

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 43*
Appropriations
Committee Substitute Adopted with Amendments 4/10/89
Third Edition Engrossed 4/11/89
House Committee Substitute Favorable 4/24/89

Short Title: Current Operations - Appropriations.

(Public)

Sponsors:

Referred to:

January 23, 1989

A BILL TO BE ENTITLED

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

The General Assembly of North Carolina enacts:

Requested by: Representative Diamont

---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.

Requested by: Representative Diamont

---TITLE OF ACT

Sec. 2. This act shall be known as "The Current Operations Appropriations Act of 1989."

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

—CONTENTS/INDEX—

(This outline is designed for reference only, and the outline and the corresponding entries throughout the act in no way limit, define, or prescribe the scope or application of the text of the act.)

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PART I.—CURRENT OPERATIONS/GENERAL FUND

Sec. 3. Appropriations from the General Fund of the State for the maintenance of the State departments, institutions, and agencies, and for other purposes as enumerated except for aid to certain governmental and nongovernmental units are made for the biennium ending June 30, 1991, according to the following schedule:

<u>Current Operations - General Fund</u>	<u>1989-90</u>	<u>1990-91</u>
General Assembly	\$ 17,236,893	\$ 20,487,849
Judicial Department	180,934,574	183,166,768
Department of the Governor		
01. Office of the Governor	4,490,354	4,513,871
02. Office of State Budget and Management	3,383,509	3,379,683
Lieutenant Governor's Office	562,854	564,124
Department of Secretary of State	3,282,204	3,191,478
Department of State Auditor	6,941,243	6,948,332
Department of State Treasurer	4,013,938	4,019,717
Department of Public Education	2,864,490,367	2,885,818,731
Department of Justice	45,236,203	45,439,582
Department of Administration		
01. Administration	41,975,294	42,521,797
02. State Controller	5,054,737	5,059,766
Department of Agriculture	35,768,997	35,890,532
Department of Labor	7,103,309	7,119,420
Department of Insurance	11,965,552	11,998,199
Department of Transportation		
01. Aeronautics	116,571	116,571

1	Department of Natural Resources and		
2	Community Development	66,605,266	66,034,976
3			
4	Office of Administrative Hearings	1,885,368	1,888,957
5			
6	Administrative Rules Review Commission	258,469	251,545
7			
8	Department of Human Resources		
9	01. Alcoholic Rehabilitation Center -		
10	Black Mountain	3,245,745	3,267,781
11	02. Alcoholic Rehabilitation Center -		
12	Butner	3,024,495	3,037,232
13	03. Alcoholic Rehabilitation Center -		
14	Greenville	2,593,285	2,593,461
15	04. N.C. Special Care Center	4,218,325	4,309,853
16	05. Black Mountain Center	713,850	673,127
17	06. DHR - Administration and Support		
18	Program	4,937,168	4,955,214
19	07. Division of Aging	1,206,607	1,207,689
20	08. Schools for the Deaf and Blind	22,169,581	22,192,919
21	09. Division of Health Service	54,938,225	55,840,610
22	10. Social Services	77,905,371	78,373,201
23	11. Medical Assistance	384,442,191	448,104,017
24	13. Division of Services for the		
25	Blind	6,069,502	6,081,927
26	14. Division of Mental Health,		
27	Mental Retardation and Substance		
28	Abuse Services	11,278,585	11,278,263
29	15. Dorothea Dix Hospital	34,143,300	34,481,132
30	16. Broughton Hospital	30,588,579	30,772,868
31	17. Cherry Hospital	29,918,230	30,208,942
32	18. John Umstead Hospital	30,006,645	30,085,822
33	19. Western Carolina Center	3,086,587	3,119,043
34	20. O'Berry Center	5,221,987	5,212,301
35	21. Murdoch Center	15,370,639	13,144,771
36	22. Caswell Center	13,205,350	13,300,069
37	23. Division of Facility Services	28,209,886	28,149,125
38	24. Division of Vocational		
39	Rehabilitation Services	22,715,531	22,716,953
40	25. Division of Youth Services	28,631,667	28,785,501
41			
42	Total Department of		
43	Human Resources	817,841,331	881,891,821
44			

1	Department of Correction	339,601,204	342,570,331
2			
3	Department of Commerce	26,123,605	26,055,750
4			
5	Department of Revenue	44,174,968	44,233,654
6			
7	Department of Cultural Resources	20,618,616	20,894,337
8			
9	Department of Crime Control		
10	and Public Safety	24,362,157	24,574,037
11			
12	University of North Carolina - Board		
13	of Governors		
14			
15	01. General Administration	16,661,711	18,729,676
16	02. University Operations -		
17	Lump Sum	5,661,534	5,661,534
18	03. Related Educational Programs	3,918,371	4,001,586
19	04. University of North Carolina		
20	at Chapel Hill		
21	a. Academic Affairs	131,513,628	133,584,123
22	b. Division of Health		
23	Affairs	94,302,088	95,830,942
24	c. Area Health Education		
25	Centers	30,386,075	30,373,500
26	05. North Carolina State University		
27	at Raleigh		
28	a. Academic Affairs	162,199,065	164,032,770
29	b. Agricultural Research		
30	Service	35,233,748	35,123,381
31	c. Agricultural Extension		
32	Service	27,431,979	27,348,964
33	06. University of North Carolina at		
34	Greensboro	51,580,243	51,979,897
35	07. University of North Carolina at		
36	Charlotte	49,338,442	49,995,825
37	08. University of North Carolina at		
38	Asheville	14,799,855	15,431,437
39	09. University of North Carolina at		
40	Wilmington	28,931,879	29,083,253
41	10. East Carolina University		
42	a. Academic Affairs	67,532,422	68,001,254
43	b. Division of Health Affairs	47,601,938	48,713,413
44	11. North Carolina Agricultural and		

1	Technical State University	33,922,465	34,579,679
2	12. Western Carolina University	33,093,901	34,202,604
3	13. Appalachian State University	50,841,830	51,005,396
4	14. Pembroke State University	13,947,649	14,056,965
5	15. Winston-Salem State University	15,483,965	15,597,248
6	16. Elizabeth City State		
7	University	12,970,749	13,129,479
8	17. Fayetteville State University	15,895,836	16,117,858
9	18. North Carolina Central		
10	University	25,797,251	25,964,098
11	19. North Carolina School of the		
12	Arts	8,046,738	8,102,191
13	20. North Carolina Science and		
14	Math High School	6,832,113	6,804,564
15	21. North Carolina Memorial		
16	Hospital	34,734,222	35,412,940
17			
18	Total University of North		
19	Carolina	1,018,659,697	1,032,864,577
20			
21	Department of Community Colleges	332,750,767	333,426,106
22			
23	State Board of Elections	375,445	402,909
24			
25	Contingency and Emergency	1,125,000	1,125,000
26			
27	Reserve for Salary Adjustments	4,000,000	4,000,000
28			
29	Debt Service	69,083,445	66,538,583
30			
31	GRAND TOTAL CURRENT OPERATIONS—		
32	GENERAL FUND	\$6,000,021,937	\$6,106,989,003
33			

34 PART II.—CURRENT OPERATIONS/HIGHWAY FUND

35

36 Sec. 4. Appropriations from the Highway Fund of the State for the
 37 maintenance and operation of the Department of Transportation, and for other purposes
 38 as enumerated, are made for the biennium ending June 30, 1991, according to the
 39 following schedule:

40

41	<u>Current Operations-Highway Fund</u>	<u>1989-90</u>
42	<u>1990-91</u>	

43

44 Department of Transportation

1	01.	Administration	\$ 26,487,498	\$ 26,619,836	
2	02.	Highways			
3		a. Administration and			
4		Operations	31,720,265	31,798,567	
5		b. State Construction			
6		(01) Primary Construction	-	-	
7		(02) Secondary			
8		Construction			68,672,240 70,732,407
9		(03) Urban Construction	20,000,000	20,000,000	
10		(04) Access and Public			
11		Service Roads			2,000,000 2,000,000
12		(05) Special Appropriation			
13		for Highways			60,000,000 60,000,000
14		(06) Spot Safety			
15		Improvements			6,200,000 6,200,000
16		c. State Funds to Match Federal			
17		Highway Aid			
18		(01) Construction	70,338,469	74,271,803	
19		(02) Planning Survey and Highway			
20		Planning Research			2,298,590 2,136,210
21		d. State Maintenance			
22		(01) Primary	77,903,523	77,903,523	
23		(02) Secondary	137,924,055	137,924,055	
24		(03) Urban	21,021,422	21,021,422	
25		(04) Contract Resurfacing	100,567,150	100,567,150	
26		e. Ferry Operations	13,791,986	13,791,986	
27	03.	Division of Motor Vehicles	66,538,445	66,750,587	
28	04.	Governor's Highway Safety Program	258,840	259,249	
29	07.	Salary Adjustments for Highway			
30		Fund Employees	600,000	600,000	
31	08.	Reserve to Correct Occupational			
32		Safety and Health Conditions	350,000	350,000	
33	10.	Debt Service	38,491,163	37,392,600	
34					
35		Appropriations for Other State Agencies			
36	01.	Crime Control and Public			
37		Safety	79,409,046	81,602,957	
38	02.	Other Agencies			
39		a. Department of Agriculture	2,371,675	2,470,577	
40		b. Department of Revenue	1,494,890	1,495,746	
41		c. Department of Human			
42		Resources	344,820	344,988	
43		d. Department of Correction	1,750,000	1,750,000	
44					

1 Contingency and Emergency Fund 100,000 100,000

2

3 GRAND TOTAL CURRENT OPERATIONS—

4 HIGHWAY FUND \$ 830,634,077 \$ 838,083,663

5

6 PART III.—CURRENT OPERATIONS/GENERAL FUND/ AID TO CERTAIN
7 GOVERNMENTAL AND NON-GOVERNMENTAL UNITS

8

9 Sec. 5. Appropriations from the General Fund of the State to State
10 departments, institutions, and agencies for aid to certain governmental and
11 nongovernmental units as enumerated are made for the biennium ending June 30, 1991,
12 according to the following schedule:

13

14 General Fund 1989-90 1990-91

15

16 Judicial Department \$ 334,360 \$ 334,360

17

18 Department of the Governor

19 Office of State Budget

20 and Management

21

35,906 -

22 Department of State Auditor

23

5,740,780 5,740,780

24 Department of Public Education

25

17,415,353 17,486,013

26 Department of Administration

27

3,291,810 3,291,810

28 Department of Agriculture

29

230,014 230,014

30 Department of Insurance

31

200,000 200,000

32 Department of Transportation

33 01. Aeronautics 5,545,000 5,545,000

34 02. Aid to Railroads 166,002 216,666

35 Total Department of Transportation

36

5,711,002 5,761,666

37 Department of Natural Resources

38 and Community Development

39

9,523,634 9,523,686

40 Department of Human Resources

41 01. DHR - Administration and

42 Support Program 20,000 20,000

43 02. Division of Aging 3,602,799 3,602,799

44 03. Division of Health Services 25,167,245 25,424,886

1	04.	Social Services	16,405,996	16,577,421	
2	05.	Social Services - State Aid			
3		to Non-State Agencies	5,133,148	5,133,148	
4	06.	Division of Services for the			
5		Blind	12,000	12,000	
6	07.	Division of Mental Health,			
7		Mental Retardation and			
8		Substance Abuse Services	150,191,214	150,655,194	
9	08.	Division of Facility Services	2,005,678	2,005,678	
10	09.	Division of Youth Services	14,586,693	14,586,693	
11	10.	State Aid, Local Programs			
12		Inflationary Increases	2,333,278	5,374,256	
13					
14		Total Department of Human Resources			219,458,051 223,392,075
15					
16		Department of Correction			75,000 75,000
17					
18		Department of Commerce			
19	01.	Commerce	2,310,000	2,310,000	
20	02.	Microelectronics Center	25,301,034	21,433,424	
21	03.	Biotechnology Center	6,297,200	6,297,200	
22					
23		Department of Cultural Resources			17,050,360 17,050,360
24					
25		Department of Crime Control and			
26		Public Safety	743,967	743,967	
27					
28		University of North Carolina -			
29		Board of Governors	37,882,619	37,906,169	
30					
31		Department of Community Colleges		281,650	281,650
32					
33		Grand Total State Aid -			
34		General Fund	\$ 351,882,740	\$ 352,058,174	
35					

PART IV.—CURRENT OPERATIONS/HIGHWAY FUND/AID TO CERTAIN GOVERNMENTAL AND NON-GOVERNMENTAL UNITS

Sec. 6. Appropriations from the Highway Fund of the State to State departments, institutions, and agencies for aid to certain governmental and nongovernmental units as enumerated are made for the biennium ending June 30, 1991, according to the following schedule:

44	<u>Highway Fund</u>	<u>1989-90</u>	<u>1990-91</u>
----	---------------------	----------------	----------------

1		
2	State Aid to Municipalities	68,672,240 70,732,407
3		
4	State Aid for Public Transportation	2,756,250 2,894,063
5		
6	Grand Total State Aid –	
7	Highway Fund	71,428,490 73,626,470
8		

9 PART V.—GENERAL PROVISIONS

10
11 Requested by: Representative Diamont

12 —SPECIAL FUNDS, FEDERAL FUNDS, AND DEPARTMENTAL
13 RECEIPTS/AUTHORIZATION FOR EXPENDITURES

14 Sec. 7. There is appropriated out of the cash balances, federal receipts, and
15 departmental receipts available to each department, sufficient amounts to carry on
16 authorized activities included under each department's operations. All these cash
17 balances, federal receipts, and departmental receipts shall be expended and reported in
18 accordance with provisions of the Executive Budget Act, except as otherwise provided
19 by statute. The Director of the Budget shall develop necessary budget controls,
20 regulations, and systems to ensure that these funds and other State funds subject to the
21 Executive Budget Act, may not be spent in a manner which would cause a deficit in
22 expenditures.

23 Pursuant to G.S. 143-34.2, State departments, agencies, institutions, boards,
24 or commissions may make application for, receive, or disburse any form of non-State
25 aid. All non-State monies received shall be deposited with the State Treasurer unless
26 otherwise provided by State law. These funds shall be expended in accordance with the
27 terms and conditions of the fund award that are not contrary to the laws of North
28 Carolina.

29
30 Requested by: Representative Diamont

31 —INSURANCE AND FIDELITY BONDS

32 Sec. 8. All insurance and all official fidelity and surety bonds authorized for
33 the several departments, institutions, and agencies shall be effected and placed by the
34 Insurance Department, and the cost of placement shall be paid by the affected
35 department, institution, or agency with the approval of the Insurance Commissioner.

36
37 Requested by: Representative Diamont

38 —BUDGETING OF PILOT PROGRAMS

39 Sec. 9. (a) Any program designated by the General Assembly as experimental,
40 model, or pilot shall be shown as a separate budget item and shall be considered as an
41 expansion item until a succeeding General Assembly reapproves it.

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

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

4
5 Requested by: Representative Diamont

6 ~~—AUTHORIZED TRANSFERS~~

7 Sec. 10. The Director of the Budget may transfer to General Fund budget
8 codes from the General Fund salary adjustment appropriation, and may transfer to
9 Highway Fund budget codes from the Highway Fund salary adjustment appropriation,
10 amounts required to support approved salary adjustments made necessary by difficulties
11 in recruiting and holding qualified employees in State government. The funds may be
12 transferred only when the use of salary reserve funds in individual operating budgets is
13 not feasible.

14
15 Requested by: Representative Diamont

16 ~~—EXPENDITURES OF FUNDS IN RESERVES LIMITED~~

17 Sec. 11. All funds appropriated by this act into reserves may be expended
18 only for the purposes for which the reserves were established.

19
20 ~~PART VI.—DEPARTMENT OF PUBLIC INSTRUCTION~~

21
22 Requested by: Representatives J. Crawford, Tart

23 ~~—ABOLISH OUTSIDE EVALUATOR PROGRAM~~

24 Sec. 12. Article 24A of Chapter 115C of the General Statutes is repealed.

25
26 ~~PART VII.—DEPARTMENT OF COMMUNITY COLLEGES~~

27
28 Requested by: Representatives J. Crawford, Tart

29 ~~—OPERATING APPROPRIATIONS/NOT USED FOR RECREATION~~
30 ~~EXTENSION~~

31 Sec. 13. Funds appropriated in Section 3 of this act to the Department of
32 Community Colleges as operating expenses for allocation to the institutions comprising
33 the Community College System may not be used to support recreation extension
34 courses. The financing of these courses by any institution shall be on a self-supporting
35 basis, and membership hours produced from these activities may not be counted when
36 computing full-time equivalent students for use in budget-funding formulas at the State
37 level.

38
39 Requested by: Representatives J. Crawford, Tart

40 ~~—BOOKS AND EQUIPMENT APPROPRIATIONS/REVERT AFTER ONE YEAR~~

41 Sec. 14. Appropriations to the Department of Community Colleges for
42 equipment and library books are made for each year of the fiscal biennium. All
43 unencumbered appropriations shall revert to the General Fund 12 months after the close
44 of each fiscal year for which they were appropriated. Encumbered balances outstanding

1 at the end of each period shall be handled in accordance with existing State Budget
2 policies. The Department shall be able to identify to the Office of State Budget and
3 Management which appropriations will revert at the end of the 12 months after the close
4 of each fiscal year.

5
6 Requested by: Representatives J. Crawford, Tart

7 —ASSISTANCE TO HOSPITAL NURSING/FUND DISTRIBUTION

8 Sec. 15. Funds appropriated in Section 5 of this act to the Department of
9 Community Colleges to provide financial assistance to hospital programs of nursing
10 education leading to diplomas in nursing that are fully accredited by the North Carolina
11 Board of Nursing and operated under the authority of a public or nonprofit hospital
12 licensed by the North Carolina Medical Care Commission shall be distributed, upon
13 application for financial assistance, on the basis of eight hundred fifty dollars (\$850.00)
14 for each full-time student duly enrolled in the program as of December 1 of the
15 preceding year and on condition that accreditation is maintained. The State Board of
16 Community Colleges shall adopt rules to ensure that this financial assistance is used
17 directly for faculty and instructional needs of diploma nursing programs.

18
19 Requested by: Representatives J. Crawford, Tart

20 —ACCOUNTABILITY AND FLEXIBILITY

21 Sec. 16. The State Board of Community Colleges shall develop a "Critical
22 Success Factors" list to define statewide measures of accountability for all community
23 colleges. Each college shall develop an institutional effectiveness plan, tailored to the
24 specific mission of the college. This plan shall be consistent with the Southern
25 Association of Colleges and Schools criteria and provide for collection of data as
26 required by the "Critical Success Factors" list. The Department of Community Colleges
27 shall provide assistance to the colleges in developing their institutional effectiveness
28 plans.

29 To maximize the opportunity for each college to achieve its institutional
30 effectiveness plan, the State Board shall develop policies that allow maximum budget
31 flexibility. However, in no instance shall the system budget have transfers greater than
32 five percent (5%) from salaries to other costs and from instruction to administration.
33 Nevertheless, it is the intent of the General Assembly that each community college
34 strive to attain the average monthly salary paid in the Southern Regional Education
35 Board (SREB) states for community colleges. There shall be no limitations on transfers
36 from administration to instruction or from other cost to salaries. No transfers shall be
37 made from literacy or community services programs. It is the intent of the General
38 Assembly that in no instance shall excess fringe benefit funds be used to increase the
39 salaries of administrators.

40 The State Board shall promote and encourage local flexibility, creativity and
41 ingenuity in the pursuit of educational goals of the Community College System.

42 The State Board shall report semiannually to the Joint Legislative
43 Commission on Governmental Operations on the progress of the "Critical Success
44 Factors" list and on the institutional effectiveness plans.

1

2 Requested by: Representatives J. Crawford, Tart

3 —MANAGEMENT SUPPORT SYSTEM

4

5 Sec. 17. The State Board shall submit quarterly reports to the Joint
6 Legislative Commission on Governmental Operations on the progress of the design and
7 implementation of an adequate and timely management support system for community
8 colleges. This report shall include a plan and proposed timetable for interfacing with
9 other State government computer systems. It is the intent of the General Assembly that
10 this system provide relevant, accurate, and timely data to allow better institutional
11 management and system coordination of educational programs. This system plan shall
12 be in place no later than July 1, 1990.

12

13 Requested by: Representatives J. Crawford, Tart

14 —STABILITY OF FUNDING

15

16 Sec. 18. (a) To ensure stability in funding and to reduce the impact of short-
17 term enrollment fluctuations, the General Assembly shall appropriate funds for full-time
18 equivalent student enrollment for the Community College System on a biennial basis.
19 For fiscal year 1989-90 and in subsequent years, the State Board shall allocate to each
20 college a budget based on the average of the prior two-years' actual full-time equivalent
21 student enrollment, or the previous year's actual full-time equivalent student enrollment,
22 whichever is greater. In no instance shall any college receive less than ninety percent
23 (90%) of the prior two years' average curriculum full-time equivalent student
24 enrollment.

24

25 (b) From funds appropriated, the State Board of Community Colleges shall
26 provide emergency growth funds to colleges that demonstrate a significant enrollment
27 increase during the fiscal year.

27

28 Requested by: Representatives J. Crawford, Tart

29 —LITERACY

30

31 Sec. 19. The State Board of Community Colleges shall develop policies to
32 accomplish the following in literacy programs:

32

33 (1) Increase the number of people entering and moving through the
34 literacy continuum and allow more flexibility in the use of literacy
35 funds for instruction and administrative purposes to enhance
36 recruitment efforts;

36

37 (2) Increase the number of adult high school graduates and GED
38 diplomas;

38

39 (3) Encourage progress in the literacy programs through the use of
40 performance-based incentive funding for colleges, employees, and
41 employers;

41

42 (4) Develop statewide and individual college goals for increasing literacy;

42

43 (5) Increase the number of workplace literacy sites; and

43

(6) Replicate successful programs across the State.

1 It is the intent of the General Assembly to maintain the 1988-89 funding level
2 as a statewide base for literacy programs.

3 The State Board shall report to the 1989 General Assembly, 1990 Regular
4 Session, on the policies developed in accordance with this section.

5
6 Requested by: Representatives J. Crawford, Tart

7 —SATELLITE CENTERS

8 Sec. 20. The State Board shall develop criteria for the construction of
9 satellite facilities and off-campus centers to be built with State funds; provided,
10 however, that no criteria developed by the State Board shall inhibit a county without a
11 satellite from acquiring one. A satellite facility is defined as a campus in a county other
12 than that in which the main campus is located. An off-campus center is defined as a
13 facility located within the same county as the main campus. The State Board shall
14 report to the General Assembly on the criteria developed. The State Board shall not
15 implement these criteria until the General Assembly has approved them.

16
17 Requested by: Representatives J. Crawford, Tart

18 —STUDENT ACCOUNTING STUDY

19 Sec. 21. Due to the various methods used to count student enrollments in
20 higher education, the General Assembly directs The University of North Carolina and
21 the Community College System in cooperation with the North Carolina Association of
22 Independent Colleges and Universities to recommend to the General Assembly a
23 common method for counting student enrollments for purposes of receiving public
24 funds.

25 A final report shall be made to the 1991 Session of the General Assembly.
26 An interim report shall be made to the 1989 General Assembly, 1990 Regular Session.

27
28 Requested by: Representatives J. Crawford, Tart

29 —REGIONAL COOPERATION

30 Sec. 22. It is the intent of the General Assembly to encourage cooperative
31 and regional programs among the colleges of the Community College System and The
32 University of North Carolina System to ensure the most efficient use of tax resources.
33 The State Board of Community Colleges and the Board of Governors of The University
34 of North Carolina shall develop incentives to encourage regional and cooperative
35 programs among the colleges of the Community College System and the constituent
36 institutions of The University of North Carolina. Any legislative changes necessary to
37 encourage such cooperative efforts shall be incorporated into the Boards' budget
38 requests to the General Assembly for the 1990-91 fiscal year.

39 The State Board of Community Colleges and the Board of Governors of The
40 University of North Carolina shall report to the 1989 General Assembly, 1990 Regular
41 Session, on the progress of regional programs.

42
43 Requested by: Representatives J. Crawford, Tart

44 —COMMUNITY COLLEGE TRUSTEES TRAINING COURSE

1 Sec. 23. The General Assembly urges the North Carolina Association of
2 Community College Trustees to continue providing training opportunities for
3 community college trustees and to offer the training on a regional basis. The General
4 Assembly also urges all community college trustees, especially those serving their first
5 term to complete the training.

6 The General Assembly requests the North Carolina Association of
7 Community College Trustees to submit an annual report to the State Board of
8 Community Colleges and to the 1989 Session of the General Assembly, 1990 Regular
9 Session, on the training programs provided and the number of trustees participating.

10
11 Requested by: Representatives J. Crawford, Tart

12 ---COMMUNITY COLLEGE TRANSFER OF CREDITS STUDY

13 Sec. 24. The State Board of Community Colleges and the Board of
14 Governors of The University of North Carolina shall develop a plan to increase the
15 number of communitiy college credits that will transfer to the University system. This
16 plan shall be reported to the 1989 General Assembly, 1990 Regular Session.

17
18 Requested by: Representatives J. Crawford, Tart

19 ---FTE ACCOUNTING

20 Sec. 25. Notwithstanding any rule, the census date for counting extension
21 full-time equivalent (FTE) student enrollments shall be the same as that used to count
22 curriculum full-time equivalent student enrollments.

23
24 PART VIII.—COLLEGES AND UNIVERSITIES

25
26 Requested by: Representatives J. Crawford, Tart

27 ---AID TO PRIVATE COLLEGES/LEGISLATIVE TUITION GRANT
28 LIMITATIONS

29 Sec. 26. (a) The amount of a tuition grant awarded to a student enrolled in a
30 degree program at a site away from the main campus of the approved private institution,
31 as defined in G.S. 116-22(1), may be no more than the result of the ratio of the cost per
32 credit hour for off-campus instruction at that site to the cost per credit hour for regular,
33 full-time on-campus instruction, multiplied by the maximum grant award.

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

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

43 (c) Any member of the armed services as defined in G.S. 116-143.3(a), abiding
44 in this State incident to active military duty, who does not qualify as a resident for

1 tuition purposes as defined under G.S. 116-143.1, is eligible for a Legislative Tuition
2 Grant pursuant to this section if the member is enrolled as a full-time student. The
3 member's Legislative Tuition Grant may not exceed the cost of tuition less any tuition
4 assistance paid by the member's employer.

5
6 Requested by: Representatives J. Crawford, Tart
7 —AID TO PRIVATE COLLEGES PROCEDURE

8 Sec. 27. (a) Funds appropriated in this act to the Board of Governors of The
9 University of North Carolina for aid to private colleges shall be disbursed in accordance
10 with the provisions of G.S. 116-19, 116-21, and 116-22. These funds shall provide up
11 to four hundred dollars (\$400.00) per full-time equivalent North Carolina undergraduate
12 student enrolled at a private institution as of October 1 each year.

13 These funds shall be placed in a separate, identifiable account in each eligible
14 institution's budget or chart of accounts. All funds in this account shall be provided as
15 scholarship funds for needy North Carolina students during the fiscal year. Each
16 student awarded a scholarship from this account shall be notified of the source of the
17 funds and of the amount of the award. Funds not utilized under G.S. 116-19 shall be for
18 the tuition grant program as defined in subsection (b) of this section.

19 (b) In addition to any funds appropriated pursuant to G.S. 116-19 and in addition
20 to all other financial assistance made available to private educational institutions located
21 within the State, or to students attending these institutions, there is granted to each full-
22 time North Carolina undergraduate student attending an approved institution as defined
23 in G.S. 116-22, the sum of one thousand one hundred dollars (\$1,100) per academic
24 year, which shall be distributed to the student as hereinafter provided.

25 The tuition grants provided for in this section shall be administered by the
26 State Education Assistance Authority pursuant to rules adopted by the State Education
27 Assistance Authority not inconsistent with this section. The State Education Assistance
28 Authority may not approve any grant until it receives proper certification from an
29 approved institution that the student applying for the grant is an eligible student. Upon
30 receipt of the certification, the State Education Assistance Authority shall remit at such
31 times as it shall prescribe the grant to the approved institution on behalf, and to the
32 credit, of the student.

33 In the event a student on whose behalf a grant has been paid is not enrolled
34 and carrying a minimum academic load as of the 10th classroom day following the
35 beginning of the school term for which the grant was paid, the institution shall refund
36 the full amount of the grant to the State Education Assistance Authority. Each approved
37 institution shall be subject to examination by the State Auditor for the purpose of
38 determining whether the institution has properly certified eligibility and enrollment of
39 students and credited grants paid on the behalf of the students.

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

- 42 (1) The Board of Governors of The University of North Carolina, with the
43 approval of the Office of State Budget and Management, may transfer

1 available funds to meet the needs of the programs provided by
2 subsections (a) and (b) of this section; and

3 (2) Each eligible student shall receive a pro rata share of funds then
4 available for the remainder of the academic year within the fiscal
5 period covered by the current appropriation.

6 Any remaining funds shall revert to the General Fund.

7 (c) Expenditures made pursuant to this section may be used only for secular
8 educational purposes at nonprofit institutions of higher learning.

9

10 Requested by: Representatives J. Crawford, Tart

11 —WAKE FOREST AND DUKE MEDICAL SCHOOL ASSISTANCE/FUNDING
12 FORMULA

13 Sec. 28. Funds appropriated in Section 5 of this act to the Board of
14 Governors of The University of North Carolina for continuation of financial assistance
15 to the medical schools of Duke University and Wake Forest University shall be
16 disbursed on certifications of the respective schools of medicine that show the number
17 of North Carolina residents as first-year, second-year, third-year, and fourth-year
18 students in the medical school as of November 1, 1989, and November 1, 1990.
19 Disbursement to Wake Forest University shall be made in the amount of eight thousand
20 dollars (\$8,000) for each medical student who is a North Carolina resident, one
21 thousand dollars (\$1,000) of which shall be placed by the school in a fund to be used to
22 provide financial aid to needy North Carolina students who are enrolled in the medical
23 school. The maximum aid given to any student from this fund in a given year may not
24 exceed the amount of the difference in tuition and academic fees charged by the school
25 and those charged at the School of Medicine at The University of North Carolina at
26 Chapel Hill.

27 Disbursement to Duke University shall be made in the amount of five
28 thousand dollars (\$5,000) for each medical student who is a North Carolina resident,
29 five hundred dollars (\$500.00) of which shall be placed by the school in a fund to be
30 used to provide student financial aid to financially needy North Carolina students who
31 are enrolled in the medical school. No individual student may be awarded assistance
32 from this fund in excess of two thousand dollars (\$2,000) each year. In addition to this
33 basic disbursement for each year of the biennium, a disbursement of one thousand
34 dollars (\$1,000) shall be made for each medical student who is a North Carolina
35 resident in the first-year, second-year, third-year, and fourth-year classes to the extent
36 that enrollment of each of those classes exceeds 30 North Carolina students.

37 The Board of Governors shall establish the criteria for determining the
38 eligibility for financial aid of needy North Carolina students who are enrolled in the
39 medical schools and shall review the grants or awards to eligible students. The Board of
40 Governors shall adopt rules for determining which students are residents of North
41 Carolina for the purposes of these programs. The Board shall also make any regulations
42 as necessary to ensure that these funds are used directly for instruction in the medical
43 programs of the schools and not for religious or other nonpublic purposes. The Board

1 shall encourage the two schools to orient students towards personal health care in North
2 Carolina giving special emphasis to family and community medicine.

3
4 Requested by: Representatives J. Crawford, Tart

5 ~~—OVERHEAD RECEIPTS/INCENTIVES~~

6 Sec. 29. For 1990-91, those constituent institutions of The University of
7 North Carolina with annual overhead receipts of less than one hundred thousand dollars
8 (\$100,000), as anticipated by the 1989-90 Budget, shall be required to transfer only
9 fifteen percent (15%) of these overhead receipts to the General Fund. For these and
10 other constituent institutions of The University of North Carolina with annual overhead
11 receipts less than five hundred thousand dollars (\$500,000), as anticipated by the 1989-
12 90 Budget, there will be no overhead receipts transferred to the General Fund in the
13 1990-91 fiscal year if the institution increased its receipts by ten percent (10%) or more
14 during the previous fiscal year. As receipts for these institutions increase, the
15 percentage transferred to the General Fund shall be twenty-five percent (25%) for the
16 amounts above five hundred thousand dollars (\$500,000) and less than seven hundred
17 fifty thousand dollars (\$750,000).

18 For those institutions with annual overhead receipts greater than five hundred
19 thousand dollars (\$500,000) and less than seven hundred fifty thousand dollars
20 (\$750,000) as anticipated by the 1989-90 Budget, the percentage of overhead receipts
21 transferred to the General Fund shall be reduced to twenty-five percent (25%) in the
22 1990-91 fiscal year for those amounts in excess of five hundred thousand dollars
23 (\$500,000) if the institution increases its overhead receipts by ten percent (10%) or
24 more during the previous fiscal year. The current rate of thirty percent (30%)
25 transferred to the General Fund is still applicable to the first five hundred thousand
26 dollars (\$500,000) in overhead receipts.

27 For those institutions with annual overhead receipts greater than five million
28 dollars (\$5,000,000), the rate on overhead receipts greater than the amounts anticipated
29 in the 1989-90 Budget, shall be reduced to twenty-five percent (25%) transferred to the
30 General Fund in the 1990-91 fiscal year if the institution increased its overhead receipts
31 above the amounts budgeted for the 1989-90 fiscal year by ten percent (10%) or more.
32 In addition, no overhead receipts shall be transferred to UNC General Administration
33 for the 1990-91 fiscal year on those amounts of overhead receipts greater than the
34 amounts anticipated in the 1989-90 Budget, if the institution has increased its overhead
35 receipts over the amounts anticipated in the 1989-90 Budget.

36
37 Requested by: Representatives J. Crawford, Tart

38 ~~—FUNDING LEVELS FOR INSTITUTIONS~~

39 Sec. 30. The Board of Governors of the University of North Carolina shall
40 study the variations in instructional funding levels among the different classes of
41 constituent institutions. The study shall include a review of the actual and relative costs
42 to provide academic instruction in the various academic disciplines and programs, the
43 costs of providing instruction at lower division undergraduate, upper division
44 undergraduate, graduate and first professional levels, the variance in institutional costs

1 for serving part-time students, and other factors which would affect funding
2 requirements.

3 The Board shall review its methods for allocation of new funds to determine
4 if these methods are appropriate.

5 The Board shall report its findings to the 1990 Session of the General
6 Assembly by March 31, 1990, with copies to the Joint Legislative Commission on
7 Governmental Operations.

8

9 Requested by: Representatives J. Crawford, Tart

10 ---ACCOUNTABILITY

11 Sec. 31. The Board of Governors of the University of North Carolina shall
12 require each institution to develop a plan, in cooperation with the Board of Governors,
13 which would exhibit how the institution will measure its effectiveness, especially in the
14 areas of student learning and development, faculty development and quality, and
15 progress toward the institution's missions. Each plan shall include information
16 concerning the institution's goals to improve and maintain its quality in these areas. The
17 plans shall provide for annual assessments and for reporting these assessments to the
18 Board of Governors and to the General Assembly. The Board shall identify a number of
19 assessment measures that shall be required on all campuses to insure systemwide
20 assessment.

21 These plans shall be developed and submitted to the General Assembly by
22 January 15, 1991.

23

24 Requested by: Representatives J. Crawford, Tart

25 ---NURSING

26 Sec. 32. The Board of Governors of the University of North Carolina shall
27 report on its study of nursing programs to the General Assembly by March 31, 1990.

28

29 Requested by: Representatives J. Crawford, Tart

30 ---RETENTION AND GRADUATION RATES

31 Sec. 33. The Board of Governors of The University of North Carolina shall
32 review the variations in retention and graduation rates among the constituent institutions
33 to determine the reasons for the differences. The Board shall report its findings and any
34 recommendations to the General Assembly by January 15, 1991.

35

36 Requested by: Representatives J. Crawford, Tart

37 ---REMEDICATION

38 Sec. 34. The Board of Governors of The University of North Carolina and
39 the State Board of Community Colleges shall review remedial courses for students in
40 each system, including the proper role of remediation in assuring educational
41 opportunity. The Boards shall determine the most cost effective method of delivering
42 remedial educational programs for students requiring these programs in order to succeed
43 in post-secondary education. A joint report of these findings shall be made to the 1989
44 General Assembly, 1990 Regular Session by March 31, 1990.

1 The Board of Governors of The University of North Carolina, the State Board
2 of Community Colleges, and the Department of Public Education shall plan a system to
3 provide a better flow of information among the public schools, The University of North
4 Carolina, and the Community Colleges. This information shall include:

- 5 (1) The number of high school graduates who apply to, are admitted to,
6 and enroll in university institutions or in community colleges;
- 7 (2) The performance of high school graduates in their first year of college
8 attendance, as measured by such things as the need for remedial
9 coursework at various schools, performance in standard freshmen
10 courses, and the continued enrollment of the student in a subsequent
11 year (retention);
- 12 (3) The provision of information from the public schools to colleges in
13 automated format on transcripts of applicants and other information
14 which would be helpful in the admissions process;
- 15 (4) Consistent, uniform course information from the public schools to the
16 university system and community colleges, including course code,
17 name, description, units earned toward graduation, and credits earned
18 for admission through the university system; and
- 19 (5) Reporting of students who attend college in the community college
20 system, The University of North Carolina system, and private and
21 independent colleges and universities in North Carolina.

22 A joint report on these efforts, including progress to date and a schedule for
23 full implementation, shall be made to the Joint Legislative Commission on
24 Governmental Operations by January 15, 1990, and to the General Assembly by March
25 31, 1990.

26
27 PART IX.—DEPARTMENT OF ADMINISTRATION
28
29

30 Requested by: Representatives Easterling, Michaux

31 —MAINTENANCE CONTRACTS COST CONTROL

32 Sec. 35. (a) Each executive agency and university is strongly encouraged to
33 eliminate maintenance contracts on word processors, personal computers and terminals.
34 Each executive agency and university will report to the Fiscal Research Division by
35 April 30, 1990, the number of contracts eliminated and the net savings.

36 (b) Each executive agency and university shall keep copies of all current
37 (active) maintenance contracts at a central office.

38 Each executive agency and university will provide the Office of State Budget
39 and the Fiscal Research Division with a list of these maintenance contracts by
40 December 30, 1989. The list will include the contract number (or identifier), vendor
41 name, number and description of items under contract, and the annual cost of the
42 contract. This list shall be updated each year as of December 30.

43 (c) Each executive agency or university shall keep a central record of repairs
44 whether or not done under maintenance in order to determine the repair history of

1 equipment. The repair history will include equipment type (manufacturer and model
2 number), serial number, location of equipment, service date and cost of repair.

3 The Office of State Controller shall include a computer-based record of
4 repairs system for state agencies in the proposed revision of the Departmental
5 Accounting System (DAS).

6 (d) The Division of Purchase and Contract shall work with executive agencies
7 and universities to consolidate maintenance contracts to the extent feasible. The
8 Division shall negotiate maintenance contracts on an hourly basis where appropriate and
9 to specify in the contract what the rate will be. The Division shall make the equipment
10 warranty on data processing equipment a part of the bid. The Division shall also
11 investigate the use of third-party maintenance contractors for data processing and office
12 equipment.

13

14 Requested by: Representatives Easterling, Michaux

15 ~~—STATE SURPLUS PROPERTY WAREHOUSE/FUNDS~~

16 Sec. 36. The Office of State Budget and Management is authorized to
17 transfer the sum of one hundred thousand dollars (\$100,000) from the Surplus
18 Equipment Reserve Fund (Code 64101) for the 1990-91 fiscal year to the Department of
19 Administration to support the operation of the State Surplus Property Warehouse.

20

21 Requested by: Representatives Easterling, Michaux

22

23 ~~—COUNCIL ON STATUS OF WOMEN RETAIN POSITIONS~~

24 Sec. 37. The Secretary of the Department of Administration shall retain the
25 positions in the Council on the Status of Women and eliminate a position in another
26 program to obtain the reduction in force required by the Office of State Budget and
27 Management.

28

29 Requested by: Representatives Nesbitt, B. Ethridge

30 ~~—DOMESTIC VIOLENCE FUNDS ALLOCATION~~

31 Sec. 38. The funds appropriated to the Department of Administration,
32 Council on the Status of Women, in Section 5 of this act for the 1989-90 fiscal year and
33 for the 1990-91 fiscal year for the prevention of domestic violence, shall be allocated as
34 prescribed by the General Assembly in the 1989-90 Expansion Budget.

35

36 Requested by: Representatives Easterling, Michaux

37 ~~—COUNCIL OF GOVERNMENTS FUNDS~~

38 Sec. 39. (a) Of the funds appropriated by Section 5 of this act to the
39 Department of Administration, the sum of nine hundred ninety thousand dollars
40 (\$990,000) for the 1989-90 fiscal year and nine hundred ninety thousand dollars
41 (\$990,000) for the 1990-91 fiscal year shall only be used as provided by this section.
42 Each regional council of government or lead regional organization is allocated an
43 amount up to fifty-five thousand dollars (\$55,000) each fiscal year, with the actual
44 amount calculated as provided in subsection (b) of this section.

1 (b) The funds shall be allocated as follows: A share of the maximum fifty-
2 five thousand dollars (\$55,000) each fiscal year shall be allocated to each county and
3 smaller city based on the most recent annual estimate of the Office of State Budget and
4 Management of the population of that county (less the population of any larger city
5 within that county) or smaller city, divided by the sum of the total population of the
6 region (less the population of larger cities within that region) and the total population of
7 the region living in smaller cities. Those funds shall be paid to the regional council of
8 governments for the region in which that city or county is located upon receipt by the
9 Department of Administration of a resolution of the governing board of the county or
10 city requesting release of the funds. If any city or county does not so request payment
11 of funds by June 30 of a State fiscal year, that share of the allocation for that fiscal year
12 shall revert to the General Fund.

13 (c) A council of governments may use funds appropriated by this section only
14 to assist local governments in grant applications, economic development, community
15 development, support of local industrial development activities, and other activities as
16 deemed appropriate by the member governments.

17 (d) Funds appropriated by this section may not be used for payment of dues
18 or assessments by the member governments, and may not supplant funds appropriated
19 by the member governments.

20 (e) As used in this section "Larger City" means an incorporated city with a
21 population of 50,000 or over. "Smaller City" means any other incorporated city.

22
23 PART X.—OFFICE OF ADMINISTRATIVE HEARINGS.

24
25 Requested by: Representatives Easterling, Michaux

26 —ELIMINATE PUBLICATION TRUST FUND

27 Sec. 40. (a) G.S. 150B-63(f) reads as rewritten:

28 "(f) The Director shall make available to persons not listed in subsection (e) copies of
29 the compilation, supplements, and recompilations of the rules and the North Carolina
30 Register, and shall make available to all persons copies of other public documents filed
31 in the Office of Administrative Hearings. The Director shall set a fee to be charged for
32 publications and documents made available under this subsection at an amount that
33 covers publication, copying, and mailing costs. All moneys received by the Office of
34 Administrative Hearings pursuant to this subsection shall be deposited in the State
35 ~~treasury in a special funds account to be held in trust for the Office of Administrative~~
36 ~~Hearings to defray the expense of future recompilation, publication, and distribution of~~
37 ~~such documents. All moneys involved shall be subject to audit by the State Auditor~~
38 General Fund."

39 (b) Any funds remaining in the special funds account established by G.S.
40 150B-63(f) shall be credited to the General Fund.

41
42 Requested by: Representatives Easterling, Michaux

43 —OFFICE OF ADMINISTRATIVE HEARINGS PERSONNEL STUDY

1 Sec. 41. The Office of State Personnel shall make a comprehensive
2 classification study of positions in the Office of Administrative Hearings. The study
3 should include an evaluation of staffing needs of the Office of Administrative Hearings,
4 the need for a Director, Deputy Director and Director of Administrative Hearings, and
5 the use of contractual services for hearing assistants. The Office of State Personnel
6 shall report the results of this study to the Joint Legislative Commission on
7 Governmental Operations by May 1, 1990, and to the 1989 General Assembly, Regular
8 Session 1990.

9
10 Requested by: Representative N. Crawford
11 —CHIEF ADMINISTRATIVE LAW JUDGE LONGEVITY

12 Sec. 42. G.S. 7A-751 reads as rewritten:

13 **"§ 7A-751. Agency head; powers and duties.**

14 The head of the Office of Administrative Hearings is the Chief Administrative Law
15 Judge. He shall serve as Director and have the powers and duties conferred on him by
16 this Chapter and the Constitution and laws of this State. His salary shall be fixed by the
17 General Assembly in the Current Operations Appropriations Act.

18 In lieu of merit and other increment raises, the Chief Administrative Law Judge shall
19 receive ~~as longevity an annual amount payable monthly at the rates provided in G.S.~~
20 ~~7A-65 and based upon his years of State service~~ longevity pay on the same basis as is
21 provided to employees of the State who are subject to the State Personnel Act."

22
23 PART XI.—DEPARTMENT OF CULTURAL RESOURCES.

24
25 Requested by: Representatives Michaux, Easterling
26 —HISTORICAL PUBLICATIONS RECEIPTS/FUNDS

27 Sec. 43. The Department of Cultural Resources, with the approval of the
28 Office of State Budget and Management, may use receipts it collects in excess of the
29 required level for historical publications to reprint popular publications that are out of
30 print.

31
32 PART XII.—DEPARTMENT OF TRANSPORTATION

33
34 Requested by: Representatives McLaughlin, Woodard
35 —HIGHWAY FUND ALLOCATIONS BY CONTROLLER

36 Sec. 44. The Controller of the Department of Transportation shall allocate at
37 the beginning of each fiscal year from the various appropriations made to the
38 Department of Transportation in Section 4 of this act, Titles:

39 02.b. - State Construction

40 02.c. - State Funds to Match Federal Highway Aid

41 02.d. - State Maintenance

42 02.e. - Ferry Operations,

43 sufficient funds to eliminate all overdrafts on State maintenance and construction
44 projects, and these allocations may not be diverted to other purposes.

1

2 Requested by: Representatives McLaughlin, Woodard

3 —HIGHWAY FUND LIMITATIONS ON OVEREXPENDITURES

4 Sec. 45. (a) Overexpenditures may be made by authorization of the Director of
5 the Budget from Section 4 of this act, Titles:

6 02.b.(01) - State Construction Primary Construction

7 02.b.(03) - State Construction Urban Construction

8 02.b.(04) - State Construction Access and Public Service

9 Roads

10 02.c. - State Funds to Match Federal Highway Aid

11 02.d. - State Maintenance

12 02.e. - Ferry Operations,

13 provided that there are corresponding underexpenditures from these same titles.

14 Overexpenditures or underexpenditures in any titles may not vary by more than ten
15 percent (10%) without prior consultation with the Advisory Budget Commission.

16 (b) Overexpenditures from Section 4 of this act, Titles:

17 02.b.(01) - State Construction Primary Construction

18 02.b.(03) - State Construction Urban Construction

19 02.b.(04) - State Construction Access and Public Service

20 Roads

21 02.c. - State Funds to Match Federal Highway Aid

22 02.d. - State Maintenance

23 02.e. - Ferry Operations

24 for the purpose of providing additional positions shall be approved by the Director of
25 the Budget.

26

27 Requested by: Representatives McLaughlin, Woodard

28 —CASH FLOW HIGHWAY FUND APPROPRIATIONS

29 Sec. 46. The General Assembly authorizes and certifies anticipated revenues
30 of the Highway Fund as follows:

31 For Fiscal Year 1991-92 \$ 981,100,000

32 For Fiscal Year 1992-93 \$1,005,000,000

33

34 Requested by: Representatives McLaughlin, Woodard

35 —RESURFACED ROADS MAY BE WIDENED

36 Sec. 47. (a) Notwithstanding the provisions of Section 45 of this act, of the
37 contract maintenance resurfacing program funds appropriated in Section 4 of this act to
38 the Department of Transportation, an amount not to exceed fifteen percent (15%) of the
39 Board of Transportation's allocation of these funds may be used for widening existing
40 narrow pavements that are scheduled for resurfacing.41 (b) The Department of Transportation shall report, by May 15, 1990, to the
42 Chairman of the Highways Subcommittee of the Appropriations Committee of the
43 House of Representatives and the Fiscal Research Division, concerning the contract

1 resurfacing program and the expenditures of the funds for widening existing narrow
2 pavements that are scheduled for resurfacing authorized in subsection (a) of this section.

3
4 Requested by: Representatives McLaughlin, Woodard

5 **—USE OF SALES TAX COLLECTED BY THE DIVISION OF MOTOR VEHICLES**

6 Sec. 48. Notwithstanding the second sentence of the sixth paragraph of G.S.
7 105-164.4(1), the Department of Transportation may deduct and retain from the sales
8 tax on motor vehicles collected pursuant to that subdivision an amount equal to the cost
9 to the Division of Motor Vehicles of collecting the sales tax on motor vehicles, but not
10 to exceed four hundred seventy-five thousand dollars (\$475,000) per year. The cost of
11 collecting this tax shall be determined by the Secretary of Transportation, subject to the
12 approval of the State Budget Officer.

13
14 Requested by: Representatives McLaughlin, Woodard

15 **—URBAN CONSTRUCTION FUNDS**

16 Sec. 49. Of the funds appropriated in Section 4 of this act to the Department
17 of Transportation for fiscal years 1989-90 and 1990-91, twenty million dollars
18 (\$20,000,000) shall be allocated for small urban construction projects. Fourteen million
19 dollars (\$14,000,000) of these funds shall be allocated equally among the 14 Highway
20 Divisions for the Small Urban Construction Program for small urban construction
21 projects that are located within the area covered by a one-mile radius of the municipal
22 corporate limits. The remaining six million dollars (\$6,000,000) of these funds shall be
23 used statewide for rural or small urban highway improvements as approved by the
24 Secretary of the Department of Transportation.

25 None of these funds used for rural secondary road construction are subject to
26 the county allocation formula as provided in G.S. 136-44.5.

27
28 Requested by: Representatives McLaughlin, Woodard

29 **—HIGHWAY FUNDS/ADJUSTMENT TO REFLECT ACTUAL REVENUE**

30 Sec. 50. Any unreserved credit balance in the Highway Fund on June 30 of
31 each of the fiscal years shall support appropriations in the succeeding fiscal year. If all
32 of the balance is not needed for these appropriations, the Director of the Budget may use
33 the remaining excess to establish a reserve for access and public roads, a reserve for
34 unforeseen happening of a state of affairs requiring prompt action as provided by G.S.
35 136-44.1, and other required reserves. Actual revenue in excess of estimated revenue
36 shall be placed in the reserve for highway construction and maintenance. If all of the
37 remaining excess is not used to establish these reserves, the remainder shall be allocated
38 to the State-funded maintenance or construction appropriations in the manner approved
39 by the Board of Transportation. The Board of Transportation shall send copies of the
40 monthly reports to the Chairman of the Senate Appropriations Committee on Natural
41 and Economic Resources, the Chairman of the Highway Fund Subcommittee of the
42 Appropriations Committee of the House of Representatives, the Chairman of the Senate
43 Transportation Committee, and the Chairman of the Highways Subcommittee of the
44 Infrastructure Committee of the House of Representatives.

1

2 Requested by: Representatives McLaughlin, Woodard

3 —CONTINUING AVIATION, RAIL, AND PUBLIC TRANSPORTATION
4 APPROPRIATIONS5 Sec. 51. Section 170(c) of Chapter 738 of the 1987 Session Laws reads as
6 rewritten:7 "(c) This section shall become effective September 1, 1987, and shall expire June
8 30, 1990. 1987."

9

10 PART XIII.—DEPARTMENT OF JUSTICE

11

12 Requested by: Representative Justus

13 —SBI USE OF COURT-ORDERED RESTITUTION FUNDS

14 Sec. 52. The State Bureau of Investigation (SBI) may use funds available
15 from court-ordered restitution in undercover drug operations.

16

17 Requested by: Representative Justus

18 —USE OF SEIZED AND FORFEITED PROPERTY TRANSFERRED TO STATE
19 LAW ENFORCEMENT AGENCIES BY THE FEDERAL GOVERNMENT20 Sec. 53. (a) Assets transferred to the Department of Justice during the 1989-91
21 biennium pursuant to 19 U.S.C. §1616a shall be credited to the budget of that
22 Department and shall result in an increase of law enforcement resources for the
23 Department. Assets transferred to the Department of Crime Control and Public Safety
24 during the 1989-91 biennium pursuant to 19 U.S.C. §1616a shall be credited to the
25 budget of that Department and shall result in an increase of law enforcement resources
26 for the Department. Each of these Departments shall report to the Joint Legislative
27 Commission on Governmental Operations on how it intends to use these assets before it
28 uses these assets.29 The General Assembly finds that the use of these assets for new projects, the
30 acquisition of real property, repair of buildings where such repair includes structural
31 change, and construction of or additions to buildings may result in additional expenses
32 for the State in future fiscal periods; therefore the Department of Justice and the
33 Department of Crime Control and Public Safety are prohibited from using these assets
34 for such purposes without the prior approval of the General Assembly.35 (b) This section does not apply to the extent that it prevents North Carolina law
36 enforcement agencies from receiving funds from the U.S. Department of Justice
37 pursuant to 19 U.S.C. §1616a.

38

39 Requested by Representatives Justus, Grady

40 —JUSTICE DEPARTMENT STUDY THE USE OF THE POLICE INFORMATION
41 NETWORK (PIN)42 Sec. 54. The Justice Department shall study the use of the Police Information
43 Network (PIN) by State and local law enforcement agencies and determine whether
44 those uses comply with federal requirements regarding access to the Police Information

1 Network (PIN). The Department shall also study the local and State guidelines and
2 rules regarding the use of PIN, the enforcement of those guidelines and rules, and
3 penalties imposed for violations in the use and administration of the network. In
4 conducting the study the Department shall compile the policies and guidelines
5 governing use of PIN, document the number of violations occurring within the past
6 three years in the use of the system, the penalties imposed for those violations, the
7 criteria used to determine what penalty is appropriate for a violation, and the appeals
8 process available to contest the penalty. The Department shall also consider in the
9 study the effect that the imposition of a penalty has on a local law enforcement agency's
10 ability to adequately meet law enforcement responsibilities and whether the system is
11 being administered and used uniformly throughout the State.

12 The Justice Department shall report its findings to the Senate and House
13 Appropriations Base Budget Committees by April 15, 1990.

14
15 Requested by: Representative Justus

16 ---PRIVATE PROTECTIVE SERVICES AND ALARM SYSTEMS LICENSING
17 BOARDS ARE SELF SUPPORTING

18 Sec. 55. The Private Protective Services and Alarm Systems Licensing
19 Boards are responsible for adjusting fees as necessary within the statutory limits to
20 ensure that both boards are operated on a self-supporting fee-funded basis.

21
22 Requested by: Representatives Justus, Huffman

23 ---CHARGES FOR LEGAL SERVICES RENDERED BY THE ATTORNEY
24 GENERAL

25 Sec. 56. Article 1 of Chapter 114 of the General Statutes is amended by
26 adding a new section to read:

27 "**§ 114-8.2. Charges for legal services.**

28 The Department of Justice shall charge State boards and commissions that are totally
29 supported by receipts from fees or surcharges for legal services rendered by the
30 Department to the board or commission."

31
32 PART XIV.—DEPARTMENT OF CRIME CONTROL AND PUBLIC SAFETY

33
34 Requested by: Representative Howard Hunter

35 ---REVIEW OF NATIONAL GUARD OPERATIONS

36 Sec. 57. The General Assembly requests that the Office of the State Auditor
37 conduct a performance audit of the North Carolina National Guard administered by the
38 Department of Crime Control and Public Safety that will address but is not limited to
39 determining:

- 40 (1) The proportion of minorities that are in the National Guard, the
41 percentage of minorities occupying positions of responsibility, and a
42 breakdown of National Guard membership by race, sex, and rank.
- 43 (2) The procedure used by the Retention Board for officers and soldiers
44 when they reach 20 years of service, whether these procedures are well

1 known, and the type of information that disqualifies an individual for
2 retention after 20 years of service.

3 (3) The proportion of minorities that are full-time National Guardsmen
4 and the percentage who hold full-time leadership positions; the
5 standard practices concerning the retention of a Guardsman who is full
6 time before he reaches 20 years of qualifying service with full-time
7 employment; the proportion of full-time Guardsmen not retained prior
8 to reaching 20 years of qualifying service with full-time benefits, and
9 providing a breakdown of this information by race, sex, and rank.

10 (4) The breakdown of retirees paid from the one million eight hundred
11 thousand dollar (\$1,800,000) transfer to the State Treasurer for
12 retirement of National Guardsmen by rank, race, sex, and number of
13 years for retirement purposes.

14 (5) Whether adequate procedures are in place for Guardsmen to report acts
15 of discrimination, and the difficulty experienced by Guardsmen in
16 reporting acts of discrimination through official channels.

17 The Office of State Auditor shall report its findings and recommendations to
18 the House Appropriations Base Budget Committee on Justice and Public Safety to the
19 Senate Appropriations on Justice and Public Safety Committee, and to the Joint
20 Legislative Commission on Governmental Operations, by April 15, 1990.

21
22 Requested by: Representative Justus

23 ---REPORT ON COMMUNITY SERVICE WORKERS

24 Sec. 58. The Department of Crime Control and Public Safety shall report
25 quarterly in the 1989-90 fiscal year and semi-annually in the 1990-91 fiscal year to the
26 Joint Legislative Commission on Governmental Operations and the Fiscal Research
27 Division on the number of community service workers who were available during each
28 month of the time period preceding that report to perform repairs and maintenance of
29 the parks and when and where they were available.

30
31 Requested by: Representative Justus

32 ---LEGISLATIVE REVIEW OF DRUG LAW ENFORCEMENT AND OTHER
33 GRANTS.

34 Sec. 59. (a) Section 1303(4) of the Omnibus Crime Control and Safe Streets
35 Act of 1968 provides that State Applications for drug law enforcement grants are
36 subject to review by the State legislature or its designated body.

37 (b) The North Carolina General Assembly hereby provides that State applications
38 for grants under the State and Local Law Enforcement Assistance Act of 1986, Part M
39 of the Omnibus Crime Control and Safe Streets Act of 1968 as enacted by Subtitle K of
40 P.L. 99-570, the Anti-Drug Abuse Act of 1986, are subject to review by the Joint
41 Legislative Commission on Governmental Operations if at the time of review the
42 General Assembly is not in session.

43 (c) Unless a State statute provides a different forum for review where a federal
44 law or regulation provides that a State application for a grant must be reviewed by the

1 State legislature or its designated body and at the time of the review the General
2 Assembly is not in session that application shall be reviewed by the Joint Legislative
3 Commission on Governmental Operations.

4

5 **PART XV.—DEPARTMENT OF CORRECTION**

6

7 Requested by: Representatives Justus, Huffman

8 **—LIMIT USE OF PRISON PERSONNEL FUNDS**

9

10 Sec. 60. (a) Funds appropriated in Section 3 of this act to the Department of
11 Correction, Reserve for New Units, shall be used for the personnel and operating
12 expenses set forth in the budget approved by the General Assembly in this act. These
13 funds may not be expended for any other purpose.

14 (b) Funds appropriated in Section 3 of this act to the Department of
15 Correction, Reserve for New Units, may not be expended for additional prison
16 personnel positions until the new facilities are within 90 days of completion.

16

17 Requested by: Representatives Justus, Huffman

18 **—PRIVATE CONFINEMENT FACILITIES**

19

20 Sec. 61. No privately for-profit owned or operated confinement facilities
21 may be added to the State prison system. The State may contract with private, nonprofit
22 firms to provide or operate work and study release centers for women.

22

23 Requested by: Representatives Justus, Huffman

24 **—NEGOTIATED RATES FOR MEDICAL SERVICES**

25

26 Sec. 62. The Department of Correction shall negotiate for rates as close to
27 Medicaid rates as possible for all medical services rendered to that Department by
28 providers who are not State employees. The Department shall report the results of its
29 negotiations to the Chairmen of the Senate Appropriations Committee and the Senate
30 Base Budget Appropriations Committee, the Chairman of the House Appropriations
31 Committee, and the Chairmen of the Joint Appropriations Committees on Justice and
32 Public Safety prior to March 15, 1990. The Department shall also report its progress in
33 these negotiations to the Joint Legislative Commission on Governmental Operations at
34 the next meeting following the quarter ending December 31, 1989.

34

35 Requested by: Representatives Justus, Huffman

36 **—GOLDSBORO CORRECTIONAL CENTER REALLOCATION**

37

38 Sec. 63. Effective July 1, 1989, the land, together with all buildings and
39 equipment, currently referred to as the Goldsboro Correctional Center shall be
40 reallocated from the Department of Human Resources, Cherry Hospital, to the
41 Department of Correction.

41

42 **PART XVI.—JUDICIAL DEPARTMENT**

43

44 Requested by: Representatives Justus, Huffman

1 —INDIGENT PERSONS' ATTORNEY FEE FUND

2 Sec. 64. (a) Effective July 1, 1989, the Administrative Office of the Courts
3 shall each year of the biennium place the sum of three million two hundred ninety-four
4 thousand two hundred seventy dollars (\$3,294,270) from the Indigent Persons' Attorney
5 Fee Fund in a reserve for capital cases and for transcripts, professional examinations,
6 and expert witness fees. The Administrative Office of the Courts shall allot these funds
7 as needed for these purposes and for unanticipated demands on the fund.

8 (b) Effective July 1, 1989, the Administrative Office of the Courts shall, for
9 each year of the biennium, allot the sum of eleven million one hundred thousand dollars
10 (\$11,100,000) from the Indigent Persons' Attorney Fee Fund for adult, juvenile, and
11 guardian ad litem cases for the 1989-90 and 1990-91 fiscal years to each judicial district
12 where the superior and district court districts are coterminous, and otherwise by county,
13 according to caseload of indigent persons who were not represented by the public
14 defender in the districts or counties during 1988-89 and 1989-90, respectively.

15 The Administrative Office of the Courts shall notify all senior resident
16 superior court judges, all chief district court judges, and the clerk of superior court
17 within the district or county immediately after the allotment is made and shall notify
18 them how much remains for the district or county at the end of each month of the fiscal
19 year.

20 The senior resident superior court judge and the chief district court judge of
21 each district or county shall ask all judges holding court within the district or county: (i)
22 to take into consideration the amount of money allotted at the beginning of the fiscal
23 year and the amount of money remaining in the allotment when they award counsel fees
24 to attorneys of indigent persons, and (ii) to make an effort to award fees equally and
25 justly for legal services provided. The clerk of superior court for each county shall
26 assure that all judges holding court within the county receive this request from the
27 senior resident superior court judge and the chief district court judge.

28 (c) If the funds allotted pursuant to subsection (b) of this section are depleted
29 in a district or county prior to the end of the fiscal year, the Administrative Office of the
30 Courts shall allot the remaining funds from the Indigent Persons' Attorney Fee Fund in
31 the same manner as provided in subsection (b) and such funds shall be subject to the
32 limitations and directions set out in subsection (b).

33 (d) If the funds allotted pursuant to subsection (c) of this section are depleted
34 in a district or county prior to the end of the fiscal year, the Administrative Office of the
35 Courts is authorized to resume payments in such districts or counties only if and when it
36 is reasonably determined that the total projected expenditures will be less than the total
37 approved budget for the Indigent Persons' Attorney Fee Fund for the fiscal year.

38
39 Requested by: Representatives Huffman, Justus

40 —REPORT ON DEATH PENALTY RESOURCE CENTER

41 Sec. 65. The Judicial Department shall submit reports on March 15 of each
42 year of the 1989-91 biennium to the House and Senate Appropriations Committees on
43 Justice and Public Safety and to the Joint Legislative Commission on Governmental
44 Operations on (i) the purpose and activities of the Death Penalty Resource Center, and

1 (ii) the accounting of General Fund expenditures on assistance provided to paid counsel,
2 State-appointed counsel, and pro bono attorneys.

3
4 PART XVII.—DEPARTMENT OF HUMAN RESOURCES

5
6 Requested by: Representatives Duncan, L. Etheridge
7 —MEDICAID

8 Sec. 66. (a) Appropriations in Section 3 of this act for services provided in
9 accordance with Title XIX of the Social Security Act (Medicaid) are for both the
10 categorically needy and the medically needy. Funds appropriated for these services
11 shall be expended in accordance with the following schedule of services and payment
12 bases. All services and payments are subject to the language at the end of this
13 subsection.

14
15 Services and payment bases:

- 16 (1) Hospital-Inpatient - Payment for hospital inpatient services will be
17 based on a prospective rate reimbursement plan as established by the
18 Department of Human Resources. Administrative days for any period
19 of hospitalization shall be limited to a maximum of three days.
- 20 (2) Hospital-Outpatient - Eighty percent (80%) of allowable costs or a
21 prospective reimbursement plan as established by the Department of
22 Human Resources.
- 23 (3) Mental Hospitals - Allowable costs or a prospective reimbursement if
24 approved by the Director of the Budget.
- 25 (4) Skilled Nursing Facilities and Intermediate Care Facilities - As
26 prescribed under the State Plan for reimbursing Long-Term Care
27 Facilities. Skilled nursing facility participation in the Medicare
28 program is a condition of participation in the North Carolina Medicaid
29 skilled nursing facility program.
- 30 (5) Intermediate Care Facilities for the Mentally Retarded - As prescribed
31 under the State Plan for reimbursing intermediate care facilities for the
32 mentally retarded.
- 33 (6) Drugs - Drug costs as allowed by federal regulations plus four dollars
34 four cents (\$4.04) professional services fee per month excluding refills
35 for the same drug or generic equivalent during the same month.
36 Reimbursement shall be available for up to six prescriptions per
37 recipient, per month, including refills. Payments for drugs are subject
38 to the provisions of subsection (g) of this section and to the provisions
39 at the end of subsection (a) of this section, or in accordance with a plan
40 adopted by the Department of Human Resources consistent with
41 federal reimbursement regulations.
- 42 (7) Physicians, Chiropractors, Podiatrists, Optometrists, Dentists, Certified
43 Nurse Midwife Services - Fee schedules as developed by the

- 1 Department of Human Resources. Payments for dental services are
2 subject to the provisions of subsection (f) of this section.
- 3 (8) Community Alternative Program, EPSDT Screens - Payment to be
4 made in accordance with a rate schedule developed by the Department
5 of Human Resources.
- 6 (9) Home Health, Private Duty Nursing, Clinic Services, Mental Health
7 Clinics, Prepaid Health Plans - Payment to be made according to
8 reimbursement plans developed by the Department of Human
9 Resources.
- 10 (10) Medicare Buy-In - Social Security Administration premium.
- 11 (11) Ambulance Services - Uniform fee schedules as developed by the
12 Department of Human Resources.
- 13 (12) Hearing Aids - Actual cost plus a dispensing fee.
- 14 (13) Rural Health Clinic Services - Provider based - reasonable cost;
15 nonprovider based - single cost reimbursement rate per clinic visit.
- 16 (14) Family Planning - Negotiated rate for local health departments. For
17 other providers - see specific services, for instance, hospitals,
18 physicians.
- 19 (15) Independent Laboratory and X-Ray Services - Uniform fee schedules
20 as developed by the Department of Human Resources.
- 21 (16) Optical Supplies - One hundred percent (100%) of reasonable
22 wholesale cost of materials.
- 23 (17) Ambulatory Surgical Centers - Negotiated rates, established by the
24 Department of Human Resources.
- 25 (18) Medicare Crossover Claims - Actual coinsurance or deductible or
26 both.
- 27 (19) Physical Therapy and Speech Therapy - Services limited to EPSDT
28 eligible children. Payments are to be made only to the Children's
29 Special Health Services program at rates negotiated by the Department
30 of Human Resources.
- 31 (20) Personal Care Services - Payment in accordance with plan approved
32 by the Department of Human Resources.
- 33 (21) Case Management Services - Reimbursement in accordance with the
34 availability of funds to be transferred within the Department of Human
35 Resources.
- 36 (22) Hospice - Services may be provided in accordance with plan
37 developed by the Department of Human Resources.

38 Reimbursement is available for up to 24 visits per recipient per year to any
39 one or combination of the following: physicians, clinics, hospital outpatient,
40 optometrists, chiropractors, and podiatrists. Prenatal services, EPSDT screens, and
41 emergency rooms are exempt from the visit limitations contained in this paragraph.
42 Exceptions may be authorized by the Department of Human Resources where the life of
43 the patient would be threatened without such additional care. Any person who is

1 determined by the Department to be exempt from the 24-visit limitation may also be
 2 exempt from the six-prescription limitation.

3 Any changes in services or bases of payment in the Medicaid program must
 4 be approved by the Director of the Budget with the advice of the Advisory Budget
 5 Commission.

6 (b) Allocation of Nonfederal Cost of Medicaid. The State shall pay eighty-five
 7 percent (85%) and the counties shall pay fifteen percent (15%) of the nonfederal costs
 8 of all applicable services listed in this section.

9 (c) Copayment for Medicaid Services. The Department of Human Resources
 10 may establish copayment up to the maximum permitted by federal law and regulation.

11 (d) Medicaid and Aid to Families with Dependent Children Income Eligibility
 12 Standards. Effective until January 1, 1988, the maximum net family annual income
 13 eligibility standards for Medicaid and Aid to Families with Dependent Children and the
 14 Standard of Need for Aid to Families with Dependent Children shall continue as set by
 15 Section 118 of Chapter 1014 of the 1985 Session Laws, Regular Session 1986.
 16 Effective January 1, 1988, the maximum net family annual income eligibility standards
 17 for Medicaid and Aid to Families with Dependent Children, and the Standard of Need
 18 for Aid to Families with Dependent Children shall be as follows:

Family Size	<u>Categorically Needy</u>		<u>Medically Needy</u>	
	Standard	AFDC Payment	Level*	
	Of Need		AA,AB,AD*	
1	\$ 4,248	\$ 2,124	\$ 2,900	
2	5,544	2,772	3,700	
3	6,384	3,192	4,300	
4	6,984	3,492	4,700	
5	7,608	3,804	5,100	
6	8,208	4,104	5,500	
7	8,760	4,380	5,900	
8	9,168	4,584	6,200	

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

32 The payment level for Aid to Families with Dependent Children shall be fifty percent
 33 (50%) of the standard of need.

34 These standards may be changed with the approval of the Director of the
 35 Budget with the advice of the Advisory Budget Commission.

36 (e) Spouse Responsibility. The Department of Human Resources, Division
 37 of Medical Assistance, may not consider the income or assets of the spouse of a person
 38 who is admitted as a long-term care patient in a certified public or private intermediate
 39 care or skilled nursing facility to be available to the institutionalized person. This
 40 provision will remain in effect until superseded by federal law under the Medicare
 41 Catastrophic Coverage Act of 1988, on September 1, 1989.

42 (f) Dental Coverage Limits. Dental services will be provided on a restricted
 43 basis in accordance with regulations developed by the Department. Funds for dental
 44 services shall be disbursed only with prior approval by the Department of Human

1 Resources, Division of Medical Assistance, as required by this subsection. No prior
2 approval shall be required for emergency services or routine services. Routine services
3 are defined as examinations, X rays, prophylaxes, nonsurgical tooth extractions,
4 amalgam fillings, and fluoride treatments. Prior approval shall be required for all other
5 services and for routine services performed more than two times during a consecutive
6 12-month period. The Department of Human Resources shall adopt rules, as provided
7 by the Administrative Procedure Act, to implement this subsection.

8 (g) Dispensing of Generic Drugs. Notwithstanding G.S. 90-85.27 through
9 G.S. 90-85.31, under the Medical Assistance Program (Title XIX of the Social Security
10 Act) a prescription order for a drug designated by a trade or brand name shall be
11 considered to be an order for the drug by its established or generic name, except when
12 the prescriber personally indicates, either orally or in his own handwriting on the
13 prescription order, "dispense as written" or words of similar meaning. Generic drugs,
14 when available in the pharmacy, shall be dispensed at a lower cost to the Medical
15 Assistance Program rather than trade or brand name drugs, subject to the prescriber's
16 "dispense as written" order as noted above.

17 As used in this subsection "brand name" means the proprietary name the
18 manufacturer places upon a drug product or on its container, label or wrapping at the
19 time of packaging; and "established name" has same meaning as in Section 502(e)(3) of
20 the Federal Food, Drug and Cosmetic Act as amended, 21 U.S.C. §352(e)(3).

21 (h) Exceptions to Service Limitations, Eligibility Requirements, and
22 Payments. Service limitations, eligibility requirements, and payments, and payments
23 bases in this section may be waived by the Department of Human Resources, with the
24 approval of the Director of the Budget, to allow the Department to carry out pilot
25 programs for prepaid health plans or community based services programs in accordance
26 with plans approved by the U.S. Department of Health and Human Services, or when
27 the Department determines that such a waiver will result in a reduction in the total
28 Medicaid costs for the recipient.

29 (i) Volume Purchase Plans and Single Source Procurement. The Department
30 of Human Resources, Division of Medical Assistance, may, subject to the approval of a
31 change in the State Medicaid Plan, contract for services, medical equipment, supplies
32 and appliances by implementation of volume purchase plans, single source procurement
33 or other similar processes in order to improve cost containment.

34 (j) Cost Containment Programs. The Department of Human Resources,
35 Division of Medical Assistance, may undertake cost containment programs including
36 preadmissions to hospitals and prior approval for certain outpatient surgeries before
37 they may be performed in an inpatient setting.

38 (k) For all Medicaid eligibility classifications for which the federal poverty
39 level, or a percentage of the federal poverty level, is used as an income limit for
40 eligibility determination, the income limits will be updated each July 1 immediately
41 following publication of federal poverty guidelines.

42 (1) Effective January 1, 1988, the Department of Human Resources shall
43 provide Medicaid to 19, 20, and 21 year olds in accordance with federal rules and
44 regulations.

1 (m) The Department of Human Resources shall provide Medicaid coverage
2 for pregnant women; for children under age 3; for children under age 4 beginning
3 October 1, 1989; and for children under age 5 beginning October 1, 1990, whose family
4 income is equal to or less than the federal poverty guidelines as revised annually.
5 Services to pregnant women eligible under this provision continue throughout the
6 pregnancy but include only those services related to pregnancy and to those other
7 conditions determined by the Department as conditions that may complicate pregnancy.
8 In order to reduce county administrative costs and to expedite the provision of medical
9 service to pregnant women and to children eligible under this section, no resource test
10 shall be applied.

11
12 Requested by: Representatives Duncan, L. Etheridge

13 —FAMILY SUPPORT ACT

14 Sec. 67. (a) Section 229 of Chapter 1014 of the 1985 Session Laws is
15 amended by adding a new subsection to read:

16 "(d) If any provision of this section is held invalid by a court of competent
17 jurisdiction, the invalidity shall not affect the remaining provisions of this section that
18 can be given effect."

19 (b) The General Assembly finds that it is in the best interest of the State and of
20 all its citizens to encourage recipients of Aid to Families with Dependent Children to
21 obtain jobs and become self-sufficient. It further finds that, by continuing medical
22 assistance and providing limited wage assistance to those recipients who are working,
23 the State will make it possible to help many recipients to be able to keep their jobs,
24 support their families, and become self-sufficient.

25 (c) The Social Services Commission shall adopt rules to change the way it
26 budgets Aid to Families with Dependent Children payments that will result in more
27 recipients being able to find work and keep working. These rules shall include
28 subtracting countable income from the State standard of need, and paying a percentage
29 of the difference. The percentage that shall be applied to determine the amount of
30 assistance shall be the same percentage set in the Current Operations Appropriations
31 Act that determines the Aid to Families of Dependent Children payment level from the
32 standard of need.

33 (d) The Department of Human Resources shall authorize a special needs
34 allowance under rules adopted by the Social Services Commission to those recipients of
35 Aid to Families of Dependent Children who are teenage parents and who are enrolled in
36 elementary or secondary school or in a G.E.D. program. This grant shall cover the cost
37 of child care and of transportation costs to the child care provider, in accordance with
38 federal rules and regulations.

39
40 Requested by: Representatives Stam, L. Etheridge

41 —LIMITATIONS ON STATE ABORTION FUNDS

42 Sec. 68. (a) No State funds in excess of two hundred thousand dollars
43 (\$200,000) per fiscal year from any source, whether from tax revenue, gift, bequest,
44 grant, or any other source may be expended for the performance of abortions during the

1 1989-90 fiscal year or during the 1990-91 fiscal year. No State funds may be used to
2 perform abortions except in the case of rape, incest, or when, in the opinion of two
3 doctors, the mother's life is imperiled. Applicants for services under this section shall
4 be residents of North Carolina.

5 (b) Section 93 of Chapter 479 of the 1985 Session Laws and Section 75 of
6 Chapter 738 of the 1987 Session Laws are repealed.

7
8 Requested by: Representatives Duncan, L. Etheridge

9 —AGED AND FAMILY CARE COUNTY AND STATE SHARES OF COSTS

10 Sec. 69. The State shall pay fifty percent (50%), and the counties shall pay
11 fifty percent (50%) of the authorized rates for domiciliary care in homes for the aged
12 and for family care homes, including area mental health agency operated group homes.

13
14 Requested by: Representatives Duncan, L. Etheridge

15 —RETROSPECTIVE ACCOUNTING ADJUSTMENT/AFDC

16 Sec. 70. The Department of Human Resources shall use funds appropriated
17 to it by Section 3 of this act to provide a State supplementary payment to Aid to
18 Families with Dependent Children households adversely affected by the retrospective
19 accounting procedure as allowed under Section 403(a) of the Social Security Act as
20 amended by Section 157(a) of the Tax Equity and Fiscal Responsibility Act of 1982.
21 The amount of the State supplement shall not exceed the maximum payment standard
22 for the Aid to Families with Dependent Children Program.

23
24 Requested by: Representatives Duncan, L. Etheridge

25 —FOSTER CARE BOARD RATE

26 Sec. 71. Funds appropriated to the Department of Human Resources by
27 Section 3 of this act for foster care board rates shall be used to set the rates at two
28 hundred dollars (\$200.00) per child per month.

29
30 Requested by: Representatives Duncan, L. Etheridge

31 —ADOPTION SUBSIDY

32 Sec. 72. The adoption subsidy paid monthly by the Division of Social
33 Services, Department of Human Resources, to eligible families who adopt hard to place
34 children shall be established at one hundred fifty dollars (\$150.00) per child per month.

35
36 Requested by: Representatives Duncan, L. Etheridge

37
38 —AFDC/WOMEN IN THIRD TRIMESTER OF PREGNANCY

39 Sec. 73. The Division of Social Services, Department of Human Resources,
40 shall provide Aid to Families with Dependent Children to women in their third trimester
41 of pregnancy regardless of whether these women have children, if they otherwise
42 qualify for these payments.

43
44 Requested by: Representatives Duncan, L. Etheridge

1 —EMERGENCY ASSISTANCE

2 Sec. 74. The Division of Social Services, Department of Human Resources,
3 shall not expend more State funds than are appropriated for Emergency Assistance by
4 Section 3 of this act. Within this limit, Emergency Assistance benefits shall not exceed
5 three hundred dollars (\$300.00) per year per family, payable over a 30-day period.
6 After this 30-day period, Emergency Assistance benefits are not available to that family
7 until 12 months have elapsed from the initial authorization date. The family may have
8 no more than a total of three hundred dollars (\$300.00) in liquid assets in order to
9 qualify for any Emergency Assistance pursuant to this section.

10 It is the intent of the General Assembly that these Emergency Assistance
11 funds shall only be used to provide assistance to persons to alleviate an emergency. In
12 evaluating whether an emergency exists, the county departments of social services shall
13 apply prudent judgment to evaluate each emergency on its own merits. Prudent
14 judgment will permit departments of social services to consider whether the client
15 created the emergency and whether the assistance will resolve the emergency. The
16 Social Services Commission shall adopt rules to be effective no later than November 1,
17 1989, to incorporate these considerations into the Department's evaluation of an
18 emergency.

19

20 Requested by: Representatives Duncan, L. Etheridge

21 —FEDERAL WELFARE REFORM REPORT

22 Sec. 75. The Department of Human Resources shall report to the General
23 Assembly on the status of the implementation of the Family Support Act of 1988. This
24 report shall contain the Department's plan for the implementation of the law, including
25 an analysis of the policy changes in each program affected by the law and an analysis of
26 the costs and revenues associated with those policy changes. The report shall be
27 submitted to the Fiscal Research Division of the Legislative Services Office and to the
28 General Assembly by March 1, 1990.

29

30 Requested by: Representatives Duncan, L. Etheridge

31 —CHILD SUPPORT ENFORCEMENT (TITLE IVD) STUDY

32 Sec. 76. The Department of Human Resources in consultation with the
33 Administrative Office of the Courts shall undertake a study of the Title IVD Child
34 Support Enforcement Program in North Carolina. This report shall examine the
35 performance of local programs and make recommendations for optimizing the
36 Program's efficiency and effectiveness. These recommendations shall include
37 recommendations for resolving the fragmentation and duplication that characterizes
38 child support program administration among local programs and across State
39 government. The Department of Human Resources may contract for assistance with
40 this study as needed with funds from existing resources. The report's recommendations
41 shall be accompanied by estimates of the costs and potential benefits of each
42 recommendation and a plan for each recommendation's implementation. The
43 Department shall submit its report to the Fiscal Research Division of the Legislative
44 Services Office and to the General Assembly by March 15, 1990.

1

2 Requested by: Representatives Duncan, L. Etheridge

3 —DOMICILIARY HOME RATE

4

5 Sec. 77. Effective January 1, 1990, the maximum monthly rate for
6 ambulatory residents in domiciliary care facilities shall be six hundred ninety-six dollars
7 (\$696.00) and the maximum monthly rate for semi-ambulatory residents shall be seven
8 hundred thirty dollars (\$730.00). Effective January 1, 1991, the maximum monthly
9 rates for ambulatory residents shall be increased to seven hundred six dollars (\$706.00)
10 and for semi-ambulatory residents seven hundred forty dollars (\$740.00).

10

11 Requested by: Representatives Duncan, L. Etheridge

12 —WILLIE M.

13

14 Sec. 78. (a) Legislative Findings. The General Assembly finds:

15

16 (1) That there is a need in North Carolina to provide appropriate treatment
17 and education programs to children under the age of 18 who suffer
18 from emotional, mental, or neurological handicaps accompanied by
19 violent or assaultive behavior;

16

20 (2) That children meeting these criteria have been identified as a class in
21 the case of Willie M., et al. vs. Martin, et al., formerly Willie M., et al.
22 vs. Hunt, et al.; and

19

23 (3) That these children have a need for a variety of services, in addition to
24 those normally provided, that may include but are not limited to
25 residential treatment services, educational services, and independent
26 living arrangements.

22

27 (b) Funds for Department of Human Resources. It is the intent of the General
28 Assembly that funds appropriated in Section 5 of this act to the Department of Human
29 Resources for serving members of the Willie M. Class be expended only for programs
30 serving members of the Willie M. Class identified in Willie M., et al. vs. Martin, et al.,
31 formerly Willie M., et al. vs. Hunt, et al., including evaluations of potential class
32 members. It is recognized that therapeutic or economic reasons may, at times, require
33 certain of these services to serve a mixed clientele of Willie M. Class members and
34 other clients. To the maximum extent possible, however, these funds shall be expended
35 solely for the benefit of Willie M. Class members. The Department shall reallocate
36 these funds among services to Willie M. Class members during the year as it deems
37 advisable in order to use the funds efficiently in providing appropriate services to Willie
38 M. Class children.

31

39 (c) Funds for Department of Public Education. Funds appropriated to the
40 Department of Public Education in Section 3 of this act for members of the Willie M.
41 Class, are to establish a supplemental reserve fund to serve only members of the class
42 identified in Willie M., et al. vs. Martin, et al., formerly Willie M., et al. vs. Hunt, et al.
43 These funds shall be allocated by the State Board of Education to the local education
44 agencies to serve those class members who were not included in the regular average
45 daily membership and the census of children with special needs, and to provide the

41

1 additional program costs which exceed the per pupil allocation from the State Public
2 School Fund and other State and federal funds for children with special needs.

3 (d) The Department shall continue to implement its prospective unit cost
4 reimbursement system and shall ensure that unit cost rates reflect reasonable costs by
5 conducting cost center service type rate comparisons and cost center line item budget
6 reviews as may be necessary.

7 (e) Reporting Requirements. The Department of Human Resources and the
8 Department of Public Education shall submit, by May 1, 1990, a joint report to the
9 Governor and the General Assembly on the progress achieved in serving members of
10 the Willie M. Class. The report shall include the following unduplicated data for each
11 county: (i) the number of children nominated for the Willie M. Class; (ii) the number
12 of children actually identified as members of the Class in each county; (iii) the number
13 of children served as members of the Class in each county; (iv) the number of children
14 who remain unserved; (v) the types and locations of treatment and education services
15 provided to Class members; (vi) the cost of services, by type, to members of the Class;
16 (vii) information on the impact of treatment and education services on members of the
17 Class.

18 (f) The Departments of Human Resources and Public Education shall
19 provide periodic reports of expenditures on behalf of the Willie M. Class to the Joint
20 Legislative Commission on Governmental Operations and to the Fiscal Research
21 Division.

22 (g) In fulfilling the responsibilities vested in it by the Constitution of North
23 Carolina, the General Assembly finds:

24 (1) That the responsible State agencies have made a bona fide good faith
25 effort to comply fully with the requirements of the court orders in the
26 case of Willie M., et al. vs. Martin, et al., formerly Willie M., et al. vs.
27 Hunt, et al., and that services and placements for Willie M. Class
28 members are very greatly improved.

29 (2) That the General Assembly has evaluated the known needs of the State
30 and has endeavored to satisfy those needs in comparison to their social
31 and economic priorities.

32 (3) That the funds appropriated will enable the development and
33 implementation of placement and services for the class members in
34 Willie M., et al. vs. Martin, et al., formerly Willie M., et al. vs. Hunt,
35 et al., within a reasonable period of time considered within the context
36 of the needs of the class members, the other needs of the State and the
37 resources available to the State.

38 (4) That additional expenditures of funds for these purposes at this time
39 would result in an accelerated expenditure of and an unreasonable
40 waste of State funds inasmuch as such expenditures could not
41 reasonably be expected to actually secure a higher degree of treatment
42 or education for the class members than can be accomplished with the
43 funds appropriated.

1 (h) The General Assembly supports the efforts of the responsible officials
2 and agencies of the State to meet the requirements of the court order in Willie M., et al.
3 vs. Martin, et al., formerly Willie M., et al. vs. Hunt, et al. However, in view of the
4 finding in subsection (g) above, the General Assembly expressly directs that no State
5 funds shall be expended on the placement and services of class members in Willie M.,
6 et al. vs. Martin, et al., formerly Willie M., et al. vs. Hunt, et al., or for any other thing
7 or purpose arising out of this litigation, now or at any time in the biennium, except for
8 those funds appropriated in Sections 3 and 5 of this act to the Departments of Public
9 Education and Human Resources for programs serving members of the Willie M. Class
10 identified in Willie M., et al. vs. Martin, et al., formerly Willie M., et al. vs. Hunt, et al.,
11 and except for such funds as may be elsewhere appropriated by the General Assembly
12 specifically for such purposes. The above limitation shall not preclude the use of
13 unexpended Willie M. funds from prior fiscal years to cover current or future needs of
14 the Willie M. program subject to approval by the Director of the Budget. Such
15 expenditures shall not be subject to the requirements of G.S.143-18.

16 (i) Notwithstanding any other provision of law, if the Department of Human
17 Resources determines that a local program is not providing appropriate services to
18 members of the class identified in Willie M., et al. vs. Martin, et al., formerly Willie M.,
19 et al. vs. Hunt, et al., the Department may ensure the provision of these services through
20 contracts with public or private agencies or by direct operation by the Department of
21 such programs.

22
23 Requested by: Representatives Duncan, L. Etheridge

24 —MIXED BEVERAGE TAX FOR AREA MENTAL HEALTH PROGRAMS

25 Sec. 79. Funds received by the Department of Human Resources from the tax
26 levied on mixed beverages under G.S. 18B-804(b)(8) shall be expended by the
27 Department of Human Resources as prescribed by G.S. 18B-805(h). These funds shall
28 be matched by local funds in accordance with the State/local ratio established by the
29 current area mental health matching formula. These funds shall be allocated to the area
30 mental health programs on a per capita basis as determined by the Office of State
31 Budget and Management's most recent estimates of county populations.

32
33 Requested by: Representatives Duncan, L. Etheridge

34 —ADAP TRANSPORTATION REIMBURSEMENT

35 Sec. 80. (a) Reimbursement of Adult Developmental Activity Programs for
36 transportation of clients shall be based on a cost per client basis. The minimum amount
37 that a program may be reimbursed for transportation cost shall be eleven dollars
38 (\$11.00) per client per month. The maximum amount that a program may be
39 reimbursed for transportation cost shall be twenty-seven dollars (\$27.00) per client per
40 month.

41 (b) In reimbursing Adult Developmental Activity Programs, the Department
42 shall base the reimbursement on the distribution by cost range developed by the
43 Division of Mental Health, Mental Retardation, and Substance Abuse Services, in
44 accordance with its most recently conducted survey.

1

2 Requested by: Representatives Duncan, L. Etheridge

3 —PIONEER PROJECT REIMBURSEMENT AUTHORIZATION

4

5 Sec. 81. The Department of Human Resources may make payments of
6 ADAP, ADAP transportation, Developmental Day, Outpatient Commitment, and any
7 other funds that they may be directed to pay on a subsidy basis, on a unit cost
8 reimbursement basis to Pioneer Project sites in accordance with Pioneer Project
9 procedure established pursuant to Section 87 of Chapter 738 of the 1987 Session Laws.

9

10 Requested by: Representative Nesbitt

11 —ADOLESCENT SUBSTANCE ABUSE SERVICES

12

13 Sec. 82. (a) Of the funds appropriated to the Department of Human Resources
14 by Section 5 of this act for Adolescent Substance Abuse Services, the Department may
15 use a maximum of two hundred thousand dollars (\$200,000) to purchase inpatient
16 hospitalization services for adolescent substance abusers.

16

17 (b) The Department shall adopt and implement specific rules for the
18 allocation and expenditure of these funds. The Department shall report to the General
19 Assembly on the use of these funds by May 1, 1990. The rules adopted shall include
20 the following requirements for the inpatient hospitalization services funded by this
21 section:

21

(1) Requirement that inpatient care be defined as services provided in a
22 hospital setting on a 24-hour basis under the direction of a physician,
23 for adolescents with severe substance abuse problems;

23

24

(2) Requirement that the client be under 21 years of age to be eligible for
25 services;

25

26

(3) Requirement that a client's problem involving abuse of alcohol or
27 drugs be thoroughly evaluated and that the client's treatment needs be
28 assessed;

27

28

29

(4) Requirement that a primary or secondary diagnosis of a client's
30 substance abuse or dependency be established by a qualified substance
31 abuse professional;

30

31

32

(5) Requirement that, before a client is referred to inpatient treatment,
33 other treatment alternatives be ruled out as inappropriate, inadequate,
34 or unavailable by a qualified substance abuse professional, and that the
35 level of care required be affirmed;

32

33

34

35

36

(6) Requirement that, when considering treatment alternatives for an
37 adolescent client, the least restrictive environment appropriate and
38 available be selected, as in the best interest of the client and as the best
39 use of resources;

37

38

39

40

(7) The requirement that the length of inpatient treatment planned for a
41 client be determined by a qualified substance abuse professional, and
42 that the length of treatment planned be related to the severity of the
43 client's problem;

41

42

43

- 1 (8) Requirement that the lack of a client's family resources to purchase the
2 needed treatment be established before funds provided by this section
3 are used to purchase inpatient care;
- 4 (9) Requirement that aftercare planning for the client be completed and
5 documented as carried out following treatment at an inpatient program.
6 Area substance abuse staff and clerical staff of the treatment facility
7 shall participate in the aftercare planning process;
- 8 (10) Requirement that funds provided by this section be retained in the
9 regional office and not distributed to programs on a per capita or block
10 grant basis. Payment to programs shall be approved on an individual
11 client basis upon invoice to the regional office; and
- 12 (11) Requirement that utilization reviews be conducted quarterly. The
13 review committee shall be composed of the four regional substance
14 abuse coordinators and Division staff. Reviews shall include analysis
15 of client appropriateness, utilization rates, and expenditures.
16

17 Requested by: Representatives Duncan, L. Etheridge

18 ---ALCOHOL REHABILITATION CENTER PLAN DEVELOPMENT

19 Sec. 83. (a) The Department of Human Resources shall develop a plan for
20 the most effective use of the Alcohol Rehabilitation Centers. The plan may be
21 developed in coordination with the Mental Health Study Commission and other entities
22 involved with substance abuse issues and may be developed within the context of a
23 comprehensive plan for all substance abuse services.

24 The Department shall report on the developed plan by February 1, 1991, to
25 the General Assembly.
26

27 Requested by: Representatives Duncan, L. Etheridge

28 ---INSTITUTIONAL BUDGET CODE CONSOLIDATION

29 Sec. 84. Subject to the approval of the Office of State Budget and
30 Management, the Department of Human Resources is authorized, for the purpose of
31 more efficient operations, to consolidate the 13 budget codes of the institutions operated
32 by the Division of Mental Health, Mental Retardation, and Substance Abuse Services
33 into three budget codes, one for each disability type, and to consolidate the
34 Administrative and Support Services Fund codes in each of these budget codes into one
35 fund for each budget code.
36

37 Requested by: Representatives Duncan, L. Etheridge

38 ---MATERNAL AND CHILD HEALTH CARE

39 Sec. 85. (a) The Division of Health Services, Department of Human
40 Resources, shall ensure that local health departments do not reduce county
41 appropriations for maternal and child health services provided by the local health
42 departments because they have received State appropriations pursuant to this act.

43 (b) In order to ensure that funds appropriated by Section 5 of this act for
44 maternal and child health services to the Division of Health Services, Department of

1 Human Resources, provide medical services to as many eligible women of childbearing
2 age as possible, especially to adolescents, these funds may be used only for the purposes
3 of providing prenatal clinics, child health services, purchase of medical services, and
4 family planning services, including education and counseling and medical supplies.

5 (c) All income earned by local health departments for Maternal and Child
6 Health programs supported in whole or in part from State or federal funds, received
7 from the Division of Health Services, Department of Human Resources, shall be
8 budgeted and expended by local health departments to further the objectives of the
9 program that generated the income.

10
11 Requested by: Representatives Duncan, L. Etheridge

12 ---HEALTH PROMOTION FUNDS

13 Sec. 86. The Division of Health Services, Department of Human Resources,
14 shall ensure that local health departments do not reduce county appropriations for health
15 promotion services provided by local health departments if they have received State
16 appropriations for this purpose pursuant to this act.

17
18 Requested by: Representative Nesbitt

19 ---ADOLESCENT PREGNANCY PREVENTION PROJECTS

20 Sec. 87. Of the funds appropriated to the Division of Health Services,
21 Department of Human Resources, by Section 5 of this act, nine hundred forty thousand
22 dollars (\$940,000) for the 1989-90 fiscal year and nine hundred forty thousand dollars
23 (\$940,000) for the 1990-91 fiscal year shall be used to fund adolescent pregnancy
24 prevention projects.

25 The Division of Health Services shall complete an evaluation of the projects
26 in Brunswick, Durham, Henderson, Robeson, Cumberland, and Harnett Counties, which
27 evaluation shall compare these projects' current operations to their operations at the time
28 of their evaluation by the Human Services Institute. This comparison shall include:

- 29 (1) The degree to which the project has identified specific goals and
30 objectives for its activities;
- 31 (2) The degree to which the project has identified, and is targeted at, a
32 population at high risk of becoming pregnant or already pregnant;
- 33 (3) The degree to which the project has actively involved its community in
34 its activities;
- 35 (4) The degree to which the project has sought out and utilized available
36 technical resources and assistance; and
- 37 (5) The degree to which the project accounts for and evaluates its
38 activities.

39 The Division shall complete this evaluation of the projects within 90 days of the
40 effective date of this act. Thereafter, the Division shall evaluate all of the adolescent
41 pregnancy prevention projects funded as a result of this program at least yearly and shall
42 report its findings to the Adolescent Pregnancy Study Commission and the General
43 Assembly by April 1 of each year. Any evaluation of these projects after January 1,

1 1990, shall include a study of the effectiveness of the project in reducing the pregnancy
2 rate within the target population.

3
4 Requested by: Representatives Duncan, L. Etheridge

5 —TRANSFERS OF CERTAIN FUNDS AUTHORIZED

6 Sec. 88. In order to assure maximum utilization of funds in county
7 departments of social services, county or district health agencies, and area mental
8 health, mental retardation, and substance abuse authorities, the Director of the Budget is
9 authorized to transfer excess funds appropriated to a specific service or program or
10 fund, whether specified in a block grant plan or General Fund appropriation, into
11 another service or program or fund for local services within the budget of the respective
12 State agency.

13 The Office of State Budget and Management shall report quarterly to the
14 Chairmen of the House Base and Expansion Budget Committees, the Chairman of the
15 Senate Appropriations Committee, the Chairmen of the House Appropriations Base and
16 Expansion Budget Committees on Human Resources, the Chairman of the Senate
17 Appropriations on Human Resources Committee, and the Joint Legislative Commission
18 on Governmental Operations on the transfers authorized by this section.

19
20 Requested by: Representatives Duncan, L. Etheridge

21 —CAREGIVER SUPPORT

22 Sec. 89. (a) Of the funds appropriated to the Division of Aging, Department
23 of Human Resources, by Section 5 of this act for the 1989-91 fiscal biennium, the sum
24 of one million eight thousand dollars (\$1,008,000) for the 1989-90 fiscal year and the
25 sum of one million eight thousand dollars (\$1,008,000) for the 1990-91 fiscal year shall
26 be used for services that support family caregivers of elderly persons with functional
27 disabilities, whether physical or mental, who want to stay in their homes rather than be
28 institutionalized but who need assistance with the activities of daily living in order to
29 remain at home. The services that may be purchased from funds received under this
30 section include:

- 31 (1) Respite Care;
- 32 (2) Adult Day Care;
- 33 (3) Stipends and other related costs for senior companions, modeled after
34 the federal Senior Companion Program; and
- 35 (4) Other related services that meet needs not now adequately addressed
36 by the services described in subsections (1) through (3) of this
37 subsection.

38 (b) The Division of Aging shall expend funds for these services according to
39 the population of persons 70 years of age or more in each region. The Division of
40 Aging shall use a maximum of ninety-five percent (95%) of the funds it receives under
41 this section for the services described in subdivisions (1) through (4) of subsection (a) of
42 this section and may only use a maximum of five percent (5%) for technical assistance
43 as described in subsection (c) of this section. The Division of Aging shall choose
44 providers in accordance with procedures under the Older Americans Act. Funds

1 allocated by the Division pursuant to this section shall be allocated by October 1 of each
2 fiscal year.

3 (c) The Division of Aging may contract for technical assistance. The
4 technical assistance shall include training assistance, coordination of various service
5 delivery and funding sources, and ideas for innovative ways to build a lasting system of
6 services for family caregivers.

7
8 Requested by: Representatives Duncan, L. Etheridge

9 ---AGING FEDERAL MATCHING FUNDS

10 Sec. 90. Effective July 1, 1989, the Division of Aging, Department of Human
11 Resources, may use funds appropriated in Section 3 of this act to provide the State
12 matching requirement necessary to draw down federal money available through the new
13 title III-D of the Older Americans Act for in-home services for the frail elderly,
14 including those with Alzheimer's Disease.

15

16 Requested by: Representative Wisner

17 ---RESPITE CARE PROGRAM REWRITING

18 Sec. 91. Part 14C of Article 3 of Chapter 143B of the General Statutes reads
19 as rewritten:

20

21

"PART 14C. RESPITE CARE PROGRAM.

22

23 **"§ 143B-181.10. Respite care program established; eligibility; services;
24 administration; payment rates.**

25 (a) A respite care program is established to provide ~~needy~~needed relief to
26 caregivers of ~~patients~~impaired adults who cannot be left alone because of mental or
27 physical problems ~~and whose incomes preclude coverage under North Carolina's~~
28 ~~Medicaid eligibility standards.~~

29 (b) Those eligible for respite care under the program established by this section
30 are limited to those unpaid primary caregivers who are caring for ~~patients~~people 60
31 years of age or older and their spouses, who require constant supervision and who
32 cannot be left alone either (i) ~~because of memory impairment~~impairment, ~~or other~~
33 ~~problems that make them subject to wandering, or make them dangerous to themselves~~
34 ~~or others, or (ii) because of physical immobility, regardless of etiology, or other~~
35 problems that renders them unsafe alone.

36 (c) Respite care services provided by the programs established by this section
37 ~~shall~~may include:

- 38 (1) ~~Attendance and companion services for the patient in order to provide~~
39 ~~released time to the caregiver;~~
- 40 (2) ~~Personal care services, including meal preparation, to the patient of~~
41 ~~the caregiver;~~
- 42 (3) ~~Patient assessment and care planning for the patient of the caregiver;~~
- 43 (4) ~~Counseling and training in the caregiving role, including coping~~
44 ~~mechanisms and behavior modification techniques;~~

- 1 (5) ~~Counseling in accessing available local, regional, and State services;~~
 2 (6) ~~Adult Day Care where cost effective; and~~
 3 (7) ~~Temporarily institutionalizing the patient of the caregivers to provide~~
 4 ~~the caregiver total respite, when the mental or physical stress on the~~
 5 ~~caregiver necessitates this respite. This institutionalization may last for~~
 6 ~~no more than a total of 30 days per year per patient. Program funds~~
 7 ~~may provide no more than the current domiciliary care reimbursement~~
 8 ~~rate for this institutionalization. The services described by subdivisions~~
 9 ~~(1) through (5) of this subsection shall be limited to a maximum of 20~~
 10 ~~hours of service per month per caretaker. Duration of the service~~
 11 ~~period shall be unlimited for as long as the caretaker continues to~~
 12 ~~qualify as a caretaker as defined by subsection (b) of this section.~~
- 13 (1) Counseling and training in the caregiving role, including coping
 14 mechanisms and behavior modification techniques;
 15 (2) Counseling and accessing available local, regional, and State services;
 16 (3) Support group development and facilitation;
 17 (4) Assessment and care planning for the patient of the caregiver;
 18 (5) Attendance and companion services for the patient in order to provide
 19 release time to the caregiver;
 20 (6) Personal care services, including meal preparation, for the patient of
 21 the caregiver;
 22 (7) Temporarily placing the person out of his home to provide the
 23 caregiver total respite when the mental or physical stress on the
 24 caregiver necessitates this type of respite.
- 25 Attendance and companion service, personal care service, and temporary placement of
 26 the patient out of his home is limited to a maximum of 48 hours of service per month or
 27 576 hours of service per year per primary caregiver. Program funds may provide no
 28 more than the current domiciliary home reimbursement rate for out of home placement.
 29 An out of home placement is defined as placement in a hospital, skilled or intermediate
 30 nursing facility, domiciliary home, adult day health center, or adult day care center.
 31 Duration of the service period may extend beyond a year.
- 32 (d) The respite care program established by this section shall be administered by
 33 the Council of Government in each region, which shall contract for service provision
 34 with an existing agency to be chosen by the same process as used for federal
 35 contracting. The Council in each region shall choose the respite care service provider on
 36 the basis of a competitive bidding process open to all existing respite care service
 37 providers. Criteria for selection shall include documented capacity to provide care,
 38 adequacy of quality assurance, training, supervision, abuse prevention and complaint
 39 mechanisms proposed by the provider, and lowest cost. by the Division of Aging
 40 consistent with the policies and procedures of the Older Americans Act. The programs
 41 shall be coordinated with other appropriate Divisions in the Department of Human
 42 Resources, and with agencies and organizations concerned with the delivery of services
 43 to frail older adults and their unpaid caregivers. The Division shall choose respite care
 44 provider agencies in accordance with procedures outlined under the Older Americans

1 Act and shall include the following criteria: documented capacity to provide care,
2 adequacy of quality assurance, training, supervision, abuse prevention, complaint
3 mechanisms, and cost. All funds allocated by the Division pursuant to this section shall
4 be allocated on the same basis as funding under the Older Americans Act.

5 ~~(e) Eligibility for initial and continued receipt of services shall be determined by~~
6 ~~review of application forms submitted to the Division of Aging, Department of Human~~
7 ~~Resources. Funding for the Division of Aging to administer this program shall not~~
8 ~~exceed the percentage allowed for administration as provided in the Older Americans~~
9 ~~Act but shall not be less than that budgeted for administration in fiscal year 1988-89.~~

10 ~~(f) Caregivers—Unless prohibited by federal law, caregivers receiving respite care~~
11 ~~services through the program established by this section shall pay for some of the~~
12 ~~services on a sliding scale depending on their ability to pay, but not less than twenty~~
13 ~~percent (20%) of the cost of these services pay. The Division of Aging, Department of~~
14 ~~Human Resources in consultation with the Councils of Governments in each region,~~
15 ~~shall specify rates of payment for the services."~~

16 (b) Section 101 of Chapter 738 of the 1987 Session Laws, and Section 130 of
17 Chapter 1086 of the 1987 Session Laws, Regular Session 1988, are repealed.

18
19 Requested by: Representatives Duncan, L. Etheridge

20 —IN-HOME AGING SERVICES

21 Sec. 92. Of the funds appropriated to the Division of Aging, Department of
22 Human Resources, by Section 5 of this act for the 1989-91 fiscal biennium, the sum of
23 seven hundred twenty thousand dollars (\$720,000) for the 1989-90 fiscal year and the
24 sum of seven hundred twenty thousand dollars (\$720,000) for the 1990-91 fiscal year
25 shall be used to provide funds for additional in-home aide services that enable the frail
26 elderly to remain in their homes and avoid institutionalization.

27 The Division shall administer the in-home aide services and activities funded
28 by this section. The Division of Aging shall choose in-home service providers in
29 accordance with procedures under the Older Americans Act and shall include the
30 following criteria: documented capacity to provide care, adequacy of quality assurance,
31 training, supervision, abuse prevention complaint mechanisms, and costs. All funds
32 allocated by the Division pursuant to this section shall be allocated by October 1 of each
33 fiscal year on the same basis as funding under the Older Americans Act.

34
35 Requested by: Representatives Duncan, L. Etheridge

36 —SEPTAGE MANAGEMENT FEES

37 Sec. 93. Receipts collected by the Department of Human Resources pursuant
38 to G.S. 130A-291.1 are appropriated to the Department of Human Resources to
39 establish and operate the North Carolina Septage Management Program.

40
41 Requested by: Representatives Duncan, L. Etheridge

42 —DAY CARE FUNDS MATCH REQUIREMENT

1 Sec. 94. No local matching funds may be required by the Department of
2 Human Resources as a condition of any locality's receiving any State day care funds
3 appropriated by this act unless federal law requires such a match.

4
5 Requested by: Representatives Duncan, L. Etheridge
6 ---DAY CARE

7 Sec. 95. The Department of Human Resources shall distribute the funds
8 appropriated and otherwise available to it for the purchase of slots in day care for minor
9 children of needy families so as to serve the greatest number of children possible.

10
11 Requested by: Representatives Duncan, L. Etheridge
12 ---DAY CARE RATES

13 Sec. 96. (a) Rules for the monthly schedule of payments for the purchase of day
14 care services for low income children shall be established by the Social Services
15 Commission pursuant to G.S. 143B-153(8)a., in accordance with the following
16 requirements:

17 (1) For facilities in which fewer than fifty percent (50%) of the enrollees
18 are subsidized by State or federal funds, the State shall continue to pay
19 the same fee paid by private paying parents for a child in the same age
20 group in the same facility.

21 (2) Facilities in which fifty percent (50%) or more of the enrollees are
22 subsidized by State or federal funds may choose annually one of the
23 following payment options:

24 a. The facility's payment rate for fiscal year 1985-86; or

25 b. The county market rate, as calculated annually by the
26 Department of Human Resources' Office of Child Day Care
27 Services. A market rate shall be calculated for each county and
28 for each age group of enrollees, and shall be the county average
29 of all fees charged to unsubsidized private paying parents for
30 each age group of enrollees. Effective July 1, 1987, and
31 thereafter, the county market rates shall be calculated from
32 facility fee schedules collected by the Office of Child Day Care
33 Services during its annual inspection visits.

34 (b) Facilities licensed pursuant to Article 7 of Chapter 110 of the General
35 Statutes may participate in the program that provides for the purchase of slots in day
36 care facilities, for minor children of needy families. No separate licensing requirements
37 may be used to select facilities to participate.

38 Day care plans from which the State purchases day care services shall meet
39 the standards established by the Child Day Care Commission pursuant to G.S. 110-101
40 and G.S. 110-105.1. Until it can demonstrate that it meets the standards adopted by the
41 Child Day Care Commission, a day care plan from which the State purchases day care
42 services for minor children of needy families shall meet all certification standards
43 adopted by the Department of Human Resources' Office of Child Day Care Services.
44 The fee for the purchase of care from a day care plan is one hundred fifty dollars

1 (\$150.00) per month. The fee for the purchase of care from individual Child Caring
2 Providers is one hundred dollars (\$100.00) per month.

3 (c) Providers whose programs exceed licensing standards may modify their
4 programs to standards consistent with licensing standards.

5 (d) Any savings that result by reason of this schedule shall be used by the
6 Department to provide for payment of the costs of necessary day care for more minor
7 children of needy families.

8 (e) County departments of social services shall continue to negotiate with
9 day care providers for day care services below those rates prescribed by subsection (a)
10 of this section. County departments are directed to purchase day care services so as to
11 serve the greatest number of children possible with existing resources.

12

13 Requested by: Representatives Duncan, L. Etheridge

14 ---DAY CARE ALLOCATION FORMULA

15 Sec. 97. (a) To simplify current day care allocation methodology and more
16 equitably distribute State day care funds, the Department of Human Resources shall
17 apply the following allocation formula to all noncategorical federal and State day care
18 funds used to pay the costs of necessary day care for minor children of needy families:

19 (1) Fifty percent (50%) of budgeted funds shall be distributed according to
20 the county's population; and

21 (2) Fifty percent (50%) of budgeted funds shall be distributed based upon
22 the county's poverty rate as a percentage of the sum total of all North
23 Carolina's county poverty rates.

24 (b) Counties whose allocation, if based on previously used formulas, exceeds the
25 allocation produced by the formula prescribed by this section may not have their
26 allocations reduced in either fiscal year 1989-90 or fiscal year 1990-91 to the level that
27 results from application of the new formula. Counties whose allocation, if based on
28 previously used formulas, is less than the allocation produced by the formula prescribed
29 by this section shall continue to receive the proportional share of those funds that they
30 received pursuant to appropriations for this purpose by the 1985 General Assembly.

31

32 Requested by: Representatives Duncan, L. Etheridge

33 ---NO EYE CLINICS IN CERTAIN COUNTIES

34 Sec. 98. No funds may be expended by the Division of Services for the
35 Blind, Department of Human Resources, to hold eye clinics in any county in which an
36 optometrist or ophthalmologist is willing to perform the services that would otherwise
37 be performed by the clinic.

38

39 Requested by: Representatives Duncan, L. Etheridge

40 ---DHR EMPLOYEES AS IN-KIND MATCH

41 Sec. 99. Notwithstanding the limitations of Chapter 634 of the 1987 Session
42 Laws, the Secretary of the Department of Human Resources may assign employees of
43 the Office of Health Resources, Division of Facility Services, Department of Human

1 Resources, to serve as in-kind match to nonprofit corporations working to establish
 2 health care cost containment strategies.

3
 4 Requested by: Representatives Duncan, L. Etheridge

5 ---NON-MEDICAID REIMBURSEMENT

6 Sec. 100. Providers of medical services under the various State programs
 7 other than Medicaid offering medical care to citizens of the State shall be reimbursed at
 8 rates no more than those under the North Carolina Medical Assistance Program.

9 Goods and services procured through the competitive bidding process that
 10 result in a cost greater than that reimbursed under the North Carolina Medical
 11 Assistance Program are exempt from this requirement.

12 The Department of Human Resources may reimburse hospitals at the full
 13 prospective per diem rates without regard to the Medical Assistance Program's annual
 14 limits on hospital days. When the Medical Assistance Program's per diem rates for
 15 inpatient services and its interim rates for outpatient services are used to reimburse
 16 providers in non-Medicaid medical service programs, retroactive adjustments to claims
 17 already paid shall not be required.

18 Maximum net family annual income eligibility standards for services in these
 19 programs with the exception of Migrant Health, School Health, and Home Health shall
 20 be as follows:

21 Family		Medical Eye		All
22 <u>Size</u>	<u>Kidney</u>	<u>Care Adults</u>	<u>Rehabilitation</u>	<u>Other</u>
23 1	\$ 6,400	\$4,860	\$ 8,364	\$4,200
24 2	8,000	5,940	10,944	5,300
25 3	9,600	6,204	13,500	6,400
26 4	11,000	7,284	16,092	7,500
27 5	12,000	7,824	18,648	7,900
28 6	12,800	8,220	21,228	8,300
29 7	13,600	8,772	21,708	8,800
30 8	14,400	9,312	22,220	9,300

31 The eligibility level each fiscal year for outpatient services for all clients and
 32 for inpatient services for children under the age of five in the Children's Special Health
 33 Services Program shall be one hundred percent (100%) of the federal poverty guidelines
 34 as revised annually by the United States Department of Health and Human Services, in
 35 effect on July 1, of each fiscal year. The eligibility level for children in the Medical Eye
 36 Care Program in the Division of Services for the Blind shall be the same as that for
 37 children in the Children's Special Health Services Program.

38
 39 Requested by: Representatives Duncan, L. Etheridge

40 ---OPERATIONAL AUDIT ON SCHOOLS AND PROGRAMS FOR THE DEAF
 41 AND HEARING IMPAIRED

42 Sec. 101. The Office of State Auditor shall perform an operational audit for
 43 the 1989-90 fiscal year or shall contract for such an audit to address the following
 44 issues:

- 1 (1) The determination of whether the Department of Education or the
2 Department of Human Resources provides the best and least restrictive
3 setting for the education of deaf and hearing impaired children, both in
4 the satellite preschool program and in the residential day program
5 being operated by the Division of Services for the Deaf and Hearing
6 Impaired; and
7 (2) The feasibility of consolidating the three schools for the deaf and the
8 identification of the projected long term cast savings to be realized by
9 such a consolidation.

10 The State Auditor's Office shall supply the operational audit to the Joint Legislative
11 Commission on Governmental Operations by May 1990 and to the 1989 General
12 Assembly, Regular Session 1990.

13
14 PART XVIII.—DEPARTMENT OF AGRICULTURE

15
16 Requested by: Representatives B. Ethridge, Redwine
17 —STATE FARM OPERATIONS CHANGES

18 Sec. 102. (a) Article 1B of Chapter 106 of the General Statutes is repealed.

19 (b) G.S. 120-123(19) is repealed.

20 (c) Part 3 of Article 1 of Chapter 106 of the General Statutes is amended by
21 adding a new section to read:

22 "**§ 106-22.1. State farms.**

23 State-owned farmland, including timberland, allocated to the Department of
24 Agriculture for the State Farm Program, shall be managed by the Department for
25 research, teaching, and demonstration in agriculture, forestry, and aquaculture.
26 Research projects on the State farms shall be approved by the Department. The
27 Department may sell surplus commodities produced on the farms."

28
29 Requested by: Representative B. Ethridge

30 —ABOLISH AGRICULTURAL FINANCE AUTHORITY

31 Sec. 103. (a) The funds in the Reserve for Farm Loans of the North Carolina
32 Agricultural Finance Authority in excess of three hundred five thousand dollars
33 (\$305,000) to meet its present obligations and written commitments shall be deposited
34 in the General Fund, and these funds shall revert to the General Fund on June 30, 1989.

35 (b) The title of all fixed assets of the Authority, including any office equipment
36 and supplies, shall be transferred to the Department of Agriculture. The Authority shall
37 complete such transfer no later than June 30, 1989.

38 (c) The State Treasurer shall assume all the duties and rights of the Authority
39 pursuant to the provisions of Chapter 122D of the General Statutes, specifically those
40 under G.S. 122D-6 regarding the repayment of agricultural loans and any other
41 outstanding obligations due to the Authority, as if that Chapter had not been repealed.

42 (d) The North Carolina Agricultural Finance Authority is abolished.

43 (e) Chapter 122D of the General Statutes is repealed.

44 (f) G.S. 53-234(6) reads as rewritten:

1 "(6) 'Exempt person or organization' means:

- 2 (a) Any lender authorized to engage in business as a bank, a farm
3 credit system, life insurance company, savings institution, or
4 credit union, under the laws of the United States or the State of
5 North Carolina and subsidiaries and affiliates of such lenders,
6 which subsidiaries and affiliates are subject to the general
7 supervision or regulation of the lender or subject to audit or
8 examination by a regulatory body or agency of the United
9 States or the State of North Carolina; the entities listed in this
10 sub-subdivision, and their officers and employees, are not
11 subject to any of the provisions of this Article; or
12 (b) Any licensed real estate agent or broker, who is performing
13 those activities subject to the regulation of the North Carolina
14 Real Estate Commission. Notwithstanding the above, an
15 exempt person does not include a real estate agent or broker
16 who receives direct compensation or income in connection with
17 the placement of a mortgage loan; or
18 (c) Any person who, as seller, receives in one calendar year no
19 more than 10 mortgages, deeds of trust, or other security
20 instruments on real estate as security for a purchase money
21 obligation; or
22 (d) The North Carolina Housing Finance Agency as established by
23 Chapter 122A of the General Statutes and the North Carolina
24 Agricultural Finance Authority as established by Chapter 122D
25 of the General Statutes; Statutes; or
26 (e) Any agency of the federal government or any state or municipal
27 government granting first mortgage loans under specific
28 authority of the laws of any state or the United States."

29 (g) G.S. 120-123(47) is repealed.

30 (h) Subsections (a) and (b) of this section are effective upon ratification.

31
32 PART XIX.—DEPARTMENT OF COMMERCE

33
34 Requested by: Representatives B. Ethridge, Redwine

35 —RURAL ECONOMIC DEVELOPMENT CENTER

36 Sec. 104. (a) Of the funds appropriated to the Department of Commerce in
37 Section 5 of this act, the sum of two million dollars (\$2,000,000) for fiscal year 1989-90
38 and the sum of two million dollars (\$2,000,000) for fiscal year 1990-91 shall be used for
39 a grant-in-aid to the Rural Economic Development Center, Inc., for the administrative
40 costs of the Center and for its pilot projects and research. No more than five hundred
41 thousand dollars (\$500,000) of the funds appropriated for each fiscal year may be used
42 for the administrative costs of the Rural Economic Development Center, Inc.

43 (b) Beginning October 1, 1989, the Rural Economic Development Center, Inc.,
44 shall provide quarterly reports on the Center's pilot projects and research program to the

1 Appropriations Committee on Natural and Economic Resources. These reports shall
2 include information of the activities and accomplishments during the past fiscal year,
3 itemized expenditures during the past fiscal year, sources of funding for the past and
4 prospective fiscal years, and planned activities and planned expenditures for at least the
5 next fiscal year.

6 (c) The Rural Economic Development Center, Inc., shall provide a report
7 containing detailed budget, personnel, and salary information to the Office of State
8 Budget and Management in the same manner as State departments and agencies in
9 preparation for biennium budget requests.

10
11 Requested by: Representatives B. Ethridge, Redwine

12 ---WORKER TRAINING TRUST FUND

13 Sec. 105. G.S. 96-5(f) reads as rewritten:

14 "(f) Employment Security Commission Reserve Fund.—There is created in the State
15 treasury a special trust fund, separate and apart from all other public moneys or funds of
16 this State, to be known as the Employment Security Commission Reserve Fund,
17 hereinafter 'Reserve Fund'. Except as provided herein and in G.S. 96-9(b)(3)j, all
18 proceeds from the tax as defined in G.S. 96-9(b)(3)j and collected pursuant to G.S. 96-
19 10 shall be paid into the Reserve Fund. The moneys in the Reserve Fund may be used
20 by the Commission for loans to the Unemployment Insurance Fund, as security for
21 loans from the federal Unemployment Insurance Trust Fund, and to pay any interest
22 required on advances under Title XII of the Social Security Act as required by G.S. 96-
23 6(f), and shall be continuously available to the Commission for expenditure in
24 accordance with the provisions of this section. The State Treasurer shall be ex officio
25 the treasurer and custodian and shall invest said moneys in accordance with existing law
26 as well as rules and regulations promulgated pursuant thereto. Furthermore, the State
27 Treasurer shall disburse the moneys in accordance with the directions of the
28 Commission and in accordance with such regulations as the Commission may prescribe.

29 Administrative costs for the collection of the tax and interest payable to the Reserve
30 Fund shall be borne by the Special Employment Administration Fund. Refunds of
31 interest and tax allowable under G.S. 96-9(b)(3)j shall be made from the Reserve Fund.
32 No taxes shall be collected or paid into this fund during a calendar year when, as of the
33 computation date (August 1) of the preceding calendar year, the balance of the fund
34 equals to or exceeds one percent (1%) of the taxable wages.

35 The interest earned from investment of the Reserve Fund ~~moneys—moneys, not to~~
36 exceed eight million dollars (\$8,000,000) during any fiscal year, shall be deposited in a
37 fund hereby established in the State Treasurer's Office, to be known as the 'Worker
38 Training Trust Fund'. The interest earned from investment of the Reserve Fund moneys
39 in excess of eight million dollars (\$8,000,000) during any fiscal year shall be paid to the
40 Reserve Fund. These moneys shall be used to:

- 41 (1) Fund programs, specifically for the benefit of unemployed workers or
42 workers who have received notice of long-term layoff or permanent
43 unemployment, which will enhance the employability of workers,
44 including, but not limited to, adult basic education, adult high school

1 or equivalency programs, occupational skills training programs,
2 assessment, job counseling and placement programs;

3 (2) Continue operation of local Employment Security Commission offices
4 throughout the State; or

5 (3) Provide refunds to employers.

6 The use of funds from the Worker Training Trust Fund, for the purposes set out in
7 the above paragraph, shall be pursuant to appropriations in the Current Operations
8 Appropriations Act. Funds deposited in the Worker Training Trust Fund prior to July 1,
9 1987, shall be used as provided in the Current Operations Appropriations Act for 1987-
10 89."

11
12 Requested by: Representatives B. Ethridge, Redwine

13 ---FUNDS FOR THE EMPLOYMENT SECURITY COMMISSION

14 Sec. 106. (a) There is appropriated from the Worker Training Trust Fund to the
15 Employment Security Commission of North Carolina the sum of four million five
16 hundred thirty-seven thousand seven hundred eight dollars (\$4,537,708) for the 1989-90
17 fiscal year and the sum of four million five hundred thirty-seven thousand seven
18 hundred eight dollars (\$4,537,708) for the 1990-91 fiscal year for the operation of local
19 offices at the 1986-87 level of service.

20 (b) Notwithstanding G.S. 96-5(c), there is appropriated from the Special
21 Employment Security Administration Fund to the Employment Security Commission of
22 North Carolina, the sum of one million dollars (\$1,000,000) for the 1989-90 fiscal year
23 and the sum of one million dollars (\$1,000,000) for the 1990-91 fiscal year for
24 administration of the Veterans Employment Program, Employment Services Program,
25 and Unemployment Insurance Program.

26 (c) Beginning October 1, 1989, the Employment Security Commission shall
27 report to the Appropriations Committee on Natural and Economic Resources and the
28 Joint Legislative Commission on Governmental Operations by the first of each month,
29 prior to the expenditure of any funds appropriated by this section. Supplemental federal
30 funds or other additional funds received by the Employment Security Commission for
31 similar purposes shall be expended prior to the expenditure of funds appropriated by
32 this section.

33
34 Requested by: Representatives B. Ethridge, Redwine

35 ---TOURISM PROMOTION GRANTS

36 Sec. 107. Funds appropriated in Section 5 of this act to the Department of
37 Commerce for tourism promotion grants shall be allocated according to per capita
38 income, unemployment, and population growth in an effort to direct funds to counties
39 most in need in terms of lowest per capita income, highest unemployment, and slowest
40 population growth, in the following manner:

41 (1) Counties 1 through 20 are each eligible to receive a maximum grant of
42 ten thousand dollars (\$10,000) for each fiscal year, provided these
43 funds are matched on the basis of one non-State dollar for every four
44 State dollars.

1 (2) Counties 21 through 50 are each eligible to receive a maximum grant
2 of five thousand dollars (\$5,000) for two of the next three fiscal years,
3 provided these funds are matched on the basis of one non-State dollar
4 for every three State dollars.

5 (3) Counties 51 through 100 are each eligible to receive a maximum grant
6 of five thousand dollars (\$5,000) for alternating fiscal years, beginning
7 with the 1989-90 fiscal year, provided these funds are matched on the
8 basis of four non-State dollars for every State dollar.

9
10 Requested by: Representatives B. Ethridge, Redwine

11 —MICROELECTRONICS CENTER

12 Sec. 108. (a) Section 74(a) of Chapter 830 of the 1987 Session Laws, as
13 rewritten by Section 36 of Chapter 1086, Session Laws of 1987, reads as rewritten:

14 “(a) Of the funds appropriated to the Office of State Budget and Management in
15 Section 5 of this act as amended, the sum of twelve million dollars (\$12,000,000) for the
16 1987-88 fiscal year and the sum of six million dollars (\$6,000,000) for the 1988-89
17 fiscal year shall be used for a supercomputer that is needed both to keep North
18 Carolina's universities in the forefront of scholarly research and training and to maintain
19 the momentum of the State's science-based economic development. The funds shall be
20 used for capital equipment, construction of a building and operating expenses, and shall
21 be placed in a non-revert reserve.’

22 (b) The State Computer Commission and the agency, institution, or organization
23 it designates as the manager for the supercomputer project shall present a written report
24 on the progress of the supercomputer project ~~to each regular monthly meeting of on a~~
25 quarterly basis to the Joint Legislative Commission on Governmental Operations
26 ~~through the years 1988, 1989, and 1990. fiscal year 1990-91.~~ The written reports shall
27 be delivered to the Director of General Assembly Fiscal Research Division not less than
28 48 hours prior to the beginning of the Commission's full meeting. The written reports
29 shall contain at least the following information: the major tasks accomplished since the
30 last report; the major tasks expected for the project over the two calendar years after the
31 date of the report; the projected budgets and expenditures of the project over the next
32 two calendar years after the date of the report; the major applications and uses on the
33 supercomputer in the time since the last report; and the major projected applications and
34 uses on the supercomputer in the next several months that will follow the report. The
35 report shall constitute a full management and status report on the supercomputer project.
36 If so requested by the Cochairmen of the Joint Legislative Commission on
37 Governmental Operations, the Chairman of the State Computer Commission, or his
38 designee, shall present the report verbally to the meeting of Joint Legislative
39 Commission on Governmental Operations.

40 (c) If the Office of State Budget and Management, the State Computer
41 Commission, or any other State entity enters into a contract or other management
42 agreement with the Microelectronics Center of North Carolina or any other State
43 agency, State institution, State organization or nonprofit corporation for overall
44 management of the supercomputer project and expenditure of these funds, and further

1 specifies a board to govern the project, or if one is established subsequent to the contract
2 that board shall consist of the following members: four members appointed by the
3 General Assembly upon recommendation of the Speaker of the House of
4 Representatives, to be selected from higher education institutions in North Carolina,
5 major corporations in North Carolina, and major research organizations in North
6 Carolina, and from among the general public; four members appointed by the General
7 Assembly upon recommendation of the President of the Senate, to be selected from
8 higher education institutions in North Carolina, major corporations in North Carolina,
9 and major research organizations in North Carolina and from among the general public;
10 four members appointed by the Governor, to be selected from higher education
11 institutions in North Carolina, major corporations in North Carolina, and major research
12 organizations in North Carolina, and from the general public; the Legislative
13 Administrative Officer or his designee; and the Director of the supercomputer center
14 after he or she is employed at the supercomputer center.

15 (d) The chairman and vice-chairman of the board will be elected by the
16 membership of the board. No member of the General Assembly may serve on the
17 policy board.

18 (e) Appointments shall be made no later than 30 days after the execution of the
19 contract or management agreement between the Computer Commission or the Office of
20 State Budget and Management and the project management organization. The
21 appointments will be for terms of four years each.

22 Appointments made by the Governor can be removed by the Governor, and vacancies
23 in those appointments will be filled by the Governor to fill the unexpired term.

24 Appointments by the General Assembly shall be made in accordance with G.S. 120-
25 121, and vacancies in those appointments shall be filled in accordance with G.S. 120-
26 122.

27 (f) Among other duties, the Policy Board shall: (i) approve the appointment of a
28 Director and set his or her employment conditions; (ii) approve the specifications of the
29 supercomputer and the recommendation of a successful bidder that will be chosen
30 according to the procurement procedures of the Division of Purchase and Contract in
31 the Department of Administration; (iii) formulate and approve the budget and operating
32 policies of the supercomputer center; (iv) approve the purposes of the supercomputer
33 center; and (v) serve generally as the governing board of the supercomputer center.

34 (g) If the organization, agency, or institute selected by the Office of State Budget
35 and Management or the State Computer Commission as manager of the North Carolina
36 supercomputer project specifies a Technical Advisory Council to provide to the
37 supercomputer project, among other things:

38 (1) Technical policy and operating procedure advice,

39 (2) Advice concerning use of the supercomputing facilities by
40 educational institutions and other groups and individuals,

41 (3) Advice and policy suggestions concerning the structures and
42 operations of the supercomputing center and any adjunct institutes,
43 conferences, or consultative committees, and

1 (4) Advice and council to the Microelectronics Center of North Carolina
2 or anyone it employs or enters into contract with related to the
3 operation of the supercomputer project,
4 that Technical Advisory Council shall have an equal number of members appointed
5 from (i) public sector, academic, not-for-profit organizations and (ii) for-profit, private
6 companies by the beginning of the 1990-91 fiscal year, at the latest. The intent of the
7 General Assembly is for one-half of the members of this Technical Advisory Council,
8 or any group directly affiliated with the supercomputer project management group that
9 performs the functions of the technical advisory council as listed in this section, to be
10 current employees of private sector, for-profit corporations by the beginning of the
11 1990-91 fiscal year."

12 (b) It is the intent of the General Assembly that all appropriations to the
13 Microelectronics Center for years after the 1990-91 fiscal year for the Center's basic
14 research program contain the proviso that the appropriated funds are matched on the
15 basis of two non-State dollars (\$2.00) for every three State dollars (\$3.00).

16 (c) Beginning October 1, 1989, the Microelectronics Center shall provide
17 quarterly reports on the Supercomputing Center and the Microelectronics Center's basic
18 research program to the Appropriations Committee on Natural and Economic
19 Resources. These reports shall include information of the activities and
20 accomplishments during the past fiscal year, expenditures itemized by line item during
21 the past fiscal year, sources of funding for the past and prospective fiscal years, and
22 planned activities and planned expenditures for at least the next fiscal year.

23 (d) The Microelectronics Center shall provide a report containing detailed
24 budget, personnel, and salary information to the Office of State Budget and
25 Management in the same manner as State departments and agencies in preparation for
26 biennium budget requests.

27
28 Requested by: Representatives B. Ethridge, Redwine

29 —BIOTECHNOLOGY PRIVATE-SECTOR RESEARCH

30 Sec. 109. (a) The North Carolina Biotechnology Center may recapture funds
31 spent in support of successful research efforts in the nonacademic private sector.

32 (b) Beginning October 1, 1989, the North Carolina Biotechnology Center shall
33 provide quarterly reports on the Center's nonacademic private-sector research and
34 development projects to the Appropriations Committee on Natural and Economic
35 Resources. These reports shall include information of the activities and
36 accomplishments during the past fiscal year, the annual audit, sources of funding for the
37 past and prospective fiscal years, and planned activities and planned expenditures for at
38 least the next fiscal year.

39 (c) The North Carolina Biotechnology Center shall provide a report containing
40 detailed budget, personnel, and salary information, to the Office of State Budget and
41 Management in the same manner as State departments and agencies in preparation for
42 biennium budget requests.

43
44 PART XX—DEPARTMENT OF LABOR

1

2 Requested by: Representatives B. Ethridge, Redwine

3 —RENEGOTIATE OSHA BENCHMARKS

4 Sec. 110. The Commissioner of Labor shall renegotiate the compliance
5 staffing benchmarks for the Occupational Safety and Health Act of North Carolina
6 (OSHANC) program with the United States Department of Labor in order that the
7 OSHANC program can obtain certification under the provisions of Section 18(e) of the
8 Occupational Safety and Health Act of 1970 (Pub. L. No. 91-596, 84 Stat. 1950).

9 (b) On or before May 1, 1990, the Commissioner of Labor shall report the result
10 of the benchmark renegotiations to the Appropriations Committee on Natural and
11 Economic Resources.

12

13 Requested by: Representative Colton

14 —FUNDING FOR OSHA ENFORCEMENT POSITIONS

15 Sec. 111. The Department of Labor may use funds appropriated to the
16 Department of Labor for the Occupational Health and Safety Act of North Carolina
17 (OSHANC) program to fully fund enforcement personnel in the Compliance Bureau of
18 the OSHANC program, provided the Department of Labor certifies to the Office of
19 State Budget and Management that no federal match is available for the 1989-90 fiscal
20 year and for the 1990-91 fiscal year.

21

22 PART XXI.—DEPARTMENT OF NATURAL AND ECONOMIC RESOURCES
23 AND COMMUNITY DEVELOPMENT

24

25 Requested by: Representatives B. Ethridge, Redwine

26 —REVIEW COMMITTEE FOR AGRICULTURE COST SHARE PROGRAM

27 Sec. 112. G.S. 143-215.74B reads as rewritten:

28 "**§ 143-215.74B. Committee established.**

29 Detailed plans for implementing the program shall be reviewed and suggested
30 changes and reasons therefor shall be given by a committee consisting of the Master of
31 the North Carolina State Grange, President of the North Carolina Farm Bureau
32 Federation, the North Carolina Commissioner of Agriculture, the Dean of the School of
33 Agriculture and Life Sciences at North Carolina State University, the Dean of the
34 School of Agriculture at North Carolina Agricultural and Technical State University, the
35 Chairman of the State Soil and Water Conservation Commission, ~~and the President of~~
36 ~~the North Carolina Association of Soil and Water Conservation Districts.~~ Districts, the
37 Executive Director of the Wildlife Resources Commission, and the Director of the
38 Division of Marine Fisheries. The committee shall review the program prior to
39 expenditure of any funds for the program. Certification documenting the committee's
40 review of the program shall be made in writing to the Speaker of the House of
41 Representatives, the President of the Senate, ~~and the Chairmen of the Appropriations~~
42 ~~Committees of the Senate and the House of Representatives.~~ Representatives, the
43 Director of the Fiscal Research Division of the Legislative Services Office, and the
44 Legislative Library."

1

2 Requested by: Representatives B. Ethridge, Redwine

3 —TECHNICAL REVIEW COMMITTEE APPOINTMENTS

4

5 Sec. 113. The Soil and Water Conservation Commission shall include the
6 Executive Director of the Wildlife Resources Commission, or his designee, and the
7 Director of the Marine Fisheries Division of the Department of Natural Resources and
8 Community Development, or his designee, among its appointments to the Technical
9 Review Committee, which reviews the technical specifications for the best management
10 practices specified for the Agricultural Cost Share Program for Nonpoint Source
11 Pollution Control.

11

12 Requested by: Representatives B. Ethridge, Redwine

13 —ZOO RECEIPTS

14

15 Sec. 114. Part 22 of Article 7 of Chapter 143B is amended by adding a new
16 section to read:

16

17 **"§ 143B-337. Special Zoo Fund.**

18

19 A special continuing and nonreverting fund, to be called the Special Zoo Fund, is
20 created. The North Carolina Zoological Park shall retain unbudgeted receipts at the end
21 of each fiscal year, beginning June 30, 1989, and deposit these receipts into this Fund.
22 This Fund shall be used for maintenance, repairs, and renovations of exhibits in existing
23 habitat clusters and visitor services facilities, and for the replacement of tram equipment
24 as required to maintain adequate service to the public. The Special Zoo Fund may also
25 be used to match private funds which are raised for these purposes. Funds may be
26 expended for these purposes by the Department of Natural Resources and Community
27 Development on the advice of the North Carolina Zoological Park Council and with the
28 approval of the Office of State Budget and Management. The Department of Natural
29 Resources and Community Development shall provide an annual report to the office of
30 State Budget and Management and to the Fiscal Research Division of the Legislative
31 Services Office on the use of fees collected pursuant to this section."

30

31 Requested by: Representatives B. Ethridge, Redwine

32

32 —COMMUNITY ACTION PROGRAM FUNDS

33

34 Sec. 115. For the 1989-90 fiscal year and the 1990-91 fiscal year, all
35 agencies designated as eligible agencies pursuant to G.S. 113-28.24 that receive
36 Community Service Block Grant funds may use those funds for the administration of
37 agency programs. The amount of those funds used for administration of agency
38 programs shall be limited to ten percent (10%) of the total annual budget of the agency
39 as certified in the prior year's audit of the agency. The Department of Natural
40 Resources and Community Development shall report quarterly to the Joint Legislative
41 Commission on Governmental Operations and the Appropriations Committee on
42 Natural and Economic Resources beginning October 1, 1989, on the use of Community
43 Service Block Grant Funds for administration of agency programs. The report shall
44 show:

43

- 1 (1) The total budget for each community action agency or limited purpose
- 2 agency by program funding source;
- 3 (2) The amount of funds for administration provided by each program;
- 4 (3) The criteria for determining the amount of funds used for
- 5 administrative expenses; and
- 6 (4) The number of persons served by each program.

7
8 Requested by: Representatives B. Ethridge, Redwine

9 —FORESTRY EQUIPMENT REPLACEMENT PLAN

10 Sec. 116. The Department of Natural Resources and Community
11 Development shall prepare a plan for the replacement of fire fighting equipment and the
12 construction of equipment sheds and office complexes to be used to protect forestry
13 equipment. This plan shall be submitted biennially to the General Assembly for
14 approval with the biennial budget request for the next biennium and in the same manner
15 as the biennial budget request.

16
17 Requested by: Representatives B. Ethridge, Redwine

18 —ENVIRONMENTAL MANAGEMENT PERMIT FEES

19 Sec. 117. G.S. 143-215.3A reads as rewritten:

20 "**§ 143-215.3A. Use of application and permit fees.**

21 There is established a separate nonreverting account within the Office of State
22 Budget—within the Department of Natural Resources and Community Development.

23 The account will be used, to the extent appropriated by the General Assembly, ~~for~~
24 ~~allocations to the Department of Natural Resources and Community Development~~ to (a)

25 defray the expenses of any project or program supporting the permitting and
26 compliance activities needed to protect the State's surface water, groundwater, and air
27 quality, and (b) establish additional permanent positions, under the Personnel Act,

28 for water, groundwater, and air quality permitting and compliance activities. All

29 application fees and permit administration fees collected by the State for permits issued

30 under Articles 21, 21A, 21B, and 38, except those collected under Part 2 of Article 21A

31 and deposited in the Oil or Other Hazardous Substances Pollution Protection Fund, and

32 except as provided in G.S. 143-215.3B shall be deposited in the account. The total

33 monies collected per year from fees for permits under G.S. 143-215.3(a)(1a) shall not

34 exceed thirty percent (30%) of the total budgets from all sources of environmental

35 permitting and compliance programs within the Department of Natural Resources and

36 Community Development. The Department shall make an annual report to the General

37 Assembly and its Fiscal Research Division on the cost of the State's environmental

38 permitting programs contained within such Department. The report shall include, but is

39 not limited to, fees set and established under this Article, fees collected under this

40 Article, revenues received from other sources for environmental permitting and

41 compliance programs, changes made in the fee schedule since the last report, anticipated

42 revenues from all other sources, interest earned and any other information requested by

43 the General Assembly."

44

1 Requested by: Representatives B. Ethridge, Redwine
 2 ---LAB CERTIFICATION FEES

3 Sec. 118. G.S. 143-215.3(a)(10) reads as rewritten:
 4 "(10) To require a laboratory facility to be certified by the Department
 5 before performing any tests, analyses, measurements, or monitoring
 6 required under this Article and to establish fees therefor. These fees
 7 collected by the Department shall remain available to the Department
 8 to be used to offset the cost of certifying commercial, industrial, and
 9 municipal laboratory facilities."

10
 11 Requested by: Representatives B. Ethridge, Redwine
 12 ---CLEAN WATER REVOLVING LOAN AND GRANT FUND

13 Sec. 119. G.S. 159G-4(b) reads as rewritten:
 14 "(b) Of the appropriations made from the General Fund to the Clean Water
 15 Revolving Loan and Grant Fund for use of the Office of State Budget and Management
 16 as provided in this Chapter, allocations are made as follows after first subtracting the
 17 amounts allocated under subsection (a) of this section, to the extent that there are any
 18 excess funds available:

19	Wastewater Accounts		
20	General Wastewater Revolving		
21	Loan Account	45.00%	45.00%
22	Emergency Wastewater Revolving		
23	Loan Account	13.00%	13.00% <u>14.00%</u>
24	High-Unit Cost Wastewater		
25	Account	10.00%	10.00%
26	Water Supply Accounts		
27	General Water Supply		
28	Revolving Loan Account	23.00%	23.00%
29	High-Unit Cost Water Supply		
30	Account	3.00%	3.00%
31	Emergency Water Supply Revolving		
32	Loan Account	5.00%	5.00%
33	Administrative Account	1.00%	1.00% "

34
 35 PART XXII---MISCELLANEOUS PROVISIONS

36
 37 Requested by: Representative Diamont
 38 ---EFFECT OF HEADINGS

39 Sec. 120. The headings to the Parts and sections of this act are a convenience
 40 to the reader and are for reference only. The headings do not expand, limit, or define
 41 the text of this act.

42
 43 Requested by: Representative Diamont
 44 ---EXECUTIVE BUDGET ACT REFERENCE

1 Sec. 121. The provisions of the Executive Budget Act, Chapter 143, Article 1
2 of the General Statutes, are reenacted and shall remain in full force and effect and are
3 incorporated in this act by reference.

4
5 Requested by: Representative Diamont

6 ---COMMITTEE REPORT

7 Sec. 122. The House Appropriations Committee Report, dated April 20,
8 1989, which was distributed in the House of Representatives and used to explain this
9 act, shall indicate action by the General Assembly on this act and shall therefore be used
10 to construe this act, as provided in G.S. 143-15 of the Executive Budget Act, and for
11 such purposes shall be considered a part of this act.

12
13 Requested by: Representative Diamont

14 ---EFFECT OF MOST LIMITATIONS AND DIRECTIONS IN TEXT/ONLY-1989-
15 91

16 Sec. 123. Except for statutory changes or other provisions that clearly
17 indicate an intention to have effects beyond the 1989-91 biennium, the textual
18 provisions of this act shall apply only to funds appropriated for and activities occurring
19 during the 1989-91 biennium.

20
21 Requested by: Representative Diamont

22 ---SEVERABILITY CLAUSE

23 Sec. 124. If any section or provision of this act is declared unconstitutional or
24 invalid by the courts, it does not affect the validity of the act as a whole or any part
25 other than the part so declared to be unconstitutional or invalid.

26
27 Requested by: Representative Diamont

28 ---EFFECTIVE DATE

29 Sec. 125. Except as otherwise provided, this act shall become effective July
30 1, 1989.