

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

**SESSION LAW 2002-12
SENATE BILL 1111**

AN ACT TO CONTINUE CURRENT DIRECTIONS AND LIMITATIONS ON THE EXPENDITURES OF STATE FUNDS, TO AUTHORIZE THE USE OF THE SAVINGS RESERVE ACCOUNT TO BALANCE THE BUDGET, TO PROVIDE THAT THERE BE NO AUTOMATIC STEP INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES, TO SET THE CONTRIBUTION RATE TO THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, TO APPROPRIATE FUNDS FOR HEALTH AND HUMAN SERVICES BLOCK GRANTS, NATURAL AND ECONOMIC RESOURCES BLOCK GRANTS, AND FOR WORKER TRAINING TRUST FUND PROGRAMS, AND TO MAINTAIN 2001-2002 PARTICIPATION LEVELS IN THE AIDS DRUG ASSISTANCE PROGRAM.

The General Assembly of North Carolina enacts:

DIRECTIONS AND LIMITATIONS ON EXPENDITURES OF STATE FUNDS

SECTION 1.(a) The appropriations and the authorizations to allocate and spend funds, which are set out in this act, shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, the Director of the Budget shall adjust allocations to give effect to that act from July 1, 2002.

Except as otherwise provided by this act, the limitations and directions for the 2002-2003 fiscal year in S.L. 2001-424, S.L. 2001-457, S.L. 2001-514, S.L. 2001-513, S.L. 2001-496, and S.L. 2001-487 remain in effect. Session laws that applied to appropriations to particular agencies or for particular purposes apply to the funds appropriated and authorized for expenditure under this act.

SECTION 1.(b) If the provisions of either Senate Bill 1115, 3rd Edition or Senate Bill 1115, as it passes the House of Representatives; or both, direct that funds shall not revert, the funds shall not revert on June 30, 2002. Unless these funds are encumbered on or before June 30, 2002, these funds shall not be expended after June 30, 2002, except as provided by a statute that becomes effective after June 30, 2002.

SECTION 1.(c) Subsection (b) of this section becomes effective June 30, 2002.

USE OF SAVINGS RESERVE ACCOUNT TO BALANCE BUDGET

SECTION 2. G.S. 143-15.3(b) prohibits the Director of the Budget from using funds in the Savings Reserve Account unless the use has been approved by an act of the General Assembly. The General Assembly hereby authorizes the Director of the Budget to use funds that were credited to the Savings Reserve Account on or before June 30, 2002, to the extent necessary to balance the State budget for the 2001-2002 fiscal year, and funds are hereby appropriated from the Savings Reserve Account for this purpose.

NO AUTOMATIC STEP INCREASES FOR STATE AND PUBLIC SCHOOL EMPLOYEES

SECTION 3. State employees subject to G.S. 7A-102(c), 7A-171.1, or 20-187.3 shall not move up on salary schedules or receive automatic increases, including automatic step increases, until authorized by the General Assembly.

Public school employees paid on the teacher salary schedule or the school-based administrator salary schedule shall not move up on salary schedules or receive automatic step increases until authorized by the General Assembly.

RETIREMENT CONTRIBUTION RATE

SECTION 4. Section 32.21(b) of S.L. 2001-424 reads as rewritten:

"SECTION 32.21.(b) The State's employer contribution rates budgeted for retirement and related benefits as percentage of covered salaries for the ~~2001-2002 fiscal year and the 2002-2003 fiscal year~~ are (i) ~~five percent (5.00%)~~ three and three hundredths percent (3.03%) – Teachers and State Employees; (ii) ~~ten percent (10.00%)~~ eight and three hundredths percent (8.03%) – State Law Enforcement Officers; (iii) nine and seventy-one hundredths percent (9.71%) – University Employees' Optional Retirement System; (iv) nine and seventy-one hundredths percent (9.71%) – Community College Optional Retirement Program; (v) ~~sixteen and forty hundredths percent (16.40%)~~ thirteen and sixty-seven hundredths percent (13.67%) – Consolidated Judicial Retirement System; and (vi) ~~twenty five and fifty five hundredths percent (25.55%)~~ two and thirty-five hundredths percent (2.35%) – Legislative Retirement System. Each of the foregoing contribution rates includes two and thirty-five hundredths percent (2.35%) for hospital and medical benefits. The rate for Teachers and State Employees, State Law Enforcement Officers, Community College Optional Retirement Program, and for the University Employees' Optional Retirement Program includes fifty-two hundredths percent (0.52%) for the Disability Income Plan. The rates for Teachers and State Employees and State Law Enforcement Officers include sixteen-hundredths percent (0.16%) for the Death Benefits Plan. The rate for State Law Enforcement Officers includes five percent (5%) for Supplemental Retirement Income."

DHHS BLOCK GRANTS

SECTION 5.(a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 14,160,375
02.	Limited Purpose Agencies	979,017
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	500,000

TOTAL COMMUNITY SERVICES BLOCK GRANT \$ 15,639,392

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services	\$ 22,895,663
02.	Allocation for in-home services provided by county departments of social services	2,101,113

03.	Adult day care services	2,155,301
04.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 27,355,275
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 8,092,113
02.	Crisis Intervention	5,795,825
03.	Administration	1,984,934
04.	Weatherization Program	2,684,116
05.	Department of Administration – N.C. State Commission of Indian Affairs	39,765
06.	Heating Air Repair and Replacement Program	1,252,588
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 19,849,342
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 5,192,826
02.	Provision of community-based services to children	2,378,540
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 9,855,277
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	\$ 14,501,711
02.	Continuation of services for pregnant women and women with dependent children	6,007,303

03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	5,209,934
04.	Provision of services to children and adolescents	6,839,190
05.	Juvenile Services – Family Focus	774,414
06.	Comprehensive Treatment Services Program	700,000
07.	Administration	2,423,049
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 36,455,601
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	\$148,343,839
02.	Quality and availability initiatives	17,259,661
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$165,603,500
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	\$114,181,958
02.	Work First County Block Grants	92,018,855
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$206,200,813
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	\$3,061,182
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT	\$3,061,182

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 Health and Human Services, 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) Changes to the budgeted allocations to the block grants appropriated in this act and new allocations from the block grants not specified in this act shall be submitted to the Joint Legislative Commission on Governmental Operations for review prior to the change and shall be reported immediately to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, and the Fiscal Research Division.

SECTION 5.(d) The appropriations and the authorizations to allocate and spend funds, which are set out in this section, shall remain in effect until the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, at which time that act shall become effective and shall govern appropriations and expenditures. When the Current Operations and Capital Improvements Appropriations Act of 2002 becomes law, the Director of the Budget shall adjust allocations to give effect to that act from July 1, 2002.

MAINTAIN AIDS DRUG ASSISTANCE PROGRAM (ADAP)

SECTION 6. Notwithstanding Section 21.90 of S.L. 2001-424, eligibility for participation in the Aids Drug Assistance Program between July 1, 2002, and August 1, 2002, shall continue at the levels established for the 2001-2002 fiscal year in S.L. 2001-424.

NER BLOCK GRANT PROVISIONS

SECTION 7. The Director of the Budget shall continue to allocate federal block grant funds at the levels provided in Section 5.2 of S.L. 2001-424 and as otherwise provided by law, and appropriations from federal block grants are hereby made.

WORKER TRAINING TRUST FUND APPROPRIATIONS

SECTION 8. The Director of the Budget shall appropriate funds from the Worker Training Trust Fund at the levels provided in Section 20.6 of S.L. 2001-424 and

as otherwise provided by law. If the funds available for appropriation from the Worker Training Trust Fund in the 2002-2003 fiscal year are less than those appropriated from the Fund in the 2001-2002 fiscal year, then every program receiving an appropriation from the Fund in the 2001-2002 fiscal year shall receive an appropriation in the 2002-2003 fiscal year that is reduced by the same percentage as the reduction availability in the Fund.

EFFECTIVE DATE

SECTION 9. Except as otherwise provided in this act, this act becomes effective July 1, 2002, and expires July 31, 2002.

In the General Assembly read three times and ratified this the 27th day of June, 2002.

s/ Beverly E. Perdue
President of the Senate

s/ James B. Black
Speaker of the House of Representatives

s/ Michael F. Easley
Governor

Approved 1:33 p.m. this 27th day of June, 2002