

NORTH CAROLINA GENERAL ASSEMBLY  
1973 SESSION

CHAPTER 1190  
SENATE BILL 977

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

The General Assembly of North Carolina enacts:

**Section 1.** The appropriations made herein are intended to be for maximum amounts necessary to provide the services and accomplish the purposes described in the Budget. It is the intent of the General Assembly that savings shall be effected where the total amounts appropriated shall not be required to perform these services and accomplish these purposes, and that, except as allowed by the Executive Budget Act, or as hereinafter provided, such savings shall be reverted to the appropriate fund at the end of the fiscal year.

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 hereby made for the fiscal year ending June 30, 1975, according to the following schedule:

	<u>1974-75</u>
General Assembly	\$ 4,850,787
Judicial Department	39,943,325
The Governor's Office	667,301
The Lieutenant Governor	112,460
Department of Administration	15,345,371
Department of Secretary of State	446,143
Department of State Auditor	5,040,466
Department of State Treasurer	4,279,684
Department of Justice	8,851,835
Department of Revenue	14,508,654
Department of Military & Veterans' Affairs	3,300,957
Department of Commerce	4,694,924
Department of Insurance	2,610,152
Department of Labor	2,280,091
Department of Social Rehabilitation & Control	65,962,898
Department of Public Education	789,306,677
1. Department of Public Instruction	\$ 4,362,470
2. State Public School Fund	734,188,362
3. State Board of Education	2,299,233
4. Occupational Education	41,183,041
5. Program of Education by Television	438,242
6. Advancement School	920,589
7. School Food Service	2,946,521
8. Professional Improvement of Teachers	1,006,429
9. Planning, Research & Development	1,203,554
10. Evaluation & Assessment	758,236
Department of Community Colleges	108,934,818

1. Department of Community Colleges	96,468,246	
2. Department of Community Colleges – Equipment	12,228,188	
3. Vocational Textile School	238,384	
The University of North Carolina Board of Governors		67,268,874
1. General Administration		
2. Institutional Programs		
a. Institutional Programs	39,331,073	
b. Reserve for Additional School of Medicine	7,500,000	
c. Academic Salary Increases	10,222,122	
3. Related Educational Programs	7,005,550	
University of North Carolina at Chapel Hill		55,342,145
1. Academic Affairs	34,106,338	
2. Division of Health Affairs	21,235,807	
North Carolina State University at Raleigh		46,423,714
1. Academic Affairs	28,790,707	
2. Industrial Extension Service	619,173	
3. Agricultural Experiment Station	9,650,330	
4. Agricultural Extension Service	7,363,504	
University of North Carolina at Greensboro		11,707,395
University of North Carolina at Charlotte		9,092,025
University of North Carolina at Asheville		2,133,345
University of North Carolina at Wilmington		3,966,203
East Carolina University		14,738,900
North Carolina Agricultural & Technical State University		6,896,475
Western Carolina University		7,767,064
Appalachian State University		10,905,797
Pembroke State University		2,949,341
Winston-Salem State University		2,955,730
Elizabeth City State University		2,420,096
Fayetteville State University		2,960,136
North Carolina Central University		6,288,599
North Carolina School of the Arts		1,638,785
North Carolina Memorial Hospital		14,382,798
Department of Administration – Reserve for Educational Benefits – Children of Veterans		1,400,000
Department of Cultural Resources		9,855,028
Department of Transportation & Highway Safety		3,505,853
1. State Ports Authority	292,504	
2. Office of Motor Vehicles – Automobile Financial Responsibility Program	1,213,349	
3. Aid to Airports	2,000,000	
Department of Human Resources		259,457,525
1. Administrative Support Services		
a. Administration	481,753	
b. Miscellaneous Programs	438,156	
c. Employment of the Handicapped	48,145	
d. Council on Developmental Disabilities	489,688	
2. Division of Health Services	20,571,953	

3. Division of Mental Health Services		
a. Office of Mental Health	28,157,288	
b. Alcoholic Rehabilitation Center, Black Mountain	1,236,408	
c. Alcoholic Rehabilitation Center, Butner	924,777	
d. Walter B. Jones Alcoholic Rehabilitation Center, Greenville	951,996	
e. Dorothea Dix Hospital	14,051,527	
f. Broughton Hospital	11,774,158	
g. Western Carolina Center	7,569,672	
h. Cherry Hospital	12,625,505	
i. O'Berry Center	6,808,760	
j. John Umstead Hospital	10,121,420	
k. Murdoch Center	9,090,554	
l. Caswell Center	9,019,909	
m. Wright School	504,708	
4. Division of Social Services	86,327,524	
5. Division of Services for the Blind	3,641,750	
6. Division of Vocational Rehabilitation	6,235,973	
7. Division of Facility Services		
a. Administration	4,802,532	
b. Student Loan Fund - Medical Education	1,159,743	
8. Division of Institutional Services		
a. North Carolina Orthopedic Hospital	1,157,549	
b. Lenox D. Baker Cerebral Palsy & Crippled Children's Hospital of North Carolina	637,870	
c. North Carolina Specialty Hospitals		
1. General Administration	136,424	
2. McCain Hospital	2,430,546	
3. Western North Carolina Hospital	2,480,698	
4. Eastern North Carolina Hospital	3,206,515	
5. Gravely Hospital	1,319,885	
d. Schools for the Blind & the Deaf		
1. North Carolina School for the Deaf	3,274,420	
2. Eastern North Carolina School for the Deaf	1,933,222	
3. Central North Carolina School for the Deaf	865,646	
4. Governor Morehead School	2,266,307	
e. Confederate Women's Home	110,812	
9. Grants to Non-State Institutions		
a. Child-Caring Institutions	2,041,900	
b. Children's Home Society	50,000	
c. North Carolina Cancer Institute	26,000	
d. Orthopedic Hospital & Rehabilitation Center	485,832	
Department of Natural & Economic Resources	23,651,321	
Department of Agriculture	9,426,496	
Contingency & Emergency	2,000,000	
Salary Increases of State Employees-SPA	25,765,495	
Salary Adjustments of State Employees	4,105,000	
Reserve for Unemployment Compensation	100,000	
Reserve for Postage Increase	600,000	

Reserve to Implement Federal Occupational Safety & Health Act Program	2,000,000
Reserve for Increase in Fuel Prices	4,000,000
Reserve for Loss of Federal Funds	2,000,000
Reserve for Longevity, SPA Employees	1,811,115
Reserve for Travel	<u>140,000</u>
<b>TOTAL GENERAL FUND</b>	<b>\$ 1,690,791,798</b>

**HIGHWAY FUND**

**Sec. 3.** Appropriations from the Highway Fund of the State for the expense of collecting revenues, for the service of the highway debt, and for the maintenance of the transportation-related activities, are hereby made for the fiscal year ending June 30, 1975, according to the following schedule:

**TRANSPORTATION**

Department of Transportation & Highway Safety	\$ 391,056,882
1. Department of Transportation,	
General Administration	\$ 7,523,644
2. Office of Highways	
a. General Administration	599,668
b. Operations Administration	12,980,114
c. State Construction	
1. Primary Construction	47,382,652
2. Secondary Construction	
(a) Statewide Construction	
(b) Safety Improvements	100,000
(c) County Construction	17,834,684
3. Urban Construction	22,025,733
4. Access & Public Service Roads	3,590,639
d. State Funds to Match Federal Aid Highway Planning Survey & Highway Planning Research	619,000
e. State Funds to Match Federal Aid Construction	40,648,279
f. State Maintenance	
1. Primary	35,734,448
2. Secondary	57,334,951
3. Urban	7,000,000
g. Ferry Operations	3,464,454
h. State Aid to Municipalities	27,875,000
3. Highway Safety	25,708,329
4. Revenue Collection & Vehicle Regulation	11,384,863
5. Reserves & Transfers	
a. Merit Salary Increments	4,473,335
b. Reserve for Contingencies	500,000
c. Employer's Contribution, Retirement	10,015,723
d. Employer's Contribution, Social Security	5,758,289
e. Hospital-Medical Benefits	1,911,000
f. Disability Salary Continuation Benefits	441,000
g. Gasoline & Oil Inspection Service, Department of Agriculture	796,791
h. Transportation Inspection, Department of Commerce	326,306

i. Driver Training & Safety Education	3,467,262
j. Gasoline Tax Collection Cost, Department of Revenue	587,365
k. Salary Adjustments	2,385,609
l. Salary Increases-SPA	11,259,000
m. Longevity Pay	1,850,000
n. Reserve for Distribution of License Plates	15,000
o. Reserve for Occupational Safety and Health Act	280,000
p. Reserve for Postage & Gasoline	495,000
q. Reserve for Travel	60,000
r. Reserve for Increased Retirement Benefits	213,244
6. Debt Service	24,415,500

Transfers may be made by authorization of the Director of the Budget from Section 3, Title 2.a and b. to Title 2.c(1), c(2)(a), c(2)(b), c(2)(c), c(3), c(4), 2.d., and 2.e. Transfers may be made by authorization of the Director of the Budget from Section 3, Title 2.c(1), c(3), c(4), 2.d. and 2.e. to Title 2.a. and 2.b., provided that the original appropriation from which the transfer is made shall not be reduced by more than ten percent (10%), and provided further that transfers to Title 2.a. and 2.b. for the purpose of providing additional positions, shall be approved by the Advisory Budget Commission. Transfers of appropriations within subparagraphs 2.c. (1), c(2), c(3), c(4), d, e, f(1), f(2), f(3), and g, shall be governed by the provisions of G.S. 136-44.2. Allocations may be made from the Reserve for Contingencies by authorization of the Governor and Council of State.

The Controller of the Department of Transportation and Highway Safety is hereby directed to allocate at the beginning of each fiscal year from the various appropriations in Section 3 under Titles 2.c., 2.d., 2.e., 2.f., and 2.g. herein made to the Office of Highways, sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and such allocations may not be diverted to other purposes.

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 fiscal year 1974-75, the Director of the Budget may authorize transfers in Section 3 between title 2.c, State Construction, 2.f., State Maintenance, 2.d., State Funds to Match Federal Aid Highway Planning Survey and Highway Planning Research, and 2.e., State Funds to Match Federal Aid Construction, or within the affected Federal Aid programs, of sufficient funds to provide adequate matching for Federal Aid Construction funds; provided that no transfers shall be made from Title 2.c.(2), Secondary Construction, or 2.f.(2), Secondary Maintenance, for this purpose.

During each fiscal year, the Director of the Budget, upon recommendation of the Board of Transportation, may authorize establishment of a reserve for school and industrial access roads and emergencies as provided for by G.S. 136-44.2, and other required reserves.

Notwithstanding any other provisions of this act or any other provision of the law, no transfers shall be made from, nor shall the appropriation made for secondary road county construction be reduced by any amount, except by a pro rata reduction, uniformly applicable to all Highway Fund appropriations made necessary by reduction in receipts, as set forth in Section 26 herein.

**Sec. 4.** There is hereby appropriated out of funds available in the various Special Funds sufficient amounts to carry on required activities included under each fund's operations subject to provisions of the Executive Budget Act, Chapter 143, Article 1, General Statutes of North Carolina.

**GENERAL PROVISIONS**

**Sec. 5.** 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.

**Sec. 6.** The Director of the Budget is authorized and empowered to transfer, as between the offices, institutions or agencies under a principal department, any appropriations made herein to any of them, when in his opinion it shall be deemed to be in the best interest of the State.

SPECIAL PROVISIONS

**Sec. 7.** Appropriations in Section 2 for services provided, in accordance with Title XIX of the Social Security Act (Medicaid) are intended 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 rates.

<u>Services</u>	<u>Payment Rate</u>
In-Patient Hospital	Allowable costs
Out-Patient Hospital	Pay 90% of allowable costs
State Mental and Specialty Hospitals and Mental Retardation Centers	Reasonable costs (non-federal share to be funded 100% by the State)
(All Medicaid services including mental, medical, TB, intermediate care and skilled nursing care)	
Nursing Homes	Pay allowable costs up to \$25.00 per day with non-federal share paid 85% by State and 15% by counties and counties to pay all non-federal cost above \$18.50 as may be authorized by the General Assembly
Drugs	Pay \$2.00 service fee per prescription plus actual drug cost
Physicians	Pay 90% of allowable usual and customary charges
Optometrists	Pay 90% of allowable usual and customary charges
Chiropractors	Pay 90% of allowable usual and customary charges
Dental	Pay 90% of allowable usual and customary charges
Home Health	Allowable costs
Optical Services	Pay 90% of allowable usual and customary charges
Medicare Buy-In	Actual cost
Public Health Clinics	Allowable costs
Ambulance Services	Allowable costs
Pre-21 Screening	Allowable costs
Hearing Aids	Allowable costs
Mental Health Clinics	Allowable costs (Federal portion only; non-federal share covered by State/local operating funds)
Intermediate Care Facilities Allowable co Family Planning	Allowable costs

Laboratory and X-Ray  
Independent

Pay 90% of usual  
customary and reasonable  
charges

It is the intent of the General Assembly that the State will pay eighty-five percent (85%) and the counties will pay fifteen percent (15%) of the non-federal costs of applicable services herein listed except as specified otherwise.

It is the further intent of this General Assembly that, as allowed by federal regulations, recipient co-payments shall be required for services under Medicaid as follows:

<u>Service</u>	Categorically <u>Needy</u>	<u>Eligibility</u>	Co-Payment for Each <u>Occasion of Service</u>
		Medically <u>Needy</u>	
In-Patient Hospital		X	\$ 2.00
Out-Patient Hospital		X	1.00
Physicians		X	1.00
Optometrists		X	1.00
Drugs	X	X	.50
Dental	X	X	2.00
Chiropractors	X	X	1.00
Optical Services	X	X	2.00

**Sec. 8.** Providers of medical services under the various State programs offering medical care to citizens of the State shall be reimbursed at the same rates as those provided under the Medicaid program. This provision relates specifically to the Crippled Children and Maternal and Child Health programs and the Chronic Disease Section of the Division of Health Services, services under Vocational Rehabilitation and Services for the Blind under the Department of Human Resources, and the school health program under the Department of Public Instruction. Income eligibility requirements for services shall be those requirements existing as of January 1, 1974. Any changes must be approved by the Advisory Budget Commission.

**Sec. 9.** Appropriations made herein to the Division of Health Services are intended to provide for the purchase of medical services for a full twelve month period for eligible recipients under certain programs; namely, Cancer, Crippled Children, and Maternal and Child Health. If during the fiscal year, expenditures in these programs indicate that the funds may be insufficient for a full twelve months, the Division shall adjust the eligibility requirements for participation in these programs to the end that the appropriations are sufficient.

**Sec. 10.** Appropriations made herein to the Division of Mental Health Services for Community Mental Health Programs, as authorized by G.S. 122-35.1, are intended to be for both out-patient and in-patient services.

**Sec. 11.** It is the intent of the General Assembly that the funds appropriated herein to replace lost federal receipts be utilized only for existing programs that suffer a loss in federal funding, and that transfers or allocations of funds from this reserve may not be made until approved by the Governor and Advisory Budget Commission.

**Sec. 12.** It is the intention of this act that it shall be the announced policy of the Department of Community Colleges that, as to capital improvement projects, no construction contracts may be let until it has been clearly established that funds are available for the related permanent equipment.

Funds appropriated herein to the State Department of Public Education, Department of Community Colleges, to purchase equipment and library books for the community colleges institutions shall be permanent appropriations, and unexpended portions of these appropriations shall not revert to the General Fund at the end of the fiscal year.

**Sec. 13.** Funds appropriated herein to the State Department of Public Education, Department of Community Colleges, for allocation to the institutions comprising the Community College System as operating expenses shall not be used to support general adult education extension courses. The financing of such courses by any institution shall be in accordance with the State Board of Education's Policy #3.0222:

"An institution in the Community College System shall have the authority to sponsor self-supporting programs, seminars, cultural exhibits, and the like, as differentiated from normal organized class instruction, deposit income, if any, to a local account, and pay all expenses from such local account. (6-2-66) However, contact hours produced from such activities shall *not* be counted for inclusion when computing FTE for use in budget-funding formulas at the State level. (2-1-68) Institutions may also offer self-supporting organized class instruction in recreational or avocational areas by making special request to the Department of Community Colleges, showing income to offset expenditures, and justifying same. Such income will be State funds, and deposited accordingly. Expenditures will be made from an allocation of State funds made to the institution on the basis of the increased receipts shown in the application. (6-2-66)."

**Sec. 14.** Except as specifically authorized in this act, funds appropriated herein to the State Department of Public Education, Department of Community Colleges, for operating costs of the community colleges and technical institutes are intended to support student enrollment at the per student rate provided by the formula adopted by the State Board of Education for 1973-74 for allocation of these operating funds and shall not be used to increase the formula by which the fund allocations will be determined.

**Sec. 15.** Funds appropriated to the State 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 fiscal year.

**Sec. 16.** Funds appropriated herein to the State Department of Education 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 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.

**Sec. 17.** Funds appropriated herein 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 certification of the respective school of medicine showing the number of North Carolina residents enrolled as first, second, third and fourth year students in the school as of November 1, 1974. To the extent of the appropriation made herein, disbursement shall be made to the school 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 for tuition remission 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 one thousand five hundred dollars (\$1,500) per year. The Board of Governors shall establish the criteria for determining eligibility for tuition remission for financially needy North Carolina students who are enrolled in the school and shall review the grants or awards to said eligible students. The Board of Governors shall promulgate regulations not inconsistent with the North Carolina General Statutes pertaining to eligibility for in-State tuition at public universities and colleges in determining which students are residents of North Carolina. 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 toward personal health care in North Carolina giving special emphasis to family and community medicine.

**Sec. 18.** 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 intended 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, 1974. These funds shall not be used for the provision of G.S. 116-20 and any funds not required to fulfill the intent of the General Assembly shall revert to the General Fund as of June 30, 1975.

**Sec. 19.** All appropriations for grants-in-aid to private nonprofit organizations in the areas of history, art and culture shall be placed in the State fund entitled Historical-Educational Grants-in-Aid. This fund is assigned to the Department of Cultural Resources for allocation of the appropriations as directed by the Director of the Budget.

It is the intent of the General Assembly that the Department of Cultural Resources make regular and timely reviews, studies and recommendations relating the actual operations of the recipients of grants-in-aid to their needs for and use of State funds. The Department of Cultural Resources may request operating statements, audit reports and other information they deem appropriate from the grantees. Appropriation requests for all non-State organizations in the areas of history, art and culture shall be transmitted through the Department of Cultural Resources to the Governor and the Advisory Budget Commission with the recommendations of the Department.

Funds appropriated in Section 2 of this act herein to the Division of Archives and History of the Department of Cultural Resources, for grants-in-aid to assist in the restoration of significant historic sites owned by private nonprofit organizations shall be expended only in accordance with Sections 121-11, 121-12 and 143-31.2 of the General Statutes. All expenditures of State appropriated funds for these purposes are contingent upon matching dollar-for-dollar by non-State funds raised by the designated recipient organizations for the same purposes on or after July 1, 1974.

The sites, amounts of State appropriations, and organizations are:

<u>Site</u>	<u>Appropriation</u>	<u>Organization</u>
Thalian Hall	\$25,000	Thalian Hall Commission, Inc.
Harmony Hall House	25,000	Lenoir County Historical Association, Inc.
Stonewall	25,000	Nash County Historical Association, Inc.

**Sec. 20.** It is the intent of this act that expenditures of funds appropriated herein as reserves shall not be scheduled in amounts or in such manner as to create an increased annual obligation in the succeeding year, except as provided by statute.

**Sec. 21.** Subject to a recommendation of the Director of the Budget, funds not to exceed one hundred fifty thousand dollars (\$150,000) for the fiscal year 1974-75 may be allotted out of the Contingency and Emergency Appropriation for use by the State Department of Agriculture, or North Carolina Agricultural Experiment Station, and/or the U.S. Department of Agriculture, for a witch weed control program and/or for payment of hog cholera indemnities.

**Sec. 22.** Appropriations are provided in Section 2 of this act for required employer contributions to the Teachers' and State Employees' Retirement Fund, the Law Enforcement Officers' Benefit and Retirement Fund, the Judicial Department Retirement Fund, and the Social Security Agency, for employees whose salaries are paid from the General Fund; in Section 3 of this act, for required employer contributions for employees whose salaries are paid from the Highway Fund; and in Section 4 of this act, for required employer contributions for employees whose salaries are paid from Special Funds. For employees whose salaries are paid

from department, office, institution, or agency receipts (other than gifts, including foundation funds), the employer requirement 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 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 employees of Hospital-Medical Insurance, Disability Salary Continuation Benefits, Longevity, and Unemployment Insurance, except that where the employee's salary is paid in whole or in part from gifts, including foundations, the source of such gifts must bear its proportional share of the employer's requirement for these purposes.

Notwithstanding the restrictions in this section, the Director of the Budget is authorized and empowered to promulgate special rules and regulations to apply to employer requirements with respect to employees whose salaries are paid from inter-agency receipts, where payments for the services of such employees originate from State appropriations, to the end that the effective purchasing power of such appropriations shall not be materially reduced as a result of payment of the employer's requirement.

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.

**Sec. 23.** Funds appropriated in Section 2 of this act to the Judicial Department for salary increases and employer's retirement and social security contributions thereon for permanent employees whose salaries are not established under Section 33 of this act or not otherwise provided for under provisions of Chapter 7A of the General Statutes are intended to provide salary increases commencing July 1, 1974, by the same percentage as that authorized for State employees subject to the Personnel Act by Section 31 of this act, rounded to conform to the steps in the salary ranges adopted by the Judicial Department, and for salary increases commencing July 1, 1974, of an additional average of five percent (5%), rounded to conform to the steps in the salary ranges adopted by the Judicial Department, for those employees whose salaries as of June 30, 1973, were two dollars and sixty-three cents (\$2.63) or less per hour.

**Sec. 24.** Subject to the rules and regulations promulgated by the Department of Administration and approved by the Director of the Budget, any State department, institution, or agency of the State is hereby authorized to expend, from appropriations made in this act, funds to pay reasonable expenses for transporting the household goods of an employee and members of his household when the transfer of the employee is considered by the Director of the Budget to be in the best interests of the State.

**Sec. 25.** The Director of the Budget with the approval of the Council of State is authorized to make transfers from the Contingency and Emergency Fund for any purpose authorized by law for which no specific appropriation has been made, or when, inadvertently, an insufficient appropriation has been made.

**Sec. 26.** The Director of the Budget with the advice and consent of the Advisory Budget Commission may reduce Highway Fund appropriations in the event that revenues are not sufficient to prevent an overdraft or deficit in the Highway Fund during the 1974-75 fiscal period.

**Sec. 27.** The Director of the Budget, with the approval of the Advisory Budget Commission, is authorized and empowered to transfer to State departments appropriations made in Section 2 of this act as a reserve to implement the provisions of Public Law 91-596, the Occupational Safety and Health Act of 1970.

**Sec. 28.** The Director of the Budget, with the approval of the Advisory Budget Commission and upon the request of the Governor's Aviation Committee, is authorized and

empowered to allocate grants from the appropriations for airport improvements made in Section 2 of this act.

**Sec. 29.** Within the limits of the appropriations made in Section 2 to the Board of Governors of the University of North Carolina, community hospitals are to be awarded grants in the amount of fifteen thousand dollars (\$15,000) per year for each certified residency that is established and filled and that represents an increase over the number of certified residencies at those hospitals as of June 30, 1974, in the fields of family practice, internal medicine, pediatrics and obstetrics/ gynecology.

None of the money appropriated to the Board of Governors of the University of North Carolina that is allocated as grants to area Health Education Centers shall be used to construct housing for residents or interns other than on-call quarters necessary while such residents or interns are on duty.

**Sec. 30.** Funds appropriated in Section 2 to the State Department of Public Education for instructional personnel in the areas of psychological and guidance counselling, health and social services, reading, mathematics and cultural arts shall be allocated to local administrative units on the basis of average daily membership. The State Board of Education shall require local administrative units to provide evidence that the expenditure of local funds for the payment of such instructional personnel is no less than the amount expended per pupil in average daily membership for such purposes during the prior year. At the discretion of the State Board of Education, funds appropriated under this act may be withheld to ensure that supplanting of local funds does not occur. The State Board of Education is empowered to waive this requirement upon a showing of fact by the local administrative unit that compliance would result in inefficient use of funds and that the overall per pupil expenditure from local funds for instructional purposes is no less than the overall per pupil expenditure from local funds for instructional purposes in the preceding fiscal year.

#### SALARIES AND WAGES

**Sec. 31.** The Director of the Budget is authorized and empowered to transfer from the appropriations in Section 2 of this act for Salary Increases of State Employees, such amounts, including the employer's retirement and social security contributions, as may be required to increase salaries in effect on June 30, 1974, for all permanent employees subject to the Personnel Act whose salaries are paid from the General Fund, and from the appropriations in Section 3 of this act for Salary Increases of State Employees, such amounts, including the employer's retirement and social security contributions, as may be required to increase salaries in effect on June 30, 1974, for all permanent employees subject to the Personnel Act whose salaries are paid from the Highway Fund, by an average of seven and one-half percent (7 1/2%) commencing July 1, 1974, rounded to conform to the steps in such salary ranges as may be adopted by the State Personnel Board. For an employee whose salary in effect on June 30, 1974, is not equal to a specific pay rate within the present salary schedule, the annual increase will be the amount applicable to the next lower pay rate.

It is the intent of this section that State Department Secretaries, Deputy Secretaries or Chief Assistants, whose salaries are required to be set by the General Assembly, be granted seven and one-half percent (7 1/2%) salary increases commencing July 1, 1974.

The Director of the Budget is further authorized to transfer any unexpended balances which may remain, after the provisions of this section have been fully met, from the appropriations for Salary Increases of State Employees to the appropriations for Salary Adjustments of State Employees.

The Director of the Budget is authorized and empowered to allocate, out of special operating funds under which personnel are employed or from sources other than tax revenues, sufficient funds to conform with the provisions of this section, provided necessary funds are available or made available by sponsoring agents. 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 inter-agency receipts, where payments for the services of such employees originate from State appropriations, to the end that the effective purchasing power of such appropriations shall not be 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 salary increases shall not affect the status of eligibility for automatic and/or merit salary increments for which the employee may be eligible for the fiscal year 1974-75 notwithstanding the granting of the legislative salary increase.

The salary ranges for all employees under the Personnel Act shall be increased, so far as the maximums are concerned, by amounts corresponding to those of this legislative salary increase to the end 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, 1974, shall not apply to persons separated from the State service due to resignation, dismissal, reduction in force, death or retirement, whose last work day is prior to July 1, 1974.

**Sec. 32.** The Director of the Budget is authorized and empowered 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. These funds are intended to be transferred only when the use of salary reserve funds in individual operating budgets is not feasible.

**Sec. 33.** The salary per annum of each of the following shall be:

Chief Justice, Supreme Court	\$39,000
Associate Justice, Supreme Court	38,000
Chief Judge, Court of Appeals	36,500
Judge, Court of Appeals	35,500
Judge, Superior Court	30,500
Chief Judge, District Court	24,500
Judge, District Court	23,500
Solicitor or District Attorney	27,000
Assistant Solicitor or Assistant District Attorney an average of	17,500
Administrative Officer of the Courts	32,500
Assistant Administrative Officer of the Courts	24,000
Public Defender	27,000
Assistant Public Defender an average of	17,500
Clerk, Court of Appeals	21,052
Clerk, Supreme Court	22,108
Marshall-Librarian, Supreme Court	21,160

The beginning salary of any Assistant Solicitor or Assistant District Attorney and Assistant Public Defender shall be twelve thousand dollars (\$12,000) per annum; provided, that on recommendation of the District Attorney or the Public Defender with the approval of the Administrative Officer of the General Court of Justice, the salaries of Assistant District Attorneys and Assistant Public Defenders may be adjusted so long as the average salaries of

Assistant District Attorneys and Assistant Public Defenders in a judicial district do not exceed seventeen thousand five hundred dollars (\$17,500).

**Sec. 34.** Funds provided in this act for salary increases to academic personnel in higher educational institutions are to be allocated to individuals according to rules and regulations established by the Board of Governors of the University of North Carolina.

**Sec. 35.** Salary increase funds provided in this act for community college personnel are for two purposes:

- (1) to provide an average increase of seven and one-half percent (7 1/2%) for all community college institutional personnel to be allocated to individuals according to the rules and regulations established by the State Board of Education; and
- (2) to provide an additional average increase of two and one-half percent (2 1/2%) for instructional curriculum personnel to be distributed according to rules and regulations established by the State Board of Education.

**Sec. 36.** It is the intent of the General Assembly that farms currently operated by the Department of Human Resources and the Department of Social Rehabilitation and Control not being used to execute the statutory duties of these departments continue to be operated as farms until the General Assembly can ascertain their best use.

With the approval of the Council of State, the land included in such farms may be transferred to the Department of Agriculture. Equipment, machinery and funding associated with these farming operations may also be transferred to the Department of Agriculture with the approval of the Advisory Budget Commission. The lands so transferred shall be managed and operated as farm lands or leased for use as farm lands. The Department of Agriculture shall farm these lands to provide food needed by the Departments of Human Resources and Social Rehabilitation and Control.

The Department of Administration shall consider the long-range needs of the State and shall submit recommendations to the 1977 Session of the General Assembly to establish whether the State's interest is best served by continued farming of these lands, by their use for other purposes, or by disposal of these properties.

**Sec. 37.** Funds appropriated to the State Board of Education in Section 2 of this act for occupational education which represent an increase over appropriations for that purpose in fiscal year 1973-74 shall be allocated by the State Board of Education solely on the basis of average daily membership. The allocation formula shall not include any requirement for matching funds on the part of the recipient units. The State Board of Education shall require local administrative units to provide evidence that the expenditure of local funds for occupational education programs is no less than the amount expended per pupil in average daily membership for those programs during the prior year and may, at the discretion of the State Board, withhold funds appropriated under this act to ensure that supplanting of local funds does not occur.

**Sec. 38.** Funds appropriated in Section 2 to the State Department of Public Education for clerical assistance in the public schools shall be allocated in the following manner:

Three thousand seven hundred dollars (\$3,700) to each school with 10 or fewer State allocated teaching positions; two thousand five hundred dollars (\$2,500) to each school with 11 to 20 State allocated teaching positions; one thousand five hundred dollars (\$1,500) to each school with 21 to 40 State allocated teaching positions; eight hundred dollars (\$800.00) to each school with more than 40 State allocated teaching positions.

These formula allocations are to be used as base grants and made prior to the allocation of funds for clerical assistance on the basis of average daily membership. The Department is responsible for ensuring the funds allocated to local administrative units for clerical assistance are distributed to schools within those units in amounts consistent with the

above formula. Further, the State Board of Education shall require local administrative units to provide evidence that the expenditure of local funds for the payment of educational secretaries and clerical personnel is no less than the amount expended per pupil in average daily membership for such personnel during the prior year. At the discretion of the State Board of Education, funds appropriated under this act may be withheld to ensure that supplanting of local funds does not occur. The State Board of Education is empowered to waive this requirement upon a showing of fact by the local administrative unit that compliance would result in inefficient use of funds and that the overall per pupil expenditure from local funds for school purposes is no less than the overall per pupil expenditure from local funds for school purposes in the preceding fiscal year.

**Sec. 39.** It is the intent of the General Assembly that the amount of seven hundred fifty thousand dollars (\$750,000) appropriated in Section 2 to the State Department of Public Education specifically to improve instructional practices in the public schools be a permanent appropriation. Unexpended portions of this appropriation shall not revert to the General Fund at the end of the 1974-75 fiscal year.

**Sec. 40.** Funds appropriated in Section 2 of this act to the State Board of Education for development of health, physical education and athletic activities shall be allocated by the Board to local administrative units on the basis of average daily membership in kindergarten through grade six in the 1973-74 school year. These funds shall be used to provide instruction, supplies or equipment in the improvement of physical education programs.

Eighty-eight thousand five hundred dollars (\$88,500) of these funds is to be used by the State Board of Education in the summer of 1974 to conduct regional workshops to prepare trainees for the physical education leadership positions in kindergarten through grade six in local administrative units.

**Sec. 41.** It is the intent of this General Assembly that non-State health and welfare agencies submit their appropriation requests for grants-in-aid through the Secretary of the Department of Human Resources for his recommendations to the Governor and the Advisory Budget Commission.

**Sec. 42.** It is the intent and purpose of this act to establish a more adequate level of direct patient care in each of the mental health institutions. Positions recommended for direct patient care in the budget shall not be reclassified or funds reallocated to non-direct patient-care activities.

**Sec. 43.** The funds appropriated in Section 2 for Health Aid to Counties include two million dollars (\$2,000,000) for counties that choose to consolidate local health departments, upgrade salaries of local health personnel, or contract with the state for the provision of public health services. It is the intent of this General Assembly that any portion of these funds not required for these specific purposes be included in the general distribution of funds to local health departments based on a formula adopted by the Department of Human Resources.

**Sec. 44.** Funds appropriated herein to the Department of Administration as a Reserve for Fuel Price Increases shall be distributed to Departments according to actual need and up to four hundred thousand dollars (\$400,000) is authorized for use as a revolving fund to establish an emergency fuel storage program.

**Sec. 45.** Capital projects for 1973-74 authorized from the Highway Fund by the General Assembly are cancelled upon ratification of this act as follows:

Department of Transportation:

Division of Highways	\$ 4,060,849
Division of Motor Vehicles	<u>446,000</u>
Total	\$ 4,506,849

These funds are hereby reappropriated to support the construction of primary roads in 1974-75. In addition the sum of four hundred thirty thousand eight hundred seventy-one dollars

(\$430,871) in the Highway Fund Credit balance for the fiscal year ending June 30, 1974, is hereby reserved to support the construction of primary roads in 1974-75. These two sums shall be added to all other funds appropriated for the construction of primary roads in this act.

**Sec. 46.** The Board of Governors of the University of North Carolina is hereby directed to submit to the General Assembly in its operating budget for the 1975-76 fiscal year comprehensive plans (1) to expand as soon as practicable the program of first-year medical education at the East Carolina University School of Medicine, and (2) to add a second year program of medical education at the East Carolina University School of Medicine, and (3) that concentration be placed upon the training of family care physicians, and (4) that special efforts be taken to encourage the recruitment and medical education of racial minorities.

In carrying out the purpose of this act, the University of North Carolina School of Medicine at Chapel Hill and the East Carolina University School of Medicine shall work cooperatively toward full accreditation of the expanded medical education program at East Carolina University to the end that its graduates may transfer freely to other units of the University of North Carolina School of Medicine.

The sum of seven million five hundred thousand dollars (\$7,500,000) in Section 2 of this act is appropriated to the Board of Governors of the University of North Carolina to be expended for the erection of a basic medical science building at East Carolina University and for the purposes outlined in this section.

Funds appropriated in 1973-74 to the Board of Governors of the University of North Carolina as a reserve for an additional degree-granting school of medicine and carried forward to fiscal year 1974-75 shall be available for the purposes outlined in this section.

**Sec. 47.** Except as exempted by statute and as provided by Section 46 of this act, it is the intent of the General Assembly that all unencumbered balances of maintenance appropriations for 1973-74 shall revert to the State treasury to the credit of the General Fund or special funds from which the appropriations were made or expended, at the end of the 1973-74 fiscal year. Encumbered balances and unliquidated obligations will be handled in accordance with existing state budget policy.

**Sec. 48.** The provisions of the Executive Budget Act, Chapter 143, Article 1, of the General Statutes, are re-enacted and shall remain in full force and effect, and are incorporated in this act by reference.

**Sec. 49.** 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.

**Sec. 50.** All laws and clauses of laws in conflict with this act are hereby repealed.

**Sec. 51.** This act shall become effective on July 1, 1974.

In the General Assembly read three times and ratified, this the 8th day of April, 1974.