

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1999

SESSION LAW 2000-67
HOUSE BILL 1840

AN ACT TO MODIFY THE CURRENT OPERATIONS AND CAPITAL
IMPROVEMENTS APPROPRIATIONS ACT OF 1999 AND TO MAKE OTHER
CHANGES IN THE BUDGET OPERATION OF THE STATE.

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

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

TITLE OF ACT

Section 1.1. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 2000."

PART II. CURRENT OPERATIONS/GENERAL FUND

Section 2. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 2001, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2000-01 fiscal year.

<u>Current Operations - General Fund</u>	<u>2000-01</u>
General Assembly	\$ (272,500)
Judicial Department	14,289,072
Office of the Governor	
01. Office of State Budget and Management	200,000

02. Office of State Budget and Management Special Appropriations	420,000
Department of Secretary of State	2,854,671
Department of State Auditor	28,054
Department of State Treasurer	8,181,082
Department of Public Instruction	(6,480,392)
Department of Justice	(238,316)
Department of Administration	627,428
Office of the Governor - Housing Finance	3,000,000
Department of Agriculture and Consumer Services	2,176,618
Department of Labor	(300,000)
Department of Insurance	428,597
Department of Environment and Natural Resources	(1,670,030)
Office of Administrative Hearings	(64,368)
Rules Review Commission	48,000
Department of Health and Human Services	
01. Office of the Secretary	(17,595,000)
02. Division of Aging	250,000
03. Division of Child Development	(4,600,000)
04. Division of Services for the Deaf and Hard of Hearing	1,251,250
05. Division of Social Services	5,450,000
06. Division of Health Services	(3,329,871)
07. Division of Medical Assistance	(107,176,129)
08. Division of Services for the Blind	803,750
09. Division of Mental Health, Developmental Disabilities, and	

Substance Abuse Services	22,758,474
10. Division of Facility Services	1,649,000
11. Division of Vocational Rehabilitation Services	5,358,672
Total Department of Health and Human Services	(95,179,854)
Department of Correction	(13,685,942)
Department of Commerce	
01. Commerce	2,882,671
02. Biotechnology Center	1,000,000
03. Rural Economic Development Center	1,650,000
04. State Aid to non-State Entities	4,700,000
Department of Revenue	(497,071)
Department of Cultural Resources	3,107,142
Department of Crime Control and Public Safety	(568,000)
Office of the State Controller	(115,000)
University of North Carolina - Board of Governors	
01. General Administration	(473,190)
02. University Institutional Programs	39,762,236
03. Related Educational Programs	3,257,457
04. University of North Carolina at Chapel Hill	
a. Health Affairs	(385,467)
05. North Carolina State University at Raleigh	
a. Academic Affairs	(493,514)
06. University of North Carolina at Wilmington	(140,039)
07. Western Carolina University	(159,178)
08. Winston-Salem State University	(69,448)
09. North Carolina Central University	10,646

Total University of North Carolina - Board of Governors	41,309,503
Community Colleges System Office	17,806,602
Debt Service	(52,200,000)
Office of Juvenile Justice	966,726
Reserve for Compensation Increase	456,750,000
Reserve for Compensation Bonus	83,500,000
Premium Reserve (Retirees)	(50,000,000)
Retirement Contribution Adjustment	(191,294,000)
Premium Reserve (Employees)	(32,700,000)
State Employee Reserve	48,000,000
Death Benefit Contribution Adjustment	(10,864,400)
Statewide Reserve for Salary Increases	(11,000,000)
Reserve for Repairs and Renovations	100,000,000
Clean Water Management Trust Fund	30,000,000
Savings Reserve	120,000,000
GRAND TOTAL CURRENT OPERATIONS – GENERAL FUND	\$ 476,796,293

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 fiscal year ending June 30, 2001, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2000-2001 fiscal year.

<u>Current Operations - Highway Fund</u>	<u>2000-2001</u>
--	------------------

Department of Transportation	
01. Administration	\$ 1,214,914
02. Operations	-
03. Construction and Maintenance	
a. Construction	
(01) Primary Construction	-
(02) Secondary Construction	192,000
(03) Urban Construction	-
(04) Access and Public Service Roads	-
(05) Discretionary Fund	-
(06) Spot Safety Construction	-
b. State Funds to Match Federal Highway Aid	-
c. State Maintenance	20,577,486
d. Ferry Operations	-
e. Capital Improvements	9,000,000
f. State Aid to Municipalities	192,000
g. State Aid for Public Transportation and Railroads	7,700,000
h. OSHA - State	-
04. Governor's Highway Safety Program	-
05. Division of Motor Vehicles	765,284
06. Reserves and Transfers	<u>25,958,316</u>
GRAND TOTAL CURRENT OPERATIONS/ HIGHWAY FUND	\$ 65,600,000

PART IV. HIGHWAY TRUST FUND

Section 4. Appropriations from the Highway Trust Fund are made for the fiscal year ending June 30, 2001, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2000-2001 fiscal year.

<u>Highway Trust Fund</u>	<u>2000-2001</u>
01. Intrastate System	\$ 48,538,626
02. Secondary Roads Construction	6,102,120
03. Urban Loops	19,626,998
04. State Aid - Municipalities	5,092,834
05. Program Administration	<u>4,119,422</u>
GRAND TOTAL/HIGHWAY TRUST FUND	\$ 83,480,000

PART V. BLOCK GRANT FUNDS

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

DHHS BLOCK GRANT PROVISIONS

Section 5.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2001, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	\$ 12,377,017
02. Limited Purpose Agencies	687,612
03. Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	687,612
TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 13,752,241

SOCIAL SERVICES BLOCK GRANT

01. County departments of social services (Transfer from TANF - \$4,500,000)	\$ 27,395,663
02. Allocation for in-home services provided by county departments of social services	2,101,113
03. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04. Division of Services for the Blind	3,105,711
05. Division of Facility Services	426,836
06. Division of Aging - Home and Community Care Block Grant	1,840,234
07. Child Care Subsidies	3,000,000
08. Division of Vocational Rehabilitation - United Cerebral Palsy	71,484

09. State administration	1,693,368
10. Child Medical Evaluation Program	238,321
11. Adult day care services	2,155,301
12. County departments of social services for child abuse prevention and permanency planning	394,841
13. Transfer to Preventive Health Services Block Grant for emergency medical services	213,128
14. Transfer to Preventive Health Services Block Grant for AIDS education, counseling, and testing 66,939	
15. Department of Administration for the N.C. Commission of Indian Affairs In-Home Services Program for the elderly	203,198
16. Division of Vocational Rehabilitation - Easter Seals Society	116,779
17. UNC-CH CARES Program for training and consultation services	247,920
18. Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
19. Special Children Adoption Fund	511,687
20. Transfer from TANF Block Grant for Enhanced Employee Assistance Program	1,000,000
21. Transfer from TANF Block Grant for Division of Social Services - Child Caring Agencies	1,500,000
22. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally	

Disabled Waiting List for services	5,000,000
TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 54,558,426
LOW-INCOME ENERGY BLOCK GRANT	
01. Energy Assistance Programs	\$ 8,092,113
02. Crisis Intervention	7,078,114
03. Administration	1,988,234
04. Department of Commerce - Weatherization Program	2,684,116
05. Department of Administration - N.C. Commission of Indian Affairs	39,765
TOTAL LOW-INCOME ENERGY BLOCK GRANT	\$ 19,882,342
MENTAL HEALTH SERVICES BLOCK GRANT	
01. Provision of community-based services in accordance with the Mental Health Study Commission's Adult Severe and Persistently Mentally Ill Plan	\$ 4,301,361
02. Provision of community-based services to children	1,898,520
03. Establish Child Residential Treatment Services Program	1,500,000
04. Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 8,483,792
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	
01. Provision of community-based alcohol and drug abuse services, tuberculosis services, and services	

provided by the Alcohol and Drug Abuse Treatment Centers	\$ 15,043,841
02. Continuation of services for pregnant women and women with dependent children	6,567,532
03. Continuation of services to IV drug abusers and others at risk for HIV diseases	5,210,497
04. Provision of services to children and adolescents	7,216,992
05. Juvenile Services - Family Focus	893,811
06. Juvenile offender services and substance abuse pilot	300,000
07. Establish Child Residential Treatment Services Program	1,000,000
08. Administration	2,623,049
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	\$ 38,855,722
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
01. Child care subsidies	\$117,145,326
02. Quality and availability initiatives	12,332,039
03. Administrative expenses	6,814,598
04. Transfer from TANF Block Grant for child care subsidies	57,957,188
05. Transfer from TANF Block Grant for child care rate increases and quality initiatives	18,717,812
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	\$212,966,963

TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT

01. Work First Cash Assistance	
Standard Counties	\$ 81,859,561
Electing Counties	24,331,095
02. Work First County Block Grants	92,018,855
03. Transfer to the Child Care and Development Fund Block Grant for child care subsidies	57,957,188
04. Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	3,500,000
05. Allocation to the Division of Social Services for Work First Evaluation	1,500,000
06. Allocation to the Division of Social Services for staff development	500,000
07. Reduction of out-of-wedlock births	1,600,000
08. Substance Abuse Services for Juveniles	1,182,280
09. Special Children Adoption Fund	2,300,000
10. Employment Security Commission - First Stop Employment Assistance	1,000,000
11. Transfer to Social Services Block Grant - Enhanced Employee Assistance Program	1,000,000
12. Work First Job Retention and Follow-Up Initiatives	1,607,529
13. Allocation to the Division of Public Health for teen pregnancy prevention	2,000,000

14. Transfer to Social Services Block Grant for Child Caring Agencies	1,500,000
15. Child Care Subsidies for TANF Recipients	26,621,241
16. Work First Housing Initiative	3,000,000
17. Transfer to Child Care and Development Fund Block Grant for Child Care Rate Increases	18,717,812
18. Allocation to the Division of Social Services for Domestic Violence Prevention and Awareness	1,000,000
19. County Child Protective Services, Foster Care and Adoption Workers	2,727,550
20. Intensive Family Preservation Program	2,000,000
21. Work First/Boys and Girls Clubs	1,000,000
22. Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
23. Adolescent Pregnancy Prevention Program	239,261
24. Expand Support Our Students - Office of Juvenile Justice	2,750,674
25. Residential Substance Abuse Services for Women with Children	5,000,000
26. Domestic Violence Services for Work First families	3,000,000
27. Responsible Fatherhood Initiative	1,000,000
28. After-School Services for At-Risk Children	2,000,000
29. Division of Social Services - Administration	500,000

30. Child Welfare workers for local departments of social services	7,260,000
31. Work First Pilots	5,400,000
32. Child Welfare Training	2,000,000
33. Work First Business Council	100,000
34. JobLink Pilots	300,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT	\$362,973,046
MATERNAL AND CHILD HEALTH BLOCK GRANT	
01. Healthy Mothers/Healthy Children Block Grants to Local Health Departments	\$ 9,838,074
02. High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,012,102
03. Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT	\$ 16,928,823
PREVENTIVE HEALTH SERVICES BLOCK GRANT	
01. Statewide Health Promotion Programs	\$3,184,399
02. Dental Services/Fluoridation	100,800
03. Rape Crisis/Victims' Services Program - Council for Women	190,134
04. Rape Prevention and Education Program - Division of Public	

Health and Council for Women	1,137,186
05. Transfer from Social Services Block Grant - AIDS/HIV Education, Counseling, and Testing	66,939
06. Transfer from Social Services Block Grant - Emergency Medical Services	213,128
07. Office of Minority Health	159,459
08. Administrative Costs	143,151
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$5,195,196

Section 5.(b) Decreases in Federal Fund Availability. – If the United States Congress reduces federal fund availability in the Social Services Block Grant below the amounts appropriated in this section, then the Department of Health and Human Services shall allocate these decreases giving priority first to those direct services mandated by State or federal law, then to those programs providing direct services that have demonstrated effectiveness in meeting the federally and State-mandated services goals established for the Social Services Block Grant. The Department shall not include transfers from TANF for specified purposes in any calculations of reductions to the Social Services Block Grant.

If the United States Congress reduces the amount of TANF funds below the amounts appropriated in this section after the effective date of this act, then the Department shall allocate the decrease in funds after considering any underutilization of the budget and the effectiveness of the current level of services. Any TANF Block Grant fund changes shall be reported to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Decreases in federal fund availability shall be allocated for the Maternal and Child Health and Preventive Health Services federal block grants by the Department of Health and Human Services after considering the effectiveness of the current level of services.

Section 5.(c) Increases in Federal Fund Availability. – Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Health and Human Services, with the approval of the Office of State Budget and Management, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

Section 5.(d) Changes to the budgeted allocations to the block grants appropriated in this act due to decreases or increases in federal funds shall be reported immediately to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Section 5.(e) Limitations on Preventive Health Services Block Grant Funds. – Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students.

If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 2000-2001 fiscal year, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department of Public Instruction shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department of Public Instruction shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

Section 5.(f) The sum of one million five hundred thousand dollars (\$1,500,000) appropriated to the Department of Health and Human Services, Division of Social Services, in the TANF Block Grant for the 2000-2001 fiscal year for the evaluation of the Work First Program shall be used to do each of the following:

- (1) Expand the current evaluation of the Work First Program to assess former recipients' earnings, barriers to advancement to economic self-sufficiency, utilization of community support services, and other longitudinal employment data. Assessment periods shall include six and 18 months following closure of the case.
- (2) Expand the current evaluation of the Work First Program to profile the State's child-only caseload to include indicators of economic and social well-being, academic and behavioral performance, demographic data, description of living arrangements including length of placement out of the home, social and other human services provided to families, and other information needed to assess the needs of the child-only Work First Family Assistance clients and families.
- (3) Expand the current evaluation to profile clients and families exempted from federal and State work participation requirements. The evaluation shall include an assessment of the client and family needs including why clients and families have been exempted.

The Department of Health and Human Services shall make a report on its progress in complying with this subsection to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than September 30, 2001, and shall make a final report no later than September 30, 2002.

Section 5.(g) The sum of one million six hundred seven thousand five hundred twenty-nine dollars (\$1,607,529) appropriated to the Department of Health and Human Services, Division of Social Services, in this section in the TANF Block Grant in the 2000-2001 fiscal year for the Work First job retention and follow-up model programs shall be used to continue pilots and strategies that support TANF recipients in attaining and maintaining self-sufficiency through job retention, family support services, and pre- and post-TANF follow-up.

The Department of Health and Human Services shall make a report on its use of TANF funds for the Work First job retention pilots. This report shall include each of the following:

- (1) A description of the clients served by the program. This description shall include demographic and geographic information about the clients.
- (2) A description of services provided by the program.
- (3) The effectiveness of services to clients. Effectiveness of services to clients shall be measured, in part, by the percentage of clients who remain employed at intervals of six months and one year after commencement of employment.
- (4) The estimated cost of services per client.
- (5) A description of the development and design of the program and of any evaluation mechanisms.
- (6) A description of coordination efforts among local departments of social services with other human services agencies.
- (7) A description of progress in achieving other outcome goals such as family economic progress and child/family well-being.

This report shall be made to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2001.

Section 5.(h) The sum of five hundred eleven thousand six hundred eighty-seven dollars (\$511,687) appropriated in this section in the Social Services Block Grant to the Department of Health and Human Services, Special Children Adoption Fund, for the 2000-2001 fiscal year shall be used to implement this subsection. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services program. No local match shall be required as a condition for receipt of these funds.

Section 5.(i) If funds appropriated through the Child Care and Development Fund for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to other programs, in accordance with federal requirements of the grant, in order to use the federal funds fully.

Section 5.(j) The sum of one million five hundred thousand dollars (\$1,500,000) appropriated in this act in the TANF Block Grant and transferred to the Social Services Block Grant to the Department of Health and Human Services, Division of Social Services, for child caring agencies for the 2000-2001 fiscal year shall be allocated to the State Private Child Caring Agencies Fund. These funds shall be combined with all other funds allocated to the State Private Child Caring Agencies Fund for the reimbursement of the State's portion of the cost of care for the placement of certain children by the county departments of social services who are not eligible for federal IV-E funds. These funds shall not be used to match other federal funds.

Section 5.(k) The sum of one million dollars (\$1,000,000) appropriated in this section in the TANF Block Grant and transferred to the Social Services Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall be used for the Enhanced Employee Assistance Program, to continue a grant program of financial incentives for private businesses employing former and current Work First recipients. These grants may supply funds to private employers who agree to hire former or current Work First recipients or their spouses at entry-level positions and wages and to supply enhanced grant funds to private employers who agree to hire former or current Work First recipients or their spouses at a level higher than entry-level positions, paying more than the minimum wage, including fringe benefits.

The Department of Health and Human Services shall report no later than April 1, 2001, on the use of these funds to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. This report shall include each of the following:

- (1) The number of clients served since the inception of the program by fiscal year.
- (2) The amount of funds expended each fiscal year.
- (3) A description of the clients served. This description shall include demographic information about these clients.
- (4) A description of coordination efforts with other human services agencies, including local departments of social services.
- (5) A description of specific services provided to clients.
- (6) Statistics related to job retention, measured at least at intervals of six months and one year after the commencement of employment.
- (7) Statistics related to the wage history of clients.
- (8) Any other information the Department and the Employment Security Commission find relevant to an evaluation of the program.

Section 5.(l) The sum of two million dollars (\$2,000,000) appropriated in this act in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2000-2001 fiscal year for the Intensive Family Preservation Services (IFPS) Program shall be used by the Division, in consultation with local departments of social services and other human services agencies, to plan and implement a revised IFPS Program.

Notwithstanding the provisions of G.S. 143B-150.6, the Program shall provide intensive services to children and families in cases of abuse, neglect, and dependency where a child is at imminent risk of removal from the home and to children and families in cases of abuse where a child is not at imminent risk of removal. The Program shall be developed and implemented statewide on a regional basis. The revised IFPS Program shall ensure the application of standardized assessment criteria for determining imminent risk and clear criteria for determining out-of-home placement.

The Department shall reexamine the existing IFPS Program design to ensure the application of a standardized assessment and clear criteria for the determination of imminent risk of removal. Additionally, the Department shall assess the education and skill levels required of staff providing intensive family preservation services in existing programs.

The Department shall develop a revised evaluation model for the current and expanded IFPS Program. This evaluation shall not include area mental health or juvenile justice programs. The model shall be scientifically rigorous, including the use of treatment comparison groups, a review and description of interventions provided to families as compared to customary services provided to other child welfare children and families, and data regarding the number and type of referrals made for other human services and the utilization of those services.

The Department shall report on the use of the funds appropriated under this subsection, including the revised evaluation model and IFPS Program, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2001.

Section 5.(m) The Department of Health and Human Services and the Employment Security Commission shall report on the use of funds appropriated under this section from the TANF Block Grant to the First Stop Employment Assistance Program. This report shall include each of the following:

- (1) The number of clients served since the inception of the program by fiscal year.
- (2) The amount of funds expended each fiscal year.
- (3) A description of the clients served. This description shall include demographic information about these clients.
- (4) A description of coordination efforts with other human services agencies, including local departments of social services.
- (5) A description of specific services provided to both initial and intensive First Stop clients.
- (6) The placement rates of clients in both the initial and intensive programs.
- (7) Statistics related to job retention, measured at least at intervals of six months and one year after the commencement of employment.
- (8) Statistics related to the wage history of clients.
- (9) Any other information the Department and the Employment Security Commission find relevant to an evaluation of the program.

This report shall be made to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later than April 1, 2001.

Section 5.(n) The sum of one million dollars (\$1,000,000) appropriated in this section to the Department of Health and Human Services in the TANF Block Grant for Boys and Girls Clubs shall be used to make grants for approved programs. The Department of Health and Human Services, in accordance with federal regulations for the use of TANF Block Grant funds, shall administer a grant program to award funds to the Boys and Girls Clubs across the State in order to implement programs that improve the motivation, performance, and self-esteem of youth and to implement other initiatives that would be expected to reduce school dropout and teen pregnancy rates. The Department shall encourage and facilitate collaboration between the Boys and Girls Clubs and Support Our Students, Communities in Schools, and similar programs to submit joint applications for the funds if appropriate. The Department shall report on its progress in complying with this subsection to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division no later that April 1, 2001.

Section 5.(o) Payment for subsidized child care services provided with federal TANF funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program.

Section 5.(p) The sum of three million dollars (\$3,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the Work First Housing Initiative shall be used for direct housing support to Work First clients and families. Direct housing support includes using funds for rental assistance, loans, moving expenses, and other financial assistance. No more than ten percent (10%) of these funds may be used for administration. These funds may be used for counseling or similar services only if it is demonstrated that those services are not otherwise available in the community.

Section 5.(q) The sum of five hundred thousand dollars (\$500,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2000-2001 fiscal year shall be used to support administration of TANF-funded programs.

Section 5.(r) The sum of five million dollars (\$5,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2000-2001 fiscal year shall be used to establish and expand regional residential substance abuse treatment and services for women with children. The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, in consultation with local departments of social services, area mental health programs, and other State and local agencies or organizations, shall coordinate this effort in order to facilitate the expansion of regionally based substance abuse services for women with children. These

services shall be culturally appropriate and designed for the unique needs of TANF women with children.

In order to expedite the expansion of these services, the Secretary of the Department of Health and Human Services may enter into contracts with service providers.

The Department of Health and Human Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall report on their progress in complying with this subsection no later than October 1, 2000, and March 1, 2001, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall include all of the following:

- (1) The number and location of additional beds created.
- (2) The types of facilities established.
- (3) The delineation of roles and responsibilities at the State and local levels.
- (4) Demographics of the women served, the number of women served, and the cost per client.
- (5) Demographics of the children served, the number of children served, and the services provided.
- (6) Job placement services provided to women.
- (7) A plan for follow-up and evaluation of services provided with an emphasis on outcomes.
- (8) Barriers identified to the successful implementation of the expansion.
- (9) Identification of other resources needed to appropriately and efficiently provide services to Work First recipients.
- (10) Other information as requested.

Section 5.(s) The sum of two million seven hundred fifty thousand six hundred seventy-four dollars (\$2,750,674) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services and transferred to the Office of Juvenile Justice for the 2000-2001 fiscal year shall be used to support the existing Support Our Students Program and to expand the Program statewide. These funds shall not be used for administration of the program.

Section 5.(t) The sum of three million dollars (\$3,000,000) appropriated under this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2000-2001 fiscal year shall be used to provide domestic violence services to Work First recipients. The Division of Social Services, in consultation with the Council for Women and local departments of social services, shall develop and implement a mechanism by which these funds may be used to facilitate delivery of domestic violence counseling, support, and other direct services to clients. These funds shall not be used to establish new domestic violence shelters, for State administration, or to facilitate lobbying efforts. The Department of Health and Human Services and the Council for Women shall report on the uses of these funds no later than February 1, 2001, to the Senate Appropriations Committee on Human

Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Section 5.(u) The sum of one million dollars (\$1,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Public Health, for the 2000-2001 fiscal year shall be used to support the Responsible Fatherhood Initiative. These funds shall be used for responsible parenting programs targeted at young-adult males. These funds shall be targeted at counties with the highest needs as determined by the Division of Public Health. The evaluation of this initiative shall be incorporated into the overall evaluation of the pregnancy prevention and responsible parenting activities currently in place. This initiative shall be administered as directed in subsection (v) of this section.

Section 5.(v) The funds appropriated to the Department of Health and Human Services, Division of Public Health, in this act for the 2000-2001 fiscal year for teen pregnancy prevention shall be used in accordance with the provisions of this subsection.

Effective July 1, 2000, the Department of Health and Human Services, Division of Public Health, in collaboration with local program administrators, the Adolescent Pregnancy Prevention Coalition of North Carolina, and other organizations, shall adopt guidelines for the administration of funds for teen pregnancy prevention and for parenting programs. The guidelines shall include the following programmatic requirements:

- (1) Council development at the local level is encouraged but not required for program funding. Councils that received first-year funding for the 1999-2000 fiscal year for administrative expenses for coalition building and partnership development shall receive funds committed for the second year of organizational development. The Division shall encourage programs that receive funding under this section to involve other health service organizations, nonprofit organizations, and task forces in program efforts.
- (2) In awarding grants, the Department shall target counties with the highest teen pregnancy rates, increasingly higher teen pregnancy rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants may be renewed annually based on program efficiency and effectiveness, teen pregnancy rates, and the level of need for parenting programs. Grants shall be funded at a particular level and may be funded on a multiyear cycle.
- (3) The Division shall encourage all programs to implement best practice models. While best practice models are encouraged, the Department may fund innovative and promising projects that have not yet been recognized as best practice. All existing programs not using best practice models shall be encouraged to transition to the use of best practice models.
- (4) Programs are not required to provide a cash match for these funds, however, the Department may require an in-kind match.

Funds for State-level administrative expenses of the Program shall not exceed ten percent (10%) of the total budget for teen pregnancy prevention and parenting programs. Administrative expenses include staffing and contracted services for evaluation and coalition-building activities.

The Department shall contract with an independent private consulting firm to evaluate the programs. The evaluation shall include standard data collection utilizing the mechanism that has been developed by the University of North Carolina at Chapel Hill, School of Social Work, and shall be conducted in a manner that objectively measures the effectiveness of each program evaluated.

The Department shall report annually on March 1, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division. The report shall include information on all of the following for each teen pregnancy prevention and parenting program:

- (1) The program budget delineating all administrative expenses, contracts for services, and technical assistance.
- (2) A narrative describing each project funded and the amount of funds received by the project.
- (3) Effectiveness of the program in reducing teen pregnancy or developing responsible parenting skills in young adults, as applicable.
- (4) Status of the evaluation.

Section 5.(w) The sum of two million dollars (\$2,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, shall be used to expand after-school programs and services for at-risk children. The Department shall develop and implement a grant program to award grants to community-based programs that demonstrate the ability to reach children at risk of teen pregnancy and school dropout. The Department shall award grants to community-based organizations that demonstrate the ability to develop and implement linkages with local departments of social services, area mental health programs, schools, and other human services programs in order to provide support services and assistance to the child and family. These funds may be used to establish one position within the Division of Social Services to coordinate at-risk after-school programs and shall not be used for other State administration. The Department shall report no later than March 1, 2001, on its progress in complying with this section to the Senate Appropriations Committee on Human Resources, the House of Representatives Subcommittee on Health and Human Services, and the Fiscal Research Division.

Section 5.(x) The Department of Health and Human Services may use available block grant funds up to the sum of five million twelve thousand dollars (\$5,012,000) in the 2000-2001 fiscal year to continue the Business Process Reengineering Project. The Department shall report directly on the use of any funds under this subsection to the Information Resource Management Commission in accordance with the Commission's requirements. The Department shall report on the use of these funds no later than April 1, 2001, to the Senate Appropriations Committee

on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Section 5.(y) The sum of seven million two hundred sixty thousand dollars (\$7,260,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2000-2001 fiscal year for Child Welfare Improvements shall be allocated to the county departments of social services for hiring or contracting additional staff on or after July 1, 2000, to investigate and provide services in Child Protective Services cases; to provide foster care and support services; to recruit, train, license, and support prospective foster and adoptive families; and to provide interstate and post-adoption services for eligible families.

Section 5.(z) The sum of one million five hundred thousand dollars (\$1,500,000) appropriated in this section in the Mental Health Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2000-2001 fiscal year and the sum of one million dollars (\$1,000,000) appropriated in this section in the Substance Abuse Prevention and Treatment Block Grant to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, for the 2000-2001 fiscal year shall be used to establish a Child Residential Treatment Services Program in accordance with Section 11.19 of this act.

Section 5.(aa) The Department of Health and Human Services, the Department of Commerce, and the Department of Public Instruction may allocate available block grant funds for pilot programs established pursuant to Section 11.4A of this act. These funds may be used for the planning, implementation, and evaluation of those pilot programs.

Section 5.(bb) The sum of two million dollars (\$2,000,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for fiscal year 2000-2001 shall be used to support various child welfare training projects as follows:

- (1) The sum of three hundred fifty thousand dollars (\$350,000) shall be used to establish a regional training center in southeastern North Carolina.
- (2) The sum of seven hundred fifty thousand dollars (\$750,000) shall be used to support the Masters Degree in Social Work/Baccalaureate Degree in Social Work Collaborative.
- (3) The sum of one hundred eighty thousand dollars (\$180,000) to provide training for residential child care facilities.
- (4) The sum of seven hundred twenty thousand dollars (\$720,000) to provide for various other child welfare training initiatives.

Section 5.(cc) The sum of three hundred thousand dollars (\$300,000) appropriated in this section in the TANF Block Grant to the Department of Health and Human Services, Division of Social Services, for the 2000-2001 fiscal year for JobLink pilots shall be used to replicate the Ladders to Success model program at community colleges.

The Department shall make two reports no later than February 15, 2001, and May 15, 2001, respectively, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division. These reports shall include the following:

- (1) A detailed explanation by each recipient of start-up funds on the use of these funds.
- (2) A detailed explanation of the incentives offered to each county department of social services to encourage collaboration with JobLink programs including an explanation of the necessity of the incentives and an explanation of the benefits obtained as a result of the incentives.
- (3) A detailed explanation of services offered by JobLink as a result of the incentives including an explanation of why the services are not otherwise offered.
- (4) A description of and justification for the use of incentive funds.
- (5) A report on the individuals hired or contracted to staff JobLink programs including the number of individuals hired or contracted, the positions and primary responsibilities of individuals hired or contracted, and the impact of these additional positions on JobLink clients.
- (6) A detailed report on the employment outcomes of Work First clients who have participated in JobLink programs including information on job retention rates and salary level.
- (7) Demographic information on clients served in the program.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

NER BLOCK GRANT FUNDS

Section 5.1.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2001, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$ 1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	10,340,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000

06.	State Technical Assistance	450,000
07.	Housing Development	3,000,000
08.	Infrastructure	7,000,000

TOTAL COMMUNITY DEVELOPMENT
BLOCK GRANT - 2001 Program Year \$ 45,000,000

Section 5.1.(b) Decreases in Federal Fund Availability. – Decreases in federal fund availability for the Community Development Block Grants. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

Section 5.1.(c) Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: – Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

Section 5.1.(d) Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars (\$1,000,000) may be used for State administration; up to one million dollars (\$1,000,000) may be used for Urgent Needs and Contingency; up to ten million three hundred forty thousand dollars (\$10,340,000) may be used for Scattered Site Housing; up to eight million seven hundred ten thousand dollars (\$8,710,000) may be used for Economic Development; not less than thirteen million five hundred thousand dollars (\$13,500,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up to three million dollars (\$3,000,000) may be used for Housing Development; up to seven million dollars (\$7,000,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

Section 5.1.(e) Increase Capacity for Nonprofit Organizations. – Assistance to nonprofit organizations to increase their capacity to carry out CDBG-eligible activities in partnership with units of local government is an eligible activity under any program category in accordance with federal regulations. Capacity building grants may be made from funds available within program categories, program income, or unobligated funds.

Section 5.1.(f) Future CDBG Proposals. – In developing future CDBG proposals, the Department of Commerce shall consider ways in which to address the abatement of outhouses in the State.

PART VI. GENERAL FUND AND HIGHWAY FUND AVAILABILITY STATEMENTS

GENERAL FUND AVAILABILITY STATEMENT

Section 6.(a) The General Fund availability used to adjust the 2000-2001 fiscal year budget is shown below:

	FY 2000-2001 (\$ million)
Budget Reform Statement	0.0
Beginning Unreserved Credit Balance	0.0
Tax Revenues - Current Tax Law	13,216.3
Non-Tax Revenues:	
Investment Income	214.0
Judicial Fees	106.7
Disproportionate Share	105.0
Insurance	42.1
Highway Trust Fund Transfer	170.0
Highway Fund Transfer	13.8
Other Non-Tax Revenues	103.9
Subtotal	13,971.8
HB 1854 - 2000 Fee Bill	6.1
Y2K Reserve Transfer	9.0
Hurricane Fran Reserve Transfer	48.0
11TH/12TH Month Carryforward Revision	11.0
HB 1559 IRC Conformity Adjustment	(2.0)
Disproportionate Share Reserve Transfer	1.0
Crime Victims Compensation Fund Reversion	1.0
State/Federal Retirees Administrative	
Cost Reimbursement	0.1
Federal Retirees Refund Reversion	0.3
SB 1305 UCC Revision	3.9
TOTAL GENERAL FUND AVAILABILITY	14,050.2

Section 6.(b) Effective June 30, 2000, the Director of the Budget shall transfer from the 11th/12th month carryforward balance in the State Aid to Local School Administrative Units the sum of two hundred forty million dollars (\$240,000,000) to a reserve in the Department of State Treasurer. These funds shall be held in reserve for allocation pursuant to a consent order entered in Wake County Superior Court for the Class B plaintiffs in Smith, et al. v. State, 95 CVS 06715 and for all plaintiffs in Shaver, et al. v. State, 98 CVS 00625. Of funds remaining in the

11th/12th month carryforward balance on July 1, 2000, the sum of eleven million dollars (\$11,000,000) shall revert to the General Fund.

Section 6.(c) The unencumbered balance remaining in the Department of Commerce Y2K Conversion Fund shall be transferred to the General Fund on July 1, 2000.

Section 6.(d) Of the unencumbered balance remaining in Budget Code 13017-1710, the Hurricane Fran Disaster Relief Fund, the sum of forty-eight million dollars (\$48,000,000) shall be transferred to the General Fund on July 1, 2000.

Section 6.(e) Of the unencumbered balance in budget code 24701 in the Department of Revenue, the sum of three hundred fifty thousand dollars (\$350,000) shall be transferred to the General Fund on July 1, 2000.

Section 6.(f) The Commissioner of Insurance shall transfer funds quarterly from the Department of Insurance Fund to the General Fund to repay the funds appropriated to the Department of Insurance from the General Fund for each fiscal year, plus accrued interest at a rate determined by the State Treasurer.

Section 6.(g) Disproportionate Share Receipts reserved at the end of the 1999-2000 fiscal year shall be deposited with the Department of State Treasurer as a nontax revenue for the 2000-2001 fiscal year.

HIGHWAY FUND AVAILABILITY

Section 6.1. The Highway Fund appropriations availability used in developing modifications to the 2000-2001 Highway Fund budget contained in this act is shown below:

	<u>2000-2001</u>
Beginning Credit Balance	\$6,980,000
Estimated Revenue	1,240,030,000
Additional Reversions	—
TOTAL HIGHWAY FUND AVAILABILITY	\$1,247,010,000

PART VII. GENERAL PROVISIONS

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
CONTROLLER FINANCIAL STATEMENT REPORTING CLARIFICATION

Section 7.(a) G.S. 143-20.1 reads as rewritten:

"§ 143-20.1. Annual financial statements.

~~Beginning with fiscal years ending in 1984 and each and every year thereafter, Every fiscal year, all State agencies and component units of the State, as defined by generally accepted accounting principles, shall prepare annual financial statements on all funds administered by them no later than 60 days subsequent to the close after the end of the State's fiscal year then ended in accordance with generally accepted accounting principles as described in authoritative pronouncements and interpreted and/or or prescribed by the State Controller, and in such form as he may require. the~~

form required by the State Controller. The State Controller shall publish guidelines specifying the procedures to implement the necessary records, procedures, and accounting systems to reflect these statements on the proper basis of accounting.

Accordingly, the State Controller shall combine the financial statements for the various agencies into a Comprehensive Annual Financial Report for the State of North Carolina in accordance with generally accepted accounting principles. These statements, along with the opinion of the State Auditor, shall be published as the official financial statements of the State and shall be distributed to the Governor, the Office of State Budget and Management, members of the General Assembly, heads of departments, ~~agencies~~ agencies, and institutions of the State, and other interested parties. The State Controller shall notify the Director of the Budget of any ~~and all~~ State agencies ~~which~~ and component units of the State, as defined by generally accepted accounting principles, that have not complied fully with the requirements of this provision ~~section~~ within the specified time, and the Director of the Budget shall employ whatever means necessary, including the withholding of allotments, to ensure immediate corrective actions."

Section 7.(b) G.S. 143B-426.39 reads as rewritten:

"§ 143B-426.39. Powers and duties of the State Controller.

The State Controller shall:

- (1) Prescribe, develop, operate, and maintain in accordance with generally accepted principles of governmental accounting, a uniform state accounting system for all state agencies. The system shall be designed to assure compliance with all legal and constitutional requirements including those associated with the receipt and expenditure of, and the accountability for public funds.
- (2) On the recommendation of the State Auditor, prescribe and supervise the installation of any changes in the accounting systems of an agency that, in the judgment of the State Controller, are necessary to secure and maintain internal control and facilitate the recording of accounting data for the purpose of preparing reliable and meaningful statements and reports. The State Controller shall be responsible for seeing that a new system is designed to accumulate information required for the preparation of budget reports and other financial reports.
- (3) Maintain complete, accurate and current financial records that set out all revenues, charges against funds, fund and appropriation balances, interfund transfers, outstanding vouchers, and encumbrances for all State funds and other public funds including trust funds and institutional funds available to, encumbered, or expended by each State agency, in a manner consistent with the uniform State accounting system.
- (4) Prescribe the uniform classifications of accounts to be used by all State agencies including receipts, expenditures, assets, liabilities, fund types, organization codes, and purposes. The State Controller shall also, after consultation with the Office of State Budget and Management,

prescribe a form for the periodic reporting of financial accounts, transactions, and other matters that is compatible with systems and reports required by the State Controller under this section. Additional records, accounts, and accounting systems may be maintained by agencies when required for reporting to funding sources provided prior approval is obtained from the State Controller.

- (4a) Prescribe that, unless exempted by the State Controller, newly created or acquired component units of the State are required to have the same fiscal year as the State.
- (5) Prescribe the manner in which disbursements of the State agencies shall be made, in accordance with G.S. 143-3.
- (6) Operate a central payroll system, in accordance with G.S. 143-3.2 and 143-34.1.
- (7) Keep a record of the appropriations, allotments, expenditures, and revenues of each State agency, in accordance with G.S. 143-20.
- (8) Make appropriate reconciliations with the balances and accounts kept by the State Treasurer.
- (9) Develop, implement, and amend as necessary a uniform statewide cash management plan for all State agencies in accordance with G.S. 147-86.11.
- (9a) Implement a statewide accounts receivable program in accordance with Article 6B of Chapter 147 of the General Statutes.
- (10) Prepare and submit to the Governor, the State Auditor, the State Treasurer, and the Office of State Budget and Management each month, a report summarizing by State agency and appropriation or other fund source, the results of financial transactions. This report shall be in the form that will most clearly and accurately set out the current fiscal condition of the State. The State Controller shall also furnish each State agency a report of its transactions by appropriation or other fund source in a form that will clearly and accurately present the fiscal activities and condition of the appropriation or fund source.
- (11) Prepare and submit to the Governor, the State Auditor, the State Treasurer, and the Office of State Budget and Management, at the end of each quarter, a report on the financial condition and results of operations of the State entity for the period ended. This report shall clearly and accurately present the condition of all State funds and appropriation balances and shall include comments, recommendations, and concerns regarding the fiscal affairs and condition of the State.
- (12) Prepare on or before October 31 of each year, a Comprehensive Annual Financial Report in accordance with generally accepted accounting principles of the preceding fiscal year, in accordance with G.S. 143-20.1. The report shall include State agencies and component units of the State, as defined by generally accepted accounting principles.

(13) Perform additional functions and duties assigned to the State Controller, within the scope and context of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes.

(14) through (16) Recodified by Session Laws 1997-148, s. 3."

Section 7.(c) G.S. 115D-58.5(a) reads as rewritten:

"(a) Each institution shall establish and maintain an accounting system consistent with procedures as prescribed by the Community Colleges System Office and the State Auditor, Controller, which shows its assets, liabilities, equities, revenues, and expenditures."

Requested by: Representatives Nesbitt, Walend, Easterling, Redwine, Baddour, Senators Plyler, Perdue, Odom, Miller

RAISE STATE TORT CLAIMS LIMIT

Section 7A.(a) G.S. 143-291(a) reads as rewritten:

"(a) The North Carolina Industrial Commission is hereby constituted a court for the purpose of hearing and passing upon tort claims against the State Board of Education, the Board of Transportation, and all other departments, institutions and agencies of the State. The Industrial Commission shall determine whether or not each individual claim arose as a result of the negligence of any officer, employee, involuntary servant or agent of the State while acting within the scope of his office, employment, service, agency or authority, under circumstances where the State of North Carolina, if a private person, would be liable to the claimant in accordance with the laws of North Carolina. If the Commission finds that there was ~~such~~ negligence on the part of an officer, employee, involuntary servant or agent of the State while acting within the scope of his office, employment, service, agency or ~~authority, which~~ authority that was the proximate cause of the injury and that there was no contributory negligence on the part of the claimant or the person in whose behalf the claim is asserted, the Commission shall determine the amount of damages ~~which that~~ the claimant is entitled to be paid, including medical and other expenses, and by appropriate order direct the payment of ~~such damages by the department, institution or agency concerned, as provided in subsection (a1) of this section, but in no event shall the amount of damages awarded exceed the sum of one hundred fifty thousand dollars (\$150,000) amounts authorized in G.S. 143-299.2 cumulatively to all claimants on account of injury and damage to any one person.~~ person arising out of a single occurrence. Community colleges and technical colleges shall be deemed State agencies for purposes of this Article. The fact that a claim may be brought under more than one Article under this Chapter shall not increase the foregoing maximum liability of the State."

Section 7A.(b) G.S. 143-291 is amended by adding a new subsection to read:

"(a1) The unit of State government that employed the employee at the time the cause of action arose shall pay the first one hundred fifty thousand dollars (\$150,000) of liability, and the balance of any payment owed shall be paid in accordance with G.S. 143-299.4."

Section 7A.(c) G.S. 143-291.3 reads as rewritten:

"§ 143-291.3. Counterclaims by State.

The filing of a claim under this Article shall constitute consent by the ~~plaintiff(s)~~ plaintiff to the jurisdiction of the Industrial Commission to hear and determine any counterclaim of ~~one hundred fifty thousand dollars (\$150,000)~~ the maximum amount authorized for a claim in G.S. 143-299.2 or less ~~which~~ that may be filed on behalf of a State department, ~~institution, or agency~~ institution or agency, or a county or city board of education. A final award of the Industrial Commission awarding damages on a counterclaim shall be filed with the ~~Clerk of the Superior Court~~ clerk of the superior court of the county ~~wherein~~ where the case was heard. These awards shall be docketed and shall be enforceable in the same manner as judgments of the General Court of Justice. Notwithstanding the provisions of Rule 12 of the Rules of Civil Procedure, nothing in this section shall require the filing of ~~such~~ a counterclaim."

Section 7A.(d) G.S. 143-299.2 reads as rewritten:

"§ 143-299.2. Limitation on payments by the State.

(a) The maximum amount ~~which~~ that the State may pay cumulatively to all claimants on account of injury and damage to any one ~~person, person~~ person arising out of any one occurrence, whether the claim or claims are brought under this ~~Article~~ Article, or Article 31A or ~~Article 31B~~, shall be ~~one hundred fifty thousand dollars (\$150,000)~~, Article 31B of this Chapter, shall be five hundred thousand dollars (\$500,000), less any commercial liability insurance purchased by the State and applicable to the claim or claims under G.S. 143-291(b), 143-300.6(c), or 143-300.16(c).

(b) The fact that a claim or claims may be brought under more than one Article under this Chapter shall not increase the above maximum liability of the State."

Section 7A.(e) Article 31 of Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-299.4. Payment of State excess liability.

For each claim payable during any fiscal year in excess of one hundred fifty thousand dollars (\$150,000) per claim arising under this Article, or Article 31A or 31B of this Chapter, on account of injury or damage to any one person, each State agency shall transfer to the Office of State Budget and Management its proportionate share of that agency's estimated lapsed salaries, as determined by the Director of the Budget, and the Director of the Budget shall use these transferred funds to pay the balance of that claim in excess of one hundred fifty thousand dollars (\$150,000)."

Section 7A.(f) G.S. 143-300.1(c) reads as rewritten:

"(c) In the event that the Industrial Commission ~~shall make award of awards~~ damages against any county or city board of education ~~pursuant to~~ under this section, the Attorney General shall draw a voucher for the amount required to pay ~~such~~ the award. The funds necessary to cover the first one hundred fifty thousand dollars (\$150,000) of liability per claim ~~vouchers written by the Attorney General~~ for claims against county and city boards of education for accidents involving school buses and school transportation service vehicles shall be made available from funds appropriated to the ~~Department of Public Instruction~~. State Board of Education. The balance of any liability owed shall be paid in accordance with G.S. 143-299.4. Neither the county or city boards of education, or the county or city administrative unit shall be liable for the payment of any award made pursuant to the provisions of this section in excess of the

amount paid upon ~~such a~~ voucher by the Attorney General. Settlement and payment may be made by the Attorney General as provided in G.S. 143-295."

Section 7A.(g) G.S. 143-300.1(d) reads as rewritten:

"(d) The Attorney General may defend any civil action ~~which may be~~ brought against the driver, transportation safety assistant, or monitor of a public school bus or school transportation service vehicle or school bus maintenance mechanic when ~~such the~~ driver or mechanic is employed and paid by the local school administrative unit, when the monitor is acting in accordance with G.S. 115C-245(d), when the transportation safety assistant is acting in accordance with G.S. 115C-245(e), or when the driver is an unpaid school bus driver trainee under the supervision of an authorized employee of the Department of Transportation, Division of Motor Vehicles, or an authorized employee of a county or city board of education or administrative ~~unit thereof.~~ unit. The Attorney General may afford this defense through the use of a member of his staff or, in his discretion, employ private counsel. The Attorney General is authorized to pay any judgment rendered in ~~such the~~ civil action not to exceed the limit provided under the Tort Claims Act. The funds necessary to cover the first one hundred fifty thousand dollars (\$150,000) of liability per claim shall be made available from funds appropriated to the State Board of Education. The balance of any liability owed shall be paid in accordance with G.S. 143-299.4. The Attorney General may compromise and settle any claim covered by this section to the extent that he finds the same to be valid, up to the limit provided in the Tort Claims Act, provided that the authority granted in this subsection shall be limited to only those claims ~~which that~~ would be within the jurisdiction of the Industrial Commission under the Tort Claims Act."

Section 7A.(h) G.S. 143-300.6(a) reads as rewritten:

"(a) Payment of Judgments and Settlements. In an action to which this Article applies, the State shall pay (i) a final judgment awarded in a court of competent jurisdiction against a State employee or (ii) the amount due under a settlement of the action under this section. The unit of State government ~~by which that employed the employee was employed~~ shall ~~make the payment.~~ pay the first one hundred fifty thousand dollars (\$150,000) of liability, and the balance of any payment owed shall be paid in accordance with G.S. 143-299.4. This section does not waive the sovereign immunity of the State with respect to any claim. A payment of a judgment or settlement of a claim against a State employee or several State employees as joint tort-feasors may not exceed the amount payable for one claim under the Tort Claims Act."

Section 7A.(i) G.S. 143-300.16(a) reads as rewritten:

"(a) Any final judgment awarded against an employee in an action ~~which that~~ meets the requirements of G.S. 143-300.14, or any amount payable under a settlement of ~~such an the~~ action, shall be paid by the State. The first one hundred fifty thousand dollars (\$150,000) of liability shall be paid from funds appropriated to the State Board of Education for the payment of State Tort Claims. The balance of any payment owed shall be paid in accordance with G.S. 143-299.4. from the appropriation for the payment of State Tort Claims, except that no No payment shall be made from ~~that appropriation~~ either funds appropriated to the State Board of Education or funds transferred from

State agencies under G.S. 143-299.4 for any judgment for punitive damages. Nothing in this section shall be deemed to waive the sovereign immunity of the State with respect to a claim covered under this section or authorize the payment of any judgment or settlement against a public school employee in excess of the limit provided in the Tort Claims Act."

Section 7A.(j) Notwithstanding the limitations of G.S. 143-291.3, for claims pending on the effective date of this act, any counterclaim made by the State under G.S. 143-291.3 shall not exceed the greater of one hundred fifty thousand dollars (\$150,000) or the amount of the plaintiff's claim.

Section 7A.(k) Subsections (a), (b), and (d) through (j) of this section apply to claims or actions pending on or after the effective date of this section. Subsection (c) of this section applies to claims filed on or after the effective date of this section.

Requested by: Representatives Easterling, Redwine, Senators Gulley, Dalton, Plyler, Perdue, Odom

NORTH CAROLINA RAILROAD DIVIDENDS/REPORT

Section 7.2.(a) Chapter 124 of the General Statutes is amended by adding a new section to read:

"§ 124-5.1. State use of North Carolina Railroad dividends.

(a) Notwithstanding the provisions of G.S. 136-16.6, in order to increase the capital of the North Carolina Railroad Company, any dividends of the North Carolina Railroad Company received by the State shall be applied to reduce the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Any dividends of the North Carolina Railroad Company received by the State shall be used by the Department of Transportation for the improvement of the property of the North Carolina Railroad Company as recommended and approved by the Board of Directors of the North Carolina Railroad Company.

(b) Effective January 1, 2000, interest shall not be accrued or otherwise charged on the remaining balance of the obligations described in subsection (c) of Section 32.30 of S.L. 1997-443, as amended by subsection (d) of Section 27.11 of S.L. 1999-237. Interest accrued on those obligations relating to periods prior to January 1, 2000, shall be deemed paid and contributed by the State to the capital of the North Carolina Railroad Company."

Section 7.2.(b) G.S. 124-3 reads as rewritten:

"§ 124-3. Report of railroad, canal, etc.; contents.

The president or other chief officer of every railroad, canal, or other public work of internal improvement in which the State owns an interest, shall, ~~when required to do so by the Governor,~~ report annually to the Joint Legislative Commission on Governmental Operations. ~~make or cause to be made to the Governor and Council of State a written report of its affairs.~~ This report shall ~~show:~~ include:

- (1) Number of shares owned by the State.
- (2) Number of shares owned otherwise.
- (3) ~~Face-Par~~ value of ~~such~~ the shares.

- (4) ~~Market value of each of such shares.~~
- (5) Amount of bonded debt, and for what purpose contracted.
- (6) Amount of other debt, and how incurred.
- (7) If interest on bonded debt has been punctually paid as agreed; if not, how much in arrears.
- (8) Amount of gross receipts for past year, and from what sources derived.
- (9) An itemized account of expenditures for past year.
- (10) ~~Any lease or sale of said property, or any part thereof, to whom made, for what consideration, and for what length of time.~~ A summary of all leases, sales, or acquisitions of real property to which the company has been a party since the last report.
- (11) Suits at law pending against his company concerning its bonded debt, or in which title to all or any part of such road or canal is concerned.
- (12) Any sales of stock owned by the State, by whose order made, and disposition of the proceeds.
- (13) Annual financial statements, including notes, audited by an independent certified public accounting firm.

~~Any person failing to report as required by this section shall be guilty of a Class 1 misdemeanor.~~ Upon the request of the Governor or any committee of the General Assembly, a State-owned railroad company shall provide all additional information and data within its possession or ascertainable from its records."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
**STATE-SUPPORTED SCIENCE/TECHNOLOGY
 RECOMMENDATIONS/STUDY**

Section 7.3.(a) The General Assembly finds that significant State funding or in-kind support of scientific or technological development activity by a non-State entity has been provided, but questions have arisen about whether there has been adequate provision for reimbursement of these expenses or a sharing by the State of the returns on the activities. The General Assembly desires to develop a policy to ensure that the State will share in any gain on these development activities in return for the substantial investment provided by the State, without discouraging traditional scientific or technological development activities provided through research institutions in the University system. The General Assembly finds that any solution should not cause unintended consequences, but shall protect the interest of the taxpayers who have provided the funds.

The General Assembly further finds that the constituent institutions of The University of North Carolina and the North Carolina Community Colleges System already have in place licensing, royalty, intellectual property, and other arrangements.

Section 7.3.(b) The Legislative Research Commission may study whether, consistent with the findings of subsection (a) of this section, the following should be required from the non-State entity as conditions of the funding or in-kind support:

- (1) An acknowledgement that State funding or in-kind support is provided to serve a public purpose.

- (2) A copy of the non-State entity's audited annual financial report for the year before and then each year after the extension of State funding or in-kind support.
- (3) A quarterly report of marketing activities related to any of its scientific or technological development activity that has received State funding or in-kind support.
- (4) Prior notice of any acquisition, merger, or corporate activity by the non-State entity that would:
 - a. Affect the public purpose and public benefit contemplated in the extension of State funding or in-kind support.
 - b. Benefit any of its corporate officers in the form of receiving directly or indirectly stock, stock options, or other valuable interest in a for-profit or nonprofit entity.

Section 7.3.(c) The Legislative Research Commission shall further study, consistent with the findings in subsection (a) of this section, whether the State shall provide funding or in-kind support to a non-State entity for scientific or technological development only as a contractual agreement and whether a condition of the contract shall be that the non-State entity do the following:

- (1) Reimburse the State for all State support of any invention, innovation, discovery, or process that is transferred or marketed for a profit by the non-State entity.
- (2) Agree to provide to the State prospectively a share in the future profits generated by a State-supported scientific or technological development.

Section 7.3.(d) The Legislative Research Commission may consult with The University of North Carolina and the North Carolina Community Colleges System regarding policy and practices relative to licensing and royalty arrangements.

Section 7.3.(e) The Legislative Research Commission shall report its recommendations to the 2001 Session of the General Assembly.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

BUDGETING OF FUNDS TO IMPLEMENT THE ABCs OF PUBLIC EDUCATION PROGRAM

Section 7.4. The Director of the Budget shall include in the proposed continuation budget for the 2001-2003 fiscal biennium funds necessary to provide:

- (1) Incentive funding for schools that meet or exceed the projected levels of improvement in student performance in accordance with the ABCs of Public Education Program; and
- (2) Financial awards for personnel in schools that obtain the goals of the pilot program established in Section 8.36 of S.L. 1999-237. The purpose of this program is to test and evaluate a revised school accountability model for the ABCs of Public Education Program.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
DISASTER RELIEF FUNDS

Section 7.5. The Director of the Budget may use lapsed salary funds for the 2000-2001 fiscal year to match federal funds for disaster relief.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom, Martin of Pitt, Robinson, Carter, Metcalf

CLEAN WATER MANAGEMENT TRUST FUND

Section 7.7.(a) Notwithstanding G.S. 143-15.3B(a), the State Controller shall not reserve to the Clean Water Management Trust Fund any portion of the unreserved credit balance remaining in the General Fund at the end of the 2000-2001 fiscal year.

Section 7.7.(b) Effective July 1, 2001, G.S. 143-15.3B(a) reads as rewritten:

"(a) The Clean Water Management Trust Fund is established in G.S. 113-145.3. ~~The State Controller shall reserve to the Clean Water Management Trust Fund six and one half percent (6.5%) of any unreserved credit balance remaining in the General Fund at the end of each fiscal year or thirty million dollars (\$30,000,000), whichever is greater.~~ The General Assembly finds that, due to the critical need in this State to clean up pollution in the State's surface waters and to protect and conserve those waters that are not yet polluted, it is imperative that the State provide a minimum of forty million dollars (\$40,000,000) each calendar year to the Clean Water Management Trust Fund; therefore, there is annually appropriated from the General Fund to the Clean Water Management Trust Fund the sum of forty million dollars (\$40,000,000)."

Section 7.7.(c) Effective July 1, 2002, G.S. 143-15.3B(a), as rewritten by subsection (b) of this section, reads as rewritten:

"(a) The Clean Water Management Trust Fund is established in G.S. 113-145.3. The General Assembly finds that, due to the critical need in this State to clean up pollution in the State's surface waters and to protect and conserve those waters that are not yet polluted, it is imperative that the State provide a minimum of ~~forty million dollars (\$40,000,000)~~ seventy million dollars (\$70,000,000) each calendar year to the Clean Water Trust Fund; therefore, there is annually appropriated from the General Fund to the Clean Water Management Trust Fund the sum of ~~forty million dollars (\$40,000,000)~~ seventy million dollars (\$70,000,000)."

Section 7.7.(d) Effective July 1, 2003, G.S. 143-15.3B(a), as rewritten by subsections (b) and (c) of this section, reads as rewritten:

"(a) The Clean Water Management Trust Fund is established in G.S. 113-145.3. The General Assembly finds that, due to the critical need in this State to clean up pollution in the State's surface waters and to protect and conserve those waters that are not yet polluted, it is imperative that the State provide a minimum of ~~seventy million dollars (\$70,000,000)~~ one hundred million dollars (\$100,000,000) each calendar year to the Clean Water Management Trust Fund; therefore, there is annually appropriated from the General Fund to the Clean Water Management Trust Fund the sum of ~~seventy million dollars (\$70,000,000)~~ one hundred million dollars (\$100,000,000)."

Section 7.7.(e) G.S. 143-15.2 reads as rewritten:

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

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

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

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

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

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

Section 7.7.(f) G.S. 143-15.3(a) reads as rewritten:

"(a) There is established a Savings Reserve Account as a restricted reserve in the General Fund. The State Controller shall reserve to the Savings Reserve Account one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account contains funds equal to five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax-sharing funds, that were directly appropriated. In the event that the one-fourth exceeds the amount necessary to reach the five percent (5%) level, only funds necessary to reach that level shall be reserved. If there are insufficient funds in the unreserved credit balance for the Savings Reserve Account, ~~the Account and the Repairs and Renovations Reserve Account, and the Clean Water Management Trust Fund,~~ then the requirements of this section shall be complied with first, and any remaining funds shall be reserved to the Repairs and Renovations Reserve Account, in accordance with ~~G.S. 143-15.3A, and the Clean Water Management Trust Fund, in accordance with G.S. 143-15.3B.~~ G.S. 143-15.3A."

Section 7.7.(g) Except as otherwise provided in this section, this section becomes effective June 30, 2001.

Requested by: Representatives Tolson, Easterling, Redwine, Senators Reeves, Plyler, Perdue, Odom

ELECTRONIC PROCUREMENT

Section 7.8. Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

" PART 17. ELECTRONIC PROCUREMENT IN GOVERNMENT.

"§ 143B-472.70. Electronic procurement.

(a) The Department of Administration and the Office of the State Controller, in conjunction with the Office of Information Technology Services (ITS), the Department of State Auditor, the Department of State Treasurer, The University of North Carolina General Administration, the Community Colleges System Office, and the Department of

Public Instruction shall collaborate to develop electronic or digital procurement standards.

(b) The Department of Administration, in conjunction with the Office of the State Controller and the Office of Information Technology Services may, upon request, provide to all State agencies, universities, local school administrative units, and the community colleges, training in the use of the electronic procurement system.

(c) The Office of Information Technology shall act as an Application Service Provider for an electronic procurement system and shall establish, manage, and operate this electronic procurement system, through State ownership or commercial leasing, in accordance with the requirements and operating standards developed by the Department of Administration, the Office of the State Controller, and ITS.

(d) Nothing in this section modifies existing law relating to procurement between The University of North Carolina, UNC Health Care, local school administrative units, community colleges, and the Department of Administration."

Requested by: Representatives Easterling, Redwine, Senators Reeves, Plyler, Perdue, Odom

DEVELOPMENT AND IMPLEMENTATION OF WEB PORTALS/PUBLIC AGENCY LINKS

Section 7.9. Chapter 66 of the General Statutes is amended by adding a new Article to read:

"Article 11B.

"Electronic Access to State Services.

"§ 66-58.12. Development and implementation of Web portals; public agency links.

(a) The Office of Information Technology Services (ITS) shall develop the architecture, requirements, and standards for the development, implementation and operation of one or more centralized Web portals that will allow persons to access State government services on a 24-hour basis. ITS shall submit its plan for the implementation of the Web portals to the Information Resource Management Commission (IRMC) for its review and approval. When the plan is approved by the IRMC, ITS shall move forward with development and implementation of the statewide Web Portal system.

(b) Each State department, agency, and institution under the review of the IRMC shall functionally link its Internet or electronic services to a centralized Web portal system established pursuant to subsection (a) of this section."

Requested by: Representatives Easterling, Redwine, Senators Hagan, Plyler, Perdue, Odom

DATE LABELS FOR MEAT/POULTRY/SEAFOOD

Section 7.10. G.S. 106-130 is amended by adding a new subdivision to read:

"§ 106-130. Foods deemed misbranded.

A food shall be deemed to be misbranded:

...

- (15) If the labeling provided by the manufacturer, packer, distributor, or retailer on meat, meat products, poultry, or seafood includes a 'sell-by' date or other indicator of a last recommended day of sale, and the date has been removed, obscured, or altered by any person other than the customer. This subdivision does not prohibit the removal of a label for the purpose of repackaging and relabeling a food item so long as the new package or new label does not bear a 'sell-by' date or other indicator of a last recommended day of sale later than the original package. This subdivision does not prohibit relabeling of meat, meat products, poultry, or seafood that has had its shelf life extended through freezing, cooking, or other additional processing that extends the shelf life of the product."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom, Hartsell

TRAINING FOR MEMBERS OF THE PROPERTY TAX COMMISSION

Section 7.11. G.S. 105-288(d) reads as rewritten:

"(d) Expenses. – The members of the Property Tax Commission shall receive travel and subsistence expenses in accordance with G.S. 138-5 and a salary of two hundred dollars (\$200.00) a day when hearing ~~eases.~~cases, meeting to decide cases, and attending training or continuing education classes on property taxes or judicial procedure. The Secretary of Revenue shall supply all the clerical and other services required by the Commission. All expenses of the Commission and the Department of Revenue in performing the duties enumerated in this Article shall be paid as provided in G.S. 105-501."

PART VIII. PUBLIC SCHOOLS

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

EXPENDITURE OF FUNDS TO IMPROVE STUDENT ACCOUNTABILITY

Section 8. Section 8.17 of S.L. 1999-237 reads as rewritten:

"Section 8.17. (a) Funds appropriated for the ~~1999-2001 fiscal biennium~~2000-2001 fiscal year for Student Accountability Standards shall be used to assist students in performing at or above grade level in reading and mathematics in grades 3-8 as measured by the State's end-of-grade tests. The State Board of Education shall allocate these funds to local school administrative units based on the number of students who score at Level I or Level II on either reading or mathematics end-of-grade tests in grades 3-8. Funds in this allocation category shall be ~~spent only used~~ to improve the academic performance of ~~children~~(i) students who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and ~~children~~(ii) students who are performing at Level I or II on the writing tests in grades 4 and 7. These funds may also be used to improve the academic performance of students who are performing

at Level I or II on the high school end-of-course tests. These funds shall not be transferred to other allocation categories or otherwise used for other purposes. Except as otherwise provided by law, local boards of education may transfer other funds available to them into this allocation category.

The principal of a school receiving these funds, in consultation with the faculty and the site-based management team, shall implement plans for expending these funds to improve the performance of students.

Continuation budget funds previously appropriated for NC Helps and for the middle school pilot project shall be transferred to this allocation category.

Local boards of education are encouraged to use federal funds such as Goals 2000 and Title I Comprehensive School Reform Development Funds and to examine the use of State funds to ensure that every student is performing at or above grade level in reading and mathematics.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to the convening of the 2000 Regular Session of the General Assembly on the implementation of this section. The report may include recommendations regarding the transfer of other funds into this allocation category.

Section 8.17.(b) Funds appropriated for Student Accountability Standards shall not revert at the end of each fiscal year but shall remain available for expenditure until August 31 of the subsequent fiscal year."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

USE OF STAFF DEVELOPMENT FUNDS MENTOR TRAINING

Section 8.1. G.S. 115C-105.27 reads as rewritten:

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

In order to improve student performance, each school shall develop a school improvement plan that takes into consideration the annual performance goal for that school that is set by the State Board under G.S. 115C-105.35. The principal of each school, representatives of the assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building, and parents of children enrolled in the school shall constitute a school improvement team to develop a school improvement plan to improve student performance. Representatives of the assistant principals, instructional personnel, instructional support personnel, and teacher assistants shall be elected by their respective groups by secret ballot. Unless the local board of education has adopted an election policy, parents shall be elected by parents of children enrolled in the school in an election conducted by the parent and teacher organization of the school or, if none exists, by the largest organization of parents formed for this purpose. Parents serving on school improvement teams shall reflect the racial and socioeconomic composition of the students enrolled in that school and shall not be members of the building-level staff. Parental involvement is a critical component of school success and positive student achievement; therefore, it is the intent of the General Assembly that parents, along with teachers, have a substantial role in developing school improvement plans. To this end, school improvement team meetings

shall be held at a convenient time to assure substantial parent participation. The strategies for improving student ~~performance shall~~ performance:

- (1) Shall include a plan for the use of staff development funds that may be made available to the school by the local board of education to implement the school improvement ~~plan and shall plan.~~ The plan may provide that a portion of these funds is used for mentor training and for release time and substitute teachers while mentors and teachers mentored are meeting;
- (2) Shall include a plan to address school safety and discipline concerns in accordance with the safe school plan developed under Article 8C of this ~~Chapter. The strategies may~~ Chapter;
- (3) May include a decision to use State funds in accordance with ~~G.S. 115C-105.25. The strategies for improving student performance shall~~ G.S. 115C-105.25;
- (4) Shall include a plan that specifies the effective instructional practices and methods to be used to improve the academic performance of students identified as at risk of academic failure or at risk of dropping out of school. ~~The strategies may also~~ school;
- (5) May include requests for waivers of State laws, rules, or policies for that school. A request for a waiver shall meet the requirements of G.S. 115C-105.26.

Support among affected staff members is essential to successful implementation of a school improvement plan to address improved student performance at that school. The principal of the school shall present the proposed school improvement plan to all of the principals, assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building for their review and vote. The vote shall be by secret ballot. The principal shall submit the school improvement plan to the local board of education only if the proposed school improvement plan has the approval of a majority of the staff who voted on the plan.

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

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

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

EXCEPTIONAL CHILDREN

Section 8.2. The funds appropriated for exceptional children for the 2000-2001 fiscal year shall be allocated as follows:

- (1) Each local school administrative unit shall receive for academically or intellectually gifted children the sum of eight hundred forty-three dollars and fifty-nine cents (\$843.59) per child for four percent (4%) of the 2000-2001 allocated average daily membership in the local school administrative unit, regardless of the number of children identified as academically or intellectually gifted in the local school administrative unit. The total number of children for which funds shall be allocated pursuant to this subdivision is 51,542 for the 2000-2001 school year.
- (2) Each local school administrative unit shall receive for children with special needs the sum of two thousand five hundred forty-nine dollars and seventy-four cents (\$2,549.74) per child for the lesser of (i) all children who are identified as children with special needs or (ii) twelve and five-tenths percent (12.5%) of the 2000-2001 allocated average daily membership in the local school administrative unit. The maximum number of children for which funds shall be allocated pursuant to this subdivision is 156,296 for the 2000-2001 school year.

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

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

LIMITED ENGLISH PROFICIENCY

Section 8.3. Section 8.10 of S.L. 1999-237 reads as rewritten:

"Section 8.10. The State Board of Education shall develop guidelines for identifying and providing services to students with limited proficiency in the English language.

The State Board shall allocate these funds to local school administrative units and to charter schools under a formula that takes into account the average percentage of students in the units or the charters over the past three years who have limited English proficiency. If data for the prior three years are not available, the State Board shall use

the most recent reliable data. The State Board shall allocate funds to a unit or a charter school only if (i) average daily membership of the unit or the charter school includes at least 20 students with limited English proficiency or (ii) students with limited English proficiency comprise at least two and one-half percent (2 1/2%) of the average daily membership of the unit or charter school. ~~No unit or charter school shall receive funds for more than~~ For the portion of the funds that is allocated on the basis of the number of identified students, the maximum number of identified students for whom a unit or charter school receives funds shall not exceed ten and six-tenths percent (10.6%) of its average daily membership.

Local school administrative units shall use funds allocated to them to pay for classroom teachers, teacher assistants, tutors, textbooks, classroom materials/instructional supplies/equipment, transportation costs, and staff development for students with limited English proficiency.

A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

EXCEPTIONAL CHILDREN HEAD COUNT

Section 8.4. The Commission on Children with Special Needs shall study the issue of when the head count of children with special needs should be performed and whether a single head count during a school year is adequate. The Commission shall report the results of its study to the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

REDUCE IMPACT OF SIGNIFICANT REDUCTIONS IN ADM IN SMALL SCHOOL SYSTEMS

Section 8.5. If a county school administrative unit with 3,000 or fewer students experiences a greater than four percent (4%) loss in projected average daily membership due to shifts of enrollment to charter schools located within the unit, the State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for the 2000-2001 fiscal year to reduce the loss of funds to the unit's schools, other than charter schools, to a maximum of four percent (4%).

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW STUDENT INFORMATION SYSTEM

Section 8.6. The State Board of Education may transfer up to one million dollars (\$1,000,000) in funds appropriated for the Uniform Education Reporting System for the 2000-2001 fiscal year to the Department of Public Instruction to lease or

purchase equipment necessary for the testing and implementation of NC WISE, the new student information system in the public schools.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

USES OF THE ADM RESERVE

Section 8.7. If a local school administrative unit has inadequate resources due to (i) the establishment of a new charter school or (ii) authorization from the State Board of Education to increase the enrollment of an existing charter school by more than ten percent (10%), the State Board of Education may allocate additional funds to the unit from the Reserve for Average Daily Membership Adjustment. The State Board shall develop policies for the implementation of this section.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

CLASS-SIZE COMPUTATION FOR K-2

Section 8.8. Local school administrative units shall use teacher positions allocated for kindergarten through second grade (i) to hire classroom teachers and reading teachers for children in kindergarten through second grade and (ii) to otherwise reduce the student-teacher ratio in kindergarten through second grade.

Notwithstanding the provisions of G.S. 115C-301(c), both the maximum average class size for the grade span kindergarten, first grade, and second grade, and the maximum size of an individual class within the grade span shall be 26 students.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

LITIGATION RESERVE

Section 8.9.(a) Funds in the State Board of Education's Litigation Reserve that are not expended or encumbered on June 30, 2000, shall not revert on July 1, 2000, but shall remain available for expenditure until June 30, 2001.

Section 8.9.(b) Subsection (a) of this section becomes effective June 30, 2000.

Section 8.9.(c) The State Board of Education may expend up to five hundred thousand dollars (\$500,000) for the 2000-2001 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

TEACHER SALARY SCHEDULES

Section 8.10.(a) Effective for the 2000-2001 school year, the Director of the Budget may transfer from the Reserve for Compensation Increase for the 2000-2001 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half

percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2000, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

Section 8.10.(b) For the 2000-2001 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

**2000-2001 MONTHLY SALARY SCHEDULE
"A" TEACHERS**

Years of Experience	"A" Teachers	NBPTS Certification
0	\$2,500	N/A
1	\$2,542	N/A
2	\$2,585	N/A
3	\$2,737	\$3,065
4	\$2,875	\$3,220
5	\$3,006	\$3,366
6	\$3,133	\$3,508
7	\$3,234	\$3,622
8	\$3,281	\$3,674
9	\$3,329	\$3,728
10	\$3,378	\$3,783
11	\$3,427	\$3,838
12	\$3,476	\$3,893
13	\$3,526	\$3,949
14	\$3,578	\$4,007
15	\$3,631	\$4,066
16	\$3,685	\$4,127
17	\$3,740	\$4,188
18	\$3,796	\$4,251
19	\$3,853	\$4,315
20	\$3,911	\$4,380
21	\$3,971	\$4,447
22	\$4,032	\$4,515
23	\$4,095	\$4,586
24	\$4,158	\$4,656
25	\$4,222	\$4,728

26	\$4,287	\$4,801
27	\$4,354	\$4,876
28	\$4,423	\$4,953
29+	\$4,493	\$5,032

**2000-2001 MONTHLY SALARY SCHEDULE
"M" TEACHERS**

Years of Experience	"M" Teachers	NBPTS Certification
0	\$2,750	N/A
1	\$2,796	N/A
2	\$2,844	N/A
3	\$3,011	\$3,372
4	\$3,163	\$3,542
5	\$3,307	\$3,703
6	\$3,446	\$3,859
7	\$3,557	\$3,983
8	\$3,609	\$4,042
9	\$3,662	\$4,101
10	\$3,716	\$4,161
11	\$3,770	\$4,222
12	\$3,824	\$4,282
13	\$3,879	\$4,344
14	\$3,936	\$4,408
15	\$3,994	\$4,473
16	\$4,054	\$4,540
17	\$4,114	\$4,607
18	\$4,176	\$4,677
19	\$4,238	\$4,746
20	\$4,302	\$4,818
21	\$4,368	\$4,892
22	\$4,435	\$4,967
23	\$4,505	\$5,045
24	\$4,574	\$5,122
25	\$4,644	\$5,201
26	\$4,716	\$5,281
27	\$4,789	\$5,363
28	\$4,865	\$5,448
29+	\$4,942	\$5,535

Section 8.10.(b1) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of

one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

Section 8.10.(c) Effective for the 2000-2001 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

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

Section 8.10.(d) Effective for the 2000-2001 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

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

Section 8.10.(e) Certified school nurses who are employed in the public schools as nurses shall be paid on the "M" salary schedule.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

SCHOOL-BASED ADMINISTRATOR SALARIES

Section 8.11.(a) Funds appropriated to the Reserve for Compensation Increase shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

Section 8.11.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2000-2001 fiscal year, commencing July 1, 2000, is as follows:

**2000-2001
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

Yrs of Exp	Classification				
	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	\$3,195				
5	\$3,340				
6	\$3,480				
7	\$3,593				
8	\$3,645	\$3,645			
9	\$3,699	\$3,699			
10	\$3,753	\$3,753	\$3,808		
11	\$3,808	\$3,808	\$3,862		
12	\$3,862	\$3,862	\$3,918	\$3,975	
13	\$3,918	\$3,918	\$3,975	\$4,034	\$4,095
14	\$3,975	\$3,975	\$4,034	\$4,095	\$4,155
15	\$4,034	\$4,034	\$4,095	\$4,155	\$4,218
16	\$4,095	\$4,095	\$4,155	\$4,218	\$4,280
17	\$4,155	\$4,155	\$4,218	\$4,280	\$4,345
18	\$4,218	\$4,218	\$4,280	\$4,345	\$4,412
19	\$4,280	\$4,280	\$4,345	\$4,412	\$4,479
20	\$4,345	\$4,345	\$4,412	\$4,479	\$4,550
21	\$4,412	\$4,412	\$4,479	\$4,550	\$4,620
22	\$4,479	\$4,479	\$4,550	\$4,620	\$4,690
23	\$4,550	\$4,550	\$4,620	\$4,690	\$4,763
24	\$4,620	\$4,620	\$4,690	\$4,763	\$4,837
25	\$4,690	\$4,690	\$4,763	\$4,837	\$4,914
26	\$4,763	\$4,763	\$4,837	\$4,914	\$4,991
27	\$4,837	\$4,837	\$4,914	\$4,991	\$5,091
28	\$4,914	\$4,914	\$4,991	\$5,091	\$5,193
29	\$4,991	\$4,991	\$5,091	\$5,193	\$5,297
30	\$5,091	\$5,091	\$5,193	\$5,297	\$5,403
31	\$5,193	\$5,193	\$5,297	\$5,403	\$5,511
32		\$5,297	\$5,403	\$5,511	\$5,621
33			\$5,511	\$5,621	\$5,733
34			\$5,621	\$5,733	\$5,848
35				\$5,848	\$5,965
36				\$5,965	\$6,084

**2000-2001
PRINCIPAL AND ASSISTANT PRINCIPAL SALARY SCHEDULES**

CLASSIFICATION

Yrs of Exp	Prin V (44-54)	Prin VI (55-65)	Prin VII (66-100)	Prin VIII (101+)
14	\$4,218			
15	\$4,280			
16	\$4,345	\$4,412		
17	\$4,412	\$4,479	\$4,620	
18	\$4,479	\$4,550	\$4,690	\$4,763
19	\$4,550	\$4,620	\$4,763	\$4,837
20	\$4,620	\$4,690	\$4,837	\$4,914
21	\$4,690	\$4,763	\$4,914	\$4,991
22	\$4,763	\$4,837	\$4,991	\$5,091
23	\$4,837	\$4,914	\$5,091	\$5,193
24	\$4,914	\$4,991	\$5,193	\$5,297
25	\$4,991	\$5,091	\$5,297	\$5,403
26	\$5,091	\$5,193	\$5,403	\$5,511
27	\$5,193	\$5,297	\$5,511	\$5,621
28	\$5,297	\$5,403	\$5,621	\$5,733
29	\$5,403	\$5,511	\$5,733	\$5,848
30	\$5,511	\$5,621	\$5,848	\$5,965
31	\$5,621	\$5,733	\$5,965	\$6,084
32	\$5,733	\$5,848	\$6,084	\$6,206
33	\$5,848	\$5,965	\$6,206	\$6,330
34	\$5,965	\$6,084	\$6,330	\$6,457
35	\$6,084	\$6,206	\$6,457	\$6,586
36	\$6,206	\$6,330	\$6,586	\$6,718
37	\$6,330	\$6,457	\$6,718	\$6,852
38	\$6,457	\$6,586	\$6,852	\$6,989
39		\$6,718	\$6,989	\$7,129
40		\$6,852	\$7,129	\$7,272
41			\$7,272	\$7,417

Section 8.11.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	

Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

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

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

Section 8.11.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal.

Section 8.11.(e) For the 2000-2001 fiscal year, a principal or assistant principal shall be placed on the appropriate step plus one percent (1%) if:

- (1) The employee's school met or exceeded the projected levels of improvement in student performance for the 1997-98 fiscal year, in accordance with the ABCs of Public Education Program;
- (2) The local board of education found in 1997-98 that the employee's school met objectively measurable goals set by the local board of education for maintaining a safe and orderly school;
- (3) The employee's school met or exceeded the projected levels of improvement in student performance for the 1998-99 fiscal year, in accordance with the ABCs of Public Education Program;
- (4) The local board of education found in 1998-99 that the employee's school met objectively measurable goals set by the local board of education for maintaining a safe and orderly school;
- (5) The employee's school met or exceeded the projected levels of improvement in student performance for the 1999-2000 fiscal year, in accordance with the ABCs of Public Education Program; or
- (6) The local board of education found in 1999-2000 that the employee's school met objectively measurable goals set by the local board of education for maintaining a safe and orderly school.

The principal or assistant principal shall be placed on the appropriate step plus an additional one percent (1%) for meeting each additional condition set out in subdivisions (1) through (6). Under no circumstance shall placement of a principal or assistant principal be higher than six percent (6%) above the appropriate step on the salary schedule.

Section 8.11.(f) For the 2000-2001 fiscal year, a principal or assistant principal shall receive a lump-sum payment of:

- (1) One percent (1%) of his or her State-paid salary if the employee's school meets or exceeds the projected levels of improvement in student performance for the 2000-2001 fiscal year, in accordance with the ABCs of Public Education Program.
- (2) One percent (1%) of his or her State-paid salary if the local board of education finds that the employee's school has met the 2000-2001 goals of the local plan for maintaining a safe and orderly school.

The principal or assistant principal shall receive a lump-sum payment of two percent (2%) if the conditions set out in both subdivisions (1) and (2) are satisfied.

The lump sum shall be paid as determined by guidelines adopted by the State Board. Except as provided in subsection (1) of this section, placement on the salary schedule in the following year shall be based upon these increases.

Section 8.11.(g) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

Section 8.11.(h) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

Section 8.11.(i) Longevity pay for principals and assistant principals shall be as provided for State employees under the State Personnel Act.

Section 8.11.(j)

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

This subdivision applies to all transfers on or after the effective date of this section, except transfers in school systems that have been created, or will be created, by merging two or more school systems. Transfers in these merged systems are exempt

from the provisions of this subdivision for one calendar year following the date of the merger.

Section 8.11.(k) Participants in an approved full-time masters in school administration program shall receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the masters program. Certification of eligible full-time interns shall be supplied to the Department of Public Instruction by the Principal Fellows Program or a school of education where the intern participates in a full-time masters in school administration.

Section 8.11.(l) During the 2000-2001 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate shall be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher. Lump-sum payments received pursuant to subsection (f) of this section shall not be considered in placing the employee on the salary schedule in subsequent years that the employee is employed under either a provisional or a full certificate.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

SCHOOL CENTRAL OFFICE SALARIES

Section 8.12.(a) The following monthly salary ranges apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2000-2001 fiscal year, beginning July 1, 2000:

School Administrator I	\$2,932	\$5,214
School Administrator II	\$3,112	\$5,534
School Administrator III	\$3,303	\$5,873
School Administrator IV	\$3,436	\$6,110
School Administrator V	\$3,574	\$6,358
School Administrator VI	\$3,792	\$6,747
School Administrator VII	\$3,945	\$7,020

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2000.

Section 8.12.(b) The following monthly salary ranges apply to public school superintendents for the 2000-2001 fiscal year, beginning July 1, 2000:

(1) Superintendent I (Up to 2,500 ADM)	\$4,187	\$7,451
(2) Superintendent II (2,501 - 5,000 ADM)	\$4,445	\$7,904
(3) Superintendent III (5,001 - 10,000 ADM)	\$4,716	\$8,389
(4) Superintendent IV (10,001 - 25,000 ADM)	\$5,005	\$8,901
(5) Superintendent V (Over 25,000 ADM)	\$5,312	\$9,447

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school

administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section 8.11(h) of this act.

Section 8.12.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

Section 8.12.(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this section.

Section 8.12.(e) The State Board shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

Section 8.12.(f) The Director of the Budget shall transfer from the Reserve for Compensation Increase created in this act for fiscal year 2000-2001, beginning July 1, 2000, funds necessary to provide an average annual salary increase of four and two-tenths percent (4.2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2000, for all permanent full-time personnel paid from the Central Office Allotment. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing their salary increases to these personnel.

Section 8.12.(g) Effective October 1, 2000, any person who was employed on or before April 1, 2000, and who is still employed on October 1, 2000, as a permanent public school employee whose salary is set by or under this section shall receive a compensation bonus, payable at the end of the employee's first pay date after October 1, 2000, of five hundred dollars (\$500.00). For permanent part-time employees, the compensation bonus provided by this section shall be adjusted pro rata. Notwithstanding G.S. 135-1(7a), the compensation bonus provided by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

NONCERTIFIED PERSONNEL SALARY FUNDS

Section 8.13.(a) The Director of the Budget may transfer from the Reserve for Compensation Increase created in this act for fiscal year 2000-2001, commencing July 1, 2000, funds necessary to provide a salary increase of four and two-tenths percent

(4.2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2000, for all noncertified public school employees, except for teacher assistants, whose salaries are supported from the State's General Fund.

Section 8.13.(b) Except as provided in subsection (c) of this section, local boards of education shall increase the rates of pay for all such employees who were employed for fiscal year 1999-2000 and who continue their employment for fiscal year 2000-2001 by at least four and two-tenths percent (4.2%), commencing July 1, 2000.

Section 8.13.(c) A local board of education may adopt a policy that provides for raises of less than four and two-tenths percent (4.2%) for all such employees who were employed for less than two-thirds of the employment period for fiscal year 1999-2000 and who continue their employment for fiscal year 2000-2001. A local board of education adopting such a policy shall increase the salaries of those employees in accordance with the local policy.

Section 8.13.(d) These funds shall not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

Section 8.13.(e) The State Board of Education may adopt salary ranges for noncertified personnel to support increases of four and two-tenths percent (4.2%) for the 2000-2001 fiscal year.

Section 8.13.(f) Effective October 1, 2000, any person who was employed on or before April 1, 2000, and who is still employed on October 1, 2000, as a permanent public school employee whose salary is set by or under this section shall receive a compensation bonus, payable at the end of the employee's first pay date after October 1, 2000, of five hundred dollars (\$500.00). For permanent part-time employees, the compensation bonus provided by this section shall be adjusted pro rata. Notwithstanding G.S. 135-1(7a), the compensation bonus provided by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Nesbitt, Bonner, Warner, Yongue, Senators Lee, Dalton, Plyler, Perdue, Odom

TEACHER ASSISTANT SALARY SCHEDULE

Section 8.13A.(a) The allotment formula for teacher assistants for the 2000-2001 fiscal year shall be a dollar allotment. Local boards of education shall use these funds to increase the rates of pay for teacher assistants who were employed for fiscal year 1999-2000 and who continue their employment for fiscal year 2000-2001. This increase shall be at least four and two tenths percent (4.2%), commencing July 1, 2000, for all such teacher assistants unless a local board of education adopts a policy that provides for raises of less than four and two tenths percent (4.2%) for all those teacher assistants who were employed for less than two-thirds of the employment period for fiscal year 1999-2000 and who continue their employment for fiscal year 2000-2001. A local board of education adopting such a policy shall increase the salaries of those teacher assistants who were employed for less than two-thirds of the employment period for fiscal year 1999-2000 in accordance with the local policy; that local board shall increase the salaries of those teacher assistants who were employed for two-thirds or

more of the employment period for fiscal year 1999-2000 by at least four and two tenths percent (4.2%).

Section 8.13A.(b) Effective October 1, 2000, any person who was employed on or before April 1, 2000, and who is still employed on October 1, 2000, as a permanent public school employee whose salary is set by or under this section shall receive a compensation bonus, payable at the end of the employee's first pay date after October 1, 2000, of five hundred dollars (\$500.00). For permanent part-time employees, the compensation bonus provided by this section shall be adjusted pro rata. Notwithstanding G.S. 135-1(7a), the compensation bonus provided by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

Section 8.13A.(c) Prior to the adoption and implementation of a minimum experience-based salary schedule for teacher assistants, the General Assembly is committed to determining the cost of implementing such a schedule. Such a salary schedule should: (i) be based on a teacher assistant's years of experience as a teacher or teacher assistant in North Carolina's public schools, (ii) reflect an annual increase of a set percentage based on the teacher assistant's years of experience with an experience level maximum of 21 to 30 years, (iii) have a minimum monthly salary of the Office of State Personnel's Pay Grade 56 classification or one thousand three hundred eighty dollars (\$1,380) whichever is less, and (iv) include incremental increases for teacher assistants for educational certification and degree standards.

The State Board of Education shall develop a proposed salary schedule that reflects the above conditions. The State Board also must assure that the schedule meets guidelines of the federal wage and hour laws, meets the needs of public schools regarding flexible use of teacher assistant resources, minimizes the administrative burden on local boards of education and the Department of Public Instruction to implement the schedule, and assures that the schedule can be implemented consistently in all public schools. The State Board of Education shall report to the Joint Legislative Education Oversight Committee by December 11, 2000, on its recommendations regarding the Teacher Assistant Salary Schedule and the costs of implementation.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

FUNDS TO IMPLEMENT THE ABCs OF PUBLIC EDUCATION PROGRAM

Section 8.14. The State Board of Education shall use funds appropriated for State Aid to Local School Administrative Units for the 1999-2000 fiscal year and the 2000-2001 fiscal year to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 1999-2000 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

- (1) Incentive awards in schools that achieve higher than expected improvements may be up to:
 - a. \$1,500 for each teacher and for certified personnel; and
 - b. \$500.00 for each teacher assistant.

- (2) Incentive awards in schools that meet the expected improvements may be up to:
 - a. \$750.00 for each teacher and for certified personnel; and
 - b. \$375.00 for each teacher assistant.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

Section 8.15. Section 8.5(b) of S.L. 1999-237 reads as rewritten:

"Section 8.5.(b) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks, and (ii) for salary supplements for instructional personnel and instructional support personnel.

Local boards of education are encouraged to use at least ~~twenty percent (20%)~~ twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades 3-8 and children who are performing at Level I or II on the writing tests in grades 4 and 7. Local boards of education shall report to the State Board of Education on an annual basis on funds used for this purpose, and the State Board shall report this information to the Joint Legislative Education Oversight Committee."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS CERTIFICATION

Section 8.16. Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-296.2. National Board for Professional Teaching Standards Certification.

(a) State Policy. – It is the goal of the State to provide opportunities and incentives for good teachers to become excellent teachers and to retain them in the teaching profession; to attain this goal, the State shall support the efforts of teachers to achieve national certification by providing approved paid leave time for teachers participating in the process, paying the participation fee, and paying a significant salary differential to teachers who attain national certification from the National Board for Professional Teaching Standards (NBPTS).

The National Board for Professional Teaching Standards (NBPTS) was established in 1987 as an independent, nonprofit organization to establish high standards for teachers' knowledge and performance and for development and operation of a national voluntary system to assess and certify teachers who meet those standards. Participation in the program gives teachers the time and the opportunity to analyze in a systematic way their professional development as teachers, successful teaching strategies, and the

substantive areas in which they teach. Participation also gives teachers an opportunity to demonstrate superior ability and to be compensated as superior teachers. To receive NBPTS certification, a teacher must successfully (i) complete a process of developing a portfolio of student work and videotapes of teaching and learning activities and (ii) participate in NBPTS assessment center simulation exercises, including performance-based activities and a content knowledge examination.

(b) Definitions. – As used in this subsection:

(1) A 'North Carolina public school' is a school operated by a local board of education, the Department of Health and Human Services, the Department of Correction, the Office of Juvenile Justice or The University of North Carolina; a school affiliated with The University of North Carolina; or a charter school approved by the State Board of Education.

(2) A 'teacher' is a person who:

a. Either:

1. Is certified to teach in North Carolina; or

2. Holds a certificate or license issued by the State Board of Education that meets the professional license requirement for NBPTS certification;

b. Is a State-paid employee of a North Carolina public school;

c. Is paid on the teacher salary schedule; and

d. Spends at least seventy percent (70%) of his or her work time:

1. In classroom instruction, if the employee is employed as a teacher. Most of the teacher's remaining time shall be spent in one or more of the following: mentoring teachers, doing demonstration lessons for teachers, writing curricula, developing and leading staff development programs for teachers; or

2. In work within the employee's area of certification or licensure, if the employee is employed in an area of NBPTS certification other than direct classroom instruction.

(c) Payment of the NBPTS Participation Fee; Paid Leave. – The State shall pay the NBPTS participation fee and shall provide up to three days of approved paid leave to all teachers participating in the NBPTS program who:

(1) Have completed three full years of teaching in a North Carolina public school; and

(2) Have (i) not previously received State funds for participating in any certification area in the NBPTS program, (ii) repaid any State funds previously received for the NBPTS certification process, or (iii) received a waiver of repayment from the State Board of Education.

Teachers participating in the program shall take paid leave only with the approval of their supervisors.

(d) Repayment by a Teacher Who Does Not Complete the Process. – A teacher for whom the State pays the participation fee who does not complete the process shall repay the certification fee to the State.

Repayment is not required if a teacher does not complete the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may waive the repayment requirement if the State Board finds that the teacher was unable to complete the process due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.

(e) Repayment by a Teacher Who Does Not Teach for a Year After Completing the Process. – A teacher for whom the State pays the participation fee who does not teach for a year in a North Carolina public school after completing the process shall repay the certification fee to the State.

Repayment is not required if a teacher does not teach in a North Carolina public school for at least one year after completing the process due to the death or disability of the teacher. Upon the application of the teacher, the State Board of Education may extend the time before which a teacher must either teach for a year or repay the participation fee if the State Board finds that the teacher is unable to teach the next year due to the illness of the teacher, the death or catastrophic illness of a member of the teacher's immediate family, parental leave to care for a newborn or newly adopted child, or other extraordinary circumstances.

(f) Rules. – The State Board shall adopt policies and guidelines to implement this section."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

ALLOCATION OF CENTRAL OFFICE ADMINISTRATION FUNDS

Section 8.17. Expansion budget funds appropriated to State Aid to Local School Administrative Units for the 2000-2001 fiscal year for Central Office Administration shall be used to ensure that every local school administrative unit receives the amount calculated under the State Board of Education's distribution formula used for allocation of these funds.

Requested by: Representatives Rogers, Oldham, Boyd-McIntyre, Easterling, Redwine, Nesbitt, Senators Lee, Dalton, Plyler, Perdue, Odom

REDUCTION OF PAPERWORK IN PUBLIC SCHOOLS

Section 8.18.(a) G.S. 115C-307(g) reads as rewritten:

~~"(g) To Make Required Reports. – Every teacher of a public school shall make such reports as are~~ A teacher shall make all reports required by the boards of education, and the local board of education. The superintendent shall not approve the vouchers for the pay of teachers voucher for a teacher's pay until the required monthly and annual reports are made: Provided, that the superintendents may require teachers made.

The superintendent may require a teacher to make reports to the principals-principal.

A teacher shall be given access to the information in the student information management system to expedite the process of preparing reports or otherwise providing information. A teacher shall not be required by the local board, the superintendent, or the principal to (i) provide information that is already available on the student information management system; (ii) provide the same written information more than once during a school year unless the information has changed during the ensuing period; or (iii) complete forms, for children with disabilities, that are not necessary to ensure compliance with the federal Individuals with Disabilities Education Act (IDEA). Notwithstanding the forgoing, a local board may require information available on its student information management system or require the same information twice if the local board can demonstrate a compelling need and can demonstrate there is not a more expeditious manner of getting the information.

~~Provided further, that any~~ Any teacher who knowingly and willfully makes or procures another to make any false report or records, requisitions, or payrolls, respecting daily attendance of pupils in the public schools, payroll data sheets, or other reports required to be made to any board or officer in the performance of their duties, shall be guilty of a Class 1 misdemeanor and the certificate of such person to teach in the public schools of North Carolina shall be revoked by the Superintendent of Public Instruction."

Section 8.18.(b) G.S. 115C-47(18) reads as rewritten:

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

Prior to the beginning of each school year, each local board of education shall identify all reports, including local school required reports, that are required at the local level for the school ~~year-year and~~ shall, to the maximum extent possible, eliminate any duplicate or obsolete reporting requirements. No additional reports shall be required at the local level after the beginning of the school year without the prior approval of the local board of education.

Each local board of education shall appoint a person or establish a paperwork control committee to monitor all reports and other paperwork produced by or required by the central office."

Section 8.18.(c) The State Board of Education shall:

- (1) Review requirements for reports from local school administrative units and, to the extent possible, eliminate any duplicate or obsolete reporting requirements;
- (2) Develop a plan for the implementation of a paperless student information management system prior to the 2005-2006 school year and request funds necessary for the implementation of the system;

- (3) Work with the United States Department of Education to standardize all compliance requirements of the federal Individuals with Disabilities Education Act (IDEA) and review and simplify the paperwork established by the Department of Public Instruction to verify compliance with this law;
- (4) Study the amount of State and local funds expended to meet compliance standards established under IDEA and State law;
- (5) Develop a plan to cut spending for compliance issues related to special education by fifty percent (50%) for the 2001-2002 fiscal year without jeopardizing procedural safeguards under federal IDEA. Any savings should be directed to services for children with special needs; and
- (6) Develop a plan to fund compliance issues related to special education only with federal funds provided specifically for that purpose for the 2002-2003 fiscal year and to eliminate all State funding for compliance issues.

The State Board shall report to the Joint Legislative Education Oversight Committee prior to December 15, 2001, on its and the school systems' progress with implementing this section.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Metcalf, Carter, Soles, Plyler, Perdue, Odom

SCHOOL LEADERSHIP PILOT PROJECT

Section 8.19. Local school administrative units that participate in the School Leadership Pilot Project of the Center for Leadership in School Reform shall receive State funds for this purpose for no more than three fiscal years.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

HIGH SCHOOL EXIT EXAMS

Section 8.21. Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to three million dollars (\$3,000,000) for the 2000-2001 fiscal year to:

- (1) Continue to develop a high school exit examination;
- (2) Develop the computer skills test;
- (3) Purchase equipment for scoring tests and for ABCs reporting; and
- (4) Retest for standards and assessments and for revisions to the science and English language arts tests.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

GUIDELINES FOR CHARTER SCHOOL EXPANDED ENROLLMENT

Section 8.23. G.S. 115C-238.29D(d) reads as rewritten:

"(d) The State Board of Education may grant the initial charter for a period not to exceed five years and may renew the charter upon the request of the chartering entity

for subsequent periods not to exceed five years each. A material revision of the provisions of a charter application shall be made only upon the approval of the State Board of Education. Beginning with the charter school's second year of operation and annually thereafter, the State Board shall allow a charter school to increase its enrollment by ten percent (10%) of the school's previous year's enrollment or as is otherwise provided in the charter. This enrollment growth shall not be considered a material revision of the charter application and shall not require the prior approval of the State Board.

An enrollment growth of greater than ten percent (10%) shall be considered a material revision of the charter application. The State Board may approve an enrollment growth of greater than ten percent (10%) only if the State Board finds that:

- (1) The actual enrollment of the charter school is within ten percent (10%) of its maximum authorized enrollment;
- (2) The charter school has commitments for ninety percent (90%) of the requested maximum growth;
- (3) The board of education of the local school administrative unit in which the charter school is located has had an opportunity to be heard by the State Board of Education on any adverse impact the proposed growth would have on the unit's ability to provide a sound basic education to its students;
- (4) The charter school is not currently identified as low-performing;
- (5) The charter school meets generally accepted standards of fiscal management; and
- (6) It is otherwise appropriate to approve the enrollment growth."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

ENCOURAGE RETIRED TEACHERS TO RETURN TO THE CLASSROOM

Section 8.24.(a) G.S. 135-3(8)c., as amended by Section 28.24(a) of S.L. 1998-212, reads as rewritten:

- "c. **(Effective until July 1, 2003)** Should a beneficiary who retired on an early or service retirement allowance under this Chapter be reemployed, or otherwise engaged to perform services, by an employer participating in the Retirement System on a part-time, temporary, interim, or on a fee-for-service basis, whether contractual or otherwise, and if such beneficiary earns an amount in any calendar year which exceeds fifty percent (50%) of the reported compensation, excluding terminal payments, during the 12 months of service preceding the effective date of retirement, or twenty thousand dollars (\$20,000), whichever is greater, as hereinafter indexed, then the retirement allowance shall be suspended as of the first day of the month following the month in which the reemployment earnings exceed the amount above, for the balance of the calendar year. The retirement

allowance of the beneficiary shall be reinstated as of January 1 of each year following suspension. The amount that may be earned before suspension shall be increased on January 1 of each year by the ratio of the Consumer Price Index to the Index one year earlier, calculated to the nearest tenth of a percent (1/10 of 1%).

The computation of postretirement earnings of a beneficiary under this sub-subdivision, G.S. 135-3(8)c., who has been retired at least 12 months and has not been employed in any capacity, except as a substitute teacher, with a public school for at least 12 ~~months, months immediately preceding the effective date of reemployment,~~ shall not include earnings ~~while:~~

- ~~1. The beneficiary is employed to teach on a substitute or interim basis, and not on a permanent basis, in a public school;~~
- ~~2. The beneficiary is employed to teach in the teacher's area of certification in a low performing school. As used in this sub-subdivision, a low performing school is a public elementary or middle school at which forty eight percent (48%) or more of the students were below grade level during either of the prior two school years or a public high school identified by the State Board of Education as low performing. If the designation of low performing is removed while the beneficiary is employed to teach at the school, the provisions of this sub-subdivision apply for the next two school years after the designation is removed; or~~
- ~~3. The beneficiary is employed to teach in a public school in the teacher's area of certification in a geographical area in which the State Board of Education determines that there is a shortage of teachers in the beneficiary's area of certification.~~

while the beneficiary is employed to teach on a substitute, interim, or permanent basis in a public school. The Department of Public Instruction shall certify to the Retirement System that a beneficiary is employed to teach by a local school administrative unit under the provisions of this sub-subdivision and as a retired teacher as the term is defined under the provisions of G.S. 115C-325(a)(5a).

Beneficiaries employed under this sub-subdivision are not entitled to any benefits otherwise provided under this Chapter as a result of this period of employment."

Section 8.24.(b) G.S. 115C-325(a)(5a), as enacted by Section 28.24(c) of S.L. 1998-212, reads as rewritten:

"(5a) "Retired teacher" means a beneficiary of the Teachers' and State Employees' Retirement System of North Carolina who has been retired at least 12 months, has not been employed in any capacity, other than as a substitute teacher, with a local board of education for at least 12 months, ~~months,~~ months immediately preceding the effective date of reemployment, is determined by a local board of education to have had satisfactory performance during the last year of employment by a local board of education, and who is employed to teach as provided in G.S. 135-3(8)c. A retired teacher shall be treated the same as a probationary teacher except that a retired teacher is not eligible for career status."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

Section 8.25. Section 8.6 of S.L. 1999-237 reads as rewritten:

"Section 8.6.(a) Funds for Small School Systems. – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of fewer than 3,150 students and (ii) to each county school administrative unit with an average daily membership of from 3,150 to 4,000 students if the county in which the local school administrative unit is located has a county-adjusted property tax base per student that is below the State-adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,150 to 4,000 students. The allocation formula shall:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or fewer.
- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of at least ~~three hundred fifty five thousand dollars (\$355,000),~~ four hundred sixty-six thousand dollars (\$466,000) excluding textbooks.
- (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

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

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

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

PROSPECTIVE TEACHER SCHOLARSHIP LOAN PROGRAM

Section 8.26. Of the funds appropriated for State Aid to Local School Administrative Units, the State Board of Education may use up to five hundred thousand dollars (\$500,000) for the 2000-2001 fiscal year to assure that all scholarships awarded under the Prospective Teacher Scholarship Loan Program prior to June 15, 2000, are funded.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senator Martin of Guilford, Lee, Dalton, Plyler, Perdue, Odom

CLOSING THE ACHIEVEMENT GAP

Section 8.28.(a) The State Board of Education (Board) shall study the connection between the identification of minority and at-risk students as students with behavioral or emotional disabilities and the gap in student achievement. As part of this study, the Board shall examine the following:

- (1) The criteria used to identify whether a student has a behavioral or emotional disability and requires special education. The study shall determine whether identification and placement decisions of these students are based primarily on valid and objective criteria.
- (2) The curricula for these students, to determine whether they are sufficiently rigorous and the teaching methodologies are sound and appropriate.
- (3) Utilization of other services, such as mental health, mentoring, and consultation, to improve academic and social success for these students.
- (4) Qualifications of teachers who are assigned to teach these students.

The Board shall make an interim report by January 15, 2001, and a final report by May 15, 2001, on the results of this study, including findings and any recommendations, to the Committee on Improving the Academic Achievement of Minority and At-Risk Students (Academic Achievement Committee) and to the Joint Legislative Education Oversight Committee (Education Oversight Committee).

Section 8.28.(b) The Board shall study the underrepresentation of minority and at-risk students in honors classes, advanced placement classes, and academically gifted programs. The Board shall evaluate whether this underrepresentation contributes to the gap in student achievement. In particular, the Board shall examine the criteria used to identify whether a student is eligible for one of these classes or programs. The study shall determine whether identification and placement decisions of these students are based primarily on valid and objective criteria. The Board also shall examine whether low academic expectations or certain instructional practices, such as tracking,

contribute to this underrepresentation. The Board shall make an interim report by January 15, 2001, and a final report by May 15, 2001, on the results of this study, including findings and any recommendations needed to increase representation of students in these programs, to the Committee on Improving the Academic Achievement of Minority and At-Risk Students (Academic Achievement Committee) and to the Joint Legislative Education Oversight Committee (Education Oversight Committee).

Section 8.28.(c) The Board shall design an annual Minority Achievement Report Card to be implemented fully beginning with the 2001-2002 school year. The report card shall be based on data the Board collects from local school administrative units and individual schools. Local school administrative units shall collect, maintain, and submit data needed to prepare the report card. The Board shall establish a baseline in accordance with its plan for the report card. The Board may combine this information with another report, as long as the information reported under this section is readily discernible. The Board shall condense and publicly disseminate the data in a form that can be accessed easily, such as through a web site.

The Board shall report to the Academic Achievement Committee and Education Oversight Committee by November 15, 2000, on the development of the report card under this section.

Section 8.28.(d) The Board shall develop guidelines to enable the formation of a local task force in each local school administrative unit. The purpose of this task force is to advise and work with the local board of education and administration on closing the gap in academic achievement and on developing a collaborative plan for achieving that goal. The guidelines shall provide for the following:

- (1) Each local school administrative unit shall have a task force, if appropriate.
- (2) Each task force shall be racially diverse and shall include parents, school personnel, and representatives from human service agencies, nonprofit organizations, and the business sector.

The Board shall determine the funding needed to implement these guidelines and shall report this information to the Academic Achievement Committee and the Education Oversight Committee by November 15, 2000.

Section 8.28.(e) The Board shall develop a plan and budget (projecting five-year cost) to:

- (1) Provide sufficient staff development activities so as to ensure teachers have the tools needed for success in teaching a diverse student population and interacting with their families. These activities shall include understanding and respecting racial, ethnic, religious, and cultural impact on a child's development and personality.
- (2) Provide sufficient funding for Limited English Proficiency (LEP) students.
- (3) Translate the State-level forms and basic school information that will be made available to parents or to the general public into Spanish and include them on the Department of Public Instruction's web site in English and Spanish.

- (4) Evaluate the level of funding needed to have LEAs hire translators to work with Spanish-speaking parents and those school personnel whose jobs require regular contact with those parents.
- (5) Provide appropriate staff development funds for training in English as Second Language (ESL) methodologies and pedagogy for teachers, administrators, and support personnel.
- (6) Review implementation guidelines for student accountability standards and promotion policies for LEP students.
- (7) Develop guidelines for evaluating students' instructional portfolios and for waiving test standards for LEP students. In its development of guidelines, the Board shall consider extending the End-of-Grade testing exemption period to more than two years for LEP students, to the extent that this extension does not conflict with federal law or regulation.

The Board shall report to the Academic Achievement Committee and to the Education Oversight Committee on the plan and budget developed under this subsection by November 15, 2000.

Section 8.28.(f) The Board shall develop a plan to establish a hotline to collect complaints alleging disparate treatment of minority students and students from low-income families. In developing the plan, the Board shall give strong consideration to the following:

- (1) The establishment of teams to review and categorize the complaints for reporting annually to the General Assembly.
- (2) The appropriate number of hotline personnel who speak and understand Spanish.
- (3) A mechanism, where warranted, for the Board to respond to and secure an independent and impartial investigation of systemic problems revealed through the complaints.
- (4) A procedure for the Board to report individual complaints, unless the person making the complaint requests otherwise, to the appropriate local school administrative unit so that it also may investigate.
- (5) The criteria for a local investigation that assures fair and impartial investigation.
- (6) Any additional information that is required so that the hotline is fully implemented by the beginning of the 2001-2002 school year.

The Board shall report to the Academic Achievement Committee and to the Education Oversight Committee by November 15, 2000, on the implementation of this subsection. This report may include recommendations and a request for funding to establish the hotline.

Section 8.28.(g) The Board shall report data, to the extent those data are reasonably available, from the 1998-99 and 1999-2000 school years on student suspensions and expulsions. All such data shall be collected and reported beginning with the effective date of this act. The report shall show, for each local school administrative unit and by race, gender, and the reason for the suspensions and

expulsions, the number of students suspended for less than 11 days, the number of students suspended for more than 10 days, the number of students expelled, and the number of students placed in an alternative program as the result of student conduct which could have led to a suspension or expulsion. Each local school administrative unit shall submit to the Board by October 15, 2000, any information the Board needs to make this report. The Board shall report to the Academic Achievement Committee and to the Education Oversight Committee by January 15, 2001.

Section 8.28.(h) Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to four hundred thousand dollars (\$400,000) to implement this section.

Section 8.28.(i) The Education Cabinet, through its Research Council, shall review the findings and recommendations of the State Board of Education required in this section, the results of the consortium of Historically Minority College and University initiative to close the achievement gap, the evaluations and results of the pilot programs of the Department of Health and Human Services required in Section 11.4A of this act, and the results of the pilot programs established pursuant to Section 8.36 of S.L. 1999-237. The Research Council shall report to the Education Cabinet and to the Joint Legislative Education Oversight Committee on the best practices and methodologies identified in the above efforts that are most effective in closing the achievement gap for children of various demographic groups who are performing below grade level. The Research Council and the Education Cabinet shall make recommendations to the Joint Legislative Education Oversight Committee by March 15, 2002, on the most cost-effective methods of improving student achievement among the targeted groups.

Requested by: Representatives Culpepper, Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

TYRRELL COUNTY SCHOOL PAY

Section 8.29. Notwithstanding the provisions of G.S. 115C-302.1, G.S. 115C-316, or any other provision of law, the Tyrrell County Board of Education may elect to pay all or part of its monthly-paid employees every two weeks rather than on a monthly basis.

PART IX. COMMUNITY COLLEGES

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

EXPAND FOCUSED INDUSTRIAL TRAINING PROGRAM

Section 9. The State Board of Community Colleges may expand the scope of the Focused Industrial Training (FIT) Program. The expanded program may provide customized training programs for manufacturing industries and for companies and industries involved in the design and programming of computers and telecommunications systems.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

STATE BOARD RESERVE ALLOCATIONS

Section 9.1. Section 9.6 of S.L. 1999-237 reads as rewritten:

"Section 9.6.(a) The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of one hundred thousand dollars (\$100,000) for each fiscal year to assist small rural low-wealth community colleges with operation and maintenance of plant costs if they need to assist new or expanding industries in their service delivery areas.

Section 9.6.(b) The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of forty thousand dollars (\$40,000) for the 1999-2000 fiscal year to support the recruitment activities of the North Carolina Industries for Technical Education (NCITE). NCITE recruits students to community colleges with Heavy Equipment and Transportation Technology Programs in an effort to revitalize those programs.

Section 9.6.(c) The State Board of Community Colleges, in consultation with Cape Fear Community College, Brunswick Community College, and Southeastern Community College, shall use funds from the State Board Reserve in the amount of one hundred thousand dollars (\$100,000) for the 1999-2000 fiscal year for planning a Southeastern North Carolina Regional Fire Training Program and twenty thousand dollars (\$20,000) for the 1999-2000 fiscal year for other fire training programs.

Section 9.6.(d) The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of seventy-five thousand dollars (\$75,000) for the 2000-2001 fiscal year for surveys, research, data collection, and analysis required to implement performance budgeting and improve accountability.

Section 9.6.(e) The State Board of Community Colleges shall use funds from the State Board Reserve in the amount of one hundred thousand dollars (\$100,000) for the 2000-2001 fiscal year to provide funds to the Community Colleges System Office to continue development of the virtual learning community."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

REPORT CARD ON TEACHER EDUCATION PROGRAMS/STUDY OF HIGH SCHOOL PROGRAMS

Section 9.2.(a) G.S. 115C-296(b1) reads as rewritten:

"(b1) The State Board of Education shall develop a plan to provide a focused review of teacher education programs and the current process of accrediting these programs in order to ensure that the programs produce graduates that are well prepared to teach. The plan shall include the development and implementation of a school of education performance report for each teacher education program in North Carolina. The performance report shall include at least the following elements: (i) quality of students entering the schools of education, including the average grade point average and average score on preprofessional skills tests that assess reading, writing, math and other competencies; (ii) graduation rates; (iii) time-to-graduation rates; (iv) average

scores of graduates on professional and content area examination for the purpose of certification; (v) percentage of graduates receiving initial certification; (vi) percentage of graduates hired as teachers; (vii) percentage of graduates remaining in teaching for four years; (viii) graduate satisfaction based on a common survey; and (ix) employer satisfaction based on a common survey. The performance reports shall follow a common format. The performance reports shall be submitted ~~annually for the 1998-99, 1999-2000, and 2000-2001 school years. The performance reports shall be submitted biannually thereafter to coincide with the Board of Governors' biannual report institutional effectiveness.~~ annually. The State Board of Education shall develop a plan to be implemented beginning in the 1998-99 school year to reward and sanction approved teacher education programs and masters of education programs and to revoke approval of those programs based on the performance reports and other criteria established by the State Board of Education.

The State Board also shall develop and implement a plan for annual performance reports for all masters degree programs in education and school administration in North Carolina. To the extent it is appropriated, the performance report shall include similar indicators to those developed for the performance report for teacher education programs. The performance reports shall follow a common format.

Both plans for performance reports also shall include a method to provide the annual performance reports to the Board of Governors of The University of North Carolina, the State Board of Education, and the boards of trustees of the independent colleges. The State Board of Education shall review the schools of education performance reports and the performance reports for masters degree programs in education and school administration each year the performance reports are submitted. The State Board shall submit the performance report for the 1999-2000 school year to the Joint Legislative Education Oversight Committee by December 15, 2000. Subsequent performance reports shall be submitted to the Joint Legislative Education Oversight Committee on an annual basis by October 1."

Section 9.2.(b) The General Assembly believes educational programs for high school students should provide student accountability, program accountability, access, and efficiency. Therefore, the Education Cabinet, created under G.S. 116C-1, shall study public school, community college, and university programs offered to high school students. These programs include the cooperative high school program, the adult high school diploma program, advanced placement courses, honors courses, and university courses offered to high school students. The Cabinet shall do the following:

- (1) Examine these programs for overlap.
- (2) Consider which education entity is the most appropriate one to offer each program.
- (3) Consider distance learning options.
- (4) Examine whether there should be tuition waivers for high school students who take courses at community colleges or universities.
- (5) Determine whether there should be a minimum age for participation in the adult high school program.

- (6) Determine the feasibility, advantages and disadvantages, procedures, and costs for requiring students who participate in the adult high school program to take tests required of high school students taking the same courses.
- (7) Evaluate the recent recommendations concerning the cooperative high school program that were made to the Joint Legislative Education Oversight Committee by the State Board of Education and the State Board of Community Colleges. In particular, the Cabinet shall determine whether students should receive weighted credit on their high school transcripts for college level courses taken at community colleges, universities, or colleges, and whether this program is an appropriate venue for developmental courses.

The Cabinet shall report its findings, including any recommendations, to the Joint Legislative Education Oversight Committee by January 8, 2001.

Section 9.2.(c) This section is effective when it becomes law.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

BUDGET REALIGNMENT TO IMPLEMENT REORGANIZATION AUTHORIZED

Section 9.3. Notwithstanding G.S. 143-23 or any other provision of law, the State Board of Community Colleges may transfer funds within the budget of the Community Colleges System Office to the extent necessary to implement the departmental reorganization plan recommended by the President of the North Carolina Community College System and adopted by the State Board in September 1999.

The State Board of Community Colleges shall report on its implementation of this section to the Joint Legislative Education Oversight Committee, the chairs of the Education Appropriations Subcommittees of the House of Representatives and the Senate, and the Fiscal Research Division within 30 days of completion of the budget realignment.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

USE OF 1999-2000 OVER-REALIZED RECEIPTS

Section 9.4.(a) Notwithstanding the provisions of G.S. 115D-31(e), over-realized receipts for the 1999-2000 fiscal year in the amount of two million dollars (\$2,000,000) shall be used for the operations of the Community Colleges System Office for the 2000-2001 fiscal year. These funds are used in this act to offset a base budget reduction of an equal amount.

Section 9.4.(b) This section becomes effective June 30, 2000.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Nesbitt, Senators Lee, Dalton, Plyler, Perdue, Odom, Metcalf, Carter

**ASHEVILLE-BUNCOMBE TECHNICAL COMMUNITY COLLEGE FUNDS
DO NOT REVERT**

Section 9.5.(a) Funds appropriated to Asheville-Buncombe Technical Community College in S.L. 1999-237 for its Small Business Center shall not revert at the end of the 1999-2000 fiscal year, but shall remain available for expenditure in the 2000-2001 fiscal year.

Section 9.5.(b) This section becomes effective June 30, 2000.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

STUDY DISTANCE LEARNING/EDUCATION PROGRAMS

Section 9.6. The State Board of Community Colleges shall contract with an independent consultant to study funding methods and delivery of distance learning and education programs. Distance learning and education shall include, but not be limited, to telecourses, two-way interactive video, Internet-based courses, and a combination of these technologies.

The study shall include:

- (1) An analysis of tuition rates, registration fees, and other related charges for in-State and out-of-state students enrolling in distance course offerings;
- (2) A survey of current distance course offerings, delivery systems, and sources of funding, including an assessment of the ability of individual colleges to provide and support distance learning now and in the future; and
- (3) A plan for efficient and effective expansion of course offerings and delivery systems to (i) improve workforce education and training, (ii) avoid duplication within the Community College System and with distance learning programs offered by The University of North Carolina, and (iii) promote coordination of distance learning programs among the institutions of the Community College System and The University of North Carolina.

The consultant shall take into account two approaches to distance learning currently being considered by the Community College System. One model emphasizes a regional approach involving consolidation of equipment and staff at six regional operating centers across the State with all colleges having equal access to a designated center. The other model emphasizes a decentralized approach with a minimum level of distance programs supported at each of the 59 institutions.

The State Board of Community Colleges shall use funds from the State Board Reserve to implement this section.

The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by January 15, 2001, on the results of the study and the recommendations of the consultant.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

PERFORMANCE BUDGETING/CLARIFICATIONS

Section 9.7. G.S. 115D-31.3 reads as rewritten:

"§ 115D-31.3. Performance budgeting.

(a) Creation of Accountability Measures and Performance Standards. – The State Board of Community Colleges shall create new accountability measures and performance standards to be used for performance budgeting for the Community College System. ~~The results of a survey may~~ Survey results shall be used as a performance standard only if the survey is statistically valid. The State Board of Community Colleges shall review annually the accountability measures and performance standards to ensure that they are appropriate for use in performance budgeting.

~~(b) Notwithstanding any other provision of law, the State Board shall authorize each institution meeting the new performance standards to carryforward funds remaining in its budget at the end of each fiscal year in an amount not to exceed two percent (2%) of the State funds allocated to the institution for that fiscal year. The funds carried forward shall be used for the purchase of equipment and initial program start up costs excluding regular faculty salaries. These funds shall not be used for continuing salary increases or for other obligations beyond the fiscal year into which they were carried forward. These funds shall be encumbered within 12 months of the fiscal year into which they were carried forward.~~

~~(c) The five required performance measures are (i) progress of basic skills students, (ii) passing rate for licensure and certification examinations, (iii) goal completion of program completers, (iv) employment status of graduates, and (v) performance of students who transfer to the university system. Colleges may choose one other performance measure from the list contained in the State Board's Phase 4 Funding Formula Study, which was presented to the Joint Legislative Education Oversight Committee. Successful performance on each of the six performance measures shall allow a college to retain and carry forward up to one third of one percent (1/3 of 1%) of its final fiscal year General Fund appropriations into the next fiscal year.~~

~~(d) Each college shall publish its performance on these six measures in its catalog each year beginning with the 2001 academic year.~~

(e) Mandatory Performance Measures. – The State Board of Community Colleges shall evaluate each college on the following 12 performance standards:

- (1) Progress of basic skills students,
- (2) Passing rate for licensure and certification examinations,
- (3) Goal completion of program completers and noncompleters,
- (4) Employment status of graduates,
- (5) Performance of students who transfer to the university system,
- (6) Passing rates in developmental courses,
- (7) Success rates of developmental students in subsequent college-level courses,

- (8) The level of satisfaction of students who complete programs and those who do not complete programs,
- (9) Curriculum student retention and graduation,
- (10) Employer satisfaction with graduates,
- (11) Client satisfaction with customized training, and
- (12) Program enrollment.

(f) Publication of Performance Ratings. – Each college shall publish its performance on the 12 measures set out in subsection (e) of this section (i) annually in its electronic catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

The Community Colleges System Office shall publish the performance of all colleges on all 12 measures in its annual Critical Success Factors Report.

(g) Performance Budgeting; Recognition for Successful Performance. – For the purpose of performance budgeting, the State Board of Community Colleges shall evaluate each college on six performance measures. These six shall be the five set out in subdivisions (1) through (5) of subsection (e) of this section and one selected by the college from the remainder set out in subdivisions (6) through (11). For each of these six performance measures on which a college performs successfully or attains the standard of significant improvement, the college may retain and carry forward into the next fiscal year one-third of one percent (1/3 of 1%) of its final fiscal year General Fund appropriations.

(h) Performance Budgeting; Recognition for Superior Performance. – Funds not allocated to colleges in accordance with subsection (g) of this section shall be used to reward superior performance. After all State aid budget obligations have been met, the State Board of Community Colleges shall distribute the remainder of these funds equally to colleges that perform successfully on at least five of the six performance measures.

(i) Permissible Uses of Funds. – Funds retained by colleges or distributed to colleges pursuant to this section shall be used for the purchase of equipment, initial program start-up costs including faculty salaries for the first year of a program, and one-time faculty and staff bonuses. These funds shall not be used for continuing salary increases or for other obligations beyond the fiscal year into which they were carried forward. These funds shall be encumbered within 12 months of the fiscal year into which they were carried forward."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, C. Wilson, Senators Lee, Dalton, Plyler, Perdue, Odom

COMMUNITY COLLEGE TUITION/LEGAL IMMIGRANTS

Section 9.8. G.S. 115D-39 reads as rewritten:

"§ 115D-39. Student tuition and fees.

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

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

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.3, shall apply to students attending institutions operating pursuant to this Chapter; provided, however, that when an employer other than the armed services, as that term is defined in G.S. 116-143.3, pays tuition for an employee to attend an institution operating pursuant to this Chapter and when the employee works at a North Carolina business location, the employer shall be charged the in-State tuition rate; provided further, however, a community college may charge in-State tuition to up to one percent (1%) of its out-of-state students, rounded up to the next whole number, to accommodate the families transferred by business, the families transferred by industry, or the civilian families transferred by the military, consistent with the provisions of G.S. 116-143.3, into the State. Notwithstanding these requirements, a refugee who lawfully entered the United States and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes as defined in G.S. 116-143.1(a)(2). Also, a nonresident of the United States who has resided in North Carolina for a 12-month qualifying period and has filed an immigrant petition with the United States Immigration and Naturalization Service shall be considered a State resident for community college tuition purposes."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Baddour, Senators Lee, Dalton, Plyler, Perdue, Odom

SUPPLEMENTAL FUNDING FOR SUMMER TERM CURRICULUM INSTRUCTION

Section 9.9.(a) Funds appropriated in this act for summer term curriculum instruction are provided as a supplement to curriculum enrollment funding for the regular academic year. These funds are for direct instructional costs, including faculty salaries and benefits, and instructional supplies and materials ("other costs") and shall be budgeted as such by the community college institutions. These funds may be carried forward beyond the fiscal year in which they are appropriated, only for the purpose of fulfilling a contractual obligation for summer term curriculum instructional faculty.

Funding for summer term curriculum instruction shall be allocated from a separate line item in State aid fund code 1600 based on full-time equivalent student enrollment in summer term curriculum course offerings for the prior fiscal year. Funding for summer term curriculum instruction shall not be included in the continuing budget concept for full-time equivalent (FTE) enrollment funding as enacted in Section 10.4(b) of S.L. 1998-212.

It is the intent of the General Assembly to review annually the objectives, use of funds, and benefits of funding for summer term curriculum instruction to determine whether to provide increased funding for this purpose.

Nothing in this section shall be construed as the intent of the General Assembly to provide additional funding for summer term curriculum enrollment increases or to increase the rate of funding per FTE for summer term enrollment.

The State Board of Community Colleges shall adopt a calendar for curriculum instruction, designating the dates on which the fall, spring, and summer terms shall begin and end. The calendar shall provide for flexibility among community college institutions for actual starting and ending dates within a range established by the State Board of Community Colleges. The session for the summer term shall not overlap either the fall or spring semesters in such a way as to allow summer term earned FTE to be counted as fall or spring earned FTE for the purposes of determining enrollment funding under the continuing budget concept.

Section 9.9.(b) The State Board of Community Colleges shall hold harmless, from monetary penalties, repayment of State resources, and reimbursement of uncollected tuition, any community college for which the Program Audit Services Section of the Community Colleges System Office notes an audit exception for membership hours reported on the Spring 1999 Curriculum Institution Class Report (ICR) for classes which began after the institution's published ending date for that term. This subsection shall only apply for curriculum membership hours reported for the Spring 1998 to Spring 1999 reporting period. This subsection applies to all final audit exceptions noted previously or in the future.

Section 9.9.(c) The State Board of Community Colleges shall report on the implementation of this section to the Joint Legislative Education Oversight Committee by January 8, 2001. The report shall include the calendar adopted by the State Board, a summary of anticipated summer term course offerings by institution, and an explanation of the planned use of funds provided as a supplement for summer term curriculum instruction by institution.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

FUNDS FOR REGIONAL AND COOPERATIVE INITIATIVES

Section 9.11. Section 9.11(a) of S.L. 1999-237 read, as rewritten by Section 7 of S.L. 1999-321, reads as rewritten:

"(a) There is appropriated from the Employment Security Commission Training and Employment Account created in G.S. 96-6.1 to the Community Colleges System Office the sum of eighteen million dollars (\$18,000,000) for the 1999-2000 fiscal year and the sum of forty-eight million five hundred thousand dollars (\$48,500,000) for the 2000-2001 fiscal year. These funds shall be used as follows:

	1999-2000	2000-2001
1. Nonreverting Equipment, Technology, and MIS Reserve	\$10,000,000	\$38,000,000
2. Nonreverting Start-Up Fund for Regional and Cooperative		

Initiatives	\$ 3,000,000	\$ 3,000,000
3. New and Expanding Industry Training Program	\$ 4,000,000	\$5,500,000
4. Enhanced Focused Industrial Training Programs	\$ 1,000,000	\$ 2,000,000
TOTAL:	\$18,000,000	\$48,500,000

Funds allocated for the Nonreverting Start-Up Fund for Regional and Cooperative Initiatives shall be used for community college projects that foster regional cooperation among community colleges, between public schools and community colleges, and between universities and community colleges. In considering funding requests for this Fund, the Board may take into account significant job losses and other indicators of economic distress in the county or region served by the community college applicant.

Funds allocated for the Nonreverting Start-Up Fund for Regional and Cooperative Initiatives shall be used only for the nonrecurring costs of starting new programs, expanding existing regional and cooperative programs, or both. Nonrecurring costs include but are not limited to the costs of equipment, program development, and instructional development. Funds for regional and cooperative initiatives shall not be used for construction, renovation or other capital related costs."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

ENCOURAGE TRAINING PROGRAMS IN BOAT-BUILDING

Section 9.12. The General Assembly recognizes and acknowledges the important role North Carolina Community Colleges are playing in the development of the boat-building industry through such means as its New and Expanding Industry Training Program, enhanced Focused Industrial Training, and Continuing Education and Curriculum programs. Many of North Carolina's boat-builders are significantly expanding their operations and North Carolina Community Colleges are supporting this growth through customized training and by retraining through the new Manufacturing Certification Program. The General Assembly encourages the North Carolina Community Colleges System to continue to develop and provide specialized programs to support this important industry.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

REGULATION OF PROPRIETARY SCHOOLS/STUDY

Section 9.13. The Legislative Research Commission shall study current State programs governing the licensure and regulation of proprietary schools under Article 8 of Chapter 115D of the General Statutes. In the course of the study, the Commission shall consider:

- (1) The appropriate State agency to license and regulate proprietary schools,
- (2) The level of personnel required to license and regulate the schools,
- (3) The level of funding required to license and regulate the schools,
- (4) The proportion of required funding that should be supported by license fees,
- (5) An appropriate fee schedule for proprietary schools; and
- (6) A plan for effective enforcement of the provisions of the current law regarding the licensing and regulation of proprietary schools.

The Commission shall report the results of this study to the 2001 General Assembly.

PART X. UNIVERSITIES

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

REALIGN CENTER FOR SCHOOL LEADERSHIP DEVELOPMENT PROGRAMS

Section 10.(a) Effective October 1, 2000, the Principals Executive Program and all of its statutory authority, powers, duties, and functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the functions of budgeting and purchasing, is transferred from the University of North Carolina at Chapel Hill to the Board of Governors of The University of North Carolina. The Board of Governors shall coordinate the program within the University of North Carolina Center for School Leadership Development.

Section 10.(b) Effective October 1, 2000, the University of North Carolina Mathematics and Science Education Network and all of its statutory authority, powers, duties, and functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the functions of budgeting and purchasing, is transferred from the University of North Carolina at Chapel Hill to the Board of Governors of The University of North Carolina. The Board of Governors shall coordinate the program within the University of North Carolina Center for School Leadership Development.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

UNC NEED-BASED STUDENT FINANCIAL AID PROGRAM

Section 10.1. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina the sum of five million dollars (\$5,000,000) in recurring funds shall be used to establish and begin the implementation of the new need-based student financial aid program for in-State students attending constituent institutions of The University of North Carolina. The program shall provide grants to needy North Carolina students who are seeking undergraduate degrees or masters degrees. Eligibility of a student for a program grant shall be based on a formula that offsets Pell grants and federal tax credits before determining eligibility to receive one of

the new grants. In addition, to be eligible for a program grant, a student shall also be required to contribute a combination of personal savings, borrowed funds, institutional aid, and personal earnings, called self-help.

The new program shall be administered by the North Carolina State Education Assistance Authority. The North Carolina State Education Assistance Authority shall coordinate offers of institutional aid and program grants made to a student to ensure that the student does not receive more in grants and scholarships than the actual cost of attendance.

In the absence of full funding for the program, the North Carolina State Education Assistance Authority may modify the formula for distribution as needed to accommodate the reduced amount.

The program shall be established and implemented in accordance with the recommendations regarding its creation adopted by the Board of Governors in November 1999. The goals of the program shall be to make The University of North Carolina more affordable for low-income students and to reduce student indebtedness by setting a limit on the funds that needy students will be asked to borrow each year. This program will provide financial assistance to constituent institutions that enroll disproportionate numbers of low-income students, particularly at the seven institutions targeted for major enrollment growth.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom, Dannelly, Clodfelter

UNC CHARLOTTE RETAIN LAND SALE PROCEEDS

Section 10.2. Notwithstanding any other provision of law, the University of North Carolina at Charlotte may retain the proceeds from the sale of the existing chancellor's residence. The University of North Carolina at Charlotte may use the proceeds from the sale of the existing chancellor's residence, and any other nonappropriated funds available, to construct a new chancellor's residence. Proceeds from the sale not used for that purpose shall revert.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

AID TO STUDENTS ATTENDING PRIVATE COLLEGES PROCEDURE

Section 10.3. Section 10 of S.L. 1999-237 reads as rewritten:

"Section 10.(a) Funds appropriated in this act to the Board of Governors of The University of North Carolina for aid to private colleges shall be disbursed in accordance with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up to one thousand fifty dollars (\$1,050) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1, 1999, for the 1999-2000 fiscal year and up to one thousand ~~fifty-one hundred~~ one hundred dollars ~~(\$1,050)~~ (\$1,100) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1, 2000, for the 2000-2001 fiscal year.

These funds shall be placed in a separate, identifiable account in each eligible institution's budget or chart of accounts. All funds in this account shall be provided as

scholarship funds for needy North Carolina students during the fiscal year. Each student awarded a scholarship from this account shall be notified of the source of the funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be available for the tuition grant program as defined in subsection (b) of this section.

Section 10.(b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition to all other financial assistance made available to private educational institutions located within the State, or to students attending these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, not to exceed one thousand seven hundred fifty dollars (\$1,750) for the 1999-2000 academic year and one thousand ~~seven hundred fifty~~ eight hundred dollars ~~(\$1,750)~~ (\$1,800) for the 2000-2001 academic year, which shall be distributed to the student as hereinafter provided.

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

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

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

- (1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and
- (2) Each eligible student shall receive a pro rata share of funds then available for the remainder of the academic year within the fiscal period covered by the current appropriation.

Any remaining funds shall revert to the General Fund.

Section 10.(c) Expenditures made pursuant to this section may be used only for secular educational purposes at nonprofit institutions of higher learning. Expenditures made pursuant to this section shall not be used for any student who:

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

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

Section 10.(d) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S. 116-19 to students enrolled in off-campus programs. An 'off-campus program' is any program offered for degree credit away from the institution's main permanent campus.

The State Education Assistance Authority shall include in its annual report to the Joint Legislative Education Oversight Committee the information it has compiled and its findings regarding this program."

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

UNC DISTANCE EDUCATION

Section 10.4. This act provides funding to the Board of Governors of The University of North Carolina for degree-related courses provided away from the campus sites of the constituent institutions. The intent of this commitment is to provide expanded opportunities for higher education to more North Carolina residents, including nontraditional students, and to increase the number of North Carolina residents who earn postsecondary degrees.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

HIGHER EDUCATION COMPENSATION

Section 10.5. The Joint Legislative Education Oversight Committee shall study the need for an "Excellent Universities and Community Colleges Act" that addresses the need and ability of The University of North Carolina and the State's community college system to attract and retain excellent faculty.

In its deliberations regarding university faculty, the Committee shall consider the study conducted by The University of North Carolina on compensation for the faculty at its constituent institutions, how compensation for similar faculty positions compares among the constituent institutions, and how compensation for faculty positions compares with that paid by other public universities for similar faculty positions.

In its deliberations regarding compensation for faculty in the State's community college system, the Committee shall consider any relevant studies on community college faculty compensation conducted by the community college system, how compensation for similar faculty positions compares among the community colleges, and how compensation for faculty positions compares with that paid by other public community college systems for similar faculty positions.

If the Committee determines in its study that there are critical issues regarding faculty compensation, then the Committee shall include in its recommendations and report whether a major, new legislative initiative is needed to address those issues. The Committee shall report its findings and recommendations to the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

**JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE STUDY
GLOBAL EDUCATION PROGRAMS**

Section 10.6. The Joint Legislative Education Oversight Committee may study the various international studies and global education programs offered within the State's university system. In its study the Committee shall consider the number of international studies or global education programs that are offered within the university system, the source of funds, the curriculum for each program, and the teaching methodology used in each of those programs. The Committee shall evaluate the programs and determine how the programs compare with regard to quality, curriculum, teaching methodology, and student enrollment and identify any duplication.

The Committee may report its findings and recommendations to the 2001 General Assembly.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Baddour, Senators Lee, Dalton, Plyler, Perdue, Odom

MODEL TEACHER CONSORTIUM

Section 10.7. Of the funds appropriated to the Board of Governors of The University of North Carolina for the 2000-2001 fiscal year the sum of one million three hundred thousand dollars (\$1,300,000) is allocated to restore the model teacher consortium program to the 21 counties that were part of that program in 1998-99 and to add the following eight counties to the program: Bladen, Caswell, Camden, Wayne, Alamance, Beaufort, Washington, and Onslow Counties.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Lee, Dalton, Plyler, Perdue, Odom

STATE PURCHASING SYSTEM AVAILABLE TO PRIVATE UNIVERSITIES

Section 10.9.(a) G.S. 143-49(6) reads as rewritten:

"§ 143-49. Powers and duties of Secretary.

The Secretary of Administration shall have power and authority, and it shall be his duty, subject to the provisions of this Article:

...

- (6) To make available to nonprofit corporations operating charitable hospitals, to local nonprofit community sheltered workshops or centers that meet standards established by the Division of Vocational Rehabilitation of the Department of Health and Human Services, to private nonprofit agencies licensed or approved by the Department of

Health and Human Services as child placing agencies, residential child-care facilities, private nonprofit rural, community, and migrant health centers designated by the Office of Rural Health and Resource Development, to private higher education institutions that are defined as 'institutions' in G.S. 116-22(1), and to counties, cities, towns, governmental entities and other subdivisions of the State and public agencies thereof in the expenditure of public funds, the services of the Department of Administration in the purchase of materials, supplies and equipment under such rules, regulations and procedures as the Secretary of Administration may adopt. In adopting rules and regulations any or all provisions of this Article may be made applicable to such purchases and contracts made through the Department of Administration, and in addition the rules and regulations shall contain a requirement that payment for all such purchases be made in accordance with the terms of the contract. Prior to adopting rules and regulations under this subdivision, the Secretary of Administration may consult with the Advisory Budget Commission.

... "

Section 10.9.(b) The Secretary of Administration may adopt temporary rules in accordance with Chapter 150B of the General Statutes to implement G.S. 143-49(6), as rewritten by subsection (a) of this section.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Dalton, Lee, Plyler, Perdue, Odom

TRANSFER CENTER FOR ERGONOMICS FUNDS TO NCSU

Section 10.10. The Office of State Budget and Management shall transfer the sum of five hundred thousand dollars (\$500,000) from the Department of Labor to the Board of Governor's of The University of North Carolina. These funds shall be allocated to North Carolina State University as part of the continuation budget for North Carolina State University for the 2001-2003 fiscal biennium for the Center for Ergonomics.

Requested by: Representatives Boyd-McIntyre, Oldham, Rogers, Easterling, Redwine, Senators Dalton, Lee, Plyler, Perdue, Odom

ACCOUNTABILITY FOR SCHOOL LEADERSHIP DEVELOPMENT PROGRAMS/STUDY PRINCIPAL FELLOWS PROGRAM

Section 10.11.(a) The Board of Governors of The University of North Carolina shall review the programs under the UNC Center for School Leadership Development. In the course of this review, the Board of Governors of The University of North Carolina shall study and recommend to the Joint Legislative Education Oversight Committee, by March 1, 2001:

- (1) A proposal for implementing specific and validated accountability and performance measures that clearly demonstrate the strengths, weaknesses, and costs of each program under the Center; and

- (2) Any recommendations for improving program coordination and efficiencies.

Section 10.11.(b) The Board of Governors of The University of North Carolina shall, in collaboration with the State Board of Education, convene a representative committee to study the policies and legislation creating the Principal Fellows Program and to make recommendations that would increase the flexibility necessary for the Program to attract a broader age, racial, and ethnic makeup of the applicant pool. The committee shall report to the Joint Legislative Education Oversight Committee by January 15, 2001.

PART XI. DEPARTMENT OF HEALTH AND HUMAN SERVICES

SUBPART 1. ADMINISTRATION

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Purcell, Plyler, Perdue, Odom

STATE HEALTH STANDARDS

Section 11. Effective October 1, 2000, Article 1 of Chapter 130A of the General Statutes is amended by adding the following new section to read:

"§ 130A-5.1. State health standards.

(a) The Secretary shall adopt measurable standards and goals for community health against which the State's actions to improve the health status of its citizens will be measured. The Secretary shall report annually to the General Assembly upon its convening or reconvening and to the Governor on all of the following:

- (1) How the State compares to national health measurements and established State goals for each standard. Comparisons shall be reported using disaggregated data for health standards.
- (2) Steps taken by State and non-State entities to meet established goals.
- (3) Additional steps proposed or planned to be taken to achieve established goals.

(b) The Secretary may coordinate and contract with other entities to assist in the establishment of standards and preparation of the report. The Secretary may use resources available to implement this section."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

DHHS STUDY OF NEW FACILITIES DIVISION

Section 11.1. The Department of Health and Human Services shall study whether a new facilities division to consolidate physical plant operations of all State institutions should be established in the Department. Not later than January 1, 2001, the Department shall report its findings and recommendations to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

ELIMINATION OF VACANT DHHS POSITIONS

Section 11.2. The Department of Health and Human Services shall eliminate 29 vacant positions effective November 1, 2000. Positions eliminated shall not be those that impact direct patient care, services, or safety and shall not be positions at the State psychiatric hospitals, alcohol and drug abuse treatment centers, the Wright School, or Whitaker School.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

QUALITY CRITERIA FOR LONG-TERM CARE

Section 11.3. The Department of Health and Human Services in conjunction with the North Carolina Institute of Medicine shall convene a special work group to develop criterion-based indicators for the monitoring of quality of care in North Carolina nursing homes, adult care homes, assisted living facilities, and home health care programs. The Institute of Medicine and the Department of Health and Human Services shall work together to implement these criteria for the monitoring of long-term care in the State and pursue options for the use of these criteria in lieu of current HCFA-mandated standards for surveying North Carolina nursing homes under the federal Medicaid and Medicare programs.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

LONG-TERM CARE SERVICES DATA

Section 11.4.(a) By January 1, 2001, the Department of Health and Human Services in conjunction with the North Carolina Institute of Medicine shall:

- (1) Identify screening, level of services, and care planning instruments to be used for all DHHS long-term care services;
- (2) Develop a timetable for testing and implementing these instruments; and
- (3) Compile county level data on the number of people age 18 years or older who use DHHS long-term care services and expenditures by Division and type of program.

Section 11.4.(b) Subsection (a) of Section 11.7A of S.L. 1999-237 reads as rewritten:

"Section 11.7A.(a) The Department of Health and Human Services shall, in cooperation with other appropriate State and local agencies and representatives of consumer and provider organizations, develop a system that provides a continuum of long-term care for elderly and disabled individuals and their families. The Department shall define the system of long-term care services to include:

- (1) A structure and means for screening, assessment, and care management across settings of care;
- (2) A process to determine outcome measures for care;

- (3) An integrated data system to track expenditures, consumer characteristics, and consumer outcomes;
- (4) Relationships between the Department and the State's universities to provide policy analysis and program evaluation support for the development of long-term care system reforms;
- (5) An implementation plan that addresses testing of models, reviewing existing models, evaluation of components, and steps needed to achieve development of a coordinated system; and
- (6) Provision for consumer, provider, and agency input into the system design and implementation development.

Effective January 1, ~~2001~~, 2002, the system developed by the Department shall do the following:

- (1) Implement the initial phase of a comprehensive data system that tracks long-term care expenditures, services, consumer profiles, and consumer preferences; and
- (2) Develop a system of statewide long-term care services coordination and case management to minimize administrative costs, improve access to services, and minimize obstacles to the delivery of long-term care services to people in need."

Requested by: Representatives Oldham, Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

CLOSING THE ACHIEVEMENT GAP

Section 11.4A. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Social Services, the sum of two hundred fifty thousand dollars (\$250,000) for the 2000-2001 fiscal year shall be used to establish and administer a pilot program to assist families that have children who are performing below school grade level in strengthening family cohesiveness, functioning, and economic progress and improving the academic performance of their children. The program shall be developed and implemented no later than August 1, 2001, as follows:

- (1) Each pilot program shall be family-focused and designed to improve family success in addressing issues pertaining to:
 - a. Family functioning and economic progress;
 - b. Academic success for children in the family in a manner that reduces the likelihood that the children will have a life of poverty; and
 - c. Strengthening the communities in which the family lives.
- (2) There shall be at least eight pilot programs initially established which shall be based on components of successful models and concepts. Any nonprofit, tax-exempt organization or local government agency that is part of the collaborative effort to develop the pilot program may serve as the lead agency in applying for and administering grant funds.
- (3) Families eligible for participation in a pilot program shall be those families:

- a. Who have at least one child in elementary or middle school who is performing academically at least one year below the child's grade level;
 - b. At least one adult member of which agrees to participate in the program and in a culturally appropriate assessment of family functioning; and
 - c. Whose income is below two hundred percent (200%) of the federal poverty level or whose income is at or above two hundred percent (200%) of the federal poverty level if authorized by the requirements of the funding source.
- (4) The Department and other entities collaborating to develop the program shall identify resources currently available to address the concerns of below-grade-level academic performance and problems related to family cohesiveness, functioning, and family economic progress and shall strive to harness these resources in a manner that increases effectiveness and reduces overall costs of the pilot program. The Department shall also determine which entities can best operate which components of the total pilot program and how those entities can contribute to the abilities of others to be more successful in operating their components.
- (5) The Department may obtain the services of consultants in the planning, coordination, implementation, and evaluation of the program.
- (6) The Department of Health and Human Services shall establish a task force to collaborate with and advise the Department on the development and implementation of the program. The task force shall consist of, at a minimum, representatives of:
- a. The Department of Public Instruction;
 - b. The Cooperative Extension Services at North Carolina Agricultural and Technical State University and at North Carolina State University;
 - c. The Office of Juvenile Justice;
 - d. Workforce Development Boards;
 - e. Local education agencies;
 - f. Local departments or boards of social services, county commissioners, and health departments;
 - g. Community-based organizations, specifically those that work within low-income communities;
 - h. Religious organizations or institutions; and
 - i. Charter schools.
- (7) Each of the pilot programs shall have comparable structures for administration, advice, and technical assistance.
- (8) Each pilot program shall be developed in a way that results in observable and measurable outcomes and that is subject to sound

evaluation techniques. Evaluation measures and techniques shall be designed and implemented to:

- a. Identify and explain the components of the pilot program that are successful and those that are not successful;
 - b. Recommend systemic changes through integration of positive outcomes; and
 - c. Produce outcomes that, if successful, can be replicated.
- (9) The Department shall present a progress report to the Committee on Improving the Academic Achievement of Minority and At-Risk Students, the Senate Appropriations Committee on Human Resources, and the House of Representatives Appropriations Subcommittee on Health and Human Services by March 1, 2001. This report shall contain a plan to implement and evaluate the program, including:
- a. Pilot sites selected;
 - b. Identification of evaluation tools;
 - c. Identification of existing sources of federal and State funding that can be used to implement and evaluate the program;
 - d. Identification of additional resources, fiscal and otherwise, that are available to implement and evaluate the program; and
 - e. Strategies that utilize school facilities to the maximum reasonable extent possible and that do not place undue burdens on school personnel.
- (10) The Department shall make a final report to the Committee on Improving the Academic Achievement of Minority and At-Risk Students, the Senate Appropriations Committee on Human Resources, and the House of Representatives Appropriations Subcommittee on Health and Human Services by February 1, 2002. This report shall include a recommendation as to whether the program should be extended statewide. If so, the Department shall present a plan that includes the projected cost, process, and time frame for implementation of the program statewide.

SUBPART 2. MEDICAL ASSISTANCE

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

MEDICAID PROGRAM

Section 11.5. Section 11.12 of S.L. 1999-237 reads as rewritten:

"Section 11.12.(a) Funds appropriated in this act for services provided in accordance with Title XIX of the Social Security Act (Medicaid) are for both the categorically needy and the medically needy. Funds appropriated for these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

- (1) Hospital-Inpatient - Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Health and Human Services.
- (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Health and Human Services.
- (3) Nursing Facilities - Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Health and Human Services. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare, must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.
- (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed in the State Plan as established by the Department of Health and Human Services.
- (5) Drugs - Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Health and Human Services, consistent with federal reimbursement regulations. The professional services fee shall be five dollars and sixty cents (\$5.60) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.
- (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife ~~Services~~ Services, Nurse Practitioners - Fee schedules as developed by the Department of Health and Human Services. Payments for dental services are subject to the provisions of subsection (g) of this section.
- (7) Community Alternative Program, EPSDT Screens - Payment to be made in accordance with rate schedule developed by the Department of Health and Human Services.
- (8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment - Payment to be made according to reimbursement plans developed by the Department of Health and Human Services.
- (9) Medicare Buy-In - Social Security Administration premium.

- (10) Ambulance Services - Uniform fee schedules as developed by the Department of Health and Human Services. Public ambulance providers will be reimbursed at cost.
- (11) Hearing Aids - Actual cost plus a dispensing fee.
- (12) Rural Health Clinic Services - Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.
- (13) Family Planning - Negotiated rate for local health departments. For other providers - see specific services, for instance, hospitals, physicians.
- (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as developed by the Department of Health and Human Services.
- (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale cost of materials.
- (16) Ambulatory Surgical Centers - Payment as prescribed in the reimbursement plan established by the Department of Health and Human Services.
- (17) Medicare Crossover Claims - An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Health and Human Services.
- (18) Physical Therapy and Speech Therapy - Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Health and Human Services.
- (19) Personal Care Services - Payment in accordance with the State Plan approved by the Department of Health and Human Services.
- (20) Case Management Services - Reimbursement in accordance with the availability of funds to be transferred within the Department of Health and Human Services.
- (21) Hospice - Services may be provided in accordance with the State Plan developed by the Department of Health and Human Services.
- (22) Other Mental Health Services - Unless otherwise covered by this section, coverage is limited ~~to~~ to:
 - a. ~~agencies~~ Agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Health and Human Services not to exceed the upper limits established in federal ~~regulations.~~ regulations, and
 - b. For children eligible for EPSDT services:
 - 1. Licensed or certified psychologists, certified mental health nurse practitioners, and licensed clinical social workers when Medicaid-eligible children are referred by the primary care physician or the area mental health program, and

2. Institutional providers of residential services for children and Psychiatric Residential Treatment Facility services, that meet federal and State requirements as defined by the Department.

The Department of Health and Human Services may adopt temporary rules in accordance with Chapter 150B of the General Statutes further defining the qualifications of providers and referral procedures in order to implement this subdivision.

- (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children - Reimbursement in accordance with the State Plan approved by the Department of Health and Human Services.
- (24) Health Insurance Premiums - Payments to be made in accordance with the State Plan adopted by the Department of Health and Human Services consistent with federal regulations.
- (25) Medical Care/Other Remedial Care - Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Health and Human Services. Except for related services in schools, providers of these services shall be certified as meeting program standards of the Department of Health and Human Services, Division of Women's and Children's Health.
- (26) Pregnancy Related Services - Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

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

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, ~~and emergency rooms~~ rooms, and mental health services subject to independent utilization review are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Health and Human Services where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

Section 11.12.(b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

Section 11.12.(c) Copayment for Medicaid Services. The Department of Health and Human Services may establish copayment up to the maximum permitted by federal law and regulation.

Section 11.12.(d) Medicaid and Work First Family Assistance, Income Eligibility Standards. The maximum net family annual income eligibility standards for Medicaid and Work First Family Assistance and the Standard of Need for Work First Family Assistance shall be as follows:

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

*Work First Family Assistance (WFFA); Aid to the Aged (AA); Aid to the Blind (AB); and Aid to the Disabled (AD).

The payment level for Work First Family Assistance shall be fifty percent (50%) of the standard of need.

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

Section 11.12.(e) The Department of Health and Human Services, Division of Medical Assistance, shall provide Medicaid coverage to all elderly, blind, and disabled people who have incomes equal to or less than one hundred percent (100%) of the federal poverty guidelines, as revised each April 1.

Section 11.12.(f) ICF and ICF/MR Work Incentive Allowances. The Department of Health and Human Services may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

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

Section 11.12.(g) Dental Coverage Limits. Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

Section 11.12.(h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security Act) a prescription order for a drug designated by a trade or brand name shall be considered to be an order for the drug by its established or generic name, except when the prescriber personally indicates, either orally or in the prescriber's own handwriting on the prescription order, 'dispense as written' or words of similar meaning. Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs, subject to the prescriber's 'dispense as written' order as noted above.

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

Section 11.12.(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Health and Human Services, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient. The Department of Health and Human Services may proceed with planning and development work on the Program of All-Inclusive Care for the Elderly and will issue a progress report to the chairs of the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources on or before January 30, 2001.

Section 11.12.(j) Volume Purchase Plans and Single Source Procurement. The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other similar processes in order to improve cost containment.

Section 11.12.(k) Cost Containment Programs. The Department of Health and Human Services, Division of Medical Assistance, may undertake cost containment programs including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

Section 11.12.(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

Section 11.12.(m) The Department of Health and Human Services shall provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and regulations.

Section 11.12.(n) The Department of Health and Human Services shall provide coverage to pregnant women and to children according to the following schedule:

- (1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (5) The Department of Health and Human Services shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

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

Section 11.12.(o) Medicaid enrollment of categorically needy families with children shall be continuous for one year without regard to changes in income or assets.

Section 11.12.(p) The Department of Health and Human Services shall submit a ~~monthly~~ quarterly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. ~~Reports for the preceding month~~ The quarterly expenditure report and the revised forecast shall be forwarded to the Fiscal Research Division and to the Office of State Budget and Management no later than the third Thursday of the month following the end of each quarter.

Section 11.12.(q) The Division of Medical Assistance, Department of Health and Human Services, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

Section 11.12.(r) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Health and Human Services, may

use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing.

~~Section 11.12.(s) The Division of Medical Assistance, Department of Health and Human Services, may administer Medicaid estate recovery mandated by the Omnibus Budget Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5 using temporary rules pending approval of final rules promulgated pursuant to Chapter 150B of the General Statutes.~~

Section 11.12.(t) The Department of Health and Human Services may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that these rules are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

Section 11.12.(u) The Department shall report to the Fiscal Research Division of the Legislative Services Office and to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources or the Joint Legislative Health Care Oversight Committee on any change it anticipates making in the Medicaid program that impacts the type or level of service, reimbursement methods, or waivers, any of which require a change in the State Plan or other approval by the Health Care Financing Administration. The reports shall be provided at the same time they are submitted to HCFA for approval.

Section 11.12.(v) If the Department of Health and Human Services obtains a Medicaid waiver to implement two long-term care pilot projects, then the Department shall report the particulars of the waiver, the pilot projects, and the status of implementation to members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Study Commission on Aging within 30 days of receiving the waiver. The Department shall not expand the pilot project beyond the two initial pilots without first reporting the proposed expansion to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources.

~~Section 11.12.(w) The Department of Health and Human Services shall study the effect of subsection (o) of this section on both the Medicaid program and the Health Insurance Program for Children. The Department shall make an interim report on the results of this study to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources by October 1, 1999, and shall make a final report by January 1, 2000.~~

Section 11.12.(x) Effective no earlier than October 1, 2000, the Department of Health and Human Services shall amend the Medicaid State Plan to adopt simplified methodologies for the treatment of assets in determining Medicaid eligibility for aged,

blind, and disabled persons. The simplified methodologies are limited to excluding the value of burial plots and the cash value of life insurance when the total face value of cash value bearing life insurance policies does not exceed ten thousand dollars (\$10,000).

Section 11.12.(y) The Division of Fiscal Research, through the Legislative Services Office, with the cooperation of the Department of Health and Human Services, shall issue a Request for Proposal (RFP) for an independent consultant to study and review the amount, sufficiency, duration, and scope of each service provided under the North Carolina Medicaid Program. The independent consultant shall make an interim progress report on January 1, 2001, to the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources. The final report of the independent consultant shall be presented to the North Carolina General Assembly not later than May 1, 2001. The Department shall transfer funding from the Medicaid Program for the cost of the study.

Section 11.12.(z) The Department of Health and Human Services shall study the feasibility of authorizing Medicaid reimbursement for children eligible for EPSDT services by providers who are eligible for reimbursement for these services under the Teachers' and State Employees' Comprehensive Major Medical Plan pursuant to G.S. 135-40.7B, and under the Health Insurance Program for Children pursuant to G.S. 108A-70.21. The Department shall report its findings and recommendations to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division not later than October 1, 2000.

Section 11.12.(aa) Upon approval of a demonstration waiver by the Health Care Financing Administration, the Department of Health and Human Services may provide Medicaid coverage for family planning services to men and women of child-bearing age with family incomes equal to or less than 185% of the federal poverty level. Coverage shall be contingent upon federal approval of the waiver and shall begin no earlier than January 1, 2001."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

COUNTY MEDICAID COST-SHARE

Section 11.6.(a) Section 11.39 of S.L. 1999-237 reads as rewritten:

"Section 11.39.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for the 1999-2000 fiscal year, the Department shall transfer to the Mental Health Restricted Reserve not more than the amount of actual expenditures for Medicaid payments for the 1998-99 fiscal year for services provided by area mental health authorities. The Department shall transfer from the Division of Medical Assistance the estimated amount needed to match Medicaid payments for the former Carolina Alternatives Programs. The Department shall not transfer from area

program allocations funds to cover Medicaid payment expenditures that exceed the amount of funds in the Reserve for the 1999-2000 fiscal year.

~~Section 11.39.(b) Any nonfederal increases in the cost of Medicaid services provided by area mental health authorities will be borne in equal parts by the State and county funding entity until the county share reaches fifteen percent (15%) of the nonfederal share. Effective July 1, 2000, the county share of the cost of Medicaid services currently and previously provided by area mental health authorities shall be increased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010."~~

Section 11.6.(b) Section 11.22(g) is repealed.

Section 11.6.(c) Section 11.22(h) of S.L. 1999-237 reads as rewritten:

~~"Section 11.22.(h) Effective January 1, 2000, the State shall pay fifty percent (50%) and the county shall pay fifty percent (50%) of the nonfederal share of new levels of Medicaid Personal Care Services paid to adult care homes. Effective July 1, 2001, the State shall pay fifty seven percent (57%) and each county shall pay forty three percent (43%) of the nonfederal share of new levels of Medicaid Personal Care Services paid to adult care homes. Each year thereafter, the State share of the nonfederal cost will increase by seven percent (7%) until the county share equals fifteen percent (15%) of the nonfederal share of new levels of Medicaid Personal Care Services. Effective July 1, 2000, the county share of the cost of Medicaid Personal Care Services paid to adult care homes shall be decreased incrementally each fiscal year until the county share reaches fifteen percent (15%) of the nonfederal share by State fiscal year 2009-2010."~~

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

MEDICAID RESERVE FUND TRANSFER

Section 11.7. Section 11.10(a) of S.L. 1999-237 reads as rewritten:

"Section 11.10.(a) Of the funds transferred to the Department of Health and Human Services for Medicaid programs pursuant to G.S. 143-23.2, the sum of eighty-four million dollars (\$84,000,000) for the 1999-2000 fiscal year and the sum of ~~twenty nine ninety-nine million dollars (\$29,000,000)~~ (\$99,000,000) for the 2000-2001 fiscal year shall be allocated as prescribed by G.S. 143-23.2(b) for Medicaid programs. Notwithstanding the prescription in G.S. 143-23.2(b) that these funds not reduce State general revenue funding, these funds shall replace the reduction in general revenue funding effected in this act."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Baddour, Nesbitt, Senators Martin of Guilford, Rand, Plyler, Perdue, Odom, Cooper

WAIVE NC HEALTH CHOICE WAITING PERIOD FOR SPECIAL NEEDS CHILDREN

Section 11.8.(a) G.S. 108A-70.18(8) reads as rewritten:

"§ 108A-70.18. Definitions.

~~Unless~~ As used in this Part, unless the context clearly requires otherwise, the term:

...

- (8) 'Uninsured' means the applicant for Program benefits ~~was not covered under any private or employer-sponsored comprehensive health insurance plan for the six-month period immediately preceding the date of application for Program benefits. Effective April 1, 1999,~~ 'uninsured' means the applicant is and was not covered under any private or employer-sponsored comprehensive health insurance plan for 60 days immediately preceding the date of application. The waiting periods required under this subdivision shall be waived ~~if-if:~~
- a. ~~the~~ The child has been enrolled in Medicaid and has lost Medicaid ~~eligibility, eligibility;~~
 - b. The child has lost health care benefits due to cessation of a nonprofit organization program that provides health care benefits to low-income ~~children, or children;~~
 - c. The child has lost employer-sponsored comprehensive health care coverage due to termination of employment, cessation by the employer of employer-sponsored health coverage, or cessation of the employer's ~~business. business; or~~
 - d. Health insurance benefits available to the family of a special needs child have been terminated due to a long-term disability or a substantial reduction in or limitation of lifetime medical benefits or benefit category. As used in this paragraph, 'special needs child' has the definition applied in G.S. 108A-70.23(a)."

Section 11.8.(b) The total amount of State funds expended for the Health Insurance Program for Children (NC Health Choice) in the 2000-2001 fiscal year shall not exceed the amount of State funds appropriated to match federal funds for the Program for the 2000-2001 fiscal year.

SUBPART 3. FACILITY SERVICES

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

EXTEND ADULT CARE HOME MORATORIUM/STUDY

Section 11.9.(a) Section 11.69(b) of S.L. 1997-443, as amended by Section 12.16C(a) of S.L. 1998-212, and as further amended by Section 1 of S.L. 1999-135, reads as rewritten:

"(b) Effective until ~~September 30, 2000, September 30, 2001,~~ the Department of Health and Human Services shall not approve the addition of any adult care home beds for any type home or facility in the State, except as follows:

- (1) Plans submitted for approval prior to May 18, 1997, may continue to be processed for approval;
- (2) Plans submitted for approval subsequent to May 18, 1997, may be processed for approval if the individual or organization submitting the plan demonstrates to the Department that on or before August 25, 1997, the individual or organization purchased real property, entered

into a contract to purchase or obtain an option to purchase real property, entered into a binding real property lease arrangement, or has otherwise made a binding financial commitment for the purpose of establishing or expanding an adult care home facility. An owner of real property who entered into a contract prior to August 25, 1997, for the sale of an existing building together with land zoned for the development of not more than 50 adult care home beds with a proposed purchaser who failed to consummate the transaction may, after August 25, 1997, sell the property to another purchaser and the Department may process and approve plans submitted by the purchaser for the development of not more than 50 adult care home beds. It shall be the responsibility of the applicant to establish, to the satisfaction of the Department, that any of these conditions have been met;

- (3) Adult care home beds in facilities for the developmentally disabled with six beds or less which are or would be licensed under G.S. 131D or G.S. 122C may continue to be approved;
- (4) If the Department determines that the vacancy rate of available adult care home beds in a county is fifteen percent (15%) or less of the total number of available beds in the county as of August 26, 1997, and no new beds have been approved or licensed in the county or plans submitted for approval in accordance with subdivision (1) or (2) of this section which would raise the vacancy rate above fifteen percent (15%) in the county, then the Department may accept and approve the addition of beds in that county; or
- (5) If a county board of commissioners determines that a substantial need exists for the addition of adult care home beds in that county, the board of commissioners may request that a specified number of additional beds be licensed for development in their county. In making their determination, the board of commissioners shall give consideration to meeting the needs of Special Assistance clients. The Department may approve licensure of the additional beds from the first facility that files for licensure and subsequently meets the licensure requirements."

Section 11.9.(b) The Department of Health and Human Services shall study the various types of adult care homes covered by the moratorium enacted under Section 11.69(b) of S.L. 1997-443 and amended by Section 12.16C(a) of S.L. 1998-212 and S.L. 1999-135. The study shall identify adult care homes by predominant types of residents currently being served and shall recommend licensure categories appropriate to the population served. As part of this study, the Department shall identify current public funding available to residents of the identified adult care homes as well as additional funding sources appropriate to the population being served. Not later than March 1, 2001, the Department shall report the results of its study to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

USE OF FIRE PROTECTION FUND FOR EMERGENCY GENERATORS

Section 11.10. G.S. 122A-5.13 reads as rewritten:

"§ 122A-5.13. Adult Care Home, Group Home, and Nursing Home Fire Protection Fund authorized; authority.

(a) The North Carolina Housing Finance Agency shall establish an Adult Care Home, Group Home, and Nursing Home Fire Protection Fund (hereinafter 'Fire Protection Fund') to assist owners of adult care homes, group homes for developmentally disabled adults, and nursing homes with the purchase and installation of fire protection systems and emergency generators in existing and new adult care homes, group homes for developmentally disabled adults, and nursing homes. The Fire Protection Fund shall be a revolving fund.

(b) The Agency, in consultation with the Department of Health and Human Services, shall adopt rules for the management and use of the Fire Protection Fund. These rules at a minimum shall provide for the following:

- (1) Financial incentives for owners of facilities who utilize Fire Protection Fund monies to install sprinkler systems instead of smoke detection equipment.
- (2) Maximum loan amounts of one dollar and seventy-five cents (\$1.75) per square foot for advanced smoke detectors and digital communication equipment, three dollars and seventy-five cents (\$3.75) per square foot for residential sprinkler systems, and six dollars (\$6.00) per square foot for institutional sprinkler systems.
- (3) Interest rates from three percent (3%) to six percent (6%) for a period not to exceed 20 years for sprinkler systems and 10 years for smoke detection systems.
- (4) Documentary verification that owners of facilities obtain fire protection systems and emergency generators at a reasonable cost.
- (5) Acceleration of a loan when statutory fire protection requirements are not met by the facility for which the loan was made.
- (6) Loan approval priority criteria that considers the frailty level of residents at a facility.
- (7) Loan origination and servicing fees.

(c) Proceeds from the Fire Protection Fund, not to exceed ten thousand dollars (\$10,000) annually, may be used to provide staff support to the North Carolina Housing Finance Agency for loan processing under this section and to the Department of Health and Human Services for review and approval of fire protection plans and inspection of fire protection systems."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

STUDY MULTIUNIT ASSISTED HOUSING WITH SERVICES FACILITIES

Section 11.11. The North Carolina Study Commission on Aging shall study Multiunit Assisted Housing with Services (MAHS) facilities. The study shall include the following:

- (1) What strategies may be employed at the State and local level to ensure registration of MAHS facilities with the Department of Health and Human Services, as required under G.S. 131D-2(a)(7a).
- (2) Whether persons requesting access to MAHS facilities should be included in the assessment process that is part of the uniform portal of entry system.
- (3) Whether an advocacy and oversight system for MAHS facilities should be developed that is comparable to the advocacy and oversight system in place for adult care homes.

Not later than February 1, 2001, the Commission shall report its findings and recommendations to the 2001 General Assembly and to the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Purcell, Plyler, Perdue, Odom

FUNDS FOR TRAINING PROGRAMS FOR RECRUITMENT OF CERTIFIED NURSING ASSISTANTS IN NURSING FACILITIES

Section 11.11A.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars (\$500,000) for the 2000-2001 fiscal year shall be used for the development and implementation of on-site Internet training or other innovative training programs designed to improve recruitment and reduce turnover of certified nursing assistants in nursing facilities.

Section 11.11A.(b) The Community Colleges System Office shall work with nursing home providers to develop and implement the training program. The program shall be tested in at least five nursing facilities in the State.

Section 11.11A.(c) The Community Colleges System Office shall ensure that the program is evaluated by a committee composed of individuals representing the community colleges, the North Carolina Health Care Facilities Association, and the Division of Facility Services in the Department of Health and Human Services. Not later than June 30, 2001, the Community Colleges System Office shall report to the North Carolina Study Commission on Aging on the use of these funds and implementation of the program.

SUBPART 4. SOCIAL SERVICES

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

ADULT CARE HOMES REIMBURSEMENT RATE INCREASE/STATE AUDITOR STUDY

Section 11.12.(a) Section 11.22(e) of S.L. 1999-237 reads as rewritten:

"Section 11.22.(e) Effective October 1, 2000, the maximum monthly rate for residents in adult care home facilities shall be one thousand ~~sixteen~~sixty-two dollars (~~\$1,016~~)(\$1,062) per month per resident."

Section 11.12.(b) The Office of the State Auditor shall study the cost reimbursement system used to reimburse adult care homes for residents in those homes who receive public assistance. The study shall include an analysis of the financial information collected on the adult care homes by the Department of Health and Human Services controller's office. The study shall also analyze the impact of occupancy rates on the cost reimbursement system. The Office of the State Auditor shall report the results of the study to the members of the House Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources not later than March 1, 2001.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

EXTEND SPECIAL ASSISTANCE DEMONSTRATION PROJECT

Section 11.13. Section 11.21 of S.L. 1999-237 reads as rewritten:

"Section 11.21. The Department of Health and Human Services may use funds from the existing State/County Special Assistance for Adults budget to provide Special Assistance payments to eligible individuals in in-home living arrangements. These payments may be made for up to 400 individuals. These payments may be made for up to a two-year period beginning July 1, ~~1999, 2000,~~ and ending June 30, ~~2001, 2002.~~ To the maximum extent possible, the Department shall consider geographic balance in the dispersion of payments to individuals across the State. The Department shall make an interim report to the cochairs of the House of Representatives Appropriations Committee, the cochairs of the House of Representatives Appropriations Subcommittee on Health and Human Services and the cochairs of the Senate Appropriations Committee, the Chair of the Senate Appropriations Committee on Human Resources by June 30, ~~2000, 2001,~~ and a final report by October 1, ~~2001, 2002.~~ This report shall include the following information:

- (1) A description of cost savings that could occur by allowing individuals eligible for State/County Special Assistance the option of remaining in the home.
- (2) Which activities of daily living or other need criteria are reliable indicators for identifying individuals with the greatest need for income supplements for in-home living arrangements.
- (3) How much case management is needed and which types of individuals are most in need of case management.
- (4) The geographic location of individuals receiving payments under this section.
- (5) A description of the services purchased with these payments.
- (6) A description of the income levels of individuals who receive payments under this section and the impact on the Medicaid program.

- (7) Findings and recommendations as to the feasibility of continuing or expanding the demonstration program."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

CHILD WELFARE SYSTEM IMPROVEMENTS

Section 11.14.(a) Subsection (a) of Section 11.28 of S.L. 1999-237 reads as rewritten:

"Section 11.28.(a) The Division of Social Services, Department of Health and Human Services, shall report ~~semiannually~~ to the members of the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on the activities of the State Child Fatality Review Team ~~and shall provide a final report to the Senate Appropriations Committee on Human Resources and the House of Representatives Appropriations Subcommittee on Health and Human Services no later than April 1, 2000,~~ including recommendations for changes in the statewide child protection ~~system.~~ system no later than October 1 of each year."

Section 11.14.(b) Subsection (d) of Section 11.57 of S.L. 1997-443, as amended by Section 12.22 of S.L. 1998-212 and as amended by Section 11.28 of S.L. 1999-237, is repealed.

Section 11.14.(c) G.S. 131D-10.6A reads as rewritten:

"§ 131D-10.6A. Training by the Division of Social Services required.

(a) The Division of Social Services, Department of Health and Human Services, shall ~~continue the in-house training component that provides a mandated~~ require a minimum of 30 hours of preservice training for foster care parents either prior to licensure or within six months from the date a provisional license is issued pursuant to G.S. ~~131D-10.3,~~ and 84 hours for foster care workers and adoption social workers ~~131D-10.3~~ and a mandated minimum of 10 hours of continuing education for all foster care parents ~~and 18 hours for foster care workers and adoption social workers.~~ annually after the year in which a license is obtained.

(b) The Division of Social Services shall establish minimum training requirements for child welfare services staff. The minimum training requirements established by the Division are as follows:

- (1) Child welfare services workers shall complete a minimum of 72 hours of preservice training before assuming direct client contact responsibilities.
- (2) Child protective services workers shall complete a minimum of 18 hours of additional training that the Division of Social Services determines is necessary to adequately meet training needs.
- (3) Foster care and adoption workers shall complete a minimum of 39 hours of additional training that the Division of Social Services determines is necessary to adequately meet training needs.
- (4) Child welfare services supervisors shall complete a minimum of 72 hours of preservice training before assuming supervisory

responsibilities and a minimum of 54 hours of additional training that the Division of Social Services determines is necessary to adequately meet training needs.

- (5) Child welfare services staff shall complete 24 hours of continuing education annually.

The Division of Social Services may grant an exception in whole or in part to the requirement under subdivision (1) of this subsection to child welfare workers who satisfactorily complete or are enrolled in a masters or bachelors program after July 1, 1999, from a North Carolina social work program accredited pursuant to the Council on Social Work Education. The program's curricula must cover the specific preservice training requirements as established by the Division of Social Services.

The Division of Social Services shall ensure that training opportunities are available for county departments of social services and consolidated human service agencies to meet the training requirements of this subsection."

Section 11.14.(d) G.S. 131D-10.6A(b), as enacted by subsection (b) of this section, applies to child welfare services staff initially hired on or after January 1, 1998.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

SPECIAL CHILDREN ADOPTION FUND

Section 11.15.(a) Of the funds appropriated to the Department of Health and Human Services in this act, the sum of one million one hundred thousand dollars (\$1,100,000) shall be used to support the Special Children Adoption Fund for the 2000-2001 fiscal year. The Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon the adoption of children described in G.S. 108A-50 and in foster care. Payments received from the Special Children Adoption Fund by participating agencies shall be used exclusively to enhance the adoption services. No local match shall be required as a condition for receipt of these funds. In accordance with State rules for allowable costs, the Special Children Adoption Fund may be used for post-adoption services for families whose incomes exceed two hundred percent (200%) of the federal poverty level.

Section 11.15.(b) Of the total funds appropriated for the Special Children Adoption Fund, four hundred thousand dollars (\$400,000) shall be reserved for payment to participating private adoption agencies.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

SPECIAL NEEDS ADOPTIONS INCENTIVE FUND

Section 11.16. There is created a Special Needs Adoptions Incentive Fund to provide financial assistance to facilitate the adoption of certain children residing in licensed foster care homes, effective January 1, 2001. These funds shall be used to remove financial barriers to the adoption of these children and shall be available to

foster care families who adopt children with special needs as defined by the Social Services Commission. These funds shall be matched by county funds.

This program shall not constitute an entitlement and is subject to the availability of funds.

The Social Services Commission shall adopt rules to implement the provisions of this section.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

CHILD WELFARE SERVICES DATA COLLECTION

Section 11.16A. The Department of Health and Human Services, Division of Social Services, shall report to the House of Representative Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division no later than April 1, 2001, on the following information for this State and for comparable states:

- (1) Demographics on the population under the age of 18, including significant trends over a 5-year period.
- (2) The number of child welfare cases, including significant trends over a 5-year period. Information regarding cases shall include separate data on reports, investigations, and substantiated cases. This report shall contain information on the definition of these terms.
- (3) The total number of Child Welfare Services workers, including significant trends over a 5-year period.
- (4) The total budget, from all available sources, for Child Welfare Services, including significant trends over a 5-year period.

The Department shall establish a mechanism for reporting this information on an annual basis and shall develop an estimate of the cost of complying with this Section.

The purpose of this reporting requirement is for the General Assembly to utilize this information as part of a rational decision-making process of identifying and meeting the needs of the Child Welfare Services system.

SUBPART 5. MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

NONMEDICAID REIMBURSEMENT CHANGES

Section 11.17. Section 11.7 of S.L. 1999-237 reads as rewritten:

"Section 11.7. Providers of medical services under the various State programs, other than Medicaid, offering medical care to citizens of the State shall be reimbursed at rates no more than those under the North Carolina Medical Assistance Program. Hospitals that provide psychiatric inpatient care for multiply diagnosed adults who were identified as members of the Thomas S. class at the time of dissolution of the class, and other

multiply diagnosed adults may be paid an additional incentive payment not to exceed fifteen percent (15%) of their regular daily per diem reimbursement.

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

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

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

<u>Family Size</u>	<u>Medical Eye Care Adults</u>	<u>All Rehabilitation</u>	<u>Other</u>
1	\$ 4,860	\$ 8,364	\$ 4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,821	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. The eligibility level for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred ~~twenty five~~ fifty percent ~~(125%)~~ (150%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts, for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

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

<u>Income Participation</u> (% of poverty)	<u>State Participation</u>	<u>Client</u>
0-125%	100%	0%
126-140%	90%	10%
141-160%	80%	20%
161-180%	70%	30%
181-200%	60%	40%
201-220%	50%	50%
221-240%	40%	60%
241-260%	30%	70%
261-280%	20%	80%
281-300%	10%	90%
301% over	0%	100%
<u>0-150%</u>	<u>100%</u>	<u>0%</u>
<u>151-200%</u>	<u>75%</u>	<u>25%</u>
<u>201-250%</u>	<u>50%</u>	<u>50%</u>
<u>251-300%</u>	<u>25%</u>	<u>75%</u>
<u>301% and over</u>	<u>0%</u>	<u>100%.</u> "

The Department of Health and Human Services shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department."

Requested by: Representative Culpepper, Senators Martin of Guilford, Plyler, Perdue, Odom

AREA BOARD MEMBER PER DIEM

Section 11.18. G.S. 122C-120 reads as rewritten:

"§ 122C-120. Compensation of area board members.

(a) Area board members may receive as compensation for their services per diem and a subsistence allowance for each day during which they are engaged in the official business of the area board. The amount of the per diem and subsistence allowances shall be established by the area board ~~and the amounts shall not exceed those authorized by G.S. 138-5 for State boards.~~ board. The amount of per diem allowance shall not exceed fifty dollars (\$50.00). Reimbursement of subsistence expenses shall be at the rates allowed to State officers and employees under G.S. 138-6(a)(3).

(b) Area board members may be reimbursed for all necessary travel expenses and registration fees in amounts fixed by the board."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

CHILD RESIDENTIAL TREATMENT SERVICES PROGRAM

Section 11.19.(a) The Department of Health and Human Services shall establish the Child Residential Treatment Services Program. The Program shall be implemented by the Department in consultation with the Office of Juvenile Justice and other affected State agencies. The purpose of the Program is to provide appropriate and medically necessary residential treatment alternatives for children at risk of institutionalization or other out-of-home placement. Program funds shall be targeted for non-Medicaid eligible children and may also be used for Medicaid-eligible children. Program funds may also be used to expand the Child Mental Health Systems of Care Project. The Program shall include the following:

- (1) Behavioral health screenings for all children at risk of institutionalization or other out-of-home placement.
- (2) Appropriate and medically necessary residential treatment placements, including placements for youths needing substance abuse treatment services and for specialized populations such as deaf children, children with serious emotional disturbances, and sexually aggressive youth.
- (3) Multidisciplinary case management services, as needed.
- (4) A system of utilization review specific to the nature and design of the Program.
- (5) Mechanisms to ensure that children are not placed in department of social services custody for the purpose of obtaining mental health residential treatment services.
- (6) Mechanisms to maximize current State and local funds and to expand use of Medicaid funds to accomplish the intent of this Program.
- (7) Other appropriate components to accomplish the Program's purpose.
- (8) The Secretary of the Department of Health and Human Services may enter into contracts with residential service providers.

Section 11.19.(b) The Department shall not allocate funds appropriated for Program services until a Memorandum of Agreement has been executed between the Department and other affected State agencies. The Memorandum of Agreement shall address specifically the roles and responsibilities of the various departmental divisions and affected State agencies involved in the administration, financing, care, and placement of children at risk of institutionalization or other out-of-home placement. The Department shall not allocate funds appropriated in this act for the Program until Memoranda of Agreement between local departments of social services and area mental health programs, and the Administrative Office of the Courts, and the Office of Juvenile Justice, as appropriate, are executed to effectuate the purpose of the Program. The Memoranda of Agreement shall address issues pertinent to local implementation of the Program.

Section 11.19.(c) Notwithstanding any other provision of law to the contrary, services under the Child Residential Treatment Services Program are not an entitlement for non-Medicaid eligible children served by the Program.

Section 11.19.(d) The Department of Health and Human Services, in conjunction with the Office of Juvenile Justice and other affected agencies, shall report on the following:

- (1) The number and other demographic information of children served.
- (2) The amount and source of funds expended to implement the Program.
- (3) Information regarding the number of children screened, specific placement of children, and treatment needs of children served.
- (4) The average length of stay in residential treatment, transition, and return to home.
- (5) The number of children diverted from institutions or other out-of-home placements such as training schools and State psychiatric hospitals.
- (6) Recommendations on other areas of the Program that need to be improved.
- (7) Other information relevant to successful implementation of the Program.

The Department shall submit a progress report on implementation of the Program not later than February 1, 2001, and a final report not later than May 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom, Lucas, Gulley

FUNDS FOR CHILD AND ADOLESCENT RESIDENTIAL UNIT AT MURDOCH CENTER

Section 11.20.(a) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one million two hundred thousand dollars (\$1,200,000) for the 2000-2001 fiscal year shall be used as follows:

- (1) To develop and operate a six-bed short-term residential unit to meet the needs of autistic children statewide whose behaviors place them at serious risk of institutionalization. The unit shall be developed within the Murdoch Mental Retardation Center and supported by specialized staff within the Murdoch Mental Retardation Center; and
- (2) To develop and operate a four-bed residential program for autistic children statewide whose behaviors place them at serious risk of institutionalization. The program may offer short-term diagnostic/prescriptive services or comprehensive interventions in order to transition children back to their homes and communities. The program shall be developed and supported by staff from the Murdoch Mental Retardation Center.

Section 11.20.(b) Of the funds appropriated in this act to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of three hundred twenty-six thousand dollars

(\$326,000) for the 2000-2001 fiscal year shall be used to provide residential services for children with autism.

Section 11.20.(c) The Department shall submit progress reports on December 1, 2000, and on April 1, 2001, on its compliance with this section. The Department shall submit a final report on January 1, 2002. The reports shall be submitted to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

SERVICES TO CHILDREN AT RISK FOR INSTITUTIONALIZATION OR OTHER OUT-OF-HOME PLACEMENT

Section 11.21.(a) In order to ensure that children at risk for institutionalization or other out-of-home placement are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these children:

- (1) Provide only those treatment services that are medically necessary.
- (2) Implement utilization review of services provided.
- (3) Effective immediately:
 - a. Eliminate formerly court-mandated Willie M. or Eligible Violent and Assaultive Children Program administration, infrastructure, categorical funding designation, and eligibility determination process at the State and local level;
 - b. Identify savings realized from elimination of Program administration and infrastructure at the State and local level;
 - c. Adopt the following guiding principles for the provision of services:
 1. Service delivery system must be outcome-oriented and evaluation-based.
 2. Services should be delivered as close as possible to the consumer's home.
 3. Services selected should be those that are most efficient in terms of cost and effectiveness.
 4. Services should not be provided solely for the convenience of the provider or the client.
 5. Families and consumers should be involved in decision making throughout treatment planning and delivery.
 - d. Implement all of the following cost reduction strategies:
 1. Preauthorization for all services except emergency services.

2. Levels of care to assist in the development of treatment plans.
 3. Clinically appropriate services.
 4. State review of individualized service plans for all children served to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans.
- (4) Collaborate with other affected State agencies such as the Office of Juvenile Justice and the Administrative Office of the Courts, and with local departments of social services and area mental health programs to eliminate cost-shifting and facilitate cost-sharing among these governmental agencies with respect to the treatment and placement services.

Section 11.21.(b) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division.

Section 11.21.(c) G.S. 122C-3(13a) is repealed.

Section 11.21.(d) G.S. 122C-112(14) is repealed.

Section 11.21.(e) Part 7 of Article 4 of Chapter 122C of the General Statutes is repealed. This subsection applies to petitions for contested case review filed on and after the effective date of this act.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

SERVICES TO MULTIPLY-DIAGNOSED ADULTS

Section 11.22.(a) In order to ensure that multiply-diagnosed adults are appropriately served by the mental health, developmental disabilities, and substance abuse services system, the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall do the following with respect to services provided to these adults:

- (1) Provide only those treatment services that are medically necessary.
- (2) Implement utilization review of services provided.
- (3) Effective immediately:
 - a. Eliminate formerly court-mandated Thomas S. Program administration, infrastructure, and categorical funding designation at the local level, while continuing to provide services to former Thomas S. clients and other multiply-diagnosed adults;
 - b. Identify savings realized from elimination of Program administration and infrastructure;
 - c. Adopt the following guiding principles for the provision of services:

1. Service delivery system must be outcome oriented and evaluation based.
 2. Services should be delivered as close as possible to the consumer's home.
 3. Services selected should be those that are most efficient in terms of cost and effectiveness.
 4. Services should not be provided solely for the convenience of the provider or the client.
 5. Families and consumers should be involved in decision-making throughout treatment planning and delivery; and
- d. Implement all of the following cost reduction strategies:
1. Preauthorization for all services except emergency services.
 2. Criteria for determining medical necessity.
 3. Clinically appropriate services.
 4. State review of (i) individualized service plans for all adults served to ensure that service plans focus on delivery of appropriate services rather than optimal treatment and habilitation plans, and (ii) staffing patterns of residential services.

Section 11.22.(b) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply-diagnosed adults.

Section 11.22.(c) The Department shall submit a progress report on implementation of this section not later than February 1, 2001, and a final report not later than May 1, 2002, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Phillips, Plyler, Perdue, Odom

FUNDS FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES OVERSIGHT COMMITTEE

Section 11.23.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the Department shall transfer the sum of three hundred fifty thousand dollars (\$350,000) to the General Assembly, Legislative Services Office, for the 2000-2001 fiscal year. These funds shall be used for the mental health, developmental disabilities, and substance abuse services system reform initiative proposed in Senate Bill 1217 and House Bill 1519, 1999 General Assembly, Regular Session 2000. The funds shall be used specifically for a comprehensive study of developmental disabilities services and administration and to hire professional staff to assist the Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services. These funds may be transferred for these purposes if and only if Senate Bill 1217 or House Bill 1519, 1999 General Assembly, becomes law.

Section 11.23.(b) The Department shall study whether a new division of developmental disabilities should be established in the Department. Not later than January 1, 2001, the Department shall report its findings and recommendations to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations Committee on Human Resources.

Section 11.23.(c) The Department of Health and Human Services shall proceed with plans for the construction of a new State psychiatric hospital to replace Dorothea Dix hospital. Not later than October 1, 2000, the Department shall report the status of the plans including identification of potential sites for the new facility. The report shall be made to the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services, to the Senate Appropriations Committee on Human Resources, and the House of Representatives Appropriations Subcommittee on Health and Human Services.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES RESERVE FOR SYSTEM REFORM AND OLMSTEAD DECISION

Section 11.24.(a) There is created in the Office of State Budget and Management the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead. The purposes of the Reserve are to:

- (1) Provide start-up funds for programs and services that provide community alternatives for individuals currently residing in the State's mental health, developmental disabilities, and substance abuse services institutions.
- (2) Facilitate the State's compliance with the United States Supreme Court decision in Olmstead v. L.C. and E.W.
- (3) Facilitate reform of the mental health, developmental disabilities, and substance abuse services system.

Section 11.24.(b) Funds appropriated to the Reserve created in subsection (a) of this section shall be used to:

- (1) Pay onetime expenditures that will not impose additional financial obligations on the State, and
- (2) Establish or expand community-based services if sufficient recurring funds can be identified within the Department from funds currently budgeted for mental health, developmental disabilities, and substance abuse services, area mental health programs, or local government.

Section 11.24.(c) Before allocating funds from the Reserve, the Director of the Budget shall certify that the planned uses of the funds are in compliance with this section and do not constitute or will not create an ongoing financial obligation to the State.

Section 11.24.(d) Funds in the Mental Health, Developmental Disabilities, and Substance Abuse Services Reserve for System Reform and Olmstead shall not revert to the General Fund but shall remain in the Reserve to be used as authorized in this section.

Section 11.24.(e) The Department of Health and Human Services shall report periodically to the Legislative Study Commission on Mental Health, Developmental Disabilities, and Substance Abuse Services and to the Joint Legislative Commission on Governmental Operations on any actions taken under this section.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

EARLY INTERVENTION SERVICES

Section 11.25. Section 11.42 of S.L. 1999-237 reads as rewritten:

"Section 11.42.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of two hundred three thousand dollars (\$203,000) for the 1999-2000 fiscal year and the sum of ~~six hundred ten eight hundred sixty thousand dollars (\$610,000)~~ (\$860,000) for the 2000-2001 fiscal year shall be used to implement two recommendations from the Interagency Coordinating Council's "Study on Early Intervention Services for Children Ages Birth to Five Years," dated March 1999. The Department of Health and Human Services, the Department of Public Instruction, and The University of North Carolina's Division TEACCH (Treatment and Education of Autistic and other Communications Handicapped Children and Adults), shall participate jointly, in collaboration with the Interagency Coordinating Council, in the planning, design, and implementation of the following provisions:

- (1) Of the funds allocated by this subsection, the sum of seventy-eight thousand dollars (\$78,000) in the 1999-2000 fiscal year and the sum of ~~one hundred ten three hundred thousand dollars (\$110,000)~~ (\$300,000) in the 2000-2001 fiscal year shall be used to plan, design, and implement an integrated, interagency database for children with or at risk for disabilities who receive early intervention services. The purpose of the database is to:
 - a. Assist in identifying gaps in services;
 - b. Project and plan for future service needs;
 - c. Improve the quality and accessibility of services; and
 - d. Document outcomes of early intervention services.

This database shall be compatible with the State Board of Education's new Student Information Management System. These agencies shall initiate use of the database in a pilot program in at least one community by July 1, 2000, and shall evaluate this pilot for statewide implementation by July 1, 2001. Any local education agency participating in the pilot program shall provide the same data for children in the preschool program for children with disabilities as is provided by the Department of Health and Human Services for children served in the infant-toddler program. The agencies shall

submit a progress report by April 1, 2000, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

- (2) Of the funds allocated by this subsection, the sum of one hundred twenty-five thousand dollars (\$125,000) in fiscal year 1999-2000 and the sum of five hundred sixty thousand dollars ~~(\$500,000)-(\$560,000)~~ in fiscal year 2000-2001 shall be used to plan for and implement regional transdisciplinary teams to provide training, technical assistance, and other support services to existing early intervention agencies and providers. The teams will maintain expertise on low incidence populations, such as children with visual and hearing impairments, autism, and child mental health needs. These agencies shall implement a pilot program establishing a regional transdisciplinary team no later than March 2000. These agencies shall submit an interim report by March 15, 2000, and a final plan for statewide implementation of the transdisciplinary teams by March 15, 2001, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

Section 11.42.(b) The North Carolina Schools for the Deaf and other agencies providing early intervention services to children from birth through five years of age shall implement procedures to ensure that:

- (1) Parents of children newly identified with hearing loss and determined to be eligible for services are informed of the services available to them through Beginnings for Parents of ~~Hearing Impaired Children, Inc.;~~ Children Who Are Deaf or Hard of Hearing, Inc.; and
- (2) Beginnings for Parents of ~~Hearing Impaired Children, Inc.;~~ Children Who Are Deaf or Hard of Hearing, Inc., with the consent of parents, is notified of these children in a timely and appropriate manner."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

LICENSURE EXCEPTION FOR CERTAIN NONPROFIT SUBSTANCE ABUSE FACILITIES

Section 11.25A. G.S. 122C-22(a) reads as rewritten:

"(a) The following are excluded from the provisions of this Article and are not required to obtain licensure under this Article:

- (1) Physicians and psychologists engaged in private office practice;
- (2) General hospitals licensed under Article 5 of Chapter 131E of the General Statutes, that operate special units for the mentally ill, developmentally disabled, or substance abusers;
- (3) State and federally operated facilities;

- (4) Adult care homes licensed under Chapter 131D of the General Statutes;
- (5) Developmental child care centers licensed under Article 7 of Chapter 110 of the General Statutes;
- (6) Persons subject to licensure under rules of the Social Services Commission;
- (7) Persons subject to rules and regulations of the Division of Vocational Rehabilitation Services; and
- (8) Facilities that provide occasional respite care for not more than two individuals at a time; provided that the primary purpose of the facility is other than as defined in G.S. 122C-3(14).
- (9) Twenty-four-hour nonprofit facilities established for the purposes of shelter care and recovery from alcohol or other drug addiction through a 12-step, self-help, peer role modeling, and self-governance approach."

SUBPART 6. CHILD DEVELOPMENT

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

TRANSFER FUNDS FOR CLIENT SERVICES

Section 11.26. The sum of three million dollars (\$3,000,000) appropriated to the Division of Child Development in this act shall be transferred to the Division of Social Services to fund client services provided by the county departments of social services.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

CHILD CARE SUBSIDY RATES

Section 11.27.(a) Section 11.47 of S.L. 1999-237 reads as rewritten:

"Section 11.47.(a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

Section 11.47.(b) Fees for families who are required to share in the cost of care shall be established based on a percent of gross family income and adjusted for family size. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	9%
4-5	8%
6 or more	7%

Section 11.47.(c) Payments for the purchase of child care services for low-income children shall be in accordance with the following requirements:

- (1) Effective October 1, 1999, religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and

homes that meet the minimum licensing standards that are participating in the subsidized child care program shall be paid the ~~county market subsidy~~ rate or the rate they charge privately paying parents, whichever is lower.

- (2) Effective October 1, 1999, religious-sponsored child care facilities operating pursuant to G.S. 110-106 and licensed child care centers and homes that are receiving a higher rate than the ~~market subsidy~~ rates that will be implemented with this provision shall continue to receive that higher rate for a period of three years from the effective date of this section.
- (3) Effective October 1, 1999, licensed child care centers with two or more stars may receive a higher payment rate per child per month as follows: two stars - \$14.00, three stars - \$17.00, four stars - \$20.00, and five stars - \$23.00. Effective January 1, 2000, licensed child care homes with two or more stars may receive a higher payment rate per child per month as follows: two stars - \$14.00, three stars - \$17.00, four stars - \$20.00, and five stars - \$23.00. This subdivision expires September 1, 2000.
- (3a) Effective September 1, 2000, licensed child care centers and homes with two or more stars shall receive the subsidy rate for that rated quality level for that age group or the rate they charge privately paying parents, whichever is lower.
- (4) Nonlicensed homes shall receive fifty percent (50%) of the ~~county market subsidy~~ rate or the rate they charge privately paying parents, whichever is lower.
- (5) Maximum payment rates shall also be calculated periodically by the Division of Child Development for transportation to and from child care provided by the child care provider, individual transporter, or transportation agency, and for fees charged by providers to parents. These payment rates shall be based upon information collected by market rate surveys.

~~Section 11.47.(d) Provision of payment rates for child care providers in counties who do not have at least 75 children in each age group for center based and home based care are as follows:~~

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

Section 11.47.(e) A market rate shall be calculated for child care centers and homes ~~that meet minimum licensing standards at each rated quality level~~ for each county and for each age group or age category of enrollees and shall be representative of fees

charged to unsubsidized privately paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide market rate at each rated quality level for each age category. The Division of Child Development may also calculate regional market rates at each rated quality level for each age group and age category.

Section 11.47.(f) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes and facilities operated pursuant to G.S. 110-106 may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

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

Section 11.47.(g) Payment for subsidized child care services provided with Work First Block Grant funds shall comply with all regulations and policies issued by the Division of Child Development for the subsidized child care program."

Section 11.27.(b) Article 7 of Chapter 110 of the General Statutes is amended by adding a new section to read:

"110-109. Child care subsidy rates.

(a) The Department shall conduct a statewide market rate study of child care facilities at least once every two years. The study shall include a survey of all licensed facilities. Based on the results of this study, the Department shall establish a market rate for child care centers and homes at each rated quality level for each county and for each age group. The Department shall also calculate a statewide market rate at each rated quality level for each age group. The market rate shall be set at the seventy-fifth percentile of fees charged to unsubsidized, privately paying parents at each rated quality level for each age group.

(b) Within six months of completing a statewide market rate study, the Department shall publish the results of that study and implement market rates based on the results of that study.

(c) When a county has at least 75 children in an age group at a particular rated quality level, the subsidy rate is the county market rate for that age group at that rated quality level. When a county has fewer than 75 children in an age group at a particular rated quality level, the subsidy rate is the statewide market rate for that age group at that rated quality level.

(d) Notwithstanding the provisions of subsection (c) of this section, when it can be demonstrated that the statewide market rate is lower than the county market rate and that setting the subsidy rate at the statewide market rate would inhibit the ability of a county to purchase child care for low-income children, the subsidy rate shall be the county market rate."

Section 11.27.(c) The first market rate study required by G.S. 110-109, as enacted by subsection (b) of this section, shall be completed no later than April 1, 2001.

Section 11.27.(d) The Department of Health and Human Services shall conduct a one-time interim market rate study that shall be completed no later than April 1, 2002. This interim market rate study shall incorporate the results of the April 2001 study and shall contain a survey of rates charged at child care facilities that have changed their rate quality level since the survey conducted for the April 2001 study. The Department shall implement the results of this study within six months of its completion.

Section 11.27.(e) Noncitizen families who reside in this State legally shall be eligible for child care subsidies if all other conditions of eligibility are met. If all other conditions of eligibility are met, noncitizen families who reside in this State illegally shall be eligible for child care subsidies only if at least one of the following conditions is met:

- (1) The child for whom a child care subsidy is sought is receiving child protective services or foster care services.
- (2) The child for whom a child care subsidy is sought is developmentally delayed or at risk of being developmentally delayed.
- (3) The child for whom a child care subsidy is sought is a citizen of the United States.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Baddour, Senators Martin of Guilford, Plyler, Perdue, Odom, Cooper

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES

Section 11.28.(a) G.S. 143B-168.12(a) reads as rewritten:

"(a) In order to receive State funds, the following conditions shall be met:

- (1) The North Carolina Partnership shall have a Board of Directors consisting of the following 25 members:
 - a. The Secretary of Health and Human Services, ex officio, or the Secretary's designee;
 - b. Repealed by Session Laws 1997, c. 443, s. 11A.105.
 - c. The Superintendent of Public Instruction, ex officio, or the Superintendent's designee;
 - d. The President of the Community Colleges System, ex officio, or the President's designee;
 - e. Three members of the public, including one child care provider, one other who is a parent, and one other who is a board chair of a local partnership serving on the North Carolina Partnership local partnership advisory committee, appointed by the General Assembly upon recommendation of the President Pro Tempore of the Senate;
 - f. Three members of the public, including one who is a parent, one other who is a representative of the faith community, and one other who is a board chair of a local partnership serving on

the North Carolina Partnership local partnership advisory committee, appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives;

- g. Twelve members, appointed by the Governor. Three of these 12 members shall be members of the party other than the Governor's party, appointed by the Governor. Seven of these 12 members shall be appointed as follows: one who is a child care provider, one other who is a pediatrician, one other who is a health care provider, one other who is a parent, one other who is a member of the business community, one other who is a member representing a philanthropic agency, and one other who is an early childhood educator;
- h. Repealed by Session Laws 1998-212, s. 12.37B(a).
- h1. The Chair of the North Carolina Partnership Board shall be appointed by the Governor;
- i. Repealed by Session Laws 1998-212, s. 12.37B(a).
- j. One member of the public appointed by the General Assembly upon recommendation of the Majority Leader of the Senate;
- k. One member of the public appointed by the General Assembly upon recommendation of the Majority Leader of the House of Representatives;
- l. One member of the public appointed by the General Assembly upon recommendation of the Minority Leader of the Senate; and
- m. One member of the public appointed by the General Assembly upon recommendation of the Minority Leader of the House of Representatives.

All members appointed to succeed the initial members and members appointed thereafter shall be appointed for three-year terms. Members may succeed themselves.

All appointed board members shall avoid conflicts of interests and the appearance of impropriety. Should instances arise when a conflict may be perceived, any individual who may benefit directly or indirectly from the North Carolina Partnership's disbursement of funds shall abstain from participating in any decision or deliberations by the North Carolina Partnership regarding the disbursement of funds.

All ex officio members are voting members. Each ex officio member may be represented by a designee. These designees shall be voting members. No members of the General Assembly shall serve as members.

The North Carolina Partnership may establish a nominating committee and, in making their recommendations of members

to be appointed by the General Assembly or by the Governor, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Majority Leader of the Senate, the Majority Leader of the House of Representatives, the Minority Leader of the Senate, the Minority Leader of the House of Representatives, and the Governor shall consult with and consider the recommendations of this nominating committee.

The North Carolina Partnership may establish a policy on members' attendance, which policy shall include provisions for reporting absences of at least three meetings immediately to the appropriate appointing authority.

Members who miss more than three consecutive meetings without excuse or members who vacate their membership shall be replaced by the appropriate appointing authority, and the replacing member shall serve either until the General Assembly and the Governor can appoint a successor or until the replaced member's term expires, whichever is earlier.

The North Carolina Partnership shall establish a policy on membership of the local board, which policy shall include the requirement that all local board members, other than any member appointed because of a position held by that individual, be residents of the county or the partnership region they are representing. No member of the General Assembly shall serve as a member of a local board. Within these requirements for local board membership, the North Carolina Partnership shall allow local partnerships that are regional to have flexibility in the composition of their boards so that all counties in the region have adequate representation.

All appointed local board members shall avoid conflicts of interests and the appearance of impropriety. Should instances arise when a conflict may be perceived, any individual who may benefit directly or indirectly from the partnership's disbursement of funds shall abstain from participating in any decision or deliberations by the partnership regarding the disbursement of funds.

- (2) The North Carolina Partnership and the local partnerships shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department.
- (3) The North Carolina Partnership shall oversee the development and implementation of the local demonstration projects as they are selected and shall approve the ongoing plans, programs, and services developed

and implemented by the local partnerships and hold the local partnerships accountable for the financial and programmatic integrity of the programs and services. The North Carolina Partnership may contract at the State level to obtain services or resources when the North Carolina Partnership determines it would be more efficient to do so.

In the event that the North Carolina Partnership determines that a local partnership is not fulfilling its mandate to provide programs and services designed to meet the developmental needs of children in order to prepare them to begin school healthy and ready to succeed and is not being accountable for the programmatic and fiscal integrity of its programs and services, the North Carolina Partnership may suspend all funds to the partnership until the partnership demonstrates that these defects are corrected. Further, at its discretion, the North Carolina Partnership may assume the managerial responsibilities for the partnership's programs and services until the North Carolina Partnership determines that it is appropriate to return the programs and services to the local partnership.

- (4) The North Carolina Partnership shall develop and implement a comprehensive standard fiscal accountability plan to ensure the fiscal integrity and accountability of State funds appropriated to it and to the local partnerships. The standard fiscal accountability plan shall, at a minimum, include a uniform, standardized system of accounting, internal controls, payroll, fidelity bonding, chart of accounts, and contract management and monitoring. The North Carolina Partnership may contract with outside firms to develop and implement the standard fiscal accountability plan. All local partnerships shall be required to participate in the standard fiscal accountability plan developed and adopted by the North Carolina Partnership pursuant to this subdivision.
- (5) The North Carolina Partnership shall develop a ~~centralized~~ regional accounting and contract management system which incorporates features of the required standard fiscal accountability plan described in subdivision (4) of subsection (a) of this section. All local partnerships shall participate in the regional accounting and contract management system. ~~The following local partnerships shall be required to participate in the centralized accountability system developed by the North Carolina Partnership pursuant to this subdivision:~~
 - a. ~~Local partnerships which have significant deficiencies in their accounting systems, internal controls, and contract management systems, as determined by the North Carolina Partnership based on the annual financial audits of the local partnerships conducted by the Office of the State Auditor; and~~
 - b. ~~Local partnerships which are in the first two years of operation following their selection. At the end of this two year period,~~

~~local partnerships shall continue to participate in the centralized accounting and contract management system. With the approval of the North Carolina Partnership, local partnerships may perform accounting and contract management functions at the local level using the standardized and uniform accounting system, internal controls, and contract management systems developed by the North Carolina Partnership.~~

~~Local partnerships which otherwise would not be required to participate in the centralized accounting and contract management system pursuant to this subdivision may voluntarily choose to participate in the system. Participation or nonparticipation shall be for a minimum of two years, unless, in the event of nonparticipation, the North Carolina Partnership determines that any partnership's annual financial audit reveals serious deficiencies in accounting or contract management.~~

- (6) The North Carolina Partnership shall develop a formula for allocating direct services funds appropriated for this purpose to local partnerships.
- (7) The North Carolina Partnership may adjust its allocations by up to ten percent (10%) on the basis of local partnerships' performance assessments. In determining whether to adjust its allocations to local partnerships, the North Carolina Partnership shall consider whether the local partnerships are meeting the outcome goals and objectives of the North Carolina Partnership and the goals and objectives set forth by the local partnerships in their approved annual program plans.

The North Carolina Partnership may use additional factors to determine whether to adjust the local partnerships' allocations. These additional factors shall be developed with input from the local partnerships and shall be communicated to the local partnerships when the additional factors are selected. These additional factors may include board involvement, family and community outreach, collaboration among public and private service agencies, and family involvement.

On the basis of performance assessments, local partnerships annually shall be rated "superior", "satisfactory", or "needs improvement". ~~Local partnerships rated "superior" shall receive, to the extent that funds are available, a ten percent (10%) increase in their annual funding allocation. Local partnerships rated "satisfactory" shall receive their annual funding allocation. Local partnerships rated "needs improvement" shall receive up to ninety percent (90%) of their annual funding allocation.~~

The North Carolina Partnership may contract with outside firms to conduct the performance assessments of local partnerships.

- (8) The North Carolina Partnership shall establish a local partnership advisory committee comprised of 15 members. Eight of the members shall be chairs of local partnerships' board of directors, and seven shall be staff of local partnerships. Members shall be chosen by the Chair of the North Carolina Partnership from a pool of candidates nominated by their respective boards of directors. The local partnership advisory committee shall serve in an advisory capacity to the North Carolina Partnership and shall establish a schedule of regular meetings. Members shall be chosen from local partnerships on a rotating basis. The advisory committee shall annually elect a chair from among its members.
- (9) The North Carolina Partnership shall report (i) quarterly to the Joint Legislative Commission on Governmental Operations and (ii) to the General Assembly and the Governor on the ongoing progress of all the local partnerships' work, including all details of the use to which the allocations were put, and on the continuing plans of the North Carolina Partnership and of the Department, together with legislative proposals, including proposals to implement the program statewide."

Section 11.28.(b) G.S. 143B-168.13(6) reads as rewritten:

- "(6) Annually update its funding ~~formula~~formula, in collaboration with the North Carolina Partnership for Children, Inc., using the most recent data available. These amounts shall serve as the basis for determining 'full funding' amounts for each local partnership."

Section 11.28.(c) G.S. 143B-168.15(b) reads as rewritten:

"(b) Depending on local, regional, or statewide needs, funds may be used to support activities and services that shall be made available and accessible to providers, children, and families on a voluntary basis. Of the funds allocated to local partnerships ~~that are designated by the Secretary for direct services, seventy five~~ seventy percent (75%) (70%) of the funds spent in each year shall be used for any one or more of the following activities and services:

- (1) ~~Child care services, including:~~
 - a. ~~Child care subsidies to reduce waiting lists;~~
 - b. ~~Raising the county child care subsidy rate to the State market rate, if applicable, in return for improvements in the quality of child care services;~~
 - e. ~~Raising the income eligibility for child care subsidies to seventy five percent (75%) of the State median family income;~~
 - d. ~~Start up funding for child care providers;~~
 - e. ~~Assistance to enable child care providers to conform to licensing and building code requirements;~~
 - f. ~~Child care resources and referral services;~~
 - g. ~~Enhancement of the quality of child care provided;~~
 - h. ~~Technical assistance for child care providers;~~
 - i. ~~Quality grants for child care centers or family child care homes;~~

- ~~j. Expanded services or enhanced rates for children with special needs;~~
- ~~k. Head Start services;~~
- ~~l. Development of comprehensive child care services that include child health and family support;~~
- ~~m. Activities to reduce staff turnover;~~
- ~~n. Activities to serve children with special needs;~~
- ~~o. Transportation services related to providing child care services;~~
- ~~p. Evaluation of plan implementation of child care services; and~~
- ~~q. Needs and resources assessments for child care services.~~
- (2) ~~Family and child-centered services, including early childhood education and child development services, including:~~
 - ~~a. Enhancement of the quality of family and child centered services provided;~~
 - ~~b. Technical assistance for family and child centered services;~~
 - ~~c. Needs and resource assessments for family and child centered services;~~
 - ~~d. Home centered services; and~~
 - ~~e. Evaluation of plan implementation of family and child centered services.~~
- (3) ~~Other appropriate activities and services for child care providers and for family and child centered services, including:~~
 - ~~a. Staff and organizational development, leadership and administrative development, technology assisted education, and long range planning; and~~
 - ~~b. Procedures to ensure that infants and young children receive needed health, immunization, and related services.~~

in child care related activities and early childhood education programs that improve access to child care and early childhood education services, develop new child care and early childhood education services, and improve the quality of child care and early childhood education services in all settings."

Section 11.28.(d) Effective September 1, 2000, G.S. 143B-168.15(g) reads as rewritten:

"(g) Not less than thirty percent (30%) of the funds spent in each year of each local partnership's direct services allocation shall be used to expand child care subsidies. To the extent practicable, these funds shall be used to enhance the affordability, availability, and quality of child care services as described in this section. The local partnerships shall give priority for the use of these funds to augmenting the State's supplemental subsidy payment rate per child per month for licensed child care centers and homes earning a rated license that exceeds the minimum licensing standards. The North Carolina Partnership may increase this percentage requirement up to a maximum of fifty percent (50%) when, based upon a significant local waiting list for subsidized child care, the North Carolina Partnership determines a higher percentage is justified."

Section 11.28.(e) Subsection (c) of Section 11.48 of S.L. 1999-237 is repealed.

Section 11.28.(f) Subsection (h) of Section 11.48 of S.L. 1999-237 is repealed.

Section 11.28.(g) Subsection (i) of Section 11.48 of S.L. 1999-237 reads as rewritten:

"Section 11.48.(i) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the total amount budgeted for the Program in each fiscal year of the biennium as follows: contributions of cash equal to at least ~~ten-fifteen~~ percent ~~(10%)-(15%)~~ and in-kind donated resources equal to no more than ~~ten-five~~ percent ~~(10%)-(5%)~~ for a total match requirement of twenty percent (20%) for each fiscal year. The North Carolina Partnership for Children, Inc., may carryforward any amount in excess of the required match for a fiscal year in order to meet the match requirement of the succeeding fiscal year. Any program funding expended for child care subsidies during the previous 12 months is excluded from the match requirement of this subsection. Only in-kind contributions that are quantifiable, as determined in the Smart Start Performance Audit, quantifiable shall be applied to the in-kind match requirement. Volunteer services may be treated as an in-kind contribution for the purpose of the match requirement of this subsection. Volunteer services that qualify as professional services shall be valued at the fair market value of those services. All other volunteer service hours shall be valued at the statewide average wage rate as calculated from data compiled by the Employment Security Commission in the Employment and Wages in North Carolina Annual Report for the most recent period for which data are available. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children, Inc., or the local partnerships, also may be considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

- (1) Be verifiable from the contractor's records;
- (2) If in-kind, other than volunteer services, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations;
- (3) Not include expenses funded by State funds;
- (4) Be supplemental to and not supplant preexisting resources for related program activities;
- (5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives;
- (6) Be otherwise allowable under federal or State law;
- (7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children, Inc., or the local partnership; and

- (8) Be reported to the North Carolina Partnership for Children, Inc., or the local partnership by the contractor in the same manner as reimbursable expenses.

The North Carolina Partnership for Children, Inc., shall establish uniform guidelines and reporting format for local partnerships to document the qualifying expenses occurring at the contractor level. Local partnerships shall monitor qualifying expenses to ensure they have occurred and meet the requirements prescribed in this subsection.

Failure to obtain a twenty percent (20%) match by ~~May 1~~ June 30 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for ~~the next~~ a subsequent fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly."

Section 11.28.(h) Subsection (m) of Section 11.48 of S.L. 1999-237 reads as rewritten:

"Section 11.48.(m) There is allocated from the funds appropriated to the Department of Health and Human Services, Division of Child Development, in this act, the sum of fifty-nine million five hundred thousand dollars (\$59,500,000) for the 1999-2000 fiscal year and the sum of ~~seventy-eight million nine hundred twenty-eight thousand eight hundred twenty-six dollars (\$78,928,826)~~ one hundred twenty-two million eight hundred seventy-eight thousand seventy-six dollars (\$122,878,076) for the 2000-2001 fiscal year to be used as follows:

- (1) The sum of fifty-eight million dollars (\$58,000,000) in the 1999-2000 fiscal year and the sum of ~~seventy-eight million nine hundred twenty-eight thousand eight hundred twenty-six dollars (\$78,928,826)~~ one hundred twenty-one million four hundred thirteen thousand seven hundred twenty-five dollars (\$121,413,725) in the 2000-2001 fiscal year shall be used to administer and deliver services in all 100 counties. These funds may be used as financial incentives to encourage regionalization at the local level and to complete development of contracting and accounting systems at the local level. Any funds used to encourage regionalization or to complete development of contracting and accounting systems at the local level shall not be included in computations affecting the administrative cost limitations under subsection (e) of this section.
- (2) The North Carolina Partnership for Children, Inc., may use the sum of one million five hundred thousand dollars (\$1,500,000) in the 1999-2000 fiscal year and the sum of five hundred thousand dollars (\$500,000) in the 2000-2001 fiscal year to assist local partnerships in their efforts to develop local collaboration. It is the intent of the General Assembly that these funds be nonrecurring.

- (3) The North Carolina Partnership for Children, Inc., shall receive the sum of nine hundred sixty-four thousand three hundred fifty-one dollars (\$964,351) in the 2000-2001 fiscal year for State-level administration of the Program.

The General Assembly requests that the Governor fully fund the Program in the continuation budget for the 2001-2003 fiscal biennium at the level recommended by the Governor in the 1999-2001 fiscal biennium."

Section 11.28.(i) Subsection (n) of Section 11.48 of S.L. 1999-237 reads as rewritten:

"Section 11.48.(n) Of the funds appropriated to the Department of Health and Human Services for the Program for the 1999-2001 biennium, the Frank Porter Graham Child Development Center shall receive the sum of one million fifteen thousand dollars (\$1,015,000) in the 1999-2000 fiscal year and the sum of one million ~~fifteen thousand dollars (\$1,015,000)~~ sixty-five thousand seven hundred fifty dollars (\$1,065,750) in the 2000-2001 fiscal year."

SUBPART 7. DEAF AND HARD OF HEARING SERVICES

Requested by: Representatives Earle, Nye, Easterling, Redwine, Alexander, Senators Martin of Guilford, Plyler, Perdue, Odom

FAMILY SUPPORT/DIVISION OF SERVICES FOR THE DEAF AND THE HARD OF HEARING SERVICES CONTRACT

Section 11.29. Section 11.50 of S.L. 1999-237 reads as rewritten:

"Section 11.50. Of the funds appropriated in this act to the Division of Services for the Deaf and the Hard of Hearing, Department of Health and Human Services, for family support services, the sum of five hundred three thousand two hundred thirty-eight dollars (\$503,238) for the 1999-2000 fiscal year and the sum of ~~five hundred three thousand two hundred thirty-eight dollars (\$503,238)~~ seven hundred twenty-three thousand two hundred thirty-eight dollars (\$723,238) for the 2000-2001 fiscal year shall be used to contract with a private, nonprofit corporation licensed to do business in North Carolina to perform those services, including family support and advocacy services as well as technical assistance to professionals who work with families of hearing-impaired children aged birth to 21 years."

SUBPART 8. PUBLIC HEALTH

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

MAINTAIN FUNDING FOR DEVELOPMENTAL EVALUATION CENTERS

Section 11.30. The Department of Health and Human Services shall replace any reductions in appropriations for the Developmental Evaluation Centers with Medicaid receipts. The total amount of the Developmental Evaluation Centers program budget shall not be reduced below the amount certified in the 1999-2000 fiscal year program budget.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

USE OF NEWBORN SCREENING FEES

Section 11.31.(a) G.S. 130A-125 reads as rewritten:

"§ 130A-125. Screening of newborns for metabolic and other hereditary and congenital disorders.

(a) The Department shall establish and administer a Newborn Screening Program. The program shall include, but shall not be limited to:

- (1) Development and distribution of educational materials regarding the availability and benefits of newborn screening.
- (2) Provision of laboratory testing.
- (3) Development of follow-up protocols to assure early treatment for identified children, and the provision of genetic counseling and support services for the families of identified children.
- (4) Provision of necessary dietary treatment products or medications for identified children as medically indicated and when not otherwise available.
- (5) For each newborn, provision of physiological screening in each ear for the presence of permanent hearing loss.

(b) The Commission shall adopt rules necessary to implement the Newborn Screening Program. The rules shall include, but shall not be limited to, the conditions for which screening shall be required, provided that screening shall not be required when the parents or the guardian of the infant object to such screening. If the parents or guardian object to the screening, the objection shall be presented in writing to the physician or other person responsible for administering the test, who shall place the written objection in the infant's medical record.

(b1) The Commission for Health Services shall adopt temporary and permanent rules to include newborn hearing screening in the Newborn Screening Program established under this section.

(c) The Department may impose a fee for a laboratory test performed pursuant to this section by the State Public Health Laboratory. A fee for a test must be based on the actual cost of performing the test. Fees collected shall remain in the Department to be used to offset the cost of the Newborn Screening Program. ~~The fees for laboratory tests shall be used to supplement and not supplant funds appropriated for the Newborn Screening Program.~~

~~The Newborn Screening Fee Account is established as a nonreverting account within the Department. Fees collected pursuant to this section shall be credited to this Account and shall be applied to the Newborn Screening Program."~~

Section 11.31.(b) Not later than March 1, 2001, the Department of Health and Human Services shall submit a progress report on the implementation of the newborn hearing screening program to the House of Representatives Appropriations Subcommittee on Health and Human Services and the Senate Appropriations

Committee on Human Resources, and to the Fiscal Research Division. The report shall include findings and recommendations relating to:

- (1) Availability and adequacy of screening and diagnostic equipment;
- (2) Staff training;
- (3) Data on the number of infants screened, the number who failed the hearing screening, and the number fitted for amplification;
- (4) The follow-up process for audiological management;
- (5) Referral procedures for child service coordination and other early intervention services; and
- (6) Outreach efforts to increase public awareness.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Warren, Plyler, Perdue, Odom

HEART DISEASE AND STROKE PREVENTION TASK FORCE REPORT

Section 11.32. Subsection (l) of Section 26.9 of Chapter 507 of the 1995 Session Laws, as amended by Section 15.25 of S.L. 1997-443, and as further amended by Section 11.57 of S.L. 1999-237, reads as rewritten:

"(l) The Task Force shall submit to the Governor and to the General Assembly a preliminary report by January 1, 1996; an interim report within the first week of the convening of the 1997 General Assembly; a second interim report within the first week of the convening of the 1997 General Assembly, Regular Session 1998; a third interim report within the first week of the convening of the 1999 General Assembly, a fourth interim report within the first week of the convening of the 2000 General Assembly; a fifth interim report within the first week of the convening of the 2001 General Assembly, and a final report by June 30, 2001. The reports shall address the Plan, actions and resources needed to fully implement the Plan, and progress in achieving implementation of the Plan to reduce the occurrence of and burden from heart disease and stroke in North Carolina. The reports shall include an accounting of funds expended and anticipated funding needs for full implementation of recommended plans and programs. Not later than October 1, 2000, the Task Force shall submit an additional report on its actual budget and activities for the 1999-2000 fiscal year. The report shall also describe the impact and effectiveness of Task Force activities in the State. The report shall be submitted to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Boyd-McIntyre, Senators Martin of Guilford, Plyler, Perdue, Odom

EXTEND OSTEOPOROSIS TASK FORCE

Section 11.33.(a) Subsection (b) of Section 11.58 of S.L. 1999-237 reads as rewritten:

"Section 11.58.(b) The Task Force shall submit a progress report to members of the House of Representatives Appropriations Subcommittee on Health and Human Services

and the Senate Appropriations Committee on Human Resources, the Governor, and the Fiscal Research Division not later than April 1, 2000. The progress report shall address:

- (1) Progress being made in fulfilling the duties of the Task Force and in developing the Osteoporosis Prevention Plan,
- (2) The anticipated time frame for completion of the Prevention Plan, and
- (3) Recommended strategies or actions to reduce the occurrence of and burdens suffered from osteoporosis by citizens of this State.

The Task Force shall submit its final report to the ~~1999-2001~~ General Assembly, the Governor, and the Fiscal Research Division not later than October 1, ~~2000-2001~~."

Section 11.33.(b) Subsection (m) of Section 1532 of S.L. 1997-443, as amended by subsection (c) of Section 11.58 of S.L. 1999-237, reads as rewritten:

"(m) Upon submission of its final report to the Governor and the ~~1999-2001~~ General Assembly, ~~Regular Session 2000~~, the Task Force shall expire."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

LIMITATIONS ON EXPANSION OF INTENSIVE HOME VISITATION PROGRAM

Section 11.34.(a) The Department of Health and Human Services shall not amend the State Medicaid Plan to provide Medicaid reimbursement for intensive home visiting services.

Section 11.34.(b) The Department of Health and Human Services shall arrange for an independent evaluation of Intensive Home Visitation Program first-year pilot programs that began operation in February, 1998. The evaluation shall review outcomes of the three models that were used in the pilot programs, compare the outcome for Intensive Home Visitation projects operating in North Carolina to those that have been the subject of national research, and identify elements that contribute to successful projects.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Wright, Senators Martin of Guilford, Plyler, Perdue, Odom

AIDS DRUG ASSISTANCE PROGRAM (ADAP)

Section 11.35.(a) Subsections (d) and (e) of Section 11.55 of S.L. 1999-237 read as rewritten:

"Section 11.55.(d) The Department shall also develop a comprehensive information management system on AIDS/HIV clients receiving services from the State. The Department may use up to fifty thousand dollars (\$50,000) of the funds appropriated under this act to implement this information management system. This information management system shall be patterned after the information management system used by the Elderly Drug Assistance Program, shall provide instantaneous internal access to information, and This system shall include information on the following:

- (1) ~~program-Program~~ usage patterns of ADAP participants, including, but not limited to, frequency of prescription purchases, ~~and~~ types of

medications prescribed, and the cost of prescribed medications on a monthly basis.

- (2) Demographics of participants in the program, including the age, gender, race, ethnicity, and county of residence of participants.

The Department shall also develop a plan for promoting patient adherence to physician treatment recommendations. In developing the plan, the Department shall identify ways of obtaining information without interfering with physician-patient confidentiality. The Department shall report on this plan to the members of the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division not later than May 15, 2000.

Section 11.55.(e) For the 1999-2000 fiscal year, ~~year and for the 2000-2001 fiscal year,~~ HIV-positive individuals with incomes at or below one hundred twenty-five percent (125%) of the federal poverty level are eligible for participation in ADAP. Notwithstanding any other provision of law, eligibility for participation in ADAP during the 1999-2000 fiscal year shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. Eligibility for participation in ADAP during the 2000-2001 fiscal year may be extended to individuals with incomes up to one hundred fifty percent (150%) of the federal poverty level only after the Office of State Budget and Management certifies in writing that the Department has developed an information management system pursuant to subsection (d) of this section. Until the Office of State Budget and Management makes this certification, eligibility for participation in ADAP during the 2000-2001 fiscal year shall not be extended to individuals with incomes above one hundred twenty-five percent (125%) of the federal poverty level. All individuals who are eligible for participation in ADAP shall be served by the Department of Health and Human Services. If sufficient funds are not available from funds allocated to ADAP, the Department of Health and Human Services shall transfer available funds from other programs within the Department to meet the funding needs of ADAP."

Section 11.35.(b) The Department of Health and Human Services shall make an interim report by October 1, 2000, and a final report by April 1, 2001, to the Senate Appropriations Committee on Human Resources, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division on ADAP. The reports shall include the following:

- (1) Monthly data on total cumulative AIDS/HIV cases reported in North Carolina.
- (2) Monthly data on the estimated number of individuals eligible to participate in ADAP and the actual number of participants in ADAP.
- (3) Monthly data on the number of individuals who have applied to participate in ADAP that have been determined to be ineligible.
- (4) Monthly data on the income level of participants in ADAP and of individuals who have applied to participate in ADAP that have been determined to be ineligible.

- (5) Monthly data on fiscal-year-to-date expenditures of ADAP. The interim report shall contain monthly data on the calendar-year-to-date expenditures of ADAP.
- (6) Monthly data on the actual line-item budget of ADAP.
- (7) Monthly data on funding sources of ADAP expenditures.
- (8) Monthly data on ADAP funds that are applied to a Medicaid spend-down.
- (9) An update on the status of the information management system.
- (10) Monthly data on ADAP usage patterns and demographics of participants in ADAP.
- (11) Estimated participation rates and costs if eligibility for participation in ADAP were raised to one hundred seventy-five percent (175%) of the federal poverty level or to two hundred percent (200%) of the federal poverty level.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

COMMUNICABLE DISEASE CONTROL AID TO COUNTIES/REPORT

Section 11.36. Not later than October 1, 2000, the Department of Health and Human Services shall report the impact of combining and allocating funds appropriated for the 1999-2000 fiscal year for Aid to Counties in the Acute Communicable Disease Control Fund, the Tuberculosis Control Fund, and the Sexually Transmitted Disease Control Fund into one Acute Communicable Disease Control Aid to Counties Grant. The report shall include the impact of expenditures by county on the individual communicable disease groups. The Department shall submit the report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

PUBLIC HEALTH PREVENTION ACTIVITIES REPORT

Section 11.37.(a) By October 1, 2000, and more frequently as requested, the Department of Health and Human Services, Division of Public Health, shall report on the activities of each of the following:

- (1) Kenneth C. Royall, Jr. Children's Vision Screening Improvement Program;
- (2) North Carolina Healthy Start Foundation; and
- (3) Adolescent Pregnancy Prevention Coalition of North Carolina.

Section 11.37.(b) The report shall include the following for the 1999-2000 fiscal year:

- a. A description of all program activities of the organization;

- b. Provide a list of activities that were funded by contracts through the State and the amounts, including a program narrative, for fiscal year 1999-2000;
- c. Output data demonstrating the effects of the organization's activities; and
- d. Planned budget, objectives, and activities for the 2000-2001 fiscal year.

The Department shall submit the report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

PREVENTIVE HEALTH PROGRAM PLAN

Section 11.38. The Department of Health and Human Services shall work with the Fiscal Research Division of the Legislative Services Office to do the following:

- (1) Conduct a full inventory on all prevention activities including task forces and committees that receive administrative funding;
- (2) Identify linkages among program activities, such as activities involving education and awareness, and those involving services;
- (3) Identify all administrative costs and funding sources and number of positions associated with various prevention activities;
- (4) Develop an alternative organizational structure that could more effectively and efficiently administer preventive health activities.

Not later than February 1, 2001, the Department shall submit the report required under this section to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Human Resources, and the Fiscal Research Division.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Purcell, Plyler, Perdue, Odom

PRESCRIPTION DRUG ASSISTANCE PROGRAM

Section 11.39. Section 11.1.(a) of S.L. 1999-237 reads as rewritten:

"Section 11.1.(a) Of the funds appropriated in this act to the Department of Health and Human Services, the sum of five hundred thousand dollars (\$500,000) for the 1999-2000 fiscal year and the sum of ~~five hundred thousand~~ one million dollars ~~(\$500,000)~~ (\$1,000,000) for the 2000-2001 fiscal year shall be used to pay the cost of outpatient prescription drugs for persons:

- (1) Over the age of 65 years and not eligible for full Medicaid benefits;
- (2) Whose income is not more than one hundred fifty percent (150%) of the federal poverty level; and
- (3) Who have been diagnosed with cardiovascular disease or diabetes.

These funds shall be used to pay the cost of outpatient prescription drugs for the treatment of cardiovascular disease or diabetes. Payment shall be not more than the Medicaid cost including rebates. The Department shall develop criteria to maximize the efficient and effective distribution of these drugs."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

ADOLESCENT PREGNANCY PREVENTION PROGRAM CHANGES

Section 11.40. G.S. 130A-131.15 reads as rewritten:

"§ 130A-131.15. Department to establish program.

(a) The Department shall establish and administer a program to distribute funds appropriated for adolescent pregnancy prevention projects.

~~(b) The Commission shall adopt rules necessary to implement the program.~~

~~(c) The Department shall evaluate all of the adolescent pregnancy prevention projects funded as a result of this program at least yearly and shall report its findings to the Commission for Health Services, the Joint Legislative Commission on Governmental Operations, and the Chairmen of the House Appropriations Subcommittee on Health and Human Services, and the Senate Appropriations Committee on Health and Human Services by April 1 of each year. The evaluation shall be conducted by a firm or individual external to the Department. Any evaluation of these projects shall include a study of the effectiveness of the project in reducing the pregnancy rate within the target population.~~

~~(d) The Commission shall be responsible for monitoring the Department's administration of the Adolescent Pregnancy Prevention Program. The Department shall manage and fund the Adolescent Pregnancy Prevention Program projects as follows:~~

~~(1) Applications. Any local agency or organization or combination of agencies and organizations may apply to the Department for an allocation of money to operate a project aimed at preventing adolescent pregnancy. The application shall contain an analysis of the adolescent pregnancy and related problems in the locality the project would serve, and a description of how the project would attempt, over a period of at least five years, to prevent the problems. The application shall state how much money is needed to operate the project and how the money shall be spent. The Department shall conduct annually a proposal writing session that shall be attended by a representative of any project that wishes to apply for funding; that session shall define the criteria for accountability and evaluation that the Department requires of projects. That session shall also provide information about additional funding sources to which projects might turn to satisfy the matching requirements of subdivision (5) of this subsection.~~

~~(2) Proposal Requirements. The Department shall apply the following minimum standards to projects applying for first year funding:~~

~~a. Each project shall have a plan of action that extends for at least five years for prevention of adolescent pregnancy.~~

- b. ~~Each project shall have realistic, specific, and measurable goals and objectives for the prevention of adolescent pregnancy.~~
 - e. ~~Each project, before submitting its proposal, shall send a representative to the proposal-writing session held by the Department.~~
- (3) ~~Operating Standards. The Department shall apply the following minimum operating standards:~~
- a. ~~Each project shall have a Board of Advisors composed of members from outside the sponsoring agency of the project. The Board of Advisors shall include representatives from at least four of the following: media, government, charitable organizations, private business, and medical institutions. The Boards of Advisors shall meet at least quarterly and advise project staff on project policies and operations.~~
 - b. ~~Each project shall comply with reporting, contracting, and evaluation requirements of the Department.~~
 - e. ~~Each project shall define and maintain cooperative ties with other community institutions.~~
 - d. ~~Each project shall demonstrate its ability to attract financial support from sources other than the State, including sources in the local community.~~
- (4) ~~Criteria for Project Selection. For first year funding, the Department shall choose from among the applicants that meet the minimum standards in subdivision (2) of this subsection the best selection of projects according to the following criteria:~~
- a. ~~Adequacy of proposed staff to meet project objectives;~~
 - b. ~~Appropriateness of project strategies to reduce adolescent pregnancy;~~
 - e. ~~Level of community support, including endorsement from the appropriate local government entity and documentation from the appropriate local government entity and from community organizations that opportunity has been given for citizen input into the proposed program, and that there is community support for the proposal. Documentation may include letters or statements of support from citizens or community organizations, or statements that community support was expressed at public hearings. A public hearing is not required by this paragraph;~~
 - d. ~~Degree of need of the locality, including that the county has a significant adolescent pregnancy problem as evidenced by its attributable risk score developed by the State Center for Health and Environmental Statistics; and~~
 - e. ~~Other appropriate criteria.~~

~~The Department shall make its recommendations for funding to the Commission. The Commission shall make the final determination of which projects are to be funded. The Commission shall consider the recommendations of the Department but shall not be bound by them. The Commission shall notify the projects that are to be funded by June 1 of each year.~~

- (5) ~~Schedule of Funding. If the Commission, upon consultation with the Department, finds that a project it has chosen for first year funding continues to meet the operating standards of subdivisions (2) and (3) of this subsection, funding for that project shall continue, to the extent of available money, for an additional four years. The level of funding provided by the Department to approved projects shall be set according to the following schedule:~~
- ~~a. First year, eighty percent (80%) of the project's annual budget not to exceed the maximum award established by the Commission for Health Services;~~
 - ~~b. Second year, ninety percent (90%) of the State appropriations or federal block grant funds awarded in the first year;~~
 - ~~c. Third year, seventy five percent (75%) of the State appropriations or federal block grant funds awarded in the first year;~~
 - ~~d. Fourth year, sixty five percent (65%) of the State appropriations or federal block grant funds awarded in the first year; and~~
 - ~~e. Fifth year, fifty percent (50%) of the State appropriations or federal block grant funds awarded in the first year.~~

~~The portion of a project's budget that must come from sources other than State or federal block grant funds may be provided as in-kind contributions as well as cash.~~

- (6) ~~Five Year Limit on Funding. No project shall receive State funding if it has previously received State funding for five full years. Any project that has received State funding before July 1, 1990, will be eligible for consideration for an additional five years' State support, according to the schedule. The Commission may fund any such project that meets the minimum standards if it determines, after considering the experience and impact of the project and measuring its application against those of other applicants, that it should be funded.~~
- (7) ~~Maximum Level of Funding. The Commission for Health Services shall by rule determine the maximum annual amount that may be made to any one project.~~
- (8) ~~As adolescent pregnancy prevention project grant funds decrease, a project shall maintain its original budget level, less the amount expended for start up costs. The Department shall develop guidelines for determining start up costs, which guidelines shall be uniform for all projects. Local match percentage may come from any in-kind~~

~~source or newly generated funds, public or private, available to the project."~~

(b) The Department of Health and Human Services, Division of Public Health, in collaboration with local program administrators, the Adolescent Pregnancy Prevention Coalition of North Carolina, and other organizations, shall adopt guidelines for the administration of funds for teen pregnancy prevention and for parenting programs. The guidelines shall include the following programmatic requirements:

- (1) Council development at the local level is encouraged but not required for program funding. Councils that received first-year funding for the 1999-2000 fiscal year for administrative expenses for coalition building and partnership development shall receive funds committed for the second year of organizational development. The Division shall encourage programs that receive funding under this section to involve other health service organizations, nonprofit organizations, and task forces in program efforts.
- (2) In awarding grants, the Department shall target counties with the highest teen pregnancy rates, increasingly higher teen pregnancy rates, high rates within demographic subgroups, or greatest need for parenting programs. Grants may be renewed annually based on program efficiency and effectiveness, teen pregnancy rates, and the level of need for parenting programs. Grants shall be funded at a particular level and may be funded on a multiyear cycle. All organizations receiving funding prior to June 30, 2000, shall continue to receive their five-year commitment of funding as contracted with the Department.
- (3) The Division shall encourage all programs to implement best practice models. While best practice models are encouraged, the Department may fund innovative and promising projects that have not yet been recognized as best practice. All existing programs not using best practice models shall be encouraged to transition to the use of best practice models.
- (4) Programs are not required to provide a cash match for these funds, however, the Department may require an in-kind match.

Funds for State-level administrative expenses of the Program shall not exceed ten percent (10%) of the total budget for teen pregnancy prevention and parenting programs. Administrative expenses include staffing and contracted services for evaluation and coalition-building activities.

(c) The Department shall contract with an independent private consulting firm to evaluate the programs. The evaluation shall include standard data collection utilizing the mechanism that has been developed by the University of North Carolina at Chapel Hill, School of Social Work, and shall be conducted in a manner that objectively measures the effectiveness of each program evaluated.

(d) The Department shall report annually on March 1, to the House of Representatives Appropriations Subcommittee on Health and Human Services, the

Senate Appropriations Committee on Human Resources, and the Fiscal Research Division. The report shall include information on all of the following for each teen pregnancy prevention and parenting program:

- (1) The program budget delineating all administrative expenses, contracts for services, and technical assistance.
- (2) A narrative describing each project funded and the amount of funds received by the project.
- (3) Effectiveness of the program in reducing teen pregnancy or developing responsible parenting skills in young adults, as applicable.
- (4) Status of the evaluation."

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Purcell, Plyler, Perdue, Odom

FUNDS FOR PREVENTION OF BIRTH DEFECTS AND REDUCTION IN INFANT MORTALITY

Section 11.42. Of the funds appropriated in this act to the Department of Health and Human Services, Division of Public Health, the sum of one hundred fifty thousand dollars (\$150,000) for the 2000-2001 fiscal year shall be used for public awareness activities on the prevention of birth defects and infant mortality reduction. This initiative will include informing women about the importance of folate consumption as an effective means of preventing neural tube birth defects. The campaign shall be targeted at women of child-bearing age and may include a media campaign, creation of literature for dissemination at public health departments and physicians' offices, and workshops.

Requested by: Representatives Earle, Nye, Easterling, Redwine, Senators Martin of Guilford, Plyler, Perdue, Odom

FUNDS FOR MEDICAID COVERAGE OF FAMILY PLANNING SERVICES

Section 11.42A. Of the funds appropriated in this act to the Department of Health and Human Services, the sum of four hundred sixty-nine thousand dollars (\$469,000) for the 2000-2001 fiscal year shall be used to provide the State match for a Medicaid waiver to provide Medicaid coverage for family planning services to men and women of child-bearing age whose family income is equal to or less than one hundred eighty-five percent (185%) of the federal poverty level. Funding may include funding for two staff positions and their related support. The expenditure of funds under this section is contingent upon approval of the waiver by the Health Care Financing Administration. Funds shall not be expended earlier than January 1, 2001.

PART XII. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hill, Wright, McComas, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Jordan

EXPAND THE PERMISSIBLE USES OF A GRANT RECEIVED FOR THE 1999-2000 FISCAL YEAR FOR THE DEVELOPMENT OF A LOCAL FARMERS' MARKET IN NEW HANOVER COUNTY

Section 12.(a) The sum of one hundred thousand dollars (\$100,000) was appropriated to the Department of Agriculture and Consumer Services for the 1999-2000 fiscal year to provide grants for local farmers' markets. The sum of forty thousand dollars (\$40,000) that the Department allocated as a grant for the 1999-2000 fiscal year for the development of a farmers' market in New Hanover County shall not revert and may be used to produce written materials to educate the public and promote the development of a local farmers' market in New Hanover County or to solicit donations for the purchase of property or facilities for a local farmers' market in New Hanover County.

Section 12.(b) The uses of funds authorized by this section are in addition to other permissible uses of these funds under the guidelines adopted under Section 13.7 of S.L. 1998-212 and any other applicable rule or law.

Section 12.(c) This section becomes effective June 30, 2000.

Requested by: Representatives Fox, Owens, Warner, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Phillips

FARMLAND PRESERVATION

Section 12.1. Notwithstanding the provisions of G.S. 106-744(b), funds appropriated in this act to the Department of Agriculture and Consumer Services for the Farmland Preservation Trust Fund for the 2000-2001 fiscal year shall be used for the purchase of agricultural conservation easements that are perpetual in duration and which shall not be reconveyed under any circumstances.

PART XIII. DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

GRASSROOTS SCIENCE PROGRAM FUNDS

Section 13. The schedule of allocations of appropriations to the Department of Environment and Natural Resources for the Grassroots Science Program under Section 15.2 of S.L. 1999-237 shall be the same in the 2000-2001 fiscal year as it was for the 1999-2000 fiscal year.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ENVIRONMENTAL EDUCATION GRANTS

Section 13.1.(a) Of the two hundred thousand dollars (\$200,000) appropriated in this act to the Department of Environment and Natural Resources for the 2000-2001 fiscal year for environmental education grants, up to fifteen percent (15%) may be used by the Department for the 2000-2001 fiscal year for the costs of

administering the environmental education grants. The remainder of these funds shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

- (1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or
- (2) School groups for field trips to environmental education centers across the State, provided the activities of the field trips are correlated with the Department of Public Instruction's curriculum objectives.

Section 13.1.(b) The Department of Environment and Natural Resources shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 2001, and again by July 1, 2001, on the grant program under this section. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

DENR STUDY OF DENR

Section 13.2. The Department of Environment and Natural Resources shall continue to evaluate its organization to identify ways to increase efficiency and to retain staff and to identify ways to better serve the public through permit reform and organizational excellence. The Department shall report any recommendations to the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate and to the Environmental Review Commission no later than January 15, 2001.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

DENR STUDY/RELOCATE DIVISION OF COASTAL MANAGEMENT OFFICE

Section 13.3. The Department of Environment and Natural Resources shall study the feasibility of relocating the main office of the Division of Coastal Management to one or more of the 20 coastal counties within the jurisdiction of the Coastal Area Management Act. In its study, the Department shall consider the cost of relocation, the impact on program efficiency, the availability of office space, and other factors affecting program functions. If the Department determines that relocation of the main office is feasible, then the Department shall include in its report a draft plan for the relocation.

The Department shall report its findings and recommendations to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and to the Fiscal Research Division no later than January 15, 2001.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ERC STUDY RECODIFICATION OF ENVIRONMENTAL STATUTES

Section 13.4. The Environmental Review Commission shall study the recodification of the General Statutes relating to the environment and environmental agencies. This recodification shall make no substantive changes to the current statutes relating to the environment and environmental agencies.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Baker, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

REALLOCATE TOWN FORK CREEK FUNDS

Section 13.5. Section 15.11(a) of S.L. 1997-443, as amended by Section 15.3 of S.L. 1999-237, reads as rewritten:

"(a) The funds placed in a reserve account in the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, 2001. Those funds are reallocated as follows:

- (1) Five hundred four thousand five hundred sixty dollars (\$504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.
- (2) Nine hundred thirty thousand six hundred eighty dollars (\$930,680) to the Stokes County Water and Sewer Authority, Inc., for the ~~Madison Connection Project~~ Walnut Cove/Industrial Site Connection Project.
- (3) Eighty thousand dollars (\$80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.
- (4) Thirty thousand dollars (\$30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.
- (5) Three hundred forty thousand six hundred forty dollars (\$340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Albertson

AGRICULTURE COST SHARE/TECHNICAL ASSISTANCE FUNDS

Section 13.6. Of the funds appropriated to the Department of Environment and Natural Resources for the Agriculture Cost Share Program for Nonpoint Source Pollution Control for financial assistance funding, the sum of two hundred forty thousand dollars (\$240,000) for the 2000-2001 fiscal year shall be used to support cost-share technical assistance in soil and water conservation districts participating in the Agriculture Cost Share Program for Nonpoint Source Pollution Control.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ONE STOP PERMIT ASSISTANCE PILOT PROJECTS

Section 13.7.(a) The Department of Environment and Natural Resources shall establish a one-stop environmental permit application assistance and tracking system pilot project for one year in at least two regional offices. It is the intent of the General Assembly that the Department expand this pilot program to more than two regional offices during the 2000-2001 fiscal year if the resources are available to do so and to expand it to a statewide program as soon as possible after the 2000-2001 fiscal year. As part of the pilot project, the Department shall provide to each person who submits an application for an environmental permit to one of the regional offices participating in the pilot project, a time frame within which that applicant may expect a final decision regarding the issuance or denial of the permit. The procedure regulating the time frame estimates and sanction for failing to honor the time frame shall be as set out in subsections (b) and (c) of this section.

Section 13.7.(b) Upon receipt of a complete application for an environmental permit, the Department of Environment and Natural Resources shall provide to the applicant a good faith estimate of the date by which the Department expects to make the final decision of whether to issue or deny the permit.

Section 13.7.(c) Unless otherwise provided by law, when an applicant has provided to the Department of Environment and Natural Resources the information and documentation required and requested by the Department and the Department fails to issue or deny the permit within 60 days of the date projected by the Department for the final decision of whether to issue or deny the permit, the permit shall be automatically granted to the applicant. This subsection does not apply when an applicant submits a substantial amendment to its application after the Department has provided the applicant the projected time frame as required by this section. This subsection does not apply when an applicant agrees to receive a final decision from the Department more than 60 days from the date projected by the Department under subsection (b) of this section.

Section 13.7.(d) The Department of Environment and Natural Resources shall track the time required to process each complete environmental permit application received on or after July 1, 2000, as part of the pilot project under this section. The Department shall compare the time in which the permit was issued or denied with the projected time frame provided to the applicant by the Department as required by this section. The Department shall identify each permit that was issued or denied more than 90 days after receipt of a complete application by the Department and shall document the reasons for the delayed action.

Section 13.7.(e) The Department of Environment and Natural Resources shall report to the Cochairs of both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission the number of environmental permits in the pilot project that took more than 90 days to issue or deny, the types of permits those were, the reasons for the extended processing time of those permits, and how the time within which the permit was actually issued or denied compared with the projected time frame provided to the applicant by the Department as required by this section. Based on the data gathered in the pilot project, the Department

shall include in its report recommendations regarding permit time frames for all major permits issued by the Department. The Department shall report to both the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources, the Fiscal Research Division, and the Environmental Review Commission regarding the results of the pilot project by April 1, 2001.

Section 13.7.(f) The Department may adopt temporary rules to implement this section.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Smith, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

BEACH MANAGEMENT PLAN/FEDERAL FUNDS

Section 13.9.(a) The General Assembly makes the following findings:

- (1) North Carolina has 320 miles of ocean beach, including some of the most pristine and attractive beaches in the country.
- (2) The balance between economic development and quality of life in North Carolina has made our coast one of the most desirable along the Atlantic Seaboard.
- (3) North Carolina's beaches are vital to the State's tourism industry.
- (4) North Carolina's beaches belong to all the State's citizens and provide recreational and economic benefits to our residents statewide.
- (5) Beach erosion can threaten the economic viability of coastal communities and can significantly affect State tax revenues.
- (6) The Atlantic Seaboard is vulnerable to hurricanes and other storms, and it is prudent to take precautions such as beach nourishment that protect and conserve the State's beaches and reduce property damage and flooding.
- (7) Beach renourishment as an erosion control method provides hurricane flood protection, enhances the attractiveness of beaches to tourists, restores habitat for turtles, shorebirds, and plants, and provides additional public access to beaches.
- (8) Federal policy previously favored and assisted voluntary movement of structures threatened by erosion, but this assistance is no longer available.
- (9) Relocation of structures threatened by erosion is sometimes the best available remedy for the property owner and is in the public interest.
- (10) Public parking and public access areas are needed for use by the general public to enable their enjoyment of North Carolina's beaches.
- (11) Acquisition of high erosion hazard property by local or State agencies can reduce risk to citizens and property, reduce costs to insurance policyholders, improve public access to beaches and waterways, and protect the environment.
- (12) Beach nourishment projects such as those at Wrightsville Beach and Carolina Beach have been very successful and greatly reduced property damage during Hurricane Fran.

- (13) Because local beach communities derive the primary benefits from the presence of adequate beaches, a program of beach management and restoration should not be accomplished without a commitment of local funds to combat the problem of beach erosion.
- (14) The State of North Carolina prohibits seawalls and hardening the shoreline to prevent destroying the public's beaches.
- (15) Beach nourishment is encouraged by both the Coastal Resources Commission and the U.S. Army Corps of Engineers as a method to control beach erosion.
- (16) The Department of Environment and Natural Resources has statutory authority to assist local governments in financing beach nourishment projects and is the sponsor of several federal navigation projects that result in dredging beach-quality sand.
- (17) It is declared to be a necessary governmental responsibility to properly manage and protect North Carolina's beaches from erosion and that good planning is needed to assure a cost-effective and equitable approach to beach management and restoration, and that as part of a comprehensive response to beach erosion, sound policies are needed to facilitate the ability of landowners to move threatened structures and to allow public acquisition of appropriate parcels of land for public beach access.

Section 13.9.(b) The Department of Environment and Natural Resources shall compile and evaluate information on the current conditions and erosion rates of beaches, on coastal geology, and on storm and erosion hazards for use in developing a State plan and strategy for beach management and restoration. The Department of Environment and Natural Resources shall make this information available to local governments for use in land-use planning.

Section 13.9.(c) The Department of Environment and Natural Resources shall develop a multiyear beach management and restoration strategy and plan that does all of the following:

- (1) Utilizes the data and expertise available in the Divisions of Water Resources, Coastal Management, and Land Resources.
- (2) Identifies the erosion rate at each beach community and estimates the degree of vulnerability to storm and hurricane damage.
- (3) Uses the best available geological and geographical information to determine the need for and probable effectiveness of beach nourishment.
- (4) Provides for coordination with the U.S. Army Corps of Engineers, the North Carolina Department of Transportation, the North Carolina Division of Emergency Management, and other State and federal agencies concerned with beach management issues.
- (5) Provides a status report on all U.S. Army Corps of Engineers' beach protection projects in the planning, construction, or operational stages.

- (6) Makes maximum feasible use of suitable sand dredged from navigation channels for beach nourishment to avoid the loss of this resource and to reduce equipment mobilization costs.
- (7) Promotes inlet sand bypassing where needed to replicate the natural flow of sand interrupted by inlets.
- (8) Provides for geological and environmental assessments to locate suitable materials for beach nourishment.
- (9) Considers the regional context of beach communities to determine the most cost-effective approach to beach nourishment.
- (10) Provides for and requires adequate public beach access, including handicapped access.
- (11) Recommends priorities for State funding for beach nourishment projects, based on the amount of erosion occurring, the potential damage to property and to the economy, the benefits for recreation and tourism, the adequacy of public access, the availability of local government matching funds, the status of project planning, the adequacy of project engineering, the cost-effectiveness of the project, and the environmental impacts.
- (12) Includes recommendations on obtaining the maximum available federal financial assistance for beach nourishment.
- (13) Is subject to a public hearing to receive citizen input.

Section 13.9.(d) Each plan shall be as complete as resources and available information allow. The Department of Environment and Natural Resources shall revise the plan every two years and shall submit the revised plan to the General Assembly no later than March 1 of each odd-numbered year. The Department may issue a supplement to the plan in even-numbered years if significant new information becomes available.

Section 13.9.(e) The Department of Environment and Natural Resources shall submit the first plan required by this act, no later than May 1, 2001. With the first plan, the Department shall:

- (1) Provide to the General Assembly a report on alternative State and local government sources of funding for beach nourishment.
- (2) Review State, federal, and local policies on enabling and assisting property owners to move structures that are threatened by imminent erosion damage and shall recommend policies, legislative changes, and actions to make moving structures more feasible for landowners.
- (3) Review existing programs for the acquisition and management of public land for beach access areas and open space, including identifying high-hazard, erosion-prone, or unbuildable parcels of land that may be used for this purpose, and shall recommend any policy and legislative changes needed to improve public beach access. The Department shall recommend priorities for land acquisition for public beach access, open space, and hazard-reduction purposes.

Section 13.9.(f) In the event that federal funds become available for planning and developing shore protection projects, the State shall match those funds in accordance with the funding guidelines set out in G.S. 143-215.71.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

STUDY WATER CAPACITY USE AREA ISSUES

Section 13.10. The Natural and Economic Resources Appropriations Subcommittees in both the House of Representatives and the Senate shall study the proposed rules that provide for the delineation of a water capacity use area encompassed by the following 15 North Carolina counties and adjoining creeks, streams, and rivers: Beaufort, Carteret, Craven, Duplin, Edgecombe, Greene, Jones, Lenoir, Martin, Onslow, Pamlico, Pitt, Washington, Wayne, and Wilson. The Appropriations Subcommittees shall consider the economic impact that the proposed rules would have on the fifteen county area and shall also consider what alternate water sources may be available to the fifteen county area.

The Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate may obtain assistance from any resources outside the General Assembly that the Subcommittees determine are needed to adequately perform their study. The Subcommittees shall report their findings and recommendations, including any legislative proposals, to the 2001 General Assembly.

PART XIV. DEPARTMENT OF COMMERCE

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

AUTHORIZATION TO REALLOCATE PREVIOUSLY APPROPRIATED PETROLEUM OVERCHARGE FUNDS

Section 14. Section 16.9A of S.L. 1999-237 reads as rewritten:

"Section 16.9A. Funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation for projects under the State Energy Conservation Plan, the Energy Extension Service Program, or the Institutional Conservation Program may be reallocated by the Department of Commerce to be used for projects under the State Energy Efficiency ~~Programs~~ Programs and Residential Energy Conservation Assistance Program (RECAP)."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ENERGY CONSERVATION PROJECTS IN STATE-OWNED BUILDINGS

Section 14.1. Of the funds previously appropriated to the Department of Commerce from the case of United States v. Exxon and from the United States Department of Energy's Stripper Well Litigation, the Energy Division shall use up to one million dollars (\$1,000,000) to implement energy conservation projects in State-

owned buildings. The Division shall identify those buildings whose energy costs per square foot are the highest and shall implement energy conservation projects that substantially reduce energy use and provide an opportunity for savings by reducing energy costs.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Hunter, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section 14.2.(a) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of two million six hundred thousand dollars (\$2,600,000) for the 2000-2001 fiscal year to be allocated for the Residential Energy Conservation Assistance Program (RECAP).

Section 14.2.(b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Housing Finance Agency the sum of two million dollars (\$2,000,000) for the 2000-2001 fiscal year to be allocated for the Housing Trust Fund. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(c) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the North Carolina Community Development Initiative, Inc., the sum of one million dollars (\$1,000,000) for the 2000-2001 fiscal year. Funds may only be used for residential energy-related uses as permitted under the Stripper Well Litigation.

Section 14.2.(d) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) through (c) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve for Oil Overcharge Funds.

Section 14.2.(e) The funds and interest thereon received from the Diamond Shamrock Settlement that remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as-needed basis.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

AUTHORIZATION TO EXPEND REED ACT FUNDS

Section 14.3. Of the funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Employment Security Commission of North Carolina may expend the sum of two

million seventy-eight thousand forty-nine dollars (\$2,078,049) for the 2000-2001 fiscal year for automation purposes.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Dalton

WORKER TRAINING TRUST FUND APPROPRIATIONS

Section 14.4. Section 16.14 of S.L. 1999-237 reads as rewritten:

"Section 16.14.(a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million two hundred ninety-six thousand seven hundred forty dollars (\$6,296,740) for the 1999-2000 fiscal year for the operation of local offices and the sum of six million two hundred ninety-six thousand seven hundred forty dollars (\$6,296,740) for the 2000-2001 fiscal year for the operation of local offices.

Section 16.14.(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1999-2000 and the 2000-2001 fiscal years for the following purposes:

- (1) \$2,400,000 for the 1999-2000 fiscal year and ~~\$2,400,000~~ \$2,300,000 for the 2000-2001 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;
- (2) \$1,000,000 for the 1999-2000 fiscal year and \$1,000,000 for the 2000-2001 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;
- (3) \$2,046,000 for the 1999-2000 fiscal year and \$1,746,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office to continue the Focused Industrial Training Program;
- (4) \$225,000 for the 1999-2000 fiscal year and \$225,000 for the 2000-2001 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;
- (5) \$400,000 for the 1999-2000 fiscal year and \$400,000 for the 2000-2001 fiscal year to the ~~Department of Community Colleges~~ Community Colleges System Office for a training program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;
- (6) \$60,000 for the 1999-2000 fiscal year and \$60,000 for the 2000-2001 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the

effectiveness of the State's job training, education, and placement programs; ~~and~~

- (7) \$1,000,000 for the 1999-2000 fiscal year and \$1,000,000 for the 2000-2001 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000 and maintained or improved ~~thereafter~~-thereafter;
- (8) \$100,000 for the 2000-2001 fiscal year to the Community Colleges System Office for the Hosiery Technology Center; and
- (9) \$100,000 for the 2000-2001 fiscal year to the Community Colleges System Office for the Composites Testing and Training Center.

Section 16.14.(c) The State Treasurer's Office shall deposit the June 2000 interest earnings from the Employment Security Commission Reserve Fund to the Worker Training Trust Fund for the 2000-2001 fiscal year."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

OREGON INLET FUNDS/NONREVERT

Section 14.5.(a) Funds appropriated to the Department of Commerce for the 1999-2000 fiscal year for the Oregon Inlet Project that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department for legal costs associated with the Project.

Section 14.5.(b) This section becomes effective June 30, 2000.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Odom, Perdue, Cooper

INDUSTRIAL DEVELOPMENT FUNDS

Section 14.6.(a) Funds appropriated to the Department of Commerce in Section 15.1 of S.L. 1998-212 to be used to recruit a large recycling facility, as defined in G.S. 105-129.25, that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department and shall be used to increase the Industrial Development Fund.

Section 14.6.(b) Funds appropriated to the Department of Commerce in S.L. 1999-237 for the 1999-2000 fiscal year as Job Loss Assistance funds that are unexpended and unencumbered as of June 30, 2000, shall not revert to the General Fund on June 30, 2000, but shall remain available to the Department to be used to increase the Industrial Development Fund.

Section 14.6.(c) This section becomes effective June 30, 2000.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Tolson, Baddour, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

RURAL REDEVELOPMENT AUTHORITY

Section 14.7. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year for the North Carolina Rural Redevelopment Authority, the sum of two hundred fifty thousand dollars (\$250,000) shall be placed in a reserve. The funds shall be released if House Bill 1819 or Senate Bill 1516, 1999 General Assembly, or a substantially similar bill creating the North Carolina Rural Redevelopment Authority becomes law.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section 14.8.(a) Section 16.3 of S.L. 1999-237 reads as rewritten:

"Section 16.3.(a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

Section 16.3.(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

- (1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;
- (2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred forty thousand three hundred fifty dollars (\$240,350) in ~~each fiscal year, the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars (\$206,088) in the 2000-2001 fiscal year,~~ which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars (\$7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and
- (3) Next, the Department shall redistribute the sum of two hundred forty thousand three hundred fifty dollars (\$240,350) in ~~each the 1999-2000 fiscal year and the sum of two hundred six thousand eighty-eight dollars (\$206,088) in the 2000-2001 fiscal year~~ to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be

determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection."

Section 14.8.(b) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum of three hundred fifty thousand dollars (\$350,000) for the 2000-2001 fiscal year shall be allocated in accordance with Section 16.3 of S.L. 1999-237, as amended by this section.

Section 14.8.(c) Of the funds appropriated in this act to the Department of Commerce for allocation to regional economic development commissions, the sum of three hundred fifty thousand dollars (\$350,000) for the 2000-2001 fiscal year shall be allocated equally to the commissions.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ECONOMIC DEVELOPMENT COMMISSION FUNDS SECURED

Section 14.9. Article 2 of Chapter 158 of the General Statutes is amended by adding a new section to read:

"§ 158-12.1. Commission funds secured.

The Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc., may deposit money at interest in any bank, savings and loan association, or trust company in this State in the form of savings accounts, certificates of deposit, or such other forms of time deposits as may be approved for county governments. Investment deposits and money deposited in an official depository or deposited at interest shall be secured in the manner prescribed in G.S. 159-31(b). When deposits are secured in accordance with this section, no public officer or employee may be held liable for any losses sustained by an institution because of the default or insolvency of the depository. This section applies to the regional economic development commissions listed in this section only for as long as the commissions are receiving State funds."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Smith, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Hoyle

EXTEND FUNDING OF THE STUDY COMMISSION ON THE FUTURE OF ELECTRIC SERVICE IN NORTH CAROLINA

Section 14.10. Section 10.1 of S.L. 1997-483, as amended by Section 6.1 of S.L. 1999-395, reads as rewritten:

"Section 10.1. Notwithstanding G.S. 62-302(d), ~~for all expenses during the 1997-98, 1998-99, and 1999-2000 fiscal years of the Study Commission on the Future of Electric Service in North Carolina, established in S.L. 1997-40, as amended by S.L. 1999-122,~~ all expenses incurred through June 30, 2006, shall be reimbursed from funds in the

Utilities Commission and Public Staff Fund. There is allocated initially one hundred thousand dollars (\$100,000) from the Utilities Commission and Public Staff Fund to the General Assembly for the purpose of enabling the Study Commission on the Future of Electric Service in North Carolina to organize and begin its work. Upon the certification of the need for additional funds by the cochairs of the Study Commission on the Future of Electric Service in North Carolina for the work of the Commission, the Utilities Commission shall transfer the additional funds from the Utilities Commission and Public Staff Fund to the General Assembly for that purpose."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom
NORTH CAROLINA TECHNOLOGICAL DEVELOPMENT AUTHORITY, INC.

Section 14.11. The Technological Development Authority, Inc., shall do the following:

- (1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
 - b. State fiscal year 1999-2000 itemized expenditures and fund sources;
 - c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000;
 - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

WORLD TRADE CENTER NORTH CAROLINA REPORT

Section 14.12. World Trade Center North Carolina shall do the following:

- (1) By January 15, 2001, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1999-2000 program activities, objectives, and accomplishments;
 - b. State fiscal year 1999-2000 itemized expenditures and fund sources;

- c. State fiscal year 2000-2001 planned activities, objectives, and accomplishments including actual results through December 31, 2000; and
 - d. State fiscal year 2000-2001 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 2000; and
- (2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom, Albertson

RURAL ECONOMIC DEVELOPMENT CENTER FUNDS

Section 14.13. Section 16.35.(e) of S.L. 1999-237 reads as rewritten:

"Section 16.35.(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million four hundred thousand dollars (\$5,400,000) for the 1999-2000 fiscal year and the sum of ~~two million four hundred thousand dollars (\$2,400,000)~~ three million four hundred fifty thousand dollars (\$3,450,000) for the 2000-2001 fiscal year shall be allocated as follows:

- (1) \$1,200,000 in each fiscal year for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. The Rural Economic Development Center, Inc., shall allocate these funds as follows:
 - a. \$900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;
 - b. \$250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds; and
 - c. \$50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.
- (2) \$250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and
- (3) \$2,450,000 for the 1999-2000 fiscal year and ~~\$950,000~~ \$1,350,000 for the 2000-2001 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these

funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:

- a. Necessary economic development projects and activities in economically distressed areas;
 - b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this sub-subdivision, then the grant shall be matched on a dollar-for-dollar basis in the amount of the grant awarded; or
 - c. Projects that demonstrate alternative water and waste management processes for local governments. Special consideration should be given to cost-effectiveness, efficacy, management efficiency, and the ability of the demonstration project to be replicated.
- (4) \$1,500,000 for the 1999-2000 fiscal year and \$400,000 for the 2000-2001 fiscal year to the Capacity Building Assistance Program. Funds shall be used to pay all or a portion of the costs for providing technical and financial assistance to rural, low-wealth local government units and nonprofit corporations initiating needed water and sewer projects that support the growth and development of rural areas.
- (5) \$250,000 for the 2000-2001 fiscal year for the Agricultural Advancement Consortium to be placed in a reserve for expenses associated with the Consortium. The Consortium will facilitate discussions among interested parties and develop recommendations to improve the State's economic development through farming and agricultural interests.

The grant recipients in this section shall be selected on the basis of need."

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Kerr, Albertson, Martin of Pitt, Weinstein, Plyler, Perdue, Odom

RURAL ECONOMIC DEVELOPMENT CENTER FUNDS TO RESEARCH AND DEMONSTRATION GRANTS PROGRAM

Section 14.13A. Of the funds appropriated in this act to the Rural Economic Development Center, the sum of three hundred thousand dollars (\$300,000) for the 2000-2001 fiscal year shall be allocated to the Research and Demonstration Grants Program to be used for value-added alternative crop research, and the sum of three hundred thousand dollars (\$300,000) for the 2000-2001 fiscal year shall be allocated to the Research and Demonstration Grants Program to be used for oyster research.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Mitchell, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

ENERGY DIVISION STUDY OF RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM

Section 14.14.(a) The Energy Division of the Department of Commerce shall for the 1998-1999 fiscal year and the 1999-2000 fiscal year determine by county the number of owner-occupied houses that were allocated funds from the Residential Energy Conservation Assistance Program (RECAP) and the amount of funds that were allocated by county.

Section 14.14.(b) The Energy Division of the Department of Commerce shall for the 1998-1999 fiscal year and the 1999-2000 fiscal year determine by county the number of rental houses that were allocated funds from the Residential Energy Conservation Assistance Program (RECAP) and the amount of funds that were allocated by county.

Section 14.14.(c) The Division shall report its findings to the House of Representatives and the Senate Appropriations Subcommittees on Natural and Economic Resources and the Fiscal Research Division by January 15, 2001.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Mitchell, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom

CAP ON RESIDENTIAL ENERGY CONSERVATION ASSISTANCE PROGRAM SPENDING

Section 14.15. The amount spent by the Energy Division of the Department of Commerce for weatherization activities in the Residential Energy Conservation Assistance Program (RECAP) in the 2000-2001 fiscal year shall not exceed eight million nine hundred seventy-seven thousand sixty-nine dollars (\$8,977,069). This amount equals that spent by the Energy Division on RECAP in the 1998-1999 fiscal year.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Perdue, Odom,

RURAL TOURISM DEVELOPMENT FUNDS

Section 14.16. Of the funds appropriated in this act to the Department of Commerce for the 2000-2001 fiscal year, the sum of three hundred thousand dollars (\$300,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. The Department shall develop procedures for the administration and distribution of funds allocated to the Rural Tourism Development Program under the following guidelines:

- (1) Eligible organizations shall make application under procedures established by the Department;
- (2) Eligible organizations shall be nonprofit tourism-related organizations located in the State's rural regions;
- (3) Priority shall be given to eligible organizations that have significant involvement of travel and tourism-related businesses;

- (4) Priority shall be given to eligible organizations serving economically distressed rural counties;
- (5) Priority shall be given to eligible organizations that match funds; and
- (6) Funds shall not be used for renting or purchasing land or buildings, or for financing debt.

No recipient or new tourism project shall receive a total of more than fifty thousand dollars (\$50,000) of these grant funds for the 2000-2001 fiscal year.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Perdue, Martin of Pitt, Plyler, Odom,

EMPLOYMENT SECURITY COMMISSION STUDY OF OLDER AND SECOND CAREER WORKERS

Section 14.17. (a) The Employment Security Commission shall study the ability of older and second career workers to secure employment in North Carolina. The Commission shall: (i) determine what efforts have been made by both public and private agencies to educate employers on the benefits of hiring, retraining, and retaining mature workers; (ii) determine the ways in which technology is being used to enhance the placement of second career workers in the work force; (iii) consider ways to assist older workers in making the transition to second careers; and (iv) consider ways to assist community efforts to recognize, promote, and employ older and second career workers. In conducting the study, the Commission shall consult private, nonprofit organizations that represent older and second career workers, statewide economic development agencies, retired State employee organizations, the community college system, the United States military, the Division of Aging, and local and state Job Service Employer Committees.

Section 14.17. (b) The Employment Security Commission shall report its findings, with recommendations and cost analysis, to the Chairs of the House Economic Growth and Community Development Committee, the Senate Pensions & Retirement and Aging Committee, the Legislative Research Commission on Employment Security, and the Aging Study Commission by April 1, 2001.

Requested by: Representatives Fox, Owens, Warren, Easterling, Redwine, Senators Martin of Pitt, Weinstein, Plyler, Odom, Perdue

TRANSFER ENERGY DIVISION FROM DEPARTMENT OF COMMERCE TO DEPARTMENT OF HEALTH AND HUMAN SERVICES AND DEPARTMENT OF ADMINISTRATION

Section 14.18.(a) The State Energy Conservation Plan is renamed State Energy Efficiency Program.

Section 14.18.(b) The statutory authority, powers, duties and functions, records, personnel, property, unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the Residential Energy Conservation Assistance Program (RECAP) in the Energy Division of the Department of Commerce are transferred from the Department of Commerce to the Department of Health and Human Services.

Section 14.18.(c) The statutory authority, powers, duties and functions, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds, including the functions of budgeting and purchasing, of the Energy Policy Council and State Energy Efficiency Program in the Energy Division of the Department of Commerce are transferred from the Department of Commerce to the Department of Administration.

Section 14.18.(d) The transfers in subsections (b) and (c) of this section shall have all of the elements of a Type I transfer as defined by G.S. 143A-6.

Section 14.18.(e) The transfers described in subsections (b), (c), and (d) of this section shall become effective September 30, 2000. Effective July 1, 2000, all vacant positions in the Energy Division of the Department of Commerce shall be abolished.

PART XV. JUDICIAL DEPARTMENT

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

REPORT ON COMMUNITY MEDIATION CENTERS

Section 15.(a) Section 17.3 of S.L. 1999-237 reads as rewritten:

"Section 17.3.(a) All community mediation centers currently receiving State funds shall report annually to the ~~Judicial Department~~ Mediation Network of North Carolina on the program's funding and activities, including:

- (1) Types of dispute settlement services provided;
- (2) Clients receiving each type of dispute settlement service;
- (3) Number and type of referrals received, cases actually mediated, cases resolved in mediation, and total clients served in the cases mediated;
- (4) Total program funding and funding sources;
- (5) Itemization of the use of funds, including operating expenses and personnel;
- (6) Itemization of the use of State funds appropriated to the center;
- (7) Level of volunteer activity; and
- (8) Identification of future service demands and budget requirements.

The ~~Judicial Department~~ Mediation Network of North Carolina shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

Section 17.3.(b) A community mediation center requesting State funds for the first time shall provide the General Assembly with the information enumerated in subsection (a) of this section, or projections where historical data are not available, as well as a detailed statement justifying the need for State funding.

Section 17.3.(c) Each community mediation center receiving State funds for the first time shall document in the information provided pursuant to ~~G.S. 7A-346.1~~ this section

that, after the second year of receiving State funds, at least ten percent (10%) of total funding comes from non-State sources.

Section 17.3.(d) Each community mediation center receiving State funds for the third, fourth, or fifth year shall document that at least twenty percent (20%) of total funding comes from non-State sources.

Section 17.3.(e) Each community mediation center receiving State funds for six or more years shall document that at least fifty percent (50%) of total funding comes from non-State sources.

Section 17.3.(f) Each community mediation center currently receiving State funds that has achieved a funding level from non-State sources greater than that provided for that center by subsection (c), (d), or (e) of this section shall make a good faith effort to maintain that level of funding.

Section 17.3.(g) The percentage that State funds comprise of the total funding of each community mediation center shall be determined at the conclusion of each fiscal year with the information provided pursuant to ~~G.S. 7A-346.1~~ this section and is intended as a funding ratio and not a matching funds requirement. Community mediation centers may include the market value of donated office space, utilities, and professional legal and accounting services in determining total funding.

Section 17.3.(h) A community mediation center having difficulty meeting the funding ratio provided for that center by subsection (c), (d), or (e) of this section may request a waiver or special consideration through the ~~Administrative Office of the Courts-Mediation Network of North Carolina~~ for consideration by the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Section 17.3.(i) The provisions of G.S. 143-31.4 do not apply to community mediation centers receiving State funds."

Section 15.(b) G.S. 7A-346.1 is repealed. Section 15.(c) Of the funds appropriated to the Judicial Department for transfer to the community mediation centers for the 2000-2001 fiscal year, funds allocated to the Dispute Settlement Center of Durham County, Inc., and Mediation Services of Wake County, Inc., shall be allocated to Carolina Correctional Services, Inc.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

REPORT ON COURT INFORMATION TECHNOLOGY FUND

Section 15.1. G.S. 7A-343.2 reads as rewritten:

"§ 7A-343.2. Court Information Technology Fund.

The Court Information Technology Fund is established within the Judicial Department as a nonreverting, interest-bearing special revenue account. Accordingly, revenue in the Fund at the end of a fiscal year does not revert and interest and other investment income earned by the Fund shall be credited to it. All moneys collected by the Director pursuant to G.S. 7A-109(d) shall be remitted to the State Treasurer and held in this Fund. Moneys in the Fund shall be used to supplement funds otherwise available to the Judicial Department for court information technology and office automation needs. The Director shall report by ~~March 1~~ August 1 and February 1 of each year to the

Joint Legislative Commission on Governmental Operations, 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 all moneys collected and deposited in the Fund and on the proposed expenditure of those funds collected during the preceding ~~calendar year~~ six months."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom, Soles, Lee, Kinnaird, Hagan, Martin of Guilford, Robinson, Reeves, Miller

AUTHORIZE ADDITIONAL MAGISTRATES

Section 15.2. G.S. 7A-133(c) reads as rewritten:

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

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

Northampton	5	7	
Bertie	4	6	
Hertford	5	6 <u>7</u>	
Nash	7	10	Rocky Mount
Edgecombe	4	7	Rocky Mount
Wilson	4	7	
Wayne	5	12	Mount Olive
Greene	2	4	
Lenoir	4	10	La Grange
Granville	3	7	
Vance	3	6	
Warren	3	4 <u>5</u>	
Franklin	3	7	
Person	3	4	
Caswell	2	5	
Wake	12	20 <u>21</u>	Apex, Wendell, Fuquay- Varina, Wake Forest
Harnett	7	11	Dunn
Johnston	10	12	Benson, Clayton, Selma
Lee	4	6	
Cumberland	10	19	
Bladen	4	6	
Brunswick	4	8 <u>9</u>	
Columbus	6	9	Tabor City
Durham	8	13	
Alamance	7	10 <u>11</u>	Burlington
Orange	4	11	Chapel Hill
Chatham	3	8 <u>9</u>	Siler City
Scotland	3	5	
Hoke	4	5	
Robeson	8	16	Fairmont, Maxton, Pembroke, Red Springs, Rowland, St. Pauls
Rockingham	4	9	Reidsville, Eden, Madison

Stokes	2	5	
Surry	5	9	Mt. Airy
Guilford	20	26 <u>27</u>	High Point
Cabarrus	5	9	Kannapolis
Montgomery	2	4	
Randolph	5	10	Liberty
Rowan	5	10	
Stanly	5	6	
Union	4	7	
Anson	4	5 <u>6</u>	
Richmond	5	6	Hamlet
Moore	5	8	Southern Pines
Forsyth	3	15	Kernersville
Alexander	2	3 <u>4</u>	
Davidson	7	10	Thomasville
Davie	2	3	
Iredell	4	9	Mooresville
Alleghany	1	2	
Ashe	3	4	
Wilkes	4	6	
Yadkin	3	5	
Avery	3	5	
Madison	4	5	
Mitchell	3	4	
Watauga	4	6	
Yancey	2	4	
Burke	4	7	
Caldwell	4	7	
Catawba	6	10	Hickory
Mecklenburg	15	27 <u>28</u>	
Gaston	11	22	
Cleveland	5	8	
Lincoln	4	7	
Buncombe	6	15	
Henderson	4	7	
McDowell	3	5 <u>6</u>	
Polk	3	4	
Rutherford	6	8	
Transylvania	2	4	
Cherokee	3	4	
Clay	1	2	
Graham	2	3	
Haywood	5	7	Canton

Jackson	3	<u>45</u>
Macon	3	4
Swain	2	3."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom, Albertson, Reeves, Miller, Phillips, Metcalf, Carter, Wellons

ADDITIONAL DISTRICT COURT JUDGES

Section 15.3.(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	<u>45</u>	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	4	Martin Beaufort Tyrrell Hyde Washington
3A	5	Pitt
3B	5	Craven Pamlico Carteret
4	<u>78</u>	Sampson Duplin Jones Onslow
5	7	New Hanover Pender
6A	2	Halifax
6B	3	Northampton Bertie Hertford
7	7	Nash Edgecombe Wilson

8	6	Wayne Greene Lenoir
9	4	Granville (part of Vance see subsection (b)) Franklin
9A	2	Person Caswell
9B	4 <u>2</u>	Warren (part of Vance see subsection (b))
10	13 <u>14</u>	Wake
11	7 <u>8</u>	Harnett Johnston Lee
12	9	Cumberland
13	6	Bladen Brunswick Columbus
14	6	Durham
15A	4	Alamance
15B	4	Orange Chatham
16A	3	Scotland Hoke
16B	5	Robeson
17A	2 <u>3</u>	Rockingham
17B	3	Stokes Surry
18	12	Guilford
19A	4	Cabarrus
19B	6	Montgomery Moore Randolph
19C	4	Rowan
20	7	Stanly Union Anson Richmond
21	8	Forsyth
22	8 <u>9</u>	Alexander Davidson Davie

23	4	Iredell Alleghany Ashe Wilkes Yadkin
24	4	Avery Madison Mitchell Watauga Yancey
25	8	Burke Caldwell Catawba
26	4 <u>17</u>	Mecklenburg
27A	6	Gaston
27B	4	Cleveland Lincoln
28	5 <u>6</u>	Buncombe
29	6	Henderson McDowell Polk Rutherford Transylvania
30	5	Cherokee Clay Graham Haywood Jackson Macon Swain."

Section 15.3.(b) Notwithstanding the provisions of G.S. 7A-142, the Governor shall appoint additional district court judges for District Court Districts 1, 4, 9B, 10, 11, 17A, 22, 26, and 28, as authorized by subsection (a) of this section. Those judges' successors shall be elected in the 2004 election for four-year terms commencing on the first Monday in December 2004.

Section 15.3.(c) Subsection (a) of this section becomes effective December 15, 2000, as to any district in which no county is subject to section 5 of the Voting Rights Act of 1965. As to any district in which any county is subject to section 5 of the Voting Rights Act of 1965, subsection (a) becomes effective December 15, 2000, or 15 days after the date upon which that subsection is approved under section 5 of the Voting Rights Act of 1965, whichever is later.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom, Rand, Cooper, Wellons, Martin of Pitt, Albertson

WORTHLESS CHECK PROGRAM

Section 15.3A.(a) Subsection (d) of Section 18.22 of S.L. 1997-443, as amended by Section 16.3 of S.L. 1998-212 and Section 17.7 of S.L. 1999-237, reads as rewritten:

"(d) This act applies only to Brunswick, Bladen, Columbus, Cumberland, Durham, Edgecombe, Nash, New Hanover, Onslow, Pender, Rockingham, and Wake Wake, and Wilson Counties."

Section 15.3A.(b) Section 17.7(c) of S.L. 1999-237 reads as rewritten:

"Section 17.7.(c) The Administrative Office of the Courts shall report by April 1 of each year 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 implementation of the ~~bad~~-worthless check collection programs in Columbus, Durham, Rockingham, and Wake Counties and the establishment of such programs in Bladen, Brunswick, Cumberland, Edgecombe, Nash, New Hanover, Onslow, and Pender Pender, and Wilson Counties, including their effectiveness in assisting the recipients of worthless checks in obtaining restitution and the amount of time saved in prosecuting worthless check cases."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Clodfelter, Plyler, Perdue, Odom

AUTHORIZE COURT OFFICIALS TO APPLY TO THE DIRECTOR OF THE ADMINISTRATIVE OFFICE OF THE COURTS TO ENTER INTO CONTRACTS WITH LOCAL GOVERNMENTS FOR THE PROVISION OF JUDICIAL SECRETARIES, TEMPORARY ASSISTANT PUBLIC DEFENDERS, ASSISTANT CLERKS, DEPUTY CLERKS, AND OTHER EMPLOYEES IN THE OFFICE OF THE CLERK OF COURT WHEN THE PUBLIC INTEREST WARRANTS THE USE OF ADDITIONAL COURT RESOURCES

Section 15.4.(a) G.S. 7A-44.1 reads as rewritten:

"§ 7A-44.1. Secretarial and clerical help.

(a) Each senior resident superior court judge may appoint a judicial secretary to serve at his pleasure and under his direction the secretarial and clerical needs of the superior court judges of the district or set of districts as defined by G.S. 7A-41.1(a) for which he is the senior resident superior court judge. The appointment may be full- or part-time and the compensation and allowances of such secretary shall be fixed by the senior regular resident superior court judge, within limits determined by the Administrative Office of the Courts, and paid by the State.

(b) Each senior resident superior court judge may apply to the Director of the Administrative Office of the Courts to enter into contracts with local governments for the provision by the State of services of judicial secretaries pursuant to G.S. 153A-212.1 or G.S. 160A-289.1.

(c) The Director of the Administrative Office of the Courts may provide assistance requested pursuant to subsection (b) of this section only upon a showing by the senior resident superior court judge, supported by facts, that the overwhelming public interest warrants the use of additional resources for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving a threat to public safety.

(d) The terms of any contract entered into with local governments pursuant to subsection (b) of this section shall be fixed by the Director of the Administrative Office of the Courts in each case. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section or to obligate the Administrative Office of the Courts to provide the administrative costs of establishing or maintaining the positions or services provided for under this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts to maintain positions or services initially provided for under this section."

Section 15.4.(b) G.S. 7A-102 is amended by adding three new subsections to read:

"(e) A clerk of superior court may apply to the Director of the Administrative Office of the Courts to enter into contracts with local governments for the provision by the State of services of assistant clerks, deputy clerks, and other employees in the office of each clerk of superior court pursuant to G.S. 153A-212.1 or G.S. 160A-289.1.

(f) The Director of the Administrative Office of the Courts may provide assistance requested pursuant to subsection (e) of this section only upon a showing by the senior resident superior court judge, supported by facts, that the overwhelming public interest warrants the use of additional resources for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving a threat to public safety.

(g) The terms of any contract entered into with local governments pursuant to subsection (e) of this section shall be fixed by the Director of the Administrative Office of the Courts in each case. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section or to obligate the Administrative Office of the Courts to provide the administrative costs of establishing or maintaining the positions or services provided for under this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts to maintain positions or services initially provided for under this section."

Section 15.4.(c) G.S. 7A-300 reads as rewritten:

"§ 7A-300. Expenses paid from State funds.

(a) The operating expenses of the Judicial Department shall be paid from State funds, out of appropriations for this purpose made by the ~~General Assembly~~. Assembly, or from funds provided by local governments pursuant to G.S. 153A-212.1 and G.S. 160A-289.1. The Administrative Office of the Courts shall prepare budget estimates to cover these expenses, including therein the following items and such other items as are deemed necessary for the proper functioning of the Judicial Department:

- (1) Salaries, departmental expense, printing and other costs of the appellate division;
- (2) Salaries and expenses of superior court judges, district attorneys, assistant district attorneys, public defenders, and assistant public defenders, and fees and expenses of counsel assigned to represent indigents under the provisions of Subchapter IX of this Chapter;
- (3) Salaries, travel expenses, departmental expense, printing and other costs of the Administrative Office of the Courts;
- (4) Salaries and travel expenses of district judges, magistrates, and family court counselors;
- (5) Salaries and travel expenses of clerks of superior court, their assistants, deputies, and other employees, and the expenses of their offices, including supplies and materials, postage, telephone and telegraph, bonds and insurance, equipment, and other necessary items;
- (6) Fees and travel expenses of jurors, and of witnesses required to be paid by the State;
- (7) Compensation and allowances of court reporters;
- (8) Briefs for counsel and transcripts and other records for adequate appellate review when an appeal is taken by an indigent person;
- (9) Transcripts of preliminary hearings in indigency cases and, in cases in which the defendant pays for a transcript of the preliminary hearing, a copy for the district attorney;
- (10) Transcript of the evidence and trial court charge furnished the district attorney when a criminal action is appealed to the appellate division;
- (11) All other expenses arising out of the operations of the Judicial Department which by law are made the responsibility of the State; and
- (12) Operating expenses of the Judicial Council and the Judicial Standards Commission.

(b) Repealed by Session Laws 1971, c. 377, ~~e. 32.~~ s. 32."

Section 15.4.(d) G.S. 7A-467 is amended by adding three new subsections to

read:

"(e) A public defender may apply to the Director of the Administrative Office of the Courts to enter into contracts with local governments for the provision by the State of services of temporary assistant public defenders pursuant to G.S. 153A-212.1 or G.S. 160A-289.1.

(f) The Director of the Administrative Office of the Courts may provide assistance requested pursuant to subsection (e) of this section only upon a showing by the requesting public defender, supported by facts, that the overwhelming public interest warrants the use of additional resources for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving a threat to public safety.

(g) The terms of any contract entered into with local governments pursuant to subsection (e) of this section shall be fixed by the Director of the Administrative Office of the Courts in each case. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this

section or to obligate the Administrative Office of the Courts to provide the administrative costs of establishing or maintaining the positions or services provided for under this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts to maintain positions or services initially provided for under this section."

Section 15.4.(e) G.S. 153A-212.1 reads as rewritten:

"§ 153A-212.1. Resources to protect the public.

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and 7A-467, a county may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts to maintain positions or services initially provided for under this section."

Section 15.4.(f) G.S. 160A-289.1 reads as rewritten:

"§ 160A-289.1. Resources to protect the public.

Subject to the requirements of G.S. 7A-41, 7A-44.1, 7A-64, 7A-102, 7A-133, and 7A-467, a city may appropriate funds under contract with the State for the provision of services for the speedy disposition of cases involving drug offenses, domestic violence, or other offenses involving threats to public safety. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts to maintain positions or services initially provided for under this section."

Section 15.4.(g) G.S. 7A-64(c) reads as rewritten:

"(c) The length of service and compensation of any temporary appointee or the terms of any contract entered into with local governments shall be fixed by Director of the Administrative Office of the Courts in each case. Nothing in this section shall be construed to obligate the General Assembly to make any appropriation to implement the provisions of this ~~section~~-section or to obligate the Administrative Office of the Courts to provide the administrative costs of establishing or maintaining the positions or services provided for under this section. Further, nothing in this section shall be construed to obligate the Administrative Office of the Courts to maintain positions or services initially provided for under this section."

Section 15.4.(h) The Administrative Office of the Courts shall report by March 1 of each year to the Chairs of the House of Representatives and Senate Appropriations Committees, to the Chairs of the House of Representatives Subcommittee on Justice and Public Safety, and to the Chairs of the Senate Appropriations Committee on Justice and Public Safety on contracts entered into with local governments for the provision of the services of assistant district attorneys, assistant public defenders, judicial secretaries, and employees in the office of the Clerk of Superior Court. The report shall include the number of applications made to the

Administrative Office of the Courts for these contracts, the number of contracts entered for provision of these positions, and the dollar amounts of each contract.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Haire, Senators Jordan, Ballance, Plyler, Perdue, Odom

ADDITIONAL COURT OF APPEALS JUDGES

Section 15.5.(a) G.S. 7A-16 reads as rewritten:

"§ 7A-16. Creation and organization.

The Court of Appeals is created effective January 1, 1967. It shall consist initially of six judges, elected by the qualified voters of the State for terms of eight years. The Chief Justice of the Supreme Court shall designate one of the judges as Chief Judge, to serve in such capacity at the pleasure of the Chief Justice. Before entering upon the duties of his office, a judge of the Court of Appeals shall take the oath of office prescribed for a judge of the General Court of Justice.

The Governor on or after July 1, 1967, shall make temporary appointments to the six initial judgeships. The appointees shall serve until January 1, 1969. Their successors shall be elected at the general election for members of the General Assembly in November, 1968, and shall take office on January 1, 1969, to serve for the remainder of the unexpired term which began on January 1, 1967.

Upon the appointment of at least five judges, and the designation of a Chief Judge, the court is authorized to convene, organize, and promulgate, subject to the approval of the Supreme Court, such supplementary rules as it deems necessary and appropriate for the discharge of the judicial business lawfully assigned to it.

Effective January 1, 1969, the number of judges is increased to nine, and the Governor, on or after March 1, 1969, shall make temporary appointments to the additional judgeships thus created. The appointees shall serve until January 1, 1971. Their successors shall be elected at the general election for members of the General Assembly in November, 1970, and shall take office on January 1, 1971, to serve for the remainder of the unexpired term which began on January 1, 1969.

Effective January 1, 1977, the number of judges is increased to 12; and the Governor, on or after July 1, 1977, shall make temporary appointments to the additional judgeships thus created. The appointees shall serve until January 1, 1979. Their successors shall be elected at the general election for members of the General Assembly in November, 1978, and shall take office on January 1, 1979, to serve the remainder of the unexpired term which began on January 1, 1977.

On or after December 15, 2000, the Governor shall appoint three additional judges to increase the number of judges to 15. Each judgeship shall not become effective until the temporary appointment is made, and each appointee shall serve from the date of qualification until January 1, 2005. Those judges' successors shall be elected in the 2004 general election and shall take office on January 1, 2005, to serve terms expiring December 31, 2012.

The Court of Appeals shall sit in panels of three judges each. The Chief Judge insofar as practicable shall assign the members to panels in such fashion that each member sits a substantially equal number of times with each other member. He shall

preside over the panel of which he is a member, and shall designate the presiding judge of the other panel or panels.

Three judges shall constitute a quorum for the transaction of the business of the court, except as may be provided in § 7A-32.

In the event the Chief Judge is unable, on account of absence or temporary incapacity, to perform the duties placed upon him as Chief Judge, the Chief Justice shall appoint an acting Chief Judge from the other judges of the Court, to temporarily discharge the duties of Chief Judge."

Section 15.5.(b) This section becomes effective December 15, 2000.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom, Albertson

ADDITIONAL SUPERIOR COURT JUDGES

Section 15.6.(a) G.S. 7A-41(a) reads as rewritten:

"(a) The counties of the State are organized into judicial divisions and superior court districts, and each superior court district has the counties, and the number of regular resident superior court judges set forth in the following table, and for districts of less than a whole county, as set out in subsection (b) of this section:

Judicial Division	Superior Court District	Counties	No. of Resident Judges
First	1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	2
First	2	Beaufort, Hyde, Martin, Tyrrell, Washington	1
First	3A	Pitt	2
Second	3B	Carteret, Craven, Pamlico	2
Second	4A	Duplin, Jones, Sampson	1
Second	4B	Onslow	4 <u>2</u>
Second	5	New Hanover, Pender	3
First	6A	Halifax	1
First	6B	Bertie, Hertford, Northampton	1
First	7A	Nash	1
First	7B	(part of Wilson, part of Edgecombe,	1

First	7C	see subsection (b)) (part of Wilson, part of Edgecombe, see subsection (b))	1
Second	8A	Lenoir and Greene	1
Second	8B	Wayne	1
Third	9	Franklin, Granville, Vance, Warren	2
Third	9A	Person, Caswell	1
Third	10A	(part of Wake, see subsection (b))	2
Third	10B	(part of Wake, see subsection (b))	2
Third	10C	(part of Wake, see subsection (b))	1
Third	10D	(part of Wake, see subsection (b))	1
Fourth	11A	Harnett, Lee	1
Fourth	11B	Johnston	1
Fourth	12A	(part of Cumberland, see subsection (b))	1
Fourth	12B	(part of Cumberland, see subsection (b))	1
Fourth	12C	(part of Cumberland, see subsection (b))	2
Fourth	13	Bladen, Brunswick, Columbus	2
Third	14A	(part of Durham, see subsection (b))	1
Third	14B	(part of Durham, see subsection (b))	3
Third	15A	Alamance	2
Third	15B	Orange, Chatham	1
Fourth	16A	Scotland, Hoke	1
Fourth	16B	Robeson	2
Fifth	17A	Rockingham	2
Fifth	17B	Stokes, Surry	2
Fifth	18A	(part of Guilford, see subsection (b))	1
Fifth	18B	(part of Guilford, see subsection (b))	1
Fifth	18C	(part of Guilford, see subsection (b))	1

Fifth	18D	(part of Guilford, see subsection (b))	1
Fifth	18E	(part of Guilford, see subsection (b))	1
Sixth	19A	Cabarrus	1
Fifth	19B	Montgomery, Moore, Randolph	2
Sixth	19C	Rowan	1
Sixth	20A	Anson, Richmond	1
Sixth	20B	Stanly, Union	2
Fifth	21A	(part of Forsyth, see subsection (b))	1
Fifth	21B	(part of Forsyth, see subsection (b))	1
Fifth	21C	(part of Forsyth, see subsection (b))	1
Fifth	21D	(part of Forsyth, see subsection (b))	1
Sixth	22	Alexander, Davidson, Davie, Iredell	3
Fifth	23	Alleghany, Ashe, Wilkes, Yadkin	1
Eighth	24	Avery, Madison, Mitchell, Watauga, Yancey	1
Seventh	25A	Burke, Caldwell	2
Seventh	25B	Catawba	2
Seventh	26A	(part of Mecklenburg, see subsection (b))	2
Seventh	26B	(part of Mecklenburg, see subsection (b))	2 <u>3</u>
Seventh	26C	(part of Mecklenburg, see subsection (b))	2
Seventh	27A	Gaston	2
Seventh	27B	Cleveland, Lincoln	2
Eighth	28	Buncombe	2
Eighth	29	Henderson, McDowell, Polk, Rutherford, Transylvania	2
Eighth	30A	Cherokee, Clay, Graham, Macon, Swain	1

Eighth 30B Haywood, Jackson 1."

Section 15.6.(b) The Governor shall appoint a superior court judge for the additional judgeship in Superior Court District 26B as authorized by subsection (a) of this section. The successor to that judge shall be elected in the 2002 general election to serve a term expiring December 31, 2010.

The Governor shall appoint a superior court judge for the additional judgeship in Superior Court District 4B as authorized by subsection (a) of this section. The successor to that judge shall be elected in the 2002 general election to serve the remainder of the unexpired term expiring December 31, 2006, in order to provide for unstaggered terms for multiple judgeships in the same district.

Section 15.6.(c) Subsection (a) of this section becomes effective December 15, 2000, as to any district in which no county is subject to section 5 of the Voting Rights Act of 1965. As to any district in which any county is subject to section 5 of the Voting Rights Act of 1965, subsection (a) of this section becomes effective December 15, 2000, or 15 days after the date upon which that subsection is approved under section 5 of the Voting Rights Act of 1965, whichever is later.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

JUDICIAL DEPARTMENT EQUIPMENT REPLACEMENT COSTS

Section 15.7. G.S. 143-11(b) reads as rewritten:

"(b) The Director shall accompany the budget with:

- (1) A budget message supporting his recommendations and outlining a financial policy and program for the ensuing biennium. The message will include an explanation of increase or decrease over past expenditures, a discussion of proposed changes in existing revenue laws and proposed bond issues, their purpose, the amount, rate of interest, term, the requirements to be attached to their issuance and the effect such issues will have upon the redemption and annual interest charges of the State debt.
- (2) State Controller reports including:
 - a. An itemized and complete financial statement for the State at the close of the last preceding fiscal year ending June 30.
 - b. A statement of special funds.
- (2a) A statement showing the itemized estimates of the condition of the State treasury as of the beginning and end of each of the next two fiscal years.
- (3) A report on the fees charged by each State department, bureau, division, board, commission, institution, and agency during the previous fiscal year, the statutory or regulatory authority for each fee, the amount of the fee, when the amount of the fee was last changed, the number of times the fee was collected during the prior fiscal year, and the total receipts from the fee during the prior fiscal year.

- (4) A statement showing the State Board of Education's request, in accordance with G.S. 115C-96, for sufficient funds to provide textbooks to public school students.
- (5) A proposal for expenditure of the funds in the Repairs and Renovations Reserve Account, which is established in G.S. 143-15.3A. The Director shall consider the data from the Facilities Condition and Assessment Program in the Office of State Construction when establishing priorities for the proposed expenditure of these funds.
- (6) Statements of the objections of members of the Council of State received pursuant to G.S. 143-10.3(b) to the performance measures, departmental operations plans, and indicators of program impact prepared in accordance with G.S. 143-10.3, 143-10.4, and 143-10.5.
- (7) A list of the budget requests of members of the Council of State that are not included in the proposed budget.
- (8) An estimate of the equipment replacement costs within the Judicial Department for the period covered by that budget.

It shall be a compliance with this section by each incoming Governor, at the first session of the General Assembly in his term, to submit the budget report with the message of the outgoing Governor, if he shall deem it proper to prepare such message, together with any comments or recommendations thereon that he may see fit to make, either at the time of the submission of the said report to the General Assembly, or at such other time, or times, as he may elect and fix.

The function of the Advisory Budget Commission under this section applies only if the Director of the Budget consults with the Commission in preparation of the budget."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

REDUCE SPECIAL SUPERIOR COURT JUDGESHIPS/EXTEND TERM OF SPECIAL SUPERIOR COURT JUDGE

Section 15.8.(a) G.S. 7A-45.1(a) reads as rewritten:

"(a) Effective November 1, 1993, the Governor may appoint two special superior court judges to serve terms expiring September 30, 2000. Effective October 1, 2000, one of those positions is abolished. Successors to the special superior court ~~judges~~ judge appointed pursuant to this subsection shall be appointed to a five-year term. A special judge takes the same oath of office and is subject to the same requirements and disabilities as are or may be prescribed by law for regular judges of the superior court, save the requirement of residence in a particular district."

Section 15.8.(b) Section 24.7 of Chapter 769 of the 1993 Session Laws, as amended by Chapter 18 of the Session Laws of the 1996 Second Extra Session, reads as rewritten:

"Sec. 24.7. Notwithstanding G.S. 7A-45, G.S. 7A-45.1, Section 7 of Chapter 509 of the 1987 Session Laws, or any other provision of law, if any special superior court judge who is holding office on the effective date of this act first took office as an

appointed or elected regular or special superior court judge in the calendar year 1986, the term of that judge is extended through ~~September 30, 2000.~~ December 31, 2000."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

SENTENCING SERVICES PROGRAM

Section 15.9.(a) The title to Subchapter XIII of Chapter 7A of the General Statutes reads as rewritten:

"SUBCHAPTER XIII. COMMUNITY PENALTIES SENTENCING SERVICES PROGRAM."

Section 15.9.(b) G.S. 7A-773.1(d) reads as rewritten:

"(d) To the extent allowed by law, the sentencing services program shall develop procedures to ensure that the program staff may work with offenders before a plea is entered. To that end, ~~no~~ information obtained in the course of preparing a sentencing plan may not be used by the State for the any purpose of establishing guilt at trial and is subject to the provisions of G.S. 15A-1333."

Section 15.9.(c) G.S. 15A-1333 reads as rewritten:

"§ 15A-1333. Availability of presentence report.

(a) Presentence Reports and Sentencing Services Information Not Public Records. – A written presentence ~~report and report,~~ the record of an oral presentence ~~report-report,~~ and information obtained in the preparation of a sentencing plan by a sentencing services program under Article 61 of Chapter 7A are not public records and may not be made available to any person except as provided in this section.

(b) Access to Reports. – The defendant, his counsel, the prosecutor, or the court may have access at any reasonable time to a written presentence report or to any record of an oral presentence report. Access to a sentencing plan and information obtained in the preparation of a sentencing plan shall be in accordance with the comprehensive sentencing services program plan developed pursuant to G.S. 7A-774.

(c) Expunging Reports. – On motion of the defendant, the court in its discretion may order a written presentence ~~report or report,~~ the record of an oral presentence ~~report report,~~ or a sentencing plan expunged from the court record."

PART XVI. DEPARTMENT OF CORRECTION

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT

Section 16. Section 18 of S.L. 1999-237 reads as rewritten:

"Section 18.(a) Notwithstanding the funding formula set forth in G.S. 143B-273.15, appropriations made to the Department of Correction through the North Carolina State-County Criminal Justice Partnership Act for the 1999-2000 fiscal year and the 2000-2001 fiscal year shall be distributed to the counties as specified in G.S. 143B-273.15(2) only, and not as discretionary funds. The Department may also use funds from the

State-County Criminal Justice Partnership Account in order to maintain the counties' allocations of nine million six hundred thousand dollars (\$9,600,000) as provided in previous fiscal years.

Section 18.(b) Appropriations not claimed or expended by the counties during the 1999-2000 fiscal year and the 2000-2001 fiscal year shall be distributed as specified in G.S. 143B-273.15(1). A single county may apply for discretionary funds under G.S. 143B-273.15(1) for a residential program that serves offenders from other counties; in order for those other counties to assign offenders to such a program, those counties shall include a residential component in an approved partnership plan.

Section 18.(c) The Department of Correction may not deny funds to a county to support both a residential program and a day reporting center if the Department of Correction determines that the county has a demonstrated need and a fully-developed plan for each type of sanction.

Section 18.(d) The Department of Correction shall report by ~~February 1, 2000, February 1~~ of each year to the Chairs of the Senate and House Appropriations Committees, the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Joint Legislative Corrections and Crime Control Oversight Committee on the status of the Criminal Justice Partnership Program. The report shall include the following information:

- (1) The amount of funds carried over from the ~~1998-99 fiscal year to the 1999-2000 fiscal year;~~ prior fiscal year;
- (2) The dollar amount and purpose of grants awarded to counties as discretionary grants for ~~1999-2000;~~ the current fiscal year;
- (3) Any counties the Department anticipates will submit requests for new implementation grants;
- (4) The number of counties submitting offender participation data via the electronic reporting system;
- (5) An analysis of offender participation data ~~received during 1999-2000;~~ received; and
- (6) An update on efforts to ensure that all counties make use of the electronic reporting system."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

POST-RELEASE SUPERVISION AND PAROLE COMMISSION/REPORT ON STAFFING REORGANIZATION AND REDUCTION

Section 16.1. Section 18.1 of S.L. 1999-237 reads as rewritten:

"Section 18.1. The Post-Release Supervision and Parole Commission shall report by ~~March 1, 2000, March 1~~ of each year to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on an updated transition plan for implementing staff reductions through the 2002-2003 fiscal year, including a minimum ten percent (10%) reduction in staff positions in the 2000-2001 fiscal year over the 1999-2000 fiscal year."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM

Section 16.2. Subsection (a) of Section 18.10 of S.L. 1999-237 reads as rewritten:

"Section 18.10.(a) The Department of Correction may use funds appropriated to the Department for the 1999-2000 fiscal year and the 2000-2001 fiscal year to pay the sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost of housing convicted inmates and parolees and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report quarterly to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections and Crime Control Oversight Committee, 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 expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

BAN PRIVATE PRISONS HOUSING OUT-OF-STATE INMATES

Section 16.3.(a) Article 3 of Chapter 148 of the General Statutes is amended by adding a new section to read:

§ 148-37.1. Prohibition on private prisons housing out-of-state inmates.

(a) Except as otherwise provided in this section or authorized by North Carolina law, no municipality, county, or private entity may authorize, construct, own, or operate any type of correctional facility for the confinement of inmates serving sentences for violation of the laws of a jurisdiction other than North Carolina.

(b) The provisions of this section shall not apply to facilities owned or operated by the federal government and used exclusively for the confinement of inmates serving sentences for violation of federal law, but only to the extent that such facilities are not subject to restriction by the states under the provisions of the United States Constitution."

Section 16.3.(b) Subsection (c) of Section 19.17 of S.L. 1997-443, as amended by subsection (c) of Section 17.23 of S.L. 1998-212 and subsection (b) of Section 18.19 of S.L. 1999-237, is repealed.

Section 16.3.(c) This section is effective when it becomes law.

PART XVII. DEPARTMENT OF JUSTICE

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

CRIMINAL JUSTICE INFORMATION NETWORK REPORT

Section 17. Section 19.2 of S.L. 1999-237 reads as rewritten:

"Section 19.2. The Criminal Justice Information Network Governing Board created pursuant to Section 23.3 of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall report by ~~March 1, 2000~~, March 1, 2001, to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on:

- (1) The operations of the Board, including the Board's progress in developing data-sharing standards in cooperation with State and local agencies and the estimated time of completion of the standards;
- (2) The operating budget of the Board, the expenditures of the Board as of the date of the report, and the amount of funds in reserve for the operation of the Board; and
- (3) A long-term strategic plan and cost analysis for statewide implementation of the Criminal Justice Information Network. For each component of the Network, the initial cost estimate of the component, the amount of funds spent to date on the component, the source of funds for expenditures to date, and a timetable for completion of that component, including additional resources needed at each point."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

Section 17.1. Section 19.3 of S.L. 1999-237 reads as rewritten:

"Section 19.3.(a) Assets transferred to the Department of Justice during the 1999-2001 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 1999-2001 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. The Departments of Justice and Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations upon receipt of the assets and, before using the assets, shall report on the intended use of the assets and the departmental priorities on which the assets may be expended, except during the ~~1999-2000 fiscal year~~, 1999-2001 fiscal biennium, the Department of Justice may:

- (1) Use an amount not to exceed the sum of twenty-five thousand dollars (\$25,000) of the funds to extend the lease of space in the Town of Salemburg for training for the State Bureau of Investigation; and
- (2) Use an amount not to exceed the sum of fifty thousand dollars (\$50,000) of the funds to lease space for its technical operations unit, storage of its equipment and vehicles, and command post vehicle.

Section 19.3.(b) The General Assembly finds that the use of assets transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly.

Section 19.3.(c) Nothing in this section prohibits North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

TRAFFIC LAW ENFORCEMENT STATISTICS

Section 17.2.(a) G.S. 114-10(2a) reads as rewritten:

"(2a) To collect, correlate, and maintain the following information regarding traffic law enforcement by State law enforcement officers:

- a. The number of drivers stopped for routine traffic enforcement by State law enforcement ~~officers~~officers, the officer making each stop, the date each stop was made, the agency of the officer making each stop, and whether or not a citation or warning was issued;
- b. Identifying characteristics of the drivers stopped, including the race or ethnicity, approximate age, and gender;
- c. The alleged traffic violation that led to the stop;
- d. Whether a search was instituted as a result of the stop;
- e. Whether the vehicle, personal effects, driver, or passenger or passengers were searched, and the race or ethnicity, approximate age, and gender of each person searched;
- f. Whether the search was conducted pursuant to consent, probable cause, or reasonable suspicion to suspect a crime, including the basis for the request for consent, or the circumstances establishing probable cause or reasonable suspicion;
- g. Whether any contraband was found and the type and amount of any such contraband;
- h. Whether any written citation or any oral or written warning was issued as a result of the stop;
- i. Whether an arrest was made as a result of either the stop or the search;
- j. Whether any property was seized, with a description of that property;
- k. Whether the officers making the stop encountered any physical resistance from the driver or passenger or passengers;

- l. Whether the officers making the stop engaged in the use of force against the driver, passenger, or passengers for any reason;
- m. Whether any injuries resulted from the stop; ~~and~~
- n. Whether the circumstances surrounding the stop were the subject of any investigation, and the results of that ~~investigation.~~ investigation; and
- o. The geographic location of the stop; if the officer making the stop is a member of the State Highway Patrol, the location shall be the Highway Patrol District in which the stop was made; for all other law enforcement officers, the location shall be the city or county in which the stop was made.

The information required by this subdivision need not be collected in connection with impaired driving checks under G.S. 20-16.3A or other types of roadblocks, vehicle checks, or checkpoints that are consistent with the laws of this State and with the State and federal constitutions, except when those stops result in a warning, search, seizure, arrest, or any of the other activity described in sub-subdivisions d. through n. of this subdivision.

The identity of the law enforcement officer making the stop required by sub-subdivision a. of this subdivision may be accomplished by assigning anonymous identification numbers to each officer in an agency. The correlation between the identification numbers and the names of the officers shall not be a public record, and shall not be disclosed by the agency except when required by order of a court of competent jurisdiction to resolve a claim or defense properly before the court."

Section 17.2.(b) This section becomes effective August 1, 2000.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

CERTIFICATION OF DEPARTMENT OF CORRECTION EMPLOYEES

Section 17.3.(a) G.S. 17C-2 reads as rewritten:

"§ 17C-2. Definitions.

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

- (1) Commission. – The North Carolina Criminal Justice Education and Training Standards Commission.
- (2) Criminal justice agencies. – The State and local law-enforcement agencies, ~~the State correctional agencies,~~ other correctional agencies maintained by local governments, and the juvenile justice agencies, but shall not include deputy sheriffs, special deputy sheriffs, sheriffs

"jailers, or other sheriffs" department personnel governed by the provisions of Chapter 17E of these General Statutes.

- (3) Criminal justice officers. – The administrative and subordinate personnel of all the departments, agencies, units or entities comprising the criminal justice agencies who are sworn law-enforcement officers, both State and local, with the power of arrest; revenue law enforcement officers; ~~State—correctional—officers;—State probation/parole—officers;—~~officers, supervisory and administrative personnel of local confinement facilities; ~~State youth services officers; State probation/parole intake officers; State probation/parole officers—surveillance; State probation/parole intensive officers; and State parole ease analysts.~~ and State youth services officers.
- (4) Entry level. – The initial appointment or employment of any person by a criminal justice agency, or any appointment or employment of a person previously employed by a criminal justice agency who has not been employed by a criminal justice agency for the 12-month period preceding this appointment or employment, or any appointment or employment of a previously certified criminal justice officer to a position which requires a different type of certification."

Section 17.3.(b) G.S. 17C-3 reads as rewritten:

"§ 17C-3. North Carolina Criminal Justice Education and Training Standards Commission established; members; terms; vacancies.

(a) There is established the North Carolina Criminal Justice Education and Training Standards Commission, hereinafter called "the Commission," in the Department of Justice. The Commission shall be composed of ~~26~~25 members as follows:

- (1) Police Chiefs. – Three police chiefs selected by the North Carolina Association of Chiefs of Police and one police chief appointed by the Governor.
- (2) Police Officers. – Three police officials appointed by the North Carolina Police Executives Association and two criminal justice officers certified by the Commission as selected by the North Carolina Law-Enforcement Officers' Association.
- (3) Departments. – The Attorney General of the State of North Carolina; the Secretary of the Department of Crime Control and Public Safety; ~~the Secretary of the Department of Correction;~~ the President of the Department of Community Colleges.
- (3a) A representative of the Office of Juvenile Justice.
- (4) At-large Groups. – One individual representing and appointed by each of the following organizations: one mayor selected by the League of Municipalities; one law-enforcement training officer selected by the North Carolina Law-Enforcement Training Officers' Association; one criminal justice professional selected by the North Carolina Criminal Justice Association; one sworn law-enforcement officer selected by the

North State Law-Enforcement Officers' Association; one member selected by the North Carolina Law-Enforcement Women's Association; and one District Attorney selected by the North Carolina Association of District Attorneys.

- (5) Citizens and Others. – The President of The University of North Carolina; the Director of the Institute of Government; and two citizens, one of whom shall be selected by the Governor and one of whom shall be selected by the Attorney General. The General Assembly shall appoint two persons, one upon the recommendation of the Speaker of the House of Representatives and one upon the recommendation of the President Pro Tempore of the Senate. Appointments by the General Assembly shall be made in accordance with G.S. 120-122. Appointments by the General Assembly shall serve two-year terms to conclude on June 30th in odd-numbered years.

(b) The members shall be appointed for staggered terms. The initial appointments shall be made prior to September 1, 1983, and the appointees shall hold office until July 1 of the year in which their respective terms expire and until their successors are appointed and qualified as provided hereafter:

For the terms of one year: one member from subdivision (1) of subsection (a), serving as a police chief; three members from subdivision (2) of subsection (a), one serving as a police official, and two criminal justice officers; one member from subdivision (4) of subsection (a), appointed by the North Carolina Law-Enforcement Training Officers' Association; and two members from subdivision (5) of subsection (a), one appointed by the Governor and one appointed by the Attorney General.

For the terms of two years: one member from subdivision (1) of subsection (a), serving as a police chief; one member from subdivision (2) of subsection (a), serving as a police official; and two members from subdivision (4) of subsection (a), one appointed by the League of Municipalities and one appointed by the North Carolina Association of District Attorneys.

For the terms of three years: two members from subdivision (1) of subsection (a), one police chief appointed by the North Carolina Association of Chiefs of Police and one police chief appointed by the Governor; one member from subdivision (2) of subsection (a), serving as a police official; and three members from subdivision (4) of subsection (a), one appointed by the North Carolina Law-Enforcement Women's Association, one appointed by the North Carolina Criminal Justice Association, and one appointed by the North State Law-Enforcement Officers' Association.

Thereafter, as the term of each member expires, his successor shall be appointed for a term of three years. Notwithstanding the appointments for a term of years, each member shall serve at the will of the appointing authority.

The Attorney General, the Secretary of the Department of Crime Control and Public Safety, ~~the Secretary of the Department of Correction~~, the President of The University of North Carolina, the Director of the Institute of Government, and the President of the Department of Community Colleges shall be continuing members of the Commission during their tenure. These members of the Commission shall serve ex officio and shall

perform their duties on the Commission in addition to the other duties of their offices. The ex officio members may elect to serve personally at any or all meetings of the Commission or may designate, in writing, one member of their respective office, department, university or agency to represent and vote for them on the Commission at all meetings the ex officio members are unable to attend.

Vacancies in the Commission occurring for any reason shall be filled, for the unexpired term, by the authority making the original appointment of the person causing the vacancy. A vacancy may be created by removal of a Commission member by majority vote of the Commission for misconduct, incompetence, or neglect of duty. A Commission member may be removed only pursuant to a hearing, after notice, at which the member subject to removal has an opportunity to be heard."

Section 17.3.(c) This section becomes effective June 30, 2001, unless the Criminal Justice Education and Training Standards Commission has established and implemented by the convening of the 2001 General Assembly a new certification system for employees in the Department of Correction, as originally requested of the Commission in Section 18.14 of S.L. 1999-237 for implementation no later than July 1, 2000. The Commission shall report on the new system to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by the convening of the 2001 General Assembly. If the system has not been established and implemented by the convening of the 2001 General Assembly, it is the intent of the General Assembly to develop a new system for the certification of employees of the Department of Correction and to enact that system to coincide with the repeal of the Commission's authority over the certification of correctional employees effective June 30, 2001.

PART XVIII. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Baddour, Sexton, Senators Jordan, Ballance, Plyler, Perdue, Odom

INCREASE THE EDUCATIONAL ASSISTANCE GRANTS FOR MEMBERS OF THE NORTH CAROLINA NATIONAL GUARD

Section 18. G.S. 127A-193 reads as rewritten:

"§ 127A-193. Benefit.

The benefit provided under this Article shall consist of a monetary educational assistance grant not to exceed one-two thousand dollars ~~(\$1,000)~~ (\$2,000) per academic year to qualifying members of the North Carolina national guard. Benefits shall be payable for a period of one academic year at a time, renewable at the option of the Secretary for a maximum of four-eight thousand dollars ~~(\$4,000)~~ (\$8,000)."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

PARTIAL CASH BALANCE REVERSION

Section 18.1. Notwithstanding the provisions of G.S. 15B-23, the sum of one million twenty-five thousand dollars (\$1,025,000) from the cash balance of the Crime Victims Compensation Fund shall revert to the General Fund on July 1, 2000, to be used

for domestic violence programs, the rape victim assistance program, and other victims' assistance programs.

PART XIX. OFFICE OF JUVENILE JUSTICE

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

TRANSFER CENTER FOR PREVENTION OF SCHOOL VIOLENCE TO THE OFFICE OF JUVENILE JUSTICE

Section 19. The Center for Prevention of School Violence currently operating under The University of North Carolina, and all functions, powers, duties, and obligations vested in The University of North Carolina for the Center, are hereby transferred to the Office of Juvenile Justice. This transfer has all the components of a Type I transfer as that term is defined in G.S. 143A-6(a).

The Center as a component of the Office of Juvenile Justice shall continue to consult with The University of North Carolina and the Department of Public Instruction to enhance research opportunities and specialized study areas such as teacher preparation, school resource officer development, suicide prevention, and best practices.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

TRANSFER OF POSITIONS AND SUPPORT COSTS FOR THE JUVENILE INFORMATION NETWORK FROM THE DEPARTMENT OF JUSTICE TO THE OFFICE OF JUVENILE JUSTICE

Section 19.1. The Department of Justice shall transfer to the Office of Juvenile Justice the three positions and the sum of two hundred twenty-five thousand dollars (\$225,000) appropriated in this act for support of the Juvenile Information System Network.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

REVISE REPORTING REQUIREMENTS OF STAFFING AT TRAINING SCHOOLS AND DETENTION CENTERS STUDY

Section 19.2. Section 21.4 of S.L. 1999-237 reads as rewritten:

"Section 21.4. Of the funds appropriated in this act to the Office of Juvenile Justice for the 1999-2000 fiscal year, the Office may use up to seventy-five thousand dollars (\$75,000) to contract with consultants for a study of staffing in training schools and detention centers. The study shall consider the appropriate staffing patterns for the juvenile population of training schools and detention centers as a result of the goals and objectives for those facilities set forth in S.L. 1998-202, the Juvenile Justice Act. The study shall consider whether:

- (1) Training schools and detention centers are staffed with the appropriate number of custodial staff and staff that administers treatment, education, and counseling to juveniles housed in the facilities;

- (2) Staff of the training schools and detention centers has the appropriate classification, training, and experience to provide juveniles housed in the facilities with the required treatment and guidance; and
- (3) Salary levels for current or proposed position classifications are appropriate.

The study shall include a review of the appropriate staffing patterns on each shift, the impact of previous or potential lawsuits or liability issues on staffing levels and types, an analysis of the current guidelines on staffing ratios, the accuracy of the staffing relief formula, and the effectiveness of the current systems for scheduling staff workdays and days off. The consultant shall consult with the Office of State Personnel, the Office of Juvenile Justice, and the Fiscal Research Division of the General Assembly in developing the study objectives and a work plan.

The final product shall include a report that addresses the issues stated in this section and a staffing plan by shift for each training school and detention center.

The Office of Juvenile Justice shall report the results and recommendations of the study to the Chairs of the House and Senate Appropriations ~~Committees and Committees,~~ the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety ~~Safety,~~ and the Joint Legislative Commission on Governmental Operations on or before ~~April 1, 2000.~~ September 1, 2000."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

REPORTS OF FUNDS FOR LOCAL ORGANIZATIONS OF THE BOYS AND GIRLS CLUBS

Section 19.3.(a) Section 21.10.(c) of S.L. 1999-237 reads as rewritten:

"Section 21.10.(c) The Office of Juvenile Justice shall report by ~~April 1, 2000,~~ April 1, 2001, to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations Committees, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State appropriations and on the operations and the effectiveness of the program, including information on the number of juveniles served."

Section 19.3.(b) Before expending any funds appropriated for the Boys and Girls Clubs to establish any new local organization of the Boys and Girls Clubs, the Office of Juvenile Justice shall reconsider counties that were eligible for the establishment of local organizations, but not funded in the 1999-2000 fiscal year. The Office shall expend funds for fully accredited organizations of the Boys and Girls Clubs only. The Office shall report to the Chairs of the House and Senate Appropriations Committees on the proposed new local organization, including the location of the organization and the amount of funds the Office proposes to expend on the organization.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

STATE FUNDS MAY BE USED AS FEDERAL MATCHING FUNDS

Section 19.4.(a) Section 21.11 of S.L. 1999-237 reads as rewritten:

"Section 21.11. Funds appropriated in this act to the Office of Juvenile Justice for the ~~1999-2000 fiscal year~~ 1999-2001 biennium may be used as matching funds for the Juvenile Accountability Incentive Block Grants. If North Carolina receives Juvenile Accountability Incentive Block Grants, or a notice of funds to be awarded, the Office of State Budget and Management and the Governor's Crime Commission of the Department of Crime Control and Public Safety shall consult with the Office of Juvenile Justice regarding the criteria for awarding federal funds. The Office of State Budget and ~~Management and Management~~, the Governor's Crime ~~Commission-Commission~~, and the Office of Juvenile Justice shall report to the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations prior to allocation of the federal funds. The report shall identify the amount of funds to be received for the ~~1999-2000~~ 2000-2001 fiscal year, the amount of funds anticipated for the ~~2000-2001~~ 2001-2002 fiscal year, and the allocation of funds by program and purpose."

Section 19.4.(b) If the Governor transfers the authority for administration of the Juvenile Accountability Incentive Block Grants to the Office of Juvenile Justice prior to the end of the 2000-2001 fiscal year, the Office of Juvenile Justice shall consult with the Office of State Budget and Management and the Governor's Crime Commission of the Department of Crime Control and Public Safety regarding the criteria for awarding federal funds. The Office shall make the report required by subsection (a) of this section pursuant to the requirements set forth in the subsection.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

REVISE REQUIREMENTS OF MULTIFUNCTIONAL JUVENILE FACILITY

Section 19.5.(a) Section 21.13(i) of S.L. 1999-237 reads as rewritten:

"Section 21.13.(i) State Authority Over Offenders. – The Office of Juvenile Justice may, in the discretion of the Director, provide services to and house juveniles who are involved in the North Carolina juvenile justice system in a facility constructed and operated by a private entity. The Office of Juvenile Justice shall house only juveniles who are in the North Carolina juvenile justice system in the facility. Juvenile offenders housed in private facilities shall be governed by the State laws applicable to juvenile offenders housed in State facilities, including educational requirements mandated by State and federal law."

Section 19.5.(b) Section 21.13(j) of S.L. 1999-237 reads as rewritten:

"Section 21.13.(j) Report. – The Office of Juvenile Justice shall make a written report no later than ~~March 1, 2000, March 1, 2001,~~ on the status of the pilot program and shall evaluate the program annually and report on the findings of the evaluations by ~~March 1, 2001, May 1, 2002, and January 1, 2002. May 1, 2003.~~ The reports shall be submitted to the Chairs of the Appropriations Committees of the Senate and House of Representatives and the Joint Legislative Commission on Governmental Operations."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom, Dannelly, Clodfelter

MECKLENBURG COUNTY MULTIPURPOSE GROUP HOMES

Section 19.6. The funds appropriated in S.L. 1998-212 and reallocated in S.L. 1999-237 to the Office of Juvenile Justice to construct an eight-bed secure group home for female offenders in Mecklenburg County and to upgrade the Gatling Detention Center to meet fire marshal standards may be used to construct two eight-bed multipurpose group homes to house juvenile offenders. A maximum of two beds per home may be designated for secure detention. The homes may be used to house male juvenile offenders until the population of female juvenile offenders in the area served by the facilities increases such that both homes are needed to house female offenders. The Office of Juvenile Justice may contract with Mecklenburg County to implement this section and to assure that the multipurpose group homes authorized pursuant to this section are consistent with similar facilities in this State.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Baddour, Senators Jordan, Ballance, Plyler, Perdue, Odom

TRANSFER OF GUARD RESPONSE ALTERNATIVE SENTENCING PROGRAM TO THE OFFICE OF JUVENILE JUSTICE

Section 19.7. The Guard Response Alternative Sentencing Program developed pursuant to S.L. 1998-202, and all functions, powers, duties, and obligations vested in the Department of Crime Control and Public Safety for the Guard Response Alternative Sentencing Program, are hereby transferred to the Office of Juvenile Justice. This transfer has all the components of a Type I transfer as that term is defined in G.S. 143A-6(a). The Program shall continue to function as an additional probation option for certain first-time juveniles who have been adjudicated delinquent and who are subject to Level 2 disposition.

Requested by: Representatives Baddour, Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

TRANSFER FUNDS TO DEPARTMENT OF JUVENILE JUSTICE AND DELINQUENCY PREVENTION

Section 19.8. If either House Bill 1804 or Senate Bill 1462 of the 1999 General Assembly becomes law, all funds appropriated in this act to the Office of Juvenile Justice shall be transferred to the Department of Juvenile Justice and Delinquency Prevention.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom, Garrou

FORSYTH DETENTION CENTER

Section 19.9. The sum of one million seven hundred fifty thousand dollars (\$1,750,000) appropriated in the 1999-2000 fiscal year to the Office of Juvenile Justice for a grant-in-aid for construction of the Forsyth Detention Center may be carried forward to the 2000-2001 fiscal year to allow adequate time for completion of a needs assessment by Forsyth County and for review and evaluation by the Office of Forsyth County's plan for the Center.

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Ballance, Jordan, Plyler, Perdue, Odom

S.O.S. ADMINISTRATIVE COST LIMITS

Section 19.10. Section 21.3 of S.L. 1999-237 reads as rewritten:

"Section 21.3. Of the funds appropriated to the Office of Juvenile Justice in this act, not more than four hundred fifty thousand dollars (\$450,000) for the 1999-2000 fiscal year and not more than ~~four hundred fifty thousand dollars (\$450,000)~~ five hundred fifty thousand dollars (\$550,000) for the 2000-2001 fiscal year may be used to administer the S.O.S. Program, to provide technical assistance to applicants and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The Office may contract with appropriate public or nonprofit agencies to provide the technical assistance, including training and related services."

Requested by: Representatives Culpepper, Kinney, McCrary, Easterling, Redwine, Senators Jordan, Ballance, Plyler, Perdue, Odom

MANAGEMENT INFORMATION SYSTEM COSTS

Section 19.11. The Office of Juvenile Justice may use up to the sum of three hundred thousand dollars (\$300,000) in funds available to the Office for the 2000-2001 fiscal year to support recurring communications costs in its management information systems.

PART XX. GENERAL ASSEMBLY

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

EXTEND TECHNOLOGICAL INFRASTRUCTURE STUDY REPORTING DATE

Section 20. Section 22.2 of S.L. 1999-237 reads as rewritten:

"Section 22.2. The Joint Select Committee on Information Technology, established pursuant to Section 22 of this act, shall study, evaluate, and recommend changes in the current technological infrastructure of the Department of the Secretary of State and the Department of the State Treasurer. The Committee shall:

- (1) Consider the feasibility and advisability of moving the Secretary of State's applications from the ITS mainframe to in-house servers and allowing the Secretary of State to develop and support its own computer applications;
- (2) Consider the need to replace, update, or modify the information technology infrastructure within the Department of the State Treasurer and existing banking system which supports the State Treasurer's Investment and Banking Operations Division; and
- (3) Study, evaluate, and recommend the level of audit staff needed in the Office of the State Auditor to provide for adequate audit coverage of the computer applications and installation in State government.

The Committee shall report by ~~April 1, 2000,~~ December 1, 2000, to the Appropriations Committees of the Senate and House of Representatives."

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Thompson, Senators Warren, Lucas, Plyler, Perdue, Odom, Reeves, Miller

ILLUMINATE THE NIGHTTIME DISPLAY OF THE UNITED STATES AND NORTH CAROLINA FLAGS AT THE LEGISLATIVE BUILDING

Section 20.1. The citizens of this State are proud of the federal and State flags, but neither flag is flown during darkness at the Legislative Building, the center of North Carolina's State government.

Of funds appropriated to the General Assembly, the sum of four thousand eight hundred dollars (\$4,800) for the 2000-2001 fiscal year shall be used to allow for the illumination of both the federal and State flags at the Legislative Building during darkness.

Requested by: Representatives Earle, Nye, Jeffus, Wainwright, Easterling, Redwine, Senators Martin of Guilford, Purcell, Warren, Lucas, Plyler, Perdue, Odom

LEGISLATIVE STUDY ON PRESCRIPTION DRUG ASSISTANCE FOR ELDERLY AND DISABLED PERSONS

Section 20.2.(a) There is established the Legislative Study Commission on Prescription Drug Assistance for Elderly and Disabled Persons. The Commission shall have 12 members, four members of the Senate appointed by the President Pro Tempore of the Senate, four members of the House of Representatives appointed by the Speaker of the House of Representatives, and four members appointed by the Governor.

Section 20.2.(b) The purpose of the study is to determine the feasibility of assisting all elderly and disabled residents of North Carolina who need assistance with the purchase of prescription drugs because of lack of government-sponsored or private health insurance coverage for prescription drugs. The study shall include the following:

- (1) A review of the Department of Health and Human Services "Report on Proposal for a Prescription Drug Assistance Program for Low-Income Elderly and Disabled." Because of the high cost of prescription drugs and the critical need for these drugs to maintain or improve health status, it is also important to assist elderly and disabled persons of a higher income bracket who have no health insurance coverage for prescription drugs.
- (2) Feasibility of tax credits for the purchase of prescription drugs or for the purchase of health insurance coverage for prescription drugs.
- (3) Feasibility of catastrophic or stop-loss insurance coverage for prescription drugs.
- (4) Review of other State proposals to address this problem such as The Heinz Plan of Massachusetts.
- (5) Review of the use of drug rebates or other types of discounts.
- (6) Consider possible interaction between various state proposals and federal actions and proposals.

(7) Other activities as determined by the Commission.

Section 20.2.(c) The Commission may contract for actuarial services to develop cost estimates for various proposals considered by the Commission. The Commission may receive funds from other sources to carry out its study.

Section 20.2.(d) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee."

Section 20.2.(e) A quorum of the Committee is six members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

Section 20.2.(f) Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members, which begin on appointment and end on the day of the convening of the 2001 General Assembly. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until the member's successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

Section 20.2.(g) The Committee shall make an interim report to the 2001 General Assembly on January 1, 2001 and May 1, 2002, and shall make its final report to the 2003 General Assembly upon its convening. Upon making its final report, the Committee shall expire.

PART XXI. DEPARTMENT OF ADMINISTRATION

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Rand, Albertson, Robinson, Plyler, Perdue, Odom, Kerr

NATIONAL WORLD WAR II MEMORIAL FUNDS

Section 21. Of the funds appropriated in this act to the Department of Administration for the 2000-2001 fiscal year, the sum of three hundred ninety-two thousand dollars (\$392,000) shall be used by the Division of Veterans Affairs to fund the voluntary contribution of the State toward the construction of the National World War II Memorial in Washington, D.C.

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

**COST-BENEFIT ANALYSIS OF CONSTRUCTING STATE FACILITIES
INSTEAD OF LEASING PROPERTY FOR STATE OPERATIONS**

Section 21.1. Section 24.1 of S.L. 1999-237 reads as rewritten:

"Section 24.1. The State Property Office and the State Construction Office, in consultation with the Office of State Budget and Management, shall conduct a cost benefit analysis of constructing new State-owned facilities instead of leasing property for State government operations. The analysis shall consider:

- (1) Factors relating to the cost of State-owned facilities including (i) the cost and availability of land, (ii) design, planning, and construction costs in Raleigh and throughout the State, (iii) projected ongoing operation and maintenance costs, and (iv) projected repairs and renovation costs; and
- (2) Factors relating to the cost of leased space including (i) lease rates within Raleigh and throughout the State, (ii) availability of property for lease within Raleigh and throughout the State, taking into account the various types of space needed by State agencies including office, laboratory, warehouse, storage, conference and meeting space, and other types of property, (iii) renewal options and costs, (iv) utility, janitorial, and other operating expenses, and (v) relocation expenses, including moving and upfit expenses.

The State Property Office and the State Construction Office shall report on the results of the cost-benefit analysis to the Joint Legislative Commission on Governmental Operations prior to ~~March 30, 2000.~~ January 1, 2001."

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

REPEAL HEALTH CARE PURCHASING ALLIANCE ACT

Section 21.2.(a) Article 66 of Chapter 143 of the General Statutes is repealed.

Section 21.2.(b) This section becomes effective December 31, 2000.

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

PROCUREMENT CARD PILOT PROGRAM EXTENSION/SAVINGS

Section 21.3. Section 20.3(a) of S.L. 1998-212, as rewritten by Section 24 of S.L. 1999-237, reads as rewritten:

"(a) Except as provided by this section, no State agency, community college, constituent institution of The University of North Carolina, or local school administrative unit may use procurement cards for the purchase of equipment or supplies before ~~August 1, 2000.~~ August 1, 2001."

Requested by: Representatives Sutton, Jeffus, Wainwright, Easterling, Redwine, Senators Weinstein, Warren, Lucas, Plyler, Perdue, Odom

AUTHORIZE THE COMMISSION OF INDIAN AFFAIRS TO USE FUNDS FOR REPAIRS, RENOVATIONS, AND OTHER CAPITAL IMPROVEMENTS TO THE RIVERSIDE GOLF COURSE ON STATE PROPERTY IN ROBESON COUNTY

Section 21.4. Funds received by the North Carolina Commission of Indian Affairs pursuant to the lease executed between the State of North Carolina and the Riverside Golf Course in Robeson County may be expended for repairs, renovations, or other capital improvements to the leased property.

Funds held by the Commission pursuant to that lease on July 1, 2000, shall be provided to the Riverside Golf Course for those purposes as soon as practicable. The Department of Administration and the Commission of Indian Affairs shall develop a procedure by which the Riverside Golf Course can apply to the Commission for the use of future funds deposited with the Commission pursuant to the lease for any proposed repairs, renovations, or other capital improvements to the property.

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Perdue, Warren, Lucas, Plyler, Odom

NORTH CAROLINA COUNCIL FOR WOMEN/ABUSER TREATMENT PROGRAMS

Section 21.5. Notwithstanding the provisions of G.S. 150B-21.1(a), the Department of Administration may adopt temporary rules to approve abuser treatment programs that apply to the North Carolina Council for Women.

PART XXII. OFFICE OF THE STATE CONTROLLER

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

OVERPAYMENTS PROJECT

Section 22.(a) During the 2000-2001 fiscal year, receipts generated by the collection of inadvertent overpayments by State agencies to vendors as a result of pricing errors, neglected rebates and discounts, miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and related errors as required by G.S. 147-86.22(c) are to be deposited in the Special Reserve Account 24172.

Section 22.(b) For the 2000-2001 fiscal year, five hundred fifty thousand dollars (\$550,000) of the funds transferred from the Special Reserve Account 24172 shall be used by the Office of the State Controller for data processing, debt collection, or e-commerce costs.

Section 22.(c) All funds available in the Special Reserve Account 24172 on July 1, 2000, are transferred to the General Fund on that date.

Section 22.(d) Any unobligated funds in the Special Reserve Account 24172 that are realized above the allowance in subsection (b) of this section are subject to appropriation by the General Assembly in the 2001 Session.

Section 22.(e) The State Controller shall report monthly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division

on the revenue deposited into the Special Reserve Account, and the disbursement of that revenue.

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

PILOT PROGRAM ON REPORTING ON COLLECTION OF BAD DEBTS BY STATE AGENCIES EXTENDED

Section 22.1.(a) The General Assembly, having been presented additional information related to a limited 90-day Bad Debt Clearinghouse Proof of Concept Prototype for the collection of previously determined "uncollectible" accounts, now requests that additional State agencies with a material amount of accounts receivable bad debts be included in a one-year pilot to further determine the feasibility of implementing a centralized Bad Debt Collection Clearinghouse Program.

Section 22.1.(b) The Office of State Controller shall establish a procedure by which State agencies/institutions with a material amount of accounts receivable shall report on collection of bad debts. This pilot program is intended to concentrate on agencies that have a large amount of bad debts in order to determine the extent to which those debts may be better collected both in those agencies and in the whole of State government. The Office of State Controller may solicit information from collection agencies concerning the possibility of these agencies maintaining a central debt collection database limited to those State agencies without restrictive data security or confidentiality issues. Procedures for direct access to qualified collection agencies may be established for agencies with restrictive data security or confidentiality issues when legal and contractual authority permits this action.

Section 22.1.(c) The Office of State Controller shall administer a one-year Bad Debt Collection Clearinghouse Pilot. The pilot shall address the use of one or more private collection agencies and may make provision to allow local government units to participate in this pilot program. The pilot shall further address whether the potential Bad Debt Collection Clearinghouse Program should be administered jointly by the Department of Revenue and the Office of the State Controller.

Section 22.1.(d) The Office of State Controller shall report the results of the Bad Debt Collection Clearinghouse Pilot to the General Assembly no later than May 15, 2001, along with recommendations on changes in law or procedure to better collect the bad debts including the feasibility of implementing a centralized Bad Debt Collection Clearinghouse.

PART XXIII. OFFICE OF STATE BUDGET AND MANAGEMENT

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

CONSOLIDATION OF THE OFFICE OF STATE BUDGET AND MANAGEMENT AND THE OFFICE OF STATE PLANNING

Section 23.(a) Effective July 1, 2000, the Office of State Budget and Management and the Office of State Planning are consolidated into the Office of State

Budget, Planning, and Management under the Office of the Governor. General Fund budget codes 13005 and 13006 shall be consolidated in the certified budget for the 2000-2001 fiscal year to reflect the consolidation of the offices.

Section 23.(b) The Department of Environment and Natural Resources shall transfer from the Division of Land Resources to the Office of State Budget, Planning, and Management:

- (1) The responsibility for development of topographic mapping through a cooperative agreement with the U.S. Geological Survey, and
- (2) Funds in the amount of one hundred seventy-seven thousand dollars (\$177,000) to match the federal funding under the cooperative agreement.

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

NORTH CAROLINA YOUTH LEGISLATIVE ASSEMBLY FUND

Section 23.1. Part 7 of Article 9 of Chapter 143B of the General Statutes is amended by adding a new section to read:

"§ 143B-387.1. North Carolina Youth Legislative Assembly Fund.

The North Carolina Youth Legislative Assembly Fund is created as a special and nonreverting fund. North Carolina Youth Legislative Assembly registration fees, gifts, donations, or contributions shall be credited to the North Carolina Youth Legislative Assembly Fund.

The fund shall be used solely to support planning and execution of the North Carolina Youth Legislative Assembly."

PART XXIIIB. OFFICE OF ADMINISTRATIVE HEARINGS

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom, Miller, Reeves,

OFFICE OF ADMINISTRATIVE HEARINGS CLASSIFICATION STUDY

Section 23B. The Office of State Personnel shall review and make recommendations on the classification of positions in the Office of Administrative Hearings. The Office of State Personnel shall report its findings by January 31, 2001, to the Chief Administrative Law Judge, to the Chairs of the Joint Appropriations Committee on General Government, and to the Fiscal Research Division.

PART XXIV. RULES REVIEW COMMISSION

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

RESERVE FOR ATTORNEYS' FEES OF RULES REVIEW COMMISSION

Section 24.(a) A reserve is established in the Office of State Budget and Management. This reserve shall consist of appropriations from the General Assembly and funds received from any State agency in accordance with this section.

Section 24.(b) When a State agency files a petition for judicial review of a final decision of the Rules Review Commission under Article 4 of Chapter 150B of the General Statutes and the Rules Review Commission prevails in that action, that State agency shall deposit to the reserve under subsection (a) of this section a sum equal to the Commission's actual attorneys' fees.

PART XXIVA. DEPARTMENT OF STATE TREASURER

Requested by: Representatives Jeffus, Wainwright, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom

DEPARTMENT OF STATE TREASURER INFORMATION TECHNOLOGY SYSTEMS

Section 24A. After consulting with the Select Committee on Information Technology and the Joint Legislative Commission on Governmental Operations and after consultation with and approval of the Information Resources Management Commission, the Department of State Treasurer may spend departmental receipts for the 2000-2001 fiscal year to continue improvement of the Department's investment banking operations system, retirement payroll systems, and other information technology infrastructure needs. The Department of State Treasurer shall report by January 1, 2001, and annually thereafter to the following regarding the amount and use of the departmental receipts: the Joint Legislative Commission on Governmental Operations, the Chairs of the General Government Appropriations Subcommittees of both the House of Representatives and the Senate, and the Select Committee on Information Technology.

PART XXIVB. SECRETARY OF STATE

Requested by: Representatives Wainwright, Jeffus, Easterling, Redwine, Senators Warren, Lucas, Plyler, Perdue, Odom, Hartsell

SECRETARY OF STATE UCC FILINGS

Section 24B.1. Of the funds appropriated in this act to the Department of the Secretary of State for the 2000-2001 fiscal year, the Department may use up to the sum of eight hundred sixty-eight thousand six hundred sixty-four dollars (\$868,664) in recurring funds and one million eight hundred ninety-one thousand four dollars (\$1,891,004) in nonrecurring funds for personnel, start-up expenses, and operating costs necessary for the implementation of Senate Bill 1305, 1999 General Assembly, if it becomes law. Prior to using any of these funds or establishing any of the 41 positions authorized by the General Assembly, the Department shall present its plan for implementing Senate Bill 1305, 1999 General Assembly, to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Subcommittees on General Government, and the Joint Select Committee on Information Technology. The Department shall maintain monthly reports on UCC filings and, on a quarterly basis, submit the reports to the House and Senate Appropriations Subcommittees on General Government and the Fiscal Research

Division. The reports shall include: the number of filings, the time required to process the filings, the filings per employee ratio, and the actual and projected revenue from filing fees.

PART XXV. DEPARTMENT OF TRANSPORTATION

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

CASH-FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

Section 25.(a) The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 2001-2002	\$1,281.1 million
FY 2002-2003	\$1,303.7 million
FY 2003-2004	\$1,331.0 million
FY 2004-2005	\$1,336.2 million.

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 2001-2002	\$1,042.1 million
FY 2002-2003	\$1,083.6 million
FY 2003-2004	\$1,127.6 million
FY 2004-2005	\$1,176.5 million.

Section 25.(b) Section 27 of S.L. 1999-237 is repealed.

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

STATE HIGHWAY PATROL TO STUDY REIMBURSEMENTS FOR COSTS OF ADDED SPECIAL SERVICES AT SCHEDULED EVENTS

Section 25.2. The State Highway Patrol shall study the implementation of a program for the reimbursement to the State of North Carolina of costs for added services provided by the Patrol at various categories of scheduled events.

Any program shall provide for a determination of normal law enforcement costs and the added costs, including additional supervision, added shifts, and overtime.

The State Highway Patrol shall report the results of this study, along with any recommendations containing legislative proposals to the Joint Legislative Transportation Oversight Committee by November 1, 2000.

Requested by: Representatives Baddour, Cole, Crawford, Easterling, Redwine, Senators Kerr, Warren, Plyler, Perdue, Odom

GLOBAL TRANSPARK CONSTRUCTION BONDS

Section 25.3. G.S. 63A-4(a)(22) reads as rewritten:

"(a) The Authority shall have all of the powers necessary to execute the provisions of this Chapter, which shall include at least the following powers:

...

- (22) To issue obligations, without Local Government Commission approval, to finance the purchase or acquisition of land or options on ~~land~~, land, or the construction of buildings or facilities. An obligation may be secured by the land purchased or acquired, or by the buildings or facilities constructed, may be unsecured, or may be made payable from revenues, the proceeds of notes, bonds, or the sale of any lands, the proceeds of any bonds of the State or moneys appropriated by the State, or any other available moneys of the Authority. An obligation to finance the purchase or acquisition of land or options on ~~land~~, land, or the construction of buildings or facilities, may be sold only to the Escheat Fund as an investment of the Fund pursuant to G.S. 147-69.2(b)(11)."

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

UNPAVED ROAD IMPROVEMENT PILOT PROGRAM

Section 25.4.(a) Funds appropriated from the Highway Fund for the unpaved road improvement pilot program for the 2000-2001 fiscal year shall be used by the Department of Transportation in the following manner:

- (1) The Department shall establish eligibility guidelines for the unpaved roads to be improved under the pilot program. These guidelines may include the requirement that the eligible unpaved roads appear on a map or plat filed with the register of deeds and that any roads selected allow for public access. These guidelines may include neighborhood public roads as defined in G.S. 136-67. These guidelines shall be based on the number of permanently occupied houses per mile served by the road, the need for road improvement based on condition, and any other factors deemed relevant by the Department.
- (2) The Department shall select at least one eligible county in each of the seven Distribution Regions as defined in G.S. 136-17.2A to be included in the pilot program by applying the guidelines developed pursuant to subdivision (1) of this section.
- (3) The Department shall report to the Joint Legislative Transportation Oversight Committee on the developed eligibility guidelines and the nature of the proposed improvements before any of the funds for the pilot program are expended.
- (4) The pilot program shall provide for the minimal improvements of the selected unpaved roads. The pilot program may include grading and spreading gravel to allow emergency vehicles and other public vehicles access to the houses on those unpaved roads. The pilot program is not intended to address major drainage problems or to provide for the paving, reconstruction, or widening of the unpaved roads to bring them up to standards necessary for acceptance onto the State highway system.

- (5) The Department of Transportation may contract with private vendors to perform the actual minimal improvements to the selected roads.
- (6) Based on the pilot program, the Department shall report to the Joint Legislative Transportation Oversight Committee, by December 31, 2000, on all of the following:
 - a. The implementation of the program including the nature of the improvements performed on the selected unpaved roads.
 - b. The costs of expanding the pilot program statewide, including the number, location, and length of eligible unpaved roads that require minimal improvement to provide access to public vehicles and costs to provide those improvements.
 - c. The total number of eligible unpaved roads and the cost to bring those roads up to standards necessary for acceptance onto the State highway system and the projected additional cost of maintaining those roads once they are on the State highway system.

Section 25.4.(b) Improvements of an unpaved road under this pilot program do not obligate the State to further improve or maintain the unpaved road in the future.

Section 25.4.(c) The State shall not be liable for any direct or indirect damages alleged to have been caused by the improvement of the unpaved road.

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Hoyle, Gulley, Plyler, Perdue, Odom

STUDY OF COMMISSION CONTRACTS FOR ISSUANCE OF MOTOR VEHICLE REGISTRATION PLATES AND CERTIFICATES

Section 25.5.(a) The Commission to Study Commission Contracts for the Issuance of Motor Vehicle Registration Plates and Certificates is created. The Commission shall consist of 11 members:

- (1) Four Senators appointed by the President Pro Tempore of the Senate and four Representatives appointed by the Speaker of the House of Representatives.
- (2) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint one person currently contracted with the Division of Motor Vehicles to issue registration plates and certificates.
- (3) The Commissioner of Motor Vehicles or the Commissioner's designee shall serve as a voting member of the Commission.

Section 25.5.(b) The President Pro Tempore of the Senate shall designate one Senator as cochair and the Speaker of the House of Representatives shall designate one Representative as cochair.

Section 25.5.(c) The Commission shall:

- (1) Review the history and policies that led to the enactment of G.S. 20-63(h) providing for contracts for the issuance of registration plates and certificates.

- (2) Study the current implementation and consequences of the provisions of G.S. 20-63(h).
- (3) Study how registration plates and certificates are issued in other states.
- (4) Study the implications and potential effects on the contract agents of the authority of the Division of Motor Vehicles to use electronic applications and collections authorized in G.S. 20-63(i).
- (5) Study any other factors it deems relevant related to the use of contract agents for the issuance of registration plates and certificates.
- (6) Make findings and recommendations on improving the services related to the issuance of registration plates and certificates to the citizens of North Carolina while reducing the costs to the State.

Section 25.5.(d) The Commission shall submit a final report of its findings and recommendations to the General Assembly on or before the first day of the 2001 Session of the General Assembly by filing the report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives. Upon filing its final report, the Commission shall terminate.

Section 25.5.(e) The Commission, while in the discharge of official duties, may exercise all the powers provided for under the provisions of G.S. 120-19, and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the State Legislative Building or the Legislative Office Building.

Section 25.5.(f) Legislative members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1. Nonlegislative members shall receive subsistence and travel expenses at the rates set forth in G.S. 138-5.

Section 25.5.(g) The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist in the work of the Commission. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the commission or committee, upon the direction of the Legislative Services Commission. The expenses relating to clerical employees shall be borne by the Commission.

Section 25.5.(h) When a vacancy occurs in the membership of the Commission, the vacancy shall be filled by the same appointing officer who made the initial appointment.

Section 25.5.(i) All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

Section 25.5.(j) There is appropriated from the Highway Fund to the General Assembly the sum of twenty-five thousand dollars (\$25,000) for the 2000-2001 fiscal year for the expenses of the Commission.

Section 25.5.(k) This act becomes effective July 1, 2000.

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

CLARIFY DEVELOPMENT AUTHORITY OF REGIONAL PUBLIC TRANSPORTATION AUTHORITIES

Section 25.6. G.S. 160A-610 reads as rewritten:

"§ 160A-610. General powers of the Authority.

The general powers of the Authority shall include any or all of the following:

...

- (7a) To enhance mobility within the region and promote sound growth patterns through joint transit development projects as generally described by Federal Transit Administration (FTA) policy at 62 Fed. Reg. 12266 (1997) and implementing guidelines in FTA Circular 9300.1A, Appendix B, as the policy and guidance may be amended; and, with respect to the planning, construction, and operation of joint transit development projects, upon the governing board's adoption of policies and procedures to ensure fair and open competition, to select developers or development teams in substantially the same manner as permitted by G.S. 143-129(h); and to enter into development agreements with public, private, or nonprofit entities to undertake the planning, construction, and operation of joint transit development projects."

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

STATE FULL FUNDING GRANT AGREEMENTS WITH TRANSPORTATION AUTHORITIES AND MUNICIPALITIES

Section 25.7. G.S. 136-44.20 is amended by adding a new subsection to read:

"(b1) The Secretary may, subject to the appropriations made by the General Assembly for any fiscal year, enter into State Full Funding Grant Agreements with a Regional Public Transportation Authority (RPTA) duly created and existing pursuant to Article 26 of Chapter 160A, a Regional Transportation Authority (RTA) duly created and existing pursuant to Article 27 of Chapter 160A, or a city organized under the laws of this State as defined in G.S. 160A-1(2), to provide State matching funds for 'new start' fixed guideway projects in development by any entity pursuant to 49 U.S.C. § 5309. These grant agreements shall be executable only upon an Authority's or city's completion of and the Federal Transit Administration (FTA) approval of Preliminary Engineering and Environmental Impact Studies in anticipation of federal funding pursuant to 49 U.S.C. § 5309.

Prior to executing State Full Funding Grant Agreements, the Secretary shall submit proposed grant agreements or amendments to the Joint Legislative Transportation Oversight Committee for review. The agreements, consistent with federal guidance, shall define the limits of the 'new starts' projects within the State, commit maximum levels of State financial participation, and establish terms and conditions of State financial participation.

State Full Funding Grant Agreements may provide for contribution of State funds in multiyear allotments. The multiyear allotments shall be based upon the Department's estimates, made in conjunction with an Authority or city, of the grant amount required for 'new start' project work to be performed in the appropriation fiscal year."

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Baker, Senators Albertson, Gulley, Plyler, Perdue, Odom

EXEMPT FARM TRUCKS FROM THE STATE REQUIREMENTS THAT CERTAIN BUSINESS VEHICLES BE MARKED

Section 25.8. G.S. 20-101 reads as rewritten:

"§ 20-101. Certain business vehicles to be marked.

A motor vehicle that is subject to 49 ~~U.S.C.~~ C.F.R. Part 390, the federal motor carrier safety regulations, ~~must~~ shall be marked as required by that Part.

A motor vehicle that is not subject to those regulations, has a gross vehicle weight rating of more than 10,000 pounds, ~~and~~ is used in intrastate ~~commerce~~ commerce, and is not a farm vehicle, as further described in G.S. 20-118 (c)(4), (c)(5), or (c)(12), must shall have the name of the owner printed on the side of the vehicle in letters not less than three inches in height.

A motor vehicle that is subject to regulation by the North Carolina Utilities Commission ~~must~~ shall be marked as required by that Commission and as otherwise required by this section."

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

DETENTION OF COMMERCIAL VEHICLES UNTIL FINES AND PENALTIES ARE PAID

Section 25.11. G.S. 20-96 reads as rewritten:

"§ 20-96. Detaining property-hauling vehicles or vehicles regulated by the Motor Carrier Safety Regulation Unit until fines or penalties and taxes are collected.

(a) Authority to Detain Vehicles. – A law enforcement officer may seize and detain the following property-hauling vehicles operating on the highways of the State:

- (1) A property-hauling vehicle with an overload in violation of G.S. 20-88(k) and G.S. 20-118.
- (2) A property-hauling vehicle that does not have a proper registration plate as required under G.S. 20-118.3.
- (3) A property-hauling vehicle that is owned by a person liable for any overload penalties or assessments due and unpaid for more than 30 days.
- (4) A property-hauling vehicle that is owned by a person liable for any taxes or penalties under Article 36B of Chapter 105 of the General Statutes.

- (5) Any commercial vehicle operating under the authority of a motor carrier when the motor carrier has been assessed a fine pursuant to G.S. 20-17.7 and that fine has not been paid.

The officer may detain the vehicle until the delinquent fines or penalties and taxes are paid and, in the case of a vehicle that does not have the proper registration plate, until the proper registration plate is secured.

(b) Storage; Liability. – When necessary, an officer who detains a vehicle under this section may have the vehicle stored. The motor carrier under whose authority the vehicle is being operated or the owner of a vehicle that is detained or stored under this section is responsible for the care of any property being hauled by the vehicle and for any storage charges. The State shall not be liable for damage to the vehicle or loss of the property being hauled."

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Garrou, Horton, Plyler, Perdue, Odom

DOT TO LEASE RIGHT-OF-WAY OF HIGHWAY 421/BUSINESS 40 TO WAKE FOREST UNIVERSITY FOR MEDICAL SCHOOL PARKING

Section 25.12. The Department of Transportation may lease to Wake Forest University on behalf of its School of Medicine the portion of the right-of-way of Highway 421/Business 40 below and adjacent to the elevated roadway and lying between Cloverdale Avenue on the west and Hawthorne Road on the east, exclusive of any street right-of-way, for parking purposes in conjunction with private nonprofit hospital or other health programs or facility purposes as those terms are now used in G.S. 160A-209(c)(17).

No parking facility shall be established that, in the opinion of the Department of Transportation, does any of the following:

- (1) Unreasonably interferes or impairs any property rights or easements of abutting owners.
- (2) Unreasonably interferes or obstructs the public use of Highway 421/Business 40.
- (3) Unreasonably interferes with or obstructs the maintenance of the highway structure located on the right-of-way.

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Carter, Metcalf, Robinson, Gulley, Plyler, Perdue, Odom

WESTERN NORTH CAROLINA PASSENGER RAIL INFRASTRUCTURE FUNDS PLACED IN RESERVE

Section 25.13. The funds appropriated for the 1998-1999 fiscal year for infrastructure improvements in connection with the implementation of passenger rail service in Western North Carolina remaining unencumbered and unexpended shall be placed in a reserve and shall remain unencumbered and unexpended until further action by the General Assembly.

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

JOINT LEGISLATIVE TRANSPORTATION OVERSIGHT COMMITTEE TO STUDY HIGHWAY FUND AND HIGHWAY TRUST FUND CASH BALANCES AND USE OF CASH-FLOW FINANCING

Section 25.14. The Joint Legislative Transportation Oversight Committee (JLTOC) shall contract with a consultant to study the issue of cash balances in the State transportation funds and cash-flow financing of transportation programs. The provisions of G.S. 120-32.02 shall apply to any contract with a consultant.

The study shall include recommendations on all of the following:

- (1) The appropriate level of cash balances in the Highway Fund and the Highway Trust Fund needed to operate and fund transportation programs efficiently.
- (2) Amounts or proportions of future revenues, including federal funds, that could be used to accelerate highway construction.
- (3) Appropriate safeguards to ensure that the Department of Transportation does not enter into contract obligations greater than can be covered from a combination of cash balances, anticipated future revenues, and other funding sources.
- (4) Any organizational or work process changes in the Department of Transportation necessary to effectively use cash-flow financing. In determining these changes, the consultant should consider the preconstruction process, environmental permitting, right-of-way acquisition, planning and programming, budgeting, contract letting, and financial management.
- (5) Any changes in the current cash-flow statutes or any other statutes required to allow the Department of Transportation to effectively use cash-flow financing.
- (6) Any other matters that, by agreement between the consultant and the Chairs of JLTOC, are deemed necessary for inclusion in the study.

The JLTOC may consult with the Legislative Research Commission Transportation Finance Committee in designing this study.

The JLTOC may solicit input from the Department of Transportation in designing this study.

The study shall be completed before March 31, 2001, and a final report shall be submitted by the consultant to the chairs of the Senate Appropriations Subcommittee on Transportation, to the chairs of the House Appropriations Subcommittee on Transportation, and to the Fiscal Research Division.

The study shall be funded from funds available to the Joint Legislative Transportation Oversight Committee.

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Carter, Metcalf, Robinson, Gulley, Plyler, Perdue, Odom

DEPARTMENT OF TRANSPORTATION TO STUDY PROVIDING PASSENGER RAIL SERVICE TO WESTERN NORTH CAROLINA

Section 25.15. Of the funds appropriated for the 2000-2001 fiscal year for operating funds for passenger rail service for western North Carolina, the Department of Transportation shall use necessary funds to conduct a study of the feasibility of providing passenger rail service to western North Carolina.

The study shall update the Western North Carolina Rail Passenger Study reported in 1997.

The study shall include all of the following:

- (1) A phased project timetable for the implementation of passenger service to western North Carolina.
- (2) The cost of implementing each phase.
- (3) Specific interim goals and performance measures to be used to determine the success in implementing this plan.

The report shall be submitted on or before March 1, 2001 to the chairs of the Senate Appropriations Subcommittee on Transportation, to the chairs of the House Appropriations Subcommittee on Transportation, and to the Fiscal Research Division.

Requested by: Representatives Cole, Crawford, Easterling, Redwine, Senators Gulley, Plyler, Perdue, Odom

SMALL URBAN CONSTRUCTION FUNDS

Section 25.16. Of the funds appropriated for the 2000-2001 fiscal year for small urban construction, Fund Code 5130, no more than fifty percent (50%) shall be obligated prior to December 31, 2000.

PART XXVI. SALARIES AND BENEFITS

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom

GOVERNOR AND COUNCIL OF STATE

Section 26.(a) Effective July 1, 2000, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred thirteen thousand six hundred fifty six dollars (\$113,656)~~ one hundred eighteen thousand four hundred thirty dollars (\$118,430) annually, payable monthly."

Section 26.(b) Section 28.(b) of S.L. 1999-237 reads as rewritten:

"Section 28.(b) The annual salaries for the members of the Council of State, payable monthly, for the ~~1999-2000-2000-2001~~ fiscal year beginning July 1, ~~1999-2000~~, are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$100,310 <u>\$104,523</u>
Attorney General	100,310 <u>104,523</u>
Secretary of State	100,310 <u>104,523</u>
State Treasurer	100,310 <u>104,523</u>
State Auditor	100,310 <u>104,523</u>
Superintendent of Public Instruction	100,310 <u>104,523</u>

Commissioner of Agriculture and Consumer Services	100,310	<u>104,523</u>
Insurance Commissioner	100,310	<u>104,523</u>
Labor Commissioner	100,310	<u>104,523.</u> "

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom

NONELECTED DEPARTMENT HEADS/SALARY INCREASES

Section 26.1. Section 28.1 of S.L. 1999-237 reads as rewritten:

"Section 28.1. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the ~~1999-2000 and 2000-2001~~ fiscal years-year are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	\$98,003- <u>\$102,119</u>
Secretary of Correction	98,003- <u>102,119</u>
Secretary of Crime Control and Public Safety	98,003- <u>102,119</u>
Secretary of Cultural Resources	98,003- <u>102,119</u>
Secretary of Commerce	98,003- <u>102,119</u>
Secretary of Environment and Natural Resources	98,003- <u>102,119</u>
Secretary of Health and Human Services	98,003- <u>102,119</u>
Secretary of Revenue	98,003- <u>102,119</u>
Secretary of Transportation	98,003- <u>102,119.</u> "

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom

CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

Section 26.2. Section 28.2 of S.L. 1999-237 reads as rewritten:

"Section 28.2. The annual salaries, payable monthly, for the ~~1999-2000 and 2000-~~2001 fiscal years-year for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$ 89,200- <u>\$ 92,946</u>
State Controller	124,835- <u>130,078</u>
Commissioner of Motor Vehicles	89,200- <u>92,946</u>
Commissioner of Banks	100,310- <u>104,523</u>
Chairman, Employment Security Commission	124,677- <u>129,913</u>
State Personnel Director	98,003- <u>102,119</u>
Chairman, Parole Commission	81,450- <u>84,871</u>
Members of the Parole Commission	75,198- <u>78,356</u>

Chairman, Utilities Commission	111,713	<u>116,405</u>
Members of the Utilities Commission	100,310	<u>104,523</u>
Executive Director, Agency for Public Telecommunications	75,198	<u>78,356</u>
General Manager, Ports Railway Commission	67,903	<u>70,755</u>
Director, Museum of Art	91,401	<u>95,240</u>
Executive Director, North Carolina Housing Finance Agency	110,394	<u>115,031</u>
Executive Director, North Carolina Agricultural Finance Authority	86,823	<u>90,470."</u>

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

Section 26.3. Section 28.3 of S.L. 1999-237 reads as rewritten:

"Section 28.3.(a) The annual salaries, payable monthly, for specified judicial branch officials for the ~~1999-2000 and 2000-2001~~ fiscal ~~years~~ year are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$113,656 <u>\$118,430</u>
Associate Justice, Supreme Court	110,687 <u>115,336</u>
Chief Judge, Court of Appeals	107,919 <u>112,452</u>
Judge, Court of Appeals	106,075 <u>110,530</u>
Judge, Senior Regular Resident Superior Court	103,193 <u>107,527</u>
Judge, Superior Court	100,310 <u>104,523</u>
Chief Judge, District Court	91,086 <u>94,912</u>
Judge, District Court	88,204 <u>91,909</u>
District Attorney	92,931
Administrative Officer of the Courts	103,193 <u>107,527</u>
Assistant Administrative Officer of the Courts	94,257 <u>98,216</u>
Public Defender	92,931

Section 28.3.(a1) The salary increase for the Assistant Administrative Officer of the Courts shall be funded from funds appropriated to the Judicial Department.

Section 28.3.(b) The district attorney or public defender of a judicial district, with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed ~~fifty seven thousand one hundred sixty five dollars (\$57,165),~~ fifty-nine thousand five hundred sixty-six dollars (\$59,566), and the

minimum salary of any assistant district attorney or assistant public defender is at least ~~twenty nine thousand one hundred eighty four dollars (\$29,184)~~ thirty thousand four hundred ten dollars (\$30,410), effective July 1, ~~1999-2000~~.

Section 28.3.(c) The salaries in effect for fiscal year ~~1999-2000~~ 2000-2001 for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by ~~three percent (3%)~~, four and two-tenths percent (4.2%), commencing July 1, ~~1999-2000~~.

Section 28.3.(d) The salaries in effect for fiscal year ~~1999-2000~~ 2000-2001 for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, ~~1999-2000~~, by pro rata amounts of ~~the three percent (3%)~~. four and two-tenths percent (4.2%)."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom, Cooper

DISTRICT ATTORNEY AND PUBLIC DEFENDER SALARIES SET AT MIDPOINT AMOUNT BETWEEN SALARIES OF A SENIOR REGULAR SUPERIOR COURT JUDGE AND A CHIEF DISTRICT COURT JUDGE

Section 26.3A.(a) Effective July 1, 2000, G.S. 7A-65(a) reads as rewritten:

- "(a) The annual salary ~~of district attorneys and full-time of:~~
- (1) District attorneys shall be the midpoint amount between the salary of a senior resident superior court judge and the salary of a chief district court judge, as provided by law.
 - (2) Full-time assistant district attorneys shall be as provided in the Current Operations Appropriations Act.

When traveling on official business, each district attorney and assistant district attorney is entitled to reimbursement for his subsistence and travel expenses to the same extent as State employees generally."

Section 26.3A.(b) G.S. 7A-465(b) reads as rewritten:

"(b) The public defender shall be an attorney licensed to practice law in North Carolina, and shall devote ~~his~~ full time to the duties of ~~his~~ the office. The annual salary of:

- (1) Public defenders shall be the midpoint amount between the salary of a senior resident superior court judge and the salary of a chief district court judge, as provided by law.
- (2) Full-time assistant public defenders shall be as provided in the Current Operations Appropriations Act.

In lieu of merit and other increment raises paid to regular State employees, a public defender shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20 years of service. "Service" means service as a public defender, assistant public defender, justice or judge of the General Court of Justice, or clerk of superior court."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
CLERK OF SUPERIOR COURT/SALARY INCREASES

Section 26.4. Effective July 1, 2000, 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	\$66,493 <u>\$69,286</u>
100,000 to 149,999	74,690 <u>77,827</u>
150,000 to 249,999	82,888 <u>86,369</u>
250,000 and above	91,086. <u>94,912.</u>

The salary schedule in this subsection is intended to represent the following percentage of the salary of a chief district court judge:

Population	Annual Salary
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 Easterling, Redwine, Senators Plyler, Perdue, Odom
ASSISTANT AND DEPUTY CLERKS OF COURT/SALARY INCREASES/ELIMINATE DEPUTY CLERK HIRING RATE

Section 26.5. Effective July 1, 2000, G.S. 7A-102(c1) reads as rewritten:

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

Assistant Clerks and Head Bookkeeper	Annual Salary
Minimum	\$24,846 <u>\$25,890</u>
Maximum	43,991 <u>45,839</u>
Deputy Clerks	Annual Salary
Minimum	\$19,865 <u>\$21,940</u>
Maximum	33,886. <u>35,309.</u>

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
MAGISTRATES SALARY INCREASES

Section 26.6. Effective July 1, 2000, G.S. 7A-171.1 reads as rewritten:

"§ 7A-171.1. Duty hours, salary, and travel expenses within county.

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

- (1) A full-time magistrate shall be paid the annual salary indicated in the table set out in this subdivision. A full-time magistrate is a magistrate who is assigned to work an average of not less than 40 hours a week during the term of office. The Administrative Officer of the Courts shall designate whether a magistrate is full-time. Initial appointment shall be at the entry rate. A magistrate's salary shall increase to the next step every two years on the anniversary of the date the magistrate was originally appointed for increases to Steps 1 through 3, and every four years on the anniversary of the date the magistrate was originally appointed for increases to Steps 4 through 6.

TABLE OF SALARIES OF FULL-TIME MAGISTRATES

Step Level	Annual Salary
Entry Rate	\$25,205 <u>\$26,264</u>
Step 1	27,735 <u>28,900</u>
Step 2	30,488 <u>31,768</u>
Step 3	33,491 <u>34,898</u>
Step 4	36,782 <u>38,327</u>
Step 5	40,399 <u>42,096</u>
Step 6	44,375 <u>46,239</u>

- (2) A part-time magistrate is a magistrate who is assigned to work an average of less than 40 hours of work a week during the term, except that no magistrate shall be assigned an average of less than 10 hours of work a week during the term. A part-time magistrate is included, in accordance with G.S. 7A-170, under the provisions of G.S. 135-1(10) and G.S. 135-40.2(a). The Administrative Officer of the Courts designates whether a magistrate is a part-time magistrate. A part-time magistrate shall receive an annual salary based on the following formula: The average number of hours a week that a part-time magistrate is assigned work during the term shall be multiplied by the annual salary payable to a full-time magistrate who has the same number of years of service prior to the beginning of that term as does the part-time magistrate and the product of that multiplication shall be divided by the number 40. The quotient shall be the annual salary payable to that part-time magistrate.
- (3) Notwithstanding any other provision of this subsection, an individual who, when initially appointed as a full-time magistrate, is licensed to

practice law in North Carolina, shall receive the annual salary provided in the Table in subdivision (1) of this subsection for Step 4. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. An individual who, when initially appointed as a part-time magistrate, is licensed to practice law in North Carolina, shall be paid an annual salary based on that for Step 4 and determined according to the formula in subdivision (2) of this subsection. This magistrate's salary shall increase to the next step every four years on the anniversary of the date the magistrate was originally appointed. The salary of a full-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving a salary at a level lower than Step 4 shall be adjusted to Step 4 and, thereafter, shall advance in accordance with the Table's schedule. The salary of a part-time magistrate who acquires a license to practice law in North Carolina while holding the office of magistrate and who at the time of acquiring the license is receiving an annual salary as determined by subdivision (2) of this subsection based on a salary level lower than Step 4 shall be adjusted to a salary based on Step 4 in the Table and, thereafter, shall advance in accordance with the provision in subdivision (2) of this subsection.

(a1) Notwithstanding subsection (a) of this section, the following salary provisions apply to individuals who were serving as magistrates on June 30, 1994:

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

Less than 1 year of service	\$19,866 <u>\$20,700</u>
1 or more but less than 3 years of service	20,887 <u>21,764</u>
3 or more but less than 5 years of service	22,941. <u>23,905.</u>

Upon completion of five years of service, those magistrates shall receive the salary set as the Entry Rate in the table in subsection (a).

(2) The salaries of magistrates who on June 30, 1994, were paid at a salary level of five or more years of service shall be based on the rates set out in subsection (a) as follows:

Salary Level on June 30, 1994	Salary Level on July 1, 1994
5 or more but less than 7 years of service	Entry Rate
7 or more but less than 9 years of service	Step 1
9 or more but less than 11 years of service	Step 2
11 or more years of service	Step 3.

Thereafter, their salaries shall be set in accordance with the provisions in subsection (a).

- (3) The salaries of magistrates who are licensed to practice law in North Carolina shall be adjusted to the annual salary provided in the table in subsection (a) as Step 4, and, thereafter, their salaries shall be set in accordance with the provisions in subsection (a).
- (4) The salaries of "part-time magistrates" shall be set under the formula set out in subdivision (2) of subsection (a) but according to the rates set out in this subsection.

(a2) The Administrative Officer of the Courts shall provide magistrates with longevity pay at the same rates as are provided by the State to its employees subject to the State Personnel Act.

(b) Notwithstanding G.S. 138-6, a magistrate may not be reimbursed by the State for travel expenses incurred on official business within the county in which the magistrate resides."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
GENERAL ASSEMBLY PRINCIPAL CLERKS

Section 26.7. Effective July 1, 2000, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~eighty four thousand one hundred forty seven dollars (\$84,147)~~ eighty-seven thousand six hundred eighty-one dollars (\$87,681) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
SERGEANT-AT-ARMS AND READING CLERKS

Section 26.8. Effective July 1, 2000, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred seventy four dollars (\$274.00)~~ two hundred eighty-six dollars (\$286.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
LEGISLATIVE EMPLOYEES

Section 26.9. The Legislative Services Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1999-2000 by four and two-tenths percent (4.2%). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Section 26.10. The Director of the Budget shall transfer from the Reserve for Compensation Increase, created in this act for fiscal year 2000-2001, funds to the Community Colleges System Office necessary to provide an average annual salary increase of four and two-tenths percent (4.2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2000, for all permanent full-time community college institutional personnel supported by State funds. The State Board of Community Colleges shall establish guidelines for providing their salary increases to community college institutional personnel. Salary funds shall be used to provide an average annual salary increase of four and two-tenths percent (4.2%) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
UNIVERSITY OF NORTH CAROLINA SYSTEM/EPA SALARY INCREASES

Section 26.11.(a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increase, created in this act for fiscal year 2000-2001, to provide an annual average salary increase of four and two-tenths percent (4.2%), including funds for the employer's retirement and social security contributions, commencing July 1, 2000, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Section 26.11.(b) Section 28.12(b) of S.L.1999-237 reads as rewritten:

"Section 28.12.(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increase, created in this act for fiscal biennium 1999-2001, to provide an annual average salary increase of ~~seven and one half percent (7.5%) in 1999-2000, six and one-half percent (6.5%) in 2000-2001~~, including funds for the employer's retirement and social security contributions, commencing ~~July 1, 1999, and~~ July 1, 2000, for all teaching employees of the North Carolina School of Science and Mathematics supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Trustees of the North Carolina School of Science and Mathematics and

may not be used for any purpose other than for salary increases and necessary employer contributions provided by this section."

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
MOST STATE EMPLOYEES

Section 26.12.(a) The salaries in effect June 30, 2000, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 2000, unless otherwise provided by this act, pursuant to the Comprehensive Compensation System set forth in G.S. 126-7 and rules adopted by the State Personnel Commission as follows:

- (1) Career growth recognition awards in the amount of two percent (2%); and
- (2) For each employee, a cost-of-living adjustment in the amount of two and two-tenths percent (2.2%).

Notwithstanding G.S. 126-7(c)(4a), any permanent full-time State employee whose salary is set in accordance with the State Personnel Act and whose salary is at the top of the salary range or within two percent (2%) of the top of the salary range shall receive a one-time bonus of two percent (2%) less the career growth recognition award the employee receives. The employee shall receive the career growth bonus at the time the employee is eligible for the career growth recognition award, but not earlier than July 1, 2000.

Section 26.12.(b) Except as otherwise provided in this act, salaries in effect June 30, 2000, for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by four and two-tenths percent (4.2%) commencing July 1, 2000.

Section 26.12.(c) The salaries in effect June 30, 2000, for all permanent part-time State employees shall be increased on and after July 1, 2000, by pro rata amounts of the salary increases provided for permanent full-time employees covered under subsection (a) of this section.

Section 26.12.(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase on and after July 1, 2000, in accordance with subsection (a), (b), or (c) of this section, including funds for the employer's retirement and social security contributions, of the permanent full-time and part-time employees of the agency.

Section 26.12.(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts of the four and two-tenths percent (4.2%) salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 2000.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
COMPENSATION BONUS/STATE EMPLOYEES

Section 26.12A.(a) Any person:

- (1) Whose salary is set: (i) pursuant to the State Personnel Act; or (ii) by or under this act, other than Sections 26, 26.1, 26.2, and 26.4, but not under Section 28.3.(a) of S.L. 1999-237, G.S. 7A-65(a)(1), G.S. 7A-465(b)(1), G.S. 7A-751, and G.S. 97-78(a) and
- (2) Who was, on or before April 1, 2000, a permanent officer or permanent employee and who was in service on October 1, 2000, shall receive, payable for the last pay date in October 2000, a compensation bonus of five hundred dollars (\$500.00) except that:
 - a. The compensation bonus for persons subject to Section 26.10 of this act shall be an average of five hundred dollars (\$500.00) and shall be allocated in accordance with guidelines adopted by the State Board of Community Colleges, except for teaching faculty at the community colleges.
 - b. The compensation bonus for persons subject to Section 26.11 of this act shall be an average of five hundred dollars (\$500.00) and shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, except for teaching faculty of the UNC System as appropriate.
 - c. The guidelines and rules adopted under sub-subdivisions a. and b. of this subdivision may cover employees of those institutions whose first day of employment for the 2000-2001 academic year came after January 1, 2000.

Section 26.12A.(b) For permanent part-time employees, the compensation bonus provided by this section shall be adjusted pro rata.

Section 26.12A.(c) The Director of the Budget shall transfer from the Reserve for Compensation Bonus provided by this act sufficient funds to implement this section.

Section 26.12A.(d) Notwithstanding G.S. 135-1(7a), the compensation bonus provided by this section is not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System. The compensation bonus awarded by this section shall not be administered under G.S. 126-7.

Section 26.12A.(e) Any State employee paid on the Teacher Salary Schedule or the School Based Administrator Salary Schedule shall not receive the compensation bonus authorized by this section.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
ALL STATE-SUPPORTED PERSONNEL

Section 26.13.(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.

Section 26.13.(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.

Section 26.13.(c) The salary increases provided in this act are to be effective July 1, 2000, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, or whose last workday is prior to July 1, 2000.

Payroll checks issued to employees after July 1, 2000, which represent payment of services provided prior to July 1, 2000, 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.

Section 26.13.(d) The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 2000-2001 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

Section 26.13.(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom

SALARY ADJUSTMENT FUND/STUDY

Section 26.14.(a) 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 shall report to the Joint Legislative Commission on Governmental Operations prior to the allocation of salary adjustment funds for any State agency.

Section 26.14.(b) The Office of State Personnel shall report to the Legislative Research Commission and the Joint Legislative Commission on Governmental Operations by December 1, 2000, on the adequacy of the Salary Adjustment Fund to fund position reallocations, salary range revisions, and in-range salary adjustments. The Office of State Personnel shall include in its report the following:

- (1) A comprehensive listing of State agency requests for specific salary adjustment requests authorized by the Office of State Personnel as of November 1, 2000;
- (2) A complete funding and expenditure history of the Salary Adjustment Fund;
- (3) A year-by-year comparison of funded and unfunded salary adjustment requests; and
- (4) Specific recommendations as to a systematic method for identifying and funding salary adjustment issues in State agencies.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
AGENCY TEACHER/PRINCIPAL SUPPLEMENT

Section 26.15. The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 2000-2001 funds necessary to provide statewide teacher supplements for State agency teachers who are paid on the teacher salary schedule as set out in Section 8.10 of this act based on five percent (5%) of their salaries.

The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 2000-2001 funds necessary to provide statewide supplements for State agency principals and assistant principals who possess the title of principal or assistant principal who perform the requisite duties of a principal or assistant principal, based on five percent (5%) of their salaries. The employing agency or department and the Office of State Budget and Management shall jointly determine the personnel covered by this paragraph.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
DEPUTY INDUSTRIAL COMMISSIONER PAY EQUITY

Section 26.16. The Office of State Personnel shall conduct a salary equity study of the Deputy Industrial Commissioner class in the North Carolina Industrial Commission under the Department of Commerce. The study's methodology shall incorporate the necessary criteria and standards for evaluating possible salary inequities among the authorized positions under the Deputy Industrial Commissioner classification. Based upon the findings of the salary equity study, the Office of State Budget and Management may transfer to the North Carolina Industrial Commission an amount up to thirty-five thousand dollars (\$35,000) from the Reserve for Compensation Increase to address possible salary inequities in the Deputy Industrial Commissioner classification if inequities are found to exist by the Office of State Personnel study.

Requested by: Representatives Redwine, Easterling, Baddour, Senators Plyler, Perdue, Odom, Warren, Kerr

ALLOW ADDITIONAL RETROACTIVE MEMBERSHIP IN THE NORTH CAROLINA FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

Section 26.17.(a) G.S. 58-86-45(a) reads as rewritten:

"(a) Any fireman or rescue squad worker who is now eligible and is a member of a fire department or rescue squad chartered by the State of North Carolina and who has not previously elected to become a member may make application through the board of trustees for membership in the fund on or before March 31, ~~1987-2001~~. The person shall make a lump sum payment of ~~five dollars (\$5.00)~~ ten dollars (\$10.00) per month retroactively to the time he first became eligible to become a member, plus interest at an annual rate of eight percent (8%), for each year of his retroactive payments. Upon making the lump sum payment, the person shall be given credit for all prior service in the same manner as if he had made application for membership at the time he first became eligible. Any member who made application for membership subsequent to the

time he was first eligible and did not receive credit for prior service may receive credit for this prior service upon lump sum payment of ~~five dollars (\$5.00)~~ ten dollars (\$10.00) per month retroactively to the time he first became eligible, plus interest at an annual rate of eight percent (8%), for each year of his retroactive payments. Upon making this lump sum payment, the date of membership shall be the same as if he had made application for membership at the time he was first eligible. Any fireman or rescue squad worker who has applied for prior service under this subsection shall have until ~~October 1, 1989,~~ June 30, 2001, to pay for this prior service and, if this payment is not made by ~~October 1, 1989,~~ June 30, 2001, he shall not receive credit for this service, except as provided in subsection (a1) of this section."

Section 26.17.(b) This section becomes effective October 1, 2000.

Requested by: Representatives Redwine, Easterling, Michaux, Baddour, Dedmon,
Senators Plyler, Perdue, Odom, Warren, Kerr

**INCREASE THE MONTHLY PENSION FOR MEMBERS OF THE FIREMEN'S
AND RESCUE SQUAD WORKERS' PENSION FUND**

Section 26.18. G.S. 58-86-55 reads as rewritten:

"§ 58-86-55. Monthly pensions upon retirement.

Any member who has served 20 years as an 'eligible fireman' or 'eligible rescue squad worker' in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of ~~one hundred forty six dollars (\$146.00)~~ one hundred fifty-one dollars (\$151.00) per month. Any retired fireman receiving a pension shall, effective July 1, ~~1998,~~ 2000, receive a pension of ~~one hundred forty six dollars (\$146.00)~~ one hundred fifty-one dollars (\$151.00) per month.

Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No 'eligible rescue squad member' shall receive a pension prior to July 1, 1983. No member shall be entitled to a pension hereunder until the member's official duties as a fireman or rescue squad worker for which the member is paid compensation shall have been terminated and the member shall have retired as such according to standards or rules fixed by the board of trustees.

A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred forty six dollars (\$146.00)~~ one hundred fifty-one dollars (\$151.00) per month beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any disabled member shall not be required to make the monthly payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

A member who is totally and permanently disabled for any cause, other than line of duty, who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member shall upon attaining the age of 55 years be entitled to receive a pension as provided by this section. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application and annually thereafter.

A member who, because his residence is annexed by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the General Statutes, or whose department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the General Statutes, and because of such annexation is unable to perform as a fireman of any status, and if the member has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member upon attaining the age of 55 years and completion of such contributions shall be entitled to receive a pension as provided by this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

The pensions provided shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

Requested by: Representatives Redwine, Easterling, Senators Perdue, Plyler, Odom, Rand

STATE EMPLOYEES' RESERVE

Section 26.18A.(a) The General Assembly finds that the Teachers' and State Employees' Comprehensive Major Medical Plan is a significant employment benefit for teachers and State employees. The General Assembly further finds that recent studies show anticipated substantial deficits in the Plan in future years if benefit levels remain the same. The General Assembly further finds that maintaining the fiscal integrity and benefit level of the Plan are a high priority. The fiscally sound approach to addressing anticipated future deficits is to maintain a reserve so as to reduce the likelihood of significant benefit cuts or premium charges in later years.

Section 26.18A.(b) There is established in the Office of the State Treasurer the State Employees' Reserve, to be used to be appropriated to maintain the fiscal integrity of the Teachers' and State Employees' Comprehensive Major Medical Plan and to provide benefits enhancements to State employees and retirees. There is appropriated to the State Employees' Reserve in the Office of the State Treasurer for fiscal year 2000-2001 the sum of forty-eight million dollars (\$48,000,000) from the General Fund and the sum of three million seven hundred thousand dollars (\$3,700,000) from the Highway Fund.

Section 26.18A.(c) Funds in the State Employees' Reserve shall first be appropriated to offset deficits in the Teachers' and State Employees' Comprehensive Major Medical Plan. Any remaining funds shall be appropriated for compensation increases and enhancements in State employee salaries and retirees' benefits.

Requested by: Representatives Redwine, Easterling, Senators Perdue, Plyler, Odom

SET CONTRIBUTION RATES

Section 26.19.(a) Section 28.22(c) of S.L. 1999-237 reads as rewritten:

"Section 28.22.(c) Effective July 1, 2000, the State's employer contribution rates budgeted for retirement and ~~related~~ specified benefits as a percentage of covered salaries for the 2000-2001 fiscal year are (i) ~~ten and eighty-three hundredths percent (10.83%)~~ seven and thirteen hundredths percent (7.13%) - Teachers and State Employees; (ii) ~~fifteen and eighty-three hundredths percent (15.83%)~~ twelve and thirteen hundredths percent (12.13%) - State Law Enforcement Officers; (iii) ~~nine and thirty-six eight and sixty-four hundredths percent (9.36%)~~ (8.64%) - University Employees' Optional Retirement Program; (iv) ~~twenty and fifty-eight hundredths percent (20.58%)~~ nineteen and eighty-six hundredths percent (19.86%) - Consolidated Judicial Retirement System; and (v) ~~twenty-four and seventy hundredths percent (24.70%)~~ twenty-three and ninety-eight hundredths percent (23.98%) - Legislative Retirement System. Each of the foregoing contribution rates includes ~~two percent (2%)~~ one and twenty-eight hundredths percent (1.28%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program include fifty-two hundredths percent (0.52%) for the Disability Income Plan."

Section 26.19(a1). Notwithstanding any other provision of law, the Board of Trustees of the Teachers' and State Employees' Retirement System shall adopt such assumptions as necessary to put into effect the employer contribution rates as enacted by this section, but not exceeding an increase in the recognition of the value of assets from the current to seventy-seven percent (77%) of market value.

Section 26.19(b). The General Assembly directs the Board of Trustees of the North Carolina Firemen's and Rescue Squad Workers' Pension Fund to adopt a fixed amortization period of nine years for the purposes of the unfunded accrued liability for the Pension Fund beginning with the valuation for June 30, 1999.

Section 26.19(c). This section becomes effective July 1, 2000.

Requested by: Representatives Redwine, Easterling, Michaux, Senators Plyler, Perdue, Odom, Phillips

ENHANCE THE BENEFITS PAYABLE FROM THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

Section 26.20.(a) G.S. 135-5(b17) reads as rewritten:

"(b17) Service Retirement Allowance of Members Retiring on or After July 1, ~~1997~~, 1997, but Before July 1, 2000. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1997, but before July 1, 2000, a member shall receive the following service retirement allowance.

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty hundredths percent (1.80%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 1. The service retirement allowance payable under G.S. 135-5(b17)(1)a, reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 2. The service retirement allowance as computed under G.S. 135-5(b17)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of membership service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty hundredths percent (1.80%) of his average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after this 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 135-

5(b17)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.

- c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 1. The service retirement allowance as computed under G.S. 135-5(b17)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 2. The service retirement allowance as computed under G.S. 135-5(b17)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135-5(b17)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by G.S. 135-5(b)."

Section 26.20.(b) G.S. 135-5 is amended by adding a new subsection to read:

"(b18) Service Retirement Allowance of Members Retiring on or After July 1, 2000.
– Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2000, a member shall receive the following service retirement allowance.

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

- a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of his creditable service.

- b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 - 1. The service retirement allowance payable under G.S. 135-5(b18)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 - 2. The service retirement allowance as computed under G.S. 135-5(b18)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of membership service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty-one hundredths percent (1.81%) of his average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 135-5(b18)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.
 - c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 - 1. The service retirement allowance as computed under G.S. 135-5(b18)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the

- month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
2. The service retirement allowance as computed under G.S. 135-5(b18)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135-5(b18)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by G.S. 135-5(b)."

Section 26.20.(c) G.S. 135-5 is amended by adding two new subsections to read:

"(ggg) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2000. – From and after July 1, 2000, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2000, shall be increased by six-tenths percent (0.6%) of the allowance payable on June 1, 2000. This allowance shall be calculated on the allowance payable and in effect on June 30, 2000, so as not to be compounded on any other increase granted by act of the 1999 General Assembly, 2000 Regular Session.

(hhh) From and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased by three and six-tenths percent (3.6%) of the allowance payable on June 1, 2000, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1999, but before June 30, 2000, shall be increased by a prorated amount of three and six-tenths percent (3.6%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1999, and June 30, 2000."

Section 26.20.(d) G.S. 135-5(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that the following conditions apply:

- (1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or

- b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 135-5(b17)(1)b. or G.S. 135-5(b17)(2)c.,~~ G.S. 135-5(b18)(1)b. or G.S. 135-5(b18)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who was living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection to apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (1) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase. The term "in service" as used in this subsection includes a member in receipt of a benefit under the Disability Income Plan as provided in Article 6 of this Chapter."

Section 26.20.(e) G.S. 135-65 is amended by adding a new subsection to read:

"(u) From and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased by two and six-tenths percent (2.6%) of the allowance payable on June 1, 2000. Furthermore, from and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1999, but before June 30, 2000, shall be increased by a prorated amount of two and six-tenths percent (2.6%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1999, and June 30, 2000."

Section 26.20.(f) G.S. 120-4.22A is amended by adding a new subsection to read:

"(o) In accordance with subsection (a) of this section, from and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 2000, shall be increased by three and six-tenths percent (3.6%) of the allowance payable on June 1, 2000. Furthermore, from and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 2000, but before June 30, 2000, shall be increased by a prorated amount of three and six-tenths percent (3.6%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2000, and June 30, 2000."

Section 26.20.(g) G.S. 128-27(b17) reads as rewritten:

"(b17) Service Retirement Allowance of Member Retiring on or After July 1, 1998, 1998, but Before July 1, 2000. – Upon retirement from service in accordance with

subsection (a) or (a1) above, on or after July 1, 1998, but before July 1, 2000, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-seven hundredths percent (1.77%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 1. The service retirement allowance payable under G.S. 128-27(b17)(1)a. reduced by one-third of one percent ($\frac{1}{3}$ of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 2. The service retirement allowance as computed under G.S. 128-27(b17)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-seven hundredths percent (1.77%) of average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b17)(2)a. but shall be reduced by one-quarter of one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his retirement date

precedes the first day of the month coincident with or next following his 65th birthday.

- c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 1. The service retirement allowance as computed under G.S. 128-27(b17)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 2. The service retirement allowance as computed under G.S. 128-27(b17)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b17)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

Section 26.20.(h) G.S. 128-27 is amended by adding a new subsection to read:

"(b18) Service Retirement Allowance of Member Retiring on or After July 1, 2000. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 2000, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

- a. If the member's service retirement date occurs on or after his 55th birthday and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of his average final compensation, multiplied by the number of years of his creditable service.

- b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 - 1. The service retirement allowance payable under G.S. 128-27(b18)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 - 2. The service retirement allowance as computed under G.S. 128-27(b18)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-eight hundredths percent (1.78%) of average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b18)(2)a. but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.
 - c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 - 1. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the

- month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
2. The service retirement allowance as computed under G.S. 128-27(b18)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b18)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

Section 26.20.(i) G.S. 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

- (1)
 - a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
 - b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b17)(1)b. or G.S. 128-27(b17)(2)e.,~~ G.S. 128-27(b18)(1)b. or G.S. 128-27(b18)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

Section 26.20.(j) G.S. 128-27 is amended by adding two new subsections to read:

"(xx) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 2000. – From and after July 1, 2000, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 2000, shall be increased by six-tenths of one percent (0.6%) of the allowance payable on June 1, 2000. This allowance shall be calculated on the allowance payable and in effect on June 30, 2000, so as not to be compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 1999 General Assembly, 2000 Regular Session.

(yy) From and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1999, shall be increased by three and eight-tenths percent (3.8%) of the allowance payable on June 1, 2000, in accordance with subsection (k) of this section. Furthermore, from and after July 1, 2000, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1999, but before June 30, 2000, shall be increased by a prorated amount of three and eight-tenths percent (3.8%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1999, and June 30, 2000."

Requested by: Representatives Redwine, Easterling, Nesbitt, Senators Plyler, Perdue, Odom

GRACE PERIOD FOR FIRE DISTRICTS TO FILE CERTIFICATES OF ELIGIBILITY FOR FIREMEN'S RELIEF FUND MONEYS

Section 26.21.(a) G.S. 58-84-45 is repealed. Section 26.21.(b) Chapter 58 of the General Statutes is amended by adding a new section to read:

§ 58-84-46. Certification to Commissioner.

On or before October 31 of each year the clerk of each fire district that has a local board of trustees under G.S. 58-84-30 shall file a certificate of eligibility with the Commissioner. The certificate shall contain information prescribed by administrative rule adopted by the Commissioner. If the certificate is not filed with the Commissioner on or before January 31 in the ensuing year:

- (1) The fire district that failed to file the certificate shall forfeit the payment next due to be paid to its board of trustees.
- (2) The Commissioner shall pay over that amount to the treasurer of the North Carolina State Firemen's Association.
- (3) That amount shall constitute a part of the Firemen's Relief Fund."

Section 26.21.(c) This section is effective July 1, 2000, and applies retroactively to October 31, 1998.

Requested by: Representatives Redwine, Cole, Easterling, Senators Plyler, Perdue, Odom, Warren, Kerr

INCLUDE FULL-TIME COUNTY FIRE MARSHALS IN THE FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

Section 26.22. G.S. 58-86-25 reads as rewritten:

"§ 58-86-25. 'Eligible firemen' defined; determination and certification of volunteers meeting qualifications.

'Eligible firemen' shall mean all firemen of the State of North Carolina or any political subdivision thereof, including those performing such functions in the protection of life and property through fire fighting within a county or city governmental unit and so certified to the Commissioner of Insurance by the governing body thereof, and who belong to a bona fide fire department which, as determined by the Commissioner, is classified as not less than class '9' or class 'A' and 'AA' departments in accordance with rating methods, schedules, classifications, underwriting rules, bylaws or regulations effective or applied with respect to the establishment of rates or premiums used or charged pursuant to Articles 36 or 40 of this Chapter or by such other reasonable methods as the Commissioner may determine, and which operates fire apparatus and equipment of the value of five thousand dollars (\$5,000) or more, and said fire department holds drills and meetings not less than four hours monthly and said firemen attend at least 36 hours of all drills and meetings in each calendar year. 'Eligible firemen' shall also mean an employee of a county whose sole duty is to act as fire marshal of the county, provided the board of county commissioners of that county certifies the fire marshal's attendance at no less than 36 hours of all drills and meetings in each calendar year. 'Eligible firemen' shall also mean those persons meeting the other qualifications of this section, not exceeding 25 volunteer firemen plus one additional volunteer fireman per 100 population in the area served by their respective departments. Each department shall annually determine and report the names of those firemen meeting the eligibility qualifications to its respective governing body, which upon determination of the validity and accuracy of the qualification shall promptly certify the list to the board. For the purposes of the preceding sentence, the governing body of a fire department operated: by a county is the county board of commissioners; by a city is the city council; by a sanitary district is the sanitary district board; by a corporation, whether profit or nonprofit, is the corporation's board of directors; and by any other entity is that group designated by the board."

PART XXVII. GENERAL CAPITAL APPROPRIATIONS/PROVISIONS

Requested by: Representatives Easterling, Redwine, Wright, Senators Plyler, Perdue, Odom

CAPITAL APPROPRIATIONS/GENERAL FUND

Section 27. There is appropriated from the General Fund for the 2000-2001 fiscal year the following amount for capital improvements:

Department of Environment and Natural Resources	
Water Resources Projects	\$13,356,000
Department of Crime Control and Public Safety	
National Guard Armory at Charlotte	\$ 1,618,172

Requested by: Representatives Easterling, Redwine, Smith, Wright, Senators Plyler, Perdue, Odom

WATER RESOURCES DEVELOPMENT PROJECT FUNDS

Section 27.1.(a) Where the actual costs are different from the estimated costs in the Water Resources Development Plan for the 2000-2001 fiscal year, the Department may adjust the allocations among projects as needed. If any projects in the Plan are delayed and the budgeted State funds cannot be used during the 2000-2001 fiscal year, or if the projects in the Plan are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) Corps of Engineers project feasibility studies.
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in the 2000-2001 fiscal year.
- (3) State-local water resources development projects. Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 2001-2002 fiscal year.

Section 27.1.(b) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects that receive funding.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.
- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

Section 27.1.(c) Notwithstanding G.S. 143-23, if additional federal funds that require a State match are received for water resources projects or for beach renourishment projects for the 2000-2001 fiscal year, the Director of the Budget may, after consultation with the Joint Legislative Commission on Governmental Operations, transfer funds from General Fund appropriations to match the federal funds.

Requested by: Representatives Easterling, Redwine, Wright, Senators Plyler, Perdue, Odom

EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND RENOVATIONS

Section 27.2. Of the funds in the Reserve for Repairs and Renovations for the 2000-2001 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North

Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

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

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

PART XXVIII. MISCELLANEOUS PROVISIONS

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom

EXECUTIVE BUDGET ACT APPLIES

Section 28. The provisions of the Executive Budget Act, Chapter 143, Article 1 of the General Statutes, are reenacted and shall remain in full force and effect and are incorporated in this act by reference.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom

COMMITTEE REPORT

Section 28.1.(a) The Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets, dated June 30, 2000, which was distributed in the Senate and House of Representatives used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

Section 28.1.(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 2000-2001 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The General Assembly amended the requested adjustments to the budgets submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission, in accordance with the steps that follow and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

- (1) The base budget was adjusted in accordance with the base budget cuts and additions that were set out in the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets.
- (2) Transfers of funds supporting programs were made in accordance with the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets.

Section 28.1.(c) The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Section 28.1.(d) If House Bill 1854 of the 1999 General Assembly does not become law or if House Bill 1854 of the 1999 General Assembly becomes law but does not increase receipts by at least \$41,020,000, the Director of the Budget shall examine and survey the progress of the collection of all General Fund revenues and determine whether and to what extent General Fund revenues are adequate to support General Fund appropriations for the 2000-2001 fiscal year. If the Director of the Budget finds that General Fund revenues are not adequate to support all General Fund appropriations, the Director of the Budget shall reduce appropriations as provided in G.S. 143-25.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
MOST TEXT APPLIES ONLY TO 2000-2001

Section 28.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 2000-2001 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 2000-2001 fiscal year.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
EFFECT OF HEADINGS

Section 28.3. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
SEVERABILITY CLAUSE

Section 28.4. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Representatives Easterling, Redwine, Senators Plyler, Perdue, Odom
EFFECTIVE DATE

Section 28.5. Except as otherwise provided, this act becomes effective July 1, 2000.

In the General Assembly read three times and ratified this the 30th day of June, 2000.

s/ Marc Basnight
President Pro Tempore of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ James B. Hunt, Jr.
Governor

Approved 9:30 p.m. this 30th day of June, 2000