

Education Agencies'

**Special Provision
Requests**

for FY 2012-13

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

2012-13 Special Provision Requests

ACQUISITION OF REAL PROPERTY BY LEASE PURCHASE

Section X.XX G.S. 115D-58-.15 reads as amended:

“§ 115D-58.15. Lease purchase and installment purchase contracts for ~~equipment~~ real and personal property.

(a) Authority. – The board of trustees of a community college may use lease purchase or installment purchase contracts to purchase or finance the purchase of ~~equipment~~ real and personal property as provided in this section. A college shall not have more than five State-funded contracts in effect at any one time.

(b) Contract Approval. – Contracts for more than one hundred thousand dollars (\$100,000) or for a term of more than three years shall be subject to review and approval as provided in this subsection. If the source of funds for payment of the obligation by the community college is intended to be local funds, the contract must be approved by resolution of the tax-levying authority, and the authority must acknowledge in writing its understanding that the community college may require appropriations from the tax-levying authority in order to meet the college's obligations under the contract. The tax-levying authority may in each fiscal year appropriate sufficient funds to meet the amounts to be paid during the fiscal year under the contract. If the source of funds for payment of the obligation by the community college is intended to be State funds, the contract must be approved by resolution of the State Board of Community Colleges. The State Board may in each fiscal year allocate sufficient funds to meet the amounts to be paid during the fiscal year under the contract.

(c) Local Government Commission. – A contract that is subject to approval by the tax-levying authority also shall be subject to approval by the Local Government Commission as provided in Article 8 of Chapter 159 of the General Statutes if the contract:

- (1) Extends for five or more years from the date of the contract;
- (2) Obligates the board of trustees to pay sums of money to another, regardless of whether the payee is a party to the contract; and
- (3) Obligates the board of trustees to pay five hundred thousand dollars (\$500,000) or more over the full term of the contract.

(d) Application of Section. – When determining whether a contract is subject to approval under this section the total cost of exercising an option to upgrade property shall be taken into consideration. The term of a contract shall include periods that may be added to the original term through the exercise of an option to renew or extend.

(e) Nonsubstitution Clause. – No contract entered into under this section may contain a nonsubstitution clause that restricts the right of a board of trustees to:

- (1) Continue to provide a service or activity; or
- (2) Replace or provide a substitute for any property financed or purchased by the contract.

(f) Nonappropriations Clause. – No deficiency judgment may be rendered against any board of trustees, any tax-levying authority, the State Board of Community Colleges, or the State of North Carolina in any action for breach of a contractual obligation authorized by this section. The taxing power of a tax-levying authority and the State is not and may not be pledged directly

or indirectly to secure any moneys due under a contract authorized by this section. (1998-111, s. 2; 2007-484, s. 29(e).)

Issue: Colleges need the flexibility to lease purchase real property. In certain situations, colleges are currently leasing property on a long-term basis, but do not have the authority to enter into arrangements that would allow them the option to purchase during or at the end of the lease term.

REPEAL OBSOLETE REPORTS

SECTION X.X.(a) G.S. 115D-5(o) is repealed.

SECTION X.X.(b) G.S. 116D-3(c) is repealed (or change reporting period to annually).

SECTION X.X.(c) S.L. 1999-237, Section 9.11(e) is repealed.

SECTION X.X.(d) S.L. 2007-484, Section 35 reads as rewritten:

""Section 5. This act is effective when it becomes law. Section 1 of this act applies to provisional teaching certificated issues on or after that date. ~~Section 2, 3 and~~ Section 4 of this act expires July 1, 2011.""**

Issue: This provision would repeal the MCC/OCC report, quarterly 2000 State Bond reports, the annual HB275 report, and lateral entry teacher report, respectively. These reports have become obsolete, are rarely (if ever) used, and do not represent a good use of limited resources. The MCC/OCC report was more relevant in years past when increased funding for individual MCC/OCC locations was a high priority. Off-campus center funding was eliminated years ago, and NCCCS is requesting that MCC funding be rolled into the Institutional and Academic Support formula in future years. Assuming no categorical funds remain, on-going reporting is not needed. If MCC/OCC funding becomes a priority in future years, it will be incumbent upon NCCCS to collect data at that time to support expansion funding requests. As the 2000 State Bond campaign winds down, little to no attention is given to these quarterly reports. A bond status report can be generated for a given time period upon request, if necessary. No funds have been appropriated under the authority of HB275 from the 1999 Session in many years. The System Office can produce expenditures and balances for a specific time period upon request. Finally, the lateral entry teacher report is not relevant, as there is no new activity going on with lateral entry teacher education.

** Drafting note: The annual lateral entry teacher report is set out in Section 4 of S.L. 2005-198. The effective date for this section was originally set to expire July 1, 2011, but the 2007 technical corrections act (Section 35 of S.L. 2007-484) repealed this expiration date. An alternative way of drafting the sunset of the reporting requirement may be needed.

INCREASE MAXIMUM PARKING FINE

SECTION X.X. G.S. 115D-21(c) reads as rewritten:

“(c) The trustees may by rules, regulations, or ordinances provide for a system of registration of all motor vehicles where the owner or operator does park on the campus or keeps said vehicle on the campus. The trustees shall cause to be posted at appropriate places on campus notice to the public of applicable parking and traffic rules, regulations, and ordinances governing the campus over which it has jurisdiction. The trustees may by rules, regulations, or ordinances

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establish or cause to have established a system of citations that may be issued to owners or operators of motor vehicles who violate established rules, regulations, or ordinances. The trustees shall provide for the administration of said system of citations; establish or cause to be established a system of fines to be levied for the violation of established rules, regulations and ordinances; and enforce or cause to be enforced the collection of said fines. The fine for each offense shall not exceed ~~five dollars (\$5.00), the maximum penalty for violating other traffic rules, regulations, and ordinances provided by subsection (b), which funds shall be retained in the institution and expended in the discretion of the trustees.~~ The trustees shall be empowered to exercise the right to prohibit repeated violators of such rules, regulations, or ordinances from parking on the campus.

Issue: The existing \$5 maximum on parking fines does not serve as an adequate deterrent against violation of college parking rules, regulations, and ordinances. Increasing this maximum to be consistent with fines that colleges may impose for other types of traffic regulations would simplify the statute and give colleges a better tool to enforce parking regulations. The college does not retain these fines and, therefore, would not financially benefit from increasing the maximum. (Despite the language that says these funds shall be retained in the institution, colleges were directed to remit these funds to the Civil Fines and Forfeitures Fund by CC05-238.)

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

Section X.XX G.S. 115D-40.1 reads as rewritten:

“(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in subsections (a) and (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College Grant Program. If these interest earnings are not adequate to support the administrative costs, up to one percent of funds provided in subsection (a) of this section may be used to support the costs of administering the Community College grant program.”

Issue: Our financial aid special fund (CCS Financial Assistance, 66801, 6102) is not generating adequate interest revenue to cover the 1% administrative fee charged by NCSEAA to administer this program. Also, a portion of the appropriation for our financial assistance would also need to be fund-shifted from Escheats to General Fund to ensure that exercising this provision does not violate the constitutional purposes of the Escheats funds.

REPEAL DUPLICATIVE AUDIT REQUIREMENT

SECTION X.X. G.S. 147-64.6A is repealed.

Issue: Section 8.15 of S.L. 2001-145 amended G.S. 115D-58.16 to require colleges to be audited at least once every two years. It also authorized colleges to contract with the Office of State Auditor or a private CPA firm for this audit. Regardless of this statute, G.S. 147-64.6A requires OSA to audit each college at least once every five years. To fulfill this statutory requirement, OSA would still need to conduct an audit during the five-year timeframe of any college that had chosen to be audited at least once every other year by a private CPA firm. Repealing G.S. 147-64.6A would eliminate this confusing and duplicative audit requirement.

MODIFY INSTITUTIONAL PERFORMANCE ACCOUNTABILITY FOR ONE YEAR

Section X.XX Notwithstanding G.S. 115D-31.3, the mandatory performance standards prescribed by G.S. 115D-31.1(e) shall not include the progress of basic skills students for the 2011-12 reporting year. For the 2011-12 reporting year, recognition of successful institutional performance and exceptional institutional performance shall not include this measure. For each of the remaining seven performance measures on which a college performs successfully, the college may retain and carryforward two-sevenths of one percent (2/7 of 1%) of its final General Fund appropriation into the 2013-14 fiscal year.

Issue: We recently detected a problem with our basic skills data collection system. As a result, there are significant data integrity problems with the 2011-12 reporting year data associated with the progress of basic skills students performance measure. Consequently, we would like to drop this performance measure just for the 2011-12 reporting year. We plan to move to a revised methodology to measure progress of basic skills students in future years, which will solve the problem moving forward.

UPDATE COLLEGE PERFORMANCE MEASURES

§ 115D-31.3. Institutional performance accountability.

(a) Creation of Accountability Measures and Performance Standards. – The State Board of Community Colleges shall create new accountability measures and performance standards for the Community College System. ~~Survey results shall be used as a performance standard only if the survey is statistically valid.~~ The State Board of Community Colleges shall review annually the accountability measures and performance standards to ensure that they are appropriate for use in recognition of successful institutional performance.

(b) through (d) Repealed by Session Laws 2000-67, s. 9.7, effective July 1, 2000.

(e) Mandatory Performance ~~Standards~~Measures. – The State Board of Community Colleges shall evaluate each college on the following eight performance ~~standards~~measures:

- (1) Progress of basic skills students,
- (2) Passing rate for GED diploma examinations,
- ~~(3) Passing rate for licensure and certification examinations,~~
- (3) Performance of students who transfer to a four-year institution,
- (4) Passing rates in developmental courses, Success rates of developmental students in subsequent college-level English courses,
- (5) Success rates of developmental students in subsequent college-level math courses,

- (6) ~~The level of satisfaction of students who complete programs and those who do not complete programs, Progress of first year curriculum students, and~~
- (7) Curriculum student retention and graduation, and
- (8) Passing rate for licensure and certification examinations.
- ~~(8) Client satisfaction with customized training.~~

The State Board may also evaluate each college on additional performance ~~standards~~measures.

(f) Publication of Performance Ratings. – Each college shall publish its performance on the eight ~~standards~~measures set out in subsection (e) of this section (i) annually in its electronic catalog or on the Internet and (ii) in its printed catalog each time the catalog is reprinted.

The Community Colleges System Office shall publish the performance of all colleges on all eight ~~standards~~measures.

(g) Recognition for Successful Institutional Performance. – For the purpose of recognition for successful institutional performance, the State Board of Community Colleges shall evaluate each college on the eight performance ~~standards~~measures. For each of these eight performance ~~standards~~measures on which a college performs successfully, the college may retain and carry forward into the next fiscal year one-fourth of one percent (¼ of 1%) of its final fiscal year General Fund appropriations. ~~If a college demonstrates significant improvement on a standard that has been in use for three years or less, the college may also carry forward one-fourth of one percent (¼ of 1%) of its final fiscal year General Fund appropriations for that standard.~~

(h) Recognition for Exceptional Institutional Performance. – Exceptional institutional performance is defined as succeeding on all eight performance measures. Funds not allocated to colleges in accordance with subsection (g) of this section shall be used to reward exceptional institutional performance. After all State aid budget obligations have been met, the State Board of Community Colleges shall distribute the remainder of these funds ~~equally~~ to colleges achieving exceptional institutional performance status that based on their pro-rata share of total FTE served at these colleges. perform successfully on eight performance standards and meet the following criteria:

- ~~(1) The passing rate on all reported licensure and certification examinations for which the community colleges have authority over who sits for the examination must meet or exceed seventy percent (70%) for first-time test takers; and~~
- ~~(2) The percentage of college transfer students with a grade point average of at least 2.0 after two semesters at a four-year institution must equal or exceed the performance of students who began college at that four-year institution.~~

The State Board may withhold the portion of funds for which a college may qualify as an exceptional institution while the college is under investigation by a State or federal agency or if its performance does not meet the standards established by the Southern Association of Colleges and Schools, the State Auditor's Office, or the State Board of Community Colleges. The State Board may release the funds at such time as the investigations are complete and the issues are resolved.

(i) Permissible Uses of Funds. – Funds retained by colleges or distributed to colleges pursuant to this section shall be used for the purchase of equipment, initial program start-up costs including faculty salaries for the first year of a program, and one-time faculty and staff bonuses. These funds shall not be used for continuing salary increases or for other obligations beyond the fiscal year into which they were carried forward. These funds shall be encumbered within 12 months of the fiscal year into which they were carried forward.

(j) Use of funds in low-wealth counties. – Funds retained by colleges or distributed to colleges pursuant to this section may be used to supplement local funding for maintenance of plant if the college does not receive maintenance of plant funds pursuant to G.S. 115D-31.2, and if the county in which the main campus of the community college is located meets all of the following:

- (1) Is designated as a Tier 1 county in accordance with G.S. 143B-437.08.
- (2) Had an unemployment rate of at least two percent (2%) above the State average or greater than seven percent (7%), whichever is higher, in the prior calendar year.
- (3) Is a county whose wealth, as calculated under the formula for distributing supplemental funding for schools in low-wealth counties, is eighty percent (80%) or less of the State average.

Funds may be used for this purpose only after all local funds appropriated for maintenance of plant have been expended.

Proposed Effective Date: July 1, 2012 (This means it would first apply to funding carried forward from FY 2012-13 into FY 2013-14.)

Issue: As required by Section 8.14 of S.L. 2011-145, the State Board reported to the Joint Legislative Education Oversight Committee on a revised set of accountability measures and performance standards for colleges. The language would amend G.S. 115D-31.3 to conform to the new measures adopted and recommended by the State Board. It also revises the definition of “exceptional performance” and provides that funds available to reward exceptional colleges be allocated on a pro-rata basis. Currently, funds to reward exceptional performance are simply split evenly among eligible colleges, regardless of institutional size.

LOCAL COMMUNITY COLLEGE AUTHORITY

Section X.XX. G.S. 115D-31 reads as rewritten:

“(b2) A local community college may use State funds allocated to it to provide non-recurring salary increases to college employees provided that such increases are provided prior to the fourth quarter of the fiscal year.”

Issue: Colleges need the flexibility to use funds available to recognize and reward college employees.



The University of North Carolina 2012-13 Legislative Policy Agenda

The University of North Carolina is committed to promoting efficiency and effectiveness as we deliver on our mission to educate and prepare the workforce of tomorrow. Ten UNC campuses submitted approximately 40 policy proposals for consideration. Many could be resolved administratively, however. Given current budget challenges, the Board of Governors recommends the following 2012-13 policy agenda to create additional efficiencies, streamline processes, leverage economies of scale, and improve our outreach and service. In addition to recommending certain legislative actions, the University stands ready to work with the General Assembly and the Governor to reduce the cost of operations, implement regulatory reform, and streamline business practices.

Operational Efficiencies and Effectiveness

Eliminate unnecessary or duplicative reporting requirements.

Increase Board of Governors' authority related to the disposition of property for a period of not more than 10 years.

Authorize UNC campuses to administer all student fees in Institutional Trust Fund accounts.

Seek General Assembly authority for a "state-aid intercept" to lower the cost of indebtedness on capital projects.

Personnel Efficiencies

Consolidate the employment authority for all University faculty and staff under the UNC Board of Governors.

Restore management flexibility needed to manage budget reductions and to retain and recruit university employees.

Authorize participation in the Optional Retirement Program for all University employees.

Authorize UNC to purchase fiduciary liability insurance for the management of the Optional Retirement Program and the UNC 403(b) Plan.

Authorize the extension of existing professional liability insurance to include claims against health care providers in their official capacity as University employees.

Improve Health Services

Authorize ECU to retain rental receipts from health care service providers co-located in campus facilities in order to improve patient access to health care.

Provide flexibility to establish campus-wide smoking policies.



The University of North Carolina Summary of 2012-13 Policy Items [Education Subcommittee Items Only]

Increase Board of Governors' authority relative to the disposition of property by lease for a period of not more than 10 years.

Currently, the University has authority for the acquisition by lease of real estate for a term of 10 years or less. Campuses request authority for the disposition of real estate by lease under the same parameters. The Board of Governors can enter in to dispositions by lease for Centennial and Millennial campuses for a period of 10 years or less without going through the State Property Office. However, the leases still must go to the Governor and Council of State for final approval. Broadening the scope of the existing authority to mirror the authority the University already has for acquisitions by lease would enable campuses to be responsive to corporations, research and government entities interested in locating in leased space on campuses.

Additional Details/Proposed Language:

§ 116-31.12. Acquisition and disposition of real property by lease.

Notwithstanding G.S. 143-341(4), and in addition to the powers granted in G.S. 116-198.34 (5), the Board of Governors may authorize the constituent institutions and the General Administration to acquire or dispose of real property by lease if the lease is for a term of not more than 10 years and for an amount not to exceed \$500,000. The Board of Governors shall establish a policy for acquiring and disposing of an interest in real property for the use of The University of North Carolina and its constituent institutions by lease. This policy may delegate authorization of the acquisition or disposition of real property by lease to the boards of trustees of the constituent institutions or to the President of The University of North Carolina. The Board of Governors shall submit all initial policies adopted pursuant to this section to the State Property Office for review prior to adoption by the Board. Any subsequent changes to these policies adopted by the Board of Governors shall be submitted to the State Property Office for review. Any comments by the State Property Office shall be submitted to the President of The University of North Carolina. After the acquisition or disposition of an interest in real property by lease, The University of North Carolina shall promptly file a report concerning the acquisition or disposition to the Secretary of Administration. Acquisitions and dispositions of an interest in real property by lease pursuant to this section shall not be subject to the provisions of Article 36 of Chapter 143 of the General Statutes or to the provisions of Articles 6 or 7 of Chapter 146 of the General Statutes. (2007-322, s. 9.)

§116-198.34. General Powers of Board of Directors

(5) To acquire, hold, lease, and dispose of real and personal property in the exercise of its powers and the performance of its duties hereunder and to lease all or any part of any project or projects and any existing facilities upon such terms and conditions as the Board determines, subject to the provisions of G.S. 116-31.12, as amended, or G.S. 143-341 and Chapter 146 of the General Statutes.

Notwithstanding G.S. 143-341 and Chapter 146 of the General Statutes, a disposition by easement, lease, or rental agreement of space in any building on the Centennial Campus, on the Horace Williams Campus, on a Millennial Campus, or on the Kannapolis Research Campuses made for a period of 10 years or less shall not require the approval of the Governor and the Council of State. All other acquisitions and dispositions made under this subdivision for a period in excess of 10 years are subject to the provisions of G.S. 143-341 and Chapter 146 of the General Statutes.

Authorize UNC campuses to administer all student fees in Institutional Trust Fund accounts.

Revenues from fees are used exclusively to carry out the function for which the fees are charged. Currently some fees are permitted to be deposited and administered in Institutional Trust Fund accounts while others are in the General Fund. The University proposes that all student fees be deposited in Institutional Trust Fund accounts to improve planning and promote sound business practices.

§116-36.1.(g) is amended to add new sections as follows:

(12) Any other moneys collected by an institution as student fees previously approved by the Board of Governors.

Authorize ECU to retain rental receipts from health care service providers co-located in campus facilities to improve patient access to health care.

In order to improve patients' access to high quality care, and thus improve patient outcomes and patient satisfaction, ECU periodically enters into joint health care ventures with external health care providers. The best practice model is for these external providers to co-locate on campus and make rental payments for the use of facilities at ECU. Allowing the university to retain lease payments on joint ventures with health care service providers offers an indirect opportunity to support the needs of the Brody School of Medicine and the medical needs of indigent patients in the east.

Additional Details/Proposed Language:

Section C within General Statute 146-30: Application of net proceeds.

Notwithstanding any other provision of this subchapter, the proceeds derived from the lease dispositions of land or facilities owned or under the supervision and control of East Carolina University's Division of Health Sciences for the delivery of health care services shall be deposited in clinical accounts at East Carolina University to be used to improve access to patient care.

ECU Physicians Interest and Penalty Fees Collection Practice

East Carolina University was asked to evaluate its patients' account receivable process, which is centralized in the ECU Physicians Practice Plan (ECU-P). As a result of this review, ECU is requesting two

exceptions to the accounts receivable process that are currently granted to the UNC Health Care System. ECU-P would like to request an exception to the mandate that:

1. requires ECU-P to apply interest and penalty fees to past due patient accounts
2. requires ECU-P to refer past due patient accounts to the Attorney General's office

The primary mission of the Brody School of Medicine at ECU is to provide healthcare to the underserved; therefore, ECU requests exceptions to the mandates above due to the implications they have on ECU-P's ability to reach the underserved patient population for the delivery of efficient and effective care. The assessment of interest and penalties along with the referral of delinquent medical accounts to the Attorney General's office may result in less efficient delivery of care and delinquent account collection efforts.

Additional Details/Proposed Language:

§ 143-553. Conditional continuing employment; notification among employing entities; repayment election.

(a) All persons employed by an employing entity as defined by this Part who owe money to the State and whose salaries are paid in whole or in part by State funds must make full restitution of the amount owed as a condition of continuing employment; provided, however, that no employing entity shall terminate for failure to make full restitution the employment of such an employee who owes money for health care services to the University of North Carolina Health Care System or East Carolina University's Division of Health Sciences.

(b) Whenever a representative of any employing entity as defined by this Part has knowledge that an employee owes money to the State and is delinquent in satisfying this obligation, the representative shall notify the employing entity. Upon receipt of notification an employing entity shall terminate the employee's employment if after written notice of his right to do so he does not repay the money within a reasonable period of time; provided, however, that where there is a genuine dispute as to whether the money is owed or how much is owed, or there is an unresolved issue concerning insurance coverage, the employee shall not be dismissed as long as he is pursuing administrative or judicial remedies to have the dispute or the issue resolved.

(c) An employee of any employing entity who has elected in writing to allow not less than ten percent (10%) of his net disposable earnings to be periodically withheld for application towards a debt to the State shall be deemed to be repaying the money within a reasonable period of time and shall not have his employment terminated so long as he is consenting to repayment according to such terms. Furthermore, the employing entity shall allow the employee who for some extraordinary reason is incapable of repaying the obligation to the State according to the preceding terms to continue employment as long as he is attempting repayment in good faith under his present financial circumstances, but shall promptly terminate the employee's employment if he ceases to make payments or discontinues a good faith effort to make repayment. (1979, c. 864, s. 1; 2007-306, s. 2.)

§ 147-86.11. Cash management for the State.

(a) Uniform Plan. – The State Controller, with the advice and assistance of the State Treasurer, the State Budget Officer, and the State Auditor, shall develop, implement and amend as necessary a uniform statewide plan to carry out the cash management policy for all State agencies. The State Auditor shall report annually to the General Assembly on the implementation of the plan as shown in the audits completed during the prior fiscal year. The State Treasurer shall recommend periodically to the General Assembly any implementing legislation necessary or desirable in the furtherance of the State policy. When used in this section, "State agency" means any agency, institution, bureau, board,

commission or officer of the State; however, except as provided in G.S. 147-86.12, 147-86.13, 147-86.14, and 147-86.22, this Article does not apply to the agencies, institutions, bureaus, boards, commissions and officers of the General Court of Justice as defined in Article IV of the North Carolina Constitution or to the local school administrative units and community colleges and their officers and employees.

(b) Duties of Auditor. – The State Auditor pursuant to authority under G.S. 147-64.6 shall monitor agency compliance with this Article, and make any comments, suggestions, and recommendations the Auditor deems advisable to the agencies.

(c) Treasurer's Report. – The State Treasurer shall publish a quarterly report on all funds in the control or custody of the State Treasurer showing cash balances on hand, investments of cash balances and a comparative analysis of earnings and investment performances.

(d) Earnings on Trust Funds. – The statewide cash management plan shall provide that any net earnings on invested funds, whose beneficial owner is not the State or a local governmental unit, shall be paid to the beneficial owners of the funds. "Net earnings" are the amounts remaining after allowance for the cost of administration, management, and operation of the invested funds.

(e) Elements of Plan. – For moneys received or to be received, the statewide cash management plan shall provide at a minimum that:

- (1) Except as otherwise provided by law, moneys received by employees of State agencies in the normal course of their employment shall be deposited as follows:
 - a. Moneys received in trust for specific beneficiaries for which the employee-custodian has a duty to invest shall be deposited with the State Treasurer under the provisions of G.S. 147-69.3.
 - b. All other moneys received shall be deposited with the State Treasurer pursuant to G.S. 147-77 and G.S. 147-69.1.
- (2) Moneys received shall be deposited daily in the form and amounts received, except as otherwise provided by statute.
- (3) Moneys due to a State agency by another governmental agency or by private persons shall be promptly billed, collected and deposited.
- (4) Unpaid billings due to a State agency other than amounts owed by patients to the University of North Carolina Health Care System or East Carolina University's Division of Health Sciences shall be turned over to the Attorney General for collection no more than 90 days after the due date of the billing, except that a State agency need not turn over to the Attorney General unpaid billings of less than five hundred dollars (\$500.00), or (for institutions where applicable) amounts owed by all patients which are less than the federally established deductible applicable to Part A of the Medicare program, and instead may handle these unpaid bills pursuant to agency debt collection procedures.
- (4a) The University of North Carolina Health Care System and East Carolina University's Division of Health Sciences may turn over to the Attorney General for collection accounts owed by patients.
- (5) Moneys received in the form of warrants drawn on the State Treasurer shall be deposited by the State agency directly with the State Treasurer and not through the banking system, unless otherwise approved by the State Treasurer.
- (6) State agencies shall accept payment by electronic payment in accordance with G.S. 147-86.22 to the maximum extent possible consistent with sound business practices.

(f) Disbursement Requirements. – For the disbursement of money, the statewide cash management plan shall provide at a minimum that:

- (1) Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate payee.
 - (2) The order in which appropriations and other available resources are expended shall be subject to the provisions of Chapter 143C of the General Statutes regardless of whether the State agency disbursing or expending the moneys is subject to the State Budget Act.
 - (3) Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
 - (4) Billings to the State for goods received or services rendered shall be paid neither early nor late but on the discount date or the due date to the extent practicable.
 - (5) Disbursement cycles for each agency shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.
- (g) Interest Maximized. – The interest earnings of the General Fund and Highway Fund shall be maximized to the extent practicable. To this end:
- (1) Interest earnings shall not be allocated to an account by the State Treasurer unless all of the moneys in the account are expressly eligible by law for receiving interest allocations.
 - (2) State officers and employees who received moneys in trust or for investment shall be solely responsible for properly segregating such funds for investment in the manner prescribed by law. The officer or employee charged with the responsibility for these moneys shall be under a duty to segregate the funds in a timely manner. No investment income shall be allocated by the State Treasurer to trust or other investment accounts until properly segregated into investment accounts as provided by law and the rules of the State Treasurer.
- (h) New Technologies. – The statewide cash management plan shall consider new technologies and procedures whenever the technologies and procedures are economically beneficial to the State as a whole. Where the new technologies and procedures may be implemented without additional legislation, the technologies and procedures shall be implemented in the plan.
- (i) Penalty. – A willful or continued failure of an employee paid from State funds or employed by a State agency to follow the statewide cash management plan is sufficient cause for immediate dismissal of the employee. (1985, c. 709, s. 1; 1985 (Reg. Sess., 1986), c. 1024, s. 26; 1987, c. 564, s. 32; c. 738, s. 59(a)(1); 1991, c. 95, s. 1; c. 542, s. 15; 1999-434, s. 4; 2006-203, s. 121; 2007-306, s. 3.)

§ 147-86.23. Interest and penalties.

A State agency shall charge interest at the rate established pursuant to G.S. 105-241.21 on a past-due account receivable from the date the account receivable was due until it is paid. A State agency shall add to a past-due account receivable a late payment penalty of no more than ten percent (10%) of the account receivable. A State agency may waive a late-payment penalty for good cause shown. If another statute requires the payment of interest or a penalty on a past-due account receivable, this section does not apply to that past-due account receivable. This section does not apply to money owed to the University of North Carolina Health Care System or East Carolina University's Division of Health Sciences for health care services. (1993, c. 512, s. 1; 2007-306, s. 4; 2007-491, s. 44(1)a.)

Provide flexibility to establish campus-wide smoking policies.

Community College and public schools have the authority to prohibit smoking on their campuses. Current authority for the university limits smoking prohibitions to within 100 feet of buildings. Granting the university the same authority as other educational institutions will enable campuses to establish campus-wide smoking policies to better manage the risk of fire, litter and promote health.

Additional Details/Proposed Language:

§ 143-597. Nonsmoking areas in State-controlled buildings.

(a) All of the following areas may be designated as nonsmoking in buildings owned, leased, or occupied by State government:

- (1) Any library open to the public.
- (2) Any museum open to the public.
- (3) Any area established as a nonsmoking area, so long as at least twenty percent (20%) of the interior space of equal quality to that of the nonsmoking area shall be designated as a smoking area, unless physically impracticable. If physically impracticable, the person in charge of the facility shall provide an adequate smoking area within the facility as near as feasible to twenty percent (20%) of the interior space.
- (4) Any indoor space in a State-controlled building such as an auditorium, arena, or coliseum, or an appurtenant building thereof; except that a designated area for smoking shall be established in lobby areas.
- (5) Any educational buildings primarily involved in health care instruction and the grounds of those buildings.

(6) Deleted

(7) Repealed by Session Laws 2007-114, s. 2, effective July 1, 2007.

(a1) All areas of any building occupied by the General Assembly shall be designated as nonsmoking areas.

(b) Any area designated as nonsmoking or smoking shall be established by the appropriate department, institution, agency, or person in charge of the State-controlled building or area, except as specified in subsection (a1). The person in charge of the building shall conspicuously post or cause to be posted, in any area designated as a smoking or nonsmoking area, one or more signs stating that smoking is or is not permitted in the area.

(c) Where a nonsmoking area is designated, existing physical barriers and ventilation systems shall be used where appropriate to minimize smoke from adjacent areas. This subsection shall not be construed to require fixed structural or other physical modification in providing these areas or to require installation or operation of any heating, ventilating, or air-conditioning system in any manner which adds expense. (1993, c. 367, s. 1; 2003-292, s. 1; 2006-66, s. 9.11(cc); 2006-76, s. 1; 2007-114, s. 2.)

§ 143-598. Prohibited acts related to nonsmoking areas.

(a) No person shall smoke in a nonsmoking area in a State-controlled building or area pursuant to G.S. 143-597.

(b) Any person who continues to smoke in a nonsmoking area described in this section following notice by the person in charge of the State-controlled building or area or their designee that smoking is not permitted shall be guilty of an infraction and punished by a fine of not more than twenty-five dollars (\$25.00). (1993, c. 367, s. 1.)

§ 143-599. Exemptions.

All of the following facilities shall be exempt from the provisions of this Article:

- (1) Any primary or secondary school or child care center, except for a teacher's lounge.
- (2) An enclosed elevator.
- (3) Public school bus.
- (4) Hospital, nursing home, rest home, and State facility operated under the authority of G.S. 122C-181.
- (5) Local health department and local department of social services and the building and grounds where the local health department or local department of social services, as applicable, is located. For the purposes of this subdivision, "grounds" means the area located within 50 linear feet of a local health department or a local department of social services.
- (6) Any nonprofit organization or corporation whose primary purpose is to discourage the use of tobacco products by the general public.
- (7) Tobacco manufacturing, processing, and administrative facilities.
- (8) Indoor arenas with a seating capacity greater than 23,000.
- (9) State correctional facilities operated by the Department of Correction.
- (10) Community colleges.
- (11) The buildings, grounds, and walkways of the University of North Carolina Health Care System and of the East Carolina University School of Medicine, Health Sciences Complex, and Medical Faculty Practice Plan. (1993, c. 367, s. 1; 1997-506, s. 53; 2005-19, s. 1; 2005-168, s. 1; 2005-239, s. 1; 2005-372, s. 1; 2006-133, s. 1; 2007-114, s. 3.)

(12) The buildings, grounds, and walkways of the University of North Carolina, except that each constituent institution, with the exception of the North Carolina School for Science and Mathematics, shall designate a reasonable number of smoking areas in proportion to campus demand for such period of time as may be appropriate. Designated smoking areas shall be well lit and conspicuously identified by the posting of one or more signs stating that smoking is permitted in the designated area.

PERMANENT TRANSFER OF FUNDING FOR MILITARY ONE-STOP & BRAC OUTREACH

Through our efforts with the military, we have found that it would be a better model to have this funding at UNC General Administration to manage a system-wide effort at Fort Bragg rather than one campus-specific program. Fayetteville State University is in agreement with this change, so the intent of this provision is to allow the funding to be permanently transferred from FSU to UNC-GA.

SECTION ??. The Military One-Stop & BRAC Outreach program is transferred from Fayetteville State University to the University of North Carolina General Administration by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a transfer. The program transfer shall include the sum of two hundred fifty one thousand five hundred dollars (\$251,500).

Eliminate unnecessary or duplicative reporting requirements.

The University submits more than 50 reports on a monthly, quarterly, annual, or bi-annual basis to the General Assembly and various state agencies. We propose elimination of the following reports that are outdated.

Additional Details:

Progress Report on Exchange of Information

Repeal GS 116-11 (10a) reporting requirement. This report from the mid-1990s requires the University System to talk about how DPI, CC and UNC exchanges information about our students. This has become standard practice and there is no need to report on this activity.

Public Service and Technical Assistance to Public Schools

Repeal SL 1991-346 reporting requirement. We have done this by affiliating all LEAs with a School of Education. This is standard practice and no longer needs to be reported annually. The University System has not submitted a report in over ten years. We are addressing outreach to public schools in different strategic ways.

Professional Development Programs

Repeal GS 116-11 (12a). Professional Development Programs throughout the University System have aligned with our schools of education rather than in a centralized location as a result of budget cuts.

Bonds for Higher Education (status report)

Repeal the G.S.116D-3(a)(1) reporting requirement. G.S.116D-3(a)(1) required project information on the 2000 Higher Education Bond Program projects that were financed with University Improvement General Obligation Bonds. With the exception of a UNC-TV project expected to be complete by July 2011, all projects have been completed, all funds expended, and all campus bond projects closed.

Capital Facilities Maintenance/ Repairs Renovations

Repeal S.L. 2000-3 Section 1.1.(2) and the duplicative Section 6 reporting requirements. Information is duplicative of the information routinely provided the Board of Governors in its biennium and annual capital improvements budget requests.

Public Construction Law Changes

Repeal the S.L.2001-496 Section 13 reporting requirement. The 2001 reporting requirement was enacted in order to monitor the "effectiveness and cost-benefit" of newly allowed construction delivery methods (i.e. construction management at risk). Now in 2011 and supported with ten years of use and monitoring data, the additional construction delivery methods are widely accepted by the North Carolina's construction community and have demonstrated that they are an effective and cost-beneficial way to construct a building.

Report Date Change needed:

Progress of North Carolina graduates entering primary care centers

GS 143-613d - Due date change needed for this report from October 1 to November 15. Information is received from private colleges in October requiring more time to compile the report for BOG approval.