

NORTH CAROLINA GENERAL ASSEMBLY
1981 SESSION

CHAPTER 1127
HOUSE BILL 1392

AN ACT TO MODIFY CURRENT OPERATIONS AND CAPITAL IMPROVEMENTS APPROPRIATIONS FOR NORTH CAROLINA STATE GOVERNMENT FOR THE FISCAL YEAR 1981-82 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATIONS OF THE STATE.

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 are not required to perform these services and accomplish these purposes, and except as allowed by the Executive Budget Act or this act, the savings shall revert to the appropriate fund at the end of the fiscal year.

An outline of the provisions of the act follows this section. The outline begins with the heading "—CONTENTS/INDEX—" and it lists by general category the descriptive captions for the various sections and groups of sections that make up the act.

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(This outline is designed for reference only, and it in no way limits, defines, or prescribes the scope or application of the text of the act.)

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PART I. —CURRENT OPERATIONS— GENERAL FUND

Sec. 2. The items and amounts appropriated for fiscal year 1981-82 from the General Fund in Section 2 of the 1981 Session Laws Chapter 859 are repealed, and appropriations from the General Fund for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 1982, according to the following schedule:

<u>Current Operations-General Fund</u>	<u>1981-82</u>
General Assembly	\$ 8,465,081
Judicial Department	87,881,805
Department of The Governor	
01. Office of The Governor	1,678,460
02. Office of Citizens Affairs	719,066
03. Office of State Budget and Management	2,953,930
Total Department of The Governor	5,351,456
Lieutenant Governor's Office	305,606
Department of Secretary of State	789,340
Department of State Auditor	
01. Operations	5,925,947
02. Firemen & Rescue Squad Pensions	2,093,400
Total Department of State Auditor	8,019,347
Department of State Treasurer	
01. Operations	1,564,514
02. Retiree Benefits	14,574,310
03. Law Enforcement Officers' Retirement-Local's Share	5,841,000
Total Department of State Treasurer	21,979,824
Department of Public Education	
01. Program Administration and Support	16,702,162
02. Fiscal Administration and Support	1,441,937,253
Total Department of Public Education	1,458,639,415
Department of Community Colleges	189,530,203
Department of Justice	24,631,728
Department of Agriculture	21,645,820
Department of Labor	4,457,927
Department of Insurance	4,040,385
Department of Administration	33,125,546
Reserve for Microelectronics Center of North Carolina	2,991,000
Department of Transportation	
01. Public Transportation	1,340,000
02. Aeronautics	3,616,571
03. Aid to Railroads	100,000
04. Total Department of Transportation	5,056,571
Department of Natural Resources and Community Development	36,064,619
Department of Human Resources	
01. Alcoholic Rehabilitation Center – Black Mountain	2,365,790
02. Alcoholic Rehabilitation Center – Butner	1,674,513
03. Alcoholic Rehabilitation Center – Greenville	1,458,945
04. N.C. Special Care Center	2,902,299
05. DHR – Administration and Support Program	18,519,292
06. N.C. School for the Deaf	5,871,884
07. Eastern N.C. School for the Deaf	3,720,999
08. Central N.C. School for the Deaf	2,266,930
09. Governor Morehead School	3,585,598

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10. Division of Health Services	49,383,890
11. Lenox Baker Hospital	382,456
12. McCain Hospital	2,767,802
13. Social Services	64,280,031
14. Medical Assistance	150,936,885
15. Social Services – State Aid to Non-State Agencies	3,776,170
16. Division of Services for the Blind	4,539,472
17. Division of Mental Health and Mental Retardation Services	59,195,943
18. Wright School	899,289
19. Dorothea Dix Hospital	23,636,908
20. Broughton Hospital	22,684,434
21. Cherry Hospital	21,293,472
22. John Umstead Hospital	19,379,385
23. Western Carolina Center	5,299,399
24. O'Berry Center	3,108,225
25. Murdoch Center	16,504,772
26. Caswell Center	17,304,539
27. Division of Facility Services	7,428,863
28. Division of Vocational Rehabilitation Services	14,900,763
29. Division of Youth Services	19,060,988
30. Special Aid to Counties	2,000,000
Total Department of Human Resources	551,129,936
Department of Correction	154,810,310
Department of Commerce	17,248,899
Department of Revenue	27,353,974
Department of Cultural Resources	19,096,152
Department of Crime Control and Public Safety	8,133,854
University of North Carolina - Board of Governors	
01. General Administration	7,383,765
02. University Operations - Lump Sum	32,301,694
03. Related Educational Programs	25,787,075
04. Agriculture Programs	500,000
05. Center for Alcoholic Studies	175,000
06. University of North Carolina at Chapel Hill	
a. Academic Affairs	69,688,679
b. Division of Health Affairs	48,164,765
c. Area Health Education Centers	18,204,203
07. North Carolina State University at Raleigh	
a. Academic Affairs	71,584,532
b. Agricultural Research Service	19,593,064
c. Agricultural Extension Service	14,923,831
08. University of North Carolina at Greensboro	27,037,468
09. University of North Carolina at Charlotte	21,459,490
10. University of North Carolina at Asheville	5,026,262
11. University of North Carolina at Wilmington	11,466,651
12. East Carolina University	49,673,833
13. North Carolina Agricultural and Technical State University	17,803,183
14. Western Carolina University	17,475,601
15. Appalachian State University	25,197,031
16. Pembroke State University	6,620,934

17. Winston-Salem State University	7,508,185
18. Elizabeth City State University	6,298,738
19. Fayetteville State University	7,079,918
20. North Carolina Central University	14,901,764
21. North Carolina School of the Arts	4,287,924
22. North Carolina Memorial Hospital	24,113,781
Total University of North Carolina	554,257,371
State Board of Elections	215,608
Contingency and Emergency	1,125,000
Reserve for Salary Adjustments	1,896,882
Reserve for Retirees' Formula Change	1,643,470
Reserve for Cost-of-Living Adjustment for Retirees	3,947,000
Reserve for Ninth Step	2,300,000
Reserve for Travel	300,000
Reserve for Hospital-Medical Rate Increase	12,081,300
Reserve for Legislative Cost-of-Living Salary Increase	62,900,000
Reserve for Office Furniture and Equipment	500,000
Reserve for Unreduced Retirement Allowance	213,000
Debt Service – Interest	31,562,550
Debt Service – Redemption	33,500,000
GRAND TOTAL CURRENT OPERATIONS –	
GENERAL FUND	\$3,397,190,979

PART II. —CURRENT OPERATIONS — HIGHWAY FUND

Sec. 3. The amounts appropriated for fiscal year 1981-82 from the Highway Fund in Section 3 of the 1981 Session Laws Chapter 859 are repealed, and appropriations from the Highway Fund for the expense of collecting revenues, for the service of the highway debt, and for the maintenance of transportation related activities are made for the fiscal year ending June 30, 1982, according to the following schedule:

<u>Current Operations – Highway Fund</u>	<u>1981-82</u>
Department of Transportation	
01. Administration	\$ 15,011,287
02. Highways	
a. Administration and Operations	23,244,984
b. State Construction	
(01) Primary	200,000
(02) Secondary	30,932,000
(03) Urban – Small Urban Program	3,800,000
(04) Access and Public-Service Roads	2,000,000
(05) Bridge Replacements	
c. State Funds to Match Federal Highway Aid	
(01) Construction	11,558,423
(02) Planning Survey and Highway Planning Research	1,156,511
d. State Maintenance	
(01) Primary	59,727,402
(02) Secondary	92,987,857
(03) Urban	14,251,348
(04) Contract Resurfacing	79,931,037
e. Ferry Operations	8,349,143
f. State Aid to Municipalities	30,932,000
g. Merit Salary Increments for Central Offices and Division of Highways	2,185,552

h. Employers' Contributions for Central Offices and Division of Highways	
(01) Social Security	11,285,614
(02) Retirement	15,681,275
(03) Hospital/Medical Insurance	4,701,484
03. Division of Motor Vehicles	34,029,254
04. Governor's Highway Safety Program	142,554
05. Reserve for Retirees' Cost-of-Living Adjustment	368,000
06. Reserve for Unreduced Retirement Allowance	19,000
07. Reserve for Retirees' Formula Change	354,575
08. Salary Adjustments for Highway Fund Employees	200,000
09. Reserve for Ninth Step	377,250
10. Debt Service	34,138,000
11. Reserve to Correct Occupational Safety & Health Act Deficiencies	350,000
12. Reserve for Hospital/Medical Rate Increase	992,000
13. Reserve for Legislative Cost-of-Living Salary Increase	2,976,480
14. Reserve for Office Furniture and Equipment	60,000
15. Appropriations for Other State Agencies	
01. Crime Control & Public Safety	
a. Operations	45,529,880
b. Reserve for Reclassification of Highway Patrol Salary Schedule	1,168,672
02. Other Agencies	
a. Department of Agriculture	1,610,296
b. Department of Commerce	582,376
c. Department of Revenue	1,056,196
d. Department of Human Resources	222,438
e. Department of Correction	1,600,000
Contingencies and Emergency Fund	100,000
GRAND TOTAL CURRENT OPERATIONS -	
HIGHWAY FUND	\$ 533,812,888

PART III.—CAPITAL IMPROVEMENTS—GENERAL FUND

Sec. 4. The items and amounts appropriated for fiscal year 1981-82 from the General Fund in the schedule in Section 4 of the 1981 Session Laws Chapter 860 are repealed, and appropriations are made from the General Fund for use by State institutions, departments and agencies to provide for capital improvement projects according to the following schedule:

<u>Capital Improvements — General Fund</u>	<u>1981-82</u>
GENERAL ASSEMBLY (TOTAL)	\$ 1,000,000
.01 Reserve for Renovations and Repairs	1,000,000
DEPARTMENT OF ADMINISTRATION (TOTAL)	6,806,903
01. Renovations and Repairs-Government Center	100,000
02. Energy Retrofit-Government Center	220,000
03. Asbestos Control Projects	250,000
04. Architectural Barrier Removal-Government Center	125,000
05. State Office Building-Charlotte	4,100,000
06. Renovations at the North Carolina School of Science and Math	2,350,000
	Total
	Less Receipts
	General Fund
DEPARTMENT OF AGRICULTURE (TOTAL)	4,165,000

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01. Development of Horse and Livestock Facility – Raleigh	2,500,000
02. Development of Horse and Livestock Facility – Asheville	1,650,000
03. Hampton Mariner's Museum-Beaufort	-
03. Wholesale Fruit and Vegetable Building- Western Farmer's Market	15,000
THE UNIVERSITY OF NORTH CAROLINA-	
BOARD OF GOVERNORS (TOTAL)	5,220,000
Funds to be Applied Toward Schedule of Priorities-	
Capital Improvements:	
01. Reserve for Planning	4,900,000
02. Reserve for Construction	-
AGRICULTURAL PROGRAMS	
01. Land Acquisition-Mountain Horticultural Crops Station	320,000
DEPARTMENT OF COMMERCE (TOTAL)	10,000
01. Supplemental Construction Funds-177 South Welcome Center Total	100,000
	Less Receipts <u>90,000</u>
	General Fund 10,000
DEPARTMENT OF CORRECTION (TOTAL)	750,000
01. 196-Bed Single Cell Facility-Central Prison	-
02. Sewer Renovations	750,000
DEPARTMENT OF CULTURAL RESOURCES (TOTAL)	1,000,000
01. Reserve for State Aid for Library Construction, Additions, and Renovation	1,000,000
DEPARTMENT OF HUMAN RESOURCES (TOTAL)	4,347,000
01. Renovation of Vocational Rehabilitation Building- Caswell Center	100,000
02. Renovations to R&S Wards and Air Conditioning to Center Building-Broughton Hospital	200,000
03. Renovations to B-3 Building-Murdoch Center	1,482,000
04. Renovations to B-4 Building-Murdoch Center	-
05. Child and Youth Complex, Phase I-Murdoch Center	2,510,000
06. Laurel Medical Facility-Movable Equipment	55,000
DEPARTMENT OF NATURAL RESOURCES AND COMMUNITY DEVELOPMENT (TOTAL)	3,549,824
01. Commercial Fisheries Aircraft Hangar-Morehead City	149,824
02. Reserve for Beach Restoration, Hurricane Flood Protection, Beach Erosion Control and Beach Access	3,400,000
GRAND TOTAL GENERAL FUND APPROPRIATION	\$26,848,727

PART IV. — CAPITAL IMPROVEMENTS — HIGHWAY FUND

Sec. 5. Appropriations are made from the Highway Fund for use of the Department of Transportation to provide for capital improvement projects according to the following schedule:

<u>Capital Improvements - Highway Fund</u>	<u>1981-82</u>
DEPARTMENT OF TRANSPORTATION (TOTAL)	1,200,000
01. Reserve for Ferry Maintenance Facility	1,200,000
GRAND TOTAL HIGHWAY FUND APPROPRIATION	\$ 1,200,000

PART V. —SPECIAL PROVISIONS/SALARY INCREASES

— MOST STATE EMPLOYEES/FIVE PERCENT SALARY INCREASE ADMIN.

Sec. 6. The salaries in effect on December 31, 1981, for all permanent State employees paid from the General Fund or the Highway Fund shall be increased on January 1,

1982, by an average of five percent (5%) rounded to conform to the steps in the salary ranges which the State Personnel Commission adopts. If the salary in effect on December 31, 1981, for an employee is not equal to a specific pay rate in the salary schedule effective on that date, his annual increase shall be the amount applicable to the next lower pay rate. The Director of the Budget is authorized to transfer from the appropriations in Sections 2 and 3 of this act for this purpose all funds necessary for the five percent (5%) average increase, including funds for the employer's retirement and Social Security contributions.

Except as otherwise provided in this act, the salaries of State officials, department secretaries, and persons in exempt positions which are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased an average of five percent (5%) commencing January 1, 1982. The Director of the Budget is authorized to transfer from the appropriations in Sections 2 and 3 of this act for this purpose all funds necessary for the five percent (5%) average increase, including funds for the employer's retirement and Social Security contributions.

The Director of the Budget is authorized to allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase averaging five percent (5%), including funds for the employer's retirement and Social Security contributions, for the employees of the agency, provided that the employing agency elects to make available the necessary funds.

The Director of the Budget is 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 those employees originate from State appropriations to the end that the effective purchasing power of the appropriations is not materially reduced as a result of these salary increases. The salary increase may average up to five percent (5%), and funds made available for it shall include amounts necessary for the increase and the employer's retirement and Social Security contributions. Any questions as to the applicability of the provisions of this paragraph shall be resolved by the Director of the Budget.

The salaries of all permanent public school employees paid from allocations to local school units for State Aid-Exceptional Children ADM appropriation, Health Education Coordinator grants, Community Schools Coordinator grants, Vocational Education State Aid Non-Matching Expansion ADM allocation, Vocational Education State Aid Extended Day ADM allocations and State-matching funds for School Food Service Supervisors shall be increased by an average of five percent (5%) commencing January 1, 1982. The Director of the Budget is authorized to transfer from the appropriation provided in Section 2 of this act for legislative salary increases for public school employees all funds necessary for the five percent (5%) salary increase including funds for the employer's retirement and Social Security contributions.

Salaries for positions which are funded 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 does not affect the status of eligibility for salary increments for which employees may be eligible.

The salary range maximums for all employees under the State Personnel Act shall be increased to accommodate the legislative salary increase so that 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 legislative salary increases had not been made.

The salary increases provided in this act to be effective January 1, 1982, do 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 January 1, 1982.

Any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund.

Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments are authorized to increase on an equitable basis the rate of pay of temporary State employees, subject to availability of funds in the particular agency or department by pro rata amounts approximately equal to five percent (5%) commencing January 1, 1982.

—GOVERNOR/SALARY

Sec. 7. The salary of the Governor is increased by five percent (5%), and, effective January 1, 1982, the first sentence of G.S. 147-11 is rewritten to reflect this increase as follows:

"The salary of the Governor shall be fifty-seven thousand eight hundred sixty-four dollars (\$57,864) per annum, payable monthly."

—LEGISLATIVE EMPLOYEES/FIVE PERCENT SALARY INCREASE

Sec. 8. The Legislative Services Officer may increase the salaries of nonelected employees of the General Assembly in effect on December 31, 1981, by five percent (5%) commencing January 1, 1982, 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 does not affect the status of employees' eligibility for other salary increments. Funds are appropriated in Section 2 of this act to provide the salary increase authorized by this section, including the employer's retirement and Social Security contributions.

—GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Sec. 9. Effective January 1, 1982, G.S. 120-37(c) is amended by deleting the phrase "twenty-four thousand four hundred ninety-two dollars (\$24,492)" and substituting the phrase "twenty-five thousand seven hundred sixteen dollars (\$25,716)" in lieu thereof.

—JUDICIAL BRANCH OFFICIALS/SALARIES

Sec. 10. The annual salary, in fiscal year 1981-82, of the specified judicial branch official is as follows:

<u>Judicial Branch Officials</u>	<u>1981-82</u>
Chief Justice, Supreme Court	\$ 58,212
Associate Justice, Supreme Court	57,012
Chief Judge, Court of Appeals	55,188
Judge, Court of Appeals	53,976
Judge, Senior Regular Resident, Superior Court	49,500
Judge, Superior Court	47,928
Chief Judge, District Court	40,344
Judge, District Court	38,808
District Attorney	44,580
Assistant District Attorney – an average of	28,824
Administrative Officer of the Courts	50,940
Assistant Administrative Officer of the Courts	36,384
Public Defender	44,580
Assistant Public Defender – an average of	28,824

If an acting senior regular resident superior court judge is appointed under the provisions of G.S. 7A-41, he shall receive the salary for Judge, Senior Regular Resident, Superior Court, and the judge he replaces shall receive the salary indicated for Judge, Superior Court.

The district attorney or public defender of a judicial district with the approval of the Administrative Officer of the Courts, shall set the salaries of assistant district attorneys or assistant public defenders, respectively, in that district such that the average salaries of assistant district attorneys or assistant public defenders in that district do not exceed twenty-eight

thousand eight hundred twenty-four dollars (\$28,824) and the minimum salary of any assistant district attorney or assistant public defender is at least fourteen thousand five hundred fifty-six dollars (\$14,556) per annum.

Funds appropriated in Section 2 of this act for salary increases and related employer's retirement and Social Security contributions for permanent employees of the Judicial Department, except for those itemized in this act, shall provide salary increases commencing January 1, 1982, of the same percentage as that authorized in Section 2 of this act for State employees subject to the Personnel Act, rounded to conform to the steps in the salary ranges adopted by the Judicial Department.

—MAGISTRATES/SALARIES

Sec. 11. Effective January 1, 1982, the schedule of salaries of full-time magistrates shown in the table in subdivision (1) of G.S. 7A-171.1 is deleted and the following schedule is substituted:

<u>Number of prior years of service</u>	<u>Annual salary</u>
Less than 1	\$ 9,936
1 or more but less than 3	10,800
3 or more but less than 5	11,796
5 or more but less than 7	12,864
7 or more but less than 9	14,052
9 or more	15,372

—CLERKS OF COURT/SALARIES

Sec. 12. Effective January 1, 1982, the schedule of salaries of clerks of superior courts beginning on line 5 of G.S. 7A-101 is deleted and the following schedule is substituted:

<u>Population</u>	<u>Salary</u>
Less than 19,999	20,016
20,000 to 49,999	23,664
50,000 to 99,999	27,300
100,000 to 199,999	30,936
200,000 and above	37,608

—COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Sec. 13. The Director of the Budget may transfer from the appropriations for this purpose in Section 2 of this act funds necessary to provide an annual average salary increase of five percent (5%), and the employer's retirement and Social Security contributions, commencing January 1, 1982, for all community college institutional personnel. These funds shall be allocated to individuals according to rules and regulations established by the State Board of Community Colleges and may not be used for any purpose other than for the salary increases and necessary employer's contributions.

—HIGHER EDUCATION ACADEMIC PERSONNEL/SALARY INCREASES

Sec. 14. The Director of the Budget may transfer from the appropriation in Section 2 of this act, funds necessary to provide an annual average salary increase of five percent (5%), and the employer's retirement and Social Security contributions, commencing January 1, 1982, for employees exempt from the State Personnel Act in the constituent institutions of The University of North Carolina system. These funds shall be allocated to individuals in accordance with rules and regulations established by the Board of Governors and may not be used for any purpose other than for the salary increases and necessary employer's contributions.

—WILDLIFE RESOURCES PERSONNEL/FIVE PERCENT SALARY INCREASES

Sec. 15. The Director of the Budget may, if adequate funds are available in the Wildlife Fund and the Motorboat Fund, transfer from funds appropriated to the Wildlife Resources Commission from the Wildlife Fund and the Motorboat Fund, funds necessary to provide an annual five percent (5%) salary increase and the employer's retirement and Social

Security contributions commencing January 1, 1982, for all persons whose salaries are paid from the Wildlife and Motorboat Funds.

—ADDITIONAL MERIT INCREMENT/CERTAIN JUDICIAL DEPARTMENT EMPLOYEES

Sec. 16. Effective January 1, 1982, the Director of the Budget may transfer from appropriations for this purpose in Section 2 of this act, funds necessary for an additional merit increment step for administrative and clerical personnel in the Judicial Department.

—ADDITIONAL MERIT INCREMENT/CERTAIN EXECUTIVE BRANCH EMPLOYEES

Sec. 17. Effective January 1, 1982, the Director of the Budget may transfer from appropriations for this purpose in Section 2 of this act, funds necessary for an additional merit increment step for administrative and clerical personnel in the offices of the Governor and the Lieutenant Governor.

—STEP NINE MERIT INCREMENT/STATE EMPLOYEES

Sec. 18. Effective January 1, 1982, the Director of the Budget may transfer from appropriations for this purpose in Sections 2 and 3 of this act, funds necessary to add a ninth merit increment step for employees subject to the State Personnel Act. The amount allocated for this purpose is derived subject to the limitation in G.S. 126-7 with regard to estimates for annual increments above the third step.

—SALARY INCREASE PAYMENTS/EMPLOYEES HIRED AND PAID ON LESS THAN A 12-MONTH BASIS

Sec. 19. Any full-time teacher or State-paid employee who is hired and paid on less than a 12-month basis and who is granted a five percent (5%) salary increase effective January 1, 1982, pursuant to the provisions of this act, shall, for fiscal year 1981-82, receive an amount equal to five percent (5%) of one-half of his annual salary.

PART VI.—SPECIAL PROVISIONS/RETIREMENT

—TECHNICAL CORRECTION

Sec. 20. Effective July 1, 1981, the second paragraph of Section 45.3 of Chapter 859 of the 1981 Session Laws is amended by deleting the number "5.64" and substituting "10.64".

—CLARIFICATION OF LONGEVITY PAY ADJUSTMENTS FOR CERTAIN STATE EMPLOYEES

Sec. 21. The retirement allowances of those school employees who retired between July 1, 1977 and July 10, 1981 shall not be affected by the retroactive longevity payments made pursuant to Chapter 945 of the 1981 Session Laws.

PART VII.—SPECIAL PROVISIONS/HUMAN RESOURCES

—MEDICAID

Sec. 22. Section 14 of Chapter 859 of the 1981 Session Laws is repealed.

(1) Medicaid Reimbursement. — 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. All services and payments are subject to the language at the end of this subsection.

Services

Hospital – Inpatient

Payment Basis

On or before December 1, 1981, reimbursement for hospital inpatient services shall be based on per diem rates established by the Department of Human Resources for each hospital participating in the Medicaid program. Payment of Medicaid/Medicare cross-over claims will be based on Medicare rates. After July 1, 1982, payment for hospital inpatient services will be based on a prospective rate reimbursement plan as established by the Department of Human Resources.

Hospital – Outpatient
Mental and Specialty Hospitals
Skilled Nursing Facilities and
Intermediate Care Facilities

Administrative days for any period of hospitalization shall be limited to a maximum of three days.
80 percent of allowable costs.
Allowable costs.

Intermediate Care Facilities for
the Mentally Retarded

As prescribed under the State Plan for reimbursing long term care facilities. Effective October 1, 1981, skilled nursing facility participation in the Medicare program is a condition of participation in the North Carolina Medicaid skilled nursing facility program.

Drugs

As prescribed under the State Plan for reimbursing intermediate care facilities for the mentally retarded effective October 1, 1981.

Drug cost as allowed by federal regulations plus \$2.80 professional service fee per month excluding refills for same drug or generic equivalent during the same month. (Payments for drugs are subject to the provisions of subdivision (8) of this section.) Reimbursement shall be available for up to four prescriptions per recipient, per month, including refills, effective December 1, 1981.

Physicians, Chiropractors,
Podiatrists, Optometrists
Dental

90 percent of allowable usual and customary charges.
90 percent of allowable usual and customary charges.
(Payments for dental services are subject to the provisions of subdivision (7) of this section.)

Allowable costs.

Social Security Administration premium.

Reasonable customary charges as determined by the State under federal regulations.

100 percent of allowable, reasonable, usual and customary charges.

Established rate approved by the Department.

Actual cost plus a dispensing fee.

Provider based – reasonable cost; nonprovider based – single cost reimbursement rate per clinic visit.

Negotiated rate for local health departments and other providers – see specific services, i.e., hospitals, physicians, etc.

Home Health
Medicare Buy-In
Clinic Services

Ambulance Services

EPSDT Screens
Hearing Aids
Rural Health Clinic Services

Family Planning

Independent Laboratory and
X-Ray Services
Optical Supplies
Ambulatory Surgical Centers

Mental Health Clinics

Medicare Crossover Claims

90 percent of allowable usual and customary charges.
100 percent of reasonable wholesale cost of materials.
Negotiated rates, established by the Department of Human Resources.

Reimbursement of allowable, usual and reasonable charges. Reimbursement shall be available for up to 18 visits per recipient per year.

Total payments for services from Medicare and Medicaid rendered to Medicare patients, who are also

eligible for Medicaid, shall not exceed the Medicaid payment for the same services.

Notwithstanding the schedule for services and payments basis in this section, increases in Medicaid rates for physicians, dentists, chiropractors, optometrists, podiatrists, home health services, clinic services, ambulance services, EPSDT screens, hearing aid dispensing fees, rural health clinics, family planning, independent laboratory and X-ray services, ambulatory surgical centers, and mental health clinics are frozen at the June 30, 1981 payment levels.

Limitations on services contained in this section shall become effective December 1, 1981, unless otherwise specified, and shall apply to all services rendered after November 30, 1981. In cases where specific limitations exist on the number of services that may be provided for a full year, recipients shall be limited to seven-twelfths (7/12) of that number for the remainder of the 1981-82 fiscal year.

Reimbursement is available for up to 18 visits per recipient per year to anyone or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, EPSDT screens and emergency rooms are exempt from the visit limitations contained in this paragraph.

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

(2) Allocation of Nonfederal Cost of Medicaid. — The State shall pay eight- five percent (85%) and the counties shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section, except that the State shall pay sixty-five percent (65%) and the counties shall pay thirty-five percent (35%) of the nonfederal costs of those Skilled Nursing Facilities and Intermediate Care Facilities services which are not owned by the State.

(3) Co-payment for Medicaid Services. — Medicaid recipients shall pay the maximum co-payment as allowed by federal regulations.

No co-payment is required for EPSDT-related services, family planning services, State hospital services, or services subject to Medicare Part A or Part B coverage.

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

(4) Prepaid Health Care for Medicaid Recipients. — The Department of Human Resources, Division of Medical Assistance is authorized, subject to approval of a change in the State Medicaid Plan by the Director of the Budget and the Advisory Budget Commission, to purchase health care services on a prepaid basis.

(5) Medicaid and Aid to Families With Dependent Children Income Eligibility Standards. — Maximum net family annual income eligibility standards for Medicaid, Aid to Families With Dependent Children and the Standard of Need for Aid to Families With Dependent Children shall be as follows:

Family Size	Standard of Need	AFDC Payment Level*	AA,AB,AD*	Medically Needy
1	\$ 3,048	\$ 1,524	\$ 1,700	\$ 2,100
2	4,008	2,004	2,200	2,700
3	4,608	2,304	2,500	3,100
4	5,040	2,520	2,800	3,400
5	5,520	2,760	3,000	3,700
6	5,952	2,976	3,200	4,000
7	6,384	3,192	3,400	4,300
8	6,648	3,324	3,600	4,500

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

The payment level for Aid to Families With Dependent Children shall be fifty percent (50%) of the standard of need. The standard of need shown in column one is effective October 1, 1981.

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

(6) Spouse Responsibility. — Rules governing the income and financial resources of the spouse of a person who is admitted as a long-term care patient in a certified public or private intermediate care or skilled nursing facility shall be consistent with federal regulations and with the June 25, 1981, decision of the U. S. Supreme Court in the Grey Panthers vs. Secretary, Department of Health and Human Services.

(7) Dental Coverage Limits. — Dental services will be provided on a restricted basis in accordance with regulations developed by the department. Funds for dental services shall be disbursed only with prior approval by the Department of Human Resources, Division of Medical Assistance as required by this paragraph. No prior approval shall be required for emergency services or routine services. Routine services are defined as examinations, X-rays, prophylaxis, nonsurgical tooth extractions, amalgam fillings, and fluoride treatments. Prior approval shall be required for all other services and for routine services performed more than two times during a consecutive 12-month period. The Department of Human Resources shall establish rules and regulations, as provided by the Administrative Procedures Act, to implement this subsection.

(8) Dispensing of Generic Drugs. — Notwithstanding Part 1A of Article 4 of Chapter 90 of the General Statutes, under the Medicaid 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.

(9) Additional Cost Containment Measures. — The Department of Human Resources, Division of Medical Assistance shall develop plans by May 1, 1982, for the following:

- a statewide fee schedule for physicians, dentists, chiropractors, optometrists, podiatrists and clinics;
- prepaid contracts for medical services;
- competitive bidding for payment of laboratory services and medical devices;
- home and community-based care.

In establishing fee schedules the department shall consult with the providers of such services and their respective professional associations. Notwithstanding any other provision of law, any person or organization participating in a determination or recommendation to the Department of Human Resources concerning the establishment of Medicaid fee schedules shall not be subject to prosecution or liability or damages on account of conduct relevant to the determination of such fee schedules.

—FUNDS FOR MEMBERS OF THE CLASS IDENTIFIED IN WILLIE M., et al. vs. HUNT, et al.

Sec. 23. (a) Legislative findings. — The General Assembly finds:

- (1) That there is a need in North Carolina to provide appropriate treatment and education programs to children under the age of 18 who suffer from

emotional, mental, or neurological handicaps accompanied by violent or assaultive behavior;

(2) That children with these behaviors have been identified as a class in the case of Willie M., et al. vs. Hunt, et al.;

(3) That these children have a need for a variety of services that may include but are not limited to residential treatment programs, educational programs, and independent living arrangements;

(4) That the plans of the Department of Human Resources and the Department of Public Instruction for children in the Willie M. class indicate that not all counties in the State have the same readiness to proceed with providing the full range of services needed by these children;

(5) That an attempt to provide immediately the full range of services needed by these children would result in ill-conceived, poorly executed programs at great public expense;

(6) That, because of multiple practical difficulties which will undoubtedly be encountered before services can be instituted statewide, it is necessary for the General Assembly to establish a schedule of priorities for allocating funds to local area mental health programs and local educational agencies.

(b) Funds for Division of Mental Health, Mental Retardation, and Substance Abuse. — Funds in the amount of three million eight hundred seventy-five thousand four hundred forty-seven dollars (\$3,875,447) are appropriated in Section 2 of this act for the 1981-82 fiscal year to the Department of Human Resources, Division of Mental Health, Mental Retardation, and Substance Abuse for the purpose of providing appropriate treatment for members of the class identified in Willie M., et al. vs. Hunt, et al. These funds shall be expended through area mental health, mental retardation, and substance abuse programs in accordance with the schedule of priorities submitted by the Department of Human Resources to the General Assembly in October 1981.

(c) Funds for Division of Youth Services. — Funds in the amount of one hundred thirty-nine thousand twenty-eight dollars (\$139,028) are appropriated in Section 2 of this act for the 1981-82 fiscal year to the Department of Human Resources, Division of Youth Services, to serve members of the class identified in Willie M., et al. vs. Hunt, et al. who are committed to the Division of Youth Services. These funds shall be expended by the Division of Youth Services for the developmental disabilities program at C. A. Dillon School.

(d) Priority for Residential Programs. — Children who are members of the Willie M. class and are in counties that do not receive funds in the 1981-83 biennium and that cannot currently provide the full range of services needed by these children shall receive priority in appropriate programs operated by the Department of Human Resources. The Department of Human Resources shall promulgate rules and regulations to implement this subsection by October 1, 1981.

(e) Limitation on expenditure of funds. — The funds referred to in subsections (b) and (c) may not be used to serve children not in the Willie M. class if any class member within the zone described in the Department of Human Resources, Division of Mental Health, Mental Retardation and Substance Abuse, schedule of priorities remains unserved. No funds shall be expended for any program that does not serve members of the class.

(f) Funds for Department of Public Education. — Funds in the amount of five hundred thousand nine hundred twenty dollars (\$500,920) are appropriated in Section 2 of this act for the 1981-82 fiscal year to the Department of Public Education to establish a supplemental reserve fund to serve only members of the class identified in Willie M., et al. vs. Hunt, et al. These funds shall be allocated by the State Board of Education to those local education agencies that coincide with those area mental health, mental retardation, and substance abuse centers that receive funds under the Department of Human Resources, Division of Mental

Health, Mental Retardation and Substance Abuse, in the schedule of priorities submitted to the General Assembly in October 1981. These funds shall be allocated by the State Board of Education to the local education agencies to serve those class members who were not included in the regular average daily membership and the census of children with special needs, and to provide the additional program costs which exceed the per pupil allocation from the State Public School Fund and other State and federal funds for children with special needs.

(g) Use of unexpended funds. — The Director of the Budget, with the approval of the Joint Legislative Commission on Governmental Operations, may use any unexpended funds allocated in this section to fund additional treatment and education programs for class members in accordance with the schedule of priorities found in the Department of Human Resources, Division of Mental Health, Mental Retardation and Substance Abuse, Plan I.

(h) Reporting requirements. — The Department of Human Resources and the Department of Public Education shall submit a joint report to the General Assembly on the progress achieved in serving members of the Willie M. class. The report shall include, but not be limited to the following unduplicated data for each county: (i) the number of children nominated for the Willie M. class; (ii) the number of children actually identified as members of the class in each county; (iii) the number of children served as members of the class in each county; (iv) the number of children that remains unserved; (v) the types and locations of treatment and education services provided to class members; (vi) the cost of services, by type, to members of the class; (vii) information on the impact of treatment and education services on members of the class; and (viii) the readiness of other areas of the State to proceed with providing services. The Departments shall report to the June 1982 Session of the General Assembly and, by October 1, 1982, to the General Assembly and the Governor.

(i) Before funds are expended under the schedule of priorities submitted to the Second Session of the 1981 General Assembly for members of the Willie M. Class, plans must be submitted for review and approval by the Joint Legislative Commission on Governmental Operations.

(j) Section 29.8 of Chapter 859 of the 1981 Session Laws is repealed.

(k) This section does not affect funds appropriated in Chapter 859 of the 1981 Session laws for the 1982-83 fiscal year relating to the Willie M. case.

—CERTIFICATE OF NEED REVISIONS

Sec. 24. G.S. 131-176(16a) is amended by deleting the words "One Hundred and Fifty Thousand Dollars (\$150,000)" each time they appear and inserting in lieu thereof the words "Four Hundred Thousand Dollars (\$400,000)".

Sec. 25. G.S. 131-176(17b) is amended by deleting the words "One Hundred and Fifty Thousand Dollars (\$150,000)" each time they appear and inserting in lieu thereof the words "Six Hundred Thousand Dollars (\$600,000)".

Sec. 26. G.S. 131-176(17f) is amended by deleting the words "Seventy-Five Thousand Dollars (\$75,000)" each time they appear and inserting in lieu thereof the words "Two Hundred Fifty Thousand Dollars (\$250,000)".

Sec. 27. G.S. 131-176(17l) is amended by deleting the words "G.S. 131-176(15)" and inserting in lieu thereof the words "G.S. 131-176(17)".

Sec. 28. G.S. 131-176(17) is amended by adding a new part m. to read as follows:

"m. any conversion of nonhealth care facility beds to health care facility beds, regardless of whether a capital expenditure is associated with the conversion. A bed is a nonhealth care facility bed if a facility that contained only that type of bed would not be a health care facility. A bed is a health care facility bed if a facility that contained only that type of bed would be a health care facility."

Sec. 29. References in this act to Chapter 131 of the General Statutes are as amended by Chapter 651, Session Laws of 1981.

—CERTIFICATE OF NEED/CONSTRUCTION CRITERIA

Sec. 30. (a) Section 4 of Chapter 1182, Session Laws of 1977 (Second Session 1978) is amended by adding immediately after the third paragraph the following new language:

"Provided, that notwithstanding the previous two paragraphs, this act shall apply to any project which is either:

- (1) described in either of those two paragraphs; or
- (2) exempt from this act because construction had commenced prior to June 16, 1978; unless in either case described above, prior to July 1, 1983:
- (1) sufficient land has been acquired for the project;
- (2) all necessary building permits and zoning or subdivision approval have been obtained;
- (3) a construction contract has been awarded and payments have been made on the construction contract; and
- (4) either foundation walls for the project have been raised above grade level, or if a building or buildings existed on that site on January 1, 1981, a contract has been signed to raze them and total partial demolition has taken place."

(b) This section does not apply to any project required to be licensed under Article 13A of Chapter 131 of the General Statutes.

(c) The provisions of this section are severable, and if any of its provisions shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair the remaining provisions.

—CERTIFICATE OF NEED/ BED CAPACITY LIMITATIONS

Sec. 31. (a) Findings of Fact. — The General Assembly of North Carolina makes the following findings:

- (1) That additional time is needed to plan and develop community alternatives to institutional care;
- (2) That time is needed to assess the impact of recent federal statutory changes contained in Omnibus Budget Reconciliation Act of 1981 on long-term care services in North Carolina;

(b) No certificate of need shall be granted after January 1, 1982, under Article 18 of Chapter 131 of the General Statutes (The North Carolina Health Planning and Resource Development Act of 1978, as amended) for any additional bed capacity or new bed capacity for any skilled nursing facility, proposed skilled nursing facility, intermediate care facility, or proposed intermediate care facility, (as defined in G.S. 131-176), until all skilled nursing facility bed capacity and all intermediate care facility bed capacity authorized by any certificate of need or authorized under Section 1122 of the Social Security Act (42 U.S.C.S. 1320a-1.) has been constructed, and until the total of all such beds constructed subsequent to the effective date of this section are at seventy-five percent (75%) occupancy.

(c) Notwithstanding any provision of Article 18 of Chapter 131 of the General Statutes, no certificate of need for bed capacity for a skilled nursing facility or intermediate care facility, which beds were not constructed on or before the effective date of this section, may be transferred or sold (other than by devise or by operation of law upon death) until the conditions of subsection (b) of this section have been satisfied.

(d) The Department of Human Resources may issue regulations to implement this section.

(e) This section shall not apply to certificates of need for intermediate care facilities for the mentally retarded.

(f) This section does not apply to conversion of home for aged beds to intermediate care facility or skilled nursing facility beds in a continuing care for the elderly and infirm facility as defined in G.S. 131A-3 as amended by Chapter 867, Session Laws of 1981, if the conversion is in pursuance to the policy in the State Medical Facilities Plan.

—PHYSICAL FITNESS/IN-KIND MATCH

Sec. 32. Chapter 634 of the 1979 Session Laws is amended by rewriting Section 2 of that Chapter to read:

"Sec. 2. The Department of Human Resources may implement the provisions of this act by using funds already appropriated to it for an in-kind match for federal or other non-State funds. Nothing herein contained obligates the General Assembly to make additional appropriations for this purpose."

—SALE OF REAL PROPERTY/BUTNER

Sec. 33. Effective July 1, 1981, Section 23.4 of Chapter 859 of the 1981 Session Laws is amended to read:

"Sec. 23.4. A new sentence is added to the end of G.S. 146-30 to read as follows:

'Provided further, the net proceeds derived from the sale of any portion of the land in or around the unincorporated area known as Butner on or after July 1, 1980, shall be deposited with the State Treasurer in a capital improvement account to the credit of the Hospital to bring those streets in the unincorporated area known as Butner not on the State highway system up to standards adequate for acceptance on the system, according to a plan adopted by the Department of Administration, Office of State Budget and Management and the Advisory Budget Commission, with the approval of the Board of County Commissioners of Granville County and to build industrial access roads to industries on the Butner lands.'"

—SENIOR CITIZENS' CENTERS/STATE AID

Sec. 34. Of the funds appropriated to the Department of Human Resources, Administration and Support, one hundred sixty-five thousand dollars (\$165,000) shall be used by the Division on Aging to provide one time grants to Senior Citizens' Centers. These grants shall be limited to six thousand dollars (\$6,000) per center, shall be considered on a first come first serve basis, and shall be matched dollar for dollar with local funds.

—LIMITATION ON TRANSFER OF ABORTION FUNDS

Sec. 35. No funds in excess of the amount appropriated under this act may be expended for the purpose of performing abortions during the 1981-82 fiscal year.

—EQUALIZE SALARIES OF CERTAIN TEACHERS

Sec. 36. Effective January 1, 1982, the Department of Human Resources is directed to implement the salary schedule that was adopted by the State Personnel Commission pursuant to the provisions of Section 19.2 of Chapter 1137 of the 1979 Session Laws. This salary schedule equalizes salaries between certificated teaching positions at the North Carolina Schools for the Deaf and the Governor Morehead School and certificated teachers in the public schools under the Department of Public Instruction. There is appropriated from the General Fund to the Department of Human Resources the sum of one hundred nine thousand dollars (\$109,000) for the 1981-82 fiscal year to achieve this purpose.

—DEPARTMENT OF HUMAN RESOURCES/SPECIAL AID TO COUNTIES

Sec. 37. Funds in the amount of two million dollars (\$2,000,000) for fiscal year 1981-82 are appropriated in Section 2 of this act to the Department of Human Resources as special aid to counties. These funds shall be allocated by the Department of Human Resources in equal quarterly amounts based on each county's population as a percentage of the total State population, utilizing the most recent estimates of county populations of the Office of State Budget and Management. These funds shall be expended by the county commissioners for the administration of local departments of public health or social services.

—COMMUNITY PROGRAMS/DEVELOPMENTALLY DISABLED

Sec. 38. Funds in the amount of seven hundred fifty thousand dollars (\$750,000) are appropriated in Section 2 of this act to the Department of Human Resources, Division of Mental Health, Mental Retardation and Substance Abuse for the increased costs in the following community programs for the developmentally disabled: early childhood intervention, respite, group homes for children and adults, developmental day subsidy, specialized

community residential subsidy, specialized foster care subsidy, apartment living, and mentally retarded/behaviorally disordered group homes.

PART VIII.—SPECIAL PROVISIONS/PUBLIC SCHOOLS**—TECHNICAL CORRECTION**

Sec. 39. On and after July 1, 1981, Section 2 of Chapter 538 of the 1981 Session Laws is amended by rewriting the first clause up to the colon to read:

"Sec. 2. G.S. 115C-325, as enacted by Chapter 423 of the 1981 Session Laws, is amended by adding a new subsection (f1) to read"; and by deleting the citation "(g)" and substituting "(f1)".

Sec. 40. On and after July 1, 1981, Section 3 of Chapter 538 of the 1981 Session Laws is amended by (1) deleting "(o)" wherever it appears and substituting "(n)"; (2) deleting "(l) or (m)" and substituting "(k) or (l)".

—TECHNICAL CORRECTION

Sec. 41. Effective July 1, 1981, Section 29.12 of Chapter 859 of the 1981 Session Laws is amended by inserting after the words "test scores" the words "of teachers".

—STEP NINE INCREMENT/CERTAIN SCHOOL EMPLOYEES

Sec. 42. Effective January 1, 1982, the Director of the Budget may transfer from appropriations for this purpose in Section 2 of this act, funds necessary to add a ninth increment step for State-paid certified and noncertified school personnel, except teachers and school bus drivers; provided that as to certified school personnel, this section shall be implemented upon a study and report of the Governmental Operations Committee to the 1983 General Assembly containing its recommendations as to the entire salary schedule for educators, including whether this section should be continued to be implemented and, if so, whether it should also be made to apply to teachers. Ten-month employees are not eligible for this increment until the beginning of the sixth month of their employment.

PART IX.—SPECIAL PROVISIONS/COMMUNITY COLLEGES**—NO COMMUNITY COLLEGE TUITION AND FEES FOR CERTAIN PEOPLE**

Sec. 43. G.S. 115D-5(b) is amended in the third sentence by adding before the phrase "and prison inmates", the language "clients of Sheltered Workshops, clients of Adult Developmental Activity Programs".

—HEARING IMPAIRED FUNDS TO C.P.C.C.

Sec. 44. There is appropriated from the General Fund to the Department of Community Colleges for Central Piedmont Community College for the fiscal year 1981-82 the sum of sixty-four thousand dollars (\$64,000) for the continuation of programs assisting the hearing impaired students to continue their education.

PART X. —SPECIAL PROVISIONS/NATURAL RESOURCES AND COMMUNITY DEVELOPMENT**—LIMITATIONS ON EXPENDITURES FROM THE FOREST DEVELOPMENT FUND**

Sec. 45. G.S. 113A-183(c) is amended to read as follows:

"(c) In any fiscal year, expenditures from the Forest Development Fund shall be limited to four times the amount of the general fund appropriation for that year."

—SEED EXTRACTORY BUILDING/CLARIDGE NURSERY

Sec. 46. The balance of funds remaining in the Department of Natural Resources and Community Development 1979 capital improvement project budget for Replacement of Facilities at Claridge Nursery may be used for the construction of a Seed Extractory Building at Claridge Nursery.

—MODIFY GROUND ABSORPTION SEWAGE TREATMENT AND DISPOSAL ACT OF 1981

Sec. 47. The first paragraph of G.S. 130-166.25(b) as it appears in Chapter 949 of the 1981 Session Laws is repealed.

PART XI.—SPECIAL PROVISIONS/CRIME CONTROL

—FUNDS FOR DEFERRED PROSECUTION PROGRAM

Sec. 48. From the restrictive reserve fund established by Section 20 of Chapter 964 of the 1981 Session Laws, the Joint Legislative Commission on Governmental Operations may allocate to the Department of Crime Control and Public Safety up to one hundred fifty thousand dollars (\$150,000) for the 1981-82 fiscal year to implement the funding of the deferred prosecution, community service restitution and volunteer program for youthful and adult offenders authorized by Chapter 929 of the 1981 Session Laws.

—JURISDICTION AUTHORIZATION

Sec. 49. G.S. 122-98(b) is rewritten to read as follows:

"(b) After taking the oath of office required for law enforcement officers, the special police officers authorized by this section shall have the authority of deputy sheriffs of Durham and Granville counties in those counties respectively. Within the territorial jurisdiction stated in subsection (a), the special police officers shall have the primary responsibility to enforce the laws of North Carolina and any ordinance or regulation applicable to that territory adopted under authority of this Article or under G.S. 122-16 or G.S. 122-16.1 or under the authority granted any other agency of the State and shall also have the powers set forth for firemen in Articles 3, 5 and 6 of Chapter 69. All law enforcement, fire fighting, public safety and other emergency vehicles of the Department of Crime Control and Public Safety shall be maintained and controlled by the State Highway Patrol Division of that Department. Any civil or criminal process to be served on any person confined at any State facility within the territorial jurisdiction stated in subsection (a) shall be forwarded by the sheriff of the county in which the process originated to the Chief of the Butner Public Safety Department. Such process shall be served by a special police officer authorized by this section. The Secretary of Crime Control and Public Safety shall collect from the Clerk of Court of the county in which the process originated the uniform fee collected for such process under Chapter 7A and transmit such sums collected to the General Fund."

—PAY RANGE INCREASE/HIGHWAY PATROL

Sec. 50. Effective January 1, 1982, the pay schedule established by the Division of Personnel of the Department of Administration for members of the Highway Patrol up to and including the rank of first sergeant is changed by increasing the salary grade at each level by two grades. The Director of the Budget may transfer from appropriations for this purpose in Section 3 of this act, funds necessary to provide for this increase.

Sec. 51. Effective January 1, 1982, the pay schedule established by the Division of Personnel of the Department of Administration for officers of the State Highway Patrol above the rank of first sergeant is changed by increasing the salary grade at each level by one grade. The Director of the Budget may transfer from appropriations for this purpose in Section 3 of this act funds necessary to provide for this increase.

—PAY RANGE INCREASE/ALE AGENTS

Sec. 52. Effective January 1, 1982, the pay schedule for Alcohol Law Enforcement agents is changed by increasing the salary grade at each level by one grade. The Director of the Budget may transfer from appropriations for this purpose in Section 2 of this act funds necessary to provide for this increase.

Sec. 52.1. Effective January 1, 1982, the pay schedule established by the Division of Personnel of the Department of Administration for law enforcement officers in the Division of Motor Vehicles at salary grades of 65 or lower is changed by increasing the salary grade at each level by two grades. The Director of the Budget may transfer from appropriations for the Division of Motor Vehicles in Section 3 of this act funds necessary to provide for this increase.

PART XII.—SPECIAL PROVISIONS/TRANSPORTATION**—REPEAL GASOLINE TAX AUDIT TRANSFER**

Sec. 53. Effective November 15, 1981, Sections 77-83 of Chapter 859 of the 1981 Session Laws are repealed. Provided that the Tax Audit Section of the Division of Motor

Vehicles shall not exceed nine positions and that duplication of audits by the Tax Audit Section in the Division of Motor Vehicles and the Gasoline Tax Division in the Department of Revenue be eliminated.

—OVER AXLE WEIGHT PENALTIES FOR CERTAIN VEHICLES

Sec. 53.1. Effective January 1, 1982, G.S. 20-118(5) is amended by inserting the following proviso in line 10 immediately after the word "pounds." and immediately before the word "Said":

"Provided, however, vehicles transporting meats and row crop products originating from a farm, or forest products originating from a farm or from woodlands to first market, shall pay to the Division a penalty for each pound of weight on such axle in excess of the maximum weight allowed under subdivisions (3) and (4) in accordance with the following schedule: for the first 1,000 pounds or any part thereof, two cents (2¢) per pound; for the next 1,000 pounds or any part thereof, three cents (3¢) per pound; and for each additional pound, five cents (5¢) per pound."

Effective January 1, 1982, G.S. 20-118 is amended by adding the following proviso at the end of the second unnumbered paragraph following subdivision (12):

"Provided, however, for each violation of the gross weight limitation for the vehicle or vehicle and load when transporting meats and row crop products originating from a farm, or forest products originating from a farm or from woodlands to first market, the owner of the vehicle shall pay the penalty according to the following schedule: for the first 2,000 pounds or any part thereof, one cent (1¢) per pound; for the next 3,000 pounds or any part thereof, two cents (2¢) per pound; for each pound in excess of 5,000 pounds, five cents (5¢) per pound."

—ADMINISTRATION OF CERTAIN FUNDS FOR BUTNER

Sec. 54. Effective July 1, 1981, the last sentence of Section 9.2 of Chapter 859 of the 1981 Session Laws is amended to read:

"Funds allocated to the area for this purpose shall be administered by the member of the State Board of Transportation administering the Highway Fund in Granville County."

PART XIII.—SPECIAL PROVISIONS/GENERAL ASSEMBLY

—FUNDS FOR RENEWED ADMINISTRATIVE RULES REVIEW COMMITTEE AND TECHNICAL AMENDMENT

Sec. 55. (a) There is appropriated from the General Fund to the Legislative Research Commission's Administrative Rules Review Committee the sum of seventy thousand dollars (\$70,000) for the 1981-82 fiscal year.

(b) G.S. 120-30.34 is rewritten to read as follows:

“§ 120-30.34. Temporary rules. — Rules adopted in accordance with the procedures in G.S. 150A-13 may be reviewed by the Committee but are not subject to objection and delay as provided in G.S. 120-30.28. The Committee may review the reasons given for the adoption of a temporary rule."

—INSURANCE STUDY AND PROVISION CHANGES

Sec. 56. G.S. 58-387 and G.S. 58-404, as found in 1981 Session Laws Chapter 846, are amended by substituting the word, "July" for the word, "January".

Sec. 57. The Legislative Research Commission or any study committee thereof, in the discharge of its study of insurance under Section 1(10) of Resolution 61 of the 1981 General Assembly (H.J.R. 1292), may secure information and data under the provisions of G.S. 120-19. The powers contained in the provisions of G.S. 120-19.1 through G.S. 120-19.4 shall apply to the proceedings of the Commission or any study committee thereof in the discharge of said study. The Commission or any study committee thereof, while in the discharge of said study, is authorized to hold executive sessions in accordance with G.S. 143-318.11(b) as though it were a committee of the General Assembly.

Sec. 58. G.S. 58-262.8(3), as found in 1981 Session Laws Chapter 503, is amended by rewriting the first sentence to read:

"(3) 'Medicare supplement policy' means a group or individual policy of accident and sickness insurance or a subscriber contract of a hospital, medical, and/or dental service corporation organized under General Statutes Chapter 57, which policy or contract is advertised, marketed, or designed primarily as a supplement to reimbursements under Medicare for the hospital, medical, and surgical expenses of persons eligible for Medicare by reason of age."

—PRINTING OF RESOLUTIONS AND JOURNALS OF 1981 EXTRA SESSION.

Sec. 59. The Resolutions of the Extra Session of 1981 shall be printed and published in the volume of the 1981 Regular Session Laws in which the laws of the Fall 1981 Session are printed and published.

Sec. 60. The Journals of the House and Senate of the Extra Session of 1981 shall be printed and published in the same volumes as the Journals of the Fall 1981 Session.

—UTILITY REVIEW COMMITTEE TECHNICAL AMENDMENT

Sec. 61. Section 2 of Resolution 100 of the 1975 Session (Senate Joint Resolution 549) and Sections 1 through 9 of Resolution 78 of the 1979 Session (House Joint Resolution 1377) are hereby incorporated by reference in this act as if set forth herein and are ratified and enacted into law and shall have the force and effect of law. All actions made under the authority of Resolution 100 of the 1975 Session and of Resolution 78 of the 1979 Session or made by the Utility Review Committee under the authority of other legislation are ratified.

PART XIV.—SPECIAL PROVISIONS/BLOCK GRANTS

Sec. 62. Notwithstanding G.S. 143-16.1, all federal block grant funds received by the State between August 31, 1981, and July 1, 1983, shall be received by the General Assembly. This section is effective October 1, 1981.

Sec. 63. A new Article is added to Chapter 120 of the General Statutes to read:

"ARTICLE 13A.

"Joint Legislative Committee to Review Federal
Block Grant Funds.

"§ 120-80. Committee established; purpose. — There is established the Joint Legislative Committee to Review Federal Block Grant Funds. The Committee shall review acceptance and use of all federal block grant funds received by the State between August 31, 1981, and July 1, 1983. For purposes of this act, 'block grant' means a block grant under the Omnibus Budget Reconciliation Act of 1981.

"§ 120-81. Membership. — (a) The Committee consists of 12 members as follows:

- (1) Six members of the House of Representatives appointed by the Speaker;
- (2) Six members of the Senate appointed by the Lieutenant Governor.

Initial appointments shall be made by October 10, 1981, and those appointees shall serve until July 1, 1983. Members may continue to serve despite expiration of a term in the General Assembly, whether or not the member has been re-elected, but resignation or removal from the General Assembly constitutes resignation or removal from the Committee. A member continues to serve until his successor is appointed. Vacancies shall be filled within 30 days by the original appointing authority.

"§ 120-82. Organization. — (a) The Speaker of the House of Representatives and the Lieutenant Governor shall designate cochairmen of the Committee. Meetings shall be called by either of the cochairmen, and callings are subject to the Rules of the House of Representatives and the Senate.

(b) All members, including the cochairmen have the right to vote. A quorum is seven members. No action may be taken except by a majority vote, with at least seven members present and voting. House and Senate members may not vote separately; all voting is joint. If neither cochairman is present but there is a quorum, the members may elect a temporary chairman and hold a meeting.

(c) Members receive subsistence and travel as provided in G.S. 120-3.1. The Committee is funded by the Legislative Services Commission.

(d) The Committee may request professional and clerical assistance from the Legislative Services Commission.

"§ 120-83. Powers. — The Committee may review all aspects of the acceptance and use of federal block grant funds. The Committee may also make recommendations to the General Assembly for legislation relating to federal block grant funds.

"§ 120-84. Review procedure. — (a) After federal block grant funds have been accepted by the General Assembly, the Director of the Budget shall propose administration and use of those funds. All proposals shall be submitted to the Committee, or to the General Assembly if it is in session, for its prior approval.

(b) None of the following actions with regard to State use of federal block grant funds may be taken without the prior approval of the Committee or of the General Assembly if it is in session:

- (1) acceptance of federal block grants,
- (2) determination of pro rata reduction procedures and amounts for State programs,
- (3) determination of distribution formulas,
- (4) transfer of funds between block grants,
- (5) intradepartmental transfer of block grant funds,
- (6) encumbrance of anticipated block grant funds,
- (7) adoption of departmental rules relating to federal block grant funds,
- (8) contracting between State departments involving block grant funds, and
- (9) any other final action affecting acceptance or use of federal block grant funds.

The Committee shall take action within 40 days of receiving a request for approval from the Office of State Budget and Management."

Sec. 64. The Governor shall designate the appropriate office, agency, or department to administer each block grant authorized by the Omnibus Budget Reconciliation Act of 1981.

Sec. 65. Each office, agency, or department which administers a block grant authorized by the Omnibus Budget Reconciliation Act of 1981 shall submit reports to the General Assembly no later than May 10, 1982, on their administration of each block grant for which each is responsible.

Sec. 66. (a) The appropriate office, agency, or department designated by the Governor may receive, allocate and distribute amounts allocated under Title I of the Housing and Community Development Act of 1974 as amended by the Housing and Community Development Amendments of 1981, Part 1 of Subtitle A of Title 3 of Pub. L. No. 97-35, 95 Stat. 384 to 398.

(b) That office, agency, or department may allocate and distribute funds under the authority of this section in accordance with rules and regulations relating to analogous federal grants for fiscal year 1980-81 until new rules and regulations are promulgated under the authority of this section.

(c) That office, agency, or department may issue rules and regulations to implement the Housing and Community Development Amendments of 1981.

(d) That office, agency, or department may engage in planning for community development activities.

Sec. 67. The appropriate office, agency, or department designated by the Governor may disburse money and otherwise administer the Community Services Block Grant Program. Funds available under the program shall be disbursed in a manner consistent with the purposes and requirements set out in the Community Services Block Grant Act. Until new rules and regulations are promulgated under authority of the Block Grant, that office, agency, or

department may disburse money and otherwise administer the Block Grant under rules and regulations relating to analogous federal grants for fiscal year 1980-81, in a manner not inconsistent with the Community Services Block Grant Act. This section is effective October 1, 1981.

Sec. 68. The Director of the Budget may, with the prior approval of the Joint Legislative Committee to Review Federal Block Grant Funds, or of the General Assembly if it is in session, transfer funds from the Community Services Block Grant Program for the purposes and subject to the restrictions set forth in the Community Services Block Grant Act, Pub. L. No. 97-35, § 675(c)(5), 95 Stat. 515 (1981).

Sec. 69. Prior to the expiration of the first fiscal year in which the State receives funds under the Community Services Block Grant Program, the General Assembly shall conduct public hearings on the proposed use and distribution of federal block grant funds to be provided for the program during the subsequent fiscal year. The Lieutenant Governor and the Speaker of the House of Representatives shall appoint or designate a committee to hold the hearings. That committee shall report to the Joint Legislative Committee to Review Federal Block Grant Funds, or to the General Assembly if it is in session.

Sec. 70. Part 26 of Article 7 of Chapter 143B of the General Statutes is repealed.

Sec. 71. The appropriate office, agency, or department designated by the Governor may disburse money and otherwise administer the Social Services Block Grant under rules and regulations relating to analogous federal grants for fiscal year 1980-81 until new rules and regulations are promulgated under the authority of the Block Grant. This section is effective October 1, 1981.

Sec. 72. The appropriate office, agency, or department designated by the Governor, or another department with which it contracts, may establish and adopt rules and regulations specifically to administer that portion of the Low Income Energy Assistance Block Grant which provides that not more than fifteen percent (15%) of available funds may be used for low-cost residential weatherization or other energy-related home repairs for low income households.

Sec. 73. The appropriate office, agency, or department designated by the Governor may disburse money and otherwise administer the Alcohol, Drug Abuse and Mental Health Block Grant under rules and regulations relating to analogous federal grants for fiscal year 1980-81 until new rules and regulations are promulgated under the authority of the new Block Grant. This section is effective October 1, 1981.

Sec. 74. The appropriate office, agency, or department designated by the Governor may disburse money and otherwise administer the Preventive Health and Health Services Block Grant under rules and regulations relating to analogous federal grants for fiscal year 1980-81 until new rules and regulations are promulgated under the authority of the new Block Grant. This section is effective October 1, 1981.

Sec. 75. The appropriate office, agency, or department designated by the Governor, or another department with which it contracts, may establish and adopt rules and regulations specifically to administer that portion of the Preventive Health and Health Services Block Grant that provides services pursuant to the Mental Health Systems Act of 1980 § 602, 42 U.S.C. § 9512 (1981), as it provided on September 30, 1981.

Sec. 76. The appropriate office, agency, or department designated by the Governor may disburse money and otherwise administer the Maternal and Child Health Services Block Grant under rules and regulations relating to analogous federal grants for fiscal year 1980-81 until new rules and regulations are promulgated under the authority of the new Block Grant. This section is effective October 1, 1981.

Sec. 77. In disbursing funds from any federal block grant during the 1981-82 and 1982-83 fiscal years, the State shall require local governmental units to match the funds at the same ratio as they were required to match analogous funds during the 1980-81 fiscal year.

Affected local governmental units may expend local revenues, including ad valorem taxes, to meet this matching requirement. This section is effective October 1, 1981.

PART XV.—SPECIAL PROVISIONS/GENERAL GOVERNMENT**—TECHNICAL CORRECTIONS**

Sec. 78. Effective January 1, 1982, G.S. 115C-517 is amended by deleting the reference "Article 2, Chapter 40 of the General Statutes" and substituting the reference "Chapter 40A of the General Statutes".

—ENABLING LEGISLATION REPEAL

Sec. 79. Effective May 4, 1981, Chapter 317 of the 1981 Session Laws is repealed.

—COMPENSATION OF SAFETY AND HEALTH REVIEW BOARD MEMBERS

Sec. 80. Notwithstanding the provisions of G.S. 95-135(c), the Director of the Budget may transfer from within the budget to the Department of Labor funds necessary to compensate members of the Safety and Health Review Board in the amount of two hundred dollars (\$200.00) per day per member.

—DEBT SERVICE/INTEREST PAYMENT

Sec. 81. Funds remaining in the General Revenue Sharing Trust Fund and in the Anti-Recession Trust Fund are appropriated for general fund debt service – interest payment.

—RESTRICTION ON TRANSFERS OF FUNDS

Sec. 82. G.S. 143-23 is amended by designating the present language as subsection (a) and by adding a new subsection (b) to read:

"(b) Notwithstanding subsection (a), no requested transfer or change from a program line item may be made if the total amount transferred from that line item during the fiscal year would be more than ten percent (10%) of the amount appropriated for that program line item for that fiscal year, unless the Joint Legislative Commission on Governmental Operations has given its prior approval for that transfer. This restriction applies to all State departments with a total General Fund appropriation of at least fifty million dollars (\$50,000,000). All other departments shall apply the ten percent (10%) limitation to the summary by object line items. No transfers or changes, regardless of amount, from salary funds may be made without the prior approval of the Joint Legislative Commission on Governmental Operations. The Commission must take action within 40 days of receiving a request for approval from the Office of State Budget and Management. Transfers or changes within the Medicaid program are exempt from this subsection."

—DEAF INTERPRETERS

Sec. 83. Effective January 1, 1982, funds appropriated in Section 2 of this act to the Department of Administration in the amount of seven thousand five hundred dollars (\$7,500) for fiscal year 1981-82, shall be used to establish a reserve fund to enable the Department of Administration to meet the requirements of G.S. 8A-8(e) and (f) as enacted by Chapter 937 of the 1981 Session Laws. Entities required by G.S. 8A-8(e) and (f) to provide payment to interpreters may apply to the Department of Administration for reimbursement for services provided, retroactive to October 1, 1981.

—DEPARTMENT OF CORRECTION TECHNICAL AMENDMENT

Sec. 84. Effective July 1, 1981, G.S. 15A-1355(c) is amended by adding the following sentence:

"The Department of Correction may give credit toward service of the maximum term and any minimum term of imprisonment and toward eligibility for parole for allowances of time as provided in rules and regulations made under G.S. 148-11 and 148-13."

PART XVI.—SPECIAL PROVISIONS—APPROPRIATIONS ACT**—RETAIN APPROPRIATIONS LIMITATIONS AND DIRECTIONS**

Sec. 85. Except where expressly repealed by this act, the provisions of 1981 Session Laws Chapter 859, and the provisions of 1981 Session Laws Chapter 860 remain in effect.

Sec. 86. Notwithstanding any modifications by this act in the amounts appropriated, except where expressly repealed, the limitations and directions in 1981 Session Laws Chapter 859 and Chapter 860 that applied to appropriations to particular agencies or for particular purposes apply to the newly enacted appropriations of this act for those same particular purposes.

—EXECUTIVE BUDGET ACT REFERENCE

Sec. 87. 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 1981-83

Sec. 88. Except for codified statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1981-83 biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 1981-83 biennium.

—SEVERABILITY CLAUSE

Sec. 89. If any section or provision of this act is declared unconstitutional or invalid by the courts, the decision of the court shall not affect the validity of the act as a whole or the validity of any part other than the part declared to be unconstitutional or invalid.

—CAPTIONS NOT LIMIT TEXT/ONLY FOR REFERENCE

Sec. 90. 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 application of the text of the act.

—EFFECTIVE DATE

Sec. 91. Except as otherwise specifically provided, this act is effective upon ratification. However, beginning dates for new positions and new programs are subject to the limitations imposed by the amounts of the relevant supplemental appropriations.

In the General Assembly read three times and ratified, this the 10th day of October, 1981.