

NORTH CAROLINA GENERAL ASSEMBLY
1977 SESSION

CHAPTER 802
SENATE BILL 16

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:

—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.

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<u>Current Operations—General Fund</u>	<u>1977-78</u>	<u>1978-79</u>
General Assembly	\$4,891,868	\$6,750,579
Judicial Department	52,367,421	51,524,880
The Governor's Office	1,136,576	1,136,490
The Lieutenant Governor	195,524	195,079
Department of Administration	21,342,186	21,458,052
Commission on Indian Affairs	151,440	159,586
Department of Secretary of State	535,955	486,848
Department of State Auditor	4,623,061	4,506,814
Department of State Treasurer	1,708,476	1,703,028
Department of Justice	15,648,370	14,945,904
Department of Revenue	18,986,090	19,330,573
State Board of Elections	180,961	211,869

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Department of Crime Control and Public Safety	5,564,331	5,603,417
Department of Commerce	10,340,750	10,600,169
Department of Insurance	2,971,803	3,041,589
Department of Labor	2,935,762	2,968,512
Department of Correction	83,942,633	88,811,537
Department of Public Education		
01. Department of Public Instruction	5,229,555	5,322,021
02. State Public School Fund	867,835,083	885,995,736
03. State Board of Education	3,304,539	3,363,507
04. Occupational Education	48,096,959	49,692,054
05. Governor's School	218,744	218,836
06. Purchase of School Buses	10,022,761	10,447,536
07. Program of Education by Television	439,240	444,146
08. School Food Service	5,591,555	6,023,052
09. Professional Improvement of Teachers	1,102,021	1,100,710
10. Planning Research and Development	57,917	60,016
11. Evaluation and Assessment	1,334,110	1,052,422
Total Public Schools	943,232,484	963,720,036
Department of Community Colleges		
01. Department of Community Colleges	99,957,290	109,381,068
a. Longevity	311,880	364,984
b. Merit Salary Increases	1,561,203	3,643,171
02. Department of Community Colleges—Equipment	5,316,458	6,058,094
03. Vocational Textile School	276,748	283,167
Total Community Colleges	107,423,579	119,730,484
The University of North Carolina		
Board of Governors		
a. General Administration	4,439,545	4,466,347
b. Lump Sum Appropriations	21,144,925	22,698,746
c. Related Educational Programs	16,974,749	17,870,942
04. Agricultural Programs	1,266,400	1,266,400
05. Reserve for Merit Increases		
a. Sixteen Constituent Universities	2,719,221	5,441,496
b. Agricultural Programs	218,181	433,992
c. Memorial Hospital	62,598	124,512
06. University of North Carolina at Chapel Hill		
a. Academic Affairs	42,022,284	42,609,119
b. Division of Health Affairs	28,057,619	28,625,712
c. Area Health Education Centers	10,697,229	10,680,361
07. North Carolina State University at Raleigh		
a. Academic Affairs	42,039,897	42,372,126
b. Industrial Extension Service	780,119	776,782
c. Agricultural Experiment Station	12,486,010	12,598,791

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d.	Agricultural Extension Service	9,702,149
08.	University of North Carolina at Greensboro	17,135,578
09.	University of North Carolina at Charlotte	13,878,559
10.	University of North Carolina at Asheville	3,041,669
11.	University of North Carolina at Wilmington	6,083,458
12.	East Carolina University	22,723,443
13.	North Carolina Agricultural & Technical State University	10,038,870
14.	Western Carolina University	10,904,351
15.	Appalachian State University	14,771,523
16.	Pembroke State University	3,777,011
17.	Winston-Salem State University	4,532,581
18.	Elizabeth City State University	3,555,520
19.	Fayetteville State University	4,175,822
20.	North Carolina Central University	8,769,769
21.	North Carolina School of the Arts	2,207,346
22.	North Carolina Memorial Hospital	20,417,904
Total University of North Carolina		338,624,330
Department of Cultural Resources		11,444,355
Department of Transportation		
01.	Airport Aid	1,616,571
02.	Mass Transit Aid	1,060,000
Total Department of Transportation		2,676,571
Department of Human Resources		
01.	Central Administration	6,704,699
02.	Health Services	31,168,307
03.	Services for the Blind	3,778,337
04.	Vocational Rehabilitation	8,975,830
05.	Mental Health Services	
a.	Administration and Grants-in-aid	37,474,421
b.	Alcoholic Rehabilitation Center, Black Mountain	1,608,019
c.	Alcoholic Rehabilitation Center, Butner	1,123,000
d.	Walter B. Jones Alcoholic Rehabilitation Center, Greenville	1,139,005
e.	Dorothea Dix Hospital	16,206,030
f.	Broughton Hospital	12,821,691
g.	Western Carolina Center	6,972,382
h.	Cherry Hospital	13,534,883

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i. O'Berry Center	7,605,620	7,970,147
j. John Umstead Hospital	12,408,935	12,933,680
k. Murdoch Center	12,448,977	12,928,769
l. Caswell Center	13,825,915	13,226,952
m. Wright School	617,132	644,530
06. North Carolina Orthopedic Hospital	633,836	
07. Lenox Baker Children's Hospital of North Carolina	484,054	504,348
08. Confederate Women's Home	76,947	107,879
09. North Carolina Specialty Hospitals		
a. General Administrative Office	228,813	236,399
b. McCain Hospital	2,705,565	2,744,477
c. Western Carolina Hospital	2,393,997	2,435,655
d. Eastern North Carolina Hospital	2,640,651	2,598,729
10. Division of Youth Services	9,756,634	9,850,614
11. North Carolina School for the Deaf	4,310,222	4,307,198
12. Eastern North Carolina School for the Deaf	2,218,032	2,256,370
13. Central North Carolina School for the Deaf	1,513,685	1,571,333
14. Governor Morehead School	2,408,688	2,451,761
15. Facility Services	6,374,114	6,256,245
16. Social Services	124,639,915	132,978,462
17. State Aid to Non-State Health & Welfare Agencies	3,521,048	3,513,425
Total Department of Human Resources	352,319,384	367,866,323
Department of Natural and Economic Resources	22,654,871	21,806,655
Department of Agriculture	14,717,652	16,428,457
Debt Service—Interest	25,802,210	30,722,000
Debt Service—Redemption	23,400,000	25,900,000
Contingency and Emergency	1,500,000	1,500,000
Salary Adjustment of State Employees	800,000	1,300,000
Reserve for Hospitalization Benefit Increases	3,400,000	3,500,000
Reserve for Longevity	647,500	647,500
Reserve for Seventh Merit Step	3,400,000	5,500,000
Salary Increase for Teachers and State Employees		
01. Public School Employees	52,476,657	53,666,749
02. Community College Personnel	6,325,443	6,873,411
03. UNC Board of Governors, EPA:		
a. 16 Constituent Institutions	10,345,547	10,407,997
b. Memorial Hospital	238,156	238,156
c. Agricultural Programs	830,096	830,096
04. Employees subject to the State Personnel Act	28,859,635	29,156,564

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05. Court System Personnel	3,225,492	3,389,056
06. Teachers, Youth Services	102,642	102,642
07. Other positions exempt from the State Personnel Act and Utilities Commissioners	148,588	148,588
08. General Assembly	68,837	68,837
Total Salary Increases	102,621,093	104,882,096
GRAND TOTAL—GENERAL FUND	\$2,182,187,236	\$2,258,720,020

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, 1979, according to the following schedule:

<u>Current Operations—Highway Fund</u>	<u>1977-78</u>	<u>1978-79</u>
Department of Transportation		
01. General Administration	\$10,547,893	\$11,119,019
02. Highways		
a. Management and Operations	18,243,517	18,182,367
b. State Construction		
(01) Primary Construction	19,520,000	23,286,000
(02) Secondary Construction	25,856,718	23,427,785
(03) Urban Construction	6,880,000	8,090,000
(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—Construction	45,909,400	47,873,400
d. State Funds to Match Federal Highway Aid—Planning Survey & Highway Planning Research	1,660,151	1,543,331
e. State Maintenance		
(01) Primary	46,368,395	47,529,381
(02) Secondary	71,704,749	73,343,703
(03) Urban	13,532,613	13,908,202
f. Ferry Operations	5,008,686	4,883,686
g. State Aid to Municipalities	31,842,838	32,957,337
03. Mass Transit Administration	142,393	142,393
04. Aeronautics Administration	134,154	34,154
05. Motor Vehicles	23,935,888	23,992,485
06. Reserves and Transfers		
a. Merit Salary Increments	5,761,436	9,410,615
b. Employers' Social Security Contribution for Central Offices and Division of Highways	7,593,505	7,721,126
c. Employers' Retirement Contribution for Central Offices and Division of Highways	11,122,617	11,122,617
d. Employers' Hospital/Medical Insurance Contribution for Central Offices & Division of Highways	3,767,462	3,767,462

e.	Salary Increases for Permanent Highway Fund Positions	11,702,490	11,705,465
f.	Salary Adjustments for Highway Fund Positions	400,000	650,000
07.	Debt Service	27,522,500	26,691,000
08.	Reserve for Contingencies and Emergencies	250,000	250,000
09.	Reserve to Correct Occupational Safety and Health Act Deficiencies	500,000	500,000
h.	Additional Longevity Pay for Highway Fund Positions	277,500	277,500
i.	Seventh Merit Increment Step for Highway Fund Positions	2,100,000	3,010,000
10.	Appropriations for Other State Agencies	33,445,663	32,716,540
GRAND TOTAL—HIGHWAY FUND		\$431,442,868	\$443,847,868

—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., 02.e., and 02.f., 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 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., 02.f., 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.d., 02.e., and 02.f., for the purpose of providing additional positions, shall be approved by the Governor and the Advisory Budget Commission.

—HIGHWAY FUND/ADJUSTMENTS TO REFLECT ACTUAL REVENUE

Sec. 6. In the event of an unreserved Highway Fund credit balance, in either fiscal year of the 1977-79 biennium, exceeding the total of the related Highway Fund appropriations made in this act, the excess shall be allocated in the succeeding fiscal year to the State-funded construction appropriations in the Primary, Secondary and Urban systems in the same proportional amounts as the original appropriations to those systems.

In the event 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.

During each fiscal year, the Director of the Budget may authorize the establishment of 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.

—HIGHWAY FUND/76-77 CREDIT BALANCE TO SECONDARY MAINTENANCE

Sec. 6.1. In the event of an unreserved Highway Fund credit balance accruing with the fiscal year ending June 30, 1977, the entire amount shall be allocated to Secondary Road Maintenance.

—HIGHWAY FUND/ADJUSTMENTS TO REFLECT FEDERAL FUNDS CHANGES

Sec. 7. 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 1977-79 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; 02.d., State funds to match federal aid highway planning survey and highway planning research; and 02.e., State maintenance; or within the affected federal aid programs; provided that no transfers shall be made from Title 02.e., State maintenance, until all available funds from the other sources listed in this section have been utilized.

—ELIMINATE CERTAIN SPECIAL FUNDS

Sec. 8. G.S. 20-289(b) concerning the Dealers' - Manufacturers' License Fund is amended by rewriting the first sentence to read as follows: "The fees and licenses collected under this section shall be placed in the Highway Fund."

Sec. 9. G.S. 20-324 concerning the Commercial Driver Training Law Fund is amended by rewriting the third sentence to read as follows: "The license fees collected under this section shall be used under the supervision and direction of the Director of the Budget for the administration of this Article."

Sec. 10. Any balances remaining in the "Dealers' - Manufacturers' License Fund" and the "Commercial Driver Training Law Fund" on July 1, 1977, shall be placed in the Highway Fund.

—HIGHWAY FUND/NO TRANSFERS TO DRIVER TRAINING PROGRAM

Sec. 11. During the 1977-79 biennium, Highway Fund appropriations shall not be transferred to the State Board of Education to supplement the annual vehicle registration tax collected under G.S. 20-88.1. (See also Section 31 of this act.)

PART III.—GENERAL PROVISIONS

—SPECIAL FUNDS/AUTHORIZATION FOR EXPENDITURES

Sec. 12. There is appropriated out of the cash balance and receipts 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, G.S. Chapter 143, Article 1.

—FEDERAL ANTIRECESSION FUNDS/APPROPRIATION

Sec. 12.5. To the end of complying with federal regulations pertaining to the expenditure of Title II Antirecession funds, the item below, which is an element of 1977-79 current operations appropriation to the Department of Correction enumerated in Section 2 of this act and relevant budget documents, is to be financed to the degree indicated from the Federal Antirecession Trust Fund of the State:

	<u>1977-78</u>	<u>1978-79</u>
Department of Correction		
Adult Prisons		
Custody and Security	\$7,800,000	\$1,800,000

—FEDERAL REVENUE SHARING/OPERATING APPROPRIATION

Sec. 12.10. 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 1977-79 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:

<u>OPERATIONS</u>	<u>1977-78</u>	<u>1978-79</u>
Education		
Public Schools		
Textbooks-Elementary	9,966,746	7,510,589
Textbooks-High School	3,189,351	3,144,410
School Bus Acquisition	<u>10,296,685</u>	<u>10,447,536</u>

Subtotal	\$23,452,782	\$21,102,535
Treasurer		
Debt Service	<u>6,431,260</u>	<u>6,921,597</u>
Subtotal	<u>\$6,431,260</u>	<u>6,921,597</u>
TOTAL-OPERATIONS	\$29,884,042	\$28,074,132

—INSURANCE AND FIDELITY BONDS

Sec. 13. 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.

—RESERVES/NOT TO BE USED TO INCREASE LATER ANNUAL OBLIGATIONS

Sec. 14. Expenditures of funds appropriated in this act 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 otherwise provided in this act.

—MOVING EXPENSES OF STATE EMPLOYEES

Sec. 15. A new section is added to the General Statutes to read as follows:

“§ 138-8. Moving expenses of State employees. — Subject to the rules and regulations promulgated by the Department of Administration and approved by the Director of the Budget, any department, institution or agency of the State is hereby authorized to pay, from funds available to it, 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."

—STATE-OWNED AND -OPERATED OFFICE SPACE/PAYMENT FOR USE

Sec. 15.5. The Department of Administration is directed to determine equitable fees for the use of State-owned and -operated office space, and to assess "self-supporting" agencies for payment of these fees. The payments shall be made to the Department of Administration.

—NEW OFFICE EQUIPMENT/USE SURPLUS PROPERTY WHERE AVAILABLE

Sec. 15.10. During the 1977-79 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 30 days prior to the date of sale.

—STUDY COMMISSIONS/FUNDING SOURCES MUST BE IDENTIFIED

Sec. 15.15. All study commissions created or extended by the 1977 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.

—EXEMPT PERSONNEL ACT SALARY SCHEDULE FILING/REPEAL

Sec. 15.20. G.S. 143-34.3 is repealed.

—USE OF FEDERAL FUNDS

Sec. 15.25. G.S. 143-34.2 is amended by adding a new paragraph as follows:

"Any contract entered into by a State agency, department, or institution for a federal grant shall include a limiting clause which specifically states that continuation of the grant program by the State of North Carolina is subject to State funds being appropriated by the General Assembly for that program."

Sec. 15.26. Any of the several State departments, agencies, institutions, boards or commissions authorized to make application for, receive or disburse any form of federal aid to the State shall deposit all such federal monies received with the State Treasurer and shall

expend such funds in accordance with the terms and conditions of the federal award which are not contrary to the laws of North Carolina. All such federal funds shall be expended and reported in accordance with provisions of the Executive Budget Act. Proposed budgets recommended to the General Assembly by the Governor and Advisory Budget Commission shall include all appropriate information concerning the federal expenditures in State agencies, departments and institutions. Recognizing that federal grants to institutions of higher education for research and training are subject to special requirements, the constituent institutions of The University of North Carolina shall be excluded from the provisions of this section for the 1977-1978 fiscal year (or until July 1, 1978).

Sec. 15.27. Whenever any federal funds are awarded to a State agency, department, institution, board or commission in block or lump sum form which in turn allocates such aid, in total or in part, in a discretionary manner to State or local public entities or private entities, such agency, department, institution, board, or commission shall report such allocations made to the Governor and Advisory Budget Commission for review as may be required by either of them.

Sec. 15.28. All federal receipts and departmental receipts contained in The Budget 1977-1979 are hereby appropriated for the purposes therein set forth.

—CONTINGENCY AND EMERGENCY FUND

Sec. 16. The Director of the Budget, with the approval of the Council of State, is authorized to make transfers from the General Fund Contingency and Emergency Fund and the Highway Fund Contingency and Emergency Fund for any lawful purpose for which no specific appropriation has been made or when, inadvertently, an insufficient appropriation has been made.

PART IV.—SPECIAL PROVISIONS—HUMAN RESOURCES

—MEDICAID SCHEDULES

Sec. 17. 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:

<u>Services</u>	<u>Payment Basis</u>
Hospital—Inpatient	Allowable costs, but administrative days for any period of hospitalization shall be limited to a maximum of 3 days. 90 percent of allowable costs.
Hospital—Outpatient	
State Mental and Specialty	
Hospitals and Mental	
Retardation Centers	Allowable costs.
(All Medicaid services including mental, medical, intermediate care and skilled nursing care)	
Skilled Nursing Facilities	Allowable costs not to exceed \$28.00 per day.
Drugs	Drug cost as allowed by federal regulation plus \$2.50 professional service fee per month excluding refills for same drug or generic equivalent during the same month. (Payments

Physicians	for drugs are subject to the language on drugs at the end of this section.) 90 percent of allowable usual and customary charges. Physician Services includes procedures dealing with tumors, fractures, or cysts performed by a dentist or oral surgeon at the request of the attending physician.
Chiropractors	90 percent of allowable usual and customary charges.
Dental	90 percent of allowable usual and customary charges for children under 21 years old referred by the Early Periodic Screening and Diagnostic Treatment Program (EPSDT). For those other Medicaid patients who have dental procedures that were in progress prior to July 1, 1977, the Medicaid program will continue payment for these procedures, but the Medicaid program will not continue to reimburse for these procedures provided after September 30, 1977.
Home Health	Allowable costs.
Optical Services	90 percent of allowable usual and customary charges.
Medicare Buy-In	Social Security. Administration premium.
Clinics-Public Health	Allowable costs.
Ambulance Services	100 percent of allowable, reasonable, usual and customary charges.
Pre-21 Screening	See specific services, i.e., Physician and Clinic.
Hearing Aids	80 percent usual, customary, and reasonable charges (including dispensing fee).
Clinics-Mental Health	Allowable costs (federal portion only; nonfederal share covered by State/local operating funds).
Intermediate Care Facilities	Allowable costs not to exceed \$23.30 per day.
Family Planning	See specific services, i.e.,

Independent Laboratory and
X-Ray Services

Hospital, Physician, and Clinic.

Optical Supplies

90 percent of allowable usual
and customary charges.
100 percent of reasonable
wholesale cost of materials.

Any changes in services or basis of payment in the Medicaid Program must be approved by the Governor and the Advisory Budget Commission.

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

As allowed by federal regulations, recipient co-payments shall be required for services under Medicaid as follows:

<u>Service</u>	Eligibility		Co-Payment for Each Occasion <u>of Service</u>
	Categorically <u>Needy</u>	Medically <u>Needy</u>	
Hospital—Inpatient		x	\$2.00
Hospital—Outpatient		x	2.00
Physicians		x	1.00
Optometrists		x	1.00
Drugs	x	x	.50
Dental	x	x	3.00
Chiropractors	x	x	.50
Optical Supplies and Services	x	x	2.00
Mental Health Centers	x	x	1.00
Health Departments	x	x	1.00

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

<u>Family Size</u>	Categorically		Medically <u>Needy</u>
		<u>Needy</u>	
1	\$1,452		\$1,700
2	1,908		2,200
3	2,196		2,500
4	2,400		2,800
5	2,628		3,000
6	2,832		3,200
7	3,036		3,400
8	3,168		3,600
9	3,300		3,800
10	3,480		4,000
11	3,660		4,200
12	3,840		4,400
13	4,020		4,600

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

Notwithstanding any provision of G.S. 90-76 to the contrary, during the 1977-79 biennium, 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.

Notwithstanding the schedule for services and payment basis in the first part of this section, Medicaid assistance rates for all providers of health-related services except those for hospital inpatient care (general, mental, and specialty hospitals), intermediate care facilities for the mentally retarded, and drugs shall not be in excess of the rates paid to the individual providers as of April 1, 1977. ICFs (Intermediate Care Facilities) and SNFs (Skilled Nursing Facilities) shall be exempted from this provision upon implementation of a new cost-related rate plan, as may be required by federal regulation. The provisions of this paragraph shall expire June 30, 1978.

—NON-MEDICAID MEDICAL SERVICES/STATE PROGRAMS

Sec. 18. 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. 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, and to services under Vocational Rehabilitation and Services to the Blind under the Department of Human Resources.

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

<u>Family Size</u>	Maternal and Child Care, Cancer, Migrant Health			
		<u>Kidney</u>	Blind	
		<u>Rehabilitation</u>		
1	\$ 4,200	\$ 6,400	\$ 3,600	
2	5,300	8,000	4,800	
3	6,400	9,600	5,700	
4	7,500	11,000	6,300	
5	7,900	12,000	6,900	
6	8,300	12,800	7,500	
7	8,800	13,600	8,100	
8	9,300	14,400	8,700	
9	9,800	15,200	9,300	
10	10,300	16,000	9,900	
11	10,900			
12	11,400			
13	12,000			
<u>Family Size</u>	Medical Eye Care Blind Adults		Medical Eye Care Blind Preschool and School Children	
				<u>Vocational Rehabilitation</u>
1	\$ 1,800		\$ 4,200	\$ 2,568
2	2,520		5,300	4,260
3	3,180		6,400	5,052
4	3,600		7,500	6,204
5	3,960		7,900	7,104
6	4,320		8,300	7,814
7	4,680		8,800	8,524
8	5,040		9,300	9,235
9			9,800	9,945

10	10,300	10,656
11	10,900	11,366
12	11,400	12,076
13	12,000	12,787

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

—ADJUSTMENTS IN APPROPRIATIONS/NON-MEDICAID HEALTH PROGRAMS

Sec. 19. Appropriations made in this act for health programs not covered under Medicaid are to provide for the purchase of medical services for a full twelve-month period for eligible recipients under these programs. If, during either fiscal year of the 1977-79 biennium, expenditures in these programs indicate that the funds may be insufficient for a full twelve 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.

—REST HOMES

Sec. 19.5. Funds appropriated in Section 2 of this act to the Department of Human Resources, Division of Social Services, for the Special Assistance to Adults Program, include funds to be used to supplement the amounts currently (June 16, 1977) available from either Social Security payments or Supplementary Security Income payments, or both, to General Assistance recipients for their care and custody in Family Care Homes and Homes for the Aged.

—COMMUNITY MENTAL HEALTH PROGRAMS

Sec. 20. 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.

—GRANTS TO NON-STATE HEALTH AND WELFARE AGENCIES/AUDITS

Sec. 21. Non-State 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 Governor 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. 22. 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. 23. The Secretary of the Department of Human Resources is 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.

—COMMUNITY MENTAL HEALTH CENTERS

Sec. 24. Of the funds appropriated in Section 2 of this act to the Department of Human Resources, two million seven hundred thousand dollars (\$2,700,000) in fiscal year 1977-78 is for the Division of Mental Health Services for inpatient services in community mental health centers. These funds are to be distributed to the area mental health boards to assist in the start-up phase of new inpatient units on the basis of Rules and Regulations adopted by the Department of Human Resources. The funds for start-up costs are to be distributed in addition to any other State monies to community mental health centers.

To qualify for funds under this section, area mental health boards shall submit a plan to the Department of Human Resources that details how these funds are to be expended and the procedures that will be employed to collect patient fees and various forms of third-party reimbursements.

—OLDER AMERICANS FUNDS/MATCH OTHER PROGRAMS

Sec. 25. The Department of Human Resources, Division of Aging, is authorized to use funds appropriated for the 1977-79 biennium as State matching funds for Title VII of The Older Americans Act as State matching funds for other federal programs.

—SECRETARY OF HUMAN RESOURCES/REPORT ON REGIONAL OFFICES

Sec. 25.5. The Secretary of the Department of Human Resources shall conduct an evaluation of the functions and role of that Department's regional offices. On or before January 15, 1978, the Secretary shall file a report on this evaluation with the Governor, the chairmen of the Appropriations Committees of the Senate and House of Representatives, the Lieutenant Governor, and the Speaker of the House of Representatives. The report shall outline:

- (1) the functions of the regional offices in each division of the Department of Human Resources;
- (2) the management authority and service delivery responsibilities of the regional offices in each division of the department;
- (3) the number of personnel assigned to each regional office by type of position for each division within the department;
- (4) the costs associated with each regional office by line item, including any costs of regional administration that are now assigned to the central offices in Raleigh;
- (5) recommendations that would lead to reduced operating costs and improved efficiency in the regional offices.

Sec. 25.10. (Moved to new Section 25.30.)

—SPECIALTY HOSPITALS/OPERATIONS STUDY

Sec. 25.15. The Director of the Budget shall conduct a study of the North Carolina Specialty Hospitals located at Wilson, Gastonia, McCain, and Black Mountain to determine the need to continue their operations as treatment centers for tuberculosis and other diseases or to provide health care in areas other than their specialties. The Director of the Budget shall make recommendations to the 1977 General Assembly, Second Session 1978, based on this study as to the future use of these facilities or as to their disposition if it is determined that they are no longer needed for State programs.

—PILOT PROJECT ON ALCOHOLISM/SOCIAL SETTING DETOXIFICATION

Sec. 25.17. Of the funds appropriated to the Department of Human Resources, Division of Mental Health Services, in Section 2 of this act, sixty thousand dollars (\$60,000) shall be used to fund the Social Setting Detoxification Center Project by the Orange-Person-Chatham Mental Health Center.

PART V.—SPECIAL PROVISIONS—CORRECTIONS**— SEC. OF CORRECTION/REPORT ON DATA PROCESSING AND PROBATION**

Sec. 25.20. The Secretary of the Department of Correction shall conduct an evaluation of that department's data processing services and of the regional management structure of the Division of Probation and Parole. On or before January 15, 1978, the Secretary shall file a report on this evaluation with the Governor, the chairmen of the Appropriations Committees of the Senate and House of Representatives, the Lieutenant Governor, and the Speaker of the House of Representatives. This report shall outline:

- (1) the functions of data processing services with the Department of Correction;
- (2) the functions of the regional management structure in the Division of Probation and Parole;

- (3) the number of personnel by type assigned to data processing and to the field offices of the Division of Probation and Parole;
- (4) recommendations that would lead to the improved efficiency of both data processing services and the field operations of the Division of Probation and Parole.

—RETAIN POLK YOUTH CENTER

Sec. 25.25. On January 4, 1973, and August 6, 1974, the Council of State transferred approximately 164 acres of State land in the vicinity of Blue Ridge Road and Interstate Highway 40 from the Department of Correction to the Art Museum Building Commission, and the Council temporarily reserved for continued use by the Department of Correction 45 acres of land and buildings used as a youthful offenders prison unit known as Camp Polk. Notwithstanding any contrary language in the action by the Council of State, before the 45 acres temporarily reserved for the Department of Correction may be given any new use by the Art Museum Building Commission and before any forced surrender of the reserved 45 acres is required of the Department of Correction, the new use must be expressly approved by the General Assembly at some time after the effective date of this act.

—FOUNTAIN SCHOOL/PROGRAM

Sec. 25.29. The funds appropriated by this act to the Department of Correction for the Richard T. Fountain School in Edgecombe County are to be used by the Department of Correction at the Richard T. Fountain School to address the specialized treatment needs of the young population 18 years and younger who are committed or assigned to the Department of Correction and who have been selected by the Department of Correction through a process designed to identify those youngsters who show the greatest potential to participate productively in educational and vocational training opportunities. In operating this facility the Department of Correction shall actively solicit the aid and cooperation of the Department of Human Resources, the Department of Public Instruction, and citizens in the communities in the area of the Richard T. Fountain School. The Department of Correction shall establish a volunteer Community Advisory Board to participate in coordination of the program at the school.

—MORRISON SCHOOL/TRANSFER TO DEPARTMENT OF CORRECTION

Sec. 25.30. The Cameron Morrison School shall be closed by the Department of Human Resources and the Commission of Youth Services on or before July 31, 1977, and after that date no funds available to the Department shall be used in the continued operation of the school. As of July 1, 1977, all property comprising the former Cameron Morrison School is transferred to the Department of Correction, Division of Prisons. The property transferred shall include land and buildings together with property installed in the buildings. The disposition of movable equipment and supplies on the site shall be determined by the State Property Office after consultation with the departments involved. The Department of Correction shall establish a volunteer Community Advisory Board to participate in coordination of programs at the facility.

—HUDSON PRISON UNIT/COMMUNITY ADVISORY BOARD

Sec. 25.31. The Department of Correction shall establish a volunteer Community Advisory Board to participate in coordination of the programs at the Hudson Prison Unit in Caldwell County.

—MEDIUM CUSTODY PRISONERS/WORK ON THE ROADS

Sec. 25.35. Of the funds appropriated in Section 3 of this act to the Department of Transportation, five hundred thousand dollars (\$500,000) shall be transferred to the Department of Correction to fund the expenses of using medium custody inmates to work on public roads.

Sec. 25.36. G.S. 148-26(b), as it appears in the 1975 Cumulative Supplement to Volume 3C of the General Statutes, is amended by deleting the first sentence and substituting the following:

"As many minimum custody prisoners as are available and fit for road work, who cannot appropriately be placed on work release, study release, or other full-time programs, and as many medium custody prisoners as are available, fit for road work and can be adequately guarded during such work without reducing security levels at prison units, shall be employed in the maintenance and construction of public roads of the State."

Sec. 25.37. The Department of Correction shall exercise all due diligence to accelerate the classification of minimum and medium custody prisoners, so that work under G.S. 148-26(b) may proceed.

PART VI.—SPECIAL PROVISIONS—PUBLIC EDUCATION
—TEXTBOOK APPROPRIATIONS/NOT REVERT

Sec. 26. Funds appropriated in this act 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 biennium.

—CERTAIN SCHOOL CLERK. & INSTRUCT. PERSONNEL/FUND ALLOCATION

Sec. 27. Funds appropriated in this act to the State Department of Public Education for clerical assistance in the public schools and for instructional personnel in psychological and guidance counseling, health and social services, reading, mathematics, and cultural arts shall be allocated to local administrative units according to formulas in effect on June 30, 1977. The State Board of Education shall require local administrative units to provide evidence that the expenditure of local funds for each such purpose is no less than the amount expended per pupil in average daily membership for each such purpose 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 evidence provided by the local administrative units that compliance will 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 such purposes in the preceding fiscal year.

—PUBLIC EDUCATION HEALTH, PE, & ATHLETICS/FUND ALLOCATION

Sec. 28. Funds appropriated in this act to the State Department of Public Education for the development of health, physical education, and athletic activities shall be allocated by the State Board of Education to local administrative units on the basis of average daily membership in kindergarten through grade six.

—MAIDS AND JANITORS, AND PRINCIPAL'S CLERKS/SALARY INCREASES

Sec. 29. Superintendents of the State's local public school units shall utilize funds appropriated for salary increases for State-funded janitor and maid employees, and also for State-funded clerical assistants in the offices of principals and superintendents, to assure that such employees shall receive cost-of-living salary increases on that portion of their salaries which is State-funded.

—YOUTH SERVICES/TEXTBOOKS FROM BOARD OF EDUCATION

Sec. 30. The State Board of Education is authorized to provide such school textbooks to the Division of Youth Services as may be required, with such costs to be absorbed by the funds appropriated for the purchase of high school and elementary textbooks, not to exceed twenty-five thousand dollars (\$25,000) per year.

—DRIVER TRAINING AND SAFETY EDUCATION FUND/ADVANCES

Sec. 31. 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 1977-79 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 1977-79 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. (See also Section 11 of this act.)

—READING PROGRAM/THREE ALTERNATIVES

Sec. 31.5. Funds appropriated in Section 2 of this act to the State Board of Education provide for the improvement of reading instruction in the public schools. These funds are to be allocated by the State Board of Education for implementation, in accordance with its plan, of the Primary Reading Program in the form of the model that was field tested in 1975-77, provided that up to three promising alternative approaches designed to meet the general purposes outlined in the State Board of Education 1976-77 Primary Reading Program Guidelines may be adopted in three local administrative units, one approach in each unit. Such alternatives will be funded on the same per classroom allocation level as Primary Reading Program classrooms.

The State Department of Public Education shall solicit and review alternative program proposals, and shall submit to the State Board of Education for approval recommendations concerning the three most promising alternative programs in sufficient time for implementation in school year 1977-78. After implementation, uniform evaluation procedures shall be utilized to assess the relative cost effectiveness of the Primary Reading Program and alternative programs, with results to be submitted to the General Assembly no later than April 1, 1979.

—OCCUPATIONAL EDUCATION/MAN-MONTHS

Sec. 31.10. The State Board of Education is authorized to allocate all new average daily membership (ADM) expansion funds for occupational education as man-months to implement the Board's equity formula.

—SCHOOL DROPOUTS/FUND ALLOCATION AND EXTENDED DAY PROGRAMS

Sec. 31.15. Funds appropriated to the State Board of Education for programs to help dropouts and potential dropouts shall be allocated to each of the local administrative units on an equitable basis. Each local board of education shall have the authority to establish extended day programs or provide programs within the regular school program for such students, using these funds.

—PUBLIC SCHOOL LIBRARIANS/NO FUNDING

Sec. 31.20. Notwithstanding G.S. 115-206.24. Librarians for schools, no funds are appropriated in Section 2 of this act for allocation to local school units for the employment of library personnel.

PART VII.—SPECIAL PROVISIONS—COMMUNITY COLLEGES

—BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR

Sec. 32. 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 APPROPRIATION/NOT USED FOR RECREATION EXTENSION

Sec. 33. Funds appropriated in 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.

—FULL-TIME EQUIVALENT TEACHING POSITIONS

Sec. 34. For the purpose of determining the Community College system-wide number of full-time equivalent teaching positions each year, the total curriculum and extension full-time equivalent student enrollment shall be divided by 23.

—BOARD OF EDUCATION REVISE FORMULA AMOUNTS

Sec. 35. 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 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.

—NEW METHOD OF COUNTING FULL-TIME EQUIVALENT STUDENTS

Sec. 35.5. The State Board of Education shall implement the concept of using student tuition receipts collected in the community colleges and technical institutes to determine full-time equivalent enrollments for budget purposes. For comparison purposes only, the Board shall maintain parallel data on both the method used in the 1976-77 fiscal year and this new method of counting curriculum full-time equivalents. The Board shall report its findings concerning these comparisons for the 1977-78 fiscal year to the Appropriations Committees of the 1977 General Assembly, Second Session 1978, and the Board shall report its findings concerning the comparisons for the 1978-79 fiscal year to the Appropriations Committees of the 1979 General Assembly.

—RECALL OF FUNDS DUE TO UNDERENROLLMENTS

Sec. 35.10. The State Board of Education shall exercise its authority to adjust budgets for each community college and technical institute due to enrollments under or over budgeted levels during the year. Every reasonable effort should be made to allocate funds to institutions that have demands to serve additional students by using funds from institutions that are underenrolled. Further, the board shall notify institutions of the manner and the means to be followed in effecting the budget increases or decreases resulting from enrollment changes at the time the initial allocations of funds are made for 1977-78 and for 1978-79.

—ASSISTANCE TO HOSPITAL NURSING/FUND DISTRIBUTION

Sec. 36. Funds appropriated in 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.

—ANTICIPATED TUITION CHANGE/REDUCE APPROPRIATIONS

Sec. 36.5. G.S. 115A-26 authorizes the State Board of Education to fix and regulate tuition for students in Community Colleges and Technical Institutes. The appropriations in Section 2 of this act to the Department of Community Colleges have been adjusted to reflect additional income anticipated from higher tuition to be fixed by the Board, and during the 1977-79 biennium the Board shall be limited in its authority to fix tuition by this General Assembly action.

—ADULT HIGH SCHOOL EXTENSION PROGRAM

Sec. 36.10. 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. These funds shall revert to the General Fund if unused in the Adult High School Extension Program.

—ASSOCIATE DEGREE NURSING PROGRAM

Sec. 36.15. From funds appropriated to the State Board of Education, Department of Community Colleges, in Section 2 of this act, a maximum allotment of forty thousand

dollars (\$40,000) shall be made to an institution entering the second year of an Associate Degree nursing program in 1977-78.

Sec. 36.20. (Moved to new Section 35.5.)

—FURTHER SUSPEND PERSONNEL POLICIES

Sec. 36.25. Community Colleges personnel policies suspended by S.L. 1975, c. 983, s. 51, are further suspended for two more years, until July 1, 1979.

PART VIII.—SPECIAL PROVISIONS—HIGHER EDUCATION

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

Sec. 37. Funds appropriated in 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-, second-, third- and fourth-year students in the school as of November 1, 1977, and November 1, 1978. 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 1977-79 biennium, a disbursement of one thousand dollars (\$1,000) shall be made for each such student in the first-year, second-year and third-year classes to the extent that the enrollment of each of those classes exceeds 30 North Carolina students in the 1977-78 fiscal year. In the 1978-79 fiscal year, the additional 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. 38. 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 38.1 of this act.

Sec. 38.1. 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 three hundred dollars (\$300.00) per academic year in 1977-78 and in 1978-79 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. 38.2. Expenditures made pursuant to Sections 38 and 38.1 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.

—GRANTS TO HOSPITALS/ESTABLISH CERTAIN RESIDENCIES

Sec. 39. Within the limits of the appropriations made in Section 2 of this act 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 and gynecology.

—CITY AND COUNTY BOARDS OF EDUCATION/EXPENSES

Sec. 39.5. G.S. 115-29, as it appears in the 1975 Cumulative Supplement to G.S. Volume 3A, is amended by rewriting the second paragraph to read as follows:

"Funds for the per diem, subsistence, and mileage for all meetings of county and city boards of education shall be provided from the current expense fund budget of the particular county or city."

—FUNDS FOR NEEDY STUDENTS FROM UNIV. TUITION INCREASES

Sec. 39.10. There are funds appropriated in Section 2 of this act to the Board of Governors of The University of North Carolina which become available as a result of the anticipation of general tuition increases. In each fiscal year of the 1977-79 biennium, to the extent that federal matching funds are available, three hundred forty-two thousand nine

hundred sixty-four dollars (\$342,964) of these funds may be used for aid to needy students according to policies adopted by the Board of Governors.

PART IX.—SPECIAL PROVISIONS—SALARIES AND BENEFITS

—AUTHORIZATION FOR ADMINISTRATION OF 6 1/2% SALARY INCREASES

Sec. 40. The Director of the Budget is authorized and empowered to transfer from the appropriations in Sections 2 and 3 of this act for 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, 1977, for all permanent employees by an average of six and one-half percent (6.5%) commencing July 1, 1977, 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, 1977, 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 six and one-half percent (6.5%) salary increases commencing July 1, 1977.

The Director of the Budget is authorized and empowered to allocate, out of special operating funds or from sources other than tax revenues under which personnel are employed, sufficient funds to conform with the provisions of this section, provided necessary funds are 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 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 the employees may be eligible during the 1977-79 biennium.

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 this 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, 1977, 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, 1977.

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 six and one-half percent (6.5%).

—SIX AND ONE-HALF PERCENT INCREASE/EPA LEGISLATIVE EMPLOYEES

Sec. 40.3. The Legislative Services Office is authorized to increase the salaries of permanent nonelected employees of the General Assembly in effect on June 30, 1977, by six

and one-half percent (6 1/2%) commencing July 1, 1977, 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.

—ADDITIONAL MERIT INCREMENT/STATE EMPLOYEES

Sec. 40.5. Funds are appropriated in Section 2 of this act to add an additional merit increment for employees subject to the State Personnel Act; the sum is based on the two-thirds funding provisions of G.S. 126-7. To administer this added step on a merit rather than an automatic basis, G.S. 126-7, as it appears in the 1976 Interim Supplement to the General Statutes, is amended by:

- (1) deleting at the beginning of line 8 the words "intermediate salary step nearest to, but not exceeding, the middle" and inserting the words "third step" in lieu thereof;
- (2) deleting in lines 30 and 31 the words "step nearest but not exceeding the middle" and inserting the words "third step" in lieu thereof;
- (3) and deleting in line 34 the word "intermediate" and inserting the words "third step" in lieu thereof.

—SCHOOL BUS MECHANICS, AND PROPERTY & COST CLERKS/ADDED STEP

Sec. 40.6. Appropriations made in Section 2 of this act include funds to grant a seventh merit increment step to public school positions which are classified as School Bus Mechanics, and Property and Cost Clerks.

—JUDICIAL BRANCH OFFICIALS/SALARIES

Sec. 41. The annual salary, in each fiscal year, of the specified judicial branch official shall be as follows:

<u>Judicial Branch Officials</u>	<u>Salary in</u>	
	<u>1977-78</u>	<u>&</u>
	<u>1978-79</u>	
Chief Justice, Supreme Court	\$	44,430
Associate Justice, Supreme Court		43,408
Chief Judge, Court of Appeals		41,878
Judge, Court of Appeals		40,862
Judge, Superior Court		35,758
Chief Judge, District Court		29,513
Judge, District Court		28,372
Solicitor or District Attorney		32,565
Assistant Solicitor or Assistant District Attorney	an average of	20,616

The minimum 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 Courts 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 twenty thousand six hundred sixteen dollars (\$20,616). Funds appropriated in Section 2 of this act for salary increases and employer's retirement and social security contributions thereof for permanent employees of the Judicial Department, except for those itemized in this section, are intended to provide salary increases commencing July 1, 1977, of the same percentage as that authorized for State employees subject to the Personnel Act by Section 40 of this act, rounded to conform to the steps in the salary ranges adopted by the Judicial Department.

—ADDITIONAL EXPENSE ALLOWANCE FOR SUPERIOR COURT JUDGES/REPEAL

Sec. 41.1. The second paragraph of G.S. 7A-44, as it appears in the 1976 Interim Supplement to the General Statutes, is repealed.

—PUBLIC DEFENDERS/SALARY REQUIREMENT CHANGE

Sec. 41.2. The last sentence of the fourth paragraph of G.S. 7A-465, as it appears in the 1975 Cumulative Supplement to G.S. Volume 1B, is repealed.

—MAGISTRATES/INCREASE MAXIMUM SALARY

Sec. 41.3. The maximum salary of magistrates in G.S. 7A-1 72 is changed by deleting "ten thousand seven hundred seventy-six dollars (\$10,776)" and inserting in lieu thereof "eleven thousand four hundred seventy-six dollars (\$11,476)".

—COURTS ATTORNEYS/SALARIES STUDIED AND CLASSIFIED

Sec. 41.6. The Administrative Office of the Courts is requested, by July 1, 1978, to study the salaries of the Assistant District Attorneys in the Courts System and establish a classification and pay plan that conforms generally with the recommendations contained in a like study conducted by the Office of State Personnel of the salaries of attorneys in the Department of Justice.

—CLERKS OF COURT/SALARIES

Sec. 42. The schedule of salaries of clerks of superior courts beginning on line 5 of G.S. 7A-101, as it appears in the 1976 Interim Supplement to the General Statutes, is deleted and in lieu thereof the following schedule is substituted:

"Population	Salary
Less than 10,000	\$ 11,798
10,000 to 19,999	14,904
20,000 to 49,999	17,700
50,000 to 99,999	20,244
100,000 to 199,000	23,196
200,000 and above	28,130".

—MOST OF COUNCIL OF STATE, INCLUDING LT. GOVERNOR/SALARIES

Sec. 42.6. G.S. 147-33, as it appears in 1974 Replacement Volume 3C of the General Statutes, is amended by rewriting the first sentence to read as follows:

"The salary of the Lieutenant Governor shall be the same as for Superior Court Judges as set by the General Assembly in the Budget Appropriation Act."

Sec. 42.7. G.S. 147-35 is rewritten to read as follows:

§ 147-35. Salary of Secretary of State. — The salary of the Secretary of State shall be the same as for Superior Court Judges as set by the General Assembly in the Budget Appropriation Act."

Sec. 42.8. G.S. 147-55 is rewritten to read as follows:

§ 147-55. Salary of Auditor. — The salary of the State Auditor shall be the same as for Superior Court Judges as set by the General Assembly in the Budget Appropriation Act."

Sec. 42.9. G.S. 147-65 is rewritten to read as follows:

§ 147-65. Salary of State Treasurer. — The salary of the State Treasurer shall be the same as for Superior Court Judges as set by the General Assembly in the Budget Appropriation Act."

Sec. 42.10. G.S. 106-11 is rewritten to read as follows:

§ 106-11. Salary of Commissioner of Agriculture. — The salary of the Commissioner of Agriculture shall be the same as for Superior Court Judges as set by the General Assembly in the Budget Appropriation Act."

Sec. 42.11. G.S. 95-2, as it appears in the 1976 Interim Supplement to the General Statutes, is amended by rewriting the second sentence of the section to read as follows:

"The term of office of the Commissioner of Labor shall be four years, and the salary of the Commissioner of Labor shall be the same as for Superior Court Judges as set by the General Assembly in the Budget Appropriation Act."

Sec. 42.12. G.S. 58-6 is rewritten to read as follows:

"§ 58-6. Salary of Commissioner of Insurance. — The salary of the Commissioner of Insurance shall be the same as for Superior Court Judges as set by the General Assembly in the Budget Appropriation Act."

—ATTORNEY GENERAL AND SUPT. OF PUBLIC INSTRUCTION/SALARIES

Sec. 42.14. G.S. 114-7 is rewritten to read as follows:

"§ 114-7. Salary of Attorney General. — The salary of the Attorney General shall be the same as for Court of Appeals Judges as set by the General Assembly in the Budget Appropriation Act."

Sec. 42.15. G.S. 115-13 is rewritten to read as follows:

"§ 115-13. Office and salary of State Superintendent of Public Instruction. — The State Superintendent of Public Instruction shall keep his office in the Education Building in Raleigh, and his salary shall be the same as for Court of Appeals Judges as set by the General Assembly in the Budget Appropriation Act."

—NONELECTED DEPT. HEADS/GOVERNOR & ABC CHANGE SALARIES 20%

Sec. 42.20. The second paragraph of G.S. 143B-9, as it appears in 1974 Replacement Volume 3C of the General Statutes, is deleted in its entirety and the following is substituted in lieu thereof:

"The salary of the head of each of the principal State departments, except in those departments headed by popularly elected officers, shall upon the recommendation of the Governor, be set by the General Assembly; provided, however, that the Governor may with approval of the Advisory Budget Commission increase or decrease the salary of a new appointee by a maximum of twenty percent (20%) over or under the authorized salary of the appointee's immediate predecessor without action of the General Assembly, except that in the case of the Secretary of the Department of Human Resources, when such new appointee is a licensed physician, the salary may be set at a level comparable to that of physicians employed by the department. The salaries of elected officials shall be as prescribed by law."

—CABINET SECRETARIES/SALARIES

Sec. 42.25. The salaries of the Cabinet Secretaries shall be as follows:

<u>Secretary, Department</u>	<u>Salary in</u>
	<u>1977 - 78</u>
	<u>and</u>
Secretary, Department of Administration	<u>1978 - 79</u>
Secretary, Department of Revenue	\$ 39,900
Secretary, Department of Crime Control and Safety	38,250
Secretary, Department of Correction	38,250
Secretary, Department of Commerce	38,250
Secretary, Department of Cultural Resources	38,250
Secretary, Department of Human Resources	57,108
Secretary, Department of Natural and Economic Resources	38,250
Secretary, Department of Transportation	38,250

—HIGHER EDUCATION ACADEMIC PERSONNEL/SALARIES AND LONGEVITY

Sec. 43. Funds provided in this act for salary increases to employees exempt from the State Personnel Act in higher educational institutions of The University of North Carolina Board of Governors are for two purposes:

- (1) to provide an average annual increase of six and one-half percent (6 1/2%) in 1977-78 for university employees exempt from the State Personnel Act; and
- (2) to provide additional salary increases to university employees exempt from the State Personnel Act 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 both of the above purposes 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.

—COMMUNITY COLLEGES PERSONNEL/SALARIES AND LONGEVITY

Sec. 44. Funds provided in Section 2 of this act for salary increases to community college institutional personnel are for three purposes:

- (1) to provide an annual average increase of six and one-half percent (6 1/2%) in 1977-78 for all community college institutional personnel 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; and
- (2) to provide salary increases to institutional personnel in lieu of specific appropriations of 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; and
- (3) to provide longevity increases to eligible full-time institutional employees in accordance with the following plan:

Years of Aggregate Service	% of Gross Annual State Salary
15-19	2.25%
20-24	3.25%
25 and over	4.50%

The president of each institution shall be required to submit to the State Board of Education by July 1 of each year a list of eligible employees with their salaries and anniversary dates before funds are made available to the institutions from the reserve.

—PUBLIC SCHOOL PERSONNEL/LONGEVITY

Sec. 44.1. The funds appropriated in Section 2 of this act to the State Board of Education include five million five hundred ninety-eight thousand eight hundred ninety-five dollars (\$5,598,895) and seven million five hundred five thousand four hundred fifty-four dollars (\$7,505,454) for the fiscal years beginning July 1, 1977, and July 1, 1978, respectively, to provide a schedule of longevity payments for State-allotted public school personnel. These longevity payments shall be based on the same payment rates as allowed for State employees subject to the State Personnel Act and for service intervals beginning with 10 years for superintendents, associate and assistant superintendents, and classified principals and with 15 years for supervisors, teachers, property cost clerks, and school bus mechanics.

Any such payments shall not exceed the appropriation made to the State Board of Education for such purpose plus any available legislative salary increase funds for public school employees. Eligibility requirements for public school employees to receive these lump sum payments shall be those adopted by the State Personnel Commission for State employees as of January 1, 1976. The State Board of Education is directed to formulate rules and regulations necessary to carry out the provisions of this section.

—EMPLOYER SALARY-RELATED CONTRIBUTIONS

Sec. 45. 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 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 foundations, 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. 46. 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. The funds are intended to be transferred only when the use of salary reserve funds in individual operating budgets is not feasible.

PART X.—SPECIAL PROVISIONS—GEN. GOVT. & TRANS., & OTHER

(Some Transportation special provisions are at the end of PART II)

—CULTURAL RESOURCES GRANTS

Sec. 47. New sections G.S. 121-12.1 and G.S. 121-12.2 are added to the General Statutes to read as follows:

"§ 121-12.1. Grants-in-aid. — Under the concepts of reorganization of State government, responsibility for administering appropriations for grants-in-aid by the State to private nonprofit organizations in the areas of history, art, and culture is hereby assigned to the Department of Cultural Resources. It shall be the responsibility of the Department of Cultural Resources to receive, analyze, and recommend to the Governor, the Advisory Budget Commission, and the General Assembly the disposition of any request for funding by or for any of these organizations, and to disburse under provisions of law any appropriations made to them. Appropriations for grants-in-aid to assist in the restoration of historic sites owned by private nonprofit organizations shall in addition be expended only in accordance with G.S. 121-11, G.S. 121-12 and G.S. 143-31.2.

"§ 121-12.2. Procedures for preparing budget requests and expending appropriations for grants-in-aid. — Requests for funding shall be submitted by these organizations to the Department of Cultural Resources. If received by any other department of State government they shall be forwarded to the Department of Cultural Resources. All such requests shall be subjected to the process described in G.S. 121-12.1 and included in the department's biennial budget request submitted in compliance with the Executive Budget Act.

The Department of Cultural Resources shall notify on a timely basis and in appropriate detail all those recipients of continuing appropriations as grants-in-aid of the requirements for submission of requests for appropriations for the ensuing fiscal period.

The Secretary of Cultural Resources is empowered and directed, in discharging the responsibilities herein assigned, to make regular and timely reviews, studies and recommendations concerning the operations and needs of these organizations for State funds, and to request from the applicants for grants and the recipients of grants, operating statements, audit reports and other information deemed appropriate."

—AIRPORT IMPROVEMENT GRANTS

Sec. 48. The Secretary of the Department of Transportation, upon the request of the Aeronautics Council, and with the approval of the Governor 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.

—NORTH CAROLINA SYMPHONY GRANTS/ADMINISTRATION

Sec. 49. Grant-in-aid funds appropriated to the Department of Cultural Resources as a supplement to private funds for expenses incurred by the North Carolina Symphony Orchestra shall be the responsibility of and administered by the North Carolina Symphony Society, Inc., subject to audit and recommendations by the State Auditor.

In the appropriation made for administration of the North Carolina Symphony the Department of Cultural Resources shall be responsible for the expenditure of funds for administration and have authority over the employment of administrative personnel, subject to the provisions of G.S. Chapter 126. The department may seek the advice and assistance of the North Carolina Symphony Society, Inc., in administrative personnel actions.

—INSURANCE AUDITORS/EXPENSE CHANGE

Sec. 50. G.S. 58-63(3), as it appears in 1975 Replacement Volume 2B of the General Statutes, is amended by rewriting the second sentence to read as follows:

"Notwithstanding the provisions of G.S. 138-6, the Commissioner of Insurance is authorized to pay examiners an amount in lieu of traveling expenses equal to the rate charged to and collected from the companies, associations or orders."

—INSURANCE DEPT. SPECIAL FUND/TRANSFER TO GENERAL FUND

Sec. 50.1. After June 30, 1977, all proceeds from the sale of Department of Insurance publications and all fees collected from Department of Insurance company audits and examinations shall be deposited into the Department's General Fund budget account. On July 1, 1977, the undesignated cash balance in the Department's Special Fund shall revert to the General Fund; and after that date the designated portions of the Special Fund shall be transferred to the appropriate programs.

—TREE CONES AND SEEDS/SOME APPROPRIATED FUNDS NOT REVERT

Sec. 50.5. During the 1977-79 biennium, in the event that receipts for sale of tree seedlings in the Forest Tree Nursery Subprogram of the Department of Natural and Economic Resources are realized in full or exceeded, the Department of Natural and Economic Resources is authorized, upon approval by the Director of the Budget, to carry forward from one fiscal year to the next, for future purchase of tree cones and seed, a portion of the unexpended appropriations for the subprogram (Tree Seed Collections), up to a maximum of fifty thousand dollars (\$50,000). If funds so carried forward are not spent in their entirety during the fiscal year, the unexpended balance, less the amount, if any, by which receipts for sale of tree seedlings are under-realized for that year, may again be carried forward to the next succeeding fiscal year with the approval of the Director of the Budget. In acting upon requests of the Department of Natural and Economic Resources to carry forward unexpended appropriations, the Director of the Budget shall be guided by the need to purchase tree cones and seed while they are available for purchase, for storage against the time when an insufficient supply is available.

—STATE WILDLIFE FUND/SURPLUS RECEIPTS

Sec. 50.7. Any surplus receipts that may accumulate in the State Wildlife Fund, as determined by the Director of the Budget, may be expended by the State Wildlife Commission as approved by the Governor and Advisory Budget Commission.

—ARTIFICIAL REEF FISHING PROGRAM/CLOSE OUT

Sec. 50.10. G.S. 105-446.4, which set up the earmarking of part of the gas tax for the Artificial Reef Fishing Program, is repealed. The June 30, 1977, cash balance in the special fund that has the proceeds of G.S. 105-446.4 shall remain with the Department of Natural and Economic Resources (or its successor after reorganization) for the purpose of closing out the program. The cash balance in the special fund as of December 31, 1977, shall be transferred to the Highway Fund.

—SHOULDER PAVING/STUDY BY DEPARTMENT OF TRANSPORTATION

Sec. 50.15. Because paved shoulders have proven effective in reducing accidents on heavily traveled, narrow two-lane roads, the Department of Transportation is directed to study the need for shoulder paving and report its findings to the General Assembly by January 31, 1978.

—NATIONAL GUARD/PROHIBIT TRANSFER EXCESS TUITION FUNDS

Sec. 50.25. Any funds appropriated for National Guard tuition assistance, administered under G.S. Chapter 127A, Article 15, shall not be transferred to be used for other purposes. Any excess funds shall revert to the General Fund at the end of the fiscal year.

—SECRETARY OF STATE/CHANGE PUBLICATIONS COSTS

Sec. 50.30. G.S. 147-48, as it appears in 1974 Replacement Volume 3C of the General Statutes, is amended by deleting the second sentence. This eliminates authority for discounts on the sale of laws and journals to licensed booksellers.

Sec. 50.31. G.S. 147-54.1, as it appears in 1974 Replacement Volume 3C of the General Statutes, is amended by adding a new sentence at the end of the first paragraph, to read as follows:

"The Secretary may sell these publications at such prices as he deems reasonable; the proceeds of sale shall be paid into the State treasury.'

—CLEAN WATER BONDS 1971/LOWER CAPE FEAR AUTHORITY ADVANCE

Sec. 50.35. The Secretary of Administration is authorized to pay, to the Lower Cape Fear Water and Sewer Authority, the sum of five hundred thousand dollars (\$500,000) as an advance payment on grant number SBH-109, which grant was issued to the authority on February 20, 1974, pursuant to the North Carolina Clean Water Bond Act of 1971. This authorized advance payment is to be used to pay the costs of engineering design and related services which are prerequisite to construction of the authority's approved regional water supply project designed to serve Bladen, Brunswick, Columbus, New Hanover, and Pender Counties.

—UTILITIES COMMISSION/EXECUTIVE DIRECTOR

Sec. 50.40. Funds are appropriated in Section 2 of this act to the Department of Commerce, Utilities Commission. These funds have been adjusted to include the position of Executive Director of the Public Staff of the Utilities Commission established by S.L. 1977, c. 468.

—PORTS AUTHORITY/PERSONNEL CONTROL BY SECRETARY OF COMMERCE

Sec. 50.45. To effectuate a further work force reduction and control over any possible expansion of personnel employed by the North Carolina Ports Authority, the first five sentences of G.S. 143-218(5) (recodified as G.S. 143B-457(5) by Chapter 198 of the 1977 Session Laws), as the section was rewritten by Chapter 65 of the 1977 Session Laws, are rewritten to read as follows:

"The Secretary of Commerce with the approval of the authority shall appoint such management personnel as he deems necessary to serve at his pleasure. The salaries of these personnel shall be fixed by the Governor with the approval of the Advisory Budget Commission. The Secretary of Commerce or his designee shall appoint, employ, dismiss and, within the limits of available funding, fix the compensation of such other employees as he deems necessary to carry out the purposes of this Part."

—NAVIGATION AND PILOTAGE COMMISSIONS/MANAGEMENT BY COMMERCE

Sec. 50.46. In order to clarify control over the Navigation and Pilotage Commissions of the Department of Commerce, Section 6 of Chapter 198 of the 1977 Session Laws is hereby amended by deleting the words "Type II transfer" and inserting in lieu thereof the words "Type I transfer".

—JUVENILE PROBATION AND AFTERCARE/FUNDS

Sec. 50.50. The Administrative Officer of the Courts is directed to utilize federal Title XX funds in the operation of the juvenile probation and aftercare program beginning in fiscal year 1978-79.

The Department of Human Resources is directed to make sufficient funds available in the 1978-79 State Title XX plan to fund services to Title XX eligibles through the juvenile probation and aftercare program in the Administrative Office of the Courts.

—CHILD SUPPORT PROGRAM/FUNDS

Sec. 50.51. The Administrative Officer of the Courts is directed to utilize federal Title IV-D funds in the operation of the Child Support Program in the Office of the Superior Court Clerk beginning July 1, 1977. The Department of Human Resources is directed to make sufficient funds available to the Administrative Office of the Courts to fund services for Title IV-D eligibles.

—CRIMINAL CODE COMMISSION/FUNDS

Sec. 50.53. Of the funds appropriated in Section 2 of this act to the Department of Justice, eighty-six thousand dollars (\$86,000) is to be available in each fiscal year of the 1977-79 biennium for the expenses of the Criminal Code Commission.

—OIL RECYCLING PROGRAM AND FACILITY

Sec. 50.55. The Director of the Budget with approval of the Advisory Budget Commission is authorized to utilize up to one million three hundred thousand dollars (\$1,300,000) of funds appropriated for the 1977-79 biennium to establish an oil recycling program and facility.

The Department of Administration shall administer the program and facility, and from profits shall refund the total sum utilized from appropriated funds. Profits shall be used for no other purpose until utilized funds are repaid in full unless otherwise approved by the Advisory Budget Commission.

The recycled oil shall be made available for sale to units of the State of North Carolina and its political subdivisions at reduced rates.

—CONSULTANT LIMITATIONS/EXEMPT RESEARCH TRIANGLE INSTITUTE

Sec. 50.57. G.S. 143-64.24, as it appears in the 1975 Supplement to Volume 3C of the General Statutes, is amended in the second line by inserting between "commissions," and "or" the following: "the Research Triangle Institute,".

—AUTHORIZE GENERAL ASSEMBLY DRAFTING STAFF

Sec. 50.60. G.S. 120-32 is amended by adding a new subdivision (9) at the end to read as follows:

- "(9) To establish a bill drafting division to draft bills at the request of members or committees of the General Assembly."

—STATE VEHICLES AND AIRCRAFT/LT. GOVERNOR AND SPEAKER

Sec. 50.61. The Lieutenant Governor and Speaker of the House shall have the right and authority to use any and all State-owned vehicles and aircraft when either or both are on government business.

—TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM/BENEFITS

Sec. 50.65. G.S. 135-5 is amended by the addition of a new subsection (y) to read as follows:

"(y) Notwithstanding the foregoing provisions, the increase in allowance to each beneficiary on the retirement rolls as of July 1, 1976, which shall become payable on July 1, 1977, and to each beneficiary on the retirement rolls as of July 1, 1977, which shall become payable on July 1, 1978, as otherwise provided in G.S. 135-5(o), shall be the current maximum four percent (4%) plus an additional two and one-half percent (2 1/2%) for the years beginning July 1, 1977, and July 1, 1978. The provisions of this subsection shall apply also to the allowance of a surviving annuitant of a beneficiary."

Sec. 50.66. G.S. 135-5 is further amended by the addition of a new subsection (z) to read as follows:

"(z) Increases in benefits paid in respect to members retired prior to July 1, 1975. From and after July 1, 1977, the monthly benefits to or on account of persons who commenced receiving benefits prior to July 1, 1975, shall be increased by seven percent (7%) thereof. This increase shall be calculated before monthly retirement allowances as of July 1, 1977, have been increased to the extent provided for in the preceding subsection (o). The provisions of this subsection shall apply also to the allowance of a surviving annuitant of a beneficiary."

Sec. 50.67. G.S. 135-5(b5), as it appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes, is amended by rewriting the first four lines to read as follows:

"(b5) Service retirement allowance of members retiring on or after July 1, 1975, but prior to July 1, 1977. Upon retirement from service, in accordance with subsection (a) above, on or after July 1, 1975, but prior to July 1, 1977, a member shall receive a service retirement allowance computed as follows:".

Sec. 50.68. G.S. 135-5, as it appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes, is further amended by the addition of a new subsection immediately after (b5) to read as follows:

"(b6) Service retirement allowances of members retiring on or after July 1, 1977. Upon retirement from service, in accordance with subsection (a) above, on or after July 1, 1977, a member shall receive a service retirement allowance computed as follows:

- (1) If the member's service retirement date occurs on or after his sixty-fifth birthday, regardless of his years of creditable service, or after the completion of 30 years of creditable service, such allowance shall be equal to one and fifty-five one hundredths percent (1.55%) of his average final compensation, multiplied by the number of years of his creditable service.
- (2a) If the member's service retirement date occurs after his sixtieth and before his sixty-fifth birthday and prior to his completion of 30 or more years of creditable service, his retirement allowance shall be computed as in (1) above but shall be reduced by one-quarter of one percent (1/4 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his sixty-fifth birthday.
- (2b) If the member's service retirement date occurs before his sixtieth birthday and prior to his completion of 30 or more years of creditable service, his service retirement allowance shall be the actuarial equivalent of the allowance payable at the age of 60 years as computed in (2a) above.
- (3) Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall receive not less than the benefit provided by G.S. 135-5(b)."

Sec. 50.69. G.S. 135-5(l), as it appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes, is amended by deleting in line 20 after the word "of" and before the period "fifteen thousand dollars (\$15,000)" and inserting in lieu thereof "twenty thousand dollars (\$20,000)".

Sec. 50.70. G.S. 135-5(l), as it appears in the 1975 Cumulative Supplement to Volume 3B of the General Statutes, is further amended by deleting from line 9 of subdivision (4) of the last paragraph "fifteen thousand dollars (\$15,000)" and inserting in lieu thereof "twenty thousand dollars (\$20,000)".

Sec. 50.71. There is to be provided from the Teachers' and State Employees' Retirement Fund sufficient funds for one additional cost-of-living increase in accordance with G.S. 135-5(o) not to exceed four percent (4%) payable in July 1978.

—FIREMEN'S PENSION FUND/BENEFITS

Sec. 50.72. G.S. 118-25, as it appears in 1974 Replacement Volume 3B of the General Statutes, is amended as follows:

(1) By deleting "fifty dollars (\$50.00)" and inserting in lieu thereof "fifty-five dollars (\$55.00)" on line 7.

(2) By rewriting the chart beginning on line 12 to read as follows:

"Retirement Age	Amount	Retirement Age	Amount
55	\$41.00	58	\$49.00
56	43.00	59	52.00
57	46.00	60 and above	55.00".

(3) By adding a new paragraph immediately following the chart, to read as follows:

"The monthly pension of any retired fireman who received a pension prior to July 1, 1977, shall be increased by five dollars (\$5.00) as of July 1, 1977."

(4) By deleting "fifty dollars (\$50.00)" and inserting in lieu thereof "fifty-five dollars (\$55.00)" on line 14 of the second paragraph.

(5) By deleting "January 1, 1960" and inserting in lieu thereof "July 1, 1977" on line 15 of the second paragraph.

(6) By adding a new paragraph after the last sentence of the second paragraph, to read as follows:

"Any member who is totally and permanently disabled while in the discharge of his official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of his official duties and who leaves the fire service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of fifty dollars (\$50.00) per month beginning the first month after his fifty-fifth birthday. All disabilities are subject to the approval of the board of trustees who may appoint physicians to examine and/or evaluate the disabled member prior to his approval annually and at their discretion. Any disabled member shall not be required to make a monthly payment of five dollars (\$5.00) as required by G.S. 118-24."

Sec. 50.73. G.S. 118-31 is rewritten to read as follows:

"§ 118-31. Effect of member being six months delinquent in making monthly payments.

— Any member who becomes six months delinquent in making monthly payments as required by G.S. 118-24 of this Article by the tenth of the month with respect to which said payment shall be due shall forfeit his membership in the fund."

PART XI.—SPECIAL PROVISIONS—APPROPRIATIONS ACT

—1979-81 BUDGET FORMAT

Sec. 51. Except as otherwise provided in G.S. Chapters 115, 115A, and 116, the recommended 1979-1981 budget submitted by the Director of the Budget to the General Assembly shall be itemized by primary objects of expenditure and receipts. The budget shall be accompanied by an itemized schedule of the additional positions recommended.

—EXECUTIVE BUDGET ACT REFERENCE

Sec. 52. 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 77-79

Sec. 52.10. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1977-79 biennium, the textual provisions of this act shall apply only to funds appropriated for, and activities occurring during, the 1977-79 biennium.

—SEVERABILITY CLAUSE

Sec. 53. 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.

—CAPTIONS NOT LIMIT TEXT/ONLY FOR REFERENCE

Sec. 53.10. The series of captions used in this act (the descriptive phrases in all capital letters identified by parts numbered with Roman numerals or preceded by five hyphens) are inserted for convenience and reference only, and they in no way define, limit, or prescribe the scope or intent of the text of the act.

—EFFECTIVE DATE

Sec. 54. This act shall become effective July 1, 1977.

In the General Assembly read three times and ratified, this the 29th day of June, 1977.