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

The General Assembly of North Carolina enacts:

CONTENTS / INDEX
—APPROPRIATIONS FOR MAXIMUMS/REVERT BALANCES
   Section 1.
PART I.—CURRENT OPERATIONS/GENERAL FUND
   Sec. 2.
PART II.—CURRENT OPERATIONS/HIGHWAY FUND
   Sec. 3.
   —HIGHWAY FUND/ALLOCATIONS BY TRANSPORTATION CONTROLLER
      Sec. 4.
   —HIGHWAY FUND/LIMITATIONS ON TRANSFERS
      Sec. 5.
   —HIGHWAY FUNDS/ADJUSTMENTS TO REFLECT ACTUAL REVENUE
      Sec. 6.
   —HIGHWAY FUND/UNRESERVED CREDIT BALANCES
      Sec. 7.
   —HIGHWAY FUND/ADJUSTMENTS TO REFLECT FEDERAL FUNDS CHANGES
      Sec. 8.
   —HIGHWAY FUND/SALARIES AND FRINGE BENEFITS/DOT MAINTENANCE AND CONSTRUCTION EMPLOYEES
      Sec. 9.
PART III.—GENERAL PROVISIONS
   —SPECIAL FUNDS, FEDERAL FUNDS AND DEPARTMENTAL RECEIPTS/AUTHORIZATION FOR EXPENDITURES
      Sec. 10.
   —FEDERAL REVENUE SHARING/OPERATING APPROPRIATION
      Sec. 10.5.
   —RESERVE FOR MATCHING FEDERAL GRANTS
      Sec. 11.
   —INSURANCE AND FIDELITY BONDS
      Sec. 12.
   —NEW OFFICE EQUIPMENT/USE SURPLUS PROPERTY WHERE AVAILABLE
      Sec. 13.
   —STUDY COMMISSIONS/FUNDING SOURCES MUST BE IDENTIFIED
      Sec. 14.
   —EXPERIMENTAL PROGRAMS TO REPORT TO GENERAL ASSEMBLY
      Sec. 15.
   —DATA PROCESSING/ANALYSIS BEFORE NEW EQUIPMENT
      Sec. 16.
—TRAVEL AND SUBSISTENCE REIMBURSEMENT
  Sec. 17.
—PER DIEM AND ALLOWANCES/BOARDS, ETC.
  Sec. 18.
—RESERVE FOR STATE EMPLOYEE FUEL AND TRAVEL ALLOWANCE
  Sec. 19.
—USE OF STATE-OWNED VEHICLES
  Sec. 20.
—REIMBURSEMENT FOR MEALS
  Sec. 21.
—SEVERANCE WAGES
  Sec. 22.
PART IV.—HUMAN RESOURCES
—MEDICAID SCHEDULES
  Sec. 23.
—MEDICAID SCHEDULES/NEW
  Sec. 24.
—REDUCE PARENTAL LIABILITY FOR INSTITUTIONAL CARE COSTS OF DISABLED CHILDREN
  Sec. 25.
  Sec. 26.
  Sec. 27.
—REDUCE REQUIREMENT OF PARENTAL SUPPORT FOR DISABLED ADULTS
  Sec. 28.
  Sec. 29.
—NONMEDICAID MEDICAL SERVICES/STATE PROGRAMS
  Sec. 30.
—ADJUSTMENTS IN APPROPRIATIONS/NONMEDICAID HEALTH PROGRAMS
  Sec. 31.
—COMMUNITY MENTAL HEALTH PROGRAMS
  Sec. 32.
—AREA MENTAL HEALTH PROGRAM/MATCHING FUNDS
  Sec. 33.
—MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH CENTERS
  Sec. 34.
—GRANTS TO NONSTATE HEALTH AND WELFARE AGENCIES/AUDITS
  Sec. 35.
—DIRECT PATIENT-CARE BENEFITS/NO CHANGE TO INDIRECT BENEFITS
  Sec. 36.
—LOCAL HUMAN RESOURCES AGENCIES/RULES
  Sec. 37.
—OLDER AMERICANS FUNDS/MATCH OTHER PROGRAMS
  Sec. 38.
—AGED AND FAMILY CARE/COUNTY AND STATE SHARES OF COSTS
  Sec. 39.
  Sec. 40.
—HUMAN RESOURCES DEPARTMENT TO ESTABLISH RULES FOR MOSQUITO CONTROL FUNDS
  Sec. 41.
—NORTH CAROLINA ORTHOPEDIC HOSPITAL EMPLOYEES
  Sec. 42.
—SPECIALTY BOARDS
  Sec. 43.
  Sec. 44.
  Sec. 45.
  Sec. 46.
  ALLOCATION
  —DEPARTMENT OF HUMAN RESOURCES/SPECIAL AID TO COUNTIES
    Sec. 47.
  —DAY CARE SERVICES
    Sec. 48.
  —SPECIAL ASSISTANCE FOR ADULTS PROGRAM
    Sec. 49.
PART V.—SPECIAL PROVISIONS/PUBLIC EDUCATION
  —TEXTBOOK APPROPRIATIONS/NOT REVERT
    Sec. 50.
  —DRIVER TRAINING AND SAFETY EDUCATION FUND/ADVANCES
    Sec. 51.
  —STATE TEXTBOOK FUND
    Sec. 52.
  —FORMULA FOR ALLOCATION OF FUNDS FOR CHILDREN WITH SPECIAL NEEDS
    Sec. 53.
  —ALLOCATION FORMULA FOR PUBLIC SCHOOL PERSONNEL
    Sec. 54.
  —SUBSTITUTE TEACHERS' PAY
    Sec. 55.
  —STATEWIDE POLICY FOR PUBLIC SCHOOL EMPLOYEE ABSENCES
    Sec. 56.
  —DEVELOPMENTAL DAY CARE AND COMMUNITY RESIDENTIAL PROGRAMS
    Sec. 57.
  —STATE BOARD OF EDUCATION/PSYCHOLOGISTS
    Sec. 58.
  —LEGISLATIVE RESEARCH COMMISSION TO STUDY SCHOOL FINANCE STUDIES
    Sec. 59.
  —LEGISLATIVE RESEARCH COMMISSION TO STUDY PUBLIC SCHOOL FACILITY NEEDS
    Sec. 60.
  —STATE BOARD OF EDUCATION TO DO COST ANALYSIS OF STATE'S FREE PUBLIC SCHOOL INSTRUCTIONAL PROGRAM AND REPORT TO THE GENERAL ASSEMBLY
    Sec. 61.
PART VI.—SPECIAL PROVISIONS/COMMUNITY COLLEGES
  —FULL-TIME EQUIVALENT TEACHING POSITIONS/COMMUNITY COLLEGES
    Sec. 62.
  —BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR/
    Sec. 63.
  —OPERATING APPROPRIATIONS/NOT USED FOR RECREATION EXTENSION/
    Sec. 64.
  —BOARD OF EDUCATION REVISE FORMULA AMOUNTS/COMMUNITY COLLEGES
    Sec. 65.
  —ASSISTANCE TO HOSPITAL NURSING/FUND DISTRIBUTION/COMMUNITY COLLEGES
Sec. 66. —GENERAL EDUCATION DEVELOPMENT TEST FEE
Sec. 67.
—STATE BOARD OF EDUCATION APPROVAL OF COURSES FOR CAPTIVE GROUPS
Sec. 68.
—ADULT HIGH SCHOOL EXTENSION PROGRAM
Sec. 69.
—STATE BOARD OF EDUCATION/REVIEW AREA COORDINATOR PROGRAM
Sec. 70
—STATE BOARD OF EDUCATION /REPORT TO GENERAL ASSEMBLY ON COMMUNITY COLLEGE PROGRAMS
Sec. 71.
—STATE BOARD OF EDUCATION/REPORT TO THE GENERAL ASSEMBLY ON COMMUNITY COLLEGE SYSTEMS
Sec. 72.
—STATE BOARD OF EDUCATION/IMPROVE FINANCIAL MANAGEMENT AT COMMUNITY COLLEGES
Sec. 73.
PART VII.—SPECIAL PROVISIONS/HIGHER EDUCATION
—WAKE FOREST AND DUKE MED. SCHOOL ASSISTANCE /FUNDING FORMULA
Sec. 74.
—AID TO PRIVATE COLLEGES /PROCEDURE
Sec. 75.
Sec. 76.
Sec. 77.
—POSSIBLE LOSS OF FEDERAL FUNDS/UNIVERSITY OF NORTH CAROLINA
Sec. 78.
—STATE BOARD OF EDUCATION, UNIVERSITY BOARD OF GOVERNORS/TRAVEL EXPENSE CONTROLS
Sec. 79.
PART VIII.—SPECIAL PROVISIONS/SALARIES & BENEFITS
—MOST STATE WORKERS /FIVE PERCENT SALARY INCREASE ADMIN.
Sec. 80.
—LEGISLATIVE EMPLOYEES/FIVE PERCENT SALARY INCREASE
Sec. 81.
—GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES
Sec. 82.
—JUDICIAL BRANCH OFFICIALS/SALARIES
Sec. 83.
—MAGISTRATES/SALARIES
Sec. 84.
—CLERKS OF COURT/SALARIES
Sec. 85.
—PUBLIC SCHOOL DRIVER TRAINING SALARY SCHEDULE
Sec. 86.
—COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES
Sec. 87.
—HIGHER EDUCATION ACADEMIC PERSONNEL/SALARY INCREASES
Sec. 88.
—SALARY-RELATED CONTRIBUTIONS/EMPLOYERS
Sec. 89.
—SALARY ADJUSTMENT APPROPRIATIONS/AUTHORIZED TRANSFERS
   Sec. 90.
—SPECIAL PAYMENT
   Sec. 91.
—INCREASE SALARY OF MEMBERS OF THE GENERAL ASSEMBLY
   Sec. 92.
—PERSONNEL MERIT SALARY FUND/COMMUNITY COLLEGES
   Sec. 93.
—ACADEMIC PERSONNEL MERIT SALARY FUNDS/HIGHER EDUCATION
   Sec. 94.
—COST-OF-LIVING ALLOWANCE INCREASES FOR RETIRED SOLICITORS
   Sec. 95.
—COST-OF-LIVING ALLOWANCE INCREASES FOR RETIRED CLERKS OF COURT
   Sec. 96.
—INCREASED DEATH BENEFIT IN LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND
   Sec. 97.
—PENSION INCREASES FOR PENSIONERS IN TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
   Sec. 98.
—COST-OF-LIVING ALLOWANCE INCREASES IN TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
   Sec. 99.
—COST-OF-LIVING ALLOWANCE INCREASES FOR RETIRED LAW ENFORCEMENT OFFICERS
   Sec. 100.
—REDUCE VESTING PERIOD FOR BENEFIT ENTITLEMENT IN LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND
   Sec. 101.
—REDUCE VESTING PERIOD FOR DISABILITY BENEFIT ENTITLEMENT IN LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND
   Sec. 102.
—COMBINATION AGE-SERVICE UNREDUCED BENEFITS IN TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM
   Sec. 103.
—COST-OF-LIVING ALLOWANCE INCREASES IN UNIFORM JUDICIAL RETIREMENT SYSTEM
   Sec. 104.
—UNIFORM EMPLOYER CONTRIBUTIONS REQUIRED FOR BASIC BENEFIT ALLOWANCES IN LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND
   Sec. 105.
—RETIREMENT FORMULAS AND RELATED MATTERS IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND AND THE HOSPITALIZATION INSURANCE AND MATERNITY BENEFITS
   Sec. 106.
PART IX.—SPECIAL PROVISIONS/GENERAL GOVERNMENT, TRANSPORTATION, AND OTHERS
—FLAT ROCK PLAYHOUSE
   Sec. 107.
—CONSOLIDATE TAX AUDIT FUNCTION OF DIVISION OF MOTOR VEHICLES AND DEPARTMENT OF REVENUE
  Sec. 108.
—FUNDS FOR STATE SURPLUS PROPERTY WAREHOUSE
  Sec. 109.
—HOUSING FINANCE AGENCY FUNDS CANCELLED
  Sec. 110.
—NATIONAL GUARD/ PROHIBIT TRANSFER OF TUITION FUNDS
  Sec. 111.
—DEPARTMENT OF JUSTICE/TEMPORARY SYSTEMS ANALYSTS POSITIONS
  Sec. 112.
—WILDLIFE RESOURCES COMMISSION EXPENDITURES
  Sec. 113.
—NORTH CAROLINA SYMPHONY/GRANT-IN-AID FUNDS
  Sec. 114.
—STATE EXECUTIVE HELICOPTER OPERATIONS TO BE LOCATED WITHIN DEPARTMENT OF COMMERCE
  Sec. 115.
—AIRPORT IMPROVEMENT GRANTS
  Sec. 116.
—ADDITIONAL DISTRICT COURT JUDGES
  Sec. 117.
—ADDITIONAL MAGISTRATES
  Sec. 118.
—ADDITIONAL ASSISTANT DISTRICT ATTORNEYS
  Sec. 119.
PART X.—SPECIAL PROVISIONS/APPROPRIATIONS
—EXECUTIVE BUDGET ACT REFERENCE
  Sec. 120.
—EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN TEXT/ONLY 1979-81
  Sec. 121.
—SEVERABILITY CLAUSE
  Sec. 122.
—EFFECTIVE DATE
  Sec. 123.
  Sec. 124.
  Sec. 125.
—APPROPRIATIONS FOR MAXIMUMS/REVERT BALANCES
  Section 1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the State budget. Savings shall be effected where the total amounts appropriated shall not be required to perform these services and accomplish these purposes, and except as allowed by the Executive Budget Act or this act, the savings shall be reverted to the appropriate fund at the end of the biennium.
PART I.—CURRENT OPERATIONS/GENERAL FUND
  Sec. 2. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 1981, according to the following schedule:

<table>
<thead>
<tr>
<th>Current Operations - General Fund</th>
<th>1979-80</th>
<th>1980-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Assembly</td>
<td>$6,584,520</td>
<td>$8,468,672</td>
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<tr>
<td>Judicial Department</td>
<td>66,084,779</td>
<td>67,370,080</td>
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<tr>
<td>Department of The Governor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department</td>
<td>FY 2001</td>
<td>FY 2002</td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Office of The Governor</td>
<td>1,219,479</td>
<td>1,244,508</td>
</tr>
<tr>
<td>Office of Citizens Affairs</td>
<td>568,171</td>
<td>589,520</td>
</tr>
<tr>
<td>Total Department of The Governor</td>
<td>1,787,650</td>
<td>1,834,028</td>
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<tr>
<td>Lieutenant Governor's Office</td>
<td>220,860</td>
<td>225,358</td>
</tr>
<tr>
<td>Department of Administration</td>
<td>1,219,479</td>
<td>1,244,508</td>
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<tr>
<td>Reserve for Educational Benefits</td>
<td>2,273,000</td>
<td>2,300,000</td>
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<tr>
<td>Children of Veterans</td>
<td>2,273,000</td>
<td>2,300,000</td>
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<tr>
<td>Department of Secretary of State</td>
<td>639,761</td>
<td>620,180</td>
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<td>Department of State Auditor</td>
<td>4,782,230</td>
<td>4,904,818</td>
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<td>Department of State Treasurer</td>
<td>1,613,275</td>
<td>1,667,743</td>
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<tr>
<td>01. Operations</td>
<td>1,613,275</td>
<td>1,667,743</td>
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<tr>
<td>02. Retiree Benefits</td>
<td>11,655,438</td>
<td>13,151,954</td>
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<tr>
<td>Total Department of State Treasurer</td>
<td>13,268,713</td>
<td>14,819,697</td>
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<td>Department of Justice</td>
<td>19,912,855</td>
<td>20,700,349</td>
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<td>Department of Revenue</td>
<td>22,910,118</td>
<td>23,474,595</td>
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<td>State Board of Elections</td>
<td>188,842</td>
<td>222,114</td>
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<td>Department of Community Colleges</td>
<td>142,117,715</td>
<td>147,411,415</td>
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<td>Department of Public Education</td>
<td>7,219,792</td>
<td>7,205,185</td>
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<td>Department of Commerce</td>
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<td>14,855,832</td>
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<td>Department of Insurance</td>
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<td>3,840,900</td>
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<td>Department of Labor</td>
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<td>3,678,954</td>
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<td>Department of Correction</td>
<td>114,853,293</td>
<td>118,794,850</td>
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<td>Department of Public Education</td>
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<td>01. Program Administration and Support</td>
<td>77,975,856</td>
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<td>02. Fiscal Administration and Support</td>
<td>1,089,353,149</td>
<td>1,090,375,698</td>
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<td>Total Department of Public Education</td>
<td>1,167,329,005</td>
<td>1,171,121,335</td>
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<tr>
<td>Department of Community Colleges</td>
<td>142,117,715</td>
<td>147,411,415</td>
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<td>The University of North Carolina Board of Governors</td>
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<tr>
<td>01. General Administration</td>
<td>5,475,266</td>
<td>5,815,291</td>
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<td>02. Lump Sum Appropriations</td>
<td>19,780,590</td>
<td>32,133,482</td>
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<td>03. Related Educational Programs</td>
<td>22,174,181</td>
<td>24,079,228</td>
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<td>04. Agricultural Programs</td>
<td>700,000</td>
<td>700,000</td>
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<td>05. University of North Carolina at Chapel Hill</td>
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<td></td>
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<td>a. Academic Affairs</td>
<td>52,426,446</td>
<td>53,361,182</td>
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<td>b. Division of Health Affairs</td>
<td>36,464,105</td>
<td>36,930,337</td>
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<td>c. Area Health Education Centers</td>
<td>14,275,171</td>
<td>14,295,027</td>
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<td>06. North Carolina State University at Raleigh</td>
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<tr>
<td>a. Academic Affairs</td>
<td>53,178,930</td>
<td>53,958,310</td>
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<td>b. Agricultural Experiment Station</td>
<td>15,708,162</td>
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<td>c. Agricultural Extension Service</td>
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<td>07. University of North Carolina at Greensboro</td>
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<td></td>
<td>21,175,583</td>
<td>21,408,699</td>
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<td>08. University of North Carolina at Charlotte</td>
<td>17,201,774</td>
<td>17,549,735</td>
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<td>09. University of North Carolina at Asheville</td>
<td>4,034,120</td>
<td>4,095,791</td>
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<td>10. University of North Carolina at Wilmington</td>
<td>8,324,343</td>
<td>8,416,365</td>
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<td>11. East Carolina University</td>
<td>33,979,839</td>
<td>34,165,643</td>
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<td>12. North Carolina Agricultural and Technical State University</td>
<td>13,424,290</td>
<td>13,601,498</td>
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<td>13. Western Carolina University</td>
<td>13,600,089</td>
<td>13,765,095</td>
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<td>14. Appalachian State University</td>
<td>19,039,750</td>
<td>19,320,539</td>
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<td>15. Pembroke State University</td>
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<td>5,392,891</td>
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<tr>
<td>Rank</td>
<td>Institution</td>
<td>2013-2014 Fiscal Year</td>
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<tr>
<td>16.</td>
<td>Winston-Salem State University</td>
<td>5,943,875</td>
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<td>17.</td>
<td>Elizabeth City State University</td>
<td>5,010,658</td>
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<td>18.</td>
<td>Fayetteville State University</td>
<td>5,589,980</td>
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<td>19.</td>
<td>North Carolina Central University</td>
<td>11,687,675</td>
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<td>20.</td>
<td>North Carolina School of the Arts</td>
<td>2,971,686</td>
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<td>21.</td>
<td>North Carolina Memorial Hospital</td>
<td>20,440,971</td>
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<td>Total University of North Carolina</td>
<td>419,829,849</td>
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<td></td>
<td>Department of Cultural Resources</td>
<td>17,154,907</td>
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<td>Department of Transportation-General Fund</td>
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<tr>
<td>01.</td>
<td>Aeronautics</td>
<td>3,616,571</td>
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<td>02.</td>
<td>Public Transportation</td>
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<td>03.</td>
<td>Aid to Railroads</td>
<td>100,000</td>
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<td>Total Department of Transportation-General Fund</td>
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<td>Department of Human Resources</td>
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<td>01.</td>
<td>Central Administration</td>
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<td>Medical Assistance</td>
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<td>Health Services</td>
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<td>04.</td>
<td>Services for the Blind</td>
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<td>05.</td>
<td>Vocational Rehabilitation</td>
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<td>06.</td>
<td>Mental Health Services</td>
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<tr>
<td></td>
<td>a. Administration &amp; Grant-in-aid</td>
<td>47,999,483</td>
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<tr>
<td></td>
<td>b. Alcoholic Rehabilitation Center-Black Mountain</td>
<td>1,732,086</td>
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<td>c. Alcoholic Rehabilitation Center-Butner</td>
<td>1,342,467</td>
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<tr>
<td></td>
<td>d. Walter B. Jones Alcoholic Rehabilitation Center, Greenville</td>
<td>1,260,724</td>
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<tr>
<td></td>
<td>e. Dorothea Dix Hospital</td>
<td>17,690,447</td>
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<tr>
<td></td>
<td>f. Broughton Hospital</td>
<td>16,308,690</td>
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<tr>
<td></td>
<td>g. Western Carolina Center</td>
<td>5,223,756</td>
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<td></td>
<td>h. Cherry Hospital</td>
<td>16,490,384</td>
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<td></td>
<td>i. O'Berry Center</td>
<td>4,470,790</td>
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<td></td>
<td>j. John Umstead Hospital</td>
<td>14,782,536</td>
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<td>k. Murdoch Center</td>
<td>13,968,993</td>
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<td></td>
<td>l. Caswell Center</td>
<td>16,574,460</td>
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<td></td>
<td>m. Wright School</td>
<td>719,480</td>
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<td>n. N. C. Special Care Center</td>
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<td>07. North Carolina Orthopedic Hospital</td>
<td>12,400</td>
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<tr>
<td></td>
<td>08. Lenox D. Baker Children's Hospital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of North Carolina</td>
<td>452,881</td>
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<tr>
<td></td>
<td>09. Confederate Women's Home</td>
<td>139,377</td>
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<td></td>
<td>10. McCain Hospital</td>
<td>2,187,856</td>
</tr>
<tr>
<td></td>
<td>11. Western Carolina Hospital</td>
<td>2,256,445</td>
</tr>
<tr>
<td></td>
<td>12. Division of Youth Services</td>
<td>15,170,218</td>
</tr>
<tr>
<td></td>
<td>13. North Carolina School for the Deaf</td>
<td>5,052,416</td>
</tr>
<tr>
<td></td>
<td>15. Central North Carolina School for the Deaf</td>
<td>1,871,889</td>
</tr>
<tr>
<td></td>
<td>16. Governor Morehead School</td>
<td>2,907,317</td>
</tr>
<tr>
<td></td>
<td>17. Facility Services</td>
<td>6,543,612</td>
</tr>
<tr>
<td></td>
<td>18. Social Services</td>
<td>61,911,407</td>
</tr>
<tr>
<td></td>
<td>19. State Aid to Non-State Health &amp;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20. Introduce Bill</td>
<td></td>
</tr>
</tbody>
</table>
General Assembly of North Carolina

Welfare Agencies 3,689,534 3,689,534
20. Special Aid to Counties 3,000,000 3,000,000
Total Department of Human Resources 458,287,082 485,712,493

Department of Natural Resources &
Community Development 29,440,222 29,534,651
Department of Agriculture 18,286,039 18,403,268
Debt Service – Interest 28,541,050 31,873,700
Debt Service – Redemption 26,800,000 30,300,000
Contingency & Emergency Fund 2,000,000 2,000,000
Salary Adjustments of State Employees 500,000 500,000
Reserve for Travel 700,000 700,000
Reserve for Salary Increases for
Teachers & State Employees 94,300,000 94,300,000
Reserve for Special Salary Compensation
01. Active Employees 28,500,000
02. Retirees 3,000,000
Reserve for Hospital/Medical Rate Increase 3,805,750 4,090,658

GRAND TOTAL CURRENT OPERATIONS-
GENERAL FUND $2,753,147,552 $2,800,404,732

PART II.—CURRENT OPERATIONS/HIGHWAY FUND

Sec. 3. Appropriations from the Highway Fund of the State for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated, are made for the biennium ending June 30, 1981, according to the following schedule:


Department of Transportation
01. Administration $ 11,727,423 $ 11,676,161
02. Highways
a. Administration and Operations 20,485,236 20,526,092
b. State Construction
   (01) Primary Construction 21,459,419 21,459,419
   (02) Secondary Construction 23,400,000 23,400,000
   (03) Urban Construction 7,281,000 7,281,000
   (04) Access and Public Service Roads 500,000 500,000
   (05) Bridge Replacements 5,212,300 5,212,300
c. State Funds to Match Federal Highway Aid
   (01) Construction 44,942,000 45,662,000
   (02) Planning Survey and Highway Planning Research 1,847,118 1,791,118
d. State Maintenance
   (01) Primary 61,402,568 57,902,568
   (02) Secondary 94,580,009 89,380,009
   (03) Urban 13,908,202 13,908,202
e. Ferry Operations 6,433,500 6,065,000
f. State Aid to Municipalities 33,750,000 35,238,000
g. Merit Salary Increments for Central Offices and Division of Highways 6,262,626 10,296,883
h. Employers’ Contributions for Central Offices and Division of Highways
   (01) Social Security 9,282,847 9,690,225
   (02) Retirement 13,212,502 13,212,502
   (03) Hospital/Medical Insurance 3,679,344 3,679,344

03. Motor Vehicles 30,355,449 32,087,464
04. Governor’s Highway Safety Program 516,858 524,651
05. Reserve for Salary Increases for Highway Fund Employees 10,645,000 10,645,000
06. Reserve for Special Salary Compensation 3,000,000
07. Reserve for Hospital/Medical Rate Increase 417,274 442,366
08. Salary Adjustments for Highway Fund Employees 200,000 200,000
09. Debt Service 29,566,000 30,335,500
10. Contingencies and Emergency Fund 100,000 100,000
11. Reserve to Correct Occupational Safety & Health Act Deficiencies 450,000 650,000
12. Appropriations for Other State Agencies
   01. Crime Control & Public Safety 35,818,039 36,513,386
   02. Other Agencies
      a. Department of Agriculture 1,330,890 1,309,971
      b. Department of Commerce 507,214 502,841
      c. Department of Revenue 900,347 928,839
      d. Department of State Treasurer 914,886 914,886
      e. Department of Community Colleges 137,491 140,929
      f. Department of Human Resources 66,843 66,952
      g. Department of Correction 500,000 500,000

GRAND TOTAL - HIGHWAY FUND $ 494,792,385 $ 492,743,608

—HIGHWAY FUND/ALLOCATIONS BY TRANSPORTATION CONTROLLER

Sec. 4. The Controller of the Department of Transportation is directed to allocate at the beginning of each fiscal year, from the various appropriations made to the Department of Transportation in Section 3 of this act under Titles 02.b., 02.c, 02.d., and 02.e., sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and such allocations may not be diverted to other purposes.

—HIGHWAY FUND/ LIMITATIONS ON TRANSFERS
Sec. 5. Transfers may be made by authorization of the Governor as Director of the Budget from Section 3 of this act, Titles 02.b.(01), 02.b.(03), 02.b.(04), 02.c, 02.d., 02.e., provided that the original appropriation from which the transfer is made shall not be reduced by more than ten percent (10%) without the approval of the Governor and the Advisory Budget Commission. Transfers from Section 3 of this act, Titles 02.b.(01), 02.b.(03), 02.b.(04), 02.c, 02.d., and 02.e., for the purpose of providing additional positions, shall be approved by the Director of the Budget and the Advisory Budget Commission.

—HIGHWAY FUNDS/ADJUSTMENTS TO REFLECT ACTUAL REVENUE

Sec. 6. If on June 30 of either fiscal year of the 1979-81 biennium, the Highway Fund credit balance exceeds the total expenditures from current accounts and encumbrances, the excess shall first be available for appropriations in the succeeding fiscal year. If all of the excess is not used for these appropriations, the Director of the Budget may use the remaining excess to establish a reserve for access and public service roads, a reserve for unforeseen happenings or state of affairs requiring prompt action as provided for by G.S. 136-44.2, and other required reserves. If all of the remaining excess is not used to establish these reserves, the remainder shall be allocated to the State-funded maintenance or construction appropriations in the manner that the Board of Transportation deems appropriate.

In the event that Highway Fund revenues are less than the amounts appropriated in this act, State-funded construction appropriations in the primary, secondary and urban systems shall be reduced to the extent necessary to cover any anticipated deficit.

—HIGHWAY FUND/UNRESERVED CREDIT BALANCES

Sec. 7. Any unreserved credit balances in the Highway Fund on June 30, 1979, exceeding the total expenditures and encumbrances for 1978-79 fiscal year shall be available for appropriation in 1979-80 in Section 3 of this act.

—HIGHWAY FUND/ADJUSTMENTS TO REFLECT FEDERAL FUNDS CHANGES

Sec. 8. In the event the availability of federal funds or the rate of federal matching for any program under the federal aid construction program is changed during any part of the 1979-81 biennium, the Director of the Budget may authorize transfers of sufficient funds to provide adequate matching for federal aid construction funds. These transfers may be made only in appropriations from Section 3 of this act between Titles 02.b., State construction; 02.c, State funds to match federal aid construction and State funds to match federal aid highway planning survey and highway planning research; and 02.d., State maintenance; or within the affected federal aid programs; provided that no transfers shall be made from Title 02.d., State maintenance, until all available funds from the other sources listed in this section have been utilized.

—HIGHWAY FUND/SALARIES AND FRINGE BENEFITS/DOT MAINTENANCE AND CONSTRUCTION EMPLOYEES

Sec. 9. Funds appropriated in Section 3 of this act to the Department of Transportation as a reserve for salary and fringe benefit increases and for increments for employees engaged in activities related to the construction and maintenance of highways and ferry operations, and whose salaries are allocated to project work orders, shall be transferred by the Director of the Budget to State construction and maintenance accounts and to the ferry operations account in the same proportional amounts as actual expenditures for salaries charged to those accounts in the 12-month period ending May 30 of the prior fiscal year.

PART III. GENERAL PROVISIONS

—SPECIAL FUNDS, FEDERAL FUNDS AND DEPARTMENTAL RECEIPTS/AUTHORIZATION FOR EXPENDITURES

Sec. 10. There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department sufficient amounts to carry on authorized activities included under each department's operations. All such cash balances, federal receipts
and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute.

State departments, agencies, institutions, boards or commissions are authorized to make application for, receive or disburse any form of non-State aid provided that they shall deposit all such non-State monies received with the State Treasurer, unless otherwise exempt by State law, and shall expend such funds in accordance with the terms and conditions of the fund award which are not contrary to the laws of North Carolina.

—FEDERAL REVENUE SHARING/OPERATING APPROPRIATION

Sec. 10.5. To the end of providing maximum flexibility for the expenditure of appropriations consistent with federal regulations governing expenditure of general shared federal revenue, the items below, which are elements of 1979-81 current operations appropriation to the indicated departments as enumerated in Section 2 of this act, and relevant budget documents, are to be financed from the General Revenue Sharing Trust Fund of the State:

<table>
<thead>
<tr>
<th>Operations</th>
<th>1979-80</th>
<th>1980-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Schools</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Textbooks - Elementary</td>
<td>$15,521,230</td>
<td>$5,898,280</td>
</tr>
<tr>
<td>Textbooks - High School</td>
<td>2,925,019</td>
<td>2,801,475</td>
</tr>
<tr>
<td>School Bus Acquisition</td>
<td>14,444,976</td>
<td>15,328,110</td>
</tr>
<tr>
<td>Debt Service</td>
<td>24,097,447</td>
<td>4,372,579</td>
</tr>
<tr>
<td></td>
<td>$56,988,672</td>
<td>$28,400,444</td>
</tr>
</tbody>
</table>

In the event the General Revenue Sharing Trust Fund revenues are less than the amounts appropriated in this act for fiscal years 1979-80 and 1980-81 the Director of the Budget may supplant unrealized General Revenue Sharing Trust Fund revenues with any general fund availability as needed to fulfill these requirements.

To liquidate the balance remaining in the Federal Anti-Recession Fund, the item below is to be financed from said trust fund:

<table>
<thead>
<tr>
<th>Department of Administration</th>
<th>1979-80</th>
<th>1980-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative Analysis Division</td>
<td>$9,800</td>
<td></td>
</tr>
</tbody>
</table>

—RESERVE FOR MATCHING FEDERAL GRANTS

Sec. 11. Funds appropriated in Section 2 of this act to the Department of Administration as a Reserve for Matching Federal Grants shall be allocated as approved by the Director of the Budget and Advisory Budget Commission.

—INSURANCE AND FIDELITY BONDS

Sec. 12. All insurance and all official fidelity and surety bonds authorized for the several departments, institutions, and agencies shall be effected and placed by the Insurance Department, and the cost of such placement shall be paid by the department, institution, or agency involved upon bills rendered to and approved by the Insurance Commissioner.

—NEW OFFICE EQUIPMENT/USE SURPLUS PROPERTY WHERE AVAILABLE

Sec. 13. During the 1979-81 biennium, no State agency may purchase new office equipment if adequate equipment is available through the State Surplus Property Warehouse. The head of the agency making the purchase shall determine that no adequate surplus equipment is available before approving the purchase of new equipment. A list of equipment to be offered for sale shall be provided to each State department and agency by the Department of Administration at least 60 days prior to the date of sale.

—STUDY COMMISSIONS/FUNDING SOURCES MUST BE IDENTIFIED

Sec. 14. All study commissions created or extended by the 1979 General Assembly shall have an adequate source of funding specifically identified before undertaking any significant action. Except for those expenses reasonably related to a single one-day meeting held to adopt a study commission budget, no State funds shall be expended for any study
commission activity occurring prior to any approval of funding granted by a discretionary body with authority over contingency or other similar funds.

—EXPERIMENTAL PROGRAMS TO REPORT TO GENERAL ASSEMBLY

Sec. 15. Programs designated by the General Assembly as experimental, model or pilot programs shall not become a part of a department's continuation budget until a report has been received and the programs or projects have been reapproved by the General Assembly.

—DATA PROCESSING/ANALYSIS BEFORE NEW EQUIPMENT

Sec. 16. Before a request for appropriations for additional data processing equipment, services, or systems reaches the General Assembly, an analysis of the request shall have been completed which shows that the equipment, services, or system to be funded is the most efficient alternative in keeping with an overall State plan for data processing. This analysis shall be conducted by qualified personnel independent of the requesting agency or department, and shall be provided to the Advisory Budget Commission and the Appropriations Committees of the General Assembly.

—TRAVEL AND SUBSISTENCE REIMBURSEMENT

Sec. 17. G.S. 138-7 is rewritten to read as follows:

"§ 138.7. Exceptions to G.S. 138-5 and G.S. 138-6. — "Expenditures in excess of the maximum amounts set forth in G.S. 138-5 and G.S. 138-6 for travel and subsistence may be reimbursed if the prior approval of the department head is obtained. The Director of the Budget shall establish and publish uniform standards and criteria under which actual expenses in excess of the travel and subsistence allowances and convention registration fees as prescribed in G.S. 138-5 and G.S. 138-6 may be authorized by department heads for extraordinary charges for hotel, meals, and registration, whenever such charges are the result of required official business."

—PER DIEM AND ALLOWANCES/BOARDS, ETC

Sec. 18. G.S. 138-5 is amended by the addition of a new subsection to read as follows:

"(f) Members of all State boards, commissions and councils whose salaries or any portion of whose salaries are paid from State funds shall receive no per diem compensation from State funds for their services; Provided, however, that members of State boards, commissions and councils who are also members of the General Assembly shall receive, when the General Assembly is not in session, subsistence and travel allowances at the rate set forth in G.S. 120-3.1(4)."

G.S. 138-5 is further amended in subsections (a) and (b) by deleting "subsection (c)" in the first sentence of each and substituting "subsections (c) and (f)" in lieu thereof.

—RESERVE FOR STATE EMPLOYEE FUEL AND TRAVEL ALLOWANCE

Sec. 19. Funds are appropriated in Section 2 of this act in the amount of seven hundred thousand dollars ($700,000) in each year of the 1979-81 biennium to establish a reserve for the purpose of making funds available to State departments because of fuel price increases and the increase in travel allowance reimbursement to State employees as established by Chapter 1136 of the 1977 Session Laws.

These funds may be transferred to State departments based upon need as determined by the Director of the Budget.

—USE OF STATE-OWNED VEHICLES

Sec. 20. It is the intent of the General Assembly that State-owned motor vehicles shall not be used for the personal convenience of employees commuting to and from their homes to their work stations. Each State agency head shall be responsible for insuring that the intent of the General Assembly is fully carried out pursuant to this section.

The Department of Administration is directed to study the issue of the use of State-owned vehicles by employees in commuting to and from duty stations and make recommendations to the 1980 Session of the General Assembly, not later than March 1, 1980.
General Assembly of North Carolina

—REIMBURSEMENT FOR MEALS

Sec. 21. It is the intent of the General Assembly that State employees reimbursed for meals when overnight lodging is not required shall be liable for complying with any State and federal tax laws.

—SEVERANCE WAGES

Sec. 22. Chapter 143 of the General Statues is amended by adding the following new section:

"§ 143-27.2. The Director of the Budget, upon written request of a State department and recommendations of the State Personnel Officer, is authorized to pay severance wages to a State employee when employment is terminated as the result of the closing of a State institution."

PART IV. SPECIAL PROVISIONS/HUMAN RESOURCES

—MEDICAID SCHEDULES

Sec. 23. Appropriations in Section 2 of 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 such services are to be expended in accordance with the following schedule of services and payment basis:

<table>
<thead>
<tr>
<th>Services</th>
<th>Payment Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital – Inpatient</td>
<td>Allowable costs, but administrative days for any period of hospitalization shall be limited to a maximum of three days.</td>
</tr>
<tr>
<td>Hospital – Outpatient</td>
<td>90 percent of allowable costs.</td>
</tr>
<tr>
<td>Mental and Specialty Hospitals</td>
<td>Allowable costs.</td>
</tr>
<tr>
<td>Skilled Nursing Facilities and Intermediate Care Facilities</td>
<td>As prescribed under the State Plan for Reimbursing Long Term Care Facilities.</td>
</tr>
<tr>
<td>Intermediate Care Facilities for the Mentally Retarded</td>
<td>Allowable costs.</td>
</tr>
<tr>
<td>Drugs</td>
<td>Drug cost as allowable by federal regulations plus $2.68 professional service fee per month excluding refills for same drug or generic equivalent during the same month. (Payments for drugs are subject to the language on drugs at the end of this section.)</td>
</tr>
<tr>
<td>Physicians</td>
<td>90 percent of allowable usual and customary charges.</td>
</tr>
<tr>
<td>Chiropractors</td>
<td>90 percent of allowable usual and customary charges.</td>
</tr>
<tr>
<td>Dental</td>
<td>90 percent of allowable usual and customary charges.</td>
</tr>
<tr>
<td>Service Type</td>
<td>Payment Basis Terms</td>
</tr>
<tr>
<td>------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Home Health</td>
<td>Allowable costs.</td>
</tr>
<tr>
<td>Optical Services</td>
<td>90% of allowable usual and customary charges.</td>
</tr>
<tr>
<td>Medicare Buy-In</td>
<td>Social Security Administration premium.</td>
</tr>
<tr>
<td>Clinic Services</td>
<td>Reasonable customary charges as determined by the State under federal regulations.</td>
</tr>
<tr>
<td>Ambulance Services</td>
<td>100% of allowable, reasonable, usual and customary charges.</td>
</tr>
<tr>
<td>EPSDT Screens</td>
<td>Established rate approved by the State.</td>
</tr>
<tr>
<td>Hearing Aids</td>
<td>Actual cost plus a dispensing fee.</td>
</tr>
<tr>
<td>Rural Health Clinic Services</td>
<td>Provider based - reasonable cost; Non-provider based - single cost reimbursement rate per clinic visit.</td>
</tr>
<tr>
<td>Family Planning</td>
<td>Negotiated rate for local health departments, other providers - see specific services, i.e., hospitals, physicians, etc.</td>
</tr>
<tr>
<td>Independent Laboratory and</td>
<td>90% of allowable usual and customary charges.</td>
</tr>
<tr>
<td>X-Ray Services</td>
<td>100% of reasonable wholesale cost of materials.</td>
</tr>
<tr>
<td>Optical Supplies</td>
<td></td>
</tr>
</tbody>
</table>

Payment basis terms of allowable, usual, reasonable, and customary are definitive terms prescribed by federal regulations governing the Medicaid program. Any changes in services or basis of payment in the Medicaid program must be approved by the Director of the Budget and the Advisory Budget Commission.

Notwithstanding the schedule for services and payment basis in this section, increases in Medicaid rates for physicians, dentists, chiropractors, optometrists, and podiatrists shall not exceed seven percent (7%) in each year of the biennium.

The State shall pay eighty-five percent (85%) and the counties shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section, except as otherwise provided below. The same eighty-five percent (85%) State and fifteen percent (15%) county participation shall be used for any prepaid premium if Medicaid services and related administrative costs are paid for by a health-insuring contractor.

County costs incurred as a result of Sections 25-29 of this act will be refunded by the State to the counties in an amount not to exceed a total of five hundred forty-thousand nine hundred thirty-six dollars ($544,936) for fiscal year 1979-80 and six hundred four thousand eight hundred eighty dollars ($604,880) for fiscal year 1980-81, adjusted for any obligations of the county.

The State shall pay sixty-five percent (65%) and the counties shall pay thirty-five percent (35%) of the nonfederal costs of those Skilled Nursing Facilities and Intermediate Care Facilities services which are not owned by the State.

The eighty-five percent (85%) State and fifteen percent (15%) county participation shall remain in effect for all Intermediate Care Facilities for the Mentally Retarded.

As allowed by federal regulations, recipient co-payments shall be required for services under Medicaid as follows:
No co-payment is required for EPSDT-related services, family planning services, State hospital services, nor services subject to Medicare Part A or Part B coverage.

Co-payment for inpatient hospital services is limited to the first 30 days of each stay.

Maximum net family annual income eligibility standards for Medicaid shall be as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Categorically Needy</th>
<th>Medically Needy</th>
<th>Co-Payment for Each Occasion of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital – Inpatient</td>
<td>X</td>
<td>$2.00</td>
<td></td>
</tr>
<tr>
<td>Hospital – Outpatient</td>
<td>X</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Clinic Services</td>
<td>X</td>
<td>X</td>
<td>1.00</td>
</tr>
<tr>
<td>Physicians</td>
<td>X</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Podiatrists</td>
<td>X</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Optometrists</td>
<td>X</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Drugs</td>
<td>X</td>
<td>X</td>
<td>.50</td>
</tr>
<tr>
<td>Dentists</td>
<td>X</td>
<td>X</td>
<td>2.00</td>
</tr>
<tr>
<td>Chiropractors</td>
<td>X</td>
<td>X</td>
<td>.50</td>
</tr>
<tr>
<td>Optical Supplies and Services</td>
<td>X</td>
<td>X</td>
<td>2.00</td>
</tr>
<tr>
<td>Mental Health Centers</td>
<td>X</td>
<td>X</td>
<td>1.00</td>
</tr>
<tr>
<td>Health Departments</td>
<td>X</td>
<td>X</td>
<td>1.00</td>
</tr>
<tr>
<td>Nonhospital Dialysis Facility</td>
<td>X</td>
<td></td>
<td>2.00</td>
</tr>
</tbody>
</table>

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

Any change in these standards must be approved by the Director of the Budget and the Advisory Budget Commission.

Funds appropriated to the Department of Human Resources for dental services shall be dispersed only with prior approval as required by this paragraph. No prior approval shall be required for emergency services or routine services. Routine services are defined as examinations, x-rays, prophylaxis, nonsurgical tooth extractions, amalgam fillings, and fluoride treatments. Prior approval shall be required for all other services and for routine services performed more than two times during a consecutive 12-month period. The Department of
Human Resources shall establish rules and regulations, as provided by the Administrative Procedures Act, for obtaining prior approval as required by this section.

Notwithstanding any provision of G.S. 90-76 to the contrary, 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 his own handwriting on the prescription order, "dispense as written" or words of similar meaning. As used in this paragraph "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" shall have the same meaning as assigned that term by the Federal Food, Drug and Cosmetic Act as amended, Title 21 U.S.C. 301 et seq.

—MEDICAID SCHEDULES/NEW

Sec. 24. The income and financial resources of the spouse of a person who is admitted after June 30, 1979, as a long-term care patient in a certified public or private intermediate care or skilled nursing facility shall be counted only for 180 consecutive days in determining eligibility for that person for medical assistance under Article 2, Part 5 of Chapter 108 of the General Statutes, and Title XIX of the Social Security Act.

Persons admitted as long-term care patients on or prior to June 30, 1979, are subject to the March 27, 1979, order of the U. S. District Court for the Western District of North Carolina, in the case of Foard v. Gibson, which ended the practice of continuous financial responsibility of a spouse for a person who is a patient in a long-term care facility.

—REDUCE PARENTAL LIABILITY FOR INSTITUTIONAL CARE COSTS OF DISABLED CHILDREN

Sec. 25. G.S. 143-127.1(a) is amended by inserting between the words "are" and "long-term" the following: "non-Medicaid,"

Sec. 26. G.S. 143-427.1(b) is amended by deleting the word "long-term".

Sec. 27. Upon receipt by the Department of Human Resources of official notification from the Secretary of Health, Education and Welfare that institutionalized, minor, disabled children may be considered as financially independent for purposes of Medicaid eligibility, G.S. 143-127.1 is amended by adding a new subsection:

"(d) Notwithstanding any other provisions of the law, the income and financial resources of the natural or adoptive parents of persons under the age of 21 who since July 1, 1978, had spent a total of at least 180 days as long-term patients in public or private certified intermediate care or skilled nursing facilities, shall not be taken into account in the determination of whether that child is eligible for medical assistance under Article 2, Part 5 of Chapter 108 of the General Statutes and Title XIX of the Social Security Act."

—REDUCE REQUIREMENT OF PARENTAL SUPPORT FOR DISABLED ADULTS

Sec. 28. G.S. 14-322.2 is repealed.

Sec. 29. G.S. 50-13.8 is amended by deleting the words "and support" following the word "custody", by deleting all of the words after the word "self- support", and by deleting the comma after the word "self-support" and substituting therefore a period.

—NONMEDICAID MEDICAL SERVICES /STATE PROGRAMS

Sec. 30. 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 Medicaid program.

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

<table>
<thead>
<tr>
<th>Size</th>
<th>All Programs in the Family Division of Health Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$ 4,200</td>
</tr>
<tr>
<td>Kidney</td>
<td>$ 6,400</td>
</tr>
</tbody>
</table>
### Maximum gross family annual income eligibility standards for blind rehabilitation and vocational rehabilitation shall be as follows:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Medical Eye Care Blind Adults</th>
<th>Medical Eye Care Blind Preschool and School Children</th>
</tr>
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Any change in these standards must be approved by the Director of the Budget and the Advisory Budget Commission.

**—ADJUSTMENTS IN APPROPRIATIONS/NONMEDICAID HEALTH PROGRAMS**

**Sec. 31.** Appropriations made in this act for health programs not covered under Medicaid are to provide for the purchase of medical services for a full 12-month period for eligible recipients under these programs. If, during either fiscal year of the 1979-81 biennium,
expenditures in these programs indicate that the funds may be insufficient for a full 12 months, the Department of Human Resources shall adjust the eligibility requirements for participation in these programs or restrict services provided by the department to only those services most essential to protect the health and provide for the well-being of eligible clients, to the end that the appropriations are sufficient.

—COMMUNITY MENTAL HEALTH PROGRAMS

Sec. 32. Appropriations made in this act to the Division of Mental Health Services for community mental health programs as authorized by the General Statutes may be used for all services delivered by area mental health programs.

—AREA MENTAL HEALTH PROGRAM /MATCHING FUNDS

Sec. 33. All funds appropriated in Section 2 of this act designated as area mental health program funds shall be matched by local funds in accordance with the State/local ratio established by the current area mental health matching formula. Of these funds, two million five hundred thousand dollars ($2,500,000) in fiscal year 1979-80 and two million five hundred thousand dollars ($2,500,000) in fiscal year 1980-81 shall be allocated to the area mental health programs on a per capita basis as determined by the Department of Administration's most recent estimates of county populations.

—MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH CENTERS

Sec. 34. For the 1979-81 biennium, funds received by the Department of Human Resources from the tax levied on mixed beverages under G.S. 18A-15(3)c.3. shall be expended by the Department of Human Resources for alcohol programs in area mental health centers. These funds shall be matched by local funds in accordance with the State/local ratio established by the current area mental health matching formula. These funds shall be allocated to the area mental health programs on a per capita basis as determined by the Department of Administration's most recent estimates of county populations.

—GRANTS TO NONSTATE HEALTH AND WELFARE AGENCIES/AUDITS

Sec. 35. The Executive Budget Act is hereby amended by adding the following:

"§ 143-31.3. Grants to nonstate health and welfare agencies. — Nonstate health and welfare agencies shall submit their appropriation requests for grants-in-aid through the Secretary of the Department of Human Resources for recommendations to the Director of the Budget and the Advisory Budget Commission and the General Assembly, and agencies receiving these grants, at the request of the Secretary of the Department of Human Resources, shall provide a postaudit of their operations that has been done by a certified public accountant."

—DIRECT PATIENT-CARE BENEFITS/NO CHANGE TO INDIRECT BENEFITS

Sec. 36. In order that an adequate level of direct patient care in the Department of Human Resources health care institutions may be maintained, positions recommended for direct patient care in the budget shall not be reclassified and funds shall not be reallocated to nondirect patient-care activities.

—LOCAL HUMAN RESOURCES AGENCIES/RULES

Sec. 37. The Governor as Director of the Budget and the Secretary of the Department of Human Resources are authorized to establish rules and regulations applicable to local human resources agencies for the purpose of program evaluation, fiscal audits, reporting, planning and collection of third-party payments.

—OLDER AMERICANS FUNDS /MATCH OTHER PROGRAMS

Sec. 38. The Department of Human Resources, Division of Aging, is authorized to use funds appropriated for the 1979-81 biennium as State matching funds for Title VII of The Older Americans Act as State matching funds for other federal programs.

—AGED AND FAMILY CARE /COUNTY AND STATE SHARES OF COSTS

Sec. 39. The State shall pay seventy percent (70%) and the counties shall pay thirty percent (30%) of the authorized rates for domiciliary care in rest homes, and for Family Care Home Services.
Sec. 40. Funds appropriated to the Department of Human Resources, Division of Health Services to expand the High Risk Infant Identification and Tracking Program shall be allocated to local health departments in such a manner that counties which are already spending funds in this area of activity shall receive an equitable allocation of State funds.

—HUMAN RESOURCES DEPARTMENT TO ESTABLISH RULES FOR MOSQUITO CONTROL FUNDS

Sec. 41. The Secretary of Human Resources shall establish rules and regulations to govern the allocation of funds appropriated in Section 2 of this act for the control of mosquitoes, so as to ensure that these funds are equitably distributed to counties based on their need in controlling mosquitoes. In establishing these rules and regulations, the Secretary shall review the existing allocation formula and determine whether it has promoted the efficient and effective operation of the program. The Secretary shall report to the Second Session of the 1979 General Assembly on these new rules and regulations and the audited county expenditures for mosquito control.

—NORTH CAROLINA ORTHOPEDIC HOSPITAL EMPLOYEES

Sec. 42. Funds are appropriated in Section 2 of this act to continue certain employees at North Carolina Orthopedic Hospital until the hospital is closed which shall be no later than November 30, 1979.

—SPECIALTY BOARDS

Sec. 43. G.S. 143B-173(a)(1), is amended by adding a sentence to read as follows: "A sunset date of July 1, 1980, is placed on the Board of Directors of the North Carolina Specialty Hospitals. The Board shall be subject to review by the Governmental Evaluation Commission under the provisions of Sections 7, 8, 9, 10 and 11 of Chapter 712 of the 1977 Session Laws."

Sec. 44. If the Board of Directors of the North Carolina Specialty Hospitals is not reestablished under the provisions of Chapter 712 of the 1977 Session Laws, then effective July 1, 1980, G.S. 143B-174 is amended by deleting the first sentence which reads: "The Board of Directors of the North Carolina Specialty Hospitals of the Department of Human Resources shall consist of 12 members appointed by the Governor for terms of six years", and by deleting the words in the seventh sentence: "the Board of Directors of North Carolina Specialty Hospitals, four of whose appointments expire April 29, 1973, four of whose appointments expire April 29, 1975, and four of whose appointments expire April 29, 1977;".

Sec. 45. If the Board of Directors of the North Carolina Specialty Hospitals is not reestablished under the provisions of Chapter 712 of the 1977 Session Laws, then effective July 1, 1980, Articles 7, 8 and 9 of Chapter 131 of the General Statutes are repealed.

Sec. 46. If the Board of Directors of the North Carolina Specialty Hospitals is not reestablished under the provisions of Chapter 712 of the 1977 Session Laws, then effective July 1, 1980, Chapter 131 of the General Statutes is amended by adding a new Article 7A, to read as follows:

"Article 7A.

"North Carolina Specialty Hospitals.

"§ 131-60.1. All functions, powers, duties, and obligations heretofore vested in the Board of Directors of the North Carolina Specialty Hospitals and in McCain Hospital, Western North Carolina Hospital and Eastern North Carolina Hospital are hereby transferred to and vested in the Department of Human Resources. All appropriations heretofore made to such Board of Directors or to any of the hospitals are hereby transferred to the Department of Human Resources. The Secretary of the Department of Human Resources shall have the power and duty to adopt rules and regulations for the operation of these facilities. Any change in the Alcohol Detoxification Program at Black Mountain must be recommended by the Secretary of the Department of Human Resources and approved by the Governor and the Advisory Budget Commission."
—DEPARTMENT OF HUMAN RESOURCES/SPECIAL AID TO COUNTIES

Sec. 47. Funds in the amount of three million dollars ($3,000,000) for fiscal year 1979-80 and three million dollars ($3,000,000) for fiscal year 1980-81 are appropriated in Section 2 of this act to the Department of Human Resources as special aid to counties. These funds shall be allocated by the Department of Human Resources in equal quarterly amounts based on each county's population as a percentage of the total State population, as determined by the Department of Administration's most recent estimates of county populations. These funds shall be expended by the county commissioners for the administration of local departments of public health or social services.

—DAY CARE SERVICES

Sec. 48. Funds appropriated for day care services in Section 2 of this act shall be expended in such a way as to maximize the number of children to be served and the Secretary of the Department of Human Resources may purchase care from "A" licensed facilities. The Secretary is authorized to reserve from the appropriation such amounts as may be necessary to effectively administer the State day care program, subject to approval of the Advisory Budget Commission.

—SPECIAL ASSISTANCE FOR ADULTS PROGRAM

Sec. 51. Funds appropriated in this act to the Department of Public Education may be advanced to the Special Fund for Driver Training and Safety Education during the 1979-81 biennium in accordance with Executive Budget Act procedure. However, when receipts from the annual vehicle registration tax collected under G.S. 20-88.1 which go into this special fund are sufficient to operate the Driver Training and Safety Education Program in each fiscal year of the 1979-81 biennium, any funds advanced to the special fund from the Department of Public Education shall be repaid from the special fund registration tax receipts prior to June 30 of each fiscal year.

—STATE TEXTBOOK FUND

Sec. 49. Any additional funds above those already in the expansion budget that become available to recipients of special assistance for adults because of increases in Social Security or Supplemental Security Income payments shall be used by the Department of Human Resources to reduce the State and county obligations in the special assistance for adults program.

PART V. SPECIAL PROVISIONS/PUBLIC EDUCATION

—TEXTBOOK APPROPRIATIONS/NOT REVERT

Sec. 50. Funds appropriated in this act to the Department of Public Education for the purchase of elementary basic textbooks shall be permanent appropriations, and unexpended portions of these appropriations shall not revert to the General Fund at the end of the biennium.

—DRIVER TRAINING AND SAFETY EDUCATION FUND/ADVANCES

Sec. 52. Funds appropriated in Section 2 of this act to the Department of Public Education will support the total cost of the administration of the State textbook system. It is intended that this appropriation eliminate the need for school systems to contribute to these costs from the State's appropriation for the purchase of high school textbooks. It is also intended that as soon as the June 30, 1979, audit of the State Textbook Fund can be completed, any balance remaining in the fund for purposes of administration of the system, services to local units, or operation of the textbook warehouse will be reverted to the General Fund of the State.

—FORMULA FOR ALLOCATION OF FUNDS FOR CHILDREN WITH SPECIAL NEEDS

Sec. 53. The State Board of Education is directed, prior to the beginning of the 1980-81 school year, to develop and implement with the approval of the Advisory Budget Commission a uniform formula for the allocation of all funds appropriated for children with special needs. The formula shall provide funds to the local educational administrative units based on the number of these children needing special education.
In developing the formula, the State Board of Education shall consider the excessive costs that are incurred when a local board of education finds it necessary to assign a child with special needs as defined in P.L. 94-142 and G.S. 115-366 to a privately operated educational program for the handicapped, either in-state or out-of-state. The State Board shall also consider that funds provided for a child with special needs shall be related to the needs of the child and to the amount of resources which are available for all North Carolina students in the public school system.

The Legislative Commission on Children with Special Needs is directed to study the issue of educational and custodial services for severely handicapped children whose needs cannot be served by the public schools as per P.L. 94-142 and Chapter 927 of the 1977 Session Laws and to report to the Second Session of the 1979 General Assembly. In making this study, the Commission shall involve the Department of Human Resources and the Department of Public Instruction in surveying the needs by areas of exceptionality, the number of children involved, the availability and costs of such services in and out of State, the practicality of providing such services in existing institutions, and any practical alternatives to the public schools and institutionalization. As a part of its study, the Commission is asked to define educational services versus custodial services and make recommendations as to which agencies should accept responsibility for various services.

—Allocation Formula for Public School Personnel

Sec. 54. Funds appropriated in Section 2 of this act to the Department of Public Education shall be used insofar as possible for personnel allotments to each public school unit within the following criteria:

1. for classroom teachers to be used only for instructing students, one position for every 26 pupils in grades K-3; one position for every 30 pupils in grades 4-8; and one position for every 31 pupils in grades 9-12;
2. one school librarian position for each school with 200 or more average daily membership;
3. one guidance counselor position for each 800 average daily membership unit wide;
4. one professional position for other support personnel (i.e., social workers, school nurses, attendance counselors) for each 4,000 average daily membership unit wide;
5. one principal position for each school with 100 or more average daily membership;
6. one assistant principal position for each school with 625 or more average daily membership.

The average daily membership shall be based upon the best continuous three out of the first four school months for grades K-12.

The State Board of Education shall adopt formulas for the above allocations which are consistent with legislative intent that funds and personnel shall be allocated to all school administrative units on a fair and equitable ADM basis.

—Substitute Teachers’ Pay

Sec. 55. Funds appropriated in Section 2 of this act to the Department of Public Education include two million eight hundred twenty-two thousand two hundred seventy-three dollars ($2,822,273) for fiscal year 1979-80 and two million seven hundred ninety thousand five hundred four dollars ($2,790,504) for fiscal year 1980-81 to increase the daily rate of pay from twenty dollars ($20.00) to thirty dollars ($30.00) for a substitute teacher, except that the daily rate of pay for nonqualified personnel employed as teacher substitutes shall remain at twenty dollars ($20.00). Nonqualified personnel may be employed as teacher substitutes only in hardship situations and must be approved by the school principal. The State Board of Education is directed to establish the necessary rules and regulations to determine qualified and nonqualified personnel and to ensure compliance with the provisions of this section.
STATEWIDE POLICY FOR PUBLIC SCHOOL EMPLOYEE ABSENCES

Sec. 56. The State Board of Education is directed to adopt a uniform statewide policy pertaining to approved paid absences for State paid public school employees. This policy shall establish a maximum number of days that a State paid public school employee can be absent with pay. This policy shall not affect policies of local boards of education governing leave without pay. Before implementation of this policy, the approval of the Advisory Budget Commission shall be required.

DEVELOPMENTAL DAY CARE AND COMMUNITY RESIDENTIAL PROGRAMS

Sec. 57. Funds appropriated in Section 2 of this act to the Department of Public Education include four million twenty-seven thousand five hundred dollars ($4,027,500) each year to provide educational services for 180 days for students ages 5-17 appropriately enrolled in one of the developmental day care and/or community residential programs. It is intended that these funds be allocated on a head count basis of children in such programs to the appropriate local education agency to be used exclusively for students whose educational needs can best be met by a developmental day care and/or community residential program as determined by the evaluations and processes required by federal and State laws for children with special needs. The State Board of Education is hereby directed to establish the necessary rules and regulations to insure that the intent of this section is followed.

STATE BOARD OF EDUCATION /PSYCHOLOGISTS

Sec. 58. Funds appropriated to the State Board of Education for 71 psychologists, include nine hundred thirteen thousand nine hundred eighty-three dollars ($913,983) for fiscal year 1979-80 and nine hundred twenty thousand eighteen dollars ($920,018) for fiscal year 1980-81 may be allocated to local administrative units as ADM dollars to assure that all administrative units share equitably and to assure that services are procured in the most economical manner.

LEGISLATIVE RESEARCH COMMISSION TO STUDY SCHOOL FINANCE STUDIES

Sec. 59. State and federal funds have been used to produce three very significant statewide reports on school finance. These reports speak to: (1) the overall system of financing public education in North Carolina, (2) standards for allotting school personnel, and (3) salary schedules for all State-paid school personnel. Members of the Legislature and other citizens have invested considerable time in these studies. The 1979 General Assembly has responded to each of these studies. However, each of the studies has long-range implications for the Legislature and the public school system. The Legislative Research Commission is directed to give leadership to the implementation of these studies and to bring to future sessions the guidance and direction required.

LEGISLATIVE RESEARCH COMMISSION TO STUDY PUBLIC SCHOOL FACILITY NEEDS

Sec. 60. The Legislative Research Commission is directed to conduct a study of the school facility needs of the public schools of North Carolina. The Commission is further directed to report its findings to the General Assembly on or before March 1, 1980. The Commission report shall include a detailed analysis of the total needs in the matter of public school facilities.

STATE BOARD OF EDUCATION TO DO COST ANALYSIS OF STATE'S FREE PUBLIC SCHOOL INSTRUCTIONAL PROGRAM AND REPORT TO THE GENERAL ASSEMBLY

Sec. 61. The State Board of Education shall define and cost out the elements of the State's free basic education program and share the information with the General Assembly. The purpose of this study is to assure that every child has free and equal access to this basic education program without regard to place of residence or other limitations.
Sec. 62. For the purpose of determining the Community College system-wide number of full-time equivalent (FTE) teaching positions each year, the total curriculum and extension full-time equivalent student enrollment shall be divided by 22.
—BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR/COMMUNITY COLLEGES

Sec. 63. Appropriations made in this act to the Department of Community Colleges for equipment and library books are made for each year of the biennium, and all unencumbered appropriations shall revert to the General Fund 12 months after the close of the fiscal year for which they were appropriated. Encumbered balances or unliquidated obligations outstanding at the end of this period shall be handled in accordance with existing State budget policies.
—OPERATING APPROPRIATIONS/NOT USED FOR RECREATION EXTENSION/COMMUNITY COLLEGES

Sec. 64. Funds appropriated in Section 2 of this act to the Department of Community Colleges as operating expenses for allocation to the institutions comprising the Community College System shall not be used to support recreation extension courses. The financing of such courses by any institution shall be on a self-supporting basis and membership hours produced from such activities shall not be counted when computing full-time equivalent students for use in budget-funding formulas at the State level.
—BOARD OF EDUCATION REVISE FORMULA AMOUNTS/COMMUNITY COLLEGES

Sec. 65. Within the limits of the appropriations made in this act to the Department of Community Colleges, the State Board of Education may, with the approval of the Director of the Budget and the Advisory Budget Commission, revise the formulas for allocating operating funds to the community colleges and technical institutes. For purposes of complying with this section, increases in any per unit formula amounts shall be offset by decreases in other per unit formula amounts to produce an equivalent reduction in expenditures.
—ASSISTANCE TO HOSPITAL NURSING/ FUND DISTRIBUTION /COMMUNITY COLLEGES

Sec. 66. Funds appropriated in Section 2 of this act to the Department of Community Colleges to provide financial assistance to hospital programs of nursing education leading to diplomas in nursing which are fully accredited by the North Carolina Board of Nursing and operated under the authority of a public or nonprofit hospital licensed by the North Carolina Medical Care Commission shall be distributed, upon application for financial assistance, on the basis of eight hundred fifty dollars ($850.00) for each full-time student duly enrolled in the program as of December 1 of the preceding year and on condition that accreditation is maintained. The State Board of Education shall make such rules and regulations as are necessary to ensure that this financial assistance is used directly for faculty and instructional needs of diploma nursing programs.
—GENERAL EDUCATION DEVELOPMENT TEST FEE

Sec. 67. The Department of Community Colleges shall require a five dollar ($5.00) fee from each student who takes the General Education Development Test. All the fees collected for this purpose shall revert to the General Fund.
—STATE BOARD OF EDUCATION APPROVAL OF COURSES FOR CAPTIVE GROUPS

Sec. 68. No course of instruction supported in whole or in part by State funds shall be offered by any institution in the Community College System to any captive group without the prior approval of the State Board of Education. Approval by the State Board of Education shall be presumed to constitute approval of both the course and the captive group served. Any course taught without this approval shall not generate full time equivalent (FTE) enrollments for budget purposes.
—ADULT HIGH SCHOOL EXTENSION PROGRAM
Sec. 69. Adult High School Extension Program funds appropriated to the Department of Community Colleges in Section 2 of this act shall not be shifted to other programs.

—STATE BOARD OF EDUCATION /REVIEW AREA COORDINATOR PROGRAM

Sec. 70. The State Board of Education is directed to review and evaluate the Department of Community Colleges' area coordinator program, giving emphasis to the distribution of the coordinators, the continuing need for them, the uniqueness of their services, and their cost effectiveness. The Board shall report its findings, together with a statement of the goals and objectives of the program and the procedures established to evaluate it, to the General Assembly no later than March 1, 1980.

—STATE BOARD OF EDUCATION/REPORT TO GENERAL ASSEMBLY ON COMMUNITY COLLEGE PROGRAMS

Sec. 71. The State Board of Education is directed to approve all programs and extension courses and to establish priorities among programs and courses offered by the community college institutions. Further, the State Board of Education is directed to adopt standards, criteria, guidelines and definitions which shall serve as the basis for a comprehensive program classification system for the institutions.

The State Board of Education shall make an interim report to the Joint Appropriations Committee 20 days prior to the convening of the Second Session of the 1979 General Assembly relative to its actions on the matters outlined above and on the use of funds appropriated for the Community College System as relates to programs and priorities in 1979-80, and shall make a final report to the Joint Appropriations Committee of the 1981 General Assembly on or before March 1, 1981.

—STATE BOARD OF EDUCATION/REPORT TO THE GENERAL ASSEMBLY ON THE COMMUNITY COLLEGE SYSTEM

Sec. 72. No later than March 1, 1980, the State Board of Education shall make a report to the General Assembly on the Community College System. This report shall:

(1) clarify the distinction between courses of instruction and community service activities such as those described in the State Auditor’s operational audit;

(2) propose a statutory definition for the term "general adult education";

(3) propose statutory definitions for the terms "curriculum" and "extension", and additional language to eliminate ambiguity and to further refine the line of demarcation between the two terms.

—STATE BOARD OF EDUCATION/IMPROVE FINANCIAL MANAGEMENT AT COMMUNITY COLLEGES

Sec. 73. Upon the request of the president and board of trustees of a community college institution and upon the recommendation of the State President of the Department of Community Colleges concurred in by the Controller, the State Board of Education shall adopt and oversee the execution of one or more State-aid funding contracts between itself and participating community college institutions. The purpose of conducting experimental projects is to improve current methods of institutional funding, program budgeting, institutional budgeting, student accounting and instructional and administrative services programming. These projects shall be conducted under rules and regulations adopted by the State Board of Education and shall be funded from monies appropriated in Section 2 of this act to the Department of Community Colleges. The State Board of Education shall make an interim report of its findings and recommendations to the General Assembly no later than January 1, 1981, and a final report by January 1, 1982.

PART VII. SPECIAL PROVISIONS/ HIGHER EDUCATION

—WAKE FOREST AND DUKE MED. SCHOOL ASSISTANCE/FUNDING FORMULA

Sec. 74. Funds appropriated in Section 2 of this act to the Board of Governors of The University of North Carolina for continuation of financial assistance to the medical schools
of Duke University and Wake Forest University shall be disbursed on certifications of the respective schools of medicine that show the number of North Carolina residents as first-year, second-year, third-year, and fourth-year students in the school as of November 1, 1979, and November 1, 1980. Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars ($8,000) for each such student, one thousand dollars ($1,000) of which shall be placed by the school in a fund to be used to provide financial aid to needy North Carolina students who are enrolled in the school, provided that the maximum aid given to any student from this fund in a given year shall not exceed the amount of the difference in tuition and academic fees charged by the school and those charged at the School of Medicine at The University of North Carolina at Chapel Hill.

Disbursement to Duke University shall be made in the amount of five thousand dollars ($5,000) for each such student, five hundred dollars ($500.00) of which shall be placed by the school in a fund to be used to provide student financial aid to financially needy North Carolina students who are enrolled in the school, provided that no individual student shall be awarded assistance from this fund in excess of two thousand dollars ($2,000) each year. In addition to this basic disbursement for each year of the 1979-81 biennium, a disbursement of one thousand dollars ($1,000) shall be made for each such student in the first-year, second-year, third-year and fourth-year classes to the extent that enrollment of each of those classes exceeds 30 North Carolina students.

The Board of Governors shall establish the criteria for determining the eligibility for financial aid of needy North Carolina students who are enrolled in the schools and shall review the grants or awards to said eligible students. The Board of Governors shall promulgate regulations for determining which students are residents of North Carolina for the purposes of these programs. The Board shall also make such regulations as it may deem desirable to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board shall encourage the two schools to orient students towards personal health care in North Carolina giving special emphasis to family and community medicine.

—AID TO PRIVATE COLLEGES/PROCEDURE

Sec. 75. 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, G.S. 116-21, and G.S. 116-22. These funds are to provide up to two hundred dollars ($200.00) per full-time equivalent North Carolina undergraduate student enrolled at a private institution as of October 1 each year.

These funds shall be placed in a separate, identifiable account in each eligible institution's budget/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 for the tuition grant program as defined in Section 76 of this act.

Sec. 76. 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 such institutions, there is hereby granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, the sum of four hundred seventy-five dollars ($475.00) per academic year in 1979-80 and the sum of five hundred fifty dollars ($550.00) per academic year in 1980-81 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 and regulations promulgated by the State Education Assistance Authority not inconsistent with this act. The State Education Assistance Authority shall not approve any grant until there has been received from an appropriate officer
of the approved institution a certification that the student applying for the grant is an eligible student. Upon receipt of such certification in proper form, 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 such student.

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

In the event there are not sufficient funds to provide each eligible student with a full grant, each eligible student shall receive a reduced but equal 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.

Sec. 77. Expenditures made pursuant to Sections 75 and 76 of this act shall be used for secular educational purposes only. If any provisions of these sections or the application thereof to any person or circumstances be held invalid, such invalidity shall not affect other provisions or applications of the sections which can be given effect without the invalid provision or application, and to this end the provisions of the sections are declared to be severable.

—POSSIBLE LOSS OF FEDERAL FUNDS/UNIVERSITY OF NORTH CAROLINA

Sec. 78. Funds are included in the appropriations in Section 2 of this act to the Board of Governors of The University of North Carolina to replace an expected loss in federal funding in the Area Health Education Centers program ($600,000 in 1979-80 and $1,200,000 in 1980-81) and the Agricultural Extension Service, N.C. State University at Raleigh ($200,000) each year. In the event that these federal funds, or any portion thereof, are realized, it is the intent of this act that such federal funds be used, to the extent possible, to supplant the General Fund appropriations herein made Appropriations which are supplanted will revert to the General Fund.

—STATE BOARD OF EDUCATION, UNIVERSITY BOARD OF GOVERNORS/ TRAVEL EXPENSE CONTROLS

Sec. 79. The State Board of Education and the Board of Governors of The University of North Carolina shall make a study of, and establish all reasonable regulations necessary to limit, expenditures for travel to meetings or conventions of private organizations and for travel which is not solely for public business.

The State Board of Education and the Board of Governors of The University of North Carolina shall report their findings and the actions which they have taken to conserve travel funds at both the department level and at the institutional level, to the Second Session of the 1979 General Assembly.

PART VIII. SPECIAL PROVISIONS/SALARIES AND BENEFITS

—MOST STATE WORKERS/FIVE PERCENT SALARY INCREASE ADMIN.

Sec. 80. The Director of the Budget is authorized to transfer from the appropriations in Sections 2 and 3 of this act for legislative salary increases of State employees paid from the General Fund and the Highway Fund, respectively, such amounts, including the employer's retirement and social security contributions, as may be required to increase salaries in effect on June 30, 1979, for all permanent employees by an average of five percent (5%) commencing July 1, 1979, rounded to conform to the steps in such salary ranges as may be adopted by the State Personnel Commission. For an employee whose salary in effect on June 30, 1979, is not equal to a specific pay rate within the salary schedule effective on that date, the annual increase will be the amount applicable to the next lower pay rate.
Except for salaries specifically established in this act, State department secretaries and other exempt positions whose salaries are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be granted the same approximately five percent (5%) salary increases as provided for other State employees under this section, commencing July 1, 1979.

The Director of the Budget is authorized to allocate, out of special operating funds or from sources other than tax revenues under which personnel are employed, sufficient funds to allow increases in salaries paid from those sources to conform with the increases authorized for other State employees under the provisions of this section, provided necessary funds are made available by sponsoring agencies.

The Director of the Budget is further authorized to promulgate special rules and regulations to apply to salary increases for employees whose salaries are paid from interagency receipts, where payments for the services of such employees originate from State appropriations, to the end that the effective purchasing power of such appropriations is not materially reduced as a result of these salary increases. Any question as to the applicability of the provisions of this paragraph shall be resolved by the Director of the Budget and the Advisory Budget Commission.

Salaries for positions which are paid partially from the General Fund and partially from sources other than the General Fund shall be increased from the General Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund.

The granting of the legislative salary increases under this section shall not affect the status of eligibility for automatic or merit salary increments or both for which employees may be eligible.

The salary ranges for all employees under the State Personnel Act shall be increased, so far as the maximums are concerned, by amounts corresponding to those of the legislative salary increase so that, after the salary increases provided for in this act are made, every employee will continue to have the same relative position with respect to salary increases and future increments as he would have had if the salary increases provided by this act had not been made.

The salary increases provided in this act to be effective July 1, 1979, shall not apply to persons separated from State service due to resignation, dismissal, reduction in force, death or retirement, whose last work day is prior to July 1, 1979.

Within regular executive Budget Act procedures as limited by this act, all State agencies and departments are authorized to increase the rate of pay of temporary State employees, subject to availability of funds in the particular agency or department and on an equitable basis, by pro rata amounts approximately equal to the five percent (5%) increase provided for other State employees.

It is the intent of the General Assembly to provide increases, including the cost-of-living adjustments allowed by law for retirees and beneficiaries in the several State-supported retirement systems, comparable to the cost-of-living salary increases provided for active members of the several systems.

Any remaining appropriations not transferred by the Director of the Budget for legislative salary increases may be used to supplement the salary adjustment appropriations as approved by the State Personnel Director and Director of the Budget.

—LEGISLATIVE EMPLOYEES /FIVE PERCENT SALARY INCREASE

Sec. 81. The Legislative Services Officer is authorized to increase the salaries of permanent non-elected employees of the General Assembly in effect on June 30, 1979, by five percent (5%) commencing July 1, 1979, rounded to the nearest whole dollar figure divisible by 12 and otherwise adjusted to conform with the relative levels of the Legislative Services
Commission salary schedule. The granting of this legislative percentage salary increase shall not affect the status of employees' eligibility for automatic or merit increments.

—GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Sec. 82. G.S. 120-37(c) is amended by deleting the words and figures "twenty-one thousand two hundred dollars ($21,200)"; and inserting therein the words and figures "twenty-two thousand two hundred sixty dollars ($22,260)".

—JUDICIAL BRANCH OFFICIALS /SALARIES

Sec. 83. The annual salary, in fiscal years 1979-80 and 1980-81, of the specified judicial branch official shall be as follows:

<table>
<thead>
<tr>
<th>Judicial Branch Officials</th>
<th>Annual salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice, Supreme Court</td>
<td>$50,400</td>
</tr>
<tr>
<td>Associate Justice, Supreme Court</td>
<td>49,356</td>
</tr>
<tr>
<td>Chief Judge, Court of Appeals</td>
<td>47,784</td>
</tr>
<tr>
<td>Judge, Court of Appeals</td>
<td>46,728</td>
</tr>
<tr>
<td>Judge, Superior Court</td>
<td>41,484</td>
</tr>
<tr>
<td>Chief Judge, District Court</td>
<td>34,920</td>
</tr>
<tr>
<td>Judge, District Court</td>
<td>33,600</td>
</tr>
<tr>
<td>District Attorney</td>
<td>38,592</td>
</tr>
<tr>
<td>Assistant District Attorney - an average of</td>
<td>24,948</td>
</tr>
<tr>
<td>Administrative Officer of the Courts</td>
<td>44,100</td>
</tr>
<tr>
<td>Assistant Administrative Officer of the Courts</td>
<td>31,500</td>
</tr>
<tr>
<td>Public Defender</td>
<td>38,592</td>
</tr>
<tr>
<td>Assistant Public Defender - an average of</td>
<td>24,948</td>
</tr>
</tbody>
</table>

The minimum salary of any assistant district attorney shall be twelve thousand six hundred dollars ($12,600) per annum; provided, that on recommendation of the district attorney with the approval of the Administrative Officer of the Courts, the salaries of assistant district attorneys may be adjusted so long as the average salaries of assistant district attorneys in a judicial district do not exceed twenty-four thousand nine hundred forty-eight dollars ($24,948).

The minimum salary of any assistant public defender shall be twelve thousand six hundred dollars ($12,600) per annum; provided, that on recommendation of the public defender with the approval of the Administrative Officer of the Courts, the salaries of assistant public defenders may be adjusted so long as the average salaries of assistant public defenders in a judicial district do not exceed twenty-four thousand nine hundred forty-eight dollars ($24,948).

Funds appropriated in Section 2 of this act for salary increases and related employer's retirement and social security contributions for permanent employees of the Judicial Department, except for those itemized in this act, are to provide salary increases commencing July 1, 1979, of the same percentage as that authorized in Section 80 of this act (approximately 5%) for State employees subject to the Personnel Act, rounded to conform to the steps in the salary ranges adopted by the Judicial Department.

—MAGISTRATES/SALARIES

Sec. 84. The schedule of salaries of full-time magistrates shown in the table in subdivision (1) of G.S. 7A-171.1, is deleted and in lieu thereof the following schedule is substituted:

<table>
<thead>
<tr>
<th>Number of prior years of service</th>
<th>Annual salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1</td>
<td>$ 8,592</td>
</tr>
<tr>
<td>1 or more but less than 3</td>
<td>9,348</td>
</tr>
<tr>
<td>3 or more but less than 5</td>
<td>10,212</td>
</tr>
<tr>
<td>5 or more but less than 7</td>
<td>11,136</td>
</tr>
<tr>
<td>7 or more but less than 9</td>
<td>12,168</td>
</tr>
<tr>
<td>9 or more</td>
<td>13,308</td>
</tr>
</tbody>
</table>
—CLERKS OF COURT/SALARIES

Sec. 85. The schedule of salaries of clerks of superior courts in G.S. 7A-101 is deleted and in lieu thereof the following schedule is substituted:

<table>
<thead>
<tr>
<th>Population</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10,000</td>
<td>$13,656</td>
</tr>
<tr>
<td>10,000 to 19,999</td>
<td>17,328</td>
</tr>
<tr>
<td>20,000 to 49,999</td>
<td>20,484</td>
</tr>
<tr>
<td>50,000 to 99,999</td>
<td>23,628</td>
</tr>
<tr>
<td>100,000 to 199,999</td>
<td>26,784</td>
</tr>
<tr>
<td>200,000 and above</td>
<td>32,556</td>
</tr>
</tbody>
</table>

—PUBLIC SCHOOL DRIVER TRAINING SALARY SCHEDULE

Sec. 86. The State Board of Education is authorized, within driver training funds available, to increase the salary schedule for driver training personnel by approximately five percent (5%) annually as provided in this act for other school personnel.

—COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Sec. 87. Funds are appropriated in Section 2 of this act to provide an annual average salary increase of five percent (5%) for all community college institutional personnel. These funds are to be allocated to individuals according to rules and regulations established by the State Board of Education and may not be used to establish any new positions.

—HIGHER EDUCATION ACADEMIC PERSONNEL/SALARY INCREASES

Sec. 88. Funds are appropriated in Section 2 of this act to provide an annual average salary increase of five percent (5%) for employees exempt from the State Personnel Act in the constituent institutions of The University of North Carolina. These funds are to be allocated to individuals in accordance with rules and regulations established by the Board of Governors and may not be used to establish any new positions.

—SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

Sec. 89. Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts (other than gifts, including foundation funds), shall be paid from the same source as the source of the employee's salary. In those instances in which an employee's salary is paid in part from the General Fund and in part from department, office, institution, or agency receipts (other than gifts, including foundation funds), required employer salary-related contributions shall be paid from the General Fund only to the extent of the proportionate part paid from the General Fund in support of the salary of such employee, and the remainder of the employer's requirement shall be paid from the same source which supplies the remainder of such employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the employee for hospital-medical insurance, longevity, and unemployment insurance, except that where the employee's salary is paid in whole or in part from gifts, including foundation funds, the source of such gifts must bear its proportional share of the employer's requirement for these purposes.

Any questions as to the applicability of the provisions of this section shall be resolved by the Director of the Budget and the Advisory Budget Commission.

—SALARY ADJUSTMENT APPROPRIATIONS/AUTHORIZED TRANSFERS

Sec. 90. The Director of the Budget is authorized to transfer to General Fund budget codes from the General Fund salary adjustment appropriation, and to Highway Fund budget codes from the Highway Fund salary adjustment appropriation, such amounts as may be required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds are to be transferred only when the use of salary reserve funds in individual operating budgets is not feasible.

—SPECIAL PAYMENT
Sec. 91. The Director of the Budget is authorized and empowered to transfer to State departments, institutions, and agencies from the General Fund Reserve for Special Compensation as applicable and from the Highway Fund Reserve for Special Compensation as applicable sufficient funds to award a special payment of two hundred dollars ($200.00) in the month of November, 1979, to each employee of record as of November 1, 1979, who has been continuously employed or under contract since November 1, 1978, in the following categories of teachers and employees:

(a) Full-time permanent State employees and full-time permanent employees of the General Assembly whose salaries are paid from the General Fund or the Highway Fund.

(b) Teachers in the public schools of the State whose salaries are paid from the General Fund.

(c) Full-time permanent employees in the public schools of the State other than teachers whose salaries are paid from the General Fund.

(d) Full-time permanent employees of institutions in the Community Colleges system and in The University of North Carolina whose salaries are paid from the General Fund.

State departments, institutions, and agencies are authorized to make the special payments described herein to qualifying individuals whose salaries are paid from sources other than the General Fund or the Highway Fund, provided sufficient funds are available from the sources which support the salaries. Teachers and employees in the categories enumerated hereinabove whose salaries are paid in part from the General Fund and in part from other sources shall receive the special compensation described in this section from the General Fund appropriation only to the extent of the proportionate part of their salaries paid from the General Fund.

Notwithstanding any other provision of law, the special compensation herein provided for shall have no effect with respect to any teacher's or State employee's status in any State retirement system and shall not be a continuing part of any employee's salary.

The Director of the Budget is authorized and empowered to transfer to the Department of the State Treasurer from the General Fund Reserve for Special Compensation sufficient funds to award a special one-time payment in the month of November, 1979, to all persons receiving retirement benefits from the Teachers' and State Employees' Retirement System, the Law Enforcement Officers' Benefit and Retirement Fund, the Uniform Judicial Retirement System, the Uniform Solicitorial Retirement System, or the Uniform Clerks of Superior Court Retirement System. The amount of this special payment shall be one and one-half percent (1.5%) of the recipient's basic annual allowance from the affected retirement system.

—INCCREASE SALARY OF MEMBERS OF THE GENERAL ASSEMBLY

Sec. 92. G.S. 120-3 is amended to read as follows:

"§ 120-3. Pay of members and officers of the General Assembly. — The Speaker of the House shall be paid an annual salary of twelve thousand six hundred dollars ($12,600), payable monthly, and an expense allowance of three hundred dollars ($300.00) per month. The President pro tempore of the Senate, the Speaker pro tempore of the House, the minority leader in the House, and the minority leader in the Senate shall each be paid an annual salary of seven thousand eight hundred seventy-five dollars ($7,875), payable monthly, and an expense allowance of two hundred dollars ($200.00) per month. Every other member of the General Assembly shall be paid an annual salary of six thousand three hundred dollars ($6,300), payable monthly, and an expense allowance of one hundred fifty dollars ($150.00) per month. The salary and expense allowances provided in this section are in addition to any per diem compensation and any subsistence and travel allowance authorized by any other law with
respect to any regular or extra session of the General Assembly, and service on any State board, agency, commission, standing committee and study commission."

—PERSONNEL MERIT SALARY FUND/COMMUNITY COLLEGES

Sec. 93. Funds are provided in Section 2 of this act in the amount of two million one hundred six thousand six hundred fifty-six dollars ($2,106,656) in 1979-80 and four million two hundred fifty-nine thousand fifty-one dollars ($4,259,051) in 1980-81 for merit salary increases of institutional personnel of the community college system. These funds are in lieu of specific appropriations for automatic and merit salary increases as are provided for State employees subject to the Personnel Act and public school employees. Such funds are to be allocated to individuals in accordance with rules and regulations established by the State Board of Education and may not be used to establish any new positions.

—ACADEMIC PERSONNEL MERIT SALARY FUNDS/HIGHER EDUCATION

Sec. 94. Funds are provided in Section 2 of this act in the amount of four million two hundred sixty thousand dollars ($4,260,000) in 1979-80 and eight million five hundred thousand dollars ($8,500,000) in 1980-81 for merit salary increases for employees of The University of North Carolina who are exempt from the State Personnel Act. These funds are in lieu of specific appropriations for automatic and merit salary increases and longevity payments as are provided for State employees subject to the Personnel Act and public school employees. Funds appropriated for this purpose are to be allocated to individuals in accordance with rules and regulations established by the Board of Governors and may not be used to establish any new positions.

—COST-OF-LIVING ALLOWANCE INCREASES FOR RETIRED SOLICITORS

Sec. 95. There is appropriated in Section 2 of this act funds to provide for a four percent (4%) cost-of-living increase for fiscal year 1979-80 in accordance with G.S. 135-5(o) plus an additional one percent (1%) to a total of five percent (5%) for the year 1979 only, to members of the Uniform Solicitorial Retirement System who retired prior to July 1, 1978. The provisions of this section shall apply also to the allowance of a surviving annuitant of a beneficiary.

—COST-OF-LIVING ALLOWANCE INCREASES FOR RETIRED CLERKS OF COURT

Sec. 96. There is appropriated in Section 2 of this act funds to provide a four percent (4%) cost-of-living increase for fiscal year 1979-80 in accordance with G.S. 135-5(o) plus an additional one percent (1%) to a total of five percent (5%) for the year 1979, only to members of the Clerks of Court Retirement System who retired prior to July 1, 1978. The provisions of this section shall apply also to the allowance of a surviving annuitant of a beneficiary.

—INCREASED DEATH BENEFIT IN LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND

Sec. 97. G.S. 143-166 is amended by adding a new subsection (z) to read:

"(z) Death Benefit Plan. There is created a Group Life Insurance Plan (hereinafter called the 'Plan') which is established as an employee welfare benefit plan that is separate and apart from the Retirement Fund and under which the members of the Retirement Fund shall participate and be eligible for group life insurance benefits. Upon receipt of proof, satisfactory to the board of commissioners in their capacity as trustees under the Group Life Insurance Plan, of the death in service of a member who had completed at least one full calendar year of membership in the Retirement Fund, there shall be paid to such person as he shall have nominated by written designation duly acknowledged and filed with the board of commissioners, if such person is living at the time of the member's death, otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal to the greater of:

(1) the compensation on which contributions were made by the member during the calendar year preceding the year in which his death occurs; or
the compensation on which contributions were made by the member during the 12-month period ending on the last day of the month preceding the month in which his death occurs; or

if the member had applied for and was entitled to receive a disability retirement allowance under the fund and such disability retirement allowance had not been discontinued or revoked within 366 days of his last date of actual service, the compensation on which contributions were made by the member during the 12-month period ending on the last day of the month preceding the month in which his last day of actual service occurred, subject to a maximum of twenty thousand dollars ($20,000), less any death benefit paid from the Separate Benefit Fund. Such death benefit shall be payable apart and separate from the payment of the member's accumulated contributions under the fund on his death. For the purposes of this plan, a member shall be deemed to be in service at the date of his death if his last day of actual service occurred not more than 90 days before the date of his death or if his last day of actual service occurred not more than 366 days before the date of his death if such member during said one-year period had applied for and was entitled to receive a disability retirement allowance under the fund, provided said disability retirement allowance had not been discontinued or revoked during said one-year period.

The board of commissioners shall provide the death benefit either (i) by purchasing a contract or contracts of group life insurance with any life insurance company or companies licensed and authorized to transact business in this State for the purpose of insuring the lives of members in service, or (ii) by establishing a separate trust fund qualified under Section 501(c)(9) of the Internal Revenue Code of 1954, as amended, for such purpose. If a separate trust fund is established, it shall be operated in accordance with rules and regulations adopted by the board of commissioners and all investment earnings on the trust fund shall be credited to such fund.

In administration of the death benefit contained in this subsection, the following shall apply:

a. For the purpose of determining eligibility only, in this subsection 'calendar year' shall mean any period of 12 consecutive months or, if less, the period covered by an annual contract of employment. For all other purposes in this subsection 'calendar year' shall mean the 12 months beginning January 1 and ending December 31.

b. Last day of actual service shall be:
   1. when employment has been terminated, the last day the member actually worked;
   2. when employment has not been terminated, the date on which an absent member's sick and annual leave expired.

c. A member on leave of absence from his position as a law enforcement officer for the purpose of serving as a member or officer of the General Assembly shall be deemed to be in service during sessions of the General Assembly and thereby covered by the provisions of the death benefit. The amount of the death benefit for such member shall be the equivalent of the salary to which the member would have been entitled as a law enforcement officer during the 12-month period immediately prior to the month in which death occurred, not to exceed twenty thousand dollars ($20,000), less any death benefit paid from the Separate Benefit Fund.

The provisions of the Retirement Fund pertaining to administration, G.S. 143-166(a) through (f), and management of funds, G.S. 143-166(g), are hereby made applicable to the Plan."
Sec. 98. Pensions paid to public school teachers and State employees with 20 or more years of service, who separated from service prior to July 1, 1941, and who had attained the age of 65 years on or before August 1, 1959, shall be increased by five percent (5%).

Sec. 99. G.S. 135-5 is amended by adding a new subsection (aa) to read as follows:

"(aa) Notwithstanding the foregoing provisions, the increase in allowance to each beneficiary on the retirement rolls as of July 1, 1978, which shall become payable on July 1, 1979, as otherwise provided in G.S. 135-5(o), shall be the current maximum four percent (4%) plus an additional one percent (1%) for the year beginning July 1, 1979. Provisions of this subsection shall apply also to the allowance of a surviving annuitant of a beneficiary."

Sec. 100. G.S. 143-166 is amended by adding new subsections (x1) and (x2) to read:

"(x1) As of December 31 of each year, the board of commissioners shall determine the ratio of the Consumer Price Index to that index of the previous year. Each beneficiary receiving a basic service retirement allowance, a basic disability retirement allowance, or an alternative to those allowances as of July 1 of the year of determination shall be entitled to have his total allowance increased effective July 1 of the year following the year of determination by the same percentage increase by the ratio calculated to the nearest tenth of one percent (1/10 of 1%); provided, however, that increase:

(1) shall not exceed four percent (4%) in any year; and

(2) shall be limited to the annual actuarial gain of the Retirement Fund.

For purposes of this subsection, Consumer Price Index shall mean the Consumer Price Index (all items - United States city average) as published by the United States Department of Labor, Bureau of Labor Statistics.

(x2) Notwithstanding the foregoing provisions, the increase in allowance to each beneficiary on the retirement rolls as of July 1, 1978, which shall become payable on July 1, 1979, shall be the current maximum four percent (4%) plus an additional one percent (1%) for the year beginning July 1, 1979. Provisions of this subsection shall apply also to the allowance of a surviving annuitant of a beneficiary."

Sec. 101. G.S. 143-166(j), is rewritten to read:

"(j) Any member who is no longer a law enforcement officer, who has 15 or more years of creditable service, who leaves his total accumulated contributions in the Retirement Fund, and who is 50 years of age or older, may apply for and receive a deferred retirement allowance. Any member who is no longer a law enforcement officer, who has five or more years of creditable service, who leaves his total accumulated contributions in the Retirement Fund, and who is 55 years of age or older, may apply for and receive a deferred retirement allowance. The deferred retirement allowance shall be computed in the same manner as is the basic service retirement allowance set forth in G.S. 143-166(y)."

Sec. 102. G.S. 143-166(y) is rewritten to read:

"(y) Any member in service may retire on a basic service retirement allowance who: has attained 50 years of age and has completed 15 or more years of creditable service; or has completed 30 or more years of creditable service; or has attained 55 years of age.
Under such rules and regulations as are otherwise adopted by the board of commissioners, a member eligible to retire under this subsection shall receive a basic service retirement allowance equal to one and fifty-five one hundredths percent (1.55%) of his average final compensation (calculated as the average annual compensation of a member during the four consecutive years of membership service producing the highest such average), multiplied by the number of years of his creditable service, and reduced by one-third of one percent (1/3 of 1%) for each month by which his date of retirement precedes his 55th birthday, except that no reduction in the basic service retirement allowance shall apply to any member who has 30 or more years of creditable service at the time of his retirement.

Any member who is less than 55 years of age with five or more years of creditable service and who has been totally and permanently incapacitated for duty, or any member who is less than 55 years of age with one or more years of membership service and who has been totally and permanently incapacitated for duty as the natural and proximate result of an accident occurring while in the actual performance of duty at some definite time and place may, upon application of the member or his employer, be retired by the board of commissioners on a basic disability retirement allowance as is set forth below. The board of commissioners shall not grant a basic disability retirement allowance to any member for whom application for disability retirement is received more than a year after the onset of incapacity for duty or, if the member is in receipt of compensation from his employer on account of such incapacity for duty for more than one year, more than 30 days after the cessation of that compensation.

Under such rules and regulations as are otherwise adopted by the board of commissioners, a member eligible for a basic disability retirement allowance shall receive a disability retirement equal to one and fifty-five one hundredths percent (1.55%) of his average final compensation calculated as the average annual compensation of a member during the four consecutive years of membership service producing the highest such average, multiplied by the number of years of creditable service which he would have had if he had continued in service until his 55th birthday.

The board of commissioners shall implement the provisions of this subsection by the adoption of necessary and reasonable rules and regulations."
—UNIFORM EMPLOYER CONTRIBUTIONS REQUIRED FOR BASIC BENEFIT ALLOWANCES IN LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND.

Sec. 105. G.S. 143-166(i) is amended by adding a new paragraph to read as follows:

"On or before June 15th of each year, the board of commissioners shall establish for the next fiscal year a uniform annual employer's contribution rate necessary to financially support the basic benefit allowances provided for all members of the Law Enforcement Officers' Benefit and Retirement Fund. Such employers' contributions shall apply to all employers of in-service members of the Law Enforcement Officers' Benefit and Retirement Fund. The employer's annual contribution rate shall be equal to a percentage of the actual compensation paid to each member employed which will fund the basic benefit allowances in the fund, exclusive of any supplemental benefit allowances that may be provided on an optional basis. The State of North Carolina, each county, city, town or other subdivision of government employing active members of the Law Enforcement Officers' Benefit and Retirement Fund within the State of North Carolina shall pay monthly into the fund an amount equal to the annual contribution rate multiplied by the total monthly compensation of those participating members employed. The board of commissioners shall establish the necessary and reasonable rules and regulations for the administration of this section, including the manner in which payments of the required employer contribution rates will be made."

—RETIREMENT FORMULAS AND RELATED MATTERS IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LAW ENFORCEMENT OFFICERS' BENEFIT AND RETIREMENT FUND AND THE HOSPITALIZATION INSURANCE AND MATERNITY BENEFITS

Sec. 106. There is appropriated from the General Fund to the General Assembly in Section 2 of this act the sum of twenty-five thousand dollars ($25,000) for fiscal year 1979-80 for the purpose of funding a study to determine the feasibility of equating the retirement formula and related items of the Teachers' and State Employees' Retirement System and the retirement formula and related items of the Law Enforcement Officers' Benefit and Retirement Fund with the retirement formulas of the Uniform Judicial, Solicitorial and Clerks of Superior Court Retirement Systems, cost of hospitalization insurance for State employees and teachers and maternity benefits according to Section 1 of the "1978 Amendments to the Civil Rights Acts of 1964." The co-chairmen of the Legislative Services Commission shall appoint a 10-member select study committee to study the formulas and make recommendations for any required improvements, including the source of financial support, to the 1979 General Assembly, Second Session, 1980. The select study committee shall consist of the following persons:

(1) Senate and House of Representatives Appropriations Committee chairmen;
(2) a member of the Senate to be appointed by the President Pro Tempore of the Senate;
(3) a member of the House of Representatives to be appointed by the Speaker of the House;
(4) the State Treasurer, or his designated representative; (5) the State Budget Officer, or his designated representative; (6) the executive director of each of the following organizations:
   (a) North Carolina State Employees' Association or North Carolina State Government Employees' Association;
   (b) North Carolina Association of Educators;
   (c) North Carolina Law Enforcement Officers' Association;
   (d) North Carolina Retired Governmental Employees' Association.
PART IX. SPECIAL PROVISIONS/GENERAL GOVERNMENT, TRANSPORTATION AND OTHER

—FLAT ROCK PLAYHOUSE

Sec. 107. Of the new funds appropriated in Section 2 of this act to the Department of Cultural Resources for "Aid to Outdoor Drama", sixty-two thousand five hundred dollars ($62,500) is to provide a nonrecurring grant-in-aid to the Flat Rock Playhouse for capital improvements.

CONSOLIDATE TAX AUDIT FUNCTION OF DIVISION OF MOTOR VEHICLES AND DEPARTMENT OF REVENUE

Sec. 108. The Department of Transportation and the Department of Revenue are directed to prepare plans for the consolidation of the Gasoline Tax Division of the Department of Revenue with respect to that division's audit functions and the Tax Audit Section of the Division of Motor Vehicles. The Departments are directed to report to the General Assembly by January 15, 1980, with a plan including details on possible cost savings, personnel reductions, organizational changes, space needs, budget information, and necessary statutory changes.

—FUNDS FOR STATE SURPLUS PROPERTY WAREHOUSE

Sec. 109. The Department of Administration is directed to transfer funds necessary for the operation of the State Surplus Property Warehouse for fiscal year 1979-80 from the Equipment Reserve Fund.

—HOUSING FINANCE AGENCY FUNDS CANCELLED

Sec. 110. The appropriation of two hundred fifty thousand dollars ($250,000) made in Section 6 of Chapter 1083 of the 1977 Session Laws to the North Carolina Housing Finance Agency for energy conservation loan guarantees is hereby cancelled. The full amount appropriated and any investment income from these funds unspent on June 30, 1979, shall be returned to the General Fund.

—NATIONAL GUARD/PROHIBIT TRANSFER OF TUITION FUNDS

Sec. 111. Any funds appropriated for National Guard tuition assistance administered under Article 15 of Chapter 127A of the General Statutes shall not be transferred for any purposes. Any excess funds shall revert to the General Fund at the end of the fiscal year.

—DEPARTMENT OF JUSTICE/TEMPORARY SYSTEMS ANALYSTS POSITIONS

Sec. 112. The two temporary System Analyst III positions provided for in Section 2 of this act for the Department of Justice shall terminate at the end of the 1980-81 fiscal year.

—WILDLIFE RESOURCES COMMISSION EXPENDITURES

Sec. 113. The Wildlife Resources Commission is directed to continue strict economy measures during fiscal year 1979-80 in an effort to cover the cost of operating wildlife programs from funds available to the Commission. If these measures fail to generate sufficient funds to cover operating expenditures, the Wildlife Resources Commission is authorized to borrow up to four hundred thousand dollars ($400,000) from the Contingency and Emergency Fund. In the event funds are not available from the Contingency and Emergency Fund, the Director of the Budget is authorized to utilize other State funds which the Wildlife Resources Commission may borrow for this purpose. Any loan funds outstanding shall be repaid on or before June 30, 1981.

A nine-member committee shall be appointed to study and evaluate the total financial operations of the Wildlife Resources Commission. This committee shall consist of three members appointed by the Governor, three members appointed by the Lieutenant Governor, and three members appointed by the Speaker of the House.

The Committee shall submit a report to the Governor, Lieutenant Governor and Speaker of the House by February 1, 1980, with recommendations as to the most effective ways of financing the Wildlife Resources programs.
Compensation and reimbursement for travel and subsistence expenses for members of the committee shall be paid from the Contingency and Emergency Fund.

—NORTH CAROLINA SYMPHONY/GRANT-IN-AID FUNDS

Sec. 114. Funds are appropriated in Section 2 of this act to provide grant-in-aid funds to the North Carolina Symphony. As a condition of accepting State grant-in-aid funds, the North Carolina Symphony shall operate from within a balanced budget.

—STATE EXECUTIVE HELICOPTER OPERATIONS TO BE LOCATED WITHIN DEPARTMENT OF COMMERCE

Sec. 115. Effective July 1, 1979, all State executive helicopter operations, equipment, facilities, funds and staff are to be located within the Department of Commerce and to be administered by the Department of Commerce.

—AIRPORT IMPROVEMENT GRANTS

Sec. 116. The Secretary of the Department of Transportation, upon the request of the Aeronautics Council, and with the approval of the Director of the Budget and the Advisory Budget Commission, is authorized and empowered to allocate grants from the appropriations for airport improvements made in Section 2 of this act.

—ADDITIONAL DISTRICT COURT JUDGES

Sec. 117. G.S. 7A-133 is amended, in the table, so that the total number of judges for the indicated district will read as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Judges</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>9</td>
</tr>
<tr>
<td>14</td>
<td>4</td>
</tr>
</tbody>
</table>

—ADDITIONAL MAGISTRATES

Sec. 118. G.S. 7A-133 is amended, in the table, so that the total number of magistrates for the indicated counties will read as follows:

<table>
<thead>
<tr>
<th>County</th>
<th>Magistrates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watauga</td>
<td>Minimum — Maximum</td>
</tr>
<tr>
<td></td>
<td>4 — 6</td>
</tr>
</tbody>
</table>

—ADDITIONAL ASSISTANT DISTRICT ATTORNEYS

Sec. 119. G.S. 7A-41 is amended, in the table, so that the total number of full-time assistant district attorneys for the indicated districts shall read as follows:

<table>
<thead>
<tr>
<th>District</th>
<th>Number of Full-Time Assistant District Attorneys</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>14</td>
<td>8</td>
</tr>
<tr>
<td>26</td>
<td>17</td>
</tr>
</tbody>
</table>

PART X. SPECIAL PROVISIONS/APPROPRIATIONS ACT

—EXECUTIVE BUDGET ACT REFERENCE

Sec. 120. 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.

—EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN TEXT/ONLY — 1979-81

Sec. 121. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1979-81 biennium, the textual provisions of this act shall apply only to funds appropriated for, and activities occurring during, the 1979-81 biennium.

—SEVERABILITY CLAUSE

Sec. 122. If any section or provision of this act be declared unconstitutional or invalid by the courts, the same shall not affect the validity of the act as a whole or any part other than the part so declared to be unconstitutional or invalid.

—EFFECTIVE DATE
Sec. 123. Except for Sections 25 through 29 and 92, this act shall become effective July 1, 1979.

Sec. 124. Sections 25 through 29 are effective upon ratification.

Sec. 125. Section 92 shall become effective January 1, 1981.

In the General Assembly read three times and ratified, this the 7th day of June, 1979.