission and set by the  
18 General Assembly shall be increased by four percent (4%), commencing July 1, 1997.

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

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

28 (e) Within regular Executive Budget Act procedures as limited by this act, all  
29 State agencies and departments may increase on an equitable basis the rate of pay of  
30 temporary and permanent hourly State employees, subject to availability of funds in the  
31 particular agency or department, by pro rata amounts the salary increase provided for  
32 permanent full-time employees covered by the provisions of subsection (a) of this  
33 section, commencing July 1, 1997.

34 (f) Except as provided by subsection (a) of this section, no person may receive  
35 a salary increase under G.S. 126-7 during the 1997-98 fiscal year, and no State employee  
36 or officer shall receive a merit increment during the 1997-98 fiscal year except as  
37 otherwise provided by this act.

38 (g) The provisions of this section shall not apply to State employees whose  
39 salaries are determined by G.S. 7A-102 or G.S. 7A-171.1. Those employees who would  
40 not receive a salary increase under G.S. 7A-102 or G.S. 7A-171.1, because they are at  
41 the top of their salary range, shall receive a bonus in the amount of four percent (4%).  
42

43 Requested by: Representatives Holmes, Creech, Esposito, Crawford

**ALL STATE-SUPPORTED PERSONNEL**

Section 30.15. (a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

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

(c) The salary increases provided in this Part are to be effective July 1, 1997, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, whose last workday is prior to July 1, 1997, or to employees involved in final written disciplinary procedures. The employee shall receive the increase on a current basis when the final written disciplinary procedure is resolved.

Payroll checks issued to employees after July 1, 1997, which represent payment of services provided prior to July 1, 1997, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

(d) The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 1997-98 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

Requested by: Representatives Holmes, Creech, Esposito, Crawford

**EXTEND SUNSET ON FICA SAVINGS USE**

Section 30.15A. (a) Section 14(i) of Chapter 1044 of the 1991 Session Laws, as amended by Section 42 of Chapter 561 of the 1993 Session Laws and Section 7.28A of Chapter 769 of the 1993 Session Laws, reads as rewritten:

"(i) Subsections (a) through (d) of this section are effective January 1, 1990. Subsections (e) through (h) of this section are effective January 1, 1991. Subsections (a) through (h) of this section shall expire ~~December 31, 1997.~~ December 31, 1999."

(b) This section is effective when it becomes law.

Requested by: Representatives Holmes, Creech, Esposito, Crawford

**SALARY ADJUSTMENT FUND**

Section 30.16. Any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds shall first be used to provide reclassifications of those positions already approved by the Office of State Personnel. The Office of State Budget and Management

1 shall report to the Joint Legislative Commission on Governmental Operations prior to the  
2 allocation of these funds.

3  
4 Requested by: Representatives Holmes, Creech, Esposito, Crawford, Barbee  
5 **ENHANCE THE RETIREMENT BENEFITS PAYABLE FROM THE**  
6 **TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE**  
7 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE**  
8 **RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES'**  
9 **RETIREMENT SYSTEM**

10 Section 30.17. (a) G.S. 135-5(b16) reads as rewritten:

11 "(b16) Service Retirement Allowance of Members Retiring on or After July 1,  
12 ~~1995-1995, but Before July 1, 1997.~~ – Upon retirement from service in accordance with  
13 subsection (a) or (a1) above, on or after July 1, 1995, but before July 1, 1997, a member  
14 shall receive the following service retirement allowance:

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

18 a. If the member's service retirement date occurs on or after his  
19 55th birthday, and completion of five years of creditable service  
20 as a law enforcement officer, or after the completion of 30 years  
21 of creditable service, the allowance shall be equal to one and  
22 seventy-five hundredths percent (1.75%) of his average final  
23 compensation, multiplied by the number of years of his  
24 creditable service.

25 b. If the member's service retirement date occurs on or after his  
26 50th birthday and before his 55th birthday with 15 or more years  
27 of creditable service as a law enforcement officer and prior to the  
28 completion of 30 years of creditable service, his retirement  
29 allowance shall be equal to the greater of:

30 1. The service retirement allowance payable under G.S. 135-  
31 5(b16)(1)a. reduced by one-third of one percent (1/3 of  
32 1%) thereof for each month by which his retirement date  
33 precedes the first day of the month coincident with or next  
34 following the month the member would have attained his  
35 55th birthday; or

36 2. The service retirement allowance as computed under G.S.  
37 135-5(b16)(1)a. reduced by five percent (5%) times the  
38 difference between 30 years and his creditable service at  
39 retirement.

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

- 1           a.     If the member's service retirement date occurs on or after his  
2           65th birthday upon the completion of five years of creditable  
3           service or after the completion of 30 years of creditable service  
4           or on or after his 60th birthday upon the completion of 25 years  
5           of creditable service, the allowance shall be equal to one and  
6           seventy-five hundredths percent (1.75%) of his average final  
7           compensation, multiplied by the number of years of creditable  
8           service.
- 9           b.     If the member's service retirement date occurs after his 60th and  
10          before his 65th birthday and prior to his completion of 25 years  
11          or more of creditable service, his retirement allowance shall be  
12          computed as in G.S. 135-5(b16)(2)a. but shall be reduced by one-  
13          quarter of one percent ( $1/4$  of 1%) thereof for each month by  
14          which his retirement date precedes the first day of the month  
15          coincident with or next following his 65th birthday.
- 16          c.     If the member's early service retirement date occurs on or after  
17          his 50th birthday and before his 60th birthday and after  
18          completion of 20 years of creditable service but prior to the  
19          completion of 30 years of creditable service, his early service  
20          retirement allowance shall be equal to the greater of:
- 21               1.     The service retirement allowance as computed under G.S.  
22               135-5(b16)(2)a. but reduced by the sum of five-twelfths of  
23               one percent ( $5/12$  of 1%) thereof for each month by which  
24               his retirement date precedes the first day of the month  
25               coincident with or next following the month the member  
26               would have attained his 60th birthday, plus one-quarter of  
27               one percent ( $1/4$  of 1%) thereof for each month by which  
28               his 60th birthday precedes the first day of the month  
29               coincident with or next following his 65th birthday; or
- 30               2.     The service retirement allowance as computed under G.S.  
31               135-5(b16)(2)a. reduced by five percent (5%) times the  
32               difference between 30 years and his creditable service at  
33               retirement; or
- 34               3.     If the member's creditable service commenced prior to  
35               July 1, 1994, the service retirement allowance equal to the  
36               actuarial equivalent of the allowance payable at the age of  
37               60 years as computed in G.S. 135-5(b16)(2)b.
- 38          d.     Notwithstanding the foregoing provisions, any member whose  
39          creditable service commenced prior to July 1, 1963, shall not  
40          receive less than the benefit provided by G.S. 135-5(b)."
- 41          (b) G.S. 135-5 is amended by adding a new subsection to read:

1        "(b17) Service Retirement Allowance of Members Retiring on or After July 1,  
2 1997. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
3 or after July 1, 1997, a member shall receive the following service retirement allowance:

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

7            a. If the member's service retirement date occurs on or after his  
8 55th birthday, and completion of five years of creditable service  
9 as a law enforcement officer, or after the completion of 30 years  
10 of creditable service, the allowance shall be equal to one and  
11 seventy-eight hundredths percent (1.78%) of his average final  
12 compensation, multiplied by the number of years of his  
13 creditable service.

14            b. If the member's service retirement date occurs on or after his  
15 50th birthday and before his 55th birthday with 15 or more years  
16 of creditable service as a law enforcement officer and prior to the  
17 completion of 30 years of creditable service, his retirement  
18 allowance shall be equal to the greater of:

19            1. The service retirement allowance payable under G.S. 135-  
20 5(b17)(1)a. reduced by one-third of one percent (1/3 of  
21 1%) thereof for each month by which his retirement date  
22 precedes the first day of the month coincident with or next  
23 following the month the member would have attained his  
24 55th birthday; or

25            2. The service retirement allowance as computed under G.S.  
26 135-5(b17)(1)a. reduced by five percent (5%) times the  
27 difference between 30 years and his creditable service at  
28 retirement.

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

32            a. If the member's service retirement date occurs on or after his  
33 65th birthday upon the completion of five years of membership  
34 service or after the completion of 30 years of creditable service  
35 or on or after his 60th birthday upon the completion of 25 years  
36 of creditable service, the allowance shall be equal to one and  
37 seventy-eight hundredths percent (1.78%) of his average final  
38 compensation, multiplied by the number of years of creditable  
39 service.

40            b. If the member's service retirement date occurs after his 60th  
41 birthday and before his 65th birthday and prior to his completion  
42 of 25 years or more of creditable service, his retirement  
43 allowance shall be computed as in G.S. 135-5(b17)(2)a. but shall

1 be reduced by one-quarter of one percent (1/4 of 1%) thereof for  
2 each month by which his retirement date precedes the first day of  
3 the month coincident with or next following his 65th birthday.

4 c. If the member's early service retirement date occurs on or after  
5 his 50th birthday and before his 60th birthday and after  
6 completion of 20 years of creditable service but prior to the  
7 completion of 30 years of creditable service, his early service  
8 retirement allowance shall be equal to the greater of:

9 1. The service retirement allowance as computed under G.S.  
10 135-5(b17)(2)a. but reduced by the sum of five-twelfths of  
11 one percent (5/12 of 1%) thereof for each month by which  
12 his retirement date precedes the first day of the month  
13 coincident with or next following the month the member  
14 would have attained his 60th birthday, plus one-quarter of  
15 one percent (1/4 of 1%) thereof for each month by which  
16 his 60th birthday precedes the first day of the month  
17 coincident with or next following his 65th birthday; or

18 2. The service retirement allowance as computed under G.S.  
19 135-5(b17)(2)a. reduced by five percent (5%) times the  
20 difference between 30 years and his creditable service at  
21 retirement; or

22 3. If the member's creditable service commenced prior to  
23 July 1, 1994, the service retirement allowance equal to the  
24 actuarial equivalent of the allowance payable at the age of  
25 60 years as computed in G.S. 135-5(b17)(2)b.

26 d. Notwithstanding the foregoing provisions, any member whose  
27 creditable service commenced prior to July 1, 1963, shall not  
28 receive less than the benefit provided by G.S. 135-5(b)."

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

30 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
31 principal beneficiary designated to receive a return of accumulated contributions shall  
32 have the right to elect to receive in lieu thereof the reduced retirement allowance  
33 provided by Option 2 of subsection (g) above computed by assuming that the member  
34 had retired on the first day of the month following the date of his death, provided that the  
35 following conditions apply:

36 (1) a. The member had attained such age and/or creditable service to be  
37 eligible to commence retirement with an early or service retirement  
38 allowance, or

39 b. The member had obtained 20 years of creditable service in which  
40 case the retirement allowance shall be computed in accordance  
41 with ~~G.S. 135-5(b16)(1)b.~~ G.S. 135-5(b17)(1)b. or ~~G.S. 135-~~  
42 ~~5(b16)(2)c.,~~ G.S. 135-5(b17)(2)c., notwithstanding the  
43 requirement of obtaining age 50.

1           (2) The member had designated as the principal beneficiary to receive a  
2           return of his accumulated contributions one and only one person who  
3           was living at the time of his death.

4           (3) The member had not instructed the Board of Trustees in writing that he  
5           did not wish the provisions of this subsection to apply.

6           For the purpose of this benefit, a member is considered to be in service at the date of  
7           his death if his death occurs within 180 days from the last day of his actual service. The  
8           last day of actual service shall be determined as provided in subsection (l) of this  
9           section. Upon the death of a member in service, the surviving spouse may make all  
10          purchases for creditable service as provided for under this Chapter for which the member  
11          had made application in writing prior to the date of death, provided that the date of death  
12          occurred prior to or within 60 days after notification of the cost to make the purchase.  
13          The term 'in service' as used in this subsection includes a member in receipt of a benefit  
14          under the Disability Income Plan as provided in Article 6 of this Chapter."

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

16          "(ccc) From and after July 1, 1997, the retirement allowance to or on account of  
17          beneficiaries whose retirement commenced on or before July 1, 1996, shall be increased  
18          by four percent (4%) of the allowance payable on June 1, 1997, in accordance with G.S.  
19          135-5(o). Furthermore, from and after July 1, 1997, the retirement allowance to or on  
20          account of beneficiaries whose retirement commenced after July 1, 1996, but before June  
21          30, 1997, shall be increased by a prorated amount of four percent (4%) of the allowance  
22          payable as determined by the Board of Trustees based upon the number of months that a  
23          retirement allowance was paid between July 1, 1996, and June 30, 1997.

24          (ddd) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1997. –  
25          From and after July 1, 1997, the retirement allowance to or on account of beneficiaries on  
26          the retirement rolls as of June 1, 1997, shall be increased by one and seven-tenths percent  
27          (1.7%) of the allowance payable on June 1, 1997. This allowance shall be calculated on  
28          the allowance payable and in effect on June 30, 1997, so as not to be compounded on any  
29          other increase granted by act of the 1997 General Assembly."

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

31          "(r) From and after July 1, 1997, the retirement allowance to or on account of  
32          beneficiaries whose retirement commenced on or before July 1, 1996, shall be increased  
33          by four percent (4%) of the allowance payable on June 1, 1997. Furthermore, from and  
34          after July 1, 1997, the retirement allowance to or on account of beneficiaries whose  
35          retirement commenced after July 1, 1996, but before June 30, 1997, shall be increased by  
36          a prorated amount of four percent (4%) of the allowance payable as determined by the  
37          Board of Trustees based upon the number of months that a retirement allowance was paid  
38          between July 1, 1996, and June 30, 1997."

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

40          "(l) In accordance with subsection (a) of this section, from and after July 1, 1997,  
41          the retirement allowance to or on account of beneficiaries whose retirement commenced  
42          on or before January 1, 1997, shall be increased by four percent (4%) of the allowance  
43          payable on June 1, 1997. Furthermore, from and after July 1, 1997, the retirement



1 allowance to or on account of beneficiaries whose retirement commenced after January 1,  
2 1997, but before June 30, 1997, shall be increased by a prorated amount of four percent  
3 (4%) of the allowance payable as determined by the Board of Trustees based upon the  
4 number of months that a retirement allowance was paid between January 1, 1997, and  
5 June 30, 1997."

6 (g) G.S. 128-27(b15) reads as rewritten:

7 "(b15) Service Retirement Allowance of Members Retiring on or after July 1,  
8 ~~1995-1995~~, but Before July 1, 1997. – Upon retirement from service in accordance with  
9 subsection (a) or (a1) above, on or after July 1, 1995, but before July 1, 1997, a member  
10 shall receive the following service retirement allowance:

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

14 a. If the member's service retirement date occurs on or after his  
15 55th birthday, and completion of five years of creditable service  
16 as a law enforcement officer, or after the completion of 30 years  
17 of creditable service, the allowance shall be equal to one and  
18 seventy-two hundredths percent (1.72%) of his average final  
19 compensation, multiplied by the number of years of his  
20 creditable service.

21 b. If the member's service retirement date occurs on or after his  
22 50th birthday and before his 55th birthday with 15 or more years  
23 of creditable service as a law enforcement officer and prior to the  
24 completion of 30 years of creditable service, his retirement  
25 allowance shall be equal to the greater of:

26 1. The service retirement allowance payable under G.S. 128-  
27 27(b15)(1)a. reduced by one-third of one percent (1/3 of  
28 1%) thereof for each month by which his retirement date  
29 precedes the first day of the month coincident with or next  
30 following the month the member would have attained his  
31 55th birthday; or

32 2. The service retirement allowance as computed under G.S.  
33 128-27(b15)(1)a. reduced by five percent (5%) times the  
34 difference between 30 years and his creditable service at  
35 retirement.

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

39 a. If the member's service retirement date occurs on or after his  
40 65th birthday upon the completion of five years of creditable  
41 service or after the completion of 30 years of creditable service  
42 or on or after his 60th birthday upon the completion of 25 years  
43 of creditable service, the allowance shall be equal to one and

1 seventy-two hundredths percent (1.72%) of his average final  
2 compensation, multiplied by the number of years of creditable  
3 service.

4 b. If the member's service retirement date occurs after his 60th and  
5 before his 65th birthday and prior to his completion of 25 years  
6 or more of creditable service, his retirement allowance shall be  
7 computed as in G.S. 128-27(b15)(2)a. but shall be reduced by  
8 one-quarter of one percent ( $1/4$  of 1%) thereof for each month by  
9 which his retirement date precedes the first day of the month  
10 coincident with or next following his 65th birthday.

11 c. If the member's early service retirement date occurs on or after  
12 his 50th birthday and before his 60th birthday and after  
13 completion of 20 years of creditable service but prior to the  
14 completion of 30 years of creditable service, his early service  
15 retirement allowance shall be equal to the greater of:

16 1. The service retirement allowance as computed under G.S.  
17 128-27(b15)(2)a. but reduced by the sum of five-twelfths  
18 of one percent ( $5/12$  of 1%) thereof for each month by  
19 which his retirement date precedes the first day of the  
20 month coincident with or next following the month the  
21 member would have attained his 60th birthday, plus one-  
22 quarter of one percent ( $1/4$  of 1%) thereof for each month  
23 by which his 60th birthday precedes the first day of the  
24 month coincident with or next following his 65th birthday;  
25 or

26 2. The service retirement allowance as computed under G.S.  
27 128-27(b15)(2)a. reduced by five percent (5%) times the  
28 difference between 30 years and his creditable service at  
29 retirement; or

30 3. If the member's creditable service commenced prior to  
31 July 1, 1995, the service retirement allowance equal to the  
32 actuarial equivalent of the allowance payable at the age of  
33 60 years as computed in G.S. 128-27(b15)(2)b.

34 d. Notwithstanding the foregoing provisions, any member whose  
35 creditable service commenced prior to July 1, 1965, shall not  
36 receive less than the benefit provided by G.S. 128-27(b)."

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

38 "(b16) Service Retirement Allowance of Members Retiring on or after July 1,  
39 1997. – Upon retirement from service in accordance with subsection (a) or (a1) above, on  
40 or after July 1, 1997, a member shall receive the following service retirement allowance:

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

1           a.     If the member's service retirement date occurs on or after his  
2                55th birthday, and completion of five years of creditable service  
3                as a law enforcement officer, or after the completion of 30 years  
4                of creditable service, the allowance shall be equal to one and  
5                seventy-six hundredths percent (1.76%) of his average final  
6                compensation, multiplied by the number of years of his  
7                creditable service.

8           b.     If the member's service retirement date occurs on or after his  
9                50th birthday and before his 55th birthday with 15 or more years  
10              of creditable service as a law enforcement officer and prior to the  
11              completion of 30 years of creditable service, his retirement  
12              allowance shall be equal to the greater of:

13            1.     The service retirement allowance payable under G.S. 128-  
14              27(b16)(1)a. reduced by one-third of one percent (1/3 of  
15              1%) thereof for each month by which his retirement date  
16              precedes the first day of the month coincident with or next  
17              following the month the member would have attained his  
18              55th birthday; or

19            2.     The service retirement allowance as computed under G.S.  
20              128-27(b16)(1)a. reduced by five percent (5%) times the  
21              difference between 30 years and his creditable service at  
22              retirement.

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

26           a.     If the member's service retirement date occurs on or after his  
27                65th birthday upon the completion of five years of creditable  
28                service or after the completion of 30 years of creditable service  
29                or on or after his 60th birthday upon the completion of 25 years  
30                of creditable service, the allowance shall be equal to one and  
31                seventy-six hundredths percent (1.76%) of his average final  
32                compensation, multiplied by the number of years of creditable  
33                service.

34           b.     If the member's service retirement date occurs after his 60th  
35                birthday and before his 65th birthday and prior to his completion  
36                of 25 years or more of creditable service, his retirement  
37                allowance shall be computed as in G.S. 128-27(b16)(2)a. but  
38                shall be reduced by one-quarter of one percent (1/4 of 1%)  
39                thereof for each month by which his retirement date precedes the  
40                first day of the month coincident with or next following his 65th  
41                birthday.

42           c.     If the member's early service retirement date occurs on or after  
43                his 50th birthday and before his 60th birthday and after

1 completion of 20 years of creditable service but prior to the  
2 completion of 30 years of creditable service, his early service  
3 retirement allowance shall be equal to the greater of:

- 4 1. The service retirement allowance as computed under G.S.  
5 128-27(b16)(2)a. but reduced by the sum of five-twelfths  
6 of one percent (5/12 of 1%) thereof for each month by  
7 which his retirement date precedes the first day of the  
8 month coincident with or next following the month the  
9 member would have attained his 60th birthday, plus one-  
10 quarter of one percent (1/4 of 1%) thereof for each month  
11 by which his 60th birthday precedes the first day of the  
12 month coincident with or next following his 65th birthday;  
13 or
- 14 2. The service retirement allowance as computed under G.S.  
15 128-27(b16)(2)a. reduced by five percent (5%) times the  
16 difference between 30 years and his creditable service at  
17 retirement; or
- 18 3. If the member's creditable service commenced prior to  
19 July 1, 1995, the service retirement allowance equal to the  
20 actuarial equivalent of the allowance payable at the age of  
21 60 years as computed in G.S. 128-27(b16)(2)b.

22 d. Notwithstanding the foregoing provisions, any member whose  
23 creditable service commenced prior to July 1, 1965, shall not  
24 receive less than the benefit provided by G.S. 128-27(b)."

25 (i) G.S. 128-27 is amended by adding two new subsections to read:

26 "(ss) From and after July 1, 1997, the retirement allowance to or on account of  
27 beneficiaries whose retirement commenced on or before July 1, 1996, shall be increased  
28 by four percent (4%) of the allowance payable on June 1, 1997, in accordance with G.S.  
29 128-27(k). Furthermore, from and after July 1, 1997, the retirement allowance to or on  
30 account of beneficiaries whose retirement commenced after July 1, 1996, but before June  
31 30, 1997, shall be increased by a prorated amount of four percent (4%) of the allowance  
32 payable as determined by the Board of Trustees based upon the number of months that a  
33 retirement allowance was paid between July 1, 1996, and June 30, 1997.

34 (tt) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1997. –  
35 From and after July 1, 1997, the retirement allowance to or on account of beneficiaries on  
36 the retirement rolls as of June 1, 1997, shall be increased by two and three-tenths percent  
37 (2.3 %) of the allowance payable on June 1, 1997. This allowance shall be calculated on  
38 the allowance payable and in effect on June 30, 1997, so as not to be compounded on any  
39 other increase payable under subsection (k) of this section or otherwise granted by act of  
40 the 1997 General Assembly."

41 (j) G.S 128-27(m) reads as rewritten:

42 "(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the  
43 principal beneficiary designated to receive a return of accumulated contributions shall

1 have the right to elect to receive in lieu thereof the reduced retirement allowance  
2 provided by Option two of subsection (g) above computed by assuming that the member  
3 had retired on the first day of the month following the date of his death, provided that all  
4 three of the following conditions apply:

- 5 (1) a. The member had attained such age and/or creditable service to be  
6 eligible to commence retirement with an early or service retirement  
7 allowance, or  
8 b. The member had obtained 20 years of creditable service in which  
9 case the retirement allowance shall be computed in accordance  
10 with ~~G.S. 128-27(b15)(1)b.~~ G.S. 128-27(b16)(1)b. or ~~G.S. 128-~~  
11 ~~27(b15)(2)c.,~~ G.S. 128-27(b16)(2)c., notwithstanding the  
12 requirement of obtaining age 50.  
13 (2) The member had designated as the principal beneficiary to receive a  
14 return of his accumulated contributions one and only one person who is  
15 living at the time of his death.  
16 (3) The member had not instructed the Board of Trustees in writing that he  
17 did not wish the provisions of this subsection apply.

18 For the purpose of this benefit, a member is considered to be in service at the date of  
19 his death if his death occurs within 180 days from the last day of his actual service. The  
20 last day of actual service shall be determined as provided in subsection (l) of this  
21 section. Upon the death of a member in service, the surviving spouse may make all  
22 purchases for creditable service as provided for under this Chapter for which the member  
23 had made application in writing prior to the date of death, provided that the date of death  
24 occurred prior to or within 60 days after notification of the cost to make the purchase."  
25

26 Requested by: Representatives Holmes, Creech, Esposito, Crawford, Daughtry  
27 **INCREASE THE MONTHLY BENEFITS FROM THE NORTH CAROLINA**  
28 **FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND**

29 Section 30.18A. (a) G.S. 58-86-55 reads as rewritten:

30 "**§ 58-86-55. Monthly pensions upon retirement.**

31 Any member who has served 20 years as an 'eligible fireman' or 'eligible rescue squad  
32 worker' in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30,  
33 and who has attained the age of 55 years is entitled to be paid a monthly pension from  
34 this fund. The monthly pension shall be in the amount of ~~one hundred thirty-five dollars~~  
35 ~~(\$135.00)~~ one hundred forty-one dollars (\$141.00) per month. Any retired fireman  
36 receiving a pension of ~~one hundred ten dollars (\$110.00)~~ per month shall, effective July  
37 1, ~~1995, 1997,~~ receive a pension of ~~one hundred thirty-five dollars (\$135.00)~~ one hundred  
38 forty-one dollars (\$141.00) per month.

39 Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and  
40 G.S. 58-86-40 for a period of no longer than 20 years. No 'eligible rescue squad member'  
41 shall receive a pension prior to July 1, 1983. No member shall be entitled to a pension  
42 hereunder until the member's official duties as a fireman or rescue squad worker for

1 which the member is paid compensation shall have been terminated and the member shall  
2 have retired as such according to standards or rules fixed by the board of trustees.

3 A member who is totally and permanently disabled while in the discharge of the  
4 member's official duties as a result of bodily injuries sustained or as a result of extreme  
5 exercise or extreme activity experienced in the course and scope of those official duties  
6 and who leaves the fire or rescue squad service because of this disability shall be entitled  
7 to be paid from the fund a monthly benefit in an amount of ~~one hundred thirty-five~~  
8 ~~dollars (\$135.00)~~ one hundred forty-one dollars (\$141.00) per month beginning the first  
9 month after the member's fifty-fifth birthday. All applications for disability are subject to  
10 the approval of the board who may appoint physicians to examine and evaluate the  
11 disabled member prior to approval of the application, and annually thereafter. Any  
12 disabled member shall not be required to make the monthly payment of ten dollars  
13 (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

14 A member who is totally and permanently disabled for any cause, other than line of  
15 duty, who leaves the fire or rescue squad service because of this disability and who has at  
16 least 10 years of service with the pension fund, may be permitted to continue making a  
17 monthly contribution of ten dollars (\$10.00) to the fund until the member has made  
18 contributions for a total of 240 months. The member shall upon attaining the age of 55  
19 years be entitled to receive a pension as provided by this section. All applications for  
20 disability are subject to the approval of the board who may appoint physicians to examine  
21 and evaluate the disabled member prior to approval of the application and annually  
22 thereafter.

23 A member who, because his residence is annexed by a city under Part 2 or Part 3 of  
24 Article 4 of Chapter 160A of the General Statutes, or whose department is closed because  
25 of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the  
26 General Statutes, and because of such annexation is unable to perform as a fireman of any  
27 status, and if the member has at least 10 years of service with the pension fund, may be  
28 permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund  
29 until the member has made contributions for a total of 240 months. The member upon  
30 attaining the age of 55 years and completion of such contributions shall be entitled to  
31 receive a pension as provided by this section. Any application to make monthly  
32 contributions under this section shall be subject to a finding of eligibility by the Board of  
33 Trustees upon application of the member.

34 The pensions provided shall be in addition to all other pensions or benefits under any  
35 other statutes of the State of North Carolina or the United States, notwithstanding any  
36 exclusionary provisions of other pensions or retirement systems provided by law."

37 (b) It is the intent of the General Assembly to provide cost-of-living increases  
38 to members and retirees of the Firemen's and Rescue Squad Workers' Pension Fund at a  
39 rate equal to any cost-of-living increases provided to beneficiaries of the Teachers' and  
40 State Employees' Retirement System, to the extent that funds are available.

41  
42 Requested by: Representatives Holmes, Creech, Esposito, Crawford

43 **SALARY-RELATED CONTRIBUTIONS/EMPLOYERS**

1 Section 30.19. (a) Required employer salary-related contributions for  
2 employees whose salaries are paid from department, office, institution, or agency receipts  
3 shall be paid from the same source as the source of the employees' salary. If an  
4 employee's salary is paid in part from the General Fund or Highway Fund and in part  
5 from department, office, institution, or agency receipts, required employer salary-related  
6 contributions may be paid from the General Fund or Highway Fund only to the extent of  
7 the proportionate part paid from the General Fund or Highway Fund in support of the  
8 salary of the employee, and the remainder of the employer's requirements shall be paid  
9 from the source that supplies the remainder of the employee's salary. The requirements  
10 of this section as to source of payment are also applicable to payments on behalf of the  
11 employee for hospital-medical benefits, longevity pay, unemployment compensation,  
12 accumulated leave, workers' compensation, severance pay, separation allowances, and  
13 applicable disability income and disability salary continuation benefits.

14 (b) Effective July 1, 1997, the State's employer contribution rates budgeted for  
15 retirement and related benefits as a percentage of covered salaries for the 1997-98 fiscal  
16 year are (i) ten and nine hundredths percent (10.09%) - Teachers and State Employees;  
17 (ii) fifteen and nine hundredths percent (15.09%) - State Law Enforcement Officers; (iii)  
18 nine and forty hundredths percent (9.40%) - University Employees' Optional Retirement  
19 Program; (iv) twenty-three and sixty hundredths percent (23.60%) - Consolidated Judicial  
20 Retirement System; and (v) twenty-four and fifty-eight hundredths percent (24.58%) -  
21 Legislative Retirement System. Each of the foregoing contribution rates includes two  
22 percent (2%) for hospital and medical benefits. The rate for State Law Enforcement  
23 Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The  
24 rates for Teachers and State Employees, State Law Enforcement Officers, and for the  
25 University Employees' Optional Retirement Program include fifty-two hundredths  
26 percent (0.52%) for the Disability Income Plan.

27 (c) The maximum annual employer contributions, payable monthly, by the State  
28 for each covered employee or retiree for the 1997-98 fiscal year and for the 1998-99  
29 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan  
30 are: (i) Medicare-eligible employees and retirees - one thousand three hundred twenty-  
31 one dollars (\$1,321); and (ii) Non-Medicare-eligible employees and retirees - one  
32 thousand seven hundred thirty-six dollars (\$1,736).

33  
34 Requested by: Representatives Holmes, Creech, Esposito, Crawford, Miner

35 **LOCAL EMPLOYEES PURCHASE STATE TIME/STATE EMPLOYEES**  
36 **PURCHASE LOCAL TIME**

37 Section 30.22. (a) G.S. 128-26(p)(1) reads as rewritten:

38 "(1) Notwithstanding any other provision of this Chapter, upon completion  
39 of five years of membership service, any member may purchase service  
40 previously rendered as a part-time employee of a participating employer  
41 as defined in ~~G.S. 128-21(11)~~, G.S. 128-21(11) or G.S. 135-1(11),  
42 except for temporary or part-time service rendered while a full-time  
43 student in pursuit of a degree or diploma in a degree-granting program.

1 Payment shall be made in a single lump sum in an amount equal to the  
2 full actuarial cost of providing credit for the service, together with  
3 interest and an administrative fee, as determined by the Board of  
4 Trustees on the advice of the Retirement System's actuary.  
5 Notwithstanding the provisions of G.S. 128-26(b), the Board of Trustees  
6 shall fix and determine by appropriate rules and regulations how much  
7 service in any year, as based on compensation, is equivalent to one year  
8 of service in proportion to 'earnable compensation', but in no case shall  
9 more than one year of service be creditable for all service in one year.  
10 Notwithstanding the foregoing provisions of this subdivision that  
11 provide for the purchase of service credits, the terms 'full cost', 'full  
12 liability', and 'full actuarial cost' include assumed annual post-retirement  
13 allowance increases, as determined by the Board of Trustees, from the  
14 earliest age at which a member could retire on an unreduced service  
15 allowance."

16 (b) G.S. 128-26(r) reads as rewritten:

17 "(r) Credit at Full Cost for Temporary ~~Local~~ Government Employment. –  
18 Notwithstanding any other provisions of this Chapter, any member may purchase  
19 creditable service for ~~local~~ government employment when classified as a temporary  
20 employee subject to the conditions that:

- 21 (1) The member was employed by an employer as defined in ~~G.S. 128-~~  
22 ~~21(11);~~ G.S. 128-21(11) or G.S. 135-1(11);
- 23 (2) The member's temporary employment met all other requirements of  
24 ~~G.S. 128-21(10);~~ G.S. 128-21(10) or G.S. 135-1(10) or (25);
- 25 (3) The member has completed five years or more of membership service;
- 26 (4) The member acquires from the employer such certifications of  
27 temporary employment as are required by the Board of Trustees; and
- 28 (5) The member makes a lump sum payment into the Annuity Savings Fund  
29 equal to the full liability of the service credits calculated on the basis of  
30 the assumptions used for purposes of the actuarial valuation of the  
31 retirement system's liabilities, and the calculation of the amount payable  
32 shall take into account the retirement allowance arising on account of  
33 the additional service credit commencing at the earliest age at which the  
34 member could retire on an unreduced retirement allowance, as  
35 determined by the Board of Trustees upon the advice of the actuary,  
36 plus an administrative fee to be determined by the Board of Trustees.  
37 Notwithstanding the foregoing provisions of this subdivision that  
38 provide for the purchase of service credits, the terms 'full cost', 'full  
39 liability', and 'full actuarial cost' include assumed annual post-retirement  
40 allowance increases, as determined by the Board of Trustees, from the  
41 earliest age at which a member could retire on an unreduced service  
42 allowance."

43 (c) G.S. 135-4(p1)(1) reads as rewritten:



1           "(1) Notwithstanding any other provision of this Chapter, upon completion  
2 of five years of membership service, any member may purchase service  
3 previously rendered as a part-time teacher or employee of ~~the State, an~~  
4 employer as defined in G.S. 135-1(11) or G.S. 128-21(11), except for  
5 temporary or part-time service rendered while a full-time student in  
6 pursuit of a degree or diploma in a degree-granting program. Payment  
7 shall be made in a single lump sum in an amount equal to the full  
8 actuarial cost of providing credit for the service, together with interest  
9 and an administrative fee, as determined by the Board of Trustees on the  
10 advice of the Retirement System's actuary. Notwithstanding the  
11 provisions of G.S. 135-4(b), the Board of Trustees shall fix and  
12 determine by appropriate rules and regulations how much service in any  
13 year, as based on compensation, is equivalent to one year of service in  
14 proportion to 'earnable compensation', but in no case shall more than  
15 one year of service be creditable for all service in one year. Service  
16 rendered for the regular school year in any district shall be equivalent to  
17 one year's service. Notwithstanding the foregoing provisions of this  
18 subdivision that provide for the purchase of service credits, the terms  
19 'full cost', 'full liability', and 'full actuarial cost' include assumed annual  
20 post-retirement allowance increases, as determined by the Board of  
21 Trustees, from the earliest age at which a member could retire on an  
22 unreduced service allowance."

23           (d) G.S. 135-4(s) reads as rewritten:

24           "(s) Credit at Full Cost for Temporary ~~State~~-Employment. – In addition to the  
25 provisions of subsection (p) above, any member may purchase creditable service for ~~State~~  
26 employment when classified as a temporary teacher or employee subject to the conditions  
27 that the:

- 28           (1) Member was employed by an employer as defined in ~~G.S. 135-1(11);~~  
29 G.S. 135-1(11) or G.S. 128-21(11);
- 30           (2) Member's temporary employment met all other requirements of G.S.  
31 135-1(10) ~~or (25); or (25)~~, or G.S. 128-21(10);
- 32           (3) Member has completed five years or more of membership service;
- 33           (4) Member acquires from the employer such certifications of temporary  
34 employment as are required by the Board of Trustees; and
- 35           (5) Member makes a lump sum payment into the Annuity Savings Fund  
36 equal to the full liability of the service credits calculated on the basis of  
37 the assumptions used for purposes of the actuarial valuation of the  
38 Retirement System's liabilities and shall take into account the retirement  
39 allowance arising on account of the additional service credit  
40 commencing at the earliest age at which the member could retire on an  
41 unreduced retirement allowance, as determined by the Board of Trustees  
42 upon the advice of the actuary, plus an administrative expense fee to be  
43 determined by the Board of Trustees. Notwithstanding the foregoing

1 provisions of this subdivision that provide for the purchase of service  
2 credits, the terms 'full cost', 'full liability', and 'full actuarial cost' include  
3 assumed annual post-retirement allowance increases, as determined by  
4 the Board of Trustees, from the earliest age at which a member could  
5 retire on an unreduced service allowance.

6 The provisions of this subsection shall also apply to the purchase of creditable service for  
7 State employment when classified as a permanent hourly employee in accordance with  
8 G.S. 126-5(c4)."  
9

10 Requested by: Representatives Holmes, Creech, Esposito, Crawford, Hardy

11 **RETIREMENT SYSTEM TRANSFER/PROVIDE FOR MEMBERS OF THE**  
12 **CONSOLIDATED JUDICIAL RETIREMENT SYSTEM TO TRANSFER**  
13 **CREDITABLE SERVICE FROM THE TEACHERS' AND STATE EMPLOYEES'**  
14 **RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, OR**  
15 **THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM TO**  
16 **THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM.**

17 Section 30.23. (a) G.S. 128-34 is amended by adding a new subsection to read:

18 "(d) The accumulated contributions and creditable service of any member whose  
19 service as an employee has been or is terminated other than by retirement or death and  
20 who, while still a member of this Retirement System, became or becomes a member, as  
21 defined in G.S. 135-53(11), of the Consolidated Judicial Retirement System, shall be  
22 transferred from this Retirement System to the Consolidated Judicial Retirement System.  
23 In order to effect the transfer of a member's creditable service from the Local  
24 Governmental Employees' Retirement System to the Consolidated Judicial Retirement  
25 System, there shall be transferred from the Local Governmental Employees' Retirement  
26 System to the Consolidated Judicial Retirement System the sum of (i) the accumulated  
27 contributions of the member credited in the annuity savings fund; and (ii) the amount of  
28 reserve held in the Local Governmental Employees' Retirement System as a result of  
29 previous contributions by the employer on behalf of the transferring member."

30 (b) G.S. 135-28.1 is amended by adding a new subsection to read:

31 "(f) Notwithstanding the provisions of subsections (a), (b), (c), (d), and (e) of this  
32 section, the accumulated contributions and creditable service of any member whose  
33 service as a teacher or employee has been or is terminated other than by retirement or  
34 death and who, while still a member of this Retirement System, became or becomes a  
35 member, as defined in G.S. 135-53(11), of the Consolidated Judicial Retirement System,  
36 shall be transferred from this Retirement System to the Consolidated Judicial Retirement  
37 System. In order to effect the transfer of a member's creditable service from the  
38 Teachers' and State Employees' Retirement System to the Consolidated Judicial  
39 Retirement System, there shall be transferred from the Teachers' and State Employees'  
40 Retirement System to the Consolidated Judicial Retirement System the sum of (i) the  
41 accumulated contributions of the member credited in the annuity savings fund; and (ii)  
42 the amount of reserve held in the Teachers' and State Employees' Retirement System as a  
43 result of previous contributions by the employer on behalf of the transferring member."

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

3 **"§ 120-4.32. Transfer of members.**

4 The accumulated contributions and creditable service of any member whose service as  
5 a member of the General Assembly has been or is terminated other than by retirement or  
6 death and who, while still a member of this Retirement System, became or becomes a  
7 member, as defined in G.S. 135-53(11), of the Consolidated Judicial Retirement System,  
8 shall be transferred from this Retirement System to the Consolidated Judicial Retirement  
9 System. In order to effect the transfer of a member's creditable service from the  
10 Legislative Retirement System to the Consolidated Judicial Retirement System, there  
11 shall be transferred from the Legislative Retirement System to the Consolidated Judicial  
12 Retirement System the sum of (i) the accumulated contributions of the member credited  
13 in the annuity savings fund; and (ii) the amount of reserve held in the Legislative  
14 Retirement System as a result of previous contributions by the General Assembly on  
15 behalf of the transferring member."

16 (d) G.S. 135-56 is amended by adding a new subsection to read:

17 "(f) The creditable service of a member who was a member of the Legislative  
18 Retirement System, Local Governmental Retirement System, or Teachers' and State  
19 Employees' Retirement System and whose accumulated contributions and reserves are  
20 transferred from that System to this System, includes service that was creditable in the  
21 Legislative Retirement System, the Local Governmental Employees' Retirement System,  
22 or Teachers' and State Employees' Retirement System, and membership service with  
23 those Retirement Systems is membership service with this Retirement System."

24 (e) G.S. 135-56.2 is repealed.

25 (f) G.S. 135-58(a1) reads as rewritten:

26 "(a1) Any member who retires under the provisions of subsection (a) or subsection  
27 (c) of G.S. 135-57 on or after July 1, 1990, but before July 1, 1997, after he either has  
28 attained his 65th birthday or has completed 24 years or more of creditable service shall  
29 receive an annual retirement allowance, payable monthly, which shall commence on the  
30 effective date of his retirement and shall be continued on the first day of each month  
31 thereafter during his lifetime, the amount of which shall be computed as the sum of (1),  
32 (2), and (3) following, provided that in no event shall the annual allowance payable to  
33 any member be greater than an amount which, when added to the allowance, if any, to  
34 which he is entitled under the Teachers' and State Employees' Retirement System, the  
35 Legislative Retirement System or the North Carolina Local Governmental Employees'  
36 Retirement System (prior in any case to any reduction for early retirement or for an  
37 optional mode of payment) would total three-fourths of his final compensation:

- 38 (1) Four and two-hundredths percent (4.02%) of his final compensation,  
39 multiplied by the number of years of his creditable service rendered as a  
40 justice of the Supreme Court or judge of the Court of Appeals;  
41 (2) Three and fifty-two hundredths percent (3.52%) of his final  
42 compensation, multiplied by the number of years of his creditable

1 service rendered as a judge of the superior court or as administrative  
2 officer of the courts;

- 3 (3) Three and two-hundredths percent (3.02%) of his final compensation,  
4 multiplied by the number of years of his creditable service rendered as a  
5 judge of the district court, district attorney, or clerk of superior court."

6 (g) G.S. 135-58 is amended by adding a new subsection to read:

7 "(a2) Any member who retires under the provisions of subsection (a) or subsection  
8 (c) of G.S. 135-57 on or after July 1, 1997, after he either has attained his 65th birthday  
9 or has completed 24 years or more of creditable service, shall receive an annual  
10 retirement allowance, payable monthly, which shall commence on the effective date of  
11 his retirement and shall be continued on the first day of each month thereafter during his  
12 lifetime, the amount of which shall be computed as the sum of the amounts in  
13 subdivisions (1), (2), (3), (4), (5), and (6) following, provided that in no event shall the  
14 annual allowance payable to any member be greater than an amount which, prior in any  
15 case to any reduction for early retirement or for an optional mode of payment, would total  
16 three-fourths of his final compensation:

17 (1) Four and two-hundredths percent (4.02%) of his final compensation,  
18 multiplied by the number of years of his creditable service rendered as a  
19 justice of the Supreme Court or judge of the Court of Appeals;

20 (2) Three and fifty-two hundredths percent (3.52%) of his final  
21 compensation, multiplied by the number of years of his creditable  
22 service rendered as a judge of the superior court or as Administrative  
23 Officer of the Courts;

24 (3) Three and two-hundredths percent (3.02%) of his final compensation,  
25 multiplied by the number of years of his creditable service, rendered as  
26 a judge of the district court, district attorney, or clerk of superior court;

27 (4) A service retirement allowance computed in accordance with the service  
28 retirement provisions of Article 1A of Chapter 120 of the General  
29 Statutes using final compensation and creditable service equal to the  
30 number of years of the member's creditable service that was transferred  
31 from the Legislative Retirement System to this System as provided in  
32 G.S. 135-56;

33 (5) A service retirement allowance computed in accordance with the service  
34 retirement provisions of Article 3 of Chapter 128 of the General Statutes  
35 using average final compensation as defined in G.S. 128-21(5) and  
36 creditable service equal to the number of years of the member's  
37 creditable service that was transferred from the Local Governmental  
38 Employees' Retirement System to this System as provided in G.S. 135-  
39 56; and

40 (6) A service retirement allowance computed in accordance with the service  
41 retirement provisions of Article 1 of Chapter 135 of the General Statutes  
42 using average final compensation as defined in G.S. 135-53(2a) and  
43 creditable service equal to the number of years of the member's

1           creditable service that was transferred from the Teachers' and State  
2           Employees' Retirement System to this System as provided in G.S. 135-  
3           56."

4           (h) G.S. 135-60(a) reads as rewritten:

5           "(a) Upon retirement for disability in accordance with G.S. 135-59, a member shall  
6 receive a disability retirement allowance computed and payable as provided for service  
7 retirement in G.S. ~~135-58(a)~~ 135-58(a2) except that the member's creditable service shall  
8 be taken as the creditable service he would have had had he continued in service to the  
9 earliest date he could have retired on an unreduced service retirement allowance as a  
10 member in the same division of the General Court of Justice in which he was serving on  
11 his disability retirement date."

12           (i) Chapter 135 of the General Statutes is amended by adding a new section to  
13 read:

14 **"§ 135-70A. Transfer of members from the Legislative Retirement System, Local**  
15 **Governmental Employees' Retirement System, or Teachers' and State**  
16 **Employees' Retirement System.**

17           (a) The accumulated contributions, creditable service, and reserves, if any, of a  
18 former teacher, employee, or member of the General Assembly, as defined in G.S. 135-  
19 1(25), 135-1(10), 120-4.8(9), 120-4.8(12), and 128-21(10), respectively, who is a  
20 member of the Consolidated Judicial Retirement System, shall be transferred from the  
21 Teachers' and State Employees' Retirement System, the Legislative Retirement System,  
22 or the Local Governmental Employees' Retirement System to the Consolidated Judicial  
23 Retirement System. The accumulated contributions, creditable service, and reserves of  
24 any member whose service as a teacher, employee, or member of the General Assembly  
25 is terminated other than by retirement or death and who becomes a member of the  
26 Consolidated Judicial Retirement System, shall be transferred from the Teachers' and  
27 State Employees' Retirement System, the Legislative Retirement System, or the Local  
28 Governmental Employees' Retirement System to the Consolidated Judicial Retirement  
29 System. In order to effect the transfer of a member's creditable service from the  
30 Teachers' and State Employees' Retirement System, the Legislative Retirement System,  
31 or the Local Governmental Employees' Retirement System to the Consolidated Judicial  
32 Retirement System, the accumulated contributions of each member credited in the  
33 annuity savings fund in the Teachers' and State Employees' Retirement System, the  
34 Legislative Retirement System, or the Local Governmental Employees' Retirement  
35 System shall be transferred and credited to the annuity savings fund in the Consolidated  
36 Judicial Retirement System.

37           (b) The Board of Trustees shall effect such rules as it may deem necessary to  
38 administer the preceding subsection and to prevent any duplication of service credits or  
39 benefits that might otherwise occur."

40           (j) This section becomes effective July 1, 1997.

41  
42 Requested by: Representatives Holmes, Creech, Esposito, Crawford, Grady, Preston,  
43 Arnold

1 **PROVIDE A RETIREMENT INCENTIVE BY GRANTING A SEPARATION**  
2 **ALLOWANCE FOR ALL ELIGIBLE MEMBERS OF THE TEACHERS' AND**  
3 **STATE EMPLOYEES' RETIREMENT SYSTEM**

4 Section 30.24. (a) The catch line of Article 12D of Chapter 143 of the General  
5 Statutes reads as rewritten:

6 "~~Separation Allowances for Law Enforcement Officers.~~ Allowances."

7 (b) Article 12D of Chapter 143 of the General Statutes is amended by adding a  
8 new section to read:

9 **"§ 143-166.43. Special separation allowance.**

10 (a) Notwithstanding any other provision of law, any member of the Teachers' and  
11 State Employees' Retirement System who is not eligible for a special separation  
12 allowance under G.S. 143-166.41 and who qualifies under this section shall receive,  
13 beginning on the last day of the month in which the member retires on a service  
14 retirement under the provisions of G.S. 135-5(a), an annual separation allowance equal to  
15 eighty-five-hundredths percent (0.85%) of the annual equivalent of the base rate of  
16 compensation, excluding shift or holiday premium pay, overtime, annual leave, or  
17 longevity, most recently applicable to the member for each year of creditable service. The  
18 annual allowance shall be paid in 12 equal installments on the last day of each month. To  
19 qualify for the allowance the member shall:

20 (1) Have (i) completed 30 or more years of creditable service, or (ii) have  
21 attained 60 years of age and completed 25 or more years of creditable  
22 service; and

23 (2) Not have attained 62 years of age.

24 (b) As used in this section, 'creditable service' means the service for which credit is  
25 allowed under the Teachers' and State Employees' Retirement System.

26 (c) Payment to a retired member under the provisions of this section shall cease at  
27 the death of the retired member or on the last day of the month in which the retired  
28 member attains 62 years of age or upon the first day of reemployment, contractual or  
29 otherwise, by any employer as defined in G.S. 135-1(11).

30 (d) This section does not affect the benefits to which a retired member may be  
31 entitled from State, federal, or private retirement systems. The benefits payable under this  
32 section shall not be subject to any increases in salary or retirement allowances that may  
33 be authorized by the General Assembly.

34 (e) Each employer as defined in G.S. 135-1(11) shall determine the eligibility of  
35 employees for the benefits provided herein.

36 (f) The Director of the Budget may authorize from time to time the transfer of  
37 funds within the budgets of each employer necessary to carry out the purposes of this  
38 section. These funds shall be taken from those appropriated to the employer for salaries  
39 and related fringe benefits.

40 (g) The employer shall make the payments set forth in subsection (a) to those  
41 persons certified under subsection (e) from funds available under subsection (f) of this  
42 section."

43 (c) This section is effective when it becomes law and applies to persons who:

- 1 (1) Are eligible to retire under the provisions of G.S. 143-166.43(a)(1)
- 2 between July 1, 1997, and January 1, 1998;
- 3 (2) Notify their employer in writing their intentions to retire and have a
- 4 mutually agreed upon date of retirement; and
- 5 (3) Retire with an effective date of retirement no later than August 1, 1998.

## 7 PART XXXI. GENERAL CAPITAL APPROPRIATIONS/PROVISIONS

### 9 INTRODUCTION

11 Section 31. The appropriations made by the 1997 General Assembly for  
12 capital improvements are for constructing, repairing, or renovating State buildings,  
13 utilities, and other capital facilities, for acquiring sites for them where necessary, and  
14 acquiring buildings and land for State government purposes.

15  
16 Requested by: Representatives Russell, G. Wilson

### 17 CAPITAL IMPROVEMENT PLANNING AND BUDGETING

18 Section 31A. Chapter 143 of the General Statutes is amended by adding a new  
19 Article to read:

#### 20 "ARTICLE 1A.

#### 21 "CAPITAL IMPROVEMENT PLANNING AND BUDGETING ACT.

#### 22 "§ 143-34.8. Definitions.

23 The following definitions apply in this Article:

- 24 (1) Capital improvement. – The term includes land acquisition, new
- 25 construction, or rehabilitation of existing facilities, and repairs and
- 26 renovations.
- 27 (2) State agency. – The term includes the Board of Governors of The
- 28 University of North Carolina.

#### 29 "§ 143-34.8A. Legislative intent; purpose.

30 (a) The General Assembly recognizes the need to establish a comprehensive

31 process for capital improvement planning that is fully integrated with State financial

32 planning and debt management.

33 (b) The capital improvement planning and budgeting process shall include the

34 following elements:

- 35 (1) An inventory of facilities owned by State agencies.
- 36 (2) Explicit criteria used to evaluate capital improvement needs.
- 37 (3) A six-year capital improvement needs inventory.
- 38 (4) A six-year capital improvement plan.
- 39 (5) A two-year capital improvement budget.

40 (c) The Office of State Budget and Management has responsibility for

41 management of the capital improvement planning and budgeting process. The Director

42 of the Budget may assign to any State agency or institution such duties and

1 responsibilities as may in the Director's judgment be necessary to the successful  
2 administration of the capital improvement planning and budgeting process.

3 **"§ 143-34.8B. Capital improvement facilities inventory.**

4 The Department of Administration shall develop and maintain an automated inventory  
5 of all facilities owned by State agencies pursuant to G.S. 143-341(4). The inventory shall  
6 include the location, occupying agency, ownership, size, description, condition  
7 assessment, maintenance record, parking and employee facilities, and other information  
8 to determine maintenance needs and prepare life-cycle cost evaluations of each facility  
9 listed in the inventory. The Department of Administration shall update and publish the  
10 inventory at least once every three years. The Department shall also record in the  
11 inventory acquisitions of new facilities and significant changes in existing facilities as  
12 they occur.

13 **"§ 143-34.8C. Capital improvement needs criteria.**

14 The Office of State Budget and Management shall develop a weighted list of factors  
15 that may be used to evaluate the need for capital improvement projects. The list shall  
16 include all of the following:

- 17 (1) Preservation of existing facilities.
- 18 (2) Health and safety considerations.
- 19 (3) Operational efficiencies.
- 20 (4) Increased demand for governmental services.

21 **"§ 143-34.8D. Agency capital improvement needs estimates.**

22 (a) On or before September 1 of each even-numbered year, each State agency shall  
23 submit to the Office of State Budget and Management and to the Division of Fiscal  
24 Research a six-year capital improvement needs estimate. This estimate shall describe the  
25 agency's anticipated capital needs for each year of the six-year planning period. Capital  
26 improvement needs estimates shall be shown in two parts.

27 (b) The first part of the capital improvement needs estimates shall include only  
28 requirements for repairs and renovations necessary to maintain the existing use of  
29 existing facilities. Each proposed repair and renovation expenditure shall be justified by  
30 reference to the Facilities Condition Assessment Program operated by the Office of State  
31 Construction.

32 (c) The second part of the capital improvement needs estimates shall include only  
33 proposals for land acquisition and projects involving either construction of new facilities  
34 or rehabilitation of existing facilities to accommodate uses for which the existing  
35 facilities were not originally designed. Each project included in this part shall be justified  
36 by reference to the needs evaluation criteria established by the Office of State Budget and  
37 Management pursuant to G.S. 143-34.8C.

38 **"§ 143-34.8E. Six-year capital improvement plan.**

39 (a) The State capital improvement plan shall address the long-term capital  
40 improvement needs of all State government agencies and shall incorporate all capital  
41 projects, however financed, proposed to meet those needs, except that transportation  
42 infrastructure projects shall be excluded. On or before December 31 of each even-  
43 numbered year, the Director of the Budget shall prepare and transmit to the General



1 Assembly a six-year capital improvement plan. When preparing the plan, the Director of  
2 the Budget shall consider the capital improvement needs estimates submitted by State  
3 agencies as required in G.S. 143-34.8D. The plan shall be prepared in two parts.

4 (b) The first part of the capital improvement plan shall set forth repair and  
5 renovations requirements that, in the judgment of the Director of the Budget, must be met  
6 to protect and preserve existing capital improvement facilities. General Fund expenditure  
7 levels anticipated in this part of the plan shall be consistent with the formula establishing  
8 the repair and renovation reserve in G.S. 143-15.3A.

9 (c) The second part of the capital improvement plan shall set forth an integrated  
10 schedule for land acquisition, new construction, or rehabilitation of existing facilities that,  
11 in the judgment of the Director of the Budget, should be initiated within each year of the  
12 six-year planning period. The plan shall contain an estimated schedule for each project,  
13 along with estimates of planning, design, and construction cost. General Fund  
14 expenditure levels anticipated in this part of the plan shall approximate two percent (2%)  
15 of General Fund tax revenues for each year of the planning period.

16 **"§ 143-34.8F. Biennial capital improvement budget.**

17 (a) The Director of the Budget shall submit to the General Assembly a biennial  
18 capital improvement budget as a separate component of the budget report required by  
19 G.S. 143-11. Except as provided by G.S. 116-11, the capital improvement budget shall  
20 set forth a complete description of those land acquisitions, new construction projects, and  
21 reconstruction projects recommended for funding during each year of the succeeding  
22 biennium. The capital improvement budget shall also contain the following information:

23 (1) For each project recommended, a justification for funding based upon  
24 the capital needs criteria set forth in G.S. 143-34.8C.

25 (2) For each project recommended, a detailed account of planning, design,  
26 and construction costs.

27 (3) For each new construction project, complete life-cycle cost information.

28 (4) For each new construction project, the estimated impact on agency  
29 operating budgets.

30 (b) To the extent that projects recommended for funding in the biennial capital  
31 improvements budget differ from those identified and scheduled in the first two years of  
32 the six-year capital improvement plan established in G.S. 143-34.8E, the reasons for that  
33 variance shall be explained."

34  
35 Requested by: Representatives Russell, G. Wilson

36 **HISTORIC SITES REPAIRS AND RENOVATIONS FUNDS**

37 Section 31.1. (a) Funds allocated in this act to the Office of State Budget and  
38 Management for the Repairs and Renovations Fund may be used to make needed repairs  
39 and renovations at the State Historic Sites.

40 (b) There is established the Historic Sites Repairs and Renovations Review  
41 Committee. The Committee shall consist of the following members: The three cochairs  
42 of the Senate Appropriations and Base Budget Committee and the four cochairs of the  
43 House of Representatives Appropriations Committee. The Office of State Budget and

1 Management shall submit its proposal for the use of funds from the Repairs and  
2 Renovations Fund for Historic Sites to the Committee before submitting the proposal to  
3 the Joint Legislative Commission on Governmental Operations in accordance with this  
4 act.

5  
6 Requested by: Representatives Russell, G. Wilson

7 **STATE CAPITAL AND VISITOR'S CENTER SITE**

8 Section 31.2. The new State Capital and Visitor Center being planned for  
9 construction shall be located at the site bounded by Blount Street, Edenton Street, Person  
10 Street, and Jones Street in Raleigh, unless that construction site is unacceptable for  
11 structural reasons.

12  
13 Requested by: Representatives Russell, G. Wilson

14 **RESERVE FOR ADVANCE PLANNING**

15 Section 31.3. The Office of State Budget and Management shall report to the  
16 Joint Legislative Commission on Governmental Operations and to the Fiscal Research  
17 Division on how it intends to spend funds from the Reserve for Advance Planning at least  
18 45 days before it spends the funds.

19 The Office of State Budget and Management shall also report the results of  
20 any project on which it uses funds from the Reserve for Advance Planning to the Joint  
21 Legislative Commission on Governmental Operations and to the Fiscal Research  
22 Division.

23  
24 Requested by: Representatives Russell, G. Wilson

25 **ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUND**

26 Section 31.4. When each capital improvement project appropriated by the  
27 1997 General Assembly, other than those projects under the Board of Governors of The  
28 University of North Carolina, is placed under a construction contract, direct  
29 appropriations shall be encumbered to include all costs for construction, design,  
30 investigation, administration, movable equipment, and a reasonable contingency.  
31 Unencumbered direct appropriations remaining in the project budget shall be placed in a  
32 project reserve fund credited to the Office of State Budget and Management. Funds in  
33 the project reserve may be used for emergency repair and renovation projects at State  
34 facilities with the approval of the Director of the Budget. The project reserve fund may  
35 be used, at the discretion of the Director of the Budget, to allow for award of contracts  
36 where bids exceed appropriated funds, if those projects supplemented were designed  
37 within the scope intended by the applicable appropriation or any authorized change in it,  
38 and if, in the opinion of the Director of the Budget, all means to award contracts within  
39 the appropriation were reasonably attempted. At the discretion of the Director of the  
40 Budget, any balances in the project reserve fund shall revert to the original source.

41  
42 Requested by: Representatives Russell, G. Wilson

43 **PROJECT COST INCREASE**

1           Section 31.5.     Upon the request of the administration of a State agency,  
2 department, or institution, the Director of the Budget may, when in the Director's opinion  
3 it is in the best interest of the State to do so, increase the cost of a capital improvement  
4 project. Provided, however, that if the Director of the Budget increases the cost of a  
5 project, the Director shall report that action to the Joint Legislative Commission on  
6 Governmental Operations at its next meeting. The increase may be funded from gifts,  
7 federal or private grants, special fund receipts, excess patient receipts above those  
8 budgeted at University of North Carolina Hospitals at Chapel Hill, or direct capital  
9 improvement appropriations to that department or institution.

10  
11 Requested by: Representatives Russell, G. Wilson

#### 12 **NEW PROJECT AUTHORIZATION**

13           Section 31.6.     Upon the request of the administration of any State agency,  
14 department, or institution, the Governor may authorize the construction of a capital  
15 improvement project not specifically authorized by the General Assembly if such project  
16 is to be funded by gifts, federal or private grants, special fund receipts, excess patient  
17 receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill,  
18 or self-liquidating indebtedness. Provided, however, that if the Director of the Budget  
19 authorizes the construction of such a capital improvement project, the Director shall  
20 report that action to the Joint Legislative Commission on Governmental Operations at its  
21 next meeting.

22  
23 Requested by: Representatives Russell, G. Wilson

#### 24 **ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS**

25           Section 31.7.     Funds that become available by gifts, excess patient receipts  
26 above those budgeted at University of North Carolina Hospitals at Chapel Hill, federal or  
27 private grants, receipts becoming a part of special funds by act of the General Assembly  
28 or any other funds available to a State department or institution may be utilized for  
29 advance planning through the working drawing phase of capital improvement projects,  
30 upon approval of the Director of the Budget. The Director of the Budget may make  
31 allocations from the Advance Planning Fund for advance planning through the working  
32 drawing phase of capital improvement projects, except that this revolving fund shall not  
33 be utilized by the Board of Governors of The University of North Carolina or the State  
34 Board of Community Colleges.

35  
36 Requested by: Representatives Russell, G. Wilson

#### 37 **APPROPRIATIONS LIMITS/REVERSION OR LAPSE**

38           Section 31.8.     Except as permitted in previous sections of this act, the  
39 appropriations for capital improvements made by the 1997 General Assembly may be  
40 expended only for specific projects set out by the 1997 General Assembly and for no  
41 other purpose. Construction of all capital improvement projects enumerated by the 1997  
42 General Assembly shall be commenced, or self-liquidating indebtedness with respect to  
43 them shall be incurred, within 12 months following the first day of the fiscal year in

1 which the funds are available. If construction contracts on those projects have not been  
2 awarded or self-liquidating indebtedness has not been incurred within that period, the  
3 direct appropriation for those projects shall revert to the original source, and the self-  
4 liquidating appropriation shall lapse; except that direct appropriations may be placed in a  
5 reserve fund as authorized in this act. This deadline with respect to both direct and self-  
6 liquidating appropriations may be extended with the approval of the Director of the  
7 Budget up to an additional 12 months if circumstances and conditions warrant such  
8 extension.

9  
10 Requested by: Representatives Russell, G. Wilson

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

13 Section 31.9. Of the funds in the Reserve for Repairs and Renovations for the  
14 1997-98 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors  
15 of The University of North Carolina for repairs and renovations pursuant to G.S. 143-  
16 15.3A, in accordance with guidelines developed in The University of North Carolina  
17 Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the  
18 Board of Governors of The University of North Carolina, and fifty-four percent (54%)  
19 shall be allocated to the Office of State Budget and Management for repairs and  
20 renovations pursuant to G.S. 143-15.3A.

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

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

34  
35 Requested by: Representatives Russell, G. Wilson

36 **HIGHWAY PATROL-UNDERGROUND FUEL TANK REMOVAL AND**  
37 **REMEDATION FUNDS**

38 Section 31.10. Notwithstanding any other provision of law, of the unreserved  
39 credit balance in the Highway Fund available on July 1, 1997, six hundred fifty thousand  
40 dollars (\$650,000) shall be used for the removal and replacement of underground fuel  
41 storage tanks located at various State Highway Patrol installations across the State.

42  
43 Requested by: Representatives Russell, G. Wilson

**PROCEDURES FOR DISBURSEMENT**

Section 31.11. The appropriations made by the 1997 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency, until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 1997 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 1997 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Representatives Russell, G. Wilson

**WATER RESOURCES DEVELOPMENT PROJECTS FUNDS**

Section 31.12. (a) The Department of Environment, Health, and Natural Resources shall allocate the funds appropriated in Section 2A of this act for water resources development projects to the following projects whose estimated costs are as indicated:

	<u>Name of Project</u>	
1.	B. Everett Jordan Water Supply Repayment	\$ 90,000
2.	Wilmington Harbor Maintenance Dredging	455,000
3.	Wilmington Harbor Long-Term Disposal	1,000,000

1	4.	Carolina Beach Renourishment	1,148,000
2			
3	5.	Wrightsville Beach Renourishment	500,000
4			
5	6.	State - Local Water Projects	828,100
6			
7	7.	Long Beach Sea Turtle Habitat Restoration	994,000
8			
9	8.	Clinton Wastewater Treatment Plant	84,000
10		Flood Protection	
11			
12	9.	AIWW Easement Acquisition	100,000
13			
14	10.	Corp of Engineers Feasibility Studies	230,000
15			
16	11.	Emergency Flood Control Projects	134,000
17			
18	12.	Natural Resources Conservation Service-	500,000
19		Yadkin County	
20		TOTAL \$6,063,100	
21			

22 (b) Where the actual costs are different from the estimated costs under subsection  
23 (a) of this section, the Department may adjust the allocations among projects as needed.  
24 If any projects listed in subsection (a) of this section are delayed and the budgeted State  
25 funds cannot be used during the 1997-98 fiscal year, or if the projects listed in subsection  
26 (a) of this section are accomplished at a lower cost, the Department may use the resulting  
27 fund availability to fund any of the following:

- 28 (1) Corps of Engineers project feasibility studies.
  - 29 (2) Corps of Engineers projects whose schedules have advanced and require  
30 State matching funds in fiscal year 1997-98.
  - 31 (3) State-local Water Resources Development Projects.
- 32 Funds not expended or encumbered for these purposes shall revert to the  
33 General Fund at the end of the 1998-99 fiscal year.

34 (c) The Department shall make quarterly reports on the use of these funds to the  
35 Joint Legislative Commission on Governmental Operations, the Fiscal Research  
36 Division, and the Office of State Budget and Management. Each report shall include all  
37 of the following:

- 38 (1) All projects listed in this section.
- 39 (2) The estimated cost of each project.
- 40 (3) The date that work on each project began or is expected to begin.
- 41 (4) The date that work on each project was completed or is expected to be  
42 completed.
- 43 (5) The actual cost of each project.

1 The quarterly reports shall also show those projects advanced in schedule,  
2 those projects delayed in schedule, and an estimate of the amount of funds expected to  
3 revert to the General Fund.

4  
5 Requested by: Representatives Russell, G. Wilson

6 **CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING**  
7 **APPROVAL/REPORTING REQUIREMENT**

8 Section 31.13. Each department receiving capital improvement authorizations  
9 under this act shall report quarterly to the Director of the Budget on the status of those  
10 capital projects. The quarterly report shall include a full justification for any project that  
11 is not under contract for construction consistent with the project schedule approved by  
12 the Office of State Construction. The reporting procedure to be followed shall be  
13 developed by the Director of the Budget.

14 Capital improvement projects authorized in this act that have not been placed  
15 under contract for construction due to insufficient funds may be supplemented with funds  
16 identified by the Director of the Budget, provided:

- 17 (1) That the project was designed and bid within the scope as authorized by  
18 the General Assembly;
- 19 (2) That the funds to supplement the project are the same source as  
20 authorized for the original project;
- 21 (3) That the department to which the project was authorized has  
22 unsuccessfully pursued all statutory authorizations to award the  
23 contract; and
- 24 (4) That the action be reported to the Joint Legislative Commission on  
25 Governmental Operations and to the Appropriations Committees of the  
26 House of Representatives and the Senate.

27  
28 Requested by: Representatives Russell, G. Wilson

29 **PUBLICATION OF AVAILABILITY OF STATE GRANT-IN-AID FUNDS**

30 Section 31.14. (a) Chapter 143 of the General Statutes is amended by adding the  
31 following new section to read:

32 **"§ 143-6.2. State agencies to publish availability of State grants-in-aid funds.**

33 Every State agency that administers grants-in-aid to non-State entities shall publicize  
34 in the North Carolina Register and in the North Carolina Community Resource  
35 Information System the availability of State grants-in-aid funds. Information shall be  
36 made available on the Internet and shall be updated as frequently as practical.  
37 Information publicized shall include the following:

- 38 (1) The name of the grants-in-aid program, the purposes of the program,  
39 and the purposes for which funds will be allocated under the program;
- 40 (2) General requirements for applying for and receiving grants-in-aid funds,  
41 including reporting requirements;

- 1           (3)   The total amount of funds appropriated for the grants-in-aid program  
2           and the amount of grant funds that may be awarded to each grant  
3           recipient;
- 4           (4)   Methods that will be used by the granting agency for evaluating grant  
5           applications and the criteria for the selection of grant projects; and
- 6           (5)   The name and telephone number of the agency representative who may  
7           be contacted for a grant application or for additional information.

8           The granting agency shall make available upon request a list of all non-State entities  
9           awarded grants-in-aid funds by the agency during the current and immediately preceding  
10           fiscal year. No State grants-in-aid funds shall be disbursed unless the State agency  
11           administering the grants-in-aid program has publicized the information required under  
12           this section. As used in this section, 'grants-in-aid funds' are funds appropriated to a State  
13           agency or reserved to a State trust fund for discretionary allocation for authorized  
14           purposes. This section does not apply to non-State entities that receive direct  
15           appropriations from the General Assembly.

16           The granting agency shall require each grant-in-aid recipient to report to the agency at  
17           least one time during or at the close of the funding cycle on the purposes for which grant  
18           funds were expended and the amount expended for each purpose."

19           (b) G.S. 150B-21.17(a) reads as rewritten:

20           "(a) Content. – The Codifier of Rules must publish the North Carolina Register.  
21           The North Carolina Register must be published at least two times a month and must  
22           contain the following:

- 23           (1)   Temporary rules entered in the North Carolina Administrative Code.
- 24           (1a)   Notices of rule-making proceedings, the text of proposed rules, and the  
25           text of permanent rules approved by the Commission.
- 26           (2)   Notices of receipt of a petition for municipal incorporation, as required  
27           by G.S. 120-165.
- 28           (3)   Executive orders of the Governor.
- 29           (4)   Final decision letters from the United States Attorney General  
30           concerning changes in laws that affect voting in a jurisdiction subject to  
31           section 5 of the Voting Rights Act of 1965, as required by G.S. 120-  
32           30.9H.
- 33           (5)   Orders of the Tax Review Board issued under G.S. 105-241.2.
- 34           (5a)   Information on State grant programs in accordance with G.S. 143-6.2.
- 35           (6)   Other information the Codifier determines to be helpful to the public."

36  
37           Requested by: Representatives Russell, G. Wilson, McMahan

#### 38           **UNIFORM FINANCIAL ACCOUNTABILITY**

39           Section 31.15. G.S. 143-6.1 reads as rewritten:

#### 40           **"§ 143-6.1. Report on use of State funds by non-State entities.**

41           (a) Disbursement and Use of State Funds. – Every corporation, organization, and  
42           institution that receives, uses, or expends any State funds shall use or expend the funds  
43           only for the purposes for which they were appropriated by the General Assembly or



1 collected by the State. State funds include federal funds that flow through the State. For  
2 the purposes of this section, the term "grantee" means a corporation, organization, or  
3 institution that receives, uses, or expends any State funds. The State may not disburse  
4 State funds appropriated by the General Assembly to any grantee or collected by the State  
5 for use by any grantee if that grantee has failed to provide any reports or financial  
6 information previously required by this section. In addition, before disbursing the funds,  
7 the Office of State Budget and Management may require the grantee to supply  
8 information demonstrating that the grantee is capable of managing the funds in  
9 accordance with law and has established adequate financial procedures and controls. All  
10 financial statements furnished to the State Auditor pursuant to this section, and any audits  
11 or other reports prepared by the State Auditor, are public records.

12 (b) State Agency Reports. – A State agency that receives State funds and then  
13 disburses the State funds to a grantee must identify the grantee to the State Auditor,  
14 unless the funds were for the purchase of goods and services. The State agency must  
15 submit documents to the State Auditor in a prescribed format describing standards of  
16 compliance and suggested audit procedures sufficient to give adequate direction to  
17 independent auditors performing audits.

18 (c) Grantee Receipt and Expenditure Reports. – A grantee that receives, uses, or  
19 expends between fifteen thousand dollars (\$15,000) and ~~one hundred thousand dollars~~  
20 ~~(\$100,000)~~ three hundred thousand dollars (\$300,000) in State funds annually, except  
21 when the funds are for the purchase of goods or services, must file annually with the  
22 State agency that disbursed the funds a sworn accounting of receipts and expenditures of  
23 the State funds. This accounting must be attested to by the treasurer of the grantee and  
24 one other authorizing officer of the grantee. The accounting must be filed within six  
25 months after the end of the grantee's fiscal year in which the State funds were received.  
26 The accounting shall be in the form required by the disbursing agency. Each State agency  
27 shall develop a format for these accountings and shall obtain the State Auditor's approval  
28 of the format.

29 (d) Grantee Audit Reports. – A grantee that receives, uses, or expends State funds  
30 in the amount of ~~one hundred thousand dollars (\$100,000)~~ three hundred thousand dollars  
31 (\$300,000) or more annually, except when the funds are for the purchase of goods or  
32 services, must file annually with the State Auditor a financial statement in the form and  
33 on the schedule prescribed by the State Auditor. The financial statement must be audited  
34 in accordance with standards prescribed by the State Auditor to assure that State funds  
35 are used for the purposes provided by law.

36 (e) Federal Reporting Requirements. – Federal law may require a grantee to make  
37 additional reports with respect to funds for which reports are required under this section.  
38 Notwithstanding the provisions of this section, a grantee may satisfy the reporting  
39 requirements of subsection (c) of this section by submitting a copy of the report required  
40 under federal law with respect to the same funds or by submitting a copy of the report  
41 described in subsection (d) of this section.

42 (f) Audit Oversight. – The State Auditor has audit oversight, pursuant to Article  
43 5A of Chapter 147 of the General Statutes, of every grantee that receives, uses, or

1 expends State funds. Such a grantee must, upon request, furnish to the State Auditor for  
2 audit all books, records, and other information necessary for the State Auditor to account  
3 fully for the use and expenditure of State funds. The grantee must furnish any additional  
4 financial or budgetary information requested by the State Auditor."

5  
6 Requested by: Representative Sherrill

#### 7 **UNC-A HIGHSMITH CENTER FUNDS**

8 Section 31.16. If private funds are acquired to supplant the appropriation made  
9 in Section 2A of this act to the Board of Governors of the University of North Carolina  
10 for the Asheville Graduate Center Phase II, with the approval of the Board of Governors  
11 of The University of North Carolina, the Chancellor of the University of North Carolina  
12 at Asheville may reallocate these funds to be used for renovation of and expansion to the  
13 Highsmith Center at the University of North Carolina at Asheville.

#### 14 15 **PART XXXII. MISCELLANEOUS PROVISIONS**

16  
17 Requested by: Representatives Holmes, Creech, Esposito, Crawford

#### 18 **EXECUTIVE BUDGET ACT APPLIES**

19 Section 32. The provisions of the Executive Budget Act, Chapter 143, Article  
20 1 of the General Statutes, are reenacted and shall remain in full force and effect and are  
21 incorporated in this act by reference.

22  
23 Requested by: Representatives Holmes, Creech, Esposito, Crawford

#### 24 **COMMITTEE REPORT**

25 Section 32.1. (a) The House Appropriations Committee Report on the Continuation,  
26 Expansion, and Capital Budget, dated May 30, 1997, which was distributed in the House  
27 of Representatives and used to explain this act, shall indicate action by the General  
28 Assembly on this act and shall therefore be used to construe this act, as provided in G.S.  
29 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of  
30 this act and as such shall be printed as a part of the Session Laws.

31 (b) The budget enacted by the General Assembly for the maintenance of the  
32 various departments, institutions, and other spending agencies of the State for the 1997-  
33 99 fiscal biennium is a line item budget, in accordance with the Budget Code Structure  
34 and the State Accounting System Uniform Chart of Accounts set out in the  
35 Administrative Policies and Procedures Manual of the Office of the State Controller.  
36 This budget includes the appropriations made from all sources including the General  
37 Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental  
38 receipts.

39 The General Assembly amended the itemized budget requests submitted to the  
40 General Assembly by the Director of the Budget and the Advisory Budget Commission,  
41 in accordance with the steps that follow and the line item detail in the budget enacted by  
42 the General Assembly may be derived accordingly:

- 1           (1)    The negative reserve set out in the submitted budget was deleted and the  
2                    totals were increased accordingly.
- 3           (2)    The base budget was adjusted in accordance with the base budget cuts  
4                    and additions that were set out in the House Appropriations Committee  
5                    Report on the Continuation, Expansion, and Capital Budget, dated May  
6                    30, 1997, together with any accompanying correction sheets.
- 7           (3)    Transfers of funds supporting programs were made in accordance with  
8                    the House Appropriations Committee Report on the Continuation,  
9                    Expansion, and Capital Budget, dated May 30, 1997, together with any  
10                    accompanying correction sheets.

11           The budget enacted by the General Assembly shall also be interpreted in  
12           accordance with the special provisions in this act and in accordance with other  
13           appropriate legislation.

14           In the event that there is a conflict between the line item budget certified by the  
15           Director of the Budget and the budget enacted by the General Assembly, the budget  
16           enacted by the General Assembly shall prevail.

17  
18           Requested by: Representatives Holmes, Creech, Esposito, Crawford

19           **MOST TEXT APPLIES ONLY TO 1997-99**

20           Section 32.2. Except for statutory changes or other provisions that clearly  
21           indicate an intention to have effects beyond the 1997-99 fiscal biennium, the textual  
22           provisions of this act apply only to funds appropriated for, and activities occurring  
23           during, the 1997-99 fiscal biennium.

24  
25           Requested by: Representatives Holmes, Creech, Esposito, Crawford

26           **EFFECT OF HEADINGS**

27           Section 32.3. The headings to the parts and sections of this act are a  
28           convenience to the reader and are for reference only. The headings do not expand, limit,  
29           or define the text of this act.

30  
31           Requested by: Representatives Holmes, Creech, Esposito, Crawford

32           **SEVERABILITY CLAUSE**

33           Section 32.4. If any section or provision of this act is declared unconstitutional  
34           or invalid by the courts, it does not affect the validity of this act as a whole or any part  
35           other than the part so declared to be unconstitutional or invalid.

36  
37           Requested by: Representatives Holmes, Creech, Esposito, Crawford

38           **EFFECTIVE DATE**

39           Section 32.5. Except as otherwise provided, this act becomes effective July 1,  
40           1997.