

GENERAL ASSEMBLY OF NORTH CAROLINA
1997 SESSION

S.L. 1997-443
SENATE BILL 352

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

The General Assembly of North Carolina enacts:

PART I. INTRODUCTION AND TITLE OF ACT

INTRODUCTION

Section 1. The appropriations made in this act are for maximum amounts necessary to provide the services and accomplish the purposes described in the 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 each fiscal year.

TITLE OF ACT

Section 1.1. This act shall be known as "The Current Operations and Capital Improvements Appropriations Act of 1997."

PART II. CURRENT OPERATIONS/GENERAL FUND

Section 2. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated are made for the biennium ending June 30, 1999, according to the following schedule:

<u>Current Operations - General Fund</u>	<u>1997-98</u>	<u>1998-99</u>
General Assembly	\$ 31,226,277	\$ 34,642,598
Judicial Department	327,814,503	327,102,308
Office of the Governor		
01. Office of the Governor	5,232,934	5,150,352
02. Office of State Budget		

	and Management	13,923,220	10,930,838
03.	Office of State Planning	1,802,450	1,815,850
04.	Housing Finance Agency	7,300,000	2,300,000
Office of the Lieutenant Governor		609,230	609,390
Department of Secretary of State		6,553,012	5,310,680
Department of State Auditor		10,184,864	10,016,613
Department of State Treasurer		18,890,311	18,872,768
Department of Public Education		4,510,318,741	4,493,194,418
Department of Justice		68,842,172	66,765,852
Department of Administration		57,334,144	57,814,012
Department of Agriculture and Consumer Services		51,089,660	49,822,632
Department of Labor		15,917,134	15,828,463
Department of Insurance		24,184,863	24,086,190
Department of Transportation		10,609,854	11,246,445
Department of Environment, Health, and Natural Resources		287,546,128	254,633,571
Office of Administrative Hearings		2,357,389	2,357,389
Rules Review Commission		521,892	273,441
Department of Human Resources			
01.	Office of the Secretary	37,256,324	33,022,064
02.	Division of Aging	24,613,916	23,610,127
03.	Division of Child Development	168,572,257	171,638,076
04.	Division of Services for the Deaf and Hard of Hearing	27,843,994	27,797,823
05.	Division of Social Services	179,223,588	184,413,623
06.	Division of Medical Assistance	1,170,658,044	1,387,538,513
07.	Division of Services for the Blind	15,317,973	15,335,955

08.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	528,512,951	550,619,886
09.	Division of Facility Services	9,080,211	8,981,543
10.	Division of Vocational Rehabilitation Services	33,034,755	32,834,876
11.	Division of Youth Services	87,956,421	89,415,373
	Total Department of Human Resources	2,282,070,434	2,525,207,859
	Department of Correction	823,126,067	867,817,472
	Department of Commerce		
01.	Commerce	47,174,494	38,577,339
02.	Biotechnology Center	16,164,396	7,664,396
03.	MCNC	4,500,000	2,500,000
04.	Rural Economic Development Center	7,270,000	3,920,000
05.	State Aid to non-State Entities	12,375,000	2,000,000
	Department of Revenue	67,717,995	68,746,867
	Department of Cultural Resources	65,279,672	56,053,016
	Department of Crime Control and Public Safety	33,668,542	33,720,830
	Office of the State Controller	15,892,773	10,705,706
	University of North Carolina - Board of Governors		
01.	General Administration	37,443,621	37,490,589
02.	University Institutional Programs	75,802,073	78,742,189
03.	Related Educational Programs	66,753,509	68,955,374
04.	University of North Carolina at Chapel Hill		
	a. Academic Affairs	162,467,906	164,296,136
	b. Health Affairs	132,016,759	132,683,647
	c. Area Health Education Centers	38,509,297	38,490,957
05.	North Carolina State University at Raleigh		
	a. Academic Affairs	211,354,779	211,818,650

	b. Agricultural Research Service	41,079,652	41,103,356
	c. Cooperative Extension Service	32,591,088	32,583,657
06.	University of North Carolina at Greensboro	62,615,773	63,259,089
07.	University of North Carolina at Charlotte	68,572,932	69,123,675
08.	University of North Carolina at Asheville	20,148,640	20,203,241
09.	University of North Carolina at Wilmington	38,963,548	39,371,864
10.	East Carolina University		
	a. Academic Affairs	85,275,602	85,913,647
	b. Division of Health Affairs	41,088,406	41,131,370
11.	North Carolina Agricultural and Technical State University	49,636,690	50,003,439
12.	Western Carolina University	43,611,199	43,669,689
13.	Appalachian State University	62,165,987	62,468,839
14.	The University of North Carolina at Pembroke	18,657,889	18,532,989
15.	Winston-Salem State University	20,085,918	20,100,137
16.	Elizabeth City State University	18,063,568	18,080,687
17.	Fayetteville State University	23,655,086	23,823,586
18.	North Carolina Central University	35,630,746	36,325,468
19.	North Carolina School of the Arts	11,842,424	11,889,783
20.	North Carolina School of Science and Mathematics	9,519,375	9,582,725
21.	UNC Hospitals at Chapel Hill	35,615,701	35,615,701
	Total University of North Carolina - Board of Governors	1,443,168,168	1,455,260,484
	Department of Community Colleges	517,690,489	504,200,909
	State Board of Elections	1,552,787	2,135,381
	Contingency and Emergency	1,125,000	1,125,000
	Reserve for Compensation Increase	344,716,757	343,409,871
	Retirement Rate Adjustment	(20,331,500)	-
	Reserve for Salary Adjustments	9,073,829	9,573,829

Debt Service	117,326,552	205,373,699
Reserve for Structured Sentencing	400,000	400,000
Postage Reduction	(300,000)	(300,000)
Debt Service - Federal	1,155,948	1,155,948
GRAND TOTAL CURRENT OPERATIONS – GENERAL FUND	\$11,243,076,181	\$11,532,022,416

PART III. CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

Section 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, 1999, according to the following schedule:

<u>Current Operations - Highway Fund</u>	<u>1997-98</u>	<u>1998-99</u>
Department of Transportation		
01. Administration	\$ 57,934,614	\$ 58,109,718
02. Operations	34,667,278	34,723,375
03. Construction and Maintenance		
a. Construction		
(01) Primary Construction	-	-
(02) Secondary Construction	78,620,024	83,283,000
(03) Urban Construction	14,000,000	14,000,000
(04) Access and Public Service Roads	2,000,000	2,000,000
(05) Discretionary Fund	10,000,000	10,000,000
(06) Spot Safety Construction	9,100,000	9,100,000
b. State Funds to Match Federal Highway Aid	12,158,062	36,112,802
c. State Maintenance	453,235,320	441,395,548
d. Ferry Operations	18,098,290	18,098,290
e. Capital Improvements	12,100,000	0
f. State Aid to Municipalities	78,620,024	83,283,000
g. State Aid for Public Transportation & Railroads	42,846,921	29,446,921
h. OSHA - State	925,000	425,000
04. Governor's Highway Safety Program	311,609	312,080
05. Division of Motor Vehicles	89,007,931	89,071,677
06. Reserves and Transfers	<u>238,696,226</u>	<u>235,264,326</u>

GRAND TOTAL CURRENT OPERATIONS
AND EXPANSION \$1,152,321,299 \$1,144,625,737

PART IV. HIGHWAY TRUST FUND

Section 4. Appropriations from the Highway Trust Fund are made for the fiscal biennium ending June 30, 1999, according to the following schedule:

<u>Highway Trust Fund</u>	<u>1997-98</u>	<u>1998-99</u>
01. Intrastate System	\$381,880,586	\$397,487,432
02. Secondary Roads Construction	71,497,038	73,700,275
03. Urban Loops	154,416,605	160,727,363
04. State Aid - Municipalities	40,068,181	41,705,703
05. Program Administration	25,918,895	27,072,575
06. Transfer to General Fund	<u>170,000,000</u>	<u>170,000,000</u>
GRAND TOTAL - HIGHWAY TRUST FUND	\$843,781,305	\$870,693,348

PART V. BLOCK GRANT FUNDS

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

DHR BLOCK GRANT PROVISIONS

Section 5. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1998, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	\$ 11,546,034
02. Limited Purpose Agencies	641,446
03. Department of Human Resources to administer and monitor the activities of the Community Services Block Grant	641,446
TOTAL COMMUNITY SERVICES BLOCK GRANT	\$ 12,828,926

SOCIAL SERVICES BLOCK GRANT

01. County departments of social services	\$ 30,395,663
02. Allocation for in-home services provided by county departments of social services	2,101,113

03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	4,764,124
04.	Division of Services for the Blind	3,205,711
05.	Division of Youth Services	950,674
06.	Division of Facility Services	343,341
07.	Division of Aging - Home and Community Care Block Grant	1,915,234
08.	Day care services	13,853,152
09.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
10.	State administration	1,954,237
11.	Child Medical Evaluation Program	238,321
12.	Adult day care services	2,255,301
13.	County departments of social services for child abuse/prevention and permanency planning	394,841
14.	Transfer to Preventive Health Block Grant for emergency medical services	213,128
15.	Allocation to Preventive Health Block Grant for AIDS education, counseling, and testing	66,939
16.	Transfer to Department of Administration for the N.C. Commission of Indian Affairs In-Home Services Program for the elderly	203,198
17.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
18.	UNC-CH CARES Program for training and consultation services	247,920

19.	Transfer to Department of Environment, Health, and Natural Resources for the Adolescent Pregnancy Prevention Program	239,261
20.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
21.	County departments of social services for child welfare improvements	2,211,687
22.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for juvenile offenders	1,182,280
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 66,965,690
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 6,284,055
02.	Crisis Intervention	6,393,661
03.	Administration	1,428,386
04.	Weatherization Program	4,128,479
05.	Indian Affairs	33,022
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 18,267,603
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services in accordance with the Mental Health Study Commission's Adult Severe and Persistently Mentally Ill Plan	\$ 3,794,179
02.	Provision of community-based services in accordance with the Mental Health Study Commission's Child Mental Health Plan	1,819,931

03. Administration	624,231
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 6,238,341

SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT

01. Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol, Drug Abuse Treatment Centers	\$ 10,935,939
02. Continuation of services for pregnant women and women with dependent children	5,060,076
03. Continuation and expansion of services to IV drug abusers and others at risk for HIV diseases	4,836,407
04. Provision of services in accordance with the Mental Health Study Commission's Child and Adolescent Alcohol and Other Drug Abuse Plan	5,964,093
05. Services for former SSI recipients	1,123,757
06. Gender specific services and Employee Assistance Program services for Work First recipients	893,811
07. Juvenile offender services and substance abuse pilot	300,000
08. Administration	1,841,742
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT	\$ 30,955,825

CHILD CARE AND DEVELOPMENT BLOCK GRANT

01. Child care services	\$ 17,581,167
02. Administrative expenses and quality and availability initiatives	488,366

03.	Before and After School Child Care Programs and Early Childhood Development Programs	1,750,000
04.	Quality improvement activities	740,000
TOTAL CHILD CARE AND DEVELOPMENT BLOCK GRANT		\$ 20,559,533

CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT

01.	Child care subsidies	\$ 99,845,334
02.	Quality and availability initiatives	4,388,806
03.	Administrative expenses	5,486,007
04.	Transfer from TANF Block Grant for child care subsidies and support	5,599,759
05.	Transfer from TANF Block Grant for the development of child care centers at community colleges	500,000
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$115,819,906

TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT

01.	Work First Cash Assistance/Block Grants to county departments of social services	\$302,029,076
02.	Transfer to Child Care and Development Fund for development of child care centers at community colleges	500,000
03.	Transfer to the Child Care and Development Fund for Work First child care subsidies	5,599,759
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse treatment and testing services	3,000,000

05.	Allocation to the Division of Social Services for evaluation	400,000
06.	Allocation to the Division of Social Services for State and county staff development	500,000
07.	Allocation to the Department of Environment, Health, and Natural Resources for the reduction of out-of-wedlock births	1,600,000
08.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for screening, diagnostic, and counseling services related to substance abuse services for Work First participants	2,300,000
09.	Transfer to the Social Services Block Grant for substance abuse services for juveniles	1,182,280
10.	Transfer to the Social Services Block Grant to establish the Special Children Adoption Fund	300,000

TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES
(TANF) BLOCK GRANT \$317,411,115

(b) Decreases in Federal Fund Availability Except the TANF Block Grant

If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of the federal block grants listed above shall be reduced by equal percentages to total the reduction in federal funds.

(c) Increases in Federal Fund Availability - Block Grant Funds Except the Social Services Block Grant, the TANF Block Grant, and the Child Care and Development Fund Block Grant

Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Human Resources, provided that the resultant increases are in accordance with federal block grant requirements, by allocating the additional funds for direct services only among the programs funded in this section.

(d) Increases in Federal Fund Availability - Social Services Block Grant

Any block grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Human

Resources, provided the resultant increases are in accordance with federal block grant requirements, as follows:

- (1) Fifty percent (50%) of the funds shall be allocated to the county departments of social services for mandatory services; and
- (2) The remaining fifty percent (50%) shall be allocated for direct services only among the programs funded in this section.

All these budgeted increases shall be reported to the members of the House and Senate Appropriations Subcommittees on Human Resources and to the Fiscal Research Division.

(e) Of the funds appropriated in this act to the Department of Human Resources, Division of Social Services, the sum of one million three hundred thousand dollars (\$1,300,000) for the 1997-98 fiscal year and the sum of one million three hundred thousand dollars (\$1,300,000) for the 1998-99 fiscal year shall be allocated to county departments of social services for hiring or contracting for additional child protective services, foster care, and adoption worker positions created after this act becomes law based upon a formula which takes into consideration the number of child protective services, foster care, and adoption cases, and child protective services, foster care, and adoption workers necessary to meet recommended standards adopted by the North Carolina Association of County Directors of Social Services. No local match shall be required as a condition for receipt of these funds.

(f) There is established in the Department of Human Resources, Division of Social Services, a Special Children Adoption Fund. The purpose of the fund is to provide funds for adoptive placements of children described in G.S. 108A-50 in foster care above those funds that participating licensed public and private adoption agencies can provide with existing resources.

Of the funds appropriated in this act to the Department of Human Resources, Special Children Adoption Fund, the sum of nine hundred eleven thousand six hundred eighty-seven dollars (\$911,687) for the 1997-98 fiscal year and the sum of nine hundred eleven thousand six hundred eighty-seven dollars (\$911,687) for the 1998-99 fiscal year shall be used to implement this subsection. Of the monies in the Special Children Adoption Fund, the Department shall award a minimum of four hundred thousand dollars (\$400,000) to licensed private adoption agencies. The Department of Human Resources, Division of Social Services, in consultation with the North Carolina Association of County Directors of Social Services and representatives of licensed private adoption agencies, shall develop guidelines for the awarding of funds to licensed public and private adoption agencies upon successful placement for adoption of children described in G.S. 108A-50 and in foster care. No local match shall be required as a condition for receipt of these funds.

The Department of Human Resources, Division of Social Services, shall report by May 1, 1998, to the House and Senate Appropriations Subcommittees on Human Resources on the use of funds allocated in this subsection and the number of children placed.

(g) The Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall consult with the

Department of Human Resources, Division of Youth Services, the Administrative Office of the Courts, local juvenile court counselors, and local area mental health programs on the expenditure of the funds allocated to the Department of Human Resources from the Social Services Block Grant to ensure that those funds are used for substance abuse services for juveniles.

(h) Funding for the Weatherization Program from the Low-Income Energy Block Grant is contingent upon approval of a federal waiver to increase funding. In the event the federal waiver is not approved, the funds appropriated for the Weatherization Program will be reduced to fifteen percent (15%) of the Block Grant, and excess funds will be transferred to the Crisis Intervention Program.

(i) Increases in Federal Fund Availability - Child Care and Development Fund Block Grant

The Child Care and Development Fund Block Grant funds appropriated by the United States Congress in addition to the funds specified in this act shall be expended by the Department of Human Resources, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

(j) If funds appropriated through the Child Care and Development Fund, which includes the Child Care and Development Block Grant, for any program cannot be obligated or spent in that program within the obligation or liquidation periods allowed by the federal grants, the Department may move funds to other programs, in accordance with federal requirements of the grant, in order to use the federal funds fully.

(k) Of the funds appropriated in this act to the Department of Human Resources, Division of Child Development, the sum of five hundred thousand dollars (\$500,000) for fiscal year 1997-98 shall be transferred to the Department of Community Colleges to establish three model early childhood education centers in three community colleges, one in the eastern part of the State, one in the western part of the State, and one in the Piedmont.

(l) The Department of Environment, Health, and Natural Resources and the county departments of public health shall consult with the Department of Human Resources and the county departments of social services on the expenditure of the funds allocated to the Department of Environment, Health, and Natural Resources from the Temporary Assistance to Needy Families Block Grant to ensure that those funds are used for meeting the goal of reducing out-of-wedlock births.

(m) The Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall consult with the county departments of social services and the area mental health programs on the expenditure of funds allocated to the Department of Human Resources from the TANF Block Grant to ensure that those funds are used for substance abuse services.

(n) By January 1, 1998, the Department of Human Resources shall report to the Senate and House Appropriations Subcommittees on Human Resources on the process undertaken for determining how the funds described in subsections (g), (l), and (m) of this section will be allocated.

(o) If the United States Congress reduces the amount of TANF funds below the amounts specified above after the effective date of this act, then the Department shall reduce every item in the TANF Block Grant section listed above pro rata. Any TANF funds appropriated by the United States Congress in addition to the funds specified in this act shall not be expended until appropriated by the General Assembly. Any TANF Block Grant fund changes shall be reported to the members of the House and Senate Appropriations Subcommittees on Human Resources and to the Fiscal Research Division.

(p) Notwithstanding the amounts specified in this section for the components of the Temporary Assistance for Needy Families (TANF) Block Grant, the Department may expend TANF Block Grant funds during the first quarter of the 1997-98 fiscal year for the same purposes for which those funds were expended during the last quarter of the fiscal year ending June 30, 1997.

Requested by: Representatives Mitchell, Baker, Carpenter

NER BLOCK GRANT FUNDS

Section 5.1. (a) Appropriations from federal block grant funds are made for the fiscal year ending June 30, 1998, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$ 1,000,000
02.	Urgent Needs and Contingency	2,177,500
03.	Community Empowerment	2,000,000
04.	Economic Development	8,710,000
05.	Community Revitalization	29,000,000
06.	State Technical Assistance	450,000
07.	Housing Development	1,662,500

TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT

- 1998 Program Year \$ 45,000,000

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mother/Healthy Children Block Grants to Local Health Departments	\$ 9,838,074
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02.	High Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	1,722,869
03.	Services to Children With Special Health Care Needs	4,954,691
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 16,515,634

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Emergency Medical Services	\$ 213,128
02.	Hypertension Programs	711,813
03.	Statewide Health Promotion Programs	2,777,924
04.	Dental Health for Fluoridation of Water Supplies	224,170
05.	Rape Prevention and Rape Crisis Programs	187,110
06.	Rape Prevention and Rape Education	935,552
07.	AIDS/HIV Education, Counseling, and Testing	66,939
08.	Office of Minority Health and Minority Health Council	186,478
09.	Administrative and Indirect Cost	217,762
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$ 5,520,876

- (b) Decreases in Federal Fund Availability
Decreases in federal fund availability shall be allocated as follows:
- (1) For the Community Development Block Grants – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

- (2) For the Maternal and Child Health and Preventive Health Services federal block grant – If federal funds are reduced less than ten percent (10%) below the amounts specified above after the effective date of this act, then every program in the Maternal and Child Health and in the Preventive Health Services Block Grants shall be reduced by the same percentage as the reduction in federal funds. If federal funds are reduced by ten percent (10%) or more below the amounts specified above after the effective date of this act, then for the Maternal and Child Health and the Preventive Health Services Block Grants the Department of Environment, Health, and Natural Resources shall allocate the decrease in funds after considering the effectiveness of the current level of services.

(c) Increases in Federal Fund Availability

Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this act shall be expended as follows:

- (1) For the Community Development Block Grant – Each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.
- (2) For the Maternal and Child Health Block Grant – Thirty percent (30%) of these additional funds shall be allocated to services for children with special health care needs and seventy percent (70%) shall be allocated to local health departments to assist in the reduction of infant mortality.
- (3) For the Preventive Health Block Grants – These additional funds may be budgeted by the appropriate department, with the approval of the Office of State Budget and Management, after considering the effectiveness of the current level of services and the effectiveness of services to be funded by the increase, provided the resultant increases are in accordance with federal block grant requirements and are within the scope of the block grant plan approved by the General Assembly.

(d) Changes to budgeted allocations to the Maternal and Child Health and the Preventive Health Services Block Grants due to increases or decreases in federal funds shall be reported to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division within 30 days of the allocation. All other increases shall be reported to the Joint Legislative Commission on Governmental Operations and to the Director of the Fiscal Research Division.

(e) Limitations on Community Development Block Grant Funds

Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million dollars (\$1,000,000) may be used for State administration; up to two million one hundred seventy-seven thousand five hundred dollars (\$2,177,500) may be used for Urgent Needs and Contingency; up to two million dollars (\$2,000,000) may be used for Community Empowerment; up to eight million seven hundred ten thousand dollars (\$8,710,000) may be used for Economic Development; not less than twenty-nine

million dollars (\$29,000,000) shall be used for Community Revitalization; up to four hundred fifty thousand dollars (\$450,000) may be used for State Technical Assistance; up to one million six hundred sixty-two thousand five hundred dollars (\$1,662,500) may be used for Housing Development. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable. If funds are available from program income, deobligated funds, or urgent needs and contingency, then the Department of Commerce shall use up to five hundred thousand dollars (\$500,000) for an Infrastructure Demonstration Project that will focus on innovative approaches to straight piping and pit privy problems.

(f) Limitations on Preventive Health Service Block Grant Funds

Twenty-five percent (25%) of funds allocated for Rape Prevention and Rape Education shall be allocated as grants to nonprofit organizations to provide rape prevention and education programs targeted for middle, junior high, and high school students. Any rape crisis center or other nonprofit organization that receives funds under this section to provide rape education and rape prevention programs to schools shall give priority to schools with an abstinence-based sex education curriculum.

PART VI. GENERAL FUND AND HIGHWAY FUND AVAILABILITY STATEMENTS

GENERAL FUND AVAILABILITY STATEMENTS

Section 6. The General Fund and availability used in developing the 1997-99 budget is shown below:

	(\$ Millions)
(1) Composition of the 1997-98 beginning availability	
a. Revenue collections unaddressed in 1996-97	200.0
b. Disaster Relief Reserve	(115.0)
c. Revenue collections in 1996-97 in excess of authorized estimates	539.1
d. Unexpended appropriations during 1996-97 (Reversions)	140.9
e. Adjustment for Emergency Appropriation to Community Colleges, S.L. 1997-38	(4.7)
Subtotal	760.3
f. Transfer to Reserve for Repairs and Renovations (Supplemental)	(39.3)
g. Transfer to Reserve for Repairs and Renovations (by formula)	(135.0)
h. Transfer to Clean Water Management Reserve	(49.4)
i. Appropriation Adjustment in 1996-97	0.3
j. Reserve for Intangible Tax Refunds	(156.0)

Ending Fund Balance 380.9

*The State Treasurer is authorized to invest \$61,000,000 for the purchase of the North Carolina Railroad.

	(\$ Millions) 1997-98	(\$ Millions) 1998-99
(2) Beginning Unrestricted Fund Balance	319.9	-
(3) Revenues Based on Existing Tax Structure	11,202.0	11,868.9
(4) Tax Changes:		
H57 Nonresident Withholding	8.5	10.0
H59 Internal Revenue Code Update	(8.5)	(16.8)
S323 Historic Rehabilitation Tax Credit	-	(0.1)
H260 Conservation Tax Credit	(3.2)	(3.2)
S727 Reduce Sales Tax on Food	-	(83.8)
H35 Conform Sales Tax Refund Period	-	0.2
H204 Foreclosure Filing Fee	0.1	0.1
S316 Amend Bill Lee Act	-	(0.3)
H13 Simplify and Reduce Inheritance Tax	-	(2.5)
H15 Conform Tax on Restored Income	(0.1)	(0.1)
H14 Update Custom Computer Software	0.5	0.7
S93 Ports Tax Credit	-	(0.5)
H754 Illicit Liquor Tax	0.1	0.1
H1057 Exempt Audiovisual Masters	(1.0)	(1.6)
(5) Court Fee Increase (S727)	12.6	15.1
(6) Insurance Regulatory Charge (S727)	-	-
(7) Secretary of State Fee Increase (S727)	1.5	1.7
(8) Treasurer's Banking and Local Government Commission	0.5	0.5
(9) Revenue-Corporate Filing Charge	0.3	1.2
(10) Disproportionate Share Receipts	-	83.0
(11) Highway Fund Transfer	12.6	13.4
(12) Revenue Assessments for Additional Interstate Auditors	2.6	7.9
(13) State Health Plan Purchasing Alliance Board-Transfer Cash Balance	0.6	-
(14) Earmarked Refunds for Federal Retirees	(35.5)	(35.5)
Total Availability	11,513.5	11,858.4

Requested by: Representatives Holmes, Creech, Esposito, Crawford

HIGHWAY FUND AVAILABILITY

Section 6.1 The Highway Fund appropriations availability used in developing the 1997-99 Highway Fund budget is shown below:

	<u>1997-98</u>	<u>1998-99</u>
Beginning Credit Balance	\$ 33,669,547	\$ -
Estimated Revenue	1,118,651,752	1,144,625,737
Total Highway Fund Availability	\$1,152,321,299	\$1,144,625,737

PART VII. GENERAL PROVISIONS

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Esposito, Creech, Crawford

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

Section 7. (a) There is appropriated out of the cash balances, federal receipts, and departmental receipts available to each department, sufficient amounts to carry on authorized activities included under each department's operations. All these cash balances, federal receipts, and departmental receipts shall be expended and reported in accordance with provisions of the Executive Budget Act, except as otherwise provided by statute, and shall be expended at the level of service authorized by the General Assembly. If the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes or Highway Fund Codes, then the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget finds that the appropriations from the Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund. Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes, other than gifts and grants that are unanticipated and are for a specific purpose only, shall not be used for new permanent employee positions or to raise the salary of existing employees except:

- (1) As provided in G.S. 116-30.1, 116-30.2, 116-30.3, 116-30.4, or 143-27; or
- (2) If the Director of the Budget finds that the new permanent employee positions are necessary to maintain the function that generated the receipts at the level anticipated in the certified budget codes for that Fund. The Director of the Budget shall notify the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the chairmen of the appropriations committees of the Senate and the House of Representatives, and the Fiscal Research Division of the

Legislative Services Office that he intends to make such a finding at least 10 days before he makes the finding. The notification shall set out the reason the positions are necessary to maintain the function.

The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter the General Fund Codes or Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations from that Fund.

(b) The Director of the Budget shall develop necessary budget controls, regulations, and systems to ensure that these funds and other State funds subject to the Executive Budget Act, are not spent in a manner which would cause a deficit in expenditures.

(c) G.S. 143-34.2 reads as rewritten:

"§ 143-34.2. Information as to requests for nonstate funds for projects imposing obligation on State; statement of participation in contracts, etc., for nonstate funds; limiting clause required in certain contracts or grants.

All State agencies, funds, or state-supported institutions shall submit to the Office of State Budget and Management, as of the original date thereof, copies of all applications and requests for nonstate funds, (including federal funds), to be used for any purpose to which this section is applicable. This section shall be applicable to all projects and programs which do or may impose upon the State of North Carolina any substantial financial obligation at the time of or subsequent to the acceptance of any funds received upon any such application or request. Every State agency, fund or state-supported institution seeking nonstate funds for any such project or program shall furnish to the Office of State Budget and Management and the Advisory Budget Commission with each such copy of application or request, a statement of the purposes for which any such project or program is desired or advocated, the source and amount of funds to be granted or provided therefor, and a statement of the conditions, if any, upon which such funds are to be provided. Prior to approval of any such project or program, the Office of State Budget and Management shall furnish to the Fiscal Research Division of the General Assembly a list of the projects or purposes and the current and future financial impact of those projects or purposes.

It shall be required of all State agencies, funds, or state-supported institutions, commissions or regional planning and development bodies to submit to the Office of State Budget and Management a statement of participation in any contract, agreement, plan or request for nonstate funds (including federal funds).

Any contract or grant entered into by a State board, commission, agency, department or institution for the operation of a new program by such State board, commission, agency, department or institution or for the enrichment of an ongoing program of such State board, commission, agency, department or institution shall include a limiting clause which specifically states that continuation of the contract or grant program with State appropriations beyond the current State fiscal year is subject to State funds being appropriated by the General Assembly specifically for that program.

The function of the Advisory Budget Commission under this section applies only if the Director of the Budget consults with the Commission in preparation of the budget."

Requested by: Senators Odom, Plyler, Perdue

INSURANCE AND FIDELITY BONDS

Section 7.1. 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 placement shall be paid by the affected department, institution, or agency with the approval of the Insurance Commissioner.

Requested by: Senators Odom, Plyler, Perdue, Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

CONTINGENCY AND EMERGENCY FUND ALLOCATIONS

Section 7.2. (a) Of the funds appropriated in this act to the Contingency and Emergency Fund, the sum of nine hundred thousand dollars (\$900,000) for the 1997-98 fiscal year and the sum of nine hundred thousand dollars (\$900,000) for the 1998-99 fiscal year shall be designated for emergency allocations, which are for the purposes outlined in G.S. 143-23(a1)(3), (4), and (5). Two hundred twenty-five thousand dollars (\$225,000) for the 1997-98 fiscal year and two hundred twenty-five thousand dollars (\$225,000) for the 1998-99 fiscal year shall be designated for other allocations from the Contingency and Emergency Fund.

(b) Section 5 of S.L. 1997-388 reads as rewritten:

"Section 5. (a) Section 4 of this act is effective for taxable years beginning on or after January 1, 1997. The remainder of this act is effective when it becomes law and applies to persons pardoned on or after July 1, 1995.

(b) Notwithstanding the five-year limitation set forth in G.S. 148-82, as rewritten by Section 1 of this act, the petition of a person who has received a pardon of innocence prior to July 1, 1995, may be presented at any time prior to July 1, 1998, and this act shall apply to that petition, regardless of any prior claims for compensation filed and settled or otherwise resolved. If the petitioner has received compensation pursuant to a prior claim, the Industrial Commission shall consider the amount of the award received by the petitioner and may deduct that amount, plus interest, from the date the award was made, from an award granted pursuant to this act."

Requested by: Senators Odom, Plyler, Perdue

AUTHORIZED TRANSFERS

Section 7.3. The Director of the Budget may transfer to General Fund budget codes from the General Fund Salary Adjustment Reserves appropriation, and may transfer to Highway Fund budget codes from the Highway Fund Salary Adjustment Reserve appropriation amounts required to support approved salary adjustments made necessary by difficulties in recruiting and holding qualified employees in State government. The funds may be transferred only when salary reserve funds in individual operating budgets are not available.

Any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds shall first be used to provide reclassifications of those positions already approved by the Office of State Personnel.

Requested by: Senators Odom, Plyler, Perdue

EXPENDITURES OF FUNDS IN RESERVES LIMITED

Section 7.4. All funds appropriated by this act into reserves may be expended only for the purposes for which the reserves were established.

Requested by: Senators Odom, Plyler, Perdue

STATE MONEY RECIPIENTS/CONFLICT OF INTEREST POLICY

Section 7.5. Each private, nonprofit entity eligible to receive State funds, either by General Assembly appropriation, or by grant, loan, or other allocation from a State agency, before funds may be disbursed to the entity, shall file with the disbursing agency a notarized copy of that entity's policy addressing conflicts of interest that may arise involving the entity's management employees and the members of its board of directors or other governing body. The policy shall address situations where any of these individuals may directly or indirectly benefit, except as the entity's employees or members of the board or other governing body, from the entity's disbursing of State funds, and shall include actions to be taken by the entity or the individual, or both, to avoid conflicts of interest and the appearance of impropriety.

Requested by: Senators Plyler, Perdue, Odom

BUDGETING OF PILOT PROGRAMS

Section 7.6. (a) Any program designated by the General Assembly as experimental, model, or pilot shall be shown as a separate budget item and shall be considered as an expansion item until a succeeding General Assembly reapproves it.

Any new program funded in whole or in part through a special appropriations bill shall be designated as an experimental, model, or pilot program.

(b) The Governor shall submit to the General Assembly with his proposed budget a report of which items in the proposed budget are subject to the provisions of this section.

Requested by: Senators Plyler, Perdue, Odom

AUTHORIZATION OF PRIVATE LICENSE TAGS ON STATE-OWNED MOTOR VEHICLE

Section 7.7. (a) Pursuant to the provisions of G.S. 14-250, for the 1997-99 fiscal biennium, the General Assembly authorizes the use of private license tags on State-owned motor vehicles only for the State Highway Patrol and for the following:

<u>Department</u>	<u>Exemption Category</u>	<u>Number</u>
Motor Vehicles	License and Theft	97
Justice	SBI Agents	277
Correction	Probation/Parole Surveillance	

Officers (intensive	probation)	25
Crime Control and		
Public Safety	ALE Officers	92
Revenue		4
Capitol Area Police		2

(b) The 92 ALE vehicles authorized by this section to use private license tags shall be distributed as follows:

- (1) 54 among Agent I officers;
- (2) 20 among Agent II officers;
- (3) 1 to the Deputy Director;
- (4) 12 to the District Offices/Extra Vehicles; and
- (5) 5 to the Director, to be distributed at the Director's discretion.

(c) Except as provided in this section, all State-owned motor vehicles shall bear permanent registration plates issued under G.S. 20-84.

(d) The Appropriations Committees of the House of Representatives and the Senate may study the current laws regarding the authorization and issuance of private, confidential, and fictitious license tags on State-owned vehicles issued under G.S. 20-56, 20-39, 80-11.1(e), 14-250, and any other State law, and the authorization and issuance of motor vehicle drivers licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. In its study the Committees may study the number of these licenses and tags actually issued under State law, the criteria used to determine whether it is appropriate to issue the license or tag requested, the need for such licenses and tags, the records kept with regard to those tags and licenses, and any other relevant issues.

The Committees may report to the 1997 General Assembly (1998 Regular Session) and to the 1999 General Assembly.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Esposito, Creech, Crawford

MODIFICATIONS TO THE EXECUTIVE BUDGET ACT

Section 7.8. (a) G.S. 143-16.3 reads as rewritten:

"§ 143-16.3. No expenditures for purposes for which the General Assembly has considered but not enacted an appropriation.

Notwithstanding any other provision of law, no funds from any source, except for gifts, grants, funds allocated from the Repair and Renovations Account in accordance with G.S. 143-15.3A, and funds allocated from the Contingency and Emergency Fund in accordance with G.S. 143-12(b), may be expended for any new or expanded purpose, position, or other expenditure for which the General Assembly has considered but not enacted an appropriation of funds for the current fiscal ~~period~~-period; provided, however, that in the event the Director of the Budget declares that it is necessary to deviate from this provision, he may do so after prior consultation with the Joint Legislative Commission on Governmental Operations. For the purpose of this section, the General Assembly has considered a purpose, position, or other expenditure when

that purpose is included in a bill, amendment, or petition and when any committee of the Senate or the House of Representatives deliberates on that purpose."

(b) G.S. 143-16.3 does not apply to the Blue Ridge Parkway-Scenic Vistas Parkway.

(c) G.S. 143-23 reads as rewritten:

"§ 143-23. All maintenance funds for itemized purposes; transfers between objects or line items.

(a) All appropriations now or hereafter made for the maintenance of the various departments, institutions and other spending agencies of the State, are for the (i) purposes or programs and (ii) objects or line items enumerated in the itemized requirements of such departments, institutions and other spending agencies submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission, as amended by the General Assembly. The function of the Advisory Budget Commission under this subsection applies only if the Director of the Budget consults with the Commission in preparation of the budget.

(a1) Notwithstanding the provisions of subsection (a) of this section, a department, institution, or other spending agency may, with approval of the Director of the Budget, spend more than was appropriated for:

- (1) An object or line item within a purpose or program so long as the total amount expended for the purpose or program is no more than was appropriated from all sources for the purpose or program for the fiscal period;
- (2) A purpose or program, without consultation with the Joint Legislative Commission on Governmental Operations, if the overexpenditure of the purpose or program is:
 - a. Required by a court, Industrial Commission, or administrative hearing officer's order;
 - b. Required to respond to an unanticipated disaster such as a fire, hurricane, or tornado; or
 - c. Required to call out the National Guard.

The Director of the Budget shall report on a quarterly basis to the Joint Legislative Commission on Governmental Operations on any overexpenditures under this subdivision; or

- (3) A purpose or program, after consultation with the Joint Legislative Commission on Governmental Operations in accordance with G.S. 120-76(8), and only if: (i) the overexpenditure is required to continue the purpose or programs due to complications or changes in circumstances that could not have been foreseen when the budget for the fiscal period was enacted and (ii) the scope of the purpose or program is not increased. ~~Total overexpenditures of a purpose or program for a fiscal year under this subdivision shall be limited to the lesser of five hundred thousand dollars (\$500,000) or ten percent (10%) of the amount appropriated from all sources for the purpose or program, unless such overexpenditures are necessary to provide~~

~~matching funds for federal entitlement programs.~~ The consultation is required as follows:

- a. For a purpose or program with a certified budget of up to five million dollars (\$5,000,000), consultation is required when the authorization for the overexpenditure exceeds ten percent (10%) of the certified budget;
- b. For a purpose or program with a certified budget of from five million dollars (\$5,000,000) up to twenty million dollars (\$20,000,000), consultation is required when the authorization for the overexpenditure exceeds five hundred thousand dollars (\$500,000) or seven and one-half percent (7.5%) of the certified budget, whichever is greater;
- c. For a purpose or program with a certified budget of twenty million dollars (\$20,000,000) or more, consultation is required when the authorization for the overexpenditure exceeds one million five hundred thousand dollars (\$1,500,000) or five percent (5%) of the certified budget, whichever is greater;
- d. For a purpose or program supported by federal funds or when expenditures are required for the reasons set out in subdivision (2) of this subsection, no consultation is required.

If the Joint Legislative Commission on Governmental Operations does not meet for more than 30 days, the Director of the Budget may satisfy the requirements of the subsection to report to or consult with the Commission by reporting to or consulting with a joint meeting of the Chairs of the Appropriations Committees of the Senate and the House of Representatives.

(a2) Funds appropriated for salaries and wages are also subject to the limitation that they may only be used for:

- (1) Salaries and wages or for premium pay, overtime pay, longevity, unemployment compensation, workers' compensation, temporary wages, moving expenses of employees, payment of accumulated annual leave, certain awards to employees, tort claims, and employer's social security, retirement, and hospitalization payments;
- (2) Contracted personal services if (i) the contract is for temporary services or special project services, (ii) the term of the contract does not extend beyond the fiscal year, (iii) the contract does not impose obligations on the State after the end of the fiscal year; and (iv) the total of all overexpenditures for contracted personal services approved in a program for a fiscal year does not exceed the greater of five hundred thousand dollars (\$500,000) or ten percent (10%) of the lapsed salary funds in the program for the fiscal year; and
- (3) Uses for which overexpenditures are permitted by subdivision (2) of subsection (a1) of this section but the Director of the Budget shall include such use and the reason for it in his quarterly report to the Joint Legislative Commission on Governmental Operations.

Lapsed salary funds ~~that become available from vacant positions are also subject to the limitation that they may not~~ shall not be used for new permanent employee positions or to raise the salary of existing employees.

(a3),(a4) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 7.4(f).

(b) Repealed by Session Laws 1985, c. 290, s. 8.

(c) Transfers or changes as between objects or line items in the budget of the Senate may be made by the President Pro Tempore of the Senate.

(d) Transfers or changes as between objects or line items in the budget of the House of Representatives may be made by the Speaker of the House of Representatives.

(e) Transfers or changes as between objects or line items in the budget of the General Assembly other than of the Senate and House of Representatives may be made jointly by the President Pro Tempore of the Senate and the Speaker of the House of Representatives.

(e1) Transfers or changes as between objects or line items in the budget of the Office of the Governor may be made by the Governor.

(e2) Transfers or changes as between objects or line items in the Office of the Lieutenant Governor may be made by the Lieutenant Governor.

(f) As used in this section:

(1) 'Object or line item' means a budgeted expenditure or receipt in the budget enacted by the General Assembly that is designated by (i) a thirteen-digit code in the 1000-object code series or (ii) an eleven-digit code in all other object code series, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller.

(2) 'Purpose or program' means a group of objects or line items for support of a specific activity outlined in the budget adopted by the General Assembly that is designated by a nine-digit fund code in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller."

(d) G.S. 143-27 reads as rewritten:

"§ 143-27. Appropriations to educational, charitable and correctional institutions are in addition to receipts by them.

All appropriations now or hereafter made to the educational institutions, and to the charitable and correctional institutions, and to such other departments and agencies of the State as receive moneys available for expenditure by them are declared to be in addition to such receipts of said institutions, departments or agencies, and are to be available as and to the extent that such receipts are insufficient to meet the costs anticipated in the budget authorized by the General Assembly, of maintenance of such institutions, departments, and agencies; Provided, however, that if the receipts, other than gifts and grants that are unanticipated and are for a specific purpose only, collected in a fiscal year by an institution, department, or agency exceed the receipts certified for it in General Fund Codes, Highway Fund Codes, or ~~budgeted Special Wildlife Fund~~

Codes, the Director of the Budget shall decrease the amount he allots to that institution, department, or agency from appropriations from that Fund by the amount of the excess, unless the Director of the Budget has consulted with the Joint Legislative Commission on Governmental Operations and unless the Director of the Budget finds that (i) the appropriations from that Fund are necessary to maintain the function that generated the receipts at the level anticipated in the certified Budget Codes for that Fund and (ii) the funds may be expended in accordance with G.S. 143-23. Notwithstanding the foregoing provisions of this section, receipts within The University of North Carolina realized in excess of budgeted levels shall be available, up to a maximum of ten percent (10%) above budgeted levels, for each Budget Code, in addition to appropriations, to support the operations generating such receipts, as approved by the Director of the Budget.

The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter on expenditures of receipts in excess of the amounts certified in General Fund Codes, Highway Fund Codes, or ~~budgeted Special Wildlife~~ Fund Codes, that did not result in a corresponding reduced allotment from appropriations from that Fund."

(e) G.S. 120-76(8) reads as rewritten:

"(8) The Joint Legislative Commission on Governmental Operations shall be consulted by the Governor before the Governor does any of the following:

- a. Makes allocations from the Contingency and Emergency Fund.
- b. Authorizes expenditures in excess of the total requirements of a purpose or program as enacted by the General Assembly, Assembly and as provided by G.S. 143-23(a1)(3), except for trust funds as defined in G.S. 116-36.1(g).
- c. Proceeds to reduce programs subsequent to a reduction of ten percent (10%) or more in the federal fund level certified to a department and any subsequent changes in distribution formulas.
- d. Takes extraordinary measures under Article III, Section 5(3) of the Constitution to effect necessary economies in State expenditures required for balancing the budget due to a revenue shortfall, including, but not limited to, the following: loans among funds, personnel freezes or layoffs, capital project reversions, program eliminations, and use of reserves. However, if the Committee fails to meet within 10 calendar days of a request by the Governor for its consultation, the Governor may proceed to take the actions he feels are appropriate and necessary and shall then report those actions at the next meeting of the Commission.
- e. Approves a new capital improvement project funded from gifts, grants, receipts, special funds, self-liquidating indebtedness, and other funds or any combination of funds for the project not

specifically authorized by the General Assembly. The budget for each capital project must include projected revenues in an amount not less than projected expenditures.

Notwithstanding the provisions of this subdivision or any other provision of law requiring prior consultation by the Governor with the Commission, whenever an expenditure is required because of an emergency that poses an imminent threat to public health or public safety, and is either the result of a natural event, such as a hurricane or a flood, or an accident, such as an explosion or a wreck, the Governor may take action under this subsection without consulting the Commission if the action is determined by the Governor to be related to the emergency. The Governor shall report to the Commission on any expenditures made under this paragraph no later than 30 days after making the expenditure and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency."

Requested by: Senators Odom, Plyler, Perdue, Representatives Holmes, Esposito, Creech, Crawford

CLEAN WATER TRUST FUND/PRIORITIZE BETWEEN SAVINGS RESERVE ACCOUNT AND CLEAN WATER MANAGEMENT TRUST FUND

Section 7.9. (a) G.S. 143-15.3B(a) reads as rewritten:

"(a) The Clean Water Management Trust Fund is established in G.S. 113-145.3. The State Controller shall reserve to the Clean Water Management Trust Fund six and one-half percent (6.5%) of any unreserved credit balance remaining in the General Fund at the end of each fiscal year year or thirty million dollars (\$30,000,000), whichever is greater.

~~As used in this section, the term 'unreserved credit balance' means the credit balance amount, as determined on a cash basis, before funds are reserved by the State Controller to the Savings Reserve Account, the Repairs and Renovations Reserve Account, or the Clean Water Management Trust Fund pursuant to this section, G.S. 143-15.3, and G.S. 143-15.3A."~~

(b) G.S. 143-15.2 reads as rewritten:

"§ 143-15.2. Use of General Fund credit ~~balance.~~ balance; priority uses.

~~The State Controller shall reserve up to one-fourth of any unreserved credit balance, as determined on a cash basis, remaining in the General Fund at the end of each fiscal year to the Savings Reserve Account as provided in G.S. 143-15.3, unless that would result in the Savings Reserve Account having funds in excess of five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax sharing funds if directly appropriated; in that case, only funds sufficient to reach the five percent (5%) level shall be reserved. The State Controller shall also reserve from the unreserved credit balance, as determined on a cash basis, remaining in the General Fund three percent (3%) of the replacement value of all State buildings supported from the General Fund, at the end of each fiscal year to the Repairs and Renovations Reserve Account as provided in G.S. 143-15.3A. The General~~

~~Assembly may appropriate that part of the anticipated General Fund credit balance not expected to be reserved to the Savings Reserve Account or the Repairs and Renovations Reserve Account only for capital improvements or other one-time expenditures. As used in this section, the term 'unreserved credit balance' means the credit balance amount, as determined on a cash basis, before funds are reserved by the Controller to the Savings Reserve Account or the Repairs and Renovations Reserve Account pursuant to G.S. 143-15.3 and G.S. 143-15.3A.~~

(a) As used in G.S. 143-15.3, 143-15.3A, and 143-15.3B, the term 'unreserved credit balance' means the credit balance amount, as determined on a cash basis, before funds are reserved by the State Controller to the Savings Reserve Account, the Repairs and Renovations Reserve Account, or the Clean Water Management Trust Fund pursuant to G.S. 143-15.3, 143-15.3A, and 143-15.3B.

(b) The State Controller shall transfer funds from the unreserved credit balance to the Savings Reserve Account in accordance with G.S. 143-15.3(a).

(c) The State Controller shall transfer funds from the unreserved credit balance to the Repairs and Renovation Reserve Account in accordance with G.S. 143-15.3A(a).

(d) The State Controller shall transfer funds from the unreserved credit balance to the Clean Water Management Trust Fund in accordance with G.S. 143-15.3B(a).

(e) The General Assembly may appropriate that part of the anticipated General Fund credit balance not expected to be reserved only for capital improvements or other one-time expenditures."

(c) G.S. 143-15.3 reads as rewritten:

"§ 143-15.3. Savings Reserve Account.

(a) There is established a Savings Reserve Account as a restricted reserve in the General Fund. The State Controller shall reserve to the Savings Reserve Account one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account contains funds equal to five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax-sharing funds—funds, that were directly appropriated. In the event that the one-fourth exceeds the amount necessary to reach the five percent (5%) level, only funds necessary to reach that level shall be reserved. If there are insufficient funds in the unreserved credit balance for the Savings Reserve Account, the Repairs and Renovations Reserve Account, and the Clean Water Management Trust Fund, then the requirements of this section shall be complied with first, and any remaining funds shall be reserved to the Repairs and Renovations Reserve Account, in accordance with G.S. 143-15.3A, and the Clean Water Management Trust Fund, in accordance with G.S. 143-15.3B.

(a1) If the balance in the Savings Reserve Account falls below ~~this~~ the five percent (5%) level during a fiscal year, the State Controller ~~shall~~ shall, in accordance with subsection (a) of this section, reserve to the Savings Reserve Account for the following fiscal years up to one-fourth of any unreserved credit balance remaining in the General Fund at the end of each fiscal year until the account again equals the five percent (5%) of the amount appropriated the preceding year for the General Fund operating budget, including local government tax sharing funds. level set out in

subsection (a) of this section. ~~As used in this section, the term 'unreserved credit balance' means the credit balance amount, as determined on a cash basis, before funds are reserved by the Controller to the Savings Reserve Account or the Repairs and Renovations Reserve Account pursuant to this section and G.S. 143-15.3A.~~

(b) The Director may not use funds in the Savings Reserve Account unless the use has been approved by an act of the General Assembly."

(d) G.S. 143-15.3A reads as rewritten:

"§ 143-15.3A. Repairs and Renovations Reserve Account.

(a) There is established a Repairs and Renovations Reserve Account as a restricted reserve in the General Fund. The State Controller shall reserve to the Repairs and Renovations Reserve Account three percent (3%) of the replacement value of all State buildings supported from the General Fund, at the end of each fiscal year. ~~As used in this section, the term 'unreserved credit balance' means the credit balance amount, as determined on a cash basis, before funds are reserved by the Controller to the Savings Reserve Account or the Repairs and Renovations Reserve Account pursuant to this section and G.S. 143-15.3.~~

(b) The funds in the Repairs and Renovations Reserve Account shall be used only for the repair and renovation of State facilities and related infrastructure that are supported from the General Fund. Funds from the Repairs and Renovations Reserve Account shall be used only for the following types of projects:

- (1) Roof repairs and replacements;
- (2) Structural repairs;
- (3) Repairs and renovations to meet federal and State standards;
- (4) Repairs to electrical, plumbing, and heating, ventilating, and air-conditioning systems;
- (5) Improvements to meet the requirements of the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq., as amended;
- (6) Improvements to meet fire safety needs;
- (7) Improvements to existing facilities for energy efficiency;
- (8) Improvements to remove asbestos, lead paint, and other contaminants, including the removal and replacement of underground storage tanks;
- (9) Improvements and renovations to improve use of existing space;
- (10) Historical restoration;
- (11) Improvements to roads, walks, drives, utilities infrastructure; and
- (12) Drainage and landscape improvements.

Funds from the Repairs and Renovations Reserve Account shall not be used for new construction or the expansion of the footprint of an existing facility unless required in order to comply with federal or State codes or standards.

The Director of the Budget shall not use funds in the Repairs and Renovations Reserve Account unless the use has been approved by an act of the General Assembly or, if the General Assembly is not in session, the Director of the Budget has first consulted with the Joint Legislative Commission on Governmental Operations under G.S. 143-15.3A(c).

(c) The Governor shall consult with the Joint Legislative Commission on Governmental Operations before making allocations from the Repairs and Renovations Reserve Account.

Notwithstanding this subsection, whenever an expenditure is required because of an emergency that poses an imminent threat to public health or public safety, and is either the result of a natural event, such as a hurricane or a flood, or an accident, such as an explosion or a wreck, the Governor may take action under this subsection without consulting the Commission if the action is determined by the Governor to be related to the emergency. The Governor shall report to the Commission on any expenditures made under this paragraph no later than 30 days after making the expenditure and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency."

(e) This section becomes effective June 30, 1997.

Requested by: Representative Mitchell

CLEAN WATER MANAGEMENT TRUST FUND REPORTS

Section 7.10. (a) Article 13A of Chapter 113 of the General Statutes is amended by adding a new section to read:

"§ 113-145.6A. Clean Water Management Trust Fund: reporting requirement.

(a) The Chair of the Trustees shall report each year by November 1 to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Subcommittees on Natural and Economic Resources of the House of Representatives and Senate Appropriations Committees regarding the implementation of this Article. A written copy of the report shall also be sent to the Fiscal Research Division of the General Assembly by November 1 of each year.

(b) No later than November 1, 1997, and quarterly thereafter, the Chair of the Trustees shall submit to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission and the Subcommittees on Natural and Economic Resources of the House of Representatives and Senate Appropriations Committees a list of the projects awarded grants from the Fund that quarter. The list shall include for each project a description of the project, the amount of the grant awarded for the project, and the total cost of the project. A written copy of the list and other information regarding the projects shall also be sent to the Fiscal Research Division of the General Assembly by November 1, 1997, and for each subsequent quarter."

Requested by: Representatives Gray, Holmes, Creech, Esposito, Crawford, Senator Kerr

INTANGIBLES TAX REMEDY

Section 7.11. Of the unreserved credit balance as of June 30, 1997, the sum of one hundred fifty-six million dollars (\$156,000,000) is reserved for the costs of intangibles tax refunds required by G.S. 105-267 and other intangibles tax refunds, including interest, and the Department of Revenue's additional costs of administering the refunds. If this sum is not sufficient, the Department of Revenue may draw

additional funds from collections under Division II of Article 4 of Chapter 105 of the General Statutes, as necessary, but in no case may the Department of Revenue receive pursuant to this subsection more than a total of six hundred seventy-five thousand dollars (\$675,000) for its additional costs of administering the refunds.

Requested by: Senators Gulley, Ballance, Rand, Representatives Holmes, Creech, Esposito, Crawford, Justus, Kiser, Thompson

DISASTER RELIEF/NATIONAL GUARD PAY DATE

Section 7.12. (a) The Department of Crime Control and Public Safety shall report to the 1997 General Assembly, 1998 Regular Session, regarding the status of the federal disaster relief funds. The report shall include the purpose for which the funds were spent, the total amount of the expenditure, and the total funds remaining for disaster relief. A copy of the report shall also be provided to the Fiscal Research Division of the General Assembly.

(b) State funds that are designated to match federal funds for disaster relief, but that are not needed as matching funds, shall revert to the General Fund.

(c) Section 8 of S.L. 1997-153 reads as rewritten:

"Section 8. Sections 1 through 7-1, 4, 5, and 7 of this act become effective December 1, 1997. Sections 2, 3, and 6 of this act become effective July 1, 1997. Section 8 of this act is effective when it becomes law."

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Justus, Thompson, Kiser, Redwine

ANALYSIS OF STATE ADMINISTRATIVE SPAN OF GOVERNMENT CONTROL

Section 7.13. The Office of State Budget and Management shall continue to review and analyze the administrative span of control of State agencies. That study was authorized by the General Assembly in Section 10.1 of Chapter 324 of the 1995 Session Laws. The starting point for the continued review shall be the recommendations in the May 1996 study report, "Study of State Agency Spans of Control and Organizational Layers." In its review, the Office of State Budget and Management shall focus on four major areas: (i) excessively narrow spans of control goals (supervisors with few employees to supervise); (ii) excessive layers of management between top management and employees; (iii) one-to-one reporting relationships; and (iv) work units with small numbers of staff.

The study goals shall be fewer management layers; realistic supervisor to employee ratios; proper classification of supervisors; cost savings by eliminating unnecessary positions; and improved policies and procedures for reviewing and monitoring organizational layers and supervisor to employee ratios.

The review shall be conducted as a joint effort between the Office of State Budget and Management, the Office of State Personnel and State agencies to further review the number of organizational levels and the average span of control in each State agency and determine the appropriate span of control and management levels for the agency and for each major division and section within that agency. This review shall

use the statewide benchmarks in the 1996 Span of Control study as a starting point for analysis, not as the required goal for each department. However, the study shall highlight the reasons for any deviation from the statewide benchmarks recommended in the 1996 study.

In its study, the Office of State Budget and Management shall:

- (1) Document any cost savings available from eliminating positions. These cost savings must be based on a reduced number of organizational layers and positions or a reduced number of supervisors due to increasing employee to supervisor ratios.
- (2) Highlight classifications that appear to be improperly classified as supervisors and, conversely, those nonsupervisory classifications that should be designated as supervisors. Potential costs or cost savings for reclassification of positions should be documented where possible.
- (3) Recommend new policies and procedures to be implemented by the Office of State Budget and Management and the Office of State Personnel for reviewing and monitoring agency organizational and supervisory changes. State Personnel should specifically review possible modifications to the State Personnel Management Information System that would allow for easy access and monitoring of agency organizational layers and supervisor to employee ratios.
- (4) Expand its scope to include The University of North Carolina System and the North Carolina Community College System.
- (5) Include a timetable for completing implementation of the study recommendations.

The Office of State Budget and Management shall report its findings and recommendations to the 1997 General Assembly by April 1, 1998. A progress report shall be provided quarterly by the Office of State Budget and Management to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Fiscal Research Division.

PART VIII. PUBLIC SCHOOLS

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

CAREER DEVELOPMENT

Section 8.1. (a) The State Board of Education shall use funds available for the 1997-98 and 1998-99 fiscal years to ensure that individual employees do not receive less on a monthly basis in salary and State-funded bonuses during the 1997-98 fiscal year or during the 1998-99 fiscal year than they received on a monthly basis during the 1994-95 fiscal year, so long as the employees qualify for bonuses under the local differentiated pay plan. The State Board of Education may also use funds appropriated to State Aid to Local School Administrative Units for the 1997-98 and 1998-99 fiscal years as is necessary to hold individual employees harmless as provided in this subsection.

(b) Funds appropriated for local school administrative units receiving career development funds for the 1996-97 fiscal year that did not revert on June 30, 1997, shall not be used for expenses other than the costs of holding individual employees harmless as provided in subsection (a) of this section.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

Section 8.2. (a) Funds for Supplemental Funding. – The General Assembly finds that it is appropriate to provide supplemental funds in low-wealth counties to allow those counties to enhance the instructional program and student achievement; therefore, funds are appropriated to Aid to Local School Administrative Units for the 1997-98 fiscal year and the 1998-99 fiscal year to be used for supplemental funds for schools.

(b) Use of Funds for Supplemental Funding. – Local school administrative units shall use funds received pursuant to this section only to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, instructional supplies and equipment, staff development, and textbooks; provided, however, local school administrative units may use these funds for salary supplements for instructional personnel and instructional support personnel.

(c) Definitions. – As used in this section:

- (1) "Anticipated county property tax revenue availability" means the county adjusted property tax base multiplied by the effective State average tax rate.
- (2) "Anticipated total county revenue availability" means the sum of the:
 - a. Anticipated county property tax revenue availability,
 - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes,
 - c. Food stamp exemption reimbursement received by the county under G.S. 105-164.44C,
 - d. Homestead exemption reimbursement received by the county under G.S. 105-277.1A,
 - e. Inventory tax reimbursement received by the county under G.S. 105-275.1 and G.S. 105-277A,
 - f. Intangibles tax distribution and reimbursement received by the county under G.S. 105-213 and G.S. 105-213.1, and
 - g. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.
- (4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.

- (5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) "County adjusted property tax base" shall be computed as follows:
- a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county,
 - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies,
 - c. Add to the resulting amount the:
 1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2,
 2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes, and
 3. Personal property value for the county.
- (7) "County adjusted property tax base per square mile" means the county adjusted property tax base divided by the number of square miles of land area in the county.
- (8) "County wealth as a percentage of State average wealth" shall be computed as follows:
- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths,
 - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths,
 - c. Compute the percentage that the county adjusted property tax base per square mile is of the State adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth,
 - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) "Effective State average tax rate" means the average of effective county tax rates for all counties.

- (10a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (11) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (12) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (13) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (14) "State average adjusted property tax base per square mile" means the sum of the county adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (14a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (15) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

(d) Eligibility for Funds. – Except as provided in subsection (h) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

(e) Allocation of Funds. – Except as provided in subsection (g) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county wealth as a percentage of State average wealth by the State average current expense appropriations per student.)

The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit, located in whole or in part in the county, based on the average daily membership of the county's students in the school units.

If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

(f) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

(g) Minimum Effort Required. – Counties that had effective tax rates in the 1994-95 fiscal year that were above the State average effective tax rate but that had effective rates below the State average in the 1995-96 fiscal year or thereafter shall receive reduced funding under this section. This reduction in funding shall be determined by subtracting the amount that the county would have received pursuant to Section 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws from the amount that the county would have received if qualified for full funding and multiplying the difference by ten percent (10%). This method of calculating reduced funding shall apply one time only.

This method of calculating reduced funding shall not apply in cases in which the effective tax rate fell below the statewide average effective tax rate as a result of a reduction in the actual property tax rate. In these cases, the minimum effort required shall be calculated in accordance with Section 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws.

If the county documents that it has increased the per student appropriation to the school current expense fund in the current fiscal year, the State Board of Education shall include this additional per pupil appropriation when calculating minimum effort pursuant to Section 17.1(g)(ii) of Chapter 507 of the 1995 Session Laws.

(h) Nonsupplant requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 1997-99 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and

- (2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

(i) Reports. – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 1998, on its analysis of whether counties supplanted funds.

(j) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING

Section 8.3. (a) **Funds for small school systems.** – Except as provided in subsection (b) of this section, the State Board of Education shall allocate funds appropriated for small school system supplemental funding (i) to each county school administrative unit with an average daily membership of less than 3,150 students and (ii) to each county school administrative unit with an average daily membership of from 3,150 to 4,000 students if the county in which the local school administrative unit is located has a county adjusted property tax base per student that is below the State adjusted property tax base per student and if the total average daily membership of all local school administrative units located within the county is from 3,150 to 4,000 students. The allocation formula shall:

- (1) Round all fractions of positions to the next whole position.
- (2) Provide five and one-half additional regular classroom teachers in counties in which the average daily membership per square mile is greater than four, and seven additional regular classroom teachers in counties in which the average daily membership per square mile is four or less.
- (3) Provide additional program enhancement teachers adequate to offer the standard course of study.
- (4) Change the duty-free period allocation to one teacher assistant per 400 average daily membership.
- (5) Provide a base for the consolidated funds allotment of at least \$235,000, excluding textbooks.
- (6) Allot vocational education funds for grade 6 as well as for grades 7-12.

If funds appropriated for each fiscal year for small school system supplemental funding are not adequate to fund fully the program, the State Board of Education shall reduce the amount allocated to each county school administrative unit on a pro rata basis. This formula is solely a basis for distribution of supplemental funding for certain county school administrative units and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for such county administrative units.

(b) **Nonsupplant requirement.** – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 1997-99 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of the local current expense appropriations per student for the three prior fiscal years; and
- (2) The county cannot show (i) that it has remedied the deficiency in funding, or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement this section.

(c) **Phase-out provision.** – If a local school administrative unit becomes ineligible for funding under this formula solely because of an increase in population or an increase in the county adjusted property tax base per student of the county in which the local school administrative unit is located, funding for that unit shall be phased-out over a two-year period. For the first year of ineligibility, the unit shall receive the same amount it received for the prior fiscal year. For the second year of ineligibility, it shall receive half of that amount.

(d) **Definitions.** – As used in this section:

- (1) "Average daily membership" means within two percent (2%) of the average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual, adopted by the State Board of Education.
- (2) "County adjusted property tax base per student" means the total assessed property valuation for each county, adjusted using a weighted average of the three most recent annual sales assessment ratio studies, divided by the total number of students in average daily membership who reside within the county.
- (2a) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards

of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.

- (3) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (4) "State adjusted property tax base per student" means the sum of all county adjusted property tax bases divided by the total number of students in average daily membership who reside within the State.
- (4a) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (5) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

(e) **Reports.** – The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to May 1, 1998, on the results of its analysis of whether counties supplanted funds.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

LITIGATION RESERVE

Section 8.4. (a) Funds in the State Board of Education's Litigation Reserve that are not expended or encumbered on June 30, 1997, shall not revert on July 1, 1997, but shall remain available for expenditure until June 30, 1999.

(b) The State Board of Education may expend up to five hundred thousand dollars (\$500,000) for the 1997-98 fiscal year from unexpended funds for certified employees' salaries to pay expenses related to pending litigation.

(c) Subsection (a) of this section becomes effective June 30, 1997.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

EXCEPTIONAL CHILDREN FUNDS

Section 8.5. (a) The funds appropriated for exceptional children in this act shall be allocated as follows:

- (1) Each local school administrative unit shall receive for academically gifted children the sum of seven hundred ten dollars and sixty-one cents (\$710.61) per child for four percent (4%) of the 1997-98 allocated average daily membership in the local school administrative unit, regardless of the number of children identified as academically gifted in the local school administrative unit. The total number of

children for which funds shall be allocated pursuant to this subdivision is 49,045 for the 1997-98 school year.

- (2) Each local school administrative unit shall receive for exceptional children other than academically gifted children the sum of two thousand one hundred thirty-one dollars and eighty-seven cents (\$2,131.87) per child for the lesser of (i) all children who are identified as exceptional children other than academically gifted children or (ii) twelve and five-tenths percent (12.5%) of the 1997-98 allocated average daily membership in the local school administrative unit. The maximum number of children for which funds shall be allocated pursuant to this subdivision is 142,956 for the 1997-98 school year.

The dollar amounts allocated under this subsection for exceptional children shall also increase in accordance with legislative salary increments for personnel who serve exceptional children.

(b) American Sign Language may be offered in the public schools, four-year State universities, colleges, and community colleges as a modern language with credit for individuals attending.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

MINIMUM VACATION LEAVE FOR BUS DRIVERS

Section 8.6. Notwithstanding any other provision of law, all regular school bus drivers, who have been employed for at least one academic year and who are not entitled to more than one day of paid vacation leave, are entitled to one day of paid vacation leave in each subsequent school year. An employee who is terminated or resigns before taking the leave day is not entitled to compensation for the day.

Requested by: Representatives Arnold, Grady, Preston, Moore, Senators Winner, Lee, Hartsell

LOSS OF BUDGET FLEXIBILITY UNDER CERTAIN CIRCUMSTANCES/PROHIBITION ON USE OF STATE FUNDS TO BUY OUT SUPERINTENDENTS' CONTRACTS

Section 8.7. (a) G.S. 115C-451 reads as rewritten:

"§ 115C-451. Reports to State Board of Education; failure to comply with School Budget Act.

(a) The State Board of Education shall have authority to require local school administrative units to make such reports as it may deem advisable with respect to the financial operation of the public schools.

(b) The State Board of Education shall be responsible for assuring that local boards of education comply with State laws and regulations regarding the budgeting, management, and expenditure of funds. When a local board of education willfully or negligently fails or refuses to comply with these laws and regulations, the State Board of Education shall issue a warning to the local board of education and direct it to take remedial action. In addition, the State Board may suspend the flexibility given to the local board under G.S. 115C-105.21A and may require the local board to use funds

during the term of suspension only for the purposes for which they were allotted or for other purposes with the specific approval from the State Board.

(c) If the local board of education, after warning, persists in willfully or negligently failing or refusing to comply with these laws and regulations, the State Board of Education shall by resolution assume control of the financial affairs of the local board of education and shall appoint an administrator to exercise the powers assumed. The adoption of a resolution shall have the effect of divesting the local board of education of its powers as to the adoption of budgets, expenditure of money, and all other financial powers conferred upon the local board of education by law."

(b) G.S. 115C-271 reads as rewritten:

"§ 115C-271. Selection by local board of education, term of office.

~~Each local board of education shall elect a superintendent of schools for a term of one to four years, ending on June 30th of the final 12 months of the contract. The board of education may, with the written consent of the current superintendent, extend or renew the term of the superintendent's contract at any time after the first 12 months of the contract; provided, however, that the current superintendent's contract may not be extended for a term of greater than four years; and provided, further, that if new board members have been elected or appointed and are to be sworn in, the board may not act to extend or renew the current superintendent's contract until after the new members have been sworn in. The term and conditions of employment shall be stated in a written contract which shall be entered into between the board of education and the superintendent. A copy of the contract shall be filed with the Superintendent of Public Instruction before any person is eligible for this office.~~

~~Contracts of employment for a period of less than one year shall be governed and limited by G.S. 115C-275.~~

~~It is the policy of the State of North Carolina that the superintendents of each of the several school administrative units be hired solely at the discretion of the local boards of education and that a candidate for superintendent of a local school administrative unit must have been, at least, a principal in a North Carolina public school or have equivalent experience as prescribed by the State Board of Education and have other minimum credentials, educational prerequisites and experience requirements as the State Board of Education shall prescribe. The State Board of Education is directed to promulgate prerequisites for candidacy for superintendent not later than January 1, 1985.~~

~~If any board of education shall elect a person to serve as superintendent of schools in any local school administrative unit who is not qualified, or cannot qualify, according to this section, such election is null and void and it shall be the duty of such board of education to elect a person who can qualify.~~

(a) It is the policy of the State that each local board of education has the sole discretion to elect a superintendent of schools. However, the State Board shall adopt rules that establish the qualifications for election. At a minimum, each superintendent shall have been a principal in a North Carolina public school or shall have equivalent experience. In addition, the State Board may establish other minimum credentials, educational prerequisites, and experience requirements. It is the duty of each local

board to elect a superintendent who is qualified. If a local board elects a superintendent who is not qualified or who cannot qualify under this section, then the election and contract are null and void, and the board shall elect a person who is qualified.

(b) Each local board of education shall elect a superintendent under a written contract of employment for a term of no more than four years, ending on June 30 of the final months of the contract. Contracts of employment for a period of less than one year shall be governed and limited by G.S. 115C-275. Each local board shall file a copy of the contract with the State Board of Education before the individual is eligible for this office.

(c) At any time after the first 12 months of the contract, a local board may, with the written consent of the current superintendent, extend or renew the term of the superintendent's contract for a term of no more than four years from the date of the extension. If new board members have been elected or appointed and are to be sworn in, a board shall not act to extend or renew the current superintendent's contract until after the new members have been sworn in.

(d) A local board may terminate the superintendent's contract before the contract term of employment has expired so long as all the following conditions are met:

- (1) No State funds are used for this purpose.
- (2) Local funds appropriated for teachers, textbooks, or classroom materials, supplies, and equipment are not transferred or used for this purpose.
- (3) The local board makes public the funds that are to be transferred or used for this purpose.
- (4) The local board notifies the State Board of the funds that are to be transferred or used for this purpose.
- (5) No funds acquired through donation or fund-raising are used for this purpose, except for funds raised specifically for this purpose or for funds donated by private for-profit corporations.

Immediately upon receipt of the notification from a local board under this subsection, the State Board shall review the accounts of that local school administrative unit. If the State Board finds that the local board failed to meet all the conditions set out in this subsection, the State Board shall issue a warning to the local board as provided in G.S. 115C-451 and, in addition to any other actions the State Board may take under G.S. 115C-451, shall order the local board to take action to comply with this subsection."

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston
DELETE REPORT ON GUARANTEED ENERGY SAVINGS CONTRACTS

Section 8.8. Section 9 of Chapter 775 of the 1993 Session Laws is repealed.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston
SCHOOL PAY DATE FLEXIBILITY PILOT PROGRAM

Section 8.9. The State Board of Education may continue a pilot program to grant no more than four local boards of education additional flexibility in setting the pay

dates for their 10-month employees. Notwithstanding the provisions of G.S. 115C-302(a) and G.S. 115C-316(a), local school administrative units participating in the pilot may pay 10-month employees for a full month of employment when days employed are less than a full month at the beginning or the end of the teachers' contracts. No local school administrative unit shall be required to participate in the pilot. A local board participating in the pilot shall bear all of the cost of recouping funds prepaid for work never done and the cost of these funds that cannot be recouped.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee on the pilot program prior to September 15, 1998.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

ALTERNATIVE SCHOOLS/AT-RISK STUDENTS

Section 8.10. (a) Local boards of education may use funds from the Alternative Schools/At-Risk Student allotment to form partnerships with the Communities In Schools Program or to contract with the Communities In Schools Program for services.

(b) Local boards of education shall not use these State funds in the Alternative Schools/At-Risk Student allotment to supplant local funds.

(c) The State Board of Education may use up to two hundred thousand dollars (\$200,000) of the funds in the Alternative Schools/At-Risk Student allotment to implement G.S. 115C-12(24).

Requested by: Senators Winner, Lee, Foxx, Representatives Arnold, Grady, Preston

ADVANCED PLACEMENT TESTS

Section 8.11. (a) Advanced Placement tests are taken by many high school students who are seeking college credit for coursework completed in high school. The Board of Governors of The University of North Carolina is encouraged to develop a standardized system of credit for the Advanced Placement test scores to ensure that college credit granted for Advanced Placement courses is equitable and predictable.

(b) The Board of Governors of The University of North Carolina shall encourage the University system to assist the public school systems of the State to provide education for teachers who are instructors of Advanced Placement courses.

(c) Notwithstanding any other provision of law, the State Board of Community Colleges shall allow a college to earn regular budget FTEs for a college level course taught to high school students even though the course instructor is a local high school teacher under contract, provided the following criteria are met:

- (1) The course does not duplicate or supplant the Advanced Placement courses or the other college level course offerings of the high school.
- (2) The contractual responsibilities of the high school teacher employed as an instructor for the course do not supplant the regular classroom and teaching responsibilities of the teacher.

(3) The State Board of Community Colleges is satisfied that the substance, quality, and level at which the course is taught merits it being considered a college level course.

(d) The State Board of Education and the State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee by March 1, 1998, regarding the cooperative effort being made to encourage high school students to complete college general education courses through the community college system. The report shall include information about the curricula designed to encourage this effort, the number of students enrolled in college courses, and the fiscal impact of these efforts.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

DATA ON TEACHER ASSISTANTS' YEARS OF EXPERIENCE, CREDENTIALS, AND PLACEMENT ON LOCALLY ADOPTED SALARY SCHEDULES/REVIEW OF TEACHER ASSISTANT EDUCATION PROGRAMS AND STANDARDS

Section 8.12. (a) The State Board of Education shall:

- (1) Collect data on teacher assistants' years of experience in the public schools and in State and local government and the degrees that they hold; and
- (2) Collect data on locally adopted salary schedules for teacher assistants and the distribution of teacher assistants on the locally adopted schedules.

The State Board of Education shall report on the results of these studies to the Joint Legislative Education Oversight Committee prior to December 15, 1998.

(b) The State Board of Education, in cooperation with the State Board of Community Colleges and the Board of Governors of The University of North Carolina, shall:

- (1) Review existing teacher assistant education programs, including the program offered by the North Carolina Association of Teacher Assistants; and
- (2) Recommend whether there should be educational standards, goals, competencies, and certification for teacher assistants, and if so, what they should be, how those should be developed, and the cost of implementation.

The State Board of Education shall report on the results of these studies to the Joint Legislative Education Oversight Committee prior to March 15, 1998.

(c) The Joint Legislative Education Oversight Committee shall review the results of recent studies of noncertified public school personnel in North Carolina. The Joint Legislative Education Oversight Committee shall consider the results of these studies, any actions taken to implement the study recommendations, and the cost of implementing the remainder of these recommendations.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

CLASS-SIZE COMPUTATION FOR K-2

Section 8.13. The expansion budget funds appropriated by the 1993 and 1995 General Assemblies to provide teacher positions to reduce class size in kindergarten through second grade shall be allocated by the State Board of Education to local school administrative units on the basis of one teacher for every 23 students in each grade. Local school administrative units shall use these funds (i) to reduce class size in kindergarten through second grade or (ii) to hire reading teachers within kindergarten through second grade or otherwise reduce the student-teacher ratio within kindergarten through second grade.

Notwithstanding the provisions of G.S. 115C-301(c), both the maximum average class size for the grade span kindergarten, first grade, and second grade, and the maximum size of an individual class within the grade span shall be 26 students.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

ABC'S PERFORMANCE RECOGNITION FOR PERSONNEL SERVING PREKINDERGARTEN THROUGH TWELFTH GRADE

Section 8.14. G.S. 115C-105.36(a) reads as rewritten:

"(a) The personnel in schools that achieve a level of expected growth greater than one hundred percent (100%) at a level to be determined by the State Board of Education are eligible for financial awards in amounts set by the State Board. Schools and personnel shall not be required to apply for these awards. For the purpose of this section, 'personnel' includes the principal, assistant principal, instructional personnel, instructional support personnel, and teacher assistants ~~assigned to that school.~~ (i) serving students in one or more of the grades kindergarten through 12 or (ii) assigned to a public school prekindergarten program that is located within a public elementary school and is designed to prepare students for kindergarten at that school."

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

SCHOOL LAW REVISION SUBCOMMITTEE EXTENDED

Section 8.15. (a) The cochairs of the Joint Legislative Education Oversight Committee may appoint a subcommittee to revise the public school laws.

The subcommittee shall consist of equal numbers of members appointed by the Senate chair and the House chair. Either chair may appoint to the subcommittee members, including public members, who are not also members of the Committee.

Members of the subcommittee who are not members of the Committee may participate fully in all subcommittee business, including all deliberations and votes; however, these members are not members of the Committee for any other purpose.

- (b) The subcommittee may:
 - (1) Conduct a comprehensive review of the public school laws;
 - (2) Identify laws that are outdated, vague, unnecessary, or otherwise in need of revision; and

- (3) Recommend revisions to the public laws so they are consistent with the North Carolina Constitution and with the goals of the General Assembly and the State Board of Education in order to improve student performance, increase local flexibility and control, and promote economy and efficiency.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

AVID PROGRAM

Section 8.16. Of the funds appropriated to the State Board of Education, the sum of one hundred fifty thousand dollars (\$150,000) for the 1997-98 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the 1998-99 fiscal year shall be used to implement Advancement Via Individual Determination (AVID) pilot programs in three local school administrative units. The purpose of the AVID pilot programs shall be to improve the academic performance of underachieving students so that they will become eligible to attend postsecondary education institutions. Local school administrative units selected as pilot units shall state how they plan to evaluate the success of the program.

The State Board of Education shall allocate the funds to the pilot programs in proportion to the number of students proposed to be served.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

DISTANCE LEARNING PROGRAM

Section 8.17. Notwithstanding any other provision of law, funds appropriated to the State Board of Education and to State Aid to Local School Administrative Units for the Distance Learning Program shall be used for distance learning educational purposes, as directed by the State Board of Education.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

CRIME CONTROL GRANTS FOR THE N.C. CENTER FOR THE PREVENTION OF SCHOOL VIOLENCE

Section 8.18. The Secretary of Crime Control and Public Safety shall continue to make grants for the 1997-99 fiscal biennium for the operating expenses of the North Carolina Center for the Prevention of School Violence. If grant funds are not available for this purpose, the Board of Governors of The University of North Carolina may use funds within its budget for the expenses of the Center.

Requested by: Senator Perdue

CHARTER SCHOOL REQUIREMENTS

Section 8.19. (a) G.S. 115C-238.29F(f) reads as rewritten:

"(f) Accountability. –

- (1) The school is subject to the financial audits, the audit procedures, and the audit requirements adopted by the State Board of Education for

charter schools. These audit requirements may include the requirements of the School Budget and Fiscal Control Act.

(2) The school shall comply with the reporting requirements established by the State Board of Education in the Uniform Education Reporting System.

(3) The school shall report at least annually to the chartering entity and the State Board of Education the information required by the chartering entity or the State Board."

(b) If the projected average daily membership of schools other than charter schools in a county school administrative unit with 3,000 or less students is decreased by more than four percent (4%) due to projected shifts of enrollment to charter schools, the State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for the 1997-98 fiscal year to reduce the loss of funds to the schools other than charter schools in the unit to a maximum of four percent (4%). This subsection applies to the 1997-98 fiscal year only, which is the first year of operation of charter schools.

(c) The State Board of Education may spend up to fifty thousand dollars (\$50,000) from State Aid to Local School Administrative Units for the 1997-98 fiscal year to establish a charter school advisory committee.

Requested by: Senators Perdue, Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

CIVIL PENALTY AND FORFEITURE FUND ESTABLISHED

Section 8.20. (a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"ARTICLE 31A.

"Civil Penalty and Forfeiture Fund.

"§ 115C-457.1. Creation of Fund; administration.

(a) There is created the Civil Penalty and Forfeiture Fund. The Fund shall consist of the clear proceeds of all civil penalties and civil forfeitures that are collected by a State agency and are payable to the County School Fund pursuant to Article IX, Section 7 of the Constitution.

(b) The Fund shall be administered by the Office of State Budget and Management. The Fund and all interest accruing to the Fund shall be faithfully used exclusively for maintaining free public schools.

"§ 115C-457.2. Remittance of moneys to the Fund.

The clear proceeds of all civil penalties and civil forfeitures that are collected by a State agency and are payable to the County School Fund pursuant to Article IX, Section 7 of the Constitution shall be remitted to the Office of State Budget and Management by the officer having custody of the funds within 10 days after the close of the calendar month in which the revenues were received or collected. Notwithstanding any other law, all funds which are civil penalties or civil forfeitures within the meaning of Article IX, Section 7 of the Constitution shall be deposited in the Civil Penalty and Forfeiture

Fund. The clear proceeds of such funds include the full amount of all such penalties and forfeitures collected under authority conferred by the State, diminished only by the actual costs of collection, not to exceed ten percent (10%) of the amount collected.

"§ 115C-457.3. Transfer of funds to the State School Technology Fund.

The Office of State Budget and Management shall transfer funds accruing to the Civil Penalty and Forfeiture Fund to the State School Technology Fund. These funds shall be allocated to local school administrative units on the basis of average daily membership."

(b) This section becomes effective September 1, 1997.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston
AVAILABILITY OF FUNDS ALLOCATED FOR STAFF DEVELOPMENT

Section 8.21. G.S. 115C-417 reads as rewritten:

"§ 115C-417. Availability of funds allocated for staff development.

Funds allocated by the State Board of Education for staff development at the local level shall become available for expenditure on ~~September 1~~ July 1 of each fiscal year and shall remain available for expenditure until ~~August 31~~ December 31 of the subsequent fiscal year."

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston
TEACHER CERTIFICATION

Section 8.22. (a) The State Board of Education shall establish an advisory committee to assist it in studying the lateral entry program, a program which encourages lateral entry into the profession of teaching by skilled individuals from the private sector. In the course of the study, the State Board shall consider the recruitment, retention, training, and evaluation of persons who enter the teaching profession by lateral entry. The State Board shall place special emphasis on lateral entry of teachers at the high school level who have significant postbachelors degree experience.

The State Board of Education shall report the results of its study to the Joint Legislative Education Oversight Committee prior to April 15, 1998.

(b) The State Board of Education shall review the issue of certifying out-of-state teachers to determine how to facilitate the certification in North Carolina of qualified teachers who are trained in other states. The State Board of Education shall report the results of this review to the Joint Legislative Education Oversight Committee prior to December 15, 1998.

(c) Article 14 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-143.5. Tuition of certain teachers.

Notwithstanding G.S. 116-143.1, any teacher or other personnel paid on the teacher salary schedule who (i) has established a legal residence (domicile) in North Carolina and (ii) is employed full-time by a North Carolina public school, shall be eligible to be charged the in-State tuition rate for courses relevant to teacher certification or to professional development as a teacher."

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston
FUNDS FOR NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS

Section 8.23. (a) Funds appropriated to the Department of Public Instruction in this act shall be used to pay for the National Board for Professional Teaching Standards (NBPTS) participation fee and for up to three days of approved paid leave for teachers participating in the NBPTS program during the 1997-98 school year and the 1998-99 fiscal year for State-paid teachers who (i) have completed three years of teaching in North Carolina schools operated by local boards of education, the Department of Human Resources, the Department of Correction, or The University of North Carolina, or affiliated with The University of North Carolina, prior to application for NBPTS certification, and (ii) have not previously received State funds for participating in any certification area in the NBPTS program. Teachers participating in the program shall take paid leave only with the approval of their supervisors.

A teacher for whom the State pays the participation fee (i) who does not complete the process or (ii) who completes the process but does not teach in a North Carolina public school for at least one year after completing the process, shall repay the certification fee to the State. Repayment is not required if the process is not completed or the teacher fails to teach for one year due to the death or disability of the teacher or other extenuating circumstances as may be recognized by the State Board.

(b) The State Board shall adopt policies and guidelines to implement this section.

Requested by: Senators Winner, Lee, Representatives Daughtry, Arnold, Grady, Preston

PUBLIC-PRIVATE PARTNERSHIP TO EXPAND TECHNOLOGY IN PUBLIC SCHOOLS

Section 8.24. (a) Of the funds appropriated to the State Board of Education, the sum of five hundred thousand dollars (\$500,000) for the 1997-98 fiscal year and the sum of five hundred thousand dollars (\$500,000) for the 1998-99 fiscal year shall be used to establish a public-private partnership to encourage, promote, and expand technology in North Carolina Public Schools.

(b) The purposes of the public-private partnership are to enlist public, private, and volunteer sectors to develop creative means of bringing technology to North Carolina Public School classrooms at minimal cost and expense to the State and its taxpayers:

- (1) Help schools wire classrooms with high-speed data wire that enables them to connect to school networks as well as the Internet.
- (2) Develop a plan to increase the number of computers, computing equipment, and networking equipment in North Carolina Public Schools.
- (3) Develop a plan that will assure every school can connect to the Internet so that this tool is made available equally to all children in North Carolina Public Schools.

- (4) Help develop programs to train teachers and other educators in the use of technology.
 - (5) Develop Internet-based learning programs designed to assist teachers in the job of helping young people learn.
 - (6) Test and evaluate the benefits of each of the projects; investigate and develop other means of using computer-based technology in classrooms; and assure that this information is available to educators.
- (c) Pursuant to subdivision (2) of subsection (b) of this section, a vocational education computer recycling pilot program shall be established. The purposes of the pilot program are to:
- (1) Develop and implement high school vocational education programs that train students to test, repair, reconfigure, upgrade, and maintain donated computers.
 - (2) Enhance a community's opportunities for economic development by providing vocational education students with educational, job, and hireability skills as well as skills in computer technology.
 - (3) Provide upgraded computers to schools, consistent with State-approved local school technology plans at a cost of four hundred dollars (\$400.00) to six hundred dollars (\$600.00) per unit rather than new computers costing around three thousand dollars (\$3,000) each.
 - (4) Help communities support their schools by encouraging business and industry to donate computer components to schools or sell them at greatly reduced prices.
 - (5) The State Board of Education, after consultation with ExplorNet, shall select seven local administrative units to participate in the computer recycling program. In selecting the pilot units, the State Board shall consider (i) indicators of the readiness of a unit to participate in the program, (ii) the degree of community support for such a program, and (iii) indicators of the need for the program in the community, such as lack of comparable training or resources in the community.
 - (6) The Information Resources Management Commission, in consultation with the State Board of Education, shall review and modify its standards for technical components of local school technology purchases to facilitate the implementation of the programs.
- (d) The State Board of Education shall contract with the nonprofit corporation, ExplorNet, to administer the programs.
- (e) The provisions of Article 3 of Chapter 143 of the General Statutes do not apply to contracts for supplies, materials, equipment, and contractual services to implement these programs. The Department of Administration may make its services available to the State Board of Education, when requested by the State Board of Education.
- (f) The State Board of Education shall evaluate the educational components of the programs.

The State Board's contract with ExplorNet shall require ExplorNet to evaluate the technical components of the program and to submit the results of its evaluation to the Information Resources Management Commission for review and comment by May 15, 1999. The Information Resources Management Commission shall submit the evaluation done by ExplorNet and the Commission's comments on it to the State Board of Education by August 15, 1999.

The State Board of Education shall report the results of these evaluations to the Joint Legislative Education Oversight Committee by September 15, 1999.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

UNIFORM EDUCATION REPORTING SYSTEMS FUNDS/BUILDING LEVEL REPORTS ON SCHOOL FUNDING

Section 8.25. (a) Funds appropriated for the 1997-99 fiscal biennium for the Uniform Education Reporting System shall be used for the maintenance, enhancement, or purchase of financial, personnel, or student information software, in order to support the State Board of Education's responsibilities under G.S. 115C-12(18).

(b) The State Board of Education shall modify the Uniform Education Reporting System to provide clear, accurate, and standard information on the use of funds at the unit and school level. The plan shall provide information that will enable the General Assembly to determine State, local, and federal expenditures for personnel at the unit and school level. The plan also shall allow the tracking of expenditures for textbooks, educational supplies and equipment, capital outlay, at-risk students, and other purposes. The revised Uniform Education Reporting System shall be implemented beginning with the 1998-99 school year.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

LEGISLATORS MAY SERVE ON SCHOOL TECHNOLOGY COMMISSION

Section 8.26. (a) G.S. 115C-102.5, as amended by Section 7 of S.L. 1997-148, reads as rewritten:

"§ 115C-102.5. Commission on School Technology created; membership.

(a) There is created the Commission on School Technology. The Commission shall be located administratively in the Department of Public Instruction but shall exercise all its prescribed statutory powers independently of the Department of Public Instruction.

(b) The Commission shall consist of the following ~~16~~18 members:

- (1) The State Superintendent of Public Instruction or a designee;
- (2) One representative of The University of North Carolina, appointed by the President of The University of North Carolina;
- (3) One representative of the North Carolina Community College System, appointed by the President of the North Carolina Community College System;
- (4) A person with management responsibility concerning information technology related State Government functions, designated by the Secretary of Commerce;

- (5) Four members appointed by the Governor;
- (6) ~~Four~~ Six members appointed by the ~~General Assembly upon the recommendation of the~~ President Pro Tempore of the Senate ~~in accordance with G.S. 120-121,~~ two of whom shall be members of the Senate. ~~one of whom~~ One of these six members shall be recommended appointed by the President of the Senate to serve as cochair; and
- (7) ~~Four~~ Six members appointed by the ~~General Assembly upon the recommendation of the~~ Speaker of the House of Representatives ~~in accordance with G.S. 120-121,~~ two of whom shall be members of the House of Representatives. ~~one of whom~~ One of these six members shall be recommended appointed by the Speaker of the House of Representatives to serve as cochair.

In appointing members pursuant to subdivisions (5), (6), and (7) of this subsection, the appointing ~~entities~~ persons shall select individuals with technical or applied knowledge or experience in learning and instructional management technologies or individuals with expertise in curriculum or instruction who have successfully used learning and instructional management technologies.

No producers, vendors, or consultants to producers or vendors of learning or instructional management technologies shall serve on the Commission.

Members shall serve for two-year terms. Vacancies in terms of members ~~appointed by the Governor~~ shall be filled by the appointing officer. ~~Vacancies in terms of members appointed by the General Assembly shall be filled in accordance with G.S. 120-122.~~ Persons appointed to fill vacancies shall qualify in the same manner as persons appointed for full terms.

~~(e) Notwithstanding G.S. 120-123 and subsection (b) of this section, the Commission shall also include one member of the Senate appointed by the President Pro Tempore of the Senate and one member of the House of Representatives appointed by the Speaker of the House of Representatives. These members shall be voting members. The term of office of these members shall end November 1, 1994.~~

(d) Members of the Commission who are also members of the General Assembly shall be paid subsistence and travel expenses at the rate set forth in G.S. 120-3.1. Members of the Commission who are officials or employees of the State shall receive travel allowances at the rate set forth in G.S. 138-6. All other members of the Commission shall be paid the per diem and allowances set forth in G.S. 138-5.

(e) The Department of Public Instruction, the Department of Community Colleges, and the Office of the State Controller shall provide requested professional and clerical staff to the Commission. The Commission may also employ professional and clerical staff and may hire outside consultants to assist it in its work. The Commission shall use an outside consultant to perform a requirements analysis for learning and instructional management technologies on a statewide basis that is based on information gathered from each local school administrative unit and that considers the needs of teachers, students, and administrators."

(b) G.S. 115C-102.6B reads as rewritten:

"§ 115C-102.6B. Approval of State school technology plan.

(a) The Commission shall present the State school technology plan it develops to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee for their comments prior to January 1, 1995. At least every two years thereafter, the Commission shall develop any necessary modifications to the State school technology plan and present them to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee.

(b) After presenting the plan or any proposed modifications to the plan to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Education Oversight Committee, the Commission shall submit the plan or any proposed modifications to (i) the Information Resources Management Commission for its approval of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4), and (ii) the State Board of Education for ~~its approval of information purposes only~~. The State Board shall adopt a plan that includes the components of the a plan set out in G.S. 115C-103.6A(1) through (16).

At least one-fourth of the members of any technical committee that reviews the plan for the Information Resources Management Commission shall be people actively involved in primary or secondary education.

(c) If no changes are made to the plan or the proposed modifications to the plan after the submission to the Information Resources Management Commission and the State Board of Education, the plan or the proposed modifications shall take effect upon approval by the Information Resources Management Commission and the State Board of Education."

(c) G.S. 120-123(60) is repealed.

(d) This section is effective when this act becomes law.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

RIGOROUS ACADEMIC CONTENT STANDARDS/PROFICIENCY BENCHMARKS

Section 8.27. (a) G.S. 115C-12 is amended by adding the following new subdivision to read:

"(9a) Power to Develop Content Standards. – The Board shall develop a comprehensive plan to revise content standards and the standard course of study in the core academic areas of reading, writing, mathematics, science, history, geography, and civics. The Board shall involve and survey a representative sample of parents, teachers, and the public to help determine academic content standard priorities and usefulness of the content standards. A full review of available and relevant academic content standards that are rigorous, specific, sequenced, clear, focused, and measurable, whenever possible, shall be a part of the process of the development of content standards. The revised content standards developed in the core academic areas shall (i) reflect high expectations for students and an in-depth mastery of the

content; (ii) be clearly grounded in the content of each academic area; (iii) be defined grade-by-grade and course-by-course; (iv) be understandable to parents and teachers; (v) be developed in full recognition of the time available to teach the core academic areas at each grade level; and (vi) be measurable, whenever possible, in a reliable, valid, and efficient manner for accountability purposes.

High school course content standards shall include the knowledge and skills necessary to enter the workforce and also shall be aligned with the coursework required for admission to the constituent institutions of The University of North Carolina. The Board shall develop and implement a plan for end-of-course tests for the minimum courses required for admission to the constituent institutions. All end-of-course tests shall be aligned with the content standards.

The Board also shall develop and implement an ongoing process to align State programs and support materials with the revised academic content standards for each core academic area every five years. Alignment shall include revising textbook criteria, support materials, State tests, teacher and school administrator preparation, and ongoing professional development programs to be compatible with content standards. The Board shall develop and make available to teachers and parents support materials, including teacher and parent guides, for academic content standards. The State Board of Education shall work in collaboration with the Board of Governors of The University of North Carolina to ensure that teacher and school administrator degree programs, ongoing professional development and other university activity in the State's public schools align with the State Board's priorities."

(b) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by December 15, 1998, on the implementation of this section, including the Board's comprehensive plan to revise content standards and the standard course of study and the Board's proposed timetable to align State programs and support materials with these standards so that the first cycle of alignment is completed by December 31, 2002. The Board, in its report, may recommend any necessary statutory changes.

(c) The North Carolina Standards and Accountability Commission has completed its work and submitted a report to the State Board of Education. Therefore, effective August 1, 1997, Article 8A of Chapter 115C of the General Statutes is repealed.

Recognizing the important role of the Commission's work, there is established the Committee on Standards and Accountability. The Committee shall advise the State Board of Education on student performance standards. The Committee shall be composed of 13 members, nine appointed by the Governor, two appointed by the President Pro Tempore of the Senate, and two appointed by the Speaker of the House of Representatives. Of the Governor's nine appointments, one shall be for a chair

of the Committee. The chair shall be a person in North Carolina who understands the connection of high and rigorous standards with student preparation for the world of work and other post-high school opportunities.

(d) Funds appropriated for the Standards and Accountability Commission for the 1997-99 fiscal biennium shall be used by the State Board of Education to implement the provisions of this section. Of these funds, up to twenty-five thousand dollars (\$25,000) may be used for expenses of the Committee on Standards and Accountability established under subsection (c) of this section.

(e) G.S. 115C-12 is amended by adding the following new subdivision to read:

"(9b) Power to Develop Exit Exams. – The Board shall develop a plan to implement high school exit exams, grade-level student proficiency benchmarks, student proficiency benchmarks for academic courses required for admission to constituent institutions of The University of North Carolina, and student proficiency benchmarks for the knowledge and skills necessary to enter the workforce. The State Board may develop student proficiency benchmarks for other courses offered to secondary school students. The high school exit exams and student proficiency benchmarks shall be aligned with G.S. 115C-12(9a) and may contain pertinent components of the school-based accountability annual performance goals."

(f) The State Board shall implement the high school exit exams by the spring semester of the 1999-2000 school year. The State Board may extend that date if it determines that it is not practically feasible to implement the exams by the year 2000. Prior to December 15, 1998, the State Board of Education shall provide to the Joint Legislative Education Oversight Committee a progress report on the plan required under subsection (e) of this section. The Board, in its report, may recommend any statutory changes it considers necessary to implement the plan.

(g) The State Board of Education shall study the feasibility of requiring two high school courses in United States history and two high school courses in Economic, Legal, and Political Systems in Action as a condition of graduation. The State Board shall report the results of this study to the Joint Legislative Education Oversight Committee prior to December 15, 1998.

Requested by: Senators Rand, Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

SPECIAL NEEDS CHILDREN FUNDS

Section 8.28. Of the funds appropriated to the State Board of Education, the sum of five hundred thousand dollars (\$500,000) for the 1997-98 fiscal year shall be allocated to local educational agencies for children with special needs reassigned to group homes but not included in the head count of children with special needs upon which the original funding for local educational agencies was based or for children with special needs in counties with special populations that frequently fluctuate in numbers

such as military personnel. The State Board of Education shall allocate these funds upon applications made by local educational agencies.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Black, Moore

SAFE SCHOOLS

Section 8.29. (a)

- (1) Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to five hundred thousand dollars (\$500,000) for the 1997-98 fiscal year and up to five hundred thousand dollars (\$500,000) for the 1998-99 fiscal year to provide assistance teams to schools to assist those schools in restoring safety and order.
- (2) Effective when this act becomes law, Part 2 of Article 8B of Chapter 115C of the General Statutes is amended by adding the following new section:

"§ 115C-105.28. Safe and orderly schools.

A school improvement team or a parent organization at a school may ask the local board of education to provide assistance in promoting or restoring safety and an orderly learning environment at a school. The school improvement team or parent organization shall file a copy of this request with the State Board. If the local board fails to provide adequate assistance to the school, then the school improvement team or parent organization may ask the State Board to provide an assistance team to the school.

The State Board may provide an assistance team, established under G.S. 115C-105.38, to a school in order to promote or restore safety and an orderly learning environment at that school if one of the following applies:

- (1) The local board of education or superintendent requests that the State Board provide an assistance team to a school and the State Board determines that the school needs assistance.
- (2) The State Board determines within 10 days after its receipt of the request for assistance from a school improvement team or parent organization of a school that the school needs assistance and that the local board has failed to provide adequate assistance to that school.

If an assistance team is assigned to a school under this section, the team shall spend a sufficient amount of time at the school to assess the problems at the school, assist school personnel with resolving those problems, and work with school personnel and others to develop a long-term plan for restoring and maintaining safety and an orderly learning environment at the school. The assistance team also shall make recommendations to the local board of education and the superintendent on actions the board and the superintendent should consider taking to resolve problems at the school. These recommendations shall be in writing and are public records. If an assistance team is assigned to a school under this section, the powers given to the State Board and the assistance team under G.S. 115C-105.38 and G.S. 115C-105.39 shall apply as if the school had been identified as low-performing under this Article."

(b) Effective when this act becomes law, Chapter 115C of the General Statutes is amended by adding a new Article to read:

"ARTICLE 27A.

"Management and Placement of Disruptive Students.

"§ 115C-397.1. Management and placement of disruptive students.

If, after a teacher has requested assistance from the principal two or more times due to a student's disruptive behavior, the teacher finds that the student's disruptive behavior continues to interfere with the academic achievement of that student or other students in the class, then the teacher may refer the matter to a school-based committee. The teacher may request that additional classroom teachers participate in the committee's proceedings. For the purposes of this section, the committee shall notify the student's parent, guardian, or legal custodian and shall encourage that person's participation in the proceedings of the committee concerning the student. A student is not required to be screened, evaluated, or identified as a child with special needs under this section. The committee shall review the matter and shall take one or more of the following actions: (i) advise the teacher on managing the student's behavior more effectively, (ii) recommend to the principal the transfer of the student to another class within the school, (iii) recommend to the principal a multidisciplinary diagnosis and evaluation of the student, (iv) recommend to the principal that the student be assigned to an alternative learning program, or (v) recommend to the principal that the student receive any additional services that the school or the school unit has the resources to provide for the student. If the principal does not follow the recommendation of the committee, the principal shall provide a written explanation to the committee, the teacher who referred the matter to the committee, and the superintendent, of any actions taken to resolve the matter and of the reason the principal did not follow the recommendation of the committee.

This section shall be in addition to and supplemental to disciplinary action taken in accordance with any other law. The recommendation of the committee is final and shall not be appealed under G.S. 115C-45(c). Nothing in this section shall authorize a student to refer a disciplinary matter to this committee or to have the matter of the student's behavior referred to this committee before any discipline is imposed on the student."

(c) Of the funds appropriated to State Aid to Local School Administrative Units, the sum of three million two hundred thousand dollars (\$3,200,000) for the 1997-98 fiscal year and the sum of three million two hundred thousand dollars (\$3,200,000) for the 1998-99 fiscal year shall be used to provide additional teachers for middle school children who are academically below grade level. Middle school children are children in a school that serves grades six, seven, and eight, and no other grades.

(1) The State Board of Education shall allocate these teacher positions to pilot middle schools on the basis of the number of students in grade six who scored at proficiency Level I on the end-of-grade test in mathematics, on the end-of-grade test in reading, or on both, at the end of their last school year. The funds shall be used in schools that have

at least 50 such students at a ratio of one teacher to every 50 students. No partial positions shall be allocated.

- (2) The purpose of these funds is to improve the academic performance and the behavior of these students during the first school year after elementary school by placing them in classes with a low student-to-teacher ratio for either all of their core academic subjects or for the subject or subjects in which they are below grade level. In order to accomplish this purpose, local school administrative units shall use (i) the teachers allocated for these students pursuant to the regular teacher allotment and (ii) the teachers allocated for these students under this section only to improve the academic performance and the behavior of these students. Local boards of education shall adopt rules to ensure that each student for whom funds for additional teacher positions are allocated under this section shall be assigned a teacher who is responsible for monitoring the academic progress of the student.
- (3) Of the funds appropriated in this section, the State Board of Education may use up to twenty-five thousand dollars (\$25,000) to evaluate the effectiveness of these smaller classes in improving academic performance and discipline in middle schools.
- (d) Effective November 1, 1997, G.S. 115C-366 is amended by adding the

following new subsections to read:

"(a4) When a student transfers into the public schools of a local school administrative unit, that local board shall require the student's parent, guardian, or custodian to provide a statement made under oath or affirmation before a qualified official indicating whether the student is, at the time, under suspension or expulsion from attendance at a private or public school in this or any other state or has been convicted of a felony in this or any other state. This subsection does not apply to the enrollment of a student who has never been enrolled in or attended a private or public school in this or any other state.

(a5) Notwithstanding any other law, a local board may deny admission to or place reasonable conditions on the admission of a student who has been suspended from a school under G.S. 115C-391 or who has been suspended from a school for conduct that could have led to a suspension from a school within the local school administrative unit where the student is seeking admission until the period of suspension has expired. Also, a local board may deny admission to or place reasonable conditions on the admission of a student who has been expelled from a school under G.S. 115C-391 or who has been expelled from a school for behavior that indicated the student's continued presence in school constituted a clear threat to the safety of other students or employees or who has been convicted of a felony in this or any other state. If the local board denies admission to a student who has been expelled or convicted of a felony, the student may request the local board to reconsider that decision in accordance with G.S. 115C-391(d)."

(e) Effective November 1, 1997, Article 54 of Chapter 7A of the General Statutes is amended by adding the following new section to read:

"§ 7A-675.2. Notification of schools when juveniles are alleged or found to be delinquent.

(a) Notwithstanding G.S. 7A-675, the juvenile court counselor shall deliver verbal and written notification of the following actions to the principal of the school that the juvenile attends:

- (1) A petition is filed under G.S. 7A-560 that alleges delinquency for an offense that would be a felony if committed by an adult;
- (2) The judge transfers jurisdiction over a juvenile to superior court under G.S. 7A-608;
- (3) The judge dismisses under G.S. 7A-637 the petition that alleges delinquency for an offense that would be a felony if committed by an adult;
- (4) The judge issues a dispositional order under Article 52 of Chapter 7A of the General Statutes including, but not limited to, an order of probation that requires school attendance, concerning a juvenile alleged or found delinquent for an offense that would be a felony if committed by an adult; or
- (5) The judge modifies or vacates any order or disposition under G.S. 7A-664 concerning a juvenile alleged or found delinquent for an offense that would be a felony if committed by an adult.

Notification of the school principal in person or by telephone shall be made before the beginning of the next school day. Delivery shall be made as soon as practicable but at least within five days of the action. Delivery shall be made in person or by certified mail. Notification that a petition has been filed shall describe the nature of the offense. Notification of a dispositional order, a modified or vacated order, or a transfer to superior court shall describe the judge's action and any applicable disposition requirements. As used in this subsection, the term 'offense' shall not include any offense under Chapter 20 of the General Statutes.

(b) If the principal of the school the juvenile attends returns any notification as required by G.S. 115C-404, and if the juvenile court counselor learns that the juvenile is transferring to another school, the juvenile court counselor shall deliver the notification to the principal of the school to which the juvenile is transferring. Delivery shall be made as soon as practicable and shall be made in person or by certified mail.

(c) Principals shall handle any notification delivered under this section in accordance with G.S. 115C-404.

(d) For the purpose of this section, 'school' means any public or private school in the State that is authorized under Chapter 115C of the General Statutes."

(f) Effective November 1, 1997, Article 29 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-404. Use of juvenile court information.

(a) Written notifications received in accordance with G.S. 7A-675.1 are confidential records, are not public records as defined under G.S. 132-1, and shall not be made part of the student's official record under G.S. 115C-402. Immediately upon receipt, the principal shall maintain these documents in a safe, locked record storage

that is separate from the student's other school records. The principal shall maintain these documents until the principal receives notification that the judge dismissed the petition under G.S. 7A-637, the judge transferred jurisdiction over the student to superior court under G.S. 7A-608, or the judge granted the student's petition for expunction of the records. At that time, the principal shall shred, burn, or otherwise destroy the documents to protect the confidentiality of this information. In no case shall the principal make a copy of these documents.

(b) Documents received under this section may be used only to protect the safety of or to improve the educational opportunities for the student or others. Upon receipt of each document, the principal shall share the document with those individuals who have (i) direct guidance, teaching, or supervisory responsibility for the student, and (ii) a specific need to know in order to protect the safety of the student or others. Those individuals shall indicate in writing that they have read the document and that they agree to maintain its confidentiality. Failure to maintain the confidentiality of these documents as required by this section is grounds for the dismissal of an employee who is not a career employee and is grounds for dismissal of an employee who is a career employee, in accordance with G.S. 115C-325(e)(1)i.

(c) If the student graduates, withdraws from school, is suspended for the remainder of the school year, is expelled, or transfers to another school, the principal shall return the documents to the juvenile court counselor and, if applicable, shall provide the counselor with the name and address of the school to which the student is transferring."

(g) Effective November 1, 1997, G.S. 15A-505 reads as rewritten:

"§ 15A-505. Notification of ~~minor's parent.~~ parent and school.

(a) A ~~law enforcement~~ law enforcement officer who charges a minor with a criminal offense shall notify the minor's parent or guardian of the charge, as soon as practicable, in person or by telephone. If the minor is taken into custody, the law enforcement officer or the officer's immediate superior shall notify a parent or guardian in writing that the minor is in custody within 24 hours of the minor's arrest. If the parent or guardian of the minor cannot be found, then the officer or the officer's immediate superior shall notify the minor's next-of-kin of the minor's arrest as soon as practicable.

(b) The notification provided for by subsection (a) of this section shall not be required if:

- (1) The minor is emancipated;
- (2) The minor is not taken into custody and has been charged with a motor vehicle moving violation for which three or fewer points are assessed under G.S. 20-16(c), except an offense involving impaired driving, as defined in G.S. 20-4.02(24a); or
- (3) The minor has been charged with a motor vehicle offense that is not a moving violation.

(c) A law enforcement officer who charges a person with a criminal offense that is a felony, except for a criminal offense under Chapter 20 of the General Statutes, shall notify the principal of any school the person attends of the charge as soon as practicable

but at least within five days. The notification may be made in person or by telephone. If the person is taken into custody, the law enforcement officer or the officer's immediate supervisor shall notify the principal of any school the person attends. This notification shall be in writing and shall be made within five days of the person's arrest. If a principal receives notification under this subsection, a representative from the district attorney's office shall notify that principal of the final disposition at the trial court level. This notification shall be in writing and shall be made within five days of the disposition. As used in this subsection, the term 'school' means any public or private school in the State that is authorized under Chapter 115C of the General Statutes."

(h) The Board of Governors of The University of North Carolina shall develop a plan for ensuring that school administrator and teacher preparation and continuing education programs provide their students with the training and experience they need to maintain and restore safety and order in schools.

The Board of Governors shall report on the plan, prior to February 15, 1998, to the Joint Legislative Education Oversight Committee.

(i) The State Board of Education shall review and consider modifications to its school facility guidelines in light of research on the relationship between (i) school design components, especially school size, and (ii) school climate and order.

The State Board shall also develop recommendations to local boards of education on modifications to the design or organization of existing schools that would improve school climate and order.

The State Board of Education shall report to the Joint Legislative Education Oversight Committee prior to February 15, 1998, on actions taken to implement the provisions of this section.

(j) Prior to November 15, 1997, the State Board of Education shall review and modify, if necessary, its policies and procedures on data kept and reports made on acts of violence in school and on students suspended or expelled from school, to ensure that data and reports are accurate and consistent on a statewide basis. The State Board shall report to the Joint Legislative Education Oversight Committee prior to March 15, 1998, on the impact of its efforts to attain accurate and consistent reports.

(k) Effective when this act becomes law, G.S. 115C-307(a) reads as rewritten:

"(a) To Maintain Order and Discipline. – It shall be the duty of all teachers, including student teachers, substitute teachers, voluntary teachers, and teacher assistants when given authority over some part of the school program by the principal or supervising teacher, to maintain good order and discipline in their respective schools. A teacher, student teacher, substitute teacher, voluntary teacher, or teacher assistant shall report to the principal acts of violence in school and students suspended or expelled from school as required to be reported in accordance with State Board policies."

(1) There is created the At-Risk Students Task Force under the State Board of Education. The Task Force shall consist of the Chair of the State Board of Education, the Superintendent of Public Instruction, the President of the Community College System, the Secretary of Human Resources, the State Health Director, and the Director of the

Administrative Office of the Courts. Each officer may designate one representative from that officer's department or office to represent that officer on the Task Force. These officers also may appoint additional members who represent other State and local public agencies to the Task Force. The Chair of the State Board of Education, or the Chair's designee, shall serve as the Chair of the Task Force. The Department of Public Instruction and the Department of Human Resources shall provide staff and clerical support to the Task Force. The State Board of Education shall fund the Task Force within funds available to it.

- (2) The Task Force shall develop a plan to develop interagency agreements between local school administrative units and other local public agencies, including, among others, health departments, departments of social services, mental health agencies, and courts, in order to provide cooperative services to students who are at risk of school failure, at risk of participation in juvenile crime, or both.
- (3) The Task Force shall report its plan, along with any suggested statutory revisions, to the Joint Legislative Education Oversight Committee by January 15, 1998, at which time the Task Force shall terminate.

(m) G.S. 143B-152.5 reads as rewritten:

"§ 143B-152.5. Grants review and selection.

(a) The Department shall develop and disseminate a request for applications and establish procedures to be followed in developing and submitting applications to establish local S.O.S. programs and administering grants to establish local S.O.S. programs. This information shall include examples of the design and types of S.O.S. programs that evaluations have shown are likely to be successful in improving the academic performance of the participants or in reducing disruptive or illegal behavior.

(b) The Secretary of Human Resources shall appoint a State task force to assist the Secretary in reviewing grant applications. The State task force shall include representatives of the Department of Human Resources, the Department of Public Instruction, local school administrative units, educators, parents, the juvenile justice system, social services, and governmental agencies providing services to children, and other members the Secretary considers appropriate. In appointing the State task force, the Secretary shall consult with the Superintendent of Public Instruction in an effort to coordinate the membership of this State task force, the State task force appointed by the Secretary pursuant to G.S. 143B-152.14, and the State task force appointed by the Superintendent pursuant to G.S. 115C-238.42.

In reviewing grant applications, the Secretary and the State task force may consider (i) the severity of the local problems as determined by the needs assessment data, (ii) the likelihood that the locally designed plan will result in high quality after-school services for school-aged children, (iii) evidence of local collaboration and coordination of services, (iv) any innovative or experimental aspects of the plan that will make it a useful model for replication in other neighborhoods and communities, ~~and~~ (v) evidence that similarly designed programs have been efficient and effective in improving the

academic performance of the participants or in reducing disruptive or illegal behavior, and (vi) any other factors which affect the well-being of school-aged children.

(c) In determining the amount of funds an applicant receives, the Secretary and the State task force may consider (i) the number of children to be served, (ii) the number and percentage of children to be served who participate in the subsidized lunch program, (iii) the number and percentage of school-aged children with two working parents or one single parent to be served, (iv) the availability of other resources or funds, and (v) the amount needed to implement the proposal.

(d) The Secretary shall award the grants."

(n) G.S. 143B-152.7(a) reads as rewritten:

"(a) The Department of Human Resources shall develop and implement an evaluation system that will assess the efficiency and effectiveness of the S.O.S. Program. The Department shall design this system to:

(1) Provide information to the Department and to the General Assembly on how to improve and refine the programs;

(1a) Develop information for dissemination to potential grant applicants on the design of programs that experience has shown are likely to be successful;

(2) Enable the Department and the General Assembly to assess the overall quality, efficiency, and impact of the existing programs;

(3) Enable the Department and the General Assembly to determine whether to modify the S.O.S. Program; and

(4) Provide a detailed fiscal analysis of how State funds for these programs were used."

(o) G.S. 115C-12(24), as amended by Section 15(e) of S.L. 1997-18 and Section 1 of S.L. 1997-239, reads as rewritten:

"(24) Duty to Develop Guidelines for Alternative Learning Programs, Provide Technical Assistance on Implementation of Programs, and Evaluate Programs. – The State Board of Education shall adopt guidelines for assigning students to alternative learning programs. These guidelines shall include (i) a description of the programs and services that are recommended to be provided in alternative learning programs and (ii) a process for ensuring that an assignment is appropriate for the student and that the student's parents are involved in the decision.

The State Board of Education shall also adopt guidelines to require that local school administrative units shall use (i) the teachers allocated for students assigned to alternative learning programs pursuant to the regular teacher allotment and (ii) the teachers allocated for students assigned to alternative learning programs only to serve the needs of these students.

The State Board of Education shall provide technical support to local school administrative units to assist them in developing and implementing plans for alternative learning programs.

The State Board of Education shall recommend to local boards of education ways to measure the academic achievement of students while they are in the alternative learning programs or in remedial learning programs.

The State Board shall evaluate the effectiveness of alternative learning programs and, in its discretion, of any other programs funded from the Alternative Schools/At-Risk Student allotment. Local school administrative units shall report to the State Board of Education on how funds in the Alternative Schools/At-Risk Student allotment are spent and shall otherwise cooperate with the State Board of Education in evaluating the alternative learning programs. The State Board of Education shall report annually to the Joint Legislative Education Oversight Committee, beginning in December 1996, on the results of this evaluation."

(p) The State Board of Education and the Secretary of the Department of Human Resources shall appoint an advisory committee to consider the advisability of and to develop a proposal for creating regional residential schools for students with emotional and behavioral problems so severe that the public schools cannot serve them. The advisory committee shall clearly define the population and the age limits of the population for whom such a residential school would be appropriate, estimate the number of students in that population, devise a plan for building and operating such schools, and estimate the costs and benefits of such schools. The advisory committee shall consider whether any existing State facilities would be available and appropriate to house such a school. The State Board of Education shall convene and coordinate the meetings of the advisory committee. The advisory committee shall report the results of its study, including its recommendation on the advisability of creating these schools, to the State Board of Education and the Secretary of the Department of Human Resources prior to January 15, 1998. The State Board of Education shall report the results of the study to the Joint Legislative Education Oversight Committee prior to February 15, 1998.

(q)

(1) G.S. 115C-391 reads as rewritten:

"§ 115C-391. Corporal punishment, suspension, or expulsion of pupils.

(a) Local boards of education shall adopt policies not inconsistent with the provisions of the Constitutions of the United States and North Carolina, governing the conduct of students and establishing procedures to be followed by school officials in suspending or expelling any student, or in disciplining any student if the offensive behavior could result in suspension, expulsion, or the administration of corporal punishment. The policies that shall be adopted for the administration of corporal punishment shall include at a minimum the following conditions:

- (1) Corporal punishment shall not be administered in a classroom with other children present;
- (2) The student body shall be informed beforehand what general types of misconduct could result in corporal punishment;

- (3) Only a teacher, substitute teacher, principal, or assistant principal may administer corporal punishment and may do so only in the presence of a principal, assistant principal, teacher, substitute teacher, teacher assistant, or student teacher, who shall be informed beforehand and in the student's presence of the reason for the punishment; and
- (4) An appropriate school official shall provide the child's parent or guardian with notification that corporal punishment has been administered, and upon request, the official who administered the corporal punishment shall provide the child's parent or guardian a written explanation of the reasons and the name of the second school official who was present.

~~The~~ Each local board shall publish all the policies mandated by this subsection and make them available to each student and his parent or guardian at the beginning of each school year.

Notwithstanding any policy adopted pursuant to this section, school personnel may use reasonable force, including corporal punishment, to control behavior or to remove a person from the scene in those situations when necessary:

- (1) To quell a disturbance threatening injury to others;
- (2) To obtain possession of weapons or other dangerous objects on the person, or within the control, of a student;
- (3) For self-defense; ~~or~~
- (4) For the protection of persons or ~~property~~ property; or
- (5) To maintain order on school property, in the classroom, or at a school-related activity on or off school property.

(b) The principal of a school, or his delegate, shall have authority to suspend for a period of 10 days or less any student who willfully violates policies of conduct established by the local board of education: Provided, that a student suspended pursuant to this subsection shall be provided an opportunity to take any quarterly, semester or grading period examinations missed during the suspension period.

(c) The principal of a school, with the prior approval of the superintendent, shall have the authority to suspend for periods of times in excess of 10 school days but not exceeding the time remaining in the school year, any pupil who willfully violates the policies of conduct established by the local board of education. The pupil or his parents may appeal the decision of the principal to the local board of education.

(d) Notwithstanding G.S. 115C-378, a local board of education may, upon recommendation of the principal and superintendent, expel any student 14 years of age or older whose behavior indicates that the student's continued presence in school constitutes a clear threat to the safety of other students or employees. The local board of education's decision to expel a student under this section shall be based on clear and convincing evidence. Prior to ordering the expulsion of a student pursuant to this subsection, the local board of education shall consider whether there is an alternative program offered by the local school administrative unit that may provide education services for the student who is subject to expulsion. At any time after the first July 1 that is at least six months after the board's decision to expel a student under this subsection,

a student may request the local board of education to reconsider that decision. If the student demonstrates to the satisfaction of the local board of education that the student's presence in school no longer constitutes a threat to the safety of other students or employees, the board shall readmit the student to a school in that local school administrative unit on a date the board considers appropriate. ~~Notwithstanding the provisions of G.S. 115C-112, a local board of education has no duty to continue to provide a child with special needs, expelled pursuant to this subsection, with any special education or related services during the period of expulsion.~~

(d1) A local board of education shall suspend for 365 days any student who brings a weapon, as defined in G.S. 14-269.2(b) and ~~(g)~~, G.S. 14-269.2(g), onto school property. The local board of education upon recommendation by the superintendent may modify this suspension requirement on a case-by-case basis ~~which~~ that includes, but is not limited to, the procedures ~~set out in G.S. 115C-112~~ established for the discipline of students with disabilities and may also provide, or contract for the provision of, educational services to any student suspended pursuant to this subsection in an alternative school setting or in another setting that provides educational and other services.

(d2) (1) A local board of education shall remove to an alternative educational setting, as provided in subdivision (4) of this subsection, any student who is at least 13 and who physically assaults and seriously injures a teacher or other school personnel. If no appropriate alternative educational setting is available, then the board shall suspend for no less than 300 days but no more than 365 days any student who is at least 13 and who physically assaults and seriously injures a teacher or other school personnel.

(2) A local board of education may remove to an alternative educational setting any student who is at least 13 and who does one of the following:

- a. Physically assaults a teacher or other adult who is not a student.
- b. Physically assaults another student if the assault is witnessed by school personnel.
- c. Physically assaults and seriously injures another student.

If no appropriate alternative educational setting is available, then the board may suspend this student for up to 365 days.

(3) For purposes of this subsection, the conduct leading to suspension or removal to an alternative educational setting must occur on school property or at a school-sponsored or school-related activity on or off school property. This subsection shall not apply when the student who is subject to suspension or removal was acting in self-defense. If a teacher is assaulted or injured and as a result a student is suspended or removed to an alternative educational setting under this subsection, then the student shall not be returned to that teacher's classroom unless the teacher consents. If a student is suspended under this subsection,

the board may assign the student to an alternative educational setting upon the expiration of the period of suspension.

- (4) If the local board removes the student to an alternative educational setting, as provided in subdivision (1) of this subsection, and the conduct leading to the removal occurred on or before the ninetieth school day, the board shall remove the student to that setting for the remainder of the current school year and the first 90 school days in the following school year. If the board chooses to remove the student to an alternative educational setting, as provided in subdivision (1) of this subsection, and the conduct leading to the removal occurred after the ninetieth school day, the board shall remove the student to that setting for the remainder of the current school year and for the entire subsequent school year. Notwithstanding these requirements, the local board may authorize a shorter or longer length of time a student must remain in an alternative educational setting if the board finds this would be more appropriate based upon the recommendations of the principals of the alternative school and the school to which the student will return.

(e) A decision of a local board under subsection (c), (d), ~~or (d1)-(d1)~~, or (d2) of this section is final and, except as provided in this subsection, is subject to judicial review in accordance with Article 4 of Chapter 150B of the General Statutes. A person seeking judicial review shall file a petition in the superior court of the county where the local board made its decision.

(f) Local boards of education shall, ~~no later than December 1, 1993, reevaluate and update their policies related to school safety so they reflect changes authorized by the 1993 General Assembly. In particular, boards shall ensure they have clear policies governing the conduct of students, which students.~~ At a minimum, these policies shall state the consequences of violent or assaultive behavior, possessions of weapons, and criminal acts committed on school property or at school-sponsored functions. The State Board shall develop guidelines to assist local boards in this process.

(g) Notwithstanding the provisions of this section, the policies and procedures for the discipline of students with disabilities shall be consistent with federal laws and regulations.

(h) Notwithstanding any other law, no officer or employee of the State Board of Education or of a local board of education shall be civilly liable for using reasonable force, including corporal punishment, in conformity with State law, State or local rules, or State or local policies regarding the control, discipline, suspension, and expulsion of students. Furthermore, the burden of proof is on the claimant to show that the amount of force used was not reasonable."

- (2) This subsection is effective November 1, 1997, and applies to conduct occurring on or after that date.
- (r) Effective when this act becomes law:
- (1) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"ARTICLE 8C.

"Local Plans for Maintaining Safe and Orderly Schools.

"§ 115C-105.45. Legislative findings.

The General Assembly finds that all schools should be safe, secure, and orderly. If students are to aim for academic excellence, it is imperative that there is a climate of respect in every school and that every school is free of disruption, drugs, violence, and weapons. All schools must have plans, policies, and procedures for dealing with disorderly and disruptive behavior. All schools and school units must have effective measures for assisting students who are at risk of academic failure or of engaging in disruptive and disorderly behavior.

"§ 115C-105.46. State Board of Education responsibilities.

In order to implement this Article, the State Board of Education:

- (1) Shall adopt guidelines for developing local plans under G.S. 115C-105.47;
- (2) Shall provide, in cooperation with the Board of Governors of The University of North Carolina, ongoing technical assistance to the local school administrative units in the development, implementation, and evaluation of their local plans under G.S. 115C-105.47;
- (3) May require a local board of education to withhold the salary of any administrator or other employee of a local school administrative unit who delays or refuses to prepare and implement local safe school plans in accordance with G.S. 115C-105.47; and
- (4) May revoke the certificate of the superintendent, pursuant to G.S. 115C-274(c), for failure to fulfill the superintendent's duties under a local safe school plan.

"§ 115C-105.47. Local safe school plans.

(a) Each local board of education shall develop a local school administrative unit safe school plan designed to provide that every school in the local school administrative unit is safe, secure, and orderly, that there is a climate of respect in every school, and that appropriate personal conduct is a priority for all students and all public school personnel. The board shall include parents, the school community, representatives of the community, and others in the development or review of this plan. The plan may be developed by or in conjunction with other committees.

(b) Each plan shall include each of the following components:

- (1) Clear statements of the standard of behavior expected of students at different grade levels and of school personnel and clear statements of the consequences that will result from one or more violations of those standards. There shall be a statement of consequences for students under the age of 13 who physically assault and seriously injure a teacher or other individual on school property or at a school-sponsored or school-related activity. The consequences may include placement in an alternative setting.

- (2) A clear statement of the responsibility of the superintendent for coordinating the adoption and the implementation of the plan, evaluating principals' performance regarding school safety, monitoring and evaluating the implementation of safety plans at the school level, and coordinating with local law enforcement and court officials appropriate aspects of implementation of the plan. The statement of responsibility shall provide appropriate disciplinary consequences that may occur if the superintendent fails to carry out these responsibilities. These consequences may include a reprimand in the superintendent's personnel file or withholding of the superintendent's salary, or both.
- (3) A clear statement of the responsibility of the school principal for restoring, if necessary, and maintaining a safe, secure, and orderly school environment and of the consequences that may occur if the principal fails to meet that responsibility. The principal's duties shall include exhibiting appropriate leadership for school personnel and students, providing for alternative placements for students who are seriously disruptive, reporting all criminal acts under G.S. 115C-288(g), and providing appropriate disciplinary consequences for disruptive students. The consequences to the principal that may occur shall include a reprimand in the principal's personnel file and disciplinary proceedings under G.S. 115C-325.
- (4) Clear statements of the roles of other administrators, teachers, and other school personnel in restoring, if necessary, and maintaining a safe, secure, and orderly school environment.
- (5) Procedures for identifying and serving the needs of students who are at risk of academic failure or of engaging in disruptive or disorderly behavior.
- (6) Mechanisms for assessing the needs of disruptive and disorderly students, providing them with services to assist them in achieving academically and in modifying their behavior, and removing them from the classroom when necessary.
- (7) Measurable objectives for improving school safety and order.
- (8) Measures of the effectiveness of efforts to assist students at risk of academic failure or of engaging in disorderly or disruptive behavior.
- (9) Professional development clearly matched to the goals and objectives of the plan.
- (10) A plan to work effectively with local law enforcement officials and court officials to ensure that schools are safe and laws are enforced.
- (11) A plan to provide access to information to the school community, parents, and representatives of the local community on the ongoing implementation of the local plan, monitoring of the local plan, and the integration of educational and other services for students into the total school program.

- (12) The name and role description of the person responsible for implementation of the plan.
- (13) Direction to school improvement teams within the local school administrative unit to consider the special conditions at their schools and to incorporate into their school improvement plans the appropriate components of the local plan for maintaining safe and orderly schools.
- (14) A clear and detailed statement of the planned use of federal, State, and local funds allocated for at-risk students, alternative schools, or both.
- (15) Any other information the local board considers necessary or appropriate to implement this Article.

A local board may develop its plan under this section by conducting a comprehensive review of its existing policies, plans, statements, and procedures to determine whether they: (i) are effective; (ii) have been updated to address recent changes in the law; (iii) meet the current needs of each school in the local school administrative unit; and (iv) address the components required to be included in the local plan. The board then may consolidate and supplement any previously developed policies, plans, statements, and procedures that the board determines are effective and updated, meet the current needs of each school, and meet the requirements of this subsection.

Once developed, the board shall submit the local plan to the State Board of Education and shall ensure the plan is available and accessible to parents and the school community. The board shall provide annually to the State Board information that demonstrates how the At-Risk Student Services/Alternative Schools Funding Allotment has been used to (i) prevent academic failure or (ii) promote school safety.

(c) The local board may amend the plan as often as it considers necessary or appropriate."

- (2) G.S. 115C-105.27, as amended by Section 1 of S.L. 1997-159, reads as rewritten:

"§ 115C-105.27. Development and approval of school improvement plans.

In order to improve student performance, each school shall develop a school improvement plan that takes into consideration the annual performance goal for that school that is set by the State Board under G.S. 115C-105.35. The principal of each school, representatives of the assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building, and parents of children enrolled in the school shall constitute a school improvement team to develop a school improvement plan to improve student performance. Unless the local board of education has adopted an election policy, parents shall be elected by parents of children enrolled in the school in an election conducted by the parent and teacher organization of the school or, if none exists, by the largest organization of parents formed for this purpose. Parents serving on school improvement teams shall reflect the racial and socioeconomic composition of the students enrolled in that school and shall not be members of the building-level staff. Parental involvement is a critical component of school success and positive student achievement; therefore, it is the intent of the General Assembly that parents, along with teachers, have a substantial role in

developing school improvement plans. To this end, school improvement team meetings shall be held at a convenient time to assure substantial parent participation. The strategies for improving student performance shall include a plan for the use of staff development funds that may be made available to the school by the local board of education to implement the school improvement ~~plan~~ plan and shall include a plan to address school safety and discipline concerns in accordance with the safe school plan developed under Article 8C of this Chapter. The strategies may include a decision to use State funds in accordance with G.S. 115C-105.25. The strategies may also include requests for waivers of State laws, rules, or policies for that school. A request for a waiver shall meet the requirements of G.S. 115C-105.26.

Support among affected staff members is essential to successful implementation of a school improvement plan to address improved student performance at that school. The principal of the school shall present the proposed school improvement plan to all of the principals, assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building for their review and vote. The vote shall be by secret ballot. The principal shall submit the school improvement plan to the local board of education only if the proposed school improvement plan has the approval of a majority of the staff who voted on the plan.

The local board of education shall accept or reject the school improvement plan. The local board shall not make any substantive changes in any school improvement plan that it accepts. If the local board rejects a school improvement plan, the local board shall state with specificity its reasons for rejecting the plan; the school improvement team may then prepare another plan, present it to the principals, assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building for a vote, and submit it to the local board to accept or reject. If no school improvement plan is accepted for a school within 60 days after its initial submission to the local board, the school or the local board may ask to use the process to resolve disagreements recommended in the guidelines developed by the State Board under G.S. 115C-105.20(b)(5). If this request is made, both the school and local board shall participate in the process to resolve disagreements. If there is no request to use that process, then the local board may develop a school improvement plan for the school. The General Assembly urges the local board to utilize the school's proposed school improvement plan to the maximum extent possible when developing such a plan.

A school improvement plan shall remain in effect for no more than three years; however, the school improvement team may amend the plan as often as is necessary or appropriate. If, at any time, any part of a school improvement plan becomes unlawful or the local board finds that a school improvement plan is impeding student performance at a school, the local board may vacate the relevant portion of the plan and may direct the school to revise that portion. The procedures set out in this subsection shall apply to amendments and revisions to school improvement plans."

- (3) The State Board of Education shall develop a plan to reward school principals for improving school safety and school climate. The Board shall report this plan, along with any recommended statutory changes,

to the Joint Legislative Education Oversight Committee by April 15, 1998.

(4) Local boards of education shall begin implementation of local safe school plans developed under this section by the beginning of the 1998-99 school year.

(s) Effective when this act becomes law, G.S. 115C-402 reads as rewritten:

"§ 115C-402. Student records; maintenance; contents; confidentiality.

The official record of each student enrolled in North Carolina public schools shall be permanently maintained in the files of the appropriate school after the student graduates, or should have graduated, from high school unless the local board determines that such files may be filed in the central office or other location designated by the local board for that purpose.

The official record shall contain, as a minimum, adequate identification data including date of birth, attendance data, grading and promotion data, and such other factual information as may be deemed appropriate by the local board of education having jurisdiction over the school wherein the record is maintained. Each student's official record also shall include notice of any suspension for a period of more than 10 days or of any expulsion under G.S. 115C-391 and the conduct for which the student was suspended or expelled. The notice of suspension or expulsion shall be expunged from the record if the student (i) graduates from high school or (ii) is not expelled or suspended again during the two-year period commencing on the date of the student's return to school after the expulsion or suspension.

The official record of each student is not a public record as the term 'public record' is defined by G.S. 132-1. The official record shall not be subject to inspection and examination as authorized by G.S. 132-6."

(t) Effective November 1, 1997, G.S. 115C-288(g) reads as rewritten:

"(g) To Report Certain Acts to Law Enforcement. – When the principal has a reasonable belief personal knowledge or actual notice from school personnel that an act has occurred on school property involving assault resulting in serious personal injury, sexual assault, sexual offense, rape, kidnapping, indecent liberties with a minor, assault involving the use of a weapon, possession of a firearm in violation of the law, possession of a weapon in violation of the law, or possession of a controlled substance in violation of the law, the principal shall immediately report the act to the appropriate local law enforcement agency. Failure to report under this subsection is a Class 3 misdemeanor. For purposes of this subsection, 'school property' shall include any public school building, bus, public school campus, grounds, recreational area, or athletic field, in the charge of the principal. It is the intent of the General Assembly that the principal notify the superintendent and the superintendent notify the local board of any report made to law enforcement under this subsection."

(u) G.S. 115C-12 is amended by adding the following new subdivision to read:

"(27) Reporting Dropout Rates and Expelled Students. – The State Board shall not include students that have been expelled from school when

calculating the dropout rate. The Board shall maintain a separate record of the number of students who are expelled from school."

(v) The Board of Governors of The University of North Carolina, in consultation with the State Board of Education, the Administrative Office of the Courts, the Department of Crime Control and Public Safety, and other appropriate State agencies, shall develop a program for the ongoing training of school officials, local law enforcement officials, and local court officials. The program shall be designed to promote local collaboration on school safety and discipline issues. The Board of Governors shall report to the Joint Legislative Education Oversight Committee on the development of this program by January 15, 1998.

(w) Of the funds appropriated to the State Board of Education, the sum of ten million dollars (\$10,000,000) for the 1997-98 fiscal year and the sum of ten million dollars (\$10,000,000) for the 1998-99 fiscal year shall be allocated to Alternative Schools/At-Risk Students.

Requested by: Senators Lee, Winner, Hartsell, Representatives Arnold, Grady, Preston, Moore

SCHOOL-BASED ADMINISTRATOR SALARIES

Section 8.30. (a) Funds appropriated to the Reserve for Compensation Increase shall be used for the implementation of the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

(b) The salary schedule for school-based administrators shall apply only to principals and assistant principals. The salary schedule for the 1997-98 fiscal year, commencing July 1, 1997, is as follows:

Step	Base	Assistant Principal		Principal I		
		Base + 1%	Base + 2%	Base	Base + 1%	Base + 2%
4	\$2,713	\$2,740	\$2,767	—	—	—
5	2,763	2,791	2,818	—	—	—
6	2,815	2,843	2,871	—	—	—
7	2,867	2,896	2,924	—	—	—
8	2,920	2,949	2,978	\$2,920	\$2,949	\$2,978
9	2,972	3,002	3,031	2,972	3,002	3,031
10	3,026	3,056	3,087	3,026	3,056	3,087
11	3,083	3,114	3,145	3,083	3,114	3,145
12	3,139	3,170	3,202	3,139	3,170	3,202
13	3,197	3,229	3,261	3,197	3,229	3,261
14	3,256	3,289	3,321	3,256	3,289	3,321
15	3,316	3,349	3,382	3,316	3,349	3,382
16	3,377	3,411	3,445	3,377	3,411	3,445
17	3,439	3,473	3,508	3,439	3,473	3,508

18	3,504	3,539	3,574	3,504	3,539	3,574
19	3,569	3,605	3,640	3,569	3,605	3,640
20	3,637	3,673	3,710	3,637	3,673	3,710
21	3,705	3,742	3,779	3,705	3,742	3,779
22	3,773	3,811	3,848	3,773	3,811	3,848
23	3,843	3,881	3,920	3,843	3,881	3,920
24	3,915	3,954	3,993	3,915	3,954	3,993
25	3,988	4,028	4,068	3,988	4,028	4,068
26	4,064	4,105	4,145	4,064	4,105	4,145
27	4,140	4,181	4,223	4,140	4,181	4,223
28	4,219	4,261	4,303	4,219	4,261	4,303
29	4,303	4,346	4,389	4,303	4,346	4,389
30	4,389	4,433	4,477	4,389	4,433	4,477
31	4,477	4,522	4,567	4,477	4,522	4,567
32	-	-	-	4,567	4,613	4,658

Step	Base	Principal II		Base	Principal III	
		Base + 1%	Base + 2%		Base + 1%	Base + 2%
4	-	-	-	-	-	-
5	-	-	-	-	-	-
6	-	-	-	-	-	-
7	-	-	-	-	-	-
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	\$3,083	\$3,114	\$3,145	-	-	-
11	3,139	3,170	3,202	-	-	-
12	3,197	3,229	3,261	\$3,256	\$3,289	\$3,321
13	3,256	3,289	3,321	3,316	3,349	3,382
14	3,316	3,349	3,382	3,377	3,411	3,445
15	3,377	3,411	3,445	3,439	3,473	3,508
16	3,439	3,473	3,508	3,504	3,539	3,574
17	3,504	3,539	3,574	3,569	3,605	3,640
18	3,569	3,605	3,640	3,637	3,673	3,710
19	3,637	3,673	3,710	3,705	3,742	3,779
20	3,705	3,742	3,779	3,773	3,811	3,848
21	3,773	3,811	3,848	3,843	3,881	3,920
22	3,843	3,881	3,920	3,915	3,954	3,993
23	3,915	3,954	3,993	3,988	4,028	4,068
24	3,988	4,028	4,068	4,064	4,105	4,145
25	4,064	4,105	4,145	4,140	4,181	4,223
26	4,140	4,181	4,223	4,219	4,261	4,303
27	4,219	4,261	4,303	4,303	4,346	4,389

28	4,303	4,346	4,389	4,389	4,433	4,477
29	4,389	4,433	4,477	4,477	4,522	4,567
30	4,477	4,522	4,567	4,567	4,613	4,658
31	4,567	4,613	4,658	4,658	4,705	4,751
32	4,658	4,705	4,751	4,751	4,799	4,846
33	4,751	4,799	4,846	4,846	4,894	4,943
34	4,846	4,894	4,943	4,943	4,992	5,042
35	-	-	-	5,042	5,092	5,143
36	-	-	-	5,143	5,194	5,246

Step	Principal IV			Principal V		
	Base	Base + 1%	Base + 2%	Base	Base + 1%	Base + 2%
4	-	-	-	-	-	-
5	-	-	-	-	-	-
6	-	-	-	-	-	-
7	-	-	-	-	-	-
8	-	-	-	-	-	-
9	-	-	-	-	-	-
10	-	-	-	-	-	-
11	-	-	-	-	-	-
12	-	-	-	-	-	-
13	\$3,377	\$3,411	\$3,445	-	-	-
14	3,439	3,473	3,508	\$3,504	\$3,539	\$3,574
15	3,504	3,539	3,574	3,569	3,605	3,640
16	3,569	3,605	3,640	3,637	3,673	3,710
17	3,637	3,673	3,710	3,705	3,742	3,779
18	3,705	3,742	3,779	3,773	3,811	3,848
19	3,773	3,811	3,848	3,843	3,881	3,920
20	3,843	3,881	3,920	3,915	3,954	3,993
21	3,915	3,954	3,993	3,988	4,028	4,068
22	3,988	4,028	4,068	4,064	4,105	4,145
23	4,064	4,105	4,145	4,140	4,181	4,223
24	4,140	4,181	4,223	4,219	4,216	4,303
25	4,219	4,261	4,303	4,303	4,346	4,389
26	4,303	4,346	4,389	4,389	4,433	4,477
27	4,389	4,433	4,477	4,477	4,522	4,567
28	4,477	4,522	4,567	4,567	4,613	4,658
29	4,567	4,613	4,658	4,658	4,705	4,751
30	4,658	4,705	4,751	4,751	4,799	4,846
31	4,751	4,799	4,846	4,846	4,894	4,943
32	4,846	4,894	4,943	4,943	4,992	5,042
33	4,943	4,992	5,042	5,042	5,092	5,143

34	5,042	5,092	5,143	5,143	5,194	5,246
35	5,143	5,194	5,246	5,246	5,298	5,351
36	5,246	5,298	5,351	5,351	5,405	5,458
37	5,351	5,405	5,458	5,458	5,513	5,567
38	—	—	—	5,567	5,623	5,678
39	—	—	—	—	—	—
40	—	—	—	—	—	—
41	—	—	—	—	—	—

Step	Base	Principal VI		Base	Principal VII	
		Base + 1%	Base + 2%		Base + 1%	Base + 2%
4	—	—	—	—	—	—
5	—	—	—	—	—	—
6	—	—	—	—	—	—
7	—	—	—	—	—	—
8	—	—	—	—	—	—
9	—	—	—	—	—	—
10	—	—	—	—	—	—
11	—	—	—	—	—	—
12	—	—	—	—	—	—
13	—	—	—	—	—	—
14	—	—	—	—	—	—
15	—	—	—	—	—	—
16	\$3,705	\$3,742	\$3,779	—	—	—
17	3,773	3,811	3,848	\$3,843	\$3,881	\$3,920
18	3,843	3,881	3,920	3,915	3,954	3,993
19	3,915	3,954	3,993	3,988	4,028	4,068
20	3,988	4,028	4,068	4,064	4,105	4,145
21	4,064	4,105	4,145	4,140	4,181	4,223
22	4,140	4,181	4,223	4,219	4,261	4,303
23	4,219	4,261	4,303	4,303	4,346	4,389
24	4,303	4,346	4,389	4,389	4,433	4,477
25	4,389	4,433	4,477	4,477	4,522	4,567
26	4,477	4,522	4,567	4,567	4,613	4,658
27	4,567	4,613	4,658	4,658	4,705	4,751
28	4,658	4,705	4,751	4,751	4,799	4,846
29	4,751	4,799	4,846	4,846	4,894	4,943
30	4,846	4,894	4,943	4,943	4,992	5,042
31	4,943	4,992	5,042	5,042	5,092	5,143
32	5,042	5,092	5,143	5,143	5,194	5,246
33	5,143	5,194	5,246	5,246	5,298	5,351
34	5,246	5,298	5,351	5,351	5,405	5,458

35	5,351	5,405	5,458	5,458	5,513	5,567
36	5,458	5,513	5,567	5,567	5,623	5,678
37	5,567	5,623	5,678	5,678	5,735	5,792
38	5,678	5,735	5,792	5,792	5,850	5,908
39	5,792	5,850	5,908	5,908	5,967	6,026
40	5,908	5,967	6,026	6,026	6,086	6,147
41	—	—	—	6,147	6,208	6,270

(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Number of Teachers

Classification	Supervised
Assistant Principal	
Principal I	Less than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	More than 65 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal.

(e) For the 1997-98 fiscal year, a principal or assistant principal shall be placed on the appropriate step plus one percent (1%) if:

- (1) The employee's school meets or exceeds the projected levels of improvement in student performance for the 1997-98 fiscal year, in accordance with the ABC's of Public Education Program; or
- (2) The local board of education finds that the employee's school has met objectively measurable goals set by the local board of education for maintaining a safe and orderly school.

The principal or assistant principal shall be placed on the appropriate step plus two percent (2%) if the conditions set out in both subdivision (1) and (2) are satisfied. The principal or assistant principal shall receive a lump sum payment for the 1997-98 fiscal year service if the conditions set out in subdivision (1) or (2) or both are satisfied. The lump sum shall be paid as determined by guidelines adopted by the State Board.

Placement on the salary schedule in the following year shall be based upon these increases.

(f) For the 1998-99 fiscal year, a principal or assistant principal shall be placed on the appropriate step plus one percent (1%) if:

- (1) The employee's school meets or exceeds the projected levels of improvement in student performance for the 1998-99 fiscal year, in accordance with the ABC's of Public Education Program; or
- (2) The local board of education finds that the employee's school has met the goals of the local plan for maintaining a safe and orderly school.

The principal or assistant principal shall be placed on the appropriate step plus two percent (2%) if the conditions set out in both subdivision (1) and (2) are satisfied. The principal or assistant principal shall receive a lump sum payment for the 1997-98 fiscal year service if the conditions set out in subdivision (1) or (2) or both are satisfied. The lump sum shall be paid as determined by guidelines adopted by the State Board. Placement on the salary schedule in the following year shall be based upon these increases.

(g) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

(h) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit: Provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-93 fiscal year received because of that requirement shall not be reduced because of this subsection for subsequent fiscal years that the superintendent is employed by that local school administrative unit so long as the superintendent is entitled to at least that amount of additional State-paid salary under the rules in effect for the 1992-93 fiscal year.

(i) Longevity pay for principals and assistant principals shall be as provided for State employees.

(j)(1) If a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification.

(2) If a principal is reassigned to a lower job classification because the principal is transferred to a school within a local school administrative unit with a smaller number of State-allotted teachers, the principal shall be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the lower job classification.

This subdivision applies to all transfers on or after the ratification date of this act, except transfers in school systems that have been created, or will be created, by merging two or more school systems.

Transfers in these merged systems are exempt from the provisions of this subdivision for one calendar year following the date of the merger.

(k) The State Board may authorize local boards of education to pay persons for one year at the entry-level step of the assistant principal's salary schedule if they (i) are serving as assistant principals, (ii) have completed one year of a masters in school administration program, and (iii) are not certified as principals.

Requested by: Representatives Arnold, Grady, Preston, Moore, Senators Winner, Lee, Hartsell

SCHOOL CENTRAL OFFICE SALARIES

Section 8.31. (a) The following monthly salary ranges apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 1997-98 fiscal year, beginning July 1, 1997:

(1)	School Administrator I:	\$2,818 - \$4,715
(2)	School Administrator II:	\$2,991 - \$5,004
(3)	School Administrator III:	\$3,174 - \$5,311
(4)	School Administrator IV:	\$3,302 - \$5,526
(5)	School Administrator V:	\$3,435 - \$5,750
(6)	School Administrator VI:	\$3,645 - \$6,102
(7)	School Administrator VII:	\$3,792 - \$6,349

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 1997.

(b) The following monthly salary ranges apply to public school superintendents for the 1997-98 fiscal year, beginning July 1, 1997:

(1)	Superintendent I (Up to 2,500 ADM):	\$4,025 - \$6,738
(2)	Superintendent II (2,501 - 5,000 ADM):	\$4,272 - \$7,149
(3)	Superintendent III (5,001 - 10,000 ADM):	\$4,533 - \$7,587
(4)	Superintendent IV (10,001 - 25,000 ADM):	\$4,811 - \$8,051
(5)	Superintendent V (Over 25,000 ADM):	\$5,106 - \$8,544

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section 8.30 of this act.

(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees.

(d) Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for pursuant to this section. Superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for under this section.

(e) The State Board shall not permit local school administrative units to transfer State funds from other funding categories for salaries for public school central office administrators.

(f) The Director of the Budget shall transfer from the Reserve for Salary Increases created in this act for fiscal year 1997-98, beginning July 1, 1997, funds necessary to provide an average annual salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 1997, for all permanent full-time personnel paid from the Central Office Allotment. The State Board of Education shall allocate these funds to local school administrative units. The local boards of education shall establish guidelines for providing their salary increases to these personnel.

Requested by: Representatives Arnold, Grady, Preston, Moore, Senators Winner, Lee, Hartsell

NONCERTIFIED PUBLIC SCHOOL EMPLOYEES' SALARY INCREASE

Section 8.32. The Director of the Budget may transfer from the Reserve for Compensation Increase created in this act for fiscal year 1997-98, commencing July 1, 1997, funds necessary to provide a salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 1997, for all noncertified public school employees whose salaries are supported from the State's General Fund. Local boards of education shall increase the rates of pay for all such employees who were employed during fiscal year 1996-97 and who continue their employment for fiscal year 1997-98 by at least four percent (4%), commencing July 1, 1997. These funds shall not be used for any purpose other than for the salary increases and necessary employer contributions provided by this section.

The Director of the Budget may transfer from the Reserve for Compensation Increase created in this act for fiscal year 1997-98, beginning July 1, 1997, funds necessary to provide the salary increases for noncertified public school employees whose salaries are supported from the State's General Fund in accordance with the provisions of this section.

The State Board of Education may enact or create salary ranges for noncertified personnel to support increases of four percent (4%) for the 1997-98 fiscal year.

Requested by: Senators Plyler, Perdue, Odom, Winner, Lee, Hartsell, Representatives Holmes, Esposito, Creech, Arnold, Grady, Preston, Moore

TEACHER SALARY SCHEDULES

Section 8.33. (a) Effective for the 1997-98 school year, the Director of the Budget may transfer from the Reserve for Compensation Increase for the 1997-98 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one percent (1%) of base salary for 10 to 14 years of State service, one and one-half percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 1997, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education and the Superintendent of Public Instruction. The longevity payment shall be paid in a lump sum once a year.

(b)(1) For the 1997-98 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

1997-98 Monthly Salary Schedule
"A" Teachers

Years of Experience	"A" Teachers	NBPTS Certification
0	2,215	N/A
1	2,257	N/A
2	2,300	N/A
3	2,427	2,718
4	2,528	2,831
5	2,575	2,884
6	2,623	2,937
7	2,672	2,992
8	2,721	3,047
9	2,770	3,102
10	2,820	3,158
11	2,872	3,216
12	2,925	3,276
13	2,979	3,336
14	3,034	3,398
15	3,090	3,460
16	3,147	3,524
17	3,205	3,589

18	3,265	3,656
19	3,326	3,725
20	3,389	3,795
21	3,452	3,866
22	3,516	3,937
23	3,581	4,010
24	3,648	4,085
25	3,717	4,163
26	3,787	4,241
27	3,858	4,320
28	3,931	4,402
29+	4,005	4,485

1997-98 Monthly Salary Schedule
"G"Teachers

Years of Experience	"G" Teachers	NBPTS Certification
0	2,353	N/A
1	2,398	N/A
2	2,444	N/A
3	2,579	2,888
4	2,686	3,008
5	2,736	3,064
6	2,787	3,121
7	2,839	3,179
8	2,891	3,237
9	2,943	3,296
10	2,996	3,355
11	3,052	3,418
12	3,108	3,480
13	3,165	3,544
14	3,224	3,610
15	3,283	3,676
16	3,344	3,745
17	3,405	3,813
18	3,469	3,885
19	3,534	3,958
20	3,601	4,033
21	3,668	4,108
22	3,736	4,184
23	3,805	4,261
24	3,876	4,341

25	3,949	4,422
26	4,024	4,506
27	4,099	4,590
28	4,177	4,678
29+	4,255	4,765

(2) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G"teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "G"teachers.

(c) Effective for the 1997-98 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "G"teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists.

(d) Effective for the 1997-98 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

EXTRA PAY FOR MENTOR TEACHERS

Section 8.34. Of the funds appropriated to State Aid to Local School Administrative Units, the sum of three million five hundred thousand dollars (\$3,500,000) for the 1997-98 fiscal year shall be used to provide every newly certified teacher with a qualified and well-trained mentor. These funds shall be used to compensate each mentor at the rate of (i) one hundred dollars (\$100.00) per month for a maximum of 10 months for serving as a mentor during the school year, and (ii) one hundred dollars (\$100.00) for serving as a mentor for one day prior to the beginning of the school year.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

EXTRA PAY FOR NEW TEACHER DEVELOPMENT

Section 8.35. Of the funds appropriated to State Aid to Local School Administrative Units, the sum of eight hundred thousand dollars (\$800,000) for the 1997-98 fiscal year shall be used to provide every newly certified teacher with three extra days of employment for orientation and classroom preparation. These funds shall be used to compensate each newly certified teacher at the daily pay rate of an entry-level teacher.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

FUNDS TO IMPLEMENT THE ABC'S OF PUBLIC EDUCATION PROGRAM

Section 8.36. (a) Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to seventy-two million four hundred thousand dollars (\$72,400,000) for the 1997-98 fiscal year to provide incentive funding for schools that meet or exceed the projected levels of improvement in student performance, in accordance with the ABC's of Public Education Program. In accordance with State Board of Education policy, incentive awards in schools that achieve higher than expected improvements may be up to: (i) one thousand five hundred dollars (\$1,500) for each teacher and for certified personnel; and (ii) five hundred dollars (\$500.00) for each teacher assistant. In accordance with State Board of Education policy, incentive awards in schools that meet the expected improvements may be up to: (i) seven hundred fifty dollars (\$750.00) for each teacher and for certified personnel; and (ii) three hundred seventy-five dollars (\$375.00) for each teacher assistant.

(b) The State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

Requested by: Senators Winner, Lee, Representatives Arnold, Grady, Preston

EXTRA PAY FOR PROFESSIONAL DEVELOPMENT

Section 8.37. Of the funds appropriated to State Aid to Local School Administrative Units, the sum of six million eight hundred thousand dollars (\$6,800,000) for the 1997-98 fiscal year and the sum of six million eight hundred thousand dollars (\$6,800,000) for the 1998-99 fiscal year shall be used only for

assistance teams to low-performing schools and for professional development relating to the State Board's reading plan under the ABC's Plan and mathematics education.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

PUBLIC SCHOOL CALENDAR CHANGES/EXTRA PAY FOR EXTRA DAYS

Section 8.38. (a) G.S. 115C-84 is repealed.

(b) G.S. 115C-84.1(c) is repealed. It is the intent of the General Assembly to extend to all local school administrative units for one year the provisions of subsections (a) and (b) of G.S. 115C-84.1. Effective July 1, 1998, G.S. 115C-84.1, as amended by this subsection, is repealed.

(c) Part 2 of Article 8 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-84.2. School calendar.

(a) School Calendar. – Each local board of education shall adopt a school calendar consisting of 220 days all of which shall fall within the fiscal year. A school calendar shall include the following:

- (1) A minimum of 180 days and 1,000 hours of instruction covering at least nine calendar months. The local board shall designate when the 180 instructional days shall occur. The number of instructional hours in an instructional day may vary according to local board policy and does not have to be uniform among schools in the administrative unit. Local boards may approve school improvement plans that include days with varying amounts of instructional time. If school is closed early due to inclement weather, the day and the scheduled amount of instructional hours may count towards the required minimum to the extent allowed by State Board policy. The school calendar shall include a plan for making up days and instructional hours missed when schools are not opened due to inclement weather.
- (2) A minimum of 10 annual vacation leave days.
- (3) The same or an equivalent number of legal holidays occurring within the school calendar as those designated by the State Personnel Commission for State employees.
- (4) Ten days, as designated by the local board, for use as teacher workdays, additional instructional days, or other lawful purposes. A local board may delegate to the individual schools some or all of the 10 days to schedule under subdivision (5) of this subsection. A local board may schedule different purposes for different personnel on any given day and is not required to schedule the same dates for all personnel.
- (5) The remaining days shall be scheduled by each individual school by the school's principal in consultation with the school improvement team. Days may be scheduled for any of the purposes allowed under subdivision (4) of this subsection. Days may be scheduled for

different purposes for different personnel and there is no requirement to schedule the same dates for all personnel.

Local boards and individual schools are encouraged to use the calendar flexibility in order to meet the annual performance standards set by the State Board. Local boards of education shall consult with parents and the employed public school personnel in the development of the school calendar.

(b) Limitations. – The following limitations apply when developing the school calendar:

- (1) The total number of teacher workdays for teachers employed for a 10 month term shall not exceed 200 days.
- (2) The calendar shall include at least 30 consecutive days when teacher attendance is not required unless: (i) the school is a year-round school; or (ii) the teacher is employed for a term in excess of 10 months.
- (3) School shall not be held on Sundays.
- (4) Veteran's Day shall be a holiday for all students enrolled in the public schools.

(c) Emergency Conditions. – During any period of emergency in any section of the State where emergency conditions make it necessary, the State Board of Education may order general, and if necessary, extended recesses or adjournment of the public schools.

(d) Opening and Closing Dates. – Local boards of education shall determine the dates of opening and closing the public schools under subdivision (a)(1) of this section. A local board may revise the scheduled closing date if necessary in order to comply with the minimum requirements for instructional days or instructional time. Different opening and closing dates may be fixed for schools in the same administrative unit."

(d) G.S. 115C-302 is repealed.

(e) Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-302.1. Salary.

(a) Prompt Payment. – Teachers shall be paid promptly when their salaries are due provided the legal requirements for their employment and service have been met. All teachers employed by any local school administrative unit who are to be paid from local funds shall be paid promptly as provided by law and as State-allotted teachers are paid.

(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months. State-allotted months of employment for vocational education to local boards shall be used for the employment of teachers of vocational and technical education for a term of employment to be determined by the local boards of education. However, local boards shall not reduce the term of employment for any vocational agriculture teacher personnel position that was 12 calendar months for the 1982-83 school year for any school year thereafter.

Each local board of education shall establish a set date on which monthly salary payments to State-allotted teachers shall be made. This set pay date may differ from the

end of the month of service. The daily rate of pay for teachers shall equal one twenty-second of the monthly rate of pay.

Teachers may be prepaid on the monthly pay date for days not yet worked. A teacher who fails to attend scheduled workdays or who has not worked the number of days for which the teacher has been paid and who resigns, is dismissed, or whose contract is not renewed shall repay to the local board any salary payments received for days not yet worked. A teacher who has been prepaid and continues to be employed by a local board but fails to attend scheduled workdays may be subject to dismissal under G.S. 115C-325 or other appropriate discipline.

Any individual teacher who is not employed in a year-round school may be paid in 12 monthly installments if the teacher so requests on or before the first day of the school year. The request shall be filed in the local school administrative unit which employs the teacher. The payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the teacher's annual salary nor in any other way alter the contract made between the teacher and the local school administrative unit. Teachers employed for a period of less than 10 months shall not receive their salaries in 12 installments.

(c) Vacation. – Included within the 10-month term shall be annual vacation leave at the same rate provided for State employees, computed at one-twelfth of the annual rate for State employees for each month of employment. Local boards shall provide at least 10 days of annual vacation leave at a time when students are not scheduled to be in regular attendance. However, instructional personnel who do not require a substitute may use annual vacation leave on days that students are in attendance. Vocational and technical education teachers who are employed for 11 or 12 months may, with prior approval of the principal, work on annual vacation leave days designated in the school calendar and may use those annual vacation leave days during the eleventh or twelfth month of employment.

On a day that pupils are not required to attend school due to inclement weather, but employees are required to report for a workday, a teacher may elect not to report due to hazardous travel conditions and to take an annual vacation day or to make up the day at a time agreed upon by the teacher and the teacher's immediate supervisor or principal. On a day that school is closed to employees and pupils due to inclement weather, a teacher shall work on the scheduled makeup day.

All vacation leave taken by the teacher will be upon the authorization of the teacher's immediate supervisor and under policies established by the local board of education. Annual vacation leave shall not be used to extend the term of employment.

Teachers may accumulate annual vacation leave days without any applicable maximum until June 30 of each year. In order that only 30 days of annual vacation leave carry forward to July 1, on June 30 of each year any teacher or other personnel paid on the teacher salary schedule who has accumulated more than 30 days of annual vacation leave shall:

- (1) Convert to either sick leave or pay the excess accumulation that is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays; and
- (2) Convert to sick leave the remaining excess accumulation.

Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays. Actual payment for excess accumulated annual vacation leave may be made after July 1.

Upon separation from service due to service retirement, resignation, dismissal, reduction in force, or death, an employee shall be paid in a lump sum for accumulated annual leave not to exceed a maximum of 30 days. In addition to the maximum of 30 days pay for accumulated annual leave, upon separation from service due to service retirement, any teacher or other personnel paid on the teacher salary schedule with more than 30 days of accumulated annual vacation leave may convert some or all of the excess accumulation to sick leave for creditable service towards retirement or pay if the excess accumulation is the result of the teacher having to forfeit annual vacation leave in order to attend required workdays. Local boards of education shall identify which days are accumulated due to the teacher forfeiting annual vacation leave in order to attend required workdays. Employees going onto term disability may exhaust annual leave rather than be paid in a lump sum.

Notwithstanding any provisions of this subsection to the contrary, no person shall be entitled to pay for any vacation day not earned by that person.

(d) Personal Leave. – Teachers earn personal leave at the rate of .20 days for each full month of employment not to exceed two days per year. Personal leave may be accumulated to a maximum of five days. Personal leave may be used only upon the authorization of the teacher's immediate supervisor, but if the request is made at least five days in advance, the teacher cannot be required to provide a reason for the request. Unless approved by the principal, a teacher shall not take personal leave on the first day the teacher is required to report for the school year, on required teacher workdays, or on the day before or the day after holidays or scheduled vacation days. Teachers may transfer personal leave days between local school administrative units. The local school administrative unit shall credit a teacher who has separated from service and is reemployed within 60 months from the date of separation with all personal leave accumulated at the time of separation. Local school administrative units shall not advance personal leave. Teachers using personal leave receive full salary less the required substitute deduction.

(e) Teachers in Year-Round Schools. – Compensation for teachers employed in year-round schools shall be the same as teachers paid for a 10-month term, but those days may be scheduled over 12 calendar months. Annual leave, sick leave, workdays, holidays, salary, and longevity for teachers who are employed at year-round schools shall be equivalent to those of other teachers employed for the same number of months, respectively. Teachers paid for a term of 10 months in year-round schools shall receive their salary in 12 equal installments.

(f) Overpayment. – Each local board of education shall sustain any loss by reason of an overpayment to any teacher paid from State funds.

(g) Service in Armed Forces. – The State Board of Education, in fixing the State standard salary schedule of teachers as authorized by law, shall provide that teachers who entered the armed or auxiliary forces of the United States after September 16, 1940, and who left their positions for such service shall be allowed experience

increments for the period of such service as though the same had not been interrupted thereby, in the event such persons return to the position of teachers, principals, and superintendents in the public schools of the State after having been honorably discharged from the armed or auxiliary forces of the United States.

(h) Teachers Paid From Other Funds. – Every local board of education may adopt, as to teachers not paid out of State funds, a salary schedule similar to the State salary schedule, but it likewise shall recognize a difference in salaries based on different duties, training, experience, professional fitness, and continued service in the same school system. If a local board of education does not adopt a local salary schedule, the State salary schedule shall apply. No teacher shall receive a salary higher than that provided in the salary schedule, unless by action of the board of education a higher salary is allowed for special fitness, special duties, or under extraordinary circumstances.

Whenever a higher salary is allowed, the minutes of the board shall show what salary is allowed and the reason. A board of education may authorize the superintendent to supplement the salaries of all teachers from local funds, and the minutes of the board shall show what increase is allowed each teacher.

(i) Longevity Pay. – Longevity pay shall be based on the annual salary on the employee's anniversary date.

(j) Parental Leave. – A teacher may use annual leave, personal leave, or leave without pay to care for a newborn child or for a child placed with the teacher for adoption or foster care. The leave may be for consecutive workdays during the first 12 months after the date of birth or placement of the child, unless the teacher and local board of education agree otherwise."

(f) G.S. 115C-272(b)(1) reads as rewritten:

"(1) Each local board of education shall establish a set date on which monthly salary payments to superintendents shall be made. This set pay date may differ from the end of the calendar month of service. Superintendents shall only be paid for the days employed as of the set pay date. Payment for a full month when days employed are less than a full month is prohibited as this constitutes prepayment. The daily rate of pay shall equal the number of weekdays in the pay period. Included within their term of employment shall be annual vacation leave at the same rate provided for State employees. Included within the 12 months' employment each local board of education shall designate the same or an equivalent number of legal holidays as those designated by the State Personnel Commission for State employees."

(g) G.S. 115C-285(b)(1) reads as rewritten:

"(1) Classified principals and State-allotted supervisors shall be employed for a term of 12 calendar months. Each local board of education shall establish a set date on which monthly salary payments to classified principals and State-allotted supervisors shall be made. This set pay date may differ from the end of the calendar month of service. Classified principals and State-allotted supervisors shall only be paid

for the days employed as of the set pay date. Payment for a full month when days employed are less than a full month is prohibited as this constitutes prepayment. The daily rate of pay shall equal the number of weekdays in the pay period. They shall earn annual vacation leave at the same rate provided for State employees. On a day that employees are required to report for a workday but pupils are not required to attend school due to inclement weather, an employee may elect not to report due to hazardous travel conditions and to take one of ~~his~~ the employee's annual vacation days or to make up the day at the time agreed upon by the employee and ~~his~~ the employees's immediate supervisor. They shall be provided by the board the same or an equivalent number of legal holidays as those designated by the State Personnel Commission for State employees."

(h) G.S. 115C-316(a)(1) reads as rewritten:

"(1) Employees Other than Superintendents, Supervisors and Classified Principals on an Annual Basis. – Each local board of education shall establish a set date on which monthly salary payments to employees other than superintendents, supervisors, and classified principals employed on an annual basis, shall be made. This set pay date may differ from the end of the calendar month of service. ~~These employees shall only be paid for the days employed as of the set pay date. Payment for a full month when days employed are less than a full month is prohibited as this constitutes prepayment.~~ Employees may be prepaid on the monthly pay date for days not yet worked. An employee who fails to attend scheduled workdays or who has not worked the number of days for which the employee has been paid and who resigns or is dismissed shall repay to the local board any salary payments received for days not yet worked. An employee who has been prepaid and who continues to be employed by a local board but fails to attend scheduled workdays may be subject to dismissal or other appropriate discipline. The daily rate of pay shall equal the number of weekdays in the pay period. Included within their term of employment shall be annual vacation leave at the same rate provided for State employees, computed at one-twelfth (1/12) of the annual rate for state employees for each calendar month of employment. On a day that employees are required to report for a workday but pupils are not required to attend school due to inclement weather, an employee may elect not to report due to hazardous travel conditions and to take one of ~~his~~ the employee's annual vacation days or to make up the day at a time agreed upon by the employee and ~~his~~ the employee's immediate supervisor or principal. On a day that school is closed to employees and pupils due to inclement weather, an employee shall work on the scheduled makeup day. Included within their term of employment each local board of education shall designate the same or an equivalent

number of legal holidays as those designated by the State Personnel Commission for State employees."

(i) G.S. 115C-316(a)(2) reads as rewritten:

"(2) School Employees Paid on an Hourly or Other Basis. – Salary payments to employees other than those covered in G.S. 115C-272(b)(1), 115C-285(a)(1) and (2), ~~115C-302(a)(1) and (2)~~, 115C-302.1(b), and 115C-316(a)(1) shall be made at a time determined by each local board of education. Expenditures for the salary of these employees from State funds shall be within allocations made by the State Board of Education and in accordance with rules and regulations approved by the State Board of Education concerning allocations of State funds: Provided, that school employees employed for a term of 10 calendar months in year-round schools shall be paid in 12 equal installments: Provided further, that any individual school employee employed for a term of 10 calendar months who is not employed in a year-round school may be paid in 12 monthly installments if the employee so requests on or before the first day of the school year. Such request shall be filed in the administrative unit which employs the employee. The payment of the annual salary in 12 installments instead of 10 shall not increase or decrease said annual salary nor in any other way alter the contract between the employee and the said administrative unit. Employees may be prepaid on the set pay date for days not yet worked. An employee who fails to attend scheduled workdays or who has not worked the number of days for which the employee has been paid and who resigns or is dismissed shall repay to the local board any salary payments received for days not yet worked. An employee who has been prepaid and who continues to be employed by a local board but fails to attend scheduled workdays may be subject to dismissal or other appropriate discipline. The daily rate of pay shall equal the number of weekdays in the pay period. Included within the term of employment shall be provided for full-time employees annual vacation leave at the same rate provided for State employees, computed at one-twelfth (1/12) of the annual rate for State employees for each calendar month of employment, to be taken under policies determined by each local board of education. On a day that employees are required to report for a workday but pupils are not required to attend school due to inclement weather, an employee may elect not to report due to hazardous travel conditions and to take one of his annual vacation days or to make up the day at a time agreed upon by the employee and his immediate supervisor or principal. On a day that school is closed to employees and pupils due to inclement weather, the employee shall work on the scheduled makeup day. Included within their term of employment, each local board of education shall designate the same or an equivalent number of legal holidays

occurring within the period of employment as those designated by the State Personnel Commission for State employees."

- (j) G.S. 115C-47(5) reads as rewritten:
"(5) To Fix Time of Opening and Closing Schools. – The time of opening and closing the public schools shall be fixed pursuant to the provisions of ~~G.S. 115C-84(e)~~ under G.S. 115C-84.2."
- (k) G.S. 115C-47(11) reads as rewritten:
"(11) To Determine the ~~Length of the School Day, the School Month and the School Term.~~School Calendar. – Local boards of education shall determine the school calendar under G.S. 115C-84.2. ~~length of the school day, the school month and the school term pursuant to the provisions of G.S. 115C-84(a) through (e).~~"
- (l) G.S. 115C-47(21) reads as rewritten:
"(21) It is the duty of every local board of education to provide for the prompt monthly payment of all salaries due teachers and other school officials and employees, and of all current bills and other necessary operating expenses. All salaries and bills shall be paid as provided by law for disbursing State and local funds.

The local board shall determine salary schedules of employees pursuant to the provisions of G.S. 115C-273, 115C-285(b), ~~115C-302(e)~~, 115C-302.1(i), and 115C-316(b).

The authority for boards of education to issue salary vouchers to all school employees, whether paid from State or local funds, shall be a monthly payroll prepared on forms approved by the State Board of Education and containing all information required by the State Board of Education. This monthly payroll shall be signed by the principal of each school."

(m) By December 15, 1997, the State Board of Education shall review and revise its rules, policies, and guidelines to make them consistent with this section. The State Board may use its authority under G.S. 150B-21.1 regarding the adoption of temporary rules consistent with this section.

(n) Of the funds appropriated to State Aid to Local School Administrative Units, the sum of eight million five hundred thousand dollars (\$8,500,000) for the 1997-98 fiscal year and the sum of eight million five hundred thousand dollars (\$8,500,000) for the 1998-99 fiscal year shall be used by local boards of education to pay teachers for working on, and thereby forfeiting, vacation days, in accordance with G.S. 115C-302.1(c). The State Board of Education shall make available to each local school administrative unit sufficient funds to provide pay for a maximum of 4 days for each teacher who is qualified to receive additional pay for forfeited vacation days under G.S. 115C-302.1(c). Notwithstanding any other law, for the 1997-98 fiscal year the funds allotted under this subsection shall be available as follows: one half for days scheduled by the local board and one half for days scheduled by school principals in consultation with school improvement teams. For the 1998-99 fiscal year, the funds allotted under this subsection shall be available for days scheduled by local boards and individual

schools as follows: one half for days scheduled by the local board of education under G.S. 115C-84.2(a)(4); and one half for days scheduled by school principals in consultation with school improvement teams under G.S. 115C-84.2(a)(5).

(o) Subsections (a), (c), (f), (g), (j), and (k) of this section, and the daily rate of pay provisions in subsections (e), (h), and (i) of this section shall become effective July 1, 1998. All other subsections and provisions become effective July 1, 1997. For the 1997-98 fiscal year, the provisions of G.S. 115C-302.1(c), as enacted by subsection (e) of this section, that permit teachers to opt to have excess vacation leave converted to pay apply only if a local board of education or a school principal in consultation with the school improvement team opts to require the teachers to work on these days.

Requested by: Representatives Arnold, Grady, Preston, Senators Winner, Lee

GLOBAL CURRICULUM PROGRAM

Section 8.39. The funds appropriated in this act for the Global Curriculum Program shall be used to improve the knowledge and understanding of middle and high school students in the areas of international and cultural studies, by identifying and training master teachers and providing orientations and materials. The State Board of Education may enter into contracts to implement the Program.

Requested by: Representatives Reynolds, Arnold, Grady, Preston, Senators Winner, Lee, Hartsell

PILOT PROGRAM FOR COMPUTER NETWORK ADMINISTRATION

Section 8.40. (a) Of the funds appropriated in this act for State Aid to Local School Administrative Units, the State Board of Education shall use up to five hundred thousand dollars (\$500,000) for the 1997-98 fiscal year to establish pilot programs in the administration, design, and maintenance of computer networks in public schools business programs as part of Tech Prep and School-to-Work.

(b) The State Board of Education shall select local school administrative units to participate in the pilot program. In selecting the pilot units, the State Board shall consider (i) indicators of the readiness of a unit to participate in the program, (ii) the degree of community support for such a program, (iii) indicators of the need for the program in the community, such as lack of comparable training or resources in the community, and (iv) the availability of the necessary computer hardware.

The program shall be implemented in one to three high schools in each participating unit. Two teachers shall participate at each high school in which the program is implemented. Classes shall be limited to 15 students each.

(c) Each pilot program shall meet the following criteria:

- (1) The program shall be available to high school juniors and seniors and shall be four semesters in length, including a work-based learning component;
- (2) The program shall be taught by a certified North Carolina business education teacher who is appropriately certified in computer network administration, design, and maintenance;

- (3) Courses shall be taught in an appropriate classroom/laboratory environment;
 - (4) The program shall be designed to extend into the community college system to provide engineer and instructor certification;
 - (5) Students successfully completing the program shall be provided an opportunity to take the appropriate certification examination in network administration, design, and maintenance; and
 - (6) The program shall be monitored and managed by the State Board of Education, in consultation with private industry business partners.
- (d) The State Board of Education may contract with outside consultants or with private nonprofit corporations to assist it in implementing and evaluating the pilot programs.
- (e) The State Board of Education shall evaluate the educational components of the programs.

The State Board of Education shall report the results of these evaluations to the Joint Legislative Education Oversight Committee by September 15, 1999.

Requested by: Representatives Arnold, Grady, Preston, Senators Winner, Lee, Hartsell
FUNDS TO GRADE STANDARDIZED TESTS

Section 8.41. Of the funds appropriated for the State Aid to Local School Administrative Units, the State Board of Education may use up to eight hundred fifty thousand dollars (\$850,000) for the 1997-98 fiscal year to grade short essay tests for grade levels designated by the State Board of Education.

The General Assembly encourages the Director of the Budget to include these funds in the continuation budget request for subsequent fiscal years.

Requested by: Representatives Arnold, Grady, Preston, Senators Winner, Lee
PROTOTYPE SCHOOL DESIGN CLEARINGHOUSE

Section 8.42. Of the funds appropriated to State Aid to Local School Administrative Units, the State Board of Education may use up to one hundred seventy thousand four hundred dollars (\$170,400) for the 1997-98 fiscal year and up to seventy-seven thousand nine hundred dollars (\$77,900) for the 1998-99 fiscal year to establish a prototype school design clearinghouse in accordance with G.S. 115C-521(e).

Requested by: Senators Lee, Winner, Hartsell, Representatives Arnold, Grady, Preston, Moore

STUDY OF TEACHER AND SCHOOL ADMINISTRATOR SUPPLY AND DEMAND

Section 8.43. (a) The State Board of Education, in coordination with the Board of Governors of The University of North Carolina and independent colleges and universities that offer teacher education programs, shall conduct a comprehensive teacher supply and demand study as provided in Section 4(b) of S.L. 1997-221.

(b) The State Board of Education, in coordination with the Board of Governors of The University of North Carolina, and independent colleges and

universities that offer masters degree programs in school administration shall conduct a comprehensive school administrator supply and demand study as provided in section 4(c) of S.L. 1997-221.

(c) The State Board of Education may use up to seventy-five thousand dollars (\$75,000) of funds appropriated by this act to State Aid to Local School Administrative Units for the 1997-98 fiscal year for the supply and demand studies required under subsections (a) and (b) of this section.

(d) The State Board of Education may use up to fifty thousand dollars (\$50,000) of funds appropriated by this act to State Aid to Local School Administrative Units for the 1997-98 fiscal year to study principals' salaries including the relationship of principals' salaries to the salaries of teachers and other certified school personnel. The State Board of Education shall report the results of the study to the Joint Legislative Education Oversight Committee prior to December 15, 1998.

Requested by: Representatives Thompson, Clary, Justus, Weatherly, Baker, G. Wilson, Owens

ALLOCATION OF INVESTMENT EARNINGS ON SCHOOL BONDS TO SMALL COUNTY SCHOOL SYSTEMS

Section 8.44. (a) Section 5 of Chapter 631 of the 1995 Session Laws reads as rewritten:

"Sec. 5. Uses of Bond and Note Proceeds. – The proceeds of Public School Building Bonds and notes shall be used for the purpose of making grants to counties for paying the cost of public school capital outlay projects.

Any additional moneys that may be received by means of a grant or grants from the United States of America or any agency or department thereof or from any other source to aid in financing the cost of any public school capital outlay projects authorized by this act may be placed by the State Treasurer in the Public School Building Bonds Fund or in a separate account or fund and shall be disbursed, to the extent permitted by the terms of the grant or grants, without regard to any limitations imposed by this act.

Moneys in the Public School Building Bonds Fund or in any separate fund or account may be invested from time to time by the State Treasurer in the same manner permitted for investment of moneys belonging to the State or held in the State treasury except with respect to grant money to the extent otherwise directed by the terms of the grant, and any investment earnings shall be credited to the Public School Building Bonds Fund or the particular fund or account from which the investment was made. When the State Budget Officer determines that uncommitted funds are available, the State Board of Education shall allocate from these investment earnings the sum of one million four hundred forty thousand eight hundred twenty-one dollars (\$1,440,821) as a grant to Avery County, the sum of one million three hundred ninety-three thousand sixty-nine dollars (\$1,393,069) as a grant to Alleghany County, the sum of one million three hundred fifty-seven thousand eight hundred thirty-five dollars (\$1,357,835) as a grant to Currituck County, and the sum of one million four hundred seventy-one thousand nine hundred seventeen dollars (\$1,471,917) as a grant to Polk County, because these counties (i) have a small county school system, (ii) did not receive an

allocation under Section 6(b) of this act, and (iii) have school construction needs that were not met by the allocations under Section 6(c) of this act.

All moneys deposited in, or accruing to the credit of, the Public School Building Bonds Fund, other than moneys set aside for administrative expenses, including expenses related to determining compliance with applicable requirements of the federal tax law and cost of issuance, shall be used to pay the cost of public school capital outlay projects in the manner authorized by this act.

The proceeds of Public School Building Bonds and notes may be used with any other moneys made available by the General Assembly for public school capital outlay projects, including the proceeds of any other State bond issues, whether heretofore made available or that may be made available at the session of the General Assembly at which this act is ratified or any subsequent sessions. The proceeds of Public School Building Bonds and notes shall be expended and disbursed under the direction and supervision of the Director of the Budget. The funds provided by this act for public school capital outlay projects shall be disbursed for the purposes provided in this act upon warrants drawn on the State Treasurer by the State Controller, which warrants shall not be drawn until requisition has been approved by the Director of the Budget and which requisition shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes.

The Director of the Budget shall provide quarterly reports to the State Board of Education, the Superintendent of Public Instruction, and the General Assembly on the expenditure of moneys from the Public School Building Bonds Fund. Reports to the General Assembly shall be filed with the Legislative Library, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Fiscal Research Division."

(b) This section is effective when this act becomes law.

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

CLARIFICATION OF LAW ON IDENTIFICATION OF LOW-PERFORMING SCHOOLS

Section 8.45. The General Assembly finds that G.S. 115C-105.37, which pertains to the identification of low-performing schools, is being misconstrued and misunderstood. The General Assembly finds further that it is essential to resolve the misconstruction and misunderstanding of this statute immediately for the benefit of parents, children, and school systems; therefore, G.S. 115C-105.37(a) reads as rewritten:

"(a) The State Board of Education shall design and implement a procedure to identify low-performing schools on an annual basis. Low-performing schools are those in which there is a failure to meet the minimum growth standards, as defined by the State Board, and a majority of students tested in accordance with G.S. 115C-174.11(c) are performing below grade level."

Requested by: Senators Winner, Lee, Hartsell, Representatives Arnold, Grady, Preston, Moore

REPORT ON PILOT AND MODEL PROGRAMS

Section 8.46. Local boards of education and nonprofit corporations that are implementing the following pilot or model programs with State funds shall report to the State Board of Education prior to December 15, 1998, on how those programs have improved student performance:

- (1) Total Quality Management;
- (2) A+ Schools;
- (3) AVID
- (4) Communities-in-Schools;
- (5) Global Curriculum;
- (6) Public-Private Partnership to Expand Technology in Public Schools;
- (7) Pilot Program for Computer Network Administration;
- (8) Schools Attuned Program; and
- (9) Model Teacher Education Program.

PART IX. COMMUNITY COLLEGES

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

COMMUNITY COLLEGE FUNDING FLEXIBILITY

Section 9. A local community college may use all State funds allocated to it, except for Literacy Funds and Funds for New and Expanding Industries, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. Each local community college shall submit an Institutional Effectiveness Plan that indicates to the State Board of Community Colleges how the college will use this funding flexibility to meet the demands of the local community and maintain a presence in all previously funded categorical programs.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

COMMUNITY COLLEGE TUITION AND FEE PAYMENTS

Section 9.1. The General Assembly finds that the North Carolina Community College System's change from a three quarter academic year to a two semester academic year may make it difficult for students to pay all of their tuition for a semester in a single payment; therefore, the General Assembly urges the community colleges to exercise the authority granted to them under State Board of Community College rules to permit students to make their payments at prescribed intervals instead of in a lump sum.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

ASSESSMENT OF OCCUPATIONAL EXTENSION FORMULA

Section 9.2. As the State Board of Community Colleges completes Phase Three of its consultant's study on the budget formula, the State Board shall reexamine whether and the extent to which the faculty-student ratio for occupational extension

programs should vary by college size. The State Board shall also consider the appropriate funding level for occupational extension programs based on analysis of cost.

The State Board shall report the results of its studies to the Joint Legislative Education Oversight Committee prior to April 30, 1998.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

MODIFICATIONS IN THE FTE FUNDING FORMULA TO REFLECT FLUCTUATIONS IN ENROLLMENT

Section 9.3. The State Board of Community Colleges shall study alternative methods of protecting colleges from the budgetary impact of fluctuations in enrollment. The State Board shall report to the General Assembly on its recommended budget stability proposals and on an appropriate transition period prior to April 30, 1998.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

STUDENT CENSUS DATE

Section 9.4. (a) The census date for reporting student membership hours for curriculum and occupational extension classes shall be at the ten percent (10%) point of the class.

(b) Subsection (a) of this section does not apply to courses offered on a contact-hour basis.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

NEW AND EXPANDING INDUSTRY REPORT DATE MODIFIED

Section 9.5. G.S. 115D-5(i) reads as rewritten:

"(i) The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on March 1 and ~~September 1~~ October 1 of each year on expenditures for the New and Expanding Industry Program each fiscal year. The report shall include, for each company or individual that receives funds for New and Expanding Industry:

- (1) The total amount of funds received by the company or individual;
- (2) The amount of funds per trainee received by the company or individual;
- (3) The amount of funds received per trainee by the community college training the trainee;
- (4) The number of trainees trained by company and by community college; and
- (5) The number of years the companies or individuals have been funded.

~~The September 1, 1996, report shall include this information for the prior three fiscal years."~~

Requested by: Senator Perdue, Representatives Arnold, Grady, Preston

NEW AND EXPANDING INDUSTRY GUIDELINES

Section 9.6. (a) G.S. 115D-5 is amended by adding a new subsection to read:

"(j) The North Carolina Community College System's New and Expanding Industry Training (NEIT) Program Guidelines, which were adopted by the State Board of Community Colleges on April 18, 1997, apply to all funds appropriated for the Program after June 30, 1997. A project approved as an exception under these Guidelines, or these Guidelines as modified by the State Board of Community Colleges, shall be approved for one year only."

(b) Of the funds appropriated to the Department of Community Colleges for the New and Expanding Industry Program, the Department of Community Colleges may use up to one hundred twenty-five thousand dollars (\$125,000) a year to monitor compliance with the North Carolina Community College System's New and Expanding Industry Training (NEIT) Program Guidelines. The Joint Legislative Education Oversight Committee shall review the expenditure of these funds.

Requested by: Senator Plyler

ESTABLISHMENT OF A NEW MULTICAMPUS COMMUNITY COLLEGE TO SERVE ANSON AND UNION COUNTIES AUTHORIZED

Section 9.7. (a) On February 21, 1997, the State Board of Community Colleges recommended the establishment of a multicampus college whose administrative and service delivery area will be Anson County and Union County. Under the recommendation of the State Board, the structure of the Board of Trustees shall ensure equal representation to both Anson County and Union County and the new Board of Trustees shall select the name of the new college; therefore, Anson and Union Counties shall act pursuant to G.S. 115D-59 to jointly propose and submit to the State Board of Community Colleges such a contract for the establishment of the new institution to serve the multiple-county administrative area of Anson and Union Counties.

(b) Effective the later of the date this act becomes law and the date the State Board of Community Colleges approves the terms of the contract: (i) the new institution to serve the multiple-county administrative area of Anson and Union Counties is established and (ii) Anson Community College is abolished.

(c) The State Board of Community Colleges shall provide special oversight during the transition period to the new college structure.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

COMMUNITY COLLEGE PROGRAM EFFICIENCY

Section 9.8. The State Board of Community Colleges shall direct the community colleges to continue to review classes with low enrollment to determine whether some classes should be terminated or consolidated into other programs to increase the efficiency of the Community College System. The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on the results of this review by November 1, 1998, and November 1, 1999.

Requested by: Senator Hartsell, Representatives Arnold, Grady, Preston

HOSPITAL-BASED NURSING PROGRAMS

Section 9.9. Funds appropriated to the Department of Community Colleges for hospital-based diploma nursing programs shall be made available to both associate degree nursing programs and diploma nursing programs.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

HRD MULTI-ENTRY/MULTI-EXIT CLASSES

Section 9.10. (a) The State Board of Community Colleges may allow the Human Resources Development Program to offer multi-entry/multi-exit classes for their students and to count the class hours on a contact-hour basis.

(b) Nothing in this section allows these classes to generate budget FTE.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

OPERATIONS AND MAINTENANCE OF PLANT FUNDS

Section 9.11. (a) Of the funds allocated to Central Carolina Community College for the 1998-99 fiscal year, the College may use up to one hundred ninety thousand dollars (\$190,000) for the operations and maintenance of the plant.

(b) Of the funds allocated to Southwestern Community College for the 1998-99 fiscal year, the College may use up to one hundred twenty-one thousand dollars (\$121,000) for the operations and maintenance of the plant.

(c) Central Carolina Community College and Southwestern Community College shall work with the counties in their service delivery areas to develop a plan for sharing the costs of operations and maintenance of plant costs equitably among the counties. The colleges shall report to the Joint Legislative Education Oversight Committee prior to March 15, 1998, on the plans they develop.

Requested by: Representative Berry

HOSIERY TECHNOLOGY CENTER FUNDS

Section 9.12. Funds in the amount of one hundred thousand dollars (\$100,000) that are appropriated in this act to the Department of Community Colleges for the Hosiery Technology Center of North Carolina are for the 1997-98 fiscal year only. It is the intent of the General Assembly that the Center operate in subsequent fiscal years without any special or supplemental funding.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston, Hardy

STATE BOARD RESERVE FUND

Section 9.13. The State Board of Community Colleges shall use expansion budget funds in the amount of three hundred eighty thousand dollars (\$380,000) appropriated to the Department of Community Colleges for the 1997-98 fiscal year and two hundred fifty thousand dollars (\$250,000) appropriated for the 1998-99 fiscal year to increase the State Board Reserve. These additional funds in the Reserve shall be used to fund new programs in accordance with Board policies, including, for the 1997-98 fiscal year, the new program at Beaufort Community College for prisoners at the Hyde County Correctional Institution.

PART X. UNIVERSITIES

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
**WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING
FORMULA**

Section 10. (a) 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-year, second-year, third-year, and fourth-year students in each medical school as of November 1, 1997, and November 1, 1998. Disbursement to Wake Forest University shall be made in the amount of eight thousand dollars (\$8,000) for each medical student who is a North Carolina resident, 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 medical school. 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 medical student who is a North Carolina resident, 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 medical school. No individual student may 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 biennium, a disbursement of one thousand dollars (\$1,000) shall be made for each medical student who is a North Carolina resident 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 medical schools and shall review the grants or awards to eligible students. The Board of Governors shall adopt rules for determining which students are residents of North Carolina for the purposes of these programs. The Board shall also make any regulations as necessary to ensure that these funds are used directly for instruction in the medical programs of the schools and not for religious or other nonpublic purposes. The Board shall encourage the two schools to orient students toward primary care, consistent with the directives of G.S. 143-613(a). The two schools shall supply information necessary for the Board to comply with G.S. 143-613(d).

(b) If the 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 are insufficient to cover the enrolled students in accordance with this section, then the Board of Governors may transfer unused funds from other programs in the Related Educational Programs budget code to cover the extra students.

Requested by: Senators Lee, Winner, Representatives Adams, Oldham

UNC EQUITY FUNDS/CAPITAL FACILITIES STUDY

Section 10.1. (a) The funds appropriated to the Board of Governors of The University of North Carolina for equity funds are to address relative inequities in State operating funding revealed through a study of the constituent institutions in the university system. The General Assembly notes that the study dealt with equity based upon current funding from State appropriations and tuition for operations and did not consider historical equity in funding for physical facilities or funding from non-State sources. Therefore, in making this appropriation, the General Assembly does not conclude that the total funding of any institution, including specifically the historically black universities, is adequate in light of all considerations.

(b) Based on findings of the Legislative Study Commission on the Status of Education at The University of North Carolina, the General Assembly is still concerned about perceived differences in the quality of capital facilities on the different campuses, which may impact the ability of some campuses to attract students and faculty. Since the Board of Governors has recently completed studies of equity of funding for operating costs among the constituent institutions and of the Board of Governors' capital improvements request process, it is timely that the question of equity of facilities be addressed.

The Board of Governors of The University of North Carolina shall study the relative equity and adequacy of the physical facilities of its constituent institutions. The study shall consider the condition of the facilities, whether or not facilities are comparable among the campuses given the different missions of the institutions, comparable adequacy of the physical facilities given the size and projected growth of the school, and such other factors deemed appropriate by the Board of Governors. The study shall include all facilities contributing to the accomplishment of the campuses' missions. First, the Board of Governors shall study those facilities considered central to the academic missions of the campuses that are generally supported from General Fund appropriations. Secondly, the Board of Governors shall study those facilities that contribute to the overall missions of the campuses, including residential, dining, research, and other facilities regardless of the sources of funding. The Board of Governors shall consider its policies on funding of self-liquidating projects and whether those policies contribute to any inequities among the campuses, including the overall costs to the students.

The Board of Governors shall report to the General Assembly by January 15, 1999, with the results of its study. The report shall include recommendations to rectify any inequities or inadequacies found in the study.

Requested by: Senators Lee, Winner, Rand, Shaw of Cumberland, Representatives Preston, Arnold, Grady, Kinney

MILITARY RESIDENCY/UNC TUITION

Section 10.2. G.S. 116-143.3(b) reads as rewritten:

"(b) Any member of the armed services qualifying for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) but not qualifying as a resident for tuition purposes under G.S. 116-143.1 shall be charged the out-of-State tuition rate; provided, that the out-of-State tuition shall be forgiven to the extent that the out-of-State tuition rate exceeds any amounts payable to the institution or the service member by the service member's employer by reason of enrollment pursuant to such admission while the member is abiding in this State incident to active military duty, plus the amount that represents the percentage of the out-of-State tuition rate paid to the institution or the service member by the service member's employer multiplied by the in-State tuition rate and then subtracted from the in-State tuition rate. Any member of the armed services who does not qualify for any payment by the member's employer shall be eligible to be charged the in-State tuition rate and shall pay the full amount of the in-State tuition rate."

Requested by: Representatives Preston, Arnold, Grady

FUNDING FOR OFF-CAMPUS AND DISTANCE LEARNING DEGREE-CREDIT EXTENSION INSTRUCTION

Section 10.3. The General Assembly has focused attention in recent sessions on increasing access and providing for additional enrollment in higher education. The 1995 Session Laws directed the Board of Governors of The University of North Carolina to "consider different funding approaches to meeting the needs of an increasing pool of high school graduates, as well as adult learners unable to return to a university campus for additional education." Among the methods the Board was directed to consider was funding for off-campus degree programs "on a basis more comparable to the current regular term funding." The Board recommended that "state-appropriated support for instruction be extended to all forms of regular term degree-credit instruction, whether it occurs on campus or off-campus, through traditional means or distance learning technologies." It stated that the funding mechanisms for implementing this recommendation would be addressed in the new funding model currently being developed. In a second report responding to legislative directives, the Board found evidence of deep and widespread desire for access to higher education throughout the State and reiterated the importance of funding comparable to that provided for regular-term instruction in order to meet these demands and provide an alternative means of delivering education to the large number of North Carolinians expected to seek higher education in the future.

The Board of Governors shall provide to the 1998 reconvened session of the General Assembly the cost estimates for funding off-campus and distance learning degree-credit extension instruction that is proportional to regular-term funding and shall recommend tuition rates that are comparable to the rates charged for regular-term instruction. The cost estimates shall be sufficient to provide for projected off-campus and distance learning enrollments in the 1998-99 fiscal year. These cost estimates request shall be provided to the Chairs of the House and Senate Appropriations Committees on Education and to the Chairs of the House and Senate Appropriations Committees by March 1, 1998.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
AID TO STUDENTS ATTENDING PRIVATE COLLEGES PROCEDURE

Section 10.4. (a) 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, 116-21, and 116-22. These funds shall provide up to seven hundred fifty dollars (\$750.00) 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 or 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 available for the tuition grant program as defined in subsection (b) of this section.

(b) 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 these institutions, there is granted to each full-time North Carolina undergraduate student attending an approved institution as defined in G.S. 116-22, a sum, not to exceed one thousand four hundred fifty dollars (\$1,450) per academic year, 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 adopted by the State Education Assistance Authority not inconsistent with this section. The State Education Assistance Authority shall not approve any grant until it receives proper certification from an approved institution that the student applying for the grant is an eligible student. Upon receipt of the certification, 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 the student.

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

In the event there are not sufficient funds to provide each eligible student with a full grant:

- (1) The Board of Governors of The University of North Carolina, with the approval of the Office of State Budget and Management, may transfer available funds to meet the needs of the programs provided by subsections (a) and (b) of this section; and

- (2) Each eligible student shall receive a pro rata 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.

(c) Expenditures made pursuant to this section may be used only for secular educational purposes at nonprofit institutions of higher learning. Expenditures made pursuant to this section shall not be used for any student who:

- (1) Is incarcerated in a State or federal correctional facility for committing a Class A, B, B1, or B2 felony; or
- (2) Is incarcerated in a State or federal correctional facility for committing a Class C through I felony and is not eligible for parole or release within 10 years.

(d) The State Education Assistance Authority shall document the number of full-time equivalent North Carolina undergraduate students that are enrolled in off-campus programs and the State funds collected by each institution pursuant to G.S. 116-19 for those students. The State Education Assistance Authority shall also document the number of scholarships and the amount of the scholarships that are awarded under G.S. 116-19 to students enrolled in off-campus programs. An "off-campus program" is any program offered for degree credit away from the institution's main permanent campus.

The State Education Assistance Authority shall include in its annual report to the Joint Legislative Education Oversight Committee the information it has compiled and its findings regarding this program.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
AID TO STUDENTS ATTENDING PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT LIMITATIONS

Section 10.5. (a) No Legislative Tuition Grant funds shall be expended for a program at an off-campus site of a private institution, as defined in G.S. 116-22(1), established after May 15, 1987, unless (i) the private institution offering the program has previously notified and secured agreement from other private institutions operating degree programs in the county in which the off-campus program is located or operating in the counties adjacent to that county or (ii) the degree program is neither available nor planned in the county with the off-campus site or in the counties adjacent to that county.

An "off-campus program" is any program offered for degree credit away from the institution's main permanent campus.

(b) Any member of the armed services as defined in G.S. 116-143.3(a), abiding in this State incident to active military duty, who does not qualify as a resident for tuition purposes as defined under G.S. 116-143.1, is eligible for a Legislative Tuition Grant pursuant to this section if the member is enrolled as a full-time student. The member's Legislative Tuition Grant shall not exceed the cost of tuition less any tuition assistance paid by the member's employer.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady

DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

Section 10.6. G.S. 116-41.18(a) reads as rewritten:

"(a) Each constituent institution that receives, through private gifts and an allocation by the Board of Governors, funds for the purpose shall, under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution, select a holder of the Distinguished Professorship. Once given, that designation shall be retained by the distinguished professor as long as he remains in the full-time service of the ~~institution.~~ institution as a faculty member, or for more limited lengths of time when authorized by the Board of Governors and the board of trustees at the institution when the Distinguished Professorship is originally established or vacated. When a distinguished professorship becomes vacant, it shall remain assigned to the institution and another distinguished professor shall be selected under procedures established by rules of the Board of Governors and the board of trustees of the constituent institution."

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady

MANUFACTURING EXTENSION PARTNERSHIP

Section 10.7. Of the funds appropriated to the Board of Governors of The University of North Carolina, the sum of nine hundred thousand dollars (\$900,000) for the 1997-98 fiscal year shall be allocated to North Carolina State University to match additional federal funds for the Manufacturing Extension Partnership Program.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady

UNC OVERHEAD RECEIPT FLEXIBILITY

Section 10.8. G.S. 116-30.2 reads as rewritten:

"§ 116-30.2. Appropriations to special responsibility constituent institutions.

All General Fund appropriations made by the General Assembly for continuing operations of a special responsibility constituent institution of The University of North Carolina shall be made in the form of a single sum to each budget code of the institution for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 143-23(a3) and G.S. 120-76(8), each special responsibility constituent institution may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Chancellor to be calculated to maintain and advance the programs and services of the institutions, consistent with the directives and policies of the Board of Governors. The preparation, presentation, and review of General Fund budget requests of special responsibility constituent institutions shall be conducted in the same manner as are requests of other constituent institutions. The quarterly allotment procedure established pursuant to G.S. 143-17 shall apply to the General Fund appropriations made for the current operations of each special responsibility constituent institution. All General Fund monies so appropriated to each special responsibility constituent institution shall be recorded, reported, and audited in the same manner as are General Fund appropriations to other constituent institutions."

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
UNC ASSISTANCE TO PUBLIC SCHOOLS

Section 10.9. Funding in this act is provided to the Board of Governors of The University of North Carolina for several initiatives to work cooperatively with the public schools to improve public education in North Carolina. The Board of Governors shall redirect the funding provided for educational consortia at eight constituent institutions to these initiatives requested for the 1997-99 biennium. The Board of Governors shall redirect at least one-third of the consortia appropriations during the 1997-98 fiscal year and the balance for the 1998-99 fiscal year toward these efforts. The Board of Governors shall also reallocate sufficient funds from other resources to fully fund these initiatives for the 1997-98 fiscal year.

Upon request of a constituent institution with a current consortium program, the Board of Governors may direct continual funding to that program.

Requested by: Senators Lee, Winner, Hartsell, Representatives Arnold, Grady, Preston, Moore

AREA HEALTH EDUCATION CENTERS FUNDING

Section 10.10. Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the sum of two million seven hundred fifty thousand dollars (\$2,750,000) for the 1997-98 fiscal year and the sum of two million seven hundred fifty thousand dollars (\$2,750,000) for the 1998-99 fiscal year shall be allocated to the Area Health Education Centers programs for continuation of the restructuring of educational programs for health care professionals. Of these funds, sufficient funds shall be allocated to the Cabarrus Family Medicine Residency Program to provide assistance comparable to other family medicine residency slots for 16 residencies. The Cabarrus Family Medicine Residency Program shall provide all information required by The University of North Carolina Board of Governors to comply with the reporting requirements of G.S. 143-613.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
UNC LIBRARIES FUNDING

Section 10.11. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act, the sum of two million dollars (\$2,000,000) shall be allocated each year of the biennium for enhancement of libraries for the constituent institutions. Of this amount, a sufficient sum each year shall be used for the development of the NC-LIVE project, a cooperative effort of The University of North Carolina, the Department of Community Colleges, and the State Library of North Carolina designed to improve access to information resources across the State and to reduce the duplication of expenditures for library resources.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady
COOPERATIVE EXTENSION SERVICES

Section 10.12. (a) The Joint Legislative Education Oversight Committee and the Board of Governors of The University of North Carolina shall undertake a joint

review and study of the role, funding, personnel resources, programs, and other aspects of the Cooperative Extension Services of The University of North Carolina given the changing nature of the agricultural base of the State.

(b) The study shall consider all of the following:

- (1) The role of cooperative extension services in the environmental aspects of agricultural activities and other activities.
- (2) The reduced or increased needs for various current extension services due to changes in the State's agricultural base.
- (3) The top priority agricultural needs of the State and whether or not current cooperative extension services are aligned with those needs.
- (4) The duplication, if any, of cooperative extension services with services offered by other entities.

(c) The Joint Legislative Education Oversight Committee and the Board of Governors may appoint a subcommittee to work cooperatively on this study. The Chairs of the Joint Legislative Education Oversight Committee shall designate one member of the Subcommittee to serve as a cochair and the Chair of the Board of Governors shall designate one member of the Subcommittee to serve as a cochair.

(d) The Subcommittee shall meet at such times and places as the Subcommittee cochairs designate. The facilities of the State Legislative Building and the Legislative Office Building shall be available to the Subcommittee subject to the approval of the Legislative Services Commission. The facilities of the university system shall also be available to the Subcommittee.

(e) Subject to the approval of the Legislative Services Commission, the staff resources of the Legislative Services Commission shall be available to the Subcommittee without cost except for travel, subsistence, supplies, and materials. Subject to the approval of the Board of Governors, the staff resources of the Board of Governors shall also be available to the Subcommittee without cost except for travel, subsistence, supplies, and materials which shall be the expense of the Board of Governors.

(f) The Joint Legislative Education Oversight Committee and the Board of Governors shall report their findings to the General Assembly by May 1, 1998.

Requested by: Senators Lee, Winner, Representatives Preston, Arnold, Grady

SCHOLARSHIP FUND BALANCES

Section 10.13. The remaining balances in the Social Worker Education Loan Fund shall be transferred to the Nurse Scholars Scholarship Fund account to implement the budget reductions in that program.

Requested by: Senator Perdue, Representatives Preston, Arnold, Grady

UNIVERSITY FIRE SAFETY COSTS LIMITED

Section 10.14. G.S. 116-44.7 reads as rewritten:

"§ 116-44.7. Exemption from certain fees and charges.

No water system serving a residence hall or fraternity or sorority housing shall levy or collect any water-meter fee, water-hydrant fee, tap fee, or similar service fee on a

residence hall or fraternity or sorority house with respect to supporting a supplemental fire safety protection system in excess of the ~~actual~~-marginal cost to the water system to support the fire safety protection system."

Requested by: Senators Odom, Perdue, Plyler, Representatives Preston, Arnold, Grady
ACADEMIC ENHANCEMENT FUNDS CLARIFICATION

Section 10.15. In Section 16.11 of Chapter 18 of the Session Laws for the 1996 Second Extra Session, the Board of Governors of The University of North Carolina were directed to allocate, for the 1996-97 fiscal year the amount of seventeen million eight hundred thousand dollars (\$17,800,000) between the constituent institutions classified as Research University I campuses in direct proportion to the funds to be raised on each campus for the 1996-97 fiscal year from the tuition increases authorized under Section 15.15 of Chapter 507 of the 1995 Session Laws.

There has been no directive as to which budget codes the funds should be credited. Since these funds are part of the continuation budget, each campus shall have the authority to allocate these funds among the General Fund budget codes on that campus based on campus priorities.

Requested by: Representatives Preston, Arnold, Grady
ASU CENTENNIAL CELEBRATION

Section 10.16. The Board of Governors of The University of North Carolina shall allocate from balances in its overhead receipts fund the sum of two hundred thousand dollars (\$200,000) for the 1997-98 fiscal year to Appalachian State University for costs associated with the celebration of the one hundredth anniversary of the founding of Appalachian State University.

Requested by: Senators Odom, Perdue, Plyler, Representatives Preston, Arnold, Grady
AGRICULTURAL ENHANCEMENT

Section 10.17. (a) North Carolina State University may allocate a total of five hundred thousand dollars (\$500,000) from the overhead receipts special fund code for the 1997-98 fiscal year to the General Fund budget codes for the Agricultural Research Service and the Cooperative Extension Service for the line items from which State funds were transferred during the 1996-97 fiscal year for salary increases for employees exempt from the State Personnel Act.

(b) For the 1997-98 fiscal year, the required reversion amounts from the General Fund appropriations as required by G.S. 116-30.3 for the Agricultural Research Service budget code and the Cooperative Extension Service budget code at North Carolina State University are reduced by a total of five hundred thousand (\$500,000) for the 1997-98 fiscal year. North Carolina State University shall reallocate this amount of funding into the line items from which State funds were transferred during the 1996-97 fiscal year for salary increases for employees exempt from the State Personnel Act.

(c) The Board of Governors of The University of North Carolina shall review the issue of the salary request made by the Board for "Program Enhancement" for the Agricultural Research Service and the Cooperative Extension Service and make a

recommendation to the General Assembly on how to address the issues raised by the request. The Board shall include in its recommendations to the General Assembly the Board's policies on providing salary increases that cost more than the level of expansion budget funding provided by the General Assembly for that purpose. The Board's recommendations shall be submitted to the Chairs of the House and Senate Appropriations Committees and to the Chairs of the House and Senate Appropriations Subcommittees on Education by March 15, 1998.

Requested by: Senators Odom, Perdue, Plyler

UNC OVERHEAD RECEIPTS

Section 10.18. Of the funds appropriated to the Board of Governors of The University of North Carolina in this act, the sum of seven million seven hundred thousand six hundred fifty-nine dollars (\$7,700,659) shall be allocated for the 1998-99 fiscal year to the campuses of the constituent institutions to replace the ten percent (10%) of overhead receipts that currently support General Fund budget code operations. The Board of Governors shall report to the Senate and House Appropriations Subcommittees on Education on expenditures of these funds.

Requested by: Senators Odom, Perdue, Plyler

UNC MANAGEMENT FLEXIBILITY

Section 10.19. G.S. 116-30.3 reads as rewritten:

"§ 116-30.3. Reversions.

(a) Of the General Fund current operations appropriations credit balance remaining at the end of each fiscal year in each budget code of a special responsibility constituent institution, except for the budget code of the Area Health Education Centers of the University of North Carolina at Chapel Hill, any amount greater than two percent (2%) of the General Fund appropriation for that fiscal year may be carried forward by the institution to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. Of the General Fund current operations appropriations credit balance remaining in the budget code of the Area Health Education Centers of the University of North Carolina at Chapel Hill, any amount greater than one percent (1%) of the General Fund appropriation for that fiscal year may be carried forward in that budget code to the next fiscal year and may be used for one-time expenditures that will not impose additional financial obligations on the State. However, the amount carried forward under this section shall not exceed two and one-half percent (2 1/2%) of the General Fund appropriation. The Director of the Budget, under the authority set forth in G.S. 143-25, shall establish the General Fund current operations credit balance remaining in each budget code of each institution.

(b) An institution shall cease to be a special responsibility constituent institution under the following circumstances:

- (1) An institution, other than the Area Health Education Centers of the University of North Carolina, does not revert at least two percent (2%) of its General Fund current operations credit balance remaining in each budget code of that institution, or

- (2) The Area Health Education Centers of the University of North Carolina at Chapel Hill does not revert at least one percent (1%) of its General Fund current operations credit balance remaining in its budget code.

However, if the Board of Governors finds that the low reversion rate is due to adverse and unforeseen conditions, the Board may allow the institution to remain a special responsibility constituent institution for one year to come into conformity with this section. The Board may make this exception only one time for any special responsibility constituent institution, and shall report these exceptions to the Joint Legislative Commission on Governmental Operations.

(c) One-half of the reversions required in subsections (a) and (b) of this section shall be returned to the General Fund credit balance at the end of each fiscal year.

(d) For fiscal year 1997-98 and each subsequent fiscal year, one-half of the reversions required in subsections (a) and (b) of this section shall be available to each special responsibility constituent institution of The University of North Carolina. Those funds shall be used by the institution at the campus level for any of the following: the nonrecurring costs of technology, including the installation of technology infrastructure for academic facilities on the campus of the special responsibility constituent institution, the implementation by the constituent institution of its campus technology plan as approved by the Board of Governors, or for libraries. The funds shall not be used to support positions. Each special responsibility constituent institution shall report annually to the Board of Governors regarding how the institution spent the funds made available under this section."

Requested by: Senators Odom, Perdue, Plyler

JOHN KERNODLE FUND

Section 10.20. Funds in the amount of one million dollars (\$1,000,000) are appropriated in this act to the Board of Governors of The University of North Carolina for the Lineberger Cancer Center at the University of North Carolina at Chapel Hill for cancer research. These funds are appropriated in memory of Dr. John Kernodle.

Requested by: Representative Arnold

TUITION POLICY

Section 10.21. (a) Notwithstanding G.S. 116-143, the Board of Governors of The University of North Carolina may set tuition rates for students in the Masters of Business Administration and the Masters of Accounting programs of the School of Business at the University of North Carolina at Chapel Hill that are higher than those currently set pursuant to G.S. 116-143. If the Board of Governors does set higher tuition rates for those programs, then the additional funds generated by such tuition increases shall be used to enhance programs of the School of Business at the University of North Carolina at Chapel Hill. A minimum of five percent (5%) of the funds so generated shall be used for need-based financial aid for North Carolina residents in the Masters of Business Administration program and the Masters of Accounting program.

(b) If the Board of Governors increases tuition pursuant to this section, the action shall be based on plans presented by the School of Business to the President and the Board of Governors with the approval of the Chancellor. The President and the Board of Governors shall notify the Office of State Budget and Management and the Fiscal Research Division of the amount of the increase, the additional receipts anticipated, and the allocation of these funds under these plans.

(c) The Board of Governors shall conduct a study of tuition levels, other charges, and costs of graduate and professional education and shall establish policies with respect to tuition differentials that are educationally and fiscally sound for such programs based on the results of this study. The Board of Governors shall adjust the tuition rates for students in the Masters of Business Administration and the Masters of Accounting programs of the School of Business of the University of North Carolina at Chapel Hill to align with its policies on tuition differentials as developed pursuant to this section. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by January 15, 1999, regarding the findings of its study and shall also report on any action and results of actions taken under this section.

(d) The authority provided under this section may provide for phased implementation over a period of up to three years, beginning with the 1998-99 academic year. Tuition increases implemented under this section shall in no event exceed a total of two thousand five hundred dollars (\$2,500) per semester per student during the period fiscal year 1998-99 through fiscal year 2000-2001. The total increase in tuition by the end of fiscal year 2000-2001 shall not exceed five thousand dollars (\$5,000).

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Esposito, Creech, Crawford

INSTITUTE OF GOVERNMENT/KNAPP BUILDING

Section 10.22. The University of North Carolina at Chapel Hill may proceed with the construction of the addition and renovation to the Knapp Building in planned phases. The University of North Carolina at Chapel Hill may proceed with contracts for site development, installation of utilities infrastructure, and such other phases that can be completed within existing funding in a fiscally prudent manner.

Requested by: Senators Lee, Winner, Perdue, Hartsell, Representatives Arnold, Grady, Preston, Moore

STUDY IMPACT OF BUDGET CUTS ON UNC HOSPITALS AT UNC-CHAPEL HILL

Section 10.23. The Board of Governors of The University of North Carolina shall study the impact, if any, that reductions in General Fund operating support have had on UNC Hospitals at Chapel Hill, the hospitals' ability to serve and treat indigent patients, and the impact that continuing those same cuts may or may not have.

In conducting the study, the Board shall consider the impacts of managed care, federal reimbursement for Medicare and Medicaid, and increased competition in the health care industry on the Hospitals' ability to generate sufficient revenues to carry out its missions for medical education and quality health care.

The Board of Governors shall report its findings and recommendations regarding this study to the Joint Legislative Education Oversight Committee by April 15, 1998.

Requested by: Senators Lee, Winner, Representatives Arnold, Grady, Preston

NATURAL RESOURCES LEADERSHIP INSTITUTE

Section 10.24. For the 1997-98 fiscal year, the requirement for reversion of General Fund appropriations as required by G.S. 116-30.3 for the Cooperative Extension Service budget code at North Carolina State University is reduced by one hundred fifty thousand dollars (\$150,000) in order to provide funding for the Natural Resources Leadership Institute sponsored by the Cooperative Extension Service.

PART XI. DEPARTMENT OF HUMAN RESOURCES

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

DISPOSITION OF DISPROPORTIONATE SHARE RECEIPT CLARIFICATION

Section 11. For the 1997-98 fiscal year, as it receives funds associated with Disproportionate Share Payments from the State hospitals, the Division of Medical Assistance shall deposit funds appropriated for the Medicaid program in a sum equal to the federal share of the Disproportionate Share Payments as departmental receipts. Any of these funds that are not appropriated by the General Assembly shall be reserved by the State Controller for future appropriation.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

DEVELOPMENT OF REORGANIZATION PLAN

Section 11.2. (a) The Department of Health and Human Services shall, using the report of KPMG Peat Marwick, L.L.P. to the General Assembly dated March 20, 1997, develop and begin implementing a plan to reorganize the Department of Human Resources. The reorganization plan shall be designed:

- (1) To structure planning, management, and service delivery around a strategic shared mission and long-range vision for the Department;
- (2) To better achieve a consolidated family-center services orientation that facilitates identification of gaps in services, improvement of efficient and effective access to services, and reduces fragmentation of leadership, management, and service delivery;
- (3) To facilitate a system of incentives within the Department and within local agencies that will reinforce personnel efforts at integrated services delivery; and
- (4) To enable assessment of program performance in terms of actual client outcomes, effective and efficient service delivery, and the impact services and departmental functions are having in the lives of clients, rather than in terms of process measures.

(b) With funds from within the Department, and in consultation with the House and Senate Appropriations Subcommittees on Human Resources, the Department of Health and Human Services shall engage an entity with proven expertise to provide the Department leadership and management with the knowledge and tools needed to ensure a change in departmental culture that creates an environment:

- (1) Where there is an understanding and appreciation for a departmental mission and primary goals that portray a coordinated system of services, rather than a group of independently operating group of services;
- (2) Where, although the Department delivers few direct services, a client needing multiple services can have them delivered in a coordinated manner through local governing entities and by local service providers;
- (3) Where counties have the opportunity, where practicable, to develop approaches to service delivery that work best for them;
- (4) Where the Department can restructure around functions rather than programs; and
- (5) Where the Department can develop an internal management capacity for strategic planning, program planning and evaluation, and formal senior management reviews, on a regular basis, of client needs, program performance, and issues related to resource allocation and risk assessment.

(c) The Department of Health and Human Services shall give very strong consideration to establishing the following service delivery functions: services, regulation, institutional management, education, and health care financing.

(d) The Department of Human Resources shall give very strong consideration to establishing the following coordination and infrastructure functions: information services and performance services.

Requested by: Senator Odom, Representative Clary

MEDICAL RECORDS COPY FEES/SOCIAL SECURITY DISABILITY CLAIMS

Section 11.3. G.S. 90-411 reads as rewritten:

"§ 90-411. Record copy fee.

A health care provider may charge a reasonable fee to cover the costs incurred in searching, handling, copying, and mailing medical records to the patient or the patient's designated representative. The maximum fee for each request shall be fifty-seventy-five cents (50) (75¢) per page, page for the first 25 pages, fifty cents (50¢) per page for pages 26 through 100, and twenty-five cents (25¢) for each page in excess of 100 pages, provided that the health care provider may impose a minimum fee of up to ten dollars (\$10.00), inclusive of copying costs. If requested by the patient or the patient's designated representative, nothing herein shall limit a reasonable professional fee charged by a physician for the review and preparation of a narrative summary of the patient's medical record. This section shall only apply with respect to liability claims for personal injury, and claims for social security disability, except that charges for medical

records and reports related to claims under Article 1 of Chapter 97 of the General Statutes shall be governed by the fees established by the North Carolina Industrial Commission pursuant to G.S. 97-26.1. This section shall not apply to Department of Human Resources Disability Determination Services requests for copies of medical records made on behalf of an applicant for Social Security or Supplemental Security Income disability."

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
RECEIPTS OF FEDERAL FUNDS FOR EMERGENCY ASSISTANCE

Section 11.4. The Department of Human Resources may use up to twenty-five percent (25%) of federal Title IV-Emergency Assistance funds, received after June 30, 1997, as reimbursement for retroactive claims filed for defined critical needs. The remainder of these funds shall be placed in a reserve for appropriation by the General Assembly. The Department may submit a prioritized list of recommended needs for these funds to the cochairs of the Senate and House Appropriations Subcommittees on Human Resources for consideration.

Requested by: Senators Martin of Guilford, Perdue, Representative Cansler
STANDARDS FOR HEALTH CARE QUALITY AND ACCESS/STATE CHILDREN'S HEALTH INSURANCE PROGRAM

Section 11.5. (a) The Secretary of the Department of Human Resources shall prepare proposed standards to ensure that the citizens of the State have access to quality and affordable health care with special emphasis on health care for children. The proposed standards shall be presented to the General Assembly on or before April 1, 1998.

(b) The Department of Human Resources shall develop a State plan for the establishment of a State Children's Health Insurance Program that would qualify for federal funds to expand the availability of health care to uninsured, low-income children. In developing the State plan, the Department shall consider not only the expansion of health benefits coverage for eligible children under the State Medicaid program, but also options for providing health care services and coverage through or in coordination with private and other public sector health care benefits and services programs. The Department shall report its progress in developing the State plan to the 1997 General Assembly, Regular Session 1998, upon its convening. The report shall include the following:

- (1) Identification of potential sources of State matching funds for the Program;
- (2) Recommendations for implementation of the State Children's Health Insurance Program, including performance goals and measures;
- (3) An estimate of the fiscal impact of the Program on the State budget over the next five years; and
- (4) Any other information and recommendations the Secretary of Human Resources deems relevant to the General Assembly's review and approval of the State plan.

The Department shall not submit its State plan or application for federal funds for the implementation of the State Children's Health Insurance Program without specific approval of the General Assembly. The Department shall not expend or obligate State funds not specifically appropriated for the purpose of implementing the State Children's Health Insurance Program, without the specific approval of the General Assembly.

Requested by: Senators Plyler, Perdue, Odom

PROCEDURE FOR AWARD OF HUMAN SERVICES GRANTS

Section 11.6. Of the funds appropriated in this act to the Department of Human Resources, the sum of four million dollars (\$4,000,000) for the 1997-98 fiscal year shall be used for grants for programs that provide services to older adults, adults with disabilities, at-risk children, and youth and families. The Secretary of the Department of Human Resources shall establish a process for the review, evaluation, and consideration of applications for these grants.

In awarding grants, the Secretary shall consider the merits of the program, the benefit to the State and local communities of the program, and the cost of the program. Prior to awarding grants, the Secretary shall consult with the Joint Legislative Commission on Governmental Operations.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

DHR STUDY OF PROVIDER REIMBURSEMENT RATES/REPORT

Section 11.7. The Department of Human Resources shall study the process of setting provider reimbursement rates for programs within the Department. This study shall include an analysis of the following:

- (1) The extent to which rates are set in accordance with clear policies that are consistent across program lines;
- (2) Whether there are general principles and assumptions that are or should be included in all rate-setting processes;
- (3) The policies and economic and accounting principles that are utilized for setting rates in each program and a comparison of those policies and principles between the programs; and
- (4) How any differences between programs in setting rates are justified.

The Department shall provide a status report before February 1, 1998, and a final report to the members of the House and Senate Appropriations Subcommittees on Human Resources and the Fiscal Research Division before February 1, 1999.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

TRANSFER OF CERTAIN FUNDS AUTHORIZED

Section 11.8. In order to assure maximum utilization of funds in county departments of social services, county or district health agencies, and area mental health, developmental disabilities, and substance abuse services authorities, the Director of the Budget may transfer excess funds appropriated to a specific service, program, or fund, whether specified service in a block grant plan or General Fund appropriation,

into another service, program, or fund for local services within the budget of the respective State agency.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
MEDICAID TRUST FUND TRANSFER/SHORTFALL

Section 11.9. Upon certification to the Director of the Budget that all medical assistance program funds are expended and receipt of approval by the Director of the Budget, notwithstanding any prohibition which may exist in G.S. 143-23.2, the Department may use up to twenty million dollars (\$20,000,000) during fiscal year 1997-98 from the fund established pursuant to G.S. 143-23.2 to support Medicaid program expenditures.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
MEDICAID GROWTH REDUCTION

Section 11.10. (a) The Department of Human Resources shall develop and implement a plan that is designed to reduce the growth of Medicaid to eight percent (8%) by the year 2001. However, the Department shall not eliminate categories of eligibles or categories of services to achieve this reduction unless the General Assembly identifies specific categories of eligibles or categories of services that it wants eliminated.

(b) The Division of Medical Assistance, Department of Human Resources, shall consider the following actions in developing the plan to reduce Medicaid growth:

- (1) Changes in the methods of reimbursement;
- (2) Changes in the method of determining or limiting inflation factors or both;
- (3) Recalibration of existing methods of reimbursement;
- (4) Develop more specific criteria for determining medical necessity of services;
- (5) Contracting for services;
- (6) Application of limits on specific numbers of slots or expenditure levels for certain services or both;
- (7) Expansion of managed care; and
- (8) Recommend changes in statutes to enhance the ability of the Department to manage the program.

(c) In considering the actions listed in subsection (b) of this section and in the development of the Medicaid growth reduction plan, the Division of Medical Assistance, Department of Human Resources, shall not adjust reimbursement rates to levels which would cause Medicaid providers of service to be out of compliance with certification requirements, licensure rules, or other mandated quality or safety standards.

(d) The Division of Medical Assistance, Department of Human Resources, may make periodic progress reports to the Chairs of the House and Senate Appropriations Subcommittees on Human Resources and shall make a final report no later than September 1, 1997, on any actions the Department intends to take to meet the required reductions for 1998-99. The Division of Medical Assistance shall not

implement any of these actions until after the intended actions have been reported to the Chairs.

(e) The Division of Medical Assistance, Department of Human Resources, shall report to the Chairs of the House and Senate Appropriations Subcommittees on Human Resources by April 1, 1998, on the final plan to reduce Medicaid growth to eight percent (8%) by the year 2001.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

MEDICAID

Section 11.11. (a) Funds appropriated in 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 these services shall be expended in accordance with the following schedule of services and payment bases. All services and payments are subject to the language at the end of this subsection.

Services and payment bases:

- (1) Hospital-Inpatient - Payment for hospital inpatient services will be prescribed in the State Plan as established by the Department of Human Resources. Administrative days for any period of hospitalization shall be limited to a maximum of three days.
- (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a prospective reimbursement plan as established by the Department of Human Resources.
- (3) Nursing Facilities - Payment for nursing facility services will be prescribed in the State Plan as established by the Department of Human Resources. Nursing facilities providing services to Medicaid recipients who also qualify for Medicare, must be enrolled in the Medicare program as a condition of participation in the Medicaid program. State facilities are not subject to the requirement to enroll in the Medicare program.
- (4) Intermediate Care Facilities for the Mentally Retarded - As prescribed in the State Plan as established by the Department of Human Resources.
- (5) Drugs - Drug costs as allowed by federal regulations plus a professional services fee per month excluding refills for the same drug or generic equivalent during the same month. Reimbursement shall be available for up to six prescriptions per recipient, per month, including refills. Payments for drugs are subject to the provisions of subsection (h) of this section and to the provisions at the end of subsection (a) of this section, or in accordance with the State Plan adopted by the Department of Human Resources consistent with federal reimbursement regulations. Payment of the professional services fee shall be made in accordance with the State Plan adopted by the Department of Human Resources, consistent with federal

- reimbursement regulations. The professional services fee shall be five dollars and sixty cents (\$5.60) per prescription. Adjustments to the professional services fee shall be established by the General Assembly.
- (6) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified Nurse Midwife Services - Fee schedules as developed by the Department of Human Resources. Payments for dental services are subject to the provisions of subsection (g) of this section.
 - (7) Community Alternative Program, EPSDT Screens - Payment to be made in accordance with rate schedule developed by the Department of Human Resources.
 - (8) Home Health and Related Services, Private Duty Nursing, Clinic Services, Prepaid Health Plans, Durable Medical Equipment - Payment to be made according to reimbursement plans developed by the Department of Human Resources.
 - (9) Medicare Buy-In - Social Security Administration premium.
 - (10) Ambulance Services - Uniform fee schedules as developed by the Department of Human Resources.
 - (11) Hearing Aids - Actual cost plus a dispensing fee.
 - (12) Rural Health Clinic Services - Provider-based, reasonable cost; nonprovider-based, single-cost reimbursement rate per clinic visit.
 - (13) Family Planning - Negotiated rate for local health departments. For other providers - see specific services, for instance, hospitals, physicians.
 - (14) Independent Laboratory and X-Ray Services - Uniform fee schedules as developed by the Department of Human Resources.
 - (15) Optical Supplies - One hundred percent (100%) of reasonable wholesale cost of materials.
 - (16) Ambulatory Surgical Centers - Payment as prescribed in the reimbursement plan established by the Department of Human Resources.
 - (17) Medicare Crossover Claims - An amount up to the actual coinsurance or deductible or both, in accordance with the State Plan, as approved by the Department of Human Resources.
 - (18) Physical Therapy and Speech Therapy - Services limited to EPSDT eligible children. Payments are to be made only to qualified providers at rates negotiated by the Department of Human Resources.
 - (19) Personal Care Services - Payment in accordance with the State Plan approved by the Department of Human Resources.
 - (20) Case Management Services - Reimbursement in accordance with the availability of funds to be transferred within the Department of Human Resources.
 - (21) Hospice - Services may be provided in accordance with the State Plan developed by the Department of Human Resources.

- (22) Other Mental Health Services - Unless otherwise covered by this section, coverage is limited to agencies meeting the requirements of the rules established by the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, and reimbursement is made in accordance with a State Plan developed by the Department of Human Resources not to exceed the upper limits established in federal regulations.
- (23) Medically Necessary Prosthetics or Orthotics for EPSDT Eligible Children - Reimbursement in accordance with the State Plan approved by the Department of Human Resources.
- (24) Health Insurance Premiums - Payments to be made in accordance with the State Plan adopted by the Department of Human Resources consistent with federal regulations.
- (25) Medical Care/Other Remedial Care - Services not covered elsewhere in this section include related services in schools; health professional services provided outside the clinic setting to meet maternal and infant health goals; and services to meet federal EPSDT mandates. Services addressed by this paragraph are limited to those prescribed in the State Plan as established by the Department of Human Resources. Providers of these services shall be certified as meeting program standards of the Department of Environment, Health, and Natural Resources.
- (26) Pregnancy Related Services - Covered services for pregnant women shall include nutritional counseling, psychosocial counseling, and predelivery and postpartum home visits by maternity care coordinators and public health nurses.

Services and payment bases may be changed with the approval of the Director of the Budget.

Reimbursement is available for up to 24 visits per recipient per year to any one or combination of the following: physicians, clinics, hospital outpatient, optometrists, chiropractors, and podiatrists. Prenatal services, all EPSDT children, and emergency rooms are exempt from the visit limitations contained in this paragraph. Exceptions may be authorized by the Department of Human Resources where the life of the patient would be threatened without such additional care. Any person who is determined by the Department to be exempt from the 24-visit limitation may also be exempt from the six-prescription limitation.

(b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five percent (85%); the county shall pay fifteen percent (15%) of the nonfederal costs of all applicable services listed in this section.

(c) Copayment for Medicaid Services. The Department of Human Resources may establish copayment up to the maximum permitted by federal law and regulation.

(d) Medicaid and Aid to Families With Dependent Children Income Eligibility Standards. The maximum net family annual income eligibility standards for

Medicaid and Aid to Families with Dependent Children, and the Standard of Need for Aid to Families with Dependent Children shall be as follows:

<u>Family Size</u>	<u>Categorically Needy</u>	<u>Medically Needy</u>	
	<u>Standard of Need</u>	<u>AFDC Payment Level*</u>	<u>AA, AB, AD*</u>
1	\$ 4,344	\$ 2,172	\$ 2,900
2	5,664	2,832	3,800
3	6,528	3,264	4,400
4	7,128	3,564	4,800
5	7,776	3,888	5,200
6	8,376	4,188	5,600
7	8,952	4,476	6,000
8	9,256	4,680	6,300

*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.

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

(e) All Elderly, Blind, and Disabled Persons who receive Supplemental Security Income are eligible for Medicaid coverage.

(f) ICF and ICF/MR Work Incentive Allowances. The Department of Human Resources may provide an incentive allowance to Medicaid-eligible recipients of ICF and ICF/MR facilities who are regularly engaged in work activities as part of their developmental plan and for whom retention of additional income contributes to their achievement of independence. The State funds required to match the federal funds that are required by these allowances shall be provided from savings within the Medicaid budget or from other unbudgeted funds available to the Department. The incentive allowances may be as follows:

<u>Monthly Net Wages</u>	<u>Monthly Incentive Allowance</u>
\$1.00 to \$100.99	Up to \$50.00
\$101.00 - \$200.99	\$80.00
\$201.00 to \$300.99	\$130.00
\$301.00 and greater	\$212.00.

(g) Dental Coverage Limits. Dental services shall be provided on a restricted basis in accordance with rules adopted by the Department to implement this subsection.

(h) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through G.S. 90-85.31, 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 the prescriber's own handwriting on the prescription order, "dispense as written" or words of similar meaning. Generic drugs, when available in the pharmacy, shall be dispensed at a lower cost to the Medical Assistance Program rather than trade or brand name drugs, subject to the prescriber's "dispense as written" order as noted above.

As used in this subsection "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" has the same meaning as in section 502(e)(3) of the Federal Food, Drug, and Cosmetic Act as amended, 21 U.S.C. § 352(e)(3).

(i) Exceptions to Service Limitations, Eligibility Requirements, and Payments. Service limitations, eligibility requirements, and payments bases in this section may be waived by the Department of Human Resources, with the approval of the Director of the Budget, to allow the Department to carry out pilot programs for prepaid health plans, managed care plans, or community-based services programs in accordance with plans approved by the United States Department of Health and Human Services, or when the Department determines that such a waiver will result in a reduction in the total Medicaid costs for the recipient.

(j) Volume Purchase Plans and Single Source Procurement. The Department of Human Resources, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other similar processes in order to improve cost containment.

(k) Cost Containment Programs. The Department of Human Resources, Division of Medical Assistance, may undertake cost containment programs including preadmissions to hospitals and prior approval for certain outpatient surgeries before they may be performed in an inpatient setting.

(l) For all Medicaid eligibility classifications for which the federal poverty level is used as an income limit for eligibility determination, the income limits will be updated each April 1 immediately following publication of federal poverty guidelines.

(m) The Department of Human Resources shall provide Medicaid to 19-, 20-, and 21-year olds in accordance with federal rules and regulations.

(n) The Department of Human Resources shall provide coverage to pregnant women and to children according to the following schedule:

- (1) Pregnant women with incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (2) Infants under the age of 1 with family incomes equal to or less than one hundred eighty-five percent (185%) of the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (3) Children aged 1 through 5 with family incomes equal to or less than one hundred thirty-three percent (133%) of the federal poverty

guidelines as revised each April 1 shall be covered for Medicaid benefits.

- (4) Children aged 6 through 18 with family incomes equal to or less than the federal poverty guidelines as revised each April 1 shall be covered for Medicaid benefits.
- (5) The Department of Human Resources shall provide Medicaid coverage for adoptive children with special or rehabilitative needs regardless of the adoptive family's income.

Services to pregnant women eligible under this subsection continue throughout the pregnancy but include only those related to pregnancy and to those other conditions determined by the Department as conditions that may complicate pregnancy. In order to reduce county administrative costs and to expedite the provision of medical services to pregnant women, to infants, and to children described in subdivisions (3) and (4) of this subsection, no resources test shall be applied.

(o) The Department of Human Resources may use Medicaid funds budgeted from program services to support the cost of administrative activities to the extent that these administrative activities produce a net savings in services requirements. Administrative initiatives funded by this section shall be first approved by the Office of State Budget and Management.

(p) The Department of Human Resources shall submit a monthly status report on expenditures for acute care and long-term care services to the Fiscal Research Division and to the Office of State Budget and Management. This report shall include an analysis of budgeted versus actual expenditures for eligibles by category and for long-term care beds. In addition, the Department shall revise the program's projected spending for the current fiscal year and the estimated spending for the subsequent fiscal year on a quarterly basis. Reports for the preceding month shall be forwarded to the Fiscal Research Division and to the Office of State Budget and Management no later than the third Thursday of the month.

(q) The Division of Medical Assistance, Department of Human Resources, may provide incentives to counties that successfully recover fraudulently spent Medicaid funds by sharing State savings with counties responsible for the recovery of the fraudulently spent funds.

(r) If first approved by the Office of State Budget and Management, the Division of Medical Assistance, Department of Human Resources, may use funds that are identified to support the cost of development and acquisition of equipment and software through contractual means to improve and enhance information systems that provide management information and claims processing.

(s) The Division of Medical Assistance, Department of Human Resources, may administer Medicaid estate recovery mandated by the Omnibus Budget Reconciliation Act of 1993, (OBRA 1993), 42 U.S.C. § 1396p(b), and G.S. 108-70.5 using temporary rules pending approval of final rules promulgated pursuant to Chapter 150B of the General Statutes.

(t) The Department of Human Resources may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that such rules

are necessary to maximize receipt of federal funds, to reduce Medicaid expenditures, and to reduce fraud and abuse. Prior to the filing of these temporary rules with the Office of Administrative Hearings, the Department shall consult with the Office of State Budget and Management on the possible fiscal impact of the temporary rule and its effect on State appropriations and local governments.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
NONMEDICAID REIMBURSEMENT CHANGES

Section 11.12. 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 North Carolina Medical Assistance Program. Hospitals that provide psychiatric inpatient care for Thomas S. class members or adults with mental retardation and mental illness may be paid an additional incentive payment not to exceed fifteen percent (15%) of their regular daily per diem reimbursement.

The Department of Human Resources may reimburse hospitals at the full prospective per diem rates without regard to the Medical Assistance Program's annual limits on hospital days. When the Medical Assistance Program's per diem rates for inpatient services and its interim rates for outpatient services are used to reimburse providers in non-Medicaid medical service programs, retroactive adjustments to claims already paid shall not be required.

Notwithstanding the provisions of paragraph one, the Department of Human Resources may negotiate with providers of medical services under the various Department of Human Resources programs, other than Medicaid, for rates as close as possible to Medicaid rates for the following purposes: contracts or agreements for medical services and purchases of medical equipment and other medical supplies. These negotiated rates are allowable only to meet the medical needs of its non-Medicaid eligible patients, residents, and clients who require such services which cannot be provided when limited to the Medicaid rate.

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

<u>Family Size</u>	<u>Medical Eye Care Adults</u>	<u>All Rehabilitation</u>	<u>Other</u>
1	\$ 4,860	\$ 8,364	\$ 4,200
2	5,940	10,944	5,300
3	6,204	13,500	6,400
4	7,284	16,092	7,500
5	7,824	18,648	7,900
6	8,220	21,228	8,300
7	8,772	21,708	8,800
8	9,312	22,220	9,300

The eligibility level for children in the Medical Eye Care Program in the Division of Services for the Blind and for adults in the Atypical Antipsychotic Medication Program in the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services shall be one hundred percent (100%) of the federal poverty guidelines, as revised annually by the United States Department of Health and Human Services and in effect on July 1 of each fiscal year. Additionally, those adults enrolled in the Atypical Antipsychotic Medication Program who become gainfully employed may continue to be eligible to receive State support, in decreasing amounts, for the purchase of atypical antipsychotic medication and related services up to three hundred percent (300%) of the poverty level.

State financial participation in the Atypical Antipsychotic Medication Program for those enrollees who become gainfully employed is as follows:

<u>Income Participation</u> (% of poverty)	<u>State Participation</u>	<u>Client</u>
0-100%	100%	0%
101-120%	95%	5%
121-140%	85%	15%
141-160%	75%	25%
161-180%	65%	35%
181-200%	55%	45%
201-220%	45%	55%
221-240%	35%	65%
241-260%	25%	75%
261-280%	15%	85%
281-300%	5%	95%
301%-over	0%	100%.

The Department of Human Resources shall contract at, or as close as possible to, Medicaid rates for medical services provided to residents of State facilities of the Department.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
DHR EMPLOYEES/IN-KIND MATCH

Section 11.13. Notwithstanding the limitations of G.S. 143B-139.4, the Secretary of the Department of Human Resources may assign employees of the Office of Rural Health and Resource Development to serve as in-kind match to nonprofit corporations working to establish health care programs that will improve health care access while controlling costs.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
FIRE PROTECTION REVOLVING LOAN FUND

Section 11.14. Proceeds from the Fire Protection Revolving Loan Fund, established pursuant to G.S. 122A-5.13, may be used to provide staff support to the North Carolina Housing Finance Agency for loan processing and to the Department of Human Resources for review and approval of fire protection plans and inspection of fire protection systems.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

MEDICAL DATA PROCESSING FUNDS

Section 11.15. The sum of one hundred fifty thousand dollars (\$150,000) for each of the 1997-98 and 1998-99 fiscal years is transferred from the Insurance Regulatory Fund established pursuant to G.S. 58-6-25 to the Division of Facility Services, Department of Human Resources, to certify statewide data processors pursuant to Article 11A of Chapter 131E of the General Statutes, to purchase data from statewide data processors, and to process and analyze the data.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

SENIOR CENTER OUTREACH

Section 11.16. (a) Funds appropriated to the Department of Human Resources, Division of Aging, for the 1997-99 fiscal biennium, shall be used by the Division of Aging to enhance senior center programs as follows:

- (1) To test "satellite" services provided by existing senior centers to unserved or underserved areas; or
- (2) To provide start-up funds for new senior centers.

All of these funds shall be allocated by October 1 of each fiscal year.

(b) Prior to funds being allocated pursuant to this section for start-up funds for a new senior center, the county commissioners of the county in which the new center will be located shall:

- (1) Formally endorse the need for a center;
- (2) Formally agree on the sponsoring agency for the center; and
- (3) Make a formal commitment to use local funds to support the ongoing operation of the center.

(c) State funding shall not exceed ninety percent (90%) of reimbursable costs.

Requested by: Representatives Gardner, Cansler, Clary, Senators Perdue, Martin of Guilford

SENIOR CENTER FUNDS

Section 11.17. Of the funds appropriated in this act to the Department of Human Resources, the sum of one million dollars (\$1,000,000) for the 1997-98 fiscal year shall be used to support existing senior centers and to assist in the development of new senior centers. The Department shall allocate funds equally among senior centers throughout the State as determined by the Division of Aging. Expenditures of State funds for senior centers shall not exceed ninety percent (90%) of all funds expended for this purpose.

Requested by: Representatives Gardner, Cansler, Clary, Senator Martin of Guilford
IN-HOME AND CAREGIVER SUPPORT FUNDS

Section 11.18. Of the funds appropriated in this act to the Department of Human Resources, Division of Aging, the sum of five million dollars (\$5,000,000) for the 1997-98 fiscal year and the sum of five million dollars (\$5,000,000) for the 1998-99 fiscal year shall be allocated via the Home and Community Care Block Grant for home and community care services for older persons who are not eligible for Medicaid and who are on the waiting list for these services. These funds shall be used only for direct services. Service recipients shall pay for services based on their income in accordance with G.S. 143B-181.1(a)(10).

Requested by: Representatives Gardner, Cansler, Clary
SURROGATE CONSENT FOR HEALTH CARE/STUDY

Section 11.19. (a) The North Carolina Study Commission on Aging, as established under G.S. 120-180, shall study and recommend a procedure for determining which person or persons may make health care decisions for adult individuals in nursing homes and other health care facilities who lack sufficient understanding or capacity to make or communicate health care decisions for themselves and for whom there is no authorized health care agent, guardian of the person, or attorney-in-fact to make the decision. The Commission shall ensure that the procedure recommended operates consistently with existing law, including living wills, health care powers of attorney, and durable powers of attorney. In conducting the study, the Commission may consider the provisions of House Bill 1112, first edition, 1997 General Assembly.

(b) The Commission shall report its findings and recommendations to the 1997 General Assembly, Regular Session 1998, upon its convening.

Requested by: Representatives Gardner, Cansler, Clary
COMMISSION ON AGING STUDY OF ADULT CARE HOME MONITORING

Section 11.20. The North Carolina Study Commission on Aging shall study the effectiveness and efficiency of State and county monitoring and regulation of adult care homes. The Commission shall report its findings and recommendations to the 1997 General Assembly, Regular Session 1998, upon its convening.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
ADULT CARE HOMES REPORT

Section 11.21. Beginning October 1, 1997, the Department of Health and Human Services shall report annually, on the previous fiscal year's activities, to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office as to the status of the following:

- (1) Rate-setting and financing of adult care homes, including the use of Medicaid funds for personal care services;

- (2) Quality assurance and enhancement of adult care homes, including case management for residents with special care needs, monitoring of adult care home facilities, and specialized training of direct care staff; and
- (3) The process of the evaluation of the Adult Care Home Financing and Quality Assurance Program.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
FOSTER CARE ASSISTANCE PAYMENTS

Section 11.22. The maximum rates for State participation in the foster care assistance program are established on a graduated scale as follows:

- (1) \$315.00 per child per month for children aged birth through 5;
- (2) \$365.00 per child per month for children aged 6 through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18.

Of these amounts, fifteen dollars (\$15.00) is a special needs allowance for the child.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
AUTHORIZED ADDITIONAL USE OF HIV FOSTER CARE AND ADOPTIVE FAMILY FUNDS

Section 11.23. (a) In addition to providing board payments to foster and adoptive families of HIV-infected children, as prescribed in Chapter 324 of the 1995 Session Laws, any additional funds remaining that were appropriated in Chapter 324 of the 1995 Session Laws for this purpose shall be used as follows:

- (1) To provide medical training in avoiding HIV transmission in the home; and
- (2) To transfer funds to the Department of Environment, Health, and Natural Resources to create three social work positions within the Department of Environment, Health, and Natural Resources, for the eastern part of North Carolina to enable the case managing of families with HIV-infected children so that the children and the parents get access to medical care and so that child protective services issues are addressed rapidly and effectively. The three positions shall be medically based and located:
 - a. One in the northeast, covering Northampton, Hertford, Halifax, Gates, Chowan, Perquimans, Pasquotank, Camden, Currituck, Bertie, Wilson, Edgecombe, and Nash Counties;
 - b. One in the central east, covering Martin, Pitt, Washington, Tyrrell, Dare, Hyde, Beaufort, Jones, Greene, Craven, and Pamlico Counties; and
 - c. One in the southeast, covering New Hanover, Robeson, Brunswick, Carteret, Onslow, Lenoir, Pender, Duplin, Bladen, and Columbus Counties.

(b) The maximum rates for State participation in HIV foster care and adoptions assistance are established on a graduated scale as follows:

- (1) \$800.00 per month per child with indeterminate HIV status;
- (2) \$1,000 per month per child confirmed HIV-infected, asymptomatic;
- (3) \$1,200 per month per child confirmed HIV-infected, symptomatic; and
- (4) \$1,600 per month per child terminally ill with complex care needs.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

ADOPTION ASSISTANCE PAYMENTS

Section 11.24. The maximum rates for State participation in the adoption assistance program are established on a graduated scale as follows:

- (1) \$315.00 per child per month for children aged birth through 5;
- (2) \$365.00 per child per month for children aged 6 through 12; and
- (3) \$415.00 per child per month for children aged 13 through 18.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

CHILD PROTECTIVE SERVICES

Section 11.25. (a) The funds appropriated in this act to the Department of Human Resources, Division of Social Services, for the 1997-99 fiscal biennium for Child Protective Services shall be allocated to county departments of social services based upon a formula which takes into consideration the number of Child Protective Services cases and the number of Child Protective Services workers necessary to meet recommended standards adopted by the North Carolina Association of County Directors of Social Services.

(b) Funds allocated under subsection (a) of this section shall be used by county departments of social services for carrying out investigations of reports of child abuse or neglect or for providing protective or preventive services in which the department confirms abuse, neglect, or dependency.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

FOOD STAMP ELECTRONIC BENEFITS TRANSFER FUNDS SPECIFICATIONS

Section 11.26. The Controller's Office, Department of Human Resources, shall manage the development, implementation, and operation of the Food Stamp Electronic Benefits Transfer Program (EBT).

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

ANNUAL REPORT ON CARING PROGRAM FOR CHILDREN, INC.

Section 11.27. The Caring Program for Children, Inc., shall report annually by May 1 to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, beginning with May 1, 1998, on its program for providing health care for children.

This report shall include the number of children served and the cost per child served.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

REVIEW OF AUTOMATED COLLECTION AND TRACKING SYSTEM

Section 11.28. The Information Resource Management Commission shall conduct a quarterly review of the Automated Collection and Tracking System (ACTS) project being developed by the Department of Human Resources. The review shall include an analysis of the problems encountered and progress achieved, identify critical issues to be resolved, and estimate the final cost and date of completion. The review shall be submitted through the Office of the State Controller to the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Human Resources Appropriations Subcommittees, the State Budget Director, and to the Director of the Fiscal Research Division of the Legislative Services Office no later than the last day of each quarter.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

Section 11.29. Funds received by the Department of Human Resources from the tax levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the Department of Human Resources as prescribed by G.S. 18B-805(h). These funds shall be allocated to the area mental health programs for substance abuse services.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

PHYSICIAN SERVICES

Section 11.30. With the approval of the Office of State Budget and Management, the Department of Human Resources may use funds appropriated in this act for across-the-board salary increases and performance pay to offset similar increases in the costs of contracting with private and independent universities for the provision of physician services to clients in facilities operated by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services. This offsetting shall be done in the same manner as is currently done with constituent institutions of The University of North Carolina.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

CLINICAL SOCIAL WORKER EXEMPTION

Section 11.31. Section 8 of Chapter 732 of the 1991 Session Laws reads as rewritten:

"Sec. 8. This act becomes effective January 1, 1992. G.S. 90B-10(b)(3)a. is repealed effective January 1, ~~1997-1999~~. The term of the additional Board position for clinical social worker created by this act shall commence upon the expiration of the term of the public member whose term expires first."

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

LIABILITY INSURANCE

Section 11.32. The Secretary of the Department of Human Resources, the Secretary of the Department of Environment, Health, and Natural Resources, and the Secretary of the Department of Correction may provide medical liability coverage not to

exceed one million dollars (\$1,000,000) per incident on behalf of employees of the Departments licensed to practice medicine or dentistry, all licensed physicians who are faculty members of The University of North Carolina who work on contract for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for incidents that occur in Division programs, and on behalf of physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Human Resources. This coverage may include commercial insurance or self-insurance and shall cover these individuals for their acts or omissions only while they are engaged in providing medical and dental services pursuant to their State employment or training.

The coverage provided under this section shall not cover any individual for any act or omission that the individual knows or reasonably should know constitutes a violation of the applicable criminal laws of any state or the United States, or that arises out of any sexual, fraudulent, criminal, or malicious act, or out of any act amounting to willful or wanton negligence.

The coverage provided pursuant to this section shall not require any additional appropriations and shall not apply to any individual providing contractual service to the Department of Human Resources, the Department of Environment, Health, and Natural Resources, or the Department of Correction, with the exception that coverage may include physicians in all residency training programs from The University of North Carolina who are in training at institutions operated by the Department of Human Resources and licensed physicians who are faculty members of The University of North Carolina who work for the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

PRIVATE AGENCY UNIFORM COST FINDING REQUIREMENT

Section 11.33. To ensure uniformity in rates charged to area programs and funded with State-allocated resources, the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services of the Department of Human Resources may require a private agency that provides services under contract with two or more area programs, except for hospital services that have an established Medicaid rate, to complete an agencywide uniform cost finding in accordance with G.S. 122C-143.2(a) and G.S. 122C-147.2. The resulting cost shall be the maximum included for the private agency in the contracting area program's unit cost finding.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

CAROLINA ALTERNATIVES

Section 11.34. The Department of Human Resources shall move forward with planning, readiness assessments, and other necessary activities to be able to expand the Carolina Alternatives Child and Adult Waiver Pilot Program. Prior to actual implementation of additional covered populations, the Department shall:

- (1) Receive approval from the Health Care Financing Administration;
- (2) Continue the 10-site Carolina Alternatives pilot programs;

- (3) Make a determination that each area authority that is going to participate in the pilot has the capacity to implement the waiver;
- (4) Obtain certification from the Office of State Budget and Management that expansion of Carolina Alternatives is budget neutral, excluding the payment of claims related to the transition from fee-for-service to Medicaid managed care, and authorization from the Office of State Budget and Management to proceed with the pilot;
- (5) Evaluate capitation rates to determine if they are adequate to provide appropriate services;
- (6) Develop five-year cost estimates for Carolina Alternatives; and
- (7) Submit a progress report to the 1997 General Assembly, Regular Session 1998, and the Fiscal Research Division not later than May 1, 1998.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
WILLIE M.

Section 11.35. (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 meeting these criteria have been identified as a Class in the case of **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et al.** [**Willie M.**, 3:79 CV 294-MU (Western District)]; and as defined in G.S. 122C-3(13a) as Eligible Assaultive and Violent Children]; and
- (3) That these children have a need for a variety of services, in addition to those normally provided, that may include, but are not limited to, residential treatment services, educational services, and independent living arrangements.

(b) Funds appropriated by the General Assembly to the Department of Human Resources for serving members of the Willie M. Class shall be expended only for programs serving members of the Willie M. Class identified in **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et al.**, [or as Eligible Assaultive and Violent Children] including evaluations of potential Class members. The Department shall reallocate these funds among services to Willie M. Class members during the year as it deems advisable in order to use the funds efficiently in providing appropriate services to Willie M. Class members.

(c) Funds for Department of Public Education. – Funds appropriated to the Department of Public Education in this act for members of the Willie M. Class are to establish a supplemental reserve fund to serve only members of the Class identified in **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et al.**, [or as Eligible Assaultive and Violent Children]. 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.

(d) The Department of Human Resources shall continue to implement its prospective unit cost reimbursement system and shall ensure that unit cost rates reflect reasonable costs by conducting cost center service type rate comparisons and cost centerline item budget reviews as may be necessary, and based upon these reviews and comparisons, the Department shall reduce and/or cap rates to programs which are significantly higher than those rates paid to other programs for the same service.

Any exception to this requirement shall be approved by the Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, and shall be reported in the Department's annual joint report to the Governor and the General Assembly and in any periodic report the Department may make to the Joint Legislative Commission on Governmental Operations.

(d1) The Department of Human Resources shall implement a process to review those cases for whom treatment has been recommended whose annual cost is anticipated to be in excess of one hundred fifty percent (150%) of the average annual per client expenditure of the previous fiscal year and shall take actions to reduce these treatment costs where appropriate.

(e) The Department of Human Resources and the Department of Public Education shall submit, by May 1 of each fiscal year, a joint report to the Governor and the General Assembly on the progress achieved in serving members of the Willie M. Class. The report shall include the following unduplicated data for each area program/authority: (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 area program/authority; (iii) the number of children served as members of the Class in each area program/authority; (iv) the number of children who remain unserved or for whom additional services are needed in order to be determined to be appropriately served; (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 and the maximum and minimum rates paid to providers for each service; (vii) the number of cases whose treatment costs were in excess of one hundred fifty percent (150%) of the average annual per client expenditure; (viii) information on the impact of treatment and education services on members of the Class; (ix) an explanation of, and justification for, any waiver of departmental rules that affect the Willie M. program; and (x) the total State funds expended, by program, on Willie M. Class members, other than those funds specifically appropriated for the Willie M. programs and services.

(e1) From existing funds available to it, the Department of Human Resources shall begin a process to document and assess individual Class members' progress through the continuum of services. Standardized measures of functioning shall be administered periodically to each member of the Class, and the information generated from these measures shall be used to assess client progress and program effectiveness.

(f) The Departments of Human Resources and Public Education shall provide periodic reports of expenditures and program effectiveness on behalf of the Willie M. Class to the Fiscal Research Division. As part of these reports, the Departments shall explain measures they have taken to control and reduce program expenditures.

(g) In fulfilling the responsibilities vested in it by the Constitution of North Carolina, the General Assembly finds:

- (1) That the General Assembly has evaluated the known needs of the State and has endeavored to satisfy those needs in comparison to their social and economic priorities; and
- (2) That the funds appropriated will enable the development and implementation of placement and services for the Class members in **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et al.**, [or Eligible Assaultive and Violent Children] within a reasonable period of time considered within the context of the needs of the Class members, the other needs of the State, and the resources available to the State.

(h) The General Assembly supports the efforts of the responsible officials and agencies of the State to meet the requirements of the court order in **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et al.**, [Willie M., 3:79 CV 294-MU (Western District)]. To ensure that Willie M. Class members are appropriately served, no State funds shall be expended on placement and services for Willie M. Class members except:

- (1) Funds specifically appropriated by the General Assembly for the placement and services of Willie M. Class members; and
- (2) Funds for placement and services for which Willie M. Class members are otherwise eligible.

This limitation shall not preclude the use of unexpended Willie M. funds from prior fiscal years to cover current or future needs of the Willie M. program subject to approval by the Director of the Budget. These Willie M. expenditures shall not be subject to the requirements of G.S. 143-18.

(i) Notwithstanding any other provision of law, if the Department of Human Resources determines that a local program is not providing appropriate services to members of the Class identified in **Willie M., et al. v. Hunt, et al.**, formerly **Willie M., et al. v. Martin, et al.**, [or as Eligible Assaultive and Violent Children] the Department may ensure the provision of these services through contracts with public or private agencies or by direct operation by the Department of these programs.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
THOMAS S.

Section 11.36. (a) Funds appropriated to the Department of Human Resources in this act for the 1997-98 fiscal year and the 1998-99 fiscal year for members of the Thomas S. Class as identified in **Thomas S., et al. v. Britt**, formerly **Thomas S., et al. v. Flaherty**, [**Thomas S. et al. v. Bruton**, Thomas S., C-C-82-0418M

(Western District)] shall be expended only for programs serving Thomas S. Class members or for services for those clients who are:

- (1) Adults with mental retardation, or who have been treated as if they had mental retardation, who were admitted to a State psychiatric hospital on or after March 22, 1984, and who are included on the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services' official list of prospective Class members;
- (2) Adults with mental retardation who have a documented history of State psychiatric hospital admissions regardless of admission date and who, without funding support, have a good probability of being readmitted to a State psychiatric hospital;
- (3) Adults with mental retardation who have never been admitted to a State psychiatric hospital but who have a documented history of behavior determined to be of danger to self or others that results in referrals for inpatient psychiatric treatment and who, without funding support, have a good probability of being admitted to a State psychiatric hospital; or
- (4) Adults who are included on the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services' official list of prospective Class members and have yet to be confirmed as Class members, who currently reside in the community, and who have a good probability of being admitted to a facility licensed as a "home for the aged and disabled".

No more than five percent (5%) of the funds appropriated in this act for the Thomas S. program shall be used for clients meeting subdivision (2), (3), or (4) of this subsection.

(b) To ensure that Thomas S. Class members are appropriately served, no State funds shall be expended on placement and services for Thomas S. Class members except:

- (1) Funds specifically appropriated by the General Assembly for the placement and services of Thomas S. Class members; and
- (2) Funds for placement and services for which Thomas S. Class members are otherwise eligible.

(b1) Thomas S. funds may be expended to support services for Thomas S. Class members in adult care homes when the service needs of individual Class members in these homes cannot be met via the established maximum adult care home rate.

(c) The Department of Human Resources shall continue to implement a prospective unit cost reimbursement system and shall ensure that unit cost rates reflect reasonable costs by conducting cost center service type rate comparisons and cost center line item budget reviews as may be necessary.

(d) The Department of Human Resources shall submit by April 1 of each fiscal year a report to the General Assembly on the progress achieved in serving members and prospective members of the Thomas S. Class. The report shall include the following:

- (1) The number of Thomas S. clients confirmed as Class members;

- (2) The number of prospective Class members;
- (3) The number of confirmed Class members awaiting services;
- (4) The number of Class members or prospective Class members added in the preceding 12 months due to their admission to a State psychiatric hospital;
- (5) A description of the types of treatment services provided to Class members;
- (6) An analysis of the use of funds appropriated for the Class; and
- (7) The total State funds expended, by program, on Thomas S. Class members, other than those funds specifically appropriated for the Thomas S. program and services.

(e) Notwithstanding any other provision of law, if the Department of Human Resources determines that a local program is not providing minimally adequate services to members of the Class identified in **Thomas S., et al. v. Britt**, formerly **Thomas S., et al. v. Flaherty**, [**Thomas S. et al. v. Bruton**, Thomas S. C-C-82-0418M (Western District)] or does not show a willingness to do so, the Department may ensure the provision of these services through contracts with public or private agencies or by direct operation by the Department of these programs.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
THOMAS S. FUNDS/COST CONTAINMENT

Section 11.37. (a) If Thomas S. funds are not sufficient, then notwithstanding G.S. 143-16.3 and G.S. 143-23, the Director of the Budget may use funds available to the Department in an amount not to exceed fifteen million two hundred thousand dollars (\$15,200,000).

(b) The Department of Human Resources, in conjunction with area mental health programs, shall develop and implement cost containment measures to reduce the cost of direct services. The Department shall develop these strategies to emphasize positive client outcomes through developmental disability long-term managed supports rather than to emphasize process. These measures shall include, but not be limited to, the following:

- (1) Reduction of those process-oriented tasks required by the State, including, but not limited to, tasks required by the Divisions of: Medical Assistance, Vocational Rehabilitation Services, Social Services, Facilities Services, and Mental Health, Developmental Disabilities, and Substance Abuse Services;
- (2) Single stream funding from all available sources;
- (3) Waivers of federal requirements in order to comply with the federal court order; and
- (4) Review and, if necessary, amendment or repeal of rules that conflict or otherwise interfere with cost containment measures.

(c) The Department shall provide to the members of the House and Senate Appropriations Subcommittees on Human Resources, and to the Fiscal Research Division a detailed report of the status of development and implementation of cost

containment measures required under this section. The report shall address each of the measures listed in subsection (b) of this section, and any other related cost containment measures developed by the Department. The Department shall provide the report on December 1, 1997, and May 1, 1998.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
THOMAS S. LAWSUIT COMPLIANCE

Section 11.38. The Department of Justice and the Department of Human Resources shall pursue all administrative and legal options necessary to enable the State to resolve the **Thomas S.** lawsuit in the most expeditious and cost-effective manner possible and to seek elimination of the necessity for oversight by a special master.

Requested by: Representatives Gardner, Cansler, Clary
TRI-COUNTY REALIGNMENT INCENTIVE FUNDS

Section 11.39. (a) Of the funds appropriated in this act to the Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of one million two hundred thousand dollars (\$1,200,000) for the 1997-98 fiscal year and the sum of one million two hundred thousand dollars (\$1,200,000) for the 1998-99 fiscal year shall be allocated by the Division to any existing area authority that has aligned with one or more of the counties that comprised the Tri-County Area Authority. Funds shall be allocated only if the per capita funding level for the existing area authority is greater than the per capita funding level of the county that aligned with the existing area authority. Funds allocated to an existing area authority under this subsection shall not exceed the amount necessary in each fiscal year to raise the aligned county's level of per capita funding to that of the existing area authority.

(b) Of the funds appropriated in this act to the Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of two hundred fifty thousand dollars (\$250,000) for the 1997-98 fiscal year may be allocated by the Division to one or more of the former Tri-County Area Authority counties to address infrastructural needs necessary to accomplish the realignment authorized under this section.

(c) Funds allocated under this section shall not be used for any purpose other than the purposes authorized. Funds appropriated but not allocated at the end of the 1997-99 fiscal biennium shall revert to the General Fund.

Requested by: Senators Cooper, Martin of Guilford, Representatives Gardner, Cansler, Clary

SPECIAL ALZHEIMER'S UNITS

Section 11.40. (a) The Special Alzheimer's Unit established in Wilson by funds appropriated in Chapter 507 of the 1995 Session Laws and the Special Alzheimer's Unit in Black Mountain shall serve only those clients who cannot be served by a similar private facility.

(b) The Department of Human Resources shall solicit information from private providers for the operation of the Special Alzheimer's Units in Wilson and Black Mountain. The Department shall report to the members of the House and Senate Appropriations Subcommittees on Human Resources and the Fiscal Research Division by March 1, 1998. The report shall provide the cost of operation of the Units by the State as compared to the cost of operation by private providers who have submitted information.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
**ALLOCATION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES,
AND SUBSTANCE ABUSE EXPANSION FUNDS**

Section 11.41. Of the funds appropriated in this act to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Department of Human Resources, for expansion of mental health, developmental disabilities, and substance abuse programs and services, other than crisis services, those funds needed by area authorities for "catch-up" purposes shall be allocated pursuant to the Incentive Method adopted by the Mental Health Study Commission and presented in the Commission's Report to the 1995 General Assembly, 1996 Regular Session.

Requested by: Senator Martin of Guilford
SUBSTANCE ABUSE PROGRAM GRANTS

Section 11.42. (a) Of the funds appropriated in this act to the Department of Human Resources, the sum of one million two hundred fifty thousand dollars (\$1,250,000) for the 1997-98 fiscal year shall be placed in a Reserve for Substance Abuse Treatment Programs. The Secretary of Human Resources shall conduct a study of the various substance abuse treatment programs in the State, including but not limited to: The Pavilion Foundation in Polk County, Amythest in Charlotte, Charter Pines in Charlotte, Bethel Colony in Lenoir, and Appalachian Hall in Asheville. The Secretary may use funds from the Reserve to allocate grants-in-aid to those substance abuse programs that the Secretary determines to be working most efficiently and effectively. The Secretary shall also study whether the State should subsidize the treatment of persons covered under the Teachers' and State Employees' Comprehensive Major Medical Plan in those substance abuse facilities that are working efficiently and effectively, and may allocate up to two hundred fifty thousand dollars (\$250,000) of the funds allocated to the Reserve under this subsection for the 1997-98 fiscal year to subsidize the treatment in those facilities determined by the Secretary to be working efficiently and effectively.

(b) The Secretary shall report to the Joint Legislative Commission on Governmental Operations on the findings of the studies and on the grants-in-aid allocated under this section.

Requested by: Representatives Gardner, Cansler, Clary, Senator Martin of Guilford
EARLY INTERVENTION FUNDING/REFERRAL

Section 11.43. Of the funds appropriated in this act to the Department of Human Resources, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, the sum of five million dollars (\$5,000,000) for the 1997-98 fiscal year and the sum of five million dollars (\$5,000,000) for the 1998-99 fiscal year shall be allocated based on a plan developed in consultation with the affected divisions within the Department and the North Carolina Interagency Coordinating Council to meet the needs of those children who are on the waiting list for early intervention services. The Department may create up to 41 new positions, as needed, in the Division of Services for the Blind and the Division of Services for the Deaf and the Hard of Hearing to expand early intervention-related preschool services.

The agencies providing early intervention services to children from birth through five years of age shall work together to develop procedures to ensure that Beginnings for Parents of Hearing-Impaired Children, Inc., shall be notified of children newly identified with hearing loss and determined to be eligible for services.

Requested by: Representatives Gardner, Cansler, Clary

EFFICIENCY STUDY OF STATE PSYCHIATRIC HOSPITALS

Section 11.44. (a) The Department of Human Resources shall contract with an independent consulting firm with proven experience in hospital administration/management and an understanding of the special operational issues related to psychiatric hospitals to conduct a study of the management and operation of the four State psychiatric hospitals. The purpose of the study shall be to identify areas for improved operations and efficiency. The study shall address, but not be limited to, patient-to-staff ratios, cost-efficiency of the various patient units within the hospitals, and potential areas for achieving greater cost-efficiencies by contracting with private providers. If the findings of the study reflect the need for specific physical plant renovations, replacements, or new construction, the report shall provide information which reflects the cost-efficiencies which would result from the improvements and the time period over which the cost-efficiencies would repay the cost of improvements. The study shall also consider all potential sources of revenue for the hospitals and what impact any proposed operational changes may have on that revenue and the overall need for appropriations from the General Fund. Contract services shall be paid for from funds available to the Department.

(b) The results of the study and the Department's response to the study shall be provided to the cochairs of the House and Senate Appropriations Subcommittees on Human Resources and the Fiscal Research Division not later than April 1, 1998.

Requested by: Representatives Crawford, Gardner, Cansler, Clary, Wilkins

BUTNER COMMUNITY LAND RESERVATION

Section 11.45. The Department of Human Resources shall reserve and dedicate the following described land for the construction of a Community Building and related facilities to serve the Butner Reservation:

"Approximately 2 acres, on the east side it borders Central Avenue with a line running along the Wallace Bradshur property on the north back to the tree line next to the ADATC. From there it follows the tree line south and west to and including the softball field. From the softball field it turns east to the State Employees Credit Union and follows the Credit Union property on the south side back to Central Avenue."

This land shall be reserved and dedicated for the project which shall be funded with contributions from Granville County, contributions from the residents of the Butner Reservation, the use of cablevision franchise rebate funds received by the Department of Human Resources on behalf of the Butner Reservation, and other public and private sources.

The Butner Planning Council shall advise the Secretary of Human Resources, through resolutions adopted by the Council, regarding the use of this reserved and dedicated land, the construction of the Community Building, and the expenditure of the cablevision franchise rebate funds.

The Department of Human Resources shall reserve and dedicate the above described property for the above described purposes until the time, if any, that a permanent local government is established on the Butner Reservation at which time the land shall be transferred to the local government.

Requested by: Representatives Gardner, Cansler, Clary

**LEGISLATIVE STUDY COMMISSION ON MENTAL HEALTH,
DEVELOPMENTAL DISABILITIES, AND SUBSTANCE ABUSE SERVICES**

Section 11.46. (a) G.S. 120-205 reads as rewritten:

"§ 120-205. Commission membership; meetings; terms; vacancies.

- (a) This commission shall be composed of ~~24~~22 members appointed as follows:
- (1) Seven members of the House of Representatives at the time of their appointment, appointed by the Speaker of the House of Representatives. Of these members, one shall be a Chair of the House Appropriations Subcommittee on Human Resources;
 - (2) Seven members of the Senate at the time of their appointment, appointed by the President Pro Tempore of the Senate. Of these members, one shall be the Chair of the Senate Human Resources Appropriations Committee;
 - (3) Three members who are representatives of Coalition 2001, appointed by the Governor. Of these members, one shall be a representative from mental health, one from developmental disabilities, and one from substance abuse services;
 - (4) Two members of the public, appointed by the Speaker of the House of Representatives. Of these members, one shall be a county commissioner at the time of appointment, selected from a list of four candidates nominated by the North Carolina Association of County Commissioners. If the Association has failed to submit nominations by September 1, 1996, the Speaker of the House of Representatives may appoint any county commissioner; ~~and~~

- (5) Two members of the public, appointed by the President Pro Tempore of the Senate. Of these members, one shall be a county commissioner at the time of appointment, selected from a list of four candidates nominated by the North Carolina Association of County Commissioners. If the Association has failed to submit nominations by September 1, 1996, the President Pro Tempore of the Senate may appoint any county ~~commissioner~~ commissioner; and
- (6) One member who is a representative of the North Carolina Hospital Association, appointed by the Governor.

(b) The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each select a legislative member from their appointments to serve as cochair of the commission. Meetings shall be called at the will of the cochairs.

(c) All members shall serve at the will of their appointing officer. Unless removed or unless resigning, members shall serve for two-year terms. Members may be reappointed. Vacancies in membership shall be filled by the appropriate appointing officer."

- (b) This section is effective when this act becomes law.

Requested by: Representatives Gardner, Cansler, Clary

WHITAKER SCHOOL REPLACEMENT FACILITY

Section 11.47. The Department of Human Resources and the Office of State Budget and Management shall, in consultation with the Human Rights Committee of the Whitaker School in Butner, attempt to locate a facility that would be a suitable replacement facility for the Whitaker School. The facility may be located in Butner or elsewhere. To be a suitable replacement, the existing facility must be of size and structural condition to reasonably accommodate current needs and must represent overall an improvement over the current facility housing Whitaker School. The Department may also investigate and consider whether it would be more cost-effective to build a new facility than to renovate an existing facility. If a suitable existing facility is located, then the Department and Office of State Budget and Management shall pursue funding for repairs and renovations that may be necessary to render the facility a suitable replacement. Not later than May 1, 1998, the Department shall provide a status report on its search for a replacement facility to the House and Senate Appropriations Subcommittees on Human Resources, the Fiscal Research Division, and the Human Rights Committee of the Whitaker School. If the Department determines that it would be more cost-effective to build a new facility than to repair an existing facility, then the Department shall provide information supporting its determination in its May 1, 1998, report.

Requested by: Representatives Gardner, Cansler, Clary

FORENSIC TREATMENT PROGRAM

Section 11.48. The Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services shall adopt temporary rules, in accordance with Chapter 150B of the General Statutes, to implement the forensic treatment program

at Dorothea Dix Hospital. Notwithstanding the provisions of Chapter 122C of the General Statutes pertaining to seclusion, the rules shall include, for the purpose of protecting the health, safety, and welfare of patients, employees, and the general public, provisions for locking the rooms of patients in the forensic treatment program during rest times, including normal sleeping hours.

Requested by: Representatives Gardner, Cansler, Clary

STUDY DOWNSIZING OF MENTAL RETARDATION CENTERS

Section 11.49. The Department of Human Resources shall conduct a study of the impact of the plan for downsizing mental retardation centers currently being implemented by the Department. The study shall include the time period from the commencement of implementation through June 30, 1996. The study shall include, but is not limited to, the impact on patient census, staffing in general, staff-to-patient ratios, budget changes, placement of clients in the community, and development of community services for developmental disability clients. The Department shall provide the results of the study to the House and Senate Appropriations Subcommittees on Human Resources and the Fiscal Research Division not later than March 2, 1998.

Requested by: Representatives Gardner, Cansler, Clary

MENTAL HEALTH FUNDS FOR CRISIS SERVICES

Section 11.50. Purposes for which funds are appropriated in this act to the Department of Human Resources, Division of Mental Health, for the development of local crisis services shall include, but not be limited to, meeting the short-term crisis needs of mentally retarded children determined by the Division to need crisis services. The Division shall pursue the use of available State resources and services for these children, including mental retardation centers, for short-term crisis treatment for appropriate minors, as determined by the Division.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

ANNUAL EVALUATION OF WILDERNESS CAMP, COACH MENTOR TRAINING, AND GOVERNOR'S ONE-ON-ONE PROGRAMS

Section 11.51. The Department of Human Resources shall conduct an annual evaluation of the Wilderness Camp, Coach Mentor Training, and Governor's One-on-One Programs. The results of the evaluation shall be submitted to the Joint Legislative Commission on Governmental Operations no later than October 1 of each year covering the program for the prior fiscal year. In conducting the evaluation, among other things, the focus shall be on directing youth toward long-term positive and productive noncriminal behavior. The review shall be qualitative and quantitative.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

DYS TRAINING SCHOOLS/STUDENT EVALUATIONS

Section 11.52. The Department of Human Resources shall take immediate steps to ensure that multidisciplinary diagnoses and evaluations, as provided for in G.S. 115C-113, are made on all students in training schools operated by the Division of

Youth Services and that the requisite resources and services are provided for all DYS training school students who are identified as children with special needs. The Department may use funds available to provide evaluations, resources, and services, but shall not reduce current DYS services. Lapsed salary funds shall not be used to create new permanent positions.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

COMMUNITY-BASED ALTERNATIVES PARTICIPATION

Section 11.53. County governments participating in the Community-Based Alternatives Program shall certify annually to the Division of Youth Services, Department of Human Resources, that Community-Based Alternatives Aid to Counties shall not be used to duplicate or supplant other programs within the county.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

**S.O.S. AND FAMILY RESOURCE CENTER GRANT PROGRAMS
ADMINISTRATIVE COST LIMITS**

Section 11.54. (a) Of the funds appropriated to the Department of Human Resources in this act, not more than three hundred fifty thousand dollars (\$350,000) for the 1997-98 fiscal year and not more than three hundred fifty thousand dollars (\$350,000) for the 1998-99 fiscal year may be used to administer the S.O.S. Program, to provide technical assistance to applicants and to local S.O.S. programs, and to evaluate the local S.O.S. programs. The Department may contract with appropriate public or nonprofit agencies to provide the technical assistance, including training and related services.

(b) Of the funds appropriated in this act to the Department of Human Resources for the Family Resource Center Grant Program, the Department may use up to two hundred fifty thousand dollars (\$250,000) in each fiscal year to administer the Program.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary, Shubert

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES PROGRAM

Section 11.55. (a) The General Assembly finds that it is essential to continue developing comprehensive programs that provide high quality early childhood education and development services locally for children and their families. The General Assembly intends to expand the Early Childhood Education and Development Initiatives Program (the "Program") in a manner which ensures quality assurance and performance-based accountability for the Program.

(b) Notwithstanding any provision of Part 10B of Article 3 of Chapter 143B of the General Statutes or any other provision of law or policy, the Department of Human Resources and the North Carolina Partnership for Children, Inc., jointly shall continue to implement the recommendations contained in the Smart Start Performance Audit prepared pursuant to Section 27A(1)b. of Chapter 324 of the 1995 Session Laws,

as modified by Section 24.29 of Chapter 18 of the Session Laws, Second Extra Session 1996. The North Carolina Partnership for Children, Inc., shall continue to report quarterly to the Joint Legislative Commission on Governmental Operations on its progress toward full implementation of the modified audit recommendations.

(c) The Joint Legislative Commission on Governmental Operations shall, consistent with current law, continue to be the legislative oversight body for the Program. The President Pro Tempore of the Senate and the Speaker of the House of Representatives may appoint a subcommittee of the Joint Legislative Commission on Governmental Operations to carry out this function. This subcommittee may conduct all initial reviews of plans, reports, and budgets relating to the Program and shall make recommendations to the Joint Legislative Commission on Governmental Operations.

(d) Administrative costs shall be equivalent to, on an average statewide basis for all local partnerships, not more than eight percent (8%) of the total statewide allocation to all local partnerships. What counts as administrative costs shall be as defined in the Smart Start Performance Audit.

(e) Any local partnership, before receiving State funds, shall be required annually to submit a plan and budget for State funds for appropriate programs to the North Carolina Partnership for Children, Inc., and the Joint Legislative Commission on Governmental Operations. State funds to implement the programs shall not be allocated to a local partnership until the program plan is approved by the North Carolina Partnership for Children, Inc.

(f) The North Carolina Partnership for Children, Inc., and all local partnerships shall use competitive bidding practices in contracting for goods and services on all contract amounts of one thousand five hundred dollars (\$1,500) and above, and, where practicable, on contracts for amounts of less than one thousand five hundred dollars (\$1,500).

(g) The role of the North Carolina Partnership for Children, Inc., shall continue to be expanded to incorporate all the aspects of the new role determined for the Partnership in the Smart Start Performance Audit recommendations and to provide technical assistance to local partnerships, assess outcome goals for children and families, ensure that statewide goals and legislative guidelines are being met, help establish policies and outcome measures, obtain non-State resources for early childhood and family services, and document and verify the cumulative contributions received by the partnerships.

(h) The North Carolina Partnership for Children, Inc., and all local partnerships shall, in the aggregate, be required to match no less than fifty percent (50%) of the total amount budgeted for the Program in each fiscal year of the biennium as follows: contributions of cash equal to at least ten percent (10%) and in-kind donated resources equal to no more than ten percent (10%) for a total match requirement of twenty percent (20%) for each fiscal year. Only in-kind contributions that are quantifiable, as determined in the Smart Start Performance Audit, shall be applied to the in-kind match requirement. Expenses, including both those paid by cash and in-kind contributions, incurred by other participating non-State entities contracting with the North Carolina Partnership for Children or the local partnerships, also may be

considered resources available to meet the required private match. In order to qualify to meet the required private match, the expenses shall:

- (1) Be verifiable from the contractor's records;
- (2) If in-kind, be quantifiable in accordance with generally accepted accounting principles for nonprofit organizations;
- (3) Not include expenses funded by State funds;
- (4) Be supplemental to and not supplant preexisting resources for related program activities;
- (5) Be incurred as a direct result of the Early Childhood Initiatives Program and be necessary and reasonable for the proper and efficient accomplishment of the Program's objectives;
- (6) Be otherwise allowable under federal or State law;
- (7) Be required and described in the contractual agreements approved by the North Carolina Partnership for Children or the local partnership; and
- (8) Be reported to the North Carolina Partnership for Children or the local partnership by the contractor in the same manner as reimbursable expenses.

The North Carolina Partnership shall establish uniform guidelines and reporting format for local partnerships to document the qualifying expenses occurring at the contractor level. Local partnerships shall monitor qualifying expenses to ensure they have occurred and meet the requirements prescribed in this subsection.

Failure to obtain a twenty percent (20%) match by May 1 of each fiscal year shall result in a dollar-for-dollar reduction in the appropriation for the Program for the next fiscal year. The North Carolina Partnership for Children, Inc., shall be responsible for compiling information on the private cash and in-kind contributions into a report that is submitted to the Joint Legislative Commission on Governmental Operations pursuant to G.S. 143B-168.13(5) in a format that allows verification by the Department of Revenue. The same match requirements shall apply to any expansion funds appropriated by the General Assembly.

(i) Counties participating in the Program may use the county's allocation of State and federal child care funds to subsidize child care according to the county's Early Childhood Education and Development Initiatives Plan as approved by the North Carolina Partnership for Children, Inc. The use of federal funds shall be consistent with the appropriate federal regulations. Child care providers shall, at a minimum, comply with the applicable requirements for State licensure or registration pursuant to Article 7 of Chapter 110 of the General Statutes, with other applicable requirements of State law or rule, including rules adopted for nonregistered child care by the Social Services Commission, and with applicable federal regulations.

(j) The Department of Human Resources shall continue to implement the performance-based evaluation system.

(k) The Frank Porter Graham Child Development Center shall continue its evaluation of the Program. Notwithstanding any policy to the contrary, the Frank Porter Graham Child Development Center may use any method legally available to it to track

children who are participating or who have participated in any Early Childhood Education and Development Initiative in order to carry out its ongoing evaluation of the Program.

(l) G.S. 143B-168.12(a) reads as rewritten:

"(a) In order to receive State funds, the following conditions shall be met:

(1) The North Carolina Partnership shall have a Board of Directors consisting of the following 39 members:

- a. The Secretary of Human Resources, ex officio;
- b. The Secretary of Environment, Health, and Natural Resources, ex officio;
- c. The Superintendent of Public Instruction, ex officio;
- d. The President of the Department of Community Colleges, ex officio;
- e. One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th Congressional Districts, appointed by the President Pro Tempore of the Senate;
- f. One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th Congressional Districts, appointed by the Speaker of the House of Representatives;
- g. Seventeen members, of whom four shall be members of the party other than the Governor's party, appointed by the Governor;
- h. The President Pro Tempore of the Senate, or a designee;
- i. The Speaker of the House of Representatives, or a designee;
- j. The Majority Leader of the Senate, or a designee;
- k. The Majority Leader of the House of Representatives, or a designee;
- l. The Minority Leader of the Senate, or a designee; and
- m. The Minority Leader of the House of Representatives, or a designee.

(2) The North Carolina Partnership shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department.

(3) The North Carolina Partnership shall oversee the development and implementation of the local demonstration projects as they are selected.

(4) The North Carolina Partnership shall develop and implement a comprehensive standard fiscal accountability plan to ensure the fiscal integrity and accountability of State funds appropriated to it and to the local partnerships. The standard fiscal accountability plan shall, at a minimum, include a uniform, standardized system of accounting, internal controls, payroll, fidelity bonding, chart of accounts, and

contract management and monitoring. The North Carolina Partnership may contract with outside firms to develop and implement the standard fiscal accountability plan. All local partnerships shall be required to participate in the standard fiscal accountability plan developed and adopted by the North Carolina Partnership pursuant to this subdivision.

(5) The North Carolina Partnership shall develop and implement a centralized accounting and contract management system which incorporates features of the required standard fiscal accountability plan described in subdivision (4) of subsection (a) of this section. The following local partnerships shall be required to participate in the centralized accountability system developed by the North Carolina Partnership pursuant to this subdivision:

a. Local partnerships which have significant deficiencies in their accounting systems, internal controls, and contract management systems, as determined by the North Carolina Partnership based on the annual financial audits of the local partnerships conducted by the Office of the State Auditor; and

b. Local partnerships which are in the first two years of operation following their ~~selection~~ selection, except for those created by combination with existing local partnerships. At the end of this two-year period, local partnerships shall continue to participate in the centralized accounting and contract management system. With the approval of the North Carolina Partnership, local partnerships may perform accounting and contract management functions at the local level using the standardized and uniform accounting system, internal controls, and contract management systems developed by the North Carolina Partnership.

Local partnerships which otherwise would not be required to participate in the centralized accounting and contract management system pursuant to this subdivision may voluntarily choose to participate in the system. Participation or nonparticipation shall be for a minimum of two years, unless, in the event of nonparticipation, the North Carolina Partnership determines that any partnership's annual financial audit reveals serious deficiencies in accounting or contract management.

(6) The North Carolina Partnership shall develop a formula for allocating direct services funds appropriated for this purpose to local partnerships.

(7) The North Carolina Partnership may adjust its allocations on the basis of local partnerships' performance assessments. In determining whether to adjust its allocations to local partnerships, the North Carolina Partnership shall consider whether the local partnerships are meeting the outcome goals and objectives of the North Carolina

Partnership and the goals and objectives set forth by the local partnerships in their approved annual program plans.

The North Carolina Partnership may use additional factors to determine whether to adjust the local partnerships' allocations. These additional factors shall be developed with input from the local partnerships and shall be communicated to the local partnerships when the additional factors are selected. These additional factors may include board involvement, family and community outreach, collaboration among public and private service agencies, and family involvement.

On the basis of performance assessments, local partnerships annually shall be rated 'superior', 'satisfactory', or 'needs improvement'. Local partnerships rated 'superior' ~~shall~~may receive, to the extent that funds are available, a ten percent (10%) increase in their annual funding allocation. Local partnerships rated 'satisfactory' ~~shall~~may receive their annual funding allocation. Local partnerships rated 'needs improvement' ~~shall~~may receive ninety percent (90%) of their annual funding allocation.

The North Carolina Partnership may contract with outside firms to conduct the performance assessments of local partnerships.

- (8) The North Carolina Partnership shall establish a local partnership advisory committee comprised of 15 members. Eight of the members shall be chairs of local partnerships' board of directors, and seven shall be staff of local partnerships. Members shall be chosen by the Chair of the North Carolina Partnership from a pool of candidates nominated by their respective boards of directors. The local partnership advisory committee shall serve in an advisory capacity to the North Carolina Partnership and shall establish a schedule of regular meetings. Members shall serve two-year terms and shall not serve more than two consecutive terms. Members shall be chosen from local partnerships on a rotating basis. The advisory committee shall annually elect a chair from among its members.
- (9) The North Carolina Partnership shall report (i) quarterly to the Joint Legislative Commission on Governmental Operations and (ii) to the General Assembly and the Governor on the ongoing progress of all the local partnerships' work, including all details of the use to which the allocations were put, and on the continuing plans of the North Carolina Partnership and of the Department, together with legislative proposals, including proposals to implement the program statewide."

(m) G.S. 143B-168.13(a) reads as rewritten:

"(a) The Department shall:

- (1) Develop a statewide process, in cooperation with the North Carolina Partnership, to select the local demonstration projects. The first 12 local demonstration projects developed and implemented shall be

located in the 12 congressional districts, one to a district. The locations of subsequent selections of local demonstration projects shall represent the various geographic areas of the State.

- (2) Develop and conduct a statewide needs and resource assessment every third year, beginning in the 1997-98 fiscal year. This needs assessment shall be conducted in cooperation with the North Carolina Partnership and with the local partnerships. The Department may contract with an independent firm to conduct the needs assessment. The needs assessment shall be conducted in a way which enables the Department and the North Carolina Partnership to review, and revise as necessary, the total program cost estimate and methodology. The data and findings of this needs assessment shall form the basis for annual program plans developed by local partnerships and approved by the North Carolina Partnership. A report of the findings of the needs assessment shall be presented to the General Assembly prior to the beginning of the 1999 Session and every three years after that date.
- (2a) Develop and maintain an automated, publicly accessible database of all regulated child care programs.
- ~~(3) Provide technical and administrative assistance to local partnerships, particularly during the first year after they are selected under this Part to receive State funds. The Department, at any time, may authorize the North Carolina Partnership or a governmental or public entity to do the contracting for one or more local partnerships. After a local partnership's first year, the Department may allow the partnership to contract for itself.~~
- (4) Adopt, in cooperation with the North Carolina Partnership, any rules necessary to implement this Part, including rules to ensure that State leave policy is not applied to the North Carolina Partnership and the local partnerships. In order to allow local partnerships to focus on the development of long-range plans in their initial year of funding, the Department may adopt rules that limit the categories of direct services for young children and their families for which funds are made available during the initial year.
- (5) Repealed by Session Laws 1996, Second Extra Session, c. 18, s. 24.29(c).
- (6) Annually update its funding formula using the most recent data available. These amounts shall serve as the basis for determining 'full funding' amounts for each local partnership."
- (n) G.S. 143B-168.15 reads as rewritten:

"§ 143B-168.15. Use of State funds.

(a) State funds allocated to local projects for services to children and families shall be used to meet assessed needs, expand coverage, and improve the quality of these services. The local plan shall address the assessed needs of all children to the extent feasible. It is the intent of the General Assembly that the needs of both young children

below poverty who remain in the home, as well as the needs of young children below poverty who require services beyond those offered in child care settings, be addressed. Therefore, as local partnerships address the assessed needs of all children, they should devote an appropriate amount of their State allocations, considering these needs and other available resources, to meet the needs of children below poverty and their families.

(b) Depending on local, regional, or statewide needs, funds may be used to support activities and services that shall be made available and accessible to providers, children, and families on a voluntary basis. Of the total funds allocated to all local partnerships ~~that are designated by the Secretary for direct services, seventy-five percent (75%) shall be used for any one or more of the following activities and services:~~

- (1) ~~Child day care services, including:~~
 - a. ~~Child day care subsidies to reduce waiting lists;~~
 - b. ~~Raising the county child day care subsidy rate to the State market rate, if applicable, in return for improvements in the quality of child day care services;~~
 - c. ~~Raising the income eligibility for child day care subsidies to seventy-five percent (75%) of the State median family income;~~
 - d. ~~Start up funding for child day care providers;~~
 - e. ~~Assistance to enable child day care providers to conform to licensing and building code requirements;~~
 - f. ~~Child day care resources and referral services;~~
 - g. ~~Enhancement of the quality of child day care provided;~~
 - h. ~~Technical assistance for child day care providers;~~
 - i. ~~Quality grants for child day care centers or family child day care homes;~~
 - j. ~~Expanded services or enhanced rates for children with special needs;~~
 - k. ~~Head Start services;~~
 - l. ~~Development of comprehensive child day care services that include child health and family support;~~
 - m. ~~Activities to reduce staff turnover;~~
 - n. ~~Activities to serve children with special needs;~~
 - o. ~~Transportation services related to providing child day care services;~~
 - p. ~~Evaluation of plan implementation of child day care services; and~~
 - q. ~~Needs and resources assessments for child day care services.~~
- (2) ~~Family and child centered services, including early childhood education and child development services, including:~~
 - a. ~~Enhancement of the quality of family and child-centered services provided;~~
 - b. ~~Technical assistance for family and child centered services;~~

- e. ~~Needs and resource assessments for family and child centered services;~~
 - d. ~~Home centered services; and~~
 - e. ~~Evaluation of plan implementation of family and child-centered services.~~
- (3) ~~Other appropriate activities and services for child day care providers and for family and child centered services, including:~~
- a. ~~Staff and organizational development, leadership and administrative development, technology assisted education, and long range planning; and~~
 - b. ~~Procedures to ensure that infants and young children receive needed health, immunization, and related services. seventy percent (70%) shall be used in child care-related activities and programs which improve access to child care services, develop new child care services, or improve the quality of child care services in all settings.~~

(c) Long-term plans for local projects that do not receive their full allocation in the first year, other than those selected in 1993, should consider how to meet the assessed needs of low-income children and families within their neighborhoods or communities. These plans also should reflect a process to meet these needs as additional allocations and other resources are received.

(d) State funds designated for start-up and related activities may be used for capital expenses or to support activities and services for children, families, and providers. State funds designated to support direct services for children, families, and providers shall not be used for major capital expenses unless the North Carolina Partnership approves this use of State funds based upon a finding that a local partnership has demonstrated that (i) this use is a clear priority need for the local plan, (ii) it is necessary to enable the local partnership to provide services and activities to underserved children and families, and (iii) the local partnership will not otherwise be able to meet this priority need by using State or federal funds available to that local partnership. The funds approved for capital projects in any two consecutive fiscal years may not exceed ten percent (10%) of the total funds for direct services allocated to a local partnership in those two consecutive fiscal years.

(e) State funds allocated to local partnerships shall not supplant current expenditures by counties on behalf of young children and their families, and maintenance of current efforts on behalf of these children and families shall be sustained. State funds shall not be applied without the Secretary's approval where State or federal funding sources, such as Head Start, are available or could be made available to that county.

(f) Local partnerships may carry over funds from one fiscal year to the next, subject to the following conditions:

- (1) Local partnerships in their first year of receiving direct services funding may, on a one-time basis only, carry over any unspent funds to the subsequent fiscal year.

- (2) Any local partnership may carry over any unspent funds to the subsequent fiscal year, subject to the limitation that funds carried over may not exceed the increase in funding the local partnership received during the current fiscal year over the prior fiscal year.

(g) Not less than thirty percent (30%) of each local partnership's direct services allocation shall be used to expand child day-care subsidies. To the extent practicable, these funds shall be used to enhance the affordability, availability, and quality of child day-care services as described in this section. The North Carolina Partnership may increase this percentage requirement up to a maximum of fifty percent (50%) when, based upon the local waiting list for subsidized child care or the total percentage of children served whose families are income eligible for subsidized child care, the North Carolina Partnership determines a higher percentage is justified."

(o) The North Carolina Partnership shall not apply the subsidy requirement in G.S. 143B-168.15(g) to the 45 counties eligible to receive planning funds in 1997-98.

(p) There is allocated from the funds appropriated to the Department of Human Resources, Division of Child Development, in this act, the sum of twenty-two million two hundred fifty-eight thousand six hundred twenty-five dollars (\$22,258,625) for the 1997-98 fiscal year and the sum of twenty-five million two hundred ninety-eight thousand eight hundred thirty-eight dollars (\$25,298,838) for the 1998-99 fiscal year to be used as follows:

- (1) Of the 35 partnerships existing as of the 1996-97 fiscal year, funds for direct services shall be increased a total of \$15,215,912 for the 1997-98 fiscal year and \$15,215,912 for the 1998-99 fiscal year. The North Carolina Partnership for Children, Inc., may use up to \$1,500,000 of these funds in the 1997-98 fiscal year as planning funds for the remaining 45 unfunded counties.
- (2) For the 12 new partnerships planned for as of the 1996-97 fiscal year, funds shall be \$5,252,713 for the 1997-98 fiscal year and \$9,142,926 for the 1998-99 fiscal year to administer and deliver direct services.
- (3) The North Carolina Partnership for Children, Inc., shall receive an additional \$700,000 in the 1997-98 fiscal year and an additional \$700,000 in the 1998-99 fiscal year for the State-level administration of the Program.
- (4) The Department of Human Resources shall receive \$750,000 in nonrecurring funds in the 1997-98 fiscal year to conduct a statewide needs and resources assessment.
- (5) The Department of Human Resources shall receive \$100,000 in nonrecurring funds in the 1997-98 fiscal year to complete the automation of a database of all regulated child care programs.
- (6) The Department of Human Resources shall receive \$240,000 in the 1997-98 fiscal year and \$240,000 in the 1998-99 fiscal year for professional development programs.

(q) Of the funds appropriated to the Department of Human Resources for the Program for the 1997-99 biennium, the Frank Porter Graham Child Development Center shall receive the sum of eight hundred fifty thousand dollars (\$850,000) for the 1997-98 fiscal year and the sum of eight hundred fifty thousand dollars (\$850,000) for the 1998-99 fiscal year.

Requested by: Representatives Cansler, Gardner, Clary

CHILD CARING INSTITUTION FUND

Section 11.56. (a) There is allocated from the funds appropriated to the Department of Human Resources, Division of Social Services, Child Caring Institution Fund, the sum of two million dollars (\$2,000,000) for the 1997-98 fiscal year and the sum of two million dollars (\$2,000,000) for the 1998-99 fiscal year in order to increase the balance in the CCI Fund. Funds allocated under this section shall be used to increase the private child caring agency reimbursement rate for the State-funded portion of services to children who are not eligible for federal IV-E or AFDC-EA subsidies.

(b) Funds allocated under this section shall be used to increase reimbursement rates to those child caring agencies providing residential care services and behavioral health care services under agreements with the county departments of social services during fiscal year 1996-97. Counties shall not reduce their contributions to the agencies' cost of care as a result of the allocation of funds under subsection (a) of this section. County contributions to the cost of care shall continue to be negotiated between the counties and the agencies. County contributions to the cost of care shall not be used to reduce or offset State reimbursement for the cost of care in private child caring institutions.

(c) Funds allocated under this section shall be allocated to agencies by the Division of Social Services according to the current and agreed upon formulas and reimbursement methodologies, adjusted to reflect the additional funds appropriated. Funds allocated from the CCI Fund may be used by agencies to match federal funds for eligible children.

Requested by: Representatives Gardner, Cansler, Clary

CHILD WELFARE SYSTEM IMPROVEMENTS

Section 11.57. (a) Of the funds appropriated in this act to the Department of Human Resources, Division of Social Services, the sum of two million two hundred sixty-nine thousand seven hundred fifty-two dollars (\$2,269,752) for the 1997-98 fiscal year and the sum of two million two hundred sixty-nine thousand seven hundred fifty-two dollars (\$2,269,752) for the 1998-99 fiscal year shall be allocated to county departments of social services for hiring or contracting for additional foster care and adoption worker positions created after July 1, 1997, based upon a formula which takes into consideration the number of foster care and adoption cases and the number of foster care and adoption workers necessary to meet recommended standards adopted by the North Carolina Association of County Directors of Social Services. County departments of social services shall make diligent efforts to hire staff with a professional social work degree from an accredited social work program.

(b) Of the funds appropriated in this act to the Department of Human Resources, Division of Social Services, the sum of one hundred fifty-nine thousand dollars (\$159,000) for the 1997-98 fiscal year and the sum of one hundred sixty-three thousand dollars (\$163,000) for the 1998-99 fiscal year shall be used to establish and maintain a State Child Fatality Review Team to conduct in-depth reviews of any child fatalities which have occurred involving children and families involved with local departments of social services child protective services in the 12 months preceding the fatality.

The purpose of these reviews shall be to implement a team approach to identifying factors which may have contributed to conditions leading to the fatality and to develop recommendations for improving coordination between local and State entities which might have avoided the threat of injury or fatality and to identify appropriate remedies. The Division of Social Services shall make public the findings and recommendations developed for each fatality reviewed relating to improving coordination between local and State entities.

The State Child Fatality Review Team shall include representatives of the local departments of social services and the Division of Social Services, a member of the local Community Child Protection Team, a member of the local child fatality prevention team, a representative from local law enforcement, a prevention specialist, and a medical professional.

The State Child Fatality Review Team shall have access to all medical records, hospital records, and records maintained by this State, any county, or any local agency as necessary to carry out the purposes of this subsection, including police investigative data, medical examiner investigative data, health records, mental health records, and social services records. Any member of the State Child Fatality Review Team may share, only in an official meeting of the State Child Fatality Review Team, any information available to that member that the State Child Fatality Review Team needs to carry out its duties.

Meetings of the State Child Fatality Review Team are not subject to the provisions of Article 33C of Chapter 143 of the General Statutes. However, the State Child Fatality Review Team may hold periodic public meetings to discuss, in a general manner not revealing confidential information about children and families, the findings of their reviews and their recommendations for preventive actions. Minutes of all public meetings, excluding those of executive sessions, shall be kept in compliance with Article 33C of Chapter 143 of the General Statutes. Any minutes or any other information generated during any executive session shall be sealed from public inspection.

All otherwise confidential information and records acquired by the State Child Fatality Review Team, in the exercise of its duties are confidential; are not subject to discovery or introduction into evidence in any proceedings except pursuant to an order of the court; and may only be disclosed as necessary to carry out the purposes of the State Child Fatality Review Team. In addition, all otherwise confidential information and records created by the State Child Fatality Review Team in the exercise of its duties are confidential; are not subject to discovery or introduction into evidence

in any proceedings; and may only be disclosed as necessary to carry out the purposes of the State Child Fatality Review Team. No member of the State Child Fatality Review Team, nor any person who attends a meeting of the State Child Fatality Review Team, may testify in any proceeding about what transpired at the meeting, about information presented at the meeting, or about opinions formed by the person as a result of the meetings. This subsection shall not, however, prohibit a person from testifying in a civil or criminal action about matters within that person's independent knowledge.

Each member of the State Child Fatality Review Team and invited participant shall sign a statement indicating an understanding of and adherence to confidentiality requirements, including the possible civil or criminal consequences of any breach of confidentiality.

Funds allocated under this subsection shall be used as follows:

- (1) To contract with a statewide prevention organization and a statewide medical organization to identify and orient prevention specialists and medical professionals with experience in reviewing child fatalities to serve on the State Child Fatality Review Team; and
- (2) To pay per diem expenses for the five participants in each review who are not employed by the Division of Social Services or county departments of social services.

The Division of Social Services, Department of Human Resources, shall report quarterly to the Cochairs of the House and Senate Appropriations Subcommittees on Human Resources and the Fiscal Research Division on the activities of the State Child Fatality Review Team and shall provide a final report to the House and Senate Appropriations Subcommittees on Human Resources within one week of the convening of the 1997 General Assembly, Regular Session 1998, including recommendations for changes in the statewide child protection system.

(c) Counties shall not use State funds appropriated for child welfare services to supplant county funds or reduce county expenditures for child welfare services.

(d) Notwithstanding G.S. 131D-10.6A, the Division of Social Services shall establish training requirements for child welfare services staff initially hired on and after January 1, 1998. The minimum training requirements established by the Division shall be as follows:

- (1) Child welfare services workers must complete a minimum of 72 hours of preservice training before assuming direct client contact responsibilities;
- (2) Child protective services workers must complete a minimum of 18 hours of additional training that the Division determines is necessary to adequately meet training needs;
- (3) Foster care and adoption social workers must complete a minimum of 39 hours of additional training that the Division determines is necessary to adequately meet training needs;
- (4) Child Welfare Services supervisors must complete a minimum of 72 hours of preservice training before assuming supervisory

responsibilities, and a minimum of 54 hours of additional training that the Division determines is necessary to adequately meet training needs; and

- (5) Child welfare services staff must complete 24 hours of continuing education annually thereafter.

The Division of Social Services shall ensure that training opportunities are available for county departments of social services and consolidated human services agencies to meet the training requirements of this subsection.

This subsection shall expire June 30, 1999.

Requested by: Representatives Gardner, Cansler, Clary

LIMITATIONS ON STATE ABORTION FUND

Section 11.58. The limitations on funding of the performance of abortion established in Section 23.27 of Chapter 324 of the 1995 Session Laws, Regular Session 1996, as amended by Section 23.8A of Chapter 507 of the 1995 Session Laws, Regular Session 1996, apply to the 1997-98 and 1998-99 fiscal years.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

FAMILY SUPPORT/DEAF AND HARD OF HEARING SERVICES CONTRACT

Section 11.59. Of the funds appropriated in this act to the Division of Services for the Deaf and Hard of Hearing, Department of Human Resources, for family support services, the sum of five hundred three thousand two hundred thirty-eight dollars (\$503,238) for the 1997-98 fiscal year and the sum of five hundred three thousand two hundred thirty-eight dollars (\$503,238) for the 1998-99 fiscal year shall be used to contract with a private, nonprofit corporation licensed to do business in North Carolina to perform those services, including family support and advocacy services as well as technical assistance to professionals who work with families of hearing-impaired children.

Requested by: Senators Martin of Guilford, Winner, Lee, Representatives Gardner, Cansler, Clary

IMPLEMENT ABC'S PLAN FOR RESIDENTIAL SCHOOLS

Section 11.60. (a) The Department of Human Resources shall plan to implement the State Board of Education's ABC's Plan for all of its residential schools where children are in attendance for more than 120 days a year. The ABC's Plan shall be implemented for the 1998-99 school year, if possible.

(b) The State Board of Education shall assist the Department of Human Resources with the implementation. The Department of Human Resources and the State Board of Education shall:

- (1) Identify any policy or technical reason this accountability model cannot be adopted in the residential schools.
- (2) Develop accountability standards for each residential school, including baseline data for these standards. Accountability standards shall also

be developed to measure improvements in performance among the nondiploma bound students attending the residential schools.

- (3) Determine the feasibility of implementing these accountability standards in the 1998-99 school year and propose a phase-in approach, if necessary.
- (4) Define the strategies and consequences for State intervention in low-performing residential schools.
- (5) Review the site-based management practices within the State Board of Education which, if implemented in the Department of Human Resources, should result in improved student performance.

The State Board of Education and the Department of Human Resources shall report jointly on their progress toward implementation in an interim report to the Joint Legislative Education Oversight Committee by October 1, 1997, and with a final report to that Committee by April 1, 1998.

(c) In addition to the implementation of the ABC's Plan in the Department of Human Resources' residential schools, the State Board of Education and the Department of Human Resources shall study and report on the following issues:

- (1) Mandatory accreditation and dual certification of teachers in the residential schools.
- (2) Comparison of the staffing and financial resources available to serve special needs children in local education authorities versus residential schools (excluding the residential cost component).
- (3) Alignment of the Department of Human Resources' curricula with the State Board of Education's high school vocational educational curriculum, including opportunities for the residential schools to participate in the Tech Prep program with the community colleges.
- (4) Strategies for developing select residential schools as resource centers to local educational authorities in serving their special needs children.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
DIVISION OF SERVICES FOR BLIND/PERFORMANCE AUDIT

Section 11.61. The Office of the State Auditor shall conduct a performance audit of the Division of Services for the Blind in the Department of Human Resources, to include the Governor Morehead School. The performance audit shall address, but not be limited to, the financial management of the Division. The Office of the State Auditor shall submit the results of the performance audit to the cochairs of the Senate and House Appropriations Subcommittees on Human Resources by January 1, 1998.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
SERVICES FOR BLIND/EXTENDED SERVICE PROVIDER POSITIONS

Section 11.62. Of the funds appropriated in this act to the Department of Human Resources, Division of Services for the Blind, the sum of two hundred fifty thousand dollars (\$250,000) in each fiscal year of the 1997-99 biennium shall be used to

maintain extended service provider positions at local, nonprofit supported employment programs.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
GOVERNOR MOREHEAD SCHOOL/TEXTBOOK FUNDS

Section 11.63. Of the funds appropriated in this act to the Division of Services for the Blind, the sum of twelve thousand four hundred eight dollars (\$12,408) for the 1997-98 fiscal year and the sum of twelve thousand four hundred eight dollars (\$12,408) for the 1998-99 fiscal year shall be used to increase funding for textbooks or for adaptive technology, or both, for student education at the Governor Morehead School. Funds for this purpose shall be part of the Division's continuation budget request.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
REIMBURSEMENT AND COMPENSATION OF MEMBERS OF THE NORTH CAROLINA VOCATIONAL REHABILITATION ADVISORY COUNCIL, THE STATEWIDE INDEPENDENT LIVING COUNCIL, AND THE COMMISSION FOR THE BLIND

Section 11.64. Notwithstanding G.S. 138-5(a)(1), those members of the North Carolina Vocational Rehabilitation Advisory Council, the Statewide Independent Living Council, and the Commission for the Blind who are unemployed or who shall forfeit wages from other employment to attend council or commission meetings or to perform related duties, may receive compensation not to exceed fifty dollars (\$50.00) a day for attending these meetings or for performing related duties, as authorized in sections 105 and 705 of P.L. 102-569, the Rehabilitation Act of 1973, 42 U.S.C. § 701, et seq., as amended. This compensation is instead of the compensation specified in G.S. 138-5(a)(1). Reimbursement for subsistence and travel expenses is as specified in G.S. 138-5.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
CHILD CARE SUBSIDIES

Section 11.65. (a) The maximum gross annual income for initial eligibility, adjusted biennially, for subsidized child care services shall be seventy-five percent (75%) of the State median income, adjusted for family size.

(b) Parents who receive child care subsidy to work, look for work, attend work-related training or education activities, or meet the special developmental needs of their child, shall share in the cost of child care. No fees shall be charged to the client when child care services are provided to the individuals in the following circumstances:

- (1) When children are receiving child care services in conjunction with protective services as described in 10 NCAC 35E.0106, up to a maximum of 12 months from the time protective services are initiated;
- (2) When child care services are provided as a support to a child receiving Child Welfare Services as described in the North Carolina Division of Social Services Family Services Manual, Volume 1, Chapter II; or

(3) When a child with no income is living with someone other than the child's biological or adoptive parent or is living with someone who does not have court-ordered financial responsibility.

(c) Fees shall be established based on a percent of gross family income and adjusted for family size. Fees shall be determined as follows:

FAMILY SIZE	PERCENT OF GROSS FAMILY INCOME
1-3	9%
4-5	8%
6 or more	7%

Local departments of social services shall apply this new fee schedule to recipients at the next eligibility review on or after the effective date of this section.

(d) Rules for the monthly schedule of payments for the purchase of child care services for low-income children shall be established by the Social Services Commission pursuant to G.S. 143-153(8)(a) in accordance with the following requirements:

(1) For child care facilities as defined in G.S. 110-86(3) in which fewer than fifty percent (50%) of the enrollees are subsidized by State or federal funds, the State shall continue to pay the same fee paid by private paying parents for a child in the same age group in the same facility.

(2) "AA"licensed centers which are certified as developmental day centers by the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services receive one hundred ten percent (110%) of the market rate or the rate they charge private paying parents, whichever is lower, for typically developing children. Developmental day centers may be reimbursed up to their allowable costs as determined by the Division's cost finding process.

(3) The monthly schedule of payments for the purchase of child care services for low-income children from providers who have fifty percent (50%) or more children receiving child care subsidized with State or federal funds include:

a. Provision of payment rates for child care that are tied to the provider's regulatory status as follows:

1. Registered homes and "A"licensed centers receive the market rate or the rate they charge their private paying parents, whichever is lower;
2. "AA"licensed centers receive one hundred ten percent (110%) of the market rate or the rate they charge their private paying parents, whichever is lower; and
3. Unregistered providers receive fifty percent (50%) of the market rate or the rate they charge their private paying parents, whichever is lower.

- b. Provision of payment rates for child care providers in counties who do not have at least 75 children in each age group for center-based and home-based care as follows:
 1. Payment rates shall be set at the statewide market rate for registered homes and "A"licensed centers.
 2. If it can be demonstrated that the application of the statewide market rate to a county with fewer than 75 children in each age group is lower than the county market rate and would inhibit the ability of the county to purchase child care for low-income children, then the county market rate may be applied.

(e) Payment rates described in sub-subdivision (3)a. of subsection (d) of this section shall be applied to all licensed child care centers, including Head Start Wrap Around, that have fifty percent (50%) or more of enrolled children receiving child care subsidies, and to registered family child care homes and unregulated providers that enroll subsidized children.

(f) A market rate shall be calculated for facilities and homes for each county and for each age group or age category of enrollees and shall be representative of fees charged to unsubsidized private paying parents for each age group of enrollees within the county. The Division of Child Development shall also calculate a statewide market rate for each age category. The Division of Child Development may also calculate regional market rates for each age group and age category.

(g) Facilities licensed pursuant to Article 7 of Chapter 110 of the General Statutes may participate in the program that provides for the purchase of care in child care facilities for minor children of needy families. No separate licensing requirements shall be used to select facilities to participate. In addition, child care facilities shall be required to meet any additional applicable requirements of federal law or regulations.

Child care homes as defined in G.S. 110-86(4) from which the State purchases child care services shall meet the standards established by the Child Day Care Commission pursuant to G.S. 110-101 and G.S. 110-105.1 and any additional requirements of State law or federal law or regulations. Child care arrangements exempt from State regulation pursuant to Article 7 of Chapter 110 of the General Statutes shall meet the requirements established by other State law and by the Social Services Commission.

County departments of social services or other local contracting agencies shall not use a provider's failure to comply with requirements in addition to those specified in this subsection as a condition for reducing the provider's subsidized child care rate.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
CHILD CARE ALLOCATION FORMULA

Section 11.66. (a) To simplify current child care allocation methodology and more equitably distribute State child care funds, the Department of Human Resources shall apply the following allocation formula to all noncategorical federal and State child

care funds used to pay the costs of necessary child care for minor children of needy families:

- (1) One-third of budgeted funds shall be distributed according to the county's population in relation to the total population of the State;
- (2) One-third of the budgeted funds shall be distributed according to the number of children under 6 years of age in a county who are living in families whose income is below the State poverty level in relation to the total number of children under 6 years of age in the State in families whose income is below the poverty level; and
- (3) One-third of budgeted funds shall be distributed according to the number of working mothers with children under 6 years of age in a county in relation to the total number of working mothers with children under 6 years of age in the State.

(b) A county's initial allocation shall not be less than that county's total expenditures for both FSA and non-FSA child care in fiscal year 1995-96.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

CHILD CARE FUNDS MATCHING REQUIREMENT

Section 11.67. No local matching funds may be required by the Department of Human Resources as a condition of any locality's receiving any State child care funds appropriated by this act unless federal law requires such a match.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary

CHILD DAY CARE REVOLVING LOAN FUND

Section 11.68. Notwithstanding any law to the contrary, funds budgeted for the Child Day Care Revolving Loan Fund may be transferred to and invested by the financial institution contracted to operate the Fund. The principal and any income to the Fund may be used to make loans, reduce loan interest to borrowers, serve as collateral for borrowers, pay the contractor's cost of operating the Fund, or to pay the Department's cost of administering the program.

Requested by: Representatives Gardner, Cansler, Clary

ADULT CARE HOME BED VACANCIES

Section 11.69. (a) The General Assembly finds:

- (1) That the cost of care for seventy percent (70%) of adult care home residents is paid by the State and the counties;
- (2) That the cost to the State for care for residents in adult care homes is substantial, and high vacancy rates in adult care homes further increases the cost of care;
- (3) That the proliferation of unnecessary adult care home beds results in costly duplication and underuse of facilities and may result in lower quality service; and
- (4) That it is necessary to protect the general welfare and lives, health, and property of the people of the State to slow temporarily licensure of

adult care home beds pending a finding of a more definitive means of developing and maintaining the quality of adult care home beds so that unnecessary costs to the State do not result, adult care home beds are available where needed, and that individuals who need care in adult care homes may have access to quality care.

(b) From the effective date of this act until 12 months after the effective date of this act, the Department of Health and Human Services shall not approve the addition of any adult care home beds for any type home or facility in the State, except as follows:

- (1) Plans submitted for approval prior to May 18, 1997, may continue to be processed for approval;
- (2) Plans submitted for approval subsequent to May 18, 1997, may be processed for approval if the individual or organization submitting the plan demonstrates to the Department that on or before August 25, 1997, the individual or organization purchased real property, entered into a contract to purchase or obtain an option to purchase real property, entered into a binding real property lease arrangement, or has otherwise made a binding financial commitment for the purpose of establishing or expanding an adult care home facility. An owner of real property who entered into a contract prior to August 25, 1997, for the sale of an existing building together with land zoned for the development of not more than 50 adult care home beds with a proposed purchaser who failed to consummate the transaction may, after August 25, 1997, sell the property to another purchaser and the Department may process and approve plans submitted by the purchaser for the development of not more than 50 adult care home beds. It shall be the responsibility of the applicant to establish, to the satisfaction of the Department, that any of these conditions have been met;
- (3) Adult care home beds in facilities for the developmentally disabled with six beds or less which are or would be licensed under G.S. 131D or G.S. 122C may continue to be approved;
- (4) If the Department determines that the vacancy rate of available adult care home beds in a county is fifteen percent (15%) or less of the total number of available beds in the county as of the effective date of this act and no new beds have been approved or licensed in the county or plans submitted for approval in accordance with subdivision (1) or (2) of this section which would raise the vacancy rate above fifteen percent (15%) in the county, then the Department may accept and approve the addition of beds in that county; or
- (5) If a county board of commissioners determines that a substantial need exists for the addition of adult care home beds in that county, the board of commissioners may request that a specified number of additional beds be licensed for development in their county. In making their determination, the board of commissioners shall give consideration to

meeting the needs of Special Assistance clients. The Department may approve licensure of the additional beds from the first facility that files for licensure and subsequently meets the licensure requirements.

(c) The Department shall study the issue of high vacancy rates for adult care home beds, including the impact of those vacancy rates on cost-effectiveness and quality of care for the occupants of adult care homes and other facilities, and make recommendations with respect to the need for establishing new procedures for determining the State and county reimbursement amounts for Special Assistance recipients, the need for the establishment of a certificate of need type process for adult care homes, or any changes needed in the certificate of need process for any other facilities to prevent high vacancy rates for adult care home beds. The Department also shall study the issue of the availability of beds for Special Assistance clients and how recent new bed development has impacted the availability, quality, and cost of beds available for those clients. The Department shall report the results of its study, along with the recommendations required by this section and any other proposals and recommendations, to the Chairs of the House and Senate Appropriations Subcommittees on Human Resources by February 1, 1998. The Department's report shall include any observations or recommendations it deems appropriate with respect to correlations between the vacancy rates and the condition or age of facilities.

(d) This section shall not apply to adult care home beds which are part of a continuing care facility subject to the jurisdiction of or licensed by the Department of Insurance pursuant to Article 64, Chapter 58 of the General Statutes.

(e) This section is effective when this act becomes law.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
**ADULT CARE HOMES REIMBURSEMENT RATE/ADULT CARE HOMES
ALLOCATION OF NONFEDERAL COST OF MEDICAID PAYMENTS**

Section 11.70. (a) The eligibility of Special Assistance recipients residing in adult care homes on August 1, 1995, shall not be affected by an income reduction in the Special Assistance eligibility criteria resulting from adoption of the Rate Setting Methodology Report and Related Services, providing these recipients are otherwise eligible. The maximum monthly rate for these residents in adult care home facilities shall be nine hundred seventy-five dollars (\$975.00) per month for ambulatory residents and one thousand seventeen dollars (\$1,017) per month for semiambulatory residents.

(b) Effective August 1, 1995, the State shall pay fifty percent (50%) and the county shall pay fifty percent (50%) of the nonfederal costs of Medicaid services paid to adult care home facilities. As Medicaid personal care requirements increase, the county matching share shall be capped until it equals fifteen percent (15%) of the nonfederal Medicaid personal care requirements.

(c) Effective July 1, 1997, the maximum monthly rate for residents in adult care home facilities shall be eight hundred ninety-three dollars (\$893.00) per month per resident.

(d) Effective July 1, 1998, the maximum monthly rate for residents in adult care home facilities shall be nine hundred fifteen dollars (\$915.00) per month per resident.

Requested by: Representatives Gardner, Cansler, Clary

ADULT DAY HEALTH CARE MEDICAID WAIVER/STUDY AND COMPARISON OF ELIGIBILITY REQUIREMENTS

Section 11.71. (a) The Division of Medical Assistance, Department of Human Resources, shall consider alternatives for providing adult day health care services, including requesting a waiver from the Health Care Financing Administration to provide adult day health care services to Medicaid recipients who are not participating in a community alternative program. The Division shall report to the Chairs of the House and Senate Appropriations Subcommittees on Human Resources by May 1, 1998, on its progress in providing adult day health care services through Medicaid. The Division of Medical Assistance shall not implement this service until it has reported to the Chairs of the House and Senate Appropriations Subcommittees on Human Resources on the impact of providing this service on the provision of long-term care services for Medicaid recipients and the fiscal impact of adding this additional service.

(b) The Division of Medical Assistance and the Division of Aging shall study the eligibility criteria, including spenddown requirements, for Medicaid coverage for institutional and in-home care services, including a comparison of the requirements, the reasons for differences in requirements, and any inequities identified in the requirements which may cause recipients to choose institutionalization over in-home care. The Division of Medical Assistance and the Division of Aging shall report the findings of the study, along with any recommendations for changing the requirements and the fiscal impact of implementing the study's recommendations, to the House and Senate Appropriations Subcommittees on Human Resources and the North Carolina Study Commission on Aging by March 1, 1998.

Requested by: Representatives Gardner, Cansler, Clary

ADULT CARE HOME STAFFING FOR PERSONAL CARE SERVICES

Section 11.72. (a) Adult care homes with a capacity of 13 or more beds shall provide adequate staff to meet the personal care needs of the home's residents. As used in this section, the term:

- (1) "Adequate staff" means personal care staff shall be sufficient to meet the needs of each resident as specified in the resident's care plan. At all times there shall be sufficient staff to provide an average of one hour of personal care services per resident during each 24-hour period. In addition to the average of one hour of personal care services per resident, the facility shall provide staff to meet the needs of the facility's heavy care residents. Staffing patterns may be flexible to allow for peak periods of resident care needs or periods of low resident

care needs, but there shall always be sufficient staff to provide for the safety and supervision of all residents at all times.

- (2) "Heavy care resident" means an individual residing in an adult care home who, according to Medicaid criteria, needs extensive assistance or is totally dependent on another person for eating, toileting, or both eating and toileting, or any other type of heavy care resident as defined by Medicaid; and
- (3) "Personal care service" means any task identified by Medicaid which has the primary purpose of providing needed assistance to residents.

If the Department of Health and Human Services finds that an adult care home has not provided adequate staff to meet the personal care needs required by this section, then the Department shall withhold payment for personal care services until the staffing requirements of this section have been met.

(b) This section becomes effective October 1, 1997, and expires June 30, 1998.

Requested by: Representatives Gardner, Cansler, Clary, Earle

STUDY OF ALTERNATE LIVING ARRANGEMENTS

Section 11.73. (a) The Department of Human Resources shall study ways to provide assistance to low-income elderly or disabled adults who are eligible for Medicaid or Special Assistance under G.S. 108A-41(b) for the purpose of supporting a range of living arrangements. The Divisions of Medical Assistance, Social Services, Facility Services, and Aging, as well as other appropriate divisions within the Department of Human Resources, shall participate in the study. The study shall include, but need not be limited to, a review of and recommendations on the following:

- (1) The types of living arrangements that can support the daily care needs of individuals who are otherwise eligible for Medicaid or Special Assistance;
- (2) A payment structure based on living arrangement, including by type of facility;
- (3) Criteria to determine the appropriateness of care;
- (4) The impact of alternate living arrangements on Medicaid eligibility and costs, including any needed changes that would promote cost efficiencies;
- (5) A case management system to support appropriate placements;
- (6) The costs of providing Special Assistance to support a range of living arrangements; and
- (7) The reasons an individual chooses to live in an adult care home instead of the individual's own home, including the factors that hinder or impede individuals from receiving services needed to remaining at home or otherwise avoid placement in an adult care home.

(b) The Department shall report its findings and recommendations to the North Carolina Study Commission on Aging, to the Chairs of the House and Senate Appropriations Subcommittees on Human Resources, and to the Fiscal Research

Division by May 1, 1998. The report shall include recommendations on whether changes are needed to the Medicaid or the Special Assistance programs to support alternate living arrangements and the costs associated with these changes.

(c) The Department may use funds available to it to support the cost of this study.

Requested by: Senator Martin of Guilford

SPECIAL ADVISOR FOR CHILDREN, FAMILY, AND VOLUNTEERISM

Section 11.75. Notwithstanding G.S. 143-16.3, the Department of Human Resources may transfer funds appropriated to it in this act to the Office of the Governor to fund the position of Special Advisor for Children, Family, and Volunteerism.

PART XIA. HEALTH FROM DEHNR TO DHR/NAME CHANGES

Requested by: Senator Perdue

TRANSFER HEALTH SERVICES TO THE DEPARTMENT OF HUMAN RESOURCES, CHANGE THE NAME OF THE DEPARTMENT OF HUMAN RESOURCES TO THE DEPARTMENT OF HEALTH AND HUMAN SERVICES, CHANGE THE NAME OF THE DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES TO THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES, MAKE TECHNICAL AND CONFORMING STATUTORY CHANGES, CHANGE THE TERM "AMBULANCE ATTENDANT" TO "MEDICAL RESPONDER", AND MAKE CHANGES TO THE STATUTES RELATING TO MEDICAL RESPONDERS.

SUBPART 1. TRANSFER AND RESTRUCTURE OF DEPARTMENT OF HUMAN RESOURCES AND DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES.

Section 11A.1. The name of Article 3 of Chapter 143B of the General Statutes reads as rewritten:

"ARTICLE 3.

Department of ~~Human Resources~~. Health and Human Services."

Section 11A.2. G.S. 130A-55.1, 143B-136, 143B-137, 143B-138, and 143B-279.6 are repealed.

Section 11A.3. Part 1 of Article 3 of Chapter 143B of the General Statutes is amended by adding the following new sections:

"§ 143B-136.1. Department of Health and Human Services – creation.

There is created a department to be known as the 'Department of Health and Human Services,' with the organization, duties, functions, and powers defined in this Article and other applicable provisions of law.

"§ 143B-137.1. Department of Health and Human Services – duties.

It shall be the duty of the Department to provide the necessary management, development of policy, and establishment and enforcement of standards for the provision of services in the fields of public and mental health and rehabilitation with the intent to assist all citizens – as individuals, families, and communities – to achieve and maintain an adequate level of health, social and economic well-being, and dignity. Whenever possible, the Department shall emphasize preventive measures to avoid or to reduce the need for costly emergency treatments that often result from lack of forethought. The Department shall establish priorities to eliminate those excessive expenses incurred by the State for lack of adequate funding or careful planning of preventive measures.

"§ 143B-138.1. Department of Health and Human Services – functions and organization.

(a) All functions, powers, duties, and obligations previously vested in the following commissions, boards, councils, committees, or subunits of the Department of Human Resources are transferred to and vested in the Department of Health and Human Services by a Type I transfer, as defined in G.S. 143A-6:

- (1) Division of Aging.
- (2) Division of Services for the Blind.
- (3) Division of Medical Assistance.
- (4) Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
- (5) Division of Social Services.
- (6) Division of Facility Services.
- (7) Division of Vocational Rehabilitation.
- (8) Division of Youth Services.
- (9) Division of Services for the Deaf and the Blind.
- (10) Office of Economic Opportunity.
- (11) Division of Child Development.
- (12) Office of Rural Health.

(b) All functions, powers, duties, and obligations previously vested in the following commissions, boards, councils, committees, or subunits of the Department of Human Resources are transferred to and vested in the Department of Health and Human Services by a Type II transfer, as defined in G.S. 143A-6:

- (1) Respite Care Program.
- (2) Governor's Advisory Council on Aging.
- (3) Commission for the Blind.
- (4) Professional Advisory Committee.
- (5) Consumer and Advocacy Advisory Committee for the Blind.
- (6) Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services.
- (7) Social Services Commission.
- (8) Child Day Care Commission.
- (9) Medical Care Commission.
- (10) Emergency Medical Services Advisory Council.

- (11) Board of Directors of the Governor Morehead School.
- (12) Board of Directors for the North Carolina Schools for the Deaf.
- (13) North Carolina Council for the Hearing Impaired.
- (14) North Carolina Council on the Holocaust.
- (15) Council on Developmental Disabilities.

(c) The functions, powers, duties, and obligations previously vested in the following commissions, boards, councils, committees, or subunits of the Department of Environment, Health, and Natural Resources are transferred to and vested in the Department of Health and Human Services by a Type I transfer, as defined in G.S. 143A-6:

- (1) Division of Dental Health.
- (2) State Center for Health Statistics.
- (3) Division of Epidemiology.
- (4) Division of Health Promotion.
- (5) Division of Maternal and Child Health.
- (6) Office of Minority Health.
- (7) Office of Public Health Nursing.
- (8) Division of Laboratory Services.
- (9) Office of Local Health Services.
- (10) Division of Postmortem Medicolegal Examinations.
- (11) Office of Women's Health.

(d) All functions, powers, duties, and obligations previously vested in the following commissions, boards, councils, committees, or subunits of the Department of Environment, Health, and Natural Resources are transferred to and vested in the Department of Health and Human Services by a Type II transfer, as defined in G.S. 143A-6:

- (1) Commission for Health Services.
- (2) Council on Sickle Cell Syndrome.
- (3) Governor's Council on Physical Fitness and Health.
- (4) Commission of Anatomy.
- (5) Minority Health Advisory Council.
- (6) Advisory Committee on Cancer Coordination and Control.

(e) The Department of Health and Human Services is vested with all other functions, powers, duties, and obligations as are conferred by the Constitution and laws of this State."

Section 11A.4. The name of Article 7 of Chapter 143B of the General Statutes reads as rewritten:

"ARTICLE 7.

Department of ~~Environment,~~
~~Health,~~ Environment and Natural
 Resources."

Section 11A.5. G.S. 143B-279.2 reads as rewritten:

"§ 143B-279.2. Department of ~~Environment, Health,~~ Environment and Natural Resources – duties.

It shall be the duty of the Department:

- (1) To provide for the protection of the environment;
- (1a) To administer the State Outer Continental Shelf (OCS) Task Force and coordinate State participation activities in the federal outer continental shelf resource recovery programs as provided under the OCS Lands Act Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS Lands Act Amendments of 1986 (43 USC §§ 1331 et seq.).
- (1b) To provide for the protection of the environment and public health through the regulation of solid waste and hazardous waste management and the administration of environmental health programs.
- ~~(2) To provide for the protection and enhancement of the public health;~~
- (2a) To provide and keep a museum or collection of the natural history of the State and to maintain the North Carolina Biological Survey; and
- (3) To provide for the management of the State's natural resources."

Section 11A.6. G.S. 143B-279.3 as amended by S.L. 1997-286 reads as rewritten:

"§ 143B-279.3. Department of Environment, Health, and Natural Resources – structure.

(a) All functions, powers, duties, and obligations ~~heretofore previously~~ vested in the following subunits of the following departments are ~~hereby~~ transferred to and vested in the Department of ~~Environment, Health,~~ Environment and Natural Resources by a Type I transfer, as defined in G.S. 143A-6:

- (1) Radiation Protection Section, Division of Facility Services, Department of Human Resources.
- ~~(2) Division of Health Services, Department of Human Resources.~~
- ~~(3) State Center for Health Statistics, Department of Human Resources.~~
- (4) Coastal Management Division, Department of Natural Resources and Community Development.
- (5) Environmental Management Division, Department of Natural Resources and Community Development.
- (6) Forest Resources Division, Department of Natural Resources and Community Development.
- (7) Land Resources Division, Department of Natural Resources and Community Development.
- (8) Marine Fisheries Division, Department of Natural Resources and Community Development.
- (9) Parks and Recreation Division, Department of Natural Resources and Community Development.
- (10) Soil and Water Conservation Division, Department of Natural Resources and Community Development.
- (11) Water Resources Division, Department of Natural Resources and Community Development.

- (12) North Carolina Zoological Park, Department of Natural Resources and Community Development.
- (13) Albemarle-Pamlico Study.
- (14) Office of Marine Affairs, Department of Administration.
- (15) Environmental Health Section, Division of Health Services, Department of Human Resources.

(b) All functions, powers, duties, and obligations ~~heretofore~~ previously vested in the following commissions, boards, councils, and committees of the following departments are ~~hereby~~ transferred to and vested in the Department of ~~Environment, Health, Environment~~ and Natural Resources by a Type II transfer, as defined in G.S. 143A-6:

- (1) Repealed by Session Laws 1993, c. 501, s. 27.
- (2) Radiation Protection Commission, Department of Human Resources.
- (3) ~~Commission for Health Services, Department of Human Resources.~~
- (4) Water Treatment Facility Operators Board of Certification, Department of Human Resources.
- (5) ~~Council on Sickle Cell Syndrome, Department of Human Resources.~~
- (6) ~~Perinatal Health Care Programs Advisory Council, Department of Human Resources.~~
- (7) ~~Governor's Council on Physical Fitness and Health, Department of Human Resources.~~
- (8) ~~Commission of Anatomy, Department of Human Resources.~~
- (9) Coastal Resources Commission, Department of Natural Resources and Community Development.
- (10) Environmental Management Commission, Department of Natural Resources and Community Development.
- (11) Air Quality Council, Department of Natural Resources and Community Development.
- (12) Wastewater Treatment Plant Operators Certification Commission, Department of Natural Resources and Community Development.
- (13) Forestry Council, Department of Natural Resources and Community Development.
- (14) North Carolina Mining Commission, Department of Natural Resources and Community Development.
- (15) Advisory Committee on Land Records, Department of Natural Resources and Community Development.
- (16) Marine Fisheries Commission, Department of Natural Resources and Community Development.
- (17) Parks and Recreation Council, Department of Natural Resources and Community Development.
- (18) Board of Trustees of the Recreation and Natural Heritage Trust Fund, Department of Natural Resources and Community Development.
- (19) North Carolina Trails Committee, Department of Natural Resources and Community Development.

- (20) Sedimentation Control Commission, Department of Natural Resources and Community Development.
- (21) State Soil and Water Conservation Commission, Department of Natural Resources and Community Development.
- (22) North Carolina Zoological Park Council, Department of Natural Resources and Community Development.
- (c) (1) There is ~~hereby~~ created a division within the environmental area of the Department of ~~Environment, Health, Environment~~ and Natural Resources to be named the Division of Radiation Protection. All functions, powers, duties, and obligations of the Radiation Protection Section of the Division of Facility Services of the Department of Human Resources are transferred in their entirety to the Radiation Protection Division of the Department of ~~Environment, Health, Environment~~ and Natural Resources.
- (2) There is ~~hereby~~ created a division within the environmental area of the Department of ~~Environment, Health, Environment~~ and Natural Resources to be named the Division of Waste Management. All functions, powers, duties, and obligations of the Solid Waste Management Section of the Division of Health Services of the Department of Human Resources are transferred in their entirety to the Division of Waste Management of the Department of ~~Environment, Health, Environment~~ and Natural Resources.
- (3) There is created a division within the environmental areas of the Department of Environment and Natural Resources to be named the Division of Environmental Health. All functions, powers, duties and obligations of the Division of Environmental Health of the Department of Environment, Health, and Natural Resources are transferred in their entirety to the Division of Environmental Health, Department of Environment and Natural Resources.

(d) The Department of ~~Environment, Health, Environment~~ and Natural Resources is vested with all other functions, powers, duties, and obligations as are conferred by the Constitution and laws of this State."

SUBPART 2. TECHNICAL AND CONFORMING STATUTORY CHANGES.

Section 11A.7. G.S. 7A-343.1 reads as rewritten:

"§ 7A-343.1. Distribution of copies of the appellate division reports.

The Administrative Officer of the Courts shall, at the State's expense distribute such number of copies of the appellate division reports to federal, State departments and agencies, and to educational institutions of instruction, as follows:

Governor, Office of the	1
Lieutenant Governor, Office of the	1
Secretary of State, Department of the	2
State Auditor, Department of the	1
Treasurer, Department of the State	1

Superintendent of Public Instruction	1
Office of the Attorney General	11
State Bureau of Investigation	1
Agriculture, Department of	1
Labor, Department of	1
Insurance, Department of	1
Budget Bureau, Department of Administration	1
Property Control, Department of Administration	1
State Planning, Department of Administration	1
Board of Environment, Health, Environment and <u>Natural Resources</u> Resources, Department of	1
Revenue, Department of	1
Board of Health and Human Resources Services, Department of	1
Commission for the Blind	1
Board of Transportation Transportation, Department of	1
Motor Vehicles, Division of	1
Utilities Commission	8
Industrial Commission	11
State Personnel Commission	1
Office of State Personnel	1
Office of Administrative Hearings	2
Community Colleges, Department of	38
Employment Security Commission	1
Commission of Correction	1
Parole Commission	1
Archives and History, Division of	1
Crime Control and Public Safety, Department of	2
Department of Cultural Resources Resources, Department of	3
Legislative Building Library	2
Justices of the Supreme Court	1 ea.
Judges of the Court of Appeals	1 ea.
Judges of the Superior Court	1 ea.
Clerks of the Superior Court	1 ea.
District Attorneys	1 ea.
Emergency and Special Judges of the Superior Court	1 ea.
Supreme Court Library	AS MANY AS REQUESTED
Appellate Division Reporter	1
University of North Carolina, Chapel Hill	71
University of North Carolina, Charlotte	1
University of North Carolina, Greensboro	1
University of North Carolina, Asheville	1
North Carolina State University, Raleigh	1
Appalachian State University	1
East Carolina University	1

Fayetteville State University	1
North Carolina Central University	17
Western Carolina University	1
Duke University	17
Davidson College	2
Wake Forest University	25
Lenoir Rhyne College	1
Elon College	1
Campbell University	25
Federal, Out-of-State and Foreign Secretary of State	1
Secretary of Defense	1
Secretary of Health, Education and Welfare	1
Secretary of Housing and Urban Development	1
Secretary of Transportation	1
Attorney General	1
Department of Justice	1
Internal Revenue Service	1
Veterans' Administration	1
Library of Congress	5
Federal Judges resident in North Carolina	1 ea.
Marshal of the United States Supreme Court	1
Federal District Attorneys resident in North Carolina	1 ea.
Federal Clerks of Court resident in North Carolina	1 ea.
Supreme Court Library exchange list	1

Each justice of the Supreme Court and judge of the Court of Appeals shall receive for his private use, one complete and up-to-date set of the appellate division reports. The copies of reports furnished each justice or judge as set out in the table above may be retained by him personally to enable him to keep up-to-date his personal set of reports."

Section 11A.8. G.S. 20-4.01(3b) reads as rewritten:

"(3b) Chemical Analyst. – A person granted a permit by the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services under G.S. 20-139.1 to perform chemical analyses."

Section 11A.9. G.S. 20-16.5(j) reads as rewritten:

"(j) Costs. – Unless the magistrate or judge orders the revocation rescinded, a person whose license is revoked under this section must pay a fee of fifty dollars (\$50.00) as costs for the action before the person's license may be returned under subsection (h). The costs collected under this section shall be credited to the General Fund. Fifty percent (50%) of the costs collected shall be used to fund a statewide chemical alcohol testing program administered by the Injury Control Section of the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services."

Section 11A.10. G.S. 20-139.1 reads as rewritten:

"§ 20-139.1. Procedures governing chemical analyses; admissibility; evidentiary provisions; controlled-drinking programs.

(a) Chemical Analysis Admissible. – In any implied-consent offense under G.S. 20-16.2, a person's alcohol concentration as shown by a chemical analysis is admissible in evidence. This section does not limit the introduction of other competent evidence as to a defendant's alcohol concentration, including other chemical tests.

(b) Approval of Valid Test Methods; Licensing Chemical Analysts. – A chemical analysis, to be valid, ~~must~~ shall be performed in accordance with the provisions of this section. The chemical analysis ~~must~~ shall be performed according to methods approved by the Commission for Health Services by an individual possessing a current permit issued by the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services for that type of chemical analysis. The Commission for Health Services ~~is authorized to~~ may adopt ~~regulations~~ rules approving satisfactory methods or techniques for performing chemical analyses, and the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services ~~is authorized to~~ may ascertain the qualifications and competence of individuals to conduct particular chemical analyses. The Department may issue permits to conduct chemical analyses to individuals it finds qualified subject to periodic renewal, termination, and revocation of the permit in the Department's discretion.

(b1) When Officer May Perform Chemical Analysis. – Except as provided in this subsection, a chemical analysis is not valid in any case in which it is performed by an arresting officer or by a charging officer under the terms of G.S. 20-16.2. A chemical analysis of the breath may be performed by an arresting officer or by a charging officer when both of the following apply:

- (1) The officer possesses a current permit issued by the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services for the type of chemical analysis.
- (2) The officer performs the chemical analysis by using an automated instrument that prints the results of the analysis.

(b2) Breath Analysis Results Inadmissible if Preventive Maintenance Not Performed. – Notwithstanding the provisions of subsection (b), the results of a chemical analysis of a person's breath performed in accordance with this section are not admissible in evidence if:

- (1) The defendant objects to the introduction into evidence of the results of the chemical analysis of ~~his~~ the defendant's breath; and
- (2) The defendant demonstrates that, with respect to the instrument used to ~~analyse~~ analyze ~~his~~ the defendant's breath, preventive maintenance procedures required by the regulations of the Commission for Health Services had not been performed within the time limits prescribed by those regulations.

(b3) Sequential Breath Tests Required. – By January 1, 1985, the regulations of the Commission for Health Services governing the administration of chemical analyses of the breath ~~must~~ shall require the testing of at least duplicate sequential breath samples. Those regulations must provide:

- (1) A specification as to the minimum observation period before collection of the first breath sample and the time requirements as to collection of second and subsequent samples.
- (2) That the test results may only be used to prove a person's particular alcohol concentration if:
 - a. The pair of readings employed are from consecutively administered tests; and
 - b. The readings do not differ from each other by an alcohol concentration greater than 0.02.
- (3) That when a pair of analyses meets the requirements of subdivision (2), only the lower of the two readings may be used by the State as proof of a person's alcohol concentration in any court or administrative proceeding.

A person's willful refusal to give the sequential breath samples necessary to constitute a valid chemical analysis is a willful refusal under G.S. 20-16.2(c).

A person's willful refusal to give the second or subsequent breath sample shall make the result of the first breath sample, or the result of the sample providing the lowest alcohol concentration if more than one breath sample is provided, admissible in any judicial or administrative hearing for any relevant purpose, including the establishment that a person had a particular alcohol concentration for conviction of an offense involving impaired driving.

(b4) Introducing Routine Records Kept as Part of Breath-Testing Program. – In civil and criminal proceedings, any party may introduce, without further authentication, simulator logs and logs for other devices used to verify a breath-testing instrument, certificates and other records concerning the check of ampoules and of simulator stock solution and the stock solution used in any other equilibration device, preventive maintenance records, and other records that are routinely kept concerning the maintenance and operation of breath-testing instruments. In a criminal case, however, this subsection does not authorize the State to introduce records to prove the results of a chemical analysis of the defendant or of any validation test of the instrument that is conducted during that chemical analysis.

(c) Withdrawal of Blood for Chemical Analysis. – When a blood test is specified as the type of chemical analysis by the charging officer, only a physician, registered nurse, or other qualified person may withdraw the blood sample. If the person withdrawing the blood requests written confirmation of the charging officer's request for the withdrawal of blood, the officer ~~must~~ shall furnish it before blood is withdrawn. When blood is withdrawn pursuant to a charging officer's request, neither the person withdrawing the blood nor any hospital, laboratory, or other institution, person, firm, or corporation employing ~~him, that person,~~ or contracting for the service of withdrawing blood, may be held criminally or civilly liable by reason of withdrawing that blood, except that there is no immunity from liability for negligent acts or omissions.

(d) Right to Additional Test. – A person who submits to a chemical analysis may have a qualified person of his own choosing administer an additional chemical test or tests, or have a qualified person withdraw a blood sample for later chemical testing by a

qualified person of his own choosing. Any law-enforcement officer having in his charge any person who has submitted to a chemical analysis ~~must~~shall assist the person in contacting someone to administer the additional testing or to withdraw blood, and ~~must~~shall allow access to the person for that purpose. The failure or inability of the person who submitted to a chemical analysis to obtain any additional test or to withdraw blood does not preclude the admission of evidence relating to the chemical analysis.

(e) Recording Results of Chemical Analysis of Breath. – The chemical analyst who administers a test of a person's breath ~~must~~shall record the following information after making any chemical analysis:

- (1) The alcohol concentration or concentrations revealed by the chemical analysis.
- (2) The time of the collection of the breath sample or samples used in the chemical analysis.

A copy of the record of this information ~~must~~shall be furnished to the person submitting to the chemical analysis, or to his attorney, before any trial or proceeding in which the results of the chemical analysis may be used.

(e1) Use of Chemical Analyst's Affidavit in District Court. – An affidavit by a chemical analyst sworn to and properly executed before an official authorized to administer oaths is admissible in evidence without further authentication in any hearing or trial in the District Court Division of the General Court of Justice with respect to the following matters:

- (1) The alcohol concentration or concentrations of a person given a chemical analysis and who is involved in the hearing or trial.
- (2) The time of the collection of the blood or breath sample or samples for the chemical analysis.
- (3) The type of chemical analysis administered and the procedures followed.
- (4) The type and status of any permit issued by the Department of ~~Environment, Health, and Natural Resources~~Health and Human Services that ~~he~~the analyst held on the date ~~he~~the analyst performed the chemical analysis in question.
- (5) If the chemical analysis is performed on a breath-testing instrument for which regulations adopted pursuant to subsection (b) require preventive maintenance, the date the most recent preventive maintenance procedures were performed on the breath-testing instrument used, as shown on the maintenance records for that instrument.

The Department of ~~Environment, Health, and Natural Resources~~Health and Human Services ~~must~~shall develop a form for use by chemical analysts in making this affidavit. If any person who submitted to a chemical analysis desires that a chemical analyst personally testify in the hearing or trial in the District Court Division, ~~he~~the person may subpoena the chemical analyst and examine him as if he were an adverse witness.

(f) Evidence of Refusal Admissible. – If any person charged with an implied-consent offense refuses to submit to a chemical analysis, evidence of that refusal is admissible in any criminal action against him for an implied-consent offense under G.S. 20-16.2.

(g) Controlled-Drinking Programs. – The Department of ~~Environment, Health, and Natural Resources is empowered to make regulations~~ Health and Human Services may adopt rules concerning the ingestion of controlled amounts of alcohol by individuals submitting to chemical testing as a part of scientific, experimental, educational, or demonstration programs. These regulations ~~must~~ shall prescribe procedures consistent with controlling federal law governing the acquisition, transportation, possession, storage, administration, and disposition of alcohol intended for use in the programs. Any person in charge of a controlled-drinking program who acquires alcohol under these regulations must keep records accounting for the disposition of all alcohol acquired, and the records must at all reasonable times be available for inspection upon the request of any federal, State, or local law-enforcement officer with jurisdiction over the laws relating to control of alcohol. A controlled-drinking program exclusively using lawfully purchased alcoholic beverages in places in which they may be lawfully possessed, however, need not comply with the record-keeping requirements of the regulations authorized by this subsection. All acts pursuant to the regulations reasonably done in furtherance of bona fide objectives of a controlled-drinking program authorized by the regulations are lawful notwithstanding the provisions of any other general or local statute, regulation, or ordinance controlling alcohol."

Section 11A.11. G.S. 35A-1101 reads as rewritten:

"§ 35A-1101. Definitions.

When used in this Subchapter:

- (1) 'Autism' means a physical disorder of the brain which causes disturbances in the developmental rate of physical, social, and language skills; abnormal responses to sensations; absence of or delay in speech or language; or abnormal ways of relating to people, objects, and events. Autism occurs sometimes by itself and sometimes in conjunction with other brain-functioning disorders.
- (2) 'Cerebral palsy' means a muscle dysfunction, characterized by impairment of movement, often combined with speech impairment, and caused by abnormality of or damage to the brain.
- (3) 'Clerk' means the clerk of superior court.
- (4) 'Designated agency' means the State or local human ~~resources~~ services agency designated by the clerk in ~~his~~ the clerk's order to prepare, cause to be prepared, or assemble a multidisciplinary evaluation and to perform other functions as the clerk may order. A designated agency includes, without limitation, State, local, regional, or area mental health, mental retardation, vocational rehabilitation, public health, social service, and developmental disabilities agencies, and diagnostic evaluation centers.

- (5) 'Epilepsy' means a group of neurological conditions characterized by abnormal electrical-chemical discharge in the brain. This discharge is manifested in various forms of physical activity called seizures, which range from momentary lapses of consciousness to convulsive movements.
- (6) 'Guardian ad litem' means a guardian appointed pursuant to G.S. 1A-1, Rule 17, Rules of Civil Procedure.
- (7) 'Incompetent adult' means an adult or emancipated minor who lacks sufficient capacity to manage ~~his~~the adult's own affairs or to make or communicate important decisions concerning ~~his~~the adult's person, family, or property whether ~~such~~the lack of capacity is due to mental illness, mental retardation, epilepsy, cerebral palsy, autism, inebriety, senility, disease, injury, or similar cause or condition.
- (8) 'Incompetent child' means a minor who is at least 17 1/2 years of age and who, other than by reason of ~~his~~ minority, lacks sufficient capacity to make or communicate important decisions concerning ~~his~~the child's person, family, or property whether ~~such~~the lack of capacity is due to mental illness, mental retardation, epilepsy, cerebral palsy, autism, inebriety, disease, injury, or similar cause or condition.
- (9) 'Indigent' means ~~that a person is unable~~ to pay for legal representation and other necessary expenses of a proceeding brought under this Subchapter.
- (10) 'Inebriety' means ~~the condition of any person who habitually, whether continuously or periodically, indulges in the habitual use of alcoholic beverages, narcotics, alcohol or drugs to such an extent as to stupefy his mind and render him rendering a person incompetent to transact ordinary business with safety to his concerning the person's estate; or who renders himself, by reason of the use of alcoholic beverages, narcotics, or drugs, estate, dangerous to person or property; or who, by the frequent use of alcoholic beverages, narcotics, or drugs, renders himself property, cruel and intolerable to his family, or fails from such cause unable to provide his family with reasonable necessities of life. for family.~~
- (11) 'Interim guardian' means a guardian, appointed prior to adjudication of incompetence and for a temporary period, for a ~~respondent person~~ who requires immediate intervention to address conditions that constitute imminent or foreseeable risk of harm to ~~his~~the person's physical well-being or to ~~his~~the person's estate.
- (12) 'Mental illness' means an illness that so lessens the capacity of ~~the a~~ person to use self-control, judgment, and discretion in the conduct of ~~his~~the person's affairs and social relations as to make it necessary or advisable for ~~him~~the person to be under treatment, care, supervision, guidance, or control. The term 'mental illness' encompasses 'mental

disease', 'mental disorder', 'lunacy', 'unsoundness of mind', and 'insanity'.

- (13) 'Mental retardation' means significantly subaverage general intellectual functioning existing concurrently with deficits in adaptive behavior and manifested before age 22.
- (14) 'Multidisciplinary evaluation' means an evaluation that contains current medical, psychological, and social work evaluations as directed by the clerk and that may ~~contain~~ include current evaluations by professionals in other disciplines, including without limitation education, vocational rehabilitation, occupational therapy, vocational therapy, psychiatry, speech-and-hearing, and communications disorders. The evaluation is current if made not more than one year from the date on which it is presented to or considered by the court. The evaluation shall set forth the nature and extent of the disability and recommend a guardianship plan and program.
- (15) 'Respondent' means a person who is alleged to be incompetent in a proceeding under this Subchapter.
- (16) 'Treatment facility' has the same meaning as 'facility' in G.S. 122C-3(14), and includes group homes, halfway houses, and other community-based residential facilities.
- (17) 'Ward' means a person who has been adjudicated incompetent or an adult or minor for whom a guardian has been appointed by a court of competent jurisdiction."

Section 11A.12. G.S. 35A-1105 reads as rewritten:

"§ 35A-1105. Petition before clerk.

A verified petition for the adjudication of incompetence of an adult, or of a minor who is within six months of reaching majority, may be filed with the clerk by any person, including any State or local human ~~resources~~ services agency through its authorized representative."

Section 11A.13. G.S. 35A-1202 reads as rewritten:

"§ 35A-1202. Definitions.

When used in this Subchapter, unless a contrary intent is indicated or the context requires otherwise:

- (1) ~~The term 'accounting' refers to~~ 'Accounting' means the financial or status reports filed with the clerk, designated agency, respondent, or other person or party with whom such reports are required to be filed.
- (2) ~~The term 'clerk'~~ 'Clerk' means the clerk of superior court.
- (3) ~~The term 'designated agency'~~ 'Designated agency' means the State or local human ~~resources~~ services agency designated by the clerk in ~~his~~ an order to prepare, cause to be prepared, or assemble a multidisciplinary evaluation and to perform other functions as the clerk may order. A designated agency includes, without limitation, State, local, regional or area mental health, mental retardation, vocational

rehabilitation, public health, social service, and developmental disabilities agencies, and diagnostic evaluation centers.

- (4) ~~The term 'disinterested public agent'~~ 'Disinterested public agent' means:
- a. The director or assistant directors of a local human ~~resources~~ services agency, or
 - b. An adult officer, agent, or employee of a State human ~~resources~~ services agency.

The fact that a disinterested public agent is employed by a State or local human ~~resources~~ services agency that provides financial assistance, services, or treatment to a ward does not disqualify that person from being appointed as guardian.

- (5) ~~The term 'estate'~~ 'Estate' means any interest in real property, choses in action, intangible personal property, and tangible personal property, and includes any interest in joint accounts or jointly held property.
- (6) ~~The term 'financial report'~~ 'Financial report' means the report filed by the guardian concerning all financial transactions, including receipts and expenditures of the ward's money, sale of the ward's property, or other transactions involving the ward's property.
- (7) ~~The term 'general guardian'~~ 'General guardian' means a guardian of both the estate and the person.
- (8) ~~The term 'guardian ad litem'~~ 'Guardian ad litem' means a guardian appointed pursuant to G.S. 1A-1, Rule 17, Rules of Civil Procedure.
- (9) ~~The term 'guardian of the estate'~~ 'Guardian of the estate' means a guardian appointed solely for the purpose of managing the property, estate, and business affairs of a ward.
- (10) ~~The term 'guardian of the person'~~ 'Guardian of the person' means a guardian appointed solely for the purpose of performing duties relating to the care, custody, and control of a ward.
- (11) ~~The term 'incompetent person'~~ 'Incompetent person' means a person who has been adjudicated to be an 'incompetent adult' or 'incompetent child' as defined in G.S. 35A-1101(7) or (8).
- (12) ~~The term 'minor'~~ 'Minor' means a person who is under the age of 18, is not married, and has not been legally emancipated.
- (13) ~~The term 'multidisciplinary'~~ 'Multidisciplinary evaluation' means an evaluation that contains current medical, psychological, and social work evaluations as directed by the clerk and that may contain current evaluations by professionals in other disciplines, including without limitation education, vocational rehabilitation, occupational therapy, vocational therapy, psychiatry, speech-and-hearing, and communications disorders. The evaluation is current if made not more than one year from the date on which it is presented to or considered by the court. The evaluation shall set forth the nature and extent of the disability and recommend a guardianship plan and program.

- (14) ~~The term 'status'~~ 'Status report' means the report required by G.S. 35A-1242 to be filed by the general guardian or guardian of the person. A status report shall include a report of a recent medical and dental examination of the ward by one or more physicians or dentists, a report on the guardian's performance of ~~his~~ the duties ~~as~~ set forth in this Chapter and in the clerk's order appointing the guardian, and a report on the ward's condition, needs, and development. The clerk may direct that the report contain other or different information. The report may also contain, without limitation, reports of mental health or mental retardation professionals, psychologists, social workers, persons in loco parentis, a member of a multidisciplinary evaluation team, a designated agency, a disinterested public agent or agency, a guardian ad litem, a guardian of the estate, an interim guardian, a successor guardian, an officer, official, employee or agent of the Department of ~~Human Resources, Health and Human Services,~~ or any other interested persons including, if applicable to the ward's situation, group home parents or supervisors, employers, members of the staff of a treatment facility, or foster parents.
- (15) ~~The term 'ward'~~ 'Ward' means a person who has been adjudicated incompetent or an adult or minor for whom a guardian has been appointed by a court of competent jurisdiction."

Section 11A.15. G.S. 35A-1216 reads as rewritten:

"§ 35A-1216. Rule-making power of Secretary of ~~Human Resources.~~ Health and Human Services.

The Secretary of the Department of ~~Human Resources~~ Health and Human Services shall ~~issue~~ adopt rules and regulations for the implementation of ~~concerning~~ the guardianship responsibilities of disinterested public agents. The rules ~~and regulations~~ shall provide, among other things, that disinterested public agents shall undertake or have received training concerning the powers and responsibilities of guardians."

Section 11A.16. G.S. 35A-1221 reads as rewritten:

"§ 35A-1221. Application before clerk.

Any person or corporation, including any State or local human ~~resources~~ services agency through its authorized representative, may make application for the appointment of a guardian of the estate for any minor or for the appointment of a guardian of the person or general guardian for any minor who has no natural guardian by filing an application with the clerk.

The application shall set forth, to the extent known:

- (1) The minor's name, date of birth, address, and county of residence;
- (2) The names and addresses of the minor's parents, if living, and of other persons known to have an interest in the application for appointment of a guardian; the name and date of death of the minor's deceased parent or parents;
- (3) The applicant's name, address, county of residence, relationship if any to the minor, and interest in the proceeding;

- (4) If a guardian has been appointed for the minor or custody of the minor has been awarded, a statement of the facts relating thereto and a copy of any guardianship or custody order, if available;
- (5) A general statement of the minor's assets and liabilities with an estimate of the value of any property, including any income and receivables to which he is entitled;
- (6) A statement of the reason or reasons that the appointment of a guardian is sought; whether the applicant seeks the appointment of a guardian of the person, a guardian of the estate, or a general guardian; and whom the applicant recommends or seeks to have appointed as such guardian or guardians; and
- (7) Any other information that will assist the clerk in determining the need for a guardian or in appointing a guardian."

Section 11A.17. G.S. 35A-1239 reads as rewritten:

"§ 35A-1239. ~~Human Resources~~ Health and Human Services bond.

The Secretary of the Department of ~~Human Resources~~ Health and Human Services shall ~~require, require or purchase, purchase in such amounts as he deems adequate and proper,~~ individual or blanket bonds for all disinterested public agents appointed to be guardians, whether they serve as guardians of the estate, guardians of the person, or general guardians, or one blanket bond covering all ~~such~~ agents, ~~such~~ the bond or bonds to be conditioned upon faithful performance of their duties as guardians and made payable to the State. The premiums shall be paid by the State."

Section 11A.18. G.S. 50-30 reads as rewritten:

"§ 50-30. Findings; policy; and purpose.

- (a) Findings. – The General Assembly makes the following findings:
 - (1) There is a strong public interest in providing fair, efficient, and swift judicial processes for establishing and enforcing child support obligations. Children are entitled to support from their parents, and court assistance is often required for the establishment and enforcement of parental support obligations. Children who do not receive support from their parents often become financially dependent on the State.
 - (2) The State shall have laws that meet the federal requirements on expedited processes for obtaining and enforcing child support orders for purposes of federal reimbursement under Title IV-D of the Social Security Act, 42 U.S.C. § 66(a)(2). The Secretary of the United States Department of Health and Human Services may waive the expedited process requirement with respect to one or more district court district as defined in G.S. 7A-133 on the basis of the effectiveness and timeliness of support order issuance and enforcement within the district.
 - (3) The State has a strong financial interest in complying with the expedited process requirement, and other requirements, of Title IV-D of the Social Security Act, but the State would incur substantial

expense in creating statewide an expedited child support process as defined by federal law.

- (4) The State's judicial system is largely capable of processing child support cases in a timely and efficient manner and has a strong commitment to an expeditious system.
- (5) The substantial expense the State would incur in creating a new system for obtaining and enforcing child support orders would be reduced and better spent by improving the present system.

(b) Purpose and Policy. – It is the policy of this State to ensure, to the maximum extent possible, that child support obligations are established and enforced fairly, efficiently, and swiftly through the judicial system by means that make the best use of the State's resources. It is the purpose of this Article to facilitate this policy. The Administrative Office of the Courts and judicial officials in each district court district as defined in G.S. 7A-133 shall make a diligent effort to ensure that child support cases, from the time of filing to the time of disposition, are handled fairly, efficiently, and swiftly. The Administrative Office of the Courts and the State Department of Human Resources-Health and Human Services shall work together to improve procedures for the handling of child support cases in which the State or county has an interest, including all cases that qualify in any respect for federal reimbursement under Title IV-D of the Social Security Act."

Section 11A.19. G.S. 50-33(a) reads as rewritten:

"(a) ~~DHR-State~~ to Seek Waiver. – The State Department of Human Resources, Health and Human Services, with the assistance of the Administrative Office of the Courts, shall vigorously pursue application to the ~~Secretary of the United States~~ Department of Health and Human Services for waivers of the federal expedited process requirement."

Section 11A.20. G.S. 58-87-5(a) reads as rewritten:

"(a) There is created in the Department of Insurance the Volunteer Rescue/EMS Fund to provide grants to volunteer rescue units providing rescue or rescue and emergency medical services to purchase equipment and make capital improvements. An eligible rescue or rescue/EMS unit may apply to the Department of Insurance for a grant under this section. The application form and criteria for grants shall be established by the Department. The ~~Office of Emergency Medical Services in the~~ Department of Human Resources-Health and Human Services shall provide the Department with an advisory priority listing of EMS equipment eligible for funding. The State Treasurer shall invest the Fund's assets according to law, and the earnings shall remain in the Fund. On December 15 of each year, the Department shall make grants to eligible rescue or rescue/EMS units subject to all of the following limitations:

- (1) A grant to an applicant who is required to match the grant with non-State funds may not exceed fifteen thousand dollars (\$15,000), and a grant to an applicant who is not required to match the grant with non-State funds may not exceed three thousand dollars (\$3,000).
- (2) An applicant whose liquid assets, when combined with the liquid assets of any corporate affiliate or subsidiary of the applicant, are more

than one thousand dollars (\$1,000) shall match the grant on a dollar-for-dollar basis with non-State funds.

- (3) The grant may be used only for equipment purchases or capital expenditures.
- (4) An applicant may receive no more than one grant per fiscal year.

In awarding grants under this section, the Department shall to the extent possible select applicants from all parts of the State based upon need. Up to two percent (2%) of the Fund may be used for additional staff and resources to administer the Fund in each fiscal year. In addition, notwithstanding G.S. 58-78-20, up to four percent (4%) of the Fund may be used for additional staff and resources for the North Carolina Fire and Rescue Commission."

Section 11A.20A. G.S. 58-39-75(20) reads as rewritten:

"(20) To the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services and the information disclosed is immunization information described in G.S. 130A-153."

Section 11A.21. G.S. 66-58, as amended by S.L. 1997-261, S.L. 1997-258, and S.L. 1997-315 reads as rewritten:

"§ 66-58. Sale of merchandise by governmental units.

(a) Except as may be provided in this section, it shall be unlawful for any unit, department or agency of the State government, or any division or subdivision of ~~any such the~~ unit, department or agency, or any individual employee or employees of ~~any such the~~ unit, department or agency in his, or her, or their capacity as employee or employees thereof, to engage directly or indirectly in the sale of goods, wares or merchandise in competition with citizens of the State, or to engage in the operation of restaurants, cafeterias or other eating places in any building owned by or leased in the name of the State, or to maintain service establishments for the rendering of services to the public ordinarily and customarily rendered by private enterprises, or to contract with any person, firm or corporation for the operation or rendering of ~~any such the~~ businesses or services on behalf of ~~any such the~~ unit, department or agency, or to purchase for or sell to any person, firm or corporation any article of merchandise in competition with private enterprise. The leasing or subleasing of space in any building owned, leased or operated by any unit, department or agency or division or subdivision thereof of the State for the purpose of operating or rendering of any of the businesses or services herein referred to is hereby prohibited.

(b) The provisions of subsection (a) of this section shall not apply to:

- (1) Counties and municipalities.
- (2) The Department of ~~Human Resources, Health and Human Services~~ the Department of Agriculture and Consumer Services for the sale of serums, vaccines, and other like products.
- (3) The Department of Administration, except that ~~said the~~ agency shall not exceed the authority granted in the act creating the agency.
- (4) The State hospitals for the ~~insane-mentally ill~~.
- (5) The Department of ~~Human Resources, Health and Human Services~~.

- (6) The North Carolina School for the Blind at Raleigh.
- (7) The North Carolina Schools for the Deaf.
- (8) The Greater University of North Carolina with regard to its utilities and other services now operated by it nor to the sale of articles produced incident to the operation of instructional departments, articles incident to educational research, articles of merchandise incident to classroom work, meals, books, or to articles of merchandise not exceeding twenty-five cents (25¢) in value when sold to members of the educational staff or staff auxiliary to education or to duly enrolled students or occasionally to immediate members of the families of members of the educational staff or of duly enrolled students nor to the sale of meals or merchandise to persons attending meetings or conventions as invited guests nor to the operation by the University of North Carolina of an inn or hotel and dining and other facilities usually connected with a hotel or inn, nor to the hospital and Medical School of the University of North Carolina, nor to the Coliseum of North Carolina State College, and the other schools and colleges for higher education maintained or supported by the State, nor to the comprehensive student health services or the comprehensive student infirmaries maintained by the constituent institutions of the University of North Carolina.
- (9) The Department of ~~Environment, Health, Environment~~ and Natural Resources, except that ~~said~~ the Department shall not construct, maintain, operate or lease a hotel or tourist inn in any park over which it has jurisdiction. The North Carolina Wildlife Resources Commission may sell wildlife memorabilia as a service to members of the public interested in wildlife conservation.
- (10) Child-caring institutions or orphanages receiving State aid.
- (11) Highlands School in Macon County.
- (12) The North Carolina State Fair.
- (13) Rural electric memberships corporations.
- (13a) State Farm Operations Commission.
- (13b) The Department of Agriculture and Consumer Services with regard to its lessees at farmers' markets operated by the Department.
- (13c) The Western North Carolina Agricultural Center.
- (14) Nothing herein contained shall be construed to prohibit the engagement in any of the activities described in subsection (a) hereof by a firm, corporation or person who or which is a lessee of space only of the State of North Carolina or any of its departments or agencies; provided ~~such~~ the leases shall be awarded by the Department of Administration to the highest bidder, as provided by law in the case of State contracts and which lease shall be for a term of not less than one year and not more than five years.

- (15) The State Department of Correction is authorized to purchase and install automobile license tag plant equipment for the purpose of manufacturing license tags for the State and local governments and for such other purposes as the Department may direct.

The Commissioner of Motor Vehicles, or such other authority as may exercise the authority to purchase automobile license tags is hereby directed to purchase from, and to contract with, the State Department of Correction for the State automobile license tag requirements from year to year.

The price to be paid to the State Department of Correction for ~~such~~ the tags shall be fixed and agreed upon by the Governor, the State Department of Correction, and the Motor Vehicle Commissioner, or such authority as may be authorized to purchase ~~such~~ the supplies.

- (16) Laundry services performed by the Department of Correction may be provided only for agencies and instrumentalities of the State which are supported by State funds and for county or municipally controlled and supported hospitals presently being served by the Department of Correction, or for which services have been contracted or applied for in writing, as of May 22, 1973. In addition to the prior sentence, laundry services performed by the Department of Correction may be provided for the Governor Morehead School and the North Carolina School for the Deaf.

~~Such~~ The services shall be limited to wet-washing, drying and ironing of flatwear or flat goods such as towels, sheets and bedding, linens and those uniforms prescribed for wear by ~~such~~ the institutions and further limited to only flat goods or apparel owned, distributed or controlled entirely by ~~such~~ the institutions and shall not include processing by any dry-cleaning methods; provided, however, those garments and items presently being serviced by wet-washing, drying and ironing may in the future, at the election of the Department of Correction, be processed by a dry-cleaning method.

- (17) The North Carolina Global TransPark Authority or a lessee of the Authority.
- (18) The activities and products of private enterprise carried on or manufactured within a State prison facility pursuant to G.S. 148-70.

(c) The provisions of subsection (a) shall not prohibit:

- (1) The sale of products of experiment stations or test farms.
- (2) The sale of learned journals, works of art, books or publications of the Department of Cultural Resources or other agencies, or the Supreme Court Reports or Session Laws of the General Assembly.
- (3) The business operation of endowment funds established for the purpose of producing income for educational purposes; for purposes of this section, the phrase 'operation of endowment funds' shall include the operation by public postsecondary educational institutions of

campus stores, the profits from which are used exclusively for awarding scholarships to defray the expenses of students attending the institution; provided, that the operation of ~~such~~the stores must be approved by the board of trustees of the institution, and the merchandise sold shall be limited to educational materials and supplies, gift items and miscellaneous personal-use articles. Provided further that sales at campus stores are limited to employees of the institution and members of their immediate families, to duly enrolled students of the campus at which a campus store is located and their immediate families, to duly enrolled students of other campuses of the University of North Carolina other than the campus at which the campus store is located, to other campus stores and to other persons who are on campus other than for the purpose of purchasing merchandise from campus stores. It is the intent of this subdivision that campus stores be established and operated for the purpose of assuring the availability of merchandise described in this Article for sale to persons enumerated herein and not for the purpose of competing with stores operated in the communities surrounding the campuses of the University of North Carolina.

- (4) The operation of lunch counters by the Department of ~~Human Resources~~Health and Human Services as blind enterprises of the type operated on January 1, 1951, in State buildings in the City of Raleigh.
- (5) The operation of a snack bar and cafeteria in the State Legislative Building.
- (6) The maintenance by the prison system authorities of eating and sleeping facilities at units of the State prison system for prisoners and for members of the prison staff while on duty, or the maintenance by the highway system authorities of eating and sleeping facilities for working crews on highway construction or maintenance when actually engaged in such work on parts of the highway system.
- (7) The operation by penal, correctional or facilities operated by the Department of ~~Human Resources~~Health and Human Services or by the Department of Agriculture and Consumer Services, of dining rooms for the inmates or clients or members of the staff while on duty and for the accommodation of persons visiting ~~such~~the inmates or clients, and other bona fide visitors.
- (8) The sale by the Department of Agriculture and Consumer Services of livestock, poultry and publications in keeping with its present livestock and farm program.
- (9) The operation by the public schools of school cafeterias.
- (9a) The use of a public school bus or public school activity bus for a purpose allowed under G.S. 115C-242 or the use of a public school activity bus for a purpose authorized by G.S. 115C-247.

- (10) Sale by any State correctional or other institution of farm, dairy, livestock or poultry products raised or produced by it in its normal operations as authorized by the act creating it.
- (11) The sale of textbooks, library books, forms, bulletins, and instructional supplies by the State Board of Education, State Department of Public Instruction, and local school authorities.
- (12) The sale of North Carolina flags by or through the auspices of the Department of Administration, to the citizens of North Carolina.
- (13) The operation by the Department of Correction of forestry management programs on State-owned lands, including the sale on the open market of timber cut as a part of ~~such~~the management program.
- (14) The operation by the Department of Correction of facilities to manufacture and produce traffic and street name signs for use on the public streets and highways of the State.
- (15) The operation by the Department of Correction of facilities to manufacture and produce paint for use on the public streets and highways of the State.
- (16) The performance by the Department of Transportation of dredging services for a unit of local government.
- (17) The sale by the State Board of Elections to political committees and candidate committees of computer software designed by or for the State Board of Elections to provide a uniform system of electronic filing of the campaign finance reports required by Article 22A of Chapter 163 of the General Statutes and to facilitate the State Board's monitoring of compliance with that Article. This computer software for electronic filing of campaign finance reports shall not exceed a cost of one hundred dollars (\$100.00) to any political committee or candidate committee without the State Board of Elections first notifying in writing the Joint Legislative Commission on Governmental Operations.
- (18) The leasing of no more than 50 acres within the North Carolina Zoological Park by the Department of ~~Environment, Health,~~ Environment and Natural Resources to the North Carolina Zoological Society for the maintenance or operation, pursuant to a contract or otherwise, of an exhibition center, theater, conference center, and associated restaurants and lodging facilities.

(d) A department, agency or educational unit named in subsection (b) shall not perform any of the prohibited acts for or on behalf of any other department, agency or educational unit.

(e) Any person, whether employee of the State of North Carolina or not, who shall violate, or participate in the violation of this section, shall be guilty of a Class 1 misdemeanor.

(f) Notwithstanding the provisions of G.S. 66-58(a), the operation by the Department of Correction of facilities for the manufacture of any product or the

providing of any service pursuant to G.S. 148-70 not regulated by the provisions of subsection (c) hereof, shall be subject to the prior approval of the Governor, with biennial review by the General Assembly, at the beginning of each fiscal year commencing after October 1, 1975. The Department of Correction shall file with the Director of the Budget quarterly reports detailing prison enterprise operations in such a format as shall be required by the Director of the Budget.

(g) The North Carolina School of Science and Mathematics may engage in any of the activities permitted by G.S. 66-58(b)(8) and (c)(3)."

Section 11A.22. G.S. 90-85.34A(a) reads as rewritten:

"(a) A registered nurse in a local health department clinic may dispense prescription drugs and devices, other than controlled substances as defined in G.S. 90-87, under the following conditions:

- (1) The registered nurse has training acceptable to the Board in the labeling and packaging of prescription drugs and devices;
- (2) Dispensing by the registered nurse shall occur only at a local health department clinic;
- (3) Only prescription drugs and devices contained in a formulary recommended by the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services and approved by the Board shall be dispensed;
- (4) The local health department clinic shall obtain a pharmacy permit in accordance with G.S. 90-85.21;
- (5) Written procedures for the storage, packaging, labeling and delivery of prescription drugs and devices shall be approved by the Board; and
- (6) The pharmacist-manager, or another pharmacist at his direction, shall review dispensing records at least weekly, provide consultation where appropriate, and be responsible to the Board for all dispensing activity at the local health department clinic."

Section 11A.23. G.S. 90-233(a) reads as rewritten:

"(a) A dental hygienist may practice only under the supervision of one or more licensed dentists. Provided, however, that this subsection (a) shall be deemed to be complied with in the case of dental hygienists employed by the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services and especially trained by said Department as public health hygienists while performing their duties in the public schools under the direction of a duly licensed dentist."

Section 11A.24. G.S. 90A-21 reads as rewritten:

"§ 90A-21. Water Treatment Facility Operators Board of Certification.

(a) Board Membership. – There is hereby established within the Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources a Water Treatment Facility Operators Board of Certification (hereinafter termed the 'Board of Certification') composed of eight members to be appointed by the Governor as follows:

- (1) One member who is currently employed as a water treatment facility operator;

- (2) One member who is manager of a North Carolina municipality using a surface water supply;
- (3) One member who is manager of a North Carolina municipality using a treated groundwater supply;
- (4) One member who is employed as a director of utilities, water superintendent, or equivalent position with a North Carolina municipality;
- (5) One member employed by a private water utility or private industry and who is responsible for the operation or supervision of a water supply and treatment facility;
- (6) One member who is a faculty member of a four-year college or university whose major field is related to water supply;
- (7) One member employed by the Department of Environment, Health, and Natural Resources and working in the field of water supply;
- (8) One member not certified or regulated under this Article, who shall represent the interest of the public at large.

(b) Terms of Office. – All members serving on the Board on June 30, 1981, shall complete their respective terms. No member appointed to the Board on or after July 1, 1981, shall serve more than two complete consecutive three-year terms, except that the member employed by the Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources may serve more than two consecutive terms, and except that each member shall serve until his successor is appointed and qualifies. The Governor may remove any member for good cause shown and shall appoint members to fill unexpired terms. The Governor shall appoint the public member not later than July 1, 1981.

(c) Powers and Responsibilities. – The Board of Certification shall establish all rules, regulations and procedures with respect to the certification program and advise and assist the Secretary of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources in its administration.

(d) Compensation. – Members of the Board of Certification who are officers or employees of State agencies or institutions shall receive subsistence and travel allowances at the rates authorized by G.S. 138-5.

(e) Officers. – The Board shall elect a chairman and all other necessary officers to serve one-year terms. A majority of the members of the Board shall constitute a quorum for the transaction of business.

(f) Annual Report. – The Board shall report annually to the Governor a full statement of its disciplinary and enforcement programs and activities during the year, together with such recommendations as it may deem expedient."

Section 11A.25. G.S. 90A-22(a) reads as rewritten:

"(a) On or before July 1, 1982, the Board of Certification, with the advice and assistance of the Secretary of ~~Environment, Health, and Natural Resources~~, Environment and Natural Resources, shall classify all surface water treatment facilities and all facilities for treating groundwater supplies that are used, or intended for use, as part of a public water supply system with due regard for the size of the facility, its type,

character of water to be treated, other physical conditions affecting the treatment of the water, and with respect to the degree of skill, knowledge, and experience that the operator responsible for the water treatment facility must have to supervise successfully the operation of the facilities so as to adequately protect the public health."

Section 11A.26. G.S. 90A-23 reads as rewritten:

"§ 90A-23. Grades of certificates.

The Board of Certification, with the advice and assistance of the Secretary of ~~Environment, Health, and Natural Resources~~, Environment and Natural Resources, shall establish grades of certification for water treatment facility operators corresponding to the classification of water treatment facilities."

Section 11A.27. G.S. 90A-24 reads as rewritten:

"§ 90A-24. Operator qualifications and examination.

The Board of Certification, with the advice and assistance of the Secretary of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources shall establish minimum requirements of education, experience and knowledge for each grade of certification for water treatment facility operators, and shall establish procedures for receiving applications for certification, conducting examinations and making investigations of applicants as may be necessary and appropriate to the end that prompt and fair consideration be given every application and the water treatment facilities of the State may be adequately supervised by certified operators."

Section 11A.28. G.S. 90A-25(c) reads as rewritten:

"(c) Certificates in an appropriate grade will be issued to operators who, on July 1, 1969, hold certificates of competency issued under the voluntary certification program now being administered through the Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources with the cooperation of the North Carolina Water Works Operators Association, the North Carolina Section of the American Water Works Association, and the North Carolina League of Municipalities."

Section 11A.29. G.S. 90A-25.1 reads as rewritten:

"§ 90A-25.1. Renewal of certificate.

A certificate expires on December 31 of the year in which it is issued or renewed. The Board, with the advice and assistance of the Secretary of ~~Environment, Health, and Natural Resources~~, Environment and Natural Resources, may establish minimum continuing education requirements that an applicant must meet to renew a certificate. The Board shall renew a certificate if the applicant meets the continuing education requirements imposed as a condition for renewal, pays the required renewal fee plus any renewal fees in arrears, and, if the application is late, pays the late penalty."

Section 11A.30. G.S. 90A-28 reads as rewritten:

"§ 90A-28. Promotion of training and other powers.

The Board of Certification and the Secretary of ~~Economic, Health, and Natural Resources~~ Environment and Natural Resources are authorized to may take all necessary and appropriate steps in order to effectively and fairly achieve the purposes of this Article, including, but not limited to, the providing of training for operators and cooperating with educational institutions and private and public associations, persons, or corporations in the promotion of training for water treatment facility personnel."

Section 11A.31. G.S. 90A-30(a) reads as rewritten:

"(a) Upon the recommendation of the Board of Certification, the Secretary of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources or a delegated representative may impose an administrative, civil penalty on any person, corporation, company, association, partnership, unit of local government, State agency, federal agency, or other legal entity who violates G.S. 90A-29(a). Each day of a continued violation shall constitute a separate violation. The penalty shall not exceed one hundred dollars (\$100.00) for each day such violation continues. No penalty shall be assessed until the person alleged to be in violation has been notified of the violation."

Section 11A.32. G.S. 90A-55(a) reads as rewritten:

"(a) Board Membership. – The Board shall consist of nine members: the Secretary of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources or ~~his~~ the Secretary's duly authorized representative, one public-spirited citizen, one environmental sanitation educator from an accredited college or university, one local health director, a representative of the Environmental Health Division of the Department of ~~Environment, Health, and Natural Resources~~, Environment and Natural Resources, and four practicing sanitarians who qualify by education and experience for registration under this Article, three of whom will represent the Western, Piedmont, and Eastern Regions of the State as described more specifically in the rules adopted by the Board."

Section 11A.33. G.S. 95-126 reads as rewritten:

"§ 95-126. Short title and legislative purpose.

(a) This Article shall be known as the 'Occupational Safety and Health Act of North Carolina' and also may be referred to by abbreviations as 'OSHANC.'

(b) Legislative findings and purpose:

(1) The General Assembly finds that the burden of employers and employees of this State resulting from personal injuries and illnesses arising out of work situations is substantial; that the prevention of these injuries and illnesses is an important objective of the government of this State; that the greatest hope of attaining this objective lies in programs of research, education and enforcement, and in the earnest cooperation of the federal and State governments, employers and employees.

(2) The General Assembly of North Carolina declares it to be its purpose and policy through the exercise of its powers to ~~assure~~ ensure so far as possible every working man and woman in the State of North Carolina safe and healthful working conditions and to preserve our human resources:

a. By encouraging employers and employees in their effort to reduce the number of occupational safety and health hazards at the place of employment, and to stimulate employers and employees to institute new and to perfect existing programs for providing safe and healthful working conditions;

- b. By providing that employers and employees have separate but dependent responsibilities and rights with respect to achieving safe and healthful working conditions;
- c. By authorizing the Commissioner to develop occupational safety and health standards applicable to business giving consideration to the needs of employers and employees and to adopt standards promulgated from time to time by the Secretary of Labor under the Occupational Safety and Health Act of 1970, and by creating a safety and health review board for carrying out adjudicatory functions under this Article;
- d. By building upon advances already made through employer and employee initiative for providing safe and healthful working conditions;
- e. By providing occupational health criteria which will assure insofar as practicable that no employee will suffer diminished health, functional capacity, or life expectancy as a result of his work experience;
- f. By providing for training programs to increase the number and competence of personnel engaged in the field of occupational safety and health;
- g. By providing an effective enforcement program which shall include a prohibition against giving advance notice of an inspection and sanctions for any individual violating this prohibition;
- h. By providing for appropriate reporting procedures with respect to occupational safety and health which procedures will help achieve the objectives of this Article and accurately describe the nature of the occupational safety and health problem;
- i. By encouraging joint employer-employee efforts to reduce injuries and diseases arising out of employment;
- j. By providing for research in the field of occupational safety and health, by developing innovative methods, techniques, and approaches for dealing with occupational safety and health problems;
- k. By exploring ways to discover latent diseases, establishing causal connections between diseases and work in environmental conditions, and conducting other research relating to health problems, in recognition of the fact that occupational health standards present problems often different from those involved in occupational safety;
- l. By authorizing the Commissioner to enter into contracts with the Department of ~~Environment, Health, and Natural Resources,~~ Health and Human Services, or any other State or local units, to the end that the Commissioner and the Department of

~~Environment, Health, and Natural Resources~~ Health and Human Services and other State or local units may fully cooperate and carry out the ends and purposes of this Article.

- m. The General Assembly of North Carolina appoints and elects the North Carolina Department of Labor as the designated agency to administer the Occupational Safety and Health Act of North Carolina."

Section 11A.34. G.S. 95-131(d) read as rewritten:

"(d) Rules adopted under this section shall provide insofar as possible the highest degree of safety and health protection for employees; other considerations shall be the latest available scientific data in the field, the feasibility of the standard, and experience gained under this and other health and safety laws. Whenever practical the standards established in a rule shall be expressed in terms of objective criteria and of the performance desired. In establishing standards dealing with toxic materials or harmful physical agents, the Commissioner, after consultation and recommendations of the Department of ~~Environment, Health, and Natural Resources~~, Health and Human Services, shall set a standard which most adequately assures, to the extent possible, on the basis of the most available evidence that no employee will suffer material impairment of health or functional capacity even if such employee has regular exposure to the hazard dealt with by such standard for the period of his working life."

Section 11A.35. G.S. 95-149 reads as rewritten:

"§ 95-149. Authority to enter into contracts with other State agencies and subdivisions of government.

The Commissioner ~~is authorized and empowered to~~ may enter into contracts with the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services or any other State officer or State agency or State instrumentality, or any municipality, county, or other political subdivision of the State, for the enforcement, administration, and any other application of the provisions of this Article."

Section 11A.36. G.S. 95-225(c) reads as rewritten:

"(c) For the protection of the public health, the Commission for Health Services shall adopt and the Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources shall enforce rules that establish water quality and water sanitation standards for migrant housing under this Article."

Section 11A.37. G.S. 97-61.1 reads as rewritten:

"§ 97-61.1. First examination of and report on employee having asbestosis or silicosis.

When an employee and the Industrial Commission are advised by the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services that an employee has asbestosis or silicosis, the employer shall be notified by the Industrial Commission, and the employee, when ordered by the Industrial Commission, shall go to a place designated by the Industrial Commission and submit to X rays and a physical examination by the advisory medical committee, at least one of whom shall conduct the examination, and the member or members of the advisory medical committee conducting the examination shall forward the X rays and findings to the member or

members of the committee not present for the physical examination. The employer shall pay the expenses connected with the examination in such amounts as shall be directed by the Industrial Commission. Within 30 days after the completion of the examination, the advisory medical committee shall make a written report signed by all of its members setting forth:

- (1) The X rays and clinical procedures used by the committee in arriving at its findings.
- (2) Whether or not the claimant has contracted asbestosis or silicosis.
- (3) The committee's opinion expressed in percentages of the impairment of the employee's ability to perform normal labor in the same or any other employment.
- (4) Any other matter deemed pertinent by the committee.

When a competent physician certifies to the Industrial Commission that the employee's physical condition is such that his movement to the place of examination ordered by the Industrial Commission as herein provided in G.S. 97-61.1, 97-61.3 and 97-61.4 would be harmful or injurious to the health of the employee, the Industrial Commission shall cause the examination of the employee to be made by the advisory medical committee as herein provided at some place in the vicinity of the residence of the employee suitable for the purposes of making such examination."

Section 11A.38. G.S. 97-72(b) reads as rewritten:

"(b) The members of the advisory medical committee shall be paid one hundred dollars (\$100.00) per month plus not more than ten dollars (\$10.00) per film examined. The fee per film shall be established by the Secretary of ~~Environment, Health, and Natural Resources.~~ Health and Human Services."

Section 11A.39. G.S. 97-73(b) reads as rewritten:

"(b) The Secretary of ~~Environment, Health, and Natural Resources.~~ Health and Human Services shall establish a schedule of fees for examinations conducted by the Department of ~~Environment, Health, and Natural Resources.~~ Health and Human Services pursuant to G.S. 97-60. The fees shall be collected in accordance with rules adopted by the Secretary of ~~Environment, Health, and Natural Resources.~~ Health and Human Services."

Section 11A.40. G.S. 106-65.23, as amended by S.L. 1997-261, reads as rewritten:

"§ 106-65.23. Structural Pest Control Division of Department of Agriculture and Consumer Services recreated; Director; Structural Pest Control Committee created; appointment; terms; quorum.

There is hereby recreated, within the North Carolina Department of Agriculture and Consumer Services, a Division ~~thereof,~~ to be known as the Structural Pest Control ~~Division of said Department.~~ Division. The Commissioner of Agriculture is hereby ~~authorized to~~ may appoint a Director of ~~said~~ the Division whose duties and authority shall be determined by the Commissioner. ~~Said~~ The Director shall act as secretary to the Structural Pest Control Committee ~~herein created.~~ created in this section.

There is hereby created a Structural Pest Control Committee to be composed of the following members. The Commissioner shall appoint one member of the Committee

who is not in the structural pest control business for a four-year term. The Commissioner of Agriculture shall designate an employee of the Department of Agriculture and Consumer Services to serve on ~~said the~~ Committee at the pleasure of the Commissioner. The dean of the School of Agriculture of North Carolina State University at Raleigh shall appoint one member of the Committee who shall serve for one term of two years and who shall be a member of the entomology faculty of ~~said the~~ University. The vacancy occurring on the Committee by the expired term of the member from the entomology faculty of ~~said the~~ University shall be filled by the dean of the School of Agriculture of North Carolina State University at Raleigh who shall designate any person of ~~his the dean's~~ choice from the entomology faculty of ~~said the~~ University to serve on ~~said the~~ Committee at the pleasure of the dean. The Secretary of ~~Environment, Health, and Natural Resources~~ Health and Human Services shall appoint one member of the Committee who shall be an epidemiologist ~~in the Division of Health Services~~ and who shall serve at the pleasure of the Secretary. The Governor shall appoint two members of ~~said the~~ Committee who are actively engaged in the pest control industry, who are licensed in at least two phases of structural pest control as provided under G.S. 106-65.25(a), and who are residents of the State of North Carolina but not affiliates of the same company. The initial Committee members from the pest control industry shall be appointed as follows: one for a two-year term and one for a three-year term. The Governor shall appoint one member of the Committee who is a public member and who is unaffiliated with the structural pest control industry, the pesticide industry, the Department of Agriculture and Consumer Services, the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services and the School of Agriculture at North Carolina State University at Raleigh. The initial public member shall be appointed for a term of two years, commencing July 1, 1991. After the initial appointments by the Governor, all ensuing appointments by the Governor shall be for terms of four years. Any vacancy occurring on the Committee by reason of death, resignation, or otherwise shall be filled by the Governor or the Commissioner of Agriculture, as the case may be, for the unexpired term of the member whose seat is vacant.

The Committee shall make final decisions under this Article concerning licenses, certified applicator cards, and identification cards. The Committee shall report annually to the Board of Agriculture the action taken in the Committee's final decisions and the financial status of the Structural Pest Control Division.

The Director shall be responsible for and answerable to the Commissioner of Agriculture as to the operation and conduct of the Structural Pest Control Division.

Each member of the Committee who is not an employee of the State shall receive as compensation for services per diem and necessary travel expenses and registration fees in accordance with the provisions as outlined for members of occupational licensing boards and currently provided for in G.S. 93B-5. Such per diem and necessary travel expenses and registration fees shall apply to the same effect that G.S. 93B-5 might hereafter be amended.

Four members of the Committee shall constitute a quorum but no action at any meeting of the Committee shall be taken without four votes in accord. The chairman shall be entitled to vote at all times.

The Committee shall meet at such times and such places in North Carolina as the chairman shall direct; provided, however, that four members of the Committee may call a special meeting of the Committee on five days' notice to the other members thereof.

Except as otherwise provided herein, all members of the Committee shall be appointed or designated, as the case may be, prior to and shall commence their respective terms on July 1, 1967.

At the first meeting of the Committee they shall elect a chairman who shall serve as such at the pleasure of the Committee."

Section 11A.41. G.S. 106-143 reads as rewritten:

"§ 106-143. Article construed supplementary.

Nothing in this Article shall be construed as in any way amending, abridging, or otherwise affecting the validity of any law or ordinance relating to the Commission for Health Services or the Department of ~~Human Resources~~ Environment and Natural Resources or any local health department in their sanitary work in connection with public and private water supplies, sewerage, meat, milk, milk products, shellfish, finfish, or other foods, or food products, or the production, handling, or processing thereof; ~~but this Article shall be construed to be in addition thereto. of these items.~~"

Section 11A.42. G.S. 106-168.5 reads as rewritten:

"§ 106-168.5. Duties of Commissioner upon receipt of application; inspection committee.

Upon receipt of the application, the Commissioner shall promptly cause the rendering plant and equipment, or the plans, specifications, and selected site, of the applicant to be inspected by an inspection committee hereinafter called the 'committee,' which shall be composed of three members: One member who shall be designated by the Commissioner of Agriculture and who shall be an employee of the Department of Agriculture, one member who shall be designated by the Secretary of ~~Environment, Health, and Natural Resources~~ Health and Human Services and who shall be an employee of the Department of ~~Environment, Health, and Natural Resources, Health and Human Services,~~ and one member who shall be designated by the director of the North Carolina Division of the Southeastern Renderers Association, and who shall be a person having practical knowledge of rendering operations. Each member may be designated and relieved from time to time at the discretion of the designating authority. No State employee designated as a member of the committee shall receive any additional compensation therefor and no compensation shall be paid by the State to any other member."

Section 11A.43. G.S. 106-266.6, as amended by S.L. 1997-261, reads as rewritten:

"§ 106-266.6. Definitions.

As used in this Article, unless otherwise stated and unless the context or subject matter clearly indicates otherwise:

- (1) 'Affiliate' means any person and/or subsidiary thereof, who has, either directly or indirectly, actual control or legal control over a distributor, whether by stock ownership or any other manner.
- (2) 'Books and records' means books, records, accounts, contracts, memoranda, documents, papers, correspondence, or other data, pertaining to the business of the person in question.
- (3) 'Commission' means the North Carolina Milk Commission created by this Article.
- (4) 'Distributor' or 'subdistributor' means any of the following persons engaged in the business of distributing, marketing, or in any manner handling fluid milk, in whole or in part, in fluid form for consumption in the State of North Carolina, but shall not mean any distributor who sells 25 gallons or less of milk per day which is produced on his own farm:
 - a. Persons, irrespective of whether any such person is a producer:
 1. Who pasteurize or bottle milk or process milk into fluid milk;
 2. Who sell and/or market fluid milk at wholesale or retail:
 - I. To hotels, restaurants, stores or other establishments for consumption on the premises,
 - II. To stores or other establishments for resale, or
 - III. To consumers;
 3. Who operate stores or other establishments for the sale of fluid milk at retail for consumption off the premises.
 - b. Persons wherever located or operating, whether within or without the State of North Carolina, who purchase, market or handle milk for resale as fluid milk in the State.
- (5) 'Health authorities' includes the Department of ~~Environment, Health, and Natural Resources~~, Health and Human Services, the Department of Environment and Natural Resources, the North Carolina Department of Agriculture and Consumer Services, the Commissioner of Agriculture, and the local health authorities.
- (6) 'Licensee' means a licensed milk distributor.
- (7) 'Market' means any city, town, or village of the State, or any two or more cities and/or towns and/or villages and surrounding territory designated by the Commission as a natural marketing area.
- (8) 'Milk' means the lacteal secretion obtained by the milking of one or more cows and reconstituted milk products derived from the recombining of dry milk solids, evaporated or condensed milk with water, and which is pasteurized, standardized or otherwise processed with a view of selling it as fluid milk in its several forms, whether cultured or with added bacteria or other ingredients, regardless of grade or fat content, including whole milk, lowfat milk, cream, chocolate milk, plain buttermilk, cream buttermilk, skim milk, special

or premium milk, flavored milk or drinks, concentrated milk, sterile milk, dietary modified milk, liquid milk shake mix, half and half, eggnog, other milk-cream mixtures and the milk portion of any imitation milk. Said term excludes the lacteal secretion of one or more dairy cows where the secretion is to be sold for any other purpose.

- (9) 'Person' means any person, firm, corporation or association.
- (10) 'Producer' means any person, irrespective of whether such person is a member of a producer association or a distributor, who operates to produce milk for sale as fluid milk in the State.
- (11) 'Sanitary regulations' includes all laws and ordinances relating to the production, handling, transportation, distribution and sale of milk and, so far as applicable thereto, the State Sanitary Code and lawful regulations adopted by the dairy and food divisions, or by the board of health of any county or municipality.
- (12) 'Subdistributor' as distinguished from a 'distributor' means one who does not process milk but purchases its milk from a licensed distributor for distribution.
- (13) 'Subsidiary' means any person or officer over whom or which a distributor or an affiliate of a distributor has, or several distributors have either directly or indirectly, actual or legal control, whether by stock ownership or in any other manner."

Section 11A.44. G.S. 110-91 reads as rewritten:

"§ 110-91. Mandatory standards for a license.

The following standards shall be complied with by all child day care facilities, except as otherwise provided in this Article. These shall be the only required standards for the issuance of a license by the Secretary under the policies and procedures of the Commission except that the Commission may, in its discretion, adopt less stringent standards for facilities subject to licensing but which provide care on a temporary, part-time, drop-in, seasonal, after-school or other than a full-time basis.

- (1) Medical Care and Sanitation. – The Commission for Health Services shall adopt rules which establish minimum sanitation standards for child day care facilities and their personnel. The sanitation rules adopted by the Commission for Health Services shall cover such matters as the cleanliness of floors, walls, ceilings, storage spaces, utensils, and other facilities; adequacy of ventilation; sanitation of water supply, lavatory facilities, toilet facilities, sewage disposal, food protection facilities, bactericidal treatment of eating and drinking utensils, and solid-waste storage and disposal; methods of food preparation and serving; infectious disease control; sleeping facilities; and other items and facilities as are necessary in the interest of the public health. These rules shall be developed in consultation with the Department.

The Commission shall adopt rules to establish minimum requirements for child and staff health assessments and medical care

procedures. These rules shall be developed in consultation with the ~~Department of Environment, Health, and Natural Resources.~~ Department. Each child shall have a health assessment before being admitted or within 30 days following admission to a child day care facility. The assessment shall be done by: (i) a licensed physician, (ii) the physician's authorized agent who is currently approved by the North Carolina Medical Board, or comparable certifying board in any state contiguous to North Carolina, (iii) a certified nurse practitioner, or (iv) a public health nurse meeting the ~~Department of Environment, Health, and Natural Resources'~~ Department's Standards for Early Periodic Screening, Diagnosis, and Treatment Program. A record of each child's assessment shall be on file in the records of the facility. However, no health assessment shall be required of any child who is and has been in normal health and whose parent, guardian, or full-time custodian objects in writing to a health assessment on religious grounds which conform to the teachings and practice of any recognized church or religious denomination.

Each child shall be immunized in a manner that meets the requirements of Article 6 of Chapter 130A of the General Statutes and the pertinent rules adopted by the Commission for Health Services.

Each child day care facility shall have a plan of emergency medical care which shall include provisions for communication with and transportation to a specified medical resource, unless otherwise previously instructed. No child receiving day care shall be administered any drug or other medication without specific written instructions from a physician or the child's parent, guardian or full-time custodian. Emergency information on each child in care, including the names, addresses, and telephone numbers of the child's physician and parents, legal guardian or full-time custodian shall be readily available to the staff of the child day care facility while children are in care.

Nonprofit, tax-exempt organizations that provide prepared meals to day care centers only are considered day care centers for purposes of compliance with appropriate sanitation standards.

- (2) Health-Related Activities. – Each child in a child day care facility shall receive nutritious food and refreshments under rules to be adopted by the Commission. After consultation with the State Health Director, nutrition standards shall provide for specific requirements for infants. Nutrition standards shall provide for specific requirements for children older than infants, including a daily food plan for meals and snacks served that shall be adequate for good nutrition. The number and size of servings and snacks shall be appropriate for the ages of the children and shall be planned according to the number of hours the child is in

care. Menus for meals and snacks shall be planned at least one week in advance, dated, and posted where they can be seen by parents.

Each child day care facility shall arrange for each child in care to be out-of-doors each day if weather conditions permit.

Each child day care facility shall have a rest period for each child in care after lunch or at some other appropriate time.

No child day care facility shall care for more than 25 children in one group. Facilities providing care for 26 or more children shall provide for two or more groups according to the ages of children and shall provide separate supervisory personnel for each group.

- (3) Location. – Each child day care facility shall be located in an area which is free from conditions which are deemed hazardous to the physical and moral welfare of the children in care in the opinion of the Commission.
- (4) Building. – Each child day care facility shall be located in a building which meets the requirements of the North Carolina Building Code under standards which shall be developed by the Building Code Council, subject to adoption by the Commission specifically for child day care facilities, including facilities operated in a private residence. These standards shall be consistent with the provisions of this Article.
- (5) Fire Prevention. – Each child day care facility shall be located in a building that meets the requirements for fire prevention and safe evacuation that apply to child day care facilities as established by the Department of Insurance, subject to adoption by the Commission. Each child day care facility shall be inspected at least annually by a local fire department or volunteer fire department for compliance with these requirements, except that child day care facilities located on State property shall be inspected by an official designated by the Department of Insurance.
- (6) Space and Equipment Requirements. – There shall be no less than 25 square feet of indoor space for each child for which a child day care facility is licensed, exclusive of closets, passageways, kitchens, and bathrooms, and this floor space shall provide during rest periods 200 cubic feet of airspace per child for which the facility is licensed. There shall be adequate outdoor play area for each child under rules adopted by the Commission which shall be related to the size and type of facility, availability and location of outside land area, except in no event shall the minimum required exceed 75 square feet per child, which area shall be protected to assure the safety of the children receiving day care by an adequate fence or other protection; provided, however, that a facility operated in a public school shall be deemed to have adequate fencing protection; provided, also, that a facility operating exclusively during the evening and early morning hours,

between 6:00 P.M. and 6:00 A.M., need not meet the outdoor play area requirements mandated by this subdivision.

Each child day care facility shall provide equipment and furnishings that are child size, sturdy, safe, and in good repair. The Commission shall adopt standards to establish minimum requirements for equipment appropriate for the size facility being operated pursuant to G.S. 110-86(3). Space shall be available for proper storage of beds, cribs, mats, cots, sleeping garments, and linens as well as designated space for each child's personal belongings.

- (7) Staff-Child Ratio. – In determining the staff-child ratio, all children younger than 13 years shall be counted. The Commission shall adopt rules regarding staff-child ratios, group sizes and multi-age groupings for each category of facility other than for infants and toddlers, provided that these rules shall be no less stringent than those currently required for staff-child ratios as enacted in Section 156(e) of Chapter 757 of the 1985 Session Laws. The staff-child ratios and group sizes for infants and toddlers shall be no less stringent than as follows:

Age	Ratio	Group Size
0 to 12 months	5	10
12 to 24 months	6	12
2 to 3 years	10	20.

- (8) Qualifications for Staff. – Each child day care facility shall be under the direction or supervision of a literate person at least 21 years of age. All staff counted in determining the required staff-child ratio shall be at least 16 years of age, provided that persons younger than 18 years of age work under the direct supervision of a literate staff person who is at least 21 years of age. No person shall be an operator of nor be employed in a child day care facility who has been convicted of a crime involving child neglect, child abuse, or moral turpitude, or who is an habitually excessive user of alcohol or who illegally uses narcotic or other impairing drugs, or who is mentally or emotionally impaired to an extent that may be injurious to children.

The Commission shall adopt standards to establish minimum qualifications for operators, supervisors, caregivers and other staff who have direct contact with the children. These standards shall reflect training, experience, education or credentialing and shall be appropriate for the size facility being operated according to the categories defined in G.S. 110-86(3). It is the intent of this provision to guarantee that all children in day care are cared for by qualified people but also to recognize that qualifications for good child care may not be limited to formal education or training standards. To this end, the standards adopted by the Commission pertaining to training and educational requirements shall include provision that these requirements may be met by informal as well as formal training and

educational experience. No requirements may interfere with the teachings or doctrine of any established religious organization.

- (9) Records. – Each child day care facility shall keep accurate records on each child receiving care in the child day care facility in accordance with a form furnished or approved by the Commission, and shall submit attendance reports as required by the Department.

Each child day care facility shall keep accurate records on each staff member or other person delegated responsibility for the care of children in accordance with a form approved by the Commission.

All records of any child day care facility, except financial records, shall be subject to review by the Secretary or by duly authorized representatives of the Department or a cooperating agency who shall be designated by the Secretary.

Any effort to falsify information provided to the Department shall be deemed by the Secretary to be evidence of violation of this Article on the part of the operator or sponsor of the child day care facility and shall constitute a cause for revoking or denying a license to this child day care facility.

- (10) Each operator or staff member shall truly and honestly show each child in that person's care true love, devotion and tender care.

Each child day care facility shall have a written policy on discipline, describing the methods and practices used to discipline children enrolled in that facility. This written policy shall be discussed with, and a copy given to, each child's parent prior to the first time the child attends the facility. Subsequently, any change in discipline methods or practices shall be communicated in writing to the parents prior to the effective date of the change.

The use of corporal punishment as a form of discipline is prohibited in child day care facilities and may not be used by any operator or staff member of any child day care facility, except that corporal punishment may be used in religious sponsored child day care facilities as defined in G.S. 110-106, only if (i) the religious sponsored child day care facility files with the Department a notice stating that corporal punishment is part of the religious training of its program, and (ii) the religious sponsored child day care facility clearly states in its written policy of discipline that corporal punishment is part of the religious training of its program. The written policy on discipline of nonreligious sponsored child day care facilities shall clearly state the prohibition on corporal punishment.

- (11) Staff Development. – The Commission shall adopt minimum standards for ongoing staff development for facilities. These standards shall include requirements for ongoing in-service training for all staff.

- (12) Planned Age Appropriate Activities. – Each child day care facility shall have a planned schedule of activities posted in a prominent place

to enable parents to review it, and a written plan of age appropriate activities available to parents. Each facility shall have age appropriate activities and play materials to implement the written plan. The Commission shall establish minimum standards for age-appropriate activities appropriate for each category of facility as defined in G.S. 110-86(3).

- (13) Transportation. – All child day care facilities shall abide by North Carolina law regulating the use of seat belts and child passenger restraint devices. All vehicles operated by any facility staff person or volunteer to transport children shall be properly equipped with appropriate seat belts or child restraint devices as approved by the Commissioner of Motor Vehicles. Each adult and child shall be restrained by an appropriate seat safety belt or restraint device when the vehicle is in motion. These restraint regulations do not apply to vehicles not required by federal law to be equipped with seat restraints. All vehicles used to transport children shall meet and maintain the safety inspection standards of the Division of Motor Vehicles of the Department of Transportation and the facility shall comply with all other applicable State and federal laws and regulations concerning the operation of a motor vehicle. Children may never be left unattended in a vehicle.

The ratio of adults to children in child day care vehicles may not be less than the staff/child ratios prescribed by G.S. 110-91(7). The Commission shall adopt standards for transporting children under the age of two, including standards addressing this particular age's staff/child ratio during transportation."

Section 11A.45. G.S. 110-92 reads as rewritten:

"§ 110-92. Duties of State and local agencies.

When requested by an operator of a day-care facility or by the Secretary it shall be the duty of local and district health departments to visit and inspect a day-care facility to determine whether the facility complies with the health and sanitation standards required by this Article and with the minimum sanitation standards adopted as rules by the Commission for Health Services as authorized by G.S. 110-91(1), and to submit written reports on such visits or inspections to the Department on forms approved and provided by the ~~Department of Environment, Health, and Natural Resources.~~ Department of Environment and Natural Resources.

When requested by an operator of a day-care facility or by the Secretary, it shall be the duty of the local and district health departments, and any building inspector, fire prevention inspector, or fireman employed by local government, or any fireman having jurisdiction, or other officials or personnel of local government to visit and inspect a day-care facility for the purposes specified in this Article, including plans for evacuation of the premises and protection of children in case of fire, and to report on such visits or inspections in writing to the Secretary so that such reports may serve as

the basis for action or decisions by the Secretary or Department as authorized by this Article."

Section 11A.46. The heading for Article 1 of Chapter 111 of the General Statutes reads as rewritten:

"ARTICLE 1.

General Duties of Department of ~~Human Resources~~ Health and Human Services."

Section 11A.47. G.S. 115C-106(a) reads as rewritten:

"(a) The General Assembly of North Carolina hereby declares that the policy of the State is to ensure every child a fair and full opportunity to reach his full potential and that no child as defined in this section and in G.S. 115C-122 shall be excluded from service or education for any reason whatsoever. This policy shall be the practice of the State for children from birth through age 21 and the State requires compliance by all local education agencies and local school administrative units, all local ~~human resources services~~ agencies including, but not limited to, local health departments, local social service departments, community mental health centers and all State departments, agencies, institutions except institutions of higher education, and private providers which are recipients of general funds as these funds are defined in G.S. 143-1."

Section 11A.49A. G.S. 115C-122 reads as rewritten:

"§ 115C-122. Early childhood development program; evaluation and placement of children.

The General Assembly of North Carolina declares that the public policy of North Carolina is defined as follows to carry out the policies stated in G.S. 115C-106:

- (1) The State shall provide for a comprehensive early childhood development program by emphasizing preventative and remedial measures designed to provide the services which will enable children to develop to the maximum level their physical, mental, social, and emotional potentials and to strengthen the role of the family as the first and most fundamental influence on child development. The General Assembly finds that the complexity of early childhood development precludes the enactment of legislation which is of a sufficiently comprehensive nature to encompass all possible implications. The Departments of Public Instruction and ~~Human Resources~~ Health and Human Services shall, therefore, jointly develop an early childhood development program plan with flexibility sufficient to meet the State's policy as set forth in this subdivision. Said plan shall provide for the operation of a statewide early childhood development program no later than June 30, 1983.
- (2) The State requires a system of educational opportunities for all children with special needs and requires the identification and evaluation of the needs of children and the adequacy of various education programs before placement of children, and shall provide for periodic evaluation of the benefits of programs to the individual child and the nature of the child's needs thereafter.

- (3) The State shall prevent denial of equal educational and service opportunity on the basis of national origin, sex, economic status, race, religion, and physical, mental, social or emotional handicap in the provision of services to any child. Each local school administrative unit shall develop program plans to meet the educational requirements of children with special needs and each local human ~~resources~~-services agency shall develop program plans to meet the human service requirements of children with special needs in accordance with program standards and in a planning format as shall be prescribed by the State Board of Education and the Department of ~~Human Resources~~ Health and Human Services respectively.

The General Assembly intends that the educational program and human service program requirements of Session Laws 1973, Chapter 1293, shall be realized no later than June 30, 1982. The General Assembly further intends that currently imposed barriers to educational and human service opportunities for children with special needs by reason of a single standardized test, income, federal regulations, conflicting statutes, or any other barriers are hereby abrogated; except that with respect to barriers caused by reason of income, it shall be permissible for the State or any local education agency or local human ~~resources~~-services agency to charge fees for special services rendered, or special materials furnished to a child with special needs, his parents, guardian or persons standing in loco parentis unless the imposition of such fees would prevent or substantially deter the child, his parents, guardian, or persons standing in loco parentis from availing themselves of or receiving such services or materials.

- (4) It is recognized that children have a variety of characteristics and needs, all of which must be considered if the potential of each child is to be realized; that in order to accomplish this the State must develop a full range of service and education programs, and that a program must actually benefit a child or be designed to benefit a particular child in order to provide such child with appropriate educational and service opportunities. The General Assembly requires that all programs employ least restrictive alternatives as shall be defined by the Departments of Public Instruction and Human Resources."

Section 11A.50. G.S. 115C-323 reads as rewritten:

"§ 115C-323. Employee health certificate.

All public school employees upon initial employment, and those who have been separated from public school employment more than one school year, including superintendents, supervisors, principals, teachers, and any other employees in the public schools of the State, shall file in the office of the superintendent, before assuming his duties, a certificate from a physician licensed to practice medicine in the State of North Carolina, certifying that said person does not have tuberculosis in the communicable

form, or other communicable disease, or any disease, physical or mental, which would impair the ability of the said person to perform effectively his duties. A local school board or a superintendent may require any person herein named to take a physical examination when deemed necessary.

Any public school employee who has been absent for more than 40 successive school days because of a communicable disease must, before returning to work, file with the superintendent a physician's certificate certifying that the individual is free from any communicable disease.

The examining physician shall make the aforesaid certificates on an examination form supplied by the Superintendent of Public Instruction. The certificate shall be issued only after a physical examination has been made at the time of the certification, and such examination shall be in accordance with rules and regulations adopted by the Superintendent of Public Instruction, with approval of the Secretary of ~~Environment, Health, and Natural Resources,~~ Health and Human Services, and such rules and regulations may include the requirement of an X-ray chest examination for all new employees of the public school system.

It shall be the duty of the superintendent of the school in which the person is employed to enforce the provisions of this section.

Any person violating any of the provisions of this section shall be guilty of a Class 1 misdemeanor."

Section 11A.51. G.S. 115C-522(c) reads as rewritten:

"(c) It shall be the duty of local boards of education and tax-levying authorities to provide suitable supplies for the school buildings under their jurisdictions. These shall include, in addition to the necessary instructional supplies, proper window shades, blackboards, reference books, library equipment, maps, and equipment for teaching the sciences.

Likewise, it shall be the duty of said boards of education and boards of county commissioners to provide every school with a good supply of water, approved by the Department of ~~Environment, Health, and Natural Resources,~~ Environment and Natural Resources, and where such school cannot be connected to water-carried sewerage facilities, there shall be provided sanitary privies for the boys and for the girls according to specifications of the Commission for Health Services. Such water supply and sanitary privies shall be considered an essential and necessary part of the equipment of each public school and may be paid for in the same manner as desks and other essential equipment of the school are paid for."

Section 11A.52. G.S. 120-205(a) reads as rewritten:

"(a) This commission shall be composed of 21 members appointed as follows:

- (1) Seven members of the House of Representatives at the time of their appointment, appointed by the Speaker of the House of Representatives. Of these members, one shall be a Chair of the House Appropriations Subcommittee on ~~Human Resources;~~ Health and Human Services;
- (2) Seven members of the Senate at the time of their appointment, appointed by the President Pro Tempore of the Senate. Of these

members, one shall be the Chair of the Senate ~~Human Resources~~ Health and Human Services Appropriations Committee;

- (3) Three members who are representatives of Coalition 2001, appointed by the Governor. Of these members, one shall be a representative from mental health, one from developmental disabilities, and one from substance abuse services;
- (4) Two members of the public, appointed by the Speaker of the House of Representatives. Of these members, one shall be a county commissioner at the time of appointment, selected from a list of four candidates nominated by the North Carolina Association of County Commissioners. If the Association has failed to submit nominations by September 1, 1996, the Speaker of the House of Representatives may appoint any county commissioner; and
- (5) Two members of the public, appointed by the President Pro Tempore of the Senate. Of these members, one shall be a county commissioner at the time of appointment, selected from a list of four candidates nominated by the North Carolina Association of County Commissioners. If the Association has failed to submit nominations by September 1, 1996, the President Pro Tempore of the Senate may appoint any county commissioner."

Section 11A.53. G.S. 122C-112(a) reads as rewritten:

"(a) The Secretary shall:

- (1) Enforce the provisions of this Chapter and the rules of the Commission and the Secretary;
- (2) Assist counties and area authorities in the establishment and operation of community-based programs within catchment areas specified in rules adopted by the Commission;
- (3) Operate State facilities and adopt rules pertaining to their operation;
- (4) Promote a unified system of services for the citizens of this State by coordinating services provided in State facilities and area facilities;
- (5) Approve the plans and budgets of an area authority and adopt rules pertaining to the content and format of these plans and budgets;
- (6) Adopt rules governing the expenditure of all area authority funds;
- (6a) Adopt rules to implement the appeal procedure authorized by G.S. 122C-151.2;
- (7) Adopt rules for the establishment of single portal designation and approve an area as a single portal area;
- (8) Except as provided in G.S. 122C-26(4), adopt rules establishing procedures for waiver of rules adopted by the Secretary under this Chapter;
- (9) Notify the clerks of superior court of changes in the designation of State facility regions and of facilities designated under G.S. 122C-252;
- (10) Promote public awareness and understanding of mental health, mental illness, developmental disabilities, and substance abuse;

- (11) Administer and enforce rules that are conditions of participation in federal or State financial aid;
- (12) Carry out G.S. 122C-361; and
- (13) Ensure, in cooperation with other appropriate agencies, that all types of early intervention services specified in the Individuals with Disabilities Education Act (IDEA), P.L. 102-119, the federal early intervention legislation, are available to all eligible infants and toddlers and their families to the extent funded by the General Assembly.

The Secretary shall coordinate and facilitate the development and administration of the early intervention system for eligible infants and toddlers and shall assign among the cooperating agencies the responsibility, including financial responsibility, for services. The Secretary shall be advised by the Interagency Coordinating Council for Children from Birth to Five with Disabilities and Their Families, established by G.S. 143B-179.5, and may enter into formal interagency agreements to establish the collaborative relationships with ~~the Department of Environment, Health, and Natural Resources,~~ the Department of Public Instruction, other appropriate agencies, and other public and private service providers necessary to administer the system and deliver the services.

The Secretary shall adopt rules to implement the early intervention system, in cooperation with all other appropriate agencies;

- (14) Adopt rules to be followed in the determination of eligibility for, and to ensure the provision of services for, eligible assaultive and violent children as defined in G.S. 122C-3(13a); [and]
- (15) Upon the death of any prospective or confirmed Thomas S. class member as identified in Thomas S. et al. vs. Britt, (C-C-82-0418-M, Western District) not residing in a State facility listed in G.S. 122C-181, investigate the circumstances leading to that death. The investigation shall analyze any unusual circumstances relating to the death. The Secretary shall adopt rules to implement this subsection. The Secretary shall have access to all medical records, hospital records, and records maintained by the State, any county, or any local agency necessary to carry out the purposes of this subsection, including police investigations data, medical examiner investigative data, health records, mental health records, and social services records."

Section 11A.54. G.S. 130A-1.1 reads as rewritten:

"§ 130A-1.1. Mission and essential services.

(a) The General Assembly recognizes that unified purpose and direction of the public health system is necessary to ~~assure~~ensure that all citizens in the State have equal access to essential public health services. The General Assembly declares that the mission of the public health system is to promote and contribute to the highest level of health possible for the people of North Carolina by:

- (1) Preventing health risks and disease;
- (2) Identifying and reducing health risks in the community;
- (3) Detecting, investigating, and preventing the spread of disease;
- (4) Promoting healthy lifestyles;
- (5) Promoting a safe and healthful environment;
- (6) Promoting the availability and accessibility of quality health care services through the private sector; and
- (7) Providing quality health care services when not otherwise available.

(b) As used in this section, the term 'essential public health services' means those services that the State shall ~~assure~~ensure because they are essential to promoting and contributing to the highest level of health possible for the citizens of North Carolina. ~~The Department~~Departments of ~~Environment, Health, and Natural Resources~~Environment and Natural Resources and Health and Human Services shall attempt to ~~assure~~ensure within the resources available to ~~it~~them that the following essential public health services are available and accessible to all citizens of the State, and shall account for the financing of these services:

- (1) Health Support:
 - a. Assessment of health status, health needs, and environmental risks to health;
 - b. Patient and community education;
 - c. Public health laboratory;
 - d. Registration of vital events;
- (2) Environmental Health:
 - a. Lodging and institutional sanitation;
 - b. On-site domestic sewage disposal;
 - c. Water and food safety and sanitation; and
- (3) Personal Health:
 - a. Child health;
 - b. Chronic disease control;
 - c. Communicable disease control;
 - d. Dental public health;
 - e. Family planning;
 - f. Health promotion and risk reduction;
 - g. Maternal health.

The Commission for Health Services shall determine specific services to be provided under each of the essential public health services categories listed above.

(c) The General Assembly recognizes that there are health-related services currently provided by State and local government and the private sector that are important to maintaining a healthy social and ecological environment but that are not included on the list of essential public health services required under this section. Omission of these services from the list of essential public health services shall not be construed as an intent to prohibit or decrease their availability. Rather, such omission means only that the omitted services may be more appropriately assured by government agencies or private entities other than the public health system.

(d) The list of essential public health services required by this section shall not be construed to limit or restrict the powers and duties of the Commission for Health Services or the ~~Department~~ Departments of Environment, Health, and Natural Resources ~~Environment and Natural Resources and Health and Human Services~~ as otherwise conferred by State law."

Section 11A.55. G.S. 130A-2 reads as rewritten:

"§ 130A-2. Definitions.

The following definitions shall apply throughout this Chapter unless otherwise specified:

- (1) 'Commission' means the Commission for Health Services.
- (2) 'Department' means the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services.
- (3) 'Imminent hazard' means a situation which is likely to cause an immediate threat to human life, an immediate threat of serious physical injury, an immediate threat of serious adverse health effects, or a serious risk of irreparable damage to the environment if no immediate action is taken.
- (4) 'Local board of health' means a district board of health or a county board of health.
- (5) 'Local health department' means a district health department or a county health department.
- (6) 'Local health director' means the administrative head of a local health department appointed pursuant to this Chapter.
- (7) 'Person' means an individual, corporation, company, association, partnership, unit of local government or other legal entity.
- (8) 'Secretary' means the Secretary of ~~Environment, Health, and Natural Resources~~ Health and Human Services.
- (9) 'Unit of local government' means a county, city, consolidated city-county, sanitary district or other local political subdivision, authority or agency of local government.
- (10) 'Vital records' means birth, death, fetal death, marriage, annulment and divorce records registered under the provisions of Article 4 of this Chapter."

Section 11A.56. G.S. 130A-4 reads as rewritten:

"§ 130A-4. Administration.

(a) ~~The~~ Except as provided in subsection (c) of this section, the Secretary shall have the authority and responsibility to administer and enforce the provisions of this Chapter and the rules of the Commission. A local health director shall ~~have the authority and responsibility to~~ administer the programs of the local health department and ~~to~~ enforce the rules of the local board of health.

(b) When requested by the Secretary, a local health department shall enforce the rules of the Commission under the supervision of the Department. The local health department shall utilize local staff authorized by the Department to enforce the specific rules.

(c) The Secretary of Environment and Natural Resources shall administer and enforce the provisions of Articles 8, 9, 10, 11, and 12 of this Chapter and the rules of the Commission.

(d) When requested by the Secretary of the Department of Environment and Natural Resources, a local health department shall enforce the rules of the Commission under the supervision of the Department of Environment and Natural Resources. The local health department shall utilize local staff authorized by the Department of Environment and Natural Resources to enforce the specific rules."

Section 11A.57. G.S. 130A-4.1 reads as rewritten:

"§ 130A-4.1. State funds for maternal and child health care/non-supplanting.

(a) ~~The Department of Environment, Health, and Natural Resources~~ shall ensure that local health departments do not reduce county appropriations for maternal and child health services provided by the local health departments because they have received State appropriations for this purpose.

(b) All income earned by local health departments for maternal and child health programs supported in whole or in part from State or federal funds, received from the ~~Department of Environment, Health, and Natural Resources, Department,~~ shall be budgeted and expended by local health departments to further the objectives of the program that generated the income."

Section 11A.58. G.S. 130A-4.2 reads as rewritten:

"§ 130A-4.2. State funds for health promotion/non-supplanting.

~~The Department of Environment, Health, and Natural Resources~~ shall ensure that local health departments do not reduce county appropriations for health promotion services provided by the local health departments because they have received State appropriations for this purpose."

Section 11A.60. G.S. 130A-17 reads as rewritten:

"§ 130A-17. Right of entry.

(a) The Secretary and a local health director shall have the right of entry upon the premises of any place where entry is necessary to ~~carry out~~ enforce the provisions of this Chapter or the rules adopted by the Commission or a local board of health. If consent for entry is not obtained, an administrative search and inspection warrant shall be obtained pursuant to G.S. 15-27.2. However, if an imminent hazard exists, no warrant is required for entry upon the premises.

(b) The Secretary of the Department of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 8, 9, 10, 11, and 12 of this Chapter."

Section 11A.61. G.S. 130A-18 reads as rewritten:

"§ 130A-18. Injunction.

(a) If a person shall violate any provision of this Chapter or the rules adopted by the Commission or rules adopted by a local board of health, the Secretary or a local health director may institute an action for injunctive relief, irrespective of all other remedies at law, in the superior court of the county where the violation occurred or where a defendant resides.

(b) The Secretary of the Department of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 8, 9, 10, 11, and 12 of this Chapter."

Section 11A.62. G.S. 130A-19 reads as rewritten:

"§ 130A-19. Abatement of public health nuisance.

(a) If the Secretary or a local health director determines that a public health nuisance exists, the Secretary or a local health director may issue an order of abatement directing the owner, lessee, operator or other person in control of the property to take any action necessary to abate the public health nuisance. If the person refuses to comply with the order, the Secretary or the local health director may institute an action in the superior court of the county where the public health nuisance exists to enforce the order. The action shall be calendared for trial within 60 days after service of the complaint upon the defendant. The court may order the owner to abate the nuisance or direct the Secretary or the local health director to abate the nuisance. If the Secretary or the local health director is ordered to abate the nuisance, the Department or the local health department shall have a lien on the property for the costs of the abatement of the nuisance in the nature of a mechanic's and materialmen's lien as provided in Chapter 44A of the General Statutes and the lien may be enforced as provided therein.

(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 8, 9, 10, 11, and 12 of this Chapter."

Section 11A.63. G.S. 130A-20 reads as rewritten:

"§ 130A-20. Abatement of an imminent hazard.

(a) If the Secretary or a local health director determines that an imminent hazard exists, the Secretary or a local health director may, after notice to or reasonable attempt to notify the owner, enter upon any property and take any action necessary to abate the imminent hazard. The Department or the local health department shall have a lien on the property for the cost of the abatement of the imminent hazard in the nature of a mechanic's and materialmen's lien as provided in Chapter 44A and the lien may be enforced as provided therein. The lien may be defeated by a showing that an imminent hazard did not exist at the time the Secretary or the local health director took the action.

(b) The Secretary of Environment and Natural Resources and a local health director shall have the same rights enumerated in subsection (a) of this section to enforce the provisions of Articles 8, 9, 10, 11, and 12 of this Chapter."

Section 11A.63A. G.S. 130A-21 reads as rewritten:

"§ 130A-21. Embargo.

(a) The Secretary of Environment and Natural Resources and a local health director has authority to exercise embargo authority concerning food or drink pursuant to G.S. 106-125(a), (b) and (c) when delegated the authority by the Commissioner of Agriculture.

(b) If the Secretary of Environment and Natural Resources or a local health director has probable cause to believe that any milk designated as Grade 'A' milk is misbranded or does not satisfy the milk sanitation rules adopted pursuant to G.S. 130A-275, the Secretary of Environment and Natural Resources or a local health director may

detain or embargo the milk by affixing a tag to it and warning all persons not to remove or dispose of the milk until permission for removal or disposal is given by the official by whom the milk was detained or embargoed or by the court. It shall be unlawful for any person to remove or dispose of the detained or embargoed milk without that permission.

The official by whom the milk was detained or embargoed shall petition a judge of the district or superior court in whose jurisdiction the milk is detained or embargoed for an order for condemnation of the article. If the court finds that the milk is misbranded or that it does not satisfy the milk sanitation rules adopted pursuant to G.S. 130A-275, either the milk shall be destroyed under the supervision of the petitioner or the petitioner shall ensure that the milk will not be used for human consumption as Grade 'A' milk. All court costs and fees, storage, expenses of carrying out the court's order and other expense shall be taxed against the claimant of the milk. If, the milk, by proper labelling or processing, can be properly branded and will satisfy the milk sanitation rules adopted pursuant to G.S. 130A-275, the court, after the payment of all costs, fees, and expenses and after the claimant posts an adequate bond, may order that the milk be delivered to the claimant for proper labelling and processing under the supervision of the petitioner. The bond shall be returned to the claimant after the petitioner represents to the court either that the milk is no longer mislabelled or in violation of the milk sanitation rules adopted pursuant to G.S. 130A-275, or that the milk will not be used for human consumption, and that in either case the expenses of supervision have been paid.

(c) If the Secretary of Environment and Natural Resources or a local health director has probable cause to believe that any scallops, shellfish or crustacea is adulterated or misbranded, the Secretary of Environment and Natural Resources or a local health director may detain or embargo the article by affixing a tag to it and warning all persons not to remove or dispose of the article until permission for removal or disposal is given by the official by whom it was detained or embargoed or by the court. It shall be unlawful for any person to remove or dispose of the detained or embargoed article without that permission.

The official by whom the scallops, shellfish or crustacea was detained or embargoed shall petition a judge of the district or superior court in whose jurisdiction the article is detained or embargoed for an order for condemnation of the article. If the court finds that the article is adulterated or misbranded, that article shall be destroyed under the supervision of the petitioner. All court costs and fees, storage and other expense shall be taxed against the claimant of the article. If, the article, by proper labelling can be properly branded, the court, after the payment of all costs, fees, expenses, and an adequate bond, may order that the article be delivered to the claimant for proper labelling under the supervision of the petitioner. The bond shall be returned to the claimant after the petitioner represents to the court that the article is no longer mislabelled and that the expenses of supervision have been paid.

(d) Nothing in this section is intended to limit the embargo authority of the Department of Agriculture. The Department of ~~Human Resources~~ Environment and Natural Resources and the Department of Agriculture are authorized to enter

agreements respecting the duties and responsibilities of each agency in the exercise of their embargo authority.

(e) For the purpose of this section, a food or drink is adulterated if the food or drink is deemed adulterated under G.S. 106-129; and food or drink is misbranded if it is deemed misbranded under G.S. 106-130."

Section 11A.64. G.S. 130A-22 reads as rewritten:

"§ 130A-22. Administrative penalties.

(a) The Secretary of Environment and Natural Resources may impose an administrative penalty on a person who violates Article 9 of this Chapter, rules adopted by the Commission pursuant to Article 9, or any order issued under Article 9. Each day of a continuing violation shall constitute a separate violation. The penalty shall not exceed five thousand dollars (\$5,000) per day in the case of a violation involving nonhazardous waste. The penalty shall not exceed twenty-five thousand dollars (\$25,000) per day in case of a first violation involving hazardous waste as defined in G.S. 130A-290 or involving the disposal of medical waste as defined in G.S. 130A-290 in or upon water in a manner that results in medical waste entering waters or lands of the State; and shall not exceed fifty thousand dollars (\$50,000) per day for a second or further violation involving the disposal of medical waste as defined in G.S. 130A-290 in or upon water in a manner that results in medical waste entering waters or lands of the State. If a person fails to pay a civil penalty within 60 days after the final agency decision or court order has been served on the violator, the Secretary of Environment and Natural Resources shall request the Attorney General to institute a civil action in the superior court of any county in which the violator resides or has his or its principal place of business to recover the amount of the assessment. Such civil actions must be filed within three years of the date the final agency decision or court order was served on the violator.

(a1) Part 5 of Article 21A of Chapter 143 of the General Statutes shall apply to the determination of civil liability or penalty pursuant to subsection (a) of this section.

(b) The Secretary of Environment and Natural Resources may impose an administrative penalty on a person who violates G.S. 130A-325. Each day of a continuing violation shall constitute a separate violation. The penalty shall not exceed twenty-five thousand dollars (\$25,000) for each day the violation continues.

(b1) The Secretary may impose an administrative penalty on a person who violates Article 19 of this Chapter or a rule adopted pursuant to that Article. Except as provided in subsection (b2) of this section, the penalty shall not exceed one thousand dollars (\$1,000) per day per violation. Until the Department has notified the person of the violation, a continuing violation shall be treated as one violation. Each day thereafter of a continuing violation shall be treated as a separate violation.

In determining the amount of a penalty under this subsection or subsection (b2) of this section, the Secretary shall consider all of the following factors:

- (1) The degree and extent of harm to the natural resources of the State, to the public health, or to private property resulting from the violation.
- (2) The duration and gravity of the violation.
- (3) The effect on air quality.

- (4) The cost of rectifying the damage.
- (5) The amount of money the violator saved by noncompliance.
- (6) The prior record of the violator in complying or failing to comply with Article 19 of this Chapter or a rule adopted pursuant to that Article.
- (7) The cost to the State of the enforcement procedures.
- (8) If applicable, the size of the renovation and demolition involved in the violation.

Administrative penalties imposed by the Secretary under this subsection or subsection (b2) of this section shall be credited to the General Fund as nontax revenue.

(b2) The penalty for violations of the asbestos NESHAP for demolition and renovation, as defined in G.S. 130A-444, shall not exceed ten thousand dollars (\$10,000) per day per violation. Until the Department has provided the person with written notification of the violation of the asbestos NESHAP for demolition and renovation that describes the violation, recommends a general course of action, and establishes a time frame in which to correct the violations, a continuing violation shall be treated as one violation. Each day thereafter of a continuing violation shall be treated as a separate violation. A violation of the asbestos NESHAP for demolition and renovation is not considered to continue during the period a person who has received the notice of violation is following the general course of action and complying with the time frame set forth in the notice of violation.

(c) The Secretary of Environment and Natural Resources may impose an administrative penalty on a person who willfully violates Article 11 of this Chapter, rules adopted by the Commission pursuant to Article 11 or any condition imposed upon a permit issued under Article 11. An administrative penalty may not be imposed upon a person who establishes that neither the site nor the system may be improved or a new system installed so as to comply with Article 11 of this Chapter. Each day of a continuing violation shall constitute a separate violation. The penalty shall not exceed fifty dollars (\$50.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of no more than 480 gallons or in the case of any system serving a single one-family dwelling. The penalty shall not exceed three hundred dollars (\$300.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of more than 480 gallons which does not serve a single one-family dwelling.

(c1) The Secretary may impose a monetary penalty on a vendor who violates rules adopted by the Commission pursuant to Article 13 of this Chapter when the Secretary determines that disqualification would result in hardship to participants in the Women, Infants, and Children (WIC) program. The penalty shall be calculated using the following formula: multiply five percent (5%) times the average dollar amount of the vendor's monthly redemptions of WIC food instruments for the 12-month period immediately preceding disqualification, then multiply that product by the number of months of the disqualification period determined by the Secretary.

(d) In determining the amount of the penalty in subsections (a), (b) and (c), the Secretary and the Secretary of the Department of Environment and Natural Resources

shall consider the degree and extent of the harm caused by the violation and the cost of rectifying the damage.

(e) A person contesting a penalty shall, by filing a petition pursuant to G.S. 150B-23(a) not later than 30 days after receipt by the petitioner of the document which constitutes agency action, be entitled to an administrative hearing and judicial review in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act.

(f) The Commission shall adopt rules concerning the imposition of administrative penalties under this section.

(g) The Secretary or the Secretary of Environment and Natural Resources may bring a civil action in the superior court of the county where the violation occurred or where the defendant resides to recover the amount of ~~the~~ an administrative penalty authorized under this section whenever a person:

- (1) Who has not requested an administrative hearing in accordance with subsection (e) of this section fails to pay the penalty within 60 days after being notified of the penalty; or
- (2) Who has requested an administrative hearing fails to pay the penalty within 60 days after service of a written copy of the final agency decision.

(h) A local health director may impose an administrative penalty on any person who willfully violates the wastewater collection, treatment, and disposal rules of the local board of health adopted pursuant to G.S. 130A-335(c) or who willfully violates a condition imposed upon a permit issued under the approved local rules. An administrative penalty may not be imposed upon a person who establishes that neither the site nor the system may be improved or a new system installed so as to comply with Article 11 of this Chapter. The local health director shall establish and recover the amount of the administrative penalty in accordance with subsections (d) and (g). Each day of a continuing violation shall constitute a separate violation. The penalty shall not exceed fifty dollars (\$50.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of no more than 480 gallons or in the case of any system serving a single one-family dwelling. The penalty shall not exceed three hundred dollars (\$300.00) per day in the case of a wastewater collection, treatment and disposal system with a design daily flow of more than 480 gallons which does not serve a single one-family dwelling. A person contesting a penalty imposed under this subsection shall be entitled to an administrative hearing and judicial review in accordance with G.S. 130A-24. A local board of health shall adopt rules concerning the imposition of administrative penalties under this subsection."

Section 11A.65. G.S. 130A-23 reads as rewritten:

"§ 130A-23. Suspension and revocation of permits and program participation.

(a) The Secretary may suspend or revoke a permit issued under this Chapter upon a finding that a violation of the applicable provisions of this Chapter, the rules of the Commission or a condition imposed upon the permit has occurred. A permit may also be suspended or revoked upon a finding that its issuance was based upon incorrect or inadequate information that materially affected the decision to issue the permit.

(b) The Secretary may suspend or revoke a person's participation in a program administered under this Chapter upon a finding that a violation of the applicable provisions of this Chapter or the rules of the Commission has occurred. Program participation may also be suspended or revoked upon a finding that participation was based upon incorrect or inadequate information that materially affected the decision to grant program participation.

(c) A person shall be given notice that there has been a tentative decision to suspend or revoke the permit or program participation and that an administrative hearing will be held in accordance with Chapter 150B of the General Statutes, the Administrative Procedure Act, at which time the person may challenge the tentative decision.

(d) A permit shall be suspended or revoked immediately if a violation of the Chapter, the rules or a condition imposed upon the permit presents an imminent hazard. An operation permit issued pursuant to G.S. 130A-281 shall be immediately suspended for failure of a public swimming pool to maintain minimum water quality or safety standards or design and construction standards pertaining to the abatement of suction hazards which result in an unsafe condition. A permit issued pursuant to G.S. 130A-248 shall be revoked immediately for failure of an establishment to maintain a minimum grade of C. The Secretary of Environment and Natural Resources shall immediately give notice of the suspension or revocation and the right of the permit holder or program participant to appeal the suspension or revocation under G.S. 150B-23.

(e) The Secretary of Environment and Natural Resources shall have all of the applicable rights enumerated in this section to enforce the provisions of Articles 8, 9, 10, 11, and 12 of this Chapter."

Section 11A.66. G.S. 130A-24 reads as rewritten:

"§ 130A-24. Appeals procedure.

(a) Appeals concerning the enforcement of rules adopted by the Commission, concerning the suspension and revocation of permits and program participation by the Secretary and concerning the imposition of administrative penalties by the Secretary shall be governed by Chapter 150B of the General Statutes, the Administrative Procedure Act.

(a1) Any person appealing an action taken by the Department pursuant to this Chapter or rules of the Commission shall file a petition for a contested case with the Office of Administrative Hearings as provided in G.S. 150B-23(a). The petition shall be filed not later than 30 days after notice of the action which confers the right of appeal unless a federal statute or regulation provides for a different time limitation. The time limitation imposed under this subsection shall commence when notice of the agency decision is given to all persons aggrieved. Such notice shall be provided to all persons known to the agency by personal delivery or by the placing of notice in an official depository of the United States Postal Service addressed to the person at the latest address provided to the agency by the person.

(b) Appeals concerning the enforcement of rules adopted by the local board of health and concerning the imposition of administrative penalties by a local health director shall be conducted in accordance with subsections (b), (c) and (d) of this

section. The aggrieved person shall give written notice of appeal to the local health director within 30 days of the challenged action. The notice shall contain the name and address of the aggrieved person, a description of the challenged action and a statement of the reasons why the challenged action is incorrect. Upon filing of the notice, the local health director shall, within five working days, transmit to the local board of health the notice of appeal and the papers and materials upon which the challenged action was taken.

(c) The local board of health shall hold a hearing within 15 days of the receipt of the notice of appeal. The board shall give the person not less than 10 days' notice of the date, time and place of the hearing. On appeal, the board shall have authority to affirm, modify or reverse the challenged action. The local board of health shall issue a written decision based on the evidence presented at the hearing. The decision shall contain a concise statement of the reasons for the decision.

(d) A person who wishes to contest a decision of the local board of health under subsection (b) of this section shall have a right of appeal to the district court having jurisdiction within 30 days after the date of the decision by the board. The scope of review in district court shall be the same as in G.S. 150B-51.

(e) The appeals procedures enumerated in this section shall apply to appeals concerning the enforcement of rules, the imposition of administrative penalties, or any other action taken by the Department of Environment and Natural Resources pursuant to Articles 8, 9, 10, 11, and 12 of this Chapter."

Section 11A.67. G.S. 130A-26.1(d) reads as rewritten:

"(d) For the purposes of the felony provisions of this section, a person's state of mind shall not be found 'knowingly and willfully' or 'knowingly' if the conduct that is the subject of the prosecution is the result of any of the following occurrences or circumstances:

- (1) A natural disaster or other act of God which could not have been prevented or avoided by the exercise of due care or foresight.
- (2) An act of third parties other than agents, employees, contractors, or subcontractors of the defendant.
- (3) An act done in reliance on the written advice or emergency on-site direction of an employee of the ~~Department~~ Department of Environment and Natural Resources. In emergencies, oral advice may be relied upon if written confirmation is delivered to the employee as soon as practicable after receiving and relying on the advice.
- (4) An act causing no significant harm to the environment or risk to the public health, safety, or welfare and done in compliance with other conflicting environmental requirements or other constraints imposed in writing by environmental agencies or officials after written notice is delivered to all relevant agencies that the conflict exists and will cause a violation of the identified standard.
- (5) Violations of permit limitations causing no significant harm to the environment or risk to the public health, safety, or welfare for which no enforcement action or civil penalty could have been imposed under

any written civil enforcement guidelines in use by the ~~Department~~ Department of Environment and Natural Resources at the time, including but not limited to, guidelines for the pretreatment permit civil penalties. This subdivision shall not be construed to require the ~~Department~~ Department of Environment and Natural Resources to develop or use written civil enforcement guidelines."

Section 11A.68. G.S. 130A-27 reads as rewritten:

"§ 130A-27. Recovery of money.

The Secretary or the Secretary of Environment and Natural Resources may institute an action in the county where the action arose or the county where the defendant resides to recover any money, other property or interest in property or the monetary value of goods or services provided or paid for by the Department or the Department of Environment and Natural Resources which are wrongfully paid or transferred to a person under a program administered by the Department or the Department of Environment and Natural Resources pursuant to this Chapter."

Section 11A.69. G.S. 130A-33.30 reads as rewritten:

"§ 130A-33.30. Commission of Anatomy – creation; powers and duties.

There is ~~hereby~~ created the Commission of Anatomy ~~of~~ in the Department ~~of Environment, Health, and Natural Resources~~ with the power and duty to adopt rules for the distribution of dead human bodies and parts thereof for the purpose of promoting the study of anatomy in the State of North Carolina. The Commission ~~is authorized to~~ may receive dead bodies pursuant to G.S. 130A-415 and to be a donee of a body or parts thereof pursuant to Part 3, Article 16 of Chapter 130A of the General Statutes known as the Uniform Anatomical Gift Act and to distribute such bodies or parts thereof pursuant to the rules adopted by the Commission."

Section 11A.70. G.S. 130A-33.31 reads as rewritten:

"§ 130A-33.31. Commission of Anatomy – Members; selection; term; chairman; quorum; meetings.

(a) The Commission of Anatomy shall consist of five members, one representative from the field of mortuary science, and one each from The University of North Carolina School of Medicine, East Carolina University School of Medicine, Duke University School of Medicine, and Bowman Gray School of Medicine. The dean of each school shall make recommendations and the Secretary ~~of Environment, Health, and Natural Resources~~ shall appoint from such recommendations a member to the Commission. The president of the State Board of Mortuary Science shall appoint the representative from the field of mortuary science to the Commission. The members shall serve terms of four years except two of the original members shall serve a term of one year, one shall serve a term of two years, one shall serve a term of three years, and one shall serve a term of four years. The Secretary shall determine the terms of the original members.

(b) Any appointment to fill a vacancy on the Commission created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term.

(c) The Secretary ~~shall have the power to~~ shall remove any member of the Commission from office for misfeasance, malfeasance or nonfeasance.

(d) The Commission shall elect a ~~chairman~~ chair annually from its own membership.

(e) A majority of the Commission shall constitute a quorum for the transaction of business.

(f) The Commission shall meet at any time and place within the State at the call of the ~~chairman~~ chair or upon the written request of three members.

(g) All clerical and other services required by the Commission shall be supplied by the ~~Secretary of Environment, Health, and Natural Resources.~~ Secretary."

Section 11A.71. G.S. 130A-33.40 reads as rewritten:

"§ 130A-33.40. Governor's Council on Physical Fitness and Health – creation; powers; duties.

There is hereby created the Governor's Council on Physical Fitness and Health in the ~~Department of Environment, Health, and Natural Resources.~~ Department. The Council shall have the following functions and duties:

- (1) To promote interest in the area of physical fitness; to consider the need for new State programs in the field of physical fitness; to enlist the active support of individual citizens, professional and civic groups, amateur and professional athletes, voluntary organizations, State and local government agencies, private industry and business, and community recreation programs in efforts to improve the physical fitness and ~~thereby~~ the health of the citizens of North Carolina;
- (2) To examine current programs of physical fitness available to the people of North Carolina, and to make recommendations to the Governor for coordination of programs to prevent duplication of such services; to support programs of physical fitness in the public school systems; to develop cooperative programs with medical, dental, and other groups; to maintain a liaison with government, private and other agencies concerning physical fitness programs; to stimulate research in the area of physical fitness; to sponsor physical fitness workshops, clinics, conferences, and other related activities pertaining to physical fitness throughout the State;
- (3) To serve as an agency for recognizing outstanding developments, contributions, and achievements in physical fitness in North Carolina;
- (3a) To serve as the North Carolina sanctioning body for the State Games and for other competitive athletic events for which sanctioning by the State is required; and
- (4) To make an annual report to the Governor and to the ~~Secretary of Environment, Health, and Natural Resources,~~ Secretary, including ~~therein~~ suggestions and recommendations for the furtherance of the physical fitness of the people of North Carolina."

Section 11A.72. G.S. 130A-33.41 reads as rewritten:

"§ 130A-33.41. The Governor's Council on Physical Fitness and Health – members; selection; quorum; compensation.

The Governor's Council on Physical Fitness in the Department of ~~Environment, Health, and Natural Resources~~ shall consist of 10 members, including a ~~chairman~~ chair.

- (1) The composition of the Council shall be as follows: one member of the Senate appointed by the President Pro Tempore of the Senate, and one member of the House of Representatives appointed by the Speaker of the House of Representatives, and eight persons from the health care professions, the fields of business and industry, physical education, recreation, sports and the general public. The eight nonlegislative members of the Council shall be appointed by the Governor to serve at ~~his~~ the Governor's pleasure.
- (2) The eight initial nonlegislative members of the Council shall be appointed ~~thusly~~ as follows: two for a term of one year, two for a term of two years, two for a term of three years, two for a term of four years. At the end of the respective terms of office of these initial members, all succeeding appointments of nonlegislative members shall be for terms of four years; nonlegislative members shall serve no more than two consecutive four-year terms; all unexpired terms due to resignation, death, disability, removal or refusal to serve shall be filled by a qualified person appointed by the Governor for the balance of the unexpired term.
- (3) Legislative members of the Council shall serve two-year terms beginning and ending on July 1 of odd-numbered years, and shall serve no more than two consecutive terms.
- (4) Members of the Governor's Council shall receive per diem and necessary travel and subsistence expenses in accordance with G.S. 138-5 or 138-6, or travel and subsistence expenses under G.S. 120-3.1, as appropriate.
- (5) The Council shall meet no more than quarterly.
- (6) A majority of the Governor's Council shall constitute a quorum for the transaction of business."

Section 11A.73. G.S. 130A-33.43 reads as rewritten:

"§ 130A-33.43. Minority Health Advisory Council.

There is established the Minority Health Advisory Council in the ~~Department of Environment, Health, and Natural Resources~~ Department. The Council shall have the following duties and responsibilities:

- (1) To make recommendations to the Governor and the Secretary of ~~Environment, Health, and Natural Resources~~ aimed at improving the health status of North Carolina's minority populations;
- (2) To identify and examine the limitations and problems associated with existing laws, regulations, programs and services related to the health status of North Carolina's minority populations;

- (3) To examine the financing and access to health services for North Carolina's minority populations;
- (4) To identify and review health promotion and disease prevention strategies relating to the leading causes of death and disability among minority populations; and
- (5) To advise the Governor and the Secretary ~~of Environment, Health, and Natural Resources~~ upon any matter which the Governor or Secretary may refer to it."

Section 11A.74. G.S. 130A-33.44 reads as rewritten:

"§ 130A-33.44. Minority Health Advisory Council – members; selection; quorum; compensation.

(a) The Minority Health Advisory Council in the Department ~~of Environment, Health, and Natural Resources~~ shall consist of 15 members to be appointed as follows:

- (1) Five members shall be appointed by the Governor. Members appointed by the Governor shall be representatives of the following: health care providers, public health, health related public and private agencies and organizations, community-based organizations, and human ~~resources~~ services agencies and organizations.
- (2) Five members shall be appointed by the Speaker of the House of Representatives, two of whom shall be members of the House of Representatives, and at least one of whom shall be a public member. The remainder of the Speaker's appointees shall be representative of any of the entities named in subdivision (1) of this ~~section~~ subsection.
- (3) Five members shall be appointed by the President Pro Tempore of the Senate, two of whom shall be members of the Senate, and at least one of whom shall be a public member. The remainder of the President Pro Tempore's appointees shall be representative of any of the entities named in subdivision (1) of this ~~section~~ subsection.
- (4) Of the members appointed by the Governor, two shall serve initial terms of one year, two shall serve initial terms of two years, and one shall serve an initial term of three years. Thereafter, the Governor's appointees shall serve terms of four years.
- (5) Of the nonlegislative members appointed by the Speaker of the House of Representatives, two shall serve initial terms of two years, and one shall serve an initial term of three years. Thereafter, nonlegislative members appointed by the Speaker of the House of Representatives shall serve terms of four years. Of the nonlegislative members appointed by the President Pro Tempore of the Senate, two shall serve initial terms of two years, and one shall serve an initial term of three years. Thereafter, nonlegislative members appointed by the President Pro Tempore of the Senate shall serve terms of four years. Legislative members of the Council shall serve two-year terms.

(b) The Chairperson of the Council shall be elected by the Council from among its membership.

(c) The majority of the Council shall constitute a quorum for the transaction of business.

(d) Members of the Council shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6, or travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1, as applicable.

(e) All clerical support and other services required by the Council shall be provided by the ~~Department of Environment, Health, and Natural Resources.~~ Department."

Section 11A.75. G.S. 130A-33.50 reads as rewritten:

"§ 130A-33.50. Advisory Committee on Cancer Coordination and Control established; membership, compensation.

(a) The Advisory Committee on Cancer Coordination and Control is ~~created~~ established in the ~~Department of Environment, Health, and Natural Resources.~~ Department.

(b) The Committee shall have 24 members, including the Secretary of the ~~Department of Environment, Health, and Natural Resources, who shall chair the Committee.~~ Secretary's designee. The members of the Committee shall elect a chair and vice-chair from among the Committee membership. The Committee shall meet at the call of the chair. Six of the members shall be legislators, three of whom shall be appointed by the Speaker of the House of Representatives, and three of whom shall be appointed by the President Pro Tempore of the Senate. Two of the members shall be cancer survivors, one of whom shall be appointed by the Speaker of the House of Representatives, and one of whom shall be appointed by the President Pro Tempore of the Senate. The remainder of the members shall be appointed by the Governor as follows:

- (1) One member from the Department of ~~Environment, Health,~~ Environment and Natural Resources;
- (2) Three members, one from each of the following: the ~~Department of Human Resources, Department,~~ the Department of Public Instruction, and the North Carolina Community College System;
- (3) Four members representing the cancer control programs at North Carolina medical schools, one from each of the following: the University of North Carolina at Chapel Hill School of Medicine, the Bowman Gray School of Medicine, the Duke University School of Medicine, and the East Carolina University School of Medicine;
- (4) One member who is an oncology nurse representing the North Carolina Nurses Association;
- (5) One member representing the Cancer Committee of the North Carolina Medical Society;
- (6) One member representing the Old North State Medical Society;
- (7) One member representing the American Cancer Society, North Carolina Division, Inc.;
- (8) One member representing the North Carolina Hospital Association;

- (9) One member representing the North Carolina Association of Local Health Directors;
- (10) One member who is a primary care physician licensed to practice medicine in North Carolina.

Except for the ~~Secretary of the Department of Environment, Health, and Natural Resources, Secretary,~~ the members shall be appointed for staggered four-year terms and until their successors are appointed and qualify. However, the following appointees shall serve initial two-year terms: two of the legislators appointed by the Speaker of the House of Representatives; one of the legislators appointed by the President Pro Tempore of the Senate; the cancer survivor appointed by the President Pro Tempore of the Senate; and the members representing the ~~Department of Human Resources, Department,~~ the Department of Public Instruction, the University of North Carolina at Chapel Hill School of Medicine, the Bowman Gray School of Medicine, the Cancer Committee of the North Carolina Medical Society, the Old North State Medical Society, the North Carolina Hospital Association, and the North Carolina Association of Local Health Directors. The Governor may remove any member of the Committee from office in accordance with the provisions of G.S. 143B-13. Members may succeed themselves for one term and may be appointed again after being off the Committee for one term.

(c) The Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the Governor shall make their appointments to the Committee not later than 30 days after the adjournment of the 1993 Regular Session of the General Assembly. A vacancy on the Committee shall be filled by the original appointing authority, using the criteria set out in this section for the original appointment.

(d) To the extent that funds are made available, members of the Committee shall receive per diem and necessary travel and subsistence expenses in accordance with G.S. 138-5.

(e) A majority of the Committee shall constitute a quorum for the transaction of its business.

(f) The Committee may use funds allocated to it to employ an administrative staff person to assist the Committee in carrying out its duties. The Secretary of ~~Environment, Health, and Natural Resources~~ shall provide clerical and other support staff services needed by the Committee."

Section 11A.76. G.S. 130A-131.2 reads as rewritten:

"§ 130A-131.2. Council role.

The Council shall advise the ~~Department of Environment, Health, and Natural Resources~~ and the Commission for Health Services on the needs of persons with sickle cell syndrome, and shall make recommendations to meet these needs. Such recommendations shall include but not be limited to recommendations for legislative action and for rules regarding the services of the Sickle Cell Program. The Council shall develop procedures to facilitate its operation. All clerical and other services required by the Council shall be furnished by the ~~Department of Environment, Health, and Natural Resources~~ within budget limitations."

Section 11A.77. G.S. 130A-131.15(c) reads as rewritten:

"(c) The Department shall evaluate all of the adolescent pregnancy prevention projects funded as a result of this program at least yearly and shall report its findings to the Commission for Health Services, the Joint Legislative Commission on Governmental Operations, and the Chairmen of the House Appropriations Subcommittee on ~~Natural and Economic Resources~~, Health and Human Services, and the Senate Appropriations Committee on ~~Natural and Economic Resources~~ Health and Human Services by April 1 of each year. The evaluation shall be conducted by a firm or individual external to the Department. Any evaluation of these projects shall include a study of the effectiveness of the project in reducing the pregnancy rate within the target population."

Section 11A.77A. G.S. 130A-227 reads as rewritten:

"§ 130A-227. Department to establish ~~program~~. program; definitions.

(a) For the purpose of promoting a safe and healthful environment and developing corrective measures required to minimize environmental health hazards, the Department shall establish a sanitation program. The Department shall employ environmental engineers, sanitarians, soil scientists and other scientific personnel necessary to carry out the sanitation provisions of this Chapter and the rules of the Commission.

(b) The following definitions shall apply throughout this Article:

- (1) 'Department' means the Department of Environment and Natural Resources.
- (2) 'Secretary' means the Secretary of Environment and Natural Resources."

Section 11A.78. G.S. 130A-231 reads as rewritten:

"§ 130A-231. ~~Agreements between the State Health Director~~ Division of Environmental Health and the Division of Marine Fisheries.

Nothing in this Part is intended to limit the authority of the Division of Marine Fisheries of the Department of Environment and Natural Resources to regulate aspects of the harvesting, processing and handling of scallops, shellfish and crustacea relating to conservation of the fisheries resources of the State. The ~~State Health Director~~ Division of Environmental Health and the Division of Marine Fisheries are authorized to enter into agreements respecting the duties and responsibilities of each agency as to the harvesting, processing and handling of scallops, shellfish and crustacea."

Section 11A.79. G.S. 130A-235 reads as rewritten:

"§ 130A-235. Regulation of sanitation in institutions.

For protection of the public health, the Commission shall adopt rules to establish sanitation requirements for all institutions and facilities at which individuals are provided room or board and for which a license to operate is required to be obtained or a certificate for payment is obtained from the ~~Department of Human Resources~~. Department. The rules shall also apply to facilities that provide room and board to individuals but are exempt from licensure under G.S. 131D-10.4(1). No other State agency may adopt rules to establish sanitation requirements for these institutions and facilities. The Department ~~of Human Resources~~ shall issue a license to operate or a certificate for payment to such an institution or facility only upon compliance with all

applicable sanitation rules of the Commission, and the Department of ~~Human Resources~~ may suspend or revoke a license or a certificate for payment for violation of these rules. In adopting rules pursuant to this section, the Commission shall define categories of standards to which such institutions and facilities shall be subject and shall establish criteria for the placement of any such institution or facility into one of the categories. This section shall not apply to State institutions and facilities subject to inspection under G.S. 130A-5(10)."

Section 11A.80. G.S. 130A-280 reads as rewritten:

"§ 130A-280. Scope.

This Article provides for the regulation of public swimming pools in the State as they may affect the public health and safety. As used in this Article, the term 'public swimming pool' means any structure, chamber, or tank containing an artificial body of water used by the public for swimming, diving, wading, recreation, or therapy, together with buildings, appurtenances, and equipment used in connection with the body of water, regardless of whether a fee is charged for its use. The term includes municipal, school, hotel, motel, apartment, boarding house, athletic club, or other membership facility pools and spas. This Article does not apply to a private pool serving a single family dwelling and used only by the residents of the dwelling and their guests. This Article also does not apply to therapeutic pools used in physical therapy programs operated by medical facilities licensed by the Department of ~~Human Resources~~—or operated by a licensed physical therapist, nor to therapeutic chambers drained, cleaned, and refilled after each individual use."

Section 11A.81. G.S. 130A-290(a), as amended by S.L. 1997-27, reads as rewritten:

"(a) Unless a different meaning is required by the context, the following definitions shall apply throughout this Article:

- (1) 'Affiliate' has the same meaning as in 17 Code of Federal Regulations § 240.12b-2 (1 April 1996 Edition).
- (1a) 'CERCLA/SARA' means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, Pub. L. No. 96-510, 94 Stat. 2767, 42 U.S.C. § 9601 et seq., as amended, and the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499, 100 Stat. 1613, as amended.
- (1b) 'Chemical or portable toilet' means a self-contained mobile toilet facility and holding tank and includes toilet facilities in recreational vehicles.
- (1c) 'Chlorofluorocarbon refrigerant' means any of the following when used as a liquid heat transfer agent in a mechanical refrigeration system: carbon tetrachloride, chlorofluorocarbons, halons, or methyl chloroform.
- (2) 'Closure' means the cessation of operation of a solid waste management facility and the act of securing the facility so that it will pose no significant threat to human health or the environment.

- (3) 'Commercial' when applied to a hazardous waste facility, means a hazardous waste facility that accepts hazardous waste from the general public or from another person for a fee.
- (4) 'Construction' or 'demolition' when used in connection with 'waste' or 'debris' means solid waste resulting solely from construction, remodeling, repair, or demolition operations on pavement, buildings, or other structures, but does not include inert debris, land-clearing debris or yard debris.
- (4a) 'Department' means the Department of Environment and Natural Resources.
- (5) Repealed by Session Laws 1995 (Regular Session, 1996), c. 594, s. 1.
- (6) 'Disposal' means the discharge, deposit, injection, dumping, spilling, leaking or placing of any solid waste into or on any land or water so that the solid waste or any constituent part of the solid waste may enter the environment or be emitted into the air or discharged into any waters, including groundwaters.
- (7) 'Garbage' means all putrescible wastes, including animal offal and carcasses, and recognizable industrial by-products, but excluding sewage and human waste.
- (8) 'Hazardous waste' means a solid waste, or combination of solid wastes, which because of its quantity, concentration or physical, chemical or infectious characteristics may:
 - a. Cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness; or
 - b. Pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, disposed of or otherwise managed.
- (9) 'Hazardous waste facility' means a facility for the collection, storage, processing, treatment, recycling, recovery, or disposal of hazardous waste.
- (10) 'Hazardous waste generation' means the act or process of producing hazardous waste.
- (11) 'Hazardous waste disposal facility' means any facility or any portion of a facility for disposal of hazardous waste on or in land in accordance with rules adopted under this Article.
- (12) 'Hazardous waste management' means the systematic control of the collection, source separation, storage, transportation, processing, treatment, recovery and disposal of hazardous wastes.
- (13) 'Hazardous waste management program' means the program and activities within the Department pursuant to Part 2 of this Article, for hazardous waste management.
- (13a) 'Industrial solid waste' means solid waste generated by manufacturing or industrial processes that is not hazardous waste.

- (14) 'Inert debris' means solid waste which consists solely of material that is virtually inert and that is likely to retain its physical and chemical structure under expected conditions of disposal.
- (15) 'Land-clearing debris' means solid waste which is generated solely from land-clearing activities.
- (16) 'Landfill' means a disposal facility or part of a disposal facility where waste is placed in or on land and which is not a land treatment facility, a surface impoundment, an injection well, a hazardous waste long-term storage facility or a surface storage facility.
- (17) 'Manifest' means the form used for identifying the quantity, composition and the origin, routing and destination of hazardous waste during its transportation from the point of generation to the point of disposal, treatment or storage.
- (18) 'Medical waste' means any solid waste which is generated in the diagnosis, treatment, or immunization of human beings or animals, in research pertaining thereto, or in the production or testing of biologicals, but does not include any hazardous waste identified or listed pursuant to this Article, radioactive waste, household waste as defined in 40 Code of Federal Regulations § 261.4(b)(1) in effect on 1 July 1989, or those substances excluded from the definition of 'solid waste' in this section.
- (18a) 'Municipal solid waste' means any solid waste resulting from the operation of residential, commercial, industrial, governmental, or institutional establishments that would normally be collected, processed, and disposed of through a public or private solid waste management service. Municipal solid waste does not include hazardous waste, sludge, industrial waste managed in a solid waste management facility owned and operated by the generator of the industrial waste for management of that waste, or solid waste from mining or agricultural operations.
- (18b) 'Municipal solid waste management facility' means any publicly or privately owned solid waste management facility permitted by the Department that receives municipal solid waste for processing, treatment, or disposal.
- (19) 'Natural resources' means all materials which have useful physical or chemical properties which exist, unused, in nature.
- (20) 'Open dump' means a solid waste disposal site which is not a sanitary landfill.
- (21) 'Operator' means any person, including the owner, who is principally engaged in, and is in charge of, the actual operation, supervision, and maintenance of a solid waste management facility and includes the person in charge of a shift or periods of operation during any part of the day.

- (21a) 'Parent' has the same meaning as in 17 Code of Federal Regulations § 240.12b-2 (1 April 1996 Edition).
- (22) 'Person' means an individual, corporation, company, association, partnership, unit of local government, State agency, federal agency or other legal entity.
- (23) 'Processing' means any technique designed to change the physical, chemical, or biological character or composition of any solid waste so as to render it safe for transport; amenable to recovery, storage or recycling; safe for disposal; or reduced in volume or concentration.
- (24) 'Recovered material' means a material that has known recycling potential, can be feasibly recycled, and has been diverted or removed from the solid waste stream for sale, use, or reuse. In order to qualify as a recovered material, a material must meet the requirements of G.S. 130A-309.05(c).
- (25) 'RCRA' means the Resource Conservation and Recovery Act of 1976, Pub. L. 94-580, 90 Stat. 2795, 42 U.S.C. § 6901 et seq., as amended.
- (26) 'Recyclable material' means those materials which are capable of being recycled and which would otherwise be processed or disposed of as solid waste.
- (27) 'Recycling' means any process by which solid waste, or materials which would otherwise become solid waste, are collected, separated, or processed, and reused or returned to use in the form of raw materials or products.
- (28) 'Refuse' means all nonputrescible waste.
- (28a) 'Refuse-derived fuel' means fuel that consists of municipal solid waste from which recyclable and noncombustible materials are removed so that the remaining material is used for energy production.
- (29) 'Resource recovery' means the process of obtaining material or energy resources from discarded solid waste which no longer has any useful life in its present form and preparing the solid waste for recycling.
- (30) 'Reuse' means a process by which resources are reused or rendered usable.
- (31) 'Sanitary landfill' means a facility for disposal of solid waste on land in a sanitary manner in accordance with the rules concerning sanitary landfills adopted under this Article.
- (31a) 'Secretary' means the Secretary of Environment and Natural Resources.
- (32) 'Septage' means solid waste that is a fluid mixture of untreated and partially treated sewage solids, liquids, and sludge of human or domestic origin which is removed from a wastewater system. The term septage includes the following:
 - a. Domestic septage, which is either liquid or solid material removed from a septic tank, cesspool, portable toilet, Type III marine sanitation device, or similar treatment works receiving

- only domestic sewage. Domestic septage does not include liquid or solid material removed from a septic tank, cesspool, or similar treatment works receiving either commercial wastewater or industrial wastewater and does not include grease removed from a grease trap at a restaurant.
- b. Domestic treatment plant septage, which is solid, semisolid, or liquid residue generated during the treatment of domestic sewage in a treatment works where the designed disposal is subsurface. Domestic treatment plant septage includes, but is not limited to, scum or solids removed in primary, secondary, or advanced wastewater treatment processes and a material derived from domestic treatment plant septage. Domestic treatment plant septage does not include ash generated during the firing of domestic treatment plant septage in an incinerator or grit and screenings generated during preliminary treatment of domestic sewage in a treatment works.
 - c. Grease septage, which is material pumped from grease interceptors, separators, traps, or other appurtenances used for the purpose of removing cooking oils, fats, grease, and food debris from the waste flow generated from food handling, preparation, and cleanup.
 - d. Industrial or commercial septage, which is material pumped from septic tanks or other devices used in the collection, pretreatment, or treatment of any water-carried waste resulting from any process of industry, manufacture, trade, or business where the design disposal of the wastewater is subsurface. Domestic septage mixed with any industrial or commercial septage is considered industrial or commercial septage.
 - e. Industrial or commercial treatment plant septage, which is solid, semisolid, or liquid residue generated during the treatment of sewage that contains any waste resulting from any process of industry, manufacture, trade, or business in a treatment works where the designed disposal is subsurface. Industrial or commercial treatment plant septage includes, but is not limited to, scum or solids removed in primary, secondary, or advanced wastewater treatment processes and a material derived from domestic treatment plant septage. Industrial or commercial treatment plant septage does not include ash generated during the firing of industrial or commercial treatment plant septage in an incinerator or grit and screenings generated during preliminary treatment of domestic sewage in a treatment works.
- (33) 'Septage management firm' means a person engaged in the business of pumping, transporting, storing, treating or disposing septage. The term

does not include public or community wastewater systems that treat or dispose septage.

- (34) 'Sludge' means any solid, semisolid or liquid waste generated from a municipal, commercial, institutional or industrial wastewater treatment plant, water supply treatment plant or air pollution control facility, or any other waste having similar characteristics and effects.
- (35) 'Solid waste' means any hazardous or nonhazardous garbage, refuse or sludge from a waste treatment plant, water supply treatment plant or air pollution control facility, domestic sewage and sludges generated by the treatment thereof in sanitary sewage collection, treatment and disposal systems, and other material that is either discarded or is being accumulated, stored or treated prior to being discarded, or has served its original intended use and is generally discarded, including solid, liquid, semisolid or contained gaseous material resulting from industrial, institutional, commercial and agricultural operations, and from community activities. The term does not include:
- a. Fecal waste from fowls and animals other than humans.
 - b. Solid or dissolved material in:
 1. Domestic sewage and sludges generated by treatment thereof in sanitary sewage collection, treatment and disposal systems which are designed to discharge effluents to the surface waters.
 2. Irrigation return flows.
 3. Wastewater discharges and the sludges incidental to and generated by treatment which are point sources subject to permits granted under Section 402 of the Water Pollution Control Act, as amended (P.L. 92-500), and permits granted under G.S. 143-215.1 by the Environmental Management Commission. However, any sludges that meet the criteria for hazardous waste under RCRA shall also be a solid waste for the purposes of this Article.
 - c. Oils and other liquid hydrocarbons controlled under Article 21A of Chapter 143 of the General Statutes. However, any oils or other liquid hydrocarbons that meet the criteria for hazardous waste under RCRA shall also be a solid waste for the purposes of this Article.
 - d. Any source, special nuclear or byproduct material as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. § 2011).
 - e. Mining refuse covered by the North Carolina Mining Act, G.S. 74-46 through 74-68 and regulated by the North Carolina Mining Commission (as defined under G.S. 143B-290). However, any specific mining waste that meets the criteria for

hazardous waste under RCRA shall also be a solid waste for the purposes of this Article.

- f. Recovered material.
- (36) 'Solid waste disposal site' means any place at which solid wastes are disposed of by incineration, sanitary landfill or any other method.
- (37) 'Solid waste generation' means the act or process of producing solid waste.
- (38) 'Solid waste management' means purposeful, systematic control of the generation, storage, collection, transport, separation, treatment, processing, recycling, recovery and disposal of solid waste.
- (39) 'Solid waste management facility' means land, personnel and equipment used in the management of solid waste.
- (40) 'Special wastes' means solid wastes that can require special handling and management, including white goods, whole tires, used oil, lead-acid batteries, and medical wastes.
- (41) 'Storage' means the containment of solid waste, either on a temporary basis or for a period of years, in a manner which does not constitute disposal.
- (41a) 'Subsidiary' has the same meaning as in 17 Code of Federal Regulations § 240.12b-2 (1 April 1996 Edition).
- (41b) 'Tire-derived fuel' means a form of fuel derived from scrap tires.
- (42) 'Treatment' means any method, technique or process, including neutralization, designed to change the physical, chemical or biological character or composition of any hazardous waste so as to neutralize such waste or so as to render such waste nonhazardous, safer for transport, amenable for recovery, amenable for storage or reduced in volume. 'Treatment' includes any activity or processing designed to change the physical form or chemical composition of hazardous waste so as to render it nonhazardous.
- (43) 'Unit of local government' means a county, city, town or incorporated village.
- (44) 'White goods' includes refrigerators, ranges, water heaters, freezers, unit air conditioners, washing machines, dishwashers, clothes dryers, and other similar domestic and commercial large appliances.
- (45) 'Yard trash' means solid waste consisting solely of vegetative matter resulting from landscaping maintenance."

Section 11A.81A. G.S. 130A-313, as amended by S.L. 1997-30, reads as rewritten:

"§ 130A-313. Definitions.

The following definitions shall apply throughout this Article:

- (1) 'Administrator' means the Administrator of the United States Environmental Protection Agency.
- (2) 'Certified laboratory' means a facility for performing bacteriological, chemical or other analyses on water which has received interim or

final certification by either the Environmental Protection Agency or the Department.

- (3) 'Contaminant' means any physical, chemical, biological or radiological substance or matter in water.
- (3a) 'Department' means the Department of Environment and Natural Resources.
- (4) 'Drinking water rules' means rules adopted pursuant to this Article.
- (5) 'Federal act' means the Safe Drinking Water Act of 1974, P.L. 93-523, as amended.
- (6) 'Federal agency' means any department, agency or instrumentality of the United States.
- (7) 'Maximum contaminant level' means the maximum permissible level of a contaminant in water which is delivered to any user of a public water system.
- (8) 'National primary drinking water regulations' means primary drinking water regulations promulgated by the Administrator pursuant to the federal act.
- (9) 'Person' means an individual, corporation, company, association, partnership, unit of local government, State agency, federal agency or other legal entity.
- (10) 'Public water system' means a system for the provision to the public of water for human consumption through pipes or other constructed conveyances if the system serves 15 or more service connections or which regularly serves 25 or more individuals. The term includes:
 - a. Any collection, treatment, storage or distribution facility under control of the operator of the system and used primarily in connection with the system; and
 - b. Any collection or pretreatment storage facility not under the control of the operator of the system that is used primarily in connection with the system.

A public water system is either a 'community water system' or a 'noncommunity water system' as follows:

- a. 'Community water system' means a public water system that serves 15 or more service connections or which regularly serves at least 25 year-round residents.
- b. 'Noncommunity water system' means a public water system that is not a community water system.

A connection to a system that delivers water by a constructed conveyance other than a pipe is not a connection within the meaning of this subdivision under any one of the following circumstances:

- a. The water is used exclusively for purposes other than residential uses. As used in this subdivision, 'residential uses' mean drinking, bathing, cooking, or other similar uses.

- b. The Department determines that alternative water to achieve the equivalent level of public health protection pursuant to applicable drinking water rules is provided for residential uses.
 - c. The Department determines that the water provided for residential uses is centrally treated or treated at the point of entry by the provider, a pass-through entity, or the user to achieve the equivalent level of protection provided by the applicable drinking water rules.
- (10a) 'Secretary' means the Secretary of Environment and Natural Resources.
 - (11) 'Supplier of water' means a person who owns, operates or controls a public water system.
 - (12) 'Treatment technique requirement' means a requirement of the drinking water rules which specifies a specific treatment technique for a contaminant which leads to reduction in the level of the contaminant sufficient to comply with the drinking water rules.

Section 11A.82. G.S. 130A-334 reads as rewritten:

"§ 130A-334. Definitions.

The following definitions shall apply throughout this Article:

- (1) 'Construction' means any work at the site of placement done for the purpose of preparing a residence, place of business or place of public assembly for initial occupancy, or subsequent additions or modifications which increase sewage flow.
- (1a) 'Department' means the Department of Environment and Natural Resources.
- (2) Repealed by Session Laws 1985, c. 462, s. 18.
- (2a) 'Industrial process wastewater' means any water-carried waste resulting from any process of industry, manufacture, trade, or business.
- (3) 'Location' means the initial placement for occupancy of a residence, place of business or place of public assembly.
- (3a) 'Maintenance' means normal or routine maintenance including replacement of broken pipes, cleaning, or adjustment to an existing wastewater system.
- (4), (5) Repealed by Session Laws 1985, c. 462, s. 18.
- (6) 'Place of business' means a store, warehouse, manufacturing establishment, place of amusement or recreation, service station, office building or any other place where people work.
- (7) 'Place of public assembly' means a fairground, auditorium, stadium, church, campground, theater or any other place where people assemble.
- (7a) 'Plat' means a property survey prepared by a registered land surveyor, drawn to a scale of one inch equals no more than 60 feet, that includes: the specific location of the proposed facility and appurtenances, the site for the proposed wastewater system, and the location of water

supplies and surface waters. 'Plat' also means, for subdivision lots approved by the local planning authority and recorded with the county register of deeds, a copy of the recorded subdivision plat that is accompanied by a site plan that is drawn to scale.

- (7b) 'Pretreatment' means any biological, chemical, or physical process or system for improving wastewater quality and reducing wastewater constituents prior to final treatment and disposal in a subsurface wastewater system and includes, but is not limited to aeration, clarification, digestion, disinfection, filtration, separation, and settling.
- (8) 'Public or community wastewater system' means a single system of wastewater collection, treatment and disposal owned and operated by a sanitary district, a metropolitan sewage district, a water and sewer authority, a county or municipality or a public utility.
- (9) 'Relocation' means the displacement of a residence or place of business from one site to another.
- (9a) 'Repair' means the extension, alteration, of a wastewater system.
- (10) 'Residence' means a private home, dwelling unit in a multiple family structure, hotel, motel, summer camp, labor work camp, manufactured home, institution or any other place where people reside.
- (10a) 'Secretary' means the Secretary of Environment and Natural Resources.
- (11) Repealed by Session Laws 1992, c. 944, s. 3.
- (12) 'Septic tank system' means a subsurface wastewater system consisting of a settling tank and a subsurface disposal field.
- (13) 'Sewage' means the liquid and solid human body waste and liquid waste generated by water-using fixtures and appliances, including those associated with foodhandling. The term does not include industrial process wastewater or sewage that is combined with industrial process wastewater.
- (13a) 'Site plan' means a drawing not necessarily drawn to scale that shows the existing and proposed property lines with dimensions, the location of the facility and appurtenances, the site for the proposed wastewater system, and the location of water supplies and surface waters.
- (14) 'Wastewater' means any sewage or industrial process wastewater discharged, transmitted, or collected from a residence, place of business, place of public assembly, or other places into a wastewater system.
- (15) 'Wastewater system' means a system of wastewater collection, treatment, and disposal in single or multiple components, including a privy, septic tank system, public or community wastewater system, wastewater reuse or recycle system, mechanical or biological wastewater treatment system, any other similar system, and any chemical toilet used only for human waste."

Section 11A.83. G.S. 130A-336(d) reads as rewritten:

"(d) If a local health department repeatedly fails to issue or deny improvement permits for conventional septic tank systems within 60 days of receiving completed applications for the permits, then the Department of ~~Environment, Health, and Natural Resources~~ of Environment and Natural Resources may withhold public health funding from that local health department."

Section 11A.83A. G.S. 130A-346 reads as rewritten:

"§ 130A-346. Mosquito and vector control ~~program~~-program; definitions.

(a) The Department shall establish and administer a vector control program to protect the public health and to promote an environment suitable for habitation. A vector is a living transporter and transmitter of the causative agent of a disease. The program shall address the problems presented by vectors and other arthropods and rodents of public health significance in this State, including, but not limited to, mosquitoes, ticks, rodents, fleas and flies. The Department is authorized to engage in research, conduct investigations and surveillance, implement a vector control program and take other actions necessary to control vectors.

(b) The Commission shall adopt rules necessary to implement the program including rules for the control of vectors and other arthropods and rodents.

(c) The following definitions shall apply throughout this Article:

(1) 'Department' means the Department of Environment and Natural Resources.

(2) 'Secretary' means the Secretary of Environment and Natural Resources."

Section 11A.84. G.S. 130A-342(c) reads as rewritten:

"(c) The performance of individual aerobic treatment plants is to be documented by the counties and sent to the Department of ~~Environment, Health, and Natural Resources~~ annually."

Section 11A.85. G.S. 130A-423 reads as rewritten:

"§ 130A-423. North Carolina Childhood Vaccine-Related Injury Compensation Program; exclusive remedy; relationship to federal law; subrogation.

(a) There is established the North Carolina Childhood Vaccine-Related Injury Compensation Program.

(b) The rights and remedies granted the claimant, the claimant's parent, guardian ad litem, guardian, or personal representative shall exclude all other rights and remedies of the claimant, his parent, guardian ad litem, guardian, or personal representative against any respondent at common law or otherwise on account of ~~such~~ injury, illness, disability, death, or condition. If ~~such~~ an action is filed, it shall be dismissed, with prejudice, on the motion of any party under law.

(b1) A claimant may file a petition pursuant to this Article only after ~~such~~ the claimant has filed an election pursuant to Section 2121 of the Public Health Service Act, P.L. 99-660, permitting ~~such~~ the claimant to file a civil action for damages for a vaccine-related injury or death or if ~~such~~ the claimant is otherwise permitted by federal law to file an action against a vaccine manufacturer.

(c) Nothing in this Article prohibits any individual from bringing a civil action against a vaccine manufacturer for damages for a vaccine-related injury or death if the

action is not barred by federal law under subtitle 2 of Title XXI of the Public Health Service Act.

(d) If any action is brought against a vaccine manufacturer as permitted by subtitle 2 of Title XXI of the Public Health Service Act and subsection (c) of this section, the plaintiff in the action may recover damages only to the extent permitted by subdivisions (1) through (3) of subsection (a) of G.S. 130A-427. The aggregate amount awarded in any ~~such~~ action may not exceed the limitation established by subsection (b) of G.S. 130A-427. Regardless of whether ~~such~~ an action is brought against a vaccine manufacturer, a claimant who has filed an election pursuant to Section 2121 of the Public Health Service Act, as enacted into federal law by Public Law 99-660, permitting ~~such~~ a claimant to file a civil action for damages for a vaccine-related injury or death, or who is otherwise permitted by federal law to file an action against a vaccine manufacturer, may file a petition pursuant to G.S. 130A-425 to obtain services from the Department ~~and the Department of Human Resources~~ pursuant to subdivision (5) of subsection (a) of G.S. 130A-427 and, if no action has been brought against a vaccine manufacturer, to obtain other relief available pursuant to G.S. 130A-427.

(e) In order to prevent recovery of duplicate damages, or the imposition of duplicate liability, in the event that an individual seeks an award pursuant to G.S. 130A-427 and also files suit against the manufacturer as permitted by subtitle 2 of Title XXI of the Public Health Service Act and subsection (c) of this section, the following provisions shall apply:

- (1) If, at the time an award is made pursuant to G.S. 130A-427, an individual has already recovered damages from a manufacturer pursuant to a judgment or settlement, the award shall consist only of a commitment to provide services pursuant to subdivision (5) of subsection (a) of G.S. 130A-427.
- (2) If, at any time after an award is made to a claimant pursuant to G.S. 130A-427, an individual recovers damages for the same vaccine-related injury from a manufacturer pursuant to a judgment or settlement, the individual who recovers the damages shall reimburse the State for all amounts previously recovered from the State in the prior proceeding. Before a defendant in any action for a vaccine-related injury pays any amount to a plaintiff to discharge a judgment or settlement, he shall request from the Secretary ~~and the Secretary of Human Resources~~ a statement itemizing any reimbursement owed by the plaintiff pursuant to this subdivision, and, if any reimbursement is owed by the plaintiff to ~~either department, the Department,~~ the defendant shall pay the reimbursable amounts, as determined by ~~each the~~ Secretary, directly to the ~~department to which such reimbursement is owed.~~ Department. This payment shall discharge the plaintiff's obligations to the State under this subdivision and any obligation the defendant may have to the plaintiff with respect to these amounts.

- (3) If:
- a. An award has been made to a claimant for an element of damages pursuant to G.S. 130A-427; and
 - b. An individual has recovered for the same element of damages pursuant to a judgment in, or settlement of, an action for the same vaccine-related injury brought against a manufacturer, and that amount has not been remitted to the State pursuant to subdivision (2) of this subsection; and
 - c. The State seeks to recover the amounts it paid in an action it brings against the manufacturer pursuant to G.S. 130A-430; any judgment obtained by the State under G.S. 130A-430 shall be reduced by the amount necessary to prevent the double recovery of any element of damages from the manufacturer. Nothing in this subdivision limits the State's right to obtain reimbursement from a claimant under subdivision (2) of this subsection with respect to any double payment that might be received by the claimant.

(f) Subrogation claims pursued under the National Childhood Vaccine Injury Act of 1986 shall be filed with the appropriate court, not with the Industrial Commission."

Section 11A.86. G.S. 130A-427 reads as rewritten:

"§ 130A-427. Commission awards for vaccine-related injuries; duties of Secretary.

(a) Upon determining that a claimant has sustained a vaccine-related injury, the Commission shall make an award providing compensation or services for any or all of the following:

- (1) Actual and projected reasonable expenses of medical care, developmental evaluation, special education, vocational training, physical, emotional or behavioral therapy, and residential and custodial care and service expenses, that cannot be provided by the Department ~~and the Department of Human Resources~~ pursuant to subdivision (5) of this subsection;
- (2) Loss of earnings and projected earnings, determined in accordance with generally accepted actuarial principles;
- (3) Noneconomic, general damages arising from pain, suffering, and emotional distress;
- (4) Reasonable attorneys fees;
- (5) Needs that the Secretary ~~and the Secretary of Human Resources~~ determines on a case-by-case basis shall be met by medical, health, developmental evaluation, special education, vocational training, physical, emotional, or behavioral therapy, residential and custodial care, and other essential and necessary services, to be provided the injured party by the programs and services administered by the ~~Department and the Department of Human Resources.~~ Department. The Secretary ~~and the Secretary of Human Resources~~ shall develop an itemized list of the service needs of the injured party upon review and evaluation of the injured party's medical record and shall present it to

the Commission prior to the Commission's determination. In the event that the Commission's award includes the provision of any of these services, the Secretary ~~and the Secretary of Human Resources~~ shall develop a comprehensive, coordinated plan for the delivery of these services to the injured party. Notwithstanding any other provision of State law, the Secretary ~~and the Secretary of Human Resources~~ shall waive all eligibility criteria in determining eligibility for services provided by the Department ~~and the Department of Human Resources~~ under the plan of care developed pursuant to this subdivision. If the award includes any such services, these services shall be provided by the Department ~~and the Department of Human Resources~~ free of any cost to the injured party.

(b) The money compensation component of the award may not be made pursuant to this section in excess of an aggregate amount of the present day value amount of three hundred thousand dollars (\$300,000) with respect to all injuries claimed to have resulted from the administration of a covered vaccine to a single individual. The value of all services to be provided by the ~~Department and the Department of Human Resources, Department,~~ as part of this award is in addition to the total amount of money compensation, and is not included in the limitation prescribed by this subsection on the amount of money compensation that may be awarded. No damages may be awarded pursuant to subdivision (a)(3) on behalf of any person to whom the covered vaccine was not administered."

Section 11A.87. G.S. 130A-430 reads as rewritten:

"§ 130A-430. Right of State to bring action against health care provider and manufacturer.

(a) If the Industrial Commission makes an award for a claimant who it determines has sustained a vaccine-related injury, the State may, within two years of the date the Commission renders its decision, bring an action against the health care provider who administered the vaccine on the ground that the health care provider was negligent in administering the vaccine. Damages in an action brought under this section are limited to the amount of the award made by the Commission plus the estimated present value of all the services to be provided to the claimant by the Department ~~and the Department of Human Resources~~ under G.S. 130A-427.

(b) **Manufacturer.** – If the Industrial Commission makes an award for a claimant who it determines has sustained a vaccine-related injury, the State may, within two years of the date the Commission renders its decision, bring an action against the manufacturer who made the vaccine on the ground that the vaccine was a defective product. Damages in an action brought under this section are limited to the amount of the award made by the Commission plus the estimated present value of all the services to be provided to the claimant by the Department ~~and the Department of Human Resources~~ under G.S. 130A-427, the reasonable costs of prosecuting the action, including, but not limited to, attorneys fees, fees charged by witnesses, and costs of exhibits. For purposes of this subsection, a defective product is a covered vaccine that was manufactured, transported, or stored in a negligent manner, or was distributed after

its expiration date, or that otherwise violated the applicable requirements of any license, approval, or permit, or any applicable standards or requirements issued under Section 351 of the Public Health Service Act, as amended, or the federal Food, Drug, and Cosmetic Act, as these standards or requirements were interpreted or applied by the federal agency charged with their enforcement. The negligence or other action in violation of applicable federal standards or requirements shall be demonstrated by the State, by a preponderance of the evidence, to be the proximate cause of the injury for which an award was rendered pursuant to G.S. 130A-427, in order to allow recovery by the State against the manufacturer pursuant to this subsection."

Section 11A.88. G.S. 130A-434(b) reads as rewritten:

"(b) Should the Department find that the sum of appropriations and receipts is insufficient to meet financial obligations incurred in the administration of this article, appropriations and receipts in the Department ~~and in the Department of Human Resources~~ which would otherwise revert to the General Fund may be transferred to the Child Vaccine Injury Compensation Fund in order to meet such obligations. The Department may also budget anticipated receipts as needed to implement this Article."

Section 11A.89. G.S. 131D-10.3A, as amended by S.L. 1997-140, reads as rewritten:

"§ 131D-10.3A. Mandatory criminal checks.

(a) Effective January 1, 1996, in order to ensure the safety and well-being of any child placed for foster care in a home, the Department shall ensure that the criminal histories of all foster parents, individuals applying for licensure as foster parents, and individuals 18 years of age or older who reside in a family foster home, are checked and, based on the criminal history check, a determination is made as to whether the foster parents, and other individuals required to be checked, are fit for a foster child to reside with them in the home. The Department shall ensure that, as of the effective date of this ~~act~~, Article all individuals required to be checked are checked for county, state, and federal criminal histories.

(b) The Department shall ensure that all individuals who are required to be checked pursuant to subsection (a) of this section are checked annually upon relicensure for county and State criminal histories.

(c) The Department may prohibit an individual from providing foster care by denying or revoking the license to provide foster care if the Department determines that the safety and well-being of a child placed in the home for foster care would be at risk based on the criminal history of the individuals required to be checked pursuant to subsection (a) of this section.

(d) The Department of Justice shall provide to the Department ~~of Human Resources~~ the criminal history of the individuals specified in subsection (a) of this section obtained from the State and National Repositories of Criminal Histories as requested by the Department. The Department shall provide to the Department of Justice, along with the request, the fingerprints of the individual to be checked, any additional information required by the Department of Justice, and a form consenting to the check of the criminal record and to the use of fingerprints and other identifying information required by the State or National Repositories signed by the individual to be

checked. The fingerprints of the individual to be checked shall be forwarded to the State Bureau of Investigation for a search of the State's criminal history record file, and the State Bureau of Investigation shall forward a set of fingerprints to the Federal Bureau of Investigation for a national criminal history record check.

(e) At the time of application, the individual whose criminal history is to be checked shall be furnished with a statement substantially similar to the following:

'NOTICE
MANDATORY CRIMINAL HISTORY CHECK

NORTH CAROLINA LAW REQUIRES THAT A CRIMINAL HISTORY CHECK BE CONDUCTED ON ALL PERSONS 18 YEARS OF AGE OR OLDER WHO RESIDE IN A LICENSED FAMILY FOSTER HOME.

"Criminal history" includes any county, state, and federal convictions or pending indictments of any crime, of any of the following crimes: the following Articles of Chapter 14 of the General Statutes: Article 6, Homicide; Article 7A, Rape and Kindred Offenses; Article 8, Assaults; Article 10, Kidnapping and Abduction; Article 13, Malicious Injury or Damage by Use of Explosive or Incendiary Device or Material; Article 26, Offenses Against Public Morality and Decency; Article 27, Prostitution; Article 39, Protection of Minors; Article 40, Protection of the Family; and Article 59, Public Intoxication; violation of the North Carolina Controlled Substances Act, Article 5 of Chapter 90 of the General Statutes, and alcohol-related offenses such as sale to underage persons in violation of G.S. 18B-302 or driving while impaired in violation of G.S. 20-138.1 through G.S. 20-138.5; or similar crimes under federal law or under the laws of other states. Your fingerprints will be used to check the criminal history records of the State Bureau of Investigation (SBI) and the Federal Bureau of Investigation (FBI).

If it is determined, based on your criminal history, that you are unfit to have a foster child reside with you, you shall have the opportunity to complete or challenge the accuracy of the information contained in the SBI or FBI identification records.

If licensure is denied or the foster home license is revoked by the Department of ~~Human Resources~~ Health and Human Services as a result of the criminal history check, if you are a foster parent, or are applying to become a foster parent, you may request a hearing pursuant to Article 3 of Chapter 150B of the General Statutes, the Administrative Procedure Act.

Any person who intentionally falsifies any information required to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.'

Refusal to consent to a criminal history check is grounds for the Department to deny or revoke a license to provide foster care. Any person who intentionally falsifies any information required to be furnished to conduct the criminal history is guilty of a Class 2 misdemeanor.

(f) The Department shall notify in writing the foster parent and any person applying to be licensed as a foster parent, and that individual's supervising agency of the determination by the Department of whether the foster parent is qualified to provide foster care based on the criminal history of all individuals required to be checked. In accordance with the law regulating the dissemination of the contents of the criminal history file furnished by the Federal Bureau of Investigation, the Department shall not release nor disclose any portion of an individual's criminal history to the foster parent or any other individual required to be checked. The Department shall also notify the individual of the individual's right to review the criminal history information, the procedure for completing or challenging the accuracy of the criminal history, and the foster parent's right to contest the Department's determination.

A foster parent who disagrees with the Department's decision may request a hearing pursuant to Chapter 150B of the General Statutes, the Administrative Procedure Act.

(g) All the information that the Department receives through the checking of the criminal history is privileged information and is not a public record but is for the exclusive use of the Department and those persons authorized under this section to receive the information. The Department may destroy the information after it is used for the purposes authorized by this section after one calendar year.

(h) There is no liability for negligence on the part of a supervising agency, or a State or local agency, or the employees of a State or local agency, arising from any action taken or omission by any of them in carrying out the provisions of this section. The immunity established by this subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that would otherwise be actionable. The immunity established by this subsection shall be deemed to have been waived to the extent of indemnification by insurance, indemnification under Article 31A of Chapter 143 of the General Statutes, and to the extent sovereign immunity is waived under the Torts Claim Act, as set forth in Article 31 of Chapter 143 of the General Statutes.

(i) The Department of Justice shall perform the State and national criminal history checks on individuals required by this section and shall charge the Department of ~~Human Resources~~ a reasonable fee only for conducting the checks of the national criminal history records authorized by this section. The Division of Social Services, Department of ~~Human Resources~~, Health and Human Services, shall bear the costs of implementing this section."

Section 11A.90. G.S. 131E-136 reads as rewritten:

"§ 131E-136. Definitions.

As used in this Part, unless otherwise specified:

- (1) 'Commission' means the North Carolina Medical Care Commission.
- (2) 'Home care agency' means a private or public organization which provides home care services.
- (3) 'Home care services' means any of the following services and directly related medical supplies and appliances, which are provided to an individual in a place of temporary or permanent residence used as an individual's home:

- a. Nursing care provided by or under the supervision of a registered nurse;
- b. Physical, occupational, or speech therapy, when provided to an individual who also is receiving nursing services, or any other of these therapy services, in a place of temporary or permanent residence used as the individual's home;
- c. Medical social services;
- d. In-home aide services that involve hands-on care to an individual;
- e. Infusion nursing services; and
- f. Assistance with pulmonary care, pulmonary rehabilitation or ventilation.

The term does not include: health promotion, preventative health and community health services provided by public health departments; maternal and child health services provided by public health departments, by employees of the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services under G.S. 130A-124, or by developmental evaluation centers under contract with the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services to provide services under G.S. 130A-124; hospitals licensed under Article 5 of Chapter 131E of the General Statutes when providing follow-up care initiated to patients within six months after their discharge from the hospital; facilities and programs operated under the authority of G.S. 122C and providing services within the scope of G.S. 122C; schools, when providing services pursuant to Article 9 of Chapter 115C; the practice of midwifery by a person licensed under Article 10A of Chapter 90 of the General Statutes; hospices licensed under Article 10 of Chapter 131E of the General Statutes when providing care to a hospice patient; an individual who engages solely in providing his own services to other individuals; incidental health care provided by an employee of a physician licensed to practice medicine in North Carolina in the normal course of the physician's practice; or nursing registries if the registry discloses to a client or the client's responsible party, before providing any services, that (i) it is not a licensed home care agency, and (ii) it does not make any representations or guarantees concerning the training, supervision, or competence of the personnel provided.

- (4) 'Home health agency' means a home care agency which is certified to receive Medicare and Medicaid reimbursement for providing nursing care, therapy, medical social services, and home health aide services on a part-time, intermittent basis as set out in G.S. 131E-176(12), and is thereby also subject to Article 9 of Chapter 131E."

Section 11A.91. The heading for Article 1 of Chapter 134A of the General Statutes reads as rewritten:

"ARTICLE 1.

"Division of Youth Services in the Department of ~~Human Resources~~ Health and Human Services."

Section 11A.92. The heading for Article 7 of Chapter 143 of the General Statutes reads as rewritten:

"ARTICLE 7.

"Persons Admitted to Department of ~~Human Resources~~ Health and Human Services
Institutions to Pay Costs."

Section 11A.93. G.S. 143-138(b) reads as rewritten:

"(b) Contents of the Code. – The North Carolina State Building Code, as adopted by the Building Code Council, may include reasonable and suitable classifications of buildings and structures, both as to use and occupancy; general building restrictions as to location, height, and floor areas; rules for the lighting and ventilation of buildings and structures; requirements concerning means of egress from buildings and structures; requirements concerning means of ingress in buildings and structures; rules governing construction and precautions to be taken during construction; rules as to permissible materials, loads, and stresses; rules governing chimneys, heating appliances, elevators, and other facilities connected with the buildings and structures; rules governing plumbing, heating, air conditioning for the purpose of comfort cooling by the lowering of temperature, and electrical systems; and such other reasonable rules pertaining to the construction of buildings and structures and the installation of particular facilities therein as may be found reasonably necessary for the protection of the occupants of the building or structure, its neighbors, and members of the public at large.

In addition, the Code may regulate activities and conditions in buildings, structures, and premises that pose dangers of fire, explosion, or related hazards. Such fire prevention code provisions shall be considered the minimum standards necessary to preserve and protect public health and safety, subject to approval by the Council of more stringent provisions proposed by a municipality or county as provided in G.S. 143-138(e). These provisions may include regulations requiring the installation of either battery-operated or electrical smoke detectors in every dwelling unit used as rental property, regardless of the date of construction of the rental property. For dwelling units used as rental property constructed prior to 1975, smoke detectors shall have an Underwriters' Laboratories, Inc., listing or other equivalent national testing laboratory approval, and shall be installed in accordance with either the standard of the National Fire Protection Association or the minimum protection designated in the manufacturer's instructions, which the property owner shall retain or provide as proof of compliance.

The Code may contain provisions regulating every type of building or structure, wherever it might be situated in the State.

Provided further, that nothing in this Article shall be construed to make any building rules applicable to farm buildings located outside the building-rules jurisdiction of any municipality.

Provided further, that no building permit shall be required under the Code or any local variance thereof approved under subsection (e) for any construction, installation, repair, replacement, or alteration costing five thousand dollars (\$5,000) or less in any single family residence or farm building unless the work involves: the addition, repair, or replacement of load bearing structures; the addition (excluding replacement of same size and capacity) or change in the design of plumbing; the addition, replacement or change in the design of heating, air conditioning, or electrical wiring, devices, appliances, or equipment, the use of materials not permitted by the North Carolina Uniform Residential Building Code; or the addition (excluding replacement of like grade of fire resistance) of roofing.

Provided further, that no building permit shall be required under such Code from any State agency for the construction of any building or structure, the total cost of which is less than twenty thousand dollars (\$20,000), except public or institutional buildings.

For the information of users thereof, the Code shall include as appendices

- (1) Any rules governing boilers adopted by the Board of Boiler and Pressure Vessels Rules,
- (2) Any rules relating to the safe operation of elevators adopted by the Commissioner of Labor, and
- (3) Any rules relating to sanitation adopted by the Commission for Health Services ~~or the Department of Environment, Health, and Natural Resources~~ which the Building Code Council believes pertinent.

In addition, the Code may include references to such other rules of special types, such as those of the Medical Care Commission and the Department of Public Instruction as may be useful to persons using the Code. No rule issued by any agency other than the Building Code Council shall be construed as a part of the Code, nor supersede that Code, it being intended that they be presented with the Code for information only.

Nothing in this Article shall extend to or be construed as being applicable to the regulation of the design, construction, location, installation, or operation of (1) equipment for storing, handling, transporting, and utilizing liquefied petroleum gases for fuel purposes or anhydrous ammonia or other liquid fertilizers, except for liquefied petroleum gas from the outlet of the first stage pressure regulator to and including each liquefied petroleum gas utilization device within a building or structure covered by the Code, or (2) equipment or facilities, other than buildings, of a public utility, as defined in G.S. 62-3, or an electric or telephone membership corporation, including without limitation poles, towers, and other structures supporting electric or communication lines.

In addition, the Code may contain rules concerning minimum efficiency requirements for replacement water heaters, which shall consider reasonable availability from manufacturers to meet installation space requirements."

Section 11A.94. G.S. 143-138(g) reads as rewritten:

"(g) Publication and Distribution of Code. – The Building Code Council shall cause to be printed, after adoption by the Council, the North Carolina State Building Code and each amendment thereto. It shall, at the State's expense, distribute copies of the Code and each amendment to State and local governmental officials, departments,

agencies, and educational institutions, as is set out in the table below. (Those marked by an asterisk will receive copies only on written request to the Council.)

OFFICIAL OR AGENCY	NUMBER OF COPIES
State Departments and Officials	
Governor	1
Lieutenant Governor	1
Auditor	1
Treasurer	1
Secretary of State	1
Superintendent of Public Instruction	1
Attorney General (Library)	1
Commissioner of Agriculture	1
Commissioner of Labor	1
Commissioner of Insurance	1
Department of Environment, Health, Environment and Natural Resources	1
Department of Human Resources <u>Health and Human Services</u>	1
Board of Transportation	1
Utilities Commission	1
Department of Administration	1
Clerk of the Supreme Court	1
Clerk of the Court of Appeals	1
Clerk of the Superior Court	1 each
Department of Cultural Resources [State Library]	5
Supreme Court Library	2
Legislative Library	1
Schools	
All state-supported colleges and universities in the State of North Carolina	* 1 each

Local Officials	
Clerks of the Superior Courts	1 each
Chief Building Inspector of each incorporated municipality or county	1

In addition, the Building Code Council shall make additional copies available at such price as it shall deem reasonable to members of the general public."

Section 11A.95. G.S. 143-280 reads as rewritten:

"§ 143-280. Membership.

The Commission shall consist of ~~one member~~ three members from the North Carolina Department of ~~Human Resources~~, ~~one member from the Department of Human Resources~~, ~~one member from the Department of Human Resources, Health and Human Services~~, one member from the boards of county commissioners, one county superintendent of social services, one local health director, and one clerk of the superior court."

Section 11A.96. G.S. 143-300.8 reads as rewritten:

"§ 143-300.8. Defense of local sanitarians.

Any local health department sanitarian enforcing rules of the Commission for Health Services under the supervision of the Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources pursuant to G.S. 130A-4(b) shall be defended by the Attorney General, subject to the provisions of G.S. 143-300.4, and shall be protected from liability in accordance with the provisions of this Article in any civil or criminal action or proceeding brought against the sanitarian in his official or individual capacity, or both, on account of an act done or omission made in the scope and course of enforcing the rules of the Commission for Health Services. The Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources shall pay any judgment against the sanitarian, or any settlement made on his behalf, subject to the provisions of G.S. 143-300.6."

Section 11A.97. G.S. 143-436, as amended by S.L. 1997-261, reads as rewritten:

"§ 143-436. North Carolina Pesticide Board; creation and organization.

(a) There is hereby established the North Carolina Pesticide Board which, together with the Commissioner of Agriculture, shall be responsible for carrying out the provisions of this Article.

(b) The Pesticide Board shall consist of seven members, to be appointed by the Governor, as follows:

- (1) One member each representing the North Carolina Department of ~~Agriculture and two members representing the North Carolina Department of Environment, Health, and Natural Resources, one of whom shall be Agriculture and Consumer Services,~~ the State Health Director or his designee and one of whom shall represent designee, and one member from an environmental protection agency. agency in the Department of Environment and Natural Resources. The persons so selected may be either members of a policy board or departmental officials or employees.
- (2) A representative of the agricultural chemical industry.
- (3) A person directly engaged in agricultural production.
- (4) Two at-large members, from fields of endeavor other than those enumerated in subdivisions (2) and (3) of this subsection, one of whom shall be a nongovernmental conservationist.

(c) The members of the Pesticide Board shall serve staggered four-year terms. Of the persons originally appointed, the members representing State agencies shall serve two-year terms, and the four at-large members shall serve four-year terms. All members shall hold their offices until their successors are appointed and qualified. Any vacancy occurring in the membership of the Board prior to the expiration of the term shall be filled by appointment by the Governor for the remainder of the unexpired term. The Governor may at any time remove any member from the Board for gross inefficiency, neglect of duty, malfeasance, misfeasance, or nonfeasance in office. Each appointment to fill a vacancy in the membership of the Board shall be of a person having the same credentials as his predecessor.

(d) The Board shall select its ~~chairman~~ chair from its own membership, to serve for a term of two years. The ~~chairman~~ chair shall have a full vote. Any vacancy occurring in the ~~chairmanship~~ chair's position shall be filled by the Board for the remainder of the term. The Board may select such other officers as it deems necessary.

(e) Any action of the Board shall require at least four concurring votes.

(f) The members of the Board who are not officers or employees of the State shall receive for their services the per diem and compensation prescribed in G.S. 138-5."

Section 11A.98. G.S. 143-573 reads as rewritten:

"§ 143-573. Task Force – creation; membership; vacancies.

(a) There is created the North Carolina Child Fatality Task Force within the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services for budgetary purposes only.

(b) The Task Force shall be composed of ~~36~~ 35 members, ~~12~~ 11 of whom shall be ex officio members, four of whom shall be appointed by the Governor, ten of whom shall be appointed by the Speaker of the House of Representatives, and ten of whom shall be appointed by the President Pro Tempore of the Senate. The ex officio members other than the Chief Medical Examiner shall be nonvoting members and may designate representatives from their particular departments, divisions, or offices to represent them on the Task Force. The members shall be as follows:

- (1) The Chief Medical Examiner;
- (2) The Attorney General;
- (3) The Director of the Division of Social Services;
- (4) The Director of the State Bureau of Investigation;
- (5) The Director of the Division of Maternal and Child Health of the Department of ~~Environment, Health, and Natural Resources~~; Health and Human Services;
- (6) The Director of the Governor's Youth Advocacy and Involvement Office;
- (7) The Superintendent of Public Instruction;
- (8) The Chairman of the State Board of Education;
- (9) The Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services;
- (10) The Secretary of the Department of ~~Human Resources~~; Health and Human Services;
- (11) ~~The Secretary of the Department of Environment, Health, and Natural Resources~~;
- (11.1) The Director of the Administrative Office of the Courts;
- (12) A director of a county department of social services appointed by the Governor upon recommendation of the President of the North Carolina Association of County Directors of Social Services;
- (13) A representative from a Sudden Infant Death Syndrome counseling and education program appointed by the Governor upon recommendation of the Director of the Division of Maternal and Child

Health of the Department of ~~Environment, Health, and Natural Resources~~; Health and Human Services;

- (14) A representative from the North Carolina Child Advocacy Institute appointed by the Governor upon recommendation of the President of the Institute;
- (14.1) A director of a local department of health, appointed by the Governor upon the recommendation of the President of the North Carolina Association of Local Health Directors;
- (15) A representative from a private group, other than the North Carolina Child Advocacy Institute, that advocates for children, appointed by the Speaker of the House of Representatives upon recommendation of private child advocacy organizations;
- (16) A pediatrician, licensed to practice medicine in North Carolina, appointed by the Speaker of the House of Representatives upon recommendation of the North Carolina Pediatric Society;
- (17) A representative from the North Carolina League of Municipalities appointed by the Speaker of the House of Representatives upon recommendation of the League;
- (18) Two public members appointed by the Speaker of the House of Representatives;
- (19) A county or municipal law enforcement officer appointed by the President Pro Tempore of the Senate upon recommendation of organizations that represent local law enforcement officers;
- (20) A district attorney appointed by the President Pro Tempore of the Senate upon recommendation of the President of the North Carolina Conference of District Attorneys;
- (21) A representative from the North Carolina Association of County Commissioners appointed by the President Pro Tempore of the Senate upon recommendation of the Association;
- (22) Two public members appointed by the President Pro Tempore of the Senate; and
- (23) Five members of the Senate appointed by the President Pro Tempore of the Senate and five members of the House of Representatives appointed by the Speaker of the House of Representatives.

(c) All members of the Task Force are voting members. Vacancies in the appointed membership shall be filled by the appointing officer who made the initial appointment. The Speaker of the House of Representatives shall call the first meeting no later than October 1, 1991. At the first meeting the members shall elect a chair who shall preside for the duration of the Task Force."

Section 11A.99. G.S. 143-575 reads as rewritten:

"§ 143-575. State Team – creation; membership; vacancies.

(a) There is created the North Carolina Child Fatality Prevention Team within the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services for budgetary purposes only.

(b) The State Team shall be composed of eleven members of whom nine members are ex officio and two are appointed. The ex officio members other than the Chief Medical Examiner may designate a representative from their departments, divisions, or offices to represent them on the State Team.

- (1) The Chief Medical Examiner, who shall chair the State Team;
- (2) The Attorney General;
- (3) The Director of the Division of Social Services, Department of ~~Human Resources;~~ Health and Human Services;
- (4) The Director of the State Bureau of Investigation;
- (5) The Director of the Division of Maternal and Child Health of the Department of ~~Environment, Health, and Natural Resources;~~ Health and Human Services;
- (6) The Superintendent of Public Instruction;
- (7) The Director of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, Department of ~~Human Resources;~~ Health and Human Services;
- (7.1) The Director of the Administrative Office of the Courts;
- (8) The pediatrician appointed pursuant to G.S. 143-573(b)(16) to the Task Force;
- (9) A public member, appointed by the Governor; and
- (10) The Team Coordinator.

(c) All members of the State Team are voting members. Vacancies in the appointed membership shall be filled by the appointing officer who made the initial appointment."

Section 11A.100. G.S. 143-576.2(b) reads as rewritten:

"(b) Each Local Team shall consist of the following persons:

- (1) The director of the county department of social services, and a member of the director's staff;
- (2) A local law enforcement officer, appointed by the board of county commissioners;
- (3) An attorney from the district attorney's office, appointed by the district attorney;
- (4) The executive director of the local community action agency, as defined by the ~~Division of Economic Opportunity,~~ Department of ~~Human Resources,~~ Health and Human Services, or the executive director's designee;
- (5) The superintendent of each local school administrative unit located in the county, or the superintendent's designee;
- (6) A member of the county board of social services, appointed by the chair of that board;
- (7) A local mental health professional, appointed by the director of the area authority established under Chapter 122C of the General Statutes;
- (8) The local guardian ad litem coordinator, or the coordinator's designee;
- (9) The director of the local department of public health; and

(10) A local health care provider, appointed by the local board of health. In addition, a Local Team that reviews the records of additional child fatalities shall include the following four additional members:

- (1) An emergency medical services provider or firefighter, appointed by the board of county commissioners;
- (2) A district court judge, appointed by the chief district judge in that district;
- (3) A county medical examiner, appointed by the Chief Medical Examiner;
- (4) A representative of a local day care facility or Head Start program, appointed by the director of the county department of social services; and
- (5) A parent of a child who died before reaching the child's eighteenth birthday, to be appointed by the board of county commissioners.

The Team Coordinator shall serve as an ex officio member of each Local Team that reviews the records of additional child fatalities. The board of county commissioners may appoint a maximum of five additional members to represent county agencies or the community at large to serve on any Local Team. Vacancies on a Local Team shall be filled by the original appointing authority."

Section 11A.101. G.S. 143B-139.1 reads as rewritten:

"§ 143B-139.1. ~~Department of Human Resources~~ Secretary of Health and Human Services regulations—applicable to local health and human resource services agencies.

The Secretary of the Department of ~~Human Resources~~ Health and Human Services is ~~authorized to establish~~ may adopt rules and regulations applicable to local health and human resource services agencies for the purpose of program evaluation, fiscal audits, and collection of third-party payments."

Section 11A.102. G.S. 143B-139.2 reads as rewritten:

"§ 143B-139.2. ~~Department of Human Resources~~ Secretary of Health and Human Services non-State agencies.

It is the intent of this General Assembly that non-State health and human resources services agencies submit their appropriation requests for grants-in-aid through the Secretary of the Department of ~~Human Resources~~ Health and Human Services for recommendations to the Governor and the Advisory Budget Commission and the General Assembly, and that agencies receiving these grants, at the request of the Secretary of the Department of ~~Human Resources~~ Health and Human Services, provide a postaudit of their operations that has been done by a certified public accountant."

Section 11A.103. G.S. 143B-150.7 reads as rewritten:

"§ 143B-150.7. Advisory Committee on Family-Centered Services; establishment, membership, compensation.

(a) There is established the Advisory Committee on Family-Centered Services within the Department of ~~Human Resources~~ Health and Human Services.

(b) The Committee shall have 24 members appointed for staggered four-year terms and until their successors are appointed and qualify. The Governor shall have the

power to remove any member of the Committee from office in accordance with the provisions of G.S. 143B-13. Members may succeed themselves for one term and may be appointed again after being off the Committee for one term. Six of the members shall be legislators appointed by the General Assembly, three of whom shall be recommended by the Speaker of the House of Representatives, and three of whom shall be recommended by the President Pro Tempore of the Senate. Two of the members shall be appointed by the General Assembly from the public at large, one of whom shall be recommended by the Speaker of the House of Representatives, and one of whom shall be recommended by the President Pro Tempore of the Senate. The remainder of the members shall be appointed by the Governor as follows:

- (1) ~~Four~~Five members representing the Department of ~~Human Resources, Health and Human Services~~, one of whom shall be the Assistant Secretary for Children and Family, one of whom shall represent the Division of Social Services, one of whom shall represent the Division of Youth Services, ~~and~~ one of whom shall represent the Division of Mental Health, Developmental Disabilities, and Substance Abuse ~~Services; Services~~, and one of whom shall represent the Division of Maternal and Child Health;
- (2) ~~Three~~Two members, one from each of the following: the Administrative Office of the ~~Courts, Courts and~~ the Department of Public ~~Instruction, and the Division of Maternal and Child Health of the Department of Environment, Health, and Natural Resources;~~ Instruction;
- (3) One member who represents the Juvenile Justice Planning Committee of the Governor's Crime Commission, and one member appointed at large;
- (4) One member who is a district court judge certified by the Administrative Office of the Courts to hear juvenile cases;
- (5) One member representing the schools of social work of The University of North Carolina;
- (6) Two members, one of whom is a provider of family preservation services, and one of whom is a consumer of family preservation services; and
- (7) Three members who represent county-level associations; one of whom represents the Association of County Commissioners, one of whom represents the Association of Directors of Social Services, and one of whom represents the North Carolina Council of Mental Health, Developmental Disabilities, and Substance Abuse Services.

The Secretary of the Department of ~~Human Resources~~Health and Human Services shall serve as the ~~Chairman~~Chair of the Committee. The Secretary shall appoint the cochair of the Committee for a two-year term on a rotating basis from among the Committee members who represent the Division of Youth Services, the Division of Social Services, and the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.

(c) To the extent that funds are made available, members of the Committee shall receive per diem and necessary travel and subsistence expenses in accordance with G.S. 138-5.

(d) A majority of the Committee shall constitute a quorum for the transaction of its business.

(e) The Committee may use funds allocated to it to employ an administrative staff person to assist the Committee in carrying out its duties. Clerical and other support staff services needed by the Committee shall be provided by the Secretary of ~~Human Resources~~. Health and Human Services."

Section 11A.104. G.S. 143B-150.9 reads as rewritten:

"§ 143B-150.9. State agency cooperation with Advisory Committee on Family-Centered Services.

All appropriate State agencies, including the Department of ~~Human Resources~~, ~~the Department of Environment, Health, and Natural Resources~~, Health and Human Services, the Department of Public Instruction, the Administrative Office of the Courts, the Governor's Crime Commission, and other public family preservation service providers shall cooperate with the Advisory Committee on Family-Centered Services in carrying out its responsibilities."

Section 11A.105. G.S. 143B-168.12(a) reads as rewritten:

"(a) In order to receive State funds, the following conditions shall be met:

(1) The North Carolina Partnership shall have a Board of Directors consisting of the following ~~39~~38 members:

- a. The Secretary of ~~Human Resources~~, Health and Human Services, ex officio;
- b. ~~The Secretary of Environment, Health, and Natural Resources~~, ex officio;
- c. The Superintendent of Public Instruction, ex officio;
- d. The President of the Department of Community Colleges, ex officio;
- e. One resident from each of the 1st, 3rd, 5th, 7th, 9th, and 11th Congressional Districts, appointed by the President Pro Tempore of the Senate;
- f. One resident from each of the 2nd, 4th, 6th, 8th, 10th, and 12th Congressional Districts, appointed by the Speaker of the House of Representatives;
- g. Seventeen members, of whom four shall be members of the party other than the Governor's party, appointed by the Governor;
- h. The President Pro Tempore of the Senate, or a designee;
- i. The Speaker of the House of Representatives, or a designee;
- j. The Majority Leader of the Senate, or a designee;
- k. The Majority Leader of the House of Representatives, or a designee;
- l. The Minority Leader of the Senate, or a designee; and

- m. The Minority Leader of the House of Representatives, or a designee.
- (2) The North Carolina Partnership shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department.
 - (3) The North Carolina Partnership shall oversee the development and implementation of the local demonstration projects as they are selected.
 - (4) The North Carolina Partnership shall develop and implement a comprehensive standard fiscal accountability plan to ensure the fiscal integrity and accountability of State funds appropriated to it and to the local partnerships. The standard fiscal accountability plan shall, at a minimum, include a uniform, standardized system of accounting, internal controls, payroll, fidelity bonding, chart of accounts, and contract management and monitoring. The North Carolina Partnership may contract with outside firms to develop and implement the standard fiscal accountability plan. All local partnerships shall be required to participate in the standard fiscal accountability plan developed and adopted by the North Carolina Partnership pursuant to this subdivision.
 - (5) The North Carolina Partnership shall develop and implement a centralized accounting and contract management system which incorporates features of the required standard fiscal accountability plan described in subdivision (4) of subsection (a) of this section. The following local partnerships shall be required to participate in the centralized accountability system developed by the North Carolina Partnership pursuant to this subdivision:
 - a. Local partnerships which have significant deficiencies in their accounting systems, internal controls, and contract management systems, as determined by the North Carolina Partnership based on the annual financial audits of the local partnerships conducted by the Office of the State Auditor; and
 - b. Local partnerships which are in the first two years of operation following their selection. At the end of this two-year period, local partnerships shall continue to participate in the centralized accounting and contract management system. With the approval of the North Carolina Partnership, local partnerships may perform accounting and contract management functions at the local level using the standardized and uniform accounting system, internal controls, and contract management systems developed by the North Carolina Partnership.

Local partnerships which otherwise would not be required to participate in the centralized accounting and contract management

system pursuant to this subdivision may voluntarily choose to participate in the system. Participation or nonparticipation shall be for a minimum of two years, unless, in the event of nonparticipation, the North Carolina Partnership determines that any partnership's annual financial audit reveals serious deficiencies in accounting or contract management.

- (6) The North Carolina Partnership shall develop a formula for allocating direct services funds appropriated for this purpose to local partnerships.
- (7) The North Carolina Partnership may adjust its allocations on the basis of local partnerships' performance assessments. In determining whether to adjust its allocations to local partnerships, the North Carolina Partnership shall consider whether the local partnerships are meeting the outcome goals and objectives of the North Carolina Partnership and the goals and objectives set forth by the local partnerships in their approved annual program plans.

The North Carolina Partnership may use additional factors to determine whether to adjust the local partnerships' allocations. These additional factors shall be developed with input from the local partnerships and shall be communicated to the local partnerships when the additional factors are selected. These additional factors may include board involvement, family and community outreach, collaboration among public and private service agencies, and family involvement.

On the basis of performance assessments, local partnerships annually shall be rated 'superior', 'satisfactory', or 'needs improvement'. Local partnerships rated 'superior' shall receive, to the extent that funds are available, a ten percent (10%) increase in their annual funding allocation. Local partnerships rated 'satisfactory' shall receive their annual funding allocation. Local partnerships rated 'needs improvement' shall receive ninety percent (90%) of their annual funding allocation.

The North Carolina Partnership may contract with outside firms to conduct the performance assessments of local partnerships.

- (8) The North Carolina Partnership shall establish a local partnership advisory committee comprised of 15 members. Eight of the members shall be chairs of local partnerships' board of directors, and seven shall be staff of local partnerships. Members shall be chosen by the Chair of the North Carolina Partnership from a pool of candidates nominated by their respective boards of directors. The local partnership advisory committee shall serve in an advisory capacity to the North Carolina Partnership and shall establish a schedule of regular meetings. Members shall serve two-year terms and may not serve more than two consecutive terms. Members shall be chosen from local partnerships

on a rotating basis. The advisory committee shall annually elect a chair from among its members.

- (9) The North Carolina Partnership shall report (i) quarterly to the Joint Legislative Commission on Governmental Operations and (ii) to the General Assembly and the Governor on the ongoing progress of all the local partnerships' work, including all details of the use to which the allocations were put, and on the continuing plans of the North Carolina Partnership and of the Department, together with legislative proposals, including proposals to implement the program statewide."

Section 11A.106. G.S. 143B-179.5 reads as rewritten:

"§ 143B-179.5. Interagency Coordinating Council for Children from Birth to Five with Disabilities and Their Families; establishment, composition, organization; duties, compensation, reporting.

(a) There is established an Interagency Coordinating Council for Children from Birth to Five with Disabilities and Their Families in the Department of ~~Human Resources~~. Health and Human Services.

(b) The Interagency Coordinating Council shall have 26 members, appointed by the Governor. Effective July 1, 1994, the Governor shall designate 13 appointees to serve for two years and 13 appointees to serve for one year. Thereafter, the terms of all Council members shall be two years. The Governor shall have the power to remove any member of the Council from office in accordance with the provisions of G.S. 143B-16. Any appointment to fill a vacancy on the Council created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term. Members may be appointed to succeed themselves for one term and may be appointed again, after being off the Council for one term.

The composition of the Council and the designation of the Council's chair shall be as specified in the 'Individuals with Disabilities Education Act' (IDEA), P.L. 102-119, the federal early intervention legislation, except that two members shall be members of the Senate, appointed from recommendations of the President Pro Tempore of the Senate and two members shall be members of the House of Representatives, appointed from recommendations of the Speaker of the House of Representatives.

(c) The chair may establish those standing and ad hoc committees and task forces as may be necessary to carry out the functions of the Council and appoint Council members or other individuals to serve on these committees and task forces. The Council shall meet at least quarterly. A majority of the Council shall constitute a quorum for the transaction of business.

(d) The Council shall advise the ~~Departments of Human Resources, and Environment, Health, and Natural Resources,~~ Department of Health and Human Services and other appropriate agencies in carrying out their early intervention services, and the Department of Public Instruction, and other appropriate agencies, in their activities related to the provision of special education services for preschoolers. The Council shall specifically address in its studies and evaluations that it considers necessary to its advising:

- (1) The identification of sources of fiscal and other support for the early intervention system;
- (2) The development of policies related to the early intervention services;
- (3) The preparation of applications for available federal funds;
- (4) The resolution of interagency disputes; and
- (5) The promotion of interagency agreements.

(e) Members of the Council and parents on ad hoc committees and task forces of the Council shall receive travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

(f) The Council shall prepare and submit an annual report to the Governor and to the General Assembly on the status of the early intervention system for eligible infants and toddlers and on the status of special education services for preschoolers.

All clerical and other services required by the Council shall be supplied by the Secretary of ~~Human Resources~~ Health and Human Services and the Superintendent of Public Instruction, as specified by the interagency agreement authorized by G.S. 122C-112(a)(13)."

Section 11A.107. G.S. 143B-179.6 reads as rewritten:

"§ 143B-179.6. Interagency Coordinating Council for Handicapped Children from Birth to Five Years of Age; agency cooperation.

All appropriate agencies, including the Department of ~~Human Resources~~, the ~~Department of Environment, Health, and Natural Resources~~, Health and Human Services and the Department of Public Instruction, and other public and private service providers shall cooperate with the Council in carrying out its mandate."

Section 11A.108. G.S. 143B-181 reads as rewritten:

"§ 143B-181. Governor's Advisory Council on Aging – members; selection; quorum; compensation.

The Governor's Advisory Council on Aging of the Department of ~~Human Resources~~ Health and Human Services shall consist of 33 members, 29 members to be appointed by the Governor, two members to be appointed by the President Pro Tempore of the Senate, and two members to be appointed by the Speaker of the House of Representatives. The composition of the Council shall be as follows: one representative of the Department of Administration; one representative of the Department of Cultural Resources; one representative of the Employment Security Commission; one representative of the Teachers' and State Employees' Retirement System; one representative of the Commissioner of Labor; one representative of the Department of Public Instruction; one representative of the Department of ~~Environment, Health, Environment~~ and Natural Resources; one representative of the Department of Insurance; one representative of the Department of Crime Control and Public Safety; one representative of the Department of Community Colleges; one representative of the School of Public Health of The University of North Carolina; one representative of the School of Social Work of The University of North Carolina; one representative of the Agricultural Extension Service of North Carolina State University; one representative of the collective body of the Medical Society of North Carolina; and 19 members at large. The at large members shall be citizens who are knowledgeable about services supported

through the Older Americans Act of 1965, as amended, and shall include persons with greatest economic or social need, minority older persons, and participants in programs under the Older Americans Act of 1965, as amended. The Governor shall appoint 15 members at large who meet these qualifications and are 60 years of age or older. The four remaining members at large, two of whom shall be appointed by the President Pro Tempore of the Senate and two of whom shall be appointed by the Speaker of the House of Representatives, shall be broadly representative of the major private agencies and organizations in the State who are experienced in or have demonstrated particular interest in the special concerns of older persons. At least one of each of the at-large appointments of the President Pro Tempore of the Senate and the Speaker of the House of Representatives shall be persons 60 years of age or older. The Council shall meet at least quarterly.

Members at large shall be appointed for four-year terms and until their successors are appointed and qualify. Ad interim appointments shall be for the balance of the unexpired term.

The Governor shall have the power to remove any member of the Council from office in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

The Governor shall designate one member of the Council as ~~chairman~~ chair to serve in such capacity at his pleasure.

Members of the Council shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

A majority of the Council shall constitute a quorum for the transaction of business.

All clerical and other services required by the Council shall be supplied by the Secretary of ~~Human Resources~~ Health and Human Services."

Section 11A.108A. G.S. 143B-279.7 reads as rewritten:

"§ 143B-279.7. Fish kill response protocols; report.

(a) The Department of ~~Environment, Health, Environment~~ Environment and Natural Resources shall coordinate an intradepartmental effort to develop scientific protocols to respond to significant fish kill events utilizing staff from the Division of Environmental Management, Division of Marine Fisheries, ~~Division of Epidemiology, Department of Health and Human Services~~, Wildlife Resources Commission, the scientific community, and other agencies, as necessary. In developing these protocols, the Department of Environment and Natural Resources shall address the unpredictable nature of fish kills caused by both natural and man-made factors. The protocols shall contain written procedures to respond to significant fish kill events including:

- (1) Developing a plan of action to evaluate the impact of fish kills on public health and the environment.
- (2) Responding to fish kills within 24 hours.
- (3) Investigating and collecting data relating to fish kill events.
- (4) Summarizing and distributing fish kill information to participating agencies, scientists and other interested parties.

(b) The Secretary of the Department of Environment and Natural Resources shall take all necessary and appropriate steps to effectively carry out the purposes of this Part including:

- (1) Providing adequate training for fish kill investigators.
- (2) Taking immediate action to protect public health and the environment.
- (3) Cooperating with agencies, scientists, and other interested parties, to help determine the cause of the fish kill.

(c) The Department of Environment and Natural Resources shall report annually to the Environmental Review Commission and the Senate Agriculture and Environment Committee no later than December 1 of each year. This report shall include a summary of all fish kill activity within the last year, an overview of any trend analyses, a discussion of any new or modified methodologies or reporting protocols, and any other relevant information."

Section 11A.109. G.S. 143B-426.22(a) reads as rewritten:

"§ 143B-426.22. Governor's Management Council.

(a) Creation; Membership. – The Governor's Management Council is created in the Department of Administration. The Council shall contain the following members: The Secretary of Administration, who shall serve as chairman, a senior staff officer responsible for productivity and management programs from the Departments of Commerce, Revenue, ~~Environment, Health, Environment~~ and Natural Resources, Transportation, Crime Control and Public Safety, Cultural Resources, Correction, ~~Human Resources, Health and Human Services~~, and Administration; and an equivalent officer from the Offices of State Personnel, State Budget and Management, and the Governor's Program for Executive and Organizational Development. The following persons may also serve on the Council if the entity represented chooses to participate: a senior staff officer responsible for productivity and management programs from any State department not previously specified in this section, and a representative from The University of North Carolina."

Section 11A.110. G.S. 150B-1(e), as amended by S.L. 1997-35, reads as rewritten:

"(e) Exemptions From Contested Case Provisions. – The contested case provisions of this Chapter apply to all agencies and all proceedings not expressly exempted from the Chapter. The contested case provisions of this Chapter do not apply to the following:

- (1) The Department of ~~Human Resources-Health and Human Services~~ and the Department of ~~Environment, Health, Environment~~ and Natural Resources in complying with the procedural safeguards mandated by Section 11A.680 of Part H of Public Law 99-457 as amended (Education of the Handicapped Act Amendments of 1986).
- (2) Repealed by Session Laws 1993, c. 501, s. 29.
- (3) The North Carolina Low-Level Radioactive Waste Management Authority in administering the provisions of G.S. 104G-9, 104G-10, and 104G-11.

- (4) The North Carolina Hazardous Waste Management Commission in administering the provisions of G.S. 130B-11, 130B-13, and 130B-14.
- (5) Hearings required pursuant to the Rehabilitation Act of 1973, (Public Law 93-122), as amended and federal regulations promulgated thereunder. G.S. 150B-51(a) is considered a contested case hearing provision that does not apply to these hearings.
- (6) The Department of Revenue.
- (7) The Department of Correction.
- (8) The Department of Transportation, except as provided in G.S. 136-29.
- (9) The Occupational Safety and Health Review Board.
- (10) The North Carolina Global TransPark Authority with respect to the acquisition, construction, operation, or use, including fees or charges, of any portion of a cargo airport complex.
- (11) Hearings that are provided by the Department of ~~Human Resources~~ Health and Human Services regarding the eligibility and provision of services for eligible assaultive and violent children, as defined in G.S. 122C-3(13a), shall be conducted pursuant to the provisions outlined in G.S. 122C, Article 4, Part 7."

Section 11A.111. G.S. 148-10 reads as rewritten:

"§ 148-10. Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources to supervise sanitary and health conditions of prisoners.

The Department of ~~Environment, Health, and Natural Resources~~ Environment and Natural Resources shall have general supervision over the sanitary and health conditions of the central prison, over the prison camps, or other places of confinement of prisoners under the jurisdiction of the State Department of Correction, and shall make periodic examinations of the same and report to the State Department of Correction the conditions found there with respect to the sanitary and hygienic care of such prisoners."

Section 11A.112. G.S. 153A-225(b) reads as rewritten:

"(b) If a prisoner in a local confinement facility dies, the medical examiner and the coroner shall be notified immediately. Within five days after the day of the death, the administrator of the facility shall make a written report to the local or district health director and to the Secretary of ~~Environment, Health, and Natural Resources~~ Health and Human Services. The report shall be made on forms developed and distributed by the Department of ~~Environment, Health, and Natural Resources~~ Health and Human Services."

Section 11A.113. G.S. 153A-226(b) reads as rewritten:

"(b) The Commission for Health Services shall prepare a score sheet to be used by local health departments in inspecting local confinement facilities. The local health departments shall inspect local confinement facilities as often as may be required by the Commission for Health Services. If an inspector of the Department finds conditions that reflect hazards or deficiencies in the sanitation or food service of a local confinement facility, he shall immediately notify the local health department. The health department shall promptly inspect the facility. After making its inspection, the

local health department shall forward a copy of its report to the Department of ~~Human Resources-Health and Human Services~~ and to the unit operating the facility, on forms prepared by the Department of ~~Environment, Health, and Natural Resources-Environment and Natural Resources~~. The report shall indicate whether the facility and its kitchen or other place for preparing food is approved or disapproved for public health purposes. If the facility is disapproved, the situation shall be rectified according to the procedures of G.S. 153A-223."

Section 11A.114. G.S. 159I-28 reads as rewritten:

"§ 159I-28. Rules.

(a) The Office of State Budget and Management and the Commission for Health Services of the Department of ~~Environment, Health, and Natural Resources~~ may adopt, modify and repeal rules establishing the procedures to be followed in the administration of this Chapter and regulations interpreting and applying the provisions of this Chapter, as provided in the Administrative Procedure Act. Uniform rules may be jointly adopted where feasible and desirable, and no rule jointly adopted may be modified or revoked except upon the concurrence of both agencies involved.

(b) A copy of the rules adopted to implement the provisions of this Chapter shall be furnished free of charge by the Division and the Office of State Budget and Management to any unit of local government."

Section 11A.116. G.S. 162A-30 reads as rewritten:

"§ 162A-30. Construction of Article.

This Article shall be construed as providing supplemental authority in addition to the powers of the North Carolina Utilities Commission under Chapter 62 of the North Carolina General Statutes, the North Carolina Environmental Management Commission under Articles 21 and 38 of Chapter 143 of the North Carolina General Statutes, and the North Carolina Department of ~~Human Resources-Environment and Natural Resources~~ under General Statutes ~~Chapter 130, Chapter 130A~~, and any other provisions of law concerning local and regional sewage disposal."

Section 11A.117. G.S. 163-82.14(b) reads as rewritten:

"(b) Death. – The Department of ~~Environment, Health, and Natural Resources-Health and Human Services~~, on or before the fifteenth day of March, June, September, and December, shall furnish free of charge to each county board of elections a certified list of the names of deceased persons who were residents of that county. The Department of ~~Environment, Health, and Natural Resources-Health and Human Services~~ shall base each list upon information supplied by death certifications it received during the preceding quarter. Upon the receipt of the certified list, the county board of elections shall remove from its voter registration records any person the list shows to be dead. The county board need not send any notice to the address of the person so removed."

Section 11A.118. (a) The phrase "Human Resources" is deleted and replaced by the phrase "Health and Human Services" wherever it occurs in each of the following sections of the General Statutes:

- | | |
|----------------|--|
| G.S. 7A-29 | Appeals of right from certain administrative agencies. |
| G.S. 7A-289.2 | Definitions. |
| G.S. 7A-289.13 | Legislative intent. |

G.S. 7A-289.14	Duties of Secretary of Human Resources.
G.S. 7A-289.15	Purchase of care or services from programs meeting State standards.
G.S. 7A-289.16	County assessment of youth needs.
G.S. 7A-289.32	Grounds for terminating parental rights.
G.S. 7A-450.4	Exemptions.
G.S. 7A-517	Definitions.
G.S. 7A-548	Duty of Director to report evidence of abuse, neglect; investigation by local law enforcement; notification of Department of Human Resources and State Bureau of Investigation.
G.S. 7A-552	Central registry.
G.S. 7A-571	Taking a juvenile into temporary custody.
G.S. 7A-576	Place of secure or nonsecure custody.
G.S. 7A-652	Commitment of delinquent juvenile to Division of Youth Services.
G.S. 7A-653	Transfer authority of Governor.
G.S. 7A-676	Expunction of records of juveniles alleged or adjudicated delinquent and undisciplined.
G.S. 8B-1	Definitions; right to interpreter; determination of competence.
G.S. 8B-6	List of interpreters; coordination of interpreter services.
G.S. 8B-8	Compensation.
G.S. 8B-10	North Carolina Interpreter Classification System application and assessment fee.
G.S. 14-45.1	When abortion not unlawful.
G.S. 14-309.7	Licensing procedure.
G.S. 14-309.11	Accounting and use of proceeds.
G.S. 14-313	Youth access to tobacco products.
G.S. 14-316.1	Contributing to delinquency and neglect by parents and others.
G.S. 15-155.1	Reports to district attorneys of aid to dependent children and illegitimate births.
G.S. 15-155.2	District attorney to take action on report of aid to dependent child or illegitimate birth.
G.S. 15-206	Cooperation with Department of Correction and officials of local units.
G.S. 15A-533	Right to pretrial release in capital and noncapital cases.
G.S. 15A-534.2	Detention of impaired drivers.
G.S. 17C-3	North Carolina Criminal Justice Education and Training Standards Commission established; members; terms; vacancies.
G.S. 18B-805	Distribution of revenue.
G.S. 19-8.2	Right of entry.

G.S. 20-17.6	Restoration of a license after a conviction of driving while impaired or driving while less than 21 years old after consuming alcohol or drugs.
G.S. 20-79.5	Special registration plates for elected and appointed State government officials.
G.S. 20-79.7	Fees for special registration plates and distribution of the fees.
G.S. 20-84	Vehicles owned by State, municipalities or orphanages, etc.; certain vehicles operated by the local chapters of American National Red Cross.
G.S. 35A-1116	Costs and Fees.
G.S. 48-1-101	Definitions.
G.S. 50-13.4	(For applicability see note) Action for support of minor child.
G.S. 50-13.9	Procedure to insure payment of child support.
G.S. 52C-3-309	Duties of State information agency.
G.S. 58-3-185	Lien created for payment of past-due child support obligations.
G.S. 58-50-50	Preferred provider; definition.
G.S. 58-51-120	Coverage of children.
G.S. 58-64-85	Other licensing or regulation.
G.S. 58-67-10	Establishment of health maintenance organizations.
G.S. 58-3-185	Lien created for payment of past-due child support obligations.
G.S. 58-68-15	Commission composition; appointment; terms; reimbursement; and liability.
G.S. 62-157	Dual Party relay system.
G.S. 66-87	Injunctions.
G.S. 66-88	Application of Article after enactment of federal legislation.
G.S. 70-29	Discovery of remains and notification of authorities.
G.S. 72-34	Verification of application; disqualifications for license.
G.S. 88-28.1	Restraining orders against persons engaging in illegal practices.
G.S. 90-14	Revocation, suspension annulment or denial of license.
G.S. 90-21.25	Definitions.
G.S. 90-88	Authority to control.
G.S. 90-96	Conditional discharge and expunction of records for first offense.
G.S. 90-96.01	Drug education schools; responsibilities of the Department of Human Resources; fees.
G.S. 90-99	Republishing of schedules.
G.S. 90-101	Annual registration and fee to engage in listed activities with controlled substances; effect of registration; exceptions; waiver; inspection.

G.S. 90-102	Additional provisions as to registration.
G.S. 90-107	Prescriptions, stocks, etc., open to inspection by officials.
G.S. 90-109	Licensing required.
G.S. 90-109.1	Treatment.
G.S. 90-111	Cooperative arrangements.
G.S. 90-113.3	Education and research.
G.S. 90-113.14	Conditional discharge and expunction of records for first offenses.
G.S. 90-113.32	Board.
G.S. 90-271	Operation lawful upon request of married person or person over 18.
G.S. 90-294	License required; Article not applicable to certain activities.
G.S. 90-405	Definitions.
G.S. 90-408	Exceptions for underserved areas.
G.S. 90-501	Board of Employee Assistance Professionals; members.
G.S. 93B-12	Information from licensing boards having authority over health care providers.
G.S. 93B-13	Revocation when licensing privilege forfeited for nonpayment of child support.
G.S. 96-8	Definitions.
G.S. 96-17	Protection of rights and benefits; deductions for child support obligations.
G.S. 105-60	(Repealed effective July 1, 1997) Day-care facilities.
G.S. 105-164.13	Retail sales and use tax.
G.S. 105-187.6	Exemptions from highway use tax.
G.S. 105-449.106	Quarterly refunds for certain local governmental entities, nonprofit organizations, and taxicabs.
G.S. 105A-2	Definitions.
G.S. 106-141	Examinations and investigations.
G.S. 106-266.17	Marketing agreements not to be deemed illegal or in restraint of trade; conflicting laws.
G.S. 106-583	Policy of State; cooperation of departments and agencies with Agricultural Extension Service.
G.S. 108A-1	Creation.
G.S. 108A-2	Size.
G.S. 108A-3	Method of appointment; residential qualifications; fee or compensation for services; consolidated human services board appointments.
G.S. 108A-9	Duties and responsibilities.
G.S. 108A-10	Fees.
G.S. 108A-14	Duties and responsibilities.
G.S. 108A-15.1	Consolidated human services board; human services director.
G.S. 108A-18	Duties and responsibilities.

G.S. 108A-24	Definitions.
G.S. 108A-25	Creation of programs.
G.S. 108A-26	Certain financial assistance and in-kind goods not considered in determining assistance paid under Chapters 108A and 111.
G.S. 108A-39.1	AFDC Emergency Assistance Program.
G.S. 108A-51	Authorization for Food Stamp Program.
G.S. 108A-59	Acceptance of medical assistance constitutes assignment to the State of right to third party benefits; recovery procedure.
G.S. 108A-62	Therapeutic leave for medical assistance patients.
G.S. 108A-65	Conflict of interest.
G.S. 108A-68	Drug Use Review Program; rules.
G.S. 108A-69	Employer obligations.
G.S. 108A-70	Recoupment of amounts spent on medical care.
G.S. 108A-70.5	Medicaid Estate Recovery Plan.
G.S. 108A-79	Appeals.
G.S. 108A-80	Confidentiality of records.
G.S. 108A-103	Duty of director upon receiving report.
G.S. 108B-23	Designation of administering agency powers and responsibilities.
G.S. 110-50	Consent required for bringing child into State for placement or adoption.
G.S. 110-51	Bond required.
G.S. 110-52	Consent required for removing child from State.
G.S. 110-55	Violation of Article a misdemeanor.
G.S. 110-56	Definitions.
G.S. 110-57.1	Adoption of Compact.
G.S. 110-57.3	Agreements under Compact.
G.S. 110-86	Definitions.
G.S. 110-90	Powers and duties of Secretary of Human Resources.
G.S. 110-90.2	Mandatory day care providers' criminal history checks.
G.S. 110-93	Licensing procedure.
G.S. 110-100	Licenses are property of the State.
G.S. 110-102	Information for parents.
G.S. 110-129	Definitions.
G.S. 110-130.1	Non-AFDC services.
G.S. 110-136	Garnishment for enforcement of child-support obligation.
G.S. 110-136.2	Use of unemployment compensation benefits for child support.
G.S. 110-136.3	Income withholding procedures; applicability.
G.S. 110-136.9	Payment of withheld funds.
G.S. 110-139	Location of absent parents.
G.S. 110-139.1	Access to federal parent locator service; parental kidnapping and child custody cases.

G.S. 110-141	Effectuation of intent of Article.
G.S. 110-142	Definitions; suspension and revocation of occupational, professional, or business licenses of obligors who are delinquent in court-ordered child support or subject to outstanding warrants for failure to appear for failure to comply with the terms of a court order for child support.
G.S. 110-142.1	IV-D notified suspension, revocation, and issuance of occupational, professional, or business licenses of obligors who are delinquent in court-ordered child support or subject to outstanding warrants for failure to appear for failure to comply with the terms of a court order for child support.
G.S. 110-142.2	Suspension, revocation, restriction of license to operate a motor vehicle or hunting, fishing, or trapping licenses; refusal of registration of motor vehicle.
G.S. 111-4	Register of State's blind.
G.S. 111-5	Information and aid bureaus.
G.S. 111-6	Training schools and workshops; training outside State; sale of products; direct relief; matching of federal funds.
G.S. 111-6.1	Rehabilitation center for the adult blind.
G.S. 111-7	Promotion visits.
G.S. 111-8	Investigations; eye examination and treatment.
G.S. 111-8.1	Certain eye examinations to be reported to Department of Human Resources.
G.S. 111-12.1	Acceptance of private contributions for particular facilities authorized.
G.S. 111-12.2	Contributions treated as State funds to match federal funds.
G.S. 111-12.3	Rules and regulations as to receiving and expending contributions.
G.S. 111-12.5	Reserve and operating capital fund.
G.S. 111-12.6	Disposition of funds deposited with or transferred to State Treasurer.
G.S. 111-13	Administration of assistance; objective standards for personnel rules and regulations.
G.S. 111-14	Application for benefits under Article; investigation and award by county commissioners.
G.S. 111-16	Application for aid; notice of award; review.
G.S. 111-17	Amount and payment of assistance; source of funds.
G.S. 111-18	Payment of awards.
G.S. 111-20	Awards subject to reopening upon change in condition.
G.S. 111-24	Cooperation with federal departments or agencies; grants from federal government.
G.S. 111-25	Acceptance and use of federal aid.
G.S. 111-27	Department of Human Resources to promote employment of needy blind persons; vending stands on public property.

G.S. 111-27.1	Department of Human Resources authorized to conduct certain business operations.
G.S. 111-27.2	Blind vending-stand operators; retirement benefits.
G.S. 111-28	Department of Human Resources authorized to receive federal, etc., grants for benefit of needy blind; use of information concerning blind persons.
G.S. 111-28.1	Department of Human Resources authorized to cooperate with federal government in rehabilitation of blind.
G.S. 111-29	Expenditure of equalizing funds; grants affording maximum federal aid; lending North Carolina reports.
G.S. 111-30	Personal representatives for certain recipients of aid to the blind.
G.S. 111-31	Courts for purposes of §§ 111-30 to 111-33; records.
G.S. 111-41	Preference to visually handicapped persons in operation of vending facilities; responsibility of Department of Human Resources.
G.S. 111-44	Location and services provided by State agency.
G.S. 111-46	Vending facilities operated by those other than visually handicapped persons.
G.S. 111-47	Exclusions.
G.S. 111-48	Preference to blind persons in operation of highway vending facilities.
G.S. 111-50	Operations of highway vending.
G.S. 113-271	Hook-and-line licenses in inland fishing waters.
G.S. 114-19.2	Criminal record checks of school personnel.
G.S. 114-19.4	Criminal record checks of foster parents.
G.S. 114-19.5	Criminal record checks of child day care providers.
G.S. 115C-110	Services mandatory; single-agency responsibility; State and local plans; census and registration.
G.S. 115C-111	Free appropriate education for all children with special needs.
G.S. 115C-113	Diagnosis and evaluation; individualized education program.
G.S. 115C-113.1	Surrogate parents.
G.S. 115C-115	Placements in private schools, out-of-state schools and schools in other local educational agencies.
G.S. 115C-117	Creation.
G.S. 115C-121	Establishment; organization; powers and duties.
G.S. 115C-122	Early childhood development program; evaluation and placement of children.
G.S. 115C-123	Establishment; operations.
G.S. 115C-124	Pupils admitted; education.
G.S. 115C-126.1	Fees for athletic programs; appeal.
G.S. 115C-127	Incorporation, name and management.

G.S. 115C-128	Admission of pupils; how admission obtained.
G.S. 115C-130	Admission of pupils from other states.
G.S. 115C-131	Department of Human Resources may confer diplomas.
G.S. 115C-132	State Treasurer is ex officio treasurer of institution.
G.S. 115C-139	Interlocal cooperation.
G.S. 115C-144	Departmental requests.
G.S. 115C-250	Authority to expend funds for transportation of children with special needs.
G.S. 115C-325	System of employment for public school teachers.
G.S. 115D-1	Statement of purpose.
G.S. 115D-5	Administration of institution by State Board of Community Colleges; personnel exempt from State Personnel Act; extension courses; tuition waiver; in-plant training; contracting, etc., for establishment and operation of extension units of the community college system; use of existing public school facilities.
G.S. 116-37.1	Center for public television.
G.S. 116-209.30	Social Workers' Education Loan Fund.
G.S. 120-65	Assistance of Department of Human Resources, State Board of Education, and Department of Public Instruction.
G.S. 120-70.72	Membership; cochairmen; vacancies.
G.S. 120-182	(For applicability see note) Commission; membership.
G.S. 122A-5.13	Adult Care Home, Group Home, and Nursing Home Fire Protection Fund authorized; authority.
G.S. 122C-3	Definitions.
G.S. 122C-113	Cooperation between Secretary and other agencies.
G.S. 122C-117	Powers and duties of the area authority.
G.S. 122C-124	Area Authority funding suspended.
G.S. 122C-125	Area Authority financial failure; State assumption of financial control.
G.S. 122C-197	Mediation.
G.S. 122C-199	Administrative review by Review Officer.
G.S. 122C-403	Secretary's authority over Camp Butner reservation.
G.S. 122C-412.1	Butner Advisory Council; powers.
G.S. 122C-412.2	Butner Advisory Council; planning responsibility.
G.S. 122C-421	Joint security force.
G.S. 126-5	Employees subject to Chapter; exemptions.
G.S. 130A-248	Regulation of food and lodging establishments.
G.S. 131A-19	Annual report.
G.S. 131D-1	Licensing of maternity homes.
G.S. 131D-2	Licensing of adult care homes for the aged and disabled.
G.S. 131D-4.2	Adult care homes; family care homes; annual cost reports; exemptions; enforcement.
G.S. 131D-4.3	Adult care home rules.

G.S. 131D-6	Certification of adult day care programs; purpose; definition; penalty.
G.S. 131D-10.2	Definitions.
G.S. 131D-10.3A	Mandatory criminal checks of foster parents.
G.S. 131D-10.6A	Training by the Division of Social Services required.
G.S. 131D-11	Inspection.
G.S. 131D-12	Approval of new facilities.
G.S. 131D-13	Failure to provide information.
G.S. 131D-21	Declaration of residents' rights.
G.S. 131D-24	Notice to resident.
G.S. 131D-26	Enforcement and investigation.
G.S. 131D-27	Confidentiality.
G.S. 131D-28	Civil action.
G.S. 131D-29	Revocation of license.
G.S. 131D-31	Adult care home community advisory committees.
G.S. 131D-32	Functions of adult care home community advisory committees.
G.S. 131D-34	Penalties; remedies.
G.S. 131E-1	Definitions.
G.S. 131E-13	Lease or sale of hospital facilities to for-profit corporations by municipalities and hospital authorities.
G.S. 131E-76	Definitions.
G.S. 131E-117	Declaration of patient's rights.
G.S. 131E-125	Revocation of a license.
G.S. 131E-128	Nursing home advisory committees.
G.S. 131E-138	Licensure requirements.
G.S. 131E-154.2	Definitions.
G.S. 131E-159	Requirements for certification.
G.S. 131E-175	Findings of fact.
G.S. 131E-176	Definitions.
G.S. 131E-177	Department of Human Resources is designated State Health Planning and Development Agency; powers and duties.
G.S. 131E-188	Administrative and judicial review.
G.S. 131E-190	Enforcement and sanctions.
G.S. 131E-192.2	Definitions.
G.S. 131E-201	Definitions.
G.S. 131E-214.1	Definitions.
G.S. 131E-214.4	Statewide data processor.
G.S. 131F-2	Definitions.
G.S. 134A-1	Legislative intent and purpose.
G.S. 134A-2	Definitions.
G.S. 134A-6	Transfer of institutions.
G.S. 134A-8	Powers and duties of Secretary of Human Resources.
G.S. 135-16.1	Blind or visually handicapped employees.

G.S. 135-40.2	Eligibility.
G.S. 135-40.6	Benefits subject to deductible and coinsurance (comprehensive benefits).
G.S. 136-18	Powers of Department of Transportation.
G.S. 136-41.1	Appropriation to municipalities; allocation of funds generally; allocation to Butner.
G.S. 136-89.56	Commercial enterprises.
G.S. 137-31.3	Members of board of directors; terms of office; per diem and expenses.
G.S. 143-23.2	Transfers to Department of Human Resources.
G.S. 143-31.1	Study and review of plans and specifications for building, improvement, etc., projects.
G.S. 143-31.3	Grants to nonstate health and welfare agencies.
G.S. 143-48.1	Medicaid program exemption.
G.S. 143-49	Powers and duties of Secretary.
G.S. 143-116.6	Rules concerning conduct; violation.
G.S. 143-116.7	Motor vehicle laws applicable to streets, alleys and driveways on the grounds of Department of Human Resources institutions; traffic regulations; registration and regulation of motor vehicles.
G.S. 143-117	Institutions included.
G.S. 143-117.1	Definitions.
G.S. 143-118	Secretary of Human Resources to fix cost and charges.
G.S. 143-126.1	Lien on property for unpaid balance due institution.
G.S. 143-127.1	Parental liability for payment of cost of care for long-term patients in Department of Human Resources facilities.
G.S. 143-127.2	Repair or replacement of personal property.
G.S. 143-138	North Carolina State Building Code.
G.S. 143-166.2	Definitions.
G.S. 143-166.13	Persons entitled to benefits under Article.
G.S. 143-507	Establishment of emergency medical services program.
G.S. 143-508	Department of Human Resources to establish program; rules and regulations of North Carolina Medical Care Commission.
G.S. 143-509	Powers and duties of Secretary.
G.S. 143-510	(For applicability see note) Emergency Medical Advisory Council.
G.S. 143-511	Powers and duties of the Council.
G.S. 143-512	Regional demonstration plans.
G.S. 143-513	Regional emergency medical services councils.
G.S. 143-514	Training programs; utilization of emergency services personnel.
G.S. 143-516	Single State agency.

G.S. 143-545A	Purpose, establishment and administration of program; services.
G.S. 143-546A	Duties of Secretary; cooperation with federal rehabilitation services administration or successor.
G.S. 143-548	Vocational Rehabilitation Advisory Council.
G.S. 143-576.6	Community Child Protection Teams; responsibility for training of team members.
G.S. 143B-2	Interim applicability of the Executive Organization Act of 1973.
G.S. 143B-6	Principal departments.
G.S. 143B-139.3	Department of Human Resources – authority to contract with other entities.
G.S. 143B-139.4	Department of Human Resources; authority to assist private nonprofit foundations.
G.S. 143B-139.5	Department of Human Resources; adult care State/county share of costs.
G.S. 143B-139.6	Confidentiality of records.
G.S. 143B-139.7	Consolidated county human services funding.
G.S. 143B-147	Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services – creation, powers and duties.
G.S. 143B-148	Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services – members; selection; quorum; compensation.
G.S. 143B-150.5	Family Preservation Services Program established; purpose.
G.S. 143B-150.6	Program services; eligibility; grants for local projects; fund transfers.
G.S. 143B-152.1	Establishment of program; purpose; goals.
G.S. 143B-152.5	Grants review and selection.
G.S. 143B-152.6	Cooperation of State and local agencies.
G.S. 143B-152.7	Program evaluation; reporting requirements.
G.S. 143B-152.10	Family Resource Center Grant Program; creation; purpose; intent.
G.S. 143B-152.11	Administration of program.
G.S. 143B-152.13	Grants review and selection.
G.S. 143B-152.14	Cooperation of State and local agencies.
G.S. 143B-152.15	Program evaluation; reporting requirements.
G.S. 143B-153	Social Services Commission – creation, powers and duties.
G.S. 143B-154	Social Services Commission – members; selection; quorum; compensation.
G.S. 143B-157	Commission for the Blind – creation, powers and duties.
G.S. 143B-158	Commission for the Blind – members; selection; quorum; compensation.

G.S. 143B-161	Professional Advisory Committee – creation, powers and duties.
G.S. 143B-162	Professional Advisory Committee – members; selection; quorum; compensation.
G.S. 143B-163	Consumer and Advocacy Advisory Committee for the Blind – creation, powers and duties.
G.S. 143B-164	(For applicability, see note) Consumer and Advocacy Advisory Committee for the Blind – members; selection; quorum; compensation.
G.S. 143B-165	North Carolina Medical Care Commission – creation, powers and duties.
G.S. 143B-166	North Carolina Medical Care Commission – members; selection; quorum; compensation.
G.S. 143B-168.3	Child Day-Care Commission – powers and duties.
G.S. 143B-168.4	Child Day-Care Commission – members; selection; quorum.
G.S. 143B-168.5	Child Day Care – special unit.
G.S. 143B-168.11	Early childhood initiatives; purpose; definitions.
G.S. 143B-176.1	Board of Directors of the Governor Morehead School – creation, powers and duties.
G.S. 143B-176.2	Board of Directors of the Governor Morehead School – members; selection; quorum; compensation.
G.S. 143B-177	Council on Developmental Disabilities – creation, powers and duties.
G.S. 143B-179	Council on Developmental Disabilities – members; selection; quorum; compensation.
G.S. 143B-180	Governor's Advisory Council on Aging – creation, powers and duties.
G.S. 143B-181.1	Division of Aging – creation, powers and duties.
G.S. 143B-181.1A	Plan for serving older adults; inventory of existing data; cooperation by State agencies.
G.S. 143B-181.1B	Division as clearinghouse for information; agencies to provide information.
G.S. 143B-181.2	Assistant Secretary for Aging – appointment and duties.
G.S. 143B-181.4	Responsibility for policy.
G.S. 143B-181.6	Purpose and intent.
G.S. 143B-181.10	Respite care program established; eligibility; services; administration; payment rates.
G.S. 143B-181.15	Long-Term Care Ombudsman Program/Office; policy.
G.S. 143B-181.17	Office of State Long-Term Care Ombudsman Program/Office; establishment.
G.S. 143B-181.18	Office of State Long-Term Care Ombudsman Program/State Ombudsman duties.
G.S. 143B-181.55	Creation, membership, meetings, organization, and adoption of measures.

G.S. 143B-216.30	Definitions.
G.S. 143B-216.31	Council for the Deaf and the Hard of Hearing – creation and duties.
G.S. 143B-216.32	Council for the Deaf and the Hard of Hearing – membership; quorum; compensation.
G.S. 143B-216.33	Division of Services for the Deaf and Hard of Hearing – creation, powers and duties.
G.S. 143B-269	Black Mountain Advancement Center for Women – established; inmates; medical and food services; training; work release.
G.S. 143B-407	North Carolina State Commission of Indian Affairs – membership; term of office; chairman; compensation.
G.S. 143B-411.1	North Carolina Advisory Council on the Eastern Band of the Cherokee – creation; membership; terms of office.
G.S. 143B-415	(For applicability see note) Governor's Advocacy Council on Children and Youth – members; selection; quorum; compensation.
G.S. 143B-417	North Carolina Internship Council – creation; powers and duties.
G.S. 143B-426.25	North Carolina Farmworker Council – creation; membership; meetings.
G.S. 143B-478	Governor's Crime Commission – creation; composition; terms; meetings, etc.
G.S. 147-45	Distribution of copies of State publications.
G.S. 148-19	Health services.
G.S. 150B-3	Special provisions on licensing.
G.S. 153A-217	Definitions.
G.S. 153A-221	Minimum standards.
G.S. 153A-221.1	Standards and inspections.
G.S. 153A-222	Inspections of local confinement facilities.
G.S. 153A-226	Sanitation and food.
G.S. 153A-230.4	Standards.
G.S. 153A-230.5	Satellite jails/work release units built with non-State funds.
G.S. 153A-250	Ambulance services.
G.S. 153A-256	County home.
G.S. 162-56	Place of confinement.
G.S. 162A-21	Preamble.
G.S. 163-152.1	Assistance to blind voters in primaries and elections.
G.S. 168-2	Right of access to and use of public places.
G.S. 168-4.2	May be accompanied by assistance dog.
G.S. 168-4.3	Training and registration of assistance dog.
G.S. 168-14	Vocational rehabilitation services for deaf persons.

(b) The phrase "Human Resources" is deleted and replaced by the phrase "Health and Human Services" wherever it occurs in each of the following sections of the General Statutes:

G.S. 48-2-604	Denying petition to adopt a minor (S.L. 1997-215)
G.S. 58-3-215	Genetic information in health insurance (S.L. 1997-350)
G.S. 90-411	Record copy fee (as amended by Section 11.3 of this act)
G.S. 90-85.27	Definitions (S.L. 1997-76)
G.S. 108A-74	County Department failure to provide services (S.L. 1997-390)
G.S. 114-19.6	Criminal history record check of employees and applicants for employment with DHR (S.L. 1997-260)
G.S. 120-209	Commission duties (S.L. 1997-390)
G.S. 122C-412	Butner Planning Commission (S.L. 1997-59)

Section 11A.119. (a) The phrase "Environment, Health, and Natural Resources" is deleted and replaced by the phrase "Environment and Natural Resources" wherever it occurs in each of the following sections of the General Statutes:

G.S. 7A-29	Appeals of right from certain administrative agencies.
G.S. 14-131	Trespass on land under option by the federal government.
G.S. 14-137	Willfully or negligently setting fire to woods and fields
G.S. 15A-1343	Conditions of probation.
G.S. 20-79.5	Special registration plates for elected and appointed State government officials.
G.S. 20-128	Prevention of noise, smoke, etc.; muffler cut-outs regulated.
G.S. 20-183.7	Fees for performing an inspection and putting an inspection sticker on a vehicle; use of civil penalties.
G.S. 47-30	Plats and subdivisions; mapping requirements.
G.S. 58-78.1	(Applicable January 1, 1997) State Fire and Rescue Commission created; membership.
G.S. 62-102	Application for certificate.
G.S. 68-43	Authority of Secretary of Environment, Health, and Natural Resources to remove or confine ponies on Ocracoke Island and Shackelford Banks.
G.S. 69-25.5	Methods of providing fire protection.
G.S. 74-38	Commission to file copies of bylaws with Department of Environment, Health, and Natural Resources.
G.S. 74-49	Definitions.
G.S. 74-53	Reclamation plan.
G.S. 74-76	Definitions.
G.S. 75A-17	Enforcement of Chapter.
G.S. 75A-5.1	Commercial fishing boats; renewal of number.
G.S. 76-40	Navigable waters; certain practices regulated.
G.S. 77-13	Obstructing streams a misdemeanor.
G.S. 77-14	Obstructions in streams and drainage ditches.

G.S. 87-85	Definitions.
G.S. 87-91	Notice.
G.S. 87-94	Civil penalties.
G.S. 87-95	Injunctive relief.
G.S. 90A-37	Classification of water pollution control systems.
G.S. 90A-38	Grades of certificates.
G.S. 90A-39	Operator qualifications and examination.
G.S. 90A-43	Promotion of training and other powers.
G.S. 90A-47.3	Qualifications for certification; training; examination.
G.S. 100-2	Approval of memorials before acceptance by State; regulation of existing memorials, etc.; "work of art" defined; highway markers.
G.S. 102-8	Administrative agency.
G.S. 102-9	Duties and powers of the agency.
G.S. 100-11	Duties.
G.S. 100-12	Roads, trails, and fences authorized; protection of property.
G.S. 100-13	Fees for use of improvements; fees for other privileges; leases; rules.
G.S. 100-14	Use of fees and other collections.
G.S. 102-1.1	Name and description in relation to 1983 North American Datum.
G.S. 102-10	Prior work.
G.S. 102-15	Improvement of land records.
G.S. 102-17	County projects eligible for assistance.
G.S. 104E-10.1	Additional requirements for low-level radioactive waste facilities.
G.S. 104E-5	Definitions.
G.S. 104E-7	Radiation Protection Commission-Creation and powers.
G.S. 104E-9	Powers and functions of Department of Environment, Health, and Natural Resources.
G.S. 104E-15	Transportation of radioactive materials.
G.S. 104E-17	Payments to State and local agencies.
G.S. 104E-24	Administrative penalties.
G.S. 104F-4	(Applicable January 1, 1997) Advisory Committee.
G.S. 104G-11	Technology, license application, and environmental impact statement.
G.S. 104G-13	Closure and decommissioning.
G.S. 104G-22	Inter-Agency Committee.
G.S. 105-122	Franchise or privilege tax on domestic and foreign corporations.
G.S. 105-130.10	Amortization of air-cleaning devices, waste treatment facilities and recycling facilities.
G.S. 105-130.34	Credit for certain real property donations.
G.S. 105-151.12	Credit for certain real property donations.

G.S. 105-275	Property classified and excluded from the tax base.
G.S. 105-277.7	Use-Value Advisory Board.
G.S. 105A-2	Definitions.
G.S. 106-202.14	Creation of Board; membership; terms; chairman; quorum; board actions; compensation.
G.S. 106-202.17	Creation of committee; membership; terms; chairman; meetings; committee action; quorum; compensation.
G.S. 106-760	Advisory Board.
G.S. 106-762	Fish disease management.
G.S. 106-802	Definitions.
G.S. 106-805	Written notice of swine farms.
G.S. 110-142.2	Suspension, revocation, restriction of license to operate a motor vehicle, or hunting, fishing, or trapping licenses; refusal of registration of motor vehicle.
G.S. 113-1	Meaning of terms.
G.S. 113-28.1	Designated employees commissioned special peace officers by Governor.
G.S. 113-28.2	Powers of arrest.
G.S. 113-28.4	Oaths required.
G.S. 113-29	Policy and plan to be inaugurated by Department of Environment, Health, and Natural Resources.
G.S. 113-35	State timber may be sold by Department of Environment, Health, and Natural Resources; forest nurseries; control over parks, etc.; operation of public service facilities; concessions to private concerns.
G.S. 113-44.9	Definitions.
G.S. 113-51	Powers of Department of Environment, Health, and Natural Resources.
G.S. 113-60.4	Purpose and intent.
G.S. 113-60.14	Compact Administrator; North Carolina members of advisory committee.
G.S. 113-60.15	Agreements with nonconductor states.
G.S. 113-60.22	Definitions.
G.S. 113-60.32	Definitions.
G.S. 113-60.33	Standby duty.
G.S. 113-61	Private limited dividend corporations may be formed.
G.S. 113-64	Duties of supervision by Secretary of Environment, Health, and Natural Resources.
G.S. 113-77.6	Definitions.
G.S. 113-81.1	Authority to render scientific forestry services.
G.S. 113-128	Definitions relating to agencies and their powers.
G.S. 113-145.5	Clean Water Management Trust Fund: Board of Trustees established; membership qualifications; vacancies; meetings and meeting facilities.

G.S. 113-145.8	Clean Water Management Trust Fund: Advisory Council.
G.S. 113-378	Persons drilling for oil or gas to register and furnish bond.
G.S. 113-389	Definitions.
G.S. 113A-33	Definitions.
G.S. 113A-52	Definitions.
G.S. 113A-74	Appalachian Trails System; connecting or side trails; coordination with the National Trails System Act.
G.S. 113A-75	Assistance under this Article with the National Trails System Act (PL 90-543).
G.S. 113A-85	Definitions.
G.S. 113A-103	Definitions.
G.S. 113A-104	Coastal Resources Commission.
G.S. 113A-107	State guidelines for the coastal area.
G.S. 113A-112	Planning grants.
G.S. 113A-113	Areas of environmental concern; in general.
G.S. 113A-118	Permit required.
G.S. 113A-124	Additional powers and duties.
G.S. 113A-129.2	Coastal Reserve Program.
G.S. 113A-153	North Carolina Land Policy Council.
G.S. 113A-164.3	Definitions.
G.S. 113A-166	Rules.
G.S. 113A-167	Existing billboards.
G.S. 113A-168	Removal, etc., of unlawful advertising.
G.S. 113A-169	Condemnation procedure.
G.S. 113A-170	Violation a misdemeanor; injunctive relief.
G.S. 113A-177	Statement of purpose.
G.S. 113A-178	Definitions.
G.S. 113A-183	Forest Development Fund.
G.S. 113A-193	Duties of Secretaries.
G.S. 113A-194	Assessment rates.
G.S. 113A-208	Regulation of mountain ridge construction by counties and cities.
G.S. 113A-212	Assistance to counties and cities under ridge law.
G.S. 113A-221	Definitions.
G.S. 113B-3	Composition of Council; appointments; terms of members; qualifications.
G.S. 120-70.33	Powers and duties.
G.S. 120-70.43	Powers and duties.
G.S. 120-70.62	Powers and duties.
G.S. 120-150	(Effective January 1, 1997) Creation; appointment of members.
G.S. 120-161	Facilities and staff.
G.S. 120-183.7	Fees for performing an inspection and putting an inspection sticker on a vehicle; use of civil penalties.

G.S. 121-4	Powers and duties of the Department of Cultural Resources.
G.S. 126-5	Employees subject to Chapter; exemptions.
G.S. 130A-310.8	Recordation of inactive hazardous substance or waste disposal sites.
G.S. 130A-336	Improvement permit and authorization for wastewater system construction required.
G.S. 130A-342	Aerobic systems.
G.S. 130B-2	Definitions.
G.S. 130B-22	Inter-Agency Committee on Hazardous Waste.
G.S. 136-21	Drainage of highway; application to court; summons; commissioners.
G.S. 136-28.8	Use of recycled materials in construction.
G.S. 136-44.12	Maintenance of roads and parking lots in areas administered by the Division of Parks and Recreation.
G.S. 136-44.36D	Recreational leasing requirements.
G.S. 136-102.3	Filing record of results of test drilling or boring with Secretary of Administration and Secretary of Environment, Health, and Natural Resources.
G.S. 139-4	Powers and duties of Soil and Water Conservation Commission generally.
G.S. 139-5	Creation of soil and water conservation districts.
G.S. 139-7	District board of supervisors-appointive members; organization of board; certain powers and duties.
G.S. 139-8	Powers of districts and supervisors.
G.S. 139-13	Discontinuance of districts.
G.S. 139-46	Recreational and related aspects of watershed improvement programs.
G.S. 143-58.2	State policy; bid procedures and specifications; identification of products.
G.S. 143-116.8	Motor vehicle laws applicable to State parks and forests road system.
G.S. 143-138	North Carolina State Building Code.
G.S. 143-166.2	Definitions.
G.S. 143-166.7	Applicability of Article.
G.S. 143-166.13	Persons entitled to benefits under Article.
G.S. 143-169	Limitations on publications.
G.S. 143-177.3	Sources of funds.
G.S. 143-211	Declaration of public policy.
G.S. 143-212	Definitions.
G.S. 143-214.8	Wetlands Restoration Program; established.
G.S. 143-214.11	Wetlands Restoration Program; compensatory mitigation.
G.S. 143-214.13	Wetlands Restoration Program: reporting requirement.
G.S. 143-215.3B	Wastewater Treatment Works Emergency Maintenance, Operation and Repair Fund.

G.S. 143-215.18	Map or description of boundaries of capacity use areas.
G.S. 143-215.22I	Regulation of surface water transfers.
G.S. 143-215.22J	Scientific Advisory Council on Water Resources and Coastal Fisheries Management established; membership, compensation.
G.S. 143-215.40	Resolutions and ordinances assuring local cooperation.
G.S. 143-215.70	Secretary of Environment, Health, and Natural Resources authorized to accept applications.
G.S. 143-215.73A	Water Resources Development Plan.
G.S. 143-215.74F	Program authorized.
G.S. 143-215.77	Definitions.
G.S. 143-215.86	Other State agencies and State-designated local agencies.
G.S. 143-215.94HH	Oil spill contingency plan.
G.S. 143-240	Creation of Wildlife Resources Commission; districts; qualifications of members.
G.S. 143-243	Organization of the Commission; election of officers; Robert's Rules of Order.
G.S. 143-252	Article subject to Chapter 113.
G.S. 143-253	Jurisdictional questions.
G.S. 143-286.1	Nutbush Conservation Area.
G.S. 143-289	Contributions from certain counties and municipalities authorized; other grants or donations.
G.S. 143-320	Definitions.
G.S. 143-323	Functions of Department of Environment, Health, and Natural Resources.
G.S. 143-350	Definitions.
G.S. 143-439	Pesticide Advisory Committee; creation and functions.
G.S. 143-670	Definitions.
G.S. 143-671	Adopt-A-Beach Program; established; purposes.
G.S. 143B-2	Interim applicability of the Executive Organization Act of 1973.
G.S. 143B-6	Principal departments.
G.S. 143B-86	America's Four Hundredth Anniversary Committee-members; selection; quorum; compensation.
G.S. 143B-115	John Motley Morehead Memorial Commission-members; selection; quorum; compensation.
G.S. 143B-131.2	Roanoke Island Commission – Purpose, powers and duties.
G.S. 143B-279.1	Department of Environment, Health, and Natural Resources-creation.
G.S. 143B-279.4	The Department of Environment, Health, and Natural Resources-Secretary; Deputy Secretaries.

G.S. 143B-281.1	Wildlife Resources Commission-transfer; independence preserved; appointment of Executive Director and employees.
G.S. 143B-282	Environmental Management Commission-creation; powers and duties.
G.S. 143B-282.1	Environmental Management Commission-quasi-judicial powers; procedures.
G.S. 143B-283	(Applicable January 1, 1997) Environmental Management Commission-members; selection; removal; compensation; quorum; services.
G.S. 143B-285.22	Creation.
G.S. 143B-285.23	Powers and duties of the Secretary of Environment, Health, and Natural Resources.
G.S. 143B-289.2	Definitions.
G.S. 143B-289.3	Marine Fisheries Commission-creation; purpose and transfer of function.
G.S. 143B-289.4	Marine Fisheries Commission-powers and duties.
G.S. 143B-289.5	Marine Fisheries Commission-members; selection; removal; compensation; quorum; services.
G.S. 143B-289.11	Jurisdictional questions.
G.S. 143B-289.12	Rules of Department continued.
G.S. 143B-289.20	Office of Marine Affairs-organization; powers and duties.
G.S. 143B-289.22	Local advisory committees; duties; membership.
G.S. 143B-290	North Carolina Mining Commission-creation; powers and duties.
G.S. 143B-294	Soil and Water Conservation Commission-creation; powers and duties.
G.S. 143B-295	Soil and Water Conservation Commission-members; selection; removal; compensation; quorum; services.
G.S. 143B-298	Sedimentation Control Commission-creation; powers and duties.
G.S. 143B-299	Sedimentation Control Commission-members; selection; compensation; meetings.
G.S. 143B-300	Water Pollution Control System Operators Certification Commission-creation; powers and duties.
G.S. 143B-301	Water Pollution Control System Operators Certification Commission-members; selection; removal; compensation; quorum; services.
G.S. 143B-308	Forestry Council-creation; powers and duties.
G.S. 143B-309	Forestry Council-members; chairperson; selection; removal; compensation; quorum.
G.S. 143B-313.1	North Carolina Parks and Recreation Authority; creation; powers and duties.

G.S. 143B-313.2	North Carolina Parks and Recreation Authority; members; selection; compensation; meetings.
G.S. 143B-317	Air Quality Compliance Advisory Panel-creation; powers and duties.
G.S. 143B-318	Air Quality Compliance Advisory Panel-members; chairman; selection; removal; compensation; quorum; services.
G.S. 143B-333	North Carolina Trails Committee-creation; powers and duties.
G.S. 143B-334	North Carolina Trails Committee-members; selection; removal; compensation.
G.S. 143B-335	North Carolina Zoological Park Council-creation; powers and duties.
G.S. 143B-336	North Carolina Zoological Park Council-members; selection; removal; chairman; compensation; quorum; services.
G.S. 143B-336.1	Special Zoo Fund.
G.S. 143B-344.17	North Carolina Aquariums Commission-organization, powers, and duties.
G.S. 143B-344.18	Commission created; membership.
G.S. 143B-407	(Applicable January 1,1997) North Carolina State Commission of Indian Affairs-membership; term of office; chairman; compensation.
G.S. 143B-411.1	North Carolina Advisory Council on the Eastern Band of the Cherokee-creation; membership; term of office.
G.S. 143B-417	North Carolina Internship Council-creation; powers and duties.
G.S. 143B-426.22	Governor's Management Council.
G.S. 143B-426.25	(Applicable January 1, 1997) North Carolina Farmworker Council-creation; membership; meetings.
G.S. 143B-437	Investigation of impact of proposed new and expanding industry.
G.S. 146-30	Application of net proceeds.
G.S. 146-8	Disposition of mineral deposits in State lands under water.
G.S. 147-45	Distribution of copies of State publications.
G.S. 150B-1	Policy and scope.
G.S. 158-8.2	Creation of Northeastern North Carolina Regional Economic Development Commission.
G.S. 159I-7	Solid Waste Management Loan Fund.
G.S. 161-22.2	Parcel identifier number indexes.

(b) The phrase "Environment, Health, and Natural Resources" is deleted and replaced by the phrase "Environment and Natural Resources" wherever it occurs in each of the following sections of the General Statutes:

G.S. 87-98.2 Definitions (S.L. 1997-358)

G.S. 113-168	Definitions (S.L. 1997-400)
G.S. 113-182.1	Fishery Management Plans (S.L. 1997-400)
G.S. 113A-230	Legislative findings (S.L. 1997-226)
G.S. 113A-231	Program to establish conservation purposes (S.L. 1997-226)
G.S. 113A-232	Conservation grant fund (S.L. 1997-226)
G.S. 113A-234	Administration of grants (S.L. 1997-226)
G.S. 113A-235	Conservation easements (S.L. 1997-226)
G.S. 130A-310.8	Recordation of inactive hazardous substances (S.L. 1997-394)
G.S. 130A-301	Recordation of permits for disposal of waste (S.L. 1997-330)
G.S. 130A-310.35	Notice of Brownfields Property (S.L. 1997-357)
G.S. 143-215.85A	Recordation of oil or hazardous waste substance discharge sites (S.L. 1997-394)
G.S. 143-215.104M	Notice of Dry-Cleaning Solvent Remediation (S.L. 1997-392)
G.S. 143B-279.8	Habitat Protection Plans (S.L. 1997-400)
G.S. 143B-289.21	Marine Fisheries Commission (S.L. 1997-400)
G.S. 143B-289.23	Marine Fisheries Commission (S.L. 1997-400)
G.S. 143B-289.40	Division of North Carolina Aquariums (S.L. 1997-286, recodified S.L. 1997-400)
G.S. 143B-289.44	Division of North Carolina Aquariums (S.L. 1997-286, recodified S.L. 1997-400)

Section 11A.120. References in the Session Laws to any department, division, or other agency that is transferred by this Part shall be considered to refer to the successor department, division, or other agency. Every Session Law that refers to any department, division, or other agency to which this Part applies that relates to any power, duty, function, or obligation of any department, division, or agency and that continues in effect after this Part shall be construed so as to be consistent with this Part.

Section 11A.121. The Revisor of Statutes may correct any references or citations in the General Statutes to any portion of the General Statutes that is recodified, transferred, subdivided, or amended by this Part by deleting incorrect references and substituting correct references.

Section 11A.122. The Revisor of Statutes is authorized to delete any reference to the Department of Human Resources, the Secretary of Human Resources, and the Secretary of the Department of Human Resources in any portion of the General Statutes to which conforming amendments are not made by this Part and to substitute, as appropriate and consistent with this Part, the Department of Health and Human Services and the Secretary of Health and Human Services.

Section 11A.123. The Revisor of Statutes is authorized to delete any reference to the Department of Environment, Health, and Natural Resources, the Secretary of Environment, Health, and Natural Resources, and the Secretary of the Department of Environment, Health, and Natural Resources in any portion of the

General Statutes to which conforming amendments are not made by this Part and to substitute, as appropriate and consistent with this Part, the Department of Environment and Natural Resources and the Secretary of Environment and Natural Resources.

Section 11A.124. All statutory authority, powers, duties, functions, records, personnel, property, and unexpended balances of appropriations or other funds of any agency which are transferred pursuant to this Part shall be transferred in their entirety.

Section 11A.125. Unless specifically provided to the contrary or unless a contrary intent is clear from the context, any official designation of any agency transferred by this Part as the State agency for any function, including specifically purposes of federal programs, shall be considered to be a designation of the successor agency.

Section 11A.126. No later than 30 days after the effective date of this Part, the Department of Health and Human Services and the Department of Environment and Natural Resources shall enter into a Memorandum of Agreement that provides for coordination between the departments as to any functions shared by the departments as a result of the passage of this Part. This Memorandum shall require that the Department of Environment and Natural Resources provide staff to the Commission for Health Services for the Commission's duties under Articles 8, 9, 10, 11, and 12 of Chapter 130A of the General Statutes. Until a Memorandum of Agreement has been entered into by the departments, the Department of Health and Human Services shall provide all clerical and other services required by the Commission for Health Services.

Section 11A.127. Pending the results of the study to be undertaken by the Environmental Review Commission as provided in this Part, on-site wastewater functions, public drinking water programs, and environmental health programs shall remain in the Department of Environment and Natural Resources, the Division of Environmental Health, shall remain intact in the Department of Environment and Natural Resources, and the Department of Environment and Natural Resources shall not consolidate on-site wastewater functions or drinking water programs in the Division of Water Quality.

Section 11A.128. The Environmental Review Commission shall study the following issues and report its findings to the 1997 General Assembly, Regular Session 1998, along with any legislation it proposes to address these issues:

- (1) The appropriate roles and financing of local and state agencies in reviewing, permitting, inspecting, and monitoring private wells, community wells, municipal wells, and municipal surface water supplies;
- (2) The appropriate roles and financing of local and State agencies in reviewing, permitting, inspecting, monitoring, and maintaining septic tanks, package wastewater treatment plants, municipal wastewater treatment plants, industrial treatment plants, and animal waste operations;
- (3) The appropriate roles and financing of local and State agencies in administering the various environmental health programs;

- (4) The integration of State's review of the financial integrity of applicants for drinking water and wastewater discharge permits;
- (5) Policies to monitor the quality and prevent and reduce pollution of groundwaters;
- (6) Consistent State policies for cleaning up contaminated groundwater and soils;
- (7) Coordination of adoption and development of policies by the Coastal Resources Commission, Environmental Management Commission, Commission on Health Services, Marine Fisheries Commission, and other commissions having roles in water quality or wastewater issues;
- (8) Policies to monitor the quality and prevent and reduce pollution of surface waters;
- (9) Organization of the State's water planning agencies;
- (10) Technical and financial assistance to business, industry, local governments, and citizens;
- (11) Policies to encourage water conservation;
- (12) Policies to encourage regional water supply and wastewater treatment planning; and
- (13) The role of the North Carolina Cooperative Extension Services, North Carolina Department of Agriculture, and the North Carolina Department of Transportation in the protection of water supplies.

Section 11A.129. The Secretary of Health and Human Services may reorganize the Department of Health and Human Services in accordance with G.S. 143B-10 and shall report as required by that section. In addition, the Department of Health and Human Services shall do the following:

- (1) Report to the Joint Legislative Commission on Governmental Operations by December 31, 1997, on the Department's progress in incorporating health functions and agencies into the Department;
- (2) Report to the General Assembly by May 1, 1998, on additional changes, including proposed legislation necessary to effectuate the purposes of this Part including the findings of the Environmental Review Commission's study.
- (3) Report to the Joint Legislative Commission on Governmental Operations by October 31, 1998, on any proposed changes in the Department's structure of boards and commissions not already implemented as a result of the Environmental Review Commission's study or necessary to effectuate the purposes of this Part and to deliver services more efficiently;
- (4) Report to the General Assembly by February 1, 1999, on the Department's progress in adopting any rule changes necessary to effectuate the purposes of this Part and any proposed legislation necessary to change the structure of any boards and commissions as reported to the Joint Legislative Commission on Governmental Operations.

SUBPART 3. CHANGE THE TERM "AMBULANCE ATTENDANT" TO "MEDICAL RESPONDER" AND CHANGE THE STATUTES RELATING TO MEDICAL RESPONDERS.

Section 11A.129A. G.S. 14-34.6 reads as rewritten:

"§ 14-34.6. Assault or affray on an emergency medical technician, ~~ambulance attendant,~~ medical responder, emergency department nurse, or emergency department physician.

(a) A person is guilty of a Class A1 misdemeanor if the person commits an assault or an affray on an emergency medical technician, ~~ambulance attendant,~~ medical responder, emergency department nurse, or emergency department physician while the technician, attendant, nurse, or physician is discharging or attempting to discharge official duties.

(b) Unless a person's conduct is covered under some other provision of law providing greater punishment, a person is guilty of a Class I felony if the person violates subsection (a) of this section and (i) inflicts bodily injury or (ii) uses a deadly weapon other than a firearm.

(c) Unless a person's conduct is covered under some other provision of law providing greater punishment, a person is guilty of a Class F felony if the person violates subsection (a) of this section and uses a firearm."

Section 11A.129B. G.S. 14-276.1 reads as rewritten:

"§ 14-276.1. Impersonation of firemen or emergency medical services personnel.

It is a Class 3 misdemeanor, for any person, with intent to deceive, to impersonate a fireman or any emergency medical services personnel, whether paid or voluntary, by a false statement, display of insignia, emblem, or other identification on his person or property, or any other act, which indicates a false status of affiliation, membership, or level of training or proficiency, if:

- (1) The impersonation is made with intent to impede the performance of the duties of a fireman or any emergency medical services personnel, or
- (2) Any person reasonably relies on the impersonation and as a result suffers injury to person or property.

For purposes of this section, emergency medical services personnel means ~~an ambulance attendant,~~ a medical responder, emergency medical technician, emergency medical technician intermediates, emergency medical technician paramedics, or other member of a rescue squad or other emergency medical organization."

Section 11A.129C. G.S. 131E-255 reads as rewritten:

"§ 131E-155. Definitions.

As used in this Article, unless otherwise specified:

- (1) 'Ambulance' means any privately or publicly owned motor vehicle, aircraft, or vessel that is specially designed, constructed, or modified and equipped and is intended to be used for and is maintained or operated for the transportation on the streets or highways, waterways or airways of this State of persons who are sick, injured, wounded, or otherwise incapacitated or helpless.

- (2) ~~"Ambulance attendant" means an individual who has completed a training program in emergency medical care and first aid approved by the Department and has been certified as an ambulance attendant by the Department.~~
- (3) 'Ambulance provider' means an individual, firm, corporation or association who engages or professes to engage in the business or service of transporting patients in an ambulance.
- (4) 'Commission' means the North Carolina Medical Care Commission.
- (5) 'Emergency medical technician' means an individual who has completed a training an educational program in emergency medical care at least equal to the National Standard Training Program for emergency medical technicians as defined by the United States Department of Transportation approved by the Department and has been certified as an emergency medical technician by the Department.
- (5a) 'Medical responder' means an individual who has completed an educational program in emergency medical care and first aid approved by the Department and has been certified as a medical responder by the Department.
- (6) 'Patient' means an individual who is sick, injured, wounded, or otherwise incapacitated or helpless such that the need for some medical assistance might be anticipated while being transported to or from a medical facility.
- (7) 'Practical examination' means a test where an applicant for certification or recertification as an emergency medical technician or ~~ambulance attendant~~ medical responder demonstrates the ability to perform specified emergency medical care skills."

Section 11A.129D. G.S. 131E-158(a) reads as rewritten:

"(a) Every ambulance when transporting a patient shall be occupied at a minimum by the following:

- (1) At least one emergency medical technician who shall be responsible for the medical aspects of the mission prior to arrival at the medical facility, assuming no other individual of higher certification or license is available; and
- (2) One ~~ambulance attendant~~ medical responder who is responsible for the operation of the vehicle and rendering assistance to the emergency medical technician.

An ambulance owned and operated by a licensed health care facility that is used solely to transport sick or infirm patients with known nonemergency medical conditions between facilities or between a residence and a facility for scheduled medical appointments is exempt from the requirements of this subsection."

Section 11A.129E. G.S. 131E-159 reads as rewritten:

"§ 131E-159. Requirements for certification.

(a) An individual seeking certification as an emergency medical technician or ~~ambulance attendant~~ medical responder shall apply to the Department using forms

prescribed by that agency. The Department's representatives shall examine the applicant for emergency medical technician by written and practical examination and the applicant for ~~ambulance attendant~~ medical responder by written (~~or oral if requested~~) and practical examination. The Department shall issue a certificate to the applicant who meets all the requirements set forth in this Article and the rules adopted for this Article and who successfully completes the examinations required for certification. Emergency medical technician and ~~ambulance attendant~~ medical responder certificates shall be valid for a period not to exceed four years and may be renewed after reexamination if the holder meets the requirements set forth in the rules of the Commission. The Department is authorized to revoke or suspend a certificate at any time it determines that the holder no longer meets the qualifications prescribed for emergency medical technicians or for ~~ambulance attendants~~ medical responders.

(b) The Commission shall adopt rules setting forth the qualifications required for certification of ~~ambulance attendants~~ medical responders and emergency medical technicians.

(b1) An individual currently certified as an emergency medical technician by the National Registry of Emergency Medical Technicians or by another state where the ~~training/certification~~ education/certification requirements have been approved for ~~reciprocity~~ legal recognition by the Department of ~~Human Resources, Health and Human Services~~, in accordance with rules promulgated by the Medical Care Commission, and who is either currently residing in North Carolina or affiliated with a permitted ambulance provider offering service within North Carolina, may be eligible for certification as an emergency medical technician without examination. This certification shall be valid for a period not to exceed the length of the applicant's original certification or four years, whichever is less.

(c) Duly authorized representatives of the Department may issue temporary certificates with or without examination upon finding that this action will be in the public interest. Temporary certificates shall be valid for a period not exceeding 90 days."

Section 11A.129F. G.S. 131E-161 reads as rewritten:

"§ 131E-161. Violation declared misdemeanor.

It shall be the responsibility of the ambulance provider to ensure that the ambulance operation complies with the provisions of this Article and all rules adopted for this Article. Upon the violation of any part of this Article or any rule adopted under authority of this Article, the Department shall have the power to revoke or suspend the permits of all vehicles owned or operated by the violator. The operation of an ambulance without a valid permit or after a permit has been suspended or revoked or without an emergency medical technician and ~~ambulance attendant~~ medical responder aboard as required by G.S. 131E-158, shall constitute a Class 1 misdemeanor."

Section 11A.130. This Part becomes effective when this act becomes law; provided, however, that for purposes of budget and financial records, this section becomes effective July 1, 1997. The Departments by agreement and at the direction of the Office of State Budget and Management shall undertake certification, revisions, and

transfer of budget funds and financial records so that State fiscal year financial records, reports, and accounting are maintained as if this Part had become effective July 1, 1997.

PART XII. WELFARE REFORM INITIATIVES AND CONFORMING CHANGES

Requested by: Representatives Berry, Howard, Cansler, Morgan, Senators Martin of Guilford, Cooper, Forrester, Winner

SUBPART A. WELFARE REFORM INITIATIVES.

Section 12.1. The title of Part 2 of Article 2 of Chapter 108A of the General Statutes reads as rewritten:

"Part 2. ~~Aid to Families with Dependent Children.~~ Work First Program."

Section 12.2. G.S. 108A-24 reads as rewritten:

"§ 108A-24. Definitions.

As used in Chapter 108A:

- (1) 'Applicant' is any person who requests assistance or on whose behalf assistance is requested.
- (1a) 'Biometric' means a digitized image of selected features of an individual encoded and processed in a manner that ensures an extraordinarily high correlation between the digital data and the actual characteristics of an individual.
- (1b) 'Community service' means work exchanged for temporary public assistance.
- (1c) 'County block grant' means federal and State money appropriated to implement and maintain a county's Work First Program.
- (1d) 'County department of social services' means a county department of social services, consolidated human services agency, or other local agency designated to administer services pursuant to this Article.
- (1e) 'County Plan' is the biennial Work First Program plan prepared by each county pursuant to this Article and submitted to the Department for incorporation into the State Plan.
- (2) 'Department' is the Department of Human Resources, unless the context clearly indicates otherwise.
- (3) 'Dependent child' is a person under 18 years of age ~~who is living with a natural parent, adoptive parent, stepparent, or any other person related by blood, marriage, or legal adoption, in a place of residence maintained by one or more of such persons as his or their own home, and who is deprived of parental support or care; it shall also include a minor who has been eligible for AFDC who is now living in a foster-care facility or child-caring institution; it shall also include a dependent child in school under 21 years of age as provided by Titles IV A and XIX of the Social Security Act.~~ or, in the medical assistance program, a person under 19 years of age.

- (3a) 'Electing County' means a county that elects to develop and is approved to administer a local Work First Program.
- (3b) 'Employment' means work that requires either a contribution to FICA or the filing of a State N.C. Form D-400, or the equivalent.
- (3c) 'Family' means a unit consisting of a minor child or children and one or more of their biological parents, adoptive parents, stepparents, or grandparents living together.
- (3d) 'Federal TANF funds' means the Temporary Assistance for Needy Families block grant funds provided for in Title IV-A of the Social Security Act.
- (3e) 'FICA' means the taxes imposed by the Federal Insurance Contribution Act, 26 U.S.C. § 3101, et seq.
- (3f) 'First Stop Employment Assistance' is the program established to assist recipients of Work First Program assistance with employment through job registration, job search, job preparedness, and community service.
- (3g) 'Full-time employment' means employment which requires the employee to work a regular schedule of hours per day and days per week established as the standard full-time workweek by the employer, but not less than an average of 30 hours per week.
- (4) Repealed by Session Laws 1983, c. 14, s. 3.
- (4a) 'Mutual Responsibility Agreement' ('MRA') is an agreement between a county and a recipient of Work First Program assistance which describes the conditions for eligibility for the assistance and what the county will provide to assist the recipient in moving from assistance to self-sufficiency. A MRA may provide for recipient parental responsibilities and child development goals and what a county or the State will provide to assist the recipient in achieving those child development goals. Improvement in literacy shall be a part of any MRA, but a recipient shall not be penalized if unable to achieve improvement. A MRA is a prerequisite for any Work First Program assistance under this Article.
- (4b) 'Parent' means biological parent or adoptive parent.
- (5) 'Recipient' is a person to whom, or on whose behalf, assistance is granted under this Article.
- (6) 'Resident,' unless otherwise defined by federal regulation, is a person who is living in North Carolina at the time of application with the intent to remain permanently or for an indefinite period; or who is a person who enters North Carolina seeking employment or with a job commitment.
- (7) 'Secretary' is the Secretary of Human Resources, unless the context clearly indicates otherwise.
- (8) 'Standard Program County' means a county that participates in the Standard Work First Program.

- (9) 'Standard Work First Program' means the Work First Program developed by the Department.
- (10) 'State Plan' is the biennial Work First Program plan, based upon the aggregate of the Electing County Plans and the Standard Work First Program, prepared by the Department for the State's Work First Program pursuant to this Article, and submitted sequentially to the Budget Director, to the General Assembly, to the Governor, and to the appropriate federal officials for approval.
- (11) 'Temporary' is a time period, not to exceed 60 cumulative months, which meets the federal requirement of Title IV-A.
- (12) 'Title IV-A' means the Social Security Act, 42 U.S.C. § 601, et seq., as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193, and to other provisions of federal law as may apply to assistance provided in this Article.
- (13) 'Work' is lawful activity exchanged for cash, goods, uses, or services.
- (14) 'Work First Diversion Assistance' is a short-term cash payment that is intended to substantially reduce the likelihood of a family requiring Work First Family Assistance.
- (15) 'Work First Family Assistance' is a program of time-limited periodic payments to assist in maintaining the children of eligible families while the adult family members engage in activities to prepare for entering and to enter the workplace.
- (16) 'Work First Program' is the Temporary Assistance for Needy Families program established in this Article.
- (17) 'Work First Program assistance' means the goods or services provided under the Work First Program.
- (18) 'Work First Services' are services funded from appropriations made pursuant to this Article and designed to facilitate the purposes of the Work First Program."

Section 12.3. G.S. 108A-25 reads as rewritten:

"§ 108A-25. Creation of programs.

(a) The following programs of public assistance are ~~hereby~~ established, and shall be administered by the county department of social services or the Department of Human Resources under federal regulations or under rules ~~and regulations~~ adopted by the Social Services Commission and under the supervision of the Department of Human Resources:

- (1) ~~Aid to families with dependent children;~~
- (2) State-county special assistance for adults;
- (3) Food stamp program;
- (4) Foster care and adoption assistance payments;
- (5) Low income energy assistance program.

(b) The program of medical assistance is ~~hereby~~ established as a program of public assistance and shall be administered by the county departments of social services under rules ~~and regulations~~ adopted by the Department of Human Resources.

(b1) The Work First Program is established as a program of public assistance and shall be supervised and administered as provided in Part 2 of this Article.

(c) The Department of Human Resources is hereby authorized to may accept all grants-in-aid for programs of public assistance which may be available to the State by the federal government. The provisions of this Article shall be liberally construed in order that the State and its citizens may benefit fully from such the federal grants-in-aid."

Section 12.4. Part 1 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new sections to read:

"§ 108A-25.1. Recipient identification system.

(a) The Department shall establish and maintain a uniform system in the Department and in all counties of identifying all Work First, food stamp, and medical assistance program recipients. This system shall provide security and portability throughout the State and between the departments within the State involved in means-tested public assistance programs and shall have the capability of identifying recipients of assistance from all means-tested programs administered or funded through the Department.

(b) The identification system established in this section shall use multiple biometrics to ensure greater than ninety-nine percent (99%) accuracy for interdepartmental identification.

(c) The Department shall ensure that the biometric identification system will be compatible with any existing departmental biometric identification system.

"§ 108A-25.2. Exemption from limitations for individuals convicted of certain drug-related felonies.

Individuals convicted of Class H or I controlled substance felony offenses in this State shall be eligible to participate in the Work First Program and food stamp program:

- (1) Six months after release from custody if no additional controlled substance felony offense is committed during that period and successful completion of or continuous active participation in a required substance abuse treatment program determined appropriate by the area mental health authority; or
- (2) If not committed to custody, six months after the date of conviction if no additional controlled substance felony offense is committed during that period and successful completion of or continuous active participation in a required substance abuse treatment program determined appropriate by the area mental health authority.

A county department of social services shall require individuals who are eligible for Work First Program assistance and food stamp benefits pursuant to this section to undergo substance abuse treatment as a condition for receiving Work First Program or food stamp benefits, if funds and programs are available and to the extent allowed by federal law."

Section 12.5. G.S. 108A-27 reads as rewritten:

"§ 108A-27. Authorization of Aid to Families with Dependent Children Program. Authorization and description of Work First Program; Work First

Program changes; designation of Electing and Standard Program Counties.

(a) The Department is authorized to shall establish and establish, supervise an Aid to Families with Dependent Children supervise, and monitor the Work First Program. The purpose of the Work First Program is to provide eligible families with short-term assistance to facilitate their movement to self-sufficiency through employment. This program is to be administered by county departments of social services under federal regulations and rules and regulations of the Social Services Commission.

(b) The Work First Program in all counties shall include program administration, First Stop Employment Registration, and three categories of assistance to participants:

- (1) Work First Diversion Assistance;
- (2) Work First Family Assistance; and
- (3) Work First Services.

All counties shall utilize the registration process of the First Stop Employment Assistance Program. All other provisions of the First Stop Employment Assistance Program shall be optional to the counties.

(c) The Department may change the Work First Program when required to comply with federal law. Any changes in federal law that necessitate a change in the Work First Program shall be effected by temporary rule until the next State Plan is approved by the General Assembly. Any change effected by the Department to comply with federal law shall be reported to the Joint Legislative Public Assistance Commission and included in the State Plan submitted during the next session of the General Assembly following the change.

(d) The Department shall allow counties maximum flexibility in the Work First Program while ensuring that the counties comply with federal and State laws and regulations. Subject to any limitations imposed by law, the Department shall allow counties to request to be designated as either Electing Counties or Standard Program Counties in the Work First Program.

(e) All counties shall notify the Department in writing as to whether they desire to be designated as either Electing or Standard Program. A county shall submit in its notification to the Department documentation demonstrating that three-fifths of its county commissioners support its desired designation. Upon receipt of the notification from the county, the Department shall send to the county confirmation of the county's planning designation. A county that desires to be redesignated shall submit a request in writing to the Department at least six months prior to the effective date of the next State Plan. In its request for redesignation, the county shall submit documentation demonstrating that three-fifths of its county commissioners support the redesignation. Upon receipt of the notification from the county, the Department shall send to the county confirmation of the county's planning redesignation. A county's redesignation shall become effective on the effective date of the next State Plan following the redesignation. A county's designation or redesignation shall not be effected except as provided in this Article.

(f) The board of county commissioners in an Electing County shall be responsible for development, administration, and implementation of the Work First Program in that county.

(g) The county department of social services in a Standard Program County shall be responsible for administering and implementing the Standard Work First Program in that county.

(h) The Department and Electing Counties, in developing an Electing County Work First Program or the Standard Work First Program, may distinguish among potential groups of recipients on whatever basis necessary to enhance program purposes and to maximize federal revenues, so long as the rights, including the constitutional rights of equal protection and due process, of individuals are protected. The Department and Electing Counties may provide Work First Program assistance to legal immigrants on the same basis as citizens to the extent permitted by federal law."

Section 12.6. Part 2 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new sections:

"§ 108A-27.1. Time limitations on assistance.

(a) Under the Standard Work First Program, unless an extension or an exemption is provided pursuant to the provisions of this Part or the State Plan, any cash assistance provided to a person or family in the employment program shall only be provided for a cumulative total of 24 months. After having received cash assistance for 24 months, the person or the family may reapply for cash assistance, but not until after 36 months from the last month the person or the family received cash assistance. This subsection shall not apply to child-only cases.

(b) Electing Counties may set any time limitations on assistance it finds appropriate, so long as the time limitations do not conflict or exceed any federal time limitations.

"§ 108A-27.2. General duties of the Department.

The Department shall have the following general duties with respect to the Work First Program:

- (1) Provide technical assistance to counties developing and implementing their County Plans, including providing information concerning applicable federal law and regulations and changes to federal law and regulations that affect the permissible use of federal funds and scope of the Work First Program in a county;
- (2) Describe authorized federal and State work activities;
- (3) Define requirements for assignment of child support income and compliance with child support activities;
- (4) Establish a schedule for counties to submit their County Plans to ensure that all Standard County Plans are adopted by the Standard Program Counties by January 15 of each even-numbered year and all Electing County Plans are adopted by Electing Counties by February 1 of each even-numbered year and review and then recommend a State Plan to the General Assembly;

- (5) Ensure that the County Plans comply with federal and State laws, rules, and regulations, are consistent with the overall purposes and goals of the Work First Program, and maximize federal receipts for the Work First Program;
- (6) Prepare the State Plan in accordance with G.S. 108A-27.9 and federal laws and regulations and submit it to the Budget Director for approval;
- (7) Submit the State Plan, as approved by the Budget Director, to the General Assembly for approval;
- (8) Report monthly to the Joint Legislative Public Assistance Commission on the monthly progress reports submitted by the counties to the Department;
- (9) Develop and implement a system to monitor and evaluate the impact of the Work First Program on children and families, including the impact of the Work First Program on the economic security and health of children and families, child abuse and neglect, caseloads for child protective services and foster care, school attendance, and academic and behavioral performance. State and county agencies shall cooperate in providing information needed to conduct these evaluations, sharing data and information except where prohibited specifically by federal law or regulation;
- (10) Monitor the performance of counties relative to their County Plans and the overall goals of the Work First Program and report every six months to the Director of the Budget and the Joint Legislative Public Assistance Commission and annually to the General Assembly on the counties' attainment of the outcomes and goals;
- (11) Provide quarterly progress reports to the county departments of social services, the county boards of commissioners, and the Joint Legislative Public Assistance Commission on the performance of counties in achieving Work First Program expectations;
- (12) Report to the Joint Legislative Public Assistance Commission and the House and Senate Appropriations Subcommittees on Human Resources the counties which have requested Electing status, provide copies of the proposed Electing County Plans to the Joint Legislative Public Assistance Commission and the House and Senate Appropriations Subcommittees on Human Resources, and make recommendations to the Joint Legislative Public Assistance Commission, the chairs of the House and Senate Subcommittees on Human Resources, and the General Assembly on which of the proposed Electing County Plans ensure compliance with federal and State laws, rules, and regulations and are consistent with the overall purposes and goals for the Work First Program; and
- (13) Make recommendations to the General Assembly for approval of counties to become Electing Counties which represent, in aggregate, no more than fifteen and one-half percent (15.5%) of the total Work

First caseload at October 1 of each year and, for each county submitting a plan, the reasons individual counties were or were not recommended.

"§ 108A-27.3. Electing Counties – Duties of county boards of commissioners.

(a) The duties of the county boards of commissioners in Electing Counties under the Work First Program are as follows:

- (1) Establish county outcome and performance goals based on county economic, educational, and employment factors and adopt criteria for determining the progress of the county in moving persons and families to self-sufficiency;
- (2) Establish eligibility criteria for recipients;
- (3) Prescribe the method of calculating benefits for recipients;
- (4) Determine and list persons and families eligible for the Work First Program;
- (5) If made a part of the county's Work First Program, develop and enter into Mutual Responsibility Agreements with Work First Program recipients and ensure that the services and resources that are needed to assist participants to comply with the obligations under their Mutual Responsibility Agreements are available;
- (6) Ensure that participants engage in the minimum hours of work activities required by Title IV-A;
- (7) Provide community service work for any recipient who cannot find employment;
- (8) Make payments of Work First Diversion Assistance and Work First Family Assistance to recipients having MRAs;
- (9) Monitor compliance with Mutual Responsibility Agreements and enforce the agreement provisions;
- (10) Monitor and evaluate the impact of the Work First Program on children and families, including the impact of the Program on the economic security and health of children and families, child abuse and neglect, caseloads for child protective services and foster care, school attendance, and academic and behavioral performance, and report the findings to the Department quarterly;
- (11) Ensure compliance with applicable State and federal laws, rules, and regulations for the Work First Program;
- (12) Develop, adopt, and submit to the Department a biennial County Plan;
- (13) Provide monthly progress reports to the Department in a format to be determined by the Department;
- (14) Develop and implement an appeals process for the county's Work First Program that substantially complies with G.S. 108A-79.

(b) The county board of commissioners shall not delegate the responsibilities described in subdivisions (a)(1), (a)(11), and (a)(12) of this section but may delegate other duties to public or private entities. Notwithstanding any delegation of duty, the

county board of commissioners shall remain accountable for its duties under the Work First Program.

(c) The county board of commissioners shall appoint a committee of individuals to identify the needs of the population to be served and to review and assist in developing the County Plan to respond to the needs. The committee membership shall include, but is not limited to, representatives of the county board of social services, the board of the area mental health authority, the local public health board, the local school systems, the business community, the board of county commissioners and community-based organizations representative of the population to be served.

(d) The county board of commissioners shall review and approve the County Plan for submission to the Department.

"§ 108A-27.4. Electing Counties – County Plan.

(a) Each Electing County shall submit to the Department, according to the schedule established by the Department and in compliance with all federal and State laws, rules, and regulations, a biennial County Plan.

(b) An Electing County's County Plan shall have at least the following five parts:

- (1) Part I. Conditions Within the County;
- (2) Part II. Outcomes and Goals for the County;
- (3) Part III. Plans to Achieve and Measure the Outcomes and Goals;
- (4) Part IV. Administration; and
- (5) Part V. Funding Requirements.

(c) Funding requirements shall, at least, identify the amount of a county block grant for Work First Diversion Assistance, a county block grant for Work First Family Assistance, a county block grant for Work First Services, and the county's maintenance of effort contribution. A county may establish a reserve.

(d) The County Plans in Electing Counties may provide that in cases where benefits are paid only for a child, the case is considered a family case.

(e) Each county shall include in its County Plan the following:

- (1) The number of MRAs entered into by the county;
- (2) A description of the county's plans for serving families who need child care, transportation, substance abuse services, and employment support based on the needs of the community and the availability of services and funding;
- (3) A list of the community service programs equivalent to full-time employment that are being offered to Work First Program recipients who are unable to find full-time employment;
- (4) A description of the county's eligibility criteria, benefit calculation, and any other policies adopted by the county relating to eligibility, terms, and conditions for receiving Work First Program assistance, including sanctions, asset and income requirements, time limits and extensions, rewards, exemptions, and exceptions to requirements. If an Electing County Plan proposes to change eligibility requirements, benefits levels, or reduce maintenance of effort, the county shall

describe the reasons for these changes and how the county intends to utilize the maintenance of effort savings;

(5) A description of how the county plans to utilize public and private resources to assist in moving persons and families to self-sufficiency; and

(6) Any request to the Department for waivers to rules or any proposals for statutory changes to remove any impediments to implementation of the County's Plan.

(f) Each county shall provide to the general public an opportunity to review and comment upon its County Plan prior to its submission to the Department.

(g) A county may modify its County Plan once each biennium but not at any other time unless the county notifies the Department of the proposed modification and the Department determines that the proposed modification is consistent with State and federal law and the goals for the Work First Program.

"§ 108A-27.5. Electing Counties – Duties of the Department.

In addition to the general duties prescribed in G.S. 108A-27.3, the Department shall have the following duties with respect to establishing, supervising, and monitoring the Work First Program in Electing Counties while allowing Electing Counties maximum flexibility in designing and implementing County Plans:

(1) Coordinate activities of other State agencies providing technical support to counties developing their County Plans;

(2) At the request of the counties, provide assistance to counties in their activities with private sector individuals and organizations relative to County Plans; and

(3) Establish the baseline for the State maintenance of effort.

"§ 108A-27.6. Standard Program Counties – Duties of county departments of social services and county boards of commissioners.

(a) Except as otherwise provided in this Article, the Standard Work First Program shall be administered by the county departments of social services. The county departments of social services in Standard Program Counties shall:

(1) In consultation with the Department and the county board of commissioners, establish outcome and performance goals for each Standard Program County, based on economic factors and conditions in that county, aimed at reducing child poverty by means of goals that measure the increased numbers of persons employed, the increased numbers of hours worked by and wages earned by recipients, and other measures of child well-being;

(2) Determine eligibility of persons and families for the Work First Program;

(3) Enter into Mutual Responsibility Agreements with participants if required under the State Plan and ensure that the services and resources that are needed to assist participants to comply with their obligations under their Mutual Responsibility Agreements are available;

- (4) Comply with State and federal law relating to Work First and Title IV-A;
- (5) Develop the County Plans for submission by the counties to the Department;
- (6) Ensure that participants engage in the minimum hours of work activities required by the State Plan and Title IV-A;
- (7) Ensure that the components of the Work First Program are funded solely from authorized sources and that federal TANF funds are used only for purposes and programs authorized by federal and State law;
- (8) Monitor and evaluate the impact of the Work First Program on children and families, including the impact of the Program on the economic security and health of children and families, child abuse and neglect, caseloads for child protective services and foster care, school attendance, and academic and behavioral performance, and report the findings to the Department quarterly; and
- (9) Provide monthly progress reports to the Department, in a format to be determined by the Department.

(b) In consultation with the Department, a county department of social services may delegate any of its duties under this Article to another public agency or private contractor. Prior to delegating any duty, a county department of social services shall submit its proposed delegation to the Department as the Department may provide. Notwithstanding any delegation of duty, a county department of social services shall remain accountable for its duties under the Work First Program.

(c) The county board of commissioners shall appoint a committee of individuals to identify the needs of the population to be served and to review and assist in developing the County Plan to respond to the needs. The committee membership shall include, but is not limited to, representatives of the county board of social services, the board of the area mental health authority, the local public health board, the local school systems, the business community, the board of county commissioners, and community-based organizations representative of the population to be served.

(d) The county board of commissioners shall review and approve the County Plan for submission to the Department.

"§ 108A-27.7. Standard Program County Plan.

(a) Each Standard Program County shall submit to the Department for approval a biennial County Plan that describes the Work First Diversion Assistance and Work First Services the county proposes to offer.

(b) Prior to submitting its County Plan to the Department, a county shall provide the public with an opportunity to review and comment upon it.

(c) The County Plan of a Standard Program County shall include a description of how the county will:

- (1) Utilize both public and private resources to assist in moving persons and families to self-sufficiency;

- (2) Serve families who need child care, transportation, substance abuse services, and employment support based on the needs of the community and the availability of services and funding; and
- (3) Address the needs of persons and families in any other areas specified by the Department.

"§ 108A-27.8. Standard Program Counties – Duties of Department.

(a) The Department shall establish, develop, supervise, and monitor the Standard Work First Program. In addition to its general duties prescribed in G.S. 108A-27.2, the Department shall have the following duties with respect to the Standard Work First Program and the Standard Program Counties:

- (1) Establish the requirements for the content of County Plans and review and approve the County Plans submitted by the Standard Program Counties;
- (2) Advise and assist the Social Services Commission in adopting rules necessary to implement the provisions of this Article;
- (3) Supervise disbursement of county block grants to the Standard Program Counties for Work First Services;
- (4) Make payments of Work First Family Assistance and Work First Diversion Assistance;
- (5) Coordinate activities of other State and county agencies in meeting the goals of the Work First Program;
- (6) Work with State and county agencies and with private sector organizations and individuals to develop programs and methods to meet the goals of the Work First Program; and
- (7) Develop a Mutual Responsibility Agreement for use by Standard Program Counties.

(b) The Secretary, in consultation with the Office of State Budget and Management, may adopt temporary rules when necessary to:

- (1) Implement provisions of the State Plan;
- (2) Maximize federal revenues to prevent the loss of federal funds;
- (3) Enhance the ability of the Department to prevent fraud and abuse in the Work First Program; and
- (4) Modify the provisions in the State Plan as necessary to meet changed circumstances after approval of the State Plan.

(c) The Social Services Commission may adopt rules in accordance with G.S. 143B-153 when necessary to implement this Article and subject to delegation by the Secretary of any rule-making authority to implement the provisions of the State Plan.

"§ 108A-27.9. State Plan.

(a) The Department shall prepare and submit to the Director of the Budget, in accordance with the procedures established in G.S. 143-16.1 for federal block grant funds, a biennial State Plan that proposes the goals and requirements for the State and the terms of the Work First Program for each fiscal year. Prior to submitting a State Plan to the General Assembly, the Department shall submit the State Plan to the Joint Legislative Public Assistance Commission for its review and then consult with local

governments and private sector organizations regarding the design of the State Plan and allow 45 days to receive comments from them.

(b) The State Plan shall consist of generally applicable provisions and two separate sections, one proposing the terms of the Work First Program in Electing Counties, and the other proposing the terms for the Standard Work First Program.

(c) The State Plan shall include the following generally applicable provisions:

- (1) Provisions to ensure that no Work First Program recipients, required to participate in work activities, shall be employed or assigned when:
 - a. Any regular employee is on layoff from the same or substantially equivalent job;
 - b. An employer terminates any regular employee or otherwise causes an involuntary reduction in the employer's workforce in order to hire Work First recipients; or
 - c. An employer otherwise causes the displacement of any currently employed worker or positions, including partial displacements such as reductions in hours of nonovertime work, wages, or employment benefits, in order to hire Work First recipients;
- (2) Provisions to ensure the establishment and maintenance of grievance procedures to resolve complaints by regular employees who allege that the employment or assignment of a Work First Program recipient is in violation of subdivision (3) of this subsection;
- (3) Provisions to ensure that Work First Program participants, required to participate in work activities, shall be subject to and have the same rights under federal, State, or local laws applicable to non-Work First Program employees in similarly situated work activities, including, but not limited to, wage and hour laws, health and safety standards, and nondiscrimination laws, provided that nothing in this subdivision shall be construed to prohibit Work First Program participants from receiving additional State or county services designed to assist Work First Program participants achieve job stability and self-sufficiency;
- (4) A description of eligible federal and State work activities;
- (5) Requirements for assignment of child support income and compliance with child support activities;
- (6) Incentives for high-performing counties, contingency plans for counties unable to meet financial commitments during the term of the State Plan, and sanctions against counties failing to meet performance expectations, including allocation of any federal penalties that may be assessed against the State as a result of a county's failure to perform; and
- (7) Anything else required by federal or State law, rule, or regulation to be included in the State Plan.

(d) The section of the State Plan proposing the terms of the Work First Program in Electing Counties shall be based upon the aggregate of the Electing County Plans and shall include the following:

- (1) Allocations of federal and State funds for Electing Counties in the Work First Program including block grants to counties and the allocation of funding for administration not to exceed the federally established limitations on the use of federal TANF funds and the limits imposed under this Article;
- (2) Maintenance of effort and levels of State and county funding for Electing Counties in the Work First Program;
- (3) Federal eligibility requirements and a description of the eligibility requirements and benefit calculation in each Electing County; and
- (4) A description of the federal, State, and each Electing County's financial participation in the Work First Program.

The Department may modify the section in the State Plan regarding Electing Counties once a biennium or except as necessary to reflect any modifications made by an Electing County. Any changes to the section of the State Plan regarding Electing Counties shall be reported to the Joint Legislative Public Assistance Commission at the next meeting of the Commission following the changes and to the General Assembly during the next session following the changes.

(e) The section of State Plan describing the Standard Work First Program shall include:

- (1) Benefit levels, limitations, and payments and the method for calculating benefit levels and payments;
- (2) Eligibility criteria, including asset and income standards;
- (3) Any exceptions or exemptions proposed to work requirements;
- (4) Provisions for when extensions may be granted to a person or family who reaches the time limit for receipt of benefits;
- (5) Provisions for exceptions and exemptions to criteria, time limits, and standards;
- (6) Provisions for sanctions for recipient failure to comply with program requirements;
- (7) Terms and conditions for repayment of Work First Diversion Assistance by recipients who subsequently receive Work First Family Assistance;
- (8) Allocations of federal, State, and county funds for the Standard Work First Program, including county block grants to the counties for Work First Services;
- (9) Levels of State and county funding for the Standard Work First Program;
- (10) Allocation for funding for administration at the State and local level not to exceed the federally established limitations on use of federal TANF funds for program administration; and

(11) A description of the Department's consultation with local governments and private sector organizations and a summary of any comments received during the 45-day public comment period.

(f) In addition to those items required to be included pursuant to subsection (e) of this section, the State Plan may include proposals to establish the following as part of the Standard Work First Program:

(1) Demonstration projects in one or more counties to assess the value of any proposed changes in State policy or to test ways to improve programs; and

(2) Requirement that recipients shall be required to enter into and comply with Mutual Responsibility Agreements as a condition of receiving benefits. If provided for in the State Plan, the terms and conditions of Mutual Responsibility Agreements shall be consistent with program purposes, federal law, and availability of funds.

(g) The State Plan may provide for automatic Medicaid eligibility for all Work First Program recipients.

(h) The State Plan may provide that in cases where benefits are paid only for a child, the case is considered a family case.

"§ 108A-27.10. Duties of the Director of the Budget/Governor.

(a) The Director of the Budget shall, by May 15 of each even-numbered calendar year, approve and recommend adoption by the General Assembly of the State Plan.

(b) At the beginning of every fiscal year, the Director of the Budget shall report to the General Assembly the number of permanent State employees who have been Work First Program recipients during the previous calendar year.

(c) After the State Plan has become law, the Governor shall sign it and cause it to be submitted to federal officials in accordance with federal law.

"§ 108A-27.11. Work First Program funding.

(a) County block grants, except funds for Work First Family Assistance, shall be computed based on the percentage of each county's total AFDC (including AFDC-EA) and JOBS expenditures, except expenditures for cash assistance, to statewide actual expenditures for those programs in fiscal year 1995-96. The resulting percentage shall be applied to the State's total budgeted funds, except funds budgeted for Work First Family Assistance, for Work First Program expenditures at the county level.

(b) The following shall apply to funding for Standard Program Counties:

(1) The Department shall make payments of Work First Family Assistance and Work First Diversion Assistance subject to the availability of federal, State, and county funds.

(2) The Department shall reimburse counties for county expenditures under the Work First Program subject to the availability of federal, State, and county funds.

(c) Each Electing County's allocation for Work First Family Assistance shall be computed based on the percentage of each Electing County's total expenditures for cash assistance to statewide actual expenditures for cash assistance in 1995-96. The resulting percentage shall be applied to the total budgeted funds for Work First Family

Assistance. The Department shall transmit the federal funds contained in the county block grants to Electing Counties as soon as practicable after they become available to the State and in accordance with federal cash management laws and regulations. The Department shall transmit one-fourth of the State funds contained in county block grants to Electing Counties at the beginning of each quarter. Once paid, the county block grant funds shall not revert.

"§ 108A-27.12. Maintenance of effort.

(a) The Department shall define in the State Plan or by rule the term 'maintenance of effort' based on that term as defined in Title IV-A and shall provide to counties a list of activities that qualify for federal maintenance of effort requirements.

(b) If a county fails to comply with the maintenance of effort requirement in subsection (a) of this section, the Director of the Budget may withhold State moneys appropriated to the county pursuant to G.S. 108A-93.

(c) The Department shall maintain the State's maintenance of effort at one hundred percent (100%) of the amount the State budgeted for programs under this Part during fiscal year 1996-97.

(d) For Standard Program Counties, using the preceding fiscal year as the base year, counties shall maintain a financial commitment to the Work First Program equal to the proportion of State funds allocated to the Work First Program. At no time shall a Standard Program County reduce State or county funds previously obligated or appropriated for child welfare services.

(e) During the first year a county operates as an Electing County, the county's maintenance of effort shall be no less than ninety percent (90%) of the amount the county budgeted for programs under this Part during fiscal year 1996-97. If during the first year of operation as Electing the Electing County achieves one hundred percent (100%) of its goals as set forth in its Electing County Plan, then the Electing County may reduce its maintenance of effort to eighty percent (80%) of the amount the county budgeted for programs under this Part during fiscal year 1996-97 for the second year of the Electing County's operation and for all years thereafter that the county maintains Electing status.

"§108A-27.13. Performance standards.

(a) The Department, in consultation with the county department of social services and county board of commissioners, shall establish acceptable levels of performance for Standard Program Counties in meeting Work First expectations, measured by outcome and performance goals contained in the State Plan. The Department shall establish monitoring mechanisms and reporting requirements to assess progress toward the goals. The well-being of children and economic factors and conditions within the counties, including the increased numbers of persons employed and increased numbers of hours worked by and wages earned by recipients, shall be considered by the Department.

(b) Electing County performance shall be judged upon the county's ability to attain the outcomes and goals established in that county's County Plan.

(c) All adult recipients of Work First Program assistance are expected to achieve full-time employment, subject to applicable exceptions. Adult recipients of Work First Program assistance shall comply with the provisions and requirements in their MRAs.

"§ 108A-27.14. Corrective action.

(a) When any county fails to meet acceptable levels of performance, the Department may take one or more of the following actions to assist the county in meeting its Work First goals:

- (1) Notify the county of the deficiencies and add additional monitoring and reporting requirements.
- (2) Require the county to develop and submit for approval by the Department a corrective action plan.

(b) If any Standard Program County fails to meet acceptable levels of performance for two consecutive years, or fails to comply with a corrective action plan developed pursuant to this section, the Department may assume control of the county's Work First Program, appoint an administrator to administer the county's Work First Program, and exercise the powers assumed to administer the Work First Program either directly or through contract with private or public agencies. County funding shall continue at levels established by the State Plan when the State has assumed control of a county Work First Program. At no time after the State has assumed control of a Work First Program shall a county withdraw funds previously obligated or appropriated to the Work First Program.

(c) If an Electing County fails to achieve its Work First Program goals for two consecutive years, or fails to comply with a corrective action plan developed pursuant to this section, and as a result the federal government imposes a penalty upon the State, then the county shall lose its Electing County status.

"§ 108A-27.15. Assistance not an entitlement; appeals.

(a) Any assistance programs established under this Part, whether administered by the Department or the counties, are not entitlements, and nothing in this Part shall create any property right.

(b) The Standard Work First Program is a program of temporary public assistance for the purpose of an appeal under G.S. 108A-79.

"§ 108A-27.16. Use of Work First Reserve Fund.

(a) By the fifteenth of each month, the Secretary shall certify to the Director of the Budget and the Fiscal Research Division of the General Assembly the actual expenditures for Work First Family Assistance for the fiscal year up until the beginning of that month and the projected expenditures for the remainder of the fiscal year. If on March 1 the actual expenditures for the fiscal year exceed two-thirds of the total amount of expenditures expected for the entire fiscal year, then the Secretary shall attempt to access any available federal funds. If federal funds are unavailable and the General Assembly is not in session, the Director of the Budget may, in the order below:

- (1) Use funds available from the Work First Reserve Fund established pursuant to G.S. 143-15.3C;
- (2) Use funds available to the Department; or

(3) Notwithstanding G.S. 143-23, use funds available from other departments, institutions, or other spending agencies of the State.

(b) The Director of the Budget shall report to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Public Assistance Commission, and the House of Representatives and Senate Appropriations Subcommittees on Human Resources prior to making any transfer pursuant to this section.

(c) Except as provided in this section, funds from the Work First Reserve Fund established pursuant to G.S. 143-15.3C shall not be expended until appropriated by the General Assembly."

Section 12.7. (a) G.S. 108A-29 reads as rewritten:

"§ 108A-29. Limitations on eligibility. First Stop Employment Assistance; priority for employment services.

(a) ~~The Social Services Commission shall adopt such administrative rules concerning work requirements as conditions of eligibility for Aid to Families with Dependent Children in order to be in compliance with federal regulations, but such rules shall not be more restrictive than the work requirements applicable to the Job Opportunities and Basic Skills Training Program provided for in G.S. 108A-30.~~

(a1) There is established in the Department of Commerce a program to be called First Stop Employment Assistance. The Secretary of the Department of Commerce shall administer the program with the participation and cooperation of the Employment Security Commission, county boards of commissioners, the Department of Health and Human Services, the Department of Labor, the Department of Crime Control and Public Safety, and the community college system. The responsibilities of each agency shall be specified in a Memorandum of Understanding between the Departments of Commerce and Health and Human Services, in consultation with the Employment Security Commission, the Department of Labor, and the community college system. The Employment Security Commission shall be the presumptive primary deliverer of job placement services for the Work First Program.

(a2) Individuals seeking to apply or reapply for Work First Program assistance and who are not exempt from work requirements shall register with the First Stop Employment Assistance Program. The point of registration shall be at an office of the Employment Security Commission in the county in which the individual resides or at another location designated in a Memorandum of Understanding between the Employment Security Commission and the local department of social services.

(a3) Individuals who are not otherwise exempt shall present verification of registration at the time of applying for Work First Program assistance. Unless exempt, the individual shall not be approved for Work First Program assistance until verification is received. Child-only cases are exempt from this requirement.

(a4) The Employment Security Commission shall expand its Labor Market Information System. The expansion shall at least include: statistical information on unemployment rates and other labor trends by county; and publications dealing with licensing requirements, economic development, and career projections, and information technology systems which can be used to track participants through the employment and training process.

(a5) The Employment Security Commission shall be the primary job placement entity of the Work First Program. The Employment Security Commission shall assist registrants through job search, job placement, or referral to community service.

(a6) At the county's option, the Employment Security Commission, in consultation with and with the assistance of the agencies specified in the Memorandum of Understanding described in subsection (a2) of this section, shall provide to Work First Program registrants the continuum of services available through its Employment Services division. Each County Plan may provide that the county department of social services enter into a cooperative agreement with the Employment Security Commission for job registration, job search, and job placement on behalf of Work First Program registrants. The cooperative agreement shall include a provision for payment to the Employment Security Commission by the county department of social services for the cost of providing the services described in this subsection as the same are reflected as a component of the County Plan payable from fund allocations in the county block grant.

(a7) If after evaluation of an individual the Employment Security Commission believes it necessary, the Employment Security Commission also may refer an individual placed in the Job Preparedness component of the First Stop Employment Program to a local community college for enrollment in General Education Development, Adult Basic Education, or Human Resources Development programs which are already in existence. Additionally, the Commission may refer an individual to a literacy council. Through a Memorandum of Understanding between the Employment Security Commission and the local department of social services, a system shall be established to monitor an individual's progress through close communications with the agencies assisting the individual. The Employment Security Commission shall adopt rules to accomplish this subsection.

(a8) The Job Preparedness component of the Program shall last a maximum of 12 weeks unless the recipient is registered and is satisfactorily progressing in a program that requires additional time to complete. Every reasonable effort shall be made to place the recipient in part-time employment or part-time community service if the time required exceeds the 12-week maximum. The Employment Security Commission may contract with service providers to provide the services described in this section and shall monitor the provision of the services by the service providers.

(a9) An individual placed in the Job Search component of the First Stop Employment Program shall look for work and shall accept any suitable employment. The Employment Security Commission shall refer individuals to current job openings and shall make job development contacts for individuals. Individuals shall be required to keep a record of their job search activities on a job search record form provided by the Commission, and the Employment Security Commission will monitor these activities. A 'job search record' means a written list of dates, times, places, addresses, telephone numbers, names, and circumstances of job interviews. The Job Search component shall include at least one weekly contact with the Employment Security Commission. The Employment Security Commission shall adopt rules to accomplish this subsection.

(a10) The Employment Security Commission shall work with the Department of Labor to develop a relationship with these private employment agencies to utilize their services and make referrals of individuals registered with the Employment Security Commission.

(a11) The Employment Security Commission shall notify all employers in the State of the 'Exclusive No-Fault' Referral Service available through the Employment Security Commission to employers who hire personnel through Job Service referrals.

(a12) All individuals referred to jobs through the Employment Security Commission shall be instructed in the procedures for applying for the Federal Earned Income Credit (FEIC). All individuals referred to jobs through the Employment Security Commission who qualify for the FEIC shall apply for the FEIC by filing a W-5 form with their employers.

(a13) The FEIC shall not be counted as income when eligibility is determined for Work First Program assistance, Medicaid, food stamps, subsidies, public housing, or Supplemental Security Income.

(a14) An individual who has not found a job within 12 weeks of being placed in the Job Search component of the Program may also be placed in the Community Service component at the county's option.

(a15) Once an individual has registered as required in subsection (a2) of this section and upon verification of the registration by the agency or contractor providing the Work First Program assistance, the individual's eligibility for Work First Program assistance may be evaluated and the application completed. Continued receipt of Work First Program benefits is contingent upon successful participation in the First Stop Employment Program, and lack of cooperation and participation in the First Stop Employment Program may result in the termination of benefits to the individual.

(a16) The county board of commissioners shall determine which agencies or nonprofit or private contractors will participate with the Employment Security Commission and the local department of social services in developing the rules to implement the First Stop Employment Program.

(a17) Each county shall organize a Job Service Employer Committee, based on the membership makeup of the Job Service Employer Committees in existence at the time this act becomes law. Each Job Service Employer Committee in counties participating in the First Stop Employment Program shall oversee the operation of the Program in that county and shall report to the local Employment Security Commission quarterly on its recommendations to improve the First Stop Employment Program. The Employment Security Commission shall develop the reporting method and time frame and shall coordinate a full report to be presented to the Joint Legislative Public Assistance Commission by the end of each calendar year. Counties having a Workforce Development Board may designate the Board to perform the duties described in this section rather than organizing a Job Service Employer Committee.

(b) Members of families with dependent children and with aggregate family income at or below the level required for eligibility for ~~Aid to Families with Dependent Children~~ assistance, ~~Work First Family Assistance~~, regardless of whether or not they have applied for such assistance, shall be given priority in obtaining ~~manpower~~

employment services including training and ~~public service employment~~ community service provided by or through State agencies or counties or with funds which are allocated to the State of North Carolina directly or indirectly through prime sponsors or otherwise for the purpose of employment of unemployed persons.

(c) [Repealed.]"

(b) Each county's Job Service Employer Committee or Workforce Development Board shall develop a study of the "working poor" in their respective counties and shall include the following in the study:

- (1) Determine the extent to which current labor market participation enables individuals and families to earn the amount of disposable income necessary to meet their basic needs;
- (2) Determine how many North Carolinians work and earn wages below one hundred fifty percent (150%) of the Federal Poverty Guideline and study trends in the size and demographic profiles of this underemployed group within the respective county;
- (3) Examine job market factors that contribute to any changes in the composition and numbers of the working poor including, but not limited to, shifts from manufacturing to service, from full-time to part-time work, from permanent to temporary or their contingent employment;
- (4) Consider and determine the respective responsibilities of the public and private sectors in ensuring that working families and individuals have disposable income adequate to meet their basic needs;
- (5) Evaluate the effectiveness of the unemployment insurance system in meeting the needs of low-wage workers when they become unemployed;
- (6) Examine the efficacy of a State earned income tax credit that would enable working families to meet the requirements of the basic needs budget;
- (7) Examine the wages, benefits, and protections available to part-time and temporary workers, leased employees, independent contractors, and other contingent workers as compared to regular full-time workers;
- (8) Solicit, receive, and accept grants or other funds from any person or entity and enter into agreements with respect to these grants or other funds regarding the undertaking of studies or plans necessary to carry out the purposes of the committee; and
- (9) Request any necessary data from either public or private entities that relate to the needs of the committee or board.

Each committee or board shall prepare and submit a report on the finding for the county which it represents by May 1, 1998, to the Joint Legislative Public Assistance Commission, the House of Representatives and Senate Appropriations Subcommittees on Human Resources and Natural and Economic Resources. Each

committee or board may involve the Department of Commerce in conducting its study and preparing the report.

(c) Of the funds appropriated in this act to the Office of State Budget and Management, the sum of one million five hundred thousand two hundred two dollars (\$1,500,202) for fiscal year 1997-98 shall be allocated to the Department of Commerce for the following purposes:

- (1) To establish First Stop Employment Assistance in the Department of Commerce;
- (2) To expand the Labor Market Information System in the Employment Security Commission; and
- (3) To assist the Job Service Employer Committees or the Workforce Development Boards in their completion of the study of the working poor.

The Department of Commerce shall report its recommendations regarding future funding of the First Stop Employment Assistance Program to the 1997 General Assembly, 1998 Regular Session, upon its convening.

(d) G.S. 126-7.1 reads as rewritten:

"§ 126-7.1. Posting requirement; State employees receive priority consideration; reduction-in-force ~~rights~~-rights; Work First hiring.

(a) All vacancies for which any State agency, department, or institution openly recruit shall be posted within at least the following:

- (1) The personnel office of the agency, department, or institution having the vacancy; and
- (2) The particular work unit of the agency, department, or institution having the vacancy

in a location readily accessible to employees. If the decision is made, initially or at any time while the vacancy remains open, to receive applicants from outside the recruiting agency, department, or institution, the vacancy shall be listed with the Office of State Personnel for the purpose of informing current State employees of such vacancy. The State agency, department, or institution may not receive approval from the Office of State Personnel to fill a job vacancy if the agency, department, or institution cannot prove to the satisfaction of the Office of State Personnel that it complied with these posting requirements. The agency, department, or institution which hires any person in violation of these posting requirements shall pay such person when employment is discontinued as a result of such violation for the work performed during the period of time between his initial employment and separation.

(a1) State employees to be affected by a reduction in force shall be notified of the reduction in force as soon as practicable, and in any event, no less than 30 days prior to the effective date of the reduction in force.

(a2) The State Personnel Commission shall adopt rules to provide that priority consideration for State employees separated from State employment as the result of reductions in force is to enable a State employee's return to career service at a salary

grade and salary rate equal to that held in the most recent position. The State Personnel Commission shall provide that a State employee who:

- (1) Accepts a position at the same salary grade shall be paid at the same salary rate as the employee's previous position.
- (2) Accepts a position at a lower salary grade than the employee's previous position shall be paid at the same rate as the previous position unless the salary rate exceeds the maximum of the new salary grade. When the salary rate exceeds the maximum of the salary grade, the employee's new salary rate shall be reduced to the maximum of the new salary grade.

(b) Subsection (a) of this section does not apply to vacancies which must be filled immediately to prevent work stoppage or the protection of the public health, safety, or security.

(c) If a State employee subject to this section:

- (1) Applies for another position of State employment that would constitute a promotion and;
- (2) Has substantially equal qualifications as an applicant who is not a State employee

then the State employee shall receive priority consideration over the applicant who is not a State employee. This priority consideration shall not apply when the only applicants considered for the vacancy are current State employees.

(c1) If a State employee who has been separated due to reduction in force or who has been given notice of imminent separation due to reduction in force:

- (1) Applies for another position of State employment equal to or lower in salary grade than the position held by the employee at the time of notification or separation; and
- (2) Is determined qualified for that position

then within all State agencies, the State employee shall receive priority consideration over all other applicants but shall receive equal consideration with other applicants who are current State employees not affected by the reduction in force. This priority shall remain in effect for a period of 12 months from the date the employee receives notification of separation by reduction in force. State employees separated due to reduction in force shall receive higher priority than other applicants with employment or reemployment priorities, except that the reemployment priority created by G.S. 126-5(e)(1) shall be considered as equal. The reduction-in-force priority created by this subsection shall be administered in accordance with rules promulgated by the State Personnel Commission.

(c2) If the applicants for reemployment for a position include current State employees, a State employee with more than 10 years of service shall receive priority consideration over a State employee having less than 10 years of service in the same or related position classification. This reemployment priority shall be given by all State departments, agencies, and institutions with regard to positions subject to this Chapter.

(d) 'Qualifications' within the meaning of subsection (c) of this section shall consist of:

- (1) Training or education;
- (2) Years of experience; and
- (3) Other skills, knowledge, and abilities that bear a reasonable functional relationship to the abilities and skills required in the job vacancy applied for.

(e) Each State agency, department, and institution is encouraged to hire into State government employment qualified applicants who are current or former Work First Program participants."

Section 12.8. Chapter 108A of the General Statutes is amended by adding a new section to read:

"§ 108A-29.1. Substance abuse treatment required; drug testing for Work First Program recipients.

(a) Each applicant or current recipient of Work First Program benefits, determined by a Qualified Substance Abuse Professional (QSAP) or by a physician certified by the American Society of Addiction Medicine (ASAM) to be addicted to alcohol or drugs and to be in need of professional substance abuse treatment services shall be required, as part of the person's MRA and as a condition to receiving Work First Program benefits, to participate satisfactorily in an individualized plan of treatment in an appropriate treatment program. As a mandatory program component of participation in an addiction treatment program, each applicant or current recipient shall be required to submit to an approved, reliable, and professionally administered regimen of testing for presence of alcohol or drugs, without advance notice, during and after participation, in accordance with the addiction treatment program's individualized plan of treatment, follow-up, and continuing care services for the applicant or current recipient.

(b) An applicant or current recipient who fails to comply with any requirement imposed pursuant to this section shall not be eligible for benefits or shall be subject to the termination of benefits, but shall be considered to be receiving benefits for purposes of determining eligibility for medical assistance.

(c) The children of any applicant or current recipient shall remain eligible for benefits, and these benefits shall be paid to a protective payee pursuant to G.S. 108A-38.

(d) An applicant or current recipient shall not be regarded as failing to comply with the requirements of this section if an appropriate drug or alcohol treatment program is unavailable.

(e) Area mental health authorities organized pursuant to Article 4 of Chapter 122C of the General Statutes shall be responsible for administering the provisions of this section.

(f) The requirements of this section may be waived or modified as necessary in the case of individual applicants or recipients to the degree necessary to comply with Medicaid eligibility provisions."

Section 12.8A. G.S. 108A-31 reads as rewritten:

"§ 108A-31. Application for assistance.

~~Any person or his representative who believes that he or another the person is eligible to receive aid to families with dependent children Work First Program assistance may apply for assistance to the county department of social services in the county in which the applicant person resides. resides, or, in the case of residents of Electing Counties, to the public or private entity designated by the board of county commissioners. It shall be made in such form and shall contain such information as the Social Services Commission and federal regulations may require. Counties shall record inquiries for and accept applications from all persons requesting to apply for Work First Program assistance. Counties shall process applications in a reasonable and timely manner."~~

Section 12.9. G.S. 108A-38 reads as rewritten:

"§ 108A-38. Protective and vendor payments.

~~Instead of the use of personal representatives provided for by G.S. 108A-37, when~~ When necessary to comply with any present or future federal law or regulation in order to obtain federal participation in public assistance payments, the payments may be made direct to vendors to reimburse them for goods and services provided the applicants or recipients, and may be made to protective payees who shall act for the applicant or recipient for receiving and managing assistance. Payments to vendors and protective payees shall be made to the extent provided in, and in accordance with, rules ~~and regulations~~ of the Social Services Commission or the Department, which rules ~~and regulations~~ shall be subject to applicable federal laws and regulations."

Section 12.10. G.S. 108A-49 reads as rewritten:

"§ 108A-49. Foster care and adoption assistance payments.

(a) Benefits in the form of foster care assistance shall be granted in accordance with the rules ~~and regulations~~ of the Social Services Commission to any dependent child who ~~is~~ would have been eligible to receive ~~AFDC~~ Aid to Families with Dependent Children (as that program was in effect on June 1, 1995), but for his or her removal from the home of a specified relative for placement in a foster care facility; provided, that the child's placement and care is the responsibility of a county department of social services.

(b) Adoption assistance payments for certain adoptive children shall be granted in accordance with the rules ~~and regulations~~ of the Social Services Commission to adoptive parents who adopt a child eligible to receive foster care maintenance payments or supplemental security income benefits; provided, that the child cannot be returned to his or her parents; and provided, that the child has special needs which create a financial barrier to adoption.

(c) The Department is authorized to use available federal payments to states under Title IV-E of the Social Security Act for foster care and adoption assistance payments."

Section 12.11. G.S. 108A-58 reads as rewritten:

"§ 108A-58. Transfer of property for purposes of qualifying for medical assistance; periods of ineligibility.

(a) Any person, otherwise eligible, who, either while receiving medical assistance benefits or within one year prior to the date of applying for medical

assistance benefits, unless some other time period is mandated by controlling federal law, sells, gives, assigns or transfers countable real or personal property or an interest ~~therein, either by himself or through his legal representative, in real or personal property~~ for the purpose of retaining or establishing eligibility for medical assistance benefits, shall be ineligible to receive medical assistance benefits ~~thereafter~~ as set forth in subsection (c) of this section.

Countable real and personal property includes real property, excluding a homesite, intangible personal property, nonessential motor and recreational vehicles, nonincome producing business equipment, boats and motors. The provisions of this act shall not apply to the sale, gift, assignment or transfer of real or personal property if and to the extent that the person applying for medical assistance would have been eligible for such assistance notwithstanding ownership of such property or an interest therein.

(b) Any sale, gift, assignment or transfer of real or personal property or an interest ~~therein, in real or personal property,~~ as provided in subsection (a) of this section, shall be presumed to have been made for the purpose of retaining or establishing eligibility for medical assistance benefits unless the person, or ~~his~~ the person's legal representative, who sells, gives, assigns or transfers the property or interest, receives valuable consideration at least equal to the fair market value, less encumbrances, of the property or interest.

(c) Any person ~~who, by himself or through his legal representative, who~~ sells, gives, assigns or transfers real or personal property or an interest ~~therein in real or personal property~~ for the purpose of retaining or establishing eligibility for medical assistance benefits, as provided in subsection (a) of this section, ~~shall~~ shall, after the time of transfer, be ineligible to receive these benefits ~~thereafter~~ until an amount equal to the uncompensated value of the property or interest has been expended by or on behalf of the person for ~~his~~ the person's maintenance and support, including medical expenses, paid or incurred, or shall be ineligible in accordance with the following schedule, whichever is sooner:

- (1) For uncompensated value of at least one thousand dollars (\$1,000) but not more than six thousand dollars (\$6,000), a one-year period of ineligibility from date of sale, gift, assignment or transfer;
- (2) For uncompensated value of more than six thousand dollars (\$6,000) but not more than twelve thousand dollars (\$12,000), a two-year period of ineligibility from date of sale, gift, assignment or transfer;
- (3) For uncompensated value of more than twelve thousand dollars (\$12,000), a two-year period of ineligibility from date of sale, gift, assignment or transfer, plus one additional month of ineligibility for each five hundred dollar (\$500.00) increment or portion thereof by which the uncompensated value exceeds twelve thousand dollars (\$12,000), but in no event to exceed three years.

(d) The sale, gift, assignment or transfer for a consideration less than fair market value, less encumbrances, of any tangible personal property which was acquired with the proceeds of sale, assignment or transfer of real or intangible personal property described in subsection (a) of this section or in exchange for such real or intangible

personal property shall be presumed to have been for the purpose of evading the provisions of this section if the acquisition and sale, gift, assignment or transfer of the tangible personal property is by or on behalf of a person receiving medical assistance or within one year of making application for such assistance and the consequences of the sale, gift, assignment or transfer of such tangible personal property shall be determined under the provisions of subsections (c), (f) and (g) of this section.

(e) The presumptions created by subsections (b) and (d) may be overcome if the person receiving or applying for medical assistance, or ~~his~~the person's legal representative, establishes by the greater weight of the evidence that the sale, gift, assignment or transfer was exclusively for some purpose other than retaining or establishing eligibility for medical assistance benefits.

(f) For the purpose of establishing uncompensated value under subsection (c), the value of property or an interest therein shall be the fair market value of the property or interest at the time of the sale, gift, assignment or transfer, less the amount of compensation, if any, received for the property or interest. There shall be a rebuttable presumption that the fair market value of real property is the most recent property tax value of the property, as ascertained according to Subchapter II of Chapter 105 of the General Statutes. Fair market value for purpose of this subsection shall be such value, determined as above set out, less any legally enforceable encumbrances to which the property is subject.

(g) In the event that there is more than one sale, gift, assignment or transfer of property or an interest therein by a person receiving medical assistance or within one year of the date of an application for medical assistance, unless some other time period is mandated by controlling federal law, the uncompensated value, for the purposes of subsection (c), shall be the aggregate uncompensated value of all sales, gifts, assignments and transfers. The date which is the midpoint between the date of the first and last sale, gift, assignment or transfer shall be the date from which the period of ineligibility shall be determined under subsection (c).

(h) This section shall not apply to applicants for or recipients of ~~aid to families with dependent children~~Work First Family Assistance or to persons entitled to medical assistance by virtue of their eligibility for ~~aid to families with dependent children~~Work First Family Assistance.

(i) This section shall apply only to transfers made before July 1, 1988."

Section 12.12. G.S. 108A-80 reads as rewritten:

"§ 108A-80. Confidentiality of records.

(a) Except as provided in (b) below, it shall be unlawful for any person to obtain, disclose or use, or to authorize, permit, or acquiesce in the use of any list of names or other information concerning persons applying for or receiving public assistance or social services that may be directly or indirectly derived from the records, files or communications of the Department or the county boards of social services, or county departments of social services or acquired in the course of performing official duties except for the purposes directly connected with the administration of the programs of public assistance and social services in accordance with federal law, rules and

~~regulations and regulations, and the rules and regulations~~ of the Social Services Commission or the Department.

(b) The Department shall furnish a copy of the recipient check register monthly to each county auditor showing a complete list of all recipients of ~~Aid To Families with Dependent Children~~ Work First Family Assistance in Standard Program Counties and State-County Special Assistance for Adults, their addresses, and the amounts of the monthly grants. An Electing County whose checks are not being issued by the State shall furnish a copy of the recipient check register monthly to its county auditor showing a complete list of all recipients of Work First Family Assistance in the Electing County, their addresses, and the amounts of the monthly payments. ~~This register~~ These registers shall be a ~~public record~~ records open to public inspection during the regular office hours of the county auditor, but ~~said register~~ the registers or the information contained therein may not be used for any commercial or political purpose. Any violation of this section shall constitute a Class 1 misdemeanor.

(c) Any listing of recipients of benefits under any public assistance or social services program compiled by or used for official purposes by a county board of social services or a county department of social services shall not be used as a mailing list for political purposes. This prohibition shall apply to any list of recipients of benefits of any federal, State, county or mixed public assistance or social services program. Further, this prohibition shall apply to the use of such listing by any person, organization, corporation, or business, including but not limited to public officers or employees of federal, State, county, or other local governments, as a mailing list for political purposes. Any violation of this section shall be punishable as a Class 1 misdemeanor.

(d) The Social Services Commission ~~shall have the authority to~~ may adopt rules ~~and regulations~~ governing access to case files for social services and public assistance programs, except the Medical Assistance Program. The Secretary of the Department of Human Resources shall have the authority to adopt rules ~~and regulations~~ governing access to medical assistance case files."

Section 12.12A. Chapter 143 of the General Statutes is amended by adding a new section to read:

"§ 143-15.3C. Work First Reserve Fund.

(a) The State Controller shall establish a restricted reserve in the General Fund to be known as the Work First Reserve Fund. At the end of each fiscal year, the State Controller shall reserve State funds into this reserve in an amount equalling one-fourth of any Work First Program funds from State General Fund appropriations remaining unexpended at the end of the fiscal year, up to a maximum balance in the account of fifty million dollars (\$50,000,000). The General Assembly may appropriate additional funds into this reserve.

(b) Funds in the Work First Reserve Fund shall be used only for the purposes described in Title IV of the Social Security Act and only as provided in G.S. 108A-27.16.

(c) The Director of the Budget shall report to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Public Assistance Commission, and

the House and Senate Appropriations Subcommittees on Human Resources prior to using the funds described in subsection (a) of this section."

Section 12.13. G.S. 153A-255 reads as rewritten:

"§ 153A-255. Authority to provide social service programs.

Each county shall provide social service programs pursuant to Chapter 108A and Chapter 111 and may otherwise undertake, sponsor, organize, engage in, and support other social service programs intended to further the health, welfare, education, employment, safety, comfort, and convenience of its citizens."

Section 12.14. G.S. 108A-28, 108A-28.1, 108A-30, 108A-32, 108A-33, 108A-34, 108A-35, 108A-39.1, and 108A-92 are repealed.

Section 12.15. Article 12G of Chapter 120 of the General Statutes is repealed.

Section 12.16. (a) The Department of Labor, in conjunction with the Department of Health and Human Services, shall establish a pilot project creating Individual Development Accounts (IDA) to assist working families.

(b) Of the funds appropriated in this act to the Office of State Budget and Management, the the sum of three hundred thousand dollars (\$300,000) for the 1997-98 fiscal year and the sum of three hundred thousand dollars (\$300,000) for the 1998-99 fiscal year shall be transferred to the Department of Labor to establish a pilot project creating Individual Development Accounts (IDA) to:

- (1) Provide individuals and families, especially the underemployed, an opportunity and an incentive to accumulate assets.
- (2) Promote investments in education, homeownership, and microenterprise development.
- (3) Demonstrate that household savings strategies, such as the development of IDAs, can be a powerful strategy for assisting working persons and families to achieve long-term self-sufficiency.
- (4) Utilize and build comprehensive community partnerships that support asset building in low-wealth communities.

(c) The funds allocated in this section shall be made available to serve as matching funds for personal savings of qualified participants selected to participate in a multiyear demonstration to last not more than five years. Other expenses of the demonstration, including training, technical assistance, evaluation, and other program and administrative expenses, shall be covered from other public and private sources. Matching funds provided from the funds allocated in this section may be used by qualified participants for home purchase, investment in a business or self-employment venture owned by the participant, or costs of postsecondary education or training for the participant. Participants shall not be restricted as to the amounts or sources of funds deposited in the account, but in order to create the incentive for continued savings, only savings from earned income will qualify for State matching funds. Tax return reports of earned income shall be used to verify compliance. Funds contained in Individual Development Accounts shall not be counted as assets in the Work First Program.

Section 12.17. (a) Notwithstanding any other provision of law, beginning October 1, 1997, each county shall dedicate the full return to the county for AFDC and

Work First Cash Assistance benefit amount that was determined fraudulent or erroneous and recovered by that county pursuant to the AFDC Fraud Control Program to enhance and improve program integrity.

- (b) The return to the county shall be determined as follows:
 - (1) For collections relative to AFDC or Work First cash assistance payments made prior to January 1, 1997, the return shall be equal to the county's distributive share and one-half of the State's distributive share of the total AFDC and Work First cash assistance benefits recovered.
 - (2) For collections relative to Work First cash assistance benefits paid on or after January 1, 1997, the return shall be equal to seventy-five percent (75%) of the total amount recovered.
- (c) The Department of Health and Human Services shall ensure that persons charged with, or suspected of, AFDC or Work First fraud not be subjected to any of the following:
 - (1) Coercion;
 - (2) Discrimination in targeting persons for civil action or criminal prosecution; or
 - (3) Civil investigation or civil action without being (i) properly informed as to those matters that might arise out of the investigation, or action that might result in criminal prosecution and (ii) in such a case, being properly advised of their right not to incriminate themselves.

Section 12.18. (a) There is established a Joint Legislative Public Assistance Commission. The Joint Legislative Public Assistance Commission shall perform the duties and functions provided in this Part, shall monitor implementation of the provisions of this Part, and shall make any necessary recommendations to the General Assembly regarding any further changes to law or rule. The Speaker of the House of Representatives shall appoint 10 members, two of whom shall be cochairs, and the President Pro Tempore of the Senate shall appoint 10 members, two of whom shall be cochairs. The Joint Legislative Public Assistance Commission shall first convene within 30 days after this part becomes law.

(b) The Department shall report any changes made to the State Plan to the Joint Legislative Public Assistance Commission within 60 days after the change.

Section 12.19. The Legislative Research Commission may study issues relating to the Medical Assistance Program and the State-County Special Assistance Program, including the following: the need for further restrictions and longer periods of disqualification for the transfer of property for purposes of qualifying for medical assistance and State-County Special Assistance, and appropriate recovery from recipient estates of benefits paid by the Medical Assistance Program and the State-County Special Assistance Program. The Legislative Research Commission may report the results of its study, along with any legislative proposals and cost analyses, to the 1998 General Assembly.

Section 12.20. (a) Counties desiring to be designated as Electing Counties shall submit a request in writing to the Department of Health and Human Services not

later than October 31, 1997. The Department shall notify Electing Counties not later than November 15, 1997.

(b) The requirement that the Department prepare and submit the State Plan to the General Assembly for approval in accordance with the procedures set forth in G.S. 143-16.1 shall not be applicable for fiscal year 1997-98. Until the counties have prepared their county plans and the State has prepared the State Plan in accordance with this Part and that State Plan has been enacted by the General Assembly and it becomes law, the provisions of the State Plan submitted to the federal government on October 16, 1996, shall remain in effect. State Plans submitted after the 1997-98 fiscal year shall be enacted by the General Assembly and become law in order to be effective.

(c) Utilizing Government Auditing Standards issued by the Comptroller General of the United States, an independent evaluator shall evaluate the operation of the Work First Program in the Standard Program Counties and in the Electing Counties, based on criteria established by the State Auditor in consultation with the Standard Program Counties and the Electing Counties. The evaluation shall include a review of the Electing Counties' methodologies and the impact of those methodologies upon the Work First Program. The independent evaluator shall present a report of the findings to the 2000 General Assembly. The Department shall select the independent evaluator to perform the evaluation. The report shall include the following:

- (1) Whether the Electing County/Standard Program County system should be continued or modified, and the rationale for the recommendation;
- (2) Five-year projections as to the impact of continuing the Electing County/Standard Program County system, based on anticipated outcome measures related to child well-being, economic data, and other means of measuring the success of the system;
- (3) Whether the numbers of Electing Counties should be expanded and under what conditions.

Any Electing County may elect to contract for its own independent evaluation. Any Electing County that elects to contract for its own independent evaluation shall submit a report of its evaluation to the Department for inclusion in the report described in this subsection. The report shall be presented to the House and Senate Appropriations Subcommittees on Human Resources, the Joint Legislative Public Assistance Commission, and the Joint Legislative Commission on Governmental Operations on or before February 1, 2000.

(d) The Department of Health and Human Services shall study the movement of recipients of Work First Program assistance between counties within the State, particularly the movement of recipients into and out of Electing Counties, and the reasons for movement, including differences in eligibility criteria, benefit levels, and time limits. The Department shall report the results of its study to the House and Senate Appropriations Subcommittees on Human Resources, the Joint Legislative Public Assistance Commission, and the Joint Legislative Commission on Governmental Operations on or before February 1, 2000.

(e) The Department of Health and Human Services shall monitor the following and report its findings quarterly to the House and Senate Appropriations

Subcommittees on Human Resources and the Joint Legislative Public Assistance Commission:

- (1) The number of Work First Program recipients anticipated to remain without work and lose benefits due to time limits imposed by federal and State law and local policy;
- (2) Efforts being made by counties and the State to intensify efforts designed to prevent recipients from losing benefits where they are making reasonable efforts to become and remain employed; and
- (3) The reasons recipients who are subject to termination for failure to meet work requirements were unable to find work.

The Joint Legislative Public Assistance Commission shall further examine ways that Work First Program recipients can overcome obstacles to finding employment and remaining employed.

Section 12.20A. (a) The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services shall proceed, in consultation with the community college system, to develop an amended Work First State Plan to secure federal Welfare-to-Work grant funds to assist Work First Program recipients in obtaining employment. The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services shall identify potential sources of State funds which may be used as a match for the federal grant. The Governor shall designate the Department of Commerce as the State's lead agency for the Welfare-to-Work initiative. The Governor also shall pursue a waiver from the federal government to permit the Job Service Employer Committees to administer the program at the local level.

(b) The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services shall develop a plan to implement the Welfare-to-Work initiative in this State, develop performance goals and measures for this initiative, and estimate the cost impact on the State budget for the next five years of implementing the initiative. The Department of Commerce, the Employment Security Commission, and the Department of Health and Human Services shall report to the General Assembly its findings and recommendations by April 1, 1998. The Department of Commerce shall not expend any State or federal funds for the Welfare-to-Work initiative until the amended State Plan is submitted to the General Assembly and the amended State Plan becomes law.

Section 12.21. (a) Chapter 114 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 6.

"Office of the Inspector General.

"§ 114-40. Inspector General.

(a) The Office of Inspector General is established in the Department of Justice to provide a central point for coordination of and responsibility for activities related to detection, prosecution, and prevention of fraud, abuse, and waste in means-tested public assistance programs. The Office of Inspector General is designated as the State Law

Enforcement Bureau (SLEB) to take custody and control of food stamps from the federal Food and Consumer Service to make them available to nonfederal law enforcement and investigative agencies to conduct criminal and food stamp program violation investigations.

(b) It shall be the duty and responsibility of the Inspector General to:

- (1) Receive complaints and information concerning alleged fraud, abuse, and waste in means-tested public assistance programs;
- (2) Investigate complaints and information received concerning alleged fraud, abuse, or waste in means-tested public assistance programs and, whenever the Inspector General finds it appropriate to do so, to pursue action for any violations of law relating to means-tested public assistance programs, whether by civil action or by criminal prosecution;
- (3) Review the activities performed in the Department of Health and Human Services, Divisions of Medical Assistance and Social Services, and in local district attorney's offices relating to detection, prosecution, and prevention of fraud, abuse, or waste in means-tested public assistance programs;
- (4) Coordinate and implement fraud, abuse, and waste detection, prosecution, and prevention activities between local program integrity workers, local district attorney's offices, and the State;
- (5) Keep the Secretary of Health and Human Services informed concerning fraud, abuse, waste, and deficiencies relating to means-tested public assistance programs administered or financed by the Department of Health and Human Services, recommend corrective action concerning fraud, abuses, and deficiencies, and report to the Secretary and the Joint Legislative Public Assistance Commission on the progress made in implementing corrective action;
- (6) Ensure effective coordination and cooperation between the State Auditor, federal auditors, the Department of Health and Human Services, and other governmental bodies in fraud, abuse, and waste detection, prosecution, and prevention activities relating to means-tested public assistance programs with a view toward avoiding duplication; and
- (7) Educate State and local law enforcement agencies concerning fraud, abuse, and waste detection, prosecution, and prevention in public assistance programs and encourage pursuit of prosecution of violations.

(c) The Inspector General shall be appointed by the Attorney General and shall report to an official designated by the Attorney General. The Inspector General shall be appointed without regard to political affiliation.

(d) The Inspector General may be removed from office by the Attorney General.

(e) The Inspector General shall have access to any records, data, or other information of the Department of Health and Human Services and local county agencies

the Inspector General believes necessary to carry out the Inspector General's duties. The Inspector General may request any information or assistance as may be necessary from the Department or from any federal, State, or local government entity.

"§ 114-41. Inspector General; investigations.

(a) In carrying out the duties and responsibilities specified in this Article, the Inspector General may initiate, conduct, supervise, and coordinate investigations designed to detect, deter, prevent, and eradicate fraud, abuse, and waste in means-tested public assistance programs. For these purposes, the Inspector General shall:

- (1) Receive and consider complaints and conduct, supervise, or coordinate such inquiries, investigations, or reviews as the Inspector General finds appropriate. The Inspector General may receive complaints and information directly from local program integrity workers;
- (2) Establish policies and standards for the investigation, detection, and elimination of fraud, abuse, waste, and mismanagement in the means-tested public assistance programs;
- (3) Establish and coordinate training programs for local and State program integrity workers to improve detection of fraud, abuse, and waste;
- (4) Provide assistance to the federal government aimed at eliminating food stamp violations;
- (5) Report expeditiously to the State Bureau of Investigation or other law enforcement agencies, as appropriate, whenever the Inspector General has reasonable grounds to believe there has been a violation of criminal law. The Inspector General may, whenever the Inspector General finds it to be appropriate, prosecute violations of criminal law or bring a civil action relating to fraud, abuse, or waste in means-tested public assistance programs on behalf of the State;
- (6) Conduct investigations and other inquiries free of actual or perceived impairment to the independence of the Inspector General or when the Inspector General has reasonable grounds to believe there has been a violation of criminal law; and
- (7) Submit in a timely fashion final reports on investigations conducted by the Inspector General to the Attorney General.

(b) The Inspector General shall, not later than September 30 of each year, prepare an annual report summarizing the activities of the office during the immediately preceding State fiscal year. The final report shall be furnished to the Attorney General and to the Secretary of the Department of Health and Human Services. The report shall include a summary of investigative activities.

"§ 114-42. Inspector General; complaints.

(a) Any person who knows or has reasonable cause to believe that a person has committed, or is in the process of committing, a violation of law relating to fraud, abuse, or waste in a public assistance program, may prepare and file with the Inspector General a complaint that identifies the person making the report and the person who allegedly committed or is committing the wrongful act or omission, describes the wrongful act or omission, and explains how the person reporting knew or came to

believe that the person committed or is in the process of committing the wrongful act or omission.

(b) The Inspector General shall prescribe a form for complaints under this section. The Inspector General shall provide a blank copy of the form to any person, free of charge. No complaint is defective, however, because it is not made on the form prescribed by the Inspector General."

(b) Of the funds appropriated in this act to the Office of State Budget and Management, the sum of five hundred thousand dollars (\$500,000) for fiscal year 1997-98 shall be allocated to the Department of Justice to establish and support the Office of Inspector General.

(c) Article 3 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 31. Office of the Internal Auditor.

"§ 143B-216.50. Department of Health and Human Services; office of the Internal Auditor.

(a) The office of Internal Auditor is established in the Department of Health and Human Services. The office of the Internal Auditor shall provide independent reviews and analyses of various functions and programs within the Department that will provide management information to promote accountability, integrity, and efficiency within the Department.

(b) It shall be the duty and responsibility of the Internal Auditor to:

- (1) Advise in the development of performance measures, standards, and procedures for the evaluation of the Department;
- (2) Assess the reliability and validity of performance measures and the information provided by the Department on performance measures and standards and make recommendations for improvement, if necessary;
- (3) Review the actions taken by the Department of Health and Human Services to improve program performance and meet program standards and make recommendations for improvement, if necessary;
- (4) Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to programs and operations of the Department;
- (5) Conduct independent analyses of programs carried out or financed by the Department of Health and Human Services for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting waste, management, misconduct, fraud and abuse in its programs and operations;
- (6) Keep the Secretary of the Department of Health and Human Services informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the Department of Health and Human Services, recommend corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action;

- (7) Ensure effective coordination and cooperation between the State Auditor, federal auditors, and other governmental bodies with a view toward avoiding duplication; and
- (8) Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.

(c) The Internal Auditor shall be appointed by the Secretary. The Internal Auditor shall be appointed without regard to political affiliation.

(d) The Internal Auditor shall report to an official designated by the Secretary.

(e) The Internal Auditor shall have access to any records, data, or other information of the Department the Internal Auditor believes necessary to carry out the Internal Auditor's duties.

"§ 143B-216.51. Department of Health and Human Services office of the Internal Auditor; Department audits.

(a) To ensure that Department audits are performed in accordance with applicable auditing standards, the Internal Auditor shall possess the following qualifications:

- (1) A bachelors degree from an accredited college or university with a major in accounting, or with a major in business which includes five courses in accounting, and five years' experience as an internal auditor or independent postauditor, electronic data processing auditor, accountant, or any combination thereof. The experience shall, at a minimum, consist of audits of units of government or private business enterprises operating for profit or not for profit;
- (2) A masters degree in accounting, business administration, or public administration from an accredited college or university and four years of experience as required in subdivision (1) of this subsection; or
- (3) A certified public accountant license issued pursuant to law or a certified internal audit certificate issued by the Institute of Internal Auditors or earned by examination, and four years' experience as required in subdivision (1) of this subsection.

The Internal Auditor shall, to the extent both necessary and practicable, include on the Internal Auditor's staff individuals with electronic data processing auditing experience.

(b) In carrying out the auditing duties and responsibilities of this Part, the Internal Auditor shall review and evaluate internal controls necessary to ensure the fiscal accountability of the Department. The Internal Auditor shall conduct financial, compliance, electronic data processing, and performance audits of the Department and prepare audit reports of findings. The scope and assignment of the audits shall be determined by the Internal Auditor; however, the Secretary may at any time direct the Internal Auditor to perform an audit of a special program, function, or organizational unit. The performance of the audit shall be under the direction of the Internal Auditor.

(c) Audits undertaken pursuant to this Part shall be conducted in accordance with auditing standards prescribed by the State Auditor. All audit reports issued by internal

audit staff shall include a statement that the audit was conducted pursuant to these standards.

(d) The Internal Auditor shall maintain, for 10 years, a complete file of all audit reports and reports of other examinations, investigations, surveys, and reviews issued under the Internal Auditor's authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of his office shall be retained according to an agreement between the Internal Auditor and State Archives. To promote cooperation and avoid unnecessary duplication of audit effort, audit work papers related to issued audit reports shall be, unless otherwise prohibited by law, made available for inspection by duly authorized representatives of the State and federal governments in connection with some matter officially before them. Except as otherwise provided in this subsection, or upon subpoena issued by a duly authorized court or court official, audit work papers shall be kept confidential. Audit reports shall be public records to the extent that they do not include information which, under State laws, is confidential and exempt from Chapter 132 of the General Statutes or would compromise the security systems of the Department.

(e) The Internal Auditor shall submit the final report to the Secretary.

(f) The State Auditor shall review a sample of the Department's internal audit reports and related work papers when determined by the State Auditor that, when conducting audits, it would be efficient to consider the work of the Internal Auditor. If the State Auditor finds deficiencies in the work of the Internal Auditor, the State Auditor shall include a statement of these findings in the audit report of the Department. The office of the Internal Auditor will cause to be made an external quality control review at least once every three years by a qualified organization not affiliated with the office of the Internal Auditor. The external quality review should determine whether the Department's internal quality control system is in place and operating effectively to provide reasonable assurance that established policies and procedures and applicable audit standards are being followed.

(g) The Internal Auditor shall monitor the implementation of the Department's response to any audit of the Department conducted by the State Auditor pursuant to law. No later than six months after the State Auditor publishes a report of the audit of the Department, the Internal Auditor shall report to the Secretary on the status of corrective actions taken. A copy of the report shall be filed with the Joint Legislative Commission on Governmental Operations.

(h) The Internal Auditor shall develop long-term and annual audit plans based on the findings of periodic risk assessments. The plan, where appropriate, should include postaudit samplings of payments and accounts. The plan shall show the individual audits to be conducted during each year and related resources to be devoted to the respective audits. The State Controller may utilize audits performed by the Internal Auditor. The plan shall be submitted to the Secretary for approval. A copy of the approved plan shall be submitted to the State Auditor."

(d) The Department of Justice and the Department of Health and Human Services shall immediately proceed with the implementation of this section, including

proceeding with all actions necessary to establish a State Law Enforcement Bureau (SLEB) program for food stamps in the State.

SUBPART B. STATUTORY TECHNICAL AND CONFORMING CHANGES RELATING TO ENACTMENT OF THE WORK FIRST PROGRAM.

Section 12.22. G.S. 1-110(a) reads as rewritten:

"(a) Subject to the provisions of subsection (b) of this section with respect to prison inmates, any superior or district court judge or clerk of the superior court may authorize a person to sue as an indigent in their respective courts when the person makes affidavit that he or she is unable to advance the required court costs. The clerk of superior court shall authorize a person to sue as an indigent if the person makes the required affidavit and meets one or more of the following criteria:

- (1) Receives food stamps.
- (2) Receives ~~Aid to Families with Dependent Children (AFDC)~~. Work First Family Assistance.
- (3) Receives Supplemental Security Income (SSI).
- (4) Is represented by a legal services organization that has as its primary purpose the furnishing of legal services to indigent persons.
- (5) Is represented by private counsel working on the behalf of or under the auspices of a legal services organization under subdivision (4) of this section.
- (6) Is seeking to obtain a domestic violence protective order pursuant to G.S. 50B-2.

A superior or district court judge or clerk of superior court may authorize a person who does not meet one or more of these criteria to sue as an indigent if the person is unable to advance the required court costs. The court to which the summons is returnable may dismiss the case and charge the court costs to the person suing as an indigent if the allegations contained in the affidavit are determined to be untrue or if the court is satisfied that the action is frivolous or malicious."

Section 12.23. G.S. 15-155.1 reads as rewritten:

"§ 15-155.1. Reports to district attorneys of ~~aid to dependent children~~ Work First Family Assistance and illegitimate out-of-wedlock births.

The Department of Human Resources, by and through the Secretary of Human Resources, shall promptly after June 19, 1959, make a report to each district attorney, setting out the names and addresses of all mothers who reside in his prosecutorial district as defined in G.S. 7A-60 and are recipients of ~~aid to dependent children assistance~~ under the provisions of Part 2, Article 2, Chapter 108A of the General Statutes. Such report shall in some manner show the identity of the unwed mothers and shall set forth the number of children born to each said mother. Such a report shall also be made monthly thereafter setting out the names and addresses of all such mothers who reside in the district and who may have become recipients of ~~aid to dependent children assistance~~ under the provisions of Part 2, Article 2, Chapter 108A of the General Statutes since the date of the last report."

Section 12.24. G.S. 15-155.2(a) reads as rewritten:

"(a) Upon receipt of such reports as are provided for in G.S. 15-155.1, the district attorney of superior court may make an investigation to determine whether the mother of an ~~illegitimate out-of-wedlock~~ child or who is a recipient of ~~aid to a dependent child or children~~, Work First Family Assistance, has abandoned, is willfully neglecting or is refusing to support and maintain the child within the meaning of G.S. 14-326 or 49-2 or is diverting any part of the funds received as ~~aid to a dependent child~~ Work First Family Assistance to any purpose other than for the support and maintenance of ~~such dependent a child~~ in violation of G.S. 108-76.1. In making this investigation the district attorney is authorized to call upon:

- (1) Any county board of social services or the Department of Human Resources for personal, clerical or investigative assistance and for access to any records kept by either such board and relating to the matter under investigation and such boards are hereby directed to assist in all investigations hereunder and to furnish all records relating thereto when so requested by the district attorney;
- (2) The board of county commissioners of any county within his district for legal or clerical assistance in making any investigation or investigations in such county and such boards are hereby authorized to furnish such assistance in their discretion; and
- (3) The district attorney of any inferior court in his district for personal assistance in making any investigation or investigations in the county in which the court is located and any district attorney so called upon is hereby authorized to furnish such assistance by and with the consent of the board of county commissioners of the county in which the court is located, which board shall provide and fix his compensation for assistance furnished."

Section 12.25. G.S. 95-25.3(d) reads as rewritten:

"(d) The Commissioner, in order to prevent curtailment of opportunities for employment of the economically disadvantaged and the unemployed, may, by regulation, establish a wage rate not less than eighty-five percent (85%) of the otherwise applicable wage rate in effect under subsection (a) which shall apply to all persons (i) who have been unemployed for at least 15 weeks and who are economically disadvantaged, or (ii) who are, or whose families are, receiving ~~aid to families with dependent children provided under Part A of Title IV of the Social Security Act~~, Work First Family Assistance or who are receiving supplemental security benefits under Title XVI of the Social Security Act.

Pursuant to regulations issued by the Commissioner, certificates establishing eligibility for such subminimum wage shall be issued by the Employment Security Commission.

The regulation issued by the Commissioner shall not permit employment at the subminimum rate for a period in excess of 52 weeks."

Section 12.26. G.S. 105A-2(1) reads as rewritten:

"(1) 'Claimant agency' means and includes:

- a. The State Education Assistance Authority as enabled by Article 23 of Chapter 116 of the General Statutes;
- b. The North Carolina Department of Human Resources when in the exercise of its authority to collect health profession student loans made pursuant to G.S. 131-121;
- c. The North Carolina Department of Human Resources when in the performance of its duties under the Medical Assistance Program enabled by Chapter 108A, Article 2, Part 6, and any county operating the same Program at the local level, when and only to the extent such a county is in the performance of Medical Assistance Program collection functions;
- d. The North Carolina Department of Human Resources when in the performance of its duties, under the Child Support Enforcement Program as enabled by Chapter 110, Article 9 and Title IV, Part D of the Social Security Act to obtain indemnification for past paid public assistance or to collect child support arrearages owed to an individual receiving program services and any county operating the program at the local level, when and only to the extent that the county is engaged in the performance of those same duties;
- e. The University of North Carolina, including its constituent institutions as specified by G.S. 116-2(4);
- f. The University of North Carolina Hospitals at Chapel Hill in the conduct of its financial affairs and operations pursuant to G.S. 116-37;
- g. The Board of Governors of the University of North Carolina and the State Board of Education through the College Scholarship Loan Committee when in the performance of its duties of administering the Scholarship Loan Fund for Prospective College Teachers enabled by Chapter 116, Article 5;
- h. The Office of the North Carolina Attorney General on behalf of any State agency when the claim has been reduced to a judgment;
- i. The State Board of Community Colleges through community colleges as enabled by Chapter 115D in the conduct of their financial affairs and operations;
- j. State facilities as listed in G.S. 122C-181(a), School for the Deaf at Morganton, North Carolina Sanatorium at McCain, Western Carolina Sanatorium at Black Mountain, Eastern North Carolina Sanatorium at Wilson, and Gravelly Sanatorium at Chapel Hill under Chapter 143, Article 7; Governor Morehead School under Chapter 115, Article 40; Central North Carolina School for the Deaf under Chapter 115, Article 41; Wright

School for Treatment and Education of Emotionally Disturbed Children under Chapter 122C; and these same institutions by any other names by which they may be known in the future;

- k. The North Carolina Department of Revenue;
- l. The Administrative Office of the Courts;
- m. The Division of Forest Resources of the Department of Environment, Health, and Natural Resources;
- n. The Administrator of the Teachers' and State Employees' Comprehensive Major Medical Plan, established in Article 3 of General Statutes Chapter 135;
- o. The State Board of Education through the Superintendent of Public Instruction when in the performance of his duties of administering the Scholarship Loan Fund for Prospective Teachers enabled by Chapter 115C, Article 32A and the scholarship loan and grant programs enabled by Chapter 115C, Article 24C, Part 1;
- p. The Board of Trustees of the Teachers' and State Employees' Retirement System and the Board of Trustees of the Local Governmental Employees' Retirement System in the performance of their duties pursuant to Chapters 120, 128, 135 and 143 of the General Statutes;
- q. The North Carolina Teaching Fellows Commission in the performance of its duties pursuant to Chapter 115C, Article 24C, Part 2;
- r. The North Carolina Department of Human Resources when in the performance of its collection duties for intentional program violations and violations due to inadvertent household error under the Food Stamp Program enabled by Chapter 108A, Article 2, Part 5, and any county operating the same Program at the local level, when and only to the extent such a county is in the performance of Food Stamp Program collection functions.

The North Carolina Department of Human Resources when, in the performance of its duties under the ~~Aid to Families with Dependent Children Program or the Aid to Families with Dependent Children Emergency Assistance Program provided in Part 2 of Article 2 of Chapter 108A or the Work First Cash Assistance Program established pursuant to the federal waivers received by the Department on February 5, 1996, Work First Program provided in Part 2 of Article 2 of Chapter 108A of the General Statutes,~~ or under the State-County Special Assistance for Adults Program provided in Part 3 of Article 2 of Chapter 108A, it seeks to collect public assistance payments obtained through an intentional false statement, intentional

- misrepresentation, intentional failure to disclose a material fact, or inadvertent household error;
- s. ~~The Employment Security Commission of North Carolina.~~
Carolina;
- t. Any State agency in the collection of salary overpayments from former ~~employees.~~employees; or
- u. The State Board of Education through the Superintendent of Public Instruction when in the performance of his duties of administering the program under which the State encourages participation in the National Board for Professional Teaching Standards (NBPTS) Program, enabled by Section 19.28 of Chapter 769 of the 1993 Session Laws."

Section 12.27. G.S. 110-129(6) reads as rewritten:

"(6) 'Disposable income' means any form of periodic payment to an individual, regardless of sources, including but not limited to wages, salary, commission, self-employment income, bonus pay, severance pay, sick pay, incentive pay, vacation pay, compensation as an independent contractor, worker's compensation, unemployment compensation benefits, disability, annuity, survivor's benefits, pension and retirement benefits, interest, dividends, rents, royalties, trust income and other similar payments, which remain after the deduction of amounts for federal, State, and local taxes, Social Security, and involuntary retirement contributions. However, Supplemental Security Income, ~~Aid for Dependent Children,~~ Work First Family Assistance, and other public assistance payments shall be excluded from disposable income. For employers, disposable income means 'wage' as it is defined by G.S. 95-25.2(16). Unemployment compensation benefits shall be treated as disposable income only for the purposes of income withholding under the provisions of G.S. 110-136.4, and the amount withheld shall not exceed twenty-five percent (25%) of the unemployment compensation benefits."

Section 12.28. G.S. 110-130.1 reads as rewritten:

"§ 110-130.1. ~~Non-AFDC~~ Non-Work First services.

(a) All child support collection and paternity determination services provided under this Article to recipients of public assistance shall be made available to any individual not receiving public assistance in accordance with federal law and as contractually authorized by the nonrecipient, upon proper application and payment of a nonrefundable application fee of ten dollars (\$10.00).

(b) Repealed by Session Laws 1989, c. 490.

(b1) In cases in which a public assistance debt which accrued pursuant to G.S. 110-135 remains unrecovered, support payments shall be transmitted to the Department of Human Resources for appropriate distribution. When services are terminated and all costs and any public assistance debts have been satisfied, the support payment shall be redirected to the client.

(c) Actions or proceedings to establish, enforce, or modify a duty of support or establish paternity as initiated under this Article shall be brought in the name of the county or State agency on behalf of the public assistance recipient or nonrecipient client. Collateral disputes between a custodial parent and noncustodial parent, involving visitation, custody and similar issues, shall be considered only in separate proceedings from actions initiated under this Article. The attorney representing the designated representative of programs under Title IV-D of the Social Security Act shall be deemed attorney of record only for proceedings under this Article, and not for the separate proceedings. No attorney/client relationship shall be considered to have been created between the attorney who represents the child support enforcement agency and any person by virtue of the action of the attorney in providing the services required.

(c1) The Department is hereby authorized to use the electronic and print media in attempting to locate absent and deserting parents. Due diligence must be taken to ensure that the information used is accurate or has been verified. Print media shall be under no obligation or duty, except that of good faith, to anyone to verify the correctness of any information furnished to it by the Department or county departments of social services.

(d) Any fee imposed by the North Carolina Department of Revenue or the Secretary of the Treasury to cover their costs of withholding for ~~non-AFDC-non-Work First~~ arrearages certified for the collection of past due support from State or federal income tax refunds shall be borne by the client by deducting the fee from the amount collected.

Any income tax refund offset amounts which are subsequently determined to have been incorrectly withheld and distributed to a client, and which must be refunded by the State to a responsible parent or the nondebtor spouse, shall constitute a debt to the State owed by the client."

Section 12.29. G.S. 111-21 reads as rewritten:

"§ 111-21. Disqualifications for relief.

No aid to needy blind persons shall be given under the provisions of this Article to any individual for any period with respect to which he is receiving aid under the laws of North Carolina ~~providing aid for dependent children-Work First Family Assistance~~ and/or relief for the aged, and/or aid for the permanently and totally disabled."

SUBPART C. STATUTORY TECHNICAL AND CONFORMING CHANGES RELATING TO THE ABOLISHMENT OF THE COMMISSION ON THE FAMILY.

Section 12.30. G.S. 143-318.14A(a) reads as rewritten:

"(a) Except as provided in subsection (e) below, all official meetings of commissions, committees, and standing subcommittees of the General Assembly (including, without limitation, joint committees and study committees), shall be held in open session. For the purpose of this section, the following also shall be considered to be 'commissions, committees, and standing subcommittees of the General Assembly':

- (1) The Legislative Research Commission;
- (2) The Legislative Services Commission;

- (3) The Advisory Budget Commission;
- (4) The Joint Legislative Utility Review Committee;
- (5) The Joint Legislative Commission on Governmental Operations;
- (6) The Joint Legislative Commission on Municipal Incorporations;
- ~~(7) The Commission on the Family;~~
- (8) The Joint Select Committee on Low-Level Radioactive Waste;
- (9) The Environmental Review Commission;
- (10) The Joint Legislative Transportation Oversight Committee;
- (11) The Joint Legislative Education Oversight Committee;
- (12) The Joint Legislative Commission on Future Strategies for North Carolina;
- (13) The Commission on Children with Special Needs;
- (14) The Legislative Committee on New Licensing Boards;
- (15) The Agriculture and Forestry Awareness Study Commission;
- (16) The North Carolina Study Commission on Aging; and
- (17) The standing Committees on Pensions and Retirement."

Section 12.31. G.S. 143B-150.8 reads as rewritten:

"§ 143B-150.8. Advisory Committee on Family-Centered Services; responsibilities.

(a) The Advisory Committee on Family-Centered Services shall have the following responsibilities:

- (1) Provide guidance and advice to the Secretary in the development of a plan for the statewide implementation of an inter-agency family preservation services program whereby family-centered preservation services are available to all counties by July 1, 1995, through the coordinated efforts of the Division of Social Services, Division of Youth Services, and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
- (2) Recommend standards for:
 - a. Oversight and development of family-centered preservation services;
 - b. Development and maintenance of inter-agency training and technical assistance in the provision of family-centered services;
 - c. Professional staff qualifications, program monitoring, and data collection;
 - d. Statewide evaluation of locally-based family preservation programs;
 - e. Coordination of funding sources for family preservation programs;
 - f. Procedures for awarding grants to local agencies providing family-centered services; and
 - g. Annual reports to the Governor and the General Assembly on the services provided and achievements of the Family Preservation Services Program.

- (3) The Committee shall submit a written report not later than May 1, 1992, and not later than October 1 of each year thereafter, to the Governor, to the Joint Legislative Commission on Governmental Operations, and to the Commission on the Family. Operations. The report shall address the progress in implementation of the Family Preservation Services Program. The report shall include an accounting of funds expended and anticipated funding needs for full implementation of the program. The report shall also include the following information for each county participating in the Program and for the Program as a whole:
- a. The number of families receiving service through the Program;
 - b. The number of children at risk of placement prior to initiation of service in families receiving Program services;
 - c. Among those children in sub-subdivision b., the number of children placed in foster care, in group homes, and in other facilities outside their homes and families;
 - d. The average cost of the service provided to families under the Program;
 - e. The estimated cost of out-of-home placement, through foster care, group homes, or other facilities, which would otherwise have been expended on behalf of children at risk of placement who successfully remain united with their families as a result of services provided through the Program. Cost estimates should be based on average length of stay and average cost of such out-of-home placements;
 - f. The number of children who remain unified with their families for one, two, and three years after receiving services under the Program; and
 - g. An overall statement of the progress of the Program and local projects during the preceding year, along with recommendations for improvements.

(b) The Committee may use funds allocated to it to contract for services to monitor local projects and for an independent evaluation of the Family Preservation Services Program."

Section 12.32. Of the funds appropriated in this act to the Department of Human Resources, the sum of three million nine hundred seventy-five thousand dollars (\$3,975,000) for the 1997-98 fiscal year shall be used to establish the uniform system of recipient identification established in G.S. 108A-25.1 and to provide counties with workstations for biometric imaging.

Section 12.33. Of the funds appropriated in this act to the Department of Human Resources, the sum of twenty-five thousand dollars (\$25,000) for the 1997-98 fiscal year and the sum of forty thousand dollars (\$40,000) for the 1998-99 fiscal year shall be transferred to the General Assembly for the Joint Legislative Public Assistance Commission.

Section 12.34. Of the funds appropriated in this act to the Department of Human Resources, the sum of sixteen million dollars (\$16,000,000) for the 1997-98 fiscal year and the sum of twenty million dollars (\$20,000,000) for the 1998-99 fiscal year shall be placed in the Work First Reserve Fund established pursuant to G.S. 143-15.3C.

Section 12.35. The Department of Health and Human Services shall have the uniform system of recipient identification established in G.S. 108A-25.1 in place and operating before October 1, 1998. Except as otherwise provided in this Part, this Part is effective when it becomes law.

Requested by: Senator Martin of Guilford, Representatives Gardner, Cansler, Clary
RESERVE TO IMPLEMENT WELFARE REFORM

Section 12.36. (a) Of the funds appropriated in this act to the Office of State Budget and Management, the sum of five million seventy-five thousand two hundred two dollars (\$5,075,202) for the 1997-98 fiscal year and the sum of three million nine hundred thousand dollars (\$3,900,000) for the 1998-99 fiscal year shall be placed in a Restrictive Reserve to Implement Welfare Reform. These funds shall be allocated from the Reserve as follows:

- (1) \$275,000 for the 1997-98 fiscal year and \$400,000 for the 1998-99 fiscal year to support the establishment of a uniform system of public assistance programs as authorized under G.S. 108A-25.1, and to provide counties with workstations for biometric imaging;
- (2) \$2,500,000 in each fiscal year to fund program integrity activities in each county;
- (3) \$500,000 for the 1997-98 fiscal year to establish and support an Office of Inspector General in the Department of Justice;
- (4) \$300,000 in each fiscal year to establish a pilot project in the Department of Labor for creation of Individual Development Accounts;
- (5) \$1,500,202 for the 1997-98 fiscal year for the following purposes:
 - a. To establish First Stop Employment Assistance in the Department of Commerce;
 - b. To expand the Labor Market Information System in the Employment Security Commission; and
 - c. To assist the Job Service Employer Committees or the Workforce Development Boards in their completion of the study of the working poor.

Funds shall not be allocated under this subdivision unless and until the Office of State Budget and Management has certified that federal funds are not available for these purposes; and

- (6) \$700,000 for the 1998-99 fiscal year for the continued support of the Office of Inspector General in the Department of Justice, and for the First Stop Employment Assistance in the Department of Commerce.

These funds shall be allocated by the Office of State Budget and Management on the basis of need.

- (b) This section becomes effective July 1, 1997.

PART XIII. HOUSING FINANCE AGENCY

Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter, Senator Martin of Pitt

HOME PROGRAM MATCHING FUNDS

Section 13. (a) Funds appropriated in this act to the Housing Finance Agency for the federal HOME Program shall be used to match federal funds appropriated for the HOME Program. In allocating State funds appropriated to match federal HOME Program funds, the Agency shall give priority to HOME Program projects, as follows:

- (1) First priority to projects that are located in counties designated as Tier One, Tier Two, or Tier Three Enterprise Counties under G.S. 105-129.3; and
- (2) Second priority to projects that benefit persons and families whose incomes are fifty percent (50%) or less of the median family income for the local area, with adjustments for family size, according to the latest figures available from the U.S. Department of Housing and Urban Development.

The Housing Finance Agency shall report to the Joint Legislative Commission on Governmental Operations by April 1 of each year concerning the status of the HOME Program and shall include in the report information on priorities met, types of activities funded, and types of activities not funded.

(b) If the United States Congress changes the HOME Program such that matching funds are not required for a given program year, then the Agency shall not spend the matching funds appropriated under this act for that program year.

(c) Funds appropriated in this act to match federal HOME Program funds shall not revert to the General Fund on June 30, 1998, or on June 30, 1999.

PART XIV. DEPARTMENT OF AGRICULTURE

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

MOUNTAIN STATE FAIR TO BECOME ENTERPRISE FUND

Section 14. The activities of the Western North Carolina Agricultural Center and the Mountain State Fair shall be combined and operated in an enterprise fund. Current appropriated support to the Western North Carolina Agricultural Center shall be transferred on a quarterly basis with the anticipation that appropriated support will only be necessary until the combined operation develops sufficient revenue and operating reserves to become totally self-supporting.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

TIMBER SALES FOR MAINTENANCE OF STATE FARMS FORESTLAND

Section 14.1. The Department of Agriculture and Consumer Services is authorized to expend up to one hundred thousand dollars (\$100,000) each year for forestry management from funds received from the sale of timber that are deposited with the State Treasurer in a capital improvement account pursuant to G.S. 146-30. The Director of the Budget is authorized to transfer up to one hundred thousand dollars (\$100,000) from the capital improvement account to the Reserve for Forestry Management in the Department's operating budget and to prepare succeeding continuation budget documents to include one hundred thousand dollars (\$100,000) in the Reserve for Forestry Management.

Requested by: Representatives Mitchell, Baker, Carpenter, Fox; Senators Martin of Pitt, Jenkins, Shaw of Guilford

TRANSFER MARITIME MUSEUM TO CULTURAL RESOURCES

Section 14.2. The North Carolina Maritime Museum, all funds appropriated by the General Assembly for the museum, and all resources and personnel provided for the museum by the Department of Agriculture and Consumer Services are transferred from the Department of Agriculture and Consumer Services to the Department of Cultural Resources. This transfer shall have all of the elements of a Type I transfer, as that term is defined in G.S. 143A-6(a). Where a conflict arises in connection with the transfer, the transfer shall be resolved by the Governor, and the decision of the Governor shall be final.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

WESTERN NORTH CAROLINA DEVELOPMENT ASSOCIATION

Section 14.3. The Western North Carolina Development Association shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments, including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1997.
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;

- b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments, including actual results through December 31, 1998; and
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources, including actual expenditures and fund sources through December 31, 1998.
- (3) Provide a copy of the Association's annual audited financial statement to the Fiscal Research Division within 30 days of issuance of the statement.

Requested by: Senators Martin of Pitt, Kerr, Representatives Mitchell, Baker, Carpenter

INCREASE GRAPE GROWERS FUNDS

Section 14.4. G.S. 105-113.81A reads as rewritten:

"§ 105-113.81A. Distribution of part of wine taxes attributable to North Carolina wine.

The Secretary shall on a quarterly basis credit to the Department of Agriculture and Consumer Services ninety-four percent (94%) of the net proceeds of the excise tax collected on unfortified wine bottled in North Carolina during the previous quarter and ninety-five percent (95%) of the net proceeds of the excise tax collected on fortified wine bottled in North Carolina during the previous quarter, ~~provided except~~ that the amount credited to the Department of Agriculture and Consumer Services under this section shall not exceed ~~ninety-one hundred fifty thousand dollars (\$90,000)~~ (\$150,000) per fiscal year. The Department of Agriculture and Consumer Services shall allocate the funds received under this section to the North Carolina Grape Growers Council to be used to promote the North Carolina grape and wine industry and to contract for research and development services to improve viticultural and enological practices in North Carolina. Any funds credited to the Department of Agriculture and Consumer Services under this section that are not expended by June 30 of any fiscal year may not revert to the General Fund, but shall remain available to the Department for the uses set forth in this section."

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

AUTHORIZE THE AGRICULTURAL FINANCE AUTHORITY TO USE THE INTEREST FROM THE RESERVE FOR FARM LOANS FOR ADMINISTRATIVE EXPENSES

Section 14.5. G.S. 122D-16 reads as rewritten:

"§ 122D-16. Trust funds.

(a) Notwithstanding any other provisions of law to the contrary, all moneys received pursuant to the authority of this Chapter shall be deemed to be trust funds to be held and applied solely as provided in this Chapter. Interest earned from these moneys

and interest received from loans made from these moneys may be used for any purpose set out in this Chapter and for the costs of administering this Chapter. The resolution authorizing any obligations or the trust agreement securing ~~the same any obligations~~ may provide that any of ~~such these~~ moneys may be temporarily invested pending the disbursement ~~thereof of the moneys~~ and shall provide that any officer with whom, or any bank or trust company with which, such moneys shall be deposited, shall act as trustee of ~~such the~~ moneys and shall hold and apply the ~~same moneys~~ for the purposes hereof, under this Chapter, subject to such regulations as this Chapter and such resolution or trust agreement may provide. any rules adopted pursuant to this Chapter and any provisions in the provision or trust agreement. Any such moneys or any other

(b) All moneys of the Authority may be invested in the following:

- (1) Bonds, notes or treasury bills of the United States;
- (2) Non-convertible debt securities of the following issuers:
 - a. The Federal Home Loan Bank Board;
 - b. The Federal National Mortgage Association;
 - c. The Federal Farm Credit Bank; and
 - d. The Student Loan Marketing Association;
- (3) Any other obligations not listed above which are guaranteed as to principal and interest by the United States or any of its agencies;
- (4) Certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations; provided that any principal amount of such certificate in excess of the amount insured by the federal government or any agency thereof be fully collateralized;
- (5) Obligations of the United States or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the market value of the security itself is more than the amount of funds invested;
- (6) Money market funds whose portfolios consist of any of the foregoing investments;
- (7) A guaranteed investment or similar contract, which provides for the investment of funds at a guaranteed rate of return, with an insurance company or depository financial institution with a claim paying rating of no less than either of the two highest grades given by a nationally recognized rating agency; and
- (8) Any other investment authorized by law for the investment of funds by a unit of local government."

Requested by: Representatives Mitchell, Baker, Carpenter, Fox, Owens, Senators Martin of Pitt, Jenkins, Shaw of Guilford

DEPARTMENTS OF AGRICULTURE AND CONSUMER SERVICES/COMMERCE/LABOR/AND ENVIRONMENT, HEALTH, AND NATURAL RESOURCES/RECEIPT SUPPORTED POSITIONS

Section 14.6 (a) The Department of Agriculture and Consumer Services, the Department of Commerce, the Department of Environment, Health, and Natural Resources, and the Department of Labor shall by October 15, 1997, and semiannually thereafter, report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division regarding the creation of new receipt-supported positions created within each Department. The report shall include the following information for each new position created with receipts:

- (1) The Commission, Division, program or office in which the position is created.
- (2) The position title or classification.
- (3) The salary.
- (4) The funding source.
- (5) An explanation of the position responsibilities and the justification for the position.
- (6) The designation of the position as full-time, part-time, and if time-limited, the length of time that the position is anticipated to be required.

(b) The Department of Agriculture and Consumer Services, the Department of Commerce, the Department of Environment, Health, and Natural Resources, and the Department of Labor shall abolish any receipt-supported position upon approval of the Office of State Budget and Management if: (i) the position is vacant for more than one calendar year, and (ii) receipts are insufficient to adequately fund the positions.

The Department of Agriculture and Consumer Services, the Department of Commerce, the Department of Environment, Health, and Natural Resources, and the Department of Labor shall by October 15, 1997, and semiannually thereafter, report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division regarding any receipt-supported positions that are abolished and shall justify any position that is vacant for a calendar year or longer and is not abolished.

Requested by: Representatives Tolson, Arnold, Senator Martin of Pitt
EASTERN NORTH CAROLINA LIVESTOCK ARENA FUNDS

Section 14.7. Section 94 of Chapter 561 of the 1993 Session Laws reads as rewritten:

"Sec. 94. ~~(a)~~ The seven hundred thousand dollars (\$700,000) appropriated in Section 4 of Chapter 1014 of the 1985 Session Laws and allocated in Section 158(b) of Chapter 1014 of the 1985 Session Laws, as amended by Section 137(a) of Chapter 738 of the 1987 Session Laws, Section 154 of Chapter 1086 of the 1987 Session Laws, and Section 34 of Chapter 1100 of the 1987 Session Laws, to the Rocky Mount Business Development Authority for the agricultural complex located at Fountain Park ~~in Section 137(a) of Chapter 738 of the 1987 Session Laws, as amended by Section 154 of Chapter~~

~~1086 of the 1987 Session Laws and Section 34 of Chapter 1100 of the 1987 Session Laws, the sum of seven hundred thousand dollars (\$700,000) may be loaned to a city which is located in two counties so as to allow that city to establish a Farmer's Market in the vicinity of the old Fenner's Warehouse No. 1 on the North Church Street corridor.~~

~~(b) This no-interest loan shall be repaid by the city to the Rocky Mount Business Development Authority (RMBDA) over the next seven years at the rate of one hundred thousand dollars (\$100,000) per year or at a rate necessary to support the cash flow requirement for planning and constructing a processing facility at Fountain Park.~~

~~(c) The Rocky Mount Business Development Authority (RMBDA) shall provide a grant of all interest accrued to date, less expenses, on the seven hundred thousand dollar (\$700,000) appropriation to the Rocky Mount/Edgecombe Community Development Corporation (RMECDC) for the South Washington Street Revitalization Project.~~

~~(d) The City of Rocky Mount shall organize the Rocky Mount Business Development Authority (RMBDA) such that the Authority assists in planning and construction of a vegetable and fruit processing facility in Fountain Park before January 1, 2001. This processing facility shall have the capability to, at least: cool, wash, wax, grade, sort, package, and store for transit the commercial produce of local farm families. The facility shall provide facilities for unloading harvested farm fruits and vegetables, loading surface transport with packaged fruits and vegetables, and supporting brokerage operations. RMBDA may use the funds repaid to it under subsection (b) of this section for the purposes of this subsection. Park, shall be allocated as follows:~~

- ~~(1) \$225,000 to the Rocky Mount Business Development Authority, and~~
- ~~(2) The remaining funds, plus all interest accrued, for the construction of a facility to replace the Eastern North Carolina Livestock Arena. This facility shall be used for horse- and swine-breeding stock auctions, for cattle sales, and for functions of the Future Farmers of America and 4-H Clubs.~~

Requested by: Representatives Mitchell, Baker, Carpenter, Fox, Brown, H. Hunter, Senators Martin of Pitt, Jenkins, Shaw of Guilford

ASSISTANCE FOR SMALL, FAMILY FARMS

Section 14.8. Of the funds appropriated in this act to the Department of Agriculture and Consumer Services for the 1997-98 fiscal year, the sum of fifty thousand dollars (\$50,000) shall be used to provide assistance to farmers who operate small, family farms. By March 1, 1998, the Department shall report to the Joint Legislative Commission on Governmental Operations, the Appropriations Subcommittees on Natural and Economic Resources in both the House of Representatives and the Senate, and the Fiscal Research Division on the use of these funds, including the number and geographic location of the small, family farms assisted through this allocation of funds, the type of assistance provided, and any other information or indicators that demonstrate the overall impact of this allocation of funds.

Requested by: Representatives Mitchell, Baker, Carpenter, Fox, Senators Martin of Pitt, Jenkins, Shaw of Guilford

SOUTHERN DAIRY COMPACT COMMISSION FUNDS

Section 14.9. (a) Of the funds appropriated in this act to the Department of Agriculture and Consumer Services, the sum of twenty-five thousand dollars (\$25,000) for the 1997-98 fiscal year and the sum of twenty-five thousand dollars (\$25,000) for the 1998-99 fiscal year shall be used to support the Southern Dairy Compact Commission.

(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment of House Bill 998 of the 1997 Session of the General Assembly, Senate Bill 977 of the 1997 Session of the General Assembly, or substantially similar legislation that creates the Southern Dairy Compact Commission.

PART XV. DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES

Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter, Senator Martin of Pitt

ENVIRONMENTAL EDUCATION GRANTS

Section 15. (a) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of two hundred thousand dollars (\$200,000) for the 1997-98 fiscal year shall be used to provide grants to promote environmental education throughout the State. Grants under this section may be awarded to:

- (1) Schools, community organizations, and environmental education centers for the development of environmental education library collections; or
- (2) School groups for field trips to environmental education centers across the State, provided the activities of the field trip are correlated with the Department of Public Instruction's curriculum objectives.

(b) The Department shall report to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division by January 1, 1998, and again by July 1, 1998, on the grant program. The report shall include a list of amounts awarded and project descriptions for each grant recipient.

Requested by: Senator Martin of Pitt, Representative Mitchell

GRASSROOTS SCIENCE PROGRAM

Section 15.1. Funds appropriated in this act for the Grassroots Science Program shall be allocated as grants-in-aid as follows:

	1997-98	1998-99
Iredell County Children's Museum	\$56,500	\$50,000
Museum of Coastal Carolina	\$66,750	\$50,000

Rocky Mount Children's Museum	\$109,750	\$50,000
Imagination Station	\$111,000	\$50,000
Western North Carolina Nature Center	\$130,750	\$15,000
The Health Adventure Museum of Pack Place Education, Arts and Science Center, Inc.	\$162,500	\$35,000
Cape Fear Museum	\$188,500	\$50,000
Catawba Science Center	\$190,500	\$50,000
Sci Works Science Center and Environmental Park of Forsyth County	\$231,000	\$50,000
Natural Science Center of Greensboro	\$333,000	\$50,000
Schiele Museum of Natural History	\$383,750	\$50,000
North Carolina Museum of Life and Science	\$398,750	\$50,000
Discovery Place	\$887,250	\$50,000
TOTAL	\$3,250,000	\$600,000

Discovery Place may use up to one hundred thousand dollars (\$100,000) of the funds allocated to it in the 1997-98 fiscal year to study the feasibility of an expansion of Discovery Place.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

ANIMAL WASTE COMPLIANCE PROGRAM REPORT

Section 15.2. (a) No later than October 15, 1997, and quarterly thereafter, the Department of Environment, Health, and Natural Resources shall submit status reports to the Environmental Review Commission and the Fiscal Research Division. Each report shall include, but not be limited to:

- (1) The number of permits for animal waste management systems, itemized by type of animal subject to such permits, issued since the last report and a total for that calendar year.
- (2) The number of operations reviews of animal waste management systems that the Division of Soil and Water Conservation has conducted since the last report and a total for that calendar year.
- (3) The number of operations reviews of animal waste management systems conducted by agencies other than the Division of Soil and Water Conservation that have been conducted since the last report and a total for that calendar year.
- (4) The number of reinspections associated with operations reviews conducted by the Division of Soil and Water Conservation since the last report and a total for that calendar year.

- (5) The number of reinspections associated with operations reviews conducted by agencies other than the Division of Soil and Water Conservation since the last report and a total for that calendar year.
 - (6) The number of compliance inspections of animal waste management systems that the Division of Water Quality has conducted since the last report and a total for that calendar year.
 - (7) The number of follow-up inspections associated with compliance inspections conducted by the Division of Water Quality since the last report and a total for that calendar year.
 - (8) The average length of time for each category of reviews and inspections under subdivisions (2) through (7) of this subsection.
 - (9) The number of violations found during each category of review and inspection under subdivisions (2) through (7) of this subsection, the status of enforcement actions taken and pending, and the penalties imposed, collected, and in the process of being negotiated for each such violation.
- (b) The information to be included in the reports pursuant to subsection (a) of this section shall be itemized by each regional office of the Department, with totals for the State indicated.

Requested by: Representative Mitchell, Senators Albertson, Plyler

ANIMAL WASTE MANAGEMENT SYSTEM GENERAL PERMIT REVISIONS/PILOT PROGRAM FOR ANIMAL OPERATIONS ANNUAL INSPECTIONS

Section 15.3. (a) The interagency group created in Section 18 of Chapter 626 of the 1995 Session Laws and the Department of Environment, Health, and Natural Resources shall, by October 1, 1997, cooperatively revise the general permits for animal waste management systems that were previously developed by the Department and accordingly revise the proposed time schedule for issuing these general permits. The provisions of the revised general permits shall be more flexible for the farmer and more practical for the farmer to implement and shall not conflict with the site-specific certified animal waste management plans. The interagency group and the Department may refer to House Bill 357 of the 1997 Regular Session of the General Assembly for guidance in determining the issues that need to be addressed in the revision process. By October 1, 1997, the interagency group and the Department shall submit a joint report of the revised general permits and the revised time schedule for issuing these permits to the Environmental Review Commission.

(b) Subsection (c) of Section 19 of Chapter 626 of the 1995 Session Laws reads as rewritten:

- "(c) (1) G.S. 143-215.10C, as enacted by Section 1 of this act, becomes effective January 1, 1997. In order to ensure an orderly and cost-effective phase-in of the permit program, the Department of Environment, Health, and Natural Resources shall issue permits for animal operations over a five-year period. The Subject to subdivision

(5) of this subsection, the Department shall issue permits for approximately twenty percent (20%) of the animal waste management facilities that are in operation on January 1, 1997, during each of the five calendar years beginning January 1, 1997, and shall give priority to those animal waste management systems serving the largest animal operations. An animal waste management system that is deemed permitted by rule on January 1, 1997, under 15A N.C.A.C. 2H.0217 may continue to operate on a deemed permitted basis as provided in ~~subsection (b) of this section~~, subdivision (2) of this subsection.

- (2) In accordance with its phase-in schedule, the Department shall notify each owner or operator of an animal waste management system that is deemed permitted of the date by which an application for a permit for that animal waste management system shall be submitted by certified mail. An owner or operator of an animal waste management system who fails to submit an application for a permit by the date specified by the Department shall not operate the animal waste management system after that date. An animal waste management system that is authorized to continue operation under this section and for which a timely application for a permit is submitted may continue to operate on a deemed permitted basis until the Department either issues a permit or notifies the owner or operator that the application for a permit is denied. An animal waste management system that is deemed permitted shall be subject to the annual operational review and annual inspection requirements as though it were permitted.
- (3) The Department shall act on an application for a permit for a new facility or for the expansion of an existing facility within 90 days after the Department receives the application.
- (4) Notwithstanding G.S. 143-215.10C (a) through (d), a dry litter animal waste management system involving 30,000 or more birds shall continue to operate on a deemed permitted basis by rule under 15A N.C.A.C. 2H.0217 and shall comply with the animal waste management plan testing and record-keeping requirements by January 1, ~~1998~~, 2000.
- (5) Animal waste management systems for dairy facilities that are constructed or expanded on or after January 1, 1998, shall be required to obtain a permit in accordance with G.S. 143-215.10C prior to the construction or expansion. An animal waste management system for any dairy facility in operation before January 1, 1998, shall continue to be deemed permitted under 15A N.C.A.C. 2H.0217 so long as both of the following are satisfied:
 - a. That facility obtains a certified animal waste management plan by December 31, 1997, or the operator of that facility and the Environmental Management Commission enter into a special

agreement pursuant to Section 14(b) of Chapter 626 of the 1995 Session Laws.

- b. That facility remains in compliance with the certified animal waste management plan or the special agreement, whichever applies.

The Department shall issue permits for approximately twenty percent (20%) of the animal waste management systems for dairy facilities in operation before January 1, 1998, during each of the five calendar years beginning January 1, 1999, and shall give priority to those animal waste management systems serving the largest dairies. An animal waste management system for a dairy facility in operation before January 1, 1998, that is deemed permitted by rule under 15A N.C.A.C. 2H.0217 may continue to operate on a deemed permitted basis as provided in this subdivision and subdivision (2) of this subsection."

- (c) After the revised general permits are adopted, the Department shall issue the revised general permit to all animal waste management operations currently holding general permits.

Section 15.4. (a) The Department of Environment, Health, and Natural Resources shall develop and implement a pilot program to begin no later than November 1, 1997, and to terminate October 31, 1998, regarding the annual inspections of animal operations that are subject to a permit under Part 1A of Article 21 of Chapter 143 of the General Statutes. The Department shall select two counties located in a part of the State that has a high concentration of swine farms to participate in this pilot program. Notwithstanding G.S. 143-215.10F, the Division of Soil and Water Conservation shall conduct inspections of all animal operations that are subject to a permit under Part 1A of Article 21 of Chapter 143 of the General Statutes in these two counties at least once a year to determine whether any animal waste management system is causing a violation of water quality standards and whether the system is in compliance with its animal waste management plan or any other condition of the permit. The personnel of the Division of Soil and Water Conservation who are to conduct these inspections in each of these two counties shall be located in an office in the county in which that person will be conducting inspections. As part of this pilot program, the Department of Environment, Health, and Natural Resources shall establish procedures whereby resources within the local Soil and Water Conservation Districts serving the two counties are used for the quick response of complaints and reported problems previously referred only to the Division of Water Quality.

- (b) The Division of Soil and Water Conservation of the Department of Environment, Health, and Natural Resources and the Division of Water Quality of the Department of Environment, Health, and Natural Resources jointly shall submit an interim report no later than April 15, 1998, and a final report no later than December 1, 1998, to the Environmental Review Commission and to the Fiscal Research Division.

These reports shall indicate whether the pilot program has increased the effectiveness of the annual inspections program or the response to complaints and reported problems, specifically whether the pilot program had resulted in identifying violations earlier, taking corrective actions earlier, increasing compliance with the animal waste management plans and permit conditions, improving the time to respond to discharges, complaints, and reported problems, improving communications between farmers and Department employees, and any other consequences deemed pertinent by the Department. The final report shall include a recommendation as to whether to continue or expand the pilot program under this section. The Environmental Review Commission may recommend to the 1998 Regular Session of the 1997 General Assembly or to the 1999 General Assembly whether to continue or expand the pilot program under this section and may make any related legislative proposals.

Requested by: Senators Martin of Pitt, Jenkins, Shaw of Guilford, Representatives Mitchell, Baker, Carpenter, Fox

SOUTH MOUNTAINS GAMELANDS FUNDS

Section 15.5. Of the funds appropriated in this act to the Wildlife Resources Commission, the sum of five million dollars (\$5,000,000) for the 1997-98 fiscal year shall be used to assist in the acquisition of gamelands for hunting, fishing, outdoor recreation, and conservation in the South Mountains. The Wildlife Resources Commission may use and seek additional funds from the Wildlife Endowment Fund established in G.S. 143-250.1, private citizens, private nonprofit conservation organizations, the Clean Water Management Trust Fund established in Article 13A of Chapter 113 of the General Statutes, the Natural Heritage Trust Fund established in Article 5A of Chapter 113 of the General Statutes, and local governments to acquire gamelands in the South Mountains. The Wildlife Resources Commission shall work with citizens and local governments to develop and execute both a wildlife management plan and a forest management plan for its gamelands in the South Mountains.

Requested by: Senator Plyler, Representatives Mitchell, Baker, Carpenter

ODOR CONTROL STUDY FUNDS

Section 15.6. Of the funds appropriated to the Department of Environment, Health, and Natural Resources for the 1996-97 fiscal year and transferred to the Board of Governors of The University of North Carolina for the North Carolina Agricultural Research Service at North Carolina State University for research into economically feasible odor control technologies and for a detailed economic analysis of odor management alternatives, the sum of six hundred thousand dollars (\$600,000) shall not revert to the General Fund on June 30, 1997. These funds shall remain in the budget of North Carolina State University for expenditure by the North Carolina Agricultural Research Service during the 1997-98 fiscal year. These funds may be used for capital expenditures to construct current technology swine production facilities for the purpose of research in adapting or developing new odor control technologies. The use of these funds for capital expenditures shall be authorized without any requirement of matching funds from private sources.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
FUNDS FOR VOLUNTARY REMEDIAL ACTIONS

Section 15.7. (a) During the 1997-99 fiscal biennium, the Secretary of Environment, Health, and Natural Resources may contribute from the Inactive Hazardous Sites Cleanup Fund up to ten percent (10%) of the cost each fiscal year, not to exceed fifty thousand dollars (\$50,000) per site, of implementing a voluntary remedial action program at up to three high-priority sites that substantially endanger public health or the environment.

(b) No later than April 1 of each year of the 1997-99 fiscal biennium, the Department of Environment, Health, and Natural Resources shall report to the General Assembly. Each report shall contain the location of the sites for which a voluntary remedial action program was implemented under subsection (a) of this section, the rationale for the State contributing to the cost of that remedial action, and the amount of the contribution made from the Inactive Hazardous Sites Cleanup Fund.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

POLLUTION PREVENTION AND ENVIRONMENTAL ASSISTANCE TO SMALL BUSINESSES WITH NEED

Section 15.8. The Division of Pollution Prevention and Environmental Assistance shall, to the extent feasible, give greatest priority to small businesses that can demonstrate financial need when the Division of Pollution Prevention and Environmental Assistance awards grants or otherwise provides technical or financial assistance.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
PERMIT INFORMATION CENTER

Section 15.9. The Department of Environment, Health, and Natural Resources may use any available funds to operate a permit information center within the Department to improve permit applications, guidance materials, applicant and citizen training, and for other related purposes.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
AGRICULTURE WASTE RESEARCH REPORTS

Section 15.10. The Primary Investigator or Researcher receiving funding from the State pursuant to Section 2 of Chapter 18 of the Session Laws of the 1996 Second Extra Session for each of the following research projects and studies shall provide a progress report to the Environmental Review Commission, the Joint Legislative Commission on Governmental Operations, the Scientific Advisory Council on Water Resources and Coastal Fisheries Management, and the Fiscal Research Division on January 1 and July 1 of each year until the project or study is complete:

- (1) Odor control technology.
- (2) Sources of nitrogen through isotope markers.

- (3) Groundwater impacts of lagoons.
- (4) Atmospheric deposition of nitrogen in the Neuse Estuary.
- (5) Alternative animal waste technologies.

Upon completion of the project or study, the Primary Investigator or Researcher shall provide a final report.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
TOWN FORK CREEK SOIL CONSERVATION PROJECT

Section 15.11. (a) The funds placed in a reserve account in the Department of Environment, Health, and Natural Resources pursuant to Section 26.3(c) of Chapter 507 of the 1995 Session Laws shall not revert until June 30, 1999. Those funds are reallocated as follows:

- (1) Five hundred four thousand five hundred sixty dollars (\$504,560) to the Stokes County Water and Sewer Authority, Inc., for the Germanton Water Project.
- (2) Nine hundred thirty thousand six hundred eighty dollars (\$930,680) to the Stokes County Water and Sewer Authority, Inc., for the Madison Connection Project.
- (3) Eighty thousand dollars (\$80,000) to the Stokes County Water and Sewer Authority, Inc., for the Dan River Project.
- (4) Thirty thousand dollars (\$30,000) to the Department of Environment, Health, and Natural Resources for the Limestone Creek small watershed project in Duplin County.
- (5) Three hundred forty thousand six hundred forty dollars (\$340,640) to the Department of Environment, Health, and Natural Resources for the Deep Creek small watershed project in Yadkin County.

(b) The Department of Environment, Health, and Natural Resources and the Stokes County Water and Sewer Authority, Inc., shall report by October 1 and March 1 of each fiscal year to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division of the General Assembly, and the Office of State Budget and Management regarding the use of the funds reallocated by this section. Each report shall include all of the following:

- (1) The estimated cost of each project.
- (2) The date that work on each project began or is expected to begin.
- (3) The date that work on each project was completed or is expected to be completed.
- (4) The actual cost of each project.

Requested by: Representatives Mitchell, Baker, Carpenter, Senator Martin of Pitt
SUPERFUND PROGRAM/INACTIVE HAZARDOUS SITES FUNDS

Section 15.12. (a) The Department of Environment, Health, and Natural Resources may use available funds, with the approval of the Office of State Budget and Management, to provide the ten percent (10%) cost share required for Superfund cleanups on the National Priority List sites, to pay the operating and maintenance costs

associated with these Superfund cleanups, and for the cleanup of priority inactive hazardous substance or waste disposal sites under Part 3 of Article 9 of Chapter 130A of the General Statutes. These funds may be in addition to those appropriated for this purpose.

(b) The Department of Environment, Health, and Natural Resources and the Office of State Budget and Management shall report to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations the amount and the source of the funds used pursuant to subsection (a) of this section within 30 days of the expenditure of these funds.

Requested by: Senators Odom, Perdue, Plyler

ROANOKE/PAMLICO WATER QUALITY FUNDS

Section 15.13. Of the funds appropriated to the Department of Environment, Health, and Natural Resources by this act for the 1997-98 fiscal year, the sum of four hundred thousand dollars (\$400,000) shall be used to establish a water quality monitoring program for the Roanoke-Pamlico estuary system. The Department of Environment, Health, and Natural Resources may enter into contracts for the provision of services for the water quality monitoring program.

Requested by: Senator Martin of Pitt

RESERVE FOR CAPE FEAR RIVER FUNDS

Section 15.14. (a) Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of one million five hundred thousand dollars (\$1,500,000) for the 1997-98 fiscal year shall be placed in a reserve for the Cape Fear River Assembly, Inc., to be used for programs to monitor and improve water quality in the Cape Fear River.

(b) The Cape Fear River Assembly, Inc., shall report by 1 October 1997 and quarterly thereafter to the Environmental Review Commission and the Joint Legislative Commission on Governmental Operations on the proposed use of any reserve funds prior to encumbering those funds for that use and on the subsequent use of any reserve funds. After the Cape Fear River Assembly, Inc., reports a proposed use to the Joint Legislative Commission on Governmental Operations and the Office of State Budget and Management approves the distribution of funds, the Department shall distribute the funds from the reserve for that use.

Requested by: Senators Odom, Perdue, Plyler

REGIONAL WASTEWATER MANAGEMENT

Section 15.15. (a) Of the funds appropriated to the Department of Environment, Health, and Natural Resources by this act, the sum of eight hundred fifty thousand dollars (\$850,000) for the 1997-98 fiscal year shall be allocated for costs associated with further development of a regional wastewater collection, treatment, and disposal system that uses an innovative technology to reduce nutrient and organic loadings to surface waters and the sum of one hundred fifty thousand dollars (\$150,000) shall be allocated for wastewater infrastructure in Union County.

(b) The Department of Environment, Health, and Natural Resources shall report by April 1, 1998, regarding the use of the funds allocated under this section. The report shall be made to the Joint Legislative Commission on Governmental Operations and to the Environmental Review Commission. A written copy of the report shall be provided to the Fiscal Research Division of the General Assembly.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, Fox
**EVALUATE SEPTIC TANKS IN THE NEUSE RIVER
BASIN/ENVIRONMENTAL REVIEW COMMISSION STUDY BEST
MANAGEMENT PRACTICES FOR SEPTIC TANK SYSTEMS**

Section 15.16. (a) Of the funds appropriated to the Department of Environment, Health, and Natural Resources in this act, the sum of one hundred fifty thousand dollars (\$150,000) for the 1997-98 fiscal year shall be used to evaluate septic tanks in the Neuse River Basin. This evaluation shall include all of the following:

- (1) The number of septic tanks.
- (2) The condition of the septic tanks.
- (3) Any potential groundwater contamination from malfunctioning septic tank systems.
- (4) The impact of hurricane damage and flooding on septic tank systems.
- (5) The cost to repair or replace failing septic tanks.
- (6) Any viable alternatives to septic tanks.

(b) No later than October 1, 1998, the Department shall report its findings on septic tanks to the Environmental Review Commission, the Fiscal Research Division, and the Joint Legislative Commission on Governmental Operations. The Environmental Review Commission shall report its findings and recommendations to the General Assembly on the first day of the 1999 Regular Session of the 1999 General Assembly.

(c) The Environmental Review Commission shall study the development of guidelines for best management practices for septic tank systems for both the installation of new septic tank systems and the replacement or improvement of existing septic tank systems that supplement any rules governing septic tank systems that are adopted by the Commission for Health Services, including standards for devices and practices relating to septic tank installation, operation, maintenance, and repair. The Environmental Review Commission shall consider the use of incentives, including tax credits, that could be implemented to encourage the use of best management practices for septic tank systems. The Environmental Review Commission shall submit its legislative recommendations resulting from this study to the 1997 General Assembly, 1998 Regular Session. The Environmental Review Commission shall make specific recommendations regarding filters or other devices designed to improve the efficiency of septic tank systems and risers or other devices designed to facilitate pumping. As used in this section, the phrase "devices and practices" includes, but is not limited to:

- (1) Filters or other devices designed to improve the efficiency of septic tank systems.
- (2) Risers or other devices designed to facilitate pumping.

- (3) Electronic warning devices that signal when the solid or liquid waste in the system has reached a level such that the septic tank needs to be pumped.
- (4) Alternative and innovative systems for improved wastewater treatment and disposal.
- (5) Any other approved technology or practice that demonstrates improved efficiency for septic systems.

Requested by: Senators Odom, Perdue, Plyler

MONITOR COASTAL WATER QUALITY

Section 15.17. (a) Article 8 of Chapter 130A of the General Statutes is amended by adding a new Part to read:

"Part 3A. Monitor Water Quality of Coastal Fishing Waters.

"§ 130A-233. Definitions.

The following definitions apply to this Part:

- (1) Coastal fishing waters, as defined in G.S. 113-129(4).
- (2) Inland fishing waters, as defined in G.S. 113-129(9).

"§ 130A-233.1. Monitoring program for State coastal fishing waters; development and implementation of program.

For the protection of the public health of swimmers and others who use the State's coastal fishing waters for recreational activities, the Department shall develop and implement a program to monitor the State's coastal fishing waters for contaminants. The monitoring program shall cover all coastal fishing waters up to the point where those waters are classified as inland fishing waters."

(b) Of the funds appropriated by this act to the Department of Environment, Health, and Natural Resources, the sum of three hundred ninety-seven thousand sixty-six dollars (\$397,066) for the 1997-98 fiscal year and the sum of three hundred thirty-seven thousand five hundred sixty-six dollars (\$337,566) for the 1998-99 fiscal year shall be allocated to the Shellfish Sanitation Branch to develop and implement the monitoring program required by this section.

Requested by: Senator Martin of Pitt

REISSUE CERTAIN WASTEWATER PERMITS

Section 15.18. Notwithstanding the provisions of Article 11 of Chapter 130A of the General Statutes to the contrary, the Department of Environment, Health, and Natural Resources or the local health department shall issue an improvement permit and an authorization for wastewater system construction for any wastewater system that was the subject of an improvement permit issued by a local health department between July 1, 1982, and September 30, 1995, that expired prior to the installation of that wastewater system, upon a showing satisfactory to the Department or the local health department, respectively, that all of the following conditions are satisfied:

- (1) The site and soil conditions are unaltered.
- (2) The facility, design wastewater flow, and wastewater characteristics are not increased since the expired permit was issued.

- (3) A wastewater system can be installed that meets the permitting requirements in effect on the date the expired improvement permit was issued.
- (4) The intended use has not changed.
- (5) There is no current technology that can reasonably be expected to improve the performance of the system.
- (6) But for the issuance of an authorization for wastewater system construction under this act, the proposed site cannot be developed for the purpose for which the expired permit was issued.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

WATER QUALITY PERMIT PROGRAMS/RESERVE FUNDS

Section 15.19. (a) Of the funds appropriated to the Department of Environment, Health, and Natural Resources by this act for the 1997-98 fiscal year, the sum of one million dollars (\$1,000,000) shall be held in reserve within the Department.

(b) Of those funds held in reserve, the sum of one hundred fifty thousand dollars (\$150,000) shall be used to replace federal construction grant funds when the federal funds cease for the support of three positions in the Division of Water Quality, Department of Environment, Health, and Natural Resources.

(c) The remaining eight hundred fifty thousand dollars (\$850,000) held in reserve is to offset a possible permit receipt shortfall for the water quality programs for unrealized revenue up to two million nine hundred fifty thousand dollars (\$2,950,000).

Subject to approval by the Office of State Budget and Management, the Department may use the reserve funds during the 1997-98 fiscal year in accordance with this subsection. The eight hundred fifty thousand dollars (\$850,000) in reserve may be used to provide the necessary cash flow for the water quality programs during the fiscal year if receipts during the fiscal year are insufficient to cover water quality program expenditures. The reserve funds shall be used only for the water quality programs administered by the Water Quality Section of the Water Quality Division.

At the end of the 1997-98 fiscal year:

- (1) If the receipts generated by the water quality permit programs for the 1997-98 fiscal year are less than two million nine hundred fifty thousand dollars (\$2,950,000), then the Water Quality Section may retain from the reserve an amount equal to the difference between two million nine hundred fifty thousand dollars (\$2,950,000) and actual water quality permit receipts for the 1997-98 fiscal year, not to exceed eight hundred fifty thousand dollars (\$850,000).
- (2) If the receipts generated by the water quality permit programs for the 1997-98 fiscal year are two million nine hundred fifty thousand dollars (\$2,950,000) or more, then the Water Quality Section shall not retain any funds from the reserve.

(d) All receipts, State funds, and federal funds that are budgeted for the Water Quality Section of the Water Quality Division, Department of Environment, Health, and Natural Resources, shall be used only for the Water Quality Section and the

water quality programs administered by that section and shall not be transferred or used for any other purpose.

(e) For purposes of this section, "water quality permits" means all permits issued under Part 1 of Article 21 of Chapter 143 of the General Statutes that are administered by the Water Quality Section of the Water Quality Division, Department of Environment, Health, and Natural Resources.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

FEDERAL FUNDS FOR WATER QUALITY INDIRECT COSTS USED FOR WATER QUALITY

Section 15.20. Federal funds received by the Department of Environment, Health, and Natural Resources received as federal indirect cost receipts associated with the federal Environmental Protection Agency "106" water quality grant may be credited to and used by the Water Quality Section of the Water Quality Division for the permit programs and activities administered by that section.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

PARTNERSHIP FOR THE SOUNDS

Section 15.21. (a) Subject to subsection (c) of this section, the Partnership for the Sounds shall, no later than January 15, 1998, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

- (1) Program activities, objectives, and accomplishments for the 1996-97 fiscal year;
- (2) Itemized expenditures and fund sources for the 1996-97 fiscal year;
- (3) Planned activities, objectives, and accomplishments for the 1997-98 fiscal year, including actual results through December 31, 1997; and
- (4) Estimated itemized expenditures and fund sources for the 1997-98 fiscal year, including actual expenditures and fund sources through December 31, 1997.

(b) Subject to subsection (c) of this section, the Partnership for the Sounds shall, no later than January 15, 1999, submit a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division that provides the following information:

- (1) Program activities, objectives, and accomplishments for the 1997-98 fiscal year;
- (2) Itemized expenditures and fund sources for the 1997-98 fiscal year;
- (3) Planned activities, objectives, and accomplishments for the 1998-99 fiscal year, including actual results through December 31, 1998; and
- (4) Estimated itemized expenditures and fund sources for the 1998-99 fiscal year, including actual expenditures and fund sources through December 31, 1998.

(c) The Partnership for the Sounds shall provide additional reports to the Joint Legislative Commission on Governmental Operations or the Fiscal Research Division upon request.

(d) The Partnership for the Sounds shall provide a copy of its annual audited financial statement to the Fiscal Research Division within 30 days of issuing the financial statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

COMMUNICABLE DISEASE CONTROL AID TO COUNTIES FLEXIBILITY

Section 15.22. (a) For the 1997-98 and 1998-99 fiscal years, the Department of Environment, Health, and Natural Resources may combine and allocate funds appropriated for Aid to Counties in the Acute Communicable Disease Control Fund, the Tuberculosis Control Fund, and the Sexually Transmitted Disease Control Fund into one Acute Communicable Disease Control Aid to Counties Grant. Communicable Disease Aid to Counties funding to local health departments and other authorized recipients will be based on a general communicable disease formula to be developed by the Department of Environment, Health, and Natural Resources.

(b) The Department of Environment, Health, and Natural Resources, in conjunction with local health departments, will maintain a system to monitor and identify Aid to Counties communicable disease expenditures by each communicable disease group. The Department shall report to the Joint Legislative Commission on Governmental Operations not later than October 1, 1997, and annually thereafter, on Aid to Counties expenditures by county for each communicable disease group and the purpose of the expenditures for the fiscal year. The report shall also include an evaluation of the effectiveness of combining Aid to Counties funding into one grant fund and the effectiveness of the formula used to allocate funds.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

DWI TEST CHANGES

Section 15.23. (a) For the 1997-98 and 1998-99 fiscal years, any funds collected under G.S. 20-16.5(j) that are designated for the chemical alcohol testing program of the Injury Control Section of the Department of Environment, Health, and Natural Resources and are not needed for that program shall be transferred annually to the Governor's Highway Safety Program for grants to local law enforcement agencies for training and enforcement of the laws on driving while impaired. The Governor's Highway Safety Program shall expend funds transferred to it under this section within 13 months of receipt of the funds. Amounts received by the Governor's Highway Safety Program shall not revert until the June 30 following the 13-month period.

(b) Notwithstanding G.S. 143-23(a1)(3), if the total requirements for the 1997-98 and 1998-99 fiscal years for the statewide chemical alcohol testing program exceed funds appropriated in this act for the program, then the Injury Control Section may use funds in accordance with G.S. 20-16.5(j) to fund the chemical alcohol testing program requirements in excess of the General Fund appropriation, provided that total expenditures for the 1997-98 and 1998-99 fiscal years for the chemical alcohol testing

program shall not exceed amounts collected under G.S. 20-16.5(j) and designated for the chemical alcohol and testing program.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
STATE TRAINING/ENVIRONMENTAL HEALTH SPECIALISTS

Section 15.24. The Department of Environment, Health, and Natural Resources shall improve the initial training provided to environmental health specialists serving as agents of the State. The Department shall utilize modern technology and training techniques for improving the training program. The Department shall make a progress report on the training program to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division not later than July 1, 1998.

Requested by: Senators Martin of Pitt, Warren, Representatives Mitchell, Baker, Carpenter

EXTEND HEART DISEASE AND STROKE PREVENTION TASK FORCE

Section 15.25. Subsections (l) and (m) of Section 26.9 of Chapter 507 of the 1995 Session Laws read as rewritten:

"(l) The Task Force shall submit to the Governor and to the General Assembly a preliminary report by January 1, 1996; an interim report within the first week of the convening of the 1997 General Assembly; a second interim report within the first week of the convening of the 1997 General Assembly, Regular Session 1998; a third interim report within the first week of the convening of the 1999 General Assembly, and a final report by ~~October 1, 1997.~~ June 30, 1999. The reports shall address the Plan, actions and resources needed to fully implement the Plan, and progress in achieving implementation of the Plan to reduce the occurrence of and burden from heart disease and stroke in North Carolina. The reports shall include an accounting of funds expended and anticipated funding needs for full implementation of recommended plans and programs.

(m) Upon submission of its final report to the Governor and the ~~1997-1999~~ General Assembly, the Task Force shall expire."

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

IMMUNIZATION PROGRAM FUNDING

Section 15.26. (a) Of the funds appropriated to the Department of Environment, Health, and Natural Resources for the 1997-99 fiscal biennium for childhood immunization programs for positions, operating support, equipment, and pharmaceuticals, the sum of up to one million dollars (\$1,000,000) each fiscal year may be used for projects and activities that are also designed to increase childhood immunization rates in North Carolina. These projects and activities shall include the following:

- (1) Outreach efforts at the State and local levels to improve service delivery of vaccines. Outreach efforts may include educational seminars, media advertising, support services to parents to enable

children to be transported to clinics, longer operating hours for clinics, and mobile vaccine units; and

(2) Continued development of an automated immunization registry.

(b) Funds authorized to be used for immunization efforts under subsection (a) of this section shall not be used to fund additional State positions in the Department of Environment, Health, and Natural Resources.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

WIC PROGRAM FUNDS

Section 15.27. Of the funds appropriated to the Department of Environment, Health, and Natural Resources for the Women, Infants, and Children (WIC) Program, the sum of one million two hundred eighty thousand dollars (\$1,280,000) for the 1997-98 fiscal year and the sum of one million two hundred eighty thousand dollars (\$1,280,000) for the 1998-99 fiscal year shall, if sufficient federal food funds are available, be used for the WIC Program as follows:

- (1) Not more than \$500,000 in each fiscal year shall be used to establish new WIC Programs in Head Start or other private or public nonprofit agencies to serve additional mothers, infants, and children. The Department shall utilize these funds for local program operations including staff to provide eligibility determination, nutrition education, and health care referrals. In selecting the new WIC Programs, the Department shall consider accessibility to the target population including location and hours of operation.
- (2) Not more than \$250,000 in each fiscal year shall be used to renovate facilities of existing programs where space constraints limit program expansion, and to fund rental costs in areas where accessible donated space is not available. In selecting the facilities the Department shall consider accessibility to the target population including location and extended hours of operation. In determining whether to fund rental of space, the Department shall ensure that options for using donated accessible space have been considered. Not more than \$75,000 of funds allocated under this subdivision for each fiscal year shall be used for rental of space.
- (3) Not more than \$300,000 in each fiscal year shall be used to purchase physician-prescribed special formulas and nutritional supplements for infants, children, and women.
- (4) Not more than \$60,000 in each fiscal year shall be used to provide the required State match to the WIC farmers' market project.
- (5) Not more than \$170,000 in each fiscal year shall be used for the purpose of establishing and maintaining a Public Health Nutritionist Internship Program.

If sufficient federal food funds are not available then funds appropriated for the WIC Program under this section shall be used to supplement federal food funds and any

balance in funds remaining after the supplemental use shall be used in accordance with subdivisions (1) through (5) of this section.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

ADOLESCENT PREGNANCY PREVENTION COALITION OF NC/REPORTING

Section 15.28. The Adolescent Pregnancy Prevention Coalition of N.C. shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998; and
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.
- (3) Provide to the Fiscal Research Division a copy of the Coalition's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
NORTH CAROLINA HEALTHY START FOUNDATION/REPORTING

Section 15.29. The North Carolina Healthy Start Foundation shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
- (2) Provide to the Fiscal Research Division a copy of the Foundation's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Representatives Mitchell, Baker, Carpenter, Creech, Senator Martin of Pitt

CHILDHOOD LEAD EXPOSURE CONTROL

Section 15.30. (a) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of two hundred thirty-seven thousand seventy-nine dollars (\$237,079) for the 1997-98 fiscal year and the sum of two hundred ten thousand eight hundred seventy-nine dollars (\$210,879) for the 1998-99 fiscal year shall be used to expand the State's Childhood Lead Poisoning Prevention Program.

(b) Part 4 of Article 5 of Chapter 130A of the General Statutes is amended by adding the following new sections to read:

"§ 130A-131.7. Definitions.

As used in this Part, unless the context requires otherwise, the term:

- (1) Abatement. – Identifying lead-based paint, identifying or assessing a lead-based paint hazard, or undertaking any of the following measures to eliminate a lead-based paint hazard:
 - a. Removing lead-based paint from a surface and repainting the surface.
 - b. Removing a component, such as a windowsill, painted with lead-based paint and replacing the component.
 - c. Enclosing a surface painted with lead-based paint with paneling, vinyl siding, or another approved material.
 - d. Encapsulating a surface painted with lead-based paint with a sealant.
 - e. Any other measure approved by the Commission.

The term includes an inspection and a risk assessment.
- (2) 'Confirmed lead poisoning' means a blood lead concentration of 20 micrograms per deciliter or greater determined by the lower of two consecutive blood tests within a six-month period.

- (3) 'Child-occupied facility' means a building, or portion of a building, constructed prior to 1978, regularly visited by a child who is less than 6 years of age. Child-occupied facilities may include, but are not limited to, child care facilities, preschools, nurseries, kindergarten classrooms, schools, clinics, or treatment centers including the common areas, the grounds, any outbuildings, or other structures appurtenant to the facility.
- (4) 'Department' means the Department of Environment, Health, and Natural Resources or its authorized agent.
- (5) 'Elevated blood lead level' means a blood lead concentration of 10 micrograms per deciliter or greater determined by the lower of two consecutive blood tests within a six-month period.
- (6) 'Lead-based paint hazard' means a condition that is likely to cause adverse health effects as a result of exposure to lead-based paint or to soil or dust that contains lead derived from lead-based paint.
- (7) 'Lead poisoning hazard' means the presence of readily accessible or mouthable lead-bearing substances, including lead-based paint, measuring 1.0 milligram per square centimeter or greater by X-ray fluorescence or five-tenths of one percent (0.5%) or greater by chemical analysis; or 15 parts per billion or greater in drinking water; or 100 micrograms per square foot or greater for dust on floors; or 500 micrograms per square foot or greater for dust on windowsills; or 800 micrograms per square foot or greater for dust in window troughs, or soil lead concentrations in an amount greater than or equal to 400 parts per million that is determined by the Department to present a hazard in light of (i) the condition and use of the land and (ii) other relevant factors.
- (8) 'Lead-safe housing' is housing that was built since 1978 or has been tested by a person that has been certified to perform risk assessments and found to have no lead-based paint hazards within the meaning of the Residential Lead-Based Paint Reduction Act of 1992, 42 U.S.C. § 4851b(15).
- (9) 'Managing agent' means any person who has charge, care, or control of a building or part thereof in which dwelling units or rooming units are leased.
- (10) 'Maintenance standard' means the following:
 - a. Using safe work practices, repairing and repainting areas of deteriorated paint inside a residential housing unit and for single-family and duplex residential dwellings built prior to 1950, repairing and repainting areas of deteriorated paint on interior and exterior surfaces;
 - b. Cleaning the interior of the unit to remove dust that constitutes a lead poisoning hazard;

- c. Adjusting doors and windows to minimize friction or impact on surfaces;
 - d. Subject to the occupant's approval, appropriately cleaning any carpets;
 - e. Taking such steps as are necessary to ensure that all interior surfaces on which dust might collect are readily cleanable; and
 - f. Providing the occupant or occupants all information required to be provided under the Residential Lead-Based Paint Hazard Reduction Act of 1992, and amendments thereto.
- (11) 'Mouthable lead-bearing substance' means any substance on surfaces or fixtures five feet or less from the floor or ground that form a protruding corner or similar edge, or protrude one-half inch or more from a flat wall surface, or are freestanding, containing lead-contaminated dust at a level that constitutes a lead poisoning hazard. Mouthable surfaces or fixtures include toys, vinyl miniblinds, doors, door jambs, stairs, stair rails, windows, windowsills, and baseboards.
- (12) 'Persistent elevated blood lead level' means a blood lead concentration of 15-19 micrograms per deciliter determined by the lowest of three consecutive blood tests. The first two blood tests shall be performed within a six-month period, and the third blood test shall be performed at least 12 weeks and not more than six months after the second blood test.
- (13) 'Readily accessible lead-bearing substance' means any substance containing lead at a level that constitutes a lead poisoning hazard which can be ingested or inhaled by a child under 6 years of age. Readily accessible substances include deteriorated paint that is peeling, chipping, cracking, flaking, or blistering to the extent that the paint has separated from the substrate. Readily accessible substances also include soil, water, and paint that is chalking.
- (14) 'Regularly visits' means the presence at a residential housing unit or child-occupied facility on at least two different days within any week, provided that each day's visit lasts at least three hours and the combined weekly visits last at least six hours, and the combined annual visits last at least 60 hours.
- (15) 'Remediation' means the elimination or control of lead poisoning hazards by methods approved by the Department.
- (16) 'Residential housing unit' means a dwelling, dwelling unit, or other structure, all or part of which is designed or used for human habitation, including the common areas, the grounds, any outbuildings, or other structures appurtenant to the residential housing unit.
- (17) 'Supplemental address' means a residential housing unit or child-occupied facility where a child with a persistent elevated blood lead level or a confirmed lead poisoning regularly visits or attends. Supplemental address also means a residential housing unit or child-

occupied facility where a child resided, regularly visited, or attended within the six months immediately preceding the determination of a persistent elevated blood lead level or a confirmed lead poisoning.

"§ 130A-131.8. Reports of blood levels in children.

All laboratories doing business in this State shall report to the Department blood lead levels of one microgram per deciliter or greater for children less than 6 years of age and for individuals whose ages are unknown at the time of testing. Reports shall be made within five working days after test completion on forms provided by the Department or on self-generated forms containing: the child's full name, date of birth, sex, race, address, and Medicaid number, if any; the name, address, and telephone number of the requesting health care provider; the name, address, and telephone number of the testing laboratory; the laboratory results, the specimen type – venous or capillary; the laboratory sample number, and the dates the sample was collected and analyzed. Such reports may be made by electronic submissions.

"§ 130A-131.9. Examination and testing.

When the Department has a reasonable suspicion that a child less than 6 years of age has a persistent elevated blood lead level or a confirmed lead poisoning, the Department may require that child to be examined and tested within 30 days. The Department shall require from the owner, managing agent, or tenant of the residential housing unit or child-occupied facility information on each child who resides in, regularly visits, or attends, or, who has within the past six months, resided in, regularly visited, or attended the unit or facility. The information required shall include each child's name and date of birth, the names and addresses of each child's parents, legal guardian, or full-time custodian. The owner, managing agent, or tenant shall submit the required information within 10 days of receipt of the request from the Department.

"§ 130A-131.9A. Investigation to identify lead poisoning hazards.

(a) When the Department learns of a persistent elevated blood lead level or a confirmed lead poisoning, the Department shall conduct an investigation to identify the lead poisoning hazards to children. The Department shall investigate the residential housing unit or child-occupied facility where the child with the persistent elevated blood lead level or the confirmed lead poisoning resides, regularly visits, or attends. The Department shall also investigate the supplemental addresses of the child who has a persistent elevated blood lead level or a confirmed lead poisoning.

(b) The Department shall also conduct an investigation when it reasonably suspects that a lead poisoning hazard to children exists in a residential housing unit or child-occupied facility occupied, regularly visited, or attended by a child less than 6 years of age.

(c) In conducting an investigation, the Department may take samples of surface materials, or other materials suspected of containing lead, for analysis and testing. If samples are taken, chemical determination of the lead content of the samples shall be by atomic absorption spectroscopy or equivalent methods approved by the Department.

"§ 130A-131.9B. Notification.

Upon determination that a lead poisoning hazard exists, the Department shall give written notice of the lead poisoning hazard to the owner or managing agent of the

residential housing unit or child-occupied facility and to all persons residing in, attending, or regularly visiting the unit or facility. The written notice to the owner or managing agent shall include a list of possible methods of abatement of the lead-based paint hazards and of possible methods of remediation of any other lead poisoning hazard.

"§ 130A-131.9C. Abatement and remediation.

(a) Upon determination that a child less than 6 years of age has a confirmed lead poisoning of 20 micrograms per deciliter or greater and that child resides in, attends, or regularly visits, a residential housing unit or child-occupied facility containing lead poisoning hazards, the Department shall require abatement of the lead-based paint hazards and the remediation of other lead poisoning hazards. The Department shall also require the abatement of the lead-based paint hazards and the remediation of other lead poisoning hazards identified at the supplemental addresses of a child less than 6 years of age with a confirmed lead poisoning of 20 micrograms per deciliter or greater.

(b) When abatement of lead-based paint hazards or remediation of other lead poisoning hazards is required under subsection (a) of this section, the owner or managing agent shall submit a written remediation plan to the Department within 14 days of receipt of the lead poisoning hazard notification and shall obtain written approval of the plan prior to initiating abatement of lead-based paint hazards or remediation of other lead poisoning hazards. The remediation plan shall comply with subsections (g), (h), and (i) of this section.

(c) If the remediation plan submitted fails to meet the requirements of this section, the Department shall issue an order requiring submission of a modified plan. The order shall indicate the modifications which shall be made to the remediation plan and the date by which the plan as modified shall be submitted to the Department.

(d) If the owner or managing agent does not submit a remediation plan within 14 days, the Department shall issue an order requiring submission of a remediation plan within five days of receipt of the order.

(e) The owner or managing agent shall notify the Department and the occupants of the dates of remediation activities at least three days prior to the commencement of the activities.

(f) Abatement of lead-based paint hazards and remediation of other lead poisoning hazards shall be completed within 60 days of the Department's approval of the remediation plan. If these activities are not completed within 60 days as required, the Department shall issue an order requiring completion of the activities. An owner or managing agent may apply to the Department for an extension of the deadline. The Department may issue an order extending the deadline for 30 days upon proper written application by the owner or managing agent.

(g) The following methods of abatement of lead-based paint hazards are prohibited:

- (1) Stripping paint on-site with methylene chloride-based solutions;
- (2) Torch or flame burning;
- (3) Heating paint with a heat gun above 1,100 degrees Fahrenheit;

- (4) Covering with new paint or wallpaper unless all readily accessible lead-based paint has been removed;
- (5) Uncontrolled abrasive blasting; or
- (6) Uncontrolled waterblasting.

(h) All lead-containing waste and residue shall be removed and disposed of in accordance with applicable federal, State, and local laws and rules.

(i) All remediation plans shall require that the lead poisoning hazards be reduced to below the following levels:

- (1) Floor lead dust levels are less than 100 micrograms per square foot;
- (2) Windowsill lead dust levels are less than 500 micrograms per square foot;
- (3) Window trough lead dust levels are less than 800 micrograms per square foot;
- (4) Soil lead levels are less than 400 parts per million or such other level higher than 400 parts per million as determined by the Department to prevent a hazard in light of the condition and use of the land and in light of other relevant factors; and
- (5) Drinking water lead levels less than 15 parts per billion.

(j) The Department shall verify by visual inspection that the approved remediation plan has been completed. The Department may also verify plan completion by residual lead dust monitoring and soil or drinking water lead level measurement. Compliance with the maintenance standard shall be deemed equivalent to meeting the remediation plan requirements as long as exterior surfaces are also addressed.

(k) Removal of children from the residential housing unit or child-occupied facility shall not constitute abatement or remediation if the property continues to be used for a residential housing unit or child-occupied facility.

"§ 130A-131.9D. Effect of compliance with maintenance standard.

Any owner of a residential housing unit constructed prior to 1978 who is sued by a current or former occupant seeking damages for injuries allegedly arising from exposure to lead-based paint or lead-contaminated dust, shall not be deemed liable (i) for any injuries sustained by that occupant after the owner first complied with the maintenance standard defined under G.S. 130A-131.7(10) provided the owner has repeated the steps provided for in the maintenance standard annually and obtained a certificate of compliance under G.S. 130A-131.9E annually during such occupancy; or (ii) if the owner is able to show by other documentation that compliance with the maintenance standard has been maintained during the period when the injuries were sustained; or (iii) if the owner is able to show that the unit was lead-safe housing containing no lead-based paint hazards during the period when the injuries were sustained.

"§ 130A-131.9E. Certificate of evidence of compliance.

An owner of a unit who has complied with the maintenance standard may apply annually to the Department for a certificate of compliance. Upon presentation of acceptable proof of compliance, the Department shall provide to the owner a certificate evidencing compliance. The Department may issue a certificate based solely on

information provided by the owner and may revoke the certificate upon showing that any of the information is erroneous or inadequate, or upon finding that the unit is no longer in compliance with the maintenance standard.

"§ 130A-131.9F. Discrimination in financing.

(a) No bank or financial institution in the business of lending money for the purchase, sale, construction, rehabilitation, improvement, or refinancing of real property or the lending of money secured by an interest in real property may refuse to make such loans merely because of the presence of lead-based paint on the residential real property or in the residential housing unit provided that the owner is in compliance with the maintenance standard and has obtained a certificate of compliance under G.S. 130A-131.9E annually.

(b) Nothing in this section shall (i) require a financial institution to extend a loan or otherwise provide financial assistance if it is clearly evident that health-related issues, other than those related to lead-based paint, make occupancy of the housing accommodation an imminent threat to the health or safety of the occupant, or (ii) be construed to preclude a financial institution from considering the fair market value of the property which will secure the proposed loan.

(c) Failure to meet the maintenance standard shall not be deemed a default under existing mortgages.

"§ 130A-131.9G. Resident responsibilities.

In any residential housing unit occupied by a child less than 6 years old who has an elevated blood lead level of 10 micrograms per deciliter or greater, the Department shall advise, in writing, the owner or managing agent and the child's parents or legal guardian as to the importance of carrying out routine cleaning activities in the units they occupy, own, or manage. Such cleaning activities shall include:

- (1) Wiping clean all windowsills with a damp cloth or sponge at least weekly;
- (2) Regularly washing all surfaces accessible to children;
- (3) In the case of a leased residential housing unit, identifying any deteriorated paint in the unit and notifying the owner or managing agent of such conditions within 72 hours of discovery; and
- (4) Identifying and understanding potential lead poisoning hazards in the environment of each child under the age of 6 in the unit (including toys, vinyl miniblinds, playground equipment, drinking water, soil, and painted surfaces), and taking steps to prevent children from ingesting lead such as encouraging children to wash their faces and hands frequently and especially after playing outdoors."

(c) The Commission for Health Services shall adopt rules in accordance with Chapter 150B of the General Statutes to implement subsection (b) of this section.

(d) Subsections (b) and (c) of this section become effective October 1, 1997.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
CANCER CONTROL FUNDS

Section 15.31. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of two hundred fifty thousand dollars (\$250,000) for the 1997-98 fiscal year and the sum of two hundred fifty thousand dollars (\$250,000) for the 1998-99 fiscal year shall be allocated for promoting the prevention, early detection, data collection, coordination, and optimal care in the control of cancer. Purposes for which funds appropriated under this section may be used include a total of five full-time positions for the Central Cancer Registry, the Division of Health Promotion, and the Advisory Committee on Cancer Coordination and Control. Funds shall be allocated upon the advice of the Advisory Committee on Cancer Coordination and Control. The Department shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by February 1, 1998, on the allocation and use of the funds.

Requested by: Senator Martin of Pitt

OSTEOPOROSIS TASK FORCE

Section 15.32. (a) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, Division of Health Promotion, the sum of two hundred thousand dollars (\$200,000) for the 1997-98 fiscal year shall be allocated for the Osteoporosis Prevention Task Force created under this section.

(b) The North Carolina Osteoporosis Prevention Task Force is created in the Division of Health Promotion, Department of Environment, Health, and Natural Resources.

(c) The Task Force shall have 25 members. The Governor shall appoint the Chair, and the Vice-Chair shall be elected by the Task Force. The Director of the Division of Health Promotion in the Department of Environment, Health, and Natural Resources, the Director of the Division of Medical Assistance in the Department of Human Resources, and the Director of the Division of Aging in the Department of Human Resources, or their designees, shall be members of the Task Force. Appointments to the Task Force shall be made as follows:

- (1) By the President Pro Tempore of the Senate, as follows:
 - a. Two members of the Senate;
 - b. A representative of a women's health organization;
 - c. A local health director;
 - d. A certified health educator;
 - e. A representative of the North Carolina Association of Area Agencies on Aging; and
 - f. A person with osteoporosis.
- (2) By the Speaker of the House of Representatives, as follows:
 - a. Two members of the House of Representatives;
 - b. A county commissioner;
 - c. A licensed dietitian/nutritionist;
 - d. A pharmacist;
 - e. A registered nurse; and
 - f. A person with osteoporosis.

- (3) By the Governor, as follows:
- a. A practicing family physician, rheumatologist, or endocrinologist;
 - b. A president or chief executive officer of a business upon recommendation of a North Carolina wellness council which is a member of the Wellness Councils of America;
 - c. A news director of a newspaper or television or radio station;
 - d. A representative of a North Carolina affiliate of the National Osteoporosis Foundation;
 - e. A representative from the North Carolina Cooperative Extension Service;
 - f. A representative of the Governor's Council on Physical Fitness and Health; and
 - g. Two members at large.

(d) Each appointing authority shall assure insofar as possible that its appointees to the Task Force reflect the composition of the North Carolina population with regard to ethnic, racial, age, gender, and religious composition.

(e) The General Assembly and the Governor shall make their appointments to the Task Force not later than 30 days after the adjournment of the 1997 General Assembly, Regular Session 1998. A vacancy on the Task Force shall be filled by the original appointing authority, using the criteria set out in this section for the original appointment.

(f) The Task Force shall meet at least quarterly or more frequently at the call of the Chair.

(g) The Task Force Chair may establish committees for the purpose of making special studies pursuant to its duties and may appoint non-Task Force members to serve on each committee as resource persons. Resource persons shall be voting members of the committees and shall receive subsistence and travel expenses in accordance with G.S. 138-5 and G.S. 138-6. Committees may meet with the frequency needed to accomplish the purposes of this section.

(h) Members of the Task Force shall receive per diem and necessary travel and subsistence expenses in accordance with G.S. 120-3.1, 138-5, and 138-6, as applicable.

(i) A majority of the Task Force shall constitute a quorum for the transaction of its business.

(j) The Task Force may use funds allocated to it to establish one full-time limited position and for other expenditures needed to assist the Task Force in carrying out its duties.

(k) The Osteoporosis Prevention Task Force has the following duties:

- (1) To undertake a statistical and qualitative examination of the incidence of and causes of osteoporosis deaths and risks, including identification of subpopulations at highest risk for developing osteoporosis, and establish a profile of the osteoporosis burden in North Carolina.

- (2) To raise public awareness on the causes and nature of osteoporosis, personal risk factors, value of prevention and early detection, and options for diagnosing and treating the disease.
- (3) To identify priority strategies which are effective in preventing and controlling risks for osteoporosis, and in diagnosing and treating osteoporosis.
- (4) To identify, examine limitations of, and recommend to the Governor and the General Assembly changes to existing laws, regulations, programs, services, and policies to enhance osteoporosis prevention, diagnosis, and treatment for the people of North Carolina.
- (5) To determine and recommend to the Governor and the General Assembly the funding and strategies needed to enact new or to modify existing laws, regulations, programs, services, and policies to enhance osteoporosis prevention, diagnosis, and treatment for the people of North Carolina.
- (6) To develop a statewide comprehensive Osteoporosis Prevention Plan, and strategies for Plan implementation and for promoting the Plan to the general public, State and local elected officials, various public and private organizations and associations, businesses and industries, agencies, potential funding sources, and other community resources.
- (7) To identify strategies to facilitate specific commitments to help implement the Plan from the entities listed in subdivision (6) above.
- (8) To facilitate coordination of and communication among State and local agencies and organizations regarding current or future involvement in achieving the aims of the Osteoporosis Prevention Plan.
- (9) To receive and consider reports and testimony from individuals, local health departments, community-based organizations, voluntary health organizations, and other public and private organizations statewide, to learn more about their contributions to osteoporosis diagnosis, prevention, and treatment, and their ideas for improving osteoporosis prevention, diagnosis, and treatment in North Carolina.

(1) The Task Force shall submit a progress report to the Joint Legislative Commission on Governmental Operations, the Governor, and the Fiscal Research Division not later than April 1, 1998. The progress report shall address:

- (1) Progress being made in fulfilling the duties of the Task Force and in developing the Osteoporosis Prevention Plan,
- (2) The anticipated time frame for completion of the Prevention Plan, and
- (3) Recommended strategies or actions to reduce the occurrence of and burdens suffered from osteoporosis by citizens of this State.

The Task Force shall submit its final report to the 1999 General Assembly, the Governor, and the Fiscal Research Division not later than October 1, 1999.

(m) Upon submission of its final report to the Governor and the 1999 General Assembly, the Task Force shall expire.

Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter, Senator Martin of Pitt

PREVENT BLINDNESS, INC./REPORTING

Section 15.33. Prevent Blindness, Inc., shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
- (2) Provide to the Fiscal Research Division a copy of the Prevent Blindness, Inc., annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

FEDERAL ABSTINENCE EDUCATION FUNDS

Section 15.34. If federal funds are received under the Maternal and Child Health Block Grant for abstinence education, pursuant to section 912 of Public Law 104-193 (42 U.S.C. § 710), for the 1997-98 or the 1998-99 fiscal year, or both, then those funds shall be transferred to the State Board of Education to be administered by the Department of Public Instruction. The Department shall use the funds to establish an Abstinence Until Marriage Education Program and shall delegate to one or more persons the responsibility of implementing the program and G.S. 115C-81(e1)(4). The Department shall carefully and strictly follow federal guidelines in implementing and administering the abstinence education grant funds.

Requested by: Representatives Carpenter, Mitchell, Baker, Fox, Senators Martin of Pitt, Jenkins, Shaw of Guilford

STUDY DESIRABILITY OF REORGANIZING DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES/TRANSFER OF NORTH CAROLINA NATIONAL PARK, PARKWAY AND FORESTS DEVELOPMENT COUNCIL

Section 15.35. (a) The Office of State Budget and Management shall review the programs, divisions, boards, commissions, councils, and committees currently within the Department of Environment, Health, and Natural Resources and shall conduct a study to determine the desirability of reorganizing the Department of Environment, Health, and Natural Resources so as to create two separate departments

with one department that would manage and protect the State's natural resources and with a separate department that would protect the environment and contain regulatory programs. The study shall determine:

- (1) A proposal for allocating existing administrative operating support and personnel between these two separate departments;
- (2) Any additional personnel that would be needed in association with creating these two separate departments and the projected cost of these personnel;
- (3) Any additional equipment that would be needed in association with creating these two separate departments and the projected cost of this equipment;
- (4) Any additional office space that would be required and its projected cost;
- (5) Which programs, divisions, boards, commissions, councils, and committees should be in a department of natural resources, which programs, divisions, boards, commissions, councils, and committees should be in a department of environment, and which programs, divisions, boards, commissions, councils, and committees, if any, should be in other departments;
- (6) Any additional factors and costs that should be considered were the Department of Environment, Health, and Natural Resources reorganized so as to create these two separate departments; and
- (7) The total costs of reorganizing the Department of Environment, Health, and Natural Resources so as to create these two separate departments.

(b) The Office of State Budget and Management shall recommend whether the Department of Environment, Health, and Natural Resources should be reorganized so as to create two separate departments, with one department that would manage and protect the State's natural resources and with a separate department that would protect the environment and contain regulatory programs. By March 15, 1998, the Office of State Budget and Management shall report on all matters contained in subdivisions (1) through (7) of subsection (a) of this section to the Joint Legislative Commission on Governmental Operations, the Environmental Review Commission, and the Fiscal Research Division.

Section 15.36. (a) All functions, powers, duties, and obligations heretofore vested in the North Carolina National Park, Parkway and Forests Development Council of the Department of Commerce are hereby transferred to and vested in the Department of Environment, Health, and Natural Resources by a Type II transfer, as defined in G.S. 143A-6.

(b) Part 7 of Article 10 of Chapter 143B of the General Statutes, G.S. 143B-446 through G.S. 143B-447.1, is recodified as Part 17A of Article 7 of Chapter 143B of the General Statutes, G.S. 143B-324.1 through G.S. 143B-324.3.

(c) G.S. 143B-324.1, as recodified by subsection (b) of this section, reads as rewritten:

"§ 143B-324.1. North Carolina National Park, Parkway and Forests Development Council—Council; creation; ~~powers and powers~~; duties.

~~There is hereby created the~~ The North Carolina National Park, Parkway and Forests Development Council ~~of is created within~~ the Department of ~~Commerce~~. Environment, Health, and Natural Resources. ~~The North Carolina National Park, Parkway and Forests Development Council shall have the following functions and duties:~~ shall:

~~The Council shall endeavor~~

- (1) Endeavor to promote the development of that part of the Smoky Mountains National Park lying in North Carolina, the completion and development of the Blue Ridge Parkway in North Carolina, the development of the Nantahala and Pisgah national forests, and the development of other recreational areas in that part of North Carolina immediately affected by the Great Smoky Mountains National Park, the Blue Ridge Parkway or the Pisgah or Nantahala national forests. ~~It shall be the duty of the Council to study~~
- (2) Study the development of these areas and ~~to~~ recommend a policy that will promote the development of the entire area generally designated as the mountain section of North Carolina, with particular emphasis upon the development of the scenic and recreational resources of the region, and the encouragement of the location of tourist facilities along lines designed to develop to the fullest these resources in the mountain section. ~~It shall confer~~
- (3) Confer with the various departments, agencies, commissioners and officials of the federal government and governments of adjoining states in connection with the development of the federal areas and projects named in this section. ~~It shall also advise~~
- (4) Advise and confer with the various officials, agencies or departments of the State of North Carolina that may be directly or indirectly concerned in the development of the resources of these areas. ~~It shall also advise~~
- (5) Advise and confer with the various interested individuals, organizations or agencies that are interested in developing this ~~area and shall use area.~~
- (6) Use its facilities and efforts in formulating, developing and carrying out overall programs for the development of the area as a whole. ~~It shall study~~
- (7) Study the need for additional entrances to the Great Smoky Mountains National Park, together with the need for additional highway approaches and ~~connections, and connections.~~
- (8) File its findings in this connection ~~shall be filed~~ as recommendations with the National Park Service of the federal government, and the North Carolina Department of ~~Transportation through the Department of Environment, Health, and Natural Resources~~. ~~The Council shall provide information to the Department of Environment, Health, and~~

~~Natural Resources to be included in the Department's annual report. It shall also file any suggestions or recommendations as it deems proper with the Department of Environment, Health, and Natural Resources in respect to such matters as might be of interest to or affect any department of State government. It shall advise Transportation.~~

(9) Advise the Secretary of the Department Environment, Health, and Natural Resources upon any matter the Secretary of Environment, Health, and Natural Resources may refer to it."

(d) G.S. 143B-324.2, as recodified by subsection (b) of this section, reads

as rewritten:

"§ 143B-324.2. North Carolina National Park, Parkway and Forests Development Council – members; selection; officers; removal; compensation; quorum; services.

The North Carolina National Park, Parkway and Forests Development Council ~~of~~ within the Department of ~~Commerce~~ Environment, Health, and Natural Resources shall consist of seven members appointed by the Governor. The composition of the Council shall be as follows: one member shall be a resident of Buncombe County, one member a resident of Haywood County, one member a resident of Jackson County, one member a resident of Swain County, three members residents of counties adjacent to the Blue Ridge Parkway, the Great Smoky Mountains National Park or the Pisgah or Nantahala national forests. ~~The initial members of the Council shall be the appointed members of the National Park, Parkway and Forests Development Commission who shall serve for a period equal to the remainder of their current terms on the National Park, Parkway and Forests Development Commission. At the end of the respective terms of office of the initial members of the Council, the~~ The appointment of their successors ~~members~~ shall be for terms of four years, or until their successors are appointed and qualify. Any appointment to fill a vacancy on the Council created by the resignation, dismissal, death or disability of a member shall be for the balance of the unexpired term.

~~The current officers of the North Carolina National Park, Parkway and Forests Development Commission shall continue to serve in that capacity for the remainder of their current terms. Thereafter, the~~ The Council shall elect a chairman, a vice-chairman and a secretary. The chairman and the vice-chairman shall all be members of the Council, but the secretary need not be a member of the Council. These officers shall perform the duties usually pertaining to such offices and when elected shall serve for a period of one year, but may be reelected. In case of vacancies by resignation or death, the office shall be filled by the Council for the unexpired term of said officer.

The Governor shall have the power to remove any member of the Council from office in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

Members of the Council shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5 and G.S. 143B-15 of the Executive Organization Act of 1973.

Five members of the Council shall constitute a quorum for the transaction of business."

- (e) This section is effective when this act becomes law.

Requested by: Representatives Mitchell, Baker, Carpenter

FORESTRY AIRCRAFT LEASE RECEIPTS

Section 15.37. The Division of Forest Resources, Department of Environment, Health, and Natural Resources, shall use receipts received from the leasing of an amphibious water-scooping tanker aircraft to offset the operating costs associated with the aircraft. At the end of each fiscal year of the 1997-99 biennium after all receipts received for that fiscal year from the leasing of this aircraft have been applied to the operating costs associated with the aircraft for that fiscal year, any excess funds appropriated by the General Assembly for that fiscal year for the operating costs associated with this aircraft shall revert.

Requested by: Senators Plyler, Perdue, Odom, Martin of Pitt, Conder, Horton

DEPARTMENT OF ENVIRONMENT, HEALTH, AND NATURAL RESOURCES LAW ENFORCEMENT SALARIES EQUALIZED

Section 15.38. The Department of Environment, Health, and Natural Resources shall adjust the average salary of law enforcement officers in the Division of Parks and Recreation from twenty-five thousand eight hundred nine dollars (\$25,809) to thirty thousand ninety-seven dollars (\$30,097), the average salary of law enforcement officers in the Division of Marine Fisheries and Wildlife Resources Commission.

Requested by: Representatives Mitchell, Baker, Carpenter, Fox, Senators Martin of Pitt, Jenkins, Shaw of Guilford

MARINE FISHERIES COMMISSION REFORM FUNDS

Section 15.39. (a) Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of two hundred forty-seven thousand four hundred seventy-five dollars (\$247,475) for the 1997-98 fiscal year and the sum of two hundred thirty thousand four hundred seventy-five dollars (\$230,475) for the 1998-99 fiscal year shall be used to provide funding for standing advisory committees and permanent staff for the Marine Fisheries Commission.

(b) The allocation of funds under subsection (a) of this section is contingent upon the enactment into law of House Bill 1097 of the 1997 Session of the General Assembly or similar legislation that reduces the membership of the Marine Fisheries Commission and requires the establishment of advisory committees for the Commission.

(c) The Department of Environment, Health, and Natural Resources shall transfer to the Office of the State Auditor for the 1997-98 fiscal year the sum of twenty-five thousand dollars (\$25,000) allocated under subsection (a) of this section to the Department, to be used for expenses incurred in connection with a performance audit of the Division of Marine Fisheries.

Requested by: Representatives Mitchell, Baker, Carpenter

MARINE FISHERIES INFORMATION TECHNOLOGY REPORT

Section 15.40. The Division of Marine Fisheries of the Department of Environment, Health, and Natural Resources shall by March 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Seafood and Aquaculture, the House of Representatives and Senate Appropriations Subcommittees on Natural and Economic Resources, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division the following information:

- (1) A summary of the assessment and recommendations of the Office of the State Auditor regarding computer-based management information systems currently in the Division and the computer-based management information systems needs of the Division.
- (2) An update on the consolidation and modernization of the Division's computer-based management information systems.
- (3) A list of objectives and performance measures for the information technologies improvement project for each of the following phases of the project: development, implementation, and ongoing operation and maintenance of the new system.
- (4) An explanation, justification, and itemized list of expenditures to date for consolidation and modernization of the Division's computer-based management information systems.
- (5) An explanation, justification, and estimate of any additional anticipated expenditures required beyond fiscal year 1997-98 to complete the project. If additional expenditures are required, then the Division shall provide a calendar-based project schedule delineating the additional phases required including the associated expenditures for each additional project phase.
- (6) A calendar-based project schedule delineating the various phases of the project including development, implementation, and completion. This schedule shall identify the associated expenditures for each project phase.

Requested by: Representatives Mitchell, Baker, Carpenter

MARINE PATROL VESSEL

Section 15.41. The Department of Environment, Health, and Natural Resources shall make a reasonable effort to obtain a marine patrol vessel from excess federal property. If the Department fails to obtain such a vessel from excess federal property, then the Department may use available funds for the 1997-99 biennium, not to exceed two hundred thousand dollars (\$200,000) to complete the purchase of a marine patrol vessel.

Requested by: Representatives Mitchell, Baker, Carpenter

SHELLFISH REHABILITATION PROGRAM

Section 15.42. The Oyster Rehabilitation Program in the Division of Marine Fisheries in the Department of Environment, Health, and Natural Resources shall be renamed the Shellfish Rehabilitation Program. Funds appropriated for the Oyster

Rehabilitation Program or the Shellfish Rehabilitation Program shall be used for the Shellfish Rehabilitation Program. The Oyster, Clam, and Scallop Subcommittee of the Marine Fisheries Commission shall advise the Division of Marine Fisheries on the expenditure of Shellfish Rehabilitation Program funds. The Division of Marine Fisheries shall report to the Joint Legislative Commission on Seafood and Aquaculture on the expenditure of Shellfish Rehabilitation Program funds annually, beginning January 1, 1998.

Requested by: Representatives Mitchell, Baker, Carpenter

SOIL SURVEY SUPERVISOR ASSIGNMENT

Section 15.43. The Department of Environment, Health, and Natural Resources shall assign a soil survey supervisor to complete soil surveys in Buncombe and Madison Counties. This position shall remain assigned to these counties until the soil surveys are complete.

Requested by: Representatives Mitchell, Baker, Carpenter, Fox, H. Hunter, Senators Martin of Pitt, Jenkins, Shaw of Guilford

BEAVER DAMAGE CONTROL FUNDS

Section 15.44. (a) Subsection (b) of Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of the 1995 Session Laws, and Section 27.15 of Chapter 18 of the Session Laws of the 1996 Second Extra Session reads as rewritten:

"(b) The Beaver Damage Control Advisory Board shall develop a program to control beaver damage on private and public lands. Anson, Bertie, Bladen, Brunswick, Carteret, Chatham, Chowan, Craven, Columbus, Cumberland, Duplin, Edgecombe, Franklin, Gates, Granville, Greene, Halifax, Harnett, Hertford, Hoke, Johnston, Jones, Lee, Lenoir, Lincoln, Martin, Nash, Northampton, Onslow, Pamlico, Pender, Pitt, Robeson, Sampson, Scotland, Vance, Warren, Washington, Wayne, and Wilson Counties shall participate in the program. The Beaver Damage Control Advisory Board shall act in an advisory capacity to the Wildlife Resources Commission in the implementation of the program. In developing the program, the Board shall:

- (1) Orient the program primarily toward public health and safety and toward landowner assistance, providing some relief to landowners through beaver control and management rather than eradication;
- (2) Develop a priority system for responding to complaints about beaver damage;
- (3) Develop a system for documenting all activities associated with beaver damage control, so as to facilitate evaluation of the program;
- (4) Provide educational activities as a part of the program, such as printed materials, on-site instructions, and local workshops;
- (5) Provide for the hiring of personnel necessary to implement beaver damage control activities, administer the program, and set salaries of personnel;

- (6) Evaluate the costs and benefits of the program that might be applicable elsewhere in North Carolina.

No later than January 15, ~~1997~~, 1998, the Board shall issue a report to the Wildlife Resources Commission on the program to date, including recommendations on the feasibility of continuing the program in participating counties and the desirability of expanding the program into other counties. The Wildlife Resources Commission shall prepare a plan to implement a statewide program to control beaver damage on private and public lands. No later than March 15, ~~1997~~, 1998, the Wildlife Resources Commission shall present its plan in a report to the House Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Fiscal Research Division."

(b) Subsection (h) of Section 69 of Chapter 1044 of the 1991 Session Laws, as amended by Section 111 of Chapter 561 of the 1993 Session Laws, Section 27.3 of Chapter 769 of the 1993 Session Laws, Section 26.6 of Chapter 507 of the 1995 Session Laws, and Section 27.15 of Chapter 18 of the Session Laws of the 1996 Second Extra Session reads as rewritten:

"(h) Subsections (a) through (d) of this section expire June 30, ~~1997~~, 1998."

(c) Of the funds appropriated in this act to the Wildlife Resources Commission for the 1997-98 fiscal year, up to the sum of four hundred fifty thousand dollars (\$450,000) shall be used to provide the State share necessary to continue the beaver damage control program, provided the sum of twenty-five thousand dollars (\$25,000) in federal funds is available for the 1997-98 fiscal year to provide the federal share. These funds shall be matched by four thousand dollars (\$4,000) of local funds for the 1997-98 fiscal year from each of the participating counties. Counties participating in this program shall make a commitment of their local matching funds to the Wildlife Resources Commission no later than September 30, 1997.

Requested by: Representative Hall

AREA THREE SOIL AND WATER REGIONAL COORDINATOR

Section 15.45. Of the funds appropriated in this act to the Department of Environment, Health, and Natural Resources, the sum of forty-six thousand six hundred dollars (\$46,600) for the 1997-98 fiscal year and the sum of forty-three thousand six hundred dollars (\$43,600) for the 1998-99 fiscal year shall be allocated to support a new position and equipment needs of a regional coordinator for Area 3 of the State Soil and Water Conservation districts. Area 3 of the State Soil and Water Conservation districts includes the Neuse River Basin and the following 11 counties: Alamance, Caswell, Chatham, Guilford, Lee, Montgomery, Moore, Orange, Person, Randolph, and Rockingham.

Requested by: Representatives Mitchell, Baker, Carpenter, Yongue

MEADOW BRANCH WATER PROJECT AND DEEP CREEK PROJECT FUNDS DO NOT REVERT

Section 15.46. Section 107(b) of Chapter 561 of the 1993 Session Laws as rewritten by Section 26.1 of Chapter 507 of the 1995 Session Laws reads as rewritten:

"(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1993-94 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund:

- (1) Corps of Engineers project feasibility studies, or
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1993-94, or
- (3) State-local Water Resources Development Projects.

Funds, except those allocated in subdivisions (a)(14), (15), (16), and (17) of this section, not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1994-95 fiscal year. The funds allocated in subdivisions (a)(14), ~~(15), (16), and (17)~~ and (16) of this section shall not revert until June 30, 1997. The funds allocated in subdivisions (15) and (17) of this section shall not revert until June 30, 1999."

Requested by: Representative Culp, Senator Perdue

RANDLEMAN DAM FUNDS AND LOWER NEUSE RIVER BASIN ASSOCIATION FUNDS DO NOT REVERT

Section 15.47. (a) Subsection (c) of Section 8 of Chapter 777 of the 1993 Session Laws, as rewritten by Section 26.2 of Chapter 507 of the 1995 Session Laws, reads as rewritten:

"(c) All funds appropriated in Chapter 769 of the 1993 Session Laws for the construction of Randleman Dam shall revert to the General Fund on ~~October 1, 1997,~~ October 1, 1999, if construction has not begun before that date."

(b) Section 27.8(a) of Chapter 18 of the 1995 Session Laws reads as rewritten:

"Sec. 27.8. (a) Of the funds appropriated by this act to the Lower Neuse River Basin Association for the 1996-97 fiscal year, the sum of two million dollars (\$2,000,000) shall be allocated as grants to local government units in the Neuse River Basin to assist those local government units in fulfilling their obligations under the Neuse River Nutrient Sensitive Waters Management Strategy plan adopted by the Environmental Management Commission. The funds are contingent upon the adoption of the plan by the Environmental Management Commission. If the Environmental Management Commission fails to adopt the plan by ~~June 30, 1997,~~ August 1, 1998, then the funds shall revert to the General Fund."

Requested by: Representatives Allred, Crawford

MULTI-COUNTY WATER CONSERVATION AND INFRASTRUCTURE DISTRICT

Section 15.48. (a) G.S. 158-15.1(f) reads as rewritten:

"(f) At times specified by the Multi-County Water Commission, net revenues after operating expenses of the District shall be paid ~~only to Bertie, Granville, Halifax,~~

~~Martin, Northampton, Person, Vance, and Warren Counties according to each of the fifteen member counties according to the following formula: (i) one-half pro-rata based on the population located within the Roanoke River Basin area of each member county; and (ii) one-half pro-rata based on the land area located within the Roanoke River Basin area of each county. The remaining member counties shall receive none of the net revenues received pursuant to subsection (d) of this section."~~

- (b) G.S. 143-215.22G reads as rewritten:
"Part 2A. Registration of Water Withdrawals and
Transfers; Regulation of Surface Water Transfers.

"§ 143-215.22G. Definitions.

In addition to the definitions set forth in G.S. 143-212 and G.S. 143-213, the following definitions apply to this Part.

- (1) 'River basin' means any of the following river basins designated on the map entitled 'Major River Basins and Sub-basins in North Carolina' and filed in the Office of the Secretary of State on 16 April 1991: 1991. The term 'river basin' includes any portion of the river basin that extends into another state. Any area outside North Carolina that is not included in one of the river basins listed in this subdivision comprises a separate river basin.

- a. 1-1 Broad River.
- b. 2-1 Haw River.
- c. 2-2 Deep River.
- d. 2-3 Cape Fear River.
- e. 2-4 South River.
- f. 2-5 Northeast Cape Fear River.
- g. 2-6 New River.
- h. 3-1 Catawba River.
- i. 3-2 South Fork Catawba River.
- j. 4-1 Chowan River.
- k. 4-2 Meherrin River.
- l. 5-1 Nolichucky River.
- m. 5-2 French Broad River.
- n. 5-3 Pigeon River.
- o. 6-1 Hiwassee River.
- p. 7-1 Little Tennessee River.
- q. 7-2 Tuskasegee (Tuckasegee) River.
- r. 8-1 Savannah River.
- s. 9-1 Lumber River.
- t. 9-2 Big Shoe Heel Creek.
- u. 9-3 Waccamaw River.
- v. 9-4 Shallotte River.
- w. 10-1 Neuse River.
- x. 10-2 Contentnea Creek.
- y. 10-3 Trent River.

- z. 11-1 New River.
- aa. 12-1 Albemarle Sound.
- bb. 13-1 Ocoee River.
- cc. 14-1 Roanoke River.
- dd. 15-1 Tar River.
- ee. 15-2 Fishing Creek.
- ff. 15-3 Pamlico River and Sound.
- gg. 16-1 Watauga River.
- hh. 17-1 White Oak River.
- ii. 18-1 Yadkin (Yadkin-Pee Dee) River.
- jj. 18-2 South Yadkin River.
- kk. 18-3 Uwharrie River.
- ll. 18-4 Rocky River.

- (2) 'Surface water' means any of the waters of the State located on the land surface that are not derived by pumping from groundwater.
- (3) 'Transfer' means the withdrawal, diversion, or pumping of surface water from one river basin and discharge of all or any part of the water in a river basin different from the origin. However, notwithstanding the basin definitions in G.S. 143-215.22G(1), the following are not transfers under this Part:
 - a. The discharge of water upstream from the point where it is withdrawn.
 - b. The discharge of water downstream from the point where it is withdrawn."

(c) G.S. 143-215.22I is amended by adding a new section to read:

"(k) The substantive restrictions and conditions upon surface water transfers authorized in this section may be imposed pursuant to any federal law that permits the State to certify, restrict, or condition any new or continuing transfers or related activities licensed, relicensed, or otherwise authorized by the federal government."

Requested by: Representative Baker, Senator Odom

SOLID WASTE OPERATOR COURSE EXEMPT/DEHNR POSITION FOR SCRAP TIRE PROGRAM

Section 15.49. (a) G.S. 130A-309.25 is amended by adding a new subsection to read:

"(f) This section does not apply to any operator of a solid waste management facility who has five years continuous experience as an operator of a solid waste management facility immediately preceding January 1, 1998, provided that the operator attends a course and completes the continuing education requirements approved by the Department."

(b) Notwithstanding the provisions of G.S. 130A-309.63, the Department of Environment, Health, and Natural Resources may use funds in the Scrap Tire Disposal Account that, pursuant to G.S. 130A-309.63(d), are to be used for the cleanup of scrap tire collection sites to establish and support a position for the 1997-98 fiscal

year and for the 1998-99 fiscal year to provide regulatory assistance to local governments to develop programs to prevent scrap tires from outside the State from being presented for free disposal and to complete the cleanup of nuisance tire collection sites.

(c) Subsection (a) of this section is effective when this act becomes law.

Requested by: Senators Plyler, Perdue, Odom

AQUARIUM EXPANSION

Section 15.50. Funds are appropriated in this act to implement the expansion plans of one of the North Carolina aquariums. The General Assembly may appropriate funds for the 1998-99 fiscal year to implement the expansion plans of the aquariums that do not receive funds for the 1997-98 fiscal year.

PART XVI. DEPARTMENT OF COMMERCE

Requested by: Representatives Mitchell, Baker, Carpenter, Fox, H. Hunter, Creech, Senators Martin of Pitt, Jenkins, Shaw of Guilford, Plyler, Perdue, Odom

WORKER TRAINING TRUST FUND APPROPRIATIONS

Section 16. (a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of six million six hundred eighty-nine thousand nine hundred sixty-four dollars (\$6,689,964) for the 1997-98 fiscal year and the sum of six million six hundred eighty-nine thousand nine hundred sixty-four dollars (\$6,689,964) for the 1998-99 fiscal year for the operation of local offices.

(b) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1997-98 and the 1998-99 fiscal years for the following purposes:

- (1) \$2,400,000 for the 1997-98 fiscal year and \$2,400,000 for the 1998-99 fiscal year to the Department of Commerce, Division of Employment and Training, for the Employment and Training Grant Program;
- (2) \$1,000,000 for the 1997-98 fiscal year and \$1,000,000 for the 1998-99 fiscal year to the Department of Labor for customized training of the unemployed and the working poor for specific jobs needed by employers through the Department's Bureau for Training Initiatives;
- (3) \$1,746,000 for the 1997-98 fiscal year and \$1,746,000 for the 1998-99 fiscal year to the Department of Community Colleges to continue the Focused Industrial Training Program;
- (4) \$225,000 for the 1997-98 fiscal year and \$225,000 for the 1998-99 fiscal year to the Employment Security Commission for the State Occupational Information Coordinating Committee to develop and operate an interagency system to track former participants in State education and training programs;
- (5) \$400,000 for the 1997-98 fiscal year and \$400,000 for the 1998-99 fiscal year to the Department of Community Colleges for a training

program in entrepreneurial skills to be operated by North Carolina REAL Enterprises;

- (6) \$50,000 for the 1997-98 fiscal year and \$50,000 for the 1998-99 fiscal year to the Office of State Budget and Management to maintain compliance with Chapter 96 of the General Statutes, which directs the Office of State Budget and Management to employ the Common Follow-Up Management Information System to evaluate the effectiveness of the State's job training, education, and placement programs;
- (7) \$500,000 for the 1997-98 fiscal year and \$1,000,000 for the 1998-99 fiscal year to the Department of Labor to expand the Apprenticeship Program. It is intended that the appropriation of funds in this subdivision will result in the Department of Labor serving a benchmark performance level of 10,000 adult and youth apprentices by the year 2000; and
- (8) \$100,000 for the 1997-98 fiscal year and \$100,000 for the 1998-99 fiscal year to the State Board of Education for the Teacher Apprenticeship Program.

The State Board of Education may use funds appropriated from the Worker Training Trust Fund in this subdivision to design and implement a public school teacher apprenticeship program.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
JOB TRAINING STUDY COMMISSION

Section 16.1. (a) The General Assembly intends to reorganize the State's workforce development system to improve the delivery of job training programs and services in North Carolina.

(b) There is created a Legislative Study Commission on Job Training Programs. The purpose of the Commission is to review State and federally funded job training programs and services currently in existence to determine the feasibility of eliminating or consolidating those which are duplicative, inefficient, or ineffective in carrying out their purposes and activities.

(c) The Commission shall consist of six members appointed by the Speaker of the House of Representatives, at least three of whom shall be members of the House of Representatives, and six members appointed by the President Pro Tempore of the Senate, at least three of whom shall be members of the Senate. The Speaker shall designate one Representative as cochair and the President Pro Tempore shall designate one Senator as cochair. Vacancies on the Commission shall be filled by the same appointing officer who made the initial appointment. The Commission shall expire upon delivering its final report to the 1997 General Assembly (1998 Regular Session).

The Commission, while in the discharge of official duties, may exercise all powers provided for under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the Legislative Building or the Legislative

Office Building. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist the Commission in its work. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission, and the expenses relating to the clerical employees shall be borne by the Commission. Members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

(d) The Commission shall have the following powers and duties:

- (1) To review State and federal laws, rules, and regulations pertaining to job training programs to determine the purpose of each program, the population served, and each program's annual outcomes in terms of type of training received, work search efforts, and job placement;
- (2) To ascertain as far as possible the intention of the United States Congress with respect to continued funding of federally mandated job training programs and any changes in funding formulae;
- (3) To review the amount of State and federal dollars appropriated for each job training program conducted in this State and to review federal requirements for continuous federal funding of the programs;
- (4) To review the number of different State agencies that administer State and federal job training programs, the number of persons employed to implement each job training program, and the amount of State dollars needed annually to implement the program;
- (5) To determine whether federally funded job training programs in this State may lawfully be abolished or reduced in size by the General Assembly, and the impact of such reduction or elimination;
- (6) To conduct public hearings to receive citizen, State agency, and local government comment and experience with the job training programs;
- (7) To conduct other studies or activities to aid the Commission in carrying out its purpose and duties, including reviewing reorganization and consolidation efforts in other states; and
- (8) To ensure program evaluation and accountability for all workforce development programs and to create a comprehensive statewide focus on workforce development.

(e) The Commission shall report to the 1997 General Assembly (1998 Regular Session), the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Education Oversight Committee not later than May 1, 1998. The report shall identify each job training program operating in the State and recommend whether each program should be expanded, continued without change, abolished, consolidated with another program, or otherwise modified, including implementation components.

(f) All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them.

(g) Notwithstanding G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the General Assembly the sum of fifty thousand dollars (\$50,000) for the 1997-98 fiscal year to implement this section.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

NC REAL ENTERPRISES REPORTING

Section 16.2. NC REAL Enterprises shall do the following:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997;
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998; and
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

SPECIAL EMPLOYMENT SECURITY ADMINISTRATION FUND

Section 16.3. (a) Notwithstanding G.S. 96-5(c), there is appropriated from the Special Employment Security Administration Fund to the Employment Security Commission of North Carolina, the sum of two million dollars (\$2,000,000) for the 1997-98 fiscal year and the sum of two million dollars (\$2,000,000) for the 1998-99

fiscal year for administration of the Employment Services and Unemployment Insurance Programs.

(b) Supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes shall be expended prior to the expenditure of funds appropriated by this section.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

INDUSTRIAL RECRUITMENT COMPETITIVE FUND

Section 16.4. (a) Funds appropriated in this act to the Department of Commerce for the Industrial Recruitment Competitive Fund shall be used to continue the Fund. The purpose of the Fund is to provide financial assistance to those businesses or industries deemed by the Governor to be vital to a healthy and growing State economy and that are making significant efforts to establish or expand in North Carolina. Monies allocated from the Fund shall be used for the following purposes:

- (1) Installation or purchase of equipment;
- (2) Structural repairs, improvements, or renovations of existing buildings to be used for expansion; and
- (3) Construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment for existing buildings.

Monies may also be used for construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines, or equipment to serve new or proposed industrial buildings used for manufacturing and industrial operations. The Governor shall adopt guidelines and procedures for the commitment of monies from the Fund.

(b) The Department of Commerce shall report on or before October 1, 1997, and quarterly thereafter to the Joint Legislative Commission on Governmental Operations on the commitment, allocation, and use of funds allocated from the Industrial Recruitment Competitive Fund.

Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter, Senator Martin of Pitt

COUNCIL OF GOVERNMENT FUNDS

Section 16.5. (a) Of the funds appropriated in this act to the Department of Commerce, eight hundred sixty-four thousand two hundred seventy dollars (\$864,270) for the 1997-98 fiscal year and eight hundred sixty-four thousand two hundred seventy dollars (\$864,270) for the 1998-99 fiscal year shall only be used as provided by this section. Each regional council of government or lead regional organization is allocated up to forty-eight thousand fifteen dollars (\$48,015) for each fiscal year, with the actual amount calculated as provided in subsection (b) of this section.

(b) The funds shall be allocated as follows: A share of the maximum forty-eight thousand fifteen dollars (\$48,015) each fiscal year shall be allocated to each county and smaller city based on the most recent annual estimate of the Office of State Planning of the population of that county (less the population of any larger city within

that county) or smaller city, divided by the sum of the total population of the region (less the population of larger cities within that region) and the total population of the region living in smaller cities. Those funds shall be paid to the regional council of government for the region in which that city or county is located upon receipt by the Department of Commerce of a resolution of the governing board of the county or city requesting release of the funds. If any city or county does not so request payment of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year shall revert to the General Fund.

(c) A regional council of government may use funds appropriated by this section only to assist local governments in grant applications, economic development, community development, support of local industrial development activities, and other activities as deemed appropriate by the member governments.

(d) Funds appropriated by this section shall not be used for payment of dues or assessments by the member governments and shall not supplant funds appropriated by the member governments.

(e) As used in this section, "Larger City" means an incorporated city with a population of 50,000 or over. "Smaller City" means any other incorporated city.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
PETROLEUM OVERCHARGE ATTORNEYS' FEES

Section 16.6. (a) Unless prohibited by federal law, rule, or regulation or preexisting settlement agreement, no later than October 1, 1989, the North Carolina Attorney General shall direct the withdrawal of all funds received in the cases of **United States v. Exxon and Stripper Well** that are held in accounts or reserves located out-of-state for payment of attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation authorized by the Attorney General. The Attorney General shall deposit these funds, and all funds to be received from Petroleum Overcharge Funds in the future for attorneys' fees and reasonable expenses, into the Special Reserve for Oil Overcharge Funds.

(b) All attorneys' fees and reasonable expenses incurred in connection with oil overcharge litigation shall be paid by the State Treasurer from Petroleum Overcharge Funds that have been received by this State and deposited into the Special Reserve for Oil Overcharge Funds.

(c) Notwithstanding any other provision of law, the Attorney General may authorize the payment of attorneys' fees and reasonable expenses from the Special Reserve for Oil Overcharge Funds without further action of the General Assembly, and funds are hereby appropriated from the Special Reserve for Oil Overcharge Funds for the 1997-98 fiscal year and for the 1998-99 fiscal year for that purpose.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
PETROLEUM OVERCHARGE FUNDS ALLOCATION

Section 16.7. (a) The funds and interest thereon received from the case of the **United States v. Exxon** are deposited in the Special Reserve for Oil Overcharge Funds. There is appropriated from the Special Reserve to the Department of Commerce the

sum of one million two hundred thousand dollars (\$1,200,000) for the 1997-98 fiscal year and the sum of one million two hundred thousand dollars (\$1,200,000) for the 1998-99 fiscal year to be used for projects under the State Energy Efficiency Programs.

(b) There is appropriated from funds and interest thereon received from the United States Department of Energy's Stripper Well Litigation (MDL378) that remain in the Special Reserve for Oil Overcharge Funds to the Department of Commerce the sum of one million dollars (\$1,000,000) for the 1997-98 fiscal year and the sum of one million eight hundred thousand dollars (\$1,800,000) for the 1998-99 fiscal year to be allocated for the Residential Energy Conservation Assistance Programs (RECAP).

(c) Any funds remaining in the Special Reserve for Oil Overcharge Funds after the allocations made pursuant to subsections (a) and (b) of this section may be expended only as authorized by the General Assembly. All interest or income accruing from all deposits or investments of cash balances shall be credited to the Special Reserve Oil Overcharge Funds.

(d) The funds and interest thereon received from the Diamond Shamrock Settlement that remain in a reserve in the Office of State Budget and Management for the Department of Commerce to administer the petroleum overcharge funds pursuant to Section 112 of Chapter 830 of the 1987 Session Laws shall continue to be available to the Department of Commerce on an as-needed basis.

(e) The Department of Commerce shall submit comprehensive annual reports to the General Assembly by May 15, 1998, and January 31, 1999, which detail the use of all Petroleum Overcharge Funds. Any State department or agency that has received Petroleum Overcharge Funds shall provide all information requested by the Department of Commerce for the purpose of preparing these reports.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

INDUSTRIAL DEVELOPMENT FUND/LOCAL MATCH

Section 16.8. Local governments requesting financial assistance from the Industrial Development Fund that wish to request to be exempted from the local matching requirements placed on the receipt of this assistance shall demonstrate to the satisfaction of the Department of Commerce that it would be an economic hardship for the local government to match State assistance from the Fund with local funds. The Department shall develop guidelines for determining hardship.

Requested by: Senators Martin of Pitt, Plyler, Perdue, Odom, Representatives Mitchell, Baker, Carpenter, H. Hunter

INDUSTRIAL DEVELOPMENT FUND

Section 16.9. (a) Of the three million dollars (\$3,000,000) appropriated in this act to the Department of Commerce, Industrial Development Fund, for the 1997-98 fiscal year, the sum of two million dollars (\$2,000,000) shall be deposited to and used for the Utility Account established under G.S. 143B-437A(b1), and the sum of one

million dollars (\$1,000,000) shall be allocated to Martin County as a grant-in-aid for a water and sewer project.

(b) In addition to the reporting requirements of G.S. 143B-437A, the Department of Commerce shall report annually to the General Assembly concerning the payments made from the Utility Account and the impact of the payments on job creation in the State. The Department of Commerce shall also report quarterly to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of the moneys in the Utility Account including information regarding to whom payments were made, in what amounts, and for what purposes.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

REGIONAL COMMISSION REPORTS

Section 16.10. (a) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 1997;
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Department of Commerce the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments as specified in subdivisions (b)(1) through (b)(6) of this section including actual results through December 31, 1998;
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.

- (3) Provide to the Fiscal Research Division and the Department of Commerce a copy of its annual audited financial statement within 30 days of issuance of the statement.
- (b) Each regional economic development commission receiving a grant-in-aid from the Department of Commerce in each fiscal year of the 1997-99 biennium shall by the 25th day of the month following the end of a fiscal quarter, report to the Department of Commerce the following information for the most recent completed fiscal quarter:
 - (1) The number of and description of marketing outreach events including trade shows, recruitment missions, and related activities;
 - (2) The number of inquiries, leads, and prospects generated;
 - (3) The amount of investment and number of jobs created by the direct efforts of a commission;
 - (4) The amount of investment and number of jobs created by the indirect efforts of a commission;
 - (5) The number and listing of available sites and buildings within the region served by a commission;
 - (6) A listing of major accomplishments.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

REGIONAL ECONOMIC DEVELOPMENT COMMISSION ALLOCATIONS

Section 16.11. (a) Funds appropriated in this act to the Department of Commerce for regional economic development commissions shall be allocated to the following commissions in accordance with subsection (b) of this section: Western North Carolina Regional Economic Development Commission, Research Triangle Regional Commission, Southeastern North Carolina Regional Economic Development Commission, Piedmont Triad Partnership, Northeastern North Carolina Regional Economic Development Commission, Global TransPark Development Commission, and Carolinas Partnership, Inc.

(b) Funds appropriated pursuant to subsection (a) of this section shall be allocated to each regional economic development commission as follows:

- (1) First, the Department shall establish each commission's allocation by determining the sum of allocations to each county that is a member of that commission. Each county's allocation shall be determined by dividing the county's enterprise factor by the sum of the enterprise factors for eligible counties and multiplying the resulting percentage by the amount of the appropriation. As used in this subdivision, the term "enterprise factor" means a county's enterprise factor as calculated under G.S. 105-129.3;
- (2) Next, the Department shall subtract from funds allocated to the Global TransPark Development Zone the sum of two hundred seventy-six thousand nine hundred twenty-three dollars (\$276,923) in each fiscal year, which sum represents the interest earnings in each fiscal year on the estimated balance of seven million five hundred thousand dollars

- (\$7,500,000) appropriated to the Global TransPark Development Zone in Section 6 of Chapter 561 of the 1993 Session Laws; and
- (3) Next, the Department shall redistribute the sum of two hundred seventy-six thousand nine hundred twenty-three dollars (\$276,923) in each fiscal year to the seven regional economic development commissions named in subsection (a) of this section. Each commission's share of this redistribution shall be determined according to the enterprise factor formula set out in subdivision (1) of this subsection. This redistribution shall be in addition to each commission's allocation determined under subdivision (1) of this subsection.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

TOURISM PROMOTION FUNDS

Section 16.12. Funds appropriated in this act to the Department of Commerce for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in an effort to direct funds to counties most in need in terms of lowest per capita income, highest unemployment, and slowest population growth, in the following manner:

- (1) Counties 1 through 20 are each eligible to receive a maximum grant of \$7,500 for each fiscal year, provided these funds are matched on the basis of one non-State dollar for every four State dollars.
- (2) Counties 21 through 50 are each eligible to receive a maximum grant of \$3,500 for two of the next three fiscal years, provided these funds are matched on the basis of one non-State dollar for every three State dollars.
- (3) Counties 51 through 100 are each eligible to receive a maximum grant of \$3,500 for alternating fiscal years, beginning with the 1991-92 fiscal year, provided these funds are matched on the basis of four non-State dollars for every State dollar.

Requested by: Senators Martin of Pitt, Jenkins, Shaw of Guilford, Representatives Mitchell, Baker, Carpenter, Fox, H. Hunter

RURAL TOURISM DEVELOPMENT FUNDS

Section 16.13. Of the funds appropriated in this act to the Department of Commerce for the 1997-98 fiscal year, the sum of three hundred thousand dollars (\$300,000) shall be used for the Rural Tourism Development Grant Program. The Department shall establish and implement this Program to provide grants to local governments and nonprofit organizations to encourage the development of new tourism projects and activities in rural areas of the State. The Department shall develop procedures for the administration and distribution of funds allocated to the Rural Tourism Development Program under the following guidelines:

- (1) Eligible organizations shall make application under procedures established by the Department;
- (2) Eligible organizations shall be nonprofit tourism-related organizations located in the State's rural regions;
- (3) Priority shall be given to eligible organizations that have significant involvement of travel and tourism-related businesses;
- (4) Priority shall be given to eligible organizations serving economically distressed rural counties;
- (5) Priority shall be given to eligible organizations that match funds; and
- (6) Funds shall not be used for renting or purchasing land or buildings, or for financing debt.

No recipient or new tourism project shall receive a total of more than fifty thousand dollars (\$50,000) of these grant funds for the 1997-98 fiscal year.

Requested by: Representatives Mitchell, Baker, Carpenter

NORTH CAROLINA ALLIANCE FOR COMPETITIVE TECHNOLOGIES REPORT

Section 16.14. The North Carolina Alliance for Competitive Technologies, a Division of the Department of Commerce, shall do the following:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997; and
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998; and

- d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.

Requested by: Representatives Mitchell, Baker, Carpenter

DIVISION OF EMPLOYMENT AND TRAINING AND COMMISSION ON WORKFORCE PREPAREDNESS CONSOLIDATED

Section 16.15. The Department of Commerce shall consolidate the functions, staff, and budget of the Commission on Workforce Preparedness into the Division of Employment and Training. In consolidating these departmental entities, the Department shall eliminate budget expenditures and personnel positions, including management, that are duplicative. To the maximum extent possible, the Department shall use the efficiencies realized from the consolidation of the entities and the elimination of duplicative positions and budget expenditures to increase funds available for job training for individuals eligible for services under State and federal programs administered by the Division of Employment and Training. The Department shall complete the consolidation required under this section not later than October 1, 1997, and shall report on the consolidation to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division not later than November 1, 1997.

Requested by: Senator Martin of Pitt

WANCHESE SEAFOOD INDUSTRIAL PARK FUNDS

Section 16.16. Of the funds appropriated in this act to the Department of Commerce for the Wanchese Seafood Industrial Park, the sum of one hundred twenty-two thousand five hundred ninety-four dollars (\$122,594) for the 1997-98 fiscal year and the sum of one hundred twenty-two thousand five hundred ninety-four dollars (\$122,594) for the 1998-99 fiscal year may be expended by the North Carolina Seafood Industrial Park Authority for operations, maintenance, repair, and capital improvements in accordance with Article 23C of Chapter 113 of the General Statutes, in addition to funds available to the Authority for these purposes.

Requested by: Senators Martin of Pitt, Jenkins, Shaw of Guilford, Representatives Mitchell, Baker, Carpenter, Fox, H. Hunter

FUNDS FOR ECONOMIC DEVELOPMENT

Section 16.17. (a) Of the funds appropriated in this act to the Department of Commerce, the sum of one million nine hundred seventy-five thousand dollars (\$1,975,000) for the 1997-98 fiscal year shall be allocated as follows:

- (1) \$350,000 to the Land Loss Prevention Project, Inc., to provide free legal representation to low-income, financially distressed small farmers. The Land Loss Prevention Project, Inc., shall not use these funds to represent farmers who have income and assets that would make them financially ineligible for legal services pursuant to Title 45, Part 1611 of the Code of Federal Regulations;

- (2) \$250,000 to the North Carolina Coalition of Farm and Rural Families, Inc., for its Small Farm Economic Development Project. These funds shall be used to foster economic development within the State's rural farm communities by offering marketing and technical assistance to small and limited resource farmers;
- (3) \$1,000,000 to the North Carolina Institute of Minority Economic Development, Inc., to foster minority economic development within the State through policy analysis, information and technical assistance, resource expansion, and support of community-based demonstration initiatives; and
- (4) \$375,000 to the North Carolina Minority Support Center (formerly known as the Minority Credit Union Support Center) for technical assistance to community-based minority credit unions.
 - (b) Each of the nonprofit organizations receiving funds under this section shall:
 - (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
 - (2) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

TECHNOLOGICAL DEVELOPMENT AUTHORITY REPORT

Section 16.18. The Technological Development Authority, Inc., shall do the following:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;

- c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997;
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998; and
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998; and
- (3) Provide to the Fiscal Research Division a copy of the organization's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
WORLD TRADE CENTER FUNDS

Section 16.19. Of the funds appropriated in this act to the Department of Commerce, the sum of three hundred thousand dollars (\$300,000) for the 1997-98 fiscal year shall be allocated to the World Trade Center North Carolina (WTCNC) to support international trade education programs for small- and medium-sized businesses. The World Trade Center North Carolina shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997;
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.

- (2) Provide to the Fiscal Research Division a copy of the Center's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

CENTER FOR COMMUNITY SELF-HELP FUNDS

Section 16.20. (a) Of the funds appropriated in this act to the Department of Commerce, the sum of five million dollars (\$5,000,000) for the 1997-98 fiscal year shall be allocated to the Center for Community Self-Help to further a statewide program of lending for home ownership throughout North Carolina. These funds will be leveraged on a ten-to-one basis, generating at least ten dollars (\$10.00) of nontraditional home loans for every one dollar (\$1.00) of State funds. Payments of principal shall be available for further loans or loan guarantees.

(b) The Center for Community Self-Help shall submit, within 180 days after the close of its fiscal year, audited financial statements to the State Auditor. All records pertaining to the use of State funds shall be made available to the State Auditor upon request. The Center for Community Self-Help shall make quarterly reports on the use of State funds to the State Auditor, in form and format prescribed by the State Auditor or his designee. The Center for Community Self-Help shall make a written report by May 1 of each year for the next three years to the General Assembly on the use of the funds allocated under this section.

(c) The Center for Community Self-Help shall report to the Joint Legislative Commission on Governmental Operations, the House Appropriations Subcommittee on Natural and Economic Resources, the Senate Appropriations Committee on Natural and Economic Resources, and the Department of Commerce on a quarterly basis for the next three years.

(d) The Office of the State Auditor may conduct an annual end-of-year audit of the revolving fund for economic development lending created by this appropriation for each year of the life of the revolving fund.

(e) If the Center for Community Self-Help dissolves, the corporation shall transfer the remaining assets of the revolving fund to the State and shall refrain from disposing of the revolving fund assets without approval of the State Treasurer.

(f) The Department of Commerce shall disburse this appropriation within 15 working days of the receipt of a request for the funds from the Center for Community Self-Help. The request shall include a commitment of the leveraged funds by the Center for Community Self-Help or its affiliates.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter

MCNC

Section 16.21. (a) MCNC shall report on all of its programs including contractual services for the Supercomputer and the Research and Education Network. The reports shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997;
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
 - e. The users, major projects and benefits resulting from the activities of the Supercomputer and the Research and Education Network.
 - f. The organization's progress toward achieving self-sufficiency by July 1, 1999.
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
- a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998;
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.
 - e. The users, major projects and benefits resulting from the activities of the Supercomputer and the Research and Education Network.
 - f. The organization's progress toward achieving self-sufficiency by July 1, 1999.
- (3) Provide to the Fiscal Research Division a copy of MCNC's annual audited financial statement within 30 days of issuance of the statement.
- (b) The funds appropriated in this act to MCNC shall be used as follows:

	<u>FY 1997-98</u>	<u>FY 1998-99</u>
Electronic and Information Technologies Programs	\$4,500,000	\$2,500,000

(c) Of the funds appropriated for the Electronic and Information Technologies Programs, four million five hundred thousand dollars (\$4,500,000) for the 1997-98 fiscal year and two million five hundred thousand dollars (\$2,500,000) for the 1998-99 fiscal year is contingent upon a dollar-for-dollar match in non-State funds.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
BIOTECHNOLOGY CENTER

Section 16.22. (a) The North Carolina Biotechnology Center shall recapture funds spent in support of successful research and development efforts in the for-profit private sector.

(b) The North Carolina Biotechnology Center shall provide funding for biotechnology, biomedical, and related bioscience applications under its Business and Science Technology Programs.

(c) The North Carolina Biotechnology Center shall:

(1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
- b. State fiscal year 1996-97 itemized expenditures and fund sources;
- c. state fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
- d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.

(2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:

- a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
- b. State fiscal year 1997-98 itemized expenditures and fund sources;
- c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998; and
- d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.

(3) Provide to the Fiscal Research Division a copy of the Center's annual audited financial statement within 30 days of issuance of the statement.

(d) The North Carolina Biotechnology Center shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management and to the Fiscal Research Division in the same manner as State departments and agencies in preparation for biennium budget requests.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter, H. Hunter

BIOTECHNOLOGY FUNDS FOR MINORITY UNIVERSITIES

Section 16.23. Of the funds appropriated in this act from the General Fund to the North Carolina Biotechnology Center, the sum of two million dollars (\$2,000,000) for the 1997-98 fiscal year and the sum of one million dollars (\$1,000,000) for the 1998-99 fiscal year shall be used to continue the special biotechnology program initiative for North Carolina's Public Historically Black Colleges and Universities and the University of North Carolina at Pembroke. This program initiative is a means to get more funds to these institutions of higher education in the short run to help them develop their biotechnology programs and a means to develop a mechanism to improve these institutions' capacity over the long term. The Center's special initiative shall, at a minimum, provide for:

- (1) A range of program activities, including grants, designed to enhance the existing strengths and capabilities of the University of North Carolina at Pembroke and North Carolina's Public Historically Black Colleges and Universities;
- (2) A Facilities and Infrastructure Review Committee to advise the Center on major program elements and priority projects that would be most helpful to these institutions; and
- (3) A Program Advisory Panel with representation from these institutions to advise and make recommendations to the Center's President and Board of Directors on funding proposals under this initiative.

The Center shall report on its biotechnology program grants to universities to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on or before March 1 of each fiscal year, and more frequently as requested by the Commission. These reports shall include the current number of enrollments and the capacity of enrollments in the biotechnology program in each of the universities, the number of faculty in the biotechnology program in each of the universities, whether and to what extent the enrollments, capacity, and number of faculty have changed in the last three academic years in the biotechnology program in each of the universities, how the funds allocated by this section are being used in each of the universities, and any other information that indicates whether these grants are accomplishing their purpose.

Requested by: Senator Martin, Plyler, Perdue, Odom, Representatives Mitchell, Baker, Carpenter, H. Hunter

RURAL ECONOMIC DEVELOPMENT CENTER

Section 16.24. (a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of one million two hundred seventy thousand dollars (\$1,270,000) for the 1997-98 fiscal year and the sum of one million two hundred seventy thousand dollars (\$1,270,000) for the 1998-99 fiscal year shall be allocated as follows:

	<u>1997-98 FY</u>	<u>1998-99 FY</u>
Research and Demonstration Grants	\$475,864	\$475,864
Technical Assistance and Center Administration of Research		

and Demonstration Grants	444,136	444,136
Center Administration, Oversight, and Other Programs	350,000	350,000

(b) The Rural Economic Development Center, Inc., shall provide a report containing detailed budget, personnel, and salary information to the Office of State Budget and Management in the same manner as State departments and agencies in preparation for biennium budget requests.

(c) Not more than fifty percent (50%) of the interest earned on State funds appropriated to the Rural Economic Development Center, Inc., may be used by the Center for administrative purposes, including salaries and fringe benefits.

(d) For purposes of this section, the term "community development corporation" means a nonprofit corporation:

- (1) Chartered pursuant to Chapter 55A of the General Statutes;
- (2) Tax-exempt pursuant to section 501(c)(3) of the Internal Revenue Code of 1986;
- (3) Whose primary mission is to develop and improve low-income communities and neighborhoods through economic and related development;
- (4) Whose activities and decisions are initiated, managed, and controlled by the constituents of those local communities; and
- (5) Whose primary function is to act as deal-maker and packager of projects and activities that will increase their constituencies' opportunities to become owners, managers, and producers of small businesses, affordable housing, and jobs designed to produce positive cash flow and curb blight in the targeted community.

(e) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of five million seven hundred fifty thousand dollars (\$5,750,000) for the 1997-98 fiscal year and the sum of two million four hundred thousand dollars (\$2,400,000) for the 1998-99 fiscal year shall be allocated as follows:

- (1) \$1,400,000 in fiscal year 1997-98 and \$1,200,000 in fiscal year 1998-99 for community development grants to support development projects and activities within the State's minority communities. Any community development corporation as defined in this section is eligible to apply for funds. The Rural Economic Development Center, Inc., shall establish performance-based criteria for determining which community development corporation will receive a grant and the grant amount. Funding shall also be allocated to the North Carolina Association of Community Development Corporations, Inc. The Rural Economic Development Center, Inc., shall allocate these funds as follows:
 - a. \$900,000 in each fiscal year for direct grants to the local community development corporations that have previously received State funds for this purpose to support operations and project activities;

- b. \$250,000 in each fiscal year for direct grants to local community development corporations that have not previously received State funds;
 - c. \$200,000 in fiscal year 1997-98 to the North Carolina Association of Community Development Corporations, Inc., to provide training, technical assistance, resource development, and support for local community development corporations statewide; and
 - d. \$50,000 in each fiscal year to the Rural Economic Development Center, Inc., to be used to cover expenses in administering this section.
- (2) \$250,000 in each fiscal year to the Microenterprise Loan Program to support the loan fund and operations of the Program; and
- (3) \$4,100,000 for the 1997-98 fiscal year and \$950,000 for the 1998-99 fiscal year shall be used for a program to provide supplemental funding for matching requirements for projects and activities authorized under this subdivision. The Center shall use these funds to make grants to local governments and nonprofit corporations to provide funds necessary to match federal grants or other grants for:
- a. Necessary economic development projects and activities in economically distressed areas, or
 - b. Necessary water and sewer projects and activities in economically distressed communities to address health or environmental quality problems except that funds shall not be expended for the repair or replacement of low pressure pipe wastewater systems. If a grant is awarded under this subdivision, then the grant shall be matched on a dollar for dollar basis in the amount of the grant awarded.

The grant recipients in this subsection shall be selected on the basis of need.

- (f) The Rural Economic Development Center, Inc., shall:
- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997; and
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.

- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998; and
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.
- (3) Provide to the Fiscal Research Division a copy of each grant recipient's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senator Martin of Pitt, Representatives Mitchell, Baker, Carpenter
OPPORTUNITIES INDUSTRIALIZATION CENTER FUNDS

Section 16.25. (a) Of the funds appropriated in this act to the Rural Economic Development Center, Inc., the sum of two hundred fifty thousand dollars (\$250,000) for the 1997-98 fiscal year and the sum of two hundred fifty thousand dollars (\$250,000) for the 1998-99 fiscal year shall be allocated as follows:

- (1) \$50,000 in each fiscal year to the Opportunities Industrialization Center of Wilson, Inc., for its ongoing job training programs;
- (2) \$50,000 in each fiscal year to Opportunities Industrialization Center, Inc., in Rocky Mount, for its ongoing job training programs;
- (3) \$50,000 in each fiscal year to Pitt-Greenville Opportunities Industrialization Center, Inc., for its ongoing job training programs;
- (4) \$50,000 in each fiscal year to the Opportunities Industrialization Center of Lenoir, Green, and Jones Counties; and
- (5) \$50,000 in each fiscal year to the Opportunities Industrialization Center of Elizabeth City, Inc.

(b) The Rural Economic Development Center, Inc., shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997;

- d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.
- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998;
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.
- (3) Provide to the Fiscal Research Division a copy of the annual audited financial statements of the Opportunities Industrialization Centers funded by this act within 30 days of issuance of the statement.

Requested by: Representatives Mitchell, Baker, Carpenter, H. Hunter, Senator Martin of Pitt

COMMUNITY DEVELOPMENT INITIATIVE

Section 16.26. Of the funds appropriated in this act to the Department of Commerce, the sum of two million dollars (\$2,000,000) for fiscal year 1997-98 and the sum of two million dollars (\$2,000,000) for fiscal year 1998-99 shall be used to support the grant and loan fund and operations of the North Carolina Community Development Initiative, Inc. The Initiative shall provide operating and project activity grants to mature community development corporations that have demonstrated project and organizational capacity.

The North Carolina Community Development Initiative, Inc., shall:

- (1) By January 15, 1998, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1996-97 program activities, objectives, and accomplishments;
 - b. State fiscal year 1996-97 itemized expenditures and fund sources;
 - c. State fiscal year 1997-98 planned activities, objectives, and accomplishments including actual results through December 31, 1997;
 - d. State fiscal year 1997-98 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1997.

- (2) By January 15, 1999, and more frequently as requested, report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division the following information:
 - a. State fiscal year 1997-98 program activities, objectives, and accomplishments;
 - b. State fiscal year 1997-98 itemized expenditures and fund sources;
 - c. State fiscal year 1998-99 planned activities, objectives, and accomplishments including actual results through December 31, 1998;
 - d. State fiscal year 1998-99 estimated itemized expenditures and fund sources including actual expenditures and fund sources through December 31, 1998.
- (3) Provide to the Fiscal Research Division a copy of the Initiative's annual audited financial statement within 30 days of issuance of the statement.

Requested by: Senators Conder, Plyler, Odom

RECREATION DISTRICT AND ENTERTAINMENT ESTABLISHMENT ABC PERMITS

Section 16.27. (a) G.S. 18B-1006(j) reads as rewritten:

"(j) Recreation Districts. – Notwithstanding the provisions of Article 6 of this Chapter, the Commission may issue permits for the sale of malt beverages, unfortified wine, fortified wine, and mixed beverages to qualified businesses in a recreation district.

A 'recreation district' ~~is an~~ is:

- (1) An area that is located in a county that has not approved the issuance of permits, has at least two cities that have approved the sale of malt beverages, wine, and the operation of an ABC store, and contains a facility of at least 450 acres where five or more public auto racing events are held each year. ~~The recreation district includes the area within a half mile radius of the racing facility.~~ year; or
- (2) An area that is located in a county that borders a county which has held elections pursuant to G.S. 18B-600(f) and borders on another state and which (i) contains a facility of at least 225 acres where four or more public auto racing events are held each year or (ii) contains a facility of at least 140 acres where 80 or more motor sports events are held each year.

The recreation district includes the area within a half-mile radius of the racing facility."

(b) G.S. 18B-101(14a) reads as rewritten:

"(14a) 'Tourism ABC establishment' means a restaurant or hotel that meets both of the following requirements:

- a. Is located on property, a property line of which is located within 1.5 miles of the end of an entrance or exit ramp of a junction on

a national scenic parkway designed to attract local, State, national, and international tourists between Milepost 305 and 460.

- b. Is located in a county in which the on-premises sale of malt beverages or unfortified wine is authorized in at least one city."

Requested by: Senator Lee

GUEST ROOM CABINETS FOR CERTAIN PRIVATE CLUBS

Section 16.28. G.S. 18B-1001(13) reads as rewritten:

"(13) Guest Room Cabinet Permit. – A guest room cabinet permit authorizes a hotel having a mixed beverages permit or a private club having a mixed beverages permit and management contracts for the rental of living units to sell to its room guests, from securely locked cabinets, malt beverages, unfortified wine, fortified wine, and spirituous liquor. A permittee shall designate and maintain at least ten percent (10%) of the permittee's guest rooms as rooms that do not have a guest room cabinet. A permittee may dispense alcoholic beverages from a guest room cabinet only in accordance with written policies and procedures filed with and approved by the Commission. A permittee shall provide a reasonable number of vending machines, coolers, or similar machines on premises for the sale of soft drinks to hotel guests.

A guest room cabinet permit may be issued for any of the following:

- a. A hotel located in a county subject to G.S. 18B-600(f).
- b. A hotel located in a county that has a population in excess of 150,000 by the last federal census.
- c. A qualifying private club located in a county defined in G.S. 18B-101(13a)b.2."

PART XVII. DEPARTMENT OF LABOR

Requested by: Representatives Mitchell, Baker, Carpenter, Owens

OSHA TECHNICAL ASSISTANCE

Section 17. (a) Article 22 of Chapter 95 of the General Statutes is amended by adding a new section to read:

"§ 95-255.1. Technical assistance.

Employers notified pursuant to G.S. 95-255(a) shall be offered technical assistance from the Division of Occupational Safety and Health to reduce injuries and illnesses in their workplaces."

(b) G.S. 95-136.1(b) reads as rewritten:

"(b) The Department shall develop and implement a special emphasis inspection program that targets for special emphasis inspection employers who:

- (1) Have a high rate of serious or willful violations of any standard, rule, order, or other requirement under this Article, or of regulations

- prescribed pursuant to the Federal Occupational Safety and Health Act of 1970, in a one-year period;
- (2) Have a high rate of work-related deaths, or a high rate of work-related serious injuries or illnesses, in a one-year period; or
 - (3) Are engaged in a type of industry determined by the Department to be at high risk for serious or fatal work-related injuries or ~~illnesses; or~~ illnesses.
 - (4) ~~Have an experience modification rating established for workers' compensation premium rates that is significantly higher than the State average. For purposes of targeting employers under this subdivision, the Department, in consultation with the North Carolina Rate Bureau and the Commissioner of Insurance, shall set the experience modification rating threshold for determining a rating that is significantly higher than the State average.~~

To identify an employer for a special emphasis inspection, the Department shall use the most current data available from its own database and from other sources, including State departments, divisions, boards, commissions, and other State entities. The Department shall ensure that every employer targeted for a special emphasis inspection is inspected at least one time within the two-year period following targeting of the employer by the Department. The Department shall update its special emphasis inspection records at least annually."

(c) The Department of Labor shall use up to the sum of four hundred fifty thousand dollars (\$450,000) in additional federal funds received from the United States Department of Labor under the federal OSHA 23(g) grant to provide technical assistance to employers notified pursuant to G.S. 95-255(a).

PART XVIII. JUDICIAL DEPARTMENT

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

TRANSFER OF EQUIPMENT AND SUPPLY FUNDS

Section 18. Funds appropriated to the Judicial Department in the 1997-99 biennium for equipment and supplies shall be certified in a reserve account. The Administrative Office of the Courts shall have the authority to transfer these funds to the appropriate programs and between programs as the equipment priorities and supply consumptions occur during the operating year. These funds shall not be expended for any other purpose. The Administrative Office of the Courts shall make quarterly reports on transfers made pursuant to this section to the Joint Legislative Commission on Governmental Operations and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Senators Gulley, Ballance

N.C. STATE BAR FUNDS

Section 18.1. (a) Of the funds appropriated in the continuation budget as a grant-in-aid to the North Carolina State Bar for the 1997-99 fiscal biennium, the North

Carolina State Bar may in its discretion use up to the sum of two hundred fifty thousand dollars (\$250,000) for the 1997-98 fiscal year and up to the sum of two hundred fifty thousand dollars (\$250,000) for the 1998-99 fiscal year to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

(b) Of the nonrecurring funds appropriated in the expansion budget as a grant-in-aid to the North Carolina State Bar for the 1997-98 fiscal year, the North Carolina State Bar may in its discretion use up to the sum of two hundred fifty thousand dollars (\$250,000) to contract with the Center for Death Penalty Litigation to provide training, consultation, brief banking, and other assistance to attorneys representing indigent capital defendants.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

INDIGENT PERSONS' ATTORNEY FEE FUND

Section 18.2. (a) Effective July 1, 1997, the Administrative Office of the Courts shall each year of the 1997-99 biennium reserve funds for adult, juvenile, and guardian ad litem cases from the Indigent Persons' Attorney Fee Fund. These funds shall be allotted to each judicial district in which the superior and district courts are coterminous, and otherwise by county, according to the caseload of indigent persons who were not represented by the public defender in the districts or counties during 1996-97 and 1997-98, respectively. The remaining available funds in the Indigent Persons' Attorney Fee Fund shall be budgeted for capital cases and for transcripts, professional examinations, expert witness fees, and other supporting services.

The Administrative Office of the Courts shall notify all senior resident superior court judges, all chief district court judges, and the clerk of superior court within the district or county immediately after the allotment is made and shall provide a monthly report on the status of the allotment for the district or county.

The senior resident superior court judge and the chief district court judge of each district or county shall ask all judges holding court within the district or county: (i) to take into consideration the amount of money allotted at the beginning of the fiscal year and the amount of money remaining in the allotment when they award counsel fees to attorneys of indigent persons, and (ii) to make an effort to award fees equally and justly for legal services provided. The clerk of superior court for each county shall ensure that all judges holding court within the county receive this request from the senior resident superior court judge and the chief district court judge.

(b) If the funds allotted pursuant to subsection (a) of this section are depleted in a district or county prior to the end of the fiscal year, the Administrative Office of the Courts shall allot any available funds from the reserve fund specified in subsection (a) or from unanticipated receipts. However, if necessary and appropriate due to unusual and unanticipated circumstances occurring in the current year, the Administrative Office of the Courts may allocate available funds to a district or county in a manner calculated to result in the reasonably fair distribution of remaining funds.

(c) If funds allocated in subsections (a) and (b) of this section are depleted in a district or county prior to the end of the fiscal year, the Administrative Office of the Courts shall allot available funds from the Public Defender program.

(d) If the funds allotted pursuant to subsections (a), (b), and (c) of this section are depleted in a district or county prior to the end of the fiscal year, the Administrative Office of the Courts is authorized to transfer funds between districts or counties only if the Administrative Office of the Courts determines that the funds transferred will not be needed to meet the obligations incurred by the Indigent Persons' Attorney Fee Fund for the county or district from which the funds are transferred for the fiscal year.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

REPORT ON DISPUTE SETTLEMENT CENTERS

Section 18.3. (a) All local dispute settlement centers currently receiving State funds shall report annually to the Judicial Department on the program's funding and activities, including:

- (1) Types of dispute settlement services provided;
- (2) Clients receiving each type of dispute settlement service;
- (3) Number and type of referrals received, cases actually mediated, cases resolved in mediation, and total clients served in the cases mediated;
- (4) Total program funding and funding sources;
- (5) Itemization of the use of funds, including operating expenses and personnel;
- (6) Itemization of the use of State funds appropriated to the center;
- (7) Level of volunteer activity; and
- (8) Identification of future service demands and budget requirements.

The Judicial Department shall compile and summarize the information provided pursuant to this subsection and shall provide the information to the Chairs of the House and Senate Appropriations Committees and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by February 1 of each year.

(b) A local dispute settlement center requesting State funds for the first time shall provide the General Assembly with the information enumerated in subsection (a) of this section, or projections where historical data are not available, as well as a detailed statement justifying the need for State funding.

(c) Each local dispute settlement center receiving State funds for the first time shall document in the information provided pursuant to G.S. 7A-346.1 that, after the second year of receiving State funds, at least ten percent (10%) of total funding comes from non-State sources.

(d) Each local dispute settlement center receiving State funds for the third, fourth, or fifth year shall document that at least twenty percent (20%) of total funding comes from non-State sources.

(e) Each local dispute settlement center receiving State funds for six or more years shall document that at least fifty percent (50%) of total funding comes from non-State sources.

(f) Each local dispute settlement center currently receiving State funds that has achieved a funding level from non-State sources greater than that provided for that center by subsection (c), (d), or (e) of this section shall make a good faith effort to maintain that level of funding.

(g) The percentage that State funds comprise of the total funding of each dispute settlement center shall be determined at the conclusion of each fiscal year with the information provided pursuant to G.S. 7A-346.1 and is intended as a funding ratio and not a matching funds requirement. Local dispute settlement centers may include the market value of donated office space, utilities, and professional legal and accounting services in determining total funding.

(h) A local dispute settlement center having difficulty meeting the funding ratio provided for that center by subsection (c), (d), or (e) of this section may request a waiver or special consideration through the Administrative Office of the Courts for consideration by the Senate and House Appropriations Subcommittees on Justice and Public Safety.

(i) The provisions of G.S. 143-31.4 do not apply to local dispute settlement centers receiving State funds.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

COMMUNITY PENALTIES PROGRAM

Section 18.4. (a) Of the funds appropriated from the General Fund to the Judicial Department for the 1997-99 biennium to conduct the Community Penalties Program, the sum of four million three hundred fifty-five thousand three hundred eighty-two dollars (\$4,355,382) for the 1997-98 fiscal year and the sum of four million three hundred fifty-five thousand three hundred eighty-two dollars (\$4,355,382) for the 1998-99 fiscal year may be allocated by the Judicial Department in each year of the biennium in any amount among existing community penalties programs, including any State-operated programs, or may be used to establish new community penalties programs.

(b) The Judicial Department shall report annually to the Senate and House Appropriations Subcommittees on Justice and Public Safety and to the Fiscal Research Division on the administrative expenditures of the community penalties programs. The Judicial Department shall report quarterly to the Joint Legislative Commission on Governmental Operations on any elimination or reduction of funding for community penalties programs funded in the 1996-97 fiscal year or any program receiving initial funding during the 1997-99 biennium.

Requested by: Senators Gulley, Ballance

DRUG TREATMENT COURT FUNDS

Section 18.5. (a) Funds appropriated to the Judicial Department for the 1997-98 fiscal year for the North Carolina Drug Treatment Court Program shall be used primarily for substance abuse treatment and related program needs, but the sum of fifty-two thousand five hundred fifty-one dollars (\$52,551) may be used to fund one program administrator position.

(b) Of the funds appropriated to the Judicial Department in the 1996-97 fiscal year for the North Carolina Drug Treatment Court Program, the sum of one hundred thousand dollars (\$100,000) shall not revert at the end of the fiscal year, but shall remain in the Department during the 1997-98 fiscal year to be used for nonrecurring program items.

(c) Subsection (b) of this section becomes effective June 30, 1997.

Requested by: Senators Gulley, Ballance, Representatives Justus, Kiser, Thompson
MAKE SENTENCING COMMISSION PERMANENT

Section 18.6. (a) Section 8 of Chapter 1076 of the 1989 Session Laws, as amended by Chapters 812 and 816 of the 1991 Session Laws, Chapters 253, 321, and 591 of the 1993 Session Laws, and Chapter 236 of the 1995 Session Laws, reads as rewritten:

"Sec. 8. This act is effective upon ~~ratification, and shall expire June 30, 1997.~~
ratification."

(b) G.S. 164-38 reads as rewritten:

"§ 164-38. Terms of members; compensation; expenses.

The terms of existing members shall expire on June 30, ~~1995, 1997,~~ unless they resign or are removed. New members shall be appointed or the existing members reappointed by the appointing authorities to serve ~~until July 1, 1997,~~ terms of two years, unless they resign or are removed. Members serving by virtue of elective or appointive office or as designees of such officeholders may serve only so long as the officeholders hold those respective offices. Members appointed by the Speaker of the House and the President Pro Tempore of the Senate may be removed by the appointing authority without cause. Vacancies occurring before the expiration of a term shall be filled in the manner provided for the members first appointed. A member of the Commission may be removed only for disability, neglect of duty, incompetence, or malfeasance in office. Before removal, the member is entitled to a hearing. Effective with respect to members designated on or after July 1, 1992, a person making a designation pursuant to G.S. 164-37 may not make another designation, except that the person's successor in elective or appointive office may make a new designation.

The Commission members shall receive no salary for serving. All Commission members shall receive necessary subsistence and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6 as applicable."

(c) G.S. 164-36 reads as rewritten:

"§ 164-36. Powers and duties.

Sentences established for violations of the State's criminal laws should be based on the established purposes of our criminal justice and corrections systems. The Commission shall evaluate sentencing laws and policies in relationship to both the

stated purposes of the criminal justice and corrections systems and the availability of sentencing options. The Commission shall make recommendations to the General Assembly for the modification of sentencing laws and policies, and for the addition, deletion, or expansion of sentencing options as necessary to achieve policy goals. The Commission shall make a report of its recommendations, including any recommended legislation, to the General Assembly annually."

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

VICTIMS' RIGHTS AMENDMENT/ASSISTANTS FOR ADMINISTRATIVE AND VICTIM AND WITNESS SERVICES

Section 18.7. (a) The assistants for administrative and victim and witness services funded in this act are intended to support the implementation of the Victims' Rights Amendment to the North Carolina Constitution and to address the current workload. These positions shall be allocated on the basis of workload and population. The Judicial Department shall report to the Joint Legislative Commission on Governmental Operations on the allocation of these positions by March 1, 1998.

(b) Of the funds appropriated to the Judicial Department for the 1997-99 biennium for assistants for administrative and victim and witness services, the sum of one million one hundred fifty-three thousand one hundred twenty dollars (\$1,153,120) for the 1997-98 fiscal year and the sum of one million four hundred sixty-three thousand five hundred thirty-five dollars (\$1,463,535) for the 1998-99 fiscal year shall be placed in a reserve. Funds in this reserve shall be expended to provide 45 assistants for administrative and victim and witness services only if the Crime Victims' Rights Act, House Bill 665 or Senate Bill 763, is enacted during the 1997 Regular Session. The Office of State Budget and Management may adjust these amounts appropriately if changes in the effective date of the Crime Victims' Rights Act increase or decrease the cost of the 45 assistants for administrative and victim and witness services.

(c) G.S. 7A-347 reads as rewritten:

"§ 7A-347. ~~Victim and witness assistants.~~ Assistants for administrative and victim and witness services.

~~Victim and witness assistant~~ Assistant for administrative and victim and witness services positions are established under the ~~District Attorneys Offices.~~ district attorneys' offices. Each prosecutorial district is allocated at least one ~~victim and witness assistant for administrative and victim and witness services~~ to be employed by the district attorney. The Administrative Office of the Courts shall allocate additional ~~victim and witness~~ assistants to prosecutorial districts on the basis of need and within available appropriations. Each district attorney may also use any volunteer or other personnel to assist the ~~victim and witness~~ assistant. The ~~victim and witness~~ assistant is responsible for coordinating efforts of the law-enforcement and judicial systems to assure that each victim and witness is provided fair treatment under Article 45 of Chapter 15A, Fair Treatment for Victims and Witnesses and shall ~~be used for no other purpose, except as may be approved pursuant to G.S. 7A-348.~~ also provide administrative and legal support to the district attorney's office."

(d) G.S. 7A-348 reads as rewritten:

"§ 7A-348. Training and supervision of ~~victim and witness assistants~~. assistants for administrative and victim and witness services.

Pursuant to the provisions of G.S. 7A-413, the Conference of District Attorneys shall:

- (1) Assist in establishing uniform statewide training for ~~the victim and witness assistants~~; assistants for administrative and victim and witness services;
- (2) Assist in the implementation and supervision of this program; and
- (3) With the Director of the Administrative Office of the Courts, report annually to the Joint Legislative Commission on Governmental Operations on the implementation and effectiveness of this act, beginning on or before February 1, 1987."

(e) G.S. 15A-826 reads as rewritten:

"§ 15A-826. ~~Victim and witness assistants~~. Assistants for administrative and victim and witness services.

~~Victim and witness assistants~~ In addition to providing administrative and legal support to the district attorney's office, assistants for administrative and victim and witness services are responsible for coordinating efforts within the law-enforcement and judicial systems to assure that each victim and witness is treated in accordance with this Article."

(f) The Administrative Office of the Courts and the Conference of District Attorneys shall provide for persons serving as victim and witness assistants on June 30, 1997, to be trained as assistants for administrative and victim and witness services by July 1, 1998. The Administrative Office of the Courts and the Conference of District Attorneys shall provide for persons serving as legal assistants on June 30, 1997, to be trained as assistants for administrative and victim and witness services by July 1, 1998. Prior to that time, when necessary to better manage workloads, the district attorney may temporarily assign a victim and witness assistant to perform duties normally performed by a legal assistant and may temporarily assign a legal assistant to perform duties normally performed by a victim and witness assistant.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

COMPUTER TRAINING

Section 18.8. Prior to the allocation of laptop computers for superior court and district court judges, each judge requesting a laptop computer shall complete a training course provided by the Administrative Office of the Courts in the use of a laptop computer and the appropriate software.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

CRIMINAL CASE MANAGEMENT FUNDS

Section 18.9. (a) The criminal case docket management programs funded in this act shall be distributed in a manner that ensures representation in all areas of the State.

(b) The Administrative Office of the Courts shall report by April 1, 1998, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the criminal case management programs established in 10 judicial districts. The report shall assess the success of these 10 programs in reducing the backlog of court cases and resolving new court cases more quickly and shall include recommendations for the location of additional criminal case management programs in the 1998-99 fiscal year.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

AOC TECHNOLOGY TASK FORCE

Section 18.10. The Administrative Office of the Courts shall establish a task force consisting of representatives of clerks of superior court, district attorneys, superior and district court judges, and magistrates to formulate a plan for the most efficient and effective use of funds appropriated to the Reserve for Technology. The plan shall address those items requested in the Administrative Office of the Courts' expansion budget, including:

- (1) Automated forms in courtrooms, clerks' offices, and district attorneys' offices;
- (2) District attorney and public defender case management systems;
- (3) New personal computers for district attorneys, public defenders, and clerks of court;
- (4) Technology support personnel; and
- (5) Magistrate criminal information system.

If the task force determines that the funding amounts for these projects should be adjusted or that other projects not enumerated above should receive funding from the Reserve for Technology, it shall make those recommendations to the Administrative Office of the Courts.

Prior to the expenditure of funds appropriated to the Reserve for Technology, the Administrative Office of the Courts shall report the findings of the task force by November 1, 1997, to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

ADDITIONAL ASSISTANT DISTRICT ATTORNEYS/REESTABLISH ASSISTANT DISTRICT ATTORNEY POSITIONS IN DISTRICTS 19B AND 20

Section 18.11. (a) G.S. 7A-60(a1) reads as rewritten:

"(a1) The counties of the State are organized into prosecutorial districts, and each district has the counties and the number of full-time assistant district attorneys set forth in the following table:

Prosecutorial District	Counties	No. of Full-Time Asst. District Attorneys
1	Camden, Chowan, Currituck, Dare, Gates, Pasquotank, Perquimans	9
2	Beaufort, Hyde, Martin, Tyrrell, Washington	5
3A	Pitt	8 <u>9</u>
3B	Carteret, Craven, Pamlico	8 <u>10</u>
4	Duplin, Jones, Onslow, Sampson	12 <u>14</u>
5	New Hanover, Pender	11 <u>13</u>
6A	Halifax	4
6B	Bertie, Hertford, Northampton	4
7	Edgecombe, Nash, Wilson	12 <u>15</u>
8	Greene, Lenoir, Wayne	10 <u>11</u>
9	Franklin, Granville, Vance, Warren	9 <u>10</u>
9A	Person, Caswell	3 <u>4</u>
10	Wake	23 <u>28</u>
11	Harnett, Johnston, Lee	11 <u>14</u>
12	Cumberland	14 <u>17</u>
13	Bladen, Brunswick, Columbus	8 <u>9</u>
14	Durham	10 <u>12</u>
15A	Alamance	7
15B	Orange, Chatham	6 <u>7</u>
16A	Scotland, Hoke	4 <u>5</u>
16B	Robeson	8 <u>9</u>
17A	Rockingham	5
17B	Stokes, Surry	5
18	Guilford	22 <u>26</u>
19A	Cabarrus	5
19B	Montgomery, Moore, Randolph	9 <u>11</u>
19C	Rowan	5
20	Anson, Richmond, Stanly, Union	12 <u>14</u>
21	Forsyth	13 <u>15</u>
22	Alexander, Davidson, Davie,	13 <u>16</u>

	Iredell	
23	Alleghany, Ashe, Wilkes, Yadkin	5
24	Avery, Madison, Mitchell, Watauga, Yancey	4
25	Burke, Caldwell, Catawba	12-14
26	Mecklenburg	29-32
27A	Gaston	10-12
27B	Cleveland, Lincoln	6-8
28	Buncombe	9-10
29	Henderson, McDowell, Polk, Rutherford, Transylvania	10-11
30	Cherokee, Clay, Graham, Haywood, Jackson, Macon, Swain."	7

(b) Subsections (c) and (d) of Section 5 of Chapter 589 of the 1995 Session Laws are repealed.

(c) Subsection (a) of this section becomes effective December 1, 1997.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

ADDITIONAL DISTRICT COURT JUDGES

Section 18.12. (a) G.S. 7A-133(a) reads as rewritten:

"(a) Each district court district shall have the numbers of judges as set forth in the following table:

District	Judges	County
1	4	Camden Chowan Currituck Dare Gates Pasquotank Perquimans
2	3	Martin Beaufort Tyrrell Hyde Washington
3A	4	Pitt
3B	4 <u>5</u>	Craven

		Pamlico
		Carteret
4	6	Sampson
		Duplin
		Jones
		Onslow
5	6	New Hanover
		Pender
6A	2	Halifax
6B	3	Northampton
		Bertie
		Hertford
7	6	Nash
		Edgecombe
		Wilson
8	6	Wayne
		Greene
		Lenoir
9	4	Granville
		(part of Vance
		see subsection (b))
		Franklin
9A	2	Person
		Caswell
9B	1	Warren
		(part of Vance
		see subsection (b))
10	12	Wake
11	6	Harnett
		Johnston
		Lee
12	8	Cumberland
13	<u>45</u>	Bladen
		Brunswick
		Columbus
14	5	Durham
15A	3	Alamance
15B	<u>34</u>	Orange
		Chatham
16A	3	Scotland
		Hoke
16B	5	Robeson
17A	2	Rockingham
17B	3	Stokes

		Surry
18	11	Guilford
19A	3	Cabarrus
19B	5	Montgomery
		Moore
		Randolph
19C	3	Rowan
20	<u>67</u>	Stanly
		Union
		Anson
		Richmond
21	7	Forsyth
22	<u>78</u>	Alexander
		Davidson
		Davie
		Iredell
23	4	Alleghany
		Ashe
		Wilkes
		Yadkin
24	<u>34</u>	Avery
		Madison
		Mitchell
		Watauga
		Yancey
25	7	Burke
		Caldwell
		Catawba
26	14	Mecklenburg
27A	5	Gaston
27B	4	Cleveland
		Lincoln
28	5	Buncombe
29	5	Henderson
		McDowell
		Polk
		Rutherford
		Transylvania
30	4	Cherokee
		Clay
		Graham
		Haywood
		Jackson
		Macon

Swain."

(b) The Governor shall appoint additional district court judges for District Court Districts 3B, 13, 15B, 20, 22, and 24 as authorized by subsection (a) of this section. Those judges' successors shall be elected in the 2000 election for four-year terms commencing on the first Monday in December 2000.

(c) Subsection (a) of this section becomes effective December 1, 1997, as to any district where no county is subject to Section 5 of the Voting Rights Act of 1965. As to any district where any county is subject to Section 5 of the Voting Rights Act of 1965, subsection (a) of this section becomes effective December 1, 1997, or 15 days after the date upon which that subsection is approved under Section 5 of the Voting Rights Act.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

AUTHORIZE ADDITIONAL MAGISTRATES

Section 18.13. G.S. 7A-133(c) reads as rewritten:

"(c) Each county shall have the numbers of magistrates and additional seats of district court, as set forth in the following table:

Additional

County	Magistrates		Seats of Court
	Min.	Max.	
Camden	1	2	
Chowan	2	3	
Currituck	1	3	
Dare	3	8	
Gates	2	3	
Pasquotank	3	5	
Perquimans	2	3	
Martin	5	8	
Beaufort	4	8	
Tyrrell	1	3	
Hyde	2	4	
Washington	3	4	
Pitt	10	12	Farmville Ayden
Craven	7	10	Havelock
Pamlico	2	3	
Carteret	5	8	
Sampson	6	8	
Duplin	9	11	
Jones	2	3	
Onslow	8	14	
New Hanover	6	11	

Pender	4	6	
Halifax	9	14	Roanoke Rapids, Scotland Neck
Northampton	5	7	
Bertie	4	6	
Hertford	5	6	
Nash	7	10	Rocky Mount
Edgecombe	4	6 <u>7</u>	Rocky Mount
Wilson	4	6 <u>7</u>	
Wayne	5	11 <u>12</u>	Mount Olive
Greene	2	4	
Lenoir	4	10	La Grange
Granville	3	7	
Vance	3	6	
Warren	3	4	
Franklin	3	6 <u>7</u>	
Person	3	4	
Caswell	2	5	
Wake	12	20	Apex, Wendell, Fuquay- Varina, Wake Forest
Harnett	7	11	Dunn
Johnston	10	12	Benson, Clayton, Selma
Lee	4	6	
Cumberland	10	17 <u>18</u>	
Bladen	4	6	
Brunswick	4	7	
Columbus	6	8 <u>9</u>	Tabor City
Durham	8	12 <u>13</u>	
Alamance	7	10	Burlington
Orange	4	11	Chapel Hill
Chatham	3	8	Siler City
Scotland	3	5	
Hoke	4	5	
Robeson	8	16	Fairmont, Maxton, Pembroke, Red Springs, Rowland,

Rockingham	4	9	St. Pauls Reidsville, Eden, Madison
Stokes	2	5	
Surry	5	9	Mt. Airy
Guilford	20	26	High Point
Cabarrus	5	9	Kannapolis
Montgomery	2	4	
Randolph	5	10	Liberty
Rowan	5	10	
Stanly	5	6	
Union	4	6	
Anson	4	5	
Richmond	5	6	Hamlet
Moore	5	8	Southern Pines
Forsyth	3	15	Kernersville
Alexander	2	3	
Davidson	7	10	Thomasville
Davie	2	3	
Iredell	4	9	Mooresville
Alleghany	1	2	
Ashe	3	4	
Wilkes	4	6	
Yadkin	3	5	
Avery	3	4	
Madison	4	5	
Mitchell	3	4	
Watauga	4	6	
Yancey	2	4	
Burke	4	7	
Caldwell	4	7	
Catawba	6	10	Hickory
Mecklenburg	15	26	
Gaston	11	20 <u>21</u>	
Cleveland	5	8	
Lincoln	4	7	
Buncombe	6	15	
Henderson	4	7	
McDowell	3	5	
Polk	3	4	
Rutherford	6	8	
Transylvania	2	4	

Cherokee	3	4	
Clay	1	2	
Graham	2	3	
Haywood	5	7	Canton
Jackson	3	4	
Macon	3	4	
Swain	2	3."	

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

ASSISTANT PUBLIC DEFENDERS

Section 18.14. From funds appropriated to the Indigent Persons' Attorney Fee Fund for the 1997-99 biennium, the Administrative Office of the Courts may use up to three hundred fourteen thousand two hundred forty dollars (\$314,240) in the 1997-98 fiscal year, and up to five hundred twenty-four thousand five hundred twenty-eight dollars (\$524,528) in the 1998-99 fiscal year for salaries, benefits, and related expenses to establish up to eight new assistant public defenders.

Requested by: Senators Perdue, Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

JUVENILE RECIDIVISM RATES

Section 18.15. (a) Article 54 of Chapter 7A of the General Statutes is amended by adding a new section to read:

"§ 7A-675.3. Juvenile recidivism rates.

(a) On an annual basis, the Administrative Office of the Courts shall compute the recidivism rate of juveniles who are adjudicated delinquent for offenses that would be Class A, B1, B2, C, D, or E felonies if committed by adults and who subsequently are adjudicated delinquent or convicted and shall report the statistics to the Joint Legislative Commission on Governmental Operations by December 31 each year.

(b) The Chief Court Counselor of each judicial district shall forward to the Administrative Office of the Courts relevant information, as determined by the Administrative Office of the Courts, regarding every juvenile who is adjudicated delinquent for an offense that would be a Class A, B1, B2, C, D, or E felony if committed by an adult for the purpose of computing the statistics required by this section."

(b) The Administrative Office of the Courts shall use funds available to the Office to implement this section.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

ADDITIONAL INVESTIGATORIAL ASSISTANTS

Section 18.16. G.S. 7A-69 reads as rewritten:

"§ 7A-69. Investigatorial assistants.

The district attorney in ~~the first, third B, fourth, seventh, eighth, tenth, eleventh, twelfth, fourteenth, fifteenth A, sixteenth, eighteenth, twentieth, twenty first, twenty fifth, twenty sixth, twenty seventh, twenty eighth, twenty ninth and thirtieth~~ prosecutorial districts 1, 3B, 4, 6B, 7, 8, 10, 11, 12, 14, 15A, 15B, 18, 20, 21, 24, 25, 26, 27A, 27B, 28, 29, and 30 is entitled to one investigatorial assistant to be appointed by the district attorney and to serve at his pleasure.

It shall be the duty of the investigatorial assistant to investigate cases preparatory to trial and to perform such other duties as may be assigned by the district attorney. The investigatorial assistant is entitled to reimbursement for his subsistence and travel expenses to the same extent as State employees generally."

Requested by: Senators Plyler, Perdue, Odom, Representatives Justus, Kiser, Thompson

IRMC REVIEW OF INFORMATION TECHNOLOGY PLANS OF THE ADMINISTRATIVE OFFICE OF THE COURTS

Section 18.17. (a) G.S. 143B-472.41(b), as recodified by Section 2 of S.L. 1997-148, reads as rewritten:

- "(b) Powers and Duties. – The Commission has the following powers and duties:
- (1) To develop, approve, and publish a statewide information technology strategy covering the current and following biennium that shall be updated annually and shall be submitted to the General Assembly on the first day of each regular session.
 - (2) To develop, approve, and sponsor statewide technology initiatives and to report on those initiatives in the annual update of the statewide information technology strategy.
 - (3) To review and approve biennially the information technology plans of the executive agencies, ~~including their agencies~~ and to review and comment biennially on the information technology plans of the Administrative Office of the Courts. This review shall include plans for the procurement and use of personal computers and workstations.
 - (4) To recommend to the Governor and the Office of State Budget and Management the relative priorities across executive agency information technology plans.
 - (5) To establish a quality assurance policy for all agency information technology projects, information systems training programs, and information systems documentation.
 - (6) To establish and enforce a quality review and expenditure review procedure for major agency information technology projects.
 - (7) To review and approve expenditures from appropriations made to the Office of State Budget and Management for the purpose of creating a Computer Reserve Fund.
 - (8) To develop and promote a policy and procedures for the fair and competitive procurement of information technology consistent with the rules of the Department of Administration and consistent with

published industry standards for open systems that provide agencies with a vendor-neutral operating environment where different information technology hardware, software, and networks operate together easily and reliably."

(b) The Information Resources Management Commission shall review the information technology plans of the Administrative Office of the Courts and report its findings to the Joint Legislative Commission on Governmental Operations by November 1, 1997.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

STUDY COMMISSION ON THE ALLOCATION OF JUDICIAL RESOURCES

Section 18.18. (a) The Study Commission on the Allocation of Judicial Resources is created. The Commission shall consist of 15 voting members as follows:

- (1) Four members of the House of Representatives to be appointed by the Speaker of the House of Representatives;
- (2) Four members of the Senate to be appointed by the President Pro Tempore of the Senate;
- (3) Three judges of the General Court of Justice, one superior court judge and one district court judge to be appointed by the Speaker of the House of Representatives, and one superior or district court judge to be appointed by the President Pro Tempore of the Senate;
- (4) Three court officials, one district attorney and one clerk of court to be appointed by the President Pro Tempore of the Senate, and one district attorney, clerk of court, or magistrate to be appointed by the Speaker of the House of Representatives;
- (5) The Director of the Administrative Office of the Courts, or the Director's designee.

The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each designate a cochair from the General Assembly membership serving on the Commission. The Commission shall meet upon the call of the cochairs. A majority of the Commission shall constitute a quorum for the transaction of business.

(b) The Commission shall study the allocation of judicial resources, including superior court judges, district court judges, assistant district attorneys, deputy clerks of court, assistant clerks of court, magistrates, and support staff. The study shall include a review of the existing workload and staffing formulas for judicial personnel.

(c) The Commission may contract for consultant services as provided by G.S. 120-32.02. Upon approval of the Legislative Services Commission, the Legislative Services Officer shall assign professional and clerical staff to assist in the work of the Commission. Clerical staff shall be furnished to the Commission through the offices of the House of Representatives and Senate Supervisors of Clerks. The Commission may meet in the Legislative Building or the Legislative Office Building upon the approval of the Legislative Services Commission. The Commission, while in the discharge of official duties, may exercise all the powers provided under the provisions of G.S. 120-

19 through G.S. 120-19.4, including the power to request all officers, agents, agencies, and departments of the State to provide any information, data, or documents within their possession, ascertainable from their records, or otherwise available to them, and the power to subpoena witnesses.

Members of the Commission shall receive per diem, subsistence, and travel allowances as follows:

- (1) Commission members who are members of the General Assembly at the rate established in G.S. 120-3.1;
- (2) Commission members who are officials or employees of the State or of local government agencies at the rate established in G.S. 138-6.
- (d) The Commission shall report the results of its study and its recommendations to the 1999 General Assembly and may make an interim report to the 1998 Regular Session of the 1997 General Assembly. The Commission shall terminate upon filing its final report.

(e) There is allocated from the funds appropriated to the Legislative Services Commission's studies reserve to the Study Commission on the Allocation of Judicial Resources Study Commission the sum of fifteen thousand dollars (\$15,000) for the 1997-98 fiscal year and the sum of fifteen thousand dollars (\$15,000) for the 1998-99 fiscal year to conduct the study directed by this section.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

GUARDIAN AD LITEM ATTORNEY BILLINGS

Section 18.19. Attorneys providing legal services for the Guardian Ad Litem program shall bill the Judicial Department within 60 days after the end of each quarter of the fiscal year in order to be reimbursed for those services.

Requested by: Representatives Justus, Kiser, Thompson

PROJECT CHALLENGE REPORT

Section 18.20. (a) Of the funds appropriated in this act to the Administrative Office of the Courts for the 1997-98 fiscal year, the sum of one hundred thousand dollars (\$100,000) shall be used to support the operation of Project Challenge North Carolina, Inc., a nonprofit corporation that provides alternative dispositions and services to juveniles who have been adjudicated delinquent or undisciplined in District Court District 24, and for expansion of the program. The funds shall be used to:

- (1) Provide community resources and dispositional alternatives for juveniles in the form of community services, including services to the elderly and economically disadvantaged;
- (2) Promote the involvement of juveniles in community programs that instill in juveniles pride in their communities and develop self-respect and the skills needed for them to be productive, responsible members of their communities;
- (3) Coordinate with the local schools and State and local law enforcement to educate juveniles regarding the justice system and to promote

respect for authority and an appreciation of societal laws and mores;
and

(4) Collaborate with community agencies and organizations to provide guidance to and positive role models for juveniles.

(b) Project Challenge North Carolina, Inc. shall report by March 1, 1998, to the Joint Legislative Commission on Governmental Operations, the Chairs of the House and Senate Appropriations Committees, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on the expenditure of State appropriations and on the operations and the effectiveness of the program, including information on the number of juveniles served. Thereafter, Project Challenge North Carolina, Inc. shall report quarterly to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety on the operations and effectiveness of the program.

Requested by: Representatives Morris, Hurley, Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

CUMBERLAND JUVENILE ASSESSMENT CENTER

Section 18.21. (a) Of the funds appropriated in this act to the Administrative Office of the Courts for the 1997-98 fiscal year, the sum of one hundred fifty thousand dollars (\$150,000) shall be used to fund the Juvenile Assessment Project authorized by this section. These funds shall be matched by local funds on the basis of one dollar (\$1.00) of local funds for every three dollars (\$3.00) of State funds.

(b) The Administrative Office of the Courts, in collaboration with the Chief Court Counselor of District Court District 12, the Cumberland County Department of Social Services, and the appropriate local school administrative units, shall develop and implement a Juvenile Assessment Center Project in District Court District 12 to operate from the effective date of this act to June 30, 1998. The purpose of the Project is to facilitate efficient prevention and intervention service delivery to juveniles who are (i) alleged to be delinquent or undisciplined and have been taken into custody or (ii) at risk of becoming delinquent or undisciplined because they have behavioral problems and have committed delinquent acts even though they have not been taken into custody. The Project shall assist these juveniles by providing a centralized point of intake and assessment for the juveniles, by addressing the educational, emotional, and physical needs of the juveniles, and by providing juveniles with an atmosphere for learning personal responsibility, self-respect, and respect for others. The Administrative Office of the Courts shall consider the recommendations of the Juvenile Assessment Advisory Board in developing and implementing the Project.

(c) The Project shall be modeled after the Juvenile Assessment Center in Hillsborough County, Florida, and shall:

(1) Identify those juveniles who are alleged to be delinquent or undisciplined or are at risk of becoming delinquent or undisciplined;

(2) Evaluate the educational, emotional, and physical needs of the juveniles identified and determine whether the juveniles have

problems related to substance abuse, depression, or other emotional conditions;

- (3) Develop in-depth and comprehensive assessment plans for the juveniles identified that recommend appropriate treatment, counseling, and disposition of the juveniles; and
- (4) Provide services to juveniles identified and their families through collaboration with public and private resources, including local law enforcement, parents' organizations, the Fayetteville Chamber of Commerce, and county and community programs and organizations that provide substance abuse treatment and child and family counseling.

(d) There is established the Juvenile Assessment Advisory Board to make recommendations to the Administrative Office of the Courts regarding the development and operations of the Project. The Board shall consist of 13 members, including:

- (1) The director of the Department of Social Services of Cumberland County, or the director's designee.
- (2) A representative from the local mental health area authority of Cumberland County.
- (3) A member of the Cumberland County Board of Education.
- (4) The sheriff of Cumberland County, or the sheriff's designee.
- (5) The chief of police of the Fayetteville Police Department, or the designee of the chief of police.
- (6) A judge of District Court District 12.
- (7) A juvenile court counselor from District Court District 12.
- (8) The director of the Guardian Ad Litem program in Cumberland County, or the director's designee.
- (9) The director of the Health Department of Cumberland County, or the director's designee.
- (10) Two public members appointed by the Fayetteville City Council.
- (11) Two public members appointed by the Board of County Commissioners of Cumberland County.

The members of the Board shall, within 30 days after the initial appointment is made, meet and elect one member as chair. The Board shall meet at least once a month at the call of the chair, and a quorum of the Board shall consist of a majority of its members. The Board of County Commissioners of Cumberland County shall provide necessary clerical and professional assistance to the Board.

Initial appointments shall be made by October 1, 1997, and all terms shall expire June 30, 1998.

(e) The Administrative Office of the Courts, in consultation with the Department of Human Resources, shall evaluate the Project and report to the Chairs of the House and Senate Appropriations Committees, the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety and Human Resources, and the Fiscal Research Division of the General Assembly by May 1, 1998, on the progress of the development and implementation of the Project. In the report, the Administrative

Office of the Courts, in consultation with the Department of Human Resources, shall evaluate the effectiveness of the Project, including the number of juveniles served or expected to be served, and shall recommend whether the Project should be continued. If the report recommends that the Project be continued, it shall also provide a cost analysis outlining the long-term staffing and operating needs of the Project.

Requested by: Representatives Sexton, Eddins, Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

BAD CHECK PILOT PROGRAM FUNDS/REPORT

Section 18.22. (a) G.S. 7A-308 is amended by adding a new section to read:

"(c) A person who participates in a program for the collection of worthless checks under G.S. 14-107.2 must pay a fee of fifty dollars (\$50.00). The fee collected under this subsection must be remitted to the State by the clerk of court in the county in which the program is established and credited to the Collection of Worthless Checks Fund. The Collection of Worthless Checks Fund is created as a special revenue fund. Revenue in the Fund does not revert at the end of the fiscal year, and interest and other investment income earned by the Fund accrues to the Fund. The money in the Fund is subject to appropriation by the General Assembly and may be used solely for the expenses of the programs established under G.S. 14-107.2 for the collection of worthless checks."

(b) Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-107.2. Program for the collection of worthless check cases.

A district attorney may establish a program for the collection of worthless check cases that would, if prosecuted under G.S. 14-107, be punishable as a Class 2 misdemeanor. The purpose of the program is to collect worthless checks in a more timely manner, to alleviate the need to prosecute each worthless check case, and to provide an opportunity for the check passer to avoid criminal prosecution. In creating the program, the district attorney must establish criteria for the types of worthless check cases that will be eligible for collection under the program. If the check passer participates in the program by paying the fee under G.S. 7A-308(c) and providing restitution to the check taker for (i) the amount of the check or draft, (ii) any service charges imposed on the check taker by a bank or depository for processing the dishonored check, and (iii) any processing fees imposed by the check taker pursuant to G.S. 25-3-512, then the district attorney will not prosecute the worthless check case under G.S. 14-107. The Administrative Office of the Courts must establish procedures for remitting the fee and providing restitution to the check taker. For the purposes of this section, the terms 'check passer' and 'check taker' have the same meanings as defined in G.S. 14-107.1."

(c) Of the funds appropriated to the Judicial Department for the 1997-98 fiscal year, the sum of one hundred fifty thousand dollars (\$150,000) shall be used to establish bad check collection pilot programs in Columbus, Durham, and Rockingham Counties.

The Administrative Office of the Courts shall report by May 1, 1998, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the implementation of the programs, including their effectiveness in assisting the recipients of worthless checks in obtaining restitution and the amount of time saved in prosecuting worthless check cases.

(d) This act applies only to Columbus, Durham, and Rockingham Counties.

(e) This act becomes effective October 1, 1997, and expires June 30, 1998.

Requested by: Representatives Justus, Kiser, Thompson

DISTRICT COURT CIVIL CASE MANAGEMENT

Section 18.23. The Administrative Office of the Courts shall report by May 1, 1998, to the Chairs of the Senate and House Appropriations Committees and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the civil case management pilot programs established in District Court Districts 13, 18, and 30. The report shall assess the success of these programs in reducing the backlog of civil court cases and in resolving new cases more quickly.

Requested by: Representatives Redwine, Hackney, Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

ESTABLISH TEEN COURTS IN ORANGE, COLUMBUS, BRUNSWICK, FORSYTH, AND CABARRUS COUNTIES AND TO PROVIDE ADDITIONAL FUNDING FOR THE TEEN COURTS IN WAKE AND DURHAM COUNTIES

Section 18.24. (a) Of the funds appropriated in this act to the Judicial Department, the Administrative Office of the Courts shall use:

- (1) The sum of fifteen thousand dollars (\$15,000) for the 1997-98 fiscal year and the sum of fifteen thousand dollars (\$15,000) for the 1998-99 fiscal year to establish a "teen court" program in Orange County.
- (2) The sum of twenty thousand dollars (\$20,000) for the 1997-98 fiscal year and the sum of twenty thousand dollars (\$20,000) for the 1998-99 fiscal year to establish a "teen court" program in Columbus County.
- (3) The sum of twenty thousand dollars (\$20,000) for the 1997-98 fiscal year and the sum of twenty thousand dollars (\$20,000) for the 1998-99 fiscal year to establish a "teen court" program in Brunswick County.
- (4) The sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1997-98 fiscal year and the sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1998-99 fiscal year to establish a "teen court" program in Forsyth County.
- (5) The sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1997-98 fiscal year and the sum of fourteen thousand three hundred thirty dollars (\$14,330) for the 1998-99 fiscal year to establish a "teen court" program in Cabarrus County.

The Administrative Office of the Courts shall establish the programs pursuant to the guidelines and objectives set forth in Section 40 of Chapter 24 of the Session Laws of the 1994 Extra Session.

(b) Of the funds appropriated in this act to the Judicial Department for the 1997-98 fiscal year, the sum of fifteen thousand dollars (\$15,000) shall be used to provide additional funding for the "teen court" program currently operating in Durham County and the sum of fifteen thousand dollars (\$15,000) shall be used to provide additional funding for the "teen court" program currently operating in Wake County.

(c) Each of the programs funded pursuant to this section shall report to the Administrative Office of the Courts on the expenditures and operations of the program by March 1, 1998, and thereafter on a quarterly basis. The Administrative Office of the Courts shall evaluate the effectiveness of the programs and report its findings and recommendations to the Joint Legislative Commission on Governmental Operations and to the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by April 15, 1998.

PART XIX. DEPARTMENT OF CORRECTION

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

REIMBURSE COUNTIES FOR HOUSING AND EXTRAORDINARY MEDICAL COSTS FOR INMATES, PAROLEES, AND POST-RELEASE SUPERVISEES AWAITING TRANSFER TO STATE PRISON SYSTEM

Section 19. (a) G.S. 148-29 reads as rewritten:

"§ 148-29. Transportation of convicts to prison; reimbursement to counties; sheriff's expense affidavit.

(a) The sheriff having in charge any prisoner to be taken to the State prison system shall send the prisoner to the custody of the Department of Correction within five days after sentencing and the disposal of all pending charges against the prisoner, if no appeal has been taken. Beginning on the sixth day after sentencing and disposal of all pending charges against the prisoner and continuing through the day the prisoner is received by the Division of Prisons, the Department of Correction shall pay the ~~county~~ a county:

- (1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the prisoner awaiting transfer to the State prison system.
- (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by prisoners awaiting transfer to the State prison system.

(b) The sheriff having in charge any parolee or post-release supervisee to be taken to the State prison system shall send the prisoner to the custody of the Department of Correction within five days after preliminary hearing held under G.S. 15A-1368.6(b) or G.S. 15A-1376(b). Beginning on the sixth day after the hearing and continuing through the day the prisoner is received by the Division of Prisons, the Department of Correction shall pay the county:

- (1) A standard sum set by the General Assembly in its appropriations acts for the cost of providing food, clothing, personal items, supervision, and necessary ordinary medical services to the parolee or post-release supervisee awaiting transfer to the State prison system; and
- (2) Extraordinary medical costs, as defined in G.S. 148-32.1(a), incurred by parolees or post-release supervisees awaiting transfer to the State prison system.

(c) The sheriff shall file with the board of commissioners of his county a copy of his affidavit as to necessary guard, together with a copy of his itemized account of expenses, both certified to by him as true copies of those on file in his office."

(b) The Department of Correction may use funds appropriated to the Department for the 1997-99 biennium to pay the sum of forty dollars (\$40.00) per day as reimbursement to counties for the cost of housing convicted inmates and parolees and post-release supervisees awaiting transfer to the State prison system, as provided in G.S. 148-29. The Department shall report quarterly to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections Oversight Committee, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on the expenditure of funds to reimburse counties for prisoners awaiting transfer and on its progress in reducing the jail backlog.

Prior to the expenditure of more than the sum of six million five hundred thousand dollars (\$6,500,000) for the 1997-98 fiscal year or more than the sum of four million dollars (\$4,000,000) for the 1998-99 fiscal year to reimburse counties for prisoners awaiting transfer, the Department of Correction and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the necessity of that expenditure.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

INMATE HOUSING FUNDS

Section 19.1. If the Department of Correction determines that funds needed to contract for prison beds to house inmates in out-of-state prisons or in local jails will exceed appropriations for those purposes in the 1997-98 continuation budget, it may contract for those purposes using funds from the 1997-98 continuation budget reserves for operating prisons that become available because of delays in the construction of prison units. To the extent that funds from the reserves for operating prison units are not available, the Department of Correction may use funds available to the Department for the 1997-98 fiscal year to contract for prison beds to house inmates in out-of-state prisons or in local jails. The Department shall report quarterly to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections Oversight Committee, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on these contracts. The report shall include the amount expended monthly for each contract, the source of funding used to pay for the contracts, the status of each

contract, and the projected dates for returning the inmates housed out-of-state or in local jails to the State prison system.

Prior to the expenditure of more than the sum of one million dollars (\$1,000,000) in additional funds authorized by this section to contract for out-of-state and local jail beds, the Department of Correction and the Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations on the necessity of that expenditure.

Requested by: Senator Gulley

EXEMPTION FROM LICENSURE AND CERTIFICATE OF NEED

Section 19.2. (a) Inpatient chemical dependency or substance abuse facilities that provide services exclusively to inmates of the Department of Correction shall be exempt from licensure by the Department of Human Resources under Chapter 122C of the General Statutes. If an inpatient chemical dependency or substance abuse facility provides services both to inmates of the Department of Correction and to members of the general public, the portion of the facility that serves inmates shall be exempt from licensure.

(b) Any person who contracts to provide inpatient chemical dependency or substance abuse services to inmates of the Department of Correction may construct and operate a new chemical dependency or substance abuse facility for that purpose without first obtaining a certificate of need from the Department of Human Resources pursuant to Article 9 of Chapter 131E of the General Statutes. However, a new facility or addition developed for that purpose without a certificate of need shall not be licensed pursuant to Chapter 122C of the General Statutes and shall not admit anyone other than inmates unless the owner or operator first obtains a certificate of need.

(c) This section applies to existing facilities, as well as future facilities contracting with the Department of Correction.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

LIMIT USE OF OPERATIONAL FUNDS

Section 19.3. Funds appropriated in this act to the Department of Correction for operational costs for additional facilities shall be used for personnel and operating expenses set forth in the budget approved by the General Assembly in this act. These funds shall not be expended for any other purpose, except as provided for in this act, and shall not be expended for additional prison personnel positions until the new facilities are within 90 days of projected completion, except for certain management, security, and support positions necessary to prepare the facility for opening, as authorized in the budget approved by the General Assembly.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

USE OF FACILITIES CLOSED UNDER GPAC/PLAN FOR EFFICIENT OPERATION OF DIVISION OF PRISONS

Section 19.4. (a) In conjunction with the closing of small expensive prison units recommended for consolidation by the Government Performance Audit Committee, the Department of Correction shall consult with the county or municipality in which the unit is located or any private for-profit or nonprofit firm about the possibility of converting that unit to other use. Consistent with existing law and its future needs, the Department may provide for the transfer or the lease for 20 years or more of any of these units to counties, municipalities, or private firms wishing to convert them to other use. The Department of Correction may also consider converting some of the units recommended for closing from medium security to minimum security, where that conversion would be cost-effective. A prison unit under lease to a county pursuant to the provisions of this section for use as a jail is exempt for the period of the lease from any of the minimum standards adopted by the Secretary of Human Resources pursuant to G.S. 153A-221 for the housing of adult prisoners that would subject the unit to greater standards than those required of a unit of the State prison system.

Prior to any transfer or lease of these units, the Department of Correction shall report on the terms of the proposed transfer or lease to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections Oversight Committee. The Department of Correction shall also provide quarterly summary reports to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections Oversight Committee on the conversion of these units to other use and on all leases or transfers entered into pursuant to this section.

(b) The Department of Correction shall prepare a long-range plan for the closing, consolidation, or conversion of prison units or diagnostic centers that would contribute to the more efficient operation of the Division of Prisons. The Department shall present this plan to the Joint Legislative Corrections Oversight Committee by April 30, 1998.

Requested by: Representatives Justus, Kiser, Thompson

FEDERAL GRANT REPORTING

Section 19.5. The Department of Correction, the Department of Justice, the Department of Crime Control and Public Safety, and the Judicial Department shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety on federal grant funds received or preapproved for receipt by those departments. The report shall include information on the amount of grant funds received or preapproved for receipt by each department, the use of the funds, the State match expended to receive the funds, and the period to be covered by each grant. If the department intends to continue the program beyond the end of the grant period, the department shall report on the proposed method for continuing the funding of the program at the end of the grant period. Each department shall also report on any information it may have indicating that the State will be requested to provide future funding for a program presently supported by a local grant.

Requested by: Senator Gulley

HARRIET'S HOUSE FUNDS/FUNDS SHALL NOT REVERT

Section 19.6. (a) Funds appropriated in this act to the Department of Correction to support the programs of Harriet's House may be used for program operating costs, the purchase of equipment, and the rental of real property. Harriet's House shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program including information on the number of clients served and the number of clients who successfully complete the Harriet's House program.

(b) The balance of the two hundred thousand dollars (\$200,000) appropriated in Chapter 507 of the 1995 Session Laws to the Department of Correction for the 1996-97 fiscal year to support the programs at Harriet's House shall not revert at the end of the fiscal year but shall remain available to the Department during the 1997-98 fiscal year to be used for program operating costs, the purchase of equipment, and the rental of real property.

(c) This section becomes effective June 30, 1997.

Requested by: Senators Gulley, Odom, Ballance

REPORT ON SUMMIT HOUSE

Section 19.7. (a) Summit House shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State appropriations and on the effectiveness of the program, including information on the number of clients served, the number of clients who have their probation revoked, and the number of clients who successfully complete the program while housed at Summit House.

(b) Summit House shall report by December 1, 1998, to the Joint Legislative Commission on Governmental Operations on (i) possible expansion of the programs in Mecklenburg and Guilford Counties; (ii) on possible expansion to other areas of the State; and (iii) the status of the Wake County program. This report shall include the estimated size of the population to be served, estimated costs, and anticipated obstacles to establishment of a residential program.

(c) The balance of the one million one hundred three thousand seven hundred fifty-eight dollars (\$1,103,758), appropriated in Chapter 507 of the 1995 Session Laws and Chapter 18 of the Session Laws of the 1996 Second Extra Session to the Department of Correction for the 1996-97 fiscal year for support and expansion of the programs at Summit House in Greensboro and Mecklenburg and Wake Counties, shall not revert at the end of the fiscal year but shall remain in the Department during the 1997-98 fiscal year for that purpose.

(d) This section becomes effective June 30, 1997.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

MODIFICATION OF FUNDING FORMULA FOR THE NORTH CAROLINA STATE-COUNTY CRIMINAL JUSTICE PARTNERSHIP ACT

Section 19.8. (a) Notwithstanding the funding formula set forth in G.S. 143B-273.15, grants made through the North Carolina State-County Criminal Justice Partnership Act for the 1997-98 fiscal year shall be distributed to the counties as specified in G.S. 143B-273.15(2) only, and not as discretionary funds. The Department may also use funds from the State-County Criminal Justice Partnership Account in order to maintain the counties' allocations of nine million six hundred thousand dollars (\$9,600,000) as provided in previous fiscal years. Appropriations not claimed or expended by the counties during the 1997-99 biennium shall be distributed as specified in G.S. 143B-273.15(1).

(b) G.S. 143B-273.4(a) reads as rewritten:

"(a) An eligible offender is an adult offender who either is in confinement awaiting trial, or was convicted of a misdemeanor or a felony offense and received a nonincarcerative sentence of an intermediate punishment or is serving a term of parole or post-release supervision after ~~completing~~servng an active sentence of imprisonment."

(c) G.S. 143B-273.12(c) reads as rewritten:

"(c) The proposed program shall target adult eligible offenders ~~who either are in confinement awaiting trial, were convicted of a misdemeanor or a felony offense and received a nonincarcerative sentence of an intermediate punishment, or are serving a term of post-release supervision after completing active sentences of imprisonment. The priority populations shall be offenders sentenced to intermediate punishments and offenders who are appropriate for release from jail prior to trial under the supervision of a pretrial monitoring program, as defined in G.S. 143B-273.4.~~"

Requested by: Senator Gulley

POST-RELEASE SUPERVISION AND PAROLE COMMISSION/REPORT ON STAFFING REORGANIZATION AND REDUCTION

Section 19.9. The Post-Release Supervision and Parole Commission shall report to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections Oversight Committee by March 1, 1998, on a staffing reorganization and reduction plan. The report shall address the impact on Commission staffing of the declining parole workload, the automation of Commission functions, and the anticipated role of the Commission in Post-Release Supervision. The report shall include a transition plan for implementing staff reductions over the next five years, including a minimum of a ten percent (10%) reduction in the 1998-99 fiscal year over the 1997-98 fiscal year.

Requested by: Senator Gulley

FEDERAL MATCHING FUNDS

Section 19.10. Appropriations made for the 1997-99 biennium to the Office of State Construction of the Department of Administration for the planning and construction of new prison beds are to match federal funds available for prison

construction. Appropriations not needed or used to match federal funds may be made available for construction of new prison beds, segregation units, support buildings and systems, and other needed facilities.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

IMPACT DEFENDANTS IN DOC FACILITIES/CONTINUE IMPACT BOOT CAMP PROGRAM

Section 19.11. (a) G.S. 15A-1343(b1)(2a) reads as rewritten:

"(2a) Submit to a period of ~~imprisonment~~ confinement in a facility ~~for youthful offenders operated by the Department of Correction~~ for a minimum of 90 days or a maximum of 120 days under special probation, reference G.S. 15A-1351(a) or G.S. 15A-1344(e), and abide by all rules and regulations as provided in conjunction with the Intensive Motivational Program of Alternative Correctional Treatment (IMPACT), which provides an atmosphere for learning personal confidence, personal responsibility, self-respect, and respect for attitudes and value systems. This condition may also include a period of supervision through the Post-Boot Camp Probation Program."

(b) The Department of Correction may use up to the sum of three hundred fifty thousand dollars (\$350,000) in funds available for the 1997-98 fiscal year to continue the pilot project established in subsection 19(b) of Chapter 24 of the Session Laws of the 1994 Extra Session to provide treatment for offenders completing the IMPACT boot camp program.

Requested by: Representatives Justus, Kiser, Thompson

REPORT ON WOMEN AT RISK

Section 19.12. Women at Risk shall report by December 1 and May 1 of each year to the Joint Legislative Commission on Governmental Operations on the expenditure of State funds and on the effectiveness of the program, including information on the number of clients served, the number of clients who have had their probation revoked, and the number of clients who have successfully completed the program.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

PERFORMANCE AUDIT OF DIVISION OF ADULT PROBATION AND PAROLE

Section 19.13. The State Auditor shall conduct a performance audit of the Division of Adult Probation and Parole in the Department of Correction.

The State Auditor shall report the audit results to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, the Chairs of the Joint Legislative

Corrections Oversight Committee, and the Joint Legislative Commission on Governmental Operations by June 1, 1998.

The performance audit of the Division of Adult Probation and Parole shall review the efficiency and effectiveness of major management policies, practices, and functions, including the following areas:

- (1) Organization and structure;
- (2) Effect of organizational relationships with other community correction programs and the Post-Release Supervision and Parole Commission;
- (3) Current staffing patterns and workload;
- (4) Current personnel and patronage practices, placing special emphasis on any existing abuses in those practices; and
- (5) General effectiveness of probation and parole.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

WORKING HOURS OF EMPLOYEES IN STATE INSTITUTIONS

Section 19.14. G.S. 95-28 is repealed.

Requested by: Representatives Sexton, Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

TRANSFER ROCKINGHAM CORRECTIONAL CENTER

Section 19.15. The General Assembly finds that the Department of Correction, the Department of Transportation, and Rockingham County have compelling needs for the use of the below described land:

All that property lying south of N.C. Highway 65 upon which is situated the former Rockingham County Correctional Center building and grounds containing approximately 24 acres.

Therefore, the General Assembly urges the Department of Administration to initiate negotiations between the Department of Correction, the Department of Transportation, and Rockingham County to develop an agreement for the transfer of all or part of the described property to Rockingham County and the use or transfer of part of the described property or of other acceptable property to the Department of Transportation in a manner that meets the needs of all the parties. The General Assembly further urges the parties to implement the agreement in accordance with applicable law as soon as practicable.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

FUNDING OF PRISON ROAD SQUADS

Section 19.16. Notwithstanding any other provision of law, the Department of Transportation shall reimburse the Department of Correction for the cost of inmate road squads on a cost basis, as provided for in G.S. 148-26.5.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

PRIVATE PRISON EXPANSION/MORATORIUM ON PRIVATE PRISONS FOR OUT-OF-STATE INMATES

Section 19.17. (a) The Department of Correction, in consultation with the United States Corrections Corporation, shall determine the feasibility of expanding each of the two 500-bed private confinement facilities presently under construction to 1,000-bed facilities and the cost savings of that expansion over the construction of new facilities. The Department shall report its findings to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections Oversight Committee by December 1, 1997.

(b) The Department of Correction, in cooperation with the Department of Justice, Department of Insurance, and Office of State Construction, shall establish proposed standards for any private correctional facilities in this State that are used to confine inmates from a jurisdiction other than North Carolina or a political subdivision of North Carolina. These standards shall include provisions for all such facilities to:

- (1) Meet minimum responsibility and insurance standards and may provide for the posting of surety bonds;
- (2) Meet or exceed all standards applicable to the State prison system, particularly those standards relating to inmate care and treatment;
- (3) Provide for the transfer or return of all inmates to the jurisdiction in which the inmates were originally convicted prior to release of the inmates;
- (4) Permit officials of the State of North Carolina to conduct periodic inspections of all such facilities; and
- (5) Meet any other standards the departments deem advisable.

The Department of Correction shall report on these proposed standards to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections Oversight Committee, and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety by May 1, 1998. The report shall include a recommendation on the appropriate regulatory agency or agencies to enforce these standards.

(c) No municipality, county, or private entity may authorize, construct, own, or operate any type of correctional facility for the confinement of inmates from any jurisdiction other than North Carolina or a political subdivision of North Carolina until the Department of Correction has developed proposed standards for such private correctional facilities pursuant to subsection (b) of this section and the General Assembly has acted upon those standards. No private confinement facility authorized under G.S. 148-37(g) that receives payment from this State for the housing of State prisoners may contain inmates from any jurisdiction other than North Carolina or a political subdivision of North Carolina without the written consent of the Secretary of Correction.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

TITLE VII FUNDS/REPORT

Section 19.18. The Department of Correction may use funds available to the Department during the 1997-98 fiscal year for payment to claimants as part of the settlement of the Title VII lawsuit over the recruitment, hiring, and promotion of females in the Department. Prior to final settlement of the lawsuit, the Department shall report on the proposed settlement to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections Oversight Committee, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

NEW POSITIONS/MODULAR UNITS

Section 19.19. (a) The Department of Correction may use funds available for the 1997-98 fiscal year to fund up to four new temporary positions to operate new modular units at Henderson Correctional Center and Haywood Correctional Center.

(b) The Department of Correction may use funds available for the 1997-98 fiscal year to purchase and install a new modular unit at Martin Correctional Center.

(c) The Department of Correction shall report on its progress in the installation of all modular units to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections Oversight Committee by March 1, 1998.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

INMATE COSTS

Section 19.20. The Department of Correction may use funds available to the Department for the 1997-99 biennium to pay the cost of providing food and health care to inmates housed in the Division of Prisons if:

- (1) The prison population exceeds the December 1996 population projections of the North Carolina Sentencing and Policy Advisory Commission; and
- (2) The cost of providing food and health care to inmates is anticipated to exceed the continuation budget amounts provided for that purpose in this act.

Prior to making any expenditure authorized by this section, the Department of Correction shall report on its need to use these additional funds to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections Oversight Committee, and the Chairs of the House and Senate Appropriations Committees.

Requested by: Representatives Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

INCREASE REIMBURSEMENT TO COUNTIES FOR STATE INMATES HOUSED IN LOCAL CONFINEMENT FACILITIES

Section 19.21. (a) The Department of Correction may use up to the sum of one million five hundred eighty-seven thousand four hundred nineteen dollars (\$1,587,419) in funds available for the 1997-98 fiscal year to raise the per diem reimbursement to counties from fourteen dollars and fifty cents (\$14.50) per day to eighteen dollars (\$18.00) per day for State inmates serving sentences of 30 days or more in local confinement facilities. If the Department finds it necessary to exceed this amount during the 1997-98 fiscal year in order to provide the required reimbursement, the Department shall report on its need to use additional funds to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Corrections Oversight Committee, and the Chairs of the House and Senate Appropriations Committees.

Of the funds appropriated to the Department of Correction in this act, the sum of one million nine hundred twelve thousand five hundred fifty-three dollars (\$1,912,553) for the 1998-99 fiscal year shall be used to maintain the per diem reimbursement to counties at eighteen dollars (\$18.00) per day for State inmates serving sentences of 30 days or more in local confinement facilities.

(b) This section becomes effective September 1, 1997.

Requested by: Senator Gulley

USE OF FEDERAL PRISON CONSTRUCTION GRANT FUNDS

Section 19.22. The Department of Correction shall use federal grant funds received from the U.S. Justice Department as part of the Violent Offender Incarceration Program and the Truth-In-Sentencing Incentive Grant Program for the further planning and design and construction of the following State prison facilities, provided that the project meets the criteria of the federal grant program:

<u>Facility</u>	<u>Location</u>	<u>Number of Beds</u>	<u>Custody</u>
Central Prison Diagnostic Center	Wake	196	Close
Warren Correctional Institution	Warren	168	Med/Close
Improvements to NCCIW	Wake	208	Med/Close
Scotland Facility	Scotland	712	Close
Alexander Facility	Alexander	520	Close
Metro Facility	Charlotte Area	520	Close

No more than the sum of seventeen million five hundred thousand dollars (\$17,500,000) in federal funds may be allocated to the Central Prison Diagnostic Center Project, the proposed revised Phase I of the Central Prison Master Plan, or the planning and design of the Warren, NCCIW, or Metro projects until federal funds have been allocated to complete the working drawings phase of planning and design for the Alexander and Scotland Close Custody Prison Facilities.

The Department of Correction shall report quarterly to the Joint Legislative Commission on Governmental Operations and the Joint Legislative Corrections Oversight Committee on the allocation of any federal funds received and of anticipated future federal grant funds.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

SUBSTANCE ABUSE FUNDS

Section 19.23. (a) Of the funds appropriated in the continuation budget to the Department of Correction for the 1997-99 biennium for private prison substance abuse beds, the Department shall allocate the sum of five hundred twenty-seven thousand eight hundred six dollars (\$527,806) for the 1997-98 fiscal year and the sum of four hundred fifty-four thousand seven hundred fifteen dollars (\$454,715) for the 1998-99 fiscal year to a Reserve for Substance Abuse. For the 1997-98 fiscal year, the Department shall allocate up to the sum of four hundred sixty-seven thousand eight hundred six dollars (\$467,806) to the DART/DWI aftercare program at Cherry Hospital and up to the sum of sixty thousand dollars (\$60,000) for an evaluation of the Department's substance abuse programs. The evaluation study shall review and update findings from the study of Department of Correction substance abuse programs funded by the General Assembly in Section 19.1 of Chapter 507 of the 1995 Session Laws, expand the study to include the DART/DWI aftercare program, and develop proposed performance measures for the Department's substance abuse programs. The Department shall use up to the sum of four hundred fifty-four thousand seven hundred fifteen dollars (\$454,715) allocated for the 1998-99 fiscal year for the DART/DWI aftercare program at Cherry Hospital.

(b) The Secretary of Correction shall report to the Joint Legislative Corrections Oversight Committee, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety by May 1, 1998, on expenditures from the Reserve for Substance Abuse, on the cost and benefits the DART/DWI aftercare program, and the results of the substance abuse evaluation study.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

REPORT ON DART/DWI PROGRAM AT CHERRY HOSPITAL

Section 19.24. The Department of Correction shall report by December 1, 1997, and by May 1, 1998, to the Joint Legislative Corrections Oversight Committee, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Appropriations Subcommittees on Justice and Public Safety on the residential DWI/Substance Abuse Treatment Program for probationers and parolees at the DART facility at Cherry Hospital. The report shall include monthly statistical summaries of population versus capacity and comparisons of the percentage of offenders entering the program versus those completing the program, for both probationers and parolees. The report shall also include a budget report showing expenditures by purpose. If the program is not operating at capacity by the end of each reporting period, the Department

of Correction shall explain the reasons for underutilization and its proposed strategies for addressing the problem of underutilization. Any new initiatives that would revise or expand the treatment model at the facility, along with the accompanying costs, shall also be included in each report.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

ADDITIONAL PRISON BEDS/INCREASE THE CRIMINAL PENALTY FOR THE SALE OF CERTAIN CONTROLLED SUBSTANCES/INCREASE THE CRIMINAL PENALTY FOR CERTAIN EMBEZZLEMENT OFFENSES/RECLASSIFY OFFENSE OF ACCESSORY AFTER THE FACT/INCREASE PENALTY FOR VOLUNTARY MANSLAUGHTER FROM A CLASS E FELONY TO A CLASS D FELONY/INCREASE THE PENALTY FOR CERTAIN OFFENSES COMMITTED WHILE A PERSON IS INCARCERATED/ADD TO THE LIST OF AGGRAVATING FACTORS THAT CERTAIN PEOPLE WERE SERIOUSLY INJURED AS A RESULT OF THE OFFENSE/INCREASE THE PENALTY FOR THE ESTABLISHMENT OF PYRAMID DISTRIBUTION PLANS/ESTABLISH THE OFFENSES OF TRESPASS ON PINE STRAW PRODUCTION LAND AND LARCENY OF PINE STRAW/INCREASE THE PENALTY FROM A MISDEMEANOR TO A CLASS H FELONY FOR THE OFFENSES OF FALSELY REPORTING THAT A BOMB OR OTHER DESTRUCTIVE DEVICE MAY EXPLODE AND PERPETRATING A HOAX BY USING A FALSE DESTRUCTIVE DEVICE/ADD TO THE LIST OF AGGRAVATING FACTORS THAT THE OFFENSE WAS COMMITTED IN ASSOCIATION WITH A CRIMINAL STREET GANG/FELONY TO CONCEAL MERCHANDISE BY USING A LEAD-LINED OR ALUMINUM-LINED BAG OR OTHER DEVICE THAT WILL PREVENT THE ACTIVATION OF AN ANTISHOPLIFTING CONTROL DEVICE/INCREASE THE PENALTIES FOR CERTAIN ASSAULTS ON A PROBATION OFFICER, PAROLE OFFICER, OR STATE OR COUNTY CORRECTIONS EMPLOYEE/LOWER MARIJUANA TRAFFICKING AMOUNTS

Section 19.25. (a) Of the funds appropriated to the Department of Correction in this act for the 1998-99 fiscal year, the sum of one hundred thirty-five thousand dollars (\$135,000) shall be placed in a reserve to fund additional prison beds and other associated costs to implement the provisions of this section.

(b) G.S. 90-95(b) reads as rewritten:

"(b) Except as provided in subsections (h) and (i) of this section, any person who violates G.S. 90-95(a)(1) with respect to:

- (1) A controlled substance classified in Schedule I or II shall be punished as a Class H ~~felon~~; felon, except that the sale of a controlled substance classified in Schedule I or II shall be punished as a Class G felon;
- (2) A controlled substance classified in Schedule III, IV, V, or VI shall be punished as a Class I felon, except that the sale of a controlled

substance classified in Schedule III, IV, V, or VI shall be punished as a Class H felon. ~~but the~~ The transfer of less than 5 grams of marijuana for no remuneration shall not constitute a delivery in violation of G.S. 90-95(a)(1)."

(c) G.S. 14-74 reads as rewritten:

"§ 14-74. Larceny by servants and other employees.

If any servant or other employee, to whom any money, goods or other chattels, or any of the articles, securities or choses in action mentioned in the following section [G.S. 14-75], by his master shall be delivered safely to be kept to the use of his master, shall withdraw himself from his master and go away with such money, goods or other chattels, or any of the articles, securities or choses in action mentioned as aforesaid, or any part thereof, with intent to steal the same and defraud his master thereof, contrary to the trust and confidence in him reposed by his said master; or if any servant, being in the service of his master, without the assent of his master, shall embezzle such money, goods or other chattels, or any of the articles, securities or choses in action mentioned as aforesaid, or any part thereof, or otherwise convert the same to his own use, with like purpose to steal them, or to defraud his master thereof, the servant so offending shall be ~~punished as a Class H felon:~~ guilty of a felony: Provided, that nothing contained in this section shall extend to apprentices or servants within the age of 16 years. If the value of the money, goods, or other chattels, or any of the articles, securities, or choses in action mentioned in G.S. 14-75, is one hundred thousand dollars (\$100,000) or more, the person is guilty of a Class C felony. If the value of the money, goods, or other chattels, or any of the articles, securities, or choses in action mentioned in G.S. 14-75, is less than one hundred thousand dollars (\$100,000), the person is guilty of a Class H felony."

(d) G.S. 14-90 reads as rewritten:

"§ 14-90. Embezzlement of property received by virtue of office or employment.

If any person exercising a public trust or holding a public office, or any guardian, administrator, executor, trustee, or any receiver, or any other fiduciary, or any officer or agent of a corporation, or any agent, consignee, clerk, bailee or servant, except persons under the age of 16 years, of any person, shall embezzle or fraudulently or knowingly and willfully misapply or convert to his own use, or shall take, make away with or secrete, with intent to embezzle or fraudulently or knowingly and willfully misapply or convert to his own use any money, goods or other chattels, bank note, check or order for the payment of money issued by or drawn on any bank or other corporation, or any treasury warrant, treasury note, bond or obligation for the payment of money issued by the United States or by any state, or any other valuable security whatsoever belonging to any other person or corporation, unincorporated association or organization which shall have come into his possession or under his care, he shall be ~~punished as a Class H felon:~~ guilty of a felony. If the value of the property is one hundred thousand dollars (\$100,000) or more, the person is guilty of a Class C felony. If the value of the property is less than one hundred thousand dollars (\$100,000), the person is guilty of a Class H felony."

(e) G.S. 14-91 reads as rewritten:

"§ 14-91. Embezzlement of State property by public officers and employees.

If any officer, agent, or employee of the State, or other person having or holding in trust for the same any bonds issued by the State, or any security, or other property and effects of the same, shall embezzle or knowingly and willfully misapply or convert the same to his own use, or otherwise willfully or corruptly abuse such trust, such offender and all persons knowingly and willfully aiding and abetting or otherwise assisting therein shall be ~~punished as a Class F felon.~~ guilty of a felony. If the value of the property is one hundred thousand dollars (\$100,000) or more, a violation of this section is a Class C felony. If the value of the property is less than one hundred thousand dollars (\$100,000), a violation of this section is a Class F felony."

(f) G.S. 14-92 reads as rewritten:

"§ 14-92. Embezzlement of funds by public officers and trustees.

If an officer, agent, or employee of an entity listed below, or a person having or holding money or property in trust for one of the listed entities, shall embezzle or otherwise willfully and corruptly use or misapply the same for any purpose other than that for which such moneys or property is held, such person shall be ~~punished as a Class F felon.~~ guilty of a felony. If the value of the money or property is one hundred thousand dollars (\$100,000) or more, the person is guilty of a Class C felony. If the value of the money or property is less than one hundred thousand dollars (\$100,000), the person is guilty of a Class F felony. If any clerk of the superior court or any sheriff, treasurer, register of deeds or other public officer of any county, unit or agency of local government, or local board of education shall embezzle or wrongfully convert to his own use, or corruptly use, or shall misapply for any purpose other than that for which the same are held, or shall fail to pay over and deliver to the proper persons entitled to receive the same when lawfully required so to do, any moneys, funds, securities or other property which such officer shall have received by virtue or color of his office in trust for any person or corporation, such officer shall be ~~punished as a Class F felon.~~ guilty of a felony. If the value of the money, funds, securities, or other property is one hundred thousand dollars (\$100,000) or more, the person is guilty of a Class C felony. If the value of the money, funds, securities, or other property is less than one hundred thousand dollars (\$100,000), the person is guilty of a Class F felony. The provisions of this section shall apply to all persons who shall go out of office and fail or neglect to account to or deliver over to their successors in office or other persons lawfully entitled to receive the same all such moneys, funds and securities or property aforesaid. The following entities are protected by this section: a county, a city or other unit or agency of local government, a local board of education, and a penal, charitable, religious, or educational institution."

(g) G.S. 14-93 reads as rewritten:

"§ 14-93. Embezzlement by treasurers of charitable and religious organizations.

If any treasurer or other financial officer of any benevolent or religious institution, society or congregation shall lend any of the moneys coming into his hands to any other person or association without the consent of the institution, association or congregation to whom such moneys belong; or, if he shall fail to account for such moneys when called on, he shall be guilty of a ~~Class H~~ felony. If the violation of this section involves money with a value of one hundred thousand dollars (\$100,000) or more, the person is

guilty of a Class C felony. If the violation of this section involves money with a value of less than one hundred thousand dollars (\$100,000) or less, a violation of this section is a Class H felony."

(h) G.S. 14-94 reads as rewritten:

"§ 14-94. Embezzlement by officers of railroad companies.

If any president, secretary, treasurer, director, engineer, agent or other officer of any railroad company shall embezzle any moneys, bonds or other valuable funds or securities, with which such president, secretary, treasurer, director, engineer, agent or other officer shall be charged by virtue of his office or agency, or shall in any way, directly or indirectly, apply or appropriate the same for the use or benefit of himself or any other person, state or corporation, other than the company of which he is president, secretary, treasurer, director, engineer, agent or other officer, for every such offense the person so offending shall be guilty of a felony, and on conviction in the superior or criminal court of any county through which the railroad of such company shall pass, shall be punished as a ~~Class H-felon~~. If the value of the money, bonds, or other valuable funds or securities is one hundred thousand dollars (\$100,000) or more, a violation of this section is a Class C felony. If the value of the money, bonds, or other valuable funds or securities is less than one hundred thousand dollars (\$100,000), a violation of this section is a Class H felony."

(i) G.S. 14-97 reads as rewritten:

"§ 14-97. Appropriation of partnership funds by partner to personal use.

Any person engaged in a partnership business in the State of North Carolina who shall, without the knowledge and consent of his copartner or copartners, take funds belonging to the partnership business and appropriate the same to his own personal use with the fraudulent intent of depriving his copartners of the use thereof, shall be guilty of a ~~Class H-felony~~. Appropriation of partnership funds with a value of one hundred thousand dollars (\$100,000) or more by a partner is a Class C felony. Appropriation of partnership funds with the value of less than one hundred thousand dollars (\$100,000) by a partner is a Class H felony."

(j) G.S. 14-98 reads as rewritten:

"§ 14-98. Embezzlement by surviving partner.

If any surviving partner shall willfully and intentionally convert any of the property, money or effects belonging to the partnership to his own use, and refuse to account for the same on settlement, he shall be ~~punished as a Class H felon~~. guilty of a felony. If the property, money, or effects has a value of one hundred thousand dollars (\$100,000) or more, a violation of this section is a Class C felony. If the property, money, or effects has a value of less than one hundred thousand dollars (\$100,000), a violation of this section is a Class H felony."

(k) G.S. 14-99 reads as rewritten:

"§ 14-99. Embezzlement of taxes by officers.

If any officer appropriates to his own use the State, county, school, city or town taxes, he shall be guilty of embezzlement, and shall be punished as a ~~Class F-felon~~. If the value of the taxes is one hundred thousand dollars (\$100,000) or more, a violation of

this section is a Class C felony. If the value of the taxes is less than one hundred thousand dollars (\$100,000), a violation of this section is a Class F felony."

(l) G.S. 14-100(a) reads as rewritten:

"(a) If any person shall knowingly and designedly by means of any kind of false pretense whatsoever, whether the false pretense is of a past or subsisting fact or of a future fulfillment or event, obtain or attempt to obtain from any person within this State any money, goods, property, services, chose in action, or other thing of value with intent to cheat or defraud any person of such money, goods, property, services, chose in action or other thing of value, such person shall be guilty of a ~~felony, and shall be punished as a Class H felon;~~ felony: Provided, that if, on the trial of anyone indicted for such crime, it shall be proved that he obtained the property in such manner as to amount to larceny or embezzlement, the jury shall have submitted to them such other felony proved; and no person tried for such felony shall be liable to be afterwards prosecuted for larceny or embezzlement upon the same facts: Provided, further, that it shall be sufficient in any indictment for obtaining or attempting to obtain any such money, goods, property, services, chose in action, or other thing of value by false pretenses to allege that the party accused did the act with intent to defraud, without alleging an intent to defraud any particular person, and without alleging any ownership of the money, goods, property, services, chose in action or other thing of value; and upon the trial of any such indictment, it shall not be necessary to prove either an intent to defraud any particular person or that the person to whom the false pretense was made was the person defrauded, but it shall be sufficient to allege and prove that the party accused made the false pretense charged with an intent to defraud. If the value of the money, goods, property, services, chose in action, or other thing of value is one hundred thousand dollars (\$100,000) or more, a violation of this section is a Class C felony. If the value of the money, goods, property, services, chose in action, or other thing of value is less than one hundred thousand dollars (\$100,000), a violation of this section is a Class H felony."

(m) G.S. 53-129 reads as rewritten:

"§ 53-129. Misapplication, embezzlement of funds, etc.

Whoever being an officer, employee, agent or director of a bank, with intent to defraud or injure the bank, or any person or corporation, or to deceive an officer of the bank or an agent appointed to examine the affairs of such bank, embezzles, abstracts, or misapplies any of the money, funds, credit or property of such bank, whether owned by it or held in trust, or who, with such intent, willfully and fraudulently issues or puts forth a certificate of deposit, draws an order or bill of exchange, makes an acceptance, assigns a note, bond, draft, bill of exchange, mortgage, judgment, decree or fictitiously borrows or solicits, obtains or receives money for a bank not in good faith, intended to become the property of such bank; or whoever being an officer, employee, agent, or director of a bank, makes or permits the making of a false statement or certificate, as to a deposit, trust fund or contract, or makes or permits to be made a false entry in a book, report, statement or record of such bank, or conceals or permits to be concealed by any means or manner, the true and correct entries of said bank, or its true and correct transactions, who knowingly loans, or permits to be loaned, the funds or credit of any

bank to any insolvent company or corporation, or corporation which has ceased to exist, or which never had any existence, or upon collateral consisting of stocks or bonds of such company or corporation, or who makes or publishes or knowingly permits to be made or published a false report, statement or certificate as to the true financial condition of such bank, shall be ~~punished as a Class H felon.~~ guilty of a felony. If an offense committed under this section involves money, funds, credit, or property with a value of one hundred thousand dollars (\$100,000) or more, it is a Class C felony. If an offense committed under this section involves money, funds, credit, or property with a value of less than one hundred thousand dollars (\$100,000), it is a Class H felony. Any other offense committed under this section is a Class H felony."

(n) G.S. 58-2-162 reads as rewritten:

"§ 58-2-162. Embezzlement by insurance agents, brokers, or administrators.

If any insurance agent, broker, or administrator embezzles or fraudulently converts to his own use, or, with intent to use or embezzle, takes, secretes, or otherwise disposes of, or fraudulently withholds, appropriates, lends, invests, or otherwise uses or applies any money, negotiable instrument, or other consideration received by him in his performance as an agent, broker, or administrator, he shall be ~~punished as a Class H felon.~~ guilty of a felony. If the value of the money, negotiable instrument, or other consideration is one hundred thousand dollars (\$100,000) or more, violation of this section is a Class C felony. If the value of the money, negotiable instrument, or other consideration is less than one hundred thousand dollars (\$100,000), violation of this section is a Class H felony."

(o) G.S. 90-210.70(a) reads as rewritten:

"(a) Anyone who embezzles or who fraudulently, or knowingly and willfully misapplies, or in any manner converts preneed funeral funds to his own use, or for the use of any partnership, corporation, association, or entity for any purpose other than as authorized by this Article; or anyone who takes, makes away with or secretes, with intent to embezzle or fraudulently or knowingly and willfully misapply or in any manner convert preneed funeral funds for his own use or the use of any other person for any purpose other than as authorized by this Article shall be ~~punished as a Class H felon.~~ guilty of a felony. If the value of the preneed funeral funds is one hundred thousand dollars (\$100,000) or more, violation of this section is a Class C felony. If the value of the preneed funeral funds is less than one hundred thousand dollars (\$100,000), violation of this section is a Class H felony. Each such embezzlement, conversion, or misapplication shall constitute a separate offense and may be prosecuted individually. Upon conviction, all licenses issued under this Article shall be revoked."

(p) G.S. 14-7 reads as rewritten:

"§ 14-7. Accessories after the fact; trial and punishment.

If any person shall become an accessory after the fact to any felony, whether the same be a felony at common law or by virtue of any statute made, or to be made, such person shall be guilty of a ~~felony,~~ crime, and may be indicted and convicted together with the principal felon, or after the conviction of the principal felon, or may be indicted and convicted for such ~~felony~~ crime whether the principal felon shall or shall not have been previously convicted, or shall or shall not be amenable to justice, ~~and shall be~~

~~punished as a Class H felon.~~ justice. Unless a different classification is expressly stated, that person shall be punished for an offense that is two classes lower than the felony the principal felon committed, except that an accessory after the fact to a Class A or Class B1 felony is a Class C felony, an accessory after the fact to a Class B2 felony is a Class D felony, an accessory after the fact to a Class H felony is a Class 1 misdemeanor, and an accessory after the fact to a Class I felony is a Class 2 misdemeanor. The offense of such person may be inquired of, tried, determined and punished by any court which shall have jurisdiction of the principal felon, in the same manner as if the act, by reason whereof such person shall have become an accessory, had been committed at the same place as the principal felony, although such act may have been committed without the limits of the State; and in case the principal felony shall have been committed within the body of any county, and the act by reason whereof any person shall have become accessory shall have been committed within the body of any other county, the offense of such person guilty of a felony as aforesaid may be inquired of, tried, determined, and punished in either of said counties: Provided, that no person who shall be once duly tried for such felony shall be again indicted or tried for the same offense."

(q) G.S. 14-18 reads as rewritten:

"§ 14-18. Punishment for manslaughter.

Voluntary manslaughter shall be punishable as a Class ~~E-D~~ felony, and involuntary manslaughter shall be punishable as a Class F felony."

(r) G.S. 14-255 reads as rewritten:

"§ 14-255. Escape of working prisoners from custody.

If any prisoner removed from the local confinement facility or satellite jail/work release unit of a county pursuant to G.S. 162-58 shall escape from the person having him in custody or the person supervising him, he shall be guilty of a Class ~~3-1~~ misdemeanor."

(s) G.S. 14-256 reads as rewritten:

"§ 14-256. Prison breach and escape from county or municipal confinement facilities or officers.

If any person shall break any prison, jail or lockup maintained by any county or municipality in North Carolina, being lawfully confined therein, or shall escape from the lawful custody of any superintendent, guard or officer of such prison, jail or lockup, he shall be guilty of a Class 1 misdemeanor, except that the person is guilty of a Class ~~I~~ H felony if:

- (1) He has been convicted of a felony and has been committed to the facility pending transfer to the State prison system; or
- (2) He is serving a sentence imposed upon conviction of a felony."

(t) G.S. 148-45 reads as rewritten:

"§ 148-45. Escaping or attempting escape from State prison system; failure of conditionally and temporarily released prisoners and certain youthful offenders to return to custody of Department of Correction.

(a) Any person in the custody of the Department of Correction in any of the classifications hereinafter set forth who shall escape from the State prison system, shall

for the first such offense, except as provided in subsection (g) of this section, be guilty of a Class ~~I~~H ~~felony~~1 misdemeanor:

- (1) A prisoner serving a sentence imposed upon conviction of a misdemeanor;
- (2) A person who has been charged with a misdemeanor and who has been committed to the custody of the Department of Correction under the provisions of G.S. 162-39;
- (3) Repealed by Session Laws 1985, c. 226, s. 4.
- (4) A person who shall have been convicted of a misdemeanor and who shall have been committed to the Department of Correction for presentence diagnostic study under the provisions of G.S. 15A-1332(c).

(b) Any person in the custody of the Department of Correction, in any of the classifications hereinafter set forth, who shall escape from the State prison system, shall, except as provided in subsection (g) of this section, be punished as a Class ~~I~~H felon.

- (1) A prisoner serving a sentence imposed upon conviction of a felony;
- (2) A person who has been charged with a felony and who has been committed to the custody of the Department of Correction under the provisions of G.S. 162-39;
- (3) Repealed by Session Laws 1985, c. 226, s. 5.
- (4) A person who shall have been convicted of a felony and who shall have been committed to the Department of Correction for presentence diagnostic study under the provisions of G.S. 15A-1332(c); or
- (5) Any person previously convicted of escaping or attempting to escape from the State prison system.

(c) Repealed by Session Laws 1979, c. 760, s. 5.

(d) Any person who aids or assists other persons to escape or attempt to escape from the State prison system shall be guilty of a Class 1 misdemeanor.

(e) Repealed by Session Laws 1983, c. 465, s. 5.

(f) Any person convicted of an escape or attempt to escape classified as a felony by this section shall be immediately classified and treated as a convicted felon even if such person has time remaining to be served in the State prison system on a sentence or sentences imposed upon conviction of a misdemeanor or misdemeanors.

(g) (1) Any person convicted and in the custody of the North Carolina Department of Correction and ordered or otherwise assigned to work under the work-release program, G.S. 148-33.1, or any convicted person in the custody of the North Carolina Department of Correction and temporarily allowed to leave a place of confinement by the Secretary of Correction or his designee or other authority of law, who shall fail to return to the custody of the North Carolina Department of Correction, shall be guilty of the crime of escape and subject to the applicable provisions of this section and shall be deemed an escapee. For the purpose of this subsection, escape is defined to include, but is

not restricted to, willful failure to return to an appointed place and at an appointed time as ordered.

- (2) If a person, who would otherwise be guilty of a first violation of G.S. 148-45(g)(1), voluntarily returns to his place of confinement within 24 hours of the time at which he was ordered to return, such person shall not be charged with an escape as provided in this section but shall be subject to such administrative action as may be deemed appropriate for an escapee by the Department of Correction; said escapee shall not be allowed to be placed on work release for a four-month period or for the balance of his term if less than four months; provided, however, that if such person commits a subsequent violation of this section then such person shall be charged with that offense and, if convicted, punished under the provisions of this section."

(u) G.S. 90-95(e) reads as rewritten:

"(e) The prescribed punishment and degree of any offense under this Article shall be subject to the following conditions, but the punishment for an offense may be increased only by the maximum authorized under any one of the applicable conditions:

(1),(2) Repealed by Session Laws 1979, c. 760, s. 5.

(3) If any person commits a Class 1 misdemeanor under this Article and if he has previously been convicted for one or more offenses under any law of North Carolina or any law of the United States or any other state, which offenses are punishable under any provision of this Article, he shall be punished as a Class I felon. The prior conviction used to raise the current offense to a Class I felony shall not be used to calculate the prior record level;

(4) If any person commits a Class 2 misdemeanor, and if he has previously been convicted for one or more offenses under any law of North Carolina or any law of the United States or any other state, which offenses are punishable under any provision of this Article, he shall be guilty of a Class 1 misdemeanor. The prior conviction used to raise the current offense to a Class 1 misdemeanor shall not be used to calculate the prior conviction level;

(5) Any person 18 years of age or over who violates G.S. 90-95(a)(1) by selling or delivering a controlled substance to a person under 16 years of age or a pregnant female shall be punished as a Class D felon. Mistake of age is not a defense to a prosecution under this section. It shall not be a defense that the defendant did not know that the recipient was pregnant;

(6) For the purpose of increasing punishment under G.S. 90-95(e)(3) and (e)(4), previous convictions for offenses shall be counted by the number of separate trials at which final convictions were obtained and not by the number of charges at a single trial;

(7) If any person commits an offense under this Article for which the prescribed punishment requires that any sentence of imprisonment be

suspended, and if he has previously been convicted for one or more offenses under any law of North Carolina or any law of the United States or any other state, which offenses are punishable under any provision of this Article, he shall be guilty of a Class 2 misdemeanor;

- (8) Any person 21 years of age or older who commits an offense under G.S. 90-95(a)(1) on property used for an elementary or secondary school or within 300 feet of the boundary of real property used for an elementary or secondary school shall be punished as a Class E felon. For purposes of this subdivision, the transfer of less than five grams of marijuana for no remuneration shall not constitute a delivery in violation of G.S. 90-95(a)(1).
- (9) Any person who violates G.S. 90-95(a)(3) on the premises of a penal institution or local confinement facility shall be guilty of a Class ~~F~~H felony."
- (v) G.S. 148-46.1 reads as rewritten:

"§ 148-46.1. Inflicting or assisting in infliction of self injury to prisoner resulting in incapacity to perform assigned duties.

Any person serving a sentence or sentences within the State prison system who, during the term of such imprisonment, willfully and intentionally inflicts upon himself any injury resulting in a permanent or temporary incapacity to perform work or duties assigned to him by the State Department of Correction, or any prisoner who aids or abets any other prisoner in the commission of such offense, shall be punished as a Class ~~F~~H felon."

- (w) G.S. 15A-1340.16(d) reads as rewritten:

"(d) Aggravating Factors. – The following are aggravating factors:

- (1) The defendant induced others to participate in the commission of the offense or occupied a position of leadership or dominance of other participants.
- (2) The defendant joined with more than one other person in committing the offense and was not charged with committing a conspiracy.
- (3) The offense was committed for the purpose of avoiding or preventing a lawful arrest or effecting an escape from custody.
- (4) The defendant was hired or paid to commit the offense.
- (5) The offense was committed to disrupt or hinder the lawful exercise of any governmental function or the enforcement of laws.
- (6) The offense was committed against or proximately caused serious injury to a present or former law enforcement officer, employee of the Department of Correction, jailer, fireman, emergency medical technician, ambulance attendant, justice or judge, clerk or assistant or deputy clerk of court, magistrate, prosecutor, juror, or witness against the defendant, while engaged in the performance of that person's official duties or because of the exercise of that person's official duties.
- (7) The offense was especially heinous, atrocious, or cruel.

- (8) The defendant knowingly created a great risk of death to more than one person by means of a weapon or device which would normally be hazardous to the lives of more than one person.
- (9) The defendant held public office at the time of the offense and the offense related to the conduct of the office.
- (10) The defendant was armed with or used a deadly weapon at the time of the crime.
- (11) The victim was very young, or very old, or mentally or physically infirm, or handicapped.
- (12) The defendant committed the offense while on pretrial release on another charge.
- (13) The defendant involved a person under the age of 16 in the commission of the crime.
- (14) The offense involved an attempted or actual taking of property of great monetary value or damage causing great monetary loss, or the offense involved an unusually large quantity of contraband.
- (15) The defendant took advantage of a position of trust or confidence to commit the offense.
- (16) The offense involved the sale or delivery of a controlled substance to a minor.
- (17) The offense for which the defendant stands convicted was committed against a victim because of the victim's race, color, religion, nationality, or country of origin.
- (18) The defendant does not support the defendant's family.
- (18a) The defendant has previously been adjudicated delinquent for an offense that would be a Class A, B1, B2, C, D, or E felony if committed by an adult.
- (19) The serious injury inflicted upon the victim is permanent and debilitating.
- (20) Any other aggravating factor reasonably related to the purposes of sentencing.

Evidence necessary to prove an element of the offense shall not be used to prove any factor in aggravation, and the same item of evidence shall not be used to prove more than one factor in aggravation. Evidence necessary to establish that an enhanced sentence is required under G.S. 14-2.2 may not be used to prove any factor in aggravation.

The judge shall not consider as an aggravating factor the fact that the defendant exercised the right to a jury trial."

(x) G.S. 14-291.2 reads as rewritten:

"§ 14-291.2. Pyramid and chain schemes prohibited.

(a) ~~Any~~ No person ~~who~~ shall establish, ~~promote, operate or participate in~~ operate, participate in, or otherwise promote any pyramid distribution plan, program, device or scheme whereby a participant pays a valuable consideration for the opportunity or chance to receive a fee or compensation upon the introduction of other participants into

the program, whether or not such opportunity or chance is received in conjunction with the purchase of merchandise, ~~shall be deemed to have participated in~~ merchandise. A person who establishes or operates a pyramid distribution plan is guilty of a Class H felony. A person who participates in or otherwise promotes a pyramid distribution plan is deemed to participate in a lottery and shall be is guilty of a Class 2 misdemeanor.

(b) 'Pyramid distribution plan' means any program utilizing a pyramid or chain process by which a participant gives a valuable consideration for the opportunity to receive compensation or things of value in return for inducing other persons to become participants in the program; and

'Compensation' does not mean payment based on sales of goods or services to persons who are not participants in the scheme, and who are not purchasing in order to participate in the ~~scheme; and~~ scheme.

~~'Promotes' shall mean inducing one or more other persons to become a participant.~~

(c) Any judge of the superior court shall have jurisdiction, upon petition by the Attorney General of North Carolina or district attorney of the superior court, to enjoin, as an unfair or deceptive trade practice, the continuation of the scheme described in subsection (a); in such proceeding the court may assess civil penalties and attorneys' fees to the Attorney General or the District Attorney pursuant to G.S. 75-15.2 and 75-16.1; and the court may appoint a receiver to secure and distribute assets obtained by any defendant through participation in any such scheme.

(d) Any contract hereafter created for which a part of the consideration consisted of the opportunity or chance to participate in a program described in subsection (a) is hereby declared to be contrary to public policy and therefore void and unenforceable."

(y) The title of Article 22A of Chapter 14 of the General Statutes reads as rewritten:

"ARTICLE 22A.

Trespassing upon 'Posted' Property to Hunt,

~~Fish or Trap.~~ Fish, Trap, or Remove Pine Needles/Straw."

(z) G.S. 14-159.6 reads as rewritten:

"§ 14-159.6. Trespass for purposes of hunting, etc., without written consent a misdemeanor.

(a) Any person who willfully goes on the land, waters, ponds, or a legally established waterfowl blind of another upon which notices, signs or ~~posters, described in G.S. 14-159.7, posters~~ prohibiting hunting, fishing or ~~trapping, trapping~~ have been placed in accordance with the provisions of G.S. 14-159.7, or upon which 'posted' notices have been placed, placed in accordance with the provisions of G.S. 14-159.7, to hunt, fish or trap without the written consent of the owner or his agent shall be guilty of a Class 2 misdemeanor. Provided, further, that no arrests under authority of this ~~section~~ subsection shall be made without the consent of the owner or owners of said land, or their duly authorized agents in the following counties: Halifax and Warren.

(b) Any person who willfully goes on the land of another upon which notices, signs, or posters prohibiting raking or removing pine needles or pine straw have been placed in accordance with the provisions of G.S. 14-159.7, or upon which 'posted'

notices have been placed in accordance with the provisions of G.S. 14-159.7, to rake or remove pine needles or pine straw without the written consent of the owner or his agent shall be guilty of a Class 1 misdemeanor."

(aa) Article 16 of Chapter 14 of the General Statutes is amended by adding a new section to read:

"§ 14-79.1. Larceny of pine needles or pine straw.

If any person shall take and carry away, or shall aid in taking or carrying away, any pine needles or pine straw being produced on the land of another person upon which land notices, signs, or posters prohibiting the raking or removal of pine needles or pine straw have been placed in accordance with the provisions of G.S. 14-159.7, or upon which posted notices have been placed in accordance with the provisions of G.S. 14-159.7, with the intent to steal the pine needles or pine straw, that person shall be guilty of a Class H felony."

(bb) Chapter 601 of the 1995 Session Laws is repealed.

(cc) G.S. 14-69.1 reads as rewritten:

"§ 14-69.1. Making a false report concerning destructive device.

(a) If any person shall, by any means of communication to any person or group of persons, make a report, knowing or having reason to know the same to be false, that there is located in any building, house or other structure whatsoever or any vehicle, aircraft, vessel or boat any device designed to destroy or damage the building, house or structure or vehicle, aircraft, vessel or boat by explosion, blasting or burning, he shall be guilty of a Class ~~1 misdemeanor.~~ H felony.

~~(b) If any person shall, by any means of communication to any person or group of persons, make a report, knowing or having reason to know the same to be false, that there is located in any hospital facility as defined in G.S. 131E-6, which includes a health clinic facility, any device designed to destroy or damage the hospital or health clinic facility by explosion, blasting, or burning, he shall, upon a first conviction, be guilty of a Class 1 misdemeanor, punishable by a minimum of 100 hours of mandatory community service. Upon a second or subsequent conviction under this subsection, he shall be guilty of a Class I felony."~~

(dd) G.S. 14-69.2 reads as rewritten:

"§ 14-69.2. Perpetrating hoax by use of false bomb or other device.

(a) If any person, with intent to perpetrate a hoax, shall secrete, place or display any device, machine, instrument or artifact, so as to cause any person reasonably to believe the same to be a bomb or other device capable of causing injury to persons or property, he shall be guilty of a Class ~~1 misdemeanor.~~ H felony.

~~(b) A violation of subsection (a) of this section that occurs in a hospital facility as defined in G.S. 131E-6 is, upon a first conviction, a Class 1 misdemeanor punishable by a minimum of 100 hours of mandatory community service. A second or subsequent conviction under subsection (a) of this section is a Class I felony."~~

(ee) G.S. 15A-1340.16(d) reads as rewritten:

"(d) Aggravating Factors. – The following are aggravating factors:

- (1) The defendant induced others to participate in the commission of the offense or occupied a position of leadership or dominance of other participants.
- (2) The defendant joined with more than one other person in committing the offense and was not charged with committing a conspiracy.
- (2a) The offense was committed for the benefit of, or at the direction of, any criminal street gang, with the specific intent to promote, further, or assist in any criminal conduct by gang members, and the defendant was not charged with committing a conspiracy. A 'criminal street gang' means any ongoing organization, association, or group of three or more persons, whether formal or informal, having as one of its primary activities the commission of felony or violent misdemeanor offenses, or delinquent acts that would be felonies or violent misdemeanors if committed by an adult, and having a common name or common identifying sign, colors, or symbols.
- (3) The offense was committed for the purpose of avoiding or preventing a lawful arrest or effecting an escape from custody.
- (4) The defendant was hired or paid to commit the offense.
- (5) The offense was committed to disrupt or hinder the lawful exercise of any governmental function or the enforcement of laws.
- (6) The offense was committed against a present or former law enforcement officer, employee of the Department of Correction, jailer, fireman, emergency medical technician, ambulance attendant, justice or judge, clerk or assistant or deputy clerk of court, magistrate, prosecutor, juror, or witness against the defendant, while engaged in the performance of that person's official duties or because of the exercise of that person's official duties.
- (7) The offense was especially heinous, atrocious, or cruel.
- (8) The defendant knowingly created a great risk of death to more than one person by means of a weapon or device which would normally be hazardous to the lives of more than one person.
- (9) The defendant held public office at the time of the offense and the offense related to the conduct of the office.
- (10) The defendant was armed with or used a deadly weapon at the time of the crime.
- (11) The victim was very young, or very old, or mentally or physically infirm, or handicapped.
- (12) The defendant committed the offense while on pretrial release on another charge.
- (13) The defendant involved a person under the age of 16 in the commission of the crime.
- (14) The offense involved an attempted or actual taking of property of great monetary value or damage causing great monetary loss, or the offense involved an unusually large quantity of contraband.

- (15) The defendant took advantage of a position of trust or confidence to commit the offense.
- (16) The offense involved the sale or delivery of a controlled substance to a minor.
- (17) The offense for which the defendant stands convicted was committed against a victim because of the victim's race, color, religion, nationality, or country of origin.
- (18) The defendant does not support the defendant's family.
- (18a) The defendant has previously been adjudicated delinquent for an offense that would be a Class A, B1, B2, C, D, or E felony if committed by an adult.
- (19) The serious injury inflicted upon the victim is permanent and debilitating.
- (20) Any other aggravating factor reasonably related to the purposes of sentencing.

Evidence necessary to prove an element of the offense shall not be used to prove any factor in aggravation, and the same item of evidence shall not be used to prove more than one factor in aggravation. Evidence necessary to establish that an enhanced sentence is required under G.S. 14-2.2 may not be used to prove any factor in aggravation.

The judge shall not consider as an aggravating factor the fact that the defendant exercised the right to a jury trial."

(ff) G.S. 14-72.1 is amended by adding a new subsection to read:

"(d1) Notwithstanding subsection (e) of this section, any person who violates subsection (a) of this section by using a lead-lined or aluminum-lined bag, a lead-lined or aluminum-lined article of clothing, or a similar device to prevent the activation of any antishoplifting or inventory control device is guilty of a Class H felony."

(gg) G.S. 14-34.5 reads as rewritten:

"§ 14-34.5. Assault with a firearm on a law enforcement officer, enforcement, probation, or parole officer or on a person employed at a State or local detention facility.

(a) Any person who commits an assault with a firearm upon a law enforcement ~~officer~~ officer, probation officer, or parole officer while the ~~law enforcement~~ officer is in the performance of his or her duties is guilty of a Class E felony.

(b) Anyone who commits an assault with a firearm upon a person who is employed at a detention facility operated under the jurisdiction of the State or a local government while the employee is in the performance of the employee's duties is guilty of a Class E felony."

(hh) G.S. 14-34.7 reads as rewritten:

"§ 14-34.7. Assault on a law enforcement officer, enforcement, probation, or parole officer or on a person employed at a State or local detention facility.

(a) Unless covered under some other provision of law providing greater punishment, a person is guilty of a Class F felony if the person assaults a law

enforcement ~~officer~~ officer, probation officer, or parole officer while the law enforcement officer is discharging or attempting to discharge his or her official duties and inflicts serious bodily injury on the law enforcement officer.

(b) Anyone who assaults a person who is employed at a detention facility operated under the jurisdiction of the State or a local government while the employee is in the performance of the employee's duties and inflicts serious bodily injury on the employee is guilty of a Class F felony, unless the person's conduct is covered under some other provision of law providing greater punishment."

(ii) G.S. 90-95(h) reads as rewritten:

"(h) Notwithstanding any other provision of law, the following provisions apply except as otherwise provided in this Article.

(1) Any person who sells, manufactures, delivers, transports, or possesses in excess of ~~50~~ 10 pounds (avoirdupois) of marijuana shall be guilty of a felony which felony shall be known as 'trafficking in marijuana' and if the quantity of such substance involved:

a. Is in excess of ~~50~~ 10 pounds, but less than ~~400~~ 50 pounds, such person shall be punished as a Class H felon and shall be sentenced to a minimum term of 25 months and a maximum term of 30 months in the State's prison and shall be fined not less than five thousand dollars (\$5,000);

b. Is ~~400~~ 50 pounds or more, but less than 2,000 pounds, such person shall be punished as a Class G felon and shall be sentenced to a minimum term of 35 months and a maximum term of 42 months in the State's prison and shall be fined not less than twenty-five thousand dollars (\$25,000);

c. Is 2,000 pounds or more, but less than 10,000 pounds, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 84 months in the State's prison and shall be fined not less than fifty thousand dollars (\$50,000);

d. Is 10,000 pounds or more, such person shall be punished as a Class D felon and shall be sentenced to a minimum term of 175 months and a maximum term of 219 months in the State's prison and shall be fined not less than two hundred thousand dollars (\$200,000).

(2) Any person who sells, manufactures, delivers, transports, or possesses 1,000 tablets, capsules or other dosage units, or the equivalent quantity, or more of methaqualone, or any mixture containing such substance, shall be guilty of a felony which felony shall be known as 'trafficking in methaqualone' and if the quantity of such substance or mixture involved:

a. Is 1,000 or more dosage units, or equivalent quantity, but less than 5,000 dosage units, or equivalent quantity, such person shall be punished as a Class G felon and shall be sentenced to a

- minimum term of 35 months and a maximum term of 42 months in the State's prison and shall be fined not less than twenty-five thousand dollars (\$25,000);
- b. Is 5,000 or more dosage units, or equivalent quantity, but less than 10,000 dosage units, or equivalent quantity, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 84 months in the State's prison and shall be fined not less than fifty thousand dollars (\$50,000);
 - c. Is 10,000 or more dosage units, or equivalent quantity, such person shall be punished as a Class D felon and shall be sentenced to a minimum term of 175 months and a maximum term of 219 months in the State's prison and shall be fined not less than two hundred thousand dollars (\$200,000).
- (3) Any person who sells, manufactures, delivers, transports, or possesses 28 grams or more of cocaine and any salt, isomer, salts of isomers, compound, derivative, or preparation thereof, or any coca leaves and any salt, isomer, salts of isomers, compound, derivative, or preparation of coca leaves, and any salt, isomer, salts of isomers, compound, derivative or preparation thereof which is chemically equivalent or identical with any of these substances (except decocainized coca leaves or any extraction of coca leaves which does not contain cocaine) or any mixture containing such substances, shall be guilty of a felony, which felony shall be known as 'trafficking in cocaine' and if the quantity of such substance or mixture involved:
- a. Is 28 grams or more, but less than 200 grams, such person shall be punished as a Class G felon and shall be sentenced to a minimum term of 35 months and a maximum term of 42 months in the State's prison and shall be fined not less than fifty thousand dollars (\$50,000);
 - b. Is 200 grams or more, but less than 400 grams, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 84 months in the State's prison and shall be fined not less than one hundred thousand dollars (\$100,000);
 - c. Is 400 grams or more, such person shall be punished as a Class D felon and shall be sentenced to a minimum term of 175 months and a maximum term of 219 months in the State's prison and shall be fined at least two hundred fifty thousand dollars (\$250,000).
- (3a) Any person who sells, manufactures, delivers, transports, or possesses 1,000 tablets, capsules or other dosage units, or the equivalent quantity, or more of amphetamine, its salts, optical isomers, and salts of its optical isomers or any mixture containing such substance, shall

be guilty of a felony which felony shall be known as 'trafficking in amphetamine' and if the quantity of such substance or mixture involved:

- a. Is 1,000 or more dosage units, or equivalent quantity, but less than 5,000 dosage units, or equivalent quantity, such person shall be punished as a Class G felon and shall be sentenced to a minimum term of 35 months and a maximum term of 42 months in the State's prison and shall be fined not less than twenty-five thousand dollars (\$25,000);
 - b. Is 5,000 or more dosage units, or equivalent quantity, but less than 10,000 dosage units, or equivalent quantity, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 84 months in the State's prison and shall be fined not less than fifty thousand dollars (\$50,000);
 - c. Is 10,000 or more dosage units, or equivalent quantity, such person shall be punished as a Class D felon and shall be sentenced to a minimum term of 175 months and a maximum term of 219 months in the State's prison and shall be fined not less than two hundred thousand dollars (\$200,000).
- (3b) Any person who sells, manufactures, delivers, transports, or possesses 28 grams or more of methamphetamine shall be guilty of a felony which felony shall be known as 'trafficking in methamphetamine' and if the quantity of such substance or mixture involved:
- a. Is 28 grams or more, but less than 200 grams, such person shall be punished as a Class G felon and shall be sentenced to a minimum term of 35 months and a maximum term of 42 months in the State's prison and shall be fined not less than fifty thousand dollars (\$50,000);
 - b. Is 200 grams or more, but less than 400 grams, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 84 months in the State's prison and shall be fined not less than one hundred thousand dollars (\$100,000);
 - c. Is 400 grams or more, such person shall be punished as a Class D felon and shall be sentenced to a minimum term of 175 months and a maximum term of 219 months in the State's prison and shall be fined at least two hundred fifty thousand dollars (\$250,000).
- (4) Any person who sells, manufactures, delivers, transports, or possesses four grams or more of opium or opiate, or any salt, compound, derivative, or preparation of opium or opiate (except apomorphine, nalbuphine, analoxone and naltrexone and their respective salts), including heroin, or any mixture containing such substance, shall be

guilty of a felony which felony shall be known as 'trafficking in opium or heroin' and if the quantity of such controlled substance or mixture involved:

- a. Is four grams or more, but less than 14 grams, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 84 months in the State's prison and shall be fined not less than fifty thousand dollars (\$50,000);
 - b. Is 14 grams or more, but less than 28 grams, such person shall be punished as a Class E felon and shall be sentenced to a minimum term of 90 months and a maximum term of 117 months in the State's prison and shall be fined not less than one hundred thousand dollars (\$100,000);
 - c. Is 28 grams or more, such person shall be punished as a Class C felon and shall be sentenced to a minimum term of 225 months and a maximum term of 279 months in the State's prison and shall be fined not less than five hundred thousand dollars (\$500,000).
- (4a) Any person who sells, manufactures, delivers, transports, or possesses 100 tablets, capsules, or other dosage units, or the equivalent quantity, or more, of Lysergic Acid Diethylamide, or any mixture containing such substance, shall be guilty of a felony, which felony shall be known as 'trafficking in Lysergic Acid Diethylamide'. If the quantity of such substance or mixture involved:
- a. Is 100 or more dosage units, or equivalent quantity, but less than 500 dosage units, or equivalent quantity, such person shall be punished as a Class G felon and shall be sentenced to a minimum term of 35 months and a maximum term of 42 months in the State's prison and shall be fined not less than twenty-five thousand dollars (\$25,000);
 - b. Is 500 or more dosage units, or equivalent quantity, but less than 1,000 dosage units, or equivalent quantity, such person shall be punished as a Class F felon and shall be sentenced to a minimum term of 70 months and a maximum term of 84 months in the State's prison and shall be fined not less than fifty thousand dollars (\$50,000);
 - c. Is 1,000 or more dosage units, or equivalent quantity, such person shall be punished as a Class D felon and shall be sentenced to a minimum term of 175 months and a maximum term of 219 months in the State's prison and shall be fined not less than two hundred thousand dollars (\$200,000).
- (5) Except as provided in this subdivision, a person being sentenced under this subsection may not receive a suspended sentence or be placed on probation. The sentencing judge may reduce the fine, or impose a

prison term less than the applicable minimum prison term provided by this subsection, or suspend the prison term imposed and place a person on probation when such person has, to the best of his knowledge, provided substantial assistance in the identification, arrest, or conviction of any accomplices, accessories, co-conspirators, or principals if the sentencing judge enters in the record a finding that the person to be sentenced has rendered such substantial assistance.

(6) Sentences imposed pursuant to this subsection shall run consecutively with and shall commence at the expiration of any sentence being served by the person sentenced hereunder."

(jj) This section becomes effective December 1, 1997, and applies to offenses committed on or after that date.

Requested by: Representatives Jarrell, Sutton, Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

LIMIT, MODIFY, AND ENHANCE ATTEMPTING TO ELUDE ARREST STATUTES

Section 19.26. (a) Chapter 20 of the General Statutes is amended by adding a new section to read:

"§ 20-141.5. Speeding to elude arrest.

(a) It shall be unlawful for any person to operate a motor vehicle on a street, highway, or public vehicular area while fleeing or attempting to elude a law enforcement officer who is in the lawful performance of his duties. Except as provided in subsection (b) of this section, violation of this section shall be a Class 1 misdemeanor.

(b) If two or more of the following aggravating factors are present at the time the violation occurs, violation of this section shall be a Class H felony.

(1) Speeding in excess of 15 miles per hour over the legal speed limit.

(2) Gross impairment of the person's faculties while driving due to:

a. Consumption of an impairing substance; or

b. A blood alcohol concentration of 0.14 or more within a relevant time after the driving.

(3) Reckless driving as proscribed by G.S. 20-140.

(4) Negligent driving leading to an accident causing:

a. Property damage in excess of one thousand dollars (\$1,000); or

b. Personal injury.

(5) Driving when the person's drivers license is revoked.

(6) Driving in excess of the posted speed limit, during the days and hours when the posted limit is in effect, on school property or in an area designated as a school zone pursuant to G.S. 20-141.1, or in a highway work zone as defined in G.S. 20-141(j2).

(7) Passing a stopped school bus as proscribed by G.S. 20-217.

(8) Driving with a child under 12 years of age in the vehicle.

(c) Whenever evidence is presented in any court or administrative hearing of the fact that a vehicle was operated in violation of this section, it shall be prima facie evidence that the vehicle was operated by the person in whose name the vehicle was registered at the time of the violation, according to the Division's records. If the vehicle is rented, then proof of that rental shall be prima facie evidence that the vehicle was operated by the renter of the vehicle at the time of the violation.

(d) The Division shall suspend, for up to one year, the drivers license of any person convicted of a misdemeanor under this section. The Division shall revoke, for two years, the drivers license of any person convicted of a felony under this section if the person was convicted on the basis of the presence of two of the aggravating factors listed in subsection (b) of this section. The Division shall revoke, for three years, the drivers license of any person convicted of a felony under this section if the person was convicted on the basis of the presence of three or more aggravating factors listed in subsection (b) of this section. In the case of a first felony conviction under this section where only two aggravating factors were present, the licensee may apply to the sentencing court for a limited driving privilege after a period of 12 months of revocation, provided the operator's license has not also been revoked or suspended under any other provision of law. A limited driving privilege issued under this subsection shall be valid for the period of revocation remaining in the same manner and under the terms and conditions prescribed in G.S. 20-16.1(b). If the person's license is revoked under any other statute, the limited driving privilege issued pursuant to this subsection is invalid.

(e) When the probable cause of the law enforcement officer is based on the prima facie evidence rule set forth in subsection (c) above, the officer shall make a reasonable effort to contact the registered owner of the vehicle prior to initiating criminal process.

(f) Each law enforcement agency shall adopt a policy applicable to the pursuit of fleeing or eluding motorists. Each policy adopted pursuant to this subsection shall specifically include factors to be considered by an officer in determining when it is advisable to break off a chase to stop and apprehend a suspect. The Attorney General shall develop a model policy or policies to be considered for use by law enforcement agencies."

(b) G.S. 20-141(j) and G.S. 20-17(a)(10) are repealed.

(c) G.S. 20-179(d) reads as rewritten:

"(d) Aggravating Factors to Be Weighed. – The judge must determine before sentencing under subsection (f) whether any of the aggravating factors listed below apply to the defendant. The judge must weigh the seriousness of each aggravating factor in the light of the particular circumstances of the case. The factors are:

- (1) Gross impairment of the defendant's faculties while driving or an alcohol concentration of 0.16 or more within a relevant time after the driving.
- (2) Especially reckless or dangerous driving.
- (3) Negligent driving that led to a reportable accident.
- (4) Driving by the defendant while his driver's license was revoked.

- (5) Two or more prior convictions of a motor vehicle offense not involving impaired driving for which at least three points are assigned under G.S. 20-16 or for which the convicted person's license is subject to revocation, if the convictions occurred within five years of the date of the offense for which the defendant is being sentenced, or one or more prior convictions of an offense involving impaired driving that occurred more than seven years before the date of the offense for which the defendant is being sentenced.
- (6) Conviction under ~~G.S. 20-141(j)~~ G.S. 20-141.5 of speeding by the defendant while fleeing or attempting to elude apprehension.
- (7) Conviction under G.S. 20-141 of speeding by the defendant by at least 30 miles per hour over the legal limit.
- (8) Passing a stopped school bus in violation of G.S. 20-217.
- (9) Any other factor that aggravates the seriousness of the offense.

Except for the factor in subdivision (5) the conduct constituting the aggravating factor must occur during the same transaction or occurrence as the impaired driving offense."

(d) G.S. 58-36-75(c) reads as rewritten:

"(c) The subclassification plan promulgated pursuant to G.S. 58-36-65(b) shall provide for facility recoupment surcharges pursuant to G.S. 58-37-40(f) and G.S. 58-37-75, in addition to premium surcharges, for convictions for the following moving traffic violations:

General Statute	Description of Offense
20-12.1	Being impaired while accompanying a permittee who is learning to drive
20-28	Driving while license is suspended or revoked
20-138.1	Driving a vehicle while impaired
20-138.2	Driving a commercial vehicle while impaired
20-138.3	Driving by provisional licensee after consuming alcohol or drugs
20-140(a)	Driving carelessly and heedlessly in willful or wanton disregard of the rights of others
20-140(b)	Driving without due caution in a manner so as to endanger other people or property
20-141(a)	Only driving at least 11 miles per hour over the posted speed limit
20-141(j)	Driving in excess of 55 mph and at least 15 mph over legal limit, while fleeing or attempting to elude arrest by a law enforcement officer
20-141(j1)	Driving more than 15 mph over legal limit
20-141.1	Speeding in a school zone
20-141.3(a)	Engaging in prearranged speed competition with another motor vehicle

- 20-141.3(b) Willfully engaging in speed competition with another motor vehicle (not prearranged)
- 20-141.3(c) Allowing or authorizing others to use one's motor vehicle in prearranged speed competition or placing or receiving a bet or wager on a prearranged speed competition
- 20-141.4(a1) Death by vehicle (unintentionally causing death of another while engaged in impaired driving)
- 20-141.4(a2) Death by vehicle (unintentionally causing death of another as a result of a violation of motor vehicle law intended to regulate traffic or used to control operation of a vehicle)
- 20-141.5 Speeding while fleeing or attempting to elude arrest
- 20-166(a) Failure to stop by driver who knew or should have known he was involved in accident and that accident caused death or injury to any person
- 20-166(c) Failure of driver involved in accident causing property damage or personal injury or death (if driver did not know of injury or death) to stop at scene of accident
- 20-175.2 Failure to yield right-of-way to blind person at crossings, intersections, and traffic control signal points
- 20-217 Failure to stop and remain stopped when approaching a stopped school bus engaged in receiving or discharging passengers and while bus has mechanical stop signal displayed
- 14-18 Voluntary manslaughter
- 14-18 Involuntary manslaughter".
- (e) G.S. 143-116.8(b) reads as rewritten:
- "(b) (1) It shall be unlawful for a person to operate a vehicle in the State parks and forests road system at a speed in excess of twenty-five miles per hour (25 mph). When the Secretary of Environment, Health, and Natural Resources determines that this speed is greater than reasonable and safe under the conditions found to exist in the State parks and forests road system, the Secretary may establish a lower reasonable and safe speed limit. No speed limit established by the Secretary pursuant to this provision shall be effective until posted in the part of the system sought to be affected.
- (2) Any person convicted of violating this subsection by operating a vehicle on the State parks and forests road system ~~in excess of twenty-five miles per hour (25 mph) and at least fifteen miles per hour (15~~

~~mph) over the legal limit~~ while fleeing or attempting to elude arrest or apprehension by a law enforcement officer with authority to enforce the motor vehicle laws, shall be punished as provided in ~~G.S. 20-141(j)~~. G.S. 20-141.5.

- (3) For the purposes of enforcement and administration of Chapter 20, the speed limits stated and authorized to be adopted by this section are speed limits under Chapter 20.
- (4) The Secretary may designate any part of the State parks and forests road system for one-way traffic and shall erect appropriate signs giving notice thereof. It shall be a violation of G.S. 20-165.1 for any person to willfully drive or operate any vehicle on any part of the State parks and forests road system so designated except in the direction indicated.
- (5) The Secretary shall have power, equal to the power of local authorities under G.S. 20-158 and G.S. 20-158.1, to place vehicle control signs and signals and yield-right-of-way signs in the State parks and forests road system; the Secretary also shall have power to post such other signs and markers and mark the roads in accordance with Chapter 20 as the Secretary may determine appropriate for highway safety and traffic control. The failure of any vehicle driver to obey any vehicle control sign or signal, or any yield-right-of-way sign placed under the authority of this section in the State parks and forests road system shall be an infraction and shall be punished as provided in G.S. 20-176."

(f) This section becomes effective December 1, 1997, and applies to offenses committed on or after that date.

Requested by: Representatives Morgan, Justus, Kiser, Thompson

INTIMIDATION TO INFLUENCE LEGISLATOR

Section 19.27. (a) G.S. 120-86 reads as rewritten:

"§ 120-86. Bribery, etc.

(a) No person shall offer or give to a legislator or a member of a legislator's immediate household, or to a business with which ~~he~~ the legislator is associated, and no legislator shall solicit or receive, anything of monetary value, including a gift, favor or service or a promise of future employment, based on any understanding that ~~such~~ the legislator's vote, official actions or judgment would be influenced thereby, or where it could reasonably be inferred that the thing of value would influence the legislator in the discharge of ~~his~~ the legislator's duties.

(b) It shall be unlawful for the partner, client, customer, or employer of a legislator or the agent of that partner, client, customer, or ~~employer to threaten economically, directly or indirectly,~~ employer, directly or indirectly, to threaten economically that legislator with the intent to influence the legislator in the discharge of ~~his legislative~~ the legislator's duties.

(b1) It shall be unlawful for any person, directly or indirectly, to threaten economically another person in order to compel the threatened person to attempt to influence a legislator in the discharge of the legislator's duties.

(c) It shall be unethical for a legislator to contact the partner, client, customer, or employer of another legislator if the purpose of the contact is to cause the partner, client, customer, or ~~employer to threaten economically, directly or indirectly, employer, directly or indirectly, to threaten economically~~ that legislator with the intent to influence that legislator in the discharge of ~~his legislative~~ the legislator's duties.

(d) For the purposes of this section, the term 'legislator' also includes any person who has been elected or appointed to the General Assembly but who has not yet taken the oath of office.

(e) Violation of subsection ~~(a) or (b)~~ (a), (b), or (b1) is a Class F felony. Violation of subsection (c) is not a crime but is punishable under G.S. 120-103."

(b) This section becomes effective December 1, 1997, and applies to offenses committed on or after that date.

Requested by: Representatives Justus, Kiser, Thompson

DIRECT CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS COMMISSION TO REVISE HIRING AND RECORD-KEEPING PROCEDURES FOR EMPLOYEES OF DEPARTMENT OF CORRECTION

Section 19.28. No later than June 30, 1998, the Criminal Justice Education and Training Standards Commission shall reestablish the hiring and record-keeping procedures for the employment of certified positions in the Department of Correction.

PART XX. DEPARTMENT OF JUSTICE

Requested by: Senators Gulley, Ballance, Rand

DEPARTMENT OF JUSTICE SALARY ADJUSTMENTS

Section 20. Of the funds appropriated in this act to the Department of Justice, the sum of ninety-three thousand four hundred fifty-three dollars (\$93,453) for the 1997-98 fiscal year and the sum of ninety-three thousand four hundred fifty-three dollars (\$93,453) for the 1998-99 fiscal year may be used to increase the salaries of attorneys who are eligible for salary adjustments based upon outstanding job performance for the preceding year.

Requested by: Senator Gulley

SBI FUNDS/SPENDING PRIORITIES

Section 20.1. Of the funds appropriated in this act to the Department of Justice, State Bureau of Investigation, for the 1997-99 biennium for overtime payments, the first priority for use of the funds by the Department shall be:

- (1) To make overtime payments to SBI agents in the Field Investigations Division; and

- (2) To make overtime payments to supervisory personnel receiving overtime payments as of June 30, 1997, up to a maximum of five thousand two hundred dollars (\$5,200) annually per individual.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

SBI USE OF COURT-ORDERED REIMBURSEMENT FUNDS

Section 20.2. The State Bureau of Investigation (SBI) may use funds available from court-ordered reimbursement in undercover drug operations.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING BOARDS PAY FOR USE OF STATE FACILITIES AND SERVICES

Section 20.3. The Private Protective Services and Alarm Systems Licensing Boards shall pay the appropriate State agency for the use of physical facilities and services provided to those boards by the State.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

LIMITS ON COMPUTER SYSTEM UPGRADE

Section 20.4. Any proposed increase in mainframe computer capacity or system upgrade for the Judicial Department, the Department of Correction, the Department of Justice, or the Department of Crime Control and Public Safety, to be funded from the Continuation Budget, shall be reported to the Joint Legislative Commission on Governmental Operations, to the Chairs of the Senate and House of Representatives Appropriations Committees, and to the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety before the department enters into any contractual agreement. This report is to be made jointly by the Information Resource Management Commission, the Office of State Budget and Management, and the requesting department.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

CERTAIN LITIGATION EXPENSES TO BE PAID BY CLIENTS

Section 20.5. Client departments, agencies, and boards shall reimburse the Department of Justice for reasonable court fees, attorney travel and subsistence costs, and other costs directly related to litigation in which the Department of Justice is representing the department, agency, or board.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

REIMBURSEMENT FOR UNC BOARD OF GOVERNORS LEGAL REPRESENTATION

Section 20.6. The Department of Justice shall be reimbursed by the Board of Governors of The University of North Carolina for two Attorney III positions to provide legal representation to The University of North Carolina system.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT

Section 20.7. (a) Assets transferred to the Department of Justice during the 1997-99 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. Assets transferred to the Department of Crime Control and Public Safety during the 1997-99 biennium pursuant to 19 U.S.C. § 1616a shall be credited to the budget of the Department and shall result in an increase of law enforcement resources for the Department. The Departments of Justice and Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations upon receipt of the assets and, before using the assets, shall report on the intended use of the assets and the departmental priorities on which the assets may be expended.

The General Assembly finds that the use of assets transferred pursuant to 19 U.S.C. § 1616a for new personnel positions, new projects, the acquisition of real property, repair of buildings where the repair includes structural change, and construction of or additions to buildings may result in additional expenses for the State in future fiscal periods. Therefore, the Department of Justice and the Department of Crime Control and Public Safety are prohibited from using these assets for such purposes without the prior approval of the General Assembly, except during the 1997-98 fiscal year, the Department of Justice may:

- (1) Use an amount not to exceed the sum of twenty-five thousand dollars (\$25,000) of the funds to extend the lease of space in the Town of Salemburg for SBI training; and
- (2) Use an amount not to exceed fifty thousand dollars (\$50,000) of the funds to lease space for its technical operations unit, storage of its equipment and vehicles, and command post vehicle.

(b) Nothing in this section prohibits North Carolina law enforcement agencies from receiving funds from the United States Department of Justice pursuant to 19 U.S.C. § 1616a.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

DEPARTMENT OF JUSTICE RECORD CHECKS FUNDS AND REPORTS

Section 20.8. (a) The Department of Justice may use, for each year of the 1997-99 biennium, the sum of up to two hundred ten thousand five hundred sixty-three dollars (\$210,563) to add up to five positions in the State Bureau of Investigation to facilitate record checks for concealed weapons permits. The Office of State Budget and Management may adjust the allotment of appropriations to the Department of Justice until receipts are realized. The Department of Justice may fund one and one-half positions per 10,000 record checks for concealed weapons permits. If the total number of annual criminal record checks performed by the State Bureau of Investigation falls below the level of 5,000 checks, the number of positions shall be reduced to one.

(b) The Department of Justice shall report by January 15 each year to the Joint Legislative Commission on Governmental Operations, the Chairs of the Senate and House Appropriations Committees, and the Chairs of the Senate and House

Appropriations Subcommittees on Justice and Public Safety on the receipts, costs for, and number of criminal record checks performed in connection with applications for concealed weapons permits. The report by the Department of Justice shall also include information on the number of applications received and approved for firearms safety courses.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Esposito, Creech, Crawford

SALARY EQUITY FOR SBI LAW ENFORCEMENT

Section 20.9. (a) Of the funds appropriated in this act to the Department of Justice for the State Bureau of Investigation, the sum of two million seven hundred thousand dollars (\$2,700,000) for the 1997-98 fiscal year and the sum of two million seven hundred thousand dollars (\$2,700,000) for the 1998-99 fiscal year shall be used to adjust the salaries of law enforcement positions in the State Bureau of Investigation. These adjustments shall be based on factors, such as employee salary, position class title, position grade, and credible years of sworn service with the State Bureau of Investigation. No salary adjustment shall result in an increase beyond the maximum salary set for an officer's pay grade. If an officer's salary is near or at the top of the officer's pay grade, the officer shall be eligible to receive a salary adjustment up to the top of the officer's pay grade. If an officer is at the top of the officer's pay grade, then the officer is not eligible to receive a salary adjustment. Sworn officers holding the following management positions are not eligible to receive the salary adjustment: SBI Director, SBI Assistant Directors of Support Services, SBI Assistant Director, SBI Assistant Directors of Field Services, SBI Assistant Director of Crime Laboratory, Deputy Director of Medicaid Fraud.

(b) Within 30 days of any salary adjustment made pursuant to this section, the Department shall report its actions to the Chairs of the House and Senate Appropriations Committees.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

INCREASE THE NUMBER OF FICTITIOUS LICENSES AND REGISTRATION PLATES AUTHORIZED FOR PUBLICLY OWNED MOTOR VEHICLES AND REMOVE THE SUNSET ON PRIOR INCREASE ON NUMBER OF PLATES

Section 20.10. G.S. 20-39(h) reads as rewritten:

"(h) The Commissioner, notwithstanding any other provision of this Chapter, may lawfully and to the extent necessary, provide local, State or federal law-enforcement officers on special undercover assignments with motor vehicle drivers licenses and motor vehicle registration plates under assumed names using false or fictitious addresses. Such registration plates shall only be used on publicly owned or leased vehicles. Requests for these licenses and registration plates shall be made to the Commissioner by the head of the local, State or federal law-enforcement agency and be accompanied by approval in writing from the Director of the State Bureau of

Investigation upon a specific finding by the Director that the request is justified and necessary. The Director shall keep a record of all such licenses, registration plates, assumed names, false or fictitious addresses, and law-enforcement officers using the licenses or registration plates, and shall request the immediate return of any license or registration plate that is no longer necessary. Licenses and registration plates provided under this subsection shall expire six months after initial issuance or subsequent validation after the request for extension has been approved in writing by the Director of the State Bureau of Investigation. The head of the local, State or federal law-enforcement agency shall be responsible for the use of the licenses and registration plates and shall return them immediately to the Commissioner for cancellation upon either (i) their expiration, (ii) request of the Director of the State Bureau of Investigation, or (iii) request of the Commissioner. Failure to return a license or registration plates issued pursuant to this subsection shall be punished as a Class 2 misdemeanor. At no time shall the number of valid licenses and registration plates issued under this act exceed ~~one hundred,~~ one hundred twenty-five, and those issued shall be strictly monitored by the Director. All of the private registration plates issued to special agents of the State Bureau of Investigation under the Department of Justice and to alcohol law enforcement agents under the Department of Crime Control and Public Safety, pursuant to G.S. 14-250, may be fictitious plates and shall not be counted in the total number of fictitious plates authorized by this subsection."

(b) Subsection (c) of Section 23 of Chapter 18 of the Session Laws of the 1996 Second Extra Session is repealed.

(c) This section becomes effective June 29, 1997.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

SHERIFF EDUCATION AND TRAINING STANDARDS COMMISSION TO ESTABLISH MINIMUM EMPLOYMENT, TRAINING, AND RETENTION STANDARDS FOR TELECOMMUNICATORS

Section 20.11. (a) Of the funds appropriated in this act to the Department of Justice for the 1997-99 biennium, the sum of one hundred one thousand six hundred thirty-five dollars (\$101,635) for the 1997-98 fiscal year and the sum of one hundred thirty-two thousand two hundred thirty-one dollars (\$132,231) for the 1998-99 fiscal year shall be used to fund a criminal justice research associate, a processing assistant, a criminal justice instructor-coordinator, and related expenses to implement this section.

(b) G.S. 17E-2(3) reads as rewritten:

"(3) 'Justice officer' ~~means a person who, through the special trust and confidence of the sheriff of the county, has taken the oath of office prescribed by Chapter 11 of these statutes as a peace officer in the office of a sheriff, or who has been duly appointed as a detention officer by the sheriff. The term includes 'deputy sheriffs' and 'special deputy sheriffs' but does not include clerical and support personnel not required to take an oath. The term 'special deputy' means a person who, through appointment by the sheriff, becomes an unpaid criminal~~

~~justice officer to perform a specific act directed to the person by the sheriff. Justice officer shall also mean the administrator and the other custodial personnel of district confinement facilities as defined in G.S. 153A-219. Nothing in this Chapter shall transfer any supervisory or administrative control of employees of district confinement facilities to the office of the sheriff.~~ means:

- a. A person who, through the special trust and confidence of the sheriff, has taken the oath of office prescribed by Chapter 11 of the General Statutes as a peace officer in the office of the sheriff. This term includes 'deputy sheriffs', 'reserve deputy sheriffs', and 'special deputy sheriffs', but does not include clerical and support personnel not required to take an oath. The term 'special deputy' means a person who, through appointment by the sheriff, becomes an unpaid criminal justice officer to perform a specific act directed by the sheriff; or
- b. A person who, through the special trust and confidence of the sheriff, has been appointed as a detention officer by the sheriff; or
- c. A person who is either the administrator or other custodial personnel of district confinement facilities as defined in G.S. 153A-219; however, nothing in this Chapter transfers any supervisory or administrative control over employees of district confinement facilities to the office of the sheriff; or
- d. A person who, through the special trust and confidence of the sheriff, is under the direct supervision and control of the sheriff and serves as a telecommunicator, or who is presented to the Commission for appointment as a telecommunicator by an employing entity other than the sheriff for the purpose of obtaining certification from the Commission as a telecommunicator."

(c) G.S. 17E-7 reads as rewritten:

"§ 17E-7. Required standards.

(a) ~~Justice officers~~ officers, other than those set forth in subsection (c1) of this section, shall not be required to meet any requirements of subsections (b) and (c) of this section as a condition of continued employment, nor shall failure of a justice officer to fulfill such requirements make him ineligible for any promotional examination for which he is otherwise eligible if the officer held an appointment prior to July 1, 1983, and is a sworn law-enforcement officer with power of arrest. The legislature finds, and it is hereby declared to be the policy of this Chapter, that such officers have satisfied such requirements by their experience. It is the intent of the Chapter that all justice officers employed at the entry level after the Commission has adopted the required standards shall meet the requirements of this Chapter. All justice officers who are exempted from the required entry level standards by this subsection are subject to the

requirements of subsections (b) and (c) of this section as well as the requirements of G.S. 17E-4(a) in order to retain certification.

(b) The Commission shall provide, by regulation, that no person may be appointed as a justice officer at entry level, except on a temporary or probationary basis, unless such person has satisfactorily completed an initial preparatory program of training at a school certified by the Commission or has been exempted from that requirement by the Commission pursuant to this Chapter. Upon separation of a justice officer from a sheriff's department within the temporary or probationary period of appointment, the probationary certification shall be terminated by the Commission. Upon the reappointment to the same department or appointment to another department of an officer who has separated from a department within the probationary period, the officer shall be charged with the amount of time served during his initial appointment and allowed the remainder of the probationary period to complete the basic training requirement. Upon the reappointment to the same department or appointment to another department of an officer who has separated from a department within the probationary period and who has remained out of service for more than one year from the date of separation, the officer shall be allowed another probationary period to complete such training as the Commission shall require by rule for an officer returning to service.

(c) In addition to the requirements of subsection (b) of this section, the Commission, by rules and regulations, may fix other qualifications for the employment and retention of justice officers including minimum age, education, physical and mental standards, citizenship, good moral character, experience, and such other matters as relate to the competence and reliability of persons to assume and discharge the responsibilities of the office, and the Commission shall prescribe the means for presenting evidence of fulfillment of these requirements.

Where minimum educational standards are not met, yet the individual shows potential and a willingness to achieve the standards by extra study, they may be waived by the Commission for the reasonable amount of time it will take to achieve the standards required. Upon petition from a sheriff, the Commission may grant a waiver of any provisions of this section (17E-7) for any justice officer serving that sheriff.

(c1) Any justice officer appointed as a telecommunicator at the entry level after March 1, 1998, shall meet all requirements of this Chapter. Any person employed in the capacity of a telecommunicator as defined by the Commission on or before March 1, 1998, shall not be required to meet any entry-level requirements as a condition of continued employment but shall be reported to the Commission for certification. All justice officers who are exempted from the required entry-level standards by this subsection are subject to the requirements of subsections (b) and (c) of this section as well as the requirements of G.S. 17E-4(a) in order to retain certification.

(d) The Commission may issue a certificate evidencing satisfaction of the requirements of subsections ~~(b) and (c)~~ (b), (c), and (c1) of this section to any applicant who presents such evidence as may be required by its rules and regulations of satisfactory completion of a program or course of instruction in another jurisdiction."

(d) Any entity, other than a sheriff's office, that employs telecommunicators is not required to submit telecommunicators under its employment

for certification pursuant to Chapter 17E of the General Statutes and is not subject to criminal or civil liability if it does not do so.

Requested by: Representatives Preston, Justus, Kiser, Thompson

DEPARTMENT OF JUSTICE TO PROVIDE TRAINING TO STATE AND LOCAL LAW ENFORCEMENT OFFICERS IN THE IDENTIFICATION OF ACCIDENT-TRAUMA VICTIMS IN ORDER TO FACILITATE TIMELY IDENTIFICATION OF POTENTIAL ORGAN AND TISSUE DONORS AND TO PROVIDE FOR THE IDENTIFICATION OF ACCIDENT-TRAUMA VICTIMS

Section 20.12. (a) Of the funds appropriated in this act to the Department of Justice for the 1997-98 fiscal year, the sum of twenty-five thousand dollars (\$25,000) shall be used by the North Carolina Criminal Justice Education and Standards Training Commission, the North Carolina Sheriffs' Education and Training Standards Commission, and the North Carolina Justice Academy to provide for the training of State and local law enforcement officers in the timely identification of accident-trauma victims in order to facilitate the identification of potential organ and tissue donors.

(b) Chapter 90 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 35.

"Accident-Trauma Victim Identification.

"§ 90-600. Short title.

This Article shall be known and may be cited as the Carolyn Sonzogni Act.

"§ 90-601. Purpose.

The identification of accident-trauma victims is crucial to the timely notification of the next of kin of accident-trauma victims and to the recovery of organs and tissues for organ transplants. In recognition of these facts, it is the policy of this State and the purpose of this act to provide for the timely identification of accident-trauma victims by law enforcement, fire, emergency, rescue, and hospital personnel.

"§ 90-602. Routine search for donor information.

(a) The following persons may make a reasonable search for a document of gift or other information identifying the bearer as an organ donor or as an individual who has refused to make an anatomical gift:

- (1) A law enforcement officer, firefighter, paramedic, or other official emergency rescuer finding an individual who the searcher believes is near death; and
- (2) A hospital, upon the admission of an individual at or near the time of death, if there is not immediately available any other source of that information.

(b) Any law enforcement officer or other person listed in subsection (a) of this section may conduct an administrative search of the accident-trauma victim's Division of Motor Vehicles driver record to determine the individual's authorization for organ donation or refusal of organ donation.

(c) A physical search pursuant to subsection (a) of this section may be conducted at or near the time of death or hospital admission and shall be limited to those personal effects of the individual where a drivers license reasonably may be stored. Any information, document, tangible objects, or other items discovered during the search shall be used solely for the purpose of ascertaining the individual's identity, notifying the individual's next of kin, and determining whether the individual intends to make an anatomical gift, and in no event shall any such discovered material be admissible in any subsequent criminal or civil proceeding, unless obtained pursuant to a lawful search on other grounds.

"§ 90-603. Timely notification of next of kin.

A State or local law enforcement officer shall make a reasonable effort to notify the next of kin of an accident-trauma victim if the individual is hospitalized or dead. Whenever possible, the notification should be delivered in person and without delay after ensuring positive identification. If appropriate under the circumstances, the notification may be given by telephone in accordance with State and local law enforcement departmental policies. In addition to the notification of next of kin made by law enforcement personnel, other emergency rescue or hospital personnel may contact the next of kin, or the nearest organ procurement organization, in order to expedite decision making with regard to potential organ and tissue recovery.

"§ 90-604. Use of body information tags.

(a) In order to provide the identifying information necessary to facilitate organ and tissue transplants, a body information tag shall be attached to or transmitted with the body of an accident-trauma victim by the following persons:

- (1) A law enforcement officer, firefighter, paramedic, or other official emergency rescuer who believes the seriously injured individual to be near death; and
- (2) Hospital personnel, after the individual has been pronounced dead.

(b) The body information tag shall include information identifying the accident-trauma victim, identifying whether the individual is an organ donor, and providing any information on the next of kin. The Division of Motor Vehicles shall be responsible for producing and distributing body information tags to all State and local law enforcement departments. In addition, the tags shall be distributed by the Division of Motor Vehicles to all State and local agencies employing firefighters, paramedics, and other emergency and rescue personnel."

Requested by: Representatives Justus, Kiser, Thompson

CRIMINAL JUSTICE INFORMATION NETWORK REPORT

Section 20.13. The Criminal Justice Information Network Governing Board created pursuant to Section 23.3 of Chapter 18 of the Session Laws of the 1996 Second Extra Session shall report by April 15, 1998, to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on:

- (1) The operations of the Board, including the Board's progress in developing data-sharing standards in cooperation with State and local agencies and the estimated time of completion of the standards;
- (2) The operating budget of the Board, the expenditures of the Board as of the date of the report, and the amount of funds in reserve for the operation of the Board;
- (3) A long-term strategic plan and cost analysis for statewide implementation of the Criminal Justice Information Network; and
- (4) The status of the implementation of the mobile data network system, including the amount of funds spent on the system as of the date of the report and the long-term costs of implementing the system statewide.

The Board shall make an interim report on these issues to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly by November 1, 1997.

Requested by: Representatives Redwine, Justus, Kiser, Thompson, Hill, Senators Gulley, Ballance, Rand

ATTORNEY GENERAL OPINION REQUIRED FOR ALL STATE SETTLEMENTS

Section 20.14. (a) Chapter 114 of the General Statutes is amended by adding a new section to read:

"§ 114-2.4. Attorney General to render opinion on settlement agreements.

(a) The Attorney General shall review the terms of all proposed agreements entered into by the State or a State department, agency, institution, or officer to settle or resolve litigation or potential litigation, that involves the payment of public monies in the sum of seventy-five thousand dollars (\$75,000) or more. In order for such an agreement or contract to be effective against the State, the Attorney General shall submit to the State or the State department, agency, institution, or officer a written opinion regarding the terms of the proposed agreement and the advisability of entering into the agreement, prior to entering into the agreement. The written opinion required by this section shall be maintained in the official file of the final settlement agreement. The Attorney General by rule may delegate to a deputy or assistant Attorney General or to another subordinate the authority to approve settlement agreements.

(b) The Attorney General shall report to the Joint Legislative Commission on Governmental Operations on all agreements entered into by the State or a State department, agency, institution, or officer to settle or resolve litigation or potential litigation, that involves the payment of public monies in the sum of seventy-five thousand dollars (\$75,000) or more."

(b) This section is effective when this act becomes law and applies to settlements entered into on or after that date.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

STUDY FEE ADJUSTMENT FOR CRIMINAL RECORDS CHECKS

Section 20.15. The Office of State Budget and Management, in consultation with the Department of Justice, shall study the feasibility of adjusting the fees charged for criminal records checks conducted by the Division of Criminal Information of the Department of Justice as a result of the increase in receipts from criminal records checks during the 1996-97 fiscal year. The study shall include an assessment of the Division's operational, personnel, and overhead costs related to providing criminal records checks. The Office of State Budget and Management shall report its findings and recommendations to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly on or before May 1, 1998.

PART XXI. DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER GRANTS

Section 21. (a) Section 1303(4) of the Omnibus Crime Control and Safe Streets Act of 1968 provides that the State application for Drug Law Enforcement Grants is subject to review by the State legislature or its designated body. Therefore, the Governor's Crime Commission of the Department of Crime Control and Public Safety shall report on the State application for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted by Subtitle K of P.L. 99-570, the Anti-Drug Abuse Act of 1986, to the Senate and House Appropriations Subcommittees on Justice and Public Safety when the General Assembly is in session. When the General Assembly is not in session, the Governor's Crime Commission shall report on the State application to the Joint Legislative Commission on Governmental Operations.

(b) Unless a State statute provides a different forum for review, when a federal law or regulation provides that an individual State application for a grant shall be reviewed by the State legislature or its designated body and at the time of the review the General Assembly is not in session, that application shall be reviewed by the Joint Legislative Commission on Governmental Operations.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

VICTIMS ASSISTANCE NETWORK FUNDS

Section 21.1. Of the funds appropriated in this act to the Department of Crime Control and Public Safety, the sum of one hundred fifty thousand dollars (\$150,000) for the 1997-98 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the 1998-99 fiscal year shall be used to support the Victims Assistance Network. These funds shall be used by the Victims Assistance Network to perform the following functions under the direction of and as required by the Department of Crime Control and Public Safety:

- (1) Conduct surveys and gather data on crime victims and their needs;
- (2) Act as a clearinghouse for crime victims services;
- (3) Provide an automated crime victims bulletin board for subscribers;
- (4) Coordinate and support the activities of other crime victims advocacy groups;
- (5) Identify training needs of crime victims services providers and criminal justice personnel and coordinate training efforts for those persons; and
- (6) Provide other services as identified by the Governor's Crime Commission or the Department of Crime Control and Public Safety.

Requested by: Senator Gulley, Representatives Justus, Kiser, Thompson

REPORT ON COMMUNITY SERVICE WORKERS

Section 21.2. The Department of Crime Control and Public Safety shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by March 1 and September 1 of each fiscal year of the 1997-99 biennium on the number of community service workers who were available during each month of the time period preceding that report to perform repairs and maintenance of the parks and when and where they were available.

Requested by: Senators Gulley, Ballance, Rand, Representatives Justus, Kiser, Thompson, Hill

REPORT ON CRIME VICTIMS COMPENSATION FUND

Section 21.3. The Department of Crime Control and Public Safety shall report to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Fiscal Research Division of the General Assembly by March 15 each year on the North Carolina Crime Victims Compensation Fund. The report shall include a statement regarding:

- (1) The administrative expenses of the Fund for the prior fiscal year and the current fiscal year on the date of the report;
- (2) The current unencumbered balance of the Fund;
- (3) The amount of funds carried over from the prior fiscal year;
- (4) The amount of funds received in the prior fiscal year from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.;
- (5) The amount of funds expected to be received in the current fiscal year, as well as the amount actually received in the current fiscal year on the date of the report, from the Department of Correction and from the compensation fund established pursuant to the Victims Crime Act of 1984, 42 U.S.C. § 10601, et seq.; and
- (6) The total amount of funds paid to victims in the prior fiscal year and in the current fiscal year on the date of the report.

Requested by: Representatives Kiser, Justus, Thompson, Hill, Senators Gulley, Ballance, Rand

CORRECTIONS AND CRIME CONTROL OVERSIGHT COMMITTEE

Section 21.4. (a) Article 12J of Chapter 120 of the General Statutes reads as rewritten:

"ARTICLE 12J.

"Joint Legislative Corrections and Crime Control
Oversight Committee.

"§ 120-70.93. Creation and membership of Joint Legislative Corrections and Crime Control Oversight Committee.

The Joint Legislative Corrections and Crime Control Oversight Committee is established. The Committee consists of 16 members as follows:

- (1) Eight members of the Senate appointed by the President Pro Tempore of the Senate, at least two of whom are members of the minority party; and
- (2) Eight members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members, which begin on appointment and end on the day of the convening of the 1995 General Assembly. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until his successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"§ 120-70.94. Purpose and powers of Committee.

(a) The Joint Legislative Corrections and Crime Control Oversight Committee shall examine, on a continuing basis, the correctional system and law enforcement systems in North Carolina, in order to make ongoing recommendations to the General Assembly on ways to improve the correctional system and law enforcement systems and to assist ~~that system in realizing its~~ those systems in realizing their objectives of protecting the public and of punishing and rehabilitating offenders. In this examination, the Committee shall:

- (1) Study the budget, programs, and policies of the ~~Department of Correction,~~ Departments of Correction and Crime Control and Public Safety, to determine ways in which the General Assembly may improve the effectiveness of ~~that Department;~~ those Departments;
- (2) Examine the effectiveness of the Department of Correction in implementing the public policy stated in G.S. 148-26 of providing work assignments and employment for inmates as a means of reducing the cost of maintaining the inmate population while enabling inmates

to acquire or retain skills and work habits needed to secure honest employment after their ~~release; and release;~~

- (2a) Examine the effectiveness of the Department of Crime Control and Public Safety in implementing the duties and responsibilities charged to the Department in G.S. 143B-474 and the overall effectiveness and efficiency of law enforcement in the State; and
- (3) Study any other ~~corrections~~ matters that the Committee considers necessary.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

"§ 120-70.95. Organization of Committee.

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Corrections and Crime Control Oversight Committee. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is nine members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee."

(b) G.S. 147-16(b)(4) reads as rewritten:

"(4) The Chairs of the Joint Legislative Corrections and Crime Control Oversight Committee."

(c) G.S. 148-37(c) reads as rewritten:

"(c) In addition to the authority contained in subsections (a) and (b) of this section, and in addition to the contracts ratified by subsection (f) of this section, the Secretary of Correction may enter into contracts with any public entity or any private nonprofit or for-profit firms for the confinement and care of State prisoners in any out-of-state correctional facility when to do so would most economically and effectively promote the purposes served by the Department of Correction. Contracts entered into under the authority of this subsection shall be for a period not to exceed two years and shall be renewable from time to time for a period not to exceed two years. Prisoners may be sent to out-of-state correctional facilities only when there are no available facilities in this State within the State prison system to appropriately house those prisoners. Any contract made under the authority of this subsection shall be approved by

the Department of Administration before the contract is executed. Before expending more than the amount specifically appropriated by the General Assembly for the out-of-state housing of inmates, the Department shall obtain the approval of the Joint Legislative Commission on Governmental Operations and shall report such expenditures to the Chairs of the Senate and House Appropriations Committees, the Chairs of the Senate and House Appropriations Subcommittees on Justice and Public Safety, and the Chairs of the Joint Legislative Corrections and Crime Control Oversight Committee."

(d) G.S. 148-37(g) reads as rewritten:

"(g) The Secretary of Correction may contract with private for-profit or nonprofit firms for the provision and operation of four or more confinement facilities totaling up to 2,000 beds in the State to house State prisoners when to do so would most economically and effectively promote the purposes served by the Department of Correction. This 2,000-bed limitation shall not apply to the 500 beds in private substance abuse treatment centers authorized by the General Assembly prior to July 1, 1995. Whenever the Department of Correction determines that new prison facilities are required in addition to existing and planned facilities, the Department may contract for any remaining beds authorized by this section before constructing State-operated facilities.

Contracts entered under the authority of this subsection shall be for a period not to exceed 10 years, shall be renewable from time to time for a period not to exceed 10 years. The Secretary of Correction shall enter contracts under this subsection only if funds are appropriated for this purpose by the General Assembly. Contracts entered under the authority of this subsection may be subject to any requirements for the location of the confinement facilities set forth by the General Assembly in appropriating those funds.

Once the Department has made a determination to contract for additional private prison beds, it shall issue a request for proposals within 30 days of the decision. The request for proposals shall require bids to be submitted within two months, and the Department shall award contracts at the earliest practicable date after the submission of bids. The Secretary of Correction, in consultation with the Chairs of the Joint Legislative Corrections and Crime Control Oversight Committee and the Chairs of the House and Senate Appropriations Subcommittees on Justice and Public Safety, shall make recommendations to the State Purchasing Officer on the final award decision. The State Purchasing Officer shall make the final award decision, and the contract shall then be subject to the approval of the Council of State after consultation with the Joint Legislative Commission on Governmental Operations.

Contracts made under the authority of this subsection may provide the State with an option to purchase the confinement facility or may provide for the purchase of the confinement facility by the State. Contracts made under the authority of this subsection shall state that plans and specifications for private confinement facilities shall be furnished to and reviewed by the Office of State Construction. The Office of State Construction shall inspect and review each project during construction to ensure that the project is suitable for habitation and to determine whether the project would be suitable

for future acquisition by the State. All contracts for the housing of State prisoners in private confinement facilities shall require a minimum of ten million dollars (\$10,000,000) of occurrence-based liability insurance and shall hold the State harmless and provide reimbursement for all liability arising out of actions caused by operations and employees of the private confinement facility.

Prisoners housed in private confinement facilities pursuant to this subsection shall remain subject to the rules adopted for the conduct of persons committed to the State prison system. The Secretary of Correction may review and approve the design and construction of private confinement facilities before housing State prisoners in these facilities. The rules regarding good time, gain time, and earned credits, discipline, classification, extension of the limits of confinement, transfers, housing arrangements, and eligibility for parole shall apply to inmates housed in private confinement facilities pursuant to this subsection. The operators of private confinement facilities may adopt any other rules as may be necessary for the operation of those facilities with the written approval of the Secretary of Correction. Custodial officials employed by a private confinement facility are agents of the Secretary of Correction and may use those procedures for use of force authorized by the Secretary of Correction to defend themselves, to enforce the observance of discipline in compliance with confinement facility rules, to secure the person of a prisoner, and to prevent escape. Private firms under this subsection shall employ inmate disciplinary and grievance policies of the North Carolina Department of Correction."

(e) G.S. 148-37(i) reads as rewritten:

"(i) The Department of Correction shall make a written report no later than March 1 of every odd-numbered year, beginning in 1997, on the substance of all outstanding contracts for the housing of State prisoners entered into under the authority of this section. The report shall be submitted to the Council of State, the Department of Administration, the Joint Legislative Commission on Governmental Operations, and the Joint Legislative Corrections and Crime Control Oversight Committee. In addition to the report, the Department of Correction shall provide information on contracts for the housing of State prisoners as requested by these groups."

(f) All reports directed by this act to be made to the Joint Legislative Corrections Oversight Committee shall be made to the Joint Legislative Corrections and Crime Control Oversight Committee. The Revisor of Statutes shall substitute any remaining references in the General Statutes to the Joint Legislative Corrections Oversight Committee with the Joint Legislative Corrections and Crime Control Oversight Committee.

(g) This section is effective when this act becomes law.

PART XXII. GENERAL ASSEMBLY

Requested by: Senators Plyler, Perdue, Odom, Representatives Ives, McCombs, Sherrill

ANALYSIS OF STATE BUDGET DURING THE INTERIM

Section 22. (a) The President Pro Tempore of the Senate shall authorize the standing Appropriations Committees and standing Appropriations Subcommittees of the Senate and the Speaker of the House of Representatives shall authorize the standing Appropriations Committees and standing Appropriations Subcommittees of the House of Representatives to meet separately or jointly during the interim between the Regular 1997 and 1998 Sessions of the General Assembly to review matters related to the State budget, the organization of State government, and any other matter as they deem appropriate. The review shall include, but not be limited to, an analysis of the budget of each agency to determine:

- (1) The cost savings that could be realized from improvements in administrative structure, practices, and procedures in State agencies;
- (2) Ways to increase efficiency in budgeting and use of resources; and
- (3) Instances in which functions of agencies are duplicative, overlapping, obsolete, incomplete in scope or coverage, or fail to accomplish legislative objectives, and should be abolished, transferred, or modified to accomplish cost savings.

(b) The President Pro Tempore of the Senate shall appoint an oversight committee comprised of the Senate Appropriations Committee Chairs and one member of each Senate Appropriations Subcommittee and the Speaker of the House of Representatives shall appoint an oversight committee comprised of the House Appropriations Committee Chairs and one member of each House Appropriations Subcommittee to meet separately or jointly to oversee the work of the Appropriations Committees and Subcommittees during the interim.

Requested by: Senator Perdue, Representatives Ives, McCombs, Sherrill

HEALTH CARE OVERSIGHT COMMITTEE

Section 22.1. (a) Of the funds appropriated in this act to the General Assembly, the sum of fifty thousand dollars (\$50,000) for the 1997-98 fiscal year and the sum of fifty thousand dollars (\$50,000) for the 1998-99 fiscal year shall be allocated by the Legislative Services Commission for the Joint Legislative Health Care Oversight Committee established under subsection (b) of this section.

(b) Chapter 120 of the General Statutes is amended by adding the following new Article to read:

"ARTICLE 12K.

"Joint Legislative Health Care Oversight Committee.

"§ 120-70.96. Creation and membership of Joint Legislative Health Care Oversight Committee.

There is established the Joint Legislative Health Care Oversight Committee. The Committee consists of 14 members as follows:

- (1) Seven members of the Senate appointed by the President Pro Tempore of the Senate, at least three of whom are members of the minority party; and

- (2) Seven members of the House of Representatives appointed by the Speaker of the House of Representatives, at least three of whom are members of the minority party.

Terms on the Committee are for two years and begin on the convening of the General Assembly in each odd-numbered year, except the terms of the initial members, which begin on appointment. Members may complete a term of service on the Committee even if they do not seek reelection or are not reelected to the General Assembly, but resignation or removal from service in the General Assembly constitutes resignation or removal from service on the Committee.

A member continues to serve until the member's successor is appointed. A vacancy shall be filled within 30 days by the officer who made the original appointment.

"§ 120-70.97. Purpose and powers of Committee.

(a) The Joint Legislative Health Care Oversight Committee shall review, on a continuing basis, the provision of health care and health care coverage to the citizens of this State, in order to make ongoing recommendations to the General Assembly on ways to improve health care for North Carolinians. To this end, the Committee shall study the delivery, availability, and cost of health care in North Carolina. The Committee may also study other matters related to health care and health care coverage in this State.

(b) The Committee may make interim reports to the General Assembly on matters for which it may report to a regular session of the General Assembly. A report to the General Assembly may contain any legislation needed to implement a recommendation of the Committee.

"§ 120-70.98. Organization of Committee.

(a) The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each designate a cochair of the Joint Legislative Health Care Oversight Committee. The Committee shall meet at least once a quarter and may meet at other times upon the joint call of the cochairs.

(b) A quorum of the Committee is eight members. No action may be taken except by a majority vote at a meeting at which a quorum is present. While in the discharge of its official duties, the Committee has the powers of a joint committee under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4.

(c) Members of the Committee receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee may contract for consultants or hire employees in accordance with G.S. 120-32.02. The Legislative Services Commission, through the Legislative Services Officer, shall assign professional staff to assist the Committee in its work. Upon the direction of the Legislative Services Commission, the Supervisors of Clerks of the Senate and of the House of Representatives shall assign clerical staff to the Committee. The expenses for clerical employees shall be borne by the Committee."

Requested by: Representatives Ives, McCombs, Sherrill, Shubert

STATE EMPLOYEES' COMMUNICATIONS WITH LEGISLATORS

Section 22.2. (a) Chapter 126 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 15.

"Communications With Members of the General Assembly.

"§ 126-90. Communications with members of the General Assembly.

A State employee's right to speak to a member of the General Assembly at the member's request shall not be directly or indirectly limited by the employee's supervisor or by any policy of the department, agency, or institution that employs that State employee."

(b) G.S. 126-5 is amended by adding a new subsection to read:

"(c6) Article 15 of this Chapter shall apply to all State employees, public school employees, and community college employees."

PART XXIII. OFFICE OF THE GOVERNOR

Requested by: Senators Odom, Perdue, Plyler, Conder, Jordan, Representatives Ives, Sherrill, McCombs, Hardy, Jeffus

FIRE PROTECTION GRANT FUND

Section 23. (a) Chapter 58 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 85A.

"State Fire Protection Grant Fund.

"§ 58-85A-1. Creation of Fund; allocation to local fire districts and political subdivisions of the State.

(a) There is created in the Office of State Budget and Management the State Fire Protection Grant Fund. The purpose of the Fund is to compensate local fire districts and political subdivisions of the State for providing local fire protection to State-owned buildings and their contents.

(b) The Office of State Budget and Management shall develop and implement an equitable and uniform statewide method for distributing any funds to the State's local fire districts and political subdivisions.

Upon the request of the Director of the Budget, the Department of Insurance shall provide the Office of State Budget and Management all information necessary to develop and implement the formula.

(c) It is the intent of the General Assembly to appropriate annually to the State Fire Protection Grant Fund at least three million eighty thousand dollars (\$3,080,000) from the General Fund, one hundred fifty thousand dollars (\$150,000) from the Highway Fund, and nine hundred seventy thousand dollars (\$970,000) from University of North Carolina receipts. Funds received from the General Fund shall be allocated only for providing local fire protection for State-owned property supported by the General Fund; funds received from the Highway Fund shall be allocated only for providing local fire protection for State-owned property supported by the Highway

Fund; and funds received from University of North Carolina receipts shall be allocated only for providing local fire protection for State-owned property supported by University of North Carolina receipts."

(b) G.S. 143-3.7 is repealed.

(c) Of the funds appropriated from the General Fund to the Office of State Budget and Management, the sum of three million eighty thousand dollars (\$3,080,000) for the 1997-98 fiscal year and the sum of three million eighty thousand dollars (\$3,080,000) for the 1998-99 fiscal year shall be used for the State Fire Protection Grant Fund.

(d) Of the funds appropriated from the Highway Fund to the Office of State Budget and Management, the sum of one hundred fifty thousand dollars (\$150,000) for the 1997-98 fiscal year and the sum of one hundred fifty thousand dollars (\$150,000) for the 1998-99 fiscal year shall be used for the State Fire Protection Grant Fund.

(e) Of the receipts available to The University of North Carolina, the sum of nine hundred seventy thousand dollars (\$970,000) for the 1997-98 fiscal year and the sum of nine hundred seventy thousand dollars (\$970,000) for the 1998-99 fiscal year shall be transferred to the State Fire Protection Grant Fund for use as provided in G.S. 58-85A-1(c).

PART XXIV. DEPARTMENT OF SECRETARY OF STATE

Requested by: Representatives Ives, McCombs, Sherrill, Senator Warren

INFORMATION RESOURCES MANAGEMENT COMMISSION

Section 24. (a) Effective when this act becomes a law, G.S. 143B-426.21(a), as amended by Section 6 of S.L. 1997-148, reads as rewritten:

"(a) Creation; Membership. – The Information Resource Management Commission is created in the Department of Commerce. The Commission consists of the following members:

- (1) Four members of the Council of State, appointed by the Governor.
- (1a) The Secretary of State.
- (2) The Secretary of Administration.
- (3) The State Budget Officer.
- (4) Two members of the Governor's cabinet, appointed by the Governor.
- (5) One citizen of the State of North Carolina with a background in and familiarity with information systems or telecommunications, appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121.
- (6) One citizen of the State of North Carolina with a background in and familiarity with information systems or telecommunications, appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121.
- (7) The Chair of the Governor's Committee on Data Processing and Information Systems.

- (8) The Chair of the State Information Processing Services Advisory Board.
- (9) The Chair of the Criminal Justice Information Network Governing Board.
- (10) The State Controller.

Members of the Commission shall not be employed by or serve on the board of directors or other corporate governing body of any information systems, computer hardware, computer software, or telecommunications vendor of goods and services to the State of North Carolina.

The two initial cabinet members appointed by the Governor and the two initial citizen members appointed by the General Assembly shall each serve a term beginning September 1, 1992, and expiring on June 30, 1995. Thereafter, their successors shall be appointed for four-year terms, commencing July 1. Members of the Governor's cabinet shall be disqualified from completing a term of service of the Commission if they are no longer cabinet members.

The appointees by the Governor from the Council of State shall each serve a term beginning on September 1, 1992, and expiring on June 30, 1993. Thereafter, their successors shall be appointed for four-year terms, commencing July 1. Members of the Council of State shall be disqualified from completing a term of service on the Commission if they are no longer members of the Council of State.

Vacancies in the two legislative appointments shall be filled as provided in G.S. 120-122.

The Commission chair shall be elected in the first meeting of each calendar year from among the appointees of the Governor from the Council of State and shall serve a term of one year. The Secretary of Commerce shall be secretary to the Commission.

No member of the Information Resource Management Commission shall vote on an action affecting solely his or her own State agency."

- (b) This section expires June 30, 2001.

PART XXV. DEPARTMENT OF STATE AUDITOR

Requested by: Senators Plyler, Perdue, Odom

ADVICE OF GOVERNMENTAL OPERATIONS ON PRIORITIZING REQUESTS FOR ASSISTANCE

Section 25. G.S. 147-64.5(b) reads as rewritten:

"(b) Requests for Auditor Assistance. – Committees of the General Assembly, the Governor, and other State officials may make written requests that the Auditor undertake, to the extent deemed practicable and within the resources provided, a specific audit or investigation; provide technical assistance and advice; and provide recommendations on management systems, finance, accounting, auditing, and other areas of management interest. The Auditor may request the advice of the Joint Legislative Commission on Governmental Operations in prioritizing these requests and in determining whether the requests are practicable and can be undertaken within the resources provided."

Requested by: Representatives Ives, McCombs, Sherrill, Senators Plyler, Perdue, Odom

PERFORMANCE AUDIT OF SIPS

Section 25.1. The State Auditor shall conduct a performance audit of State Information Processing Services (SIPS). In conducting the audit, the State Auditor shall consider the growth in the number of SIPS employees, the distribution of work within SIPS, increases in employees' salaries, use of SIPS receipts, and all other indicators of cost of services in relation to service delivery, including a review of the business plan and rate setting process. The State Auditor shall report the results of this audit to the Joint Legislative Commission on Governmental Operations prior to April 15, 1998.

PART XXVI. DEPARTMENT OF INSURANCE

Requested by: Senator Warren, Representative Ives

CONSTRUCTION CODE RECEIPTS

Section 26. Departmental receipts realized by the Department of Insurance in excess of amounts approved for expenditure by the General Assembly, as adjusted by the Office of State Budget and Management to reflect the distribution of statewide reserves, shall revert to the General Fund at the end of each fiscal year. This section shall not apply to receipts realized by the Department from the sale of copies of the State construction code if the receipts are used for the purchase of copies of the code for sale to the public, except that unspent construction code receipts shall revert to the General Fund at the end of each fiscal year.

Requested by: Senator Warren, Representative Ives

EXPAND USE OF INSURANCE REGULATORY FUND

Section 26.1. G.S. 58-6-25(d) reads as rewritten:

"(d) Use of Proceeds. – The Insurance Regulatory Fund is created in the State treasury, under the control of the Office of State Budget and Management. The proceeds of the charge levied in this section and all fees collected under Articles 69 through 71 of this Chapter and under Articles 9 and 9C of Chapter 143 of the General Statutes shall be credited to the Fund. The Fund shall be placed in an interest-bearing account and any interest or other income derived from the Fund shall be credited to the Fund. Moneys in the Fund may be spent only pursuant to appropriation by the General Assembly and in accordance with the line item budget enacted by the General Assembly. The Fund is subject to the provisions of the Executive Budget Act, except that no unexpended surplus of the Fund shall revert to the General Fund. All money credited to the Fund shall be used to reimburse the General Fund for the following:

- (1) Money appropriated to the Department of Insurance to pay its expenses incurred in regulating the insurance industry and other industries in this State.
- (2) Money appropriated to State agencies to pay the expenses incurred in regulating the insurance industry, in certifying statewide data

processors under Article 11A of Chapter 131E of the General Statutes, and in purchasing reports of patient data from statewide data processors certified under that Article.

- (3) Money appropriated to the Department of Revenue to pay the expenses incurred in collecting and administering the taxes on insurance companies levied in Article 8B of Chapter 105 of the General Statutes."

PART XXVII. DEPARTMENT OF ADMINISTRATION

Requested by: Senators Perdue, Plyler, Odom, Representatives Ives, McCombs, Sherrill

COMBINE PROGRAMS TO HELP WOMEN AND CHILDREN

Section 27. The Office of State Budget and Management shall study the feasibility of consolidating the budgets and services and the administration of federal and State grants for domestic violence programs and rape crisis programs in the State, including those programs currently administered by the Council for Women, Department of Administration, the Governor's Crime Commission, Department of Crime Control and Public Safety, and the Division of Social Services, Department of Human Resources. This study shall include an analysis of the feasibility of combining budgets and services of the NC Council for Women (Fund 1731), the Domestic Violence Program (Fund 1781), the Domestic Violence Center (Fund 1782), the Displaced Homemakers Program (Fund 1732), and the Rape Crisis Program (Fund 1734) and an analysis of ways to promote more efficient and effective coordination of resources and services at the State and local levels. The Office of State Budget and Management shall report the findings and recommendations of the study to the House and Senate Appropriations Subcommittees on General Government and the Fiscal Research Division by March 31, 1998.

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

PROCUREMENT CARD PILOT PROGRAM

Section 27.1. (a) Except as provided by this section, no State agency, community college, constituent institution of The University of North Carolina, or local school administrative unit shall use procurement cards for the purchase of equipment or supplies prior to July 1, 1998.

(b) The Secretary of Administration shall designate not more than 15 governmental entities to participate in a pilot program on the purchase of supplies and equipment by procurement card. Those designated shall represent a cross section of governmental entities and shall include at least one State agency, one community college, two constituent institutions of The University of North Carolina, and one local school administrative unit.

(c) The Division of Purchase and Contract and the State Controller shall report to the Joint Legislative Commission on Governmental Operations on March 1, 1998, on this pilot program. The report shall include estimates from the pilot program

of how many purchasing and accounts payable personnel hours could be saved or redirected or both as a result of the procurement card, and the impact of the procurement card on accounting and budgeting records and on purchasing history records. The report shall also include a discussion of the effect of the procurement card on the State's ability to track both out-of-state sales taxes and North Carolina State and local sales tax payments by county. Finally, the report shall include a discussion of any other costs and benefits of the procurement card.

(d) This section does not affect contracts for procurement cards entered into prior to March 31, 1997.

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

STATE HEALTH PLAN PURCHASING ALLIANCE BOARD OPERATING FUNDS REVERT

Section 27.2. (a) G.S. 143-635(c) reads as rewritten:

"(c) Moneys appropriated by the General Assembly ~~shall be deposited in the Fund and shall become part of the continuation budget of the Department of Administration for operations of the State Health Plan Purchasing Alliance Board shall not be part of the State Health Plan Purchasing Alliance Fund.~~"

(b) The sum of six hundred forty-eight thousand seven hundred eighteen dollars (\$648,718) for the 1996-97 fiscal year shall be transferred from the State Health Plan Purchasing Alliance Fund to the General Fund.

(c) All monies for operations of the State Health Plan Purchasing Alliance Board unexpended at the end of the 1996-97 fiscal year shall revert to the General Fund.

(d) This section becomes effective June 30, 1997.

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

GOVERNOR'S ADVOCACY COUNCIL FOR PERSONS WITH DISABILITIES

Section 27.3. The Department of Human Resources shall continue to provide the current office space for the four regional offices of the Governor's Advocacy Council for Persons with Disabilities or office space that is comparable to that now used by the Council.

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

FEES FOR USE OF STATE-OWNED OFFICE SPACE

Section 27.4. G.S. 143-342.1 reads as rewritten:

"§ 143-342.1. **State-owned office space; fees for use by self-supporting agencies.**

The Department shall determine equitable fees for the use of State owned and operated office space, and it shall assess the Department of State Treasurer, the Department of Insurance, and all self-supporting agencies using any of this office space for payment of these fees. For the purposes of this section, self-supporting agencies are those agencies designated by the Director of the Budget as being primarily funded from sources other than State appropriations. Fees assessed under this section shall be paid to the General Fund."

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

PARKING REVENUES

Section 27.5. The Secretary of Administration may use funds from parking revenues that are in excess of parking system expense requirements to fund the fifteen dollar (\$15.00) per month subsidies for vanpools and transit passes.

Requested by: Representatives Ives, McCombs, Sherrill

TRANSFER POSITIONS FROM CAPITOL POLICE TO REVENUE

Section 27.6. The positions of 10 property guards are transferred from the Capitol Police in the Department of Administration to the Department of Revenue. The funds, equipment, supplies, records, and other property to support the positions transferred by this section are also transferred from the Capitol Police in the Department of Administration to the Department of Revenue. Any disputes arising out of this transfer shall be resolved by the Director of the Budget.

Requested by: Representative Sutton, Senator Weinstein

INDIAN CULTURAL CENTER FUNDS

Section 27.7. Section 33(a) of Chapter 561 of the 1993 Session Laws reads as rewritten:

"(a) Of the funds appropriated from the General Fund to the Department of Administration, the sum of seven hundred fifty thousand dollars (\$750,000) for the 1993-94 fiscal year shall be used for the purchase of land as necessary, an environmental study, and design as necessary, of the North Carolina Indian Cultural Center in Robeson County. Up to ~~fifty thousand dollars (\$50,000)~~ one hundred fifty thousand dollars (\$150,000) of these funds may be used by the North Carolina Indian Cultural Center, Inc., for administrative and operating expenses. The remaining funds shall revert on June 30, 1998."

PART XXVIII. OFFICE OF STATE CONTROLLER

Requested by: Representatives Ives, McCombs, Sherrill, Senator Warren

NORTH CAROLINA INFORMATION HIGHWAY

Section 28. (a) The funds appropriated in this act to the Office of State Controller for the operation of the North Carolina Information Highway shall be used only for costs incurred by the Office of State Controller related to the operations and support of the North Carolina Information Highway. No funds appropriated in this act shall be expended to pay Minimum Monthly usage charges for North Carolina Information Highway Services.

(b) The Office of State Controller may use the two hundred twenty-four thousand dollars (\$224,000) in savings that accrued in fiscal year 1996-97 to fund new sites in fiscal year 1997-98.

(c) The Office of State Controller is encouraged to consider new technologies and capabilities as a means of providing NCIH users access to the existing

ATM-SONET network. The Office of State Controller shall report to the General Assembly in 1998 before the reconvening of the regular session on its findings.

(d) The State Controller shall report quarterly to the Joint Legislative Commission on Governmental Operations regarding the costs incurred by the Office of State Controller related to the operations and support of the North Carolina Information Highway.

(e) Given the appropriations subcommittees meet in the interim, the House and Senate Appropriations Subcommittees on General Government will consider information leading to a recommendation to adopt an alternate approach to State funding of sites, effective in fiscal year 1998-99. The subcommittee is not limited to the information that may be considered and may include in the review cost-sharing measures that require sites to participate in the annual cost of network charges; the phasing-out of one hundred percent (100%) State funding of site network charges; and the cost of adding new sites with a specific period of time designated for State funding of network charges.

Requested by: Senators Warren, Rand, Plyler, Perdue, Odom, Representatives Ives, McCombs, Sherrill

FUNDS FOR YEAR 2000 CONVERSION OF THE STATE'S COMPUTER SYSTEM

Section 28.1. (a) The Office of State Controller shall include in its charges for data processing services costs of converting computer applications to operate properly at the turn of the century. The State Controller shall develop procedures for managing the year 2000 conversion.

(b) The State Controller shall analyze the needs of State agencies for funds to convert their systems. In the course of the analysis, the State Controller shall consider an agency's need for each system it wishes to convert and the most cost-effective manner in which to manage conversion. The State Controller shall certify to the Office of State Budget and Management the cost of each State agency for the year 2000 conversion.

(c) The Director of the Budget may use up to twenty-five million dollars (\$25,000,000) of projected 1997-98 General Fund reversions to cover the cost of the year 2000 conversion in General Fund agencies during the 1997-98 fiscal year.

(d) Beginning October 1, 1997, and quarterly thereafter, the Office of State Controller shall report to the Joint Legislative Commission on Governmental Operations on the status of the conversion and cost projections.

PART XXIX. DEPARTMENT OF REVENUE

Requested by: Senator Warren

STUDY REVENUE'S STAFF REQUIREMENTS

Section 29. The Office of State Budget and Management, Management and Productivity Unit, shall complete work on the assessment of the Department of Revenue's staff requirements initiated pursuant to Section 15.6 of Chapter 18 of the

Session Laws, Second Extra Session 1996. In the final phase of the study, the Office of State Budget and Management shall review workload requirements and make specific recommendations about staffing for the Department. The Office of State Budget and Management shall make a final report to the House and Senate Appropriations Subcommittees on General Government and the Fiscal Research Division of the General Assembly by March 31, 1998, on the results. Prior to March 31, 1998, the Department of Revenue shall report to the Joint Legislative Commission on Governmental Operations before creating any new personnel positions.

Requested by: Senator Warren

EXTEND AND MODIFY PORTS TAX CREDIT

Section 29.1. (a) Section 4 of Chapter 977 of the 1991 Session Laws, as amended by Section 3 of Chapter 495 of the 1995 Session Laws, reads as rewritten:

"Sec. 4. This act is effective for taxable years beginning on or after March 1, 1992, and ending on or before February 28, ~~1998-2001.~~"

(b) Section 4 of Chapter 681 of the 1993 Session Laws, as amended by Section 17 of Chapter 17 of the 1995 Session Laws and by Section 4 of Chapter 495 of the 1995 Session Laws, reads as rewritten:

"Sec. 4. This act is effective for taxable years beginning on or after January 1, 1994, and ending on or before February 28, ~~1998-2001.~~"

(c) G.S. 105-130.41(b) reads as rewritten:

"(b) Limitations. – This credit may not exceed fifty percent (50%) of the amount of tax imposed by this Division for the taxable year reduced by the sum of all credits allowable, except tax payments made by or on behalf of the corporation. Any unused portion of the credit may be carried forward for the succeeding five years. The maximum cumulative credit that may be claimed by a corporation under this section is ~~one two million dollars (\$1,000,000)-(\$2,000,000).~~"

(d) G.S. 105-151.22(b) reads as rewritten:

"(b) Limitations. – This credit may not exceed fifty percent (50%) of the amount of tax imposed by this Division for the taxable year reduced by the sum of all credits allowable, except tax payments made by or on behalf of the taxpayer. Any unused portion of the credit may be carried forward for the succeeding five years. The maximum cumulative credit that may be claimed by a taxpayer under this section is ~~one two million dollars (\$1,000,000)-(\$2,000,000).~~"

(e) Subsections (c) and (d) of this section are effective for taxable years beginning on or after January 1, 1998. The remainder of this section is effective for taxable years beginning on or after January 1, 1997.

PART XXX. DEPARTMENT OF CULTURAL RESOURCES

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

DEPARTMENT OF CULTURAL RESOURCES MAY RETAIN HISTORICAL PUBLICATIONS RECEIPTS

Section 30. The Historical Publications Section, Division of Archives and History, Department of Cultural Resources, may retain the receipts, including over-realized receipts, from the sale of its publications during each year of the 1997-99 biennium. The receipts from the sale of those publications retained by the Historical Publications Section shall not revert but shall be used to reprint the publications.

Requested by: Senator Warren, Representatives Ives, McCombs, Sherrill

MODIFY THE AREAS OF RESPONSIBILITY OF THE ROANOKE ISLAND COMMISSION

Section 30.1. G.S. 143B-131.2(b)(1) reads as rewritten:

"(1) To advise the Secretary of Transportation and adopt rules on matters pertaining to, affecting, and encouraging restoration, preservation, and enhancement of the appearance, maintenance, and aesthetic quality of U.S. Highway 64/264 and the U.S. 64/264 Bypass and N.C. 400 travel corridors on Roanoke Island and the grounds on ~~Lee Plant Island~~. Roanoke Island Festival Park."

Requested by: Senators Warren, Kerr, Representatives Ives, McCombs, Sherrill, Church

MUSEUM OF HISTORY RESTAURANT

Section 30.2. The Secretary of Cultural Resources shall designate the North Carolina Museum of History Associates, Inc., as the appropriate organization to contract to provide restaurant services for the North Carolina Museum of History, as provided in subdivision (17) of G.S. 121-4. The North Carolina Museum of History Associates, Inc., shall negotiate a contract based upon the amount of monthly rent and a percentage of gross receipts. The North Carolina Museum of History Associates, Inc., shall submit to the Joint Legislative Commission on Governmental Operations and the House and Senate Appropriations Subcommittee on General Government by June 30 of each fiscal year a report which shall include (i) an operations report, (ii) a profit and loss statement, and (iii) an analysis of how profits have been expended or reserved to support programs and projects of the North Carolina Museum of History.

Requested by: Senator Warren

FUNDS FOR MUSEUM OF THE ALBEMARLE

Section 30.3. The Office of State Budget and Management is authorized to transfer the sum of forty-seven thousand eight hundred eighty-seven dollars (\$47,887) from Fund 1110 (Code 536930) to Fund 1500 (Code 534160) to replace funds that were reallocated in the 1996-97 fiscal year to support Newbold-White House.

Requested by: Senators Plyler, Perdue, Odom

PROCEDURE FOR AWARD OF CULTURAL RESOURCES GRANTS

Section 30.4. Of the funds appropriated to the Department of Cultural Resources, the sum of eight million dollars (\$8,000,000) for the 1997-98 fiscal year shall be used for grants to nonprofit organizations or local governmental entities

throughout the State for cultural, historical, or artistic organizations, for cultural, historical, or artistic projects, and for museums. The Secretary of the Department of Cultural Resources shall establish a process for the review, evaluation, and consideration of applications for these grants.

In awarding grants, the Secretary shall consider the merits of the project, the cultural, historical, or artistic significance of the project, the benefit to the State and local communities of the project, and the cost of the project. Prior to awarding grants, the Secretary shall consult with the Joint Legislative Commission on Governmental Operations. These grants are not subject to review by the Historical Commission.

Requested by: Representatives Ives, McCombs, Sherrill, Decker, Senators Warren, Kerr

NORTH CAROLINA POSTAL HISTORY COMMISSION

Section 30.5. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 71.

"North Carolina Postal History Commission.

"§ 143-675. Commission established; purpose; members; terms of office; quorum; compensation; termination.

(a) Establishment. – There is established the North Carolina Postal History Commission. The Commission shall be located within the Department of Cultural Resources for organizational, budgetary, and administrative purposes.

(b) Purpose. – The purpose of the Commission is to advise the Secretary of Cultural Resources on the collection, preservation, cataloging, publication, and exhibition of material associated with North Carolina's postal history.

(c) Membership. – The Commission shall consist of 16 members, as follows:

- (1) Four persons appointed by the Governor, two of whom shall be recommended by the President of the North Carolina Postal History Society.
- (2) Four persons appointed by the President Pro Tempore of the Senate, two of whom shall be recommended by the President of the North Carolina Postal History Society.
- (3) Four persons appointed by the Speaker of the House of Representatives, two of whom shall be recommended by the President of the North Carolina Postal History Society.
- (4) Four persons appointed by the Secretary of Cultural Resources, two of whom shall be recommended by the President of the North Carolina Postal History Society.

The members appointed to the North Carolina Postal History Commission shall be chosen from among individuals who have education or experience in the fields of archives preservation, North Carolina history, historical administration, museum administration, or a knowledge of North Carolina's postal history.

(d) Terms. – Members shall serve for the duration of the Commission. Initial terms shall commence July 1, 1997.

(e) Chair. – The chair shall be elected biennially from the membership of the Commission from among its members. The initial term shall commence July 1, 1997.

(f) Vacancies. – Vacancies resulting from the resignation of a member or otherwise shall be filled in the same manner in which the original appointment was made, and the term shall be for the balance of the unexpired term.

(g) Compensation. – The Commission members shall receive no salary as a result of serving on the Commission but shall receive per diem, subsistence, and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as applicable.

(h) Removal. – Members may be removed in accordance with G.S. 143B-13.

(i) Meetings. – The chair shall convene the Commission. The Commission shall meet at least quarterly until an exhibit on postal history is mounted and at least semiannually thereafter.

(j) Quorum. – A majority of the members of the Commission shall constitute a quorum for the transaction of business. The affirmative vote of a majority of the members present at meetings of the Commission shall be necessary for action to be taken by the Commission.

(k) Termination of Commission. – The Commission shall terminate June 30, 2000.

"§ 143-676. Powers and duties of the Commission.

(a) Powers and Duties. – The Commission shall have the following powers and duties:

- (1) To advise the Secretary of Cultural Resources on the collection, preservation, cataloging, publication, and exhibition of materials associated with North Carolina's postal history in cooperation with the North Carolina Museum of History.
- (2) To adopt bylaws by a majority vote of the Commission.
- (3) To accept grants, contributions, devises, bequests, gifts, and services for the purpose of providing support to the Commission. The funds and property shall be retained by the Commission, and the Commission shall prescribe rules under which the Commission may accept donations of money, property, or personal services, and determine the value of donations of property or personal services.

(b) Contract Authority. – The Commission may procure supplies, services, and property as appropriate and may enter into contracts, leases, or other legal agreements within funds available to carry out the purposes of this Article. All contracts, leases, or legal agreements entered into by the Commission shall terminate on the date of termination of the Commission. Termination shall not affect any disputes or causes of action of the Commission that arise before the date of termination, and the Department of Cultural Resources may prosecute or defend any causes of action arising before the date of termination. All property acquired by the Commission that remains in the possession of the Commission on the date of termination shall become the property of the Department of Cultural Resources.

"§ 143-677. Assignment of property; offices.

(a) Assignment of Property. – Upon request of the Commission, the head of any State agency may assign property, equipment, and personnel of such agency to the Commission to assist the Commission in carrying out its duties under this Article. Assignments under this subsection shall be without reimbursement by the Commission to the agency from which the assignment was made. Property and equipment that remain in the possession of the Commission on the date of the termination of the Commission shall revert to the agency from which the property was acquired.

(b) Office Space. – The Department of Cultural Resources shall provide office space in Raleigh for use as offices by the North Carolina Postal History Commission, and the Department of Cultural Resources shall receive no reimbursement from the Commission for the use of the property during the life of the Commission.

"§ 143-678. Commission reports.

(a) Annual Report. – Before July 1, 1998, the Commission shall submit to the General Assembly a comprehensive report incorporating specific recommendations of the Commission. After the initial report, the Commission shall submit a report to the General Assembly within 30 days of the convening of each regular session of the General Assembly.

(b) Final Report. – The Commission shall submit a final report to the General Assembly no later than June 30, 2000. The final report shall include:

- (1) A summary of the activities of the Commission.
- (2) A final accounting of funds received and expended by the Commission.

"§143-679. Application of Article.

The provisions of Article 1 of Chapter 121 of the General Statutes apply to the Commission."

Requested by: Representatives Ives, McCombs, Sherrill, Culpepper, Senators Warren, Kerr

PRESERVATION OF BLACKBEARD'S FLAGSHIP

Section 30.6. Of the funds appropriated in this act for the 1997-98 fiscal year to the Department of Cultural Resources, the sum of two hundred thousand dollars (\$200,000) shall be used for the surveillance, preservation, and protection of the shipwreck of Blackbeard's flagship, Queen Anne's Revenge, and a systematic underwater archaeological recovery of cargo, tackle, and artifacts for preservation, interpretation, and display.

Requested by: Representatives Ives, McCombs, Sherrill, Mercer, Senators Warren, Kerr

PRINCEVILLE CEMETERY OVERSIGHT

Section 30.7. Within funds available, the Department of Cultural Resources shall provide oversight and guidance to the Town of Princeville and the Princeville Cemetery Commission with regard to the restoration of the Princeville Cemetery and the preparation of documents for the Princeville Cemetery to be placed on the National Register of Historic Places.

PART XXXI. STATE BOARD OF ELECTIONS

Requested by: Representatives Ives, McCombs, Sherrill, Senator Warren
STATEWIDE DATA ELECTIONS MANAGEMENT SYSTEM

Section 31. (a) The State Board of Elections shall establish a statewide data elections management system. The system shall prescribe data format standards, data communication standards, and data content standards. The State Board of Elections shall establish the system no later than November 1, 1997. Counties shall adhere to the standards prescribed by the system no later than August 31, 1998. The State Board of Elections may adopt rules to implement this section. Chapter 150B of the General Statutes governs the adoption of rules by the State Board of Elections.

(b) Of the funds appropriated in this act to the State Board of Elections for a statewide data elections management system, the sum of one hundred fifty thousand dollars (\$150,000) may be used by the State Board of Elections to hire a project manager, to research and determine the needs of the local boards of election in each county, and to develop a needs assessment report.

(c) The remainder of the funds appropriated in Section 13.2 of Chapter 597 of the 1995 Session Laws shall be used to develop, implement, and operate a statewide data elections management system, which will include voter registration, campaign reporting, and election night returns. These funds shall be used only after the State Board of Elections and the Information Resource Management Commission have jointly approved and submitted a written, detailed implementation plan for statewide data elections management to the Joint Legislative Commission on Governmental Operations. That implementation plan shall include:

- (1) A description of the system being implemented;
- (2) A description of the system's capabilities, including user-friendliness;
- (3) An itemized estimate of the costs of the system, with a justification for each item, including a plan for implementing the system within the funds appropriated;
- (4) A list of the counties to be brought into the system during the fiscal year; and
- (5) A proposed project management plan.

After their initial joint report, the State Board of Elections and the Information Resource Management Commission shall make written quarterly joint reports to the Joint Legislative Commission on Governmental Operations, describing the status of the project, listing the counties that have been brought into the system and that are planned to be brought into the system, and the costs.

(d) To the extent that this section conflicts with G.S. 163-82.11 through G.S. 163-82.13, with Section 16 of Chapter 769 of the 1993 Session Laws, or with Section 13.2 of Chapter 507 of the 1995 Session Laws, this section prevails to the extent of the conflict. Except to the extent of the conflict, Section 16 of Chapter 769 of the 1993 Session Laws remains in effect.

Requested by: Representatives Ives, McCombs, Sherrill
FLEXIBILITY IN VOTING EQUIPMENT ALLOCATION

Section 31.1. G.S. 163-166 is repealed.

PART XXXII. DEPARTMENT OF TRANSPORTATION

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
GLOBAL TRANSPARK AUTHORITY TO REIMBURSE HIGHWAY FUND FROM FEDERAL SOURCES

Section 32. When funds are provided from the Highway Fund to the Global TransPark Authority for environmental impact statements or assessments and the Global TransPark Authority applies for and receives reimbursement for those expenses from federal sources up to one million eight hundred thousand dollars (\$1,800,000), the federal reimbursements shall be paid over by the Global TransPark Authority into the Highway Fund within 30 days of receipt. These funds shall be allocated to State-funded maintenance appropriations in the manner approved by the Board of Transportation.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
AIRCRAFT AND FERRY ACQUISITIONS

Section 32.1. G.S. 143B-350 is amended by adding a new subsection to read:

"(i) Before approving the purchase of an aircraft from the Equipment Fund or a ferry in a Transportation Improvement Program, the Board of Transportation shall prepare an estimate of the operational costs and capital costs associated with the addition of the aircraft or ferry and shall report those additional costs to the General Assembly pursuant to G.S. 136-12(b), and to the Joint Legislative Commission on Governmental Operations."

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
DEPARTMENT OF TRANSPORTATION TO PAY DEPARTMENT OF CORRECTION ONLY FOR ACTUAL MEDIUM CUSTODY INMATE LABOR

Section 32.2. The Department of Transportation shall pay the Department of Correction only for the actual labor performed by medium custody inmates.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
HIGHWAY FUND ALLOCATIONS BY CONTROLLER

Section 32.3. Article 1 of Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-16.10. Allocations by Department Controller to eliminate overdrafts.

The Controller of the Department of Transportation shall allocate at the beginning of each fiscal year from the various appropriations made to the Department of Transportation for State Construction, State Funds to Match Federal Highway Aid, State Maintenance, and Ferry Operations, sufficient funds to eliminate all overdrafts on State maintenance and construction projects, and these allocations shall not be diverted to other purposes."

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

SMALL URBAN CONSTRUCTION PROGRAM DISCRETIONARY FUNDS

Section 32.4. Of the funds appropriated in this act to the Department of Transportation:

- (1) \$14,000,000 shall be allocated in each fiscal year for small urban construction projects. These funds shall be allocated equally in each fiscal year of the biennium among the 14 Highway Divisions for the small urban construction program for small urban construction projects that are located within the area covered by a one-mile radius of the municipal corporate limits.
- (2) \$10,000,000 shall be used statewide for rural or small urban highway improvements, industrial access roads, and spot safety projects as approved by the Secretary of the Department of Transportation.

None of these funds used for rural secondary road construction are subject to the county allocation formula as provided in G.S. 136-44.5.

The Department of Transportation shall report to the members of the General Assembly on projects funded pursuant to this section in each member's district prior to the Board of Transportation's action. The Department shall make a quarterly comprehensive report on the use of these funds to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

USE OF ANNUAL UNRESERVED HIGHWAY FUND CREDIT BALANCE

Section 32.5. G.S. 136-44.2 reads as rewritten:

"§ 136-44.2. Budget and appropriations.

The Director of the Budget shall include in the 'Current Operations Appropriations Bill' an enumeration of the purposes or objects of the proposed expenditures for each of the construction and maintenance programs for that budget period for the State primary, secondary, urban, and State parks road systems. The State primary system shall include all portions of the State highway system located outside municipal corporate limits which are designated by N.C., U.S. or Interstate numbers. The State secondary system shall include all of the State highway system located outside municipal corporate limits that is not a part of the State primary system. The State urban system shall include all portions of the State highway system located within municipal corporate limits. The State parks system shall include all State parks roads and parking lots which are not also part of the State highway system.

All construction and maintenance programs for which appropriations are requested shall be enumerated separately in the budget. Programs that are entirely State funded shall be listed separately from those programs involving the use of federal-aid funds. Proposed appropriations of State matching funds for each of the federal-aid construction programs shall be enumerated separately as well as the federal-aid funds anticipated for each program in order that the total construction requirements for each program may be provided for in the budget. Also, proposed State matching funds for the highway

planning and research program shall be included separately along with the anticipated federal-aid funds for that purpose.

Other program categories for which appropriations are requested, such as, but not limited to, maintenance, channelization and traffic control, bridge maintenance, public service and access road construction, and ferry operations shall be enumerated in the budget.

The Department of Transportation shall have all powers necessary to comply fully with provisions of present and future federal-aid acts. No federally eligible construction project may be funded entirely with State funds unless the Department of Transportation has first consulted with the Joint Legislative Commission on Governmental Operations. For purposes of this section, 'federally eligible construction project' means any construction project except secondary road projects developed pursuant to G.S. 136-44.7 and 136-44.8 eligible for federal funds under any federal-aid act, whether or not federal funds are actually available.

The 'Current Operations Appropriations Bill' shall also contain the proposed appropriations of State funds for use in each county for maintenance and construction of secondary roads, to be allocated in accordance with G.S. 136-44.5 and 136-44.6. State funds appropriated for secondary roads shall not be transferred nor used except for the construction and maintenance of secondary roads in the county for which they are allocated pursuant to G.S. 136-44.5 and 136-44.6.

~~In the event receipts and increments to the State Highway Fund shall be more than the appropriations made for the preceding fiscal year, such excesses shall be allocated by the Director of the Budget to the Department of Transportation for school and industrial access roads and unforeseen happenings or state of affairs requiring prompt action, with fifty percent (50%) of the balance to be allocated to the State secondary roads program on the basis of need as determined by the Department of Transportation and the remaining fifty percent (50%) to be allocated in accordance with G.S. 136-44.5.~~
If the unreserved credit balance in the Highway Fund on the last day of a fiscal year is greater than the amount estimated for that date in the Current Operations Appropriations Act for the following fiscal year, the excess shall be used in accordance with this paragraph. The Director of the Budget may allocate part or all of the excess among reserves for access and public roads, for unforeseen events requiring prompt action, or for other urgent needs. The amount not allocated to any of these reserves by the Director of the Budget shall be credited to a reserve for maintenance. The Board of Transportation shall report monthly to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the use of funds in the maintenance reserve.

The Department of Transportation may provide for costs incurred or accrued for traffic control measures to be taken by the Department at major events which involve a high degree of traffic concentration on State highways, and which cannot be funded from regular budgeted items. This authorization applies only to events which are expected to generate 30,000 vehicles or more per day. The Department of Transportation shall provide for this funding by allocating and reserving up to one hundred thousand dollars (\$100,000) before any other allocations from the

appropriations for State maintenance for primary, secondary, and urban road systems are made, based upon the same proportion as is appropriated to each system."

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

DRIVERS EDUCATION FUNDING

Section 32.6. From funds appropriated by this act to the Department of Transportation, the Department shall pay for the increased costs for drivers education due to the projected increase in average daily membership in the ninth grade drivers education program.

In allocating funds for driver training, the State Board of Education shall consider the needs of small and low-wealth local school administrative units.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

BRANCH AGENT REIMBURSEMENT RATE

Section 32.7. (a) G.S. 20-63(h) reads as rewritten:

"(h) Commission Contracts for Issuance of Plates and Certificates. – All registration plates, registration certificates and certificates of title issued by the Division, outside of those issued from the Raleigh offices of the said Division and those issued and handled through the United States mail, shall be issued insofar as practicable and possible through commission contracts entered into by the Division for the issuance of such plates and certificates in localities throughout North Carolina with persons, firms, corporations or governmental subdivisions of the State of North Carolina and the Division shall make a reasonable effort in every locality, except as hereinbefore noted, to enter into a commission contract for the issuance of such plates and certificates and a record of these efforts shall be maintained in the Division. In the event the Division is unsuccessful in making commission contracts as hereinbefore set out it shall then issue said plates and certificates through the regular employees of the Division. Whenever registration plates, registration certificates and certificates of title are issued by the Division through commission contract arrangements, the Division shall provide proper supervision of such distribution. Commission contracts entered under this subsection shall provide for the payment of compensation ~~at a rate of sixty cents (60¢) per transaction~~ for all transactions as set forth below. Nothing contained in this subsection will allow or permit the operation of fewer outlets in any county in this State than are now being operated.

A transaction is any of the following activities:

- (1) Issuance of a registration plate, a registration card, a registration renewal sticker, or a certificate of title.
- (2) Issuance of a handicapped placard or handicapped identification card.
- (3) Acceptance of an application for a personalized registration plate.
- (4) Acceptance of a surrendered registration plate, registration card, or registration renewal sticker, or acceptance of an affidavit stating why a person cannot surrender a registration plate, registration card, or registration renewal sticker.
- (5) Cancellation of a title because the vehicle has been junked.

- (6) Acceptance of an application for, or issuance of, a refund for a fee or a tax, other than the highway use tax.
- (7) Receipt of the civil penalty imposed by G.S. 20-309 for a lapse in financial responsibility or receipt of the restoration fee imposed by that statute.
- (8) Acceptance of a notice of failure to maintain financial responsibility for a motor vehicle.
- (9) Collection of the highway use tax.

Performance at the same time of any combination of the items that are listed within each subdivision or are listed within subdivisions (1) through (8) of this section is a single transaction for which a dollar and thirty-five cent (\$1.35) compensation shall be paid. Performance of the item listed in subdivision (9) of this subsection in combination with any other items listed in this subsection is a separate transaction for which a one dollar and twenty cent (\$1.20) compensation shall be paid."

(b) The Department of Transportation shall develop performance measures for commission agent contracts, entered into pursuant to G.S. 20-63(h), as a basis for judging compliance with those contracts. The Department shall report on the performance measures to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by December 1, 1997. No performance measures shall be implemented prior that review.

(c) Subsection (a) of this section becomes effective July 1, 1997.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
**INTERNATIONAL REGISTRATION PLAN BUDGET CODE MERGED INTO
 VEHICLE REGISTRATION BUDGET CODE**

Section 32.8. Within Budget Code 84260 (Division of Motor Vehicles), fund 0560 (International Registration Plan Section) shall be merged into fund 0520 (Vehicle Registration).

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
PRIVATIZATION OF THE SCHOOL BUS DRIVER TRAINING PROGRAM

Section 32.9. The Department of Transportation shall prepare a plan for the privatization of school bus driver training. This plan shall include, but not be limited to the following:

- (1) A full description of the school bus driver training activities carried out by the Department.
- (2) An accounting of all costs, both personnel and nonpersonnel costs, to the Department related to school bus driver training.
- (3) A list of all Department positions performing functions related to school bus driver training and the portion of time that each position devotes to these functions.
- (4) A draft request for proposals for private contracts to provide all school bus driver training services.

- (5) An estimate of the cost of private contracts to provide all school bus driver training services and an explanation of how that estimate was developed.
- (6) A detailed estimate of the projected cost to the Department to administer contracts for school bus driver training.
- (7) A schedule for issuing a contract for school bus driver training and a schedule for the elimination of Department positions and expenditures related to that training.

Copies of the plan shall be provided to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by March 1, 1998.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES

Section 32.10. (a) Overexpenditures from Section 3 of this act may be made by authorization of the Director of the Budget,

Titles:

- State Construction Primary Construction
- State Construction Urban Construction
- Spot Safety Construction
- State Construction Access and Public Service Roads
- State Funds to Match Federal Highway Aid
- State Maintenance
- Ferry Operations,

provided that there are corresponding underexpenditures from these same Titles. Overexpenditures or underexpenditures in any Titles shall not vary by more than ten percent (10%) without prior consultation with the Advisory Budget Commission. Written reports covering overexpenditures or underexpenditures of more than ten percent (10%) shall be made to the Joint Legislative Transportation Oversight Committee. The reports shall be delivered to the Director of the Fiscal Research Division not less than 96 hours prior to the beginning of the Commission's full meeting.

(b) Overexpenditures from Section 3 of this act,

Titles:

- State Construction Primary Construction
- State Construction Urban Construction
- Spot Safety Construction
- State Construction Access and Public Service Roads
- State Funds to Match Federal Highway Aid
- State Maintenance
- Ferry Operations,

for the purpose of providing additional positions shall be approved by the Director of the Budget and shall be reported on a quarterly basis to the Joint Legislative Transportation Oversight Committee and to the Fiscal Research Division.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
DEPARTMENT OF TRANSPORTATION EXEMPTION FROM GENERAL STATUTES FOR EXPERIMENTAL PROJECT-CONGESTION MANAGEMENT

Section 32.11. The Department of Transportation may enter into a design-build-warrant contract to develop, with Federal Highway Administration participation under The 1991 Intermodal Surface Transportation Efficiency Act, Title VI, Part B, Sections 6051-6059, a "Congestion Avoidance and Reduction for Autos and Trucks (CARAT)" system of traffic management for the greater Charlotte-Mecklenburg urban areas. Notwithstanding any other provision of law, contractors, contractors' employees, and Department of Transportation employees involved in this project only do not have to be licensed by occupational licensing boards as "license" and "occupational licensing board" are defined in G.S. 93B-1; and for the purpose of entering into contracts, the Department of Transportation is exempted from the provisions of the following General Statutes: G.S. 136-28.1, 143-52, 143-53, 143-58, 143-128, and 143-129. These statutory exemptions are limited and available only to the extent necessary to comply with federal rules, regulations, and policies for completion of this project.

The Department of Transportation shall report quarterly to the Joint Legislative Transportation Oversight Committee on its efforts to enter into a design-build-warrant contract and to award and construct the project. The report shall include, but not be limited to, the number of types of firms bidding on the project, special qualifications of the firms bidding, and the effect statutory exemptions might have had on the award and construction of the project and the receipt of federal discretionary funding for the project.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
RESURFACED ROADS MAY BE WIDENED

Section 32.12. Chapter 136 of the General Statutes is amended by adding a new section to read:

"§ 136-44.16. Resurfaced roads may be widened.

Of the contract maintenance resurfacing program funds appropriated by the General Assembly to the Department of Transportation, an amount not to exceed fifteen percent (15%) of the Board of Transportation's allocation of these funds may be used for widening existing narrow pavements that are scheduled for resurfacing."

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
CASH FLOW HIGHWAY FUND AND HIGHWAY TRUST FUND APPROPRIATIONS

Section 32.13. The General Assembly authorizes and certifies anticipated revenues of the Highway Fund as follows:

FY 1999-2000	\$1,182.2 million
FY 2000-2001	\$1,211.2 million
FY 2001-2002	\$1,241.2 million
FY 2002-2003	\$1,271.9 million

The General Assembly authorizes and certifies anticipated revenues of the Highway Trust Fund as follows:

FY 1999-2000	\$861.7 million
FY 2000-2001	\$891.0 million
FY 2001-2002	\$921.6 million
FY 2002-2003	\$953.3 million

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

F.E.M.A. RECEIVABLES

Section 32.14. The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by March 1, 1998, on the status of Federal Emergency Management Agency receivables for past natural disasters and the efforts by the State to collect those funds from the federal government.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan, Hiatt

FEASIBILITY STUDY OF DRIVERS EDUCATION TESTING

Section 32.15. The Department of Transportation and the Department of Public Instruction shall conduct a study of the feasibility of having drivers education instructors, rather than Division of Motor Vehicles examiners, administer the required written and road tests before a student is issued his or her first drivers permit or license.

The Department of Transportation shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by March 1, 1998, on the results of this feasibility study along with any enabling legislation necessary to implement any recommended changes.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

GLOBAL TRANSPARK AUTHORITY BUSINESS PLAN FOR DISADVANTAGED BUSINESS PARTICIPATION

Section 32.16. The Global TransPark Authority shall develop a business plan for meeting its ten percent (10%) goal for disadvantaged business participation in contracting. The Global TransPark Authority shall submit a copy of that business plan to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by March 1, 1998.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

USE OF PUBLIC TRANSPORTATION AND PASSENGER RAIL FUNDING

Section 32.17. The Department of Transportation shall prepare a plan for the use of the expansion funds provided in this act for the improvement of public transportation and passenger rail service. This plan shall set out the specific purposes for which the funds will be used and shall set specific, quantitative goals to be met through the use of the additional funds.

The goals shall address the following:

- (1) Travel time, cost recovery, and business ridership of passenger rail service between Raleigh and Charlotte;
- (2) Extension of passenger rail service to Asheville;
- (3) Assessment of the feasibility and costs of extending passenger rail service in Eastern North Carolina;
- (4) Increases in the number of routes served by rural, urban, and regional public transportation systems;
- (5) Increases in ridership for rural, urban, and regional public transportation systems;
- (6) Public transportation service to Work First clients; and
- (7) Cost savings achieved by rural, urban, and regional public transportation systems through the use of new technologies.

The Department of Transportation shall present this plan to the Joint Legislative Transportation Oversight Committee by October 1, 1997, and shall make a report to the 1999 session of the General Assembly indicating the Department's performance in meeting the goals set forth in the plan.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
FEDERAL FUNDS FOR PUBLIC TRANSPORTATION IMPROVEMENTS

Section 32.18. To the extent allowable by federal law, the Department of Transportation shall use ten million dollars (\$10,000,000) of federal highway funds for improvements to public transportation.

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan
BIENNIAL REPORT ON MAINTENANCE REQUIREMENTS

Section 32.19. G.S. 136-44.3 reads as rewritten:

"§ ~~136-44.3. Annual maintenance program; State primary and urban systems.~~
Maintenance program.

~~The Department of Transportation shall make a study of the maintenance needs and costs of the State primary and urban systems. On the basis of the costs and proposed appropriations, the Department of Transportation shall develop a statewide annual maintenance program for the State primary and urban systems which shall be subject to the approval of the Board of Transportation and shall take into consideration the general maintenance needs, the special maintenance needs and vehicular traffic and other factors deemed pertinent. The Department of Transportation, from time to time, shall restudy the costs and criteria used as a basis for its annual maintenance program. Copies of the annual maintenance program shall be made available to any member of the General Assembly upon request. Each division engineer, at the end of the fiscal year, shall certify the maintenance of highways in his division in accordance with the annual work program, along with the explanations of any deviations.~~

In each even-numbered year, the Department of Transportation shall survey the condition of the State highway system and shall prepare a report of the findings of the survey. The report shall provide both quantitative and qualitative descriptions of the condition of the system and shall provide estimates of the following:

- (1) The annual cost of routine maintenance of the State highway system;
- (2) The cost of eliminating any maintenance backlog by categories of maintenance requirements;
- (3) The annual cost to resurface the State highway system based upon a 12-year repaving cycle for the primary system and a 15-year cycle for other highways; and
- (4) The cost of eliminating any resurfacing backlog, by type of system.

On the basis of the report, the Department of Transportation shall develop a statewide annual maintenance program for the State highway system, which shall be subject to the approval of the Board of Transportation and shall take into consideration the general maintenance needs, special maintenance needs, vehicular traffic, and other factors deemed pertinent.

Each division engineer, at the end of the fiscal year, shall certify the maintenance of highways in his division in accordance with the annual work program, along with an explanation for any deviations.

The report on the condition of the State highway system and the annual maintenance program shall be presented to the Joint Legislative Transportation Oversight Committee by November 30 of each even-numbered year, and copies shall be made available to any member of the General Assembly upon request."

Requested by: Senator Jordan, Representatives Bowie, Dockham, McMahan

GRADUATED DRIVERS LICENSE PROGRAM

Section 32.20. Section 11 of S.L. 1997-16 reads as rewritten:

"Section 11. This act becomes effective December 1, 1997, ~~if the General Assembly appropriates the necessary funds from the Highway Fund to the Department of Transportation, Division of Motor Vehicles, to administer the provisional license program.~~ Sections 1 through 7 of this act do not apply to any person who holds a valid North Carolina limited learner's permit issued before the effective date of this act, who holds a valid North Carolina learner's permit issued before the effective date of this act, or who is a provisional licensee and holds a valid North Carolina drivers license issued before the effective date of this act."

Requested by: Senators Perdue, Plyler, Odom, Representatives Russell, G. Wilson

HIGHWAY PATROL-UNDERGROUND FUEL TANK REMOVAL AND REMEDIATION FUNDS

Section 32.21. Notwithstanding any other provision of law, of the unreserved credit balance in the Highway Fund available on July 1, 1997, six hundred fifty thousand dollars (\$650,000) shall be used for the removal and replacement of underground fuel storage tanks located at various State Highway Patrol installations across the State.

Requested by: Senators Odom, Perdue, Plyler, Jordan, Hoyle, Rucho, Representatives Bowie, Dockham, McMahan

OREGON INLET STABILIZATION PROJECT STUDY

Section 32.22. The Legislative Research Commission shall study the stabilization of the Oregon Inlet. The Commission shall hold hearings to receive public input on the potential benefits of stabilizing the inlet and consider the alternative procedures and actions for the stabilization of the inlet along with the environmental, economic, governmental, and cultural costs and benefits that may result from the stabilization.

In making appointments of members to the Oregon Inlet Stabilization Study Committee, the Commission shall include, but not be limited to, representatives of commercial and sports fishing operations, the Coastal Area Management Commission, and conservationists.

In analyzing the benefits and costs in stabilizing the Oregon Inlet, the Study Committee shall employ the expertise of the Departments of Environment, Health, and Natural Resources, Transportation, and Justice and shall solicit the assistance of the U.S. Army Corps of Engineers.

The Study Committee shall submit a report to the 1998 Session of the General Assembly including proposals for further action by the General Assembly including, but not limited to:

- (1) Additional detailed studies of the Oregon Inlet Stabilization, providing a long-range plan for the stabilization of the inlet and a projection for the future costs of that stabilization;
- (2) Necessary statutory changes needed to implement a planned inlet stabilization;
- (3) Alternatives to the stabilization of the Oregon Inlet; and
- (4) Funding sources for stabilization projects and studies.

Requested by: Representatives Bowie, Dockham, McMahan, Senators Jordan, Hoyle, Rucho

DEPARTMENT OF TRANSPORTATION MINORITY- AND WOMEN-OWNED BUSINESS PARTICIPATION PLAN

Section 32.23. The Department of Transportation shall develop a plan for meeting its goals for minority- and women-owned business participation in construction and supply contracts. The Department of Transportation shall submit a copy of that plan to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division by December 1, 1997.

Requested by: Representatives Bowie, Dockham, McMahan, Senators Jordan, Hoyle, Rucho

CONTAMINATED PROPERTY REMEDIATION

Section 32.24. Of the funds appropriated to the Department of Transportation for the State's participation in the cleanup of the 601 Bypass Superfund site, any amounts not required for this purpose may be used by the Department for participation in the cleanup of other contaminated sites currently or previously owned or contaminated by the Department. These funds may be used for: (i) site assessments;

- (ii) site remediation; (iii) settlements of lawsuits, administrative actions, or claims; or
- (iv) administrative costs.

Requested by: Representatives Bowie, Dockham, McMahan, Senators Plyler, Jordan, Hoyle, Rucho

FEDERAL DRIVERS PRIVACY PROTECTION ACT

Section 32.25. (a) Chapter 20 of the General Statutes is amended by adding a new section to read:

§ 20-43.1. Disclosure of personal information in motor vehicle records.

The Division shall disclose personal information contained in motor vehicle records in accordance with the federal Driver's Privacy Protection Act of 1994, as amended, 18 U.S.C. §§ 2721, et seq.

As authorized in 18 U.S.C. § 2721, the Division shall not disclose personal information for the purposes specified in 18 U.S.C. § 2721(b)(11) or establish a waiver procedure described in 18 U.S.C. § 2721(d). The Division shall establish procedures to disclose personal information for the purposes and in the manner described in 18 U.S.C. § 2721(b)(12) for titles and applications for leased vehicles issued on and after July 1, 1998."

(b) G.S. 20-26(c) reads as rewritten:

"(c) The Division shall furnish copies of license records required to be kept by subsection (a) of this section in accordance with G.S. 20-43.1 to other persons for uses other than official upon prepayment of the following fees:

- (1) Limited extract copy of license record,
for period up to three years \$5.00
- (2) Complete extract copy of license record 5.00
- (3) Certified true copy of complete license
record 7.00.

All fees received by the Division under this subsection shall be credited to the Highway Fund."

(c) G.S. 20-27(a) reads as rewritten:

"(a) All records of the Division pertaining to application and to drivers' licenses, except the confidential medical report referred to in G.S. 20-7, of the current or previous five years shall be open to public inspection in accordance with G.S. 20-43.1, at any reasonable time during office hours and copies shall be provided pursuant to the provisions of G.S. 20-26."

(d) G.S. 20-43(a) reads as rewritten:

"(a) All records of the Division, other than those declared by law to be confidential for the use of the Division, shall be open to public inspection during office ~~hours.~~ hours in accordance with G.S. 20-43.1. A photographic image or signature recorded in any format by the Division for a drivers license or a special identification card is confidential and shall not be released except for law enforcement purposes."

Requested by: Representatives Bowie, Dockham, McMahan, Senators Jordan, Hoyle, Rucho

SALVAGE VEHICLE INSPECTIONS

Section 32.26. G.S. 20-71.3 reads as rewritten:

"§ 20-71.3. Titles and registration cards to be branded.

Motor Vehicle certificates of title and registration cards issued pursuant to G.S. 20-57 shall be branded. As used herein 'branded' means that the title and registration card shall contain a designation that discloses if the vehicle is classified as (a) Flood Vehicle, (b) Non-U.S.A. Vehicle, (c) Reconstructed Vehicle, (d) Salvage Motor Vehicle, or (e) Salvage Rebuilt Vehicle or other classification authorized by law. Any motor vehicle up to six model years old damaged by collision or other occurrence which is to be retitled in this State shall be subject to preliminary and final inspections by the Enforcement Section of the Division, and the Division shall refuse to issue a title to a vehicle up to six model years old which has not undergone a preliminary inspection. These inspections serve as an antitheft measure and do not certify the safety or roadworthiness of a vehicle. Any motor vehicle which has been branded in another state shall be branded with the nearest applicable brand specified in this section, except that no junk vehicle or vehicle that has been branded junk in another state shall be titled or registered. A motor vehicle titled in another state and damaged by collision or other occurrence may be repaired and an unbranded title issued in North Carolina only if the cost of repairs, including parts and labor, does not exceed seventy-five percent (75%) of its fair market retail value. The Commissioner shall prepare necessary forms and may adopt regulations required to carry out the provisions of this Part 3A. The title shall reflect the branding until surrendered to or cancelled by the Commissioner."

Requested by: Representatives Bowie, Dockham, McMahan, Gray, Esposito, Oldham, Womble, Decker, Sexton, Senators Jordan, Hoyle, Rucho

WESTERN PASSENGER RAIL SERVICE ROUTE MAJOR INVESTMENT STUDY

Section 32.27. (a) From funds appropriated to the Department of Transportation for the 1997-98 fiscal year, up to seven hundred fifty thousand dollars (\$750,000) shall be used to fund a Major Investment Study (MIS) which shall include:

- (1) A passenger rail proposal providing service between Asheville and Raleigh through Winston-Salem generally following the I-40 corridor; and
- (2) A passenger rail proposal providing for commuter rail services between Winston-Salem, Greensboro, High Point and outlying communities.

Funds expended for the MIS shall be approved by the Department of Transportation which shall make written reports to the Joint Legislative Transportation Oversight Committee on the progress of the MIS.

(b) Section 3.1 of S.L. 1997-393 House Bill 993 as ratified, reads as rewritten:

"Section 3.1. ~~If~~ The Major Investment Study (MIS) authorized in Senate Bill 352 is as enacted and ~~which~~ provides that funds appropriated to the Department of

Transportation for the 1997-98 fiscal year shall be used to fund a Major Investment Study (MIS) ~~which shall include:~~ including:

- (1) A passenger rail proposal providing service between Asheville and Raleigh through Winston-Salem generally following the I-40 corridor; and
- (2) A passenger rail proposal providing for commuter rail services between Winston-Salem, Greensboro, High Point, and outlying communities,

~~then notwithstanding that act, the MIS authorized in~~ shall be administered by the Regional Transportation Authority created under this act which includes Guilford and Forsyth Counties, ~~in consultation with~~ with the approval of the Department of Transportation, and in consultation with the Forsyth County Metropolitan Planning Organization (MPO), the Greensboro MPO, and the High Point MPO."

Requested by: Representatives Bowie, Dockham, McMahan, Reynolds, Senators Jordan, Hoyle, Rucho

CONTRACT AGENT TRANSACTION ANALYSIS AND ON-LINE REGISTRATION FEASIBILITY STUDY

Section 32.29. (a) The Office of Productivity Management in the Administrative Division of the Department of Transportation shall study the transactions performed by tag agents pursuant to the Commission Contracts authorized by G.S. 20-63(h). The study shall:

- (1) Analyze and weigh the relative complexity and time required to complete the various transactions so that a scale can be established to provide reimbursement based on those factors.
- (2) To the extent possible, determine the costs of performing the transactions based on a review of the actual costs of operating a sample of tag agencies across the State.
- (3) To the extent possible, determine the impact on tag agents of any on-line registration program recommended as a result of the study required by subsection (b) of this section.

The Department shall not recommend a particular reimbursement rate for each transaction.

(b) The Division of Motor Vehicles shall study the feasibility of a system that would allow motor vehicle dealers to enter information onto the STARS system that would be necessary for the issuance of certificates of title, registration plates, or both, for new vehicles sold by them.

The report issued by the Division as a result of this study shall include the advisability of a pilot program and any necessary legislation to implement the program, as appropriate.

(c) The results of the studies mandated by this section shall be reported to the Joint Legislative Transportation Oversight Committee by March 1, 1998.

Requested by: Senators Kerr, Jordan, Hoyle, Rucho, Representatives Bowie, Dockham, McMahan

NORTH CAROLINA RAILROAD ACQUISITION

Section 32.30. (a) In order to help promote trade, industry, and transportation within the State of North Carolina and to advance the economic interests of the State and its citizens, the General Assembly finds it advantageous for the State to acquire the outstanding shares of the North Carolina Railroad Company not held by the State.

(b) The sum of sixty-one million dollars (\$61,000,000) of the unreserved General Fund balance as of June 30, 1997, is placed in a Railroad Reserve Account.

(c) Notwithstanding G.S. 147-69.1, if a majority of the outstanding shares held by shareholders other than the State are represented in person or by proxy at a North Carolina Railroad Company shareholder meeting where a plan for merger between the Beaufort and Morehead Railroad Company and the North Carolina Railroad Company is approved, then the State Treasurer shall invest on a one-time basis up to sixty-one million dollars (\$61,000,000) from the reserve account created in subsection (b) of this section in obligations of the Beaufort and Morehead Railroad Company or any successor company. This investment shall be an interest-bearing demand note and shall be in a form prescribed by the State Treasurer. The loan is not subject to repayment of principal or interest prior to action of the 1999 Session of the General Assembly. The Director of the Budget shall recommend to the 1999 Session of the General Assembly, by February 1, 1999, a plan for the repayment of the loan.

(d) Section 54 of Chapter 82 of the Laws of 1848-49, as added by Chapter 1046 of the 1951 Session Laws, reads as rewritten:

"No stock owned by the State of North Carolina in the North Carolina Railroad Company shall be sold or transferred except with the prior consent of the General Assembly. Assembly, except as part of a transaction or series of transactions relating to a plan of merger or consolidation of that company with another company, and where the State will be the owner of all of the voting stock in the merged or consolidated corporation."

(e) In accordance with subsection (d) of this section, the State Treasurer, as part of the plan of merger and consolidation, shall transfer the stock owned by the State of North Carolina in the North Carolina Railroad Company to the Beaufort and Morehead Railroad Company.

(f) G.S. 136-16.6(c) reads as rewritten:

"(c) There is annually appropriated to the Department of Transportation for railroad ~~purposes—purposes, including capital contributions to the Beaufort and Morehead Railroad Company or any successor company,~~ one hundred percent (100%) of the funds credited to the Highway Fund pursuant to subsection (a) of this section."

(g) Subsection (f) of this section also applies to funds previously appropriated under G.S. 136-16.6(c).

(h) No monies appropriated for highway construction or maintenance from the Highway Fund, the Highway Trust Fund, or transferred to the Highway Fund under G.S. 136-176(c), may be used by the State of North Carolina or any of its political subdivisions to acquire stock in the North Carolina Railroad Company or make a capital

contribution or loan to either that company or the Beaufort and Morehead Railroad Company.

(i) Investments by the State in the Beaufort and Morehead Railroad Company or any successor company shall be recorded in the General Fund, and such evidence of ownership shall be held by the State Treasurer.

(j) Effective July 1, 1999, G.S. 147-12(7) is repealed.

(k) Effective July 1, 1999, G.S. 124-6 reads as rewritten:

"§ 124-6. Appointment of proxies, director of railroad companies, etc.

(a) The Governor shall appoint on behalf of the State all such officers or agents as, by any act, incorporating a company for the purpose of internal improvement, are allowed to represent the stock or other interests which the State may have in such company; and such person or persons shall cast the vote to which the State may be entitled in all the meetings of the stockholders of such company under the direction of said Governor; and the said Governor may, if in his opinion the public interest so requires, remove or suspend such persons, officers, agents, proxies, or directors in his discretion.

(b) Notwithstanding subsection (a) of this section, for any railroad company organized as a corporation in which the State is the owner of all the voting stock and which has trackage in more than two counties, five of the members of the Board of Directors shall be appointed by the Governor, two of the members of the Board of Directors shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives in accordance with G.S. 120-121, and two of the members of the Board of Directors shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate in accordance with G.S. 120-121. Of the Governor's five appointments, three shall be either an investment banker, a person with railroad management experience, a person on an economic development commission whose region contains track of the company, or an attorney with corporate experience. The remaining two shall be at-large members. The Speaker of the House of Representatives shall recommend two at-large members. The President Pro Tempore of the Senate shall recommend two at-large members. The Board of Directors shall consist of nine members. Of the initial members appointed by the Governor, three shall be appointed for terms of four years and two shall be appointed for terms of two years. Of the initial members recommended to the General Assembly by the Speaker of the House of Representatives, one shall be appointed for a term of four years and one shall be appointed for a term of two years. Of the initial members recommended to the General Assembly by the President Pro Tempore of the Senate, one shall be appointed for a term of four years and one shall be appointed for a term of two years. Thereafter all Board members shall serve four-year terms. The Board shall elect the chairman from among its membership."

(1) Any railroad company covered by G.S. 124-6(b) shall present to the Joint Legislative Transportation Oversight Committee, by November 20, 1998, a business plan for the railroad including, but not limited to:

(1) A mission statement with goals and objectives;

(2) Areas and types of services to be provided;

- (3) Pro forma financial statements that cover a five-year period beginning January 1, 1999; and
- (4) Alternative forms of organization.
- (m) Upon ownership of all voting stock in the North Carolina Railroad Company by the State of North Carolina, and upon the request of the Board of Directors of the North Carolina Railroad Company, the Public Officers and Employees Liability Insurance Commission shall effect and place coverage for the officers, directors, and employees of the North Carolina Railroad under G.S. 58-32-15. The North Carolina Railroad Company shall pay the premiums for this insurance at rates established by the Commission, and shall make any other payments required by G.S. 143-300.6. Coverage of the officers, directors, and employees of the North Carolina Railroad Company under this subsection shall not be construed as defining the North Carolina Railroad Company as a public body or as defining its officers, directors, or employees as public officials or employees for any other purpose.

PART XXXIII. SALARIES AND BENEFITS

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

GOVERNOR AND COUNCIL OF STATE/SALARY INCREASES

Section 33. (a) Effective July 1, 1997, G.S. 147-11(a) reads as rewritten:

"(a) The salary of the Governor shall be ~~one hundred three thousand twelve dollars (\$103,012)~~ one hundred seven thousand one hundred thirty-two dollars (\$107,132) annually, payable monthly."

(b) The annual salaries for the members of the Council of State, payable monthly, for the 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, are:

<u>Council of State</u>	<u>Annual Salary</u>
Lieutenant Governor	\$94,552
Attorney General	94,552
Secretary of State	94,552
State Treasurer	94,552
State Auditor	94,552
Superintendent of Public Instruction	94,552
Agriculture Commissioner	94,552
Insurance Commissioner	94,552
Labor Commissioner	94,552.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

NONELECTED DEPARTMENT HEADS/SALARY INCREASES

Section 33.1. In accordance with G.S. 143B-9, the maximum annual salaries, payable monthly, for the nonelected heads of the principal State departments for the 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, are:

<u>Nonelected Department Heads</u>	<u>Annual Salary</u>
Secretary of Administration	\$92,378
Secretary of Correction	92,378
Secretary of Cultural Resources	92,378
Secretary of Commerce	92,378
Secretary of Environment, Health, and Natural Resources	92,378
Secretary of Human Resources	92,378
Secretary of Revenue	92,378
Secretary of Transportation	92,378
Secretary of Crime Control and Public Safety	92,378.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

CERTAIN EXECUTIVE BRANCH OFFICIALS/SALARY INCREASES

Section 33.2. The annual salaries, payable monthly, for the 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, for the following executive branch officials are:

<u>Executive Branch Officials</u>	<u>Annual Salary</u>
Chairman, Alcoholic Beverage Control Commission	\$ 84,080
State Controller	117,669
Commissioner of Motor Vehicles	84,080
Commissioner of Banks	94,552
Chairman, Employment Security Commission	117,520
State Personnel Director	92,378
Chairman, Parole Commission	76,775
Members of the Parole Commission	70,881
Chairman of the Utilities Commission	95,592
Commissioners of the Utilities Commission	94,552
Executive Director, Agency for Public Telecommunications	70,881
General Manager, Ports Railway Commission	64,005
Director, Museum of Art	86,155
Executive Director, Wildlife Resources Commission	72,569
Executive Director, North Carolina Housing Finance Agency	104,057
Executive Director, North Carolina Agricultural Finance Authority	81,839
Director, Office of Administrative Hearings	83,141

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Russell, Senators Plyler, Perdue, Odom

SALARY OF THE CHAIRMAN OF THE EMPLOYMENT SECURITY COMMISSION

Section 33.3. Effective July 1, 1997, G.S. 96-3(c) reads as rewritten:

"(c) Salaries. – The chairman of the Employment Security Commission of North Carolina, appointed by the Governor, shall be paid from the Employment Security Administration Fund a salary payable on a monthly basis, which salary shall be fixed by the ~~appointing officer in an amount no higher than the highest salary set by the General Assembly for an executive branch official; and~~ General Assembly in the Current Operations Appropriations Act; and the members of the Commission, other than the chairman, shall each receive the same amount per diem for their services as is provided for the members of other State boards, commissions, and committees who receive compensation for their services as such, including necessary time spent in traveling to and from his place of residence within the State to the place of meeting while engaged in the discharge of the duties of his office and his actual traveling expenses, the same to be paid from the aforesaid fund."

Requested by: Senators Plyler, Perdue, Odom, Rand, Representatives Holmes, Creech, Esposito

SALARIES OF MEMBERS AND CHAIR OF THE INDUSTRIAL COMMISSION

Section 33.4. Effective July 1, 1997, G.S. 97-78(a) reads as rewritten:

"(a) ~~The salaries of the chairman and each of the other commissioners shall be fixed by the General Assembly in the Current Operations Appropriations Act.~~ The salary of each commissioner shall be the same as that fixed from time to time for district attorneys except that the commissioner designated as chair shall receive one thousand five hundred dollars (\$1,500) additional per annum."

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

SALARIES OF MEMBERS AND CHAIR OF THE UTILITIES COMMISSION

Section 33.5. Effective July 1, 1997, G.S. 62-10(h) reads as rewritten:

"(h) ~~The salary of each commissioner shall be the same as that fixed from time to time for judges of the superior court except that the commissioner designated as the chairman shall receive one thousand dollars (\$1,000) additional per annum.~~ and that of the commissioner designated as chairman shall be set by the General Assembly in the Current Operations Appropriations Act. In lieu of merit and other increment raises paid to regular State employees, each commissioner, including the commissioner designated as chairman, shall receive as longevity pay an amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations Appropriations Act payable monthly after five years of service, and nine and six-tenths percent (9.6%) after 10 years of service. 'Service' means service as a member of the Utilities Commission."

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

TEMPORARY SALES TAX TRANSFER FOR WILDLIFE RESOURCES COMMISSION SALARY INCREASES

Section 33.6. For the 1997-98 and 1998-99 fiscal years, the Secretary of Revenue shall transfer at the end of each quarter from the State sales and use tax net collections received by the Department of Revenue under Article 5 of Chapter 105 of the General Statutes to the State Treasurer for the Wildlife Resources Fund to fund the cost of any legislative salary increase for employees of the Wildlife Resources Commission.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

JUDICIAL BRANCH OFFICIALS/SALARY INCREASES

Section 33.7. (a) The annual salaries, payable monthly, for specified judicial branch officials for the 1997-98 and 1998-99 fiscal years, beginning July 1, 1997, are:

<u>Judicial Branch Officials</u>	<u>Annual Salary</u>
Chief Justice, Supreme Court	\$107,132
Associate Justice, Supreme Court	104,333
Chief Judge, Court of Appeals	101,724
Judge, Court of Appeals	99,986
Judge, Senior Regular Resident Superior Court	97,269
Judge, Superior Court	94,552
Chief Judge, District Court	85,857
Judge, District Court	83,141
District Attorney	87,596
Administrative Officer of the Courts	97,269
Assistant Administrative Officer of the Courts	81,684
Public Defender	87,596.

(b) 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 fifty-three thousand eight hundred eighty-three dollars (\$53,883) and the minimum salary of any assistant district attorney or assistant public defender is at least twenty-seven thousand five hundred nine dollars (\$27,509), effective July 1, 1997.

(c) The salaries in effect for the 1996-97 fiscal year on June 30, 1997, for permanent, full-time employees of the Judicial Department, except for those whose salaries are itemized in this Part, shall be increased by four percent (4%), commencing July 1, 1997.

(d) The salaries in effect on June 30, 1997, for all permanent, part-time employees of the Judicial Department shall be increased on and after July 1, 1997, by pro rata amounts of four percent (4%).

Requested by: Representatives Ives, McCombs, Sherrill, Senators Plyler, Perdue, Odom

ADMINISTRATIVE LAW JUDGE SALARY

Section 33.8. Effective July 1, 1997, G.S. 7A-751, as amended by Section 11 of S.L. 1997-34, reads as rewritten:

"§ 7A-751. Agency head; powers and duties. duties; salaries of Chief Administrative Law Judge and other administrative law judges.

(a) The head of the Office of Administrative Hearings is the Chief Administrative Law Judge, who shall serve as Director of the Office. The Chief Administrative Law Judge has the powers and duties conferred on that position by this Chapter and the Constitution and laws of this State and may adopt rules to implement the conferred powers and duties.

The salary of the Chief Administrative Law Judge shall be ~~fixed by the General Assembly in the Current Operations Appropriations Act.~~ the same as that fixed from time to time for district court judges.

In lieu of merit and other increment raises, the Chief Administrative Law Judge shall receive longevity pay on the same basis as is provided to employees of the State who are subject to the State Personnel Act.

(b) The salary of other administrative law judges shall be ninety percent (90%) of the salary of the Chief Administrative Law Judge.

In lieu of merit and other increment raises, an administrative law judge shall receive longevity pay on the same basis as is provided to employees who are subject to the State Personnel Act."

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

CLERKS OF SUPERIOR COURT/SALARY INCREASES

Section 33.9. Effective July 1, 1997, G.S. 7A-101(a) reads as rewritten:

"(a) The clerk of superior court is a full-time employee of the State and shall receive an annual salary, payable in equal monthly installments, based on the population of the county as determined in subsection (a1) of this section, according to the following schedule:

Population	Annual Salary	
Less than 100,000	\$60,265	<u>\$62,676</u>
100,000 to 149,999	67,695	<u>70,403</u>
150,000 to 249,999	75,125	<u>78,130</u>
250,000 and above	82,555.	<u>85,857.</u>

The salary schedule in this subsection is intended to represent the following percentage of the salary of a chief district court judge:

Less than 100,000	73%
100,000 to 149,999	82%
150,000 to 249,999	91%
250,000 and above	100%.

When a county changes from one population group to another, the salary of the clerk shall be changed, on July 1 of the fiscal year for which the change is reported, to the salary appropriate for the new population group, except that the salary of an incumbent

clerk shall not be decreased by any change in population group during his continuance in office."

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

ASSISTANT AND DEPUTY CLERKS OF SUPERIOR COURT/SALARY INCREASES

Section 33.10. (a) Effective July 1, 1997, those State employees whose salaries are determined by G.S. 7A-102 shall receive across-the-board salary increases in the amount of four percent (4%) in lieu of step increases associated with their respective pay plans.

(b) Effective July 1, 1997, G.S. 7A-102(c1) reads as rewritten:

"(c1) A full-time assistant clerk or a full-time deputy clerk, and up to one full-time deputy clerk serving as head bookkeeper per county, shall be paid an annual salary subject to the following minimum and maximum rates:

Assistant Clerks and Head Bookkeeper	Annual Salary	
Minimum	\$22,519	<u>\$23,420</u>
Maximum	39,871	<u>41,466</u>
Deputy Clerks	Annual Salary	
Minimum	\$18,004	<u>18,724</u>
Maximum	30,712.	<u>31,940."</u>

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

MAGISTRATES/SALARY INCREASES

Section 33.11. Effective July 1, 1997, magistrates shall receive salary increases in the amount of four percent (4%), except that any person entitled to a step increase pursuant to G.S. 7A-171.1 for the 1997-98 fiscal year shall not receive the four percent increase provided by this act.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Justus, Kiser, Thompson, Senators Plyler, Perdue, Odom

ASSISTANT CLERKS OF SUPERIOR COURT/SALARY RANGE

Section 33.12. G.S. 7A-102(d) reads as rewritten:

"(d) Full-time assistant clerks, licensed to practice law in North Carolina, who are employed in the office of superior court clerk on and after July 1, 1984, and full-time assistant clerks possessing a masters degree in business administration, public administration, accounting, or other similar discipline from an accredited college or university who are employed in the office of superior court clerk on and after July 1, 1997, are authorized an annual salary of not less than three-fourths of the maximum annual salary established for assistant clerks; the clerk of superior court, with the approval of the Administrative Office of the Courts, may establish a higher annual

salary but that salary shall not be higher than the maximum annual salary established for assistant clerks. Full-time assistant clerks, holding a law degree from an accredited law school, who are employed in the office of superior court clerk on and after July 1, 1984, are authorized an annual salary of not less than two-thirds of the maximum annual salary established for assistant clerks; the clerk of superior court, with the approval of the Administrative Office of the Courts, may establish a higher annual salary, but the entry-level salary may not be more than three-fourths of the maximum annual salary established for assistant clerks, and in no event may be higher than the maximum annual salary established for assistant clerks. The entry-level annual salary for all other assistant and deputy clerks employed on and after July 1, 1984, shall be at the minimum rates as herein established."

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

GENERAL ASSEMBLY PRINCIPAL CLERKS/SALARY INCREASES

Section 33.13. Effective July 1, 1997, G.S. 120-37(c) reads as rewritten:

"(c) The principal clerks shall be full-time officers. Each principal clerk shall be entitled to other benefits available to permanent legislative employees and shall be paid an annual salary of ~~fifty seven thousand five hundred fifty nine dollars (\$57,559)~~ fifty-nine thousand eight hundred sixty-one dollars (\$59,861) payable monthly. The Legislative Services Commission shall review the salary of the principal clerks prior to submission of the proposed operating budget of the General Assembly to the Governor and Advisory Budget Commission and shall make appropriate recommendations for changes in those salaries. Any changes enacted by the General Assembly shall be by amendment to this paragraph."

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

SERGEANT-AT-ARMS AND READING CLERKS

Section 33.14. Effective July 1, 1997, G.S. 120-37(b) reads as rewritten:

"(b) The sergeant-at-arms and the reading clerk in each house shall be paid a salary of ~~two hundred forty eight dollars (\$248.00) per week~~ two hundred fifty-eight dollars (\$258.00) per week plus subsistence at the same daily rate provided for members of the General Assembly, plus mileage at the rate provided for members of the General Assembly for one round trip only from their homes to Raleigh and return. The sergeants-at-arms shall serve during sessions of the General Assembly and at such time prior to the convening of, and subsequent to adjournment or recess of, sessions as may be authorized by the Legislative Services Commission. The reading clerks shall serve during sessions only."

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

LEGISLATIVE EMPLOYEES/SALARY INCREASES

Section 33.15. The Legislative Administrative Officer shall increase the salaries of nonelected employees of the General Assembly in effect for fiscal year 1996-97 by four percent (4%). Nothing in this act limits any of the provisions of G.S. 120-32.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

COMMUNITY COLLEGES PERSONNEL/SALARY INCREASES

Section 33.16. The Director of the Budget shall transfer from the Reserve for Salary Increases created in this act for fiscal year 1997-98 funds to the Department of Community Colleges necessary to provide an average annual salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 1997, for all permanent full-time community college institutional personnel supported by State funds. The State Board of Community Colleges shall establish guidelines for providing their salary increases to community college institutional personnel to include consideration of increases based on performance. Salary funds shall be used to provide an average annual salary increase of four percent (4%) to all full-time employees and part-time employees on a pro rata basis.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

UNIVERSITY OF NORTH CAROLINA SYSTEM - EPA SALARY INCREASES

Section 33.17. (a) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Compensation Increase created in this act for fiscal year 1997-98 to provide an annual average salary increase of four percent (4%), including funds for the employer's retirement and social security contributions, commencing July 1, 1997, for all employees of The University of North Carolina, as well as employees other than teachers of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by the Board of Governors, or the Board of Trustees of the North Carolina School of Science and Mathematics, as appropriate, and shall not be used for any purpose other than for salary increases and necessary employer contributions provided by this section. The Board of Governors shall include consideration of increases based on performance in its adoption of rules for the allocation of funds for salary increases.

(b) The Director of the Budget shall transfer to the Board of Governors of The University of North Carolina sufficient funds from the Reserve for Salary Increases created in this act for fiscal year 1997-98 to provide an annual average salary increase comparable to that provided in this act for public school teachers, including funds for the employer's retirement and social security contributions, commencing July 1, 1997, for all teaching employees of the North Carolina School of Science and Mathematics, supported by State funds and whose salaries are exempt from the State Personnel Act (EPA). These funds shall be allocated to individuals according to the rules adopted by

the Board of Trustees of the North Carolina School of Science and Mathematics and shall not be used for any purpose other than for salary increases and necessary employer contributions provided by this section.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Senators Plyler, Perdue, Odom

MOST STATE EMPLOYEES/SALARY INCREASES

Section 33.18. (a) The salaries in effect June 30, 1997, of all permanent full-time State employees whose salaries are set in accordance with the State Personnel Act, and who are paid from the General Fund or the Highway Fund shall be increased, on or after July 1, 1997, unless otherwise provided by this act, pursuant to the Comprehensive Compensation System set forth in G.S. 126-7 and rules adopted by the State Personnel Commission, as follows:

- (1) Career growth recognition awards in the amount of two percent (2%); and
- (2) A cost-of-living adjustment in the amount of two percent (2%).

Notwithstanding G.S. 126-7(4a), any permanent full-time State employee whose salary is set in accordance with the State Personnel Act and whose salary is at the top of the salary range or within two percent of the top of the salary range shall receive a one-time bonus of two percent (2%) less the career growth recognition award the employee receives. The employee shall receive the career growth bonus at the time the employee is eligible for the career growth recognition award, but not earlier than July 1, 1997.

(b) Except as otherwise provided in this act, salaries in effect June 30, 1997, for permanent full-time State officials and persons in exempt positions that are recommended by the Governor or the Governor and the Advisory Budget Commission and set by the General Assembly shall be increased by four percent (4%), commencing July 1, 1997.

(c) The salaries in effect June 30, 1997, for all permanent part-time State employees shall be increased on and after July 1, 1997, by pro rata amounts of the salary increases provided for permanent full-time employees covered under subsection (a) of this section.

(d) The Director of the Budget may allocate out of special operating funds or from other sources of the employing agency, except tax revenues, sufficient funds to allow a salary increase on and after July 1, 1997, in accordance with subsections (a), (b), or (c) of this section, including funds for the employer's retirement and social security contributions, of the permanent full-time and part-time employees of the agency.

(e) Within regular Executive Budget Act procedures as limited by this act, all State agencies and departments may increase on an equitable basis the rate of pay of temporary and permanent hourly State employees, subject to availability of funds in the particular agency or department, by pro rata amounts the salary increase provided for permanent full-time employees covered by the provisions of subsection (a) of this section, commencing July 1, 1997.

(f) Except as provided by subsection (a) of this section, no person may receive a salary increase under G.S. 126-7 during the 1997-98 fiscal year, and no State employee or officer shall receive a merit increment during the 1997-98 fiscal year except as otherwise provided by this act.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

ALL STATE-SUPPORTED PERSONNEL

Section 33.19. (a) Salaries and related benefits for positions that are funded partially from the General Fund or Highway Fund and partially from sources other than the General Fund or Highway Fund shall be increased from the General Fund or Highway Fund appropriation only to the extent of the proportionate part of the salaries paid from the General Fund or Highway Fund.

(b) The granting of the salary increases under this act does not affect the status of eligibility for salary increments for which employees may be eligible unless otherwise required by this act.

(c) The salary increases provided in this Part are to be effective July 1, 1997, do not apply to persons separated from State service due to resignation, dismissal, reduction in force, death, or retirement, whose last workday is prior to July 1, 1997, or to employees involved in final written disciplinary procedures. The employee shall receive the increase on a current basis when the final written disciplinary procedure is resolved.

Payroll checks issued to employees after July 1, 1997, which represent payment of services provided prior to July 1, 1997, shall not be eligible for salary increases provided for in this act. This subsection shall apply to all employees, subject to or exempt from the State Personnel Act, paid from State funds, including public schools, community colleges, and The University of North Carolina.

(d) The Director of the Budget shall transfer from the Reserve for Compensation Increase in this act for fiscal year 1997-98 all funds necessary for the salary increases provided by this act, including funds for the employer's retirement and social security contributions.

(e) Nothing in this act authorizes the transfer of funds between the General Fund and the Highway Fund for salary increases.

Requested by: Senators Perdue, Plyler, Odom, Wellons, Representatives Holmes, Creech, Esposito, Crawford

EXTEND SUNSET ON FICA SAVINGS USE

Section 33.20. (a) Section 14(i) of Chapter 1044 of the 1991 Session Laws, as amended by Section 42 of Chapter 561 of the 1993 Session Laws and Section 7.28A of Chapter 769 of the 1993 Session Laws, reads as rewritten:

"(i) Subsections (a) through (d) of this section are effective January 1, 1990. Subsections (e) through (h) of this section are effective January 1, 1991. Subsections (a) through (h) of this section shall expire ~~December 31, 1997.~~ December 31, 1999."

(b) This section is effective when it becomes law.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

SALARY ADJUSTMENT FUND

Section 33.21. Any remaining appropriations for legislative salary increases not required for that purpose may be used to supplement the Salary Adjustment Fund. These funds shall first be used to provide reclassifications of those positions already approved by the Office of State Personnel. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations prior to the allocation of these funds.

Requested by: Representatives Holmes, Creech, Esposito, Crawford, Barbee Senators Plyler, Perdue, Odom, Jenkins

ENHANCE THE RETIREMENT BENEFITS PAYABLE FROM THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

Section 33.22. (a) G.S. 135-5(b16) reads as rewritten:

"(b16) Service Retirement Allowance of Members Retiring on or After July 1, ~~1995-1995~~, but Before July 1, 1997. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1995, but before July 1, 1997, a member shall receive the following service retirement allowance:

- (1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
 - a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-five hundredths percent (1.75%) of his average final compensation, multiplied by the number of years of his creditable service.
 - b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 1. The service retirement allowance payable under G.S. 135-5(b16)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or

2. The service retirement allowance as computed under G.S. 135-5(b16)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.
- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-five hundredths percent (1.75%) of his average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 135-5(b16)(2)a. but shall be reduced by one-quarter of one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following his 65th birthday.
 - c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 1. The service retirement allowance as computed under G.S. 135-5(b16)(2)a. but reduced by the sum of five-twelfths of one percent ($\frac{5}{12}$ of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent ($\frac{1}{4}$ of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 2. The service retirement allowance as computed under G.S. 135-5(b16)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance equal to

the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135-5(b16)(2)b.

- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by G.S. 135-5(b)."

(b) G.S. 135-5 is amended by adding a new subsection to read:

"(b17) Service Retirement Allowance of Members Retiring on or After July 1, 1997.
– Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1997, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and eighty hundredths percent (1.80%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 135-5(b17)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or

2. The service retirement allowance as computed under G.S. 135-5(b17)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of membership service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and eighty hundredths percent (1.80%) of his average final

compensation, multiplied by the number of years of creditable service.

- b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 135-5(b17)(2)a. 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 65th birthday.
- c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 - 1. The service retirement allowance as computed under G.S. 135-5(b17)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 - 2. The service retirement allowance as computed under G.S. 135-5(b17)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 - 3. If the member's creditable service commenced prior to July 1, 1994, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 135-5(b17)(2)b.
- d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1963, shall not receive less than the benefit provided by G.S. 135-5(b)."

(c) G.S. 135-5(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option 2 of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that the following conditions apply:

- (1)
 - a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
 - b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 135-5(b16)(1)b.~~ G.S. 135-5(b17)(1)b. or ~~G.S. 135-5(b16)(2)e.,~~ G.S. 135-5(b17)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who was living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection to apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (1) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase. The term 'in service' as used in this subsection includes a member in receipt of a benefit under the Disability Income Plan as provided in Article 6 of this Chapter."

(d) G.S. 135-5 is amended by adding two new subsections to read:

"(ccc) From and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1996, shall be increased by four percent (4%) of the allowance payable on June 1, 1997, in accordance with G.S. 135-5(o). Furthermore, from and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1996, but before June 30, 1997, shall be increased by a prorated amount of four percent (4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1996, and June 30, 1997.

"(ddd) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1997. – From and after July 1, 1997, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1997, shall be increased by two and two-tenths percent (2.2%) of the allowance payable on June 1, 1997. This allowance shall be calculated on the allowance payable and in effect on June 30, 1997, so as not to be compounded on any other increase granted by act of the 1997 General Assembly."

(e) G.S. 135-65 is amended by adding a new subsection to read:

"(r) From and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1996, shall be increased by four percent (4%) of the allowance payable on June 1, 1997. Furthermore, from and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1996, but before June 30, 1997, shall be increased

by a prorated amount of four percent (4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1996, and June 30, 1997."

(f) G.S. 120-4.22A is amended by adding a new subsection to read:

"(l) In accordance with subsection (a) of this section, from and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before January 1, 1997, shall be increased by four percent (4%) of the allowance payable on June 1, 1997. Furthermore, from and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced after January 1, 1997, but before June 30, 1997, shall be increased by a prorated amount of four percent (4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 1997, and June 30, 1997."

(g) G.S. 128-27(b15) reads as rewritten:

"(b15) Service Retirement Allowance of Members Retiring on or after July 1, 1995; 1995, but Before July 1, 1997. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1995, but before July 1, 1997, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

- a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-two hundredths percent (1.72%) of his average final compensation, multiplied by the number of years of his creditable service.
- b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:
 1. The service retirement allowance payable under G.S. 128-27(b15)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or
 2. The service retirement allowance as computed under G.S. 128-27(b15)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

- (2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:
- a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-two hundredths percent (1.72%) of his average final compensation, multiplied by the number of years of creditable service.
 - b. If the member's service retirement date occurs after his 60th and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-27(b15)(2)a. 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 65th birthday.
 - c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:
 1. The service retirement allowance as computed under G.S. 128-27(b15)(2)a. but reduced by the sum of five-twelfths of one percent ($5/12$ of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent ($1/4$ of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or
 2. The service retirement allowance as computed under G.S. 128-27(b15)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or
 3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b15)(2)b.
 - d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

(h) G.S. 128-27 is amended by adding a new subsection to read:

"(b16) Service Retirement Allowance of Members Retiring on or after July 1, 1997. – Upon retirement from service in accordance with subsection (a) or (a1) above, on or after July 1, 1997, a member shall receive the following service retirement allowance:

(1) A member who is a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 55th birthday, and completion of five years of creditable service as a law enforcement officer, or after the completion of 30 years of creditable service, the allowance shall be equal to one and seventy-six hundredths percent (1.76%) of his average final compensation, multiplied by the number of years of his creditable service.

b. If the member's service retirement date occurs on or after his 50th birthday and before his 55th birthday with 15 or more years of creditable service as a law enforcement officer and prior to the completion of 30 years of creditable service, his retirement allowance shall be equal to the greater of:

1. The service retirement allowance payable under G.S. 128-27(b16)(1)a. reduced by one-third of one percent (1/3 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 55th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b16)(1)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement.

(2) A member who is not a law enforcement officer or an eligible former law enforcement officer shall receive a service retirement allowance computed as follows:

a. If the member's service retirement date occurs on or after his 65th birthday upon the completion of five years of creditable service or after the completion of 30 years of creditable service or on or after his 60th birthday upon the completion of 25 years of creditable service, the allowance shall be equal to one and seventy-six hundredths percent (1.76%) of his average final compensation, multiplied by the number of years of creditable service.

b. If the member's service retirement date occurs after his 60th birthday and before his 65th birthday and prior to his completion of 25 years or more of creditable service, his retirement allowance shall be computed as in G.S. 128-

27(b16)(2)a. 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 65th birthday.

c. If the member's early service retirement date occurs on or after his 50th birthday and before his 60th birthday and after completion of 20 years of creditable service but prior to the completion of 30 years of creditable service, his early service retirement allowance shall be equal to the greater of:

1. The service retirement allowance as computed under G.S. 128-27(b16)(2)a. but reduced by the sum of five-twelfths of one percent (5/12 of 1%) thereof for each month by which his retirement date precedes the first day of the month coincident with or next following the month the member would have attained his 60th birthday, plus one-quarter of one percent (1/4 of 1%) thereof for each month by which his 60th birthday precedes the first day of the month coincident with or next following his 65th birthday; or

2. The service retirement allowance as computed under G.S. 128-27(b16)(2)a. reduced by five percent (5%) times the difference between 30 years and his creditable service at retirement; or

3. If the member's creditable service commenced prior to July 1, 1995, the service retirement allowance equal to the actuarial equivalent of the allowance payable at the age of 60 years as computed in G.S. 128-27(b16)(2)b.

d. Notwithstanding the foregoing provisions, any member whose creditable service commenced prior to July 1, 1965, shall not receive less than the benefit provided by G.S. 128-27(b)."

(i) G.S. 128-27 is amended by adding two new subsections to read:

"(ss) From and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced on or before July 1, 1996, shall be increased by four percent (4%) of the allowance payable on June 1, 1997, in accordance with G.S. 128-27(k). Furthermore, from and after July 1, 1997, the retirement allowance to or on account of beneficiaries whose retirement commenced after July 1, 1996, but before June 30, 1997, shall be increased by a prorated amount of four percent (4%) of the allowance payable as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 1996, and June 30, 1997.

(tt) Increase in Allowance as to Persons on Retirement Rolls as of June 1, 1997. – From and after July 1, 1997, the retirement allowance to or on account of beneficiaries on the retirement rolls as of June 1, 1997, shall be increased by two and three-tenths percent (2.3 %) of the allowance payable on June 1, 1997. This allowance shall be calculated on the allowance payable and in effect on June 30, 1997, so as not to be

compounded on any other increase payable under subsection (k) of this section or otherwise granted by act of the 1997 General Assembly."

(j) G.S 128-27(m) reads as rewritten:

"(m) Survivor's Alternate Benefit. – Upon the death of a member in service, the principal beneficiary designated to receive a return of accumulated contributions shall have the right to elect to receive in lieu thereof the reduced retirement allowance provided by Option two of subsection (g) above computed by assuming that the member had retired on the first day of the month following the date of his death, provided that all three of the following conditions apply:

- (1) a. The member had attained such age and/or creditable service to be eligible to commence retirement with an early or service retirement allowance, or
b. The member had obtained 20 years of creditable service in which case the retirement allowance shall be computed in accordance with ~~G.S. 128-27(b15)(1)b.~~ G.S. 128-27(b16)(1)b. or ~~G.S. 128-27(b15)(2)e.,~~ G.S. 128-27(b16)(2)c., notwithstanding the requirement of obtaining age 50.
- (2) The member had designated as the principal beneficiary to receive a return of his accumulated contributions one and only one person who is living at the time of his death.
- (3) The member had not instructed the Board of Trustees in writing that he did not wish the provisions of this subsection apply.

For the purpose of this benefit, a member is considered to be in service at the date of his death if his death occurs within 180 days from the last day of his actual service. The last day of actual service shall be determined as provided in subsection (l) of this section. Upon the death of a member in service, the surviving spouse may make all purchases for creditable service as provided for under this Chapter for which the member had made application in writing prior to the date of death, provided that the date of death occurred prior to or within 60 days after notification of the cost to make the purchase."

Requested by: Senators Plyler, Perdue, Odom, Lee, Representatives Holmes, Creech, Esposito, Crawford

SALARY-RELATED CONTRIBUTIONS/EMPLOYERS

Section 33.23. (a) Required employer salary-related contributions for employees whose salaries are paid from department, office, institution, or agency receipts shall be paid from the same source as the source of the employees' salary. If an employee's salary is paid in part from the General Fund or Highway Fund and in part from department, office, institution, or agency receipts, required employer salary-related contributions may be paid from the General Fund or Highway Fund only to the extent of the proportionate part paid from the General Fund or Highway Fund in support of the salary of the employee, and the remainder of the employer's requirements shall be paid from the source that supplies the remainder of the employee's salary. The requirements of this section as to source of payment are also applicable to payments on behalf of the

employee for hospital-medical benefits, longevity pay, unemployment compensation, accumulated leave, workers' compensation, severance pay, separation allowances, and applicable disability income and disability salary continuation benefits.

(b) Effective July 1, 1997, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1997-98 fiscal year are (i) ten and forty-six hundredths percent (10.46%) - Teachers and State Employees; (ii) fifteen and forty-six hundredths percent (15.46%) - State Law Enforcement Officers; (iii) nine and thirty-six hundredths percent (9.36%) - University Employees' Optional Retirement Program; (iv) twenty-two and sixty-five hundredths percent (22.65%) - Consolidated Judicial Retirement System; and (v) twenty-four and fifty-eight hundredths percent (24.58%) - Legislative Retirement System. Each of the foregoing contribution rates includes two percent (2%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program include fifty-two hundredths percent (0.52%) for the Disability Income Plan.

(c) Effective July 1, 1998, the State's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 1998-99 fiscal year are (i) ten and eighty-three hundredths percent (10.83%) - Teachers and State Employees; (ii) fifteen and eighty-three hundredths percent (15.83%) - State Law Enforcement Officers; (iii) nine and thirty-six hundredths percent (9.36%) - University Employees' Optional Retirement Program; (iv) twenty-two and sixty-five hundredths percent (22.65%) - Consolidated Judicial Retirement System; and (v) twenty-four and fifty-eight hundredths percent (24.58%) - Legislative Retirement System. Each of the foregoing contribution rates includes two percent (2%) for hospital and medical benefits. The rate for State Law Enforcement Officers includes five percent (5%) for the Supplemental Retirement Income Plan. The rates for Teachers and State Employees, State Law Enforcement Officers, and for the University Employees' Optional Retirement Program include fifty-two hundredths percent (0.52%) for the Disability Income Plan.

(d) The maximum annual employer contributions, payable monthly, by the State for each covered employee or retiree for the 1997-98 fiscal year and for the 1998-99 fiscal year to the Teachers' and State Employees' Comprehensive Major Medical Plan are: (i) Medicare-eligible employees and retirees - one thousand three hundred twenty-one dollars (\$1,321); and (ii) Non-Medicare-eligible employees and retirees - one thousand seven hundred thirty-six dollars (\$1,736).

Requested by: Representatives Ives, McCombs, Sherrill, Senators Plyler, Perdue, Odom

RETIREMENT SYSTEM ADMINISTRATIVE EXPENSES TO COMPLY WITH SUPREME COURT DECISIONS

Section 33.24. The Board of Trustees of the Teachers' and State Employees' Retirement System may expend an aggregate total of not more than five hundred

thousand dollars (\$500,000) for fiscal year 1997-98 and an aggregate total of not more than two hundred thousand dollars (\$200,000) for fiscal year 1998-99 from assets of the Teachers' and State Employees' Retirement System and the Local Governmental Employees Retirement System to meet administrative expenses to comply with the Faulkenberry, Woodard and Peel cases (109PA96) decided by the Supreme Court on April 11, 1997.

Requested by: Senators Plyler, Perdue, Odom, Martin of Pitt, Representatives Holmes, Creech, Esposito, Crawford, Daughtry

INCREASE THE MONTHLY BENEFITS FROM THE NORTH CAROLINA FIREMEN'S AND RESCUE SQUAD WORKERS' PENSION FUND

Section 33.25. (a) G.S. 58-86-55 reads as rewritten:

"§ 58-86-55. Monthly pensions upon retirement.

Any member who has served 20 years as an 'eligible fireman' or 'eligible rescue squad worker' in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of ~~one hundred thirty-five dollars (\$135.00)~~ one hundred forty-one dollars (\$141.00) per month. Any retired fireman receiving a pension of ~~one hundred ten dollars (\$110.00)~~ per month shall, effective July 1, ~~1995,~~ 1997, receive a pension of ~~one hundred thirty-five dollars (\$135.00)~~ one hundred forty-one dollars (\$141.00) per month.

Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No 'eligible rescue squad member' shall receive a pension prior to July 1, 1983. No member shall be entitled to a pension hereunder until the member's official duties as a fireman or rescue squad worker for which the member is paid compensation shall have been terminated and the member shall have retired as such according to standards or rules fixed by the board of trustees.

A member who is totally and permanently disabled while in the discharge of the member's 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 those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid from the fund a monthly benefit in an amount of ~~one hundred thirty-five dollars (\$135.00)~~ one hundred forty-one dollars (\$141.00) per month beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. Any disabled member shall not be required to make the monthly payment of ten dollars (\$10.00) as required by G.S. 58-86-35 and G.S. 58-86-40.

A member who is totally and permanently disabled for any cause, other than line of duty, who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member shall upon attaining the age of 55

years be entitled to receive a pension as provided by this section. All applications for disability are subject to the approval of the board who may appoint physicians to examine and evaluate the disabled member prior to approval of the application and annually thereafter.

A member who, because his residence is annexed by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the General Statutes, or whose department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4 of Chapter 160A of the General Statutes, and because of such annexation is unable to perform as a fireman of any status, and if the member has at least 10 years of service with the pension fund, may be permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a total of 240 months. The member upon attaining the age of 55 years and completion of such contributions shall be entitled to receive a pension as provided by this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

The pensions provided shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."

(b) It is the intent of the General Assembly to provide cost-of-living increases to members and retirees of the Firemen's and Rescue Squad Workers' Pension Fund at a rate equal to any cost-of-living increases provided to beneficiaries of the Teachers' and State Employees' Retirement System, to the extent that funds are available.

PART XXXIV. GENERAL CAPITAL APPROPRIATIONS/PROVISIONS

INTRODUCTION

Section 34. The appropriations made by the 1997 General Assembly for capital improvements are for constructing, repairing, or renovating State buildings, utilities, and other capital facilities, for acquiring sites for them where necessary, and acquiring buildings and land for State government purposes.

CAPITAL APPROPRIATIONS/GENERAL FUND

Section 34.1. Appropriations are made from the General Fund of the State for the 1997-99 biennium for use by the State departments, institutions, and agencies to provide for capital improvement projects according to the following schedule:

Capital Improvements - General Fund

	<u>1997-98</u>
Department of Administration	
1. State Government Visitors' Center Planning	\$ 1,000,000
Department of Agriculture and Consumer Services (Total)	9,679,400
1. Rollins Lab Addition	135,000

2.	Multi-purpose Events Building at State Fairgrounds (Planning)	1,000,000
3.	Piedmont Triad Farmers Market Wholesale/Retail Building, Planning and Construction	3,444,400
4.	Southeastern NC Agricultural Center Continued Development, Robeson County	1,000,000
5.	Eastern Agricultural Center Completion, Martin County	3,500,000
6.	Cattle and Livestock Exposition Center Planning	600,000
State Ports Authority (Total)		4,859,300
Wilmington		780,000
1.	Land Acquisition	
2.	Purchase New Gantry Crane	4,079,300
Department of Correction (Total)		700,000
1.	Planning for single cell facility, Alexander County	300,000
2.	Funding for a multi-purpose modular building, Carteret County	400,000
Department of Crime Control and Public Safety		
1.	Charlotte NG Armory Construction, State's share of costs	1,260,300
Department of Cultural Resources (Total)		6,908,945
1.	Museum of History Restaurant Completion	608,945
2.	Cape Fear Museum	1,100,000
3.	Museum of Albemarle Planning/Site Development	1,000,000
4.	Roanoke Island Commission-Exhibits at the Festival Park	1,400,000
5.	Reserve for Exhibits: Museum of History and State Capitol/Visitors Center	1,300,000
6.	Maritime Museum Land Acquisition/Environmental Requirements	1,500,000
Department of Environment, Health, and Natural Resources (Total)		30,265,700
1.	Water Resources Development/Watershed Projects	7,030,600
2.	Natural Science Museum Exhibits	7,600,000
3.	NC Aquariums, Manteo Facility	11,500,000
4.	Forestry Headquarters, Wayne County	100,000
5.	Amphibious Water Scooping Tanker Aircraft	4,035,100

Department of Human Resources

1.	Eastern NC SD Independent Living Complex Planning	500,000
	University Board of Governors (Total)	92,317,475
1.	UNC Public Television Columbia Transmitter, Tower	7,144,500
2.	A&T State University	
a.	General Classroom and Lab Building	4,000,000
3.	Appalachian State University	
a.	Convocation Center Supplement	5,000,000
4.	Elizabeth City State University	
a.	Fine Arts Building Completion	3,000,000
b.	Addition to Academic Computing Center	3,557,600
5.	East Carolina University	
a.	Completion of expansion of the Dowdy-Ficklen Stadium	7,000,000
b.	Science Labs & Technology Building	
	Continued Design	2,000,000
c.	Addition to Nursing/Home Economics Building	
	Planning	500,000
6.	North Carolina Central University	
a.	B.N. Duke Auditorium Addition	840,000
7.	North Carolina School of the Arts	
a.	Classrooms, offices and support for School of Filmmaking	1,700,000
8.	North Carolina State University	
a.	Completion of Eastern 4-H Environmental Education Center, Tyrrell County	5,545,300
b.	Finalize Construction Drawings for JC Raulston Arboretum	87,000
c.	Expansion of the CMAST Building	2,363,000
d.	Toxicology Building Planning	760,600
e.	Research & Teaching Feed Mill	2,604,400
9.	UNC Asheville	
a.	Kellogg Center	500,000
b.	Graduate Center, Phase II (Completion of third floor)	792,700
10.	UNC Chapel Hill	
a.	Paul J. Rizzo Conference Center	2,800,000
b.	Institute of Government Knapp Building Addition	4,000,000
c.	Beard Hall-School of Pharmacy	8,824,600
d.	Botanical Gardens	350,000
e.	Carolina Living and Learning Center	1,274,275
11.	UNC Charlotte	

a.	Construction of a new building for Polymer's Ext. Program	1,450,000
b.	Academic Facilities Planning	780,000
12.	UNC Greensboro	
a.	Science Lab and Classroom Building	3,500,000
b.	Music Building Supplement	2,300,000
13.	UNC Pembroke	
a.	Construction of a new Residence Hall	5,979,500
14.	UNC Wilmington	
a.	General Classroom Building	8,465,500
15.	Winston-Salem State University	
a.	Expansion/Renovation of F.L. Atkins Nursing Building	5,198,500
	Department of Community Colleges (Total)	500,000
1.	Center for Applied Textile Technology	
a.	Maintenance and Storage Facility	62,800
b.	Planning, Design, and Site Development for Lab and Administration Building	437,200
	GRAND TOTAL - GENERAL FUND CAPITAL IMPROVEMENTS	\$147,991,120

Requested by: Senators Plyler, Perdue, Odom, Representatives Russell, G. Wilson

PROCEDURES FOR DISBURSEMENT

Section 34.2. The appropriations made by the 1997 General Assembly for capital improvements shall be disbursed for the purposes provided by this act. Expenditure of funds shall not be made by any State department, institution, or agency, until an allotment has been approved by the Governor as Director of the Budget. The allotment shall be approved only after full compliance with the Executive Budget Act, Article 1 of Chapter 143 of the General Statutes. Prior to the award of construction contracts for projects to be financed in whole or in part with self-liquidating appropriations, the Director of the Budget shall approve the elements of the method of financing of those projects including the source of funds, interest rate, and liquidation period. Provided, however, that if the Director of the Budget approves the method of financing a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Where direct capital improvement appropriations include the purpose of furnishing fixed and movable equipment for any project, those funds for equipment shall not be subject to transfer into construction accounts except as authorized by the Director of the Budget. The expenditure of funds for fixed and movable equipment and furnishings shall be reviewed and approved by the Director of the Budget prior to commitment of funds.

Capital improvement projects authorized by the 1997 General Assembly shall be completed, including fixed and movable equipment and furnishings, within the limits

of the amounts of the direct or self-liquidating appropriations provided, except as otherwise provided in this act. Capital improvement projects authorized by the 1997 General Assembly for the design phase only shall be designed within the scope of the project as defined by the approved cost estimate filed with the Director of the Budget, including costs associated with site preparation, demolition, and movable and fixed equipment.

Requested by: Senators Plyler, Perdue, Odom, Representatives Russell, G. Wilson

RESERVE FOR ADVANCE PLANNING

Section 34.3. The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division on how it intends to spend funds from the Reserve for Advance Planning at least 45 days before it spends the funds.

The Office of State Budget and Management shall also report the results of any project on which it uses funds from the Reserve for Advance Planning to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division.

Requested by: Senators Plyler, Perdue, Odom, Representatives Russell, G. Wilson

ENCUMBERED APPROPRIATIONS AND PROJECT RESERVE FUND

Section 34.4. When each capital improvement project appropriated by the 1997 General Assembly, other than those projects under the Board of Governors of The University of North Carolina, is placed under a construction contract, direct appropriations shall be encumbered to include all costs for construction, design, investigation, administration, movable equipment, and a reasonable contingency. Unencumbered direct appropriations remaining in the project budget shall be placed in a project reserve fund credited to the Office of State Budget and Management. Funds in the project reserve may be used for emergency repair and renovation projects at State facilities with the approval of the Director of the Budget. The project reserve fund may be used, at the discretion of the Director of the Budget, to allow for award of contracts where bids exceed appropriated funds, if those projects supplemented were designed within the scope intended by the applicable appropriation or any authorized change in it, and if, in the opinion of the Director of the Budget, all means to award contracts within the appropriation were reasonably attempted. At the discretion of the Director of the Budget, any balances in the project reserve fund shall revert to the original source.

Requested by: Senators Odom, Plyler, Perdue, Representatives Russell, G. Wilson

EXPENDITURE OF FUNDS FROM RESERVE FOR REPAIRS AND RENOVATIONS

Section 34.5. (a) Of the funds in the Reserve for Repairs and Renovations for the 1997-98 fiscal year, forty-six percent (46%) shall be allocated to the Board of Governors of The University of North Carolina for repairs and renovations pursuant to G.S. 143-15.3A, in accordance with guidelines developed in The University of North Carolina Funding Allocation Model for Reserve for Repairs and Renovations, as

approved by the Board of Governors of The University of North Carolina, and fifty-four percent (54%) shall be allocated to the Office of State Budget and Management for repairs and renovations pursuant to G.S. 143-15.3A.

Notwithstanding G.S. 143-15.3A, the Board of Governors may allocate funds for the repair and renovation of facilities not supported from the General Fund if the Board determines that sufficient funds are not available from other sources and that conditions warrant General Fund assistance. Any such finding shall be included in the Board's submission to the Joint Legislative Commission on Governmental Operations on the proposed allocation of funds.

The Board of Governors and the Office of State Budget and Management shall submit to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office, for their review, the proposed allocations of these funds. Subsequent changes in the proposed allocations shall be reported prior to expenditure to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office.

(b) The allocations of the supplemental funding for the Reserve for Repairs and Renovations for 1997-98 shall be allocated as follows:

Department of Agriculture and Consumer Services	
Rollins Lab	402,000
State Ports Authority	
Pier Replacement at Wilmington	1,383,400
Department of Cultural Resources	
Museum of History Restaurant	1,191,055
Department of Human Resources-Western Carolina Center (Total)	3,614,200
Renovate and modernize food service system	575,000
Perimeter road resurfacing	393,900
Replace cooling equipment-gym	62,000
Swimming pool pipe replacement	48,800
Replace asbestos floor tile-gym	89,500
Renovate Spruce & Pine Cottages	1,100,000
Renovate Poplar & Ash Cottages	1,100,000
Reroofing projects	245,000
Board of Governors (Total)	32,670,300
Fire Safety Improvements for Student Residence Halls	5,000,000
NCSU Nelson Hall Renovations	6,914,900
UNC Chapel Hill Institute of Government	
Knapp Building Renovations	4,532,100
NCCU Lee Biology Renovation	1,359,200

NCCU Repairs to 5 Academic Buildings	10,515,000
NCCU B. N. Duke Auditorium Renovation	2,122,500
WCU Renovate Camp Lab School, Phase II	2,226,600

Requested by: Representatives Russell, G. Wilson, Senator Warren

HISTORIC SITES REPAIRS AND RENOVATIONS FUNDS

Section 34.6. (a) Funds allocated in this act to the Office of State Budget and Management for the Repairs and Renovations Fund may be used to make needed repairs and renovations at the State Historic Sites.

(b) There is established the Historic Sites Repairs and Renovations Review Committee. The Committee shall consist of the following members: The three cochairs of the Senate Appropriations and Base Budget Committee and the four cochairs of the House of Representatives Appropriations Committee. The Office of State Budget and Management shall submit its proposal for the use of funds from the Repairs and Renovations Fund for Historic Sites to the Committee before submitting the proposal to the Joint Legislative Commission on Governmental Operations in accordance with this act.

Requested by: Senators Martin of Pitt, Perdue, Plyler, Representatives Russell, G. Wilson

WATER RESOURCES DEVELOPMENT PROJECTS FUNDS

Section 34.7. (a) The Department of Environment, Health, and Natural Resources shall allocate the funds appropriated in Section 34.1 of this act for water resources development projects to the following projects whose estimated costs are as indicated:

<u>Name of Project</u>	
1. Wilmington Harbor Maintenance Dredging	\$ 455,000
2. Wilmington Harbor Channel Widening	1,030,000
3. Manteo Shallowbag Bay Maintenance Dredging	150,000
4. Aquatic Plant Control Statewide and Lake Gaston	150,000
5. Wilmington Harbor Long-Term Disposal	545,000
6. Carolina Beach Renourishment	1,148,000
7. Wrightsville Beach Renourishment	500,000
8. State-Local Projects	
a. McLendons Creek Stream Restoration (Moore County)	30,000
b. Allens Creek Water Management (Haywood County)	25,000
c. Big Elkin Creek Stream Restoration (Surry County)	8,000
d. Beech Mountain Stream Restoration Projects (Watauga County)	30,000
e. Tuckasegee River Access (Swain County)	60,000
f. Brevard High School Wetland Boardwalk (Transylvania County)	8,000
g. Tranters Creek-Flat Swamp Drainage (Martin County)	36,300
h. River Bend Canals Maintenance Dredging (Craven County)	292,000
i. Haw River Access (Alamance County)	17,400

j.	Graham-Mebane Lake Pier and Picnic Facility (Alamance County)	20,000
k.	French Broad River Park (Buncombe County)	30,000
l.	Mill Creek Wetland and Trail Construction (Forsyth County)	13,300
m.	Kitty Hawk Beach Access (Dare County)	80,500
n.	Wetland Water Management (Dare County)	10,000
o.	Lovill's Creek Greenway (Surry County)	89,000
p.	Elm Street Drainage (Moore County)	20,000
q.	Scott Branch Drainage (Stokes County)	30,000
r.	Contentnea Creek Drainage, Phase IV (Wilson County)	29,100
	Subtotals	828,600
9.	Wanchese Marsh Creation and Protection	100,000
10.	Long Beach Sea Turtle Habitat Restoration	500,000
11.	Clinton Wastewater Treatment Plant Flood Protection	84,000
12.	North and Manteo Channel Maintenance Dredging	500,000
13.	Dare County Beaches Feasibility Study	40,000
14.	AIWW Easement Acquisition	100,000
15.	Planning Assistance to Communities	100,000
16.	Corp of Engineers Feasibility Studies	200,000
17.	Emergency Flood Control Projects (Section 14)	100,000
18.	Natural Resources Conservation Service Projects-Deep Creek (Yadkin County)	500,000
		7,030,600

(b) Where the actual costs are different from the estimated costs under subsection (a) of this section, the Department may adjust the allocations among projects as needed. If any projects listed in subsection (a) of this section are delayed and the budgeted State funds cannot be used during the 1997-98 fiscal year, or if the projects listed in subsection (a) of this section are accomplished at a lower cost, the Department may use the resulting fund availability to fund any of the following:

- (1) Corps of Engineers project feasibility studies.
- (2) Corps of Engineers projects whose schedules have advanced and require State matching funds in fiscal year 1997-98.
- (3) State-local Water Resources Development Projects.
Funds not expended or encumbered for these purposes shall revert to the General Fund at the end of the 1998-99 fiscal year.

(c) The Department shall make quarterly reports on the use of these funds to the Joint Legislative Commission on Governmental Operations, the Fiscal Research Division, and the Office of State Budget and Management. Each report shall include all of the following:

- (1) All projects listed in this section.
- (2) The estimated cost of each project.
- (3) The date that work on each project began or is expected to begin.

- (4) The date that work on each project was completed or is expected to be completed.
- (5) The actual cost of each project.

The quarterly reports shall also show those projects advanced in schedule, those projects delayed in schedule, and an estimate of the amount of funds expected to revert to the General Fund.

Requested by: Representatives Russell, G. Wilson

CAPITAL IMPROVEMENT PROJECTS/SUPPLEMENTAL FUNDING APPROVAL/REPORTING REQUIREMENT

Section 34.8. Each department receiving capital improvement appropriations from the Highway Fund under this act shall report quarterly to the Director of the Budget on the status of those capital projects. The reporting procedure to be followed shall be developed by the Director of the Budget.

Capital improvement projects authorized in this act that have not been placed under contract for construction due to insufficient funds may be supplemented with funds identified by the Director of the Budget, provided:

- (1) That the project was designed and bid within the scope as authorized by the General Assembly;
- (2) That the funds to supplement the project are the same source as authorized for the original project;
- (3) That the department to which the project was authorized has unsuccessfully pursued all statutory authorizations to award the contract; and
- (4) That the action be reported to the Fiscal Research Division of the Legislative Services Office.

Requested by: Representatives Russell, G. Wilson

CAPITAL IMPROVEMENT PLANNING AND BUDGETING

Section 34.9. Chapter 143 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 1A.

"Capital Improvement Planning Act.

"§ 143-34.8. Definitions.

The following definitions apply in this Article:

- (1) Capital improvement. – The term includes land acquisition, new construction, or rehabilitation of existing facilities, and repairs and renovations.
- (2) State agency. – The term includes the Board of Governors of The University of North Carolina.

"§143-34.8A. Legislative intent; purpose.

(a) The General Assembly recognizes the need to establish a comprehensive process for capital improvement planning that is fully integrated with State financial planning and debt management.

(b) The capital improvement planning and budgeting process shall include the following elements:

- (1) An inventory of facilities owned by State agencies.
- (2) Criteria used to evaluate capital improvement needs.
- (3) A six-year capital improvement needs inventory.
- (4) A six-year capital improvement plan.

(c) The Office of State Budget and Management has responsibility for management of the capital improvement planning process. The Director of the Budget may assign to any State agency or institution such duties and responsibilities as may in the Director's judgment be necessary to the successful administration of the capital improvement planning process.

"§ 143-34.8B. Capital improvement facilities inventory.

The Department of Administration shall develop and maintain an automated inventory of all facilities owned by State agencies pursuant to G.S. 143-341(4). The inventory shall include the location, occupying agency, ownership, size, description, condition assessment, maintenance record, parking and employee facilities, and other information to determine maintenance needs and prepare life-cycle cost evaluations of each facility listed in the inventory. The Department of Administration shall update and publish the inventory at least once every three years. The Department shall also record in the inventory acquisitions of new facilities and significant changes in existing facilities as they occur.

"§ 143-34.8C. Capital improvement needs criteria.

The Office of State Budget and Management shall develop a weighted list of factors that may be used to evaluate the need for capital improvement projects. The list shall include all of the following:

- (1) Preservation of existing facilities.
- (2) Health and safety considerations.
- (3) Operational efficiencies.
- (4) Increased demand for governmental services.

"§ 143-34.8D. Agency capital improvement needs estimates.

(a) On or before September 1 of each even-numbered year, each State agency shall submit to the Office of State Budget and Management and to the Division of Fiscal Research a six-year capital improvement needs estimate. This estimate shall describe the agency's anticipated capital needs for each year of the six-year planning period. Capital improvement needs estimates shall be shown in two parts.

(b) The first part of the capital improvement needs estimates shall include only requirements for repairs and renovations necessary to maintain the existing use of existing facilities. Each proposed repair and renovation expenditure shall be justified by reference to the Facilities Condition Assessment Program operated by the Office of State Construction.

(c) The second part of the capital improvement needs estimates shall include only proposals for land acquisition and projects involving either construction of new facilities or rehabilitation of existing facilities to accommodate uses for which the existing facilities were not originally designed. Each project included in this part shall be justified by reference to the needs evaluation criteria established by the Office of State Budget and Management pursuant to G.S. 143-34.8C.

"§ 143-34.8E. Six-year capital improvement plan.

(a) The State capital improvement plan shall address the long-term capital improvement needs of all State government agencies and shall incorporate all capital projects, however financed, proposed to meet those needs, except that transportation infrastructure projects shall be excluded. On or before December 31 of each even-numbered year, the Director of the Budget shall prepare and transmit to the General Assembly a six-year capital improvement plan. When preparing the plan, the Director of the Budget shall consider the capital improvement needs estimates submitted by State agencies as required in G.S. 143-34.8D. The plan shall be prepared in two parts.

(b) The first part of the capital improvement plan shall set forth repair and renovations requirements that, in the judgment of the Director of the Budget, must be met to protect and preserve existing capital improvement facilities. General Fund expenditure levels anticipated in this part of the plan shall be consistent with the formula establishing the repair and renovation reserve in G.S. 143-15.3A.

(c) The second part of the capital improvement plan shall set forth an integrated schedule for land acquisition, new construction, or rehabilitation of existing facilities that, in the judgment of the Director of the Budget, should be initiated within each year of the six-year planning period. The plan shall contain an estimated schedule for each project, along with estimates of planning, design, and construction cost."

Requested by: Representatives Russell, G. Wilson

STATE CAPITAL AND VISITOR'S CENTER SITE

Section 34.10. The new State Capital and Visitor Center being planned for construction shall be located at the site bounded by Blount Street, Edenton Street, Person Street, and Jones Street in Raleigh, unless that construction site is unacceptable for structural reasons.

Requested by: Representatives Russell, G. Wilson, McMahan

UNIFORM FINANCIAL ACCOUNTABILITY

Section 34.11. G.S. 143-6.1 reads as rewritten:

"§ 143-6.1. Report on use of State funds by non-State entities.

(a) Disbursement and Use of State Funds. – Every corporation, organization, and institution that receives, uses, or expends any State funds shall use or expend the funds only for the purposes for which they were appropriated by the General Assembly or collected by the State. State funds include federal funds that flow through the State. For the purposes of this section, the term "grantee" means a corporation, organization, or institution that receives, uses, or expends any State funds. The State may not disburse State funds appropriated by the General Assembly to any grantee or collected by the

State for use by any grantee if that grantee has failed to provide any reports or financial information previously required by this section. In addition, before disbursing the funds, the Office of State Budget and Management may require the grantee to supply information demonstrating that the grantee is capable of managing the funds in accordance with law and has established adequate financial procedures and controls. All financial statements furnished to the State Auditor pursuant to this section, and any audits or other reports prepared by the State Auditor, are public records.

(b) State Agency Reports. – A State agency that receives State funds and then disburses the State funds to a grantee must identify the grantee to the State Auditor, unless the funds were for the purchase of goods and services. The State agency must submit documents to the State Auditor in a prescribed format describing standards of compliance and suggested audit procedures sufficient to give adequate direction to independent auditors performing audits.

(c) Grantee Receipt and Expenditure Reports. – A grantee that receives, uses, or expends between fifteen thousand dollars (\$15,000) and ~~one hundred thousand dollars (\$100,000)~~ three hundred thousand dollars (\$300,000) in State funds annually, except when the funds are for the purchase of goods or services, must file annually with the State agency that disbursed the funds a sworn accounting of receipts and expenditures of the State funds. This accounting must be attested to by the treasurer of the grantee and one other authorizing officer of the grantee. The accounting must be filed within six months after the end of the grantee's fiscal year in which the State funds were received. The accounting shall be in the form required by the disbursing agency. Each State agency shall develop a format for these accountings and shall obtain the State Auditor's approval of the format.

(d) Grantee Audit Reports. – A grantee that receives, uses, or expends State funds in the amount of ~~one hundred thousand dollars (\$100,000)~~ three hundred thousand dollars (\$300,000) or more annually, except when the funds are for the purchase of goods or services, must file annually with the State Auditor a financial statement in the form and on the schedule prescribed by the State Auditor. The financial statement must be audited in accordance with standards prescribed by the State Auditor to assure that State funds are used for the purposes provided by law.

(e) Federal Reporting Requirements. – Federal law may require a grantee to make additional reports with respect to funds for which reports are required under this section. Notwithstanding the provisions of this section, a grantee may satisfy the reporting requirements of subsection (c) of this section by submitting a copy of the report required under federal law with respect to the same funds or by submitting a copy of the report described in subsection (d) of this section.

(f) Audit Oversight. – The State Auditor has audit oversight, pursuant to Article 5A of Chapter 147 of the General Statutes, of every grantee that receives, uses, or expends State funds. Such a grantee must, upon request, furnish to the State Auditor for audit all books, records, and other information necessary for the State Auditor to account fully for the use and expenditure of State funds. The grantee must furnish any additional financial or budgetary information requested by the State Auditor."

Requested by: Representative Sherrill

UNC-A HIGHSMITH CENTER FUNDS

Section 34.12. If private funds are acquired to supplant the appropriation made in Section 34.1 of this act to the Board of Governors of The University of North Carolina for the Asheville Graduate Center Phase II, with the approval of the Board of Governors of The University of North Carolina, the Chancellor of the University of North Carolina at Asheville may reallocate these funds to be used for renovation of and expansion to the Highsmith Center at the University of North Carolina at Asheville.

Requested by: Senators Plyler, Perdue, Odom, Representatives Russell, G. Wilson

PROJECT COST INCREASE

Section 34.13. Upon the request of the administration of a State agency, department, or institution, the Director of the Budget may, when in the Director's opinion it is in the best interest of the State to do so, increase the cost of a capital improvement project. Provided, however, that if the Director of the Budget increases the cost of a project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting. The increase may be funded from gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, or direct capital improvement appropriations to that department or institution.

Requested by: Senators Plyler, Perdue, Odom, Representatives Russell, G. Wilson

NEW PROJECT AUTHORIZATION

Section 34.14. Upon the request of the administration of any State agency, department, or institution, the Governor may authorize the construction of a capital improvement project not specifically authorized by the General Assembly if such project is to be funded by gifts, federal or private grants, special fund receipts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, or self-liquidating indebtedness. Provided, however, that if the Director of the Budget authorizes the construction of such a capital improvement project, the Director shall report that action to the Joint Legislative Commission on Governmental Operations at its next meeting.

Requested by: Senators Plyler, Perdue, Odom, Representatives Russell, G. Wilson

ADVANCE PLANNING OF CAPITAL IMPROVEMENT PROJECTS

Section 34.15. Funds that become available by gifts, excess patient receipts above those budgeted at University of North Carolina Hospitals at Chapel Hill, federal or private grants, receipts becoming a part of special funds by act of the General Assembly or any other funds available to a State department or institution may be utilized for advance planning through the working drawing phase of capital improvement projects, upon approval of the Director of the Budget. The Director of the Budget may make allocations from the Advance Planning Fund for advance planning through the working drawing phase of capital improvement projects, except that this

revolving fund shall not be utilized by the Board of Governors of The University of North Carolina or the State Board of Community Colleges.

Requested by: Senators Plyler, Perdue, Odom, Representatives Russell, G. Wilson

APPROPRIATIONS LIMITS/REVERSION OR LAPSE

Section 34.16. Except as permitted in previous sections of this act, the appropriations for capital improvements made by the 1997 General Assembly may be expended only for specific projects set out by the 1997 General Assembly and for no other purpose. Construction of all capital improvement projects enumerated by the 1997 General Assembly shall be commenced, or self-liquidating indebtedness with respect to them shall be incurred, within 12 months following the first day of the fiscal year in which the funds are available. If construction contracts on those projects have not been awarded or self-liquidating indebtedness has not been incurred within that period, the direct appropriation for those projects shall revert to the original source, and the self-liquidating appropriation shall lapse; except that direct appropriations may be placed in a reserve fund as authorized in this act. This deadline with respect to both direct and self-liquidating appropriations may be extended with the approval of the Director of the Budget up to an additional 12 months if circumstances and conditions warrant such extension.

PART XXXV. MISCELLANEOUS PROVISIONS

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

EXECUTIVE BUDGET ACT APPLIES

Section 35. 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.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Esposito, Creech, Crawford

COMMITTEE REPORT

Section 35.1. (a) The Conference Report on the Continuation, Expansion and Capital Budgets, dated August 27, 1997, which was distributed in the Senate and the House of Representatives and used to explain this act, shall indicate action by the General Assembly on this act and shall therefore be used to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for these purposes shall be considered a part of this act and as such shall be printed as a part of the Session Laws.

(b) The budget enacted by the General Assembly for the maintenance of the various departments, institutions, and other spending agencies of the State for the 1997-99 fiscal biennium is a line item budget, in accordance with the Budget Code Structure and the State Accounting System Uniform Chart of Accounts set out in the Administrative Policies and Procedures Manual of the Office of the State Controller. This budget includes the appropriations made from all sources including the General

Fund, Highway Fund, special funds, cash balances, federal receipts, and departmental receipts.

The General Assembly amended the itemized budget requests submitted to the General Assembly by the Director of the Budget and the Advisory Budget Commission, in accordance with the steps that follow and the line item detail in the budget enacted by the General Assembly may be derived accordingly:

- (1) The negative reserve set out in the submitted budget was deleted and the totals were increased accordingly.
- (2) The base budget was adjusted in accordance with the base budget cuts and additions that were set out in the Conference Report on the Continuation, Expansion and Capital Budgets, dated August 27, 1997, together with any accompanying correction sheets.
- (3) Transfers of funds supporting programs were made in accordance with the Conference Report on the Continuation, Expansion and Capital Budgets, dated August 27, 1997, together with any accompanying correction sheets.

The budget enacted by the General Assembly shall also be interpreted in accordance with the special provisions in this act and in accordance with other appropriate legislation.

In the event that there is a conflict between the line item budget certified by the Director of the Budget and the budget enacted by the General Assembly, the budget enacted by the General Assembly shall prevail.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

MOST TEXT APPLIES ONLY TO 1997-99

Section 35.2. Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1997-99 fiscal biennium, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 1997-99 fiscal biennium.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

EFFECT OF HEADINGS

Section 35.3. The headings to the parts and sections of this act are a convenience to the reader and are for reference only. The headings do not expand, limit, or define the text of this act, except for effective dates referring to a Part.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

SEVERABILITY CLAUSE

Section 35.4. If any section or provision of this act is declared unconstitutional or invalid by the courts, it does not affect the validity of this act as a whole or any part other than the part so declared to be unconstitutional or invalid.

Requested by: Senators Plyler, Perdue, Odom, Representatives Holmes, Creech, Esposito, Crawford

EFFECTIVE DATE

Section 35.5. Except as otherwise provided, this act becomes effective July 1, 1997.

In the General Assembly read three times and ratified this the 28th day of August, 1997.

s/ Dennis A. Wicker

President of the Senate

s/ Harold J. Brubaker

Speaker of the House of Representatives

s/ James B. Hunt, Jr.

Governor

Approved 1:30 p.m. this 28th day of August, 1997