

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H

1

HOUSE BILL 345

Short Title: GPAC-Entire Package.

(Public)

---

Sponsors: Representative Balmer.

---

Referred to: Appropriations.

---

February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT ALL OF THE RECOMMENDATIONS OF THE  
GOVERNMENT PERFORMANCE AUDIT COMMITTEE.

The General Assembly of North Carolina enacts:

—STATE STRATEGIC PLANNING PROCESS.

Section 1. (a) G.S. 143A-17 is repealed.

(b) G.S. 143-3.5 reads as rewritten:

**"§ 143-3.5. Coordination of statistics.**

It shall be the duty of the ~~Director~~Director, through the Office of State Budget and Management and the Office of State Planning, to coordinate the efforts of governmental agencies in the collection, development, dissemination and analysis of official economic, demographic and social statistics pertinent to State budgeting. The ~~Office shall~~Director shall:

- (1) Prepare and release the official demographic and economic estimates and projections for the State;
- (2) Conduct special economic and demographic analyses and studies to support statewide budgeting;
- (3) Develop and coordinate cooperative arrangements with federal, State and local governmental agencies to facilitate the exchange of data to support State budgeting;
- (4) Compile, maintain, and disseminate information about State programs which involve the distribution of State aid funds to local governments including those variables used in their allocation; and,

- 1 (5) Develop and maintain in cooperation with other State and local  
2 governmental agencies, an information system providing comparative  
3 data on resources and expenditures of local governments.

4 Every fiscal analysis prepared by the Director or the Office of State Budget and  
5 Management addressing the State budget outlook shall encompass the upcoming five-  
6 year period. Every fiscal analysis prepared by the Director or the Office of State Budget  
7 and Management addressing the impact of proposed legislation on the State budget shall  
8 estimate the impact for the first five fiscal years the legislation would be in effect. To  
9 minimize duplication of effort in collecting or developing new statistical series pertinent  
10 to State planning and budgeting, including contractual arrangements, State agencies  
11 must submit to the Director proposed procedures and funding requirements.

12 This section shall not apply to the General Assembly, any of its committees and  
13 subcommittees, the Legislative Research Commission, the Legislative Services  
14 Commission, or any other committee or commission in the legislative branch."

15 (c) Article 1 of Chapter 143 of the General Statutes is amended by adding a new  
16 section to read:

17 **"§ 143-10.3. Strategic planning process.**

18 The Director, through the Office of State Budget and Management and the Office of  
19 State Planning, shall establish and implement a strategic planning process for the State.  
20 The strategic planning process shall address the following elements:

- 21 (1) Vision. – The State shall consider alternative futures as they pertain to  
22 quality of life, safety, health, and the environment.  
23 (2) Statewide Goals. – The State shall establish concrete goals for the  
24 entire State in those areas that matter most to citizens.  
25 (3) External Assessment. – The State shall solicit ideas, opinions, and  
26 concerns from citizens, both as recipients of government services and  
27 as taxpayers, regarding how well the State is meeting its goals.  
28 (4) Internal Assessment. – The process shall involve legislators, top  
29 executive branch management, and selected personnel at all levels of  
30 State government.  
31 (5) Agency Goals. – State agencies shall develop clearly defined goals that  
32 are consistent with statewide goals.  
33 (6) Objectives and Measurable Results. – The State shall develop  
34 performance measures and indicators of program results or outcome  
35 indicators to track the State's progress toward achieving statewide and  
36 agency goals.  
37 (7) Planning/Budget Document. – The State's long-range plans shall be  
38 reflected in the budget proposed by the Governor, as provided in G.S.  
39 143-10.4(b).  
40 (8) Performance Measuring and Monitoring. – The State shall review the  
41 performance of State programs periodically."

42 (d) Article 1 of Chapter 143 of the General Statutes is amended by adding a new  
43 section to read:

44 **"§ 143-10.4. Departmental plans.**

1 (a) The Director, through the Office of State Budget and Management and the  
2 Office of State Planning, shall have prepared biennially in the even-numbered years, a  
3 comprehensive plan for each department, agency, and institution, for which the Director  
4 may recommend an appropriation of State funds in the next biennial period. The plans  
5 shall implement the statewide and agency goals contained in the strategic plans  
6 developed in accordance with G.S. 143-10.3. The plans shall provide the objectives,  
7 activities, strategies, and supporting statistics, for each department, agency, and  
8 institution for the current biennium and for the following three biennial periods. The  
9 plans shall also provide the performance measures and outcome indicators for each  
10 department, agency, and institution. These same performance measures and outcome  
11 indicators shall be used for ongoing program monitoring and reported in the Governor's  
12 biennial budget submission.

13 All organizational levels of each department, agency, and institution shall be  
14 involved in preparing the department, agency, or institution's plan. The Office of State  
15 Planning shall provide guidance to the departments, agencies, and institutions in the  
16 planning process, and shall provide on-site technical assistance and process leadership  
17 to the departments, agencies, and institutions, as needed in the course of the planning  
18 process.

19 (b) The Director shall provide unified planning and budgeting instructions to the  
20 departments, agencies, and institutions for use in developing long-range plans and  
21 biennial budgets. The plans shall serve as the basis for the development of biennial  
22 budgets for each department, agency, and institution of State government that the  
23 Director submits to the General Assembly. Departments, agencies, and institutions shall  
24 cooperate in the development of these plans and shall provide the necessary information  
25 and data required to prepare these plans, in the format prescribed by the Director."

26 (e) G.S. 143-11 reads as rewritten:

27 **"§ 143-11. Survey of departments.**

28 On or before the fifteenth day of December, biennially in the even-numbered years,  
29 the Director shall make a complete, careful survey of the operation and management of  
30 all the departments, bureaus, divisions, officers, boards, commissions, institutions, and  
31 agencies and undertakings of the State and all persons or corporations who use or  
32 expend State funds, in the interest of economy and efficiency, and of obtaining a  
33 working knowledge upon which to base recommendations to the General Assembly as  
34 to appropriations for maintenance and special funds and capital expenditures for the  
35 succeeding biennium. If the Director and the Commission shall agree in their  
36 recommendations for the budget for the next biennial period, he shall prepare their  
37 report in the form of a proposed budget, together with such comment and  
38 recommendations as they may deem proper to make. If the Director and Commission  
39 shall not agree in substantial particulars, the Director shall prepare the proposed budget  
40 based on his own conclusions and judgment, and the Commission or any of its members  
41 retain the right to submit separately to the General Assembly such statement of  
42 disagreement and the particulars thereof as representing their views. The budget report  
43 shall reflect the State's long-range plans, developed in accordance with G.S. 143-10.4.  
44 The budget report shall contain a complete and itemized plan of all proposed

1 expenditures for each State department, bureau, board, division, institution,  
2 commission, State agency or undertaking, person or corporation who receives or may  
3 receive for use and expenditure any State funds, in accordance with the classification  
4 adopted by the State Controller, and of the estimated revenues and borrowings for each  
5 year in the ensuing biennial period beginning with the first day of July thereafter.  
6 Opposite each item of the proposed expenditures, the budget shall show in separate  
7 parallel columns the amount expended for the last preceding appropriation year, for the  
8 current appropriation year, and the increase or decrease. The budget shall clearly  
9 differentiate between general fund expenditures for operating and maintenance, special  
10 fund expenditures for any purpose, and proposed capital outlays.

11 The Director shall accompany the budget with:

- 12 (1) A budget message supporting his recommendations and outlining a  
13 financial policy and program for the ensuing biennium. The message  
14 will include an explanation of increase or decrease over past  
15 expenditures, a discussion of proposed changes in existing revenue  
16 laws and proposed bond issues, their purpose, the amount, rate of  
17 interest, term, the requirements to be attached to their issuance and the  
18 effect such issues will have upon the redemption and annual interest  
19 charges of the State debt.
- 20 (2) State Controller reports including:
  - 21 a. An itemized and complete financial statement for the State at  
22 the close of the last preceding fiscal year ending June 30.
  - 23 b. A statement of special funds.
- 24 (2a) A statement showing the itemized estimates of the condition of the  
25 State treasury as of the beginning and end of each of the next two  
26 appropriation years.
- 27 (3) A report on the fees charged by each State department, bureau,  
28 division, board, commission, institution, and agency during the  
29 previous fiscal year, the statutory or regulatory authority for each fee,  
30 the amount of the fee, when the amount of the fee was last changed,  
31 the number of times the fee was collected during the prior fiscal year,  
32 and the total receipts from the fee during the prior fiscal year.
- 33 (4) A statement showing the State Board of Education's request, in  
34 accordance with G.S. 115C-96, for sufficient funds to provide  
35 textbooks to public school students.

36 It shall be a compliance with this section by each incoming Governor, at the first  
37 session of the General Assembly in his term, to submit the budget report with the  
38 message of the outgoing Governor, if he shall deem it proper to prepare such message,  
39 together with any comments or recommendations thereon that he may see fit to make,  
40 either at the time of the submission of the said report to the General Assembly, or at  
41 such other time, or times, as he may elect and fix.

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

- 44 (f) This section becomes effective July 1, 1993.

1 —PROGRAM BUDGETING IMPLEMENTED.

2 Sec. 2. (a) The Director of the Budget shall develop a plan for preparing the budget  
3 for the 1995-97 fiscal biennium in a performance budget format. The plan shall define  
4 the major programs for which funding shall be provided. The Director of the Budget  
5 shall present the plan to the General Assembly prior to June 1, 1993.

6 (b) Effective for budgets developed for fiscal bienniums beginning with the  
7 1995-97 fiscal biennium, G.S. 143-11 reads as rewritten:

8 **"§ 143-11. Survey of departments.**

9 (a) On or before the fifteenth day of December, biennially in the even-numbered  
10 years, the Director shall make a complete, careful survey of the operation and  
11 management of all the departments, bureaus, divisions, officers, boards, commissions,  
12 institutions, and agencies and undertakings of the State and all persons or corporations  
13 who use or expend State funds, in the interest of economy and efficiency, and of  
14 obtaining a working knowledge upon which to base recommendations to the General  
15 Assembly as to appropriations for maintenance and special funds and capital  
16 expenditures for the succeeding biennium. If the Director and the Commission shall  
17 agree in their recommendations for the budget for the next biennial period, he shall  
18 prepare their report in the form of a proposed budget, together with such comment and  
19 recommendations as they may deem proper to make. If the Director and Commission  
20 shall not agree in substantial particulars, the Director shall prepare the proposed budget  
21 based on his own conclusions and judgment, and the Commission or any of its members  
22 retain the right to submit separately to the General Assembly such statement of  
23 disagreement and the particulars thereof as representing their views. The budget report  
24 shall contain a complete and itemized plan of all proposed expenditures for each State  
25 department, bureau, board, division, institution, commission, State agency or  
26 undertaking, person or corporation who receives or may receive for use and expenditure  
27 any State funds, ~~in accordance with the classification adopted by the State Controller, in~~  
28 a format to identify and evaluate each principal program within and among each  
29 department, bureau, board, division, institution, commission, State agency or  
30 undertaking, person or corporation, and of the estimated revenues and borrowings for  
31 each year in the ensuing biennial period beginning with the first day of July thereafter.  
32 ~~Opposite each item of the proposed expenditures, the budget shall show in separate~~  
33 ~~parallel columns the amount expended for the last preceding appropriation year, for the~~  
34 ~~current appropriation year, and the increase or decrease.~~—The budget shall clearly  
35 differentiate between general fund expenditures for operating and maintenance, special  
36 fund expenditures for any purpose, and proposed capital outlays. Except as provided in  
37 G.S. 143-10.1A, the budget document shall not include any distinction between  
38 continuation and expansion items; it shall include only the total amount proposed.

39 The classifications of expenditures adopted by the State Controller shall be for  
40 reporting purposes only.

41 (b) The Director shall accompany the budget with:

42 (1) A budget message supporting his recommendations and outlining a  
43 financial policy and program for the ensuing biennium. The message  
44 will include an explanation of increase or decrease over past

1 expenditures, a discussion of proposed changes in existing revenue  
2 laws and proposed bond issues, their purpose, the amount, rate of  
3 interest, term, the requirements to be attached to their issuance and the  
4 effect such issues will have upon the redemption and annual interest  
5 charges of the State debt.

6 (2) State Controller reports including:

7 a. An itemized and complete financial statement for the State at  
8 the close of the last preceding fiscal year ending June 30.

9 b. A statement of special funds.

10 (2a) A statement showing the itemized estimates of the condition of the  
11 State treasury as of the beginning and end of each of the next two  
12 appropriation years.

13 (3) A report on the fees charged by each State department, bureau,  
14 division, board, commission, institution, and agency during the  
15 previous fiscal year, the statutory or regulatory authority for each fee,  
16 the amount of the fee, when the amount of the fee was last changed,  
17 the number of times the fee was collected during the prior fiscal year,  
18 and the total receipts from the fee during the prior fiscal year.

19 (4) A statement showing the State Board of Education's request, in  
20 accordance with G.S. 115C-96, for sufficient funds to provide  
21 textbooks to public school students.

22 It shall be a compliance with this section by each incoming Governor, at the first  
23 session of the General Assembly in his term, to submit the budget report with the  
24 message of the outgoing Governor, if he shall deem it proper to prepare such message,  
25 together with any comments or recommendations thereon that he may see fit to make,  
26 either at the time of the submission of the said report to the General Assembly, or at  
27 such other time, or times, as he may elect and fix.

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

30 (c) Effective for programs for which the General Assembly enacted program  
31 budgets, G.S. 143-16.3 reads as rewritten:

32 "**§ 143-16.3. No expenditures for purposes for which the General Assembly has**  
33 **considered but not enacted an appropriation.**

34 ~~Notwithstanding any other provision of law, no funds from any source, except for~~  
35 ~~gifts, grants, and funds allocated from the Contingency and Emergency Fund by the~~  
36 ~~Council of State, may be expended for any purpose, position, or other expenditure for~~  
37 ~~which the General Assembly has considered but not enacted an appropriation of funds~~  
38 ~~for the current fiscal period. For the purpose of this section, the General Assembly has~~  
39 ~~considered a purpose, position, or other expenditure when that purpose is included in a~~  
40 ~~bill or petition or when any committee of the Senate or the House of Representatives~~  
41 ~~deliberates on that purpose. If any State department, institution, or agency plans to~~  
42 ~~spend funds for any purpose for which the General Assembly has considered but not~~  
43 ~~enacted an appropriation of funds for the current fiscal period, the agency shall report its~~  
44 ~~intent with supporting documentation of changes in program performance to the Joint~~

1 Legislative Commission on Governmental Operations one month prior to the planned  
2 change. The changed expenditure shall not be continued for subsequent fiscal years  
3 without the approval of the General Assembly."

4 (d) Effective for programs for which the General Assembly enacted program  
5 budgets, G.S. 143-23 reads as rewritten:

6 "**§ 143-23. All maintenance funds for itemized ~~budgeted~~ purposes; transfers**  
7 **~~between objects or line items. movement of funds.~~**

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

17 (a1) ~~No transfers may be made between objects or line items in the budget of any~~  
18 ~~department, institution, or other spending agency; however, with the approval of the~~  
19 ~~Director of the Budget, a department, institution, or other spending agency may spend~~  
20 ~~more than was appropriated for an object or line item if the overexpenditure is:~~

- 21 (1) ~~In a purpose or program for which funds were appropriated for that~~  
22 ~~fiscal period and the total amount spent for the purpose or program is~~  
23 ~~no more than was appropriated for the purpose or program for the~~  
24 ~~fiscal period;~~
- 25 (2) ~~Required to continue a purpose or program because of unforeseen~~  
26 ~~events, so long as the scope of the purpose or program is not increased;~~
- 27 (3) ~~Required by a court, Industrial Commission, or administrative hearing~~  
28 ~~officer's order or award or to match unanticipated federal funds;~~
- 29 (4) ~~Required to respond to an unanticipated disaster such as a fire,~~  
30 ~~hurricane, or tornado; or~~
- 31 (5) ~~Required to call out the National Guard.~~

32 ~~The Director of the Budget shall report on a quarterly basis to the Joint Legislative~~  
33 ~~Commission on Governmental Operations and to the Fiscal Research Division of the~~  
34 ~~Legislative Services Office the reason if the amount expended for a purpose or program~~  
35 ~~is more than the amount appropriated for it from all sources. If the overexpenditure was~~  
36 ~~authorized under subdivision (2) of this subsection, the Director of the Budget shall~~  
37 ~~identify in the report the unforeseen event that required the overexpenditure.~~

38 ~~Funds appropriated for salaries and wages are also subject to the limitation that they~~  
39 ~~may only be used for (i) salaries and wages or for premium pay, overtime pay,~~  
40 ~~longevity, unemployment compensation, workers' compensation, temporary wages,~~  
41 ~~contracted personal services, moving expenses, payment of accumulated annual leave,~~  
42 ~~certain awards to employees, tort claims, and employer's social security, retirement, and~~  
43 ~~hospitalization payments; or (ii) uses for which over expenditures are permitted by~~  
44 ~~subdivisions (3), (4), and (5) of this subsection but the Director of the Budget shall~~

1 include such use and the reason for it in his quarterly report to the Joint Legislative  
2 Commission on Governmental Operations and to the Fiscal Research Division of the  
3 Legislative Services Office.

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

7 The requirements in this section that the Director of the Budget report to the Joint  
8 Legislative Commission on Governmental Operations shall not apply to expenditures of  
9 receipts by entities that are wholly receipt supported, except for entities supported by  
10 the Wildlife Resources Fund. The Director of the Budget may authorize the movement  
11 of funds from one budget purpose to another if both budget purposes are within the  
12 same subprogram of the performance budget and are within the same department. The  
13 Director of the Budget may also authorize the movement of funds from one program to  
14 another of up to five percent (5%) of the total appropriation for a program.

15 (b) Repealed by Session Laws 1985, c. 290, s. 8, effective July 1, 1985.

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

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

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

24 (f) As used in this section:

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

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

38 (e) Effective for programs for which the General Assembly enacted program  
39 budgets, G.S. 143-6 reads as rewritten:

40 "**§ 143-6. Information from departments and agencies asking State aid.**

41 (a) On or before the first day of September in the even-numbered years, each of  
42 the departments, bureaus, divisions, officers, boards, commissions, institutions, and  
43 other State agencies and undertakings receiving or asking financial aid from the State,  
44 or receiving or collecting funds under the authority of any general law of the State, shall



1 furnish the Director all the information, data and estimates which he may request with  
2 reference to past, present and future appropriations and expenditures, receipts, revenue,  
3 and income.

4 The Director may require any department, bureau, division, officer, board,  
5 commission, institution, or other State agency or undertaking receiving or asking  
6 financial aid from the State, to submit its request for future appropriations within target  
7 levels established by the Director to reflect anticipated revenues and proposed  
8 expenditure priorities.

9 (b) Any department, bureau, division, officer, board, commission, institution, or  
10 other State agency or undertaking desiring to request financial aid from the State for the  
11 purpose of constructing or renovating any State building, utility, or other property  
12 development (except a railroad, highway, or bridge structure) shall, before making any  
13 such request for State financial aid, submit to the Department of Administration a  
14 statement of its needs in terms of space and other physical requirements, and shall  
15 furnish the Department with such additional information as it may request. The  
16 Department of Administration shall then prepare preliminary studies and cost estimates  
17 for the use of the requesting department, bureau, division, officer, board, commission,  
18 institution, or other State agency or undertaking in presenting its request to the Director  
19 of the Budget.

20 (c) On or before the first day of September in the even-numbered years, each of  
21 the departments, bureaus, divisions, officers, boards, commissions, institutions, and  
22 other State agencies receiving or asking financial aid or support from the State, under  
23 the authority of any general law of the State, shall furnish the Director with the  
24 following information:

25 (1) The amount of State funds disbursed in the immediately preceding two  
26 fiscal years and the purpose for which the funds were disbursed and  
27 used, the amount being requested ~~as continuation funds~~ for the  
28 upcoming fiscal year, and the justification for continued State support;  
29 and

30 (2) Justification for continued State support shall include information on  
31 the extent of the public benefit being derived from State support.

32 (d) The Office of State Budget and Management and the Director of the Budget  
33 shall provide to the General Assembly, on or before January 15 of each odd-numbered  
34 year, a report that adequately and fairly presents the information required in this  
35 section."

36 (f) Effective for programs for which the General Assembly enacted program  
37 budgets, G.S. 143-12.1(e) reads as rewritten:

38 "(e) Budgets for vending facilities prepared under subsection (d) of this section  
39 shall reflect total receipts from the facilities, and the total costs to staff, stock, and  
40 operate the vending facilities, shall set out the total net proceeds, and shall ~~contain, in~~  
41 ~~line-item detail,~~ contain requests the departments and institutions have submitted to  
42 expend the net proceeds. If a State agency or institution receives payments on account  
43 of vending facilities but does not actually operate the facilities, the budget shall contain

1 a statement of the payments and shall ~~contain, in line-item detail,~~ contain requests the  
2 departments and institutions have submitted to expend the net proceeds."

3 (g) This section is effective upon ratification.

4 ---CHANGE CAPITAL BUDGET PROCESS.

5 Sec. 3. (a) G.S. 143-11 reads as rewritten:

6 "**§ 143-11. Survey of departments.**

7 On or before the fifteenth day of December, biennially in the even-numbered years,  
8 the Director shall make a complete, careful survey of the operation and management of  
9 all the departments, bureaus, divisions, officers, boards, commissions, institutions, and  
10 agencies and undertakings of the State and all persons or corporations who use or  
11 expend State funds, in the interest of economy and efficiency, and of obtaining a  
12 working knowledge upon which to base recommendations to the General Assembly as  
13 to appropriations for maintenance and special funds and capital expenditures for the  
14 succeeding biennium. If the Director and the Commission shall agree in their  
15 recommendations for the budget for the next biennial period, he shall prepare their  
16 report in the form of a proposed budget, together with such comment and  
17 recommendations as they may deem proper to make. If the Director and Commission  
18 shall not agree in substantial particulars, the Director shall prepare the proposed budget  
19 based on his own conclusions and judgment, and the Commission or any of its members  
20 retain the right to submit separately to the General Assembly such statement of  
21 disagreement and the particulars thereof as representing their views. The budget report  
22 shall contain a complete and itemized plan of all proposed expenditures for each State  
23 department, bureau, board, division, institution, commission, State agency or  
24 undertaking, person or corporation who receives or may receive for use and expenditure  
25 any State funds, in accordance with the classification adopted by the State Controller,  
26 and of the estimated revenues and borrowings for each year in the ensuing biennial  
27 period beginning with the first day of July thereafter. Opposite each item of the  
28 proposed expenditures, the budget shall show in separate parallel columns the amount  
29 expended for the last preceding appropriation year, for the current appropriation year,  
30 and the increase or decrease. The General Assembly urges the Director and the  
31 Commission to include in the budget a proposed appropriation for repairs and  
32 renovations equal to from one and one-half percent (1 1/2%) to three percent (3%) of  
33 the value of State-owned buildings. The budget shall clearly differentiate between  
34 general fund expenditures for operating and maintenance, special fund expenditures for  
35 any purpose, and proposed capital outlays.

36 The Director shall accompany the budget with:

- 37 (1) A budget message supporting his recommendations and outlining a  
38 financial policy and program for the ensuing biennium. The message  
39 will include an explanation of increase or decrease over past  
40 expenditures, a discussion of proposed changes in existing revenue  
41 laws and proposed bond issues, their purpose, the amount, rate of  
42 interest, term, the requirements to be attached to their issuance and the  
43 effect such issues will have upon the redemption and annual interest  
44 charges of the State debt.

- 1 (2) State Controller reports including:  
2 a. An itemized and complete financial statement for the State at  
3 the close of the last preceding fiscal year ending June 30.  
4 b. A statement of special funds.  
5 (2a) A statement showing the itemized estimates of the condition of the  
6 State treasury as of the beginning and end of each of the next two  
7 appropriation years.  
8 (3) A report on the fees charged by each State department, bureau,  
9 division, board, commission, institution, and agency during the  
10 previous fiscal year, the statutory or regulatory authority for each fee,  
11 the amount of the fee, when the amount of the fee was last changed,  
12 the number of times the fee was collected during the prior fiscal year,  
13 and the total receipts from the fee during the prior fiscal year.  
14 (4) A statement showing the State Board of Education's request, in  
15 accordance with G.S. 115C-96, for sufficient funds to provide  
16 textbooks to public school students.

17 It shall be a compliance with this section by each incoming Governor, at the first  
18 session of the General Assembly in his term, to submit the budget report with the  
19 message of the outgoing Governor, if he shall deem it proper to prepare such message,  
20 together with any comments or recommendations thereon that he may see fit to make,  
21 either at the time of the submission of the said report to the General Assembly, or at  
22 such other time, or times, as he may elect and fix.

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

25 (b) G.S. 143-15 reads as rewritten:

26 "**§ 143-15. Reduction and increase of items by General Assembly.**

27 The provisions of this Article shall continue to be the legislative policy with  
28 reference to the making of appropriations and shall be treated as rules of both branches  
29 of the General Assembly until and unless the same may be changed by the General  
30 Assembly either by express enactment or by rules adopted by either branch of the  
31 General Assembly.

32 The General Assembly may reduce or strike out such item in the Current Operations  
33 Appropriations Bill and the Capital Improvement Appropriations Bill as it may deem to  
34 be the interest of the public service, but neither House shall consider further or special  
35 appropriations until the Current Operations Appropriations Bill shall have been enacted  
36 in whole or part or rejected, unless the Governor shall submit and recommend an  
37 emergency appropriation bill or emergency appropriation bills, which may be amended  
38 in the manner set out herein, and such emergency appropriation bill, or bills, when  
39 enacted, shall continue in force only until the Current Operations Appropriations Bill  
40 and the Capital Improvement Appropriations Bill shall become effective, unless  
41 otherwise provided by the General Assembly. Provided that the Capital Improvement  
42 Appropriations Bill may be considered before the Current Operations Appropriations  
43 Bill has been adopted in whole or part or rejected. The General Assembly shall not

1 decrease the amount appropriated for repairs and renovations to less than one and one-  
2 half percent (1 1/2%) of the value of State-owned buildings.

3 The General Assembly may also increase any appropriation set out in the Current  
4 Operations Appropriations Bill and the Capital Improvement Appropriations Bill and  
5 may provide additional appropriations for other purposes if additional revenue or  
6 revenues, equal to the amount of such additional appropriations and increases, are  
7 provided for by corresponding amendment to the Budget Revenue Bill. No bill carrying  
8 an appropriation shall thereafter be enacted by the General Assembly, unless it be for an  
9 object or objects therein described and shall provide an adequate source of revenue for  
10 defraying such appropriation, or unless it appears from the budget report or the Budget  
11 Revenue Bill that there is sufficient revenue available therefor. The appropriation, or  
12 appropriations, in such bills shall be in accordance with the classification used in the  
13 budget.

14 Reports to or of the appropriations committees or their subcommittees indicate  
15 action by the General Assembly when they are used in preparation of or amendment to  
16 appropriations acts."

17 (c) G.S. 143-15.4(a) reads as rewritten:

18 "(a) Size Limitation. Except as otherwise provided in this section, the General  
19 Fund operating budget each fiscal year shall not be greater than seven percent (7%) of  
20 the projected total State personal income for that fiscal year. For the purpose of this  
21 section, the General Fund operating budget includes any appropriations for repairs and  
22 renovations and for local tax-sharing, but does not include appropriations for (i) capital  
23 expenditures or (ii) one-time expenditures due to natural disasters, federal mandates, or  
24 other emergencies."

25 (d) G.S. 143-341 is amended by adding a new subdivision to read:

26 "(4a) Capital Needs Assessment. –

27 To conduct a 10-year capital needs assessment for the State and to  
28 report the results of the assessment, before May 1, 1994, to the  
29 Governor and the General Assembly. The ten year capital needs  
30 assessment shall be updated and included in the Governor's biennial  
31 budget submission."

32 (e) The Capital Improvement Subcommittees of the Appropriations  
33 Committees of the House and the Senate shall develop a debt policy for funding State  
34 capital needs.

35 (f) Subsections (a), (b), and (c) of this section are effective upon ratification  
36 and apply to budgets for all fiscal years beginning with the 1995-96 fiscal year.  
37 Subsections (d) and (f) of this section are effective upon ratification. Subsection (e) of  
38 this section becomes effective upon the creation of Capital Improvements  
39 Subcommittees of the Appropriations Committees of the House and the Senate.

40 —EXPAND FUNDING FLEXIBILITY.

41 Sec. 4. (a) The Director of the Budget shall develop a plan for expanding the single  
42 sum appropriation pilot program, described in Part 2A of Article 1 of Chapter 116 of the  
43 General Statutes to other State agencies. The Director of the Budget shall report on the  
44 plan to the General Assembly prior to March 1, 1994.

1 (b) This section is effective upon ratification.

2 ---DEVELOP OUTCOME MEASURES.

3 Sec. 5. (a) Article 1 of Chapter 143 of the General Statutes is amended by  
4 adding a new section to read:

5 **"§ 143-10.5. Development of performance measures for major programs.**

6 (a) The Director of the Budget, through the Office of State Budget, the Office of  
7 State Policy and Planning and State agencies, departments, and institutions, shall  
8 develop performance measures for the major programs for each State agency,  
9 department, and institution. These performance measures shall be developed as part of  
10 the biennial comprehensive plan and serve as the basis for the development of the  
11 biennial budget, beginning with the 1995-97 fiscal biennium.

12 (b) The Director shall institute a standard process for developing program  
13 performance measures and for monitoring performance results, uniform performance  
14 measurement terms, and a standardized format for presentation.

15 (c) The program performance measurement system shall include:

16 (1) Description of the key performance measures for the program.  
17 Performance measures should include: program efficiency or unit cost,  
18 outputs or program activity, and outcomes or performance results, with  
19 emphasis on the use of program outcome measures.

20 (2) Identification of the current level of performance.

21 (3) Targets for the desired level of performance.

22 (4) Identification of future performance measures that should be  
23 developed and a time frame for development.

24 (5) A methodology for regular monitoring of department, agency, and  
25 institution performance in relation to the measure.

26 (6) A methodology for assessing programs that have achieved desired  
27 performance targets through innovative management actions.

28 (d) The Director of the Budget shall prepare a comprehensive plan for  
29 implementation of a performance measurement system and present the plan to the  
30 General Assembly by October 1, 1993.

31 (e) The Director of the Budget shall report annually to the General Assembly on:

32 (1) The status of the development of the program performance  
33 measurement system.

34 (2) The programs that have not achieved the desired level of performance  
35 and the reasons performance targets were not achieved.

36 (3) The programs that have achieved performance targets through  
37 management innovation."

38 (b) This section is effective upon ratification.

39 ---ANNUAL FINANCIAL MODEL REQUIRED.

40 Sec. 6. (a) G.S. 143-15.1 reads as rewritten:

41 **"§ 143-15.1. Current Operations Appropriations Act.**

42 The General Assembly shall enact the Current Operations Appropriations Act by  
43 June 15 of odd-numbered years and by June 30 of even-numbered years in which a  
44 Current Operations Appropriations Act is enacted. The Current Operations

1 Appropriations Act shall state the amount of General Fund appropriations availability  
2 upon which the General Fund budget is based. The statement of availability shall list  
3 separately the beginning General Fund credit balance, General Fund revenues, and any  
4 other components of the availability amount.

5 The Current Operations Appropriations Act shall incorporate by reference the  
6 General Fund Financial Model. The General Assembly shall set out with the financial  
7 model the assumptions of the model and the impact over five years on the budget that is  
8 anticipated by the model.

9 The General Fund operating budget appropriations, including appropriations for  
10 local tax reimbursements and local tax sharing, for the second year in a Current  
11 Operations Appropriations Act that contains a biennial budget shall not be more than  
12 two percent (2%) greater than the General Fund operating budget appropriations for the  
13 first year of the biennial budget."

14 (b) This section is effective upon ratification.

15 —EVALUATION OF PROGRAM RESULTS.

16 Sec. 7. (a)G.S. 120-76(1) reads as rewritten:

17 "(1) To conduct program evaluation studies of the various components of  
18 State agency activity as they relate to:

- 19 a. Service benefits of each program relative to expenditures;
- 20 b. Achievement of program goals;
- 21 c. Use of indicators by which the success or failure of a program  
22 may be gauged; and
- 23 d. Conformity with legislative intent.

24 The Commission shall develop a schedule for systematic program  
25 evaluation studies of State agencies. In setting its priorities for  
26 program review and evaluation, the Commission shall consider reports  
27 from the Director of the Budget on programs that have not achieved  
28 the desired level of performance.

29 The Commission shall develop strategies for carrying out these  
30 program evaluation studies, after consultation with the State Auditor.

31 The Director of the Budget shall ensure that the results of these  
32 program evaluations are used by State agencies in the State's policy,  
33 planning, and budgeting processes.

34 The chairs of the Commission shall appoint a permanent  
35 subcommittee to assist the Commission in carrying out its duties under  
36 this subdivision."

37 (b) This section is effective upon ratification.

38 —ECONOMIC DEV. COUNCIL/PLAN.

39 Sec. 8. (a) The General Assembly finds that:

- 40 (1) The Department of Commerce's Economic Development Board is a  
41 25-member advisory board charged, in part, with advising the  
42 Secretary of Commerce on formulating a program for the economic  
43 development of the State.

- 1           (2)    The Economic Development Board has published a strategic business  
2           plan for quality growth, that sets out a series of strategies and  
3           initiatives to be taken by the State in economic development.  
4           (3)    North Carolina has received wide recognition for its economic  
5           development successes, although it has some development  
6           weaknesses.  
7           (4)    The Economic Development Board of the Department of Commerce,  
8           the Governor's Commission on Workforce Preparedness, the Rural  
9           Economic Development Center, and other organizations and agencies  
10          have developed strategic plans related to economic development.  
11          (5)    The economic development policy currently stated in G.S. 143B-428  
12          and the resulting plan developed by the Economic Development Board  
13          are lacking key elements necessary for a truly comprehensive and  
14          effective economic development plan.  
15          (6)    North Carolina needs a statewide economic development plan that  
16          would do all of the following:  
17           a.     Identify the roles and responsibilities of the many diverse  
18           agencies and organizations involved in economic development.  
19           b.     Provide measurable objectives or performance indicators to  
20           assess the State's economic development progress.  
21           c.     Set out broad vision and mission statements and general goals  
22           and policies of the State with regard to economic development.  
23           d.     Reflect the input of all parties involved in economic  
24           development as well as the input of the public.  
25          (7)    The lack of an integrated, comprehensive statewide economic  
26          development plan creates several inefficiencies as follows:  
27           a.     Agencies involved in economic development have little  
28           direction regarding the types of programs and priorities they  
29           should focus on.  
30           b.     The General Assembly has limited guidance as to which  
31           economic development appropriations are the most effective.  
32           c.     There are no explicit performance indicators against which  
33           agencies' effectiveness can be measured.  
34           d.     Various agencies may be duplicating one another's programs or  
35           even serving at cross purposes.  
36          (8)    The Economic Development Board should be replaced by an  
37          Economic Development Council with additional responsibility for  
38          planning and authority to recommend economic development policy to  
39          the Secretary of Commerce, the Governor, and the General Assembly  
40          on a variety of issues. The Department of Commerce, through its  
41          Economic Development Council, should be the lead agency in  
42          coordinating all affected parties in developing and updating an  
43          integrated, comprehensive economic development plan.  
44          (b)    G.S. 143B-434 reads as rewritten:

1 **"§ 143B-434. Economic Development ~~Board~~Council – creation, duties,**  
2 **membership.**

3 (a) Creation and Duties. – There is created within the Department of  
4 Commerce an Economic Development ~~Board~~. ~~The Board shall advise the Secretary of~~  
5 ~~Commerce on:~~ Council. The Council shall have the following duties:

6 (1) To provide economic and community development planning for the  
7 State.

8 (2) To recommend economic development policy to the Secretary of  
9 Commerce, the General Assembly, and the Governor. The  
10 recommendations may cover the following issues as well as any other  
11 economic development policy issues:

12 a. Use of tax abatements and other incentives to motivate  
13 economic development.

14 b. Definition of which specific activities and programs should be  
15 considered economic development activities and programs for  
16 the purpose of receiving State appropriations.

17 c. The role of institutions of higher education in economic  
18 development.

19 d. The use of State funds to leverage private nonprofit economic  
20 development initiatives.

21 (3) To recommend annually to the Governor biennial and annual  
22 appropriations for economic development programs.

23 (4) To develop and update annually a statewide economic development  
24 plan, as provided in G.S. 143B-434.1.

25 ~~(1) The formulation of a program for the economic development of the~~  
26 ~~State of North Carolina; and~~

27 ~~(2) The formulation of a budget and the hiring of the head of each division~~  
28 ~~of the Department of Commerce concerned with the expansion of the~~  
29 ~~travel and tourism industry.~~

30 ~~The Secretary shall prepare the budget of the Department and shall hire the heads of the~~  
31 ~~above mentioned divisions who shall serve at his pleasure. The Board~~ The Council shall  
32 meet at least quarterly at the call of its ~~chairman~~ chair or the Secretary. Each quarter the  
33 Secretary shall report to the ~~Board~~ Council on the program and progress of this State's  
34 economic development.

35 (b) Membership. – ~~The Economic Development Board~~ Council shall consist of  
36 ~~26-20~~ members. The Governor shall serve ex officio as a member and as the chair of  
37 the Economic Development Council. The Secretary of Commerce shall serve ex officio  
38 as a member and as the secretary of the Economic Development Council. The  
39 Governor shall appoint the remaining members of the Council, as follows:

40 (1) One economic development representative each from three of the  
41 regional alliances that have been established around the State by local  
42 governments and that involve the private sector in economic  
43 development.

44 (2) One representative from each of the following State agencies:



- a. The Department of Administration.
- b. The Department of Agriculture.
- c. The Department of Community Colleges.
- d. The Employment Security Commission.
- e. The Department of Labor.
- f. The Department of the Secretary of State.
- g. The Department of Transportation.
- h. The Board of Governors of The University of North Carolina.

(3) One representative each from three of the private nonprofit organizations that have received economic development appropriations in the most recent fiscal biennium.

(4) Four members of the public.

~~The Secretary of Commerce, the President of the Senate or his appointee, and the Speaker of the House of Representatives or his appointee, shall be members of the Board. The Governor shall appoint 23 members of the Board. Of his appointees, the Governor shall appoint at least one member residing in each congressional district of the State.~~

~~The initial appointments by the Governor shall be made on or after the date of ratification, 11 terms to expire July 1, 1979, and 11 terms to expire on July 1, 1981. Thereafter, at the expiration of each stipulated term of office all appointments made by the Governor shall be for a term of four years. The initial term of the person appointed to represent the 12th Congressional District shall commence January 3, 1993, and expire June 30, 1995. Any vacancy occurring in the membership of the Economic Development Board appointed by the Governor shall be filled by the Governor for the unexpired term. The Governor shall have the authority to remove any member of the Economic Development Board appointed by the Governor.~~

~~The Governor shall designate from among the members of the Economic Development Board a chairman and a vice chairman. The Secretary of Commerce or his designee shall serve as Secretary of the Economic Development Board. If a vacancy occurs in the office of the Lieutenant Governor, the President pro tempore shall fill the vacancy. If a vacancy occurs in the office of the Speaker of the House of Representatives, the Speaker pro tempore shall fill the vacancy.~~

The initial appointments to the Council shall be for terms beginning July 1, 1993. The Governor shall designate eight terms to expire July 1, 1995; the remaining terms shall expire July 1, 1997. Thereafter, all appointments shall be for a term of four years. The Governor shall make a replacement appointment to serve for the unexpired term in the case of a vacancy.

~~The members of the Economic Development Board appointed by the Governor Council shall receive per diem and necessary travel and subsistence expenses payable to members of State Boards and agencies generally pursuant to G.S. 138-5 and 138-6, as the case may be; provided, however, that the chairman of the Economic Development Board and the Lieutenant Governor shall not be entitled to receive per diem in addition to salary. The members of the Economic Development Board who are members of the~~

1 ~~General Assembly shall not receive per diem but shall receive necessary travel and~~  
2 ~~subsistence expenses at rates prescribed by G.S. 120-3.1. be.~~

3 (c) Staff – The Department of Commerce shall provide clerical and professional  
4 staff support to the Economic Development Council.

5 ~~(b) All clerical and other services required by the Economic Development Board~~  
6 ~~shall be supplied by the Secretary of Commerce.~~

7 (e) ~~It shall be the duty of the chairman of the Economic Development Board:~~

8 ~~(1) To organize the work of the Economic Development Board into~~  
9 ~~committees with respect to the divisions of the Department of~~  
10 ~~Commerce concerned with the expansion of existing industry, the~~  
11 ~~recruitment of new industry and the expansion of the travel and~~  
12 ~~tourism industries and~~

13 ~~(2) To assign responsibilities to each committee."~~

14 (c) G.S. 143B-433(a) reads as rewritten:

15 "(a) (1) The North Carolina Alcoholic Beverage Control  
16 Commission,

17 (2) The North Carolina Utilities Commission,

18 (3) The Employment Security Commission,

19 (4) The North Carolina Industrial Commission,

20 (5) State Banking Commission,

21 (6) Savings and Loan Association Division,

22 (7) The State Savings Institutions Commission,

23 (8) Credit Union Commission,

24 (9) The North Carolina Milk Commission,

25 (10) The North Carolina Mutual Burial Association Commission,

26 (11) North Carolina Cemetery Commission,

27 (12) The North Carolina Rural Electrification Authority,

28 (13) Repealed by Session Laws 1985, c. 757, s. 179(d),

29 (14) North Carolina Science and Technology Research Center,

30 (15) The North Carolina State Ports Authority,

31 (16) North Carolina National Park, Parkway and Forests Development  
32 Council,

33 (17) ~~Economic Development Board, Council.~~

34 (18) Labor Force Development Council,

35 (19) Energy Policy Council,

36 (20) Energy Division,

37 (21) Navigation and Pilotage Commissions established by Chapter 76 of  
38 the General Statutes, Statutes.

39 ~~(22) The North Carolina Technological Development Authority."~~

40 (d) G.S. 120-123 is amended by adding a new subdivision to read:

41 "(6a) The Economic Development Council established by G.S. 143B-434."

42 (e) Beginning July 1, 1993, the Department of Commerce shall reallocate to  
43 the Economic Development Council created in this section funds and resources  
44 previously allocated to the Economic Development Board.

1 (f) Part 2 of Article 10 of Chapter 143B of the General Statutes is amended  
2 by adding a new section to read:

3 **"§ 143B-434.1. Statewide economic development plan.**

4 (a) Council to Prepare Plan. – The Economic Development Council shall prepare  
5 a statewide economic development plan by April 1, 1994. The Council shall review and  
6 update this plan by April 1 of each year. The original statewide economic development  
7 plan shall cover a period of several years and each annual update shall extend the time  
8 frame by one year so that a multiyear plan is always in effect. The Council shall  
9 provide copies of the plan and each annual update to the Governor and the Joint  
10 Legislative Commission on Governmental Operations. The statewide economic  
11 development plan shall encompass all of the components set out in this section.

12 (b) Public and Private Input. – At each stage as it develops and updates the plan,  
13 the Council shall solicit input from all parties involved in economic development in  
14 North Carolina, including:

15 (1) Each of the programs and organizations that, for State budget  
16 purposes, identify economic development as one of their global goals.

17 (2) Local economic development departments and regional economic  
18 development organizations.

19 (3) The Board of Governors of The University of North Carolina.

20 The Council shall also hold public hearings across the State to solicit public input on  
21 economic development before the initial statewide economic development plan is  
22 completed. The Council shall hold additional public hearings from time to time to  
23 solicit public input regarding economic development activities.

24 Each component of the plan shall be based on this broad input and, to the extent  
25 possible, upon a consensus among all affected parties. The Council shall coordinate its  
26 planning process with any State capital development planning efforts affecting State  
27 infrastructure such as roads and water and sewer facilities.

28 (c) Needs Assessment. – The first step in developing the statewide economic  
29 development plan shall be to develop a needs assessment based on the input from  
30 economic development parties and the public and on information about the economic  
31 environment in North Carolina. To prepare the assessment, the Council shall gather the  
32 following information. Thereafter, the information shall be updated periodically.

33 (1) Economic and demographic data on North Carolina by State, region,  
34 and county including population, population projections, employment  
35 and employment projections, income, poverty migration patterns, and  
36 other similar data.

37 (2) The cost of doing business in North Carolina and other competing  
38 states, as it may affect decisions by firms to locate in this State.

39 (3) Competitive assets within the State and by region and county,  
40 including infrastructure, tourist assets, natural resources, labor,  
41 educational and research resources, and transportation.

42 (4) Economic and industrial changes in competitive states by region,  
43 including new plant location information.

1           (5) Other information relating to economic development such as  
2           regulatory or legal matters and social considerations.

3           (d) Vision and Mission Statements. – The Council shall develop a vision  
4 statement for economic development that would describe the preferred future for North  
5 Carolina and what North Carolina would be like if all economic development efforts  
6 were successful. The Council shall then develop a mission statement that outlines the  
7 basic purpose of each of North Carolina's economic development programs. Because  
8 special purpose nonprofits are uniquely situated to conduct the entrepreneurial and high-  
9 risk activity of investing in and supporting new business creation in the State, they  
10 should be assigned a dominant role in this key component of economic development  
11 activity.

12           (e) Goals and Objectives. – The Council shall next identify the five to seven most  
13 important issues or problems that North Carolina must address regarding economic  
14 development. For each issue, the Council shall develop specific goals and strategies or  
15 approaches to achieving each goal. Goals shall be long-range and shall address both  
16 economically depressed areas and more prosperous areas.

17           So that the progress of North Carolina's economic development efforts can be  
18 monitored, the Council shall set objectives for each goal that allow measurement of  
19 progress toward the goal. Objectives should be quantifiable and time-specific in order  
20 to serve as performance indicators.

21           (f) Implementation Plan. – Based upon all of the foregoing steps, the Council  
22 shall establish an implementation plan assigning to the appropriate parties specific  
23 responsibilities for meeting measurable objectives. The implementation plan shall  
24 contain all necessary elements so that it may be used as a means to monitor  
25 performance, guide appropriations, and evaluate the outcomes of the parties involved in  
26 economic development in the State."

27           (g) The Department of Commerce shall establish a planning unit within its  
28 executive offices to support the Economic Development Council's ongoing role in  
29 economic and community development planning. The unit should consist of two  
30 professional staff plus necessary support staff. The planning unit shall assist the  
31 Council in coordinating the planning process, monitoring and updating the plan, and  
32 collecting and analyzing the data necessary for planning.

33           (h) There is appropriated from the General Fund to the Department of  
34 Commerce the sum of three hundred thousand dollars (\$300,000) for the 1993-94 fiscal  
35 year and the sum of three hundred thousand dollars (\$300,000) for the 1994-95 fiscal  
36 year for the Economic Development Council created in this section. It is the intent of  
37 the General Assembly that this will be a continuing appropriation.

38           (i) This section becomes effective July 1, 1993. The terms of all current  
39 members of the Economic Development Board shall expire July 1, 1993.

40 —DEVELOPMENT PERFORMANCE INDICATORS.

41           Sec. 9. (a) The General Assembly finds that:

42           (1) The term "economic development" encompasses all activities  
43           conducted for the express purpose of increasing and maintaining the  
44           economic vitality of North Carolina, including industrial and business

- 1 recruiting, business retention, facilitating business creation, providing  
2 small business assistance, job training and work-force preparedness  
3 programs, and investing in infrastructure, both physical (roads,  
4 utilities, etc.), and technological (fiber optics networks and other  
5 information system links).
- 6 (2) State General Fund expenditures for the 1991-92 fiscal year for  
7 economic development were approximately eighty-four million dollars  
8 (\$84,000,000).
- 9 (3) This eighty-four million dollar (\$84,000,000) expenditure on economic  
10 development was allocated among 40 different State and State-  
11 associated programs and entities, which can be grouped into five broad  
12 categories:
- 13 a. Nonprofit agencies.  
14 b. The Department of Community Colleges.  
15 c. The Department of Commerce.  
16 d. Other State Departments, including the Department of  
17 Agriculture, the Business Licensing Office of the Department of  
18 Secretary of State, the Department of Administration, and the  
19 Department of Environment, Health, and Natural Resources.  
20 e. The University of North Carolina.
- 21 (3) The results of State economic development activities are not  
22 effectively monitored and evaluated because, although the State  
23 employs several conventional methods of ensuring accountability of  
24 agencies involved in economic development (such as budgets,  
25 department plans, and internal audits), these accountability measures  
26 focus on inputs or on programs and budget levels, rather than on  
27 outcomes—the results of their efforts.
- 28 (4) Most State agencies involved in economic development activities have  
29 not yet designed and implemented meaningful measures to evaluate  
30 and report on performance; as a result, the General Assembly has only  
31 a limited ability to evaluate the outcome of its significant investments  
32 in economic development.
- 33 (5) To implement a truly integrated approach to economic development,  
34 each key agency must be accountable for its contribution to meeting  
35 the overall economic development goals of the State; performance  
36 indicators would provide an effective and appropriate means to assure  
37 this accountability on a regular basis.
- 38 (6) The General Assembly should base its economic development budget  
39 allocations on outcomes, as measured by performance indicators.
- 40 (b) Each State agency involved in economic development shall develop, in  
41 conjunction with the Office of State Budget and Management, performance indicators  
42 that are appropriate and measurable criteria, including criteria that each agency can  
43 influence and criteria based on baseline data and reasonable recommendations. The  
44 performance indicators should articulate specific, measurable results for each agency

1 and should be comprehensive, so that the General Assembly may base each agency's  
2 continued economic development appropriation on its effectiveness as measured by the  
3 performance indicators.

4 (c) This section becomes effective July 1, 1993.

5 —ECONOMIC RESPONSIBILITY.

6 Sec. 10. (a) The General Assembly finds that:

- 7 (1) The term "economic development" encompasses all activities  
8 conducted for the express purpose of increasing and maintaining the  
9 economic vitality of North Carolina, including industrial and business  
10 recruiting, business retention, facilitating business creation, providing  
11 small business assistance, job training and work-force preparedness  
12 programs, and investing in infrastructure, both physical (roads,  
13 utilities, etc.,) and technological (fiber optics networks and other  
14 information system links).
- 15 (2) State General Fund expenditures for the 1991-92 fiscal year for  
16 economic development were approximately eighty-four million dollars  
17 (\$84,000,000).
- 18 (3) This eighty-four million dollars (\$84,000,000) expenditure on  
19 economic development was allocated among 40 different State and  
20 State-associated programs and entities, which can be grouped into five  
21 broad categories:
  - 22 a. Nonprofit agencies.
  - 23 b. The Department of Community Colleges.
  - 24 c. The Department of Commerce.
  - 25 d. Other State departments, including the Department of  
26 Agriculture, the Business Licensing Office of the Department of  
27 the Secretary of State, the Department of Administration, and  
28 the Department of Environment, Health, and Natural Resources.
  - 29 e. The University of North Carolina.
- 30 (4) Thus, State economic development activity is highly fragmented; this  
31 fragmentation and lack of integration results in the potential for  
32 inadvertent duplication as well as lost opportunities for synergy and  
33 collaboration.
- 34 (5) Each key economic development player identified above makes a  
35 unique and significant contribution to the State's overall economic  
36 development program.
- 37 (6) To maximize the return on North Carolina's investment in economic  
38 development, each of these key players must focus on its strengths,  
39 rather than diffusing its efforts across several economic development  
40 strategies.

41 (b) Part 2 of Article 10 of Chapter 143B of the General Statutes is amended by  
42 adding a new section to read:

43 **"§ 143B-437C. Allocation of economic development responsibilities.**

1       The Department of Commerce shall coordinate economic development efforts  
2 among the various agencies and entities that receive economic development  
3 appropriations and shall recommend to the Governor and to the General Assembly the  
4 assignment of key responsibilities for different aspects of economic development within  
5 the following framework:

- 6           (1) The Department of Commerce shall take primary responsibility for  
7 recruitment, retention, and expansion of industry and tourism.
- 8           (2) The Department of Agriculture shall take primary responsibility for  
9 recruitment, retention, and expansion of agribusiness industry, in  
10 support of the Department of Commerce.
- 11           (3) The Department of Community Colleges shall take primary  
12 responsibility for implementation of worker training programs.
- 13           (4) The Department of Labor shall take primary responsibility for  
14 coordinating and planning worker training programs.
- 15           (5) The special purpose nonprofit organizations funded by the General  
16 Assembly for economic development activities shall take primary  
17 responsibility for facilitating business creation through financing,  
18 education, or other support.

19       The Economic Development Council created in G.S. 143B-434 shall recommend  
20 resource allocation and planning designed to encourage each agency to focus on its area  
21 of primary responsibility and not diffuse its resources by conducting activities assigned  
22 to other agencies."

23       (c) This section is effective upon ratification.

24       —REVIEW FUTURE DEVELOPMENT NONPROFITS.

25       Sec. 11. (a)       The General Assembly finds that:

- 26           (1) The General Assembly has established, directly or indirectly, the  
27 following four special purpose nonprofit agencies to conduct economic  
28 development activities:
  - 29           a. The North Carolina Biotechnology Center.
  - 30           b. The MCNC (Microelectronics Center of North Carolina).
  - 31           c. The Rural Economic Development Center, Inc.
  - 32           d. The Technological Development Authority, Inc.
- 33           (2) The mission of each of these nonprofits is as follows:
  - 34           a. The mission of the Biotechnology Center is to provide long-  
35 term economic benefit to North Carolina through support of  
36 biotechnology research, development, and commercialization  
37 statewide.
  - 38           b. The mission of the MCNC is to accelerate the use of emerging  
39 electronics technologies through innovation and market-driven  
40 applications that improve quality of life.
  - 41           c. The mission of the Rural Economic Development Center is to  
42 develop and advocate innovative strategies to help stimulate  
43 economic growth and job creation throughout the State's rural  
44 areas.

- 1                   d.     The mission of the Technological Development Authority is to  
2                   increase the rate at which new jobs are created in all regions of  
3                   the State, by stimulating the development of existing and new  
4                   small businesses.
- 5           (3)     In the 1991-92 fiscal year, these four nonprofits expended almost thirty  
6           million dollars (\$30,000,000) in General Fund revenues justified in the  
7           budget process as economic development.
- 8           (4)     The use of nonprofits as a mechanism for State-initiated economic  
9           development is unusual but not unique among southeastern states.
- 10          (5)     Each of these special purpose nonprofits has demonstrated success in  
11          its respective area of focus and, as a group, they have contributed  
12          significantly to North Carolina's reputation as a State committed to  
13          innovative, technology-based research and development.
- 14          (6)     The nonprofit status of these entities allows them to use State dollars  
15          to leverage private investments, serve as an independent and objective  
16          liaison among public and private entities, and conduct objective,  
17          nonpartisan research.
- 18          (7)     For these reasons, the State should continue to use nonprofits to  
19          deliver economic development services.
- 20          (8)     However, legislation establishing nonprofits for economic  
21          development has not always specified the mission of the nonprofit or  
22          the outcomes it is supposed to attain; future legislation funding  
23          nonprofits should specify their mission and desired outcomes and  
24          should provide for a periodic, comprehensive review of the entity.
- 25   (b)     It is the intent of the General Assembly that any future legislation establishing  
26   or funding a new nonprofit agency to conduct economic development activities will  
27   stipulate clearly the mission and purposes of the agency and will provide for periodic,  
28   comprehensive review of the agency.
- 29   (c)     This section is effective upon ratification.
- 30   —BIOTECH MICROELECTRONICS REC.
- 31   Sec. 12. (a)     The General Assembly finds that:
- 32          (1)     The General Assembly has established, directly or indirectly, the  
33          following four special purpose nonprofit agencies to conduct economic  
34          development activities:
- 35                  a.     The North Carolina Biotechnology Center.
- 36                  b.     The MCNC (Microelectronics Center of North Carolina).
- 37                  c.     The Rural Economic Development Center, Inc.
- 38                  d.     The Technological Development Authority, Inc.
- 39          (2)     The mission of each of these nonprofits is as follows:
- 40                  a.     The mission of the Biotechnology Center is to provide long-  
41                  term economic benefit to North Carolina through support of  
42                  biotechnology research, development, and commercialization  
43                  statewide.



- 1                   b.     The mission of the MCNC is to accelerate the use of emerging  
2                   electronics technologies through innovation and market-driven  
3                   applications that improve quality of life.
- 4                   c.     The mission of the Rural Economic Development Center is to  
5                   develop and advocate innovative strategies to help stimulate  
6                   economic growth and job creation throughout the State's rural  
7                   areas.
- 8                   d.     The mission of the Technological Development Authority is to  
9                   increase the rate at which new jobs are created in all regions of  
10                  the State, by stimulating the development of existing and new  
11                  small businesses.
- 12               (3)    The Technological Development Authority was originally established  
13               as an independent State agency in 1983 but was reestablished as a  
14               nonprofit corporation in 1991.
- 15               (4)    The underlying premise under which the Technological Development  
16               Authority was created was that it would become self-sufficient within  
17               10 years; such self-sufficiency would validate the assumption that  
18               investment in high-technology companies is viable in North Carolina's  
19               market.
- 20               (5)    The Technological Development Authority has indeed become self-  
21               sufficient so that, beginning with the 1993-94 fiscal year, it will not  
22               request State funding.
- 23               (6)    The State should establish a goal of self-sufficiency for those  
24               economic development entities for which self-sufficiency is viable.
- 25               (7)    The Center for Microelectronics Systems Technologies of the MCNC,  
26               which focuses on microelectronics technologies and markets use of the  
27               MCNC facility to users, and the Economic Development Program and  
28               the Institute for Biotechnology Information of the Biotechnology  
29               Center, which provide support to start-up biotechnology businesses,  
30               are especially well-situated to become self-sufficient.
- 31               (8)    The following elements make self-sufficiency viable for these entities:
- 32                   a.     A significant level of interest from private funding sources in  
33                   the work they conduct.
- 34                   b.     The growth projections for their respective technological focus  
35                   areas.
- 36                   c.     The advancements toward self-sufficiency they have already  
37                   achieved.
- 38               (b)    It is the intent of the General Assembly to maintain funding for (i) the Center  
39               for Microelectronics Systems Technologies of the MCNC and (ii) the Economic  
40               Development Program and the Institute for Biotechnology Information of the  
41               Biotechnology Center at current levels for the next four years (the 1993-94 fiscal year  
42               through the 1996-97 fiscal year) and then phase out appropriations to these entities  
43               between the 1997-98 fiscal year and the 1999-2000 fiscal year.

1 (c) This intended phase-out of appropriations should result in savings of two  
2 million two hundred fifty thousand dollars (\$2,250,000) in the 1997-98 fiscal year, four  
3 million five hundred thousand dollars (\$4,500,000) in the 1998-99 fiscal year, and seven  
4 million dollars (\$7,000,000) each year thereafter. These savings will result from the  
5 following intended budget reductions:

6 (1) For the Center for Microelectronics Systems Technologies of the  
7 MCNC, a reduction of two million dollars (\$2,000,000) in the 1997-98  
8 fiscal year, a further reduction of two million dollars (\$2,000,000) in  
9 the 1998-99 fiscal year, and a further reduction of two million dollars  
10 (\$2,000,000) in the 1999-2000 fiscal year.

11 (2) For the the Economic Development Program and the Institute for  
12 Biotechnology Information of the Biotechnology Center, a reduction  
13 of two hundred fifty thousand dollars (\$250,000) in the 1997-98 fiscal  
14 year, a further reduction of two hundred fifty thousand dollars  
15 (\$250,000) in the 1998-99 fiscal year, and a further reduction of five  
16 hundred thousand dollars (\$500,000) in the 1999-2000 fiscal year.

17 (d) This section is effective upon ratification.

18 —NONPROFITS PERFORMANCE CONTRACTS.

19 Sec. 13. (a) The General Assembly finds that:

20 (1) The General Assembly has established, directly or indirectly, the  
21 following four special purpose nonprofit agencies to conduct economic  
22 development activities:

23 a. The North Carolina Biotechnology Center.

24 b. The MCNC (Microelectronics Center of North Carolina).

25 c. The Rural Economic Development Center, Inc.

26 d. The Technological Development Authority, Inc.

27 (2) The mission of each of these nonprofits is as follows:

28 a. The mission of the Biotechnology Center is to provide long-  
29 term economic benefit to North Carolina through support of  
30 biotechnology research, development, and commercialization  
31 statewide.

32 b. The mission of the MCNC is to accelerate the use of emerging  
33 electronics technologies through innovation and market-driven  
34 applications that improve quality of life.

35 c. The mission of the Rural Economic Development Center is to  
36 develop and advocate innovative strategies to help stimulate  
37 economic growth and job creation throughout the State's rural  
38 areas.

39 d. The mission of the Technological Development Authority is to  
40 increase the rate at which new jobs are created in all regions of  
41 the State, by stimulating the development of existing and new  
42 small businesses.

43 (3) In the 1991-92 fiscal year, these four nonprofits expended almost thirty  
44 million dollars (\$30,000,000) in General Fund revenues justified in the

- 1 budget process as economic development although, beginning in the  
2 1993-94 fiscal year, the Technological Development Authority will no  
3 longer receive State funding.
- 4 (4) Each of these special purpose nonprofits has demonstrated success in  
5 its respective area of focus and, as a group, they have contributed  
6 significantly to North Carolina's reputation as a State committed to  
7 innovative, technology-based research and development.
- 8 (5) However, few mechanisms currently exist to ensure the accountability  
9 of these special purpose nonprofits to the State.
- 10 (6) The current accountability mechanisms are:  
11 a. Annual and special published reports.  
12 b. Quarterly reporting to the Joint Legislative Commission on  
13 Governmental Operations regarding the use of their funds.  
14 c. Annual government financial audits.
- 15 (7) These conventional accountability measures focus on inputs, or  
16 programs and budget levels, rather than outcomes—the results of the  
17 nonprofits' efforts.
- 18 (8) Without outcome-based accountability measures, the extent to which  
19 the nonprofits are fulfilling their intended purposes cannot be fully  
20 assessed.
- 21 (9) The lack of meaningful measures to evaluate and report the nonprofits'  
22 performance leaves the General Assembly with only a limited ability  
23 to evaluate the outcome of its significant investments in economic  
24 development activities of nonprofits.
- 25 (10) Performance-based contracts would provide an effective and  
26 appropriate accountability mechanism to assess the performance of the  
27 nonprofits on a regular basis.
- 28 (11) Examples of performance-based indicators by which nonprofits'  
29 effectiveness could be measured include:  
30 a. Achievement of an adequate ratio of private funding to State  
31 funding.  
32 b. Long-term financial viability, measured in quantitative terms, of  
33 those start-up businesses which the nonprofits finance.  
34 c. Number of patents received by applied researchers supported by  
35 the nonprofits.  
36 d. Number of jobs created in businesses that the nonprofits  
37 finance.
- 38 (12) The General Assembly's economic development budget allocations to  
39 nonprofits should be based on outcomes, as measured by performance  
40 indicators designed by the nonprofits in conjunction with the  
41 Department of Commerce and the Economic Development Council.
- 42 (b) The Department of Commerce, in conjunction with the Office of State Budget  
43 and Management and each nonprofit agency involved in State-funded economic  
44 development activities, shall recommend for each nonprofit agency performance

1 indicators that are appropriate and measurable criteria, including criteria that each  
2 agency can influence and criteria based on baseline data and reasonable  
3 recommendations. The performance indicators should articulate specific, measurable  
4 results for each agency and should be comprehensive, so that the General Assembly  
5 may base each agency's continued economic development appropriation on its  
6 effectiveness as measured by the performance indicators.

7 (c) The Department of Commerce and the Office of State Budget and  
8 Management, as appropriate, shall, when allocating economic development  
9 appropriations to nonprofit agencies, execute a contract incorporating the performance  
10 indicators and any conditions upon which the appropriation was based.

11 (d) This section is effective upon ratification.

12 —UNC STUDY EXTENSION ECONOMIC DEVELOPMENT.

13 Sec. 14. (a) The General Assembly finds that:

14 (1) The University of North Carolina system's campuses administer many  
15 programs related to economic development, as follows:

16 a. At Elizabeth City State University, the Small Business  
17 Development Technology Center and North Carolina  
18 Tomorrow.

19 b. At East Carolina University, the Regional Development  
20 Institution.

21 c. At Pembroke State University, the Economic Development  
22 Center.

23 d. At Western Carolina University, Western North Carolina  
24 Tomorrow.

25 e. At UNC Chapel Hill, the Small Business Technology  
26 Development Center and the Kenan Center of North Carolina.

27 f. At North Carolina State University, the Industrial Extension  
28 Service, Industrial Telecommunications, the International Trade  
29 Center, the North Carolina Japan Center, and the Textiles  
30 Extension Service.

31 (2) In addition, The University of North Carolina system supports  
32 economic development through basic and applied research, centers,  
33 institutes, and laboratories.

34 (3) The University of North Carolina system has a unique contribution to  
35 make to economic development due to its access to ongoing research.

36 (4) The extension service of The University of North Carolina system  
37 currently serves a function that is only indirectly related to economic  
38 development, although, given its regional infrastructure, it could be  
39 used for even more direct economic development activity.

40 (b) The Board of Governors of The University of North Carolina shall, in  
41 consultation with the Boards of Trustees of all affected constituent institutions and in  
42 consultation with the Economic Development Council created in G.S. 143B-434, study  
43 its extension activities and determine the proper role of extension activities in economic  
44 development. The Board of Governors shall reassign its extension activities a more

1 active role in economic development if it finds such a role to be appropriate. The Board  
2 of Governors shall report to the General Assembly and the Joint Education Oversight  
3 Commission by July 1, 1994, on its findings and any action taken with respect to  
4 extension activities.

5 (c) This section is effective upon ratification.

6 ---RESTRUCTURE DEPT. OF COMMERCE.

7 Sec. 15. (a) The General Assembly finds that:

- 8 (1) The Department of Commerce has excess levels of management,  
9 excessively narrow spans of control, and some unnecessary positions  
10 in some units.
- 11 (2) The Agribusiness Division of the Department of Commerce has  
12 programs that are duplicated in the Department of Agriculture and the  
13 Department of Environment, Health, and Natural Resources.
- 14 (3) If the Weatherization Assistance Program of the Energy Division,  
15 which weatherizes houses for the needy, were combined with the  
16 Community Assistance Division's program that renovates houses for  
17 low-income persons, four positions could be eliminated.
- 18 (4) Twelve positions in the following units of the Department of  
19 Commerce are unnecessary because the units have a supervisor and an  
20 assistant supervisor who both have narrow spans on control:
  - 21 a. Personnel Office
  - 22 b. Energy Division
  - 23 c. Banking Commission
  - 24 d. Credit Union Commission
  - 25 e. Finance and Budget (ESC)
  - 26 f. Labor Market Information (ESC)
- 27 (5) Six positions in the following units of the Department of Commerce  
28 are unnecessary due to one-to-one reporting relationships:
  - 29 a. International Trade Division
  - 30 b. Banking Commission
  - 31 c. Credit Union Division
  - 32 d. Community Assistance
  - 33 e. Personnel (ESC)
  - 34 f. Labor Market Information (ESC)
- 35 (6) Sixteen positions in the following units of the Department of  
36 Commerce are unnecessary for various reasons:
  - 37 a. Mutual Burial Association Commission
  - 38 b. Cemetery Commission
  - 39 c. Community Assistance Division
  - 40 d. Security Administration (ESC)
  - 41 e. Public Information Office (ESC)
  - 42 f. " Manpower" Programs (ESC)

1           (7) The Utilities Commission has a secretarial position for each  
2           Commissioner, and some of its other secretarial positions are excessive  
3           in comparison to other divisions.

4           (b) Five positions in the Agribusiness Division of the Department of Commerce  
5           are eliminated because they are associated with programs that are duplicated in the  
6           Department of Agriculture and the Department of Environment, Health, and Natural  
7           Resources.

8           (c) Four positions from the Energy Division, the Community Assistance  
9           Division, or both are eliminated. In order to eliminate these positions, the Department  
10          of Commerce shall combine the Energy Division's Weatherization Assistance Program  
11          with a related program in the Community Assistance Division that renovates houses for  
12          low-income people.

13          (d) Twelve unnecessary supervisory positions from the following divisions or  
14          units of the Department of Commerce are eliminated:

- 15               a. Personnel Office
- 16               b. Energy Division
- 17               c. Banking Commission
- 18               d. Credit Union Commission
- 19               e. Finance and Budget (ESC)
- 20               f. Labor Market Information (ESC)

21           In each case where there is an excessive layer of management or a  
22          management position with a narrow span of control, the management positions are to be  
23          eliminated.

24          (e) Six positions that involve one-to-one reporting relationships in the  
25          following divisions of the Department of Commerce are eliminated:

- 26               a. International Trade Division
- 27               b. Banking Commission
- 28               c. Credit Union Division
- 29               d. Community Assistance
- 30               e. Personnel (ESC)
- 31               f. Labor Market Information (ESC)

32          (f) Sixteen positions in which the functions are unnecessary in the following  
33          units of the Department of Commerce are eliminated:

- 34               a. Mutual Burial Association Commission
- 35               b. Cemetery Commission
- 36               c. Community Assistance Division
- 37               d. Security Administration (ESC)
- 38               e. Public Information Office (ESC)
- 39               f. "Manpower" Programs (ESC)

40          (g) The Secretary of Commerce shall study the best way to merge the North  
41          Carolina Mutual Burial Association Commission and the North Carolina Cemetery  
42          Commission, including their memberships, powers, duties, functions, property,  
43          personnel, and funds. The Secretary shall report to the General Assembly by May 15,

1 1993, the results of its study including proposed legislation providing for the statutory  
2 merger of the two commissions.

3 (h) Seven secretarial positions in the Utilities Commission are eliminated.  
4 The Utilities Commission shall pool its support services.

5 (i) The base budget of the Department of Commerce is reduced by one  
6 million two hundred thousand dollars (\$1,200,000) for the 1993-94 fiscal year and one  
7 million seven hundred thousand dollars (\$1,700,000) for the 1994-95 fiscal year due to  
8 the decrease in personnel positions mandated by this section.

9 (j) Subsection (g) of this section is effective upon ratification; the remainder  
10 of this section becomes effective July 1, 1993.

11 —COMMERCE RECS.

12 Sec. 16. (a) The General Assembly makes the following findings:

- 13 (1) The Department of Commerce's Business and Industry Development  
14 Division (B&I) operates nine regional offices with a staff of 27  
15 individuals and annual expenditures of about one million three  
16 hundred fifty thousand dollars (\$1,350,000); the Department's Division  
17 of Community Assistance (DCA) operates seven regional offices with  
18 a staff of 29 individuals and annual expenditures of about one million  
19 six hundred thousand dollars (\$1,600,000).
- 20 (2) The assignment of counties to regions is not consistent within B&I and  
21 DCA of the Department of Commerce, and the two divisions do not  
22 effectively coordinate their work.
- 23 (3) The current mission of the B&I offices is broad in scope and results in  
24 wide variations in workloads, priorities, and strategies across regional  
25 offices.
- 26 (4) B&I regional office staff are pursuing projects that would be more  
27 effectively handled by central office staff.
- 28 (5) Development of resources and community needs, and the emphasis on  
29 and quality of strategic planning, vary widely among regions and  
30 counties.
- 31 (6) Some regional and community personnel perceive central office staff  
32 as keeping new industry prospects to themselves and favoring certain  
33 areas for location.
- 34 (7) Dynamic multicounty alliances are neither congruent with regional  
35 office boundaries nor consistently addressed by B&I's strategy.
- 36 (8) The flow of information within B&I lacks strategic focus and does not  
37 effectively utilize computerized data processing techniques.
- 38 (9) A significant aspect of the regional office operations is obtaining  
39 information and services for existing and prospective industrial clients.  
40 Currently each office maintains its own file of contact information and  
41 deals with each request for information and service from other  
42 agencies as an individual case. Many of these requests are repetitive  
43 and could be handled by data system links or telephone access

1 messages. Others require personal contact that could be facilitated by  
2 designation and publication of the individuals to be contacted.

- 3 (10) A single-source approach to answering questions about permits  
4 required for construction and expansion, training resources, potential  
5 financing, statutes, workplace regulations, and other subjects would  
6 greatly facilitate the ombudsman function. Also, structured  
7 interdepartmental techniques for following up and expediting requests  
8 for action could both save staff time and improve services to the  
9 citizenry.

10 (b) The Department of Commerce shall consolidate the nine regional offices of  
11 the Business and Industry Division and the seven regional offices of the Division of  
12 Community Assistance into a smaller number of larger regional offices. The  
13 Department shall determine the appropriate number of offices and shall define a single  
14 set of regional boundaries to carry out the responsibilities. The mission of the newly  
15 consolidated regional offices shall be long range community-oriented economic  
16 development, and the top priority of the offices shall be services to rural areas.  
17 Activities of the Department and the regional offices shall include:

- 18 (1) Implementation of strategies for providing leadership to multicounty  
19 economic alliances; such strategies might include exchange of  
20 information, joint planning within transportation corridors and  
21 aquifers, marketing initiatives, and coordination of services to existing  
22 industries.
- 23 (2) Development of an integrated, fully automated data system to support  
24 regional office functions, and design and implementation of  
25 interdepartmental techniques to follow up on and expedite requests for  
26 information and services.
- 27 (3) Consideration of the need for environmental engineering and other  
28 technical services; services might include utilizing the staff of  
29 regulatory agencies to provide technical assistance, budgeting funds  
30 for consultation fees, and technical training of regional staff.

31 (c) The base budget of the Department of Commerce, regional offices for  
32 business and industry and for community assistance, is reduced by not less than four  
33 hundred fifty-six thousand dollars (\$456,000) for the 1993-94 fiscal year and reduced  
34 by not less than four hundred fifty-six thousand dollars (\$456,000) for the 1994-95  
35 fiscal year. These reductions include the elimination of between three and six support  
36 positions, between six and seven relocation positions, between two and three retention  
37 and expansion positions, and reductions of other regional office expenses.

38 (d) The Department of Commerce in conjunction with its newly consolidated  
39 regional offices of the Business and Industry Division and Division of Community  
40 Assistance shall develop and implement a single source approach to provide the basic  
41 information most often requested by businesses, industries, and other entities or  
42 economic development projects that may consider locating or relocating in the different  
43 areas of the State. In developing this single source approach, the Department and its  
44 regional offices shall consider what information is appropriately handled by data system



1 links or telephone access to recorded messages; what information is more appropriately  
2 conveyed by personal contact, and whether that information could be facilitated by the  
3 designation and publication of the individuals to be contacted; and what information  
4 regarding permits, training resources, potential financing, State laws, workplace  
5 regulations, and any other relevant subjects can feasibly and effectively be conveyed  
6 through a single-source approach.

7 (e) This section becomes effective July 1, 1993.

8 ---TRANSFER SCIENCE & TECH. BOARD.

9 Sec. 17. (a) The General Assembly finds that:

10 (1) The Department of Administration is not a key player in economic  
11 development, yet it has the North Carolina Board of Science and  
12 Technology.

13 (2) The North Carolina Board of Science and Technology and its attendant  
14 funding should be transferred to the Department of Commerce, whose  
15 major role is economic development.

16 (b) The statutory authority, powers, duties, and functions, records, personnel,  
17 property, and unexpended balances of appropriations, allocations, or other funds of the  
18 North Carolina Board of Science and Technology are transferred from the Department  
19 of Administration to the Department of Commerce.

20 The transfer directed by this subsection shall include eight certified positions  
21 under General Fund program code 14100-1871 in the Department of Administration as  
22 well as all positions certified for the Board under Special Fund program code 24100-  
23 2873 in the Department of Administration. The Office of State Budget and  
24 Management shall ensure that the transfer directed by this section is carried out.

25 (c) Part 27 of Article 9 of Chapter 143B of the General Statutes, which consists  
26 of G.S. 143B-426.1, is recodified as Part 6A of Article 10 of Chapter 143B of the  
27 General Statutes, to consist of G.S. 143B-445.1.

28 (d) G.S. 143B-445.1, as redesignated by subsection (b) of this section, reads as  
29 rewritten:

30 "**§ 143B-445.1. North Carolina Board of Science and Technology; ~~membership;~~**  
31 **~~organization; compensation; staff services.~~ Technology.**

32 (a) The North Carolina Board of Science and Technology consists of the  
33 Governor, the Science Advisor to the Governor, and 17 members appointed as follows:  
34 the Governor shall appoint one member from the University of North Carolina at  
35 Chapel Hill, one member from North Carolina State University at Raleigh, and two  
36 members from other components of the University of North Carolina, all nominated by  
37 the President of the University of North Carolina; one member from Duke University,  
38 nominated by the President of Duke University; one member from a private college or  
39 university, other than Duke University, in North Carolina, nominated by the President  
40 of the Association of Private Colleges and Universities; one member from the Research  
41 Triangle Institute, nominated by the executive committee of the board of that institute;  
42 one member from the ~~Microelectronics~~ MCNC (Microelectronics Center of North  
43 ~~Carolina, Carolina)~~, nominated by the executive committee of the board of that center;  
44 one member from the North Carolina Biotechnology Center, nominated by the

1 executive committee of the board of that center; four members from private industry in  
2 North Carolina, at least one of whom shall be a professional engineer registered  
3 pursuant to Chapter 89C of the General Statutes or a person who holds at least a  
4 bachelors degree in engineering from an accredited college or university; and two  
5 members from public agencies in North Carolina. Two members shall be appointed by  
6 the General Assembly, one shall be appointed upon the recommendation of the  
7 President of the Senate, and one shall be appointed upon the recommendation of the  
8 Speaker of the House of Representatives in accordance with G.S. 120-121. The  
9 nominating authority for any vacancy on the Board among members appointed by the  
10 Governor shall submit to the Governor two nominations for each position to be filled,  
11 and the persons so nominated shall represent different disciplines.

12 (b) Members appointed to the Board by the General Assembly shall serve for  
13 two-year terms beginning 1 July of odd-numbered years. Vacancies in appointments  
14 made by the General Assembly shall be filled in accordance with G.S. 120-122. The  
15 two members from public agencies shall serve for terms expiring at the end of the term  
16 of the Governor appointing them. The other 13 members appointed to the Board by the  
17 Governor shall serve for four-year terms, and until their successors are appointed and  
18 qualified. Of those 13 members, six shall serve for terms that expire on 30 June of  
19 years that follow by one year those years that are evenly divisible by four, and seven  
20 shall serve for terms that expire on 30 June of years that follow by three years those  
21 years that are evenly divisible by four. Any appointment to fill a vacancy on the Board  
22 created by the resignation, dismissal, death, or disability of a member shall be for the  
23 balance of the unexpired term.

24 (c) The Governor shall serve as ~~chairman of the Board. The vice chairman of the~~  
25 ~~Board shall be designated by the Governor chair of the Board and shall designate the~~  
26 vice chair from among the members of the Board. The Science Advisor to the Governor  
27 shall serve as executive director of the Board. The Secretary of ~~Administration or his~~  
28 ~~designee-Commerce or the Secretary's designee~~ shall serve as secretary to the Board.

29 (d) The Governor may remove any member of the Board from office in  
30 accordance with the provisions of G.S. 143B-16.

31 (e) Members of the Board who are employees of State agencies or institutions  
32 shall receive subsistence and travel allowances authorized by G.S. 138-6. Legislative  
33 members of the Board shall receive subsistence and travel allowances authorized by  
34 G.S. 120-3.1.

35 (f) A majority of the Board constitutes a quorum for the transaction of business.

36 (g) The Secretary of ~~Administration-Commerce~~ shall provide all clerical and  
37 other services required by the Board."

38 (e) This section is effective upon ratification.

39 —UPDATE STATE PURCHASING MANUAL

40 Sec. 18. (a) The Division of Purchase and Contract of the Department of  
41 Administration shall update the State Purchasing Manual so that it:

42 (1) Reflects current statutory and administrative requirements;

43 (2) Provides agencies that are carrying out purchasing activity under  
44 delegated authority with guidance on informal purchasing policies

- 1 such as proposed dollar thresholds on oral and written quotes, the  
2 number of quotes required, and documentation requirements;
- 3 (3) Includes a buyer's code of ethics that sets out the conduct expected of  
4 State employees and prospective vendors; and
- 5 (4) Includes policies and procedures for the handling of bid protests.

6 (b) G.S. 143-53 reads as rewritten:

7 **"§ 143-53. Rules.**

8 The Secretary of Administration may adopt rules governing the following:

- 9 (1) Prescribing the routine and procedures to be followed in canvassing  
10 bids and awarding contracts, and for reviewing decisions made  
11 pursuant thereto, and the decision of the reviewing body shall be the  
12 final administrative review.
- 13 (2) Prescribing routine for securing bids on items that do not exceed the  
14 bid value benchmark established under the provisions of G.S. 143-  
15 53.1.
- 16 (3) Defining contractual services for the purposes of G.S. 143-49 (3).
- 17 (4) Prescribing items and quantities, and conditions and procedures,  
18 governing the acquisition of goods and services which may be  
19 delegated to departments, institutions and agencies, notwithstanding  
20 any other provisions of this Article.
- 21 (5) Prescribing conditions under which purchases and contracts for the  
22 purchase, rental or lease of equipment, materials, supplies or services  
23 may be entered into by means other than competitive bidding.
- 24 (6) Prescribing conditions under which partial, progressive and multiple  
25 awards may be made.
- 26 (7) Prescribing conditions and procedures governing the purchase of used  
27 equipment, materials and supplies.
- 28 (8) Providing conditions under which bids may be rejected in whole or in  
29 part.
- 30 (9) Prescribing conditions under which information submitted by bidders  
31 or suppliers may be considered proprietary or confidential.
- 32 (10) Prescribing procedures for making purchases under programs  
33 involving participation by two or more levels or agencies of  
34 government, or otherwise with funds other than State-appropriated.
- 35 (11) Prescribing procedures to encourage the purchase of North Carolina  
36 farm products, and products of North Carolina manufacturing  
37 enterprises.
- 38 (12) Repealed by Session Laws 1987, c. 827, s. 216.
- 39 (13) Prescribing procedures for handling bid protests.

40 The purpose of rules promulgated hereunder shall be to promote sound purchasing  
41 management.

42 Prior to adopting rules under this section, the Secretary of Administration may  
43 consult with the Advisory Budget Commission."

44 (c) This section is effective upon ratification.

1 —IMPROVE GOV'T PURCHASE STDS

2 Sec. 19. (a) G.S. 143-49 reads as rewritten:

3 **"§ 143-49. Powers and duties of Secretary.**

4 The Secretary of Administration shall have power and authority, and it shall be his  
5 duty, subject to the provisions of this Article:

6 (1) To canvass sources of supply, and to purchase or to contract for the  
7 purchase, lease and lease-purchase of all supplies, materials,  
8 equipment and other tangible personal property required by the State  
9 government, or any of its departments, institutions or agencies under  
10 competitive bidding or otherwise as hereinafter provided.

11 (2) To establish and enforce specifications ~~which~~ or standards that shall  
12 apply to all supplies, materials and equipment to be purchased or  
13 leased for the use of the State government or any of its departments,  
14 institutions or agencies. The Secretary shall develop a program for  
15 prioritizing the commodities for which specifications or standards need  
16 to be developed according to the existing demand for the commodities  
17 and the current volume of purchases of the commodities. The  
18 Secretary shall also consider the adoption of specifications or  
19 standards that have been developed or adopted by other governmental  
20 entities.

21 (3) To purchase or to contract for, by sealed, competitive bidding or other  
22 suitable means, all contractual services and needs of the State  
23 government, or any of its departments, institutions, or agencies; or to  
24 authorize any department, institution or agency to purchase or contract  
25 for such services.

26 When the award of any contract for contractual services  
27 exceeding a cost of one hundred thousand dollars (\$100,000)  
28 requires negotiation with prospective contractors, the Secretary  
29 shall request and the Attorney General shall assign a  
30 representative of the office of the Attorney General to assist in  
31 negotiation for the award of the contract. It shall be the duty of  
32 such representative to assist and advise in obtaining the most  
33 favorable contract for the State, to evaluate all proposals  
34 available from prospective contractors for that purpose, to  
35 interpret proposed contract terms and to advise the Secretary or  
36 his representatives of the liabilities of the State and validity of  
37 the contract to be awarded. All contracts and drafts of such  
38 contracts shall be prepared by the office of the Attorney  
39 General and copies thereof shall be retained by such office for a  
40 period of three years following the termination of such  
41 contracts. The term 'contractual services' as used in this  
42 subsection shall mean work performed by an independent  
43 contractor requiring specialized knowledge, experience,  
44 expertise or similar capabilities wherein the service rendered

1 does not consist primarily of acquisition by this State of  
2 equipment or materials and the rental of equipment, materials  
3 and supplies. The term 'negotiation' as used herein shall not be  
4 deemed to refer to contracts entered into or to be entered into as  
5 a result of a competitive bidding process.

6 (4) To have general supervision of all storerooms and stores operated by  
7 the State government, or any of its departments, institutions or  
8 agencies and to have supervision of inventories of all tangible personal  
9 property belonging to the State government, or any of its departments,  
10 institutions or agencies. The duties imposed by this subdivision shall  
11 not relieve any department, institution or agency of the State  
12 government from accountability for equipment, materials, supplies and  
13 tangible personal property under its control.

14 (5) To make provision for or to contract for all State printing, including all  
15 printing, binding, paper stock and supplies or materials in connection  
16 with the same.

17 (6) To make available to nonprofit corporations operating charitable  
18 hospitals, to local nonprofit community sheltered workshops or centers  
19 that meet standards established by the Division of Vocational  
20 Rehabilitation of the Department of Human Resources, to private  
21 nonprofit agencies licensed or approved by the Department of Human  
22 Resources as child placing agencies or residential child-care facilities,  
23 and to counties, cities, towns, governmental entities and other  
24 subdivisions of the State and public agencies thereof in the expenditure  
25 of public funds, the services of the Department of Administration in  
26 the purchase of materials, supplies and equipment under such rules,  
27 regulations and procedures as the Secretary of Administration may  
28 adopt. In adopting rules and regulations any or all provisions of this  
29 Article may be made applicable to such purchases and contracts made  
30 through the Department of Administration, and in addition the rules  
31 and regulations shall contain a requirement that payment for all such  
32 purchases be made in accordance with the terms of the contract. Prior  
33 to adopting rules and regulations under this subdivision, the Secretary  
34 of Administration may consult with the Advisory Budget  
35 Commission."

36 (b) The Secretary of Administration shall evaluate the need to reassign standards  
37 engineers to the Division of Purchase and Contract and shall make the reassignments as  
38 he deems appropriate.

39 (c) Subsection (a) of this section is effective upon ratification. Subsection (b) of  
40 this section becomes effective July 1, 1993.

41 —IMPROVE GOV'T PROCUREMENT

42 Sec. 20. (a) G.S. 143-49 is amended by adding a new subdivision to read:

43 "(3b) To develop and implement innovative procurement practices so as to  
44 reduce the cost of ordering supplies and services, reduce the volume of

1 inventory maintained by State departments and agencies, and increase  
2 the quality of products purchased. These innovative procurement  
3 practices shall include (i) requiring State departments and agencies to  
4 order items from prime vendors for delivery at the time the items are  
5 needed instead of ordering for stock, when it is advisable to do so, and  
6 (ii) urging State departments and agencies to place orders with vendors  
7 electronically.

8 The Secretary may appoint a task force to assist him in the  
9 implementation of this duty."

10 (b) This section is effective upon ratification.

11 —PRIVATIZATION OF STATE SERVICES

12 Sec. 21. (a) Prior to March 15, 1994, the Office of State Budget and  
13 Management shall develop and propose to the General Assembly a policy and a  
14 program for contracting out to the private sector services traditionally performed by  
15 State employees. The policy shall define the goals and objectives of a program for  
16 contracting out to the private sector, identify a strategy for implementation of the  
17 program, and assign responsibility for administration of the program to the Office of  
18 State Budget and Management.

19 The program to implement the policy shall consist of the following  
20 components:

- 21 (1) The identification of the current functions and activities performed by  
22 the State that have the greatest potential to benefit from contracting  
23 out. In making this determination, the Office of State Budget and  
24 Management shall consider whether (i) the service is available in the  
25 private sector, (ii) the demand for the service is increasing, decreasing,  
26 or remaining constant, (iii) management of the proposal can ensure  
27 quality, and (iv) outside cost is less expensive.
- 28 (2) A framework for determining whether the identified functions should  
29 be contracted out. This framework shall provide for (i) a study of the  
30 identified function by a task force made up of at least one  
31 representative of the Division of Purchase and Contract and one  
32 representative of each agency that will be using the service, (ii) the  
33 identification of direct service costs, overhead costs, and general  
34 administrative costs of the function being performed, (iii) the  
35 identification of the annual, one-time, and other costs to the State of  
36 contracting out, (iv) the disposition of any State assets used in the  
37 current process, and (v) the determination of whether contracting out  
38 of the function would be financially beneficial.

39 Except as otherwise provided by law, the Office of State Budget and  
40 Management shall not implement either the policy or program without the approval of  
41 the General Assembly.

42 (b) This section is effective upon ratification.

43 —IMPROVE STATE TERM CONTRACTS

44 Sec. 22. (a) G.S. 143-53 reads as rewritten:

1 "§ 143-53. Rules.

2 The Secretary of Administration may adopt rules governing the following:

- 3 (1) Prescribing the routine and procedures to be followed in canvassing  
4 bids and awarding contracts, and for reviewing decisions made  
5 pursuant thereto, and the decision of the reviewing body shall be the  
6 final administrative review.
- 7 (2) Prescribing routine for securing bids on items that do not exceed the  
8 bid value benchmark established under the provisions of G.S. 143-  
9 53.1.
- 10 (2a) Prescribing the terms and conditions under which the State enters into  
11 term contracts so that all term contracts shall permit State departments,  
12 institutions, and agencies to make (i) purchases of under fifty dollars  
13 (\$50.00) off term contracts and (ii) large-volume purchases, which  
14 exceed limits established by the Secretary, under separate contracts.
- 15 (3) Defining contractual services for the purposes of G.S. 143-49 (3).
- 16 (4) Prescribing items and quantities, and conditions and procedures,  
17 governing the acquisition of goods and services which may be  
18 delegated to departments, institutions and agencies, notwithstanding  
19 any other provisions of this Article.
- 20 (5) Prescribing conditions under which purchases and contracts for the  
21 purchase, rental or lease of equipment, materials, supplies or services  
22 may be entered into by means other than competitive bidding.
- 23 (6) Prescribing conditions under which partial, progressive and multiple  
24 awards may be made.
- 25 (7) Prescribing conditions and procedures governing the purchase of used  
26 equipment, materials and supplies.
- 27 (8) Providing conditions under which bids may be rejected in whole or in  
28 part.
- 29 (9) Prescribing conditions under which information submitted by bidders  
30 or suppliers may be considered proprietary or confidential.
- 31 (10) Prescribing procedures for making purchases under programs  
32 involving participation by two or more levels or agencies of  
33 government, or otherwise with funds other than State-appropriated.
- 34 (11) Prescribing procedures to encourage the purchase of North Carolina  
35 farm products, and products of North Carolina manufacturing  
36 enterprises.
- 37 (12) Repealed by Session Laws 1987, c. 827, s. 216.

38 The purpose of rules promulgated hereunder shall be to promote sound purchasing  
39 management.

40 Prior to adopting rules under this section, the Secretary of Administration may  
41 consult with the Advisory Budget Commission."

42 (b) This section is effective upon ratification.

43 —EXPEDITE STATE BID REVIEW

44 Sec. 23. (a) G.S. 143-52 reads as rewritten:

1 **"§ 143-52. Competitive bidding procedure; consolidation of estimates by**  
2 **Secretary; bids; awarding of contracts.**

3 As feasible, the Secretary of Administration ~~will~~shall compile and consolidate all  
4 ~~such~~ estimates of supplies, materials, equipment and contractual services needed and  
5 required by State departments, institutions and agencies to determine the total  
6 requirements of any given commodity. Where ~~such~~the total requirements ~~will~~are  
7 projected to involve an expenditure in excess of the expenditure benchmark established  
8 under the provisions of G.S. 143-53.1 and where the competitive bidding procedure is  
9 employed as hereinafter provided, provided in this Article, sealed bids shall be solicited  
10 by advertisement in a newspaper of statewide circulation at least once and at least 10  
11 days prior to the date designated for opening of the bids and awarding of the contract:  
12 Provided, other methods of advertisement may be adopted by the Secretary of  
13 Administration when such other method is deemed more advantageous for certain items  
14 or commodities. Regardless of the amount of the expenditure, under the competitive  
15 bidding procedure it shall be the duty of the Secretary of Administration to solicit bids  
16 direct by mail from qualified sources of supply. Except as otherwise provided under  
17 this Article, contracts for the purchase of supplies, materials or equipment shall be  
18 based on competitive bids and acceptance made of the lowest and best bid(s) most  
19 advantageous to the State as determined upon consideration of the following criteria:  
20 prices offered; the quality of the articles offered; the general reputation and performance  
21 capabilities of the bidders; the substantial conformity with the specifications and other  
22 conditions set forth in the request for bids; the suitability of the articles for the intended  
23 use; the personal or related services needed; the transportation charges; the date or dates  
24 of delivery and performance; and ~~such~~any other ~~factor(s)~~factors deemed pertinent or  
25 peculiar to the purchase in question, which if controlling shall be made a matter of  
26 record. Competitive bids on ~~such~~the contracts shall be received in accordance with  
27 rules and regulations to be adopted by the Secretary of Administration, which rules and  
28 regulations shall prescribe for the manner, time and place for proper advertisement for  
29 ~~such~~the bids, the time and place when bids will be received, the articles for which ~~such~~  
30 the bids are to be submitted and the specifications prescribed for ~~such~~the articles, the  
31 number of the articles desired or the duration of the proposed contract, and the amount,  
32 if any, of bonds or certified checks to accompany the bids. Bids shall be publicly  
33 opened. Any and all bids received may be rejected. Each and every bid conforming to  
34 the terms of the invitation, together with the name of the bidder, shall be tabulated or  
35 otherwise entered as a matter of record, and all such records with the name of the  
36 successful bidder indicated thereon shall, after the award of the contract, be open to  
37 public inspection. Provided, that trade secrets, test data and similar proprietary  
38 information may remain confidential. Bids shall not be provided to the ordering State  
39 departments, institutions, or agencies for their review before an award is made unless  
40 the ordering departments, institutions, or agencies request the opportunity to review  
41 them. Bids shall not be provided to the Board of Award for review prior to award  
42 unless the award is in excess of one hundred thousand dollars (\$100,000) or the  
43 Secretary of Administration determines that review by the Board of Award is  
44 appropriate in a given case. A bond for the faithful performance of any contract may be



1 required of the successful bidder at bidder's expense and in the discretion of the  
2 Secretary of Administration. After contracts have been awarded, the Secretary of  
3 Administration shall certify to the departments, institutions and agencies of the State  
4 government the sources of supply and the contract price of the supplies, materials and  
5 equipment so contracted for. Prior to adopting other methods of advertisement under  
6 this section, the Secretary of Administration may consult with the Advisory Budget  
7 Commission. Prior to adopting rules and regulations under this section, the Secretary of  
8 Administration may consult with the Advisory Budget Commission."

9 (b) This section becomes effective October 1, 1993.

10 ---INFO. SYS./GOVT. PURCHASES

11 Sec. 24. (a) G.S. 143-49 is amended by adding a new subdivision to read:

12 "(3a) To monitor the purchasing activity of the State and its departments,  
13 institutions, and agencies and to require standardized periodic reporting on the volume  
14 of purchases by commodity, service, and vendor category, and the volume of purchases  
15 under term contract and open-market procedures. The Secretary shall compile and  
16 analyze the data no less than annually.

17 The Secretary shall also conduct a biennial management review of  
18 the purchasing operations in State government and in each of its  
19 departments, institutions, and agencies to assure that they are using  
20 effective and efficient purchasing practices in accordance with law.  
21 The Secretary may recommend measures to improve purchasing  
22 operations.

23 The Secretary shall report his findings and recommendations under  
24 this subdivision to the Governor and the General Assembly on an  
25 annual basis."

26 (b) The General Assembly finds that the Division of Purchase and Contract of the  
27 Department of Administration needs information on commodities purchased by State  
28 departments and agencies on the open market and under term contract so that the Office  
29 of State Controller can (i) determine expected volume of purchases by line items for  
30 new term contract solicitations, and (ii) oversee the use of term contracts and open-  
31 market purchases; therefore, the Office of State Controller shall give high priority to a  
32 management information system on purchase activity by State departments and agencies  
33 when it plans for the implementation of a new accounting system. Until the State  
34 Controller has such a system in operation, the Division of Purchase and Contract of the  
35 Department of Administration shall direct all State departments and agencies to report  
36 to it on commodities purchased on the open market and under term contract, in  
37 accordance with G.S. 143-49(3a), and all State departments and agencies shall report as  
38 directed by the Division of Purchase and Contract.

39 (c) This section is effective upon ratification.

40 ---CLARIFY CORRECTION ENTERPRISES

41 Sec. 25. (a) The Department of Administration, Purchase and Contracts  
42 Division, in consultation with the Department of Correction, shall develop policy  
43 concerning the manufacture of goods and the provision of services by Correction

1 Enterprises. The policy shall be for distribution to all State agencies and departments  
2 and shall:

- 3 (1) Address the appropriate levels of production and services by  
4 Correction Enterprises;
- 5 (2) Provide guidelines for purchase by State agencies from Correction  
6 Enterprises whenever Correction Enterprises offers lower prices for  
7 quality products than other potential vendors; and
- 8 (3) Identify the potential benefits to prisoner rehabilitation as a result of  
9 the Correction Enterprises program.

10 The Department of Administration shall submit the policy for approval by the  
11 General Assembly by March 15, 1994.

12 (b) This section is effective upon ratification.

13 ~~—COMBINE NC/US SURPLUS PROP~~

14 Sec. 25.1. (a) The Department of Administration shall study the feasibility of  
15 consolidating the property units of the State Surplus Property Section and the Federal  
16 Surplus Property Section at the federal facility site. In the course of the study the  
17 Department shall consider enhanced service the consolidation would provide to  
18 customers, the funds that the State would realize from the sale of the State facility,  
19 annual savings that would result from decreased staffing required by a consolidated  
20 facility, and the feasibility and cost of constructing sufficient additional space at the  
21 federal facility to house a consolidated facility.

22 The Department shall report to the General Assembly on the results of this  
23 study before March 15, 1994.

24 (b) This section is effective upon ratification.

25 ~~—STATE SURPLUS MANAGEMENT SYSTEM~~

26 Sec. 26. (a) The Secretary of Administration shall, after consultation with the  
27 State Controller, develop a central automated inventory management system to facilitate  
28 agency and department access to information on surplus property. The system shall  
29 combine State and federal surplus inventory information and shall be accessible from all  
30 State agencies and local governments. The system shall provide information on the  
31 available surplus property inventory, the age and fair market value of the inventory, and  
32 the physical condition of the items and the dates they were reported as surplus.

33 The Secretary of Administration shall report to the General Assembly prior to  
34 March 15, 1994, on the system he develops pursuant to this section.

35 (b) This section is effective upon ratification.

36 ~~—SURPLUS PROPERTY SALE PROCEEDS~~

37 Sec. 27. (a) G.S. 143-64.05 reads as rewritten:

38 **"§ 143-64.05. Warehousing, transfer, etc., charges.**

39 The State agency for surplus property may assess and collect service charges or fees  
40 for the acquisition, receipt, warehousing, distribution or transfer of any State surplus  
41 property. All receipts from the transfer or sale of surplus, obsolete, or unused  
42 equipment of State departments, institutions, and agencies, ~~that are supported by~~  
43 ~~appropriations from the General Fund, except where the receipts have been anticipated~~  
44 ~~for, or budgeted against the cost of replacements, shall be credited by the Secretary to~~

1 ~~the Office of State Treasurer, Nontax Revenues~~ agencies, shall be available to the State  
2 ~~departments, institutions, and agencies that reported the surplus for the purchase of~~  
3 ~~fixed assets and shall be in addition to all other funds appropriated for fixed assets."~~

4 (b) This section becomes effective July 1, 1993.

5 ---MINORITY BUSINESS COORDINATOR

6 Sec. 27.1. (a) G.S. 143-49 reads as rewritten:

7 **"§ 143-49. Powers and duties of Secretary.**

8 The Secretary of Administration shall have power and authority, and it shall be his  
9 duty, subject to the provisions of this Article:

- 10 (1) To canvass sources of supply, and to purchase or to contract for the  
11 purchase, lease and lease-purchase of all supplies, materials,  
12 equipment and other tangible personal property required by the State  
13 government, or any of its departments, institutions or agencies under  
14 competitive bidding or otherwise as hereinafter provided.
- 15 (2) To establish and enforce specifications which shall apply to all  
16 supplies, materials and equipment to be purchased or leased for the use  
17 of the State government or any of its departments, institutions or  
18 agencies.
- 19 (3) To purchase or to contract for, by sealed, competitive bidding or other  
20 suitable means, all contractual services and needs of the State  
21 government, or any of its departments, institutions, or agencies; or to  
22 authorize any department, institution or agency to purchase or contract  
23 for such services.

24 When the award of any contract for contractual services exceeding  
25 a cost of one hundred thousand dollars (\$100,000) requires negotiation  
26 with prospective contractors, the Secretary shall request and the  
27 Attorney General shall assign a representative of the office of the  
28 Attorney General to assist in negotiation for the award of the contract.  
29 It shall be the duty of such representative to assist and advise in  
30 obtaining the most favorable contract for the State, to evaluate all  
31 proposals available from prospective contractors for that purpose, to  
32 interpret proposed contract terms and to advise the Secretary or his  
33 representatives of the liabilities of the State and validity of the contract  
34 to be awarded. All contracts and drafts of such contracts shall be  
35 prepared by the office of the Attorney General and copies thereof shall  
36 be retained by such office for a period of three years following the  
37 termination of such contracts. The term 'contractual services' as used in  
38 this subsection shall mean work performed by an independent  
39 contractor requiring specialized knowledge, experience, expertise or  
40 similar capabilities wherein the service rendered does not consist  
41 primarily of acquisition by this State of equipment or materials and the  
42 rental of equipment, materials and supplies. The term 'negotiation' as  
43 used herein shall not be deemed to refer to contracts entered into or to  
44 be entered into as a result of a competitive bidding process.

- 1 (4) To have general supervision of all storerooms and stores operated by  
2 the State government, or any of its departments, institutions or  
3 agencies and to have supervision of inventories of all tangible personal  
4 property belonging to the State government, or any of its departments,  
5 institutions or agencies. The duties imposed by this subdivision shall  
6 not relieve any department, institution or agency of the State  
7 government from accountability for equipment, materials, supplies and  
8 tangible personal property under its control.
- 9 (5) To make provision for or to contract for all State printing, including all  
10 printing, binding, paper stock and supplies or materials in connection  
11 with the same.
- 12 (6) To make available to nonprofit corporations operating charitable  
13 hospitals, to local nonprofit community sheltered workshops or centers  
14 that meet standards established by the Division of Vocational  
15 Rehabilitation of the Department of Human Resources, to private  
16 nonprofit agencies licensed or approved by the Department of Human  
17 Resources as child placing agencies or residential child-care facilities,  
18 and to counties, cities, towns, governmental entities and other  
19 subdivisions of the State and public agencies thereof in the expenditure  
20 of public funds, the services of the Department of Administration in  
21 the purchase of materials, supplies and equipment under such rules,  
22 regulations and procedures as the Secretary of Administration may  
23 adopt. In adopting rules and regulations any or all provisions of this  
24 Article may be made applicable to such purchases and contracts made  
25 through the Department of Administration, and in addition the rules  
26 and regulations shall contain a requirement that payment for all such  
27 purchases be made in accordance with the terms of the contract. Prior  
28 to adopting rules and regulations under this subdivision, the Secretary  
29 of Administration may consult with the Advisory Budget Commission.
- 30 (7) To designate an employee of the Purchase and Contract Division to  
31 serve as a coordinator for the conduct of outreach programs designed  
32 to encourage participation by small, minority, physically handicapped,  
33 and women contractors in State purchasing of goods and services. The  
34 minority business coordinator shall:
- 35 a. Conduct vendor fairs and seminars and prepare information packets  
36 that provide such businesses with instructions on doing business with  
37 the State; and
- 38 b. Coordinate with the Small Business Administration and the  
39 Minority Business Development Administration to facilitate  
40 participation by such businesses."

41 (b) This section is effective upon ratification.

42 —SINGLE PRIME/CAPITAL PROJECTS

43 Sec. 28. (a) Section 3 of Chapter 480 of the 1989 Session Laws reads as  
44 rewritten:

1 "Sec. 3. The State Construction Office of the Department of Administration, the  
2 Division of School Planning of the Department of Public Education, the Division of  
3 Facility Services of the Department of Human Resources, the North Carolina  
4 Association of County Commissioners, the North Carolina League of Municipalities,  
5 the School Board Association, and the North Carolina Hospital Association shall  
6 monitor and study the ~~separate-prime-separate-prime~~ and single-prime contract systems  
7 in the bidding of public building projects and shall compile data on the total verifiable  
8 contractual, legal, and administrative cost to the public.

9 The State Building Commission shall develop the necessary forms and procedures to  
10 survey the public contracts let. The public bodies responsible for the award of contracts  
11 shall submit all necessary records to the appropriate office, division, association, or  
12 individual as directed by the State Building Commission. The appropriate office,  
13 division, association, or individual shall maintain records of public contracts from  
14 bodies under their supervision or bodies that are their members.

15 The State Building Commission shall also develop additional forms and procedures  
16 to survey State agencies regarding the definitive and quantifiable impact in terms of  
17 State administrative costs, litigation costs, change orders, project completion, and  
18 occupancy costs resulting from using the separate-prime and single-prime contract  
19 systems.

20 An executive summary of data shall be submitted to the State Building Commission  
21 and such data shall be compiled and analyzed in a report to be made to the 1995 Session  
22 of the General Assembly. If the State Building Commission's analysis of the data on  
23 separate-prime and single-prime contracts indicates that it is financially beneficial to use  
24 single-prime contracting as the primary method of contracting, the State Building  
25 Commission shall recommend to the 1995 Session of the General Assembly that the  
26 State use single-prime as the primary method of contracting. The State Building  
27 Commission shall also identify the necessary steps, including statutory changes, that are  
28 needed to increase the use of single-prime contracts."

29 (b) This section is effective upon ratification.

30 —IMPROVE BLDG. DESIGNER SELECTION

31 Sec. 29. (a) G.S. 143-341(3) reads as rewritten:

32 "(3) Architecture and Engineering:

33 a. To examine and approve all plans and specifications for the  
34 construction or renovation of:

35 1. All State buildings; and

36 2. All community college buildings requiring the estimated  
37 expenditure for construction or repair work for which  
38 public bidding is required under G.S. 143-129

39 prior to the awarding of a contract for such work; and to examine and  
40 approve all changes in those plans and specifications made after the  
41 contract for such work has been awarded. To reduce the cost to the  
42 State of change orders, the Office of State Construction shall  
43 reevaluate the use of designers to issue construction change orders  
44 when the change orders may result from design defects.

1 b. To prepare preliminary studies and cost estimates and otherwise to  
2 assist all agencies in the preparation of requests for appropriations for  
3 the construction or renovation of all State buildings.

4 c. To supervise the letting of all contracts for the design, construction  
5 or renovation of all State buildings and all community college  
6 buildings whose plans and specifications must be examined and  
7 approved under a.2. of this subdivision.

8 The Office of State Construction shall develop detailed  
9 estimates of the expected design costs for capital projects to provide a  
10 basis for (i) evaluating the reasonableness of fees proposed by selected  
11 design firms and (ii) negotiating changes in contract fees when there is  
12 a change in the scope of work. If the Office of State Construction uses  
13 an outside contractor to develop the estimates of expected design costs,  
14 that contractor shall not be eligible for selection as the project  
15 designer.

16 d. To supervise and inspect all work done and materials used in the  
17 construction or renovation of all State buildings and all community  
18 college buildings whose plans and specifications must be examined  
19 and approved under a.2. of this subdivision; and no such work may be  
20 accepted by the State or by any State agency until it has been approved  
21 by the Department. The contract with a designer shall require that the  
22 designer provide a specific plan for inspection during the construction  
23 phase of a project."

24 (b) This section is effective upon ratification.

25 ~~—REDIRECT GOV'T. PURCHASING STAFF.~~

26 Sec. 30. (a) The Secretary of Administration shall abolish 11 personnel  
27 positions for buyers in the Purchasing Section of the Division of Purchase and Contract  
28 of the Department of Administration or redirect those positions to carry out any or all of  
29 the following:

- 30 (1) Provide for the development and implementation of a management  
31 information system on purchase activity by State departments and  
32 agencies;  
33 (2) Update the State purchasing manual; and  
34 (3) Improve the program under which specification standards are  
35 developed for commodities purchased by the State.

36 (b) This section becomes effective July 1, 1993.

37 ~~—REDUCE STAFF/PURCHASE & CONTRACT~~

38 Sec. 31. (a) The number of personnel positions for buyers in the Purchasing  
39 Section of the Division of Purchase and Contract of the Department of Administration is  
40 reduced by 11 positions.

41 (b) The base budget of the Purchasing Section of the Division of Purchase and  
42 Contract of the Department of Administration is reduced by four hundred forty thousand  
43 dollars (\$440,000) for the 1993-94 fiscal year and four hundred forty thousand dollars

1 (\$440,000) for the 1994-95 fiscal year due to the decrease in personnel positions  
2 mandated by Section 1 of this act.

3 (c) This section becomes effective July 1, 1993.

4 —STATE HUMAN RESOURCES PLANNING

5 Sec. 32. (a) Article 1 of Chapter 126 of the General Statutes is amended by  
6 adding a new section to read:

7 "**§ 126-3.1. State human resources management planning.**

8 (a) The Office of State Personnel shall be responsible for the State's ongoing  
9 human resources management planning effort. The purpose of human resources  
10 management planning shall be to assist in the determination of the mission and future of  
11 the State's human resources management programs and functions. Human resources  
12 management planning shall include planning with regard to the recruitment, selection,  
13 organization, training, and development of the State employee work force.

14 (b) The Office of State Personnel shall coordinate the State's management of  
15 human resources so as to ensure that all State human resources management programs  
16 are integrated fully within a comprehensive overall human resources management plan.  
17 Each State department, agency, and institution, and the judicial and legislative branches,  
18 shall be monitored by the Office of State Personnel to ensure that human resources  
19 planning at the departmental, agency, and institutional level is in compliance with the  
20 comprehensive plan and effective human resources management practices."

21 (b) This section is effective upon ratification.

22 —MONITOR STATE EMPLOYEE MANAGEMENT

23 Sec. 33. (a) Article 1 of Chapter 126 of the General Statutes is amended by  
24 adding a new section to read:

25 "**§ 126-4.1. State human resource management monitored.**

26 (a) The Office of State Personnel shall monitor the overall effectiveness of State  
27 policies and programs pertaining to human resources management and shall determine  
28 appropriate measures to monitor the condition and goal achievement of the human  
29 resource management function. The effectiveness of the human resources management  
30 function shall be measured in reference to each of the following:

31 (1) Fiscal Trends. – Measures that relate budget and fiscal issues to the  
32 employee cost for compensation, benefits, and the human resource  
33 department expenses and employees.

34 (2) Employee Benefits. – Measures to assess the usage of all benefit  
35 programs, participation patterns or optional programs, and costs per  
36 full-time employee for benefits programs.

37 (3) Absence and Turnover. – Measures to signal potential problems with  
38 workforce absenteeism and dissatisfaction with pay and turnover rates.  
39 Prerequisites to these measures are accurate attendance records and  
40 data to document why employees are leaving State employment.

41 (4) Hiring and Staffing. – Measures to evaluate the rate at which persons  
42 are entering State employment, the cost of hiring, the time taken to fill  
43 jobs, and the ratio of job offer to acceptances.

1           (5) Equal Employment. – Measures to evaluate inequities in hiring,  
2           promotions, and compensation as it relates to minorities, women, and  
3           the disabled.

4           (6) Training and Development. – Measures to evaluate the cost per unit of  
5           training delivered, change in knowledge and skill based on pre- and  
6           post-test scores, and the number of hours of training available to  
7           trainees.

8           (b) The Office of State Personnel shall develop an automated system to track and  
9           monitor on an ongoing basis the human resources management function.

10          (c) Each State department, agency, and institution shall utilize the automated  
11          system to assess the effectiveness of the human resources management of the  
12          department, agency, or institution.

13          (d) The human resources management function performance measures shall be  
14          benchmarked in relation to individual agencies, departments, and institutions as well as  
15          against other state governments. The Office of State Personnel may solicit other state  
16          and local governments to participate in a survey of performance measures."

17          (b) This section is effective upon ratification.

18 —PERSONNEL DIRECTOR HIRING

19          Sec. 34. (a) G.S. 126-4 reads as rewritten:

20 **"§ 126-4. Powers and duties of State Personnel Commission.**

21          Subject to the approval of the Governor, the State Personnel Commission shall  
22          establish policies and rules governing each of the following:

23           (1) Position classification plans which shall provide for the classification  
24           and reclassification of all positions subject to this Chapter according to  
25           the duties and responsibilities of the positions.

26           (2) Compensation plans which shall provide for minimum, maximum, and  
27           intermediate rates of pay for all employees subject to the provisions of  
28           this Chapter.

29           (3) For each class of positions, reasonable qualifications as to education,  
30           experience, specialized training, licenses, certifications, and other job-  
31           related requirements pertinent to the work to be performed.

32           (4) Recruitment programs designed to promote public employment,  
33           communicate current hiring activities within State government, and  
34           attract a sufficient flow of internal and external applicants; and  
35           determine the relative fitness of applicants for the respective positions.

36           (5) Hours and days of work, holidays, vacation, sick leave, and other  
37           matters pertaining to the conditions of employment. The legal public  
38           holidays established by the Commission as paid holidays for State  
39           employees shall include Martin Luther King, Jr.'s, Birthday and  
40           Veterans Day. The Commission shall not provide for more than 11  
41           paid holidays per year except that in those years in which Christmas  
42           Day falls on a Tuesday, Wednesday, or Thursday, the Commission  
43           shall not provide for more than 12 paid holidays.



- 1 (6) The appointment, promotion, transfer, demotion and suspension of  
2 employees.
- 3 (6a) The establishment of guidelines for the recruitment, appointment, and  
4 retention of the State Personnel Director and of the personnel directors  
5 of State departments, agencies, and institutions.
- 6 (7) Cooperation with the Department of Public Education, the University  
7 of North Carolina, and the Community Colleges of the State and other  
8 appropriate resources in developing programs in, including but not  
9 limited to, management and supervisory skills, performance  
10 evaluation, specialized employee skills, accident prevention, equal  
11 employment opportunity awareness, and customer service; and to  
12 maintain an accredited Certified Public Manager program.
- 13 (7a) The separation of employees.
- 14 (8) The evaluation of employee performance, the granting of performance  
15 salary increases, and a program of meritorious service awards.
- 16 (9) The investigation of complaints and the issuing of such binding  
17 corrective orders or such other appropriate action concerning  
18 employment, promotion, demotion, transfer, discharge, reinstatement,  
19 and any other issue defined as a contested case issue by this Chapter in  
20 all cases as the Commission shall find justified.
- 21 (10) Programs of safety, health, employee assistance, productivity  
22 incentives, equal opportunity and such other programs and procedures  
23 as may be necessary to promote efficiency of administration and  
24 provide for a fair and modern system of personnel administration. This  
25 subdivision may not be construed to authorize the establishment of an  
26 incentive pay program.
- 27 (11) In cases where the Commission finds discrimination or orders  
28 reinstatement or back pay whether (i) heard by the Commission or (ii)  
29 appealed for limited review after settlement or (iii) resolved at the  
30 agency level, the assessment of reasonable attorneys' fees and  
31 witnesses' fees against the State agency involved.
- 32 (12) Repealed by Session Laws 1987, c. 320, s. 2.
- 33 (13) Repealed by Session Laws 1987, c. 320, s. 3.
- 34 (14) The implementation of G.S. 126-5(e).
- 35 (15) Recognition of State employees, public personnel management, and  
36 management excellence.
- 37 Such policies and rules shall not limit the power of any elected or appointed  
38 department head, in his discretion and upon his determination that it is in the best  
39 interest of the Department, to transfer, demote, or separate a State
- 40 (1) Employee in a grade 60 or lower position who has not been  
41 continuously employed by the State of North Carolina for the  
42 immediate 12 preceding months;

- 1 (2) Employee in a grade 61 to grade 65 position who has not been  
2 continuously employed by the State of North Carolina for the  
3 immediate 36 preceding months;
- 4 (3) Employee in a grade 66 to grade 70 position who has not been  
5 continuously employed by the State of North Carolina for the  
6 immediate 48 preceding months; or
- 7 (4) Employee in a grade 71 or higher position who has not been  
8 continuously employed by the State of North Carolina for the  
9 immediate 60 preceding months."

10 (b) G.S. 126-3 reads as rewritten:

11 **"§ 126-3. Office of State Personnel established; administration and supervision;  
12 appointment, compensation and tenure of Director.**

13 There is hereby established the Office of State Personnel (hereinafter referred to as  
14 'the Office') which shall be placed for organizational purposes within the Department of  
15 Administration. Notwithstanding the provisions of North Carolina State government  
16 reorganization as of January 1, 1975, and specifically notwithstanding the provisions of  
17 Chapter 864 of the 1971 North Carolina Session Laws [Chapter 143A], the Office of  
18 State Personnel shall exercise all of its statutory powers in this Chapter independent of  
19 control by the Secretary of Administration and shall be under the administration and  
20 supervision of a State Personnel Director (hereinafter referred to as 'the Director')  
21 appointed by the Governor and subject to the supervision of the Commission for  
22 purposes of this Chapter. The Commission shall develop job requirements for the  
23 Director that include education and experience requirements. The Director shall be  
24 appointed to serve a term concurrent with the term of the appointing Governor and shall  
25 be removed only for cause. The salary of the Director shall be fixed by the General  
26 Assembly in the Current Operations Appropriations Act. The Director shall serve at the  
27 pleasure of the Governor."

28 (c) G.S. 143B-9 reads as rewritten:

29 **"§ 143B-9. Appointment of officers and employees.**

30 The head of each principal State department, except those departments headed by  
31 popularly elected officers, shall be appointed by the Governor and serve at his pleasure.

32 The salary of the head of each of the principal State departments and of elected  
33 officials shall be as provided by law.

34 The head of a principal State department shall appoint a chief deputy or chief  
35 assistant, and such chief deputy or chief assistant shall not be subject to the State  
36 Personnel Act. The salary of such chief deputy or chief assistant shall, upon the  
37 recommendation of the Governor, be set by the General Assembly. Unless otherwise  
38 provided for in the Executive Organization Act of 1973, and subject to the provisions of  
39 the Personnel Act, the head of each principal State department shall designate the  
40 administrative head of each transferred agency and all employees of each division,  
41 section, or other unit of the principal State department.

42 The head of a principal State department shall appoint a personnel director following  
43 a competitive process based upon educational and experience guidelines established by  
44 the State Personnel Commission."

1 (d) Departments headed by a member of the Council of State, other than the  
2 Governor and Lieutenant Governor, shall employ a personnel director appointed  
3 following a competitive process based upon educational and experience guidelines  
4 established by the State Personnel Commission.

5 (e) This section is effective upon ratification.

6 —POLITICAL HIRING LIMITED

7 Sec. 35. (a) Chapter 126 of the General Statutes is amended by adding a new  
8 section to read:

9 "**§ 126-14.2. Political hirings limited; policy; rules.**

10 (a) It is the policy of this State that State departments, agencies, and institutions  
11 select the most qualified persons for State government employment based upon job-  
12 related qualifications of applicants for employment and not based upon political  
13 affiliation, except that certain policy-making positions in State government employment  
14 may be filled on bases including political affiliation where the General Assembly has  
15 expressly authorized such hirings.

16 (b) The personnel policies and procedures of each State department, agency, and  
17 institution shall be updated to implement the policy of nonpolitical hiring set forth in  
18 subsection (a) of this section.

19 (c) The personnel policies and procedures of the legislative and judicial branches  
20 shall be updated to implement nonpolitical hirings in accordance with subsection (a) of  
21 this section.

22 (d) The Office of State Personnel shall provide training to State supervisory  
23 personnel that is designed to carry out the intent of subsection (a) of this section.

24 (e) The State Personnel Commission shall adopt rules to:

25 (1) Assure that State departments, agencies, and institutions follow the  
26 same selection process when hiring State employees;

27 (2) Encourage open competition for positions in State government  
28 employment;

29 (3) Broaden the advertisement of job openings in State government  
30 employment and lengthen the period for submitting applications for  
31 State government employment; and

32 (4) Require that State supervisory personnel responsible for hiring State  
33 employees must execute for each new hire a certification indicating  
34 that the hiring decision was made in accordance with State personnel  
35 policies and was not made on the basis of patronage."

36 (b) G.S. 126-5 is amended by adding a new subsection to read:

37 "(c6) Notwithstanding any other provision of this Chapter, G.S. 126-14.2 shall  
38 apply to all State employees, public school employees, and community colleges  
39 employees."

40 (c) This section is effective upon ratification.

41 —ANNUAL STATE EMPLOYEE SURVEY

42 Sec. 36. (a) Article 1 of Chapter 126 of the General Statutes is amended by  
43 adding a new section to read:

44 "**§ 126-4.1. Annual employee survey.**

1 (a) The Office of State Personnel shall conduct an annual employee opinion  
2 survey with input from and in cooperation with the personnel directors of each State  
3 department, agency, and institution. The information received from this survey shall be  
4 provided, in a timely manner, to State employees in order to increase awareness and  
5 understanding and to gain greater commitment to the State's goals and objectives. The  
6 dissemination of annual survey results to employees shall be done in a manner  
7 calculated to foster improved job performance, enhanced job satisfaction, and increased  
8 employee motivation.

9 (b) The annual employee opinion survey shall differentiate between managers  
10 and staff and shall include all three branches of government. The Office shall establish  
11 an appropriate year-to-year benchmarking process that will provide for the effective  
12 utilization of survey data. The Office shall establish appropriate baseline survey  
13 questions and shall use other appropriate surveying methods to ensure from year to year  
14 the accurate and meaningful comparison of employee opinion survey results."

15 (b) Article 29 of Chapter 7A of the General Statutes is amended by adding a new  
16 section to read:

17 **"§ 7A-342.1. Annual employee survey.**

18 Subject to the approval of the Chief Justice, the Administrative Officer of the Courts  
19 shall establish for the purpose of effective human resources management policies and  
20 procedures to implement an annual opinion survey of employees of the judicial branch  
21 in cooperation with the Office of State Personnel."

22 (c) G.S. 120-32 reads as rewritten:

23 **"§ 120-32. Commission duties.**

24 The Legislative Services Commission is hereby authorized to:

- 25 (1) Determine the number, titles, classification, functions, compensation,  
26 and other conditions of employment of the joint legislative service  
27 employees of the General Assembly, including but not limited to the  
28 following departments:  
29 a. Legislative Services Officer and personnel,  
30 b. Electronic document writing system,  
31 c. Proofreaders,  
32 d. Legislative printing,  
33 e. Enrolling clerk and personnel,  
34 f. Library,  
35 g. Research and bill drafting,  
36 h. Printed bills,  
37 i. Disbursing and supply;
- 38 (2) Determine the classification and compensation of employees of the  
39 respective houses other than staff elected officers; however, the hiring  
40 of employees of each house and their duties shall be prescribed by the  
41 rules and administrative regulations of the respective house;
- 42 (2a) Conduct an annual opinion survey of legislative branch employees for  
43 the purpose of effective human resources management in cooperation  
44 with the Office of State Personnel;

- 1 (3) Acquire and dispose of furnishings, furniture, equipment, and supplies  
2 required by the General Assembly, its agencies and commissions and  
3 maintain custody of same between sessions. It shall be a misdemeanor  
4 for any person(s) to remove any State-owned furniture, fixtures, or  
5 equipment from the State Legislative Building for any purpose  
6 whatsoever, except as approved by the Legislative Services  
7 Commission;
- 8 (4) Contract for services required for the operation of the General  
9 Assembly, its agencies, and commissions; however, any departure  
10 from established operating procedures, requiring a substantial  
11 expenditure of funds, shall be approved by appropriate resolution of  
12 the General Assembly;
- 13 (5) a. Provide for engrossing and enrolling of bills,  
14 b. Appoint an enrolling clerk to act under its supervision in the  
15 enrollment and ratification of acts;
- 16 (6) a. Provide for the duplication and limited distribution of copies of  
17 ratified laws and joint resolutions of the General Assembly and  
18 forward such copies to the persons authorized to receive same,  
19 b. Maintain such records of legislative activities and publish such  
20 documents as it may deem appropriate for the operation of the General  
21 Assembly;
- 22 (7) a. Provide for the indexing and printing of the session laws of each  
23 regular, extra or special session of the General Assembly and provide  
24 for the printing of the journal of each house of the General Assembly,  
25 b. Provide and supply to the Secretary of State such bound volumes of  
26 the journals and session laws as may be required by him to be  
27 distributed under the provisions of G.S. 147-45, 147-46.1 and 147-48.
- 28 (8) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1014, s. 40.
- 29 (9) To establish a bill drafting division to draft bills at the request of  
30 members or committees of the General Assembly.
- 31 (10) To select the locations for buildings occupied by the General  
32 Assembly, and to name any building occupied by the General  
33 Assembly.
- 34 (11) To specify the uses within the General Assembly budget of funds  
35 appropriated to the General Assembly which remain available for  
36 expenditure after the end of the biennial fiscal period, and to revert  
37 funds under G.S. 143-18.
- 38 (12) Provide insurance to provide excess indemnity for any occurrence  
39 which results in a claim against any member of the General Assembly,  
40 as provided in G.S. 143-300.2 through G.S. 143-300.6. That insurance  
41 may not provide for any indemnity to be payable for any claim not  
42 covered by the above cited statutes, nor for any criminal act by a  
43 member, nor for any act committed by a member or former member  
44 prior to the inception of insurance.

1 (13) Provide insurance to provide excess indemnity for any occurrence that  
2 results in a claim against any employee, officer, or committee,  
3 subcommittee, or commission member in the legislative branch other  
4 than a member of the General Assembly, as provided in G.S. 143-  
5 300.2 through G.S. 143-300.6. That insurance may not provide for  
6 any indemnity to be payable for any claim not covered by the above  
7 cited statutes, nor for any criminal act, nor for any act committed prior  
8 to the inception of insurance."

9 (d) This section is effective upon ratification.

10 —STATE EEO MONITORING

11 Sec. 37. (a) Chapter 126 of the General Statutes is amended by adding a new  
12 section to read:

13 **"§ 126-16.2. Equal employment opportunity monitoring; reporting.**

14 The Equal Employment Opportunity Division of the Office of State Personnel shall  
15 monitor pay increases awarded to State employees by State departments, agencies, and  
16 institutions in order to ensure that pay increases are granted by State departments,  
17 agencies, and institutions in a nondiscriminatory manner. The Equal Employment  
18 Opportunity Division shall report periodically to the State Personnel Commission  
19 information relating to pay increases awarded to State employees. The Office of State  
20 Personnel shall report pay increases awarded by equal employment opportunity  
21 protected class categories. The State Personnel Commission shall monitor performance  
22 pay increases in conjunction with monitoring hirings, promotions, demotions, and  
23 separations by equal employment opportunity protected class categories."

24 (b) This section is effective upon ratification.

25 —COMPREHENSIVE EMPLOYEE TRAINING

26 Sec. 38. (a) G.S. 126-4 reads as rewritten:

27 **"§ 126-4. Powers and duties of State Personnel Commission.**

28 Subject to the approval of the Governor, the State Personnel Commission shall  
29 establish policies and rules governing each of the following:

- 30 (1) Position classification plans which shall provide for the classification  
31 and reclassification of all positions subject to this Chapter according to  
32 the duties and responsibilities of the positions.
- 33 (2) Compensation plans which shall provide for minimum, maximum, and  
34 intermediate rates of pay for all employees subject to the provisions of  
35 this Chapter.
- 36 (3) For each class of positions, reasonable qualifications as to education,  
37 experience, specialized training, licenses, certifications, and other job-  
38 related requirements pertinent to the work to be performed.
- 39 (4) Recruitment programs designed to promote public employment,  
40 communicate current hiring activities within State government, and  
41 attract a sufficient flow of internal and external applicants; and  
42 determine the relative fitness of applicants for the respective positions.
- 43 (5) Hours and days of work, holidays, vacation, sick leave, and other  
44 matters pertaining to the conditions of employment. The legal public

1 holidays established by the Commission as paid holidays for State  
2 employees shall include Martin Luther King, Jr.'s, Birthday and  
3 Veterans Day. The Commission shall not provide for more than 11  
4 paid holidays per year except that in those years in which Christmas  
5 Day falls on a Tuesday, Wednesday, or Thursday, the Commission  
6 shall not provide for more than 12 paid holidays.

7 (6) The appointment, promotion, transfer, demotion and suspension of  
8 employees.

9 (6a) The establishment of a comprehensive employee training system and  
10 the monitoring of costs associated with the State's investment in  
11 employee training and development.

12 (7) Cooperation with the Department of Public Education, the University  
13 of North Carolina, and the Community Colleges of the State and other  
14 appropriate resources in developing programs in, including but not  
15 limited to, management and supervisory skills, performance  
16 evaluation, specialized employee skills, accident prevention, equal  
17 employment opportunity awareness, and customer service; and to  
18 maintain an accredited Certified Public Manager program.

19 (7a) The separation of employees.

20 (8) The evaluation of employee performance, the granting of performance  
21 salary increases, and a program of meritorious service awards.

22 (9) The investigation of complaints and the issuing of such binding  
23 corrective orders or such other appropriate action concerning  
24 employment, promotion, demotion, transfer, discharge, reinstatement,  
25 and any other issue defined as a contested case issue by this Chapter in  
26 all cases as the Commission shall find justified.

27 (10) Programs of safety, health, employee assistance, productivity  
28 incentives, equal opportunity and such other programs and procedures  
29 as may be necessary to promote efficiency of administration and  
30 provide for a fair and modern system of personnel administration. This  
31 subdivision may not be construed to authorize the establishment of an  
32 incentive pay program.

33 (11) In cases where the Commission finds discrimination or orders  
34 reinstatement or back pay whether (i) heard by the Commission or (ii)  
35 appealed for limited review after settlement or (iii) resolved at the  
36 agency level, the assessment of reasonable attorneys' fees and  
37 witnesses' fees against the State agency involved.

38 (12) Repealed by Session Laws 1987, c. 320, s. 2.

39 (13) Repealed by Session Laws 1987, c. 320, s. 3.

40 (14) The implementation of G.S. 126-5(e).

41 (15) Recognition of State employees, public personnel management, and  
42 management excellence.

1 Such policies and rules shall not limit the power of any elected or appointed  
2 department head, in his discretion and upon his determination that it is in the best  
3 interest of the Department, to transfer, demote, or separate a State

- 4 (1) Employee in a grade 60 or lower position who has not been  
5 continuously employed by the State of North Carolina for the  
6 immediate 12 preceding months;
- 7 (2) Employee in a grade 61 to grade 65 position who has not been  
8 continuously employed by the State of North Carolina for the  
9 immediate 36 preceding months;
- 10 (3) Employee in a grade 66 to grade 70 position who has not been  
11 continuously employed by the State of North Carolina for the  
12 immediate 48 preceding months; or
- 13 (4) Employee in a grade 71 or higher position who has not been  
14 continuously employed by the State of North Carolina for the  
15 immediate 60 preceding months."

16 (b) Article 1 of Chapter 126 of the General Statutes is amended by adding a new  
17 section to read:

18 **"§ 126-3.1. Comprehensive employee training system.**

19 (a) The Office of State Personnel shall coordinate a comprehensive statewide  
20 system for the training of State employees including training programs, courses, and  
21 materials for management and supervisory training, Equal Employment Opportunity  
22 training, computer training, and other areas of employee training that are of statewide  
23 applicability. The system of comprehensive employee training shall be administered so  
24 as to enhance the performance of employees and the effectiveness of State departments,  
25 agencies, and institutions.

26 (b) The Office of State Personnel shall identify the training and development  
27 needs of State employees by performing an annual training needs analysis in  
28 conjunction with State agencies that includes the study of the job requirements of the  
29 respective positions held by State employees, the forecasting of changes in job  
30 requirements, the determination of skills and essential job functions, and the assessment  
31 of the status of employee training.

32 (c) Each State department, agency, and institution shall provide to their  
33 respective employees training programs, courses, and materials of special relevance to  
34 the performance of job requirements within the department, agency, or institution.

35 (d) State employee training programs shall be evaluated by the Office of State  
36 Personnel as to content, course administration, facilities, and trainers in order to ensure  
37 that training programs are needed for current job requirements. Each State department,  
38 agency, and institution shall provide to the Office of State Personnel information related  
39 to the costs of employee training programs, courses, and materials including the salaries  
40 of trainers, the cost of supplies and materials, facilities costs, and the fees charged for  
41 training programs and courses."

42 (c) G.S. 126-5(c5) reads as rewritten:



1       "(c5) Notwithstanding any other provision of this Chapter, Article 14 of this  
2 Chapter and G.S. 126-4(6a) shall apply to all State employees, public school employees,  
3 and community colleges employees."

4       (d) This section is effective upon ratification.

5       —STATE EMP. CLASSIFICATION/FUNDS.

6       Sec. 39. (a) Article 1 of Chapter 126 of the General Statutes is amended by  
7 adding a new section to read:

8       "**§ 126-4.1. State employee classifications system.**

9       (a) The Office of State Personnel shall study employee job classifications and  
10 implement a revised classification system that is coordinated as an integral part of the  
11 compensation system for State employees.

12       (b) The classification and compensation study conducted by the Office of State  
13 Personnel shall include the development and implementation of the following study  
14 components: compensation philosophy, salary structure, pay delivery, job descriptions,  
15 and external and internal job evaluations. The classification study shall determine  
16 which State jobs are paid below, at, or above the competitive private market rates.

17       (c) The Office of State Personnel shall conduct an ongoing review of the State  
18 employee classification system to facilitate the consolidation of titles within classes, the  
19 creation of generic job titles, and the provision of dual career tracks to provide  
20 employees with opportunities for vertical growth in nonmanagement positions."

21       (b) There is appropriated from the General Fund to the Office of State Personnel  
22 the sum of two hundred twenty-five thousand dollars (\$225,000) for the 1993-94 fiscal  
23 year and the sum of two hundred twenty-five thousand dollars (\$225,000) for the 1994-  
24 95 fiscal year for implementation of the review of the State employee classification  
25 system. The Office of State Personnel shall complete the classification study within no  
26 more than 24 months.

27       (c) Subsection (a) of this section is effective upon ratification. Subsection (b) of  
28 this section becomes effective July 1, 1993.

29       —STATE PERFORMANCE PAY.

30       Sec. 40. (a) G.S. 126-7(c) reads as rewritten:

31       "(c) Performance ~~increases, if awarded, increases~~ shall be based on performance  
32 appraisals of all employees conducted by each department, agency, and institution. The  
33 State Personnel Commission, under the authority of G.S.126-4(8), shall adopt policy  
34 and regulations for performance appraisal. The policy and regulations shall include the  
35 following:

- 36       (1) The performance appraisal system of each department, agency, or  
37 institution shall be designed and administered to ensure that  
38 performance increases are distributed fairly ~~and reward only~~  
39 ~~performance that exceeds performance requirements. and to reward~~  
40 performance that meets or exceeds performance requirements.  
41 Employee performance exceeding requirements will receive greater  
42 rewards than performance that only meets performance requirements.

- 43       (1a) Employees shall progress through salary grades based upon  
44 performance and an employee's location in the salary grade in

1 accordance with guideline charts that identify an employee's current  
2 performance rating and location in the pay grade. Guideline charts  
3 shall determine the amount of an employee pay increase.

4 (2) To be eligible to distribute its share of the performance increase  
5 allocation, a department, agency, or institution shall have an operative  
6 performance appraisal system which has been approved by the State  
7 Personnel Director. The performance appraisal system adopted shall  
8 use a rating scale of:

9 a. Five levels, with the top ~~two levels~~ three levels qualifying for  
10 performance increases; or

11 b. Other than five levels, with the levels qualifying for performance  
12 increases to be designated by the State Personnel Commission, for  
13 those job classifications in those employing units where a department,  
14 agency, or institution demonstrates to the State Personnel Commission  
15 that some number of levels other than five would be appropriate, and  
16 the State Personnel Commission, after conducting a public hearing,  
17 determines that a rating scale of other than five levels is more  
18 appropriate than five levels for a particular job classification within a  
19 particular employing unit.

20 There shall be a presumption that a five-level system is the most  
21 appropriate system, and the department, agency, or institution must  
22 demonstrate with clear and convincing evidence that a different system  
23 is more appropriate. The performance appraisal system adopted shall  
24 adhere to modern personnel management techniques and practices in  
25 common use in the public and private sectors. ~~Departments, agencies,~~  
26 ~~and institutions with existing performance appraisal systems which use~~  
27 ~~a rating scale which is not consistent with the system described above~~  
28 ~~shall have until July 1, 1991, to bring their systems into compliance~~  
29 ~~with this subsection.~~

30 (3) The State Personnel Director shall ~~help~~ coordinate the efforts of  
31 departments, agencies, and institutions to establish and administer their  
32 performance appraisal systems and shall provide initial and ongoing  
33 training in performance appraisal and performance system  
34 administration. Training sessions for supervisory personnel on the  
35 performance appraisal system, effective methods of employee  
36 appraisal, and assessment of individual employee training and  
37 development needs shall be held on a regular basis.

38 (3a) Each department, agency, and institution shall determine the individual  
39 training needs of each of its employees in order to provide effective  
40 employee training calculated to foster enhanced employee  
41 performance and to afford each employee the training needed to  
42 achieve performance levels that will result in the award of  
43 performance pay. Individual employee training needs shall be  
44 identified as part of an employee's performance appraisal.

- 1 (4) An employee whose performance ~~exceeds~~meets or exceeds  
2 performance requirements shall receive a performance increase unless  
3 the employee's supervisor justifies in writing to the employee the  
4 decision not to award the performance increase. An employee whose  
5 performance does not ~~exceed~~meet or exceed performance  
6 requirements shall not receive a performance increase. Standards for  
7 performance and standards for performance pay increases may be  
8 established for each department, agency, or institution. These  
9 standards may not set limits so as to preclude an employee whose  
10 performance ~~exceeds~~meets or exceeds performance requirements from  
11 consideration for an increase.
- 12 (5) The State Personnel Director shall set the performance increase ranges  
13 allowable for levels of performance that exceed performance  
14 requirements. An employee whose performance exceeds expectations  
15 shall receive a percentage increase equal to the midrange value for his  
16 rating, unless the supervisor can justify an increase above or below the  
17 midrange value within the allowable range. The supervisor shall give  
18 an employee written justification of his decision to award an increase  
19 above or below the midrange value when the employee requests  
20 written justification. A supervisor's performance appraisal plan,  
21 evaluation standards for each employee, and individual employee  
22 ratings and recommended performance increase amounts, with  
23 justification, shall be reviewed and approved by that supervisor's next  
24 higher level supervisor.
- 25 (5a) If an employee is otherwise eligible for a performance increase and is  
26 at the top of (but does not exceed) a pay scale, the employee shall  
27 receive a performance increase in the form of a performance bonus.  
28 This performance bonus shall be a one-time, lump-sum award paid  
29 separately from any other payment to the employee for the year. Such  
30 award shall not serve to increase the base pay of such employee. An  
31 award of this bonus pursuant to this subdivision does not affect:  
32 a. The value of the top of any pay scale; and  
33 b. The employee's current salary, which will remain at the top of the  
34 pay scale.  
35 Except as provided in this subdivision, all other provisions of this  
36 subsection shall apply to an employee at the top of a pay scale.
- 37 (6) The State Personnel Director may suspend any performance increase  
38 that does not appear to meet the intent of the provisions of the  
39 performance pay system and require the originating department,  
40 agency, or institution to reconsider or justify the increase.
- 41 (7) An employee who disputes the fairness of his performance evaluation  
42 or the sufficiency of the increase awarded or who believes that he was  
43 unfairly denied a performance increase shall first discuss the problem  
44 with his supervisor. Appeals of the supervisor's decision shall be made

1 only to the grievance committee or internal performance review board  
2 of the department, agency, or institution which shall make a  
3 recommendation to the head of the department, agency, or institution  
4 for final decision. The State Personnel Director shall help a  
5 department, agency, or institution establish an internal performance  
6 review board or, if it includes employee members, to use its existing  
7 grievance committee to hear performance pay disputes.  
8 Notwithstanding G.S. 150B-2(2) and G.S. 126-22, 126-25, and 126-  
9 34, performance pay disputes, including disputes about individual  
10 performance appraisals, shall not be considered contested case issues.

11 (7a) Each department, agency, and institution shall establish a performance  
12 management and pay advisory committee as part of the performance  
13 appraisal system. The purpose of the committee is to ensure that  
14 performance pay increases are made in an equitable ~~manner.~~ manner  
15 and in compliance with the performance appraisal system coordinated  
16 by the Office of State Personnel. The committee shall be responsible  
17 for reviewing:

- 18 a. Agency performance pay policies and performance pay plan to  
19 determine whether this section and any guidelines promulgated by the  
20 Office of State Personnel have been adhered to;  
21 b. Agency training and education programs to determine whether all  
22 employees receive appropriate information; and  
23 c. Performance ratings within the department, agency, or institution to  
24 determine whether an equitable distribution has been made.

25 The committee must have a minimum of five members. The head  
26 of each department, agency, and institution shall appoint the members  
27 of the committee with equal representation of nonsupervisory,  
28 supervisory, and management employees. The committee shall elect  
29 its own chair.

30 The performance management and pay advisory committee shall  
31 meet at least two times each year. The committee shall submit a  
32 written report following each meeting to the head of the department,  
33 agency, or institution. The report shall include recommendations for  
34 changes and corrections in the administration of the performance  
35 management system. The recommendations of the committee shall be  
36 advisory only. The head of the department, agency, or institution shall  
37 respond to the committee within three months. Copies of the report  
38 shall be included in the report to the Office of State Personnel that is  
39 required of that agency, department, or institution. Summaries of the  
40 report shall be included in the annual reports that are mandated by this  
41 subsection.

42 ~~Nothing in subdivision (7a) and each subpart hereof shall be construed to~~  
43 ~~obligate the General Assembly to appropriate funds to implement the~~  
44 ~~provisions of this subdivision.~~

- 1 (8) The State Personnel Director shall monitor the performance appraisal  
 2 system and performance increase distribution of each employing unit  
 3 within each department, agency, and institution. Each department,  
 4 agency, and institution shall submit to the Director annual reports  
 5 which shall include data on the demographics of performance ratings,  
 6 the frequency of evaluations, the performance pay increases awarded,  
 7 and the implementation schedule for performance pay increases. The  
 8 Director shall analyze the data to ensure that performance increases are  
 9 distributed fairly within each department, agency, and institution and  
 10 across all departments, agencies, and institutions of State government  
 11 and shall report back to each department, agency, and institution on its  
 12 appraisal and distribution performance.
- 13 (9) The State Personnel Director shall report annually on the performance  
 14 pay program to the Commission. The report shall evaluate the  
 15 performance of each department, agency, and institution in the  
 16 administration of its appraisal system and the distribution of  
 17 performance increases within each department, agency, and institution  
 18 and across State government. The report shall include  
 19 recommendations for improving the performance appraisal system and  
 20 alleviating inequities. Copies of the report shall be sent to the State  
 21 Auditor.
- 22 (10) The Commission shall report annually to the Governor, the Lieutenant  
 23 Governor, the President Pro Tempore of the Senate, the Speaker of the  
 24 House of Representatives, and the Standing Personnel Committees of  
 25 the House and the Senate. The Commission report shall include an  
 26 evaluation of the administration of the appraisal system and  
 27 distribution of performance increases by each department, agency, and  
 28 institution. The State Personnel Director shall recommend to the  
 29 General Assembly for its approval sanctions to be levied against  
 30 departments, agencies, and institutions that have deficient appraisal  
 31 systems or that do not link performance increases to performance.  
 32 These sanctions may include withholding performance increases from  
 33 the managers and supervisors of individual employing units of  
 34 departments, agencies, and institutions in which discrepancies exist."

35 (b) This section is effective upon ratification.

36 ~~TEMP. EMPLOYEES EQUALIZED.~~

37 Sec. 41. (a) G.S. 120-32.5 reads as rewritten:

38 "**§ 120-32.5. ~~Leave for~~ Benefits for temporary employees.**

39 ~~Temporary part-time or full-time employees of the General Assembly who have four~~  
 40 ~~years of aggregate employment with the General Assembly (temporary or permanent)~~  
 41 ~~shall receive the same holidays, vacation leave, and sick leave as permanent part-time or~~  
 42 ~~full-time employees of the General Assembly respectively, or as may be determined by~~  
 43 ~~the Legislative Services Commission. Notwithstanding any other provision of law,~~  
 44 temporary employees of the General Assembly shall receive health benefits, retirement

1 benefits, and paid leave benefits equal to those benefits provided to temporary  
2 employees of the executive branch who are subject to the State Personnel Act. This  
3 section shall not be construed to reduce the vested retirement benefits of temporary  
4 employees or former employees of the General Assembly."

5 (b) This section is effective upon ratification.

6 ---REPEAL HP MERIT PAY.

7 Sec. 42. (a) The General Assembly finds that:

8 (1) The special merit pay increase for Highway Patrol officers has created  
9 morale problems among other State law enforcement officers. Morale  
10 problems arise when those other law enforcement officers whose  
11 performance would otherwise merit an increase do not receive  
12 increases when the budget does not provide funding for merit raises.

13 (2) The special merit pay provision violates the principle that employees  
14 in similar jobs and operating at comparable levels of performance  
15 should be compensated similarly.

16 (b) G.S. 20-187.3(a) reads as rewritten:

17 "(a) The Secretary of Crime Control and Public Safety shall not make or permit to  
18 be made any order, rule, or regulation requiring the issuance of any minimum number of  
19 traffic citations, or ticket quotas, by any member or members of the State Highway  
20 Patrol. Pay and promotions of members of the Highway Patrol shall be based on their  
21 overall job performance and not on the basis of the volume of citations issued or arrests  
22 made. ~~The provisions of G.S. 126-7 shall not apply to members of the State Highway~~  
23 ~~Patrol. Members of the Highway Patrol shall, however, be subject to salary classes,~~  
24 ~~ranges and longevity pay for service as are applicable to other State employees~~  
25 ~~generally. Beginning July 1, 1985, and annually thereafter, each member of the~~  
26 ~~Highway Patrol shall be granted a salary increase in an amount corresponding to the~~  
27 ~~increments between steps within the salary range established for the class to which the~~  
28 ~~member's position is assigned by the State Personnel Commission, not to exceed the~~  
29 ~~maximum of each applicable salary range. Beginning July 1, 1993, the provisions of~~  
30 G.S. 126-7 shall apply to members of the State Highway Patrol."

31 (c) The base budget of the Department of Crime Control and Public Safety is  
32 reduced by one million one hundred thirty-seven thousand three hundred eighty-six  
33 dollars (\$1,137,386) for the 1993-94 fiscal year and by two million three hundred  
34 seventy-nine thousand four hundred twelve dollars (\$2,379,412) for the 1994-95 fiscal  
35 year due to the repeal of the automatic merit pay increase in subsection (b) of this  
36 section.

37 (d) This section becomes effective July 1, 1993.

38 ---LAW OFFICER POSITION RULES.

39 Sec. 43. (a) Article 12D of Chapter 143 of the General Statutes is amended by  
40 adding a new section to read:

41 **"§ 143-166.40B. When sworn law enforcement officer required.**

42 The State Personnel Commission shall issue rules and procedures for determining  
43 when a vacant position in State government employment shall be filled by a State  
44 employee who is a sworn law enforcement officer and who requires the powers of a

1 sworn law enforcement officer in order to carry out the essential duties of his or her  
2 position."

3 (b) This section is effective upon ratification.

4 —CIVILIANIZATION.

5 Sec. 44. (a) Article 12D of Chapter 143 of the General Statutes is redesignated  
6 "Law Enforcement Officers," and is amended by adding the following new section:

7 **"§ 143-166.40A. Civilianization.**

8 (a) For the purposes of this section, 'Law enforcement officer' means a person  
9 who:

- 10 (1) Requires the power of arrest to perform the essential duties of his or  
11 her position;
- 12 (2) Must be armed to carry out the essential functions of his or her  
13 position; and
- 14 (3) Is required by the Criminal Justice Education and Training Standards  
15 Commission to be certified, and as such, must attend and pass a core  
16 law enforcement curriculum.

17 (b) A person who has attained the status of a law enforcement officer shall not  
18 transfer or continue that status to a new position if he or she fills a position in State  
19 government employment that does not meet the definition of a State law enforcement  
20 officer as set forth in this section.

21 (c) The job classes of law enforcement officers set forth in this subsection shall  
22 be civilianized upon vacancy. A position vacancy in any of these classifications shall  
23 be filled by an employee who shall not hold the status of a law enforcement officer  
24 while serving in a position in these job classes. These job classes are deemed not to  
25 require that a State employee be a law enforcement officer in order to discharge the  
26 essential duties of positions in these classifications:

- 27 (1) Security Chief – Department of Agriculture
- 28 (2) Security Officers – Department of Cultural Resources, Archives  
29 Division
- 30 (3) Security Officers – Department of Cultural Resources, Arts Division
- 31 (4) Security Officers of State Schools and Hospitals
- 32 (5) Security Officers – Department of Justice
- 33 (6) Security Officers – Department of Justice, Training and Standards  
34 Division
- 35 (7) Hunter and Boater Safety Coordinator
- 36 (8) Insurance Investigators and Supervisors
- 37 (9) Securities and Commodities Investigators and Supervisors
- 38 (10) Port Police
- 39 (11) General Assembly Police
- 40 (12) Motor Vehicle Process Officers and Supervisors
- 41 (13) Motor Vehicle Law Enforcement – Inspectors and Supervisors
- 42 (14) Historic Site Manager
- 43 (15) Safety Officers
- 44 (16) Parks Operations Chief

- 1           (17) SBI Forensic Photographer
- 2           (18) SBI Forensic Chemist
- 3           (19) SBI Forensic Chemist II
- 4           (20) SBI Forensic Chemist III
- 5           (21) SBI Forensic Chemist Supervisor III
- 6           (22) SBI Forensic Chemist Supervisor IV
- 7           (23) SBI Forensic Serologist I
- 8           (24) SBI Forensic Serologist II
- 9           (25) SBI Forensic Serologist Supervisor
- 10          (26) SBI Forensic Analyst I
- 11          (27) SBI Latent Evidence Technician
- 12          (28) SBI Latent Evidence Supervisor
- 13          (29) Special Investigator – Medicaid Fraud
- 14          (30) SBI Latent Evidence Assistant Supervisor
- 15          (31) Wildlife Enforcement Training Director
- 16          (32) Special Investigation Supervisor
- 17          (33) Assistant Director of Crime Laboratory
- 18          (34) SBI Fingerprint Identification Supervisor
- 19          (35) Criminal Information Auditor
- 20          (36) Criminal Information Audit Supervisor
- 21          (37) Criminal Information Training Specialist
- 22          (38) Scales Mechanic
- 23          (39) Administrative Assistant
- 24          (40) Parking Control Supervisor
- 25          (41) Medicaid Fraud Investigator Supervisor
- 26          (42) SBI Assistant Director – Administrative Services
- 27          (43) Locksmith II
- 28          (44) Motor Vehicle Training Coordinator
- 29          (45) Automated Fingerprint ID Systems Manager
- 30          (46) Driver Service Training Officer
- 31          (47) Staff Development Specialist I
- 32          (48) Departmental Purchasing Agent II
- 33          (49) Computer System Coordinator I
- 34          (50) Fingerprint ID Technician II
- 35          (51) Fingerprint ID Processing Supervisor
- 36          (52) Deputy Director Medicaid Fraud
- 37          (53) ALE Training Coordinator
- 38          (54) Wildlife Telecommunication Manager."

39       (b) G.S. 135-1(11b) reads as rewritten:

40           "(11b) 'Law-Enforcement Officer' means a full-time paid employee of an  
41 employer who is ~~actively serving in a position with assigned primary duties and~~  
42 ~~responsibilities for prevention and detection of crime or the general enforcement of the~~  
43 ~~criminal laws of the State of North Carolina or serving civil processes, and who~~  
44 ~~possesses the power of arrest by virtue of an oath administered under the authority of~~



1 ~~the State requires the power of arrest to perform the essential duties of his or her~~  
2 ~~position, must be armed to carry out the essential functions of his or her position, and is~~  
3 ~~certified by the Criminal Justice Education and Training Standards Commission to be~~  
4 ~~certified, and as such, must attend and pass a core law enforcement curriculum."~~

5 (c) This section becomes effective July 1, 1993.

6 —LAW OFF. FUNDS RESTRICTED.

7 Sec. 45. (a) State departments, agencies, and institutions shall not use budgeted  
8 funds to pay law enforcement officer benefits to persons filling positions that do not  
9 require the status of law enforcement officer as a basic requirement of the position.  
10 Law enforcement officer benefits shall be paid only to employees who require the  
11 power of arrest to perform the essential duties of a position, who must be armed to  
12 perform the essential duties of the position, and who are certified by the Criminal  
13 Justice Education and Training Standards Commission to be certified.

14 (b) This section becomes effective July 1, 1993.

15 —LAW ENFORCEMENT RETIRE. GOAL.

16 Sec. 46. (a) Effective January 1, 1994, G.S. 143-166.41 reads as rewritten:

17 **"§ 143-166.41. Special separation allowance.**

18 (a) Notwithstanding any other provision of law, every sworn law-enforcement  
19 officer as defined by G.S. 135-1(11b) or G.S. 143-166.30(a)(4) employed by a State  
20 department, agency, or institution who qualifies under this section shall receive,  
21 beginning on the last day of the month in which he retires on a basic service retirement  
22 under the provisions of G.S. 135-5(a) or G.S. 143-166(y), an annual separation  
23 allowance equal to eighty-five hundredths percent (0.85%) of ~~the annual equivalent of~~  
24 ~~the base rate of compensation most recently applicable to him~~ his base salary for each  
25 year of creditable service as a law enforcement officer, reduced by a determined  
26 maximum life annuity value of benefits payable at the time of retirement from  
27 contributions other than his own and earnings thereon whether withdrawn or not during  
28 the career of the officer from the Supplemental Retirement Income Plan pursuant to  
29 Chapters 135 and 143 of the General Statutes, as may be determined by the Department  
30 of the State Treasurer and the Plan's Board of Trustees. However, in the event that the  
31 benefit provided by this section, when added to the maximum benefits from the  
32 Teachers' and State Employees' Retirement System and the Supplemental Income Plan,  
33 exceeds seventy-five percent (75%) of the law enforcement officer's base salary, the  
34 benefits provided by this section shall be reduced to the extent possible so that the total  
35 does not exceed seventy-five percent (75%) of base salary. For purposes of this section,  
36 'base salary' means the annual equivalent of the base rate of compensation most recently  
37 applicable to the law enforcement officer, not including pay for overtime or other types  
38 of extraordinary pay.

39 The allowance shall be paid in 12 equal installments on the last day of each month.  
40 To qualify for the allowance the officer shall:

- 41 (1) Have (i) completed 30 or more years of creditable service or, (ii) have  
42 attained 55 years of age and completed five or more years of creditable  
43 service; and
- 44 (2) Not have attained 62 years of age; and

1 (3) Have completed at least five years of continuous service as a law  
2 enforcement officer as herein defined immediately preceding a service  
3 retirement. Any break in the continuous service required by this  
4 subsection because of disability retirement or disability salary  
5 continuation benefits shall not adversely affect an officer's  
6 qualification to receive the allowance, provided the officer returns to  
7 service within 45 days after the disability benefits cease and is  
8 otherwise qualified to receive the allowance.

9 (b) As used in this section, 'creditable service' means the service for which credit  
10 is allowed under the retirement system of which the officer is a member, provided that  
11 at least fifty percent (50%) of the service is as a law enforcement officer as herein  
12 defined.

13 (c) Payment to a retired officer under the provisions of this section shall cease at  
14 the death of the individual or on the last day of the month in which he attains 62 years  
15 of age or upon the first day of reemployment by any State department, agency, or  
16 ~~institution~~institution, or by any unit of local government within the State.

17 (d) This section does not affect the benefits to which an individual may be  
18 entitled from State, federal, or private retirement systems. The benefits payable under  
19 this section shall not be subject to any increases in salary or retirement allowances that  
20 may be authorized by the General Assembly for employees of the State or retired  
21 employees of the State.

22 (e) The head of each State department, agency, or institution shall determine the  
23 eligibility of employees for the benefits provided herein.

24 (f) The Director of the Budget may authorize from time to time the transfer of  
25 funds within the budgets of each State department, agency, or institution necessary to  
26 carry out the purposes of this Article. These funds shall be taken from those  
27 appropriated to the department, agency, or institution for salaries and related fringe  
28 benefits.

29 (g) The head of each State department, agency, or institution shall make the  
30 payments set forth in subsection (a) to those persons certified under subsection (e) from  
31 funds available under subsection (f)."

32 (b) Effective January 1, 1994, G.S. 143-166.42 reads as rewritten:

33 **"§ 143-166.42. Special separation allowances for local officers.**

34 On and after January 1, 1987, the provisions of G.S. 143-166.41 shall apply to all  
35 eligible law-enforcement officers as defined by G.S. 128-21(11b) or G.S. 143-  
36 166.50(a)(3) except sheriffs who are employed by local government employers, except  
37 as may be provided by this section. As to the applicability of the provisions of G.S. 143-  
38 166.41 to locally employed officers, the governing body for each unit of local  
39 government shall be responsible for making determinations of eligibility for their local  
40 officers retired under the provisions of G.S. 128-27(a) or an equivalent locally  
41 sponsored retirement plan and for making payments to their eligible officers under the  
42 same terms and conditions, other than the source of payment, as apply to each State  
43 department, agency, or institution in payments to State officers according to the  
44 provisions of G.S. 143-166.41. For the purposes of determining the net amount of

1 separation allowances payable to local officers under the provisions of G. S. 143-  
2 166.41, benefits payable by any locally sponsored retirement plan that supplement  
3 retirement benefits payable under Article 3 of Chapter 128 of the General Statutes shall  
4 be treated the same as a determined maximum life annuity payable from the  
5 Supplemental Retirement Income Plan."

6 (c) This section becomes effective January 1, 1994.

7 —PREVENTIVE HEALTH BENEFITS.

8 Sec. 47. (a) G.S. 135-40.5 is amended by adding a new subsection to read:

9 "(e) The Plan will cover the expenses in order to detect and initiate early treatment  
10 for:

11 (1) Prenatal management of high-risk pregnancies;

12 (2) Chronic diseases; and

13 (3) Cancer

14 to prevent catastrophic and costly incidence of these conditions.

15 This will include the preparation and issuance of individual custom preventative  
16 health care plans. The care plans will be prepared for all beneficiaries for whom the  
17 plans are likely to produce savings in excess of costs. The care plans will define custom  
18 preventative protocols, therapeutic programs, and appropriate special orders.

19 The care program will provide a customized patient and physician reminder system  
20 including, as deemed cost-effective, letters, phone calls, and therapeutic consultations.  
21 The care program will issue customized patient education materials, incentives, and  
22 compliance support materials including disease-specific and patient-specific printed  
23 information, videos, reminder cards, pill reminders, tape recordings, newsletters, and the  
24 like, to enhance compliance. The care program shall independently monitor the cost-  
25 effectiveness of all such measures and provide an annual report to the Governor and the  
26 General Assembly detailing the cost of the care program and its cost-effectiveness."

27 (b) G.S. 135-39.5 is amended by adding a new subdivision to read:

28 "(22) Implementing a program to reduce catastrophic care by identifying  
29 employees and retirees who are at risk for reasonably preventable catastrophic illnesses  
30 due to reasons such as:

31 a. Noncompliance with their medically prescribed treatment program;

32 b. Lack of financial resources to purchase medicines as prescribed; or

33 c. Not seeking testing for such illnesses,

34 and implementing individually tailored programs to improve  
35 compliance. This program may be purchased or developed for internal  
36 use by the Claims Processor or contracted to an outside vendor subject  
37 to the same approvals as required for selection of a claims processor."

38 (c) Appropriations from the General Fund for Employee and Retiree Health  
39 Benefits are reduced by sixty-two million dollars (\$62,000,000) for the 1993-94 fiscal  
40 year and sixty-two million dollars (\$62,000,000) for the 1994-95 fiscal year due to  
41 controlling the costs of employee and retiree health benefits provided by this act.  
42 Appropriations from the Highway Fund for Employee and Retiree Health Benefits are  
43 reduced by five million dollars (\$5,000,000) for the 1993-94 fiscal year and five million

1 dollars (\$5,000,000) for the 1994-95 fiscal year due to controlling the costs of employee  
2 and retiree health benefits provided by this section.

3 (d) It is the intent of the General Assembly to further reduce the General Fund  
4 base budget appropriations for Employee and Retiree Health Benefits, in subsequent  
5 years, according to the following schedule, due to controlling the costs of employee and  
6 retiree health benefits:

7 Fiscal Year	Amount
8 1995-96	\$30,000,000
9 1996-97	\$60,000,000.

10 (e) It is the intent of the General Assembly to further reduce the Highway  
11 Fund base budget appropriations for Employee and Retiree Health Benefits, in  
12 subsequent years, according to the following schedule, due to controlling the costs of  
13 employee and retiree health benefits:

14 Fiscal Year	Amount
15 1995-96	\$2,000,000
16 1996-97	\$4,000,000.

17 (f) The Executive Administrator and Board of Trustees of the Teachers' and  
18 State Employees' Comprehensive Major Medical Plan shall effect, beginning October 1,  
19 1993, a fifteen percent (15%) reduction in premiums paid by employees for their  
20 dependents due to controlling the costs of dependent health benefits provided by this  
21 section.

22 (g) This section becomes effective July 1, 1993.

23 —HEALTH BENEFITS-PREMIUMS.

24 Sec. 48. (a) Effective October 1, 1993, G.S. 135-40.2 reads as rewritten:

25 "**§ 135-40.2. Eligibility.**

26 (a) The following persons are eligible for coverage under the Plan, on a  
27 ~~noncontributory~~ partially contributory basis, subject to the provisions of G.S. 135-40.3:

28 (1) All permanent full-time employees of an employing unit who meet the  
29 following conditions:

- 30 a. Paid from general or special State funds, or
- 31 b. Paid from non-State funds and in a group for which his or her  
32 employing unit has agreed to provide coverage.

33 Employees of State agencies, departments, institutions, boards, and  
34 commissions not otherwise covered by the Plan who are employed in  
35 permanent job positions on a recurring basis and who work 30 or more  
36 hours per week for nine or more months per calendar year are covered  
37 by the provisions of this subdivision.

38 (1a) Permanent hourly employees as defined in G.S. 126-5(c4) who work at  
39 least one-half of the workdays of each pay period.

40 (2) Retired teachers, State employees, members of the General Assembly,  
41 and retired State law enforcement officers who retired under the Law  
42 Enforcement Officers' Retirement System prior to January 1, 1985,  
43 when Medicare is not eligible to be the primary payer of health  
44 benefits, and when the aforementioned teachers, State employees,

- 1                    members of the General Assembly, and State law enforcement officers  
2                    had 10 or more but less than 30 years of retirement service credit at  
3                    retirement.
- 4                    (2a) ~~Surviving~~ When Medicare is not the primary payer of health benefits,  
5                    and when the referenced deceased teachers, State employees, members  
6                    of the General Assembly, and deceased retired employees had 10 or  
7                    more but less than 30 years of retirement service credit at retirement,  
8                    the surviving spouses of:
- 9                    a. Deceased retired employees, provided the death of the former  
10                    Plan member occurred prior to October 1, 1986; and
- 11                    b. Deceased teachers, State employees, and members of the  
12                    General Assembly who are receiving a survivor's alternate  
13                    benefit under any of the State-supported retirement programs,  
14                    provided the death of the former plan member occurred prior to  
15                    October 1, 1986.
- 16                    (3) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s. 29(b),  
17                    effective January 1, 1988.
- 18                    (3a) Employees of the General Assembly, not otherwise covered by this  
19                    section, as determined by the Legislative Services Commission, except  
20                    for legislative interns and pages.
- 21                    (4) Members of the General Assembly.
- 22                    (b) The following person shall be eligible for coverage under the Plan, on a fully  
23                    contributory basis, subject to the provisions of G.S. 135-40.3:
- 24                    (1) Repealed by Session Laws 1983, c. 761, s. 255, effective upon the  
25                    convening of the 1985 Regular Session.
- 26                    (2) Former members of the General Assembly who enroll before October  
27                    1, 1986.
- 28                    (2a) For enrollments after September 30, 1986, former members of the  
29                    General Assembly if covered under the Plan at termination of  
30                    membership in the General Assembly.
- 31                    (3) Surviving spouses of deceased former members of the General  
32                    Assembly who enroll before October 1, 1986.
- 33                    (3a) Employees of the General Assembly, not otherwise covered by this  
34                    section, as determined by the Legislative Services Commission, except  
35                    for legislative interns and pages.
- 36                    (3b) For enrollments after September 30, 1986, surviving spouses of  
37                    deceased former members of the General Assembly, if covered under  
38                    the Plan at the time of death of the former member of the General  
39                    Assembly.
- 40                    (4) All permanent part-time employees (designated as half-time or more)  
41                    of an employing unit who meets the conditions outlined in subdivision  
42                    (a)(1)a above, and who are not covered by the provisions of G.S. 135-  
43                    40.2(a)(1).

- 1 (4a) Permanent hourly employees as defined in G.S. 126-5(c4) who work  
2 less than one-half of the workdays of each pay period.
- 3 (5) The spouses and eligible dependent children of enrolled employees,  
4 retirees, and members of the General Assembly.
- 5 (6) Blind persons licensed by the State to operate vending facilities under  
6 contract with the Department of Human Resources, Division of  
7 Services for the Blind and its successors, who are:
- 8 a. Operating such a vending facility;
- 9 b. Former operators of such a vending facility whose service as an  
10 operator would have made these operators eligible for an early  
11 or service retirement allowance under Article 1 of this Chapter  
12 had they been members of the Retirement System; and
- 13 c. Former operators of such a vending facility who attain five or  
14 more years of service as operators and who become eligible for  
15 and receive a disability benefit under the Social Security Act  
16 upon cessation of service as an operator.
- 17 (7) Repealed by Session Laws 1985 (Reg. Sess., 1986), c. 1020, s. 29(j),  
18 effective October 1, 1986.
- 19 (8) Surviving spouses of deceased retirees and surviving spouses of  
20 deceased teachers, State employees, and members of the General  
21 Assembly provided the death of the former Plan member occurred  
22 after September 30, 1986, and the surviving spouse was covered under  
23 the Plan at the time of death.
- 24 (9) Repealed by Session Laws 1987, c. 857, s. 11.1.
- 25 (10) Any eligible dependent child of the deceased retiree, teacher, State  
26 employee, or member of the General Assembly, provided the child  
27 was covered at the time of death of the retiree, teacher, State  
28 employee, or member of the General Assembly (or was in posse at the  
29 time and is covered at birth under this Part), or was covered under the  
30 Plan on September 30, 1986. Any eligible spouse or dependent child of  
31 a person eligible under subdivision (8) of this subsection if the spouse  
32 or dependent child was enrolled before October 1, 1986.
- 33 (11) Retired teachers, State employees, members of the General Assembly,  
34 and retired State law enforcement officers who retired under the Law  
35 Enforcement Officers' Retirement System prior to January 1, 1985,  
36 who had less than 10 years of retirement service credit at retirement.
- 37 (12) Surviving spouses of deceased teachers, State employees, members of  
38 the General Assembly, and deceased retired employees with less than  
39 10 years of retirement service credit at retirement when the spouses  
40 survived:
- 41 a. Deceased retired employees, provided the death of the former Plan  
42 member occurred prior to October 1, 1986; and
- 43 b. Deceased teachers, State employees, and members of the General  
44 Assembly who are receiving a survivor's alternate benefit under

1                    any of the State-supported retirement programs, provided the  
2                    death of the former Plan member occurred prior to October 1,  
3                    1986.

4            (b1) The following persons shall be eligible for coverage under the Plan, on a  
5 noncontributory basis, subject to the provisions of G.S. 135-40.3, when Medicare is the  
6 primary payer of health benefits, and when the referenced retired or deceased teachers,  
7 State employees, members of the General Assembly, and State law enforcement officers  
8 had 30 or more years of retirement service credit at retirement or at the time of death:

9                    (1) Retired teachers, State employees, members of the General Assembly,  
10 and retired State law enforcement officers who retired under the Law  
11 Enforcement Officers' Retirement System prior to January 1, 1985.

12                    (2) Surviving spouses of:

13                    a. Deceased retired employees, provided the death of the former  
14 Plan member occurred prior to October 1, 1986; and

15                    b. Deceased teachers, State employees, and members of the  
16 General Assembly who are receiving a survivor's alternate  
17 benefit under any of the State-supported retirement programs,  
18 provided the death of the former Plan member occurred prior to  
19 October 1, 1986.

20            (c) No person shall be eligible for coverage as an employee or retired employee  
21 and as a dependent of an employee or retired employee at the same time. In addition,  
22 no person shall be eligible for coverage as a dependent of more than one employee or  
23 retired employee at the same time.

24            (d) Former employees who are receiving disability retirement benefits or  
25 disability income benefits pursuant to Article 6 of Chapter 135 of the General Statutes,  
26 provided the former employee has at least five years of retirement membership service  
27 at the time of disability, shall be eligible for the benefit provisions of this Plan, as set  
28 forth in this Part, on the same basis as a retired employee. Such coverage shall  
29 terminate as of the end of the month in which such former employee is no longer  
30 eligible for disability retirement benefits or disability income benefits pursuant to  
31 Article 6 of this Chapter.

32            (e) Employees on official leave of absence without pay may elect to continue this  
33 group coverage at group cost provided that they pay the full employee and employer  
34 contribution through the employing unit during the leave period.

35            (f) For the support of the benefits made available to any member vested at the  
36 time of retirement, their spouses or surviving spouses, and the surviving spouses of  
37 employees who are receiving a survivor's alternate benefit under G.S. 135-5(m) of those  
38 associations listed in G.S. 135-27(a), licensing and examining boards under G.S. 135-  
39 1.1, the North Carolina Art Society, Inc., and the North Carolina Symphony Society,  
40 Inc., each association, organization or board shall pay to the Plan the full cost of  
41 providing these benefits under this section as determined by the Board of Trustees of the  
42 Teachers' and State Employees' Comprehensive Major Medical Plan. In addition, each  
43 association, organization or board shall pay to the Plan an amount equal to the cost of  
44 the benefits provided under this section to presently retired members of each

1 association, organization or board since such benefits became available at no cost to the  
2 retired member.

3 (g) An eligible surviving spouse and any eligible dependent child of a deceased  
4 retiree, teacher, State employee, or member of the General Assembly shall be eligible  
5 for group benefits under this section without waiting periods for preexisting conditions  
6 provided coverage is elected within 90 days after the death of the former plan member.

7 (h) No person shall be eligible for coverage as an employee or retired employee  
8 or as a dependent of an employee or retired employee upon a finding by the Executive  
9 Administrator or Board of Trustees or by a court of competent jurisdiction that the  
10 employee or dependent knowingly and willfully made or caused to be made a false  
11 statement or false representation of a material fact in a claim for reimbursement of  
12 medical services under the Plan."

13 (b) Effective October 1, 1993, G.S. 135-39.6A reads as rewritten:

14 "**§ 135-39.6A. Premiums set.**

15 (a) The Executive Administrator and Board of Trustees shall, from time to time,  
16 establish premium rates for the Comprehensive Major Medical Plan except as they may  
17 be established by the General Assembly in the Current Operations Appropriations Act,  
18 and establish regulations for payment of the premiums. Premium rates shall be  
19 established for coverages where Medicare is the primary payer of health benefits  
20 separate and apart from the rates established for coverages where Medicare is not the  
21 primary payer of health benefits.

22 (b) Notwithstanding subsection (a) of this section, individuals covered by the  
23 provisions of G.S. 135-40.2(a) shall pay the following amounts for their own coverage:

24 (1) For individuals covered by the provisions of G.S. 135-40.2(a)(1), (1a),  
25 (3a), and (4), the contributory amount of their monthly premium shall  
26 be equal to one-half of one percent (0.5%) of their monthly gross  
27 salary amount, but not less than ten dollars (\$10.00) nor more than one  
28 hundred dollars (\$100.00).

29 (2) For individuals covered by the provisions of G.S. 135-40.2(a)(2) and  
30 (2a), the contributory amount of their monthly premium shall be equal  
31 to the Medicare Part B Medical monthly premium amount.

32 (c) Notwithstanding subsection (a) of this section, the spouses and eligible  
33 dependent children of enrolled employees and members of the General Assembly  
34 covered by the provisions of G.S. 135-40.2(b) shall be provided coverage by the  
35 enrolled employee and member of the General Assembly paying a monthly premium  
36 amount equal to five and one-half percent (5.5%) of their monthly gross salary amount  
37 for Employee and Child(ren) coverage, but not more than five hundred dollars  
38 (\$500.00) and a monthly premium amount equal to nine and one-half percent (9.5%) of  
39 their monthly gross salary amount, but not more than five hundred dollars (\$500.00) for  
40 Employee and Family Coverage. These monthly contributory premium amounts are in  
41 addition to the monthly contributory premium amounts contained in subdivision (b)(1)  
42 of this section."

43 (c) Effective October 1, 1993, the State's employer contributions for the  
44 Teachers' and State Employees' Comprehensive Major Medical Plan as contained in the



1 Current Operations Appropriations Act shall be no more than fifty percent (50%) of the  
 2 total applicable individual employee rate for retired teachers, State employees, and  
 3 members of the General Assembly with 10 or more but less than 20 years of retirement  
 4 service credit at retirement, and no more than seventy-five percent (75%) of the total  
 5 applicable individual employee rate for retired teachers, State employees, and members  
 6 of the General Assembly with 20 or more but less than 30 years of retirement service  
 7 credit at retirement.

8 (d) Appropriations from the General Fund for Employee and Retiree Health  
 9 Benefits are reduced by twenty million dollars (\$20,000,000) for the 1993-94 fiscal year  
 10 and twenty million dollars (\$20,000,000) for the 1994-95 fiscal year due to controlling  
 11 the costs of employee and retiree health benefits provided by this section.  
 12 Appropriations from the Highway Fund for Employee and Retiree Health Benefits are  
 13 reduced by two million dollars (\$2,000,000) for the 1993-94 fiscal year and two million  
 14 dollars (\$2,000,000) for the 1994-95 fiscal year due to controlling the costs of employee  
 15 and retiree health benefits provided by this section.

16 (e) It is the intent of the General Assembly to further reduce the General  
 17 Fund base budget appropriations for Employee and Retiree Health Benefits, in  
 18 subsequent years, according to the following schedule, due to controlling the costs of  
 19 employee and retiree health benefits:

Fiscal Year	Amount
1995-96	\$10,000,000
1996-97	\$20,000,000.

23 (f) It is the intent of the General Assembly to further reduce the Highway  
 24 Fund base budget appropriations for Employee and Retiree Health Benefits, in  
 25 subsequent years, according to the following schedule, due to controlling the costs of  
 26 employee and retiree health benefits:

Fiscal Year	Amount
1995-96	\$1,000,000
1996-97	\$2,000,000.

30 (g) This section becomes effective October 1, 1993.

31  
 32 —LONGEVITY EQUALIZED

33 Sec. 49. (a) G.S. 7A-10(c) reads as rewritten:

34 "(c) In lieu of merit and other increment raises paid to regular State employees,  
 35 the Chief Justice and each of the Associate Justices shall receive as-longevity pay on the  
 36 same basis as is provided to employees of the State who are subject to the State  
 37 Personnel Act. an annual amount equal to four and eight tenths percent (4.8%) of the  
 38 annual salary set forth in the Current Operations Appropriations Act payable monthly  
 39 after five years of service, nine and six tenths percent (9.6%) after 10 years of service,  
 40 fourteen and four tenths percent (14.4%) after 15 years of service, and nineteen and  
 41 two tenths percent (19.2%) after 20 years of service. 'Service' means service as a justice  
 42 or judge of the General Court of Justice or as a member of the Utilities Commission.  
 43 Service shall also mean service as a district attorney or as a clerk of superior court. If  
 44 the Chief Justice or an Associate Justice was receiving longevity pay on June 30, 1993,

1 that officer shall continue receiving longevity pay during that officer's continuance in  
2 that office at the rate applicable on June 30, 1993, as required by Article IV, Section 21  
3 of the Constitution. No increase in salary granted to such officer subsequent to June 30,  
4 1993, shall apply to a person receiving longevity pay during that officer's continuance in  
5 office until the total amount of salary increases subsequent to June 30, 1993, exceeds  
6 the amount of longevity pay, in which case the officer shall receive the excess."

7 (b) G.S. 7A-18(b) reads as rewritten:

8 "(b) In lieu of merit and other increment raises paid to regular State employees, a  
9 judge of the Court of Appeals shall receive as-longevity pay on the same basis as is  
10 provided to employees of the State who are subject to the State Personnel Act. an annual  
11 amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the  
12 Current Operations Appropriations Act payable monthly after five years of service, nine  
13 and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent  
14 (14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20  
15 years of service. 'Service' means service as a justice or judge of the General Court of  
16 Justice or as a member of the Utilities Commission. Service shall also mean service as a  
17 district attorney or as a clerk of superior court. If the judge was receiving longevity pay  
18 on June 30, 1993, that officer shall continue receiving longevity pay during that officer's  
19 continuance in that office at the rate applicable on June 30, 1993, as required by Article  
20 IV, Section 21 of the Constitution. No increase in salary granted to such officer  
21 subsequent to June 30, 1993, shall apply to a person receiving longevity pay during that  
22 officer's continuance in office until the total amount of salary increases subsequent to  
23 June 30, 1993, exceeds the amount of longevity pay, in which case the officer shall  
24 receive the excess."

25 (c) G.S. 7A-44(b) reads as rewritten:

26 "(b) In lieu of merit and other increment raises paid to regular State employees, a  
27 judge of the superior court, regular or special, shall receive as-longevity pay on the same  
28 basis as is provided to employees of the State who are subject to the State Personnel  
29 Act. an annual amount equal to four and eight-tenths percent (4.8%) of the annual salary  
30 set forth in the Current Operations Appropriations Act payable monthly after five years  
31 of service, nine and six-tenths percent (9.6%) after 10 years of service, fourteen and  
32 four-tenths percent (14.4%) after 15 years of service, and nineteen and two-tenths  
33 percent (19.2%) after 20 years of service. 'Service' means service as a justice or judge of  
34 the General Court of Justice or as a member of the Utilities Commission or as director  
35 or assistant director of the Administrative Office of the Courts. Service shall also mean  
36 service as a district attorney or as a clerk of superior court. If the judge was receiving  
37 longevity pay on June 30, 1993, that officer shall continue receiving longevity pay  
38 during that officer's continuance in office at the rate applicable on June 30, 1993, as  
39 required by Article IV, Section 21 of the Constitution. No increase in salary granted to  
40 such officer subsequent to June 30, 1993, shall apply to a person receiving longevity  
41 pay during that officer's continuance in office until the total amount of salary increases  
42 subsequent to June 30, 1993, exceeds the amount of longevity pay, in which case the  
43 officer shall receive the excess."

44 (d) G.S. 7A-65 reads as rewritten:

1 **"§ 7A-65. Compensation and allowances of district attorneys and assistant district**  
2 **attorneys.**

3 (a) The annual salary of district attorneys and full-time assistant district attorneys  
4 shall be as provided in the Current Operations Appropriations Act. When traveling on  
5 official business, each district attorney and assistant district attorney is entitled to  
6 reimbursement for his subsistence and travel expenses to the same extent as State  
7 employees generally.

8 (b) Repealed by Session Laws 1985, c. 689, s. 2, effective July 11, 1985.

9 (c) In lieu of merit and other increment raises paid to regular State employees, a  
10 district attorney shall receive as-longevity pay on the same basis as is provided to  
11 employees of the State who are subject to the State Personnel Act. an amount equal to  
12 four and eight-tenths percent (4.8%) of the annual salary set forth in the Current  
13 Operations Appropriations Act payable monthly after five years of service, and nine and  
14 six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent  
15 (14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20  
16 years of service. Service shall mean service in the elective position of a district attorney  
17 and shall not include service as a deputy or acting district attorney. Service shall also  
18 mean service as a justice or judge of the General Court of Justice, as a clerk of superior  
19 court, or as an assistant district attorney.

20 (d) In lieu of merit and other increment raises paid to regular State employees, an  
21 assistant district attorney shall receive as-longevity pay on the same basis as is provided  
22 to employees of the State who are subject to the State Personnel Act. an amount equal to  
23 four and eight-tenths percent (4.8%) of the annual salary set forth in the Current  
24 Operations Appropriations Act payable monthly after five years of service, nine and six-  
25 tenths percent (9.6%) after 10 years of service, and fourteen and four-tenths percent  
26 (14.4%) after 15 years of service. 'Service' means service as an assistant district  
27 attorney."

28 (e) G.S. 7A-101(c) reads as rewritten:

29 "(c) In lieu of merit and other increment raises paid to regular State employees, a  
30 clerk of superior court shall receive as-longevity pay on the same basis as is provided to  
31 employees of the State who are subject to the State Personnel Act. an amount equal to  
32 four and eight-tenths percent (4.8%) of the annual salary set forth in the Budget  
33 Appropriation Act payable monthly after five years of service, nine and six-tenths  
34 percent (9.6%) after 10 years of service, fourteen and four-tenths percent (14.4%) after  
35 15 years of service, and nineteen and two-tenths percent (19.2%) after 20 years of  
36 service. Service shall mean service in the elective position of clerk of superior court, as  
37 an assistant clerk of court and as a supervisor of clerks of superior court with the  
38 Administrative Office of the Courts and shall not include service as a deputy or acting  
39 clerk. Service shall also mean service as a justice or judge of the General Court of  
40 Justice or as a district attorney."

41 (f) G.S. 7A-144(b) reads as rewritten:

42 "(b) Notwithstanding merit, longevity and other increment raises paid to regular  
43 State employees, a judge of the district court shall receive as-longevity pay on the same  
44 basis as is provided to employees of the State who are subject to the State Personnel

1 ~~Act. an annual amount equal to four and eight tenths percent (4.8%) of the annual salary~~  
2 ~~set forth in the Current Operations Appropriations Act payable monthly after five years~~  
3 ~~of service, nine and six tenths percent (9.6%) after 10 years of service, fourteen and~~  
4 ~~four tenths percent (14.4%) after 15 years of service, and nineteen and two tenths~~  
5 ~~percent (19.2%) after 20 years of service. 'Service' means service as a justice or judge of~~  
6 ~~the General Court of Justice or as a member of the Utilities Commission or as director~~  
7 ~~or assistant director of the Administrative Office of the Courts. Service shall also mean~~  
8 ~~service as a district attorney or as a clerk of superior court. If the judge was receiving~~  
9 ~~longevity pay on June 30, 1993, that officer shall continue receiving longevity pay~~  
10 ~~during that officer's continuance in office at the rate applicable on June 30, 1993, as~~  
11 ~~required by Article IV, Section 21 of the Constitution. No increase in salary granted to~~  
12 ~~such officer subsequent to June 30, 1993, shall apply to a person receiving longevity~~  
13 ~~pay during that officer's continuance in office until the total amount of salary increases~~  
14 ~~subsequent to June 30, 1993, exceeds the amount of longevity pay, in which case the~~  
15 ~~officer shall receive the excess.~~"

16 (g) G.S. 7A-341 reads as rewritten:

17 **"§ 7A-341. Appointment and compensation of Director.**

18 The Director shall be appointed by the Chief Justice of the Supreme Court, to serve  
19 at his pleasure. He shall receive the annual salary provided in the Current Operations  
20 Appropriations Act, payable monthly, and reimbursement for travel and subsistence  
21 expenses at the same rate as State employees generally and longevity pay ~~at the rates~~  
22 ~~and for the service designated in G.S. 7A-44(b) for a judge of the superior court on the~~  
23 ~~same basis as is provided to employees of the State who are subject to the State~~  
24 ~~Personnel Act. Service as Director shall be equivalent to service as a superior court~~  
25 ~~judge for the purposes of entitlement to retirement pay or to retirement for disability."~~

26 (h) G.S. 7A-342 reads as rewritten:

27 **"§ 7A-342. Appointment and compensation of assistant director and other**  
28 **employees.**

29 The assistant director shall also be appointed by the Chief Justice, to serve at his  
30 pleasure. The assistant director shall receive the annual salary provided in the Current  
31 Operations Appropriations Act, payable monthly, and reimbursement for travel and  
32 subsistence expenses at the same rate as State employees generally and longevity pay ~~at~~  
33 ~~the rates and for the service designated in G.S. 7A-144(b) for a judge of the district~~  
34 ~~court on the same basis as is provided to employees of the State who are subject to the~~  
35 ~~State Personnel Act.~~

36 The Director may appoint such other assistant and employees as are necessary to  
37 enable him to perform the duties of his office."

38 (i) G.S. 7A-465(b) reads as rewritten:

39 "(b) The public defender shall be an attorney licensed to practice law in North  
40 Carolina, and shall devote his full time to the duties of his office.

41 In lieu of merit and other increment raises paid to regular State employees, a public  
42 defender shall receive ~~as longevity pay on the same basis as is provided to employees of~~  
43 ~~the State who are subject to the State Personnel Act. an amount equal to four and eight~~  
44 ~~tenths percent (4.8%) of the annual salary set forth in the Current Operations~~

1 Appropriations Act payable monthly after five years of service, nine and six tenths  
2 percent (9.6%) after 10 years of service, fourteen and four tenths percent (14.4%) after  
3 15 years of service, and nineteen and two tenths percent (19.2%) after 20 years of  
4 service. 'Service' means service as a public defender."

5 (j) G.S. 7A-467(d) reads as rewritten:

6 "(d) In lieu of merit and other increment raises paid to regular State employees, an  
7 assistant public defender shall receive as-longevity pay on the same basis as is provided  
8 to employees of the State who are subject to the State Personnel Act. an amount equal to  
9 four and eight tenths percent (4.8%) of the annual salary set forth in the Current  
10 Operations Appropriations Act payable monthly after five years of service, nine and six-  
11 tenths percent (9.6%) after 10 years of service, and fourteen and four tenths percent  
12 (14.4%) after 15 years of service. 'Service' means service as an assistant public  
13 defender."

14 (k) G.S. 62-10(h) reads as rewritten:

15 "(h) The salary of each commissioner shall be the same as that fixed from time to  
16 time for judges of the superior court except that the commissioner designated as  
17 chairman shall receive one thousand dollars (\$1,000) additional per annum. In lieu of  
18 merit and other increment raises paid to regular State employees, each commissioner,  
19 including the commissioner designated as chairman, shall receive as-longevity pay on  
20 the same basis as is provided to employees of the State who are subject to the State  
21 Personnel Act. an amount equal to four and eight tenths percent (4.8%) of the annual  
22 salary set forth in the Current Operations Appropriations Act payable monthly after five  
23 years of service, and nine and six tenths percent (9.6%) after 10 years of service.  
24 'Service' means service as a member of the Utilities Commission."

25 (l) Chapter 126 of the General Statutes is amended by adding a new section  
26 to read:

27 "**§ 126-4.1. No longevity pay.**

28 (a) The longevity pay system adopted by the State Personnel Commission may  
29 not provide any benefits greater than those in effect on November 1, 1992. No agency  
30 other than the State Personnel Commission may have in force any longevity schedule  
31 providing greater benefits than those provided to employees of the State who are subject  
32 to the State Personnel Act, except as provided for certain justices and judges under G.S.  
33 7A-10, 7A-18, 7A-44, or 7A-144. This section applies to all State employees, whether  
34 or not otherwise exempted from this Chapter.

35 (b) As used in G.S. 7A-10(c), 7A-18(b), 7A-44(b) and 7A-144(b), in calculating  
36 the amount by which future salary increases are limited by the amount of longevity pay  
37 being received on June 30, 1993, only the excess of longevity pay received or that  
38 which would have been provided under the State Personnel Act shall be considered."

39 (m) This section becomes effective June 30, 1993.

40 ---LONGEVITY EQUALIZED/FREEZE.

41 Sec. 50. (a) G.S. 7A-10(c) reads as rewritten:

42 "(c) In lieu of merit and other increment raises paid to regular State employees,  
43 the Chief Justice and each of the Associate Justices shall receive as-longevity pay on the  
44 same basis as is provided to employees of the State who are subject to the State

1 ~~Personnel Act. an annual amount equal to four and eight tenths percent (4.8%) of the~~  
2 ~~annual salary set forth in the Current Operations Appropriations Act payable monthly~~  
3 ~~after five years of service, nine and six tenths percent (9.6%) after 10 years of service,~~  
4 ~~fourteen and four tenths percent (14.4%) after 15 years of service, and nineteen and~~  
5 ~~two tenths percent (19.2%) after 20 years of service. 'Service' means service as a justice~~  
6 ~~or judge of the General Court of Justice or as a member of the Utilities Commission.~~  
7 ~~Service shall also mean service as a district attorney or as a clerk of superior court. If~~  
8 ~~the Chief Justice or an Associate Justice was receiving longevity pay on June 30, 1993,~~  
9 ~~that officer shall continue receiving longevity pay during that officer's continuance in~~  
10 ~~that office at the rate applicable on June 30, 1993, as required by Article IV, Section 21~~  
11 ~~of the Constitution. No increase in salary granted to such officer subsequent to June 30,~~  
12 ~~1993, shall apply to a person receiving longevity pay during that officer's continuance in~~  
13 ~~office until the total amount of salary increases subsequent to June 30, 1993, exceeds~~  
14 ~~the amount of longevity pay, in which case the officer shall receive the excess."~~

15 (b) G.S. 7A-18(b) reads as rewritten:

16 "(b) In lieu of merit and other increment raises paid to regular State employees, a  
17 judge of the Court of Appeals shall receive as longevity pay on the same basis as is  
18 provided to employees of the State who are subject to the State Personnel Act. an  
19 annual amount equal to four and eight tenths percent (4.8%) of the annual salary set  
20 forth in the Current Operations Appropriations Act payable monthly after five years of  
21 service, nine and six tenths percent (9.6%) after 10 years of service, fourteen and four  
22 tenths percent (14.4%) after 15 years of service, and nineteen and two tenths percent  
23 (19.2%) after 20 years of service. 'Service' means service as a justice or judge of the  
24 General Court of Justice or as a member of the Utilities Commission. Service shall also  
25 mean service as a district attorney or as a clerk of superior court. If the judge was  
26 receiving longevity pay on June 30, 1993, that officer shall continue receiving longevity  
27 pay during that officer's continuance in that office at the rate applicable on June 30,  
28 1993, as required by Article IV, Section 21 of the Constitution. No increase in salary  
29 granted to such officer subsequent to June 30, 1993, shall apply to a person receiving  
30 longevity pay during that officer's continuance in office until the total amount of salary  
31 increases subsequent to June 30, 1993, exceeds the amount of longevity pay, in which  
32 case the officer shall receive the excess."

33 (c) G.S. 7A-44(b) reads as rewritten:

34 "(b) In lieu of merit and other increment raises paid to regular State employees, a  
35 judge of the superior court, regular or special, shall receive as longevity pay on the same  
36 basis as is provided to employees of the State who are subject to the State Personnel  
37 Act. an annual amount equal to four and eight tenths percent (4.8%) of the annual  
38 salary set forth in the Current Operations Appropriations Act payable monthly after five  
39 years of service, nine and six tenths percent (9.6%) after 10 years of service, fourteen  
40 and four tenths percent (14.4%) after 15 years of service, and nineteen and two tenths  
41 percent (19.2%) after 20 years of service. 'Service' means service as a justice or judge  
42 of the General Court of Justice or as a member of the Utilities Commission or as  
43 director or assistant director of the Administrative Office of the Courts. Service shall  
44 also mean service as a district attorney or as a clerk of superior court. If the judge was

1 receiving longevity pay on June 30, 1993, that officer shall continue receiving longevity  
2 pay during that officer's continuance in office at the rate applicable on June 30, 1993, as  
3 required by Article IV, Section 21 of the Constitution. No increase in salary granted to  
4 such officer subsequent to June 30, 1993, shall apply to a person receiving longevity  
5 pay during that officer's continuance in office until the total amount of salary increases  
6 subsequent to June 30, 1993, exceeds the amount of longevity pay, in which case the  
7 officer shall receive the excess."

8 (d) G.S. 7A-65 reads as rewritten:

9 **"§ 7A-65. Compensation and allowances of district attorneys and assistant district**  
10 **attorneys.**

11 (a) The annual salary of district attorneys and full-time assistant district attorneys  
12 shall be as provided in the Current Operations Appropriations Act. When traveling on  
13 official business, each district attorney and assistant district attorney is entitled to  
14 reimbursement for his subsistence and travel expenses to the same extent as State  
15 employees generally.

16 (b) Repealed by Session Laws 1985, c. 689, s. 2, effective July 11, 1985.

17 (c) In lieu of merit and other increment raises paid to regular State employees, a  
18 district attorney shall receive as-longevity pay on the same basis as is provided to  
19 employees of the State who are subject to the State Personnel Act. Any person who, on  
20 June 29, 1993, was entitled to longevity pay under this section shall continue receiving  
21 longevity pay at the rate in effect for that person on June 29, 1993, as long as that  
22 person continues the same office. No such person shall receive any increase in  
23 longevity rate after June 29, 1993. ~~an amount equal to four and eight tenths percent~~  
24 (4.8%) of the annual salary set forth in the Current Operations Appropriations Act  
25 payable monthly after five years of service, and nine and six tenths percent (9.6%) after  
26 10 years of service, fourteen and four tenths percent (14.4%) after 15 years of service,  
27 and nineteen and two tenths percent (19.2%) after 20 years of service. Service shall  
28 mean service in the elective position of a district attorney and shall not include service  
29 as a deputy or acting district attorney. Service shall also mean service as a justice or  
30 judge of the General Court of Justice, as a clerk of superior court, or as an assistant  
31 district attorney.

32 (d) In lieu of merit and other increment raises paid to regular State employees, an  
33 assistant district attorney shall receive as-longevity pay on the same basis as is provided  
34 to employees of the State who are subject to the State Personnel Act. Any person who,  
35 on June 29, 1993, was entitled to longevity pay under this section shall continue  
36 receiving longevity pay at the rate in effect for that person on June 29, 1993, as long as  
37 that person continues the same office. No such person shall receive any increase in  
38 longevity rate after June 29, 1993. ~~an amount equal to four and eight tenths percent~~  
39 (4.8%) of the annual salary set forth in the Current Operations Appropriations Act  
40 payable monthly after five years of service, nine and six tenths percent (9.6%) after 10  
41 years of service, and fourteen and four tenths percent (14.4%) after 15 years of service.  
42 'Service' means service as an assistant district attorney."

43 (e) G.S. 7A-101(c) reads as rewritten:

1       "(c) In lieu of merit and other increment raises paid to regular State employees, a  
2 clerk of superior court shall receive as-longevity pay on the same basis as is provided to  
3 employees of the State who are subject to the State Personnel Act. Any person who, on  
4 June 29, 1993, was entitled to longevity pay under this section shall continue receiving  
5 longevity pay at the rate in effect for that person on June 29, 1993, as long as that  
6 person continues the same office. No such person shall receive any increase in  
7 longevity rate after June 29, 1993. an amount equal to four and eight tenths percent  
8 (4.8%) of the annual salary set forth in the Budget Appropriation Act payable monthly  
9 after five years of service, nine and six tenths percent (9.6%) after 10 years of service,  
10 fourteen and four tenths percent (14.4%) after 15 years of service, and nineteen and  
11 two tenths percent (19.2%) after 20 years of service. Service shall mean service in the  
12 elective position of clerk of superior court, as an assistant clerk of court and as a  
13 supervisor of clerks of superior court with the Administrative Office of the Courts and  
14 shall not include service as a deputy or acting clerk. Service shall also mean service as  
15 a justice or judge of the General Court of Justice or as a district attorney."

16           (f) G.S. 7A-144(b) reads as rewritten:

17       "(b) Notwithstanding merit, longevity and other increment raises paid to regular  
18 State employees, a judge of the district court shall receive as-longevity pay on the same  
19 basis as is provided to employees of the State who are subject to the State Personnel  
20 Act. an annual amount equal to four and eight tenths percent (4.8%) of the annual salary  
21 set forth in the Current Operations Appropriations Act payable monthly after five years  
22 of service, nine and six tenths percent (9.6%) after 10 years of service, fourteen and  
23 four tenths percent (14.4%) after 15 years of service, and nineteen and two tenths  
24 percent (19.2%) after 20 years of service. 'Service' means service as a justice or judge  
25 of the General Court of Justice or as a member of the Utilities Commission or as  
26 director or assistant director of the Administrative Office of the Courts. Service shall  
27 also mean service as a district attorney or as a clerk of superior court. If the judge was  
28 receiving longevity pay on June 30, 1993, that officer shall continue receiving longevity  
29 pay during that officer's continuance in office at the rate applicable on June 30, 1993, as  
30 required by Article IV, Section 21 of the Constitution. No increase in salary granted to  
31 such officer subsequent to June 30, 1993, shall apply to a person receiving longevity  
32 pay during that officer's continuance in office until the total amount of salary increases  
33 subsequent to June 30, 1993, exceeds the amount of longevity pay, in which case the  
34 officer shall receive the excess."

35           (g) G.S. 7A-341 reads as rewritten:

36       "**§ 7A-341. Appointment and compensation of Director.**

37       The Director shall be appointed by the Chief Justice of the Supreme Court, to serve  
38 at his pleasure. He shall receive the annual salary provided in the Current Operations  
39 Appropriations Act, payable monthly, and reimbursement for travel and subsistence  
40 expenses at the same rate as State employees generally and longevity pay at the rates  
41 and for the service designated in G.S. 7A-44(b) for a judge of the superior court on the  
42 same basis as is provided to employees of the State who are subject to the State  
43 Personnel Act. Any person who, on June 29, 1993, was entitled to longevity pay under  
44 this section shall continue receiving longevity pay at the rate in effect for that person on



1 June 29, 1993, as long as that person continues the same office. No such person shall  
2 receive any increase in longevity rate after June 29, 1993. Service as Director shall be  
3 equivalent to service as a superior court judge for the purposes of entitlement to  
4 retirement pay or to retirement for disability."

5 (h) G.S. 7A-342 reads as rewritten:

6 "**§ 7A-342. Appointment and compensation of assistant director and other**  
7 **employees.**

8 The assistant director shall also be appointed by the Chief Justice, to serve at his  
9 pleasure. The assistant director shall receive the annual salary provided in the Current  
10 Operations Appropriations Act, payable monthly, and reimbursement for travel and  
11 subsistence expenses at the same rate as State employees generally and longevity pay at  
12 ~~the rates and for the service designated in G.S. 7A-144(b) for a judge of the district~~  
13 ~~court on the same basis as is provided to employees of the State who are subject to the~~  
14 State Personnel Act. Any person who, on June 29, 1993, was entitled to longevity pay  
15 under this section shall continue receiving longevity pay at the rate in effect for that  
16 person on June 29, 1993, as long as that person continues the same office. No such  
17 person shall receive any increase in longevity rate after June 29, 1993.

18 The Director may appoint such other assistant and employees as are necessary to  
19 enable him to perform the duties of his office."

20 (i) G.S. 7A-465(b) reads as rewritten:

21 "(b) The public defender shall be an attorney licensed to practice law in North  
22 Carolina, and shall devote his full time to the duties of his office.

23 In lieu of merit and other increment raises paid to regular State employees, a public  
24 defender shall receive as-longevity pay on the same basis as is provided to employees of  
25 the State who are subject to the State Personnel Act. Any person who, on June 29,  
26 1993, was entitled to longevity pay under this section shall continue receiving longevity  
27 pay at the rate in effect for that person on June 29, 1993, as long as that person  
28 continues the same office. No such person shall receive any increase in longevity rate  
29 after June 29, 1993. ~~an amount equal to four and eight tenths percent (4.8%) of the~~  
30 annual salary set forth in the Current Operations Appropriations Act payable monthly  
31 after five years of service, ~~nine and six tenths percent (9.6%) after 10 years of service,~~  
32 fourteen and four tenths percent (14.4%) after 15 years of service, and ~~nineteen and~~  
33 two tenths percent (19.2%) after 20 years of service. 'Service' means service as a public  
34 defender."

35 (j) G.S. 7A-467(d) reads as rewritten:

36 "(d) In lieu of merit and other increment raises paid to regular State employees, an  
37 assistant public defender shall receive as-longevity pay on the same basis as is provided  
38 to employees of the State who are subject to the State Personnel Act. Any person who,  
39 on June 29, 1993, was entitled to longevity pay under this section shall continue  
40 receiving longevity pay at the rate in effect for that person on June 29, 1993, as long as  
41 that person continues the same office. No such person shall receive any increase in  
42 longevity rate after June 29, 1993. ~~an amount equal to four and eight tenths percent~~  
43 (4.8%) of the annual salary set forth in the Current Operations Appropriations Act  
44 payable monthly after five years of service, ~~nine and six tenths percent (9.6%) after 10~~

1 years of service, and fourteen and four tenths percent (14.4%) after 15 years of service.  
2 'Service' means service as an assistant public defender."

3 (k) G.S. 62-10(h) reads as rewritten:

4 "(h) The salary of each commissioner shall be the same as that fixed from time to  
5 time for judges of the superior court except that the commissioner designated as  
6 chairman shall receive one thousand dollars (\$1,000) additional per annum. In lieu of  
7 merit and other increment raises paid to regular State employees, each commissioner,  
8 including the commissioner designated as chairman, shall receive as longevity pay on  
9 the same basis as is provided to employees of the State who are subject to the State  
10 Personnel Act. Any person who, on June 29, 1993, was entitled to longevity pay under  
11 this section shall continue receiving longevity pay at the rate in effect for that person on  
12 June 29, 1993, as long as that person continues the same office. No such person shall  
13 receive any increase in longevity rate after June 29, 1993. ~~an amount equal to four and  
14 eight tenths percent (4.8%) of the annual salary set forth in the Current Operations  
15 Appropriations Act payable monthly after five years of service, and nine and six tenths  
16 percent (9.6%) after 10 years of service. 'Service' means service as a member of the  
17 Utilities Commission."~~

18 (l) Chapter 126 of the General Statutes is amended by adding a new section  
19 to read:

20 "**§ 126-4.1. No longevity pay.**

21 (a) The longevity pay system adopted by the State Personnel Commission may  
22 not provide any benefits greater than those in effect on November 1, 1992. No agency  
23 other than the State Personnel Commission may have in force any longevity schedule  
24 providing greater benefits than those provided to employees of the State who are subject  
25 to the State Personnel Act, except as provided for certain justices and judges under G.S.  
26 7A-10, 7A-18, 7A-44, or 7A-144.

27 (b) Any person who, on June 30, 1993, was entitled to longevity pay under any  
28 policy, which was in effect on November 1, 1992, of the State Personnel Commission or  
29 any other State agency, shall continue receiving longevity pay at the rate in effect for  
30 that person on June 29, 1993, as long as that person continues employment with the  
31 same branch of government. No such person shall receive any increase in longevity rate  
32 after June 29, 1993.

33 (c) This section applies to all State employees, whether or not otherwise  
34 exempted from this Chapter.

35 (d) As used in G.S. 7A-10(c), 7A-18(b), 7A-44(b), and 7A-144(b), in calculating  
36 the amount by which future salary increases are limited by the amount of longevity pay  
37 being received on June 30, 1993, only the excess of longevity pay received over that  
38 which would have been provided under the State Personnel Act shall be considered."

39 (m) This section becomes effective June 30, 1993.

40 —LONGEVITY ELIMINATED.

41 Sec. 51. (a) G.S. 7A-10(c) reads as rewritten:

42 "(c) ~~In lieu of merit and other increment raises paid to regular State employees,~~  
43 ~~the Chief Justice and each of the Associate Justices shall receive as longevity pay an~~  
44 ~~annual amount equal to four and eight tenths percent (4.8%) of the annual salary set~~

1 ~~forth in the Current Operations Appropriations Act payable monthly after five years of~~  
2 ~~service, nine and six tenths percent (9.6%) after 10 years of service, fourteen and four~~  
3 ~~tenths percent (14.4%) after 15 years of service, and nineteen and two tenths percent~~  
4 ~~(19.2%) after 20 years of service. 'Service' means service as a justice or judge of the~~  
5 ~~General Court of Justice or as a member of the Utilities Commission. Service shall also~~  
6 ~~mean service as a district attorney or as a clerk of superior court. If the Chief Justice or~~  
7 ~~an Associate Justice was receiving longevity pay on June 30, 1993, that officer shall~~  
8 ~~continue receiving longevity pay during that officer's continuance in that office at the~~  
9 ~~rate applicable on June 30, 1993, as required by Article IV, Section 21 of the~~  
10 ~~Constitution. No increase in salary granted to such officer subsequent to June 30, 1993,~~  
11 ~~shall apply to a person receiving longevity pay during that officer's continuance in~~  
12 ~~office until the total amount of salary increases subsequent to June 30, 1993, exceeds~~  
13 ~~the amount of longevity pay, in which case the officer shall receive the excess.~~  
14 ~~Longevity pay shall be considered part of total annual compensation for the purpose of~~  
15 ~~G.S. 7A-39.2."~~

16 (b) G.S. 7A-18(b) reads as rewritten:

17 "(b) ~~In lieu of merit and other increment raises paid to regular State employees, a~~  
18 ~~judge of the Court of Appeals shall receive as longevity pay an annual amount equal to~~  
19 ~~four and eight tenths percent (4.8%) of the annual salary set forth in the Current~~  
20 ~~Operations Appropriations Act payable monthly after five years of service, nine and six~~  
21 ~~tenths percent (9.6%) after 10 years of service, fourteen and four tenths percent (14.4%)~~  
22 ~~after 15 years of service, and nineteen and two tenths percent (19.2%) after 20 years of~~  
23 ~~service. 'Service' means service as a justice or judge of the General Court of Justice or~~  
24 ~~as a member of the Utilities Commission. Service shall also mean service as a district~~  
25 ~~attorney or as a clerk of superior court. If the judge was receiving longevity pay on~~  
26 ~~June 30, 1993, that officer shall continue receiving longevity pay during that officer's~~  
27 ~~continuance in that office at the rate applicable on June 30, 1993, as required by Article~~  
28 ~~IV, Section 21 of the Constitution. No increase in salary granted to such officer~~  
29 ~~subsequent to June 30, 1993, shall apply to a person receiving longevity pay during that~~  
30 ~~officer's continuance in office until the total amount of salary increases subsequent to~~  
31 ~~June 30, 1993, exceeds the amount of longevity pay, in which case the officer shall~~  
32 ~~receive the excess. Longevity pay shall be considered part of total annual compensation~~  
33 ~~for the purpose of G.S. 7A-39.2."~~

34 (c) G.S. 7A-39.2 reads as rewritten:

35 **"§ 7A-39.2. Age and service requirements for retirement of justices of the**  
36 **Supreme Court and judges of the Court of Appeals.**

37 (a) Any justice of the Supreme Court or judge of the Court of Appeals who has  
38 attained the age of 65 years, and who has served for a total of 15 years, whether  
39 consecutive or not, on the Supreme Court, the Court of Appeals, or the superior court,  
40 or as Administrative Officer of the Courts, or in any combination of these offices, may  
41 retire from his present office and receive for life compensation equal to two thirds of the  
42 total annual compensation, ~~including longevity,~~ but excluding any payments in the  
43 nature of reimbursement for expenses, from time to time received by the occupant or  
44 occupants of the office from which he retired.

1 (b) Any justice of the Supreme Court or judge of the Court of Appeals who has  
2 attained the age of 65 years, and who has served as justice or judge, or both, in the  
3 Appellate Division for 12 consecutive years may retire and receive for life  
4 compensation equal to two thirds of the total annual compensation, ~~including longevity,~~  
5 but excluding any payments in the nature of reimbursement for expenses, from time to  
6 time received by the occupant or occupants of the office from which he retired.

7 (c) Any justice or judge of the Appellate Division, who has served for a total of  
8 24 years, whether continuously or not, as justice of the Supreme Court, judge of the  
9 Court of Appeals, judge of the superior court, or Administrative Officer of the Courts,  
10 or in any combination of these offices, may retire, regardless of age, and receive for life  
11 compensation equal to two thirds of the total annual compensation, ~~including longevity,~~  
12 but excluding any payments in the nature of reimbursement for expenses, from time to  
13 time received by the occupant or occupants of the office from which he retired. In  
14 determining eligibility for retirement under this subsection, time served as a district  
15 solicitor of the superior court prior to January 1, 1971, may be included, provided the  
16 person has served at least eight years as a justice, judge, or Administrative Officer of the  
17 Courts, or in any combination of these offices.

18 (d) For purposes of this section, the 'occupant or occupants of the office from  
19 which' the retired judge retired will be deemed to be a judge or justice of the Appellate  
20 Division holding the same office and with the same service as the retired judge had  
21 immediately prior to retirement."

22 (d) G.S. 7A-44(b) reads as rewritten:

23 "~~(b) In lieu of merit and other increment raises paid to regular State employees, a~~  
24 ~~judge of the superior court, regular or special, shall receive as longevity pay an annual~~  
25 ~~amount equal to four and eight tenths percent (4.8%) of the annual salary set forth in the~~  
26 ~~Current Operations Appropriations Act payable monthly after five years of service, nine~~  
27 ~~and six tenths percent (9.6%) after 10 years of service, fourteen and four tenths percent~~  
28 ~~(14.4%) after 15 years of service, and nineteen and two tenths percent (19.2%) after 20~~  
29 ~~years of service. 'Service' means service as a justice or judge of the General Court of~~  
30 ~~Justice or as a member of the Utilities Commission or as director or assistant director of~~  
31 ~~the Administrative Office of the Courts. Service shall also mean service as a district~~  
32 ~~attorney or as a clerk of superior court. If the judge was receiving longevity pay on~~  
33 ~~June 30, 1993, that officer shall continue receiving longevity pay during that officer's~~  
34 ~~continuance in office at the rate applicable on June 30, 1993, as required by Article IV,~~  
35 ~~Section 21 of the Constitution. No increase in salary granted to such officer subsequent~~  
36 ~~to June 30, 1993, shall apply to a person receiving longevity pay during that officer's~~  
37 ~~continuance in office until the total amount of salary increases subsequent to June 30,~~  
38 ~~1993, exceeds the amount of longevity pay, in which case the officer shall receive the~~  
39 ~~excess. Longevity pay shall be considered part of total annual compensation for the~~  
40 ~~purpose of G.S. 7A-51.~~"

41 (e) G.S. 7A-51 reads as rewritten:

42 "**§ 7A-51. Age and service requirements for retirement of judges of the superior**  
43 **court and of the Administrative Officer of the Courts.**

1 (a) Any judge of the superior court, or Administrative Officer of the Courts, who  
2 has attained the age of sixty-five years, and who has served for a total of fifteen years,  
3 whether consecutive or not, as a judge of the superior court, or as Administrative  
4 Officer of the Courts, or as judge of the superior court and as Administrative Officer of  
5 the Courts combined, may retire and receive for life compensation equal to two thirds of  
6 the total annual compensation, ~~including longevity~~ and additional payment for service  
7 as senior resident superior court judge, but excluding any payments in the nature of  
8 reimbursement for expenses or subsistence allowances, from time to time received by  
9 the occupant of the office from which he retired.

10 (b) Any judge of the superior court, or Administrative Officer of the Courts, who  
11 has served for twelve years, whether consecutive or not, as a judge of the superior court,  
12 or as Administrative Officer of the Courts, or as judge of the superior court and as  
13 Administrative Officer of the Courts combined may, at age sixty-eight, retire and  
14 receive for life compensation equal to two thirds of the total annual compensation,  
15 ~~including longevity~~ and additional payment for service as senior resident superior court  
16 judge, but excluding any payments in the nature of reimbursement for expenses or  
17 subsistence allowances, from time to time received by the occupant of the office from  
18 which he retired.

19 (c) Any person who has served for a total of twenty-four years, whether  
20 continuously or not, as a judge of the superior court, or as Administrative Officer of the  
21 Courts, or as judge of the superior court and as Administrative Officer of the Courts  
22 combined, may retire, regardless of age, and receive for life compensation equal to two  
23 thirds of the total annual compensation, ~~including longevity~~ and additional payment for  
24 service as senior resident superior court judge, but excluding any payments in the nature  
25 of reimbursement for expenses or subsistence allowances, from time to time received by  
26 the occupant of the office from which he retired. In determining whether a person  
27 meets the requirements of this subsection, time served as district attorney of the superior  
28 court prior to January 1, 1971, may be included, so long as the person has served at least  
29 eight years as a judge of the superior court, or as Administrative Officer of the Courts,  
30 or as judge of the superior court and Administrative Officer of the Courts combined.

31 (d) Repealed by Session Laws 1971, c. 508, s. 3.

32 (e) For purposes of this section, the 'occupant or occupants of the office from  
33 which' the retired judge retired will be deemed to be a superior court judge holding the  
34 same office and with the same service as the retired judge had immediately prior to  
35 retirement."

36 (f) G.S. 7A-65 reads as rewritten:

37 **"§ 7A-65. Compensation and allowances of district attorneys and assistant district**  
38 **attorneys.**

39 (a) The annual salary of district attorneys and full-time assistant district attorneys  
40 shall be as provided in the Current Operations Appropriations Act. When traveling on  
41 official business, each district attorney and assistant district attorney is entitled to  
42 reimbursement for his subsistence and travel expenses to the same extent as State  
43 employees generally.

44 (b) Repealed by Session Laws 1985, c. 689, s. 2, effective July 11, 1985.

1 (e) ~~In lieu of merit and other increment raises paid to regular State employees, a~~  
2 ~~district attorney shall receive as longevity pay an amount equal to four and eight tenths~~  
3 ~~percent (4.8%) of the annual salary set forth in the Current Operations Appropriations~~  
4 ~~Act payable monthly after five years of service, and nine and six tenths percent (9.6%)~~  
5 ~~after 10 years of service, fourteen and four tenths percent (14.4%) after 15 years of~~  
6 ~~service, and nineteen and two tenths percent (19.2%) after 20 years of service. Service~~  
7 ~~shall mean service in the elective position of a district attorney and shall not include~~  
8 ~~service as a deputy or acting district attorney. Service shall also mean service as a~~  
9 ~~justice or judge of the General Court of Justice, as a clerk of superior court, or as an~~  
10 ~~assistant district attorney.~~

11 (d) ~~In lieu of merit and other increment raises paid to regular State employees, an~~  
12 ~~assistant district attorney shall receive as longevity pay an amount equal to four and~~  
13 ~~eight tenths percent (4.8%) of the annual salary set forth in the Current Operations~~  
14 ~~Appropriations Act payable monthly after five years of service, nine and six tenths~~  
15 ~~percent (9.6%) after 10 years of service, and fourteen and four tenths percent (14.4%)~~  
16 ~~after 15 years of service. 'Service' means service as an assistant district attorney."~~

17 (g) G.S. 7A-101(c) is repealed.

18 (h) G.S. 7A-144(b) reads as rewritten:

19 "(b) ~~Notwithstanding merit, longevity and other increment raises paid to regular~~  
20 ~~State employees, a judge of the district court shall receive as longevity pay an annual~~  
21 ~~amount equal to four and eight tenths percent (4.8%) of the annual salary set forth in the~~  
22 ~~Current Operations Appropriations Act payable monthly after five years of service, nine~~  
23 ~~and six tenths percent (9.6%) after 10 years of service, fourteen and four tenths percent~~  
24 ~~(14.4%) after 15 years of service, and nineteen and two tenths percent (19.2%) after 20~~  
25 ~~years of service. 'Service' means service as a justice or judge of the General Court of~~  
26 ~~Justice or as a member of the Utilities Commission or as director or assistant director of~~  
27 ~~the Administrative Office of the Courts. Service shall also mean service as a district~~  
28 ~~attorney or as a clerk of superior court. If the judge was receiving longevity pay on~~  
29 ~~June 30, 1993, that officer shall continue receiving longevity pay during that officer's~~  
30 ~~continuance in office at the rate applicable on June 30, 1993, as required by Article IV,~~  
31 ~~Section 21 of the Constitution. No increase in salary granted to such officer subsequent~~  
32 ~~to June 30, 1993, shall apply to a person receiving longevity pay during that officer's~~  
33 ~~continuance in office until the total amount of salary increases subsequent to June 30,~~  
34 ~~1993, exceeds the amount of longevity pay, in which case the officer shall receive the~~  
35 ~~excess.~~"

36 (i) G.S. 7A-171.1(a)(5) is repealed.

37 (j) G.S. 7A-341 reads as rewritten:

38 **"§ 7A-341. Appointment and compensation of Director.**

39 The Director shall be appointed by the Chief Justice of the Supreme Court, to serve  
40 at his pleasure. He shall receive the annual salary provided in the Current Operations  
41 Appropriations Act, payable monthly, and reimbursement for travel and subsistence  
42 expenses at the same rate as State employees generally and longevity pay at the rates  
43 and for the service designated in G.S. 7A-44(b) for a judge of the superior court.

1 Service as Director shall be equivalent to service as a superior court judge for the  
2 purposes of entitlement to retirement pay or to retirement for disability."

3 (k) G.S. 7A-342 reads as rewritten:

4 **"§ 7A-342. Appointment and compensation of assistant director and other**  
5 **employees.**

6 The assistant director shall also be appointed by the Chief Justice, to serve at his  
7 pleasure. The assistant director shall receive the annual salary provided in the Current  
8 Operations Appropriations Act, payable monthly, and reimbursement for travel and  
9 subsistence expenses at the same rate as State employees generally ~~and longevity pay at~~  
10 ~~the rates and for the service designated in G.S. 7A-144(b) for a judge of the district~~  
11 ~~court.~~

12 The Director may appoint such other assistant and employees as are necessary to  
13 enable him to perform the duties of his office."

14 (l) G.S. 7A-465(b) reads as rewritten:

15 "(b) The public defender shall be an attorney licensed to practice law in North  
16 Carolina, and shall devote his full time to the duties of his office.

17 ~~In lieu of merit and other increment raises paid to regular State employees, a public~~  
18 ~~defender shall receive as longevity pay an amount equal to four and eight tenths percent~~  
19 ~~(4.8%) of the annual salary set forth in the Current Operations Appropriations Act~~  
20 ~~payable monthly after five years of service, nine and six tenths percent (9.6%) after 10~~  
21 ~~years of service, fourteen and four tenths percent (14.4%) after 15 years of service, and~~  
22 ~~nineteen and two tenths percent (19.2%) after 20 years of service. 'Service' means~~  
23 ~~service as a public defender."~~

24 (m) G.S. 7A-467(d) is repealed.

25 (n) G.S. 7A-751 reads as rewritten:

26 **"§ 7A-751. Agency head; powers and duties.**

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

31 ~~In lieu of merit and other increment raises, the Chief Administrative Law Judge shall~~  
32 ~~receive longevity pay on the same basis as is provided to employees of the State who~~  
33 ~~are subject to the State Personnel Act."~~

34 (o) G.S. 20-187.3(a) reads as rewritten:

35 "(a) The Secretary of Crime Control and Public Safety shall not make or permit to  
36 be made any order, rule, or regulation requiring the issuance of any minimum number of  
37 traffic citations, or ticket quotas, by any member or members of the State Highway  
38 Patrol. Pay and promotions of members of the Highway Patrol shall be based on their  
39 overall job performance and not on the basis of the volume of citations issued or arrests  
40 made. The provisions of G.S. 126-7 shall not apply to members of the State Highway  
41 Patrol. Members of the Highway Patrol shall, however, be subject to salary classes,  
42 ~~ranges and longevity pay and ranges~~ for service as are applicable to other State  
43 employees generally. Beginning July 1, 1985, and annually thereafter, each member of  
44 the Highway Patrol shall be granted a salary increase in an amount corresponding to the

1 increments between steps within the salary range established for the class to which the  
2 member's position is assigned by the State Personnel Commission, not to exceed the  
3 maximum of each applicable salary range."

4 (p) G.S. 58-2-10 reads as rewritten:

5 **"§ 58-2-10. Salary of Commissioner.**

6 The salary of the Commissioner shall be set by the General Assembly in the Current  
7 Operations Appropriations Act. ~~In addition to the salary set by the General Assembly in~~  
8 ~~the Current Operations Appropriations Act, longevity pay shall be paid on the same~~  
9 ~~basis as is provided to employees of the State who are subject to the State Personnel~~  
10 ~~Act. If the Commissioner was receiving longevity pay on June 30, 1993, that officer~~  
11 ~~shall continue receiving longevity pay until December 31, 1996, during continuance in~~  
12 ~~office at the rate applicable on June 30, 1993, as required by Article III, Section 9 of the~~  
13 ~~Constitution. No increase in salary granted to such officer subsequent to June 30, 1993,~~  
14 ~~shall apply to a person receiving longevity pay during that officer's continuance in~~  
15 ~~office until the total amount of salary increases subsequent to June 30, 1993, exceeds~~  
16 ~~the amount of longevity pay, in which case the officer shall receive the excess."~~

17 (q) G.S. 62-10(h) reads as rewritten:

18 "(h) The salary of each commissioner shall be the same as that fixed from time to  
19 time for judges of the superior court except that the commissioner designated as  
20 chairman shall receive one thousand dollars (\$1,000) additional per annum. ~~In lieu of~~  
21 ~~merit and other increment raises paid to regular State employees, each commissioner,~~  
22 ~~including the commissioner designated as chairman, shall receive as longevity pay an~~  
23 ~~amount equal to four and eight tenths percent (4.8%) of the annual salary set forth in the~~  
24 ~~Current Operations Appropriations Act payable monthly after five years of service, and~~  
25 ~~nine and six tenths percent (9.6%) after 10 years of service. 'Service' means service as a~~  
26 ~~member of the Utilities Commission."~~

27 (r) G.S. 95-2 reads as rewritten:

28 **"§ 95-2. Election of Commissioner; term; salary; vacancy.**

29 The Commissioner of Labor shall be elected by the people in the same manner as is  
30 provided for the election of the Secretary of State. The term of office of the  
31 Commissioner of Labor shall be four years, and the salary of the Commissioner of  
32 Labor shall be set by the General Assembly in the Current Operations Appropriations  
33 Act. Any vacancy in the office shall be filled by the Governor, until the next general  
34 election. The office of the Department of Labor shall be kept in the City of Raleigh and  
35 shall be provided for as are other public offices of the State. ~~In addition to the salary set~~  
36 ~~by the General Assembly in the Current Operations Appropriations Act, longevity pay~~  
37 ~~shall be paid on the same basis as is provided to employees of the State who are subject~~  
38 ~~to the State Personnel Act. If the Commissioner was receiving longevity pay on June~~  
39 ~~30, 1993, that officer shall continue receiving longevity pay until December 31, 1996,~~  
40 ~~during continuance in office at the rate applicable on June 30, 1993, as required by~~  
41 ~~Article III, Section 9 of the Constitution. No increase in salary granted to such officer~~  
42 ~~subsequent to June 30, 1993, shall apply to a person receiving longevity pay during that~~  
43 ~~officer's continuance in office until the total amount of salary increases subsequent to~~



1 June 30, 1993, exceeds the amount of longevity pay, in which case the officer shall  
2 receive the excess."

3 (s) G.S. 106-11 reads as rewritten:

4 **"§ 106-11. Salary of Commissioner of Agriculture.**

5 The salary of the Commissioner of Agriculture shall be set by the General Assembly  
6 in the Current Operations Appropriations Act. ~~In addition to the salary set by the~~  
7 ~~General Assembly in the Current Operations Appropriations Act, longevity pay shall be~~  
8 ~~paid on the same basis as is provided to employees of the State who are subject to the~~  
9 ~~State Personnel Act.~~ If the Commissioner was receiving longevity pay on June 30,  
10 1993, that officer shall continue receiving longevity pay until December 31, 1996,  
11 during continuance in office at the rate applicable on June 30, 1993, as required by  
12 Article III, Section 9 of the Constitution. No increase in salary granted to such officer  
13 subsequent to June 30, 1993, shall apply to a person receiving longevity pay during that  
14 officer's continuance in office until the total amount of salary increases subsequent to  
15 June 30, 1993, exceeds the amount of longevity pay, in which case the officer shall  
16 receive the excess."

17 (t) G.S. 114-7 reads as rewritten:

18 **"§ 114-7. Salary of the Attorney General.**

19 The salary of the Attorney General shall be set by the General Assembly in the  
20 Current Operations Appropriations Act. ~~In addition to the salary set by the General~~  
21 ~~Assembly in the Current Operations Appropriations Act, longevity pay shall be paid on~~  
22 ~~the same basis as is provided to employees of the State who are subject to the State~~  
23 ~~Personnel Act.~~ If the Attorney General was receiving longevity pay on June 30, 1993,  
24 that officer shall continue receiving longevity pay until December 31, 1996, during  
25 continuance in office at the rate applicable on June 30, 1993, as required by Article III,  
26 Section 9 of the Constitution. No increase in salary granted to such officer subsequent  
27 to June 30, 1993, shall apply to a person receiving longevity pay during that officer's  
28 continuance in office until the total amount of salary increases subsequent to June 30,  
29 1993, exceeds the amount of longevity pay, in which case the officer shall receive the  
30 excess."

31 (u) G.S. 115C-20 reads as rewritten:

32 **"§ 115C-20. Office and salary.**

33 The Superintendent of Public Instruction shall keep his office in the Education  
34 Building in Raleigh, and his salary shall be set by the General Assembly in the Current  
35 Operations Appropriations Act. ~~In addition to the salary set by the General Assembly in~~  
36 ~~the Current Operations Appropriations Act, longevity pay shall be paid on the same~~  
37 ~~basis as is provided to employees of the State who are subject to the State Personnel~~  
38 ~~Act.~~ If the Superintendent was receiving longevity pay on June 30, 1993, that officer  
39 shall continue receiving longevity pay until December 31, 1996, during continuance in  
40 office at the rate applicable on June 30, 1993, as required by Article III, Section 9 of the  
41 Constitution. No increase in salary granted to such officer subsequent to June 30, 1993,  
42 shall apply to a person receiving longevity pay during that officer's continuance in  
43 office until the total amount of salary increases subsequent to June 30, 1993, exceeds  
44 the amount of longevity pay, in which case the officer shall receive the excess."

- 1 (v) G.S. 115C-302(d) is repealed.  
2 (w) G.S. 115C-316(c) is repealed.  
3 (x) G.S. 126-7(d) is repealed.  
4 (y) G.S. 138-4 reads as rewritten:

5 **"§ 138-4. Governor to set salaries of administrative officers; exceptions; ~~longevity~~**  
6 **pay.**

7 The salaries of all State administrative officers not subject to the State Personnel Act  
8 shall be set by the Governor, unless a law provides otherwise.

9 Whenever by law it is provided that a salary shall be fixed or set by the General  
10 Assembly in the Current Operations Appropriations Act, and that office or position is  
11 filled by appointment of the Governor, or the appointment is subject to the approval of  
12 the Governor, or is made by a commission a majority of whose members are appointed  
13 by the Governor, then the Governor may, increase or decrease the salary of a new  
14 appointee by a maximum of ten percent (10%) over or under the salary of that position  
15 as provided in the Current Operations Appropriations Act, such increased or decreased  
16 salary to remain in effect until changed by the General Assembly or until the end of the  
17 fiscal year, whichever occurs first. The Governor under this paragraph may not increase  
18 the salary of any nonelected official above the level set in the Current Operations  
19 Appropriations Act for any member of the Council of State. This section does not apply  
20 to any office filled by election by the people, and does not apply to any office in the  
21 legislative or judicial branches.

22 Prior to taking any action under this section, the Governor may consult with the  
23 Advisory Budget Commission.

24 ~~Officials whose salaries are covered by the provisions of this section shall be eligible~~  
25 ~~for longevity pay on the same basis as is provided to employees of the State who are~~  
26 ~~subject to the State Personnel Act."~~

- 27 (z) G.S. 143-23(a1) reads as rewritten:

28 "(a1) No transfers may be made between objects or line items in the budget of any  
29 department, institution, or other spending agency; however, with the approval of the  
30 Director of the Budget, a department, institution, or other spending agency may spend  
31 more than was appropriated for an object or line item if the overexpenditure is:

- 32 (1) In a purpose or program for which funds were appropriated for that  
33 fiscal period and the total amount spent for the purpose or program is  
34 no more than was appropriated for the purpose or program for the  
35 fiscal period;  
36 (2) Required to continue a purpose or program because of unforeseen  
37 events, so long as the scope of the purpose or program is not increased;  
38 (3) Required by a court, Industrial Commission, or administrative hearing  
39 officer's order or award or to match unanticipated federal funds;  
40 (4) Required to respond to an unanticipated disaster such as a fire,  
41 hurricane, or tornado; or  
42 (5) Required to call out the National Guard.

43 The Director of the Budget shall report on a quarterly basis to the Joint Legislative  
44 Commission on Governmental Operations and to the Fiscal Research Division of the

1 Legislative Services Office the reason if the amount expended for a purpose or program  
2 is more than the amount appropriated for it from all sources. If the overexpenditure was  
3 authorized under subdivision (2) of this subsection, the Director of the Budget shall  
4 identify in the report the unforeseen event that required the overexpenditure.

5 Funds appropriated for salaries and wages are also subject to the limitation that they  
6 may only be used for (i) salaries and wages or for premium pay, overtime pay,  
7 longevity to the extent authorized by law for certain elected officials holding office on  
8 June 30, 1993, unemployment compensation, workers' compensation, temporary wages,  
9 contracted personal services, moving expenses, payment of accumulated annual leave,  
10 certain awards to employees, tort claims, and employer's social security, retirement, and  
11 hospitalization payments; or (ii) uses for which over expenditures are permitted by  
12 subdivisions (3), (4), and (5) of this subsection but the Director of the Budget shall  
13 include such use and the reason for it in his quarterly report to the Joint Legislative  
14 Commission on Governmental Operations and to the Fiscal Research Division of the  
15 Legislative Services Office.

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

19 The requirements in this section that the Director of the Budget report to the Joint  
20 Legislative Commission on Governmental Operations shall not apply to expenditures of  
21 receipts by entities that are wholly receipt supported, except for entities supported by  
22 the Wildlife Resources Fund."

23 (aa) G.S. 143-34.1(b) reads as rewritten:

24 "(b) Required employer salary-related contributions for retirement benefits, death  
25 benefits, disability salary continuation and Social Security for employees whose salaries  
26 are paid from general fund or highway fund revenues, or from department, office,  
27 institutional or agency receipts, or from nonstate funds, shall be paid from the same  
28 source as the source of the employees' salaries. In those instances in which an  
29 employee's salary is paid in part from the general fund, or the highway fund, and in part  
30 from the department, office, institutional or agency receipts, or from nonstate funds, the  
31 required salary-related contributions shall be paid from the general fund, or the highway  
32 fund, only to the extent of the proportionate part paid from the general fund, or highway  
33 fund, in support of the salary of such employee, and the remainder of the employer's  
34 contribution requirements shall be paid from the same source which supplies the  
35 remainder of such employee's salary. The requirements of this section as to the source  
36 of payment are also applicable to payments on behalf of the employee for hospital-  
37 medical insurance, longevity payments to the extent authorized by law for certain  
38 elected officials holding office on June 30, 1993, salary increments, and legislative  
39 salary increases. The State Controller shall approve the method of payment by State  
40 departments, offices, institutions and agencies for employer salary-related requirements  
41 of this section, and determine the applicability of the section to an employer's salary-  
42 related contribution or payment in behalf of an employee."

43 (bb) G.S. 147-35 reads as rewritten:

44 "**§ 147-35. Salary of Secretary of State.**

1 The salary of the Secretary of State shall be set by the General Assembly in the  
2 Current Operations Appropriations Act. ~~In addition to the salary set by the General~~  
3 ~~Assembly in the Current Operations Appropriations Act, longevity pay shall be paid on~~  
4 ~~the same basis as is provided to employees of the State who are subject to the State~~  
5 ~~Personnel Act. If the Secretary of State was receiving longevity pay on June 30, 1993,~~  
6 ~~that officer shall continue receiving longevity pay until December 31, 1996, during~~  
7 ~~continuance in office at the rate applicable on June 30, 1993, as required by Article III,~~  
8 ~~Section 9 of the Constitution. No increase in salary granted to such officer subsequent~~  
9 ~~to June 30, 1993, shall apply to a person receiving longevity pay during that officer's~~  
10 ~~continuance in office until the total amount of salary increases subsequent to June 30,~~  
11 ~~1993, exceeds the amount of longevity pay, in which case the officer shall receive the~~  
12 ~~excess.~~"

13 (cc) G.S. 147-64.1(b) reads as rewritten:

14 "(b) ~~In addition to the salary set by the General Assembly in the Current~~  
15 ~~Operations Appropriations Act, longevity pay shall be paid on the same basis as is~~  
16 ~~provided to employees of the State who are subject to the State Personnel Act. If the~~  
17 ~~State Auditor was receiving longevity pay on June 30, 1993, that officer shall continue~~  
18 ~~receiving longevity pay until December 31, 1996, during continuance in office at the~~  
19 ~~rate applicable on June 30, 1993, as required by Article III, Section 9 of the~~  
20 ~~Constitution. No increase in salary granted to such officer subsequent to June 30, 1993,~~  
21 ~~shall apply to a person receiving longevity pay during that officer's continuance in~~  
22 ~~office until the total amount of salary increases subsequent to June 30, 1993, exceeds~~  
23 ~~the amount of longevity pay, in which case the officer shall receive the excess.~~"

24 (dd) G.S. 147-65 reads as rewritten:

25 **"§ 147-65. Salary of State Treasurer.**

26 The salary of the State Treasurer shall be as established in the Current Operations  
27 Appropriations Act. ~~In addition to the salary set by the General Assembly in the~~  
28 ~~Current Operations Appropriations Act, longevity pay shall be paid on the same basis as~~  
29 ~~is provided to employees of the State who are subject to the State Personnel Act. If the~~  
30 ~~State Treasurer was receiving longevity pay on June 30, 1993, that officer shall continue~~  
31 ~~receiving longevity pay until December 31, 1996, during continuance in office at the~~  
32 ~~rate applicable on June 30, 1993, as required by Article III, Section 9 of the~~  
33 ~~Constitution. No increase in salary granted to such officer subsequent to June 30, 1993,~~  
34 ~~shall apply to a person receiving longevity pay during that officer's continuance in~~  
35 ~~office until the total amount of salary increases subsequent to June 30, 1993, exceeds~~  
36 ~~the amount of longevity pay, in which case the officer shall receive the excess.~~"

37 (ee) Section 72(a) of Chapter 900 of the 1991 Session Laws reads as  
38 rewritten:

39 "(a) The Director of the Budget may transfer from the Reserve for Salary  
40 Increases for the 1992-93 fiscal year funds necessary to implement the teacher salary  
41 schedule set out in subsection (b) of this section, including funds for the employer's  
42 retirement and social security contributions ~~and funds for annual longevity payments at~~  
43 ~~one percent (1%) of base salary for 10 to 14 years of State service, one and one half~~  
44 ~~percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of~~

1 base salary for 20 to 24 years of State service, and two and one half percent (2.5%) of  
2 base salary for 25 years of State service, commencing July 1, 1992, for all teachers  
3 whose salaries are supported from the State's General Fund. These funds shall be  
4 allocated to individuals according to rules adopted by the State Board of Education and  
5 the Superintendent of Public Instruction. ~~The longevity payment shall be paid in a lump~~  
6 ~~sum once a year."~~

7 (ff) Chapter 126 of the General Statutes is amended by adding a new section  
8 to read:

9 **§ 126-4.1. No longevity pay.**

10 No longevity pay system may apply to any State employee or State-paid teacher  
11 after June 30, 1993, notwithstanding whether such employee is otherwise subject to the  
12 provisions of this Chapter."

13 (gg) Each agency, institution, or department may use any funds appropriated  
14 for longevity pay, the authority for which was repealed by Sections 14, 22, or 23 of this  
15 act, to increase the salary of employees of that agency, institution, or department.

16 (hh) This section becomes effective June 30, 1993.

17 ~~—LONGEVITY ELIMINATED/FREEZE~~

18 Sec. 52. (a) G.S. 7A-10(c) reads as rewritten:

19 ~~"(c) In lieu of merit and other increment raises paid to regular State employees,~~  
20 ~~the Chief Justice and each of the Associate Justices shall receive as longevity pay an~~  
21 ~~annual amount equal to four and eight tenths percent (4.8%) of the annual salary set~~  
22 ~~forth in the Current Operations Appropriations Act payable monthly after five years of~~  
23 ~~service, nine and six tenths percent (9.6%) after 10 years of service, fourteen and four~~  
24 ~~tenths percent (14.4%) after 15 years of service, and nineteen and two tenths percent~~  
25 ~~(19.2%) after 20 years of service. 'Service' means service as a justice or judge of the~~  
26 ~~General Court of Justice or as a member of the Utilities Commission. Service shall also~~  
27 ~~mean service as a district attorney or as a clerk of superior court. If the Chief Justice or~~  
28 ~~an Associate Justice was receiving longevity pay on June 30, 1993, that officer shall~~  
29 ~~continue receiving longevity pay during their continuance in that office at the rate~~  
30 ~~applicable on June 30, 1993, as required by Article IV, Section 21 of the Constitution.~~  
31 ~~Longevity pay shall be considered part of total annual compensation for the purpose of~~  
32 ~~G.S. 7A-39.2."~~

33 (b) G.S. 7A-18(b) reads as rewritten:

34 ~~"(b) In lieu of merit and other increment raises paid to regular State employees, a~~  
35 ~~judge of the Court of Appeals shall receive as longevity pay an annual amount equal to~~  
36 ~~four and eight tenths percent (4.8%) of the annual salary set forth in the Current~~  
37 ~~Operations Appropriations Act payable monthly after five years of service, nine and six~~  
38 ~~tenths percent (9.6%) after 10 years of service, fourteen and four tenths percent (14.4%)~~  
39 ~~after 15 years of service, and nineteen and two tenths percent (19.2%) after 20 years of~~  
40 ~~service. 'Service' means service as a justice or judge of the General Court of Justice or~~  
41 ~~as a member of the Utilities Commission. Service shall also mean service as a district~~  
42 ~~attorney or as a clerk of superior court. If the judge was receiving longevity pay on June~~  
43 ~~30, 1993, that officer shall continue receiving longevity pay during their continuance in~~  
44 ~~that office at the rate applicable on June 30, 1993, as required by Article IV, Section 21~~

1 of the Constitution. Longevity pay shall be considered part of total annual  
2 compensation for the purpose of G.S. 7A-39.2."

3 (c) G.S. 7A-39.2 reads as rewritten:

4 **"§ 7A-39.2. Age and service requirements for retirement of justices of the**  
5 **Supreme Court and judges of the Court of Appeals.**

6 (a) Any justice of the Supreme Court or judge of the Court of Appeals who has  
7 attained the age of 65 years, and who has served for a total of 15 years, whether  
8 consecutive or not, on the Supreme Court, the Court of Appeals, or the superior court,  
9 or as Administrative Officer of the Courts, or in any combination of these offices, may  
10 retire from his present office and receive for life compensation equal to two thirds of the  
11 total annual compensation, ~~including longevity,~~ but excluding any payments in the  
12 nature of reimbursement for expenses, from time to time received by the occupant or  
13 occupants of the office from which he retired.

14 (b) Any justice of the Supreme Court or judge of the Court of Appeals who has  
15 attained the age of 65 years, and who has served as justice or judge, or both, in the  
16 Appellate Division for 12 consecutive years may retire and receive for life  
17 compensation equal to two thirds of the total annual compensation, ~~including longevity,~~  
18 but excluding any payments in the nature of reimbursement for expenses, from time to  
19 time received by the occupant or occupants of the office from which he retired.

20 (c) Any justice or judge of the Appellate Division, who has served for a total of  
21 24 years, whether continuously or not, as justice of the Supreme Court, judge of the  
22 Court of Appeals, judge of the superior court, or Administrative Officer of the Courts,  
23 or in any combination of these offices, may retire, regardless of age, and receive for life  
24 compensation equal to two thirds of the total annual compensation, ~~including longevity,~~  
25 but excluding any payments in the nature of reimbursement for expenses, from time to  
26 time received by the occupant or occupants of the office from which he retired. In  
27 determining eligibility for retirement under this subsection, time served as a district  
28 solicitor of the superior court prior to January 1, 1971, may be included, provided the  
29 person has served at least eight years as a justice, judge, or Administrative Officer of the  
30 Courts, or in any combination of these offices.

31 (d) For purposes of this section, the 'occupant or occupants of the office from  
32 which' the retired judge retired will be deemed to be a judge or justice of the Appellate  
33 Division holding the same office and with the same service as the retired judge had  
34 immediately prior to retirement."

35 (d) G.S. 7A-44(b) reads as rewritten:

36 "~~(b) In lieu of merit and other increment raises paid to regular State employees, a~~  
37 ~~judge of the superior court, regular or special, shall receive as longevity pay an annual~~  
38 ~~amount equal to four and eight tenths percent (4.8%) of the annual salary set forth in the~~  
39 ~~Current Operations Appropriations Act payable monthly after five years of service, nine~~  
40 ~~and six tenths percent (9.6%) after 10 years of service, fourteen and four tenths percent~~  
41 ~~(14.4%) after 15 years of service, and nineteen and two tenths percent (19.2%) after 20~~  
42 ~~years of service. 'Service' means service as a justice or judge of the General Court of~~  
43 ~~Justice or as a member of the Utilities Commission or as director or assistant director of~~  
44 ~~the Administrative Office of the Courts. Service shall also mean service as a district~~

1 ~~attorney or as a clerk of superior court. If the judge was receiving longevity pay on June~~  
2 ~~30, 1993, that officer shall continue receiving longevity pay during their continuance in~~  
3 ~~office at the rate applicable on June 30, 1993, as required by Article IV, Section 21 of~~  
4 ~~the Constitution. Longevity pay shall be considered part of total annual compensation~~  
5 ~~for the purpose of G.S. 7A-51."~~

6 (e) G.S. 7A-51 reads as rewritten:

7 **"§ 7A-51. Age and service requirements for retirement of judges of the superior**  
8 **court and of the Administrative Officer of the Courts.**

9 (a) Any judge of the superior court, or Administrative Officer of the Courts, who  
10 has attained the age of sixty-five years, and who has served for a total of fifteen years,  
11 whether consecutive or not, as a judge of the superior court, or as Administrative  
12 Officer of the Courts, or as judge of the superior court and as Administrative Officer of  
13 the Courts combined, may retire and receive for life compensation equal to two thirds of  
14 the total annual compensation, ~~including longevity~~ and additional payment for service  
15 as senior resident superior court judge, but excluding any payments in the nature of  
16 reimbursement for expenses or subsistence allowances, from time to time received by  
17 the occupant of the office from which he retired.

18 (b) Any judge of the superior court, or Administrative Officer of the Courts, who  
19 has served for twelve years, whether consecutive or not, as a judge of the superior court,  
20 or as Administrative Officer of the Courts, or as judge of the superior court and as  
21 Administrative Officer of the Courts combined may, at age sixty-eight, retire and  
22 receive for life compensation equal to two thirds of the total annual compensation,  
23 ~~including longevity~~ and additional payment for service as senior resident superior court  
24 judge, but excluding any payments in the nature of reimbursement for expenses or  
25 subsistence allowances, from time to time received by the occupant of the office from  
26 which he retired.

27 (c) Any person who has served for a total of twenty-four years, whether  
28 continuously or not, as a judge of the superior court, or as Administrative Officer of the  
29 Courts, or as judge of the superior court and as Administrative Officer of the Courts  
30 combined, may retire, regardless of age, and receive for life compensation equal to two  
31 thirds of the total annual compensation, ~~including longevity~~ and additional payment for  
32 service as senior resident superior court judge, but excluding any payments in the nature  
33 of reimbursement for expenses or subsistence allowances, from time to time received by  
34 the occupant of the office from which he retired. In determining whether a person  
35 meets the requirements of this subsection, time served as district attorney of the superior  
36 court prior to January 1, 1971, may be included, so long as the person has served at least  
37 eight years as a judge of the superior court, or as Administrative Officer of the Courts,  
38 or as judge of the superior court and Administrative Officer of the Courts combined.

39 (d) Repealed by Session Laws 1971, c. 508, s. 3.

40 (e) For purposes of this section, the 'occupant or occupants of the office from  
41 which' the retired judge retired will be deemed to be a superior court judge holding the  
42 same office and with the same service as the retired judge had immediately prior to  
43 retirement."

44 (f) G.S. 7A-65 reads as rewritten:

1 **"§ 7A-65. Compensation and allowances of district attorneys and assistant district**  
2 **attorneys.**

3 (a) The annual salary of district attorneys and full-time assistant district attorneys  
4 shall be as provided in the Current Operations Appropriations Act. When traveling on  
5 official business, each district attorney and assistant district attorney is entitled to  
6 reimbursement for his subsistence and travel expenses to the same extent as State  
7 employees generally.

8 (b) Repealed by Session Laws 1985, c. 689, s. 2, effective July 11, 1985.

9 ~~(c) In lieu of merit and other increment raises paid to regular State employees, a~~  
10 ~~district attorney shall receive as longevity pay an amount equal to four and eight-tenths~~  
11 ~~percent (4.8%) of the annual salary set forth in the Current Operations Appropriations~~  
12 ~~Act payable monthly after five years of service, and nine and six-tenths percent (9.6%)~~  
13 ~~after 10 years of service, fourteen and four-tenths percent (14.4%) after 15 years of~~  
14 ~~service, and nineteen and two-tenths percent (19.2%) after 20 years of service. Service~~  
15 ~~shall mean service in the elective position of a district attorney and shall not include~~  
16 ~~service as a deputy or acting district attorney. Service shall also mean service as a~~  
17 ~~justice or judge of the General Court of Justice, as a clerk of superior court, or as an~~  
18 ~~assistant district attorney.~~

19 ~~(d) In lieu of merit and other increment raises paid to regular State employees, an~~  
20 ~~assistant district attorney shall receive as longevity pay an amount equal to four and~~  
21 ~~eight-tenths percent (4.8%) of the annual salary set forth in the Current Operations~~  
22 ~~Appropriations Act payable monthly after five years of service, nine and six-tenths~~  
23 ~~percent (9.6%) after 10 years of service, and fourteen and four-tenths percent (14.4%)~~  
24 ~~after 15 years of service. 'Service' means service as an assistant district attorney."~~

25 (g) G.S. 7A-101(c) is repealed.

26 (h) G.S. 7A-144(b) reads as rewritten:

27 "(b) ~~Notwithstanding merit, longevity and other increment raises paid to regular~~  
28 ~~State employees, a judge of the district court shall receive as longevity pay an annual~~  
29 ~~amount equal to four and eight-tenths percent (4.8%) of the annual salary set forth in the~~  
30 ~~Current Operations Appropriations Act payable monthly after five years of service, nine~~  
31 ~~and six-tenths percent (9.6%) after 10 years of service, fourteen and four-tenths percent~~  
32 ~~(14.4%) after 15 years of service, and nineteen and two-tenths percent (19.2%) after 20~~  
33 ~~years of service. 'Service' means service as a justice or judge of the General Court of~~  
34 ~~Justice or as a member of the Utilities Commission or as director or assistant director of~~  
35 ~~the Administrative Office of the Courts. Service shall also mean service as a district~~  
36 ~~attorney or as a clerk of superior court. If the judge was receiving longevity pay on June~~  
37 ~~30, 1993, that officer shall continue receiving longevity pay during their continuance in~~  
38 ~~office at the rate applicable on June 30, 1993, as required by Article IV, Section 21 of~~  
39 ~~the Constitution."~~

40 (i) G.S. 7A-171.1(a)(5) is repealed.

41 (j) G.S. 7A-341 reads as rewritten:

42 **"§ 7A-341. Appointment and compensation of Director.**

43 The Director shall be appointed by the Chief Justice of the Supreme Court, to serve  
44 at his pleasure. He shall receive the annual salary provided in the Current Operations



1 Appropriations Act, payable monthly, and reimbursement for travel and subsistence  
2 expenses at the same rate as State employees generally ~~and longevity pay at the rates~~  
3 ~~and for the service designated in G.S. 7A-44(b) for a judge of the superior court.~~  
4 Service as Director shall be equivalent to service as a superior court judge for the  
5 purposes of entitlement to retirement pay or to retirement for disability."

6 (k) G.S. 7A-342 reads as rewritten:

7 "**§ 7A-342. Appointment and compensation of assistant director and other**  
8 **employees.**

9 The assistant director shall also be appointed by the Chief Justice, to serve at his  
10 pleasure. The assistant director shall receive the annual salary provided in the Current  
11 Operations Appropriations Act, payable monthly, and reimbursement for travel and  
12 subsistence expenses at the same rate as State employees generally ~~and longevity pay at~~  
13 ~~the rates and for the service designated in G.S. 7A-144(b) for a judge of the district~~  
14 ~~court.~~

15 The Director may appoint such other assistant and employees as are necessary to  
16 enable him to perform the duties of his office."

17 (l) G.S. 7A-465(b) reads as rewritten:

18 "(b) The public defender shall be an attorney licensed to practice law in North  
19 Carolina, and shall devote his full time to the duties of his office.

20 ~~In lieu of merit and other increment raises paid to regular State employees, a public~~  
21 ~~defender shall receive as longevity pay an amount equal to four and eight tenths percent~~  
22 ~~(4.8%) of the annual salary set forth in the Current Operations Appropriations Act~~  
23 ~~payable monthly after five years of service, nine and six tenths percent (9.6%) after 10~~  
24 ~~years of service, fourteen and four tenths percent (14.4%) after 15 years of service, and~~  
25 ~~nineteen and two tenths percent (19.2%) after 20 years of service. 'Service' means~~  
26 ~~service as a public defender."~~

27 (m) G.S. 7A-467(d) is repealed.

28 (n) G.S. 7A-751 reads as rewritten:

29 "**§ 7A-751. Agency head; powers and duties.**

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

34 ~~In lieu of merit and other increment raises, the Chief Administrative Law Judge shall~~  
35 ~~receive longevity pay on the same basis as is provided to employees of the State who~~  
36 ~~are subject to the State Personnel Act."~~

37 (o) G.S. 20-187.3(a) reads as rewritten:

38 "(a) The Secretary of Crime Control and Public Safety shall not make or permit to  
39 be made any order, rule, or regulation requiring the issuance of any minimum number of  
40 traffic citations, or ticket quotas, by any member or members of the State Highway  
41 Patrol. Pay and promotions of members of the Highway Patrol shall be based on their  
42 overall job performance and not on the basis of the volume of citations issued or arrests  
43 made. The provisions of G.S. 126-7 shall not apply to members of the State Highway  
44 Patrol. Members of the Highway Patrol shall, however, be subject to salary classes;

1 ~~ranges and longevity pay and ranges~~ for service as are applicable to other State  
2 employees generally. Beginning July 1, 1985, and annually thereafter, each member of  
3 the Highway Patrol shall be granted a salary increase in an amount corresponding to the  
4 increments between steps within the salary range established for the class to which the  
5 member's position is assigned by the State Personnel Commission, not to exceed the  
6 maximum of each applicable salary range."

7 (p) G.S. 58-2-10 reads as rewritten:

8 **"§ 58-2-10. Salary of Commissioner.**

9 The salary of the Commissioner shall be set by the General Assembly in the Current  
10 Operations Appropriations Act. ~~In addition to the salary set by the General Assembly in~~  
11 ~~the Current Operations Appropriations Act, longevity pay shall be paid on the same~~  
12 ~~basis as is provided to employees of the State who are subject to the State Personnel~~  
13 ~~Act. If the Commissioner was receiving longevity pay on June 30, 1993, that officer~~  
14 shall continue receiving longevity pay until December 31, 1996, during continuance in  
15 office at the rate applicable on June 30, 1993, as required by Article III, Section 9 of the  
16 Constitution."

17 (q) G.S. 62-10(h) reads as rewritten:

18 "(h) The salary of each commissioner shall be the same as that fixed from time to  
19 time for judges of the superior court except that the commissioner designated as  
20 chairman shall receive one thousand dollars (\$1,000) additional per annum. ~~In lieu of~~  
21 ~~merit and other increment raises paid to regular State employees, each commissioner,~~  
22 ~~including the commissioner designated as chairman, shall receive as longevity pay an~~  
23 ~~amount equal to four and eight tenths percent (4.8%) of the annual salary set forth in the~~  
24 ~~Current Operations Appropriations Act payable monthly after five years of service, and~~  
25 ~~nine and six tenths percent (9.6%) after 10 years of service. 'Service' means service as a~~  
26 ~~member of the Utilities Commission."~~

27 (r) G.S. 95-2 reads as rewritten:

28 **"§ 95-2. Election of Commissioner; term; salary; vacancy.**

29 The Commissioner of Labor shall be elected by the people in the same manner as is  
30 provided for the election of the Secretary of State. The term of office of the  
31 Commissioner of Labor shall be four years, and the salary of the Commissioner of  
32 Labor shall be set by the General Assembly in the Current Operations Appropriations  
33 Act. Any vacancy in the office shall be filled by the Governor, until the next general  
34 election. The office of the Department of Labor shall be kept in the City of Raleigh and  
35 shall be provided for as are other public offices of the State. ~~In addition to the salary set~~  
36 ~~by the General Assembly in the Current Operations Appropriations Act, longevity pay~~  
37 ~~shall be paid on the same basis as is provided to employees of the State who are subject~~  
38 ~~to the State Personnel Act. If the Commissioner was receiving longevity pay on June 30,~~  
39 1993, that officer shall continue receiving longevity pay until December 31, 1996,  
40 during continuance in office at the rate applicable on June 30, 1993, as required by  
41 Article III, Section 9 of the Constitution."

42 (s) G.S. 106-11 reads as rewritten:

43 **"§ 106-11. Salary of Commissioner of Agriculture.**

1 The salary of the Commissioner of Agriculture shall be set by the General Assembly  
2 in the Current Operations Appropriations Act. ~~In addition to the salary set by the~~  
3 ~~General Assembly in the Current Operations Appropriations Act, longevity pay shall be~~  
4 ~~paid on the same basis as is provided to employees of the State who are subject to the~~  
5 ~~State Personnel Act.~~ If the Commissioner was receiving longevity pay on June 30,  
6 1993, that officer shall continue receiving longevity pay until December 31, 1996,  
7 during continuance in office at the rate applicable on June 30, 1993, as required by  
8 Article III, Section 9 of the Constitution."

9 (t) G.S. 114-7 reads as rewritten:

10 **"§ 114-7. Salary of the Attorney General.**

11 The salary of the Attorney General shall be set by the General Assembly in the  
12 Current Operations Appropriations Act. ~~In addition to the salary set by the General~~  
13 ~~Assembly in the Current Operations Appropriations Act, longevity pay shall be paid on~~  
14 ~~the same basis as is provided to employees of the State who are subject to the State~~  
15 ~~Personnel Act.~~ If the Attorney General was receiving longevity pay on June 30, 1993,  
16 that officer shall continue receiving longevity pay until December 31, 1996, during  
17 continuance in office at the rate applicable on June 30, 1993, as required by Article III,  
18 Section 9 of the Constitution."

19 (u) G.S. 115C-20 reads as rewritten:

20 **"§ 115C-20. Office and salary.**

21 The Superintendent of Public Instruction shall keep his office in the Education  
22 Building in Raleigh, and his salary shall be set by the General Assembly in the Current  
23 Operations Appropriations Act. ~~In addition to the salary set by the General Assembly in~~  
24 ~~the Current Operations Appropriations Act, longevity pay shall be paid on the same~~  
25 ~~basis as is provided to employees of the State who are subject to the State Personnel~~  
26 ~~Act.~~ If the Superintendent was receiving longevity pay on June 30, 1993, that officer  
27 shall continue receiving longevity pay until December 31, 1996, during continuance in  
28 office at the rate applicable on June 30, 1993, as required by Article III, Section 9 of the  
29 Constitution."

30 (v) G.S. 138-4 reads as rewritten:

31 **"§ 138-4. Governor to set salaries of administrative officers; exceptions; longevity**  
32 **pay.**

33 The salaries of all State administrative officers not subject to the State Personnel Act  
34 shall be set by the Governor, unless a law provides otherwise.

35 Whenever by law it is provided that a salary shall be fixed or set by the General  
36 Assembly in the Current Operations Appropriations Act, and that office or position is  
37 filled by appointment of the Governor, or the appointment is subject to the approval of  
38 the Governor, or is made by a commission a majority of whose members are appointed  
39 by the Governor, then the Governor may, increase or decrease the salary of a new  
40 appointee by a maximum of ten percent (10%) over or under the salary of that position  
41 as provided in the Current Operations Appropriations Act, such increased or decreased  
42 salary to remain in effect until changed by the General Assembly or until the end of the  
43 fiscal year, whichever occurs first. The Governor under this paragraph may not increase  
44 the salary of any nonelected official above the level set in the Current Operations

1 Appropriations Act for any member of the Council of State. This section does not apply  
2 to any office filled by election by the people, and does not apply to any office in the  
3 legislative or judicial branches.

4 Prior to taking any action under this section, the Governor may consult with the  
5 Advisory Budget Commission.

6 ~~Officials whose salaries are covered by the provisions of this section shall be eligible  
7 for longevity pay on the same basis as is provided to employees of the State who are  
8 subject to the State Personnel Act."~~

9 (w) G.S. 143-23(a1) reads as rewritten:

10 "(a1) No transfers may be made between objects or line items in the budget of any  
11 department, institution, or other spending agency; however, with the approval of the  
12 Director of the Budget, a department, institution, or other spending agency may spend  
13 more than was appropriated for an object or line item if the overexpenditure is:

- 14 (1) In a purpose or program for which funds were appropriated for that  
15 fiscal period and the total amount spent for the purpose or program is  
16 no more than was appropriated for the purpose or program for the  
17 fiscal period;
- 18 (2) Required to continue a purpose or program because of unforeseen  
19 events, so long as the scope of the purpose or program is not increased;
- 20 (3) Required by a court, Industrial Commission, or administrative hearing  
21 officer's order or award or to match unanticipated federal funds;
- 22 (4) Required to respond to an unanticipated disaster such as a fire,  
23 hurricane, or tornado; or
- 24 (5) Required to call out the National Guard.

25 The Director of the Budget shall report on a quarterly basis to the Joint Legislative  
26 Commission on Governmental Operations and to the Fiscal Research Division of the  
27 Legislative Services Office the reason if the amount expended for a purpose or program  
28 is more than the amount appropriated for it from all sources. If the overexpenditure was  
29 authorized under subdivision (2) of this subsection, the Director of the Budget shall  
30 identify in the report the unforeseen event that required the overexpenditure.

31 Funds appropriated for salaries and wages are also subject to the limitation that they  
32 may only be used for (i) salaries and wages or for premium pay, overtime pay,  
33 longevity to the extent authorized by law for certain persons holding office or  
34 employment on June 30, 1993, unemployment compensation, workers' compensation,  
35 temporary wages, contracted personal services, moving expenses, payment of  
36 accumulated annual leave, certain awards to employees, tort claims, and employer's  
37 social security, retirement, and hospitalization payments; or (ii) uses for which over  
38 expenditures are permitted by subdivisions (3), (4), and (5) of this subsection but the  
39 Director of the Budget shall include such use and the reason for it in his quarterly report  
40 to the Joint Legislative Commission on Governmental Operations and to the Fiscal  
41 Research Division of the Legislative Services Office.

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

1 The requirements in this section that the Director of the Budget report to the Joint  
2 Legislative Commission on Governmental Operations shall not apply to expenditures of  
3 receipts by entities that are wholly receipt supported, except for entities supported by  
4 the Wildlife Resources Fund."

5 (x) G.S. 143-34.1(b) reads as rewritten:

6 "(b) Required employer salary-related contributions for retirement benefits, death  
7 benefits, disability salary continuation and Social Security for employees whose salaries  
8 are paid from general fund or highway fund revenues, or from department, office,  
9 institutional or agency receipts, or from nonstate funds, shall be paid from the same  
10 source as the source of the employees' salaries. In those instances in which an  
11 employee's salary is paid in part from the general fund, or the highway fund, and in part  
12 from the department, office, institutional or agency receipts, or from nonstate funds, the  
13 required salary-related contributions shall be paid from the general fund, or the highway  
14 fund, only to the extent of the proportionate part paid from the general fund, or highway  
15 fund, in support of the salary of such employee, and the remainder of the employer's  
16 contribution requirements shall be paid from the same source which supplies the  
17 remainder of such employee's salary. The requirements of this section as to the source  
18 of payment are also applicable to payments on behalf of the employee for hospital-  
19 medical insurance, longevity payments to the extent authorized by law for certain  
20 persons holding office or employment on June 30, 1993, salary increments, and  
21 legislative salary increases. The State Controller shall approve the method of payment  
22 by State departments, offices, institutions and agencies for employer salary-related  
23 requirements of this section, and determine the applicability of the section to an  
24 employer's salary-related contribution or payment in behalf of an employee."

25 (y) G.S. 147-35 reads as rewritten:

26 **"§ 147-35. Salary of Secretary of State.**

27 The salary of the Secretary of State shall be set by the General Assembly in the  
28 Current Operations Appropriations Act. ~~In addition to the salary set by the General~~  
29 ~~Assembly in the Current Operations Appropriations Act, longevity pay shall be paid on~~  
30 ~~the same basis as is provided to employees of the State who are subject to the State~~  
31 ~~Personnel Act. If the Secretary of State was receiving longevity pay on June 30, 1993,~~  
32 ~~that officer shall continue receiving longevity pay until December 31, 1996, during~~  
33 ~~continuance in office at the rate applicable on June 30, 1993, as required by Article III,~~  
34 ~~Section 9 of the Constitution.~~"

35 (z) G.S. 147-64.1(b) reads as rewritten:

36 ~~"(b) In addition to the salary set by the General Assembly in the Current~~  
37 ~~Operations Appropriations Act, longevity pay shall be paid on the same basis as is~~  
38 ~~provided to employees of the State who are subject to the State Personnel Act. If the~~  
39 ~~State Auditor was receiving longevity pay on June 30, 1993, that officer shall continue~~  
40 ~~receiving longevity pay until December 31, 1996, during continuance in office at the~~  
41 ~~rate applicable on June 30, 1993, as required by Article III, Section 9 of the~~  
42 ~~Constitution.~~"

43 (aa) G.S. 147-65 reads as rewritten:

44 **"§ 147-65. Salary of State Treasurer.**

1 The salary of the State Treasurer shall be as established in the Current Operations  
2 Appropriations Act. ~~In addition to the salary set by the General Assembly in the Current~~  
3 ~~Operations Appropriations Act, longevity pay shall be paid on the same basis as is~~  
4 ~~provided to employees of the State who are subject to the State Personnel Act. If the~~  
5 ~~State Treasurer was receiving longevity pay on June 30, 1993, that officer shall continue~~  
6 ~~receiving longevity pay until December 31, 1996, during continuance in office at the~~  
7 ~~rate applicable on June 30, 1993, as required by Article III, Section 9 of the~~  
8 ~~Constitution."~~

9 (bb) Section 72(a) of Chapter 900 of the 1991 Session Laws reads as  
10 rewritten:

11 "(a) The Director of the Budget may transfer from the Reserve for Salary  
12 Increases for the 1992-93 fiscal year funds necessary to implement the teacher salary  
13 schedule set out in subsection (b) of this section, including funds for the employer's  
14 retirement and social security contributions ~~and funds for annual longevity payments at~~  
15 ~~one percent (1%) of base salary for 10 to 14 years of State service, one and one half~~  
16 ~~percent (1.5%) of base salary for 15 to 19 years of State service, two percent (2%) of~~  
17 ~~base salary for 20 to 24 years of State service, and two and one half percent (2.5%) of~~  
18 ~~base salary for 25 years of State service, commencing July 1, 1992, for all teachers~~  
19 ~~whose salaries are supported from the State's General Fund. These funds shall be~~  
20 ~~allocated to individuals according to rules adopted by the State Board of Education and~~  
21 ~~the Superintendent of Public Instruction. The longevity payment shall be paid in a lump~~  
22 ~~sum once a year."~~

23 (cc) Chapter 126 of the General Statutes is amended by adding a new section  
24 to read:

25 **"§ 126-4.1. No longevity pay, freeze on existing schedules.**

26 (a) Except as otherwise provided by this section, no longevity pay system may  
27 apply to any State employee or State-paid teacher after June 30, 1993, notwithstanding  
28 whether such employee is otherwise subject to the provisions of this Chapter.

29 (b) Any person who, on June 29, 1993, was entitled to longevity pay under:

30 (1) G.S. 7A-65, 7A-101(c), 7A-171.1(a)(5), 7A-341, 7A-342, 7A-465(b),  
31 7A-467(d), 7A-751, 20-187.3(a), 62-10(h), G.S. 138-4;

32 (2) Section 72(a) of Chapter 900 of the 1991 Session Laws; or

33 (3) Any policy, which was in effect on November 1, 1992, of the State  
34 Personnel Commission or any other State agency,

35 shall continue receiving longevity pay at the rate in effect for that person on June 29,  
36 1993, as long as that person continues employment with the same branch of  
37 government. For the purpose of this subsection, the branches of government are  
38 legislative, executive, judicial, public schools, The University of North Carolina, and  
39 the community college system. No person shall receive any increase in longevity rate  
40 after June 29, 1993."

41 (dd) This section becomes effective June 30, 1993.

42 —COMPENSATION AND BENEFITS EVALUATIONS

43 Sec. 53. (a) Article 1 of Chapter 143 of the General Statutes is amended by  
44 adding a new section to read:

1 **§ 143-11.1. Comprehensive compensation and benefit program evaluation.**

2 (a) On or before the fifteenth day of December of each year, the Director shall  
3 have conducted a comprehensive compensation and benefit program evaluation for all  
4 full-time, part-time, and temporary employees supported by funds appropriated by the  
5 State, either through direct appropriations to State departments, agencies, boards, and  
6 commissions for salary and benefit purposes, or through appropriations to State  
7 departments, agencies, boards, and commissions for State aid to political subdivisions of  
8 the State. This comprehensive evaluation shall include, but not be limited to, a review  
9 of:

- 10 (1) Benefit programs offered by other states and employers within the  
11 Southeast region;  
12 (2) Employer costs associated with benefit programs provided;  
13 (3) Benefit levels provided by the programs (i.e. life insurance equal to  
14 two times annual compensation); and  
15 (4) Compensation program and respective salary levels.

16 (b) This evaluation should include health, retirement, payment for time not  
17 worked (i.e. vacations, holidays, sick leave, etc.), and salary levels. This evaluation  
18 should provide the information needed for the State to determine whether its total  
19 benefit package is competitive in relation to programs offered, benefit levels provided,  
20 and costs associated with providing employee benefits.

21 (c) The annual evaluation provides the necessary information to determine a  
22 Total Benefits Index. This index will enable the State to review its total compensation  
23 and benefit package in relation to compensation and benefit programs offered,  
24 compensation and benefit levels provided, and costs associated with providing  
25 employee pay and benefits by employers of similar scope and size as the State.

26 (d) The indexing assigns a numeric value to the standardized middle of the  
27 market values for competitive compensation and benefit programs. The State can then  
28 review its own total compensation and benefit program and determine its similar  
29 standardized value. In this way, the State can measure incremental differences on a  
30 quantifiable basis between its own and the market's programs."

31 (b) The Director of the Budget shall retain a consultant to conduct a study of the  
32 administration of the flexible compensation programs available to eligible officers and  
33 employees of State departments, agencies, and institutions, local school administrative  
34 units, the constituent institutions of the North Carolina Community College System, and  
35 The University of North Carolina under sections 125, 129, and related sections of the  
36 Internal Revenue Code of 1986, as amended. The study shall determine the most cost-  
37 effective manner of administering the programs and the most cost-effective method of  
38 maximizing savings to the State and its officers and employees. The consultant shall be  
39 selected through a competitive procurement process.

40 (c) The Director of the Budget shall report the results of the flexible  
41 compensation program study to the General Assembly on or before May 1, 1993.  
42 Copies of the report shall be transmitted to the Speaker of the House of Representatives,  
43 to the President Pro Tempore of the Senate, and to the Fiscal Research Division.

44 (d) This section is effective upon ratification.

1 —ELIMINATE DOT POSITIONS.

2 Sec. 54. (a) The General Assembly finds that the Department of Transportation  
3 has 85 positions involving excess layers of management, excessively narrow spans of  
4 control, overlapping functions, and unnecessary positions. There are 51 positions in the  
5 Department of Transportation that involve one-to-one reporting relationships, nearly  
6 half of which are in the Division of Motor Vehicles. Specifically, Department of  
7 Transportation sections with one-to-one reporting relationships include:

- 8 (1) General Services;
- 9 (2) Internal Audit;
- 10 (3) Governor's Highway Safety Program;
- 11 (4) Hydraulics;
- 12 (5) Right-of-Way;
- 13 (6) Occupational Safety and Emergency Planning;
- 14 (7) Roadside Environmental;
- 15 (8) Bridge Maintenance;
- 16 (9) Roadway Maintenance;
- 17 (10) Equipment; and
- 18 (11) Materials and Tests.

19 Most of the one-to-one relationships in the Division of Motor Vehicles are in  
20 the 10 district Drivers License offices that have a supervisor and an assistant supervisor,  
21 which is considered excessive. Other sections in the Division of Motor Vehicles with  
22 one-to-one relationships are:

- 23 (1) International Registration Plan;
- 24 (2) School Bus & Traffic Safety; and
- 25 (3) Vehicle Registration.

26 (b) An additional 31 positions are considered excessive because of narrow  
27 spans of control. These are management and supervisory positions where the span of  
28 control is frequently two or three, which is very narrow given the duties performed. In  
29 many cases, the affected units have small numbers of staff which represent further  
30 opportunity to consolidate staff to achieve broader spans of control.

31 Department of Transportation sections with narrow spans of control include:

- 32 (1) General Services;
- 33 (2) Fiscal;
- 34 (3) Photogrammetry;
- 35 (4) Design Services;
- 36 (5) Location and Surveys;
- 37 (6) Structure Design;
- 38 (7) Pavement Management;
- 39 (8) Traffic Engineering;
- 40 (9) Equipment Inventory Control; and
- 41 (10) Program, Policy and Budget.

42 (c) There are 11 positions that have overlapping or similar functions, some of  
43 which are in the External Audit Branch and the Internal Audit Section. If they were  
44 combined, certain supervisory and secretarial support positions could be eliminated.



1 The Civil Rights Office monitors the Disadvantaged Business Enterprise  
2 Program. Certain positions in other units also monitor similar activities; these units  
3 include Management Assessment and Compliance, the Construction Branch, and Right-  
4 of-Way Branch. The monitoring of civil rights-related matters in the Department of  
5 Transportation should be centralized in the Civil Rights Office, and the overlap of these  
6 functions in other offices should be eliminated.

7 (d) Seven positions in the Secretary's Office and the Fiscal Section, including  
8 the Special Assistants for Regional Affairs, are unnecessary and should be eliminated.

9 (e) The Secretary of Transportation shall report to the General Assembly, by  
10 August 1, 1993, with a plan identifying the 85 positions to be eliminated pursuant to  
11 Section 1 of this act and providing that all identified positions that can be eliminated  
12 during the 1993-94 fiscal year shall be eliminated by July 1, 1994.

13 (f) The base budget of the Department of Transportation is reduced by two  
14 million nine hundred thousand dollars (\$2,900,000) for the 1993-94 fiscal year and by  
15 two million nine hundred thousand dollars (\$2,900,000) for the 1994-95 fiscal year due  
16 to the decrease in personnel positions mandated by subsection (b) of this section.

17 (g) This section is effective upon ratification.

18 ---REORGANIZE DOT.

19 Sec. 55. (a) The General Assembly finds that certain organizational units  
20 within the Department of Transportation are organizationally misplaced:

21 (1) Internal Audit Section. – The mission of the Internal Audit Section is  
22 to promote and ensure that proper operational procedures are fair,  
23 accurate financial operations within the Department of Transportation,  
24 by conducting internal compliance, fiscal, and operational audits, and  
25 by monitoring fiscal records and operational procedures. This Section  
26 reports to the Assistant Secretary of Administration which weakens the  
27 independence of the function. Ordinarily, an internal audit function  
28 should report to the chief executive officer, audit committee, or the  
29 equivalent. The placement of this Section is not effective.

30 (2) Beautification Program. – The purpose of the Beautification Program  
31 is to serve the citizens by improving the appearance of North Carolina  
32 highways. Its goals are to establish and maintain effective litter  
33 cleanup and litter prevention programs, and to increase public support  
34 for the Wildflower Program. This unit reports to both the Deputy  
35 Secretary of Operations and the Deputy Secretary of Programs. The  
36 dual reporting responsibility and placement of the Beautification  
37 Program is not effective.

38 (3) Charlotte International Registration Plan (IRP) Office. – The  
39 International Registration Plan Section administers a registration  
40 reciprocity compact covering member states and one Canadian  
41 province. All IRP activities, except the Charlotte IRP Office, are  
42 included in the IRP Section. The Charlotte Office is under the Vehicle  
43 Registration Section. The placement of the Office is not effective.

1 (b) The Internal and External Audit units are to be consolidated into one Audit  
2 Section and that Section is transferred to the Office of the Secretary of Transportation.

3 (c) The Beautification Program is transferred to the Division of Highways,  
4 Maintenance Branch.

5 (d) The Charlotte International Registration Plan Office is transferred to the  
6 International Registration Plan Section.

7 (e) This section becomes effective July 1, 1993.

8 —PRECONSTRUCTION PERSONNEL LIMIT.

9 Sec. 56. (a) The General Assembly finds that the Department of  
10 Transportation is currently seeking funding for 298 more staff positions in its  
11 preconstruction units during the next 15 years to handle the work load from the  
12 Highway Trust Fund. The majority of these positions are to be filled during the next  
13 four years in the Highway Design and Planning Branch and the Environmental  
14 Branches.

15 The use of private engineering firms to handle peak work load requirements  
16 is a well-founded strategy for avoiding the public-sector problems of staffing up and  
17 down for varying work loads.

18 The Department of Transportation is currently contracting out twenty percent  
19 (20%) to twenty-five percent (25%) of preconstruction work to private engineering  
20 firms. If outside contract forces were used to address the preconstruction work load  
21 associated with the additional 298 positions, then the level of preconstruction work  
22 contracted out would rise to about thirty-two percent (32%) to thirty-six percent (36%).

23 This increase in contracting out work load, from twenty percent (20%) to  
24 twenty-five percent (25%), to thirty-two percent (32%) to thirty-six percent (36%)  
25 would be a reasonable level of increase because the Highway Trust Fund represents a 78  
26 percent increase in the pre-1989 preconstruction work load of the Department.

27 (b) The Secretary of Transportation shall submit a plan to the General Assembly,  
28 by September 1, 1993, to implement the recommendation in subsection (a) of this  
29 section to freeze preconstruction positions and contract out the balance of its  
30 preconstruction work to private engineering firms.

31 (c) This section is effective upon ratification.

32 —CONSTRUCTION PERSONNEL LIMIT.

33 Sec. 57. (a) The General Assembly finds that the Department of  
34 Transportation's ongoing strategy to increasingly rely on the use of private engineering  
35 firms to perform surveys, process control, and construction engineering and inspection  
36 functions should be continued.

37 With the Highway Trust Fund program entering a phase of expanded  
38 construction activity, having completed a number of project plans, the Department will  
39 need to further leverage its in-house construction staff to meet the requirements of the  
40 program.

41 (b) The increased use of outside contract forces to perform quality control and  
42 quality assurance functions will require continued Department of Transportation  
43 construction staff involvement in project oversight and verification, careful selection of

1 vendors, and rigorous contract administration of these projects. The level of this outside  
2 contracting should be based on the following considerations:

- 3 (1) Focus outside contract activity on the peak load requirements of the  
4 Highway Trust Fund construction program;
- 5 (2) Retain sufficient in-house capability to address the base load  
6 requirements of the Highway Trust Fund construction program and  
7 properly administer the outside construction engineering and  
8 inspection-related contracts; and
- 9 (3) Select contractors with significant experience in performing  
10 construction engineering and inspection for major road and bridge  
11 projects and familiarity with Department of Transportation engineering  
12 standards and construction specifications.

13 (c) By using private engineering firms to handle more of the Highway Trust  
14 Fund program construction work load, the Department of Transportation can reduce the  
15 number of new in-house staff required to support the construction portion of the  
16 program.

17 (d) The Secretary of Transportation shall report to the General Assembly, no later  
18 than September 1, 1993, a plan meeting the construction needs of the Highway Trust  
19 Fund program with a minimum of new construction staff in the Department of  
20 Transportation and increasing the use of outside contract forces while meeting the  
21 criteria in subsections (a) through (c) of this section.

22 (e) This section is effective upon ratification.

23 ---DIST. EQPT. SUPS. ELIMINATED.

24 Sec. 58. (a) The General Assembly finds that the Division Equipment  
25 Operations Supervisors positions represent a redundant layer of management. Each of  
26 the 14 Highway Divisions has a Division Equipment Operations Supervisor who has a  
27 one-to-one reporting relationship to the Division Equipment Superintendent and  
28 manages the Auto Parts Supervisor and Mechanic Supervisors. This one-to-one  
29 reporting relationship creates uncertainty regarding the management responsibilities of  
30 the Division Equipment Superintendent, inhibits the efficient delegation of  
31 responsibilities within the Division Equipment units, and complicates management  
32 reporting within the unit.

33 (b) The Division Equipment Operations Supervisor positions in the Department  
34 of Transportation are eliminated.

35 (c) The base budget of the Department of Transportation is reduced by four  
36 hundred thirty-four thousand dollars (\$434,000) for the 1993-94 fiscal year and by four  
37 hundred thirty-four thousand dollars (\$434,000) for the 1994-95 fiscal year due to the  
38 decrease in personnel positions mandated by subsection (b) of this section.

39 (d) This section becomes effective July 1, 1993.

40 ---CONSOL. EQUIPMENT SECTIONS.

41 Sec. 59. (a) The General Assembly finds that the Equipment Sections of the 14  
42 highway divisions perform maintenance and repair functions for all Department of  
43 Transportation equipment, except for sedans which are maintained through the  
44 Department of Administration. Each division has between five and 10 garages,

1 including one major division garage. In some cases, two-person garages continue to  
2 operate in certain rural areas of the State, where the distance between garages is fairly  
3 large (40 to 50 miles). In addition, there are local county garages colocated near the  
4 division garages. These latter garages represent a potential opportunity for  
5 consolidation, to reduce the overall number of garage facilities maintained by the  
6 Department of Transportation.

7 (b) The Department of Transportation shall develop a plan to consolidate the  
8 equipment section resources associated with the 14 division garages and those 14  
9 Department county garages located nearby for submission to the General Assembly by  
10 July 1, 1993. This plan shall provide for the completion of the consolidation on or  
11 before January 1, 1994.

12 (c) This section is effective upon ratification.

13 ---DIVISION-BASED STAFF REDUCED.

14 Sec. 60. (a) The General Assembly finds that eliminating the district layer of  
15 management will increase the span of control of the Division Maintenance Engineer in  
16 each Division. Each Division should have a Division Operations Engineer, with the  
17 Traffic Services unit, the Roadside Environment unit, the Equipment unit, and the  
18 Bituminous Operations unit reporting to that Division Operations Engineer.

19 (b) The Secretary of Transportation shall report to the General Assembly, no later  
20 than September 1, 1993, on the elimination of all positions within the "district" layer of  
21 management.

22 (c) The Secretary of Transportation shall report to the General Assembly, no later  
23 than September 1, 1993, on the creation of the position of "Division Operations  
24 Engineer" in Divisions 1 and 12 and the realignment of responsibilities so that the  
25 Traffic Services unit, the Roadside Environment unit, the Equipment unit, and the  
26 Bituminous Operations unit shall report to the Division Operations Engineer in each  
27 Division.

28 (d) The base budget of the Department of Transportation is reduced by three  
29 million four hundred thousand dollars (\$3,400,000) for the 1993-94 fiscal year and by  
30 four million five hundred seventy-five thousand dollars (\$4,575,000) for the 1994-95  
31 fiscal year due to the decrease in personnel positions mandated by subsection (b) of this  
32 section.

33 (e) This section is effective upon ratification.

34 ---DIVISION TRAFFIC SERVICES.

35 Sec. 61. (a) The General Assembly finds that Division Traffic Services units  
36 are variously organized, with some units having all field forces reporting to the Division  
37 Traffic Services Supervisor and others having signal-related forces assigned to the  
38 Assistant Division Traffic Engineer in a Traffic Control Technical Services unit. The  
39 latter arrangement provides a better balance of technical and nontechnical traffic  
40 services personnel among the middle management positions within this unit, resulting in  
41 a more equitable span of control among these supervisory personnel. This alignment  
42 recognizes the increasingly technical aspects of traffic signal planning and  
43 implementation, while also providing for a more balanced distribution of Traffic  
44 Services staff among the Traffic Services supervisors.

1 (b) The Secretary of Transportation shall realign the Traffic Services sections of  
2 the 14 Traffic Divisions so that the signal/traffic control personnel report to the  
3 Assistant Traffic Engineer and pavement markings/signs personnel report to the Traffic  
4 Services Supervisor.

5 (c) This section becomes effective July 1, 1993.

6 —CONTRACTED ROAD MAINTENANCE.

7 Sec. 62. (a) The General Assembly finds that the overall level of staffing for  
8 the Department of Transportation should be based on:

- 9 (1) The determination of resources needed to provide an acceptable level  
10 of service, accomplish the annual maintenance program efficiently,  
11 and erase the existing maintenance backlog; and
- 12 (2) The determination of the most appropriate mix of contract and in-  
13 house resources.

14 As the maintenance has increased, the Department of Transportation has been  
15 able to handle a portion of the increased work through contracting. The Department of  
16 Transportation can make additional use of private contractors.

17 (b) The Department of Transportation shall report to the General Assembly, on or  
18 before November 1, 1993, a plan to maintain its current maintenance staffing and  
19 accomplish the increased maintenance program work load through expanded use of  
20 outside contract forces. The plan may include:

- 21 (1) The continued contracting out of construction activities, as well as  
22 those maintenance functions, such as mowing, roadside rest area  
23 maintenance, building maintenance, signal installation, and signal  
24 maintenance, that it currently contracts;
- 25 (2) The contracting out of all of the Secondary Road Construction  
26 program and free up the in-house maintenance staff now performing  
27 this function to concentrate on backlogged and expanding maintenance  
28 needs; and
- 29 (3) Expanding the Department's efforts to contract out maintenance  
30 functions, by increasing the proportion of contracted work in such  
31 areas as: ditch cleaning, landscaping, and bituminous surface treatment  
32 resurfacing.

33 (c) This section is effective upon ratification.

34 —CLOSE SOME DMV OFFICES.

35 Sec. 63. (a) The General Assembly finds that the actual work load performed  
36 by the Division of Motor Vehicles field offices varies substantially from location to  
37 location. An analysis of Division of Motor Vehicles activity reports indicates that the  
38 average number of drivers license applications processed per person per day is 24, but  
39 that forty-six percent (46%) of the offices process significantly fewer applications than  
40 the average, and many of the field offices are located within close proximity of each  
41 other and serve common communities. These closures would result in a Division of  
42 Motor Vehicles field office being within 15 miles of every driver, except those who  
43 now drive longer distances to reach a field office.

1 (b) The Commissioner of Motor Vehicles shall submit to the General Assembly,  
2 on or before September 1, 1993, a plan to close the Division of Motor Vehicles field  
3 offices that process fewer than the State average of drivers licenses per day, on or before  
4 June 30, 1995, and to increase the overall productivity of the remaining field offices by  
5 ten percent (10%).

6 (c) The base budget of the Division of Motor Vehicles, Department of  
7 Transportation, is reduced by one million three hundred ninety-eight thousand eight  
8 hundred sixty dollars (\$1,398,860) for the 1993-94 fiscal year and by one million eight  
9 hundred fifty-five thousand ten dollars (\$1,855,010) for the 1994-95 fiscal year due to  
10 the closing of the Division of Motor Vehicles field offices and attendant reduction in  
11 personnel positions mandated by subsection (b) of this section.

12 (d) This section is effective upon ratification.

13 —PRIVATIZE REGISTRATION OFFICES.

14 Sec. 64. (a) The General Assembly finds that it costs approximately two dollars  
15 and twenty-six cents (\$2.26) more to process a transaction in a State-run motor vehicle  
16 registration office than in a contract office. When the "variable costs" of the operations,  
17 including salaries, benefits, rent, and utilities for State-operated offices and branch  
18 agency fees, field supervisors' salaries, and travel for contract offices, were compared,  
19 the two dollars and twenty-six cents (\$2.26) difference was determined.

20 (b) The Commissioner of Motor Vehicles shall submit a plan to the General  
21 Assembly, on or before August 1, 1993, for the privatization of the State-operated  
22 vehicle registration offices in Raleigh and Charlotte to reduce costs and improve  
23 productivity.

24 (c) The base budget of the Division of Motor Vehicles, Department of  
25 Transportation is reduced by six hundred thousand dollars (\$600,000) for the 1993-94  
26 fiscal year and by one million two hundred thousand dollars (\$1,200,000) for the 1994-  
27 95 fiscal year due to the decrease in personnel and costs attributable to the privatization  
28 of the State-operated vehicle registration offices in Raleigh and Charlotte mandated by  
29 subsection (b) of this section.

30 (d) This section is effective upon ratification.

31 —DMV PRODUCTIVITY ENHANCEMENT.

32 Sec. 65. (a) The Commissioner of Motor Vehicles shall submit a report to the  
33 General Assembly, not later than November 1, 1993, containing proposals for  
34 enhancing the efficiency of the motor vehicle registration process. The report shall  
35 contain consideration of:

36 (1) Encouraging vehicle owners to mail in their vehicle registration  
37 materials, thereby reducing the need for 126 registration offices.

38 (2) Purchasing a computer system that will accommodate direct  
39 transmission of registration information by contractors and branch  
40 offices to a central system at least on a daily basis.

41 (3) Accommodating possible future applications such as direct customer  
42 telephone input through automated teller machines and using credit  
43 cards.

44 (b) This section is effective upon ratification.

1 —REASSESS HIGHWAY TRUST FUND PROGRAM.

2 Sec. 66. (a) The General Assembly finds that financial conditions and highway  
3 program priorities are constantly changing and there should be a mechanism for the  
4 periodic reassessment for the financial feasibility of the Highway Trust Fund.

5 (b) G.S. 120-70.51(a) reads as rewritten:

6 "(a) The Joint Legislative Highway Oversight Committee shall:

7 (1) Review reports prepared by the Department of Transportation under  
8 G.S. 136-184.

9 (2) Monitor the funds deposited in and expenditures from the North  
10 Carolina Highway Trust Fund and the Highway Fund.

11 (3) Determine whether funds in the Trust Fund are spent in accordance  
12 with G.S. 136-17.2A and Article 14 of Chapter 136.

13 (4) Determine whether any revisions are needed in the funding for a  
14 program for which funds in the Trust Fund may be used, including  
15 revisions needed to meet any statutory timetable for the program.

16 (5) Report to the General Assembly at the beginning of each regular  
17 session concerning its determinations of needed changes in the funding  
18 for programs funded from the Trust Fund.

19 (6) Report periodically, when changing fiscal conditions and highway  
20 priorities require, and at least every five years, on a reassessment of  
21 the justification for and the financial feasibility of construction projects  
22 funded from the Highway Trust Fund."

23 (c) This act is effective upon ratification. The first report required by subsection  
24 (b) of this section shall be filed prior to the first day of the 1994 Session of the General  
25 Assembly.

26 —TRANSPORTATION FINANCING STUDY.

27 Sec. 67. (a) The General Assembly finds that there is a highway maintenance  
28 backlog and that added funding may be necessary to meet future highway maintenance  
29 needs and other obligations associated with the Highway Trust Fund program. General  
30 Fund transfers, interagency transfers, and program allocations of highway fund revenues  
31 increasingly dilute the revenues available for needed roadway capital improvement,  
32 maintenance, and operations. With the passage of landmark federal surface  
33 transportation funding legislation by Congress in 1991 (The Intermodal Surface  
34 Transportation Efficiency Act of 1991 - ISTEA), the level and allocation of federal  
35 transportation funding has significantly changed. The changes in national and State  
36 administrations are likely to generate further changes to the funding and program  
37 priorities for transportation at the federal and State level.

38 (b) The Joint Legislative Highway Oversight Committee shall study  
39 comprehensive transportation funding, including:

40 (1) All modes of transportation receiving State funding;

41 (2) Short-term and long-term program needs and life-cycle costs;

42 (3) Currently available and alternative funding sources; and

1           (4) Possible legislation needed to ensure that designated revenue sources  
2           are properly used to support program priorities in a comprehensive and  
3           equitable fashion.

4           (c) The Joint Legislative Highway Oversight Committee shall report the results  
5 of the study mandated by subsection (b) of this section to the General Assembly prior to  
6 the first day of the 1994 Session of the General Assembly.

7           (d) This section becomes effective July 1, 1993.

8 ~~—MUNICIPAL AGREEMENTS INCREASED.~~

9           Sec. 68. (a) The General Assembly finds that the Department of Transportation  
10 should expand efforts to turn over operations-related functions, such as signal  
11 maintenance, signal system operation, sign maintenance, and pavement marking  
12 maintenance, to local urbanized communities through municipal agreements. The effect  
13 of these agreements will be to place operational responsibility closer to the group most  
14 impacted by the function while potentially relieving the Department of Transportation  
15 of part of the associated costs.

16           (b) The Department of Transportation shall report to the General Assembly, on or  
17 before December 1, 1993, a plan to increase the use of municipal agreements to turn  
18 over operations-related functions to local urbanized communities.

19           (c) This section is effective upon ratification.

20 ~~—NEW DOWNSIZED MH INSTITUTIONS PLAN.~~

21           Sec. 69. (a) The Department of Human Resources shall develop a 10-year plan  
22 to construct four new and efficient mental health hospitals to accommodate the  
23 downsizing in the mental health institutions. This plan shall include consideration of  
24 the following:

25           (1) After phasing down inpatient mental health services, construction on a  
26 200-bed hospital in the east;

27           (2) As more clients are treated in the community-based programs, closing  
28 hospitals;

29           (3) With funds saved from downsizing and eliminating State hospitals,  
30 building smaller more modern hospitals in years 2, 5, 7, and 9 of the  
31 ten-year plan; and

32           (4) At the end of the 10 years, hiring a private nonprofit entity to operate  
33 the four newly constructed mental health hospitals.

34           This plan shall be submitted to the General Assembly by September 2, 1993.

35           (b) There is appropriated from the General Fund to the Department of Human  
36 Resources, the sum of three million seven hundred thousand dollars (\$3,700,000) for the  
37 1993-94 fiscal year and the sum of three million seven hundred thousand dollars  
38 (\$3,700,000) for the 1994-95 fiscal year, to implement this section.

39           (c) It is the intent of the General Assembly to appropriate additional funds to  
40 the Department of Human Resources, in subsequent fiscal years, to implement this act,  
41 according to the following schedule:

42	Fiscal Year	Amount
43	1995-96	\$3,700,000
44	1996-97	\$10,400,000



1           1997-98 \$17,100,000  
 2           1998-99 \$23,700,000  
 3           1999-00 \$17,100,000  
 4           2000-01 \$23,800,000  
 5           2001-02 \$17,000,000.

6       (d)    The base budget of the Department of Human Resources is reduced by twelve  
 7 million two hundred thousand dollars (\$12,200,000) in the 1993-94 fiscal year and by  
 8 twenty-four million four hundred thousand dollars (\$24,400,000) for the 1994-95 fiscal  
 9 year due to the savings resulting from the implementation of this section.

10       (e)    It is the intent of the General Assembly to reduce the base budget of the  
 11 Department of Human Resources in subsequent fiscal years due to the implementation  
 12 of this act, according to the following schedule:

Fiscal year	Amount
1995-96	\$12,100,000
1996-97	\$24,300,000
1997-98	\$12,200,000
1998-99	\$24,400,000
1999-00	\$12,100,000
2000-01	\$24,300,000
2001-02	\$12,200,000.

22       (f)    This section becomes effective July 1, 1993.

23 —MH/CB INITIATIVES.

24       Sec. 70. (a)    Effective July 1, 1993, the Department of Human Resources shall  
 25 begin expanding community-based services and downsizing institutional services for  
 26 the mentally ill. In order to accomplish this goal, the Department shall develop and  
 27 implement a multiyear pilot program to implement a single stream of funding system  
 28 for the State's mental hospitals. The program shall include a gradual transfer of funds  
 29 from the mental hospitals to the community area mental health authorities concomitant  
 30 with the transfer to the area authorities of the responsibility of providing appropriate  
 31 services to those persons in need of hospitalization and the implementation of a single  
 32 portal of entry State policy for all admissions to the mental hospitals. The pilot program  
 33 shall provide technical assistance to area authorities to prepare them for the  
 34 implementation of the single stream of funding system.

35       (b)    For each fiscal year of the 1993-95 fiscal biennium, three million seven  
 36 hundred thousand dollars (\$3,700,000) shall be transferred from the continuation budget  
 37 of the mental hospitals to community area mental health authorities to expand  
 38 community-based mental health services during the multiyear pilot programs's  
 39 existence.

40       (c)    It is the intent of the General Assembly to continue to transfer three million  
 41 seven hundred thousand dollars (\$3,700,000) from the continuation budget of the  
 42 mental hospitals to community area mental health authorities in each remaining fiscal  
 43 year of the multiyear pilot program's existence.

44       (d)    This section becomes effective July 1, 1993.

1 —MRC DOWNSIZING.

2 Sec. 71. (a) The General Assembly finds that North Carolina currently offers  
 3 residential services for the developmentally disabled population and that residential  
 4 programs are the most costly and most restrictive methods of caring for this population.  
 5 The General Assembly further finds that persons with developmental disabilities can be  
 6 served far more effectively through a broad array of residential and nonresidential  
 7 services. Therefore, the General Assembly establishes a clear commitment to increase  
 8 the use of community-based programs to serve the developmentally disabled, and to  
 9 downsize State-operated mental retardation centers.

10 (b) This section is effective upon ratification.

11 —MRC REDUCTION.

12 Sec. 72. (a) The Department of Human Resources shall develop a plan to  
 13 reduce the total number of people served in State-operated Mental Retardation Centers  
 14 by 500 people by the end of 1994 and 100 per year afterwards. In developing this plan,  
 15 the Department shall consider:

- 16 (1) An immediate moratorium on new admissions of school age children  
 17 and youth to mental retardation centers;
- 18 (2) A fifty percent (50%) reduction of all new admissions in 1993;
- 19 (3) A moratorium on all new admissions in 1994;
- 20 (4) Increased development of community placement slots for school age  
 21 children and adults;
- 22 (5) Establishment of 100 new community-based respite care slots per year;
- 23 (6) Closing of Black Mountain Center by 1995;
- 24 (7) Development of a comprehensive quality assurance plan for  
 25 community services; and
- 26 (8) Any other issues it considers necessary.

27 (b) There is appropriated from the General Fund to the Department of Human  
 28 Resources, the sum of fourteen million dollars (\$14,000,000) for the 1993-94 fiscal year  
 29 and the sum of twenty-six million six hundred thousand dollars (\$26,600,000) for the  
 30 1994-95 fiscal year, to implement this section.

31 (c) It is the intent of the General Assembly to appropriate additional funds to the  
 32 Department of Human Resources, in subsequent fiscal years, to implement this act,  
 33 according to the following schedule:

34	Fiscal Year	Amount
35	1995-96	\$9,300,000
36	1996-97	\$18,600,000
37	1997-98	\$7,700,000
38	1998-99	\$17,000,000
39	1999-00	\$9,400,000
40	2000-01	\$18,700,000
41	2001-02	\$9,300,000.
42		
43		

1 (d) The base budget of the Department of Human Resources is reduced by  
 2 twenty-three million nine hundred thousand dollars (\$23,900,000) for the 1993-94 fiscal  
 3 year and by thirty-seven million four hundred thousand dollars (\$37,400,000) for the  
 4 1994-95 fiscal year due to the implementation of this section.

5 (e) It is the intent of the General Assembly to reduce the base budget of the  
 6 Department of Human Resources in subsequent fiscal years due to the implementation  
 7 of this act, according to the following schedule:

	Fiscal Year	Amount
9	1995-96	\$10,300,000
10	1996-97	\$20,700,000
11	1997-98	\$9,000,000
12	1998-99	\$19,300,000
13	1999-00	\$10,400,000
14	2000-01	\$20,700,000
15	2001-02	\$10,400,000.

16  
 17  
 18 (f) This section becomes effective July 1, 1993.

19 —DD NEEDS ASSESSMENT.

20 Sec. 73. (a) The Department of Human Resources shall develop a  
 21 comprehensive assessment of service and program needs for all people with  
 22 developmental disabilities. This needs assessment shall be preceded by the use of an  
 23 effective data collection system. The needs assessment shall include:

- 24 (1) Consideration of individuals who are unserved and underserved;
- 25 (2) Establishment of a statewide automated tracking system for all people  
 26 with disabilities; and
- 27 (3) Evaluation of the needs of people with developmental disabilities  
 28 living in domiciliary care facilities.

29 (b) The Department shall report the needs assessment to the appropriate House  
 30 and Senate Appropriations subcommittees of the 1993 General Assembly by May 1,  
 31 1994.

32 (c) This section becomes effective July 1, 1993.

33 —PRIVATE ICF/MR STANDARDS.

34 Sec. 74. (a) The General Assembly finds that public policy for residential  
 35 services for people with disabilities has experienced change of nearly revolutionary  
 36 proportions during the period from 1970 through 1990 and that services have gone from  
 37 a system of almost exclusive institutional care to a broad array of service options. The  
 38 General Assembly further finds that, unless North Carolina changes its current  
 39 practices, the future of costs and programmatic implications for services are sadly  
 40 predictable. Therefore, the General Assembly intends to establish a policy whereby  
 41 people with developmental disabilities will be more effectively served through use of a  
 42 broad array of residential and nonresidential services.

1 (b) The Department of Human Resources shall develop directly or contract for  
2 the development of reimbursement rates and payment standards for privately operated  
3 intermediate care facilities for the mentally retarded, which shall include:

- 4 (1) "Quality of Service" incentive payments and assessments;
- 5 (2) Specific allowable costs within each cost center;
- 6 (3) Limits and guidelines for rents and capital costs;
- 7 (4) Specific standards for determining active treatment costs;
- 8 (5) Special adjustments and exceptions;
- 9 (6) Allowable profit margins; and
- 10 (7) A reimbursement policy for training and technical assistance.

11 (c) The Department of Human Resources shall present to the General Assembly  
12 the developments required by Section 1 of this act, together with the complete plan and  
13 implementation schedule to address the escalating use and costs of intermediate care  
14 facilities for the mentally retarded/developmentally disabled community facilities  
15 required by Section 135 of Chapter 900 of the 1991 Session Laws, by March 1, 1993.

16 (d) This section is effective upon ratification.

17 ~~---ADATC SINGLE-STREAM FUND PILOT.~~

18 Sec. 74.1. (a) The Department of Human Resources shall develop a multiyear  
19 pilot program to implement a single stream of funding system for the State's Alcohol  
20 Drug Abuse Treatment Centers (ADATC's). The program shall include a gradual  
21 transfer of funds from the ADATC's to the community area mental health authorities  
22 concomitant with the transfer to the area authorities of the responsibility of providing  
23 appropriate services to those persons in need of residential alcohol/drug abuse treatment  
24 services and the implementation of a single portal of entry State policy for all  
25 admissions to the ADATC's. The pilot program shall provide technical assistance to  
26 area authorities to prepare them for the implementation of the single stream of funding  
27 system.

28 (b) Of the funds appropriated in the 1993-94 fiscal year and the 1994-95 fiscal  
29 year to the Division of Mental Health, Developmental Disabilities, and Substance  
30 Abuse Services for Alcohol Drug Abuse Treatment Centers (ADATC's), fourteen  
31 percent (14%), or one million four hundred fifty-four thousand two hundred ninety-nine  
32 dollars (\$1,454,299), are transferred each fiscal year to area mental health authorities, to  
33 implement the pilot project established by this section.

34 (c) It is the intent of the General Assembly to transfer from the funds  
35 appropriated to the Division of Mental Health, Mental Retardation, and Substance  
36 Abuse Services, Department of Human Resources, for the ADATC's for the 1995-96  
37 fiscal year, for the 1996-97 fiscal year, and for the 1997-98 fiscal year, fourteen percent  
38 (14%), or one million four hundred fifty-four thousand two hundred ninety-nine dollars  
39 (\$1,454,299), each fiscal year to area mental health authorities, to implement the pilot  
40 program established in this section.

41 (d) This section becomes effective July 1, 1993.

42 ~~---DD IN-HOME CARE INITIATIVES.~~

43 Sec. 75. (a) The General Assembly finds that, in the movement to reduce the  
44 number of people living in institutions, the most under-utilized approach is the

1 prevention or the reduction of the need for out-of-home care and support. The General  
2 Assembly further finds that, quite often, a relatively small amount of support at the  
3 family level can prevent long-term, costly services in a residential facility.

4 (b) The Department of Human Resources shall forward its application for an  
5 expanded Medicaid Home- and Community-Based Waiver as soon as possible, in order  
6 to enable the Department to fund in-home support programs and comprehensive case  
7 management services essential to the increase in family support programs for people  
8 with disabilities pursuant to this act.

9 (c) There is appropriated from the General Fund to the Division of Mental  
10 Health, Developmental Disabilities, and Substance Abuse Services, the sum of thirty-  
11 one million nine hundred thousand dollars (\$31,900,000) for the 1993-94 fiscal year and  
12 the sum of forty million one hundred thousand dollars (\$40,100,000) for the 1994-95  
13 fiscal year to implement the Medicaid Home- and Community-Based Waiver and to  
14 fund programs that support families of people with developmental disabilities that  
15 cannot be funded through the Medicaid Home- and Community-Based Waiver. These  
16 programs shall include direct family subsidies and family support coordination  
17 networks.

18 (d) This section becomes effective July 1, 1993.

19 —HEALTH RECS.

20 Sec. 76. (a) Chapter 120 of the General Statutes is amended by adding the  
21 following new Article to read:

22 **"ARTICLE 22.**

23 **"STUDY COMMISSION ON THE ORGANIZATION**  
24 **OF PUBLIC HEALTH PROGRAMS.**

25 **"§ 120-190. Commission established; appointment of members.**

26 There is established the Study Commission on the Organization of Public Health  
27 Programs, which shall consist of 14 members. The membership of the Commission  
28 shall be as follows: four Senators and one physician who is not a local health director  
29 but who provides health services to citizens through a local or district health  
30 department, appointed by the President Pro Tempore of the Senate; four Representatives  
31 and one local health director appointed by the Speaker of the House of Representatives;  
32 the Secretary of Environment, Health, and Natural Resources or his delegate; the  
33 Secretary of Human Resources or his delegate; the State Health Director or his delegate,  
34 and one public member appointed by the Governor.

35 **"§ 120-191. Time of appointments; terms of office.**

36 Appointments to the Commission shall be made within 15 days subsequent to the  
37 close of each regular session of the General Assembly. The term of office shall begin  
38 on the day of appointment and shall end on the date when the next appointments are  
39 made. Vacancies occurring during a term shall be filled for the unexpired term by the  
40 officer who made the original appointment.

41 **"§ 120-192. Organization of Commission.**

42 Upon its appointment the Commission shall organize by electing from its  
43 membership a chair. The President Pro Tempore of the Senate or the Speaker of the  
44 House of Representatives shall preside over the Commission until the Commission has

1 elected a chair. The Commission shall meet at such times and places as the chair shall  
2 designate. The facilities of the State Legislative Building and the Legislative Office  
3 Building shall be available to the Commission. The Commission is authorized to  
4 conduct hearings and to employ such clerical and other assistance, professional advice,  
5 and services as may be deemed necessary in the performance of its duties, with the  
6 approval of the Legislative Services Commission.

7 **"§ 120-193. Members to serve without compensation; subsistence and travel**  
8 **expenses.**

9 Members of the Commission shall serve without compensation but they shall be paid  
10 such per diem and travel expenses as are provided for members of State boards and  
11 commissions generally, pursuant to G.S. 138-5. The Commission shall be funded by  
12 the Legislative Services Commission from appropriations made to the General  
13 Assembly for that purpose.

14 **"§ 120-194. Assistance to Commission.**

15 The Commission, in the performance of its duties, may request and shall receive  
16 from every department, board, bureau, agency, commission, or institution of this State,  
17 or from any political subdivision of the State, information, cooperation, and assistance.

18 **"§ 120-195. Duties of the Commission.**

19 The Commission's study shall include the following:

- 20 (1) The feasibility of streamlining the regional organizational structure for  
21 public health programs;
- 22 (2) Whether the regional office staffing structure adequately meets the  
23 needs of local and district health departments;
- 24 (3) Whether technical assistance offered by regional offices adequately  
25 meets the needs of local and district health departments;
- 26 (4) The organizational structure of public health programs in other states  
27 and whether any of those structures would be better suited to North  
28 Carolina's public health needs than the current State structure;
- 29 (5) Monitor the efficiency and effectiveness of the current organizational  
30 structure of public health programs as provided through the  
31 Department of Environment, Health, and Natural Resources;
- 32 (6) During the third year of its study, reexamine the organizational  
33 placement of public health programs, including, but not limited to, the  
34 following:
  - 35 a. Whether public health programs should be jointly provided with  
36 environmental health programs, and
  - 37 b. Whether public health programs currently provided by the  
38 Department of Environment, Health, and Natural Resources  
39 should be reunited with health-related programs in the  
40 Department of Human Resources, taking into consideration  
41 constituencies served by the programs.

42 **"§ 120-196. Reports to the General Assembly.**

43 The Commission shall make a report to the General Assembly and to the Fiscal  
44 Research Division of the Legislative Services Office not later than January 1, 1994, and

1 January 1 of each subsequent year of the Commission's tenure. The Commission's first  
2 report shall include the Commission's findings and recommendations pertaining to its  
3 duties under subdivisions (1) through (5) of G.S. 120-195. The Commission's  
4 report of February 1, 1997, shall include the Commission's findings and  
5 recommendations pertaining to its duties under subdivision (6) of G.S. 120-195."

6 (b) There is allocated from funds appropriated to the General Assembly's  
7 Legislative Services Commission to the Commission established under this act the sum  
8 of fifteen thousand dollars (\$15,000) for the 1993-94 fiscal year and the sum of fifteen  
9 thousand dollars (\$15,000) for the 1994-95 fiscal year to be used for carrying out the  
10 purposes of this act.

11 (c) This section becomes effective July 1, 1993, and expires January 1, 1997.

12 —CHILD SUPPORT REFORM

13 Sec. 77. (a) This section is the Child Support Reform Act of 1993.

14 (b) G.S. 110-128 reads as rewritten:

15 "**§ 110-128. Purposes. Purposes; phasing in of State-supervised child support**  
16 **enforcement system.**

17 (a) The purposes of this Article are to provide for the financial support of  
18 dependent children; to enforce spousal support when a child support order is being  
19 enforced; to provide that public assistance paid to dependent children is a supplement to  
20 the support required to be provided by the responsible parent; to provide that the  
21 payment of public assistance creates a debt to the State; to provide that the acceptance  
22 of public assistance operates as an assignment of the right to child support; to provide  
23 for the location of absent parents; to provide for ~~a determination~~ determinations that  
24 ~~responsible parent is~~ parents are able to support ~~his~~ their children; and to provide for  
25 enforcement of the responsible parent's obligation to furnish support and to provide for  
26 the establishment and administration of a program of child support enforcement in  
27 North Carolina.

28 (b) By October 1, 1993, the Secretary of the Department of Human Resources  
29 and the Director of the Administrative Office of the Courts shall select up to six  
30 counties in which to begin implementing a restructured child support system under this  
31 Article on a demonstration basis, to determine the actual cost of providing child support  
32 services under that system and to assess the mechanics of further transition to statewide  
33 implementation of that system.

34 (c) On or before August 15, 1994, the Secretary of the Department of Human  
35 Resources and the Director of the Administrative Office of the Courts shall submit to  
36 the Child Support Oversight Commission a report of the results of operating the new  
37 system in the counties selected under this section. Based on that report, budgets and  
38 plans will be made to phase in the new system statewide by July 1, 1996. Before July 1,  
39 1996, the new system may be implemented in any other counties selected by the  
40 Secretary of the Department of Human Resources and the Director of the  
41 Administrative Office of the Courts and with the approval of the county commissioners  
42 of those counties, and that implementation shall be reported to the Commission. The  
43 new system shall be implemented in the remaining counties of the State no later than  
44 July 1, 1996."

1 (c) G.S. 110-141 reads as rewritten:

2 **"§ 110-141. Effectuation of intent of Article.**

3 (a) The North Carolina Department of Human Resources shall supervise the  
4 administration of this program in accordance with federal law and shall cause the  
5 provisions of this Article to be effectuated and to secure child support from absent,  
6 deserting, abandoning and nonsupporting parents.

7 (b) Effective July 1, 1986, the entity, whether the board of county commissioners  
8 or the Department of Human Resources, that is administering, or providing for the  
9 administration of, this program in each county on June 30, 1986, shall continue to  
10 administer, or provide for the administration of, this program in that county, with one  
11 exception. If a county program is being administered by the Department of Human  
12 Resources on June 30, 1986, and if the board of county commissioners of this county  
13 desires on or after that date to assume responsibility for the administration of the  
14 program, the board of county commissioners shall notify the Department of Human  
15 Resources between July 1 and September 1 of the current fiscal year. The obligations of  
16 the board of county commissioners to assume responsibility for the administration of the  
17 program shall not begin before July 1 of the subsequent fiscal year. Until that time, it is  
18 the responsibility of the Department of Human Resources to administer or provide for  
19 the administration of the program in the county.

20 ~~A county may negotiate alternative arrangements to the procedure outlined in G.S.~~  
21 ~~110-130 for designating a local person or agency to administer the provisions of this~~  
22 ~~Article in that county.~~

23 (c) Effective July 1, 1996, the entity, whether the board of county commissioners  
24 or the Department of Human Resources, that is providing for the administration of this  
25 program in each county shall continue to provide for the administration of the program  
26 in the county. When a board of county commissioners administers the county program,  
27 the board shall enter into a cooperative agreement with the Department of Human  
28 Resources in accordance with G.S. 120-70.86(e). This cooperative agreement shall set  
29 forth minimum statewide performance criteria and compliance remedies.

30 (d) The Department of Human Resources shall adopt rules to implement the  
31 State-supervised child support enforcement system, and shall make regular reports to  
32 the Child Support Oversight Commission on rules and uniform standards being  
33 developed as a part of this process."

34 (d) Chapter 50 of the General Statutes is amended by adding the following  
35 Article:

36 **"ARTICLE 3.**

37 **"ENFORCEMENT OF CHILD SUPPORT IN CERTAIN COUNTIES.**

38 **"§ 50-40. Purpose and applicability.**

39 (a) The purpose of this Article is to establish the procedures for the enforcement  
40 of child support in counties selected under G.S. 110-128 for the early implementation of  
41 a universal, reformed State-supervised child support system on a demonstration basis.

42 (b) This Article shall apply only in the selected counties. In those counties, this  
43 Article shall apply on and after the implementation date to all cases in existence on that  
44 date or beginning on or after that date.



1 (c) Except to the extent that this Article specifically provides otherwise, all other  
2 child support laws of this State, including those in Articles 1 and 2 of this Chapter, of  
3 Chapter 49, of Chapter 52A, and of Article 9 of Chapter 110 of the General Statutes,  
4 shall apply in those counties with the same force and effect as if this Article had not  
5 been enacted; provided that:

- 6 (1) All child support cases in which payment through the clerk as defined  
7 in this Article is in effect shall be treated as 'IV-D Cases' under G.S.  
8 50-13.9 and under Article 9 of Chapter 110 of the General Statutes;  
9 (2) G.S. 50-33(a) shall not apply to any county to which this Article  
10 applies, and G.S. 50-33(b) shall apply to each of those counties as if a  
11 waiver of the federal expedited process requirement had never been  
12 obtained;  
13 (3) G.S. 50-13.9(a) and (b) shall not apply to any case, and in cases in  
14 which payment through the clerk is in effect, the information required  
15 by G.S. 50-13.9(c) shall be given to the child support enforcement  
16 agency; and  
17 (4) The term 'judge' when used in G.S. 110-131, 110-132, 110-133, and  
18 110-136, and the term 'court' when used in G.S. 110-136(c) and G.S.  
19 110-136.1 shall include district court judge and child support hearing  
20 officer.

21 **"§ 50-41. Definitions.**

- 22 (a) The definitions in G.S. 50-31 and in G.S. 110-129 apply in this Article.  
23 (b) The following definitions apply in this Article:  
24 (1) Implementation Date. – The date on which a State-supervised child  
25 support system is implemented in a county under G.S. 110-128.  
26 (2) Child Support Enforcement Agency. – An agency that administers the  
27 State-supervised child support system in any county under the  
28 provisions of Article 9 of Chapter 110 of the General Statutes and Title  
29 IV-D of the Social Security Act.  
30 (3) Payment Through the Clerk. – A method of paying child support under  
31 which all payments made by or for an obligor are paid to the clerk of  
32 superior court for transmission to the Department of Human Resources  
33 under G.S. 50-43(b).  
34 (4) Direct Payment. – A method of paying child support under which all  
35 payments made by or for an obligor are paid directly to and received  
36 directly by the obligee and are not paid through the clerk.

37 **"§ 50-42. Methods of paying child support and enforcing child support orders in**  
38 **existing cases.**

- 39 (a) In each child support case that is in existence on the implementation date:  
40 (1) The operative child support order and any income withholding that has  
41 been implemented in the case shall remain in full force and effect  
42 unless and until it is specifically modified by the court or until it  
43 expires by its own terms or by operation of law.

- 1           (2) All payments received by the clerk of superior court under that order  
2           shall be transmitted to the Department of Human Resources or  
3           disbursed to the custodial parent or other obligee, as they were being  
4           transmitted or disbursed immediately before the implementation date.
- 5           (b) When the child support in a case is being transmitted to the Department of  
6 Human Resources, the procedures of G.S. 50-43(b) shall be followed.
- 7           (c) When the child support in a case is being disbursed to the custodial parent or  
8 other obligee:
- 9           (1) Any proceedings to enforce the child support orders shall be initiated  
10           by the obligee personally or through a private attorney until the obligee  
11           begins to receive child support services from a child support  
12           enforcement agency as provided in G.S. 110-130.1;
- 13           (2) The clerk shall have no further responsibility or authority to monitor  
14           the obligor's compliance with the operative child support order or to  
15           initiate any enforcement proceedings;
- 16           (3) If any obligee begins to receive child support services from a child  
17           support enforcement agency as provided in G.S. 110-130.1, the agency  
18           shall notify the clerk. The clerk, without further court order, shall  
19           transmit to the Department of Human Resources all child support  
20           payments received after notification, and the procedures that apply  
21           under G.S. 50-43(b) to a case in which payment through the clerk is in  
22           effect shall be followed;
- 23           (4) If income withholding is implemented under Article 9 of Chapter 110  
24           of the General Statutes by court order, the order shall provide for  
25           payment through the clerk unless the requirements for direct payment  
26           set forth in G.S. 50-43(c) are satisfied; and
- 27           (5) As soon as practical after the implementation date, the clerk and the  
28           child support enforcement agency shall give all parties notice of the  
29           matters set forth in this subsection and of any other information that  
30           they consider relevant, and in so doing shall comply with any  
31           procedures or guidelines that the Department of Human Resources and  
32           the Administrative Office of the Courts may prescribe.

33 **§ 50-43. Methods of paying child support and enforcing child support orders in**  
34 **new cases and in existing cases when a modified order is entered.**

- 35           (a) In each child support case that is in existence on the implementation date or  
36 begun on or after that date, all child support orders, whether original or modified, shall  
37 provide for payment through the clerk unless the court orders direct payment under  
38 subsection (c) of this section; those orders shall also contain the provisions required by  
39 G.S. 110-136.3(a).
- 40           (b) When payment through the clerk is in effect in any case:
- 41           (1) All child support payments of child support made by or for the obligor  
42           shall be paid to the clerk of superior court;

- 1           (2) Upon receipt of any child support payment, the clerk shall promptly  
2 transmit the payment to the Department of Human Resources, and the  
3 Department shall promptly disburse the payment to the obligee;
- 4           (3) The child support enforcement agency for the county shall have sole  
5 responsibility and authority for monitoring the obligor's compliance  
6 with all child support orders in the case and for initiating any  
7 enforcement procedures that it considers appropriate;
- 8           (4) The clerk shall maintain all official records in the case, including  
9 records showing the amount of each payment of child support received  
10 from or on behalf of the obligor, along with the dates on which each  
11 payment was received and was transmitted to the Department of  
12 Human Resources; and
- 13           (5) The child support enforcement agency shall maintain any other records  
14 needed to monitor the obligor's compliance with or to enforce the child  
15 support orders in the case.
- 16       (c) The procedures for direct payment are as follows:
- 17           (1) The court may order direct payment when a consent to direct payment  
18 and a waiver of immediate income withholding are in effect;
- 19           (2) Consent to direct payment and waiver of immediate income  
20 withholding are in effect only if stated in a written agreement signed  
21 by each party and by the attorney of record, if any, for each party, and  
22 filed with the clerk;
- 23           (3) When direct payment is in effect:
- 24               a. Any proceedings to enforce the child support orders in the case  
25 must be initiated by the obligee personally or through a private  
26 attorney until the obligee begins to receive child support  
27 services from a child support enforcement agency as provided  
28 in G.S. 110-130.1;
- 29               b. Income withholding shall not be implemented, but the obligor  
30 remains subject to income withholding as provided in G.S. 110-  
31 136.3(b); and
- 32               c. If any obligee begins to receive child support services from a  
33 child support enforcement agency as provided in G.S. 110-  
34 130.1, the agency shall notify the clerk.
- 35           (4) The clerk, without further notice or hearing, shall promptly enter an  
36 order for payment through the clerk whenever:
- 37               a. A copy of a notice of obligation to withhold, with a copy of a  
38 certificate showing proper service on the payor named in the  
39 notice, is filed with the clerk under G.S. 110-136.4;
- 40               b. The records of the court otherwise show that income  
41 withholding has been implemented under Article 9 of Chapter  
42 110 of the General Statutes; or

1                   c.     A child support enforcement agency notifies the clerk that any  
2                             obligee is receiving child support services under G.S. 110-  
3                             130.1."

4                   (e) Effective July 1, 1994, G.S. 52A-3 reads as rewritten:

5     **"§ 52A-3. Definitions.**

6     As used in this Chapter unless the context requires otherwise:

- 7                   (1) 'Court' means any court of record in this State having jurisdiction to  
8                             determine liability of persons for the support of dependents in any  
9                             criminal proceeding, and when the context requires, means the court of  
10                            any other state as defined in substantially similar reciprocal law.
- 11                   (2) 'Duty of support' means a duty of support whether imposed or  
12                             imposable by law or by order, decree, or judgment of any court  
13                             whether interlocutory or final or whether incidental to an action for  
14                             divorce, separation, separate maintenance, or otherwise and includes  
15                             the duty to pay arrearages of support past due and unpaid.
- 16                   (3) 'Governor' includes any person performing the functions of Governor  
17                             or the executive authority of any state covered by this Chapter.
- 18                   (4) 'Initiating state' means a state in which a proceeding pursuant to this or  
19                             a substantially similar reciprocal law is commenced. 'Initiating court'  
20                             means the court in which a proceeding is commenced.
- 21                   (5) 'Law' includes both common and statute law.
- 22                   (6) 'Obligee' means a person including a state or political subdivision to  
23                             whom a duty of support is owed or a person including a state or  
24                             political subdivision that has commenced a proceeding for  
25                             enforcement of an alleged duty of support or for registration of a  
26                             support order. It is immaterial if the person to whom a duty of support  
27                             is owed is a recipient of public assistance.
- 28                   (7) 'Obligor' means any person owing a duty of support or against whom a  
29                             proceeding for the enforcement of a duty of support or registration of a  
30                             support order is commenced.
- 31                   (8) 'Prosecuting attorney' means ~~the district attorney in the appropriate~~  
32                             ~~place who has the duty to enforce criminal laws relating to the failure~~  
33                             ~~to provide for the support of any person any attorney who represents a~~  
34                             child support enforcement agency under Title IV-D of the Social  
35                             Security Act and Article 9 of Chapter 110 of the General Statutes in  
36                             any county of this State.
- 37                   (9) 'Register' means to record and file in the Registry of Foreign Support  
38                             Orders.
- 39                   (10) 'Registering court' means any court of this State in which a support  
40                             order of a rendering state is registered.
- 41                   (11) 'Rendering state' means a state in which the court has issued a support  
42                             order for which registration is sought or granted in the court of another  
43                             state.

1 (12) 'Responding state' means a state in which any responsive proceeding  
2 pursuant to the proceeding in the initiating state is commenced.  
3 'Responding court' means the court in which the responsive proceeding  
4 is commenced.

5 (13) 'State' includes a state, territory, or possession of the United States, the  
6 District of Columbia, the Commonwealth of Puerto Rico, the  
7 provinces of Canada in which reciprocity can be effected by  
8 administrative action, and any foreign jurisdiction in which this or a  
9 substantially similar reciprocal law is in effect.

10 (14) 'Support order' means any judgment, decree, or order of support in  
11 favor of an obligee whether temporary or final, or subject to  
12 modification, revocation, or remission, regardless of the kind of action  
13 or proceeding in which it is entered."

14 (f) Effective July 1, 1994, G.S. 52A-9 reads as rewritten:

15 **"§ 52A-9. How duties of support are enforced.**

16 All duties of support including the duty to pay arrearages are enforceable by action  
17 irrespective of relationship between the obligor and obligee. Jurisdiction of all  
18 proceedings hereunder shall be vested in any court of record in this State having  
19 jurisdiction to determine liability of persons for the support of dependents in any  
20 ~~criminal~~ proceeding."

21 (g) Effective July 1, 1994, G.S. 52A-10.1 reads as rewritten:

22 **"§ 52A-10.1. Official to represent obligee; responding and initiating.**

23 It shall be the duty of the ~~official who prosecutes criminal actions for the State in the~~  
24 ~~court acquiring jurisdiction prosecuting attorney~~ to appear on behalf of the obligee in  
25 proceedings under this ~~Chapter.~~ Chapter, both when this State is the responding state  
26 and when this State is the initiating state. ~~In the event of appeal from a support order~~  
27 ~~entered under this Chapter, Appellate Division,~~ the Attorney General shall represent the  
28 obligee."

29 (h) Effective July 1, 1994, G.S. 52A-10.3 is repealed.

30 (i) Effective July 1, 1995, G.S. 14-322 reads as rewritten:

31 **"§ 14-322. Abandonment and failure to support spouse and children.**

32 (a) For purposes of this Article:

33 (1) 'Supporting spouse' means a spouse, whether husband or wife, upon  
34 whom the other spouse is actually substantially dependent or from  
35 whom ~~such~~ the other spouse is substantially in need of maintenance  
36 and support.

37 (2) 'Dependent spouse' means a spouse, whether husband or wife, who is  
38 actually substantially dependent upon the other spouse for his or her  
39 maintenance and support or is substantially in need of maintenance  
40 and support from the other spouse.

41 (b) Any supporting spouse who shall willfully abandon a dependent spouse  
42 without providing that spouse with adequate support shall be guilty of a misdemeanor  
43 and upon conviction shall be punished according to subsection (f).

1 (c) Any supporting spouse who, while living with a dependent spouse, shall  
2 willfully neglect to provide adequate support for that dependent spouse shall be guilty  
3 of a misdemeanor and upon conviction shall be punished according to subsection (f).

4 ~~(d) Any parent who shall willfully neglect or refuse to provide adequate support~~  
5 ~~for that parent's child, whether natural or adopted, and whether or not the parent~~  
6 ~~abandons the child shall be guilty of a misdemeanor and upon conviction shall be~~  
7 ~~punished according to subsection (f). Willful neglect or refusal to provide adequate~~  
8 ~~support of a child shall constitute a continuing offense and shall not be barred by any~~  
9 ~~statute of limitations until the youngest living child of the parent shall reach the age of~~  
10 ~~18 years.~~

11 (e) Upon conviction for an offense under this section, the court may make ~~such~~  
12 an order as that will best provide for the support, as far as may be necessary, of the  
13 abandoned spouse or child or both, from the property or labor of the defendant. If the  
14 court requires the payment of child support, the amount of the payments shall be  
15 determined as provided in G.S. 50-14.4(e).

16 (f) A first offense under this section shall be punishable by a fine not exceeding  
17 five hundred dollars (\$500.00), or by imprisonment for not more than six months or  
18 both. A second or subsequent offense shall be a misdemeanor punishable by fine, or by  
19 imprisonment for not more than two years, or both."

20 (j) Effective July 1, 1995, Article 1 of Chapter 49 of the General Statutes and  
21 G.S. 110-138.1 are repealed.

22 (k) Effective July 1, 1995, G.S. 49-14 reads as rewritten:

23 "**§ 49-14. Civil action to establish paternity.**

24 (a) The paternity of a child born out of wedlock may be established by civil  
25 action at any time ~~prior to such~~ before the child's eighteenth birthday. A certified copy  
26 of a certificate of birth of the child shall be attached to the complaint. ~~Such~~ The  
27 establishment of paternity shall not have the effect of legitimation.

28 (b) Proof of paternity ~~pursuant to~~ under this section shall be beyond a reasonable  
29 doubt.

30 (c) No such action shall be ~~commenced~~ begun nor judgment entered after the  
31 death of the putative father.

32 (d) If the action to establish paternity is brought more than three years after birth  
33 of a child, paternity shall not be established in a contested case without evidence from a  
34 blood grouping test, or evidence that the putative father has declined an opportunity for  
35 such testing. In a contested case the court shall, on motion of any party, order that the  
36 alleged-parent defendant, the known natural parent, and the child submit to any blood,  
37 DNA, genetic, or other similar tests and comparisons that have been developed and  
38 adapted for purposes of establishing or disproving parentage and that are reasonably  
39 accessible to the alleged-parent defendant, the known natural parent, and the child. The  
40 results of those tests and comparisons including the statistical likelihood of the alleged  
41 parent's parentage, if available, shall be admitted in evidence when offered by a duly  
42 qualified licensed practicing physician, duly qualified immunologist, duly qualified  
43 geneticist, or other duly qualified person. The evidentiary effect of those tests and  
44 comparisons and the manner in which the expenses therefor are to be taxed as costs

1 shall be prescribed in G.S. 8-50.1. If a jury tries the issue of parentage, the jury shall be  
2 instructed as set out in G.S. 8-50.1. There shall be no interlocutory appeal from a  
3 finding on the issue of parentage, but any error in the finding may be assigned in any  
4 appeal from, or other appellate review of, the final judgment entered in an action under  
5 this Article."

6 (l) Article 12 of Chapter 7A of the General Statutes is amended by adding  
7 two new sections to read:

8 **"§ 7A-114. Clerk of superior court as child support hearing officer.**

9 A clerk of superior court or an assistant clerk who meets the qualifications of G.S.  
10 50-39 and is properly designated under Article 2 of Chapter 50 of the General Statutes  
11 as a child support hearing officer, may serve in that capacity and exercise ex officio the  
12 authority and responsibilities conferred upon child support hearing officers by that  
13 Article, and in so doing is a judicial officer of the District Court Division of the General  
14 Court of Justice.

15 **"§ 7A-133.1. Magistrates designated as child support hearing officers not included**  
16 **in minimum or maximum for county.**

17 When a magistrate has been designated as a child support hearing officer under  
18 Article 2 of Chapter 50 of the General Statutes, that magistrate shall not be considered  
19 in determining whether the county in which he or she was appointed has the minimum  
20 or maximum number of magistrates provided for in G.S. 7A-133, if the Director of the  
21 Administrative Office of the Courts determines that the magistrate's duties as a child  
22 support hearing officer have required or are likely to require, on the average, half or  
23 more of that magistrate's time each month."

24 (m) G.S. 7A-178 reads as rewritten:

25 **"§ 7A-178. Magistrate as child support hearing officer.**

26 A magistrate who meets the qualifications of G.S. 50-39 and is properly designated  
27 pursuant to under G.S. Chapter 50, Article 2 to serve as a child support hearing officer,  
28 may serve in that capacity and has the may exercise ex officio the authority and  
29 responsibilities assigned to conferred upon child support hearing officers by Chapter  
30 50."

31 (n) G.S. 50-13.4 reads as rewritten:

32 **"§ 50-13.4. Action for support of minor child.**

33 (a) Any parent, or any person, agency, organization or institution having custody  
34 of a minor child, or bringing an action or proceeding for the custody of ~~such the~~ child,  
35 or a minor child by ~~his the~~ child's guardian may institute an action for the support of  
36 ~~such the~~ child as ~~hereinafter provided.~~ provided in this section.

37 (b) In the absence of pleading and proof that the circumstances otherwise  
38 warrant, the father and mother shall be primarily liable for the support of a minor child,  
39 and any other person, agency, organization or institution standing **in loco parentis** shall  
40 be secondarily liable for ~~such~~ support. Such other circumstances may include, but shall  
41 not be limited to, the relative ability of all the above-mentioned parties to provide  
42 support or the inability of one or more of them to provide support, and the needs and  
43 estate of the child. The judge may enter an order requiring any one or more of the  
44 above-mentioned parties to provide for the support of the child as may be appropriate in

1 the particular case, and if appropriate the court may authorize the application of any  
2 separate estate of the child to ~~his~~ the child's support. However, the judge may not order  
3 support to be paid by a person who is not the child's parent or an agency, organization  
4 or institution standing **in loco parentis** absent evidence and a finding that ~~such~~ that  
5 person, agency, organization or institution has voluntarily assumed the obligation of  
6 support in writing. The preceding sentence shall not be construed to prevent any court  
7 from ordering the support of a child by an agency of the State or county which agency  
8 may be legally responsible ~~under law~~ for ~~such~~ support.

9 (c) Payments ordered for the support of a minor child shall be in such amount as  
10 to meet the reasonable needs of the child for health, education, and maintenance, having  
11 due regard to the estates, earnings, conditions, accustomed standard of living of the  
12 child and the parties, the child care and homemaker contributions of each party, and  
13 other facts of the particular case.

14 The court shall determine the amount of child support payments by applying the  
15 presumptive guidelines established ~~pursuant to~~ under subsection (c1). However, upon  
16 request of any party, the Court shall hear evidence, and from the evidence, find the facts  
17 relating to the reasonable needs of the child for support and the relative ability of each  
18 parent to provide support. If, after considering the evidence, the Court finds by the  
19 greater weight of the evidence that the application of the guidelines would not meet or  
20 would exceed the reasonable needs of the child considering the relative ability of each  
21 parent to provide support or would be otherwise unjust or inappropriate the Court may  
22 vary from the guidelines. If the court orders an amount other than the amount  
23 determined by application of the presumptive guidelines, the court shall make findings  
24 of fact as to the criteria that justify varying from the guidelines and the basis for the  
25 amount ordered.

26 Payments ordered for the support of a child shall terminate when the child reaches  
27 the age of 18 except:

- 28 (1) If the child is otherwise emancipated, payments shall terminate at that  
29 time;
- 30 (2) If the child is still in primary or secondary school when he reaches age  
31 18, the court in its discretion may order support payments to continue  
32 until he graduates, otherwise ceases to attend school on a regular basis,  
33 or reaches age 20, whichever comes first.
- 34 (3) The court may order any obligor to make support payments after the  
35 child reaches the age of 18, when the payments are necessary to pay  
36 any child support arrearage that accrued before the child reached the  
37 age of 18.

38 (c1) Effective July 1, 1990, the Conference of Chief District Judges shall prescribe  
39 uniform statewide presumptive guidelines for the computation of child support  
40 obligations of each parent as provided in Chapter 50 or elsewhere in the General  
41 Statutes and shall develop criteria for determining when, in a particular case, application  
42 of the guidelines would be unjust or inappropriate. Prior to May 1, 1990 these  
43 guidelines and criteria shall be reported to the General Assembly by the Administrative  
44 Office of the Courts by delivering copies to the President Pro Tempore of the Senate



1 and the Speaker of the House of Representatives. The purpose of the guidelines and  
2 criteria shall be to ensure that payments ordered for the support of a minor child are in  
3 such amount as to meet the reasonable needs of the child for health, education, and  
4 maintenance, having due regard to the estates, earnings, conditions, accustomed  
5 standard of living of the child and the parties, the child care and homemaker  
6 contributions of each party, and other facts of the particular case. The guidelines shall  
7 include a procedure for setting child support, if any, in a joint or shared custody  
8 arrangement which shall reflect the other statutory requirements herein.

9 Periodically, but at least once every four years, the Conference of Chief District  
10 Judges shall review the guidelines to determine whether their application results in  
11 appropriate child support award amounts. The Conference may modify the guidelines  
12 accordingly. The Conference shall give the Department of Human Resources, the  
13 Administrative Office of the Courts, and the general public an opportunity to provide  
14 the Conference with information relevant to the development and review of the  
15 guidelines. Any modifications of the guidelines or criteria shall be reported to the  
16 General Assembly by the Administrative Office of the Courts before they become  
17 effective by delivering copies to the President Pro Tempore of the Senate and the  
18 Speaker of the House of Representatives. The guidelines, when adopted or modified,  
19 shall be provided to the Department of Human Resources and the Administrative Office  
20 of the Courts, which shall disseminate them to the public through local IV-D offices,  
21 clerks of court, and the media.

22 Until July 1, 1990, the advisory guidelines adopted by the Conference of Chief  
23 District Judges pursuant to this subsection as formerly written shall operate as  
24 presumptive guidelines and the factors adopted by the Conference of Chief District  
25 Judges pursuant to this subsection as formerly written shall constitute criteria for  
26 varying from the amount of support determined by the guidelines.

27 (d) Payments for the support of a minor child shall be ordered to be paid to the  
28 person having custody of the child or any other proper person, agency, organization or  
29 institution, or to the court, for the benefit of ~~such~~ the child.

30 (e) Payment for the support of a minor child shall be paid by lump sum payment,  
31 periodic payments, or by transfer of title or possession of personal property of any  
32 interest therein, or a security interest in or possession of real property, as the court may  
33 order. In every case in which payment for the support of a minor child is ordered and  
34 alimony or alimony **pendente lite** is also ordered, the order shall separately state and  
35 identify each allowance.

36 (f) Remedies for enforcement of support of minor children shall be available as  
37 herein provided.

38 (1) The court may require the person ordered to make payments for the  
39 support of a minor child to secure the same by means of a bond,  
40 mortgage or deed of trust, or any other means ordinarily used to secure  
41 an obligation to pay money or transfer property, or by requiring the  
42 execution of an assignment of wages, salary or other income due or to  
43 become due.

- 1 (2) If the court requires the transfer of real or personal property or an  
2 interest therein as provided in subsection (e) as a part of an order for  
3 payment of support for a minor child, or for the securing thereof, the  
4 court may also enter an order which shall transfer title as provided in  
5 G.S. 1A-1, Rule 70 and G.S. 1-228.
- 6 (3) The remedy of arrest and bail, as provided in Article 34 of Chapter 1  
7 of the General Statutes, shall be available in actions for child-support  
8 payments as in other cases.
- 9 (4) The remedies of attachment and garnishment, as provided in Article 35  
10 of Chapter 1 of the General Statutes, shall be available in an action for  
11 child-support payments as in other cases, and for ~~such~~ those purposes  
12 the child or person bringing an action for child support shall be  
13 deemed a creditor of the defendant. Additionally, in accordance with  
14 the provisions of G.S. 110-136, a continuing wage garnishment  
15 proceeding for wages due or to become due may be instituted by  
16 motion in the original child support proceeding or by independent  
17 action through the filing of a petition.
- 18 (5) The remedy of injunction, as provided in Article 37 of Chapter 1 of the  
19 General Statutes and G.S. 1A-1, Rule 65, shall be available in actions  
20 for child support as in other cases.
- 21 (6) Receivers, as provided in Article 38 of Chapter 1 of the General  
22 Statutes, may be appointed in action for child support as in other cases.
- 23 (7) A minor child or other person for whose benefit an order for the  
24 payment of child support has been entered shall be a creditor within  
25 the meaning of Article 3 of Chapter 39 of the General Statutes  
26 pertaining to fraudulent conveyances.
- 27 (8) A judgment for child support shall not be a lien against real property  
28 unless the judgment expressly so provides, sets out the amount of the  
29 lien in a sum certain, and adequately describes the real property  
30 affected; but past due periodic payments may by motion in the cause  
31 or by a separate action be reduced to judgment which shall be a lien as  
32 other judgments.
- 33 (9) An order for the periodic payments of child support is enforceable by  
34 proceedings for civil contempt, and its disobedience may be punished  
35 by proceedings for criminal contempt, as provided in Chapter 5A of  
36 the General Statutes.

37 Notwithstanding the provisions of G.S. 1-294, an order for the  
38 payment of child support ~~which~~ that has been appealed to the appellate  
39 division is enforceable in the trial court by proceedings for civil  
40 contempt during the pendency of the appeal. Upon motion of an  
41 aggrieved party, the court of the appellate division in which the appeal  
42 is pending may stay any order for civil contempt entered for child  
43 support until the appeal is decided, if justice requires.

1 (10) The remedies provided by Chapter 1 of the General Statutes, Article  
 2 28, Execution; Article 29B, Execution Sales; and Article 31,  
 3 Supplemental Proceedings, shall be available for the enforcement of  
 4 judgments for child support as in other cases, but amounts so payable  
 5 shall not constitute a debt as to which property is exempt from  
 6 execution as provided in Article 16 of Chapter 1C of the General  
 7 Statutes.

8 (10a) Income withholding as provided in Article 9 of Chapter 110 of the  
 9 General Statutes shall be available for enforcement of child support  
 10 either by motion in the cause in the original child support case or by  
 11 any independent action or proceeding provided for in that Article.

12 (11) The specific enumeration of remedies in this section shall not  
 13 constitute a bar to remedies otherwise available. Each enumerated  
 14 remedy may be imposed in addition to or in substitution for any other  
 15 enumerated remedy, and one or more remedies may be imposed  
 16 together, separately, or in the alternative."

17 (o) G.S. 52A-30.1 reads as rewritten:

18 **"§ 52A-30.1. Income withholding.**

19 Income withholding ~~pursuant to~~ under G.S. 110-136.3 through 110-36.10 is  
 20 available as a remedy to allow withholding from income derived in this State to enforce  
 21 support orders from other states. This Chapter shall not apply when income  
 22 withholding is the sole remedy being requested, but G.S. 110-136.3(d) shall  
 23 apply."

24 (p) G.S. 110-129 reads as rewritten:

25 **"§ 110-129. Definitions.**

26 As used in this Article:

- 27 (1) 'Court order' means any judgment or order of the courts of this State or  
 28 of another state.
- 29 (2) 'Dependent child' means any person under the age of 18 who is not  
 30 otherwise emancipated, married or a member of the armed forces of  
 31 the United States, or any person over the age of 18 for whom a court  
 32 orders that support payments continue as provided in G.S. 50-13.4(c).
- 33 (3) 'Responsible parent' means the natural or adoptive parent of a  
 34 dependent child who has the legal duty to support ~~said~~ that child and  
 35 includes the father of an illegitimate child.
- 36 (4) 'Program' means the Child Support Enforcement Program established  
 37 and administered ~~pursuant to~~ under the provisions of this Article and  
 38 Title IV-D of the Social Security Act.
- 39 (5) 'Designated representative' means any person or agency designated by  
 40 a board of county commissioners or the Department of Human  
 41 Resources to administer a program of child support enforcement for a  
 42 county or region of the State.
- 43 (6) 'Disposable income' means any form of periodic payment to an  
 44 individual, regardless of sources, including but not limited to wages,

1 salary, commission, self-employment income, bonus pay, severance  
2 pay, sick pay, incentive pay, vacation pay, compensation as an  
3 independent contractor, worker's compensation, unemployment  
4 compensation benefits, disability, annuity, survivor's benefits, pension  
5 and retirement benefits, interest, dividends, rents, royalties, trust  
6 income and other similar payments, which remain after the deduction  
7 of amounts for federal, State, and local taxes, Social Security, and  
8 involuntary retirement contributions. However, Supplemental Security  
9 Income, Aid for Dependent Children, and other public assistance  
10 payments shall be excluded from disposable income. For employers,  
11 disposable income means 'wage' as it is defined by G.S. 95-25.2(16).  
12 Unemployment compensation benefits shall be treated as disposable  
13 income only for the purposes of income withholding under the  
14 provisions of G.S. 110-136.4, and the amount withheld shall not  
15 exceed twenty-five percent (25%) of the unemployment compensation  
16 benefits.

- 17 (7) 'IV-D case' means a case in which services have been applied for or  
18 are being provided by a child support enforcement agency established  
19 ~~pursuant to~~ under Title IV-D of the Social Security Act as amended  
20 and this Article.
- 21 (8) 'Non-IV-D case' means any case, other than a IV-D case, in which  
22 child support is legally obligated to be paid.
- 23 (9) 'Initiating party' means the party, the attorney for a party, a child  
24 support enforcement agency, or the clerk of superior court who  
25 initiates an action, proceeding, or procedure as allowed or required by  
26 law for the establishment or enforcement of a child support obligation.
- 27 (10) 'Mistake of fact' means that the obligor:
- 28 (a) Is not in arrears in an amount equal to the support payable for  
29 one month; or
- 30 (b) Did not request that withholding begin, if withholding is  
31 pursuant to a purported request by the obligor for withholding;  
32 or
- 33 (c) Is not the person subject to the court order of support for the  
34 child named in the advance notice of withholding; or
- 35 (d) Does not owe the amount of current support or arrearages  
36 specified in the advance notice or motion of ~~withholding~~;  
37 withholding; or
- 38 (e) Should have less withheld because the rate of withholding  
39 exceeds the amount of child support in the operative child  
40 support order.
- 41 (11) 'Obligee', in a IV-D case, means the child support enforcement agency,  
42 and in a non-IV-D case means the individual to whom a duty of  
43 support is owed or the individual's legal representative.

- 1 (12) 'Obligor' means the individual who owes a duty to make child support  
2 payments under a court order.
- 3 (13) 'Payor' means any payor, including any federal, State, or local  
4 governmental unit, of disposable income to an obligor. When the  
5 payor is an employer, payor means employer as is defined at 29 USC §  
6 203(d) in the Fair Labor Standards Act."
- 7 (q) G.S. 110-136.3(d) reads as rewritten:
- 8 "(d) Interstate cases. An interstate case is one in which a child support order of  
9 one state is to be enforced in another state.
- 10 (1) In interstate cases withholding provisions shall apply to a child support  
11 order of this or any other state. A petition addressed to this State to  
12 enforce a child support order of another state or a petition from an  
13 initiating party in this State addressed to another state to enforce a  
14 child support order entered in this State shall include:
- 15 a. A certified copy of the support order with all modifications,  
16 including any income withholding notice or order still in effect;
- 17 b. A copy of the income withholding law of the jurisdiction ~~which~~  
18 that issued the support order, ~~provided that such if the~~  
19 jurisdiction has a withholding law;
- 20 c. A sworn statement of arrearages;
- 21 d. The name, address, and social security number of the obligor, if  
22 known;
- 23 e. The name and address of the obligor's employer or of any other  
24 source of income of the obligor derived in the state in which  
25 withholding is sought; and
- 26 f. The name and address of the agency or person to whom support  
27 payments collected by income withholding shall be transmitted.
- 28 ~~For purposes of enforcing a petition under this subsection,~~  
29 ~~jurisdiction is limited to the purposes of income withholding.~~
- 30 (2) The law of the state in which the support order was entered shall apply  
31 in determining when withholding shall be implemented and  
32 interpreting the child support order. The law and procedures of the  
33 state where the obligor is employed shall apply in all other respects.
- 34 (3) Except as otherwise provided by subdivision (2), income withholding  
35 initiated under this subsection is subject to all of the notice, hearing  
36 and other provisions of Chapter 110.
- 37 (4) In all interstate cases notices and orders to withhold shall be served  
38 upon the payor by a North Carolina agency or judicial officer. In all  
39 interstate non-IV-D cases, the advance notice to the obligor shall be  
40 served ~~pursuant to~~ under G.S. 1A-1, Rule 4, Rules of Civil Procedure.
- 41 (5) For purposes of enforcing a petition under this subsection, jurisdiction  
42 is limited to income withholding and Chapter 52A shall not apply, but  
43 nothing in this subsection shall preclude any remedy otherwise  
44 available in a proceeding under Chapter 52A."

1 (r) Chapter 120 of the General Statutes is amended by adding a new Article  
2 to read:

3 **"ARTICLE 12J.**

4 **"CHILD SUPPORT OVERSIGHT COMMISSION.**

5 **"§ 120-70.85. Creation and membership of Child Support Oversight Commission.**

6 (a) The Child Support Oversight Commission is established. The Commission  
7 consists of 19 members as follows:

- 8 (1) Five members appointed by the President Pro Tempore of the Senate,  
9 each of whom shall be a member of the Senate.
- 10 (2) Five members appointed by the Speaker of the House of  
11 Representatives, each of whom shall be a member of the House of  
12 Representatives.
- 13 (3) Four members appointed by the Director of the Administrative Office  
14 of the Courts, one of whom shall be a district court judge and one of  
15 whom shall be a clerk of superior court.
- 16 (4) Four members appointed by the Secretary of Human Resources, one of  
17 whom shall be a county director of social services and one of whom  
18 shall be a director of a designated representative, as defined in G.S.  
19 110-129, that is not a county department of social services.
- 20 (5) One member appointed by the North Carolina Association of County  
21 Commissioners.

22 (b) Terms on the Commission are for two years and begin on the convening of  
23 the General Assembly in each odd-numbered year, except that the terms of the initial  
24 members begin on appointment and end on the date of the convening of the 1995  
25 General Assembly. Members may complete a term of service on the Commission even  
26 if they do not seek reelection or are not reelected to the General Assembly, but  
27 resignation or removal from service in the General Assembly constitutes resignation or  
28 removal from service on the Commission.

29 **"§ 120-70.86. Purpose and powers of Commission.**

30 (a) The Legislative Child Support Oversight Commission shall examine, on a  
31 continuing basis, the child support enforcement system in North Carolina, to make  
32 ongoing recommendations to the General Assembly on ways to improve the  
33 enforcement of child support.

34 (b) The Commission's oversight duties shall include:

- 35 (1) A continuing oversight review of the phasing-in of the State-  
36 supervised child support system established under G.S. 110-128(b);
- 37 (2) A continuing fiscal analysis of the cost of implementation of the  
38 phasing-in with a report on funding and other legislative  
39 recommendations to the 1995 General Assembly;
- 40 (3) A long-term fiscal analysis of an equitable plan for State and county  
41 sharing consistent with the Social Services Plan;
- 42 (4) An exploration of State and local cooperative agreements that would  
43 maximize federal reimbursement, particularly in regard to obtaining  
44 federal participation in the cost of the following services: (i) sheriff's

1 service of process costs, (ii) district attorney costs, (iii) Administrative  
2 Office of the Courts systems costs and (iv) Administrative Office of  
3 the Courts blood testing costs, as these costs are affected by the  
4 phasing-in and transferring of court roles to the Department of Human  
5 Resources; and

6 (5) Continuing consultation with all State and local agencies and  
7 individuals involved in child support enforcement as the restructured  
8 system prescribed by G.S. 110-128(b) is being implemented, and  
9 continuing consideration of problem areas and possible inequities.

10 (c) The Commission may make interim reports, with any recommended  
11 legislation, to the General Assembly on matters on which it may report to a regular  
12 session of the General Assembly.

13 (d) No later than February 1, 1995, the Commission shall submit to the General  
14 Assembly proposed legislation to recodify all North Carolina laws relating to child  
15 support, including the child support and related provisions of Chapters 49, 50, 52A, and  
16 110 of the General Statutes. The purpose of the recodification shall be to organize in  
17 one Chapter of the General Statutes all provisions of law relating to child support so as  
18 to make that law as clear, consistent, and comprehensive as possible. To assist the  
19 Commission in preparing the legislation, the Commission shall appoint a drafting  
20 committee, whose members need not be members of the Commission. The chair of the  
21 drafting committee shall be named by the cochairs of the Commission.

22 (e) No later than February 1, 1995, the Commission shall submit to the General  
23 Assembly proposed legislation to specify or clarify the terms of the cooperative  
24 agreement provided for in G.S. 110-141(c), or to clarify or limit the rule-making power  
25 of the Department of Human Resources under G.S. 110-141(d). The legislation shall  
26 address the following issues:

27 (1) Performance criteria;

28 (2) Procedures for auditing and evaluating the parties' performance;

29 (3) Methods for improving the parties' performance through incentives,  
30 including the use of any available State or federal funds;

31 (4) Appropriate remedies for any party's failure to meet performance  
32 criteria, including the sequence and procedures for applying the  
33 remedies;

34 (5) The mutuality of the terms of cooperative agreements;

35 (6) The uniform application of performance criteria to child support  
36 enforcement programs administered by the State, and to those  
37 administered by a county or its designees; and

38 (7) Any other issues that the Commission considers appropriate.

39 **"§ 120-70.87. Organization of Commission.**

40 (a) The President Pro Tempore of the Senate and the Speaker of the House of  
41 Representatives shall each designate a cochair of the Child Support Oversight  
42 Commission. The Commission shall meet at least once a quarter and may meet at other  
43 times upon the call of the cochairs.

1       (b) A quorum of the Commission is 10 members. No action may be taken except  
2 by a majority vote at a meeting at which a quorum is present. While discharging its  
3 official duties, the Commission has the powers of a commission under G.S. 120-19 and  
4 G.S. 120-19.1 through G.S. 120-19.4.

5       (c) Legislative members of the Commission and of its drafting committee shall  
6 receive subsistence and travel allowances at the rates established by G.S. 138-5. The  
7 Legislative Services Commission through the Legislative Administrative Officer shall  
8 assign professional staff to assist the Commission in its work. Upon the direction of the  
9 Legislative Services Commission, the Supervisors of Clerks of the Senate and of the  
10 House of Representatives shall provide clerical assistance to the Commission. The  
11 expenses for clerical employees shall be borne by the Commission. All expenses of the  
12 Commission shall be paid from the Child Support Reform Implementation Fund."

13       (s) (a) The General Assembly finds that, as a result of the enactment of The  
14 Child Support Reform Act of 1993, if enacted, the Department of Human Resources and  
15 the Administrative Office of the Courts and the county-administered child support  
16 programs will incur certain personnel and other operating expenses, which are not  
17 provided for in this act, in implementing a restructured State-supervised child support  
18 system in the counties selected under G.S. 110-128, as amended by Section 1 of The  
19 Child Support Reform Act of 1993, if enacted, and in preparing the report required by  
20 that section; these expenses are referred to in this section as "child support reform  
21 implementation expenses".

22       (b) There is created in the Department of Human Resources a nonreverting  
23 special fund to be known as the "Child Support Reform Implementation Fund". The  
24 "Child Support Reform Implementation Fund" includes all federal grants and other  
25 funds available to match the costs incurred by the State in operating the Administrative  
26 Office of the Courts' Child Support Computer System, in having district attorneys  
27 pursue URESA cases, in receipting and accounting for payments in all IV-D cases  
28 newly opened by, or transferred from clerks of superior court to, the child support  
29 enforcement agencies in the counties in which the restructured child support system is  
30 implemented pursuant to G.S. 110-128, and any other State costs for which new federal  
31 IV-D receipts can be identified and collected. This fund shall be used solely to pay  
32 child support reform implementation expenses at the State and county levels, and funds  
33 shall be transferred from this fund to the Department of Human Resources as they are  
34 required to pay those expenses.

35       (c) The Department of Human Resources and the Administrative Office of the  
36 Courts shall take all steps necessary to separate out and to document all the expenses for  
37 which federal receipts may be obtained for the Child Support Reform Implementation  
38 Fund and to apply for any federal funds which may be available.

39       (d) Notwithstanding the provisions of G.S. 143-23, the Secretary of the  
40 Department of Human Resources, with the approval of the Office of State Budget and  
41 Management, shall make use, to the extent possible, of any funds appropriated or  
42 otherwise available for the 1993-95 fiscal years to make up any difference between the  
43 funds available to it from the Child Support Reform Implementation Fund and the  
44 actual child support reform implementation expenses it incurs.



1 (e) To account for any funds transferred from the Child Support Reform  
2 Implementation Fund under subsection (b) and for funds transferred under subsection  
3 (d), and to account for all child support reform implementation expenses paid from any  
4 funds so transferred, the operating budgets of the Department of Human Resources for  
5 the 1993-95 biennium shall include a budget purpose entitled "Child Support Reform  
6 Implementation".

7 (f) Funds in this account shall be used to help offset increased costs to the  
8 IV-D agencies for implementation of the reformed child support system.

9 (t) (1) There is appropriated from the General Fund to the Division of  
10 Social Services, Department of Human Resources, the sum of seven  
11 hundred thousand dollars (\$700,000) for the 1993-94 fiscal year and  
12 the sum of seven hundred thousand dollars (\$700,000) for the 1994-95  
13 fiscal year, to implement this act.

14 (2) There is appropriated from the General Fund to the  
15 Administrative Office of the Courts the sum of one hundred  
16 thousand dollars (\$100,000) for the 1993-94 fiscal year, for  
17 automation costs to implement the restructured systems  
18 mandated by this act.

19 (u) The base budget of the Division of Social Services, Department of  
20 Human Resources, is reduced by eight million one hundred thousand dollars  
21 (\$8,100,000) for the 1993-94 fiscal year and by eight million one hundred thousand  
22 dollars (\$8,100,000) for the 1994-95 fiscal year, due to the savings resulting from the  
23 implementation of this act.

24 (v) Except as otherwise provided, this section becomes effective July 1,  
25 1993.

26 —STUDY SCHOOL FOR DEAF FUNDING.

27 Sec. 78. (a) The General Assembly finds that North Carolina has excess  
28 capacity in its schools for the deaf, that North Carolina's public schools serve almost  
29 three times the number of deaf children as do the schools for the deaf, and that the cost  
30 for educating children in the schools for the deaf is significantly higher than the cost of  
31 educating these children in North Carolina's public schools.

32 (b) It is the intent of the General Assembly to examine the funding and the  
33 utilization of the schools for the deaf to determine how best to serve the needs of North  
34 Carolina children who are hearing-impaired in the most cost-efficient manner.

35 (c) This section is effective upon ratification.

36 —TWENTY POSITIONS ELIMINATED/DHR.

37 Sec. 79. (a) The General Assembly finds that a well-structured organization can  
38 operate with a managerial/supervisory span of control of between three and six  
39 positions. A higher supervisor-to-staff ratio that occurs from narrow spans of control  
40 can result in increased operating costs, and the creation of a middle layer of  
41 management that can impede organizational efficiency. The General Assembly further  
42 finds that 20 positions in the Secretary's Office, many of which are  
43 managerial/supervisory positions, have three or fewer positions directly reporting to  
44 them, and involve one-to-one reporting requirements.

1 (b) The 20 excess positions in the Office of the Secretary of the Department of  
2 Human Resources that have three or fewer positions reporting to them are eliminated.  
3 These positions are in the following organizational units of the Secretary's Office:

4 Office of Governmental Liaison Services  
5 Council on Developmental Disabilities  
6 Division of Information Systems  
7 Division of Economic Opportunity  
8 Division of Public Affairs  
9 Division of Personnel Management Services  
10 Division of Budget and Analysis  
11 Office of the Controller

12 The Secretary of the Department of Human Resources shall identify those 20  
13 positions to be eliminated in accordance with the finding in subsection (a) of this section  
14 and with this subsection.

15 (c) After identifying the positions to be eliminated by subsection (b) of this  
16 section, the Secretary of Human Resources shall combine the Office of Government  
17 Liaison Services and the Office of Public Affairs into an Office of External Affairs,  
18 under a director whom the Secretary shall appoint. This director shall report directly to  
19 the Secretary.

20 (d) The base budget of the Department of Human Resources is reduced by six  
21 hundred six thousand dollars (\$606,000) for the 1993-94 fiscal year and by six hundred  
22 six thousand dollars (\$606,000) for the 1994-95 fiscal year due to the implementation of  
23 this section.

24 (e) This section becomes effective July 1, 1993.

25 ---ASS'T. SEC. POS. ELIM./DHR.

26 Sec. 80. (a) The General Assembly finds that an efficient organization has  
27 minimal layers of management to ensure that there are clear lines of communication  
28 throughout the organization structure, to facilitate organizational structure, and to  
29 facilitate organizational decision-making efficiency. The General Assembly further  
30 finds that there are three Assistant Secretary positions in the Department of Human  
31 Resources that are not performing the functions that their titles imply but, in effect,  
32 represent an unneeded layer of management in the Department.

33 (b) The positions of Assistant Secretary for Budget and Management, of  
34 Assistant Secretary for Administration and Liaison Services, and the Assistant Secretary  
35 for Aging are eliminated. The Secretary of Human Resources shall ensure that the  
36 organizational units within the span of control of these assistant secretaries are  
37 reorganized so as to report directly to the Secretary or Deputy Secretary or to be moved  
38 into the appropriate program divisions.

39 (c) G.S. 143B-181.2 is repealed.

40 (d) The base budget of the Department of Human Resources is reduced by  
41 eighty-nine thousand dollars (\$89,000) for the 1993-94 fiscal year and by eighty-nine  
42 thousand dollars (\$89,000) for the 1994-95 fiscal year due to the implementation of this  
43 section.

44 (e) This section becomes effective July 1, 1993.

1 —DHR FTE POSITIONS ELIMINATED.

2 Sec. 81. (a) The General Assembly finds that there are approximately 26  
3 positions in the Department of Human Resources that are considered excessive because  
4 of narrow spans of control or having fewer than three positions reporting to them,  
5 because of duplicate work being performed by similar positions, because of  
6 performance of unnecessary functions, or because of a level of work load that does not  
7 justify a full-time position. The General Assembly further finds that an additional 12  
8 positions are considered excessive because they represent an additional layer of  
9 management or supervision that is not warranted.

10 (b) The 38 positions in the Department of Human Resources that involve  
11 excessive layers of management, excessively narrow spans of control, or having fewer  
12 than three positions reporting to them, overlapping functions, or unnecessary positions  
13 are eliminated.

14 The Secretary of Human Resources shall identify the positions to be  
15 eliminated as indicated in this subsection.

16 The 26 positions that are considered excessive because of narrow spans of  
17 control, duplicate work being performed by similar positions, performance of  
18 unnecessary functions, or level of work load that does not justify a full-time position  
19 shall be identified for elimination from the following divisions and organizational units:

- 20 (1) Division of Mental Health, Developmental Disabilities, and Substance  
21 Abuse Services:
- 22 a. Quality Improvement Section;
  - 23 b. Alcohol and Drug Abuse Section;
  - 24 c. Developmental Disabilities Section;
- 25 (2) Division of Personnel Management Services:
- 26 a. Operations Section;
- 27 (3) Division of Youth Services:
- 28 a. Community Services;
  - 29 b. Institutional Services;
- 30 (4) Division of Social Services:
- 31 a. Information Systems;
  - 32 b. Regional Administration;
  - 33 c. Child Support Enforcement;
  - 34 d. Employment Programs;
  - 35 e. Public Assistance;
  - 36 f. Children's Services; and
- 37 (5) Division of Vocational Rehabilitation:
- 38 a. Staff Development;
  - 39 b. Support Services;
  - 40 c. Administrative Services;
  - 41 d. Planning and Evaluation Services.

42 (c) The 12 positions that are considered to be excessive because they represent an  
43 additional layer of management or supervision that is not warranted are to be identified  
44 for elimination from the following divisions and organizational units:

- 1           (1) Division of Mental Health, Developmental Disabilities, and Substance  
2 Abuse Services:  
3           a. Mental Health Section;  
4           b. Alcohol and Drug Abuse Section;  
5           c. Developmental Disabilities Section;  
6           d. Willie M Services Section;
- 7           (2) Division of Social Services:  
8           a. Child Support Enforcement;  
9           b. Employment Programs; and  
10          c. Public Assistance.

11          (d) The base budget of the Department of Human Resources is reduced by one  
12 million one hundred fifty thousand dollars (\$1,150,000) for the 1993-94 fiscal year and  
13 by one million one hundred fifty thousand dollars (\$1,150,000) for the 1994-95 fiscal  
14 year due to the implementation of this section.

15          (e) This section becomes effective July 1, 1993.

16 ---DHR DECENTRALIZATION.

17          Sec. 82. (a) The General Assembly finds that a Cabinet Secretary's Office  
18 should act as a policy and administrative oversight function and should rarely if ever be  
19 directly involved with program service delivery. There should, generally, be no  
20 programmatic functions located in the Secretary's office and all pertinent functions  
21 should be decentralized and performed at the program division level. The General  
22 Assembly further finds that a considerable number of programmatic functions is  
23 currently inappropriately placed in the Office of the Secretary of the Department of  
24 Human Resources.

25          (b) The following programmatic functions are transferred from the Office of the  
26 Secretary of the Department of Human Resources to the specified divisions:

- 27           (1) The Division of Economic Opportunities, which administers grant  
28 programs that provide opportunities for low-income individuals and  
29 families, to the Division of Social Services;
- 30           (2) The Council on Developmental Disabilities, which is a federal  
31 program designed to assist states in developing and implementing  
32 plans for the developmentally disabled, to the Division of Mental  
33 Health, Developmental Disabilities, and Substance Abuse Services;
- 34           (3) The North Carolina Interagency Coordinating Council, which provides  
35 the necessary management and interagency coordination for the  
36 planning, development, and evaluation of services to developmentally  
37 disabled and at-risk infants, the Division of Mental Health,  
38 Developmental Disabilities, and Substance Abuse Services;
- 39           (4) The volunteer services provided by the Office of Volunteer  
40 Development Services, to the respective program divisions being  
41 served; and
- 42           (5) Effective July 1, 1995, when the program is fully operational, the  
43 Director of Family-Centered Services, which is a newly created  
44 program that provides policy and resource coordination among the

1 various divisions within the Department of Human Resources to  
2 strengthen family-centered services, to the Division of Social Services.

3 (c) The position of Special Assistance for Education in the Office of the  
4 Secretary of the Department of Human Resources is eliminated and its position  
5 responsibilities are transferred to the Deputy Secretary of the Department of Human  
6 Resources.

7 (d) All of the powers, duties, and functions of the Office of Rural Health and  
8 Resource Development are transferred from the Department of Human Resources to the  
9 Department of Environment, Health, and Natural Resources. This transfer shall include  
10 all elements of a Type I transfer, as defined in G.S. 143A-6.

11 (e) Effective upon the transfers mandated by subsection (b) of this section  
12 being effected, the following organizational units in the Department of Human  
13 Resources shall report to the Secretary:

- 14 (1) Deputy Secretary;
- 15 (2) DHR Counsel/Office of Legal Affairs;
- 16 (3) Office of External Affairs;
- 17 (4) Division of Information Systems;
- 18 (5) Division of Personnel Management Services;
- 19 (6) Division of Budget and Analysis; and
- 20 (7) Office of the Controller.

21 (f) Effective upon the transfers mandated by subsection (b) of this section, the  
22 program divisions shall report to the Deputy Secretary.

23 (g) The base budget of the Department of Human Resources is reduced by  
24 two hundred forty-three thousand dollars (\$243,000) for the 1993-94 fiscal year and by  
25 two hundred forty-three thousand dollars (\$243,000) for the 1994-95 fiscal year due to  
26 the implementation of this section.

27 (h) The base budget of the Department of Environment, Health, and Natural  
28 Resources is reduced by — for the 1993-94 fiscal year and by — for the 1994-95 fiscal  
29 year due to the transfer of the budget of the Office of Rural Health and Resource  
30 Development.

31 (i) This section becomes effective July 1, 1993.

32 —DHR UNIT REORG.

33 Sec. 83. (a) The General Assembly finds that, if organizational units within  
34 departments are misplaced, vital fiscal and human resources are wasted in unnecessary  
35 management positions and in excessive coordination of services. The General  
36 Assembly further finds that several organizational units and positions are  
37 organizationally misplaced in the Department of Human Resources.

38 (b) All of the powers, duties, budget, and functions of the Charitable Solicitation  
39 Unit of the Division of Facility Services, Department of Human Resources, are  
40 transferred to the Department of Justice, Office of the Attorney General, Consumer  
41 Protection Section. This transfer has all the elements of a Type I transfer, as defined in  
42 G.S. 143A-6.

43 (c) G.S. 131C-3(3) and G.S. 131C-3(10) are repealed.

44 (d) G.S. 131C-3(5) reads as rewritten:

1           "(5) 'Department' means the Department of ~~Human Resources~~. Justice."

2           (e) G.S. 131C-4(a) reads as rewritten:

3           "(a) Any person who solicits charitable contributions shall apply for and obtain an  
4 annual license from the ~~Department of Human Resources~~. Department. A person who  
5 is authorized to solicit on behalf of a licensed or exempt person is not required to obtain  
6 a license under this section."

7           (f) G.S. 131C-7(a)(6) reads as rewritten:

8           "(6) A copy of a financial statement in a consolidated report audited by an  
9 independent public accountant for the person's immediately preceding  
10 fiscal year or, if none, for the present fiscal year or part thereof;  
11 provided that if total support and revenue exceeds two hundred fifty  
12 thousand dollars (\$250,000) for the fiscal year or part thereof, the  
13 report shall be audited by a certified public accountant. Information as  
14 to the total support and revenue and all of the fund-raising activities  
15 including the balance sheet, kind and amounts of funds raised, costs  
16 and expenses incidental thereto, allocation or disbursement of funds  
17 raised, changes in fund balances, notes to the audit and the opinion as  
18 to the fairness of the presentation by the accountant shall be included.  
19 This report shall conform to the accounting and reporting procedures  
20 established by the ~~Commission~~. Attorney General. The ~~Commission~~  
21 Attorney General shall adopt rules for simplified reporting by persons  
22 whose total support and revenue is one hundred thousand dollars  
23 (\$100,000) or less."

24           (g) G.S. 131C-8(a) reads as rewritten:

25           "(a) An application for licensure shall be in writing, verified under oath or  
26 affirmation and shall contain such information as specified in G.S. 131C-7 as the  
27 ~~Commission~~. Attorney General shall require. In addition, the application shall contain:

28           (1) The name and address of all officers, employees and agents;

29           (2) The name and address of all persons who own a ten percent (10%) or  
30 more interest in the applicant; and

31           (3) A description of any other business conducted by the applicant or any  
32 person who owns a ten percent (10%) or more interest in the  
33 applicant."

34           (h) G.S. 131C-9(a) reads as rewritten:

35           "(a) An application for licensure under G.S. 131C-4 or 131C-6 shall be  
36 accompanied by a fee not to exceed one hundred dollars (\$100.00) in accordance with a  
37 fee schedule established by the ~~Commission~~. Attorney General."

38           (i) G.S. 131C-10 reads as rewritten:

39 **"§ 131C-10. Bond.**

40           An applicant under G.S. 131C-6 shall, at the time of making application, file with  
41 and have approved by the Department a bond in which the applicant shall be the  
42 principal obligor in the sum of twenty thousand dollars (\$20,000) with one or more  
43 sureties satisfactory to the Department, whose liability in the aggregate as such sureties  
44 will at least equal the said sum; and the applicant shall maintain said bond in effect so

1 long as the license is in effect. The bond shall run to the State for the use of said bond  
2 for any penalties and to any person who may have a cause of action against the obligor  
3 of the bond for any losses resulting from the obligor's conduct of any and all activities  
4 subject to this Chapter or arising out of a violation of this Chapter or any rule of the  
5 ~~Commission.~~ Attorney General. A bond shall not be required of any applicant who does  
6 not personally receive any of the contributions collected and who does not personally  
7 handle any of the contributions expended. In lieu of the bond required under this  
8 section, an applicant may submit a certificate of deposit in the amount of twenty  
9 thousand dollars (\$20,000) that is either payable to the State and unrestrictedly  
10 endorsed to the Department; or in the case of a negotiable certificate of deposit, is  
11 unrestrictedly endorsed to the Department; or, in the case of a nonnegotiable certificate  
12 of deposit, is assigned to the Department in a form satisfactory to the Department.  
13 Access to the certificate of deposit in favor of the State is subject to the same conditions  
14 as for a bond under this section and shall extend for a period not less than four years  
15 after the licensee ceases activities that are subject to this Chapter. The Department shall  
16 deliver to the State Treasurer certificates of deposit submitted under this section."

17 (i) G.S. 131C-12 reads as rewritten:

18 **"§ 131C-12. Rule-making authority.**

19 The ~~Social Services Commission shall have the authority to~~ Attorney General shall  
20 adopt rules necessary for the implementation of this Chapter and to prevent false and  
21 deceptive statements and conduct in the solicitation of charitable contributions."

22 (j) G.S. 131C-13 reads as rewritten:

23 **"§ 131C-13. Fiscal records.**

24 Any person subject to licensure under this Chapter shall maintain accurate fiscal  
25 records in accordance with rules adopted by the ~~Commission.~~ Attorney General."

26 (k) G.S. 131C-18 reads as rewritten:

27 **"§ 131C-18. Duty of ~~Secretary of Human Resources~~ Attorney General to**  
28 **investigate.**

29 The ~~Secretary of Human Resources shall have the power, and it shall be his duty, to~~  
30 Attorney General shall investigate, from time to time, the activities of all persons  
31 soliciting charitable contributions in this State, which are or may in his opinion be  
32 subject to this Chapter, or which have or may have violated the provisions of this  
33 Chapter. Such investigation shall be with a view of ascertaining whether this Chapter is  
34 being or has been violated by any such person, and if so, in what respect, with the  
35 purpose of acquiring such information as may be necessary to enable ~~him~~ the Attorney  
36 General to grant or deny an application for licensure, to revoke a license, to seek an  
37 injunction against any person, or to take any other action pursuant to this Chapter."

38 (l) G.S. 131C-19 reads as rewritten:

39 **"§ 131C-19. Power to compel examination.**

40 In performing the duty required in G.S. 131C-18, the ~~Secretary shall have the power,~~  
41 Attorney General may, at all times, to require the officers, agents or employees of any  
42 person soliciting charitable contributions in this State and all other persons having  
43 knowledge with respect to the matters and activities of such persons, to submit  
44 themselves to ~~examination by him,~~ examination, and produce for ~~his~~ inspection any of

1 the books and papers of any such persons, or which are in any way connected with the  
2 business thereof; and the ~~Secretary is hereby given the right to~~ Attorney General may  
3 administer oath to any person ~~whom he may desire to examine.~~ under examination. He  
4 shall ~~also, if it may become necessary, have the right to~~ The Attorney General may  
5 apply to any justice or judge of the appellate or superior court divisions, after five days  
6 notice of ~~such~~ application, for an order on any ~~such~~ person ~~he may desire to examine~~  
7 under examination to appear ~~and subject himself or itself to such examination,~~ and be  
8 examined, and disobedience of such order shall constitute contempt, and shall be  
9 punishable as in other cases of disobedience of a proper order of such judge."

10 (m) G.S. 131C-21 reads as rewritten:

11 "**§ 131C-21. Injunction.**

12 If any person shall violate or threaten to violate any provision of this Chapter, the  
13 ~~Secretary of Human Resources~~ Attorney General may institute an action in the Superior  
14 Court of Wake County for injunctive relief against such violation or threatened  
15 violation."

16 (n) Rules adopted by the Social Services Commission regulating the  
17 Charitable Solicitation Act remain in effect until rewritten or repealed by the Attorney  
18 General.

19 (o) This section becomes effective October 1, 1993, and applies to charitable  
20 solicitations required on or after that date.

21 (p) All of the powers, duties, and functions of the Employee Assistance  
22 Program (EAP) Branch, Department of Human Resources, that are responsible for  
23 identifying troubled employees throughout the Department of Human Resources and  
24 assisting them to find personal counseling help or to access the appropriate referral  
25 resources and that also assist the area mental health programs through promotion,  
26 training, and support of area EAP procedures, are transferred to the Division of  
27 Personnel Management Services in the Office of the Secretary.

28 (q) All of the powers, duties, and functions of the Adult Services  
29 Branch/Controlled Substance Regulatory Unit, Department of Human Resources, that is  
30 responsible for implementing the regulatory responsibilities of the North Carolina  
31 Controlled Substance Act and that does licensing and inspection of drug-related  
32 facilities in order to prevent legitimately manufactured, distributed, or dispensed  
33 controlled substances from being delivered into the illicit market, are transferred to the  
34 Division of Facility Services.

35 (r) The Computer Systems Analyst IV position in the Division of Vocational  
36 Rehabilitation, Department of Human Resources, is transferred to the Division's  
37 Administrative Services Section for better coordination in implementing the Division's  
38 computer system.

39 (s) The Staff Development Specialist position located in the Program  
40 Operations and Support Section of the Division of Vocational Rehabilitation,  
41 Department of Human Resources, is transferred to the Division's Administrative  
42 Services Section to eliminate fragmentation of the computer program automation  
43 function.

44 (t) This section becomes effective July 1, 1993.



1 —MEDICAID COST CONTROL POLICY.

2 Sec. 84. (a) The General Assembly finds that certain drastic measures could be  
3 taken to reduce the level of Medicaid expenditures, such as by eliminating eligibles and  
4 services, and imposing restrictive service limits. The General Assembly finds, however,  
5 that these measures are effective only in the short term. In the long term, they do not  
6 decrease demand for services. The cost of care provided to newly ineligible clients may  
7 be shifted to other payors as hospitals and other providers attempt to recover the costs of  
8 uncompensated care. Eliminating services that allow individuals to remain at home will  
9 eventually increase the use and costs of more expensive facility-based care. Eliminating  
10 coverage of primary care services will result in many individuals postponing care.  
11 Eventually, more expensive institutional services are needed. Thus, these drastic  
12 measures may result in the ultimate increase of expenditures for health care. Also, by  
13 shifting costs to other payors, State expenditures for health care will increase because  
14 federal matching funds will be forfeited.

15 It is the intent of the General Assembly that State Medicaid policy should  
16 incorporate more creative strategies for controlling Medicaid costs, such as by the  
17 development of a managed care program. This policy shall also make clear that drastic  
18 measures such as the elimination of eligible groups and optional services or the  
19 imposition of restrictive service limits shall be employed only as options of last resort.

20 (b) The Division of Medical Assistance, Department of Human Resources, shall  
21 conform its State Medicaid policy to the requirements of subsection (a) of this section.

22 (c) This section is effective upon ratification.

23 —MEDICAID BUDGET CONSENSUS.

24 Sec. 85. (a) The General Assembly finds that it is in the best interests of the  
25 State to develop a formal communications process among State staff to develop and  
26 monitor Medicaid budget projections.

27 (b) The Secretary of the Department of Human Resources, the Director of the  
28 Office of State Budget and Management, and the Cochair of the Legislative Services  
29 Commission shall ensure that the finding made by Section 1 of this act is effected to  
30 serve the best interests of the State.

31 (c) This section is effective upon ratification.

32 —MEDICAID SERVICES COPAYMENTS.

33 Sec. 86. (a) Effective January 1, 1993, the Division of Medical Assistance,  
34 Department of Human Resources, shall impose copayments for the following services:  
35 home health, hospital inpatient, ambulatory surgical center, personal care, and durable  
36 medical equipment. The copayments shall be established by rule and shall not exceed  
37 the limits allowed by federal law and regulation.

38 (b) The base budget of the Division of Medical Assistance, Department of  
39 Human Resources, is reduced by five million seven hundred thousand dollars  
40 (\$5,700,000) for the 1993-94 fiscal year and by six million one hundred thousand  
41 dollars (\$6,100,000) for the 1994-95 fiscal year due to the imposition of copayments  
42 mandated by subsection (a) of this section.

(c) It is the intent of the General Assembly to reduce the base budget of the Division of Medical Assistance, Department of Human Resources, in subsequent fiscal years due to this act's imposition of copayments, according to the following schedule:

Fiscal Year	Amount
1995-96	\$6,500,000
1996-97	\$7,000,000
1997-98	\$7,600,000
1998-99	\$8,100,000
1999-00	\$8,700,000
2000-01	\$9,300,000
2001-02	\$9,800,000.

(d) This section becomes effective July 1, 1993.

—DRG-BASED PAYMENT.

Sec. 87. (a) Effective July 1, 1994, the Division of Medical Assistance, Department of Human Resources, shall implement a Diagnosis-Related Groups (DRG)-Based Medicaid reimbursement system that uses peer groups to establish base payment amounts for hospitals.

(b) There is appropriated from the General Fund to the Division of Medical Assistance, Department of Human Resources, the sum of three hundred sixty-two thousand five hundred dollars (\$362,500) for the 1993-94 fiscal year for administrative costs incurred in implementing this section.

(c) The base budget of the Division of Medical Assistance, Department of Human Resources, is reduced by six million eight hundred thousand dollars (\$6,800,000) for the 1994-95 fiscal year due to the savings incurred by implementing subsection (a) of this section.

(d) It is the intent of the General Assembly to reduce the base budget of the Division of Medical Assistance, Department of Human Resources, in subsequent fiscal years due to the savings incurred by implementing subsection (a) of this section, according to the following schedule:

Fiscal Year	Amount
1995-96	\$7,000,000
1996-97	\$7,300,000
1997-98	\$7,500,000
1998-99	\$7,800,000
1999-00	\$8,100,000
2000-01	\$8,300,000
2001-02	\$8,600,000.

(e) This section becomes effective July 1, 1993.

—MEDICAID CONTRACTING.

Sec. 88. (a) Effective July 1, 1994, in order to encourage facilities to operate efficiently and reduce Medicaid expenditures for inpatient hospital services, the Division of Medical Assistance, Department of Human Resources, shall implement selective contracting programs for Medicaid in geographically feasible regions of the

1 State. The Division may consider these programs for areas where competition among  
2 hospitals exists, such as in Durham, Charlotte, and Raleigh. If the Division does  
3 implement selective contracting programs in these areas, the Division shall negotiate  
4 with facilities to obtain better rates. The Division shall also develop mechanisms that  
5 encourage physicians to send Medicaid recipients to these low-cost facilities whenever  
6 possible.

7 (b) There is appropriated from the General Fund to the Division of Medical  
8 Assistance, Department of Human Resources, the sum of one hundred thirty-five  
9 thousand dollars (\$135,000) for the 1993-94 fiscal year, as administrative costs incurred  
10 in implementing subsection (a) of this section.

11 (c) The base budget of the Division of Medical Assistance, Department of  
12 Human Resources, is reduced by six million nine hundred thousand dollars (\$6,900,000)  
13 for the 1994-95 fiscal year due to savings incurred by the implementation of subsection  
14 (a) of this section.

15 (d) This section becomes effective July 1, 1993.

16 ---MEDICAID "BUNDLED" PAYMENT.

17 Sec. 89. (a) The General Assembly finds that prospective reimbursement of  
18 outpatient hospital services encourages hospitals to control costs and efficiently use  
19 resources. "Bundled" prospective payment relies on a fee schedule for specific service  
20 "bundles", which are groups of services that are provided on the same day or as part of  
21 the same incident of care.

22 (b) Effective July 1, 1994, the Division of Medical Assistance shall implement a  
23 "bundled" prospective payment approach for Medicaid outpatient hospital services. The  
24 development of this approach shall include consideration of the following:

- 25 (1) Use of peer grouping to address the problem that facilities that serve  
26 more seriously ill patients may be underpaid;
- 27 (2) Consideration of prospective fee-for-service payment versus current  
28 cost-settled arrangements;
- 29 (3) Payment of nonemergency care at comparable clinic or office visit  
30 rates;
- 31 (4) Flat rate payment for all facilities versus current facility-specific  
32 percentage of costs;
- 33 (5) Rates set based on relative cost of "bundled" services versus current  
34 service-specific costs;
- 35 (6) Payment for outpatient surgeries at rates based on Medicare's  
36 Ambulatory Surgery Center (ASC) Groups; and
- 37 (7) Rebased on a multiyear cycle, with annual updates based on an  
38 inflator.

39 (c) The Division shall report on its progress towards implementing a "bundled"  
40 prospective payment approach for Medicaid hospital outpatient services to the  
41 appropriate subcommittees of the House and Senate Appropriations Committees of the  
42 1993 General Assembly, Regular Session 1994.

43 (d) There is appropriated from the General Fund to the Division of Medical  
44 Assistance, Department of Human Resources, the sum of one hundred fifty thousand

1 dollars (\$150,000) for the 1993-94 fiscal year, as administrative costs incurred in  
 2 developing the "bundled" prospective payment approach mandated by this section.

3 (e) The base budget of the Division of Medical Assistance, Department of  
 4 Human Resources, is reduced by eight hundred thousand dollars (\$800,000) for the  
 5 1994-95 fiscal year due to implementation of the "bundled" prospective payment  
 6 approach mandated by this section.

7 (f) It is the intent of the General Assembly to reduce the base budget of the  
 8 Division of Medical Assistance, Department of Human Resources, in subsequent fiscal  
 9 years due to implementation of the "bundled" prospective payment approach mandated  
 10 by this section, according to the following schedule:

Fiscal Year	Amount
1995-96	\$900,000
1996-97	\$1,000,000
1997-98	\$1,200,000
1998-99	\$1,400,000
1999-00	\$1,600,000
2000-01	\$1,800,000
2001-02	\$2,000,000.

20 (g) This section becomes effective July 1, 1993.

21 **—MEDICAID NURSING HOME PAYMENT.**

22 Sec. 90. (a) The General Assembly finds that peer grouping identifies facilities  
 23 that can be expected to incur similar costs based on certain statistically valid variables  
 24 such as geographic location, bed size, and occupancy levels. A peer group ceiling rate,  
 25 generally based on a percentile of costs or on the median cost, establishes the standard  
 26 for efficient and economic facilities. The General Assembly finds that peer grouping  
 27 will achieve savings for North Carolina because facilities with costs above the ceiling  
 28 will have payments capped at the ceiling level. To encourage facilities with costs below  
 29 the ceiling to maintain these costs, an efficiency incentive can be paid.

30 The General Assembly further finds that separate peer group ceilings should  
 31 be established for each cost component. North Carolina's current policy to allow more  
 32 generous reimbursement of direct patient care costs to ensure quality of care should  
 33 continue, but costs such as housekeeping and laundry and linen, which do not reflect the  
 34 costs of hands-on patient care, should be moved into another component with more  
 35 stringent ceilings.

36 (b) Effective July 1, 1994, the Division of Medical Assistance, Department of  
 37 Human Resources, shall implement a prospective peer-grouped, case mix-based  
 38 Medicaid reimbursement methodology for nursing homes, not only to achieve savings  
 39 but also to promote access for patients requiring a higher level of care, because this  
 40 reimbursement is more closely tied to patient needs than the one currently employed.  
 41 This methodology shall address the findings made in subsection (a) of this section and,  
 42 in addition, shall:

- 43 (1) Update rates each year by an appropriate inflation factor, in order to
- 44 allow greater predictability in estimating nursing facility expenditures;

1 (2) Adjust payments by the case mix, to reflect the varying levels of  
2 resources required to treat patients; and

3 (3) Incorporate the input of nursing facilities in the development of the  
4 methodology, to promote greater understanding of its goals and  
5 objectives.

6 (c) There is appropriated from the General Fund to the Division of Medical  
7 Assistance, Department of Human Resources, the sum of one hundred eighty thousand  
8 dollars (\$180,000) for the 1993-94 fiscal year in administrative costs incurred in  
9 implementing this section.

10 (d) The base budget of the Division of Medical Assistance, Department of  
11 Human Resources, is reduced by nine million six hundred thousand dollars (\$9,600,000)  
12 for the 1994-95 fiscal year due to the implementation of this section.

13 (e) It is the intent of the General Assembly to reduce the base budget of the  
14 Division of Medical Assistance, Department of Human Resources, in subsequent fiscal  
15 years due to the implementation of this section, according to the following schedule:

16	Fiscal Year	Amount
17	1995-96	\$10,200,000
18	1996-97	\$10,800,000
19	1997-98	\$11,400,000
20	1998-99	\$12,100,000
21	1999-00	\$12,800,000
22	2000-01	\$13,600,000
23	2001-02	\$14,400,000.

24 (f) This section becomes effective July 1, 1993.

25 —CON REIMBURSEMENT.

26 Sec. 91. (a) The General Assembly finds that the Certificate of Need process  
27 remains justified for long-term care beds but that the Medicaid reimbursement system  
28 for these beds should be adjusted to promote savings.

29 (b) Effective July 1, 1993, the Division of Medical Assistance, Department of  
30 Human Resources shall make those changes in the Medicaid reimbursement system for  
31 long-term care facilities that will promote savings.

32 (c) This section becomes effective July 1, 1993.

33 —MEDICAID INDIRECT CARE CAP.

34 Sec. 92. (a) The General Assembly finds that, under the current Medicaid  
35 reimbursement policy, nursing facilities retain the entire difference between actual  
36 indirect costs and the flat indirect rate. Differences between indirect costs and the flat  
37 indirect rate are substantial for some facilities. The General Assembly finds that  
38 establishing a ceiling amount on these payments does not impair the State's ability to  
39 encourage facilities to operate efficiently.

40 (b) Effective January 1, 1993, the Division of Medical Assistance, Department of  
41 Human Resources, shall establish a cap of two dollars (\$2.00) on Medicaid indirect care  
42 efficiency payments for nursing facilities, to eliminate excessive nursing facility  
43 "profits" and to reduce Medicaid expenditures with little impact on incentives to control  
44 indirect care costs.

1 (c) The base budget of the Division of Medical Assistance, Department of  
2 Human Resources, is reduced by one million two hundred thousand dollars  
3 (\$1,200,000) for the 1993-94 fiscal year and by two million four hundred thousand  
4 dollars (\$2,400,000) for the 1994-95 fiscal year due to the implementation of this  
5 section.

6 (d) This section becomes effective July 1, 1993.

7 —ELIM. RETURN-ON-EQUITY PAY.

8 Sec. 93. (a) The General Assembly finds that many states have eliminated  
9 Medicaid return-on-equity payments to private nursing facilities because current  
10 reimbursement policy permits facilities to retain the difference between the facilities'  
11 indirect costs and the statewide flat rates. The General Assembly finds that, for this  
12 reason, nursing facilities already receive a "profit" and that eliminating the extra return-  
13 on-equity payments in North Carolina would reduce Medicaid expenditures and be  
14 consistent with other states' policies.

15 (b) Effective July 1, 1993, G.S. 108A-55 is amended by adding a new subsection  
16 to read:

17 "(e) No payment shall be made as 'return-on-equity' reimbursement to nursing  
18 homes and no such payment shall be included in the State Health Plan."

19 (c) The base budget of the Division of Medical Assistance, Department of  
20 Human Resources, is reduced by one million three hundred thousand dollars  
21 (\$1,300,000) for the 1994-95 fiscal year due to the implementation of this section.

22 (d) This section becomes effective July 1, 1993.

23 —FREEZE DRUG DISPENSING FEE.

24 Sec. 94. (a) The General Assembly finds that North Carolina's Medicaid  
25 prescription drug dispensing fee is the highest in the country and that it has increased by  
26 fifty percent (50%) since 1985, from three dollars and sixty-seven cents (\$3.67) in 1986  
27 to five dollars and sixty cents (\$5.60) in 1992. The General Assembly further finds that  
28 North Carolina Medicaid spent more than thirty-five million dollars (\$35,000,000) in  
29 the 1992-93 fiscal year for dispensing fees alone. The most recent increase approved by  
30 the General Assembly resulted in additional Medicaid expenditures of four million five  
31 hundred thousand dollars (\$4,500,000).

32 (b) Effective July 1, 1993, through June 30, 1995, the Division of Medical  
33 Assistance, Department of Human Resources, shall freeze the Medicaid prescription  
34 drug dispensing fee at its July 1992 amount of five dollars sixty cents (\$5.60) and shall  
35 not pay a higher amount.

36 (c) It is the intent of the General Assembly to continue the freeze mandated by  
37 subsection (b) of this section through fiscal year 2002.

38 (d) The base budget of the Division of Medical Assistance, Department of  
39 Human Resources, is reduced by the sum of five million dollars (\$5,000,000) for the  
40 1993-94 fiscal year and the sum of five million seven hundred thousand dollars  
41 (\$5,700,000) for the 1994-95 fiscal year due to savings incurred by the implementation  
42 of this section.

1 (e) It is the intent of the General Assembly to reduce the base budget of the  
 2 Division of Medical Assistance, Department of Human Resources, in subsequent fiscal  
 3 years due to the implementation of this section, according to the following schedule:

4	Fiscal Year	Amount
5	1995-96	\$6,500,000
6	1996-97	\$7,400,000
7	1997-98	\$8,400,000
8	1998-99	\$9,500,000
9	1999-00	\$10,900,000
10	2000-01	\$12,400,000
11	2001-02	\$14,100,000.

12 (f) This section becomes effective July 1, 1993.

13 ---MEDICAID DRUG-PURCHASING.

14 Sec. 95. (a) The General Assembly finds that North Carolina Medicaid  
 15 expenditures per prescription are among the highest in the country, that, in 1990, they  
 16 were nearly three dollars (\$3.00) higher than the national average, and that the growth in  
 17 expenditure is due to increases in the number of prescriptions as well as increases in the  
 18 cost per prescription. The General Assembly further finds that North Carolina has  
 19 implemented other prescription drug cost containment strategies, including a six  
 20 prescription limit per month and a copayment amount of one dollar (\$1.00) per  
 21 prescription.

22 (b) Effective July 1, 1994, the Division of Medical Assistance, Department of  
 23 Human Resources, shall implement alternative purchasing approaches for Medicaid  
 24 prescription drugs. In developing these approaches, the Division shall consider:

- 25 (1) Purchasing maintenance-level medications through mail order  
 26 pharmacies or community pharmacies and involving local pharmacists  
 27 in managing this program, as the core of this managed drug plan is a  
 28 trial therapy period that limits the supply of the drug during its initial  
 29 period of use in order to ensure that the drug is tolerated and effective  
 30 before a maintenance supply is dispensed;
- 31 (2) Developing a State network to supply the maintenance drug or  
 32 contracting with existing networks currently providing services in the  
 33 State;
- 34 (3) Acquiring the necessary freedom-of-choice waiver, because recipients  
 35 would not be able to obtain services from all pharmacists, but only  
 36 from those who agree to supply the maintenance-level drugs at an  
 37 agreed upon, discounted price;
- 38 (4) Working closely with the Health Care Financing Administration;
- 39 (5) Making sure that certain portions of the State are not excluded from  
 40 the program because of the lack of presence of competing community  
 41 pharmacies;
- 42 (6) Making sure that recipients are not excluded because they do not have  
 43 regular mailing addresses; and

1 (7) Continuing current dispensing procedures with local pharmacists to  
2 assure availability of nonmaintenance prescription drugs.

3 (c) There is appropriated from the General Fund to the Division of Medical  
4 Assistance, Department of Human Resources, the sum of one hundred twenty-five  
5 thousand dollars (\$125,000) for the 1993-94 fiscal year, for administrative costs  
6 incurred in implementing this section.

7 (d) The base budget of the Division of Medical Assistance, Department of  
8 Human Resources, is reduced by one million five hundred thousand dollars  
9 (\$1,500,000) for the 1994-95 fiscal year due to the implementation of this section.

10 (e) It is the intent of the General Assembly to reduce the base budget of the  
11 Division of Medical Assistance, Department of Human Resources, in subsequent fiscal  
12 years due to the implementation of this act, according to the following schedule:

13	Fiscal Year	Amount
14	1995-96	\$1,600,000
15	1996-97	\$1,700,000
16	1997-98	\$1,800,000
17	1998-99	\$2,000,000
18	1999-00	\$2,100,000
19	2000-01	\$2,200,000
20	2001-02	\$2,400,000.

21 (f) This section becomes effective July 1, 1993.

22 —CAROLINA ACCESS/RISK-SHARING.

23 Sec. 96. (a) The General Assembly finds that its recently implemented Carolina  
24 Access program, modeled after successful primary care case management programs of  
25 other states and currently serving 12 counties, effectively improves access to primary  
26 care services, encourages development of physician/patient relationships, and  
27 encourages appropriate utilization of all health care services. The General Assembly  
28 finds that it is important to move quickly to phase in statewide implementation of the  
29 program so that it is available by July 1, 1994. The General Assembly further finds that  
30 the additional administrative costs incurred in early statewide implementation will be  
31 more than offset by savings and that improved quality of care will also contribute to  
32 long-term savings, that access for Medicaid patients will be significantly enhanced, and  
33 that physicians and patients statewide will be introduced to coordinated care concepts.  
34 The General Assembly further finds that the State should introduce risk-sharing into its  
35 Medicaid reimbursement system.  
36

37 (b) Effective July 1, 1994, the Division of Medical Assistance, Department of  
38 Human Resources, shall introduce elements of risk-sharing into its Medicaid  
39 reimbursement system. These elements shall include at least one of the following:

40 (1) A savings-sharing policy, in which primary care providers share in the  
41 savings that result from appropriate and cost-effective utilization of  
42 other health services, including physician specialty services,  
43 prescription drugs, and outpatient hospital services;



1 (2) The capitation of payments for physician services to guarantee certain  
2 savings levels and for outpatient hospital services and prescription  
3 drugs to guarantee even greater savings.

4 (c) Effective July 1, 1994, the Division of Medical Assistance, Department of  
5 Human Resources, shall have phased in Medicaid Carolina Access statewide.

6 (d) There is appropriated from the General Fund to the Division of Medical  
7 Assistance, Department of Human Resources, the sum of twenty-five thousand dollars  
8 (\$25,000) for the 1993-94 fiscal year and the sum of one million seven hundred ten  
9 thousand dollars (\$1,710,000) for the 1994-95 fiscal year, to implement this section.

10 (e) It is the intent of the General Assembly to appropriate additional funds to  
11 the Division of Medical Assistance, Department of Human Resources, in subsequent  
12 fiscal years, to implement this act, according to the following schedule:

	Fiscal Year	Amount
14		
15	1995-96	\$1,900,000
16	1996-97	\$2,000,000
17	1997-98	\$2,000,000
18	1998-99	\$2,100,000
19	1999-00	\$2,200,000
20	2000-01	\$2,300,000
21	2001-02	\$2,400,000.

22 (f) This section becomes effective July 1, 1993.

23 ~~—~~STATEWIDE MANAGED CARE.

24 Sec. 97. (a) The General Assembly finds that managed care programs offer  
25 several advantages over traditional fee-for-service arrangements.

26 (b) Effective July 1, 1993, the Division of Medical Assistance, Department of  
27 Human Resources, shall develop a statewide managed care system to contract with  
28 existing provider networks. This system shall address the following objectives:

- 29 (1) Promote early diagnosis and treatment for preventive health care;
- 30 (2) Shift care from hospitals to physicians' offices and clinics;
- 31 (3) Stabilize and contain the escalation of Medicaid costs;
- 32 (4) Enable clients to form primary care contact with physicians;
- 33 (5) Ensure patient access to care; and
- 34 (6) Improve the quality of care.

35 Facilities that serve as contractors for the system shall provide all health care  
36 services and shall receive a capitated payment per Medicaid patient per month. In  
37 developing the system, the Division shall consider whether to limit the financial risk of  
38 the contractors by implementing a stop-loss provision in which each contractor's losses  
39 are limited to a fixed amount of aggregate capitation payments. The Division shall  
40 encourage Carolina Access providers to participate through their inclusion in provider  
41 networks.

42 (c) The Division of Medical Assistance, Department of Human Resources, shall  
43 evaluate the feasibility of statewide managed care programs for certain populations and

1 certain regions of the State. The Division shall report the results of its feasibility study  
2 to the General Assembly by May 1, 1994. This study shall include:

- 3 (1) How best to ensure physician and hospital acceptance and  
4 involvement;
- 5 (2) Consideration of the theory that the greater the financial risk borne by  
6 the managed care program and providers the greater the success in  
7 controlling utilization and cost;
- 8 (3) Consideration of long-term care; and
- 9 (4) How to ensure that the State and counties will make investments in  
10 establishing the appropriate administrative systems for internal  
11 operations and external oversight.

12 (d) There is appropriated from the General Fund to the Division of Medical  
13 Assistance, Department of Human Resources, the sum of four hundred thousand dollars  
14 (\$400,000) for the 1993-94 fiscal year and the sum of six hundred thousand dollars  
15 (\$600,000) for the 1994-95 fiscal year, as administrative costs incurred in implementing  
16 subsection (b) of this section.

17 (e) There is appropriated from the General Fund to the Division of Medical  
18 Assistance, Department of Human Resources, the sum of one hundred thousand dollars  
19 (\$100,000) for the 1993-94 fiscal year to implement subsection (c) of this section.

20 (f) This section becomes effective July 1, 1993.

21 —MEDICAID MANAGED CARE.

22 Sec. 98. (a) The General Assembly finds that the use of managed care  
23 encourages physicians to coordinate and monitor utilization of services and provides  
24 physicians with incentives to use low-cost facilities and make referrals to cost-effective  
25 hospitals.

26 (b) Effective July 1, 1994, the Division of Medical Assistance, Department of  
27 Human Resources, shall expand its use of Medicaid managed care options to include  
28 implementation of a savings sharing program or capitation of all primary care services.  
29 In developing its expanded options the Division shall:

- 30 (1) Continue to work with physicians to educate them regarding the  
31 importance of managed care programs, as these programs can improve  
32 quality of care as well as achieve cost savings and can provide  
33 physicians with greater incentives to monitor and control utilization;
- 34 (2) In order to develop savings-sharing options, collect extensive data  
35 regarding utilization of services in order to determine savings payment  
36 amounts and to ensure that the Medicaid Management Information  
37 System (MMIS) tracks utilization of groups of services used by  
38 specific recipients assigned to primary care physicians;
- 39 (3) Work with rural hospitals and health care clinics;
- 40 (4) Develop enhanced utilization review to ensure that quality of care and  
41 access to services are not compromised;
- 42 (5) Consider ways to limit a physician's risk, such as limiting it to ten  
43 percent (10%) above the total amount of capitated payments;

1 (6) Consider exempting patients requiring large amounts of health care  
2 from the capitation plan; and

3 (7) Implement other mechanisms that encourage appropriate care,  
4 including a disenrollment process and patient control process.

5 (c) There is appropriated from the General Fund to the Division of Medical  
6 Assistance, Department of Human Resources, the sum of twenty-five thousand dollars  
7 (\$25,000) for the 1993-94 fiscal year and the sum of twenty-five thousand dollars  
8 (\$25,000) for the 1994-95 fiscal year, to implement this section.

9 (d) The base budget of the Division of Medical Assistance, Department of  
10 Human Resources, is reduced by one million six hundred eighty-five thousand dollars  
11 (\$1,685,000) for the 1994-95 fiscal year due to the savings incurred in implementing  
12 this section.

13 (e) It is the intent of the General Assembly to reduce the base budget of the  
14 Division of Medical Assistance, Department of Human Resources, in subsequent fiscal  
15 years due to implementation of this section, according to the following schedule:

16	Fiscal Year	Amount
17	1995-96	\$1,900,000
18	1996-97	\$2,000,000
19	1997-98	\$2,000,000
20	1998-99	\$2,100,000
21	1999-00	\$2,200,000
22	2000-01	\$2,300,000
23	2001-02	\$2,400,000.

24 (f) This section becomes effective July 1, 1993.

25 —MMIS REPLACEMENT PLAN.

26 Sec. 99. (a) The General Assembly finds that, when the current base contract  
27 with the Medicaid fiscal agent ends on June 30, 1993, the State should begin to develop  
28 a plan to replace the existing Medicaid Management Information System. The General  
29 Assembly finds that, under the current system, useful data on health care services and  
30 expenditures are limited.

31 (b) The Division of Medical Assistance, Department of Human Resources, shall  
32 develop a plan for the replacement of the current Medicaid Management Information  
33 System. Development of the plan shall:

34 (1) Focus on Medicaid future directions, such as expanded managed care;  
35 (2) Have as the highest priority the design of a system capable of  
36 supporting many, if not all, of North Carolina's publicly administered  
37 health care programs;

38 (3) Be in concert with, but in advance of, federal health care reform  
39 planning, to provide North Carolina with the full opportunity to define  
40 and promote a strategy consistent with State political and social  
41 objectives; and

42 (4) Include representation from each agency involved in health care claims  
43 processing.

1 The Division shall report the plan, implementation schedule, and detailed  
2 fiscal analysis to the 1993 General Assembly by January 1, 1995.

3 (c) There is appropriated from the General Fund to the Division of Medical  
4 Assistance, Department of Human Resources, the sum of two hundred twenty-seven  
5 thousand five hundred dollars (\$227,500) for the 1993-94 fiscal year to implement this  
6 section.

7 (d) This section becomes effective July 1, 1993.

8 —STATE WORKERS' COMP.

9 Sec. 100. (a) Chapter 143 of the General Statutes is amended by adding a new  
10 Article to read:

11 **"ARTICLE 64.**

12 **"STATE GOVERNMENT WORKERS' COMPENSATION OFFICE.**

13 **"§ 143-590. State Government Workers' Compensation Office established;  
14 administration; appointment, compensation and tenure of Director.**

15 There is hereby established the State Government Workers' Compensation Office  
16 (hereinafter referred to as 'Office') which shall be placed for organizational purposes  
17 within the Department of Administration. Notwithstanding any other provision of law,  
18 the Office shall be under the administrative supervision of a Director appointed by the  
19 Governor. The salary of the Director shall be fixed by the General Assembly in the  
20 Current Operations Appropriations Act. The Director shall serve at the pleasure of the  
21 Governor.

22 **"§ 143-591. Functions of the State Government Workers' Compensation Office;  
23 claims; assistance of Attorney General.**

24 (a) The State Government Workers' Compensation Office shall administer the  
25 State workers' compensation program in accordance with rules and procedures to be  
26 adopted by the Office, including rules and procedures related to the following:

27 (1) Processing all State government employee claims; including  
28 employees in the judicial, legislative, and executive branches of  
29 government and all public school employees paid from State funds;

30 (2) Authorizing payment of benefits to employees pursuant to the  
31 Workers' Compensation Act and the rules and regulations of the North  
32 Carolina Industrial Commission; and

33 (3) Settling workers' compensation claims made against the State.

34 (b) The Workers' Compensation Office shall collect all money owed to the State  
35 as a result of the subrogation of third-party claims pursuant to G.S. 97-10.2 and  
36 reimburse the appropriate State department, agency, or institution for benefits paid to  
37 employees.

38 (c) The Attorney General shall assign counsel to the State Government Workers'  
39 Compensation Office to represent the State in connection with claims asserted against  
40 the State pursuant to Chapter 97 of the General Statutes."

41 (b) The State Government Workers' Compensation Office (hereinafter  
42 referred to as "Office" ) shall complete a review of the following:

1 (1) Whether there should be established a reserve fund from which to  
2 disburse payments for workers' compensation claims regardless of the  
3 processing method elected by the State.

4 (2) The extent of the unfunded liability that exists on current open claims  
5 so that State agencies may be held accountable for expenditures based  
6 on claims experience-rating factors.

7 (3) The allocation process for funding workers' compensation  
8 expenditures.

9 (4) Whether State agencies should be required to either reserve or  
10 encumber funds to pay workers' compensation claims based on prior  
11 expenditures plus anticipated increases.

12 (b) The Office shall complete the review required in subsection (a) of this  
13 section by May 1, 1994. The Office shall report its findings and any recommendations  
14 to the General Assembly on or before the first day of the 1994 General Assembly by  
15 filing the report and any recommendations with the Speaker of the House of  
16 Representatives, the President Pro Tempore of the Senate, the Joint Legislative  
17 Commission on Governmental Operations, and the Fiscal Research Division.

18 (c) There is appropriated from the General Fund to the Department of  
19 Administration the sum of nine hundred four thousand seven hundred seventy-one  
20 dollars (\$904,771) for fiscal year 1993-94 and the sum of nine hundred four thousand  
21 seven hundred seventy-one dollars (\$904,771) for fiscal year 1994-95 to establish 33  
22 positions in the State Government Workers' Compensation Office for the purpose of  
23 administering the State's workers' compensation program. It is the intent of the General  
24 Assembly to reduce appropriations from the General and Highway Funds for fiscal year  
25 1993-94 and fiscal year 1994-95, by the total of one million one hundred forty-four  
26 thousand seven hundred seventy-one dollars (\$1,144,771) for fiscal year 1993-94 and  
27 one million one hundred forty-four thousand seven hundred seventy-one dollars  
28 (\$1,144,771) for fiscal year 1994-95, to produce net savings to the State in the amount  
29 of two hundred forty thousand dollars (\$240,000) for fiscal year 1993-94 and two  
30 hundred forty thousand dollars (\$240,000) for fiscal year 1994-95 by reducing the work  
31 force of each State department, agency, and institution by the number of full-time  
32 equivalent employees who previously processed workers' compensation claims.

33 (d) This section becomes effective July 1, 1993.

34 —ICF/MR CON MORATORIUM.

35 Sec. 101. (a) The General Assembly finds that intermediate care facilities for the  
36 mentally retarded (ICFs/MR) continue to be developed in North Carolina even though  
37 most states have decreased the number of individuals residing in these facilities and that  
38 North Carolina continues to admit a significant number of individuals to State-operated  
39 ICFs/MR while most other states are moving to deinstitutionalize the mentally retarded.  
40 The General Assembly further finds that North Carolina rates for private ICFs/MR are  
41 ranked among the highest in the country.

42 (b) Effective July 1, 1993, through June 30, 1995, the Division of Facility  
43 Services, Department of Human Resources, shall not grant a Certificate of Need for the  
44 development of any new intermediate care facility for the mentally retarded. The

1 Department of Human Resources shall ensure that stringent screening and assessment  
2 take place to ensure appropriate utilization of home- and community-based services that  
3 will be required during the moratorium and to avoid a sudden surge in the growth of  
4 new beds, after the moratorium is lifted.

5 (c) The base budget of the Division of Medical Assistance, Department of  
6 Human Resources, is reduced by two million four hundred thousand dollars  
7 (\$2,400,000) for the 1994-95 fiscal year due to the implementation of this section.

8 (d) This section becomes effective July 1, 1993, and applies to applications for  
9 new certificates of need received on or after that date.

10 ---CON BED NEED FORMULA CHANGE.

11 Sec. 102. (a) The General Assembly finds that the Certificate of Need process  
12 has not been effective in controlling the development and expansion of hospital beds  
13 and that its current methodology for projecting need for additional long-term care  
14 facilities beds can be improved.

15 (b) Effective July 1, 1994, the Division of Facility Services, Department of  
16 Human Resources, shall implement a changed Certificate of Need bed need formula.  
17 This changed formula shall be developed by expanding the size of the current health  
18 planning areas to include larger geographic regions and by expanding beyond the need  
19 to rely solely on current rates of institutionalization, in order to take cognizance of  
20 people who have been identified as actually needing services or who should be directed  
21 away from intermediate care facilities for the mentally retarded (ICFs/MR) care to  
22 home- and community-based services, thus providing a more actual projection of bed  
23 need.

24 (c) This section becomes effective July 1, 1993.

25 ---CON CAPITAL EXPENDITURE LIMIT.

26 Sec. 103. (a) The General Assembly finds that North Carolina's Certificate of  
27 Need capital expenditure threshold does not address major medical equipment  
28 purchases and that costly new technologies such as lithotripters, magnetic resonance  
29 imaging scanners, and linear accelerators are not subject to Certificate of Need review  
30 because expenditures for these services can fall under the two million dollar  
31 (\$2,000,000) capital expenditures threshold. The General Assembly further finds that  
32 these technologies are costly services and increase the cost of medical services to all  
33 consumers.

34 (b) G.S. 131E-176(16)b. reads as rewritten:

35 "(16) b. The obligation by any person of any capital expenditure on behalf  
36 of or for a health service facility as defined in subsection (9b) of this  
37 section exceeding ~~two million dollars (\$2,000,000), five hundred~~  
38 thousand dollars (\$500,000), other than one to acquire an existing  
39 health service facility or to replace such a facility destroyed or  
40 irreparably damaged by accident or natural disaster. The cost of any  
41 studies, surveys, designs, plans, working drawings, specifications, and  
42 other activities, including staff effort and consulting and other services,  
43 essential to the acquisition, improvement, expansion, or replacement of  
44 any plant or equipment with respect to which an expenditure is made

1 shall be included in determining if the expenditure exceeds ~~two million~~  
2 ~~dollars (\$2,000,000);~~ five hundred thousand dollars (\$500,000);"

3 (c) This section becomes effective October 1, 1993, and applies to applications  
4 for Certificate of Need requested on or after that date.

5 —CON SELF-FUNDED.

6 Sec. 104. (a) The General Assembly finds that, while other states with  
7 Certificate of Need agencies have increased fees or downsized staff to fund their  
8 programs without state revenue, the application fees generated by North Carolina's  
9 Certificate of Need process currently cover only seventy-five percent (75%) of program  
10 expenses.

11 (b) Effective October 1, 1993, the Division of Facility Services, Department of  
12 Human Resources, shall increase all application fees for a Certificate of Need by fifty  
13 percent (50%).

14 (c) Effective October 1, 1993, G.S. 131E-177(9) reads as rewritten:

15 "(9) Establish and collect fees for submitting applications for ~~certificates-~~  
16 ~~of need,~~ certificates of need, which fees shall be based on the total cost  
17 of the project for which the applicant is applying. This fee ~~may shall~~  
18 not exceed ~~fifteen thousand dollars (\$15,000)~~ twenty-two thousand  
19 five hundred dollars (\$22,500) and ~~may shall~~ not be less than ~~four~~  
20 ~~hundred dollars (\$400.00).~~ six hundred dollars (\$600.00)."

21 (d) The base budget of the Division of Facility Services, Department of Human  
22 Resources, is reduced by two hundred thousand dollars (\$200,000) for the 1993-94  
23 fiscal year due to the implementation of this section.

24 (e) Unless otherwise stated, this section becomes effective July 1, 1993, and  
25 applies to application fees for applications requested on or after October 1, 1993.

26 —TRANSITION ICF/MR RES.

27 Sec. 105. (a) The General Assembly finds that North Carolina continues to admit  
28 a significant number of individuals to State-operated intermediate care facilities for the  
29 mentally retarded (ICFs/MR), while most other states are moving to deinstitutionalize  
30 the mentally retarded and that there are 236 individuals inappropriately placed in  
31 ICFs/MR settings.

32 (b) Effective July 1, 1995, the Department of Human Resources shall ensure that  
33 the individuals inappropriately placed in ICFs/MR are transitioned to home- and  
34 community-based settings, where they will receive services in a more appropriate  
35 setting. The process of transition shall include:

36 (1) Ensuring that stringent criteria will be applied so that the excess  
37 capacity in ICFs/MR created by the transition is not refilled  
38 inappropriately again; and

39 (2) Consideration of a capital reimbursement system to ensure that capital  
40 costs, which could be reallocated among remaining residents, are not  
41 reimbursed.

42 (c) This section becomes effective July 1, 1993.

43 —ICF/MR REIMBURSEMENT METHOD CHANGE.

1       Sec. 106. (a) The General Assembly finds that the current Medicaid  
2 reimbursement policy for intermediate care facilities for the mentally retarded  
3 (ICFs/MR), based on facility-specific costs, results in wide variance of rates paid across  
4 facilities. North Carolina's rates are relatively high compared to the rest of the nation.  
5 The current reimbursement policy does not allow the State to determine whether some  
6 facilities face higher costs because of more patient needs or because of inefficient  
7 operation. Because cost-based reimbursement methodologies do not address the  
8 relative needs of patients in establishing rates, the General Assembly finds that the  
9 current system limits the State's ability to control costs by encouraging facilities to  
10 operate efficiently.

11       (b) Effective July 1, 1994, the Division of Medical Assistance, Department of  
12 Human Resources, shall implement a prospective case-mix methodology for Medicaid  
13 reimbursement for ICFs/MR. This methodology shall compensate facilities according  
14 to the needs of its residents and shall ensure that facilities will receive payment  
15 sufficient to meet residents' staffing needs. In addition, the methodology shall include:

- 16           (1) Ensuring that it will distribute payments equitably among providers  
17           according to the relative needs of their patients;
- 18           (2) Ensuring that it will effect efficient provision of care by making use of  
19           peer grouping and cost ceilings, when appropriate;
- 20           (3) Ensuring that it improves access for patients requiring more intense  
21           levels of care;
- 22           (4) Consideration of whether to move towards a capital reimbursement  
23           policy, which standardizes payments across facilities, provides  
24           incentives for facilities to control capital costs, and ensures the  
25           appropriate amount of investment in the ICFs/MR industry; and
- 26           (5) Consideration of whether additional resources may be necessary to  
27           maintain the system because case-mix systems require periodic  
28           patients' assessments.

29       (c) There is appropriated from the General Fund to the Division of Medical  
30 Assistance, Department of Human Resources, the sum of six hundred forty-five  
31 thousand dollars (\$645,000) for the 1993-94 fiscal year for administrative costs incurred  
32 in implementing this section.

33       (d) The base budget of the Division of Medical Assistance, Department of  
34 Human Resources, is reduced by five million dollars (\$5,000,000) for the 1994-95 fiscal  
35 year due to the implementation of this section.

36       (e) This section becomes effective July 1, 1993.

37       —GOV. HEALTH OFFICE.

38       Sec. 107. (a) Chapter 143 of the General Statutes is amended by adding the  
39 following new Article to read:

40   **"ARTICLE 64.**

41   **"OFFICE FOR HEALTH CARE.**

42       **"§ 143-590. Office for Health Services Planning established.**

43       There is established in the Office of the Governor an Office for Health Services  
44 Planning. The purpose of this office is to act as the central agent for the design,



1 coordination, and implementation of a strategy to meet the health care needs of the  
2 State.

3 **"§ 143-591. Office for Health Services Planning – organization; powers and duties.**

4 (a) The Office for Health Services Planning shall be organized as prescribed by  
5 the Governor and shall exercise the following powers and duties:

6 (1) Develop a long-range strategic plan for the efficient and effective  
7 delivery of health care services in the State;

8 (2) Initiate formal collaborative efforts among State agencies and  
9 programs that purchase or deliver health care services in order to  
10 address the problems of duplication and cost-shifting;

11 (3) Create a central database of purchased health care services for use in  
12 policy formulation, reimbursement analysis, and negotiating better  
13 arrangements with health care providers;

14 (4) Other activities deemed by the Governor to be necessary and  
15 appropriate for carrying out the purpose of the Office.

16 (b) The Governor shall report annually to the General Assembly on the activities,  
17 progress, findings, and recommendations of the Office for Health Care Planning."

18 (b) Nothing in this act shall obligate the General Assembly to appropriate  
19 additional funds to the Office of the Governor for the purpose of implementing this act.

20 (c) This section is effective upon ratification.

21 ~~—~~PRISON CONSOLIDATION.

22 Sec 108. (a) The General Assembly finds that:

23 (1) North Carolina has the eighth highest corrections staffing level in the  
24 nation, and the State's prison efficiency is low as measured by inmates  
25 per correction officer in prisons in the southeastern United States;

26 (2) Other states manage an equivalent number of inmates with one-third  
27 less staff;

28 (3) North Carolina has four to six times as many prisons as the national  
29 state average;

30 (4) The average state prison holds more than two and one-half times more  
31 inmates than the average North Carolina prison;

32 (5) Over one-third of North Carolina's prisons have standard operating  
33 capacities that are inefficient and costly;

34 (6) The number of small prisons and a lack of autonomy in prison  
35 superintendents creates excessive layers of management,  
36 inefficiencies, unnecessary paperwork, and a reduction in  
37 accountability;

38 (7) The Eastern and Western Commands of North Carolina's Division of  
39 Prisons have approximately 330 staff in their area offices that provide  
40 supervision and centralized support to 66 small and medium prisons.

41 (b) The Department of Correction shall construct three new prison facilities and  
42 expand two existing prison facilities. The designs for the new facilities and the  
43 expanded facilities shall include an estimate of the inmate-to-staff ratio that will be  
44 required by the facility when it is fully operational. The new and expanded facilities

1 should be large enough to achieve an inmate-to-correctional officer ratio of  
2 approximately 5:1 and an inmate-to-total uniformed staff ratio of approximately 4:1.

3 (c) The Department of Correction shall consolidate the populations of the  
4 following institutions into the facilities constructed and expanded pursuant to this  
5 section: Warren Correctional Center, Halifax Correctional Center, Washington  
6 Correctional Center, Scotland Correctional Center, Yadkin Correctional Center,  
7 McDowell Correctional Center, Yancey Correctional Center, Moore Correctional  
8 Center, Alamance Correctional Center, Avery Correctional Center, Union Correctional  
9 Center, Stanley Correctional Center, Granville Correctional Center, Alexander  
10 Correctional Center, Currituck Correctional Center, Wilmington Residential Facility for  
11 Women, Davie Correctional Center, Rockingham Correctional Center, Watauga  
12 Correctional Center, Cleveland Correctional Center, Haywood Correctional Center,  
13 Person Correctional Center, Black Mountain Correctional Center for Women,  
14 Mecklenburg Correctional Center, Umstead Correctional Center, Martin Correctional  
15 Center, Henderson Correctional Center, Gates Correctional Center, Buncombe  
16 Correctional Center, and Stokes Correctional Center.

17 (d) The Division of Prisons of the Department of Correction shall redraw its area  
18 command regions in conjunction with the consolidation accomplished in this section.  
19 The Division shall develop new policies to minimize approval and review functions at  
20 the area command. Central support services shall be consolidated under the area  
21 boundaries.

22 (e) As a result of the prison consolidation and improved organizational  
23 functions provided for in this section, the Division of Prisons of the Department of  
24 Correction shall reduce its staff by a net of 660 uniformed staff and 132 area office  
25 staff.

26 (f) The base budget of the Department of Correction is reduced by four  
27 hundred sixty-two thousand dollars (\$462,000) for the 1993-94 fiscal year, by nine  
28 hundred fifty-two thousand dollars (\$952,000) for the 1994-95 fiscal year, by seven  
29 million three hundred one thousand dollars (\$7,301,000) for the 1995-96 fiscal year, by  
30 fourteen million six hundred thousand dollars (\$14,600,000) for the 1996-97 fiscal year,  
31 and by seven million three hundred one thousand dollars (\$7,301,000) for the 1997-98  
32 fiscal year, as a result of the consolidation and staff reductions accomplished in this  
33 section on the timetable set by the Government Performance Audit Committee.

34 (g) There is appropriated from the General Fund to the Department of  
35 Correction the sum of seventy-five million dollars (\$75,000,000) for the 1993-94 fiscal  
36 year for the construction of new prison facilities and the expansion of existing facilities  
37 pursuant to the provisions of this section.

38 (h) This section becomes effective July 1, 1993.

39 —GPAC/DOC CLAIMS PROCESSING.

40 Sec. 109. (a) The General Assembly finds that medical claims processing within  
41 the the Department of Correction for health care services provided to inmates is handled  
42 manually.

43 (b) The Division of Medical Assistance of the Department of Human Resources  
44 and the Teachers' and State Employees' Comprehensive Major Medical Plan shall assist

1 the Department of Correction in discussions and possible negotiations with the claims  
2 processing contractors used by those agencies in order to secure a contractor to provide  
3 automated processing of medical claims for the Department of Correction.

4 (c) This section becomes effective July 1, 1993.

5 ~~—PHASE OUT DMV LAW ENFORCEMENT.~~

6 Sec. 110. (a) The General Assembly finds:

- 7 (1) That the Division of Motor Vehicles process service officers positions  
8 should be phased out and that any collection activities for bad checks  
9 or process service fees should be transferred to the Attorney General's  
10 collection section or contracted to a private collection agency.
- 11 (2) The Division of Motor Vehicles inspectors should be converted from  
12 law enforcement officers to civilians and perform only regulatory  
13 activities with the number of personnel limited to 55 inspectors and  
14 five support persons.
- 15 (3) The law enforcement activities performed by the Division of Motor  
16 Vehicles inspectors assigned to the major crimes unit and an  
17 equivalent number of positions should be transferred to the State  
18 Bureau of Investigation with the State Bureau of Investigation being  
19 given original jurisdiction to investigate multijurisdictional auto-  
20 related crimes.
- 21 (4) The Division of Motor Vehicles should take all necessary actions to  
22 ensure that data on auto-related crimes is shared with the State Bureau  
23 of Investigation in order to support investigation of these crimes.
- 24 (5) The Motor Carrier Safety and Weight functions of the Division of  
25 Motor Vehicles enforcement should be transferred to the Highway  
26 Patrol at the end of an 18-month transition period.

27 (b) The Secretary of Crime Control and Public Safety, in conjunction with the  
28 Commissioner of Motor Vehicles and the Director of the State Bureau of Investigation,  
29 shall report to the General Assembly, no later than August 1, 1993, with a plan to  
30 implement, within 18 months, the transfers of personnel and duties contained in Section  
31 1 of this act.

32 (c) This section is effective upon ratification.

33 ~~—CONSOLIDATE COMM. CORRECTIONS.~~

34 Sec. 111. (a) The General Assembly finds that community corrections programs  
35 in North Carolina suffer from program fragmentation and redundant administrations. In  
36 order to make more effective use of existing resources, to improve service delivery, and  
37 to provide uniform management of community corrections programs, the administration  
38 of those programs should be consolidated under the Department of Correction.

39 (b) The statutory authority, powers, duties, and functions, records, personnel,  
40 property, unexpended balances of appropriations, allocations or other funds, including  
41 the functions of budgeting and purchasing, of the Department of Crime Control and  
42 Public Safety, Division of Victim and Justice Services, to conduct the Community  
43 Service Work Program, are transferred to the Department of Correction, Division of  
44 Adult Probation and Parole.

1 (c) The Department of Correction shall eliminate the separate administrative  
2 structures of the Division of Adult Probation and Parole and the Community Service  
3 Work Program, and shall consolidate the planning, coordination, and management of all  
4 community corrections programs under a single administrative structure using regional  
5 offices. The Department shall establish court intake positions to reduce court intake  
6 fragmentation among the community corrections programs consolidated pursuant to this  
7 act.

8 (d) G.S. 20-179.4 reads as rewritten:

9 **"§ 20-179.4. Community service alternative punishment; responsibilities of the**  
10 **Department of ~~Crime Control and Public Safety~~; Correction fee.**

11 (a) The Department of ~~Crime Control and Public Safety~~ Correction must conduct  
12 a community service alternative punishment program for persons sentenced under G.S.  
13 20-179(i), (j) or (k).

14 (b) The Secretary of ~~Crime Control and Public Safety~~ Correction must assign at least  
15 one coordinator to each district court district as defined in G.S. 7A-133 to assure and  
16 report to the court the person's compliance with the community service sentence. The  
17 appointment of each coordinator shall be made in consultation with and is subject to the  
18 approval of the chief district court judge in the district to which the coordinator is  
19 assigned. Each county must provide office space in the courthouse or other convenient  
20 place, necessary equipment, and secretarial service for the use of each coordinator  
21 assigned to that county.

22 (c) A fee of one hundred dollars (\$100.00) must be paid by all persons serving a  
23 community service sentence. That fee must be paid to the clerk of court in the county in  
24 which the person is convicted. The fee must be paid in full within two weeks unless the  
25 court, upon a showing of hardship by the person, allows him additional time to pay the  
26 fee. The person may not be required to pay the fee before he begins the community  
27 service unless the court specifically orders that he do so. If the person is also ordered to  
28 attend an Alcohol and Drug Education Traffic School established pursuant to G.S. 20-  
29 179.2, the fee for supervision of community service punishment is fifty dollars (\$50.00).

30 (d) Fees collected under this section must be deposited in the general fund.

31 (e) The coordinator must report to the court in which the community service was  
32 ordered a significant violation of the terms of the probation judgment related to  
33 community service. In such cases, the court must conduct a hearing to determine if there  
34 is a willful failure to comply. If the court determines there is a willful failure to pay the  
35 prescribed fee or to complete the work as ordered by the coordinator within the  
36 applicable time limits, the court must revoke any limited driving privilege issued in the  
37 impaired driving case, and in addition may take any further action authorized by Article  
38 82 of General Statutes Chapter 15A for violation of a condition of probation."

39 (e) This section becomes effective July 1, 1993.

40 —ELIMINATE DEPT. OF CCPS.

41 Sec. 112. (a) The General Assembly finds that the Department of Crime Control  
42 and Public Safety is a diverse grouping of law enforcement and emergency service  
43 functions that overlap significantly with the missions of several other State departments.

1 The Department of Crime Control and Public Safety should be eliminated and its  
2 divisions placed within the appropriate departments.

3 (b) The statutory authority, powers, duties, and functions, records, personnel,  
4 property, unexpended balances of appropriations, allocations or other funds, including  
5 the functions of budgeting and purchasing, of the Crime Prevention Division of the  
6 Department of Crime Control and Public Safety are transferred to the Department of  
7 Justice.

8 (c) The statutory authority, powers, duties, and functions, records, personnel,  
9 property, unexpended balances of appropriations, allocations or other funds, including  
10 the functions of budgeting and purchasing, of the Highway Patrol Division of the  
11 Department of Crime Control and Public Safety are transferred to the Department of  
12 Transportation.

13 (d) The statutory authority, powers, duties, and functions, records, personnel,  
14 property, unexpended balances of appropriations, allocations or other funds, including  
15 the functions of budgeting and purchasing, of the Department of Crime Control and  
16 Public Safety, Division of Victim and Justice Services, to conduct the Community  
17 Service Work Program, are transferred to the Department of Correction, Division of  
18 Adult Probation and Parole.

19 (e) The statutory authority, powers, duties, and functions, records, personnel,  
20 property, unexpended balances of appropriations, allocations or other funds, including  
21 the functions of budgeting and purchasing, of the Department of Crime Control and  
22 Public Safety, Division of Victim and Justice Services, to conduct the Crime Victims  
23 Compensation Program, are transferred to the Administrative Office of the Courts.

24 (f) The statutory authority, powers, duties, and functions, records, personnel,  
25 property, unexpended balances of appropriations, allocations or other funds, including  
26 the functions of budgeting and purchasing, of the Alcohol Law Enforcement Division of  
27 the Department of Crime Control and Public Safety are transferred to the Alcoholic  
28 Beverage Control Commission.

29 (g) The statutory authority, powers, duties, and functions, records, personnel,  
30 property, unexpended balances of appropriations, allocations or other funds, including  
31 the functions of budgeting and purchasing, of the Emergency Management Division of  
32 the Department of Crime Control and Public Safety are transferred to the Office of the  
33 Governor.

34 (h) The statutory authority, powers, duties, and functions, records, personnel,  
35 property, unexpended balances of appropriations, allocations or other funds, including  
36 the functions of budgeting and purchasing, of the National Guard Division of the  
37 Department of Crime Control and Public Safety are transferred to the Office of the  
38 Governor.

39 (i) The statutory authority, powers, duties, and functions, records, personnel,  
40 property, unexpended balances of appropriations, allocations or other funds, including  
41 the functions of budgeting and purchasing, of the Civil Air Patrol Division of the  
42 Department of Crime Control and Public Safety are transferred to the Office of the  
43 Governor.

1 (j) The statutory authority, powers, duties, and functions, records, personnel,  
2 property, unexpended balances of appropriations, allocations or other funds, including  
3 the functions of budgeting and purchasing, of the Governor's Crime Commission of the  
4 Department of Crime Control and Public Safety are transferred to the Office of the  
5 Governor.

6 (k) The statutory authority, powers, duties, and functions, records, personnel,  
7 property, unexpended balances of appropriations, allocations or other funds, including  
8 the functions of budgeting and purchasing, of the Butner Public Safety Division of the  
9 Department of Crime Control and Public Safety are transferred to the Department of  
10 Human Resources.

11 (l) G.S. 143B-475.1 is recodified as G.S. 143B-264.1. The Revisor of  
12 Statutes shall change any reference in that section to "Crime Control and Public Safety"  
13 to "Correction".

14 (m) Part 3A of Article 11 of Chapter 143B of the General Statutes, G.S.  
15 143B-480.1 through G.S. 143B-480.3, is recodified as Subchapter XIV, Article 62 of  
16 Chapter 7A of the General Statutes, G.S. 7A-778 through G.S. 7A-780. The Revisor of  
17 Statutes shall change any reference to "Department of Crime Control and Public Safety"  
18 to "Administrative Office of the Courts" and any reference to "Secretary" to "Director of  
19 the Administrative Office of the Courts".

20 (n) Chapter 147 of the General Statutes is amended by adding a new Article  
21 3C to be entitled "Office of the Governor".

22 (o) Part 5A of Article 11 of Chapter 143B of the General Statutes, G.S.  
23 143B-495 through G.S. 143B-499.6, is recodified as Part 1 of Article 3C of Chapter 147  
24 of the General Statutes, G.S. 147-33.30 through G.S. 147-33.40. The Revisor of  
25 Statutes shall change any reference to "Department of Crime Control and Public Safety"  
26 to "Office of the Governor" and shall change any reference to "Secretary" or "Secretary  
27 of Crime Control and Public Safety" to "Governor".

28 (p) Part 5 of Article 11 of Chapter 143B of the General Statutes, G.S. 143B-  
29 490 through G.S. 143B-492, is recodified as Part 2 of Article 3C of Chapter 147 of the  
30 General Statutes, G.S. 147-33.45 through G.S. 147-33.47. The Revisor of Statutes  
31 shall change any reference to "Department of Crime Control and Public Safety" to  
32 "Office of the Governor" and shall change any reference to "Secretary" to "Governor".

33 (q) Part 3 of Article 11 of Chapter 143B of the General Statutes, G.S. 143B-  
34 478 through G.S. 143B-480, is recodified as Part 3 of Article 3C of Chapter 147 of the  
35 General Statutes, G.S. 147-33.50 through G.S. 147-33.52.

36 (r) Article 11 of Chapter 143B is repealed, and the Department of Crime  
37 Control and Public Safety is abolished.

38 (s) G.S. 143B-478, as recodified as G.S. 147-33.50 by Section 17 of this act,  
39 reads as rewritten:

40 **~~§ 143B~~creation; composition; terms; meetings, etc.**

41 (a) There is hereby created the Governor's Crime Commission of the ~~Department~~  
42 ~~of Crime Control and Public Safety~~. Office of the Governor. The Commission shall  
43 consist of 34 voting members and six nonvoting members. The composition of the  
44 Commission shall be as follows:

- 1           (1)    The voting members shall be:
- 2                a.    The Governor, the Chief Justice of the Supreme Court of North
- 3                Carolina (or his alternate), the Attorney General, the Director of
- 4                the Administrative Office of the Courts, the Secretary of the
- 5                Department of Human Resources, the Secretary of the
- 6                Department of Correction, and the Superintendent of Public
- 7                Instruction;
- 8                b.    A judge of superior court, a judge of district court specializing
- 9                in juvenile matters, a chief district court judge, and a district
- 10               attorney;
- 11               c.    A defense attorney, three sheriffs (one of whom shall be from a
- 12               'high crime area'), three police executives (one of whom shall
- 13               be from a 'high crime area'), six citizens (two with knowledge
- 14               of juvenile delinquency and the public school system, two of
- 15               whom shall be under the age of 21 at the time of their
- 16               appointment, one representative of a 'private juvenile
- 17               delinquency program,' and one in the discretion of the
- 18               Governor), three county commissioners or county officials, and
- 19               three mayors or municipal officials;
- 20               d.    Two members of the North Carolina House of Representatives
- 21               and two members of the North Carolina Senate.
- 22           (2)    The nonvoting members shall be the Director of the State Bureau of
- 23               Investigation, ~~the Secretary of the Department of Crime Control and~~
- 24               ~~Public Safety~~, the Director of the Division of Youth Services of the
- 25               Department of Human Resources, the Administrator for Juvenile
- 26               Services of the Administrative Office of the Courts, the Director of the
- 27               Division of Prisons and the Director of the Division of Adult Probation
- 28               and Paroles.
- 29           (b)    The membership of the Commission shall be selected as follows:
- 30               (1)    The following members shall serve by virtue of their office: the
- 31               Governor, the Chief Justice of the Supreme Court, the Attorney
- 32               General, the Director of the Administrative Office of the Courts, the
- 33               Secretary of the Department of Human Resources, the Secretary of the
- 34               Department of Correction, the Director of the State Bureau of
- 35               Investigation, ~~the Secretary of the Department of Crime Control and~~
- 36               ~~Public Safety~~, the Director of the Division of Prisons, the Director of
- 37               the Division of Adult Probation and Paroles, the Director of the
- 38               Division of Youth Services, the Administrator for Juvenile Services of
- 39               the Administrative Office of the Courts, and the Superintendent of
- 40               Public Instruction. Should the Chief Justice of the Supreme Court
- 41               choose not to serve, his alternate shall be selected by the Governor
- 42               from a list submitted by the Chief Justice which list must contain no
- 43               less than three nominees from the membership of the Supreme Court.

- 1           (2)    The following members shall be appointed by the Governor: the  
2           district attorney, the defense attorney, the three sheriffs, the three  
3           police executives, the six citizens, the three county commissioners or  
4           county officials, the three mayors or municipal officials.
- 5           (3)    The following members shall be appointed by the Governor from a list  
6           submitted by the Chief Justice of the Supreme Court, which list shall  
7           contain no less than three nominees for each position and which list  
8           must be submitted within 30 days after the occurrence of any vacancy  
9           in the judicial membership: the judge of superior court, the judge of  
10          district court specializing in juvenile matters, and the chief district  
11          court judge.
- 12          (4)    The two members of the House of Representatives provided by  
13          subdivision (a)(1)d. of this section shall be appointed by the Speaker  
14          of the House of Representatives and the two members of the Senate  
15          provided by subdivision (a)(1)d. of this section shall be appointed by  
16          the President Pro Tempore of the Senate. These members shall  
17          perform the advisory review of the State plan for the General  
18          Assembly as permitted by section 206 of the Crime Control Act of  
19          1976 (Public Law 94-503).
- 20          (5)    The Governor may serve as chairman, designating a vice-chairman to  
21          serve at his pleasure, or he may designate a chairman and vice-  
22          chairman both of whom shall serve at his pleasure.
- 23          (c)    The initial members of the Commission shall be those appointed pursuant to  
24          subsection (b) above, which appointments shall be made by March 1, 1977. The terms  
25          of the present members of the Governor's Commission on Law and Order shall expire  
26          on February 28, 1977. Effective March 1, 1977, the Governor shall appoint members,  
27          other than those serving by virtue of their office, to serve staggered terms; seven shall  
28          be appointed for one-year terms, seven for two-year terms, and seven for three-year  
29          terms. At the end of their respective terms of office their successors shall be appointed  
30          for terms of three years and until their successors are appointed and qualified. The  
31          Commission members from the House and Senate shall serve two-year terms effective  
32          March 1, of each odd-numbered year; and they shall not be disqualified from  
33          Commission membership because of failure to seek or attain reelection to the General  
34          Assembly, but resignation or removal from office as a member of the General Assembly  
35          shall constitute resignation or removal from the Commission. Any other Commission  
36          member no longer serving in the office from which he qualified for appointment shall  
37          be disqualified from membership on the Commission. Any appointment to fill a  
38          vacancy on the Commission created by the resignation, dismissal, death, disability, or  
39          disqualification of a member shall be for the balance of the unexpired term.
- 40          (d)    The Governor shall have the power to remove any member from the  
41          Commission for misfeasance, malfeasance or nonfeasance.
- 42          (e)    The Commission shall meet quarterly and at other times at the call of the  
43          chairman or upon written request of at least eight of the members. A majority of the  
44          voting members shall constitute a quorum for the transaction of business."



1 (t) G.S. 143B-479, as recodified as G.S.147-33.51 by Section 17 of this act,  
2 reads as rewritten:

3 **"§ 143B and duties.**

4 (a) The Governor's Crime Commission shall have the following powers and  
5 duties:

- 6 (1) To serve, along with its adjunct committees, as the chief advisory  
7 board to the Governor ~~and to the Secretary of the Department of Crime~~  
8 ~~Control and Public Safety~~ on matters pertaining to the criminal justice  
9 system.
- 10 (2) To recommend a comprehensive statewide plan for the improvement  
11 of criminal justice throughout the State which is consistent with and  
12 serves to foster the following established goals of the criminal justice  
13 system:
  - 14 a. To reduce crime,
  - 15 b. To protect individual rights,
  - 16 c. To achieve justice,
  - 17 d. To increase efficiency in the criminal justice system,
  - 18 e. To promote public safety,
  - 19 f. To provide for the administration of a fair and humane system  
20 which offers reasonable opportunities for adjudicated offenders  
21 to develop progressively responsible behavior, and
  - 22 g. To increase professional skills of criminal justice officers.
- 23 (3) To advise State and local law-enforcement agencies in improving law  
24 enforcement and the administration of criminal justice;
- 25 (4) To make studies and recommendations for the improvement of law  
26 enforcement and the administration of criminal justice;
- 27 (5) To encourage public support and respect for the criminal justice  
28 system in North Carolina;
- 29 (6) To seek ways to continue to make North Carolina a safe and secure  
30 State for its citizens;
- 31 (7) Repealed by Session Laws 1981 (Regular Session, 1982), c. 1191, s.  
32 15.
- 33 (8) To recommend objectives and priorities for the improvement of law  
34 enforcement and criminal justice throughout the State;
- 35 (9) To recommend recipients of grants for use in pursuing its objectives,  
36 under such conditions as are deemed to be necessary;
- 37 (9a) Repealed by Session Laws 1981 (Regular Session, 1982), c. 1191, s.  
38 15.
- 39 (10) To serve as a coordinating committee and forum for discussion of  
40 recommendations from its adjunct committees formed pursuant to G.S.  
41 143B-480; and
- 42 (11) To serve as the primary channel through which local law-enforcement  
43 departments and citizens can lend their advice, and state their needs, to

1                   the ~~Department of Crime Control and Public Safety~~. Office of the  
2                   Governor.

3           (b) All directives of the Governor's Crime Commission shall be administered by  
4 the ~~Director, Crime Control Division of the Department of Crime Control and Public~~  
5 ~~Safety~~. Office of the Governor."

6           (u) The Revisor of Statutes shall change any reference to "Department of  
7 Crime Control and Public Safety" to "Alcoholic Beverage Control Commission" and  
8 any references to "Secretary of Crime Control and Public Safety" to "Chairman of  
9 Alcoholic Beverage Control Commission" whenever they appear in each of the  
10 following sections of the General Statutes:

- 11           (1) G.S. 18B-101. Definitions.
- 12           (2) G.S. 18B-500. Alcohol law-enforcement agents.
- 13           (3) G.S. 20-39. Administering and enforcing law; rules and regulations;  
14           agents, etc.; seal; fees; licenses and plates for undercover officers.

15           (v) The Revisor of Statutes shall change any references to "Crime Control  
16 and Public Safety" to "Transportation" whenever they appear in each of the following  
17 sections of the General Statutes:

- 18           (1) G.S. 8-50.2. Results of speed-measuring instruments; admissibility.
- 19           (2) G.S. 17C-6. Powers of Commission.
- 20           (3) G.S. 20-184. Patrol under supervision of Department of Crime Control  
21           and Public Safety.
- 22           (4) G.S. 20-185. Personnel; appointment; salaries.
- 23           (5) G.S. 20-186. Oath of office.
- 24           (6) G.S. 20-187. Orders and rules for organization and conduct.
- 25           (7) G.S. 20-187.1. Awards.
- 26           (8) G.S. 20-187.3. Quotas prohibited.
- 27           (9) G.S. 20-188. Duties of Highway Patrol.
- 28           (10) G.S. 20-189. Patrolmen assigned to Governor's office.
- 29           (11) G.S. 20-190. Uniforms; motor vehicles and arms; expense incurred;  
30           color of vehicle.
- 31           (12) G.S. 20-192. Shifting of patrolmen from one district to another.
- 32           (13) G.S. 20-195. Cooperation between patrol and local officers.
- 33           (14) G.S. 20-196. Statewide radio system authorized; use of telephone lines  
34           in emergencies.
- 35           (15) G.S. 20-196.3. Who may hold supervisory positions over uniformed  
36           personnel.

37           (w) The Revisor of Statutes shall change any references to "Secretary of  
38 Crime Control and Public Safety", "Department of Crime Control and Public Safety",  
39 "Department", or "Secretary" to "Office of the Governor" whenever they appear in each  
40 of the following sections of the General Statutes:

- 41           (1) G.S. 104E-8. Radiation Protection Commission – Members;  
42           selections; removal; compensation; quorum; services.
- 43           (2) G.S. 127A-17.1. Confidentiality of national guard records.

- 1 (3) G.S. 127A-80. Authority to organize and maintain State defense
- 2 militia of North Carolina.
- 3 (4) G.S. 127A-81. State defense militia cadre.
- 4 (5) G.S. 127A-107. Rate of pay for other service.
- 5 (6) G.S. 127A-139. Allowance made to different organizations and
- 6 personnel.
- 7 (7) G.S. 127A-162. Authority to foster development of armories and
- 8 facilities.
- 9 (8) G.S. 127A-163. Powers of Department specified.
- 10 (9) G.S. 127A-164. Power to acquire land, make contracts, etc.
- 11 (10) G.S. 166A-6. State of disaster.
- 12 (11) G.S. 166A-6.1. Emergency planning; charge.
- 13 (x) The Revisor of Statutes shall delete any references to "the Secretary of
- 14 Crime Control and Public Safety", "Secretary of the Department of Crime Control and
- 15 Public Safety" or "Crime Control and Public Safety", and delete any extraneous
- 16 punctuation, whenever these references appear in the following sections of the General
- 17 Statutes:
- 18 (1) G.S. 58-78-1. State Fire and Rescue Commission created:
- 19 membership.
- 20 (2) G.S. 126-5. Employees subject to Chapter; exemptions.
- 21 (3) G.S. 127A-35. Elimination and disposition of officers; efficiency
- 22 board; transfer to inactive status.
- 23 (4) G.S. 127A-42. Distinguished Service Medal by Governor of North
- 24 Carolina.
- 25 (5) G.S. 143-341. Powers and duties of Department.
- 26 (6) G.S. 143B-2. Interim applicability of the Executive Organization Act
- 27 of 1973.
- 28 (7) G.S. 143B-417. North Carolina Internship Council – creation; powers
- 29 and duties.
- 30 (8) G.S. 143B-426.22. Governor's Management Council.
- 31 (y) G.S. 7A-343.1 reads as rewritten:

32 **"§ 7A-343.1. Distribution of copies of the appellate division reports.**

33 The Administrative Officer of the Courts shall, at the State's expense distribute such  
 34 number of copies of the appellate division reports to federal, State departments and  
 35 agencies, and to educational institutions of instruction, as follows:

36 Governor, Office of the	1
37 Lieutenant Governor, Office of the	1
38 Secretary of State, Department of the	2
39 Treasurer, Department of the State	1
40 Superintendent of Public Instruction	1
41 Office of the Attorney General	1
42	1
43 1	
44 State Bureau of Investigation	1

1	Agriculture, Department of	1
2	Labor, Department of	1
3	Insurance, Department of	1
4	Budget Bureau, Department of Administration	1
5	Property Control, Department of Administration	1
6	State Planning, Department of Administration	1
7	Board of Environment, Health, and Natural Resources	1
8	Revenue, Department of	1
9	Board of Human Resources	1
10	Commission for the Blind	1
11	Board of Transportation	1
12	Motor Vehicles, Division of	1
13	Utilities Commission	8
14	Industrial	Commission
15		1
16	1	
17	Office of Administrative Hearings	2
18	Community Colleges, Department of	of
19		3
20	8	
21	Employment Security Commission	1
22	Commission of Correction	1
23	Parole Commission	1
24	Archives and History, Division of	1
25	<del>Crime Control and Public Safety, Department of</del>	<del>2</del>
26	Department of Cultural Resources	3
27	Legislative Building Library	2
28	Justices of the Supreme Court	1
29	ea.	
30	Judges of the Court of Appeals	1
31	ea.	
32	Judges of the Superior Court	1
33	ea.	
34	Clerks of the Superior Court	1
35	ea.	
36	District Attorneys	1
37	ea.	
38	Emergency and Special Judges of the Superior Court	1
39	ea.	
40	Supreme Court	Library
41		
42	AS MANY AS REQUESTED	
43	Appellate Division Reporter	1

1	University	of	North	Carolina,	Chapel	Hill
2						7
3	1					
4	University of North Carolina, Charlotte					1
5	University of North Carolina, Greensboro					1
6	University of North Carolina, Asheville					1
7	North Carolina State University, Raleigh					1
8	Appalachian State University					1
9	East Carolina University					1
10	Fayetteville State University					1
11	North	Carolina		Central		University
12						1
13	7					
14	Western Carolina University					1
15	Duke					University
16						1
17	7					
18	Davidson College					2
19	Wake		Forest			University
20						2
21	5					
22	Lenoir Rhyne College					1
23	Elon College					1
24	Campbell					College
25						2
26	5					
27	Federal, Out-of-State and Foreign					
28	Secretary of State					1
29	Secretary of Defense					1
30	Secretary of Health, Education and Welfare					1
31	Secretary of Housing and Urban Development					1
32	Secretary of Transportation					1
33	Attorney General					1
34	Department of Justice					1
35	Internal Revenue Service					1
36	Veterans' Administration					1
37	Library of Congress					5
38	Federal Judges resident in North Carolina					1
39	ea.					
40	Marshal of the United States Supreme Court					1
41	Federal District Attorneys resident in North Carolina					1
42	ea.					
43	Federal Clerks of Court resident in North Carolina					1
44	ea.					

1 Supreme Court Library exchange list 1  
2 Each justice of the Supreme Court and judge of the Court of Appeals shall receive  
3 for his private use, one complete and up-to-date set of the appellate division reports. The  
4 copies of reports furnished each justice or judge as set out in the table above may be  
5 retained by him personally to enable him to keep up-to-date his personal set of reports."

6 (z) G.S. 14-86.1 reads as rewritten:

7 **"§ 14-86.1. Seizure and forfeiture of conveyances used in committing larceny and**  
8 **similar crimes.**

9 (a) All conveyances, including vehicles, watercraft or aircraft, used to unlawfully  
10 conceal, convey or transport property in violation of G.S. 14-71, 14-71.1, or 20-106, or  
11 used by any person in the commission of armed or common-law robbery, or used by any  
12 person in the commission of any larceny when the value of the property taken is more  
13 than two thousand dollars (\$2,000) shall be subject to forfeiture as provided herein,  
14 except that:

15 (1) No conveyance used by any person as a common carrier in the  
16 transaction of the business of the common carrier shall be forfeited  
17 under the provisions of this section unless it shall appear that the  
18 owner or other person in custody or control of such conveyance was a  
19 consenting party or privy to a violation that may subject the  
20 conveyance to forfeiture under this section;

21 (2) No conveyance shall be forfeited under the provisions of this section  
22 by reason of any act or omission committed or omitted while such  
23 conveyance was unlawfully in the possession of a person other than  
24 the owner in violation of the criminal laws of the United States, or any  
25 state;

26 (3) No conveyance shall be forfeited pursuant to this section unless the  
27 violation involved is a felony;

28 (4) A forfeiture of a conveyance encumbered by a bona fide security  
29 interest is subject to the interest of the secured party who neither had  
30 knowledge of nor consented to the act or omission;

31 (5) No conveyance shall be forfeited under the provisions of this section  
32 unless the owner knew or had reason to believe the vehicle was being  
33 used in the commission of any violation that may subject the  
34 conveyance to forfeiture under this section;

35 (6) The trial judge in the criminal proceeding which may subject the  
36 conveyance to forfeiture may order the seized conveyance returned to  
37 the owner if he finds forfeiture inappropriate. If the conveyance is not  
38 returned to the owner the procedures provided in subsection (e) shall  
39 apply.

40 (b) Any conveyance subject to forfeiture under this section may be seized by any  
41 law-enforcement officer upon process issued by any district or superior court having  
42 original jurisdiction over the offense except that seizure without such process may be  
43 made when:

1 (1) The seizure is incident to an arrest or subject to a search under a search  
2 warrant; or

3 (2) The property subject to seizure has been the subject of a prior  
4 judgment in favor of the State in a criminal injunction or forfeiture  
5 proceeding under this section.

6 (c) The conveyance shall be deemed to be in custody of the law-enforcement  
7 agency seizing it. The law-enforcement agency may remove the property to a place  
8 designated by it or request that the North Carolina Department of Justice ~~or Department~~  
9 ~~of Crime Control and Public Safety~~ take custody of the property and remove it to an  
10 appropriate location for disposition in accordance with law; provided, the conveyance  
11 shall be returned to the owner upon execution by him of a good and valid bond, with  
12 sufficient sureties, in a sum double the value of the property, which said bond shall be  
13 approved by an officer of the agency seizing the conveyance and shall be conditioned  
14 upon the return of said property to the custody of said officer on the day of trial to abide  
15 the judgment of the court.

16 (d) Whenever a conveyance is forfeited under this section, the law-enforcement  
17 agency having custody of it may:

18 (1) Retain the conveyance for official use; or

19 (2) Transfer the conveyance which was forfeited under the provisions of  
20 this section to the North Carolina Department of Justice ~~or to the North~~  
21 ~~Carolina Department of Crime Control and Public Safety~~ when, in the  
22 discretion of the presiding judge and upon application of the North  
23 Carolina Department of Justice ~~or the North Carolina Department of~~  
24 ~~Crime Control and Public Safety~~, Justice, said conveyance may be of  
25 official use to the North Carolina Department of ~~Justice~~ Justice; ~~or the~~  
26 ~~North Carolina Department of Crime Control and Public Safety~~; or

27 (3) Upon determination by the director of any law-enforcement agency  
28 that a conveyance transferred pursuant to the provisions of this section  
29 is of no further use to said agency, such conveyance may be sold as  
30 surplus property in the same manner as other conveyances owned by  
31 the law-enforcement agency. The proceeds from such sale, after  
32 deducting the cost thereof, shall be paid to the school fund of the  
33 county in which said conveyance was seized. Any conveyance  
34 transferred to any law-enforcement agency under the provisions of this  
35 section which has been modified or especially equipped from its  
36 original manufactured condition so as to increase its speed shall be  
37 used in the performance of official duties only. Such conveyance shall  
38 not be resold, transferred or disposed of other than as junk unless the  
39 special equipment or modification has been removed and destroyed,  
40 and the vehicle restored to its original manufactured condition.

41 (e) All conveyances subject to forfeiture under the provisions of this section shall  
42 be forfeited pursuant to the procedures for forfeiture of conveyances used to conceal,  
43 convey, or transport intoxicating beverages found in G.S. 18B-504. Provided, nothing  
44 in this section or G.S. 18B-504 shall be construed to require a conveyance to be sold

1 when it can be used in the performance of official duties of the law-enforcement  
2 agency."

3 (aa) G.S. 15B-3 reads as rewritten:

4 **"§ 15B-3. Crime Victims Compensation Commission.**

5 (a) There is established the Crime Victims Compensation Commission of the  
6 ~~Department of Crime Control and Public Safety, Administrative Office of the Courts,~~  
7 consisting of five members as follows:

8 (1) One member to be appointed by the Governor;

9 (2) One member to be appointed by the General Assembly upon the  
10 recommendation of the President of the Senate under G.S. 120-121;

11 (3) One member to be appointed by the General Assembly upon the  
12 recommendation of the Speaker of the House of Representatives under  
13 G.S. 120-121;

14 (4) The Attorney General or his designee; and

15 (5) ~~The Secretary of the Department of Crime Control and Public Safety~~  
16 Director of the Administrative Office of the Courts or his designee.

17 (b) Members shall serve terms of four years. A member shall continue to serve  
18 until his successor is duly appointed, but a holdover under this provision does not affect  
19 the expiration date of the succeeding term.

20 (c) In case of a vacancy on the Commission before the expiration of a member's  
21 term, a successor shall be appointed within 30 days of the vacancy for the remainder of  
22 the unexpired term by the appropriate official pursuant to subsection (a). Vacancies in  
23 legislative appointments shall be filled under G.S. 120-122.

24 (d) The Commission shall elect one of its members as chairman to serve until the  
25 expiration of his term.

26 (e) A majority of the Commission constitutes a quorum to transact business.

27 (f) Members shall receive compensation and reimbursement for expenses as  
28 provided in G.S. 138-5.

29 (g) The Commission shall name a Director upon the recommendation of the  
30 ~~Secretary of Crime Control and Public Safety.~~ Director of the Administrative Office of  
31 the Courts. The Director shall serve at the pleasure of the Commission. ~~The Department~~  
32 ~~of Crime Control and Public Safety Administrative Office of the Courts~~ shall provide  
33 for the compensation of the Director and shall provide professional and clerical staff  
34 necessary for the work of the Commission."

35 (bb) G.S.15B-6(a)(2) reads as rewritten:

36 "(2) Establish general policies and guidelines for awarding compensation  
37 and provide guidance to the staff assigned by the ~~Secretary of the~~  
38 ~~Department of Crime Control and Public Safety~~ Director of the  
39 Administrative Office of the Courts to administer the program;"

40 (cc) G.S. 17C-3 reads as rewritten:

41 **"§ 17C-3. North Carolina Criminal Justice Education and Training Standards**  
42 **Commission established; members; terms; vacancies.**



1 (a) There is established the North Carolina Criminal Justice Education and  
2 Training Standards Commission, hereinafter called 'the Commission,' in the Department  
3 of Justice. The Commission shall be composed of ~~26~~25 members as follows:

- 4 (1) Police Chiefs. – Three police chiefs selected by the North Carolina  
5 Association of Chiefs of Police and one police chief appointed by the  
6 Governor.
- 7 (2) Police Officers. – Three police officials appointed by the North  
8 Carolina Police Executives Association and two criminal justice  
9 officers certified by the Commission as selected by the North Carolina  
10 Law-Enforcement Officers' Association.
- 11 (3) Departments. – The Attorney General of the State of North Carolina;  
12 ~~the Secretary of the Department of Crime Control and Public Safety;~~  
13 the Secretary of the Department of Human Resources; the Secretary of  
14 the Department of Correction; the President of the Department of  
15 Community Colleges.
- 16 (4) At-large Groups. – One individual representing and appointed by each  
17 of the following organizations: one mayor selected by the League of  
18 Municipalities; one law-enforcement training officer selected by the  
19 North Carolina Law-Enforcement Training Officers' Association; one  
20 criminal justice professional selected by the North Carolina Criminal  
21 Justice Association; one sworn law-enforcement officer selected by the  
22 North State Law-Enforcement Officers' Association; one member  
23 selected by the North Carolina Law-Enforcement Women's  
24 Association; and one District Attorney selected by the North Carolina  
25 Association of District Attorneys.
- 26 (5) Citizens and Others. – The President of The University of North  
27 Carolina; the Director of the Institute of Government; and two citizens,  
28 one of whom shall be selected by the Governor and one of whom shall  
29 be selected by the Attorney General. The General Assembly shall  
30 appoint two persons, one upon the recommendation of the Speaker of  
31 the House of Representatives and one upon the recommendation of the  
32 President of the Senate. Appointments by the General Assembly shall  
33 be made in accordance with G.S. 120-122. Appointments by the  
34 General Assembly shall serve two-year terms to conclude on June 30th  
35 in odd-numbered years.

36 (b) The members shall be appointed for staggered terms. The initial appointments  
37 shall be made prior to September 1, 1983, and the appointees shall hold office until July  
38 1 of the year in which their respective terms expire and until their successors are  
39 appointed and qualified as provided hereafter:

40 For the terms of one year: one member from subdivision (1) of subsection (a),  
41 serving as a police chief; three members from subdivision (2) of subsection (a), one  
42 serving as a police official, and two criminal justice officers; one member from  
43 subdivision (4) of subsection (a), appointed by the North Carolina Law-Enforcement

1 Training Officers' Association; and two members from subdivision (5) of subsection (a),  
2 one appointed by the Governor and one appointed by the Attorney General.

3 For the terms of two years: one member from subdivision (1) of subsection (a),  
4 serving as a police chief; one member from subdivision (2) of subsection (a), serving as  
5 a police official; and two members from subdivision (4) of subsection (a), one appointed  
6 by the League of Municipalities and one appointed by the North Carolina Association of  
7 District Attorneys.

8 For the terms of three years: two members from subdivision (1) of subsection (a),  
9 one police chief appointed by the North Carolina Association of Chiefs of Police and  
10 one police chief appointed by the Governor; one member from subdivision (2) of  
11 subsection (a), serving as a police official; and three members from subdivision (4) of  
12 subsection (a), one appointed by the North Carolina Law-Enforcement Women's  
13 Association, one appointed by the North Carolina Criminal Justice Association, and one  
14 appointed by the North State Law-Enforcement Officers' Association.

15 Thereafter, as the term of each member expires, his successor shall be appointed for  
16 a term of three years. Notwithstanding the appointments for a term of years, each  
17 member shall serve at the will of the appointing authority.

18 The Attorney General, ~~the Secretary of the Department of Crime Control and Public~~  
19 ~~Safety,~~ the Secretary of the Department of Human Resources, the Secretary of the  
20 Department of Correction, the President of The University of North Carolina, the  
21 Director of the Institute of Government, and the President of the Department of  
22 Community Colleges shall be continuing members of the Commission during their  
23 tenure. These members of the Commission shall serve ex officio and shall perform their  
24 duties on the Commission in addition to the other duties of their offices. The ex officio  
25 members may elect to serve personally at any or all meetings of the Commission or may  
26 designate, in writing, one member of their respective office, department, university or  
27 agency to represent and vote for them on the Commission at all meetings the ex officio  
28 members are unable to attend.

29 Vacancies in the Commission occurring for any reason shall be filled, for the  
30 unexpired term, by the authority making the original appointment of the person causing  
31 the vacancy. A vacancy may be created by removal of a Commission member by  
32 majority vote of the Commission for misconduct, incompetence, or neglect of duty. A  
33 Commission member may be removed only pursuant to a hearing, after notice, at which  
34 the member subject to removal has an opportunity to be heard."

35 (dd) G.S. 18B-110 reads as rewritten:

36 "**§ 18B-110. Emergency.**

37 When the Governor finds that a 'state of emergency,' as defined in G.S. 14-288.1,  
38 exists anywhere in this State, he may

- 39 (1) Order the closing of all ABC stores, and  
40 (2) Order the cessation of all sales, transportation, manufacture, and  
41 bottling of alcoholic beverages.

42 The Governor's order shall apply in those portions of the State designated in the  
43 order, for the duration of the state of emergency. Any order by the Governor under this

1 section shall be directed to the Chairman of the ~~Commission~~ Commission and to the  
 2 ~~Secretary of Crime Control and Public Safety.~~"

3 (ee) G.S. 20-79.5(a) reads as rewritten:

4 "(a) Plates. – The State government officials listed in this section are  
 5 eligible for a special registration plate under G.S. 20-79.4. The plate shall bear the  
 6 number designated in the following table for the position held by the official.

7	8 Position	9 Number on Plate	
9	Governor		1
10	Lieutenant Governor		2
11	Speaker of the House of Representatives		3
12	President Pro Tempore of the Senate		4
13	Secretary of State		5
14	State Auditor		6
15	State Treasurer		7
16	Superintendent of Public Instruction		8
17	Attorney General		9
18	Commissioner	of	Agriculture
19			1
20	0		
21	Commissioner	of	Labor
22			1
23	1		
24	Commissioner	of	Insurance
25			1
26	2		
27	Speaker	Pro Tempore	of the House
28			1
29	3		
30	Legislative	Administrative	Officer
31			1
32	4		
33	Secretary	of	Administration
34			1
35	5		
36	Secretary	of Environment, Health, and Natural	Resources
37			1
38	6		
39	Secretary	of	Revenue
40			1
41	7		
42	Secretary	of	Human Resources
43			1
44	8		

1	Secretary		of			Commerce	1
2							
3	9						
4	Secretary		of			Correction	2
5							
6	0						
7	Secretary		of	Cultural		Resources	2
8							
9	1						
10	<del>Secretary</del>	<del>of</del>	<del>Crime</del>	<del>Control</del>	<del>and</del>	<del>Public</del>	<del>Safety</del>
11							2
12	2						
13	Governor's					Staff	2
14							
15	3-29						
16	State			Budget		Officer	3
17							
18	0						
19	State			Personnel		Director	3
20							
21	1						
22	Advisory	Budget		Commission	Nonlegislative	Member	3
23							
24	2-41						
25	Chair	of	the	State	Board	of	Education
26							4
27	2						
28	President		of	the	U.N.C.	System	4
29							
30	3						
31	Alcoholic			Beverage	Control	Commission	4
32							
33	4-46						
34	Assistant			Commissioners	of	Agriculture	4
35							
36	7-48						
37	Deputy			Secretary	of	State	4
38							
39	9						
40	Deputy			State		Treasurer	5
41							
42	0						

1 Assistant State Treasurer 5  
 2  
 3 1  
 4 Deputy Commissioner for the Department of Labor 5  
 5  
 6 2  
 7 Chief Deputy for the Department of Insurance 5  
 8  
 9 3  
 10 Assistant Commissioner of Insurance 5  
 11  
 12 4  
 13 Deputies and Assistant to the Attorney General 5  
 14  
 15 5-65  
 16 Board of Economic Development Nonlegislative Member 6  
 17  
 18 6-88  
 19 State Ports Authority Nonlegislative Member 8  
 20  
 21 9-96  
 22 Utilities Commission Member 9  
 23  
 24 7-104  
 25 Parole Commission Member 1  
 26  
 27 05-109  
 28 State Board Member, Commission Member, or State Employee 1  
 29  
 30 10-200".

31 Not Named in List

32 (ff) G.S. 20-125(b) reads as rewritten:

33 "(b) Every vehicle owned and operated by a police ~~department~~department, or by  
 34 ~~the Department of Crime Control and Public Safety including the State Highway Patrol~~  
 35 ~~or by Patrol, the Alcohol Beverage Control Commission, the Butner Public Safety~~  
 36 ~~Division of the Department of Human Resources, the Wildlife Resources Commission~~  
 37 Commission, or the Division of Marine Fisheries and used exclusively for law  
 38 enforcement purposes, or by a fire department, either municipal or rural, or by a fire  
 39 patrol, whether such fire department or patrol be a paid organization or a voluntary  
 40 association, vehicles used by an organ procurement organization or agency for the  
 41 recovery and transportation of human tissues and organs for transplantation, and every  
 42 ambulance or emergency medical service emergency support vehicle used for answering  
 43 emergency calls, shall be equipped with special lights, bells, sirens, horns or exhaust  
 44 whistles of a type approved by the Commissioner of Motor Vehicles.

1 The operators of all such vehicles so equipped are hereby authorized to use such  
2 equipment at all times while engaged in the performance of their duties and services,  
3 both within their respective corporate limits and beyond.

4 In addition to the use of special equipment authorized and required by this  
5 subsection, the chief and assistant chiefs of any police department or of any fire  
6 department, whether the same be municipal or rural, paid or voluntary, county fire  
7 marshals, assistant fire marshals, transplant coordinators, and emergency management  
8 coordinators, are hereby authorized to use such special equipment on privately owned  
9 vehicles operated by them while actually engaged in the performance of their official or  
10 semiofficial duties or services either within or beyond their respective corporate limits.

11 And vehicles driven by law enforcement officers of the North Carolina Division of  
12 Motor Vehicles shall be equipped with a bell, siren, or exhaust whistle of a type  
13 approved by the Commissioner, and all vehicles owned and operated by the State  
14 Bureau of Investigation for the use of its agents and officers in the performance of their  
15 official duties may be equipped with special lights, bells, sirens, horns or exhaust  
16 whistles of a type approved by the Commissioner of Motor Vehicles.

17 Every vehicle used or operated for law enforcement purposes by the sheriff or any  
18 salaried deputy sheriff or salaried rural policeman of any county, whether owned by the  
19 county or not, may be, but is not required to be, equipped with special lights, bells,  
20 sirens, horns or exhaust whistles of a type approved by the Commissioner of Motor  
21 Vehicles. Such special equipment shall not be operated or activated by any person  
22 except by a law enforcement officer while actively engaged in performing law  
23 enforcement duties.

24 In addition to the use of special equipment authorized and required by this  
25 subsection, the chief and assistant chiefs of each emergency rescue squad which is  
26 recognized or sponsored by any municipality or civil preparedness agency, are hereby  
27 authorized to use such special equipment on privately owned vehicles operated by them  
28 while actually engaged in their official or semiofficial duties or services either within or  
29 beyond the corporate limits of the municipality which recognizes or sponsors such  
30 organization."

31 (gg) G.S. 20-179.4 reads as rewritten:

32 "**§ 20-179.4. Community service alternative punishment; responsibilities of the**  
33 **Department of ~~Crime Control and Public Safety; Correction; fee.~~**

34 (a) The Department of ~~Crime Control and Public Safety~~ Correction must conduct  
35 a community service alternative punishment program for persons sentenced under G.S.  
36 20-179(i), (j) or (k).

37 (b) The Secretary of ~~Crime Control and Public Safety~~ Correction must assign  
38 at least one coordinator to each district court district as defined in G.S. 7A-133 to assure  
39 and report to the court the person's compliance with the community service sentence.  
40 The appointment of each coordinator shall be made in consultation with and is subject  
41 to the approval of the chief district court judge in the district to which the coordinator is  
42 assigned. Each county must provide office space in the courthouse or other convenient  
43 place, necessary equipment, and secretarial service for the use of each coordinator  
44 assigned to that county.

1 (c) A fee of one hundred dollars (\$100.00) must be paid by all persons serving a  
2 community service sentence. That fee must be paid to the clerk of court in the county in  
3 which the person is convicted. The fee must be paid in full within two weeks unless the  
4 court, upon a showing of hardship by the person, allows him additional time to pay the  
5 fee. The person may not be required to pay the fee before he begins the community  
6 service unless the court specifically orders that he do so. If the person is also ordered to  
7 attend an Alcohol and Drug Education Traffic School established pursuant to G.S. 20-  
8 179.2, the fee for supervision of community service punishment is fifty dollars (\$50.00).

9 (d) Fees collected under this section must be deposited in the general fund.

10 (e) The coordinator must report to the court in which the community service was  
11 ordered a significant violation of the terms of the probation judgment related to  
12 community service. In such cases, the court must conduct a hearing to determine if there  
13 is a willful failure to comply. If the court determines there is a willful failure to pay the  
14 prescribed fee or to complete the work as ordered by the coordinator within the  
15 applicable time limits, the court must revoke any limited driving privilege issued in the  
16 impaired driving case, and in addition may take any further action authorized by Article  
17 82 of General Statutes Chapter 15A for violation of a condition of probation."

18 (hh) G.S. 20-191 is repealed.

19 (ii) G.S. 58-32-1 reads as rewritten:

20 **"§ 58-32-1. Commission created; membership.**

21 There is hereby created within the Department a Public Officers and Employees  
22 Liability Insurance Commission. The Commission shall consist of ~~4~~10 members who  
23 shall be appointed as follows: the Commissioner shall appoint six members as follows:  
24 two members who are members of the insurance industry who may be chosen from a  
25 list of three nominees submitted to the Commissioner by the Independent Insurance  
26 Agents of North Carolina, Inc., and a list of three nominees submitted by the Carolinas  
27 Association of Professional Insurance Agents, North Carolina Division; one member  
28 who is employed by a police department who may be chosen from a list of three  
29 nominees submitted to the Commissioner jointly by the North Carolina Police Chiefs  
30 Association and North Carolina Police Executives Association, and one member who is  
31 employed by a sheriff's department who may be chosen from a list of three nominees  
32 submitted to the Commissioner by the North Carolina Sheriff's Association; one  
33 member representing city government who may be chosen from a list of three nominees  
34 submitted to the Commissioner by the North Carolina League of Municipalities; and  
35 one member representing county government who may be chosen from a list of three  
36 nominees submitted to the Commissioner by the North Carolina Association of County  
37 Commissioners; and the General Assembly shall appoint two persons, one upon the  
38 recommendation of the Speaker of the House of Representatives, and one upon the  
39 recommendation of the President of the Senate. The Commissioner or his designate  
40 shall be an ex officio member. Appointments by the General Assembly shall be made  
41 in accordance with G.S. 120-121, and vacancies in those appointments shall be filled in  
42 accordance with G.S. 120-122. The terms of the initial appointees by the General  
43 Assembly shall expire on June 30, 1983. ~~The Secretary of the Department of Crime~~  
44 ~~Control and Public Safety or his designate shall be an ex officio member.~~ The Attorney

1 General or his designate shall be an ex officio member. One insurance industry member  
2 appointed by the Commissioner shall be appointed to a term of two years and one  
3 insurance industry member shall be appointed to a term of four years. The police  
4 department member shall be appointed to a term of two years and the sheriff's  
5 department member shall be appointed to a term of four years. The representative of  
6 county government shall be appointed to a term of two years and the representative of  
7 city government to a term of four years. Beginning July 1, 1983, the appointment made  
8 by the General Assembly upon the recommendation of the Speaker shall be for two  
9 years, and the appointment made by the General Assembly upon the recommendation of  
10 the President of the Senate shall be for four years. Except as provided in this section, if  
11 any vacancy occurs in the membership of the Commission, the appointing authority  
12 shall appoint another person to fill the unexpired term of the vacating member. After  
13 the initial terms established herein have expired, all appointees to the Commission shall  
14 be appointed to terms of four years.

15 The Commission members shall elect the chairman and vice-chairman of the  
16 Commission. The Commission may, by majority vote, remove any member of the  
17 Commission for chronic absenteeism, misfeasance, malfeasance or other good cause."

18 (jj) G.S. 66-165 reads as rewritten:

19 **"§ 66-165. Permits required.**

20 (a) Except as provided in subsection (c), it shall be unlawful for any person to  
21 engage as a dealer in the business of purchasing precious metals either as a separate  
22 business or in connection with other business operations without first obtaining a permit  
23 for the business from the local law-enforcement agency. The form of the permit and  
24 application therefor shall be as approved by the ~~Department of Crime Control and~~  
25 ~~Public Safety.~~ State Bureau of Investigation. The application shall be given under oath  
26 and shall be notarized. A 30-day waiting period from the date of filing of the application  
27 is required prior to initial issuance of a permit. A separate permit shall be issued for  
28 each location, place, or premises within the jurisdiction of the local law-enforcement  
29 agency which is used for the conduction of a precious metals business, and each permit  
30 shall designate the location, place or premises to which it applies. Such business shall  
31 not be conducted in any other place than that designated in the permit, and no business  
32 shall be conducted in a mobile home, trailer, camper, or other vehicle, or structure not  
33 permanently affixed to the ground or in any room customarily used for lodging in any  
34 hotel, motel, tourist court, or tourist home as defined in G.S. 105-61. The permit shall  
35 be posted in a prominent place on the designated premises. Permits shall be valid for a  
36 period of 12 months from the date issued and may be renewed without a waiting period  
37 upon filing of an application and payment of the annual fee. The annual fee for each  
38 dealer's permits within each jurisdiction shall be ten dollars (\$10.00) to provide for the  
39 administrative costs of the local law-enforcement agency, including purchase of  
40 required forms. The fee shall not be refundable even if the permits are denied or later  
41 suspended or revoked. Such permits shall be in addition to and not in lieu of other  
42 business licenses and are not transferable.

43 Any dealer applying to the local law-enforcement agency for a permit shall furnish  
44 the local law-enforcement agency with the following information:



- 1 (1) His full name, and any other names used by the applicant during the  
2 preceding five years. In the case of a partnership, association, or  
3 corporation, the applicant shall list any partnership, association, or  
4 corporate names used during the preceding five years;
- 5 (2) Current address, and all addresses used by the applicant during the  
6 preceding five years;
- 7 (3) Physical description;
- 8 (4) Age;
- 9 (5) Driver's license number, if any, and state of issuance;
- 10 (6) Recent photograph;
- 11 (7) Record of felony convictions; and
- 12 (8) Record of other convictions during the preceding five years.

13 If the applicant for a dealer's permit is a partnership or association, all persons  
14 owning a ten percent (10%) or more interest in the partnership or association shall  
15 comply with the provisions of this subsection. Any such permits shall be issued in the  
16 name of the partnership or association.

17 If the applicant for a dealer's permit is a corporation, each officer, director and  
18 stockholder owning ten percent (10%) or more of the corporation's stock, of any class,  
19 shall comply with the provisions of this subsection. Any such permits shall be issued in  
20 the name of the corporation.

21 No permit shall be issued to an applicant who, within five years prior to the date of  
22 application, has been convicted of a felony involving a crime of moral turpitude, or  
23 larceny, or receiving stolen goods or of similar charges in any federal court or a court  
24 of this or any other state. In the case of a partnership, association, or corporation, no  
25 permit shall be issued to any applicant with an officer, partner, or director who has,  
26 within five years prior to the date of application, been convicted of a felony involving a  
27 crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in  
28 any federal court or a court of this or any other state.

29 (b) Every employee engaged in the precious metal business shall, within two  
30 days of being so engaged, register his name and address with the local law-enforcement  
31 agency and have his photograph taken by the agency. The agency shall issue to him a  
32 certificate of compliance with this section upon the applicant's payment of the sum of  
33 three dollars (\$3.00) to the agency. The permit shall be posted in the work area of the  
34 permit holder.

35 (c) A special occasion permit authorizes the permittee to purchase precious  
36 metals as a dealer participating in any trade shows, antique shows, and crafts shows  
37 conducted within the State. A special occasion permit shall be issued by any local law-  
38 enforcement agency; provided, however, that a permittee under subsection (a) shall  
39 apply for a special occasion permit with the local law-enforcement agency which issued  
40 such dealer's permit. An application for a permit shall be on a form as approved by the  
41 ~~Department of Crime Control and Public Safety~~ State Bureau of Investigation and shall  
42 be given under oath and notarized. A 30-day waiting period from the date of filing of  
43 the application is required prior to initial issuance of a permit.

1 Any dealer applying to a local law-enforcement agency for a special occasion permit  
2 shall furnish the local law-enforcement agency with the information required in an  
3 application for a dealer's permit as set forth in (a).

4 If the applicant for a special occasion permit is a partnership or association, all  
5 persons owning a ten percent (10%) or more interest in the partnership or association  
6 shall comply with the provisions of this subsection. Any such permits shall be issued in  
7 the name of the partnership or association.

8 If the applicant for a special occasion permit is a corporation, each officer, director  
9 and stockholder owning ten percent (10%) or more of the corporation's stock, of any  
10 class, shall comply with the provisions of this subsection. Any such permits shall be  
11 issued in the name of the corporation.

12 No permit shall be issued to an applicant who, within five years prior to the date of  
13 application, has been convicted of a felony involving a crime of moral turpitude, or  
14 larceny, or receiving stolen goods or of similar charges in any federal court or a court  
15 of this or any other state. In the case of a partnership, association, or corporation, no  
16 permit shall be issued to any applicant with an officer, partner, or director who has,  
17 within five years prior to the date of application, been convicted of a felony involving a  
18 crime of moral turpitude, or larceny, or receiving stolen goods or of similar charges in  
19 any federal court or a court of this or any other state.

20 The fee for an application for a special occasion permit shall be ten dollars (\$10.00)  
21 to provide for the administrative cost of the local law-enforcement agency including  
22 purchase of required forms. The fee shall not be refundable even if the permit is denied  
23 or is later suspended or revoked. Such permits shall be in addition to and not in lieu of  
24 other business licenses and are not transferable.

25 A special occasion permit shall be valid for 12 months from the date issued, unless  
26 earlier surrendered, suspended, or revoked. Application for renewal of a permit for an  
27 additional 12 months shall be on a form as approved by the ~~Department of Crime~~  
28 ~~Control and Public Safety~~ State Bureau of Investigation and shall be accompanied by an  
29 application fee of ten dollars (\$10.00). A renewal fee shall not be refundable.

30 Each special occasion permit shall be posted in a prominent place on the premises of  
31 any show at which the permittee purchases precious metals."

32 (kk) G.S. 66-166 reads as rewritten:

33 **"§ 66-166. Exemption from permits.**

34 Any merchant claiming an exemption from the requirements of G.S. 66-165, 66-168,  
35 and 66-170 due to the percentage of his total business which constitutes precious metals  
36 purchases shall file an application therefor with the local law-enforcement agency at the  
37 same time as applications for dealers' permits are required to be filed under the  
38 provisions of this Article. The application shall be upon a form approved by the  
39 ~~Department of Crime Control and Public Safety~~ State Bureau of Investigation and shall  
40 contain as a minimum the following information: the name, home address and business  
41 address of the applicant; the name and location of the business at its permanent address;  
42 the primary nature of the business both as to purchases and sales; the total dollar volume  
43 of purchases of precious metals during the 12-month period next preceding the date of  
44 application; the total dollar volume of all secondhand goods purchased during the same

1 period by the business; the percentage of precious metals purchases or acquisitions to  
2 total purchases or acquisitions of secondhand goods; and the date when the merchant  
3 commenced the business under which the exemption is claimed. Such application shall  
4 be filed under the same oath as is required for a precious metals dealer permit, shall be  
5 notarized, and shall be accompanied by a fee of five dollars (\$5.00), which fee shall be  
6 retained by the local law-enforcement agency as cost for administering claims for  
7 exemptions.

8 The application for exemption, if granted, shall be valid for a period of 12 months.  
9 Thereafter, if the applicant seeks an exemption for the ensuing year he shall file an  
10 application for exemption 30 days before the expiration of the prior exemption.

11 If in any calendar month the percentage of precious metals purchased by an  
12 exempted merchant exceeds ten percent (10%) of his total purchases, he shall file notice  
13 thereof with the local law-enforcement agency."

14 (ll) G.S. 66-168 reads as rewritten:

15 **"§ 66-168. Bond or trust account required.**

16 Before any permit shall be issued to a dealer pursuant to G.S. 66-165, the dealer  
17 shall execute a satisfactory cash or surety bond or establish a trust account with a  
18 licensed and insured bank or savings institution located in the State of North Carolina in  
19 the sum of ten thousand dollars (\$10,000). The bond or trust account shall be in favor of  
20 the State of North Carolina. A surety bond is to be executed by the dealer and by two  
21 responsible sureties or a surety company licensed to do business in the State of North  
22 Carolina and shall be on a form approved by the ~~Department of Crime Control and~~  
23 ~~Public Safety~~ State Bureau of Investigation. Any bond shall be kept in full force and  
24 effect and shall be delivered to the law-enforcement agency which first issued a current  
25 permit to the dealer. A bond or trust account shall be for the faithful performance of the  
26 requirements and obligations of the dealer's business in conformity with this Article.  
27 Any law-enforcement agency shall have full power and authority to revoke the permit  
28 and sue for forfeiture of the bond or trust account upon a breach thereof. Any person  
29 who shall have suffered any loss or damage by any act of the permittee that constitutes a  
30 violation of this Article shall have the right to institute an action to recover against such  
31 permittee and the surety or trust account. Upon termination of the bond or trust account  
32 the permit shall become void."

33 (mm) The catch line of G.S. 122C-408 and G.S. 122C-408(a) reads as  
34 rewritten:

35 **"§ 122C-408. Butner Public Safety Division of the Department of ~~Crime Control~~**  
36 **~~and Public Safety~~; Human Resources; jurisdiction; fire and police**  
37 **district.**

38 (a) The Secretary of ~~Crime Control and Public Safety~~ Human Resources may  
39 employ special police officers for the territory of the Camp Butner reservation. The  
40 territorial jurisdiction of these special police officers shall include: (i) the Camp Butner  
41 reservation; (ii) the Lyons Station Sanitary District; and (iii) that part of Granville  
42 County adjoining the Butner reservation and the Lyons Station Sanitary District situated  
43 north and west of the intersection of Rural Paved Roads 1103 and 1106 and bounded by  
44 those roads and the boundaries of the reservation and the sanitary district. The Secretary

1 of ~~Crime Control and Public Safety~~ Human Resources may organize these special police  
2 officers into a public safety department for that territory and may establish it as a  
3 division within that principal department as permitted by Chapter 143B of the General  
4 Statutes."

5 (nn) G.S. 122C-409 reads as rewritten:

6 **"§ 122C-409. Community of Butner comprehensive emergency management plan.**

7 ~~The Department of Crime Control and Public Safety~~ Department of Human  
8 Resources shall establish an emergency management agency as defined in G.S. 166A-  
9 4(2) for the Community of Butner and the Camp Butner reservation."

10 (oo) G.S. 122C-411 reads as rewritten:

11 **"§ 122C-411. Fire protection contracts.**

12 ~~The Department of Crime Control and Public Safety~~ Department of Human  
13 Resources may contract with industries in the vicinity of Butner to provide fire  
14 protection to those industries. Those contracts shall provide for a payment by any  
15 contracting industry calculated on the basis of twenty cents (20¢) per one hundred  
16 dollars (\$100.00) of assessed valuation."

17 (pp) G.S. 127A-19 reads as rewritten:

18 **"§ 127A-19. Adjutant General.**

19 The military head of the militia shall be the Adjutant General who shall hold the  
20 rank of major general. The Adjutant General shall be appointed by the Governor in his  
21 capacity as commander in chief of the ~~militia, in consultation with the Secretary of~~  
22 ~~Crime Control and Public Safety,~~ militia and shall serve at the pleasure of the Governor.  
23 No person shall be appointed as Adjutant General who has less than five years'  
24 commissioned service in an active status in any component of the armed forces of the  
25 United States. The Adjutant General, while holding such office, may be a member of  
26 the active national guard or naval militia.

27 Subject to the approval of the ~~Governor~~ Governor, ~~and in consultation with the~~  
28 ~~Secretary, Department of Crime Control and Public Safety,~~ the Adjutant General may  
29 appoint a deputy adjutant general for army national guard and an assistant adjutant  
30 general for air national guard, both of whom may hold the rank of brigadier general and  
31 who shall serve at the pleasure of the Governor. The Adjutant General may also employ  
32 such staff members and other personnel as may be authorized by the Secretary and  
33 funded."

34 (qq) G.S. 127A-20 reads as rewritten:

35 **"§ 127A-20. Administrative and operational relationships of the Adjutant General.**

36 In all administrative and operational matters affecting the militia while under State  
37 control, the Adjutant General shall be responsible to and subject to the direction and  
38 supervision of the ~~Secretary of Crime Control and Public Safety.~~ Governor."

39 (tt1) G.S. 127A-21(a) reads as rewritten:

40 "(a) The Governor of the ~~State,~~ State ~~in consultation with the Secretary of Crime~~  
41 ~~Control and Public Safety,~~ shall appoint, designate, or detail, subject to the approval of  
42 the Secretary of the Army and the Secretary of the Air Force, a qualified commissioned  
43 officer of the North Carolina national guard who is also a commissioned officer of the  
44 army national guard of the United States or the air national guard of the United States,

1 as the case may be, to be the United States property and fiscal officer for North  
2 Carolina. If the officer is not on active duty, the President may order him to active duty,  
3 with his consent, to serve as a property and fiscal officer."

4 (tt2) G.S. 127A-22 reads as rewritten:

5 "**§ 127A-22. North Carolina property and fiscal officer.**

6 (a) Upon full mobilization of the North Carolina national guard into federal  
7 service to the extent that the functions of a United States property and fiscal officer no  
8 longer exist or are authorized under federal statutes, the Governor of the State, ~~State in~~  
9 ~~consultation with the Secretary of Crime Control and Public Safety,~~ may appoint,  
10 designate or detail a qualified individual to serve at the pleasure of the Governor as the  
11 North Carolina property and fiscal officer for any composition of a nonfederally  
12 recognized State national guard or State defense militia organized under the provisions  
13 of G.S. 127A-1 **et seq.**

14 (b) In consideration of his services for the responsibility, care, utilization, and  
15 issue of State or federal facilities and property, under the jurisdiction of the State of  
16 North Carolina, the North Carolina property and fiscal officer shall receive from the  
17 State such salary as the Governor may authorize to be just and proper; the salary to  
18 constitute a charge upon appropriations made to the ~~Department of Crime Control and~~  
19 ~~Public Safety.~~ Office of the Governor.

20 (c) The property and fiscal officer for North Carolina shall be an employee of the  
21 ~~Department of Crime Control and Public Safety.~~ Office of the Governor. He shall be  
22 required to give good and sufficient bond to the State, the amount thereof to be  
23 determined by the Governor, for the faithful performance of his duties and for the  
24 safekeeping and proper distribution of such funds and property entrusted to his care. He  
25 shall receipt for and account for all funds and property allotted to his custody from the  
26 appropriation for military purposes by State and federal agencies, and shall make such  
27 returns and reports through the ~~Secretary of Crime Control and Public Safety~~ Office of  
28 the Governor concerning same as may be required by the Governor or State laws."

29 (tt3) G.S 127A-40(f) reads as rewritten:

30 "(f) The ~~Secretary of Crime Control and Public Safety~~ Governor shall determine  
31 the eligibility of guard members for the benefits herein provided and shall certify those  
32 eligible to the State Treasurer. In addition, the ~~Department of Crime Control and Public~~  
33 ~~Safety~~ Office of the Governor shall, on and after July 1, ~~1983,~~ 1993, provide the  
34 Department of State Treasurer with an annual census population, by age and the number  
35 of years of creditable service, for all former members of the National Guard in receipt of  
36 a pension as well as for all active members of the National Guard who are not in receipt  
37 of a pension and who have seven and more years of creditable service. The ~~Department~~  
38 ~~of Crime Control and Public Safety~~ Office of the Governor shall also provide the State  
39 Treasurer a census population of all former members of the National Guard who are not  
40 in receipt of a pension and who have 15 and more years of creditable service. The  
41 Department of State Treasurer shall make pension payments to those persons certified  
42 from the North Carolina National Guard Pension Fund, which shall include general fund  
43 appropriations made to and transferred from the ~~Department of Crime Control and~~  
44 ~~Public Safety.~~ Office of the Governor. The Department of State Treasurer shall have

1 performed an annual actuarial valuation of the fund and shall have the financial  
2 responsibility for maintaining the fund on a generally accepted actuarial basis. The  
3 ~~Department of Crime Control and Public Safety Office of the Governor~~ shall provide  
4 the Department of State Treasurer with whatever assistance is required by the State  
5 Treasurer in carrying out his financial responsibilities."

6 (rr) G.S. 127A-43 reads as rewritten:

7 **"§ 127A-43. North Carolina National Guard Meritorious Service Medal.**

8 There is hereby created the North Carolina National Guard Meritorious Service  
9 Medal which shall be of appropriate design, and a ribbon, together with a rosette or  
10 other device to be worn in lieu thereof. This medal and appurtenances thereto shall be of  
11 a design approved by the Governor or his designated representative. The Governor or  
12 his designated representative is authorized to award this medal upon the  
13 recommendation of the ~~Secretary of Crime Control and Public Safety in consultation~~  
14 ~~with the~~ Adjutant General and a board of officers appointed by the Adjutant General.  
15 Any member or former member of the armed forces discharged under honorable  
16 conditions, who has distinguished himself by heroism, meritorious achievement, or  
17 meritorious service to the North Carolina national guard, is eligible for this award. The  
18 Governor, on his own authority, may award such medal to ~~the Secretary of Crime~~  
19 ~~Control and Public Safety~~, the Adjutant General or any other active or inactive general  
20 officer of the armed forces who has distinguished himself by heroism, meritorious  
21 achievement, or meritorious service to the North Carolina national guard. The required  
22 heroism, achievement, or service, while of a lesser degree than that required for  
23 awarding of the North Carolina Distinguished Service Medal, must nevertheless be  
24 accomplished with distinction."

25 (ss) G.S. 127A-161(3) is repealed.

26 (tt) G.S. 127A-192(c) is repealed.

27 (uu) G.S. 127A-195 reads as rewritten:

28 **"§ 127A-195. Administration and funding.**

29 (a) ~~The Secretary of Crime Control and Public Safety Office of the Governor is~~  
30 ~~charged with the administration of the tuition assistance program under this Article. He~~  
31 ~~may delegate administrative tasks to other persons within the Department of Crime~~  
32 ~~Control and Public Safety as he deems best for the orderly administration of this~~  
33 ~~program.~~

34 (b) ~~The Secretary Office of the Governor~~ shall determine the eligibility of  
35 applicants, select the benefit recipients, establish the effective date of the benefit, and  
36 may suspend or revoke the benefit if ~~he-it~~ finds that the recipient does not maintain an  
37 adequate academic status, or if the recipient engages in riots, unlawful demonstrations,  
38 the seizure of educational buildings, or otherwise engages in disorderly conduct,  
39 breaches of the peace, or unlawful assemblies. ~~The Secretary Office of the Governor~~  
40 shall maintain such records and shall promulgate such rules and regulations as he deems  
41 necessary for the orderly administration of this program. ~~The Secretary Office of the~~  
42 ~~Governor~~ may require of business or trade schools or State or private educational  
43 institutions such reports and other information as ~~he-it~~ may need to carry out the

1 provisions of this Article and ~~he~~it shall disburse benefit payments for recipients upon  
2 certification of enrollment by the enrolling institutions.

3 (c) All benefit disbursements shall be made to the business or trade school or  
4 State or private educational institution concerned, for credit to the tuition account of  
5 each recipient.

6 (d) The participation by any business or trade school or private educational  
7 institution in this program shall be subject to the applicable provisions of this Article  
8 and to examination by the State Auditor of the accounts of the benefit recipients  
9 attending or having attended such private schools or institutions. The ~~Secretary-Office~~  
10 of the Governor may defer making an award or may suspend an award in any business  
11 or trade school or private educational institution which does not comply with the  
12 provisions of this Article relating to said institutions. The manner of payment to any  
13 business or trade school or private educational institution shall be as prescribed by the  
14 ~~Secretary-Office of the Governor.~~

15 (e) Irrespective of other provisions of this Article, the ~~Secretary-Office of the~~  
16 Governor may prescribe special procedures for adjusting the accounts of benefit  
17 recipients who, for reasons of illness, physical inability to attend classes or for other  
18 valid reason satisfactory to the ~~Secretary-Office of the Governor,~~ may withdraw from  
19 any business or trade school or State or private educational institution prior to the  
20 completion of the term, semester, quarter or other academic period being attended at the  
21 time of withdrawal."

22 (vv) G.S. 143-166.13 reads as rewritten:

23 "**§ 143-166.13. Persons entitled to benefits under Article.**

24 (a) The following persons who are subject to the Criminal Justice Training and  
25 Standards Act are entitled to benefits under this Article:

- 26 (1) State Government Security Officers, Department of Administration;
- 27 (2) State Correctional Officers, Department of ~~Corrections;~~ Correction;
- 28 (3) State Probation and Parole Officers, Department of ~~Corrections;~~  
29 Correction;
- 30 (4) Sworn State Law-Enforcement Officers with the power of arrest,  
31 Department of ~~Corrections;~~ Correction;
- 32 (5) Alcohol Law-Enforcement Agents, ~~Department of Crime Control and~~  
33 ~~Public Safety;~~ Alcoholic Beverage Commission;
- 34 (6) State Highway Patrol Officers, Department of ~~Crime Control and~~  
35 ~~Public Safety;~~ Transportation;
- 36 (7) State Legislative Building Special Police, General Assembly;
- 37 (8) Sworn State Law-Enforcement Officers with the power of arrest,  
38 Department of Human Resources;
- 39 (9) Youth Correctional Officers, Department of Human Resources;
- 40 (10) Insurance Investigators, Department of Insurance;
- 41 (11) State Bureau of Investigation Officers and Agents, Department of  
42 Justice;
- 43 (12) Director and Assistant Director, License and Theft Enforcement  
44 Section, Division of Motor Vehicles, Department of Transportation;

- 1 (13) Members of License and Theft Enforcement Section, Division of  
2 Motor Vehicles, Department of Transportation, designated by the  
3 Commissioner of Motor Vehicles as either 'inspectors' or uniformed  
4 weigh station personnel;
- 5 (14) Utilities Commission Transportation Inspectors and Special  
6 Investigators;
- 7 (15) North Carolina Ports Authority Police, Department of Commerce;
- 8 (16) Sworn State Law-Enforcement Officers with the power of arrest,  
9 Department of Environment, Health, and Natural Resources;
- 10 (17) Sworn State Law-Enforcement Officers with the power of arrest,  
11 ~~Department of Crime Control and Public Safety-Butner Public Safety~~  
12 ~~Division, Department of Human Resources."~~

13 (ww) G.S. 143-215.93A(a) reads as rewritten:

14 "(a) Except as provided in subsection (b) of this section, a person is not liable  
15 under this Part, Part 2C of this Article, Articles 21 and 21B of this Chapter, other  
16 provisions of the General Statutes relating to protection of the environment or public  
17 health, Chapter 1B of the General Statutes, or common law causes of action in tort for  
18 removal costs or damages which result from, arise out of, or are related to the discharge  
19 or threatened discharge of oil, when such removal costs or damages result from acts or  
20 omissions in the course of rendering care, assistance, or advice consistent with the  
21 National Contingency Plan or as otherwise directed by the President of the United  
22 States, the Federal On-Scene Coordinator, the Governor, the Secretary, ~~the Secretary of~~  
23 ~~Crime Control and Public Safety~~, or any person designated to direct oil discharge  
24 removal activities by the President of the United States, the Governor, ~~the Secretary~~, or  
25 ~~the Secretary of Crime Control and Public Safety~~. "

26 (xx) Article 19 of Chapter 143A of the General Statutes is repealed.

27 (yy) G.S. 143B-6(4) is repealed.

28 (zz) G.S. 143B-181 reads as rewritten:

29 **"§ 143B-181. Governor's Advisory Council on Aging – members; selection;**  
30 **quorum; compensation.**

31 The Governor's Advisory Council on Aging of the Department of Human Resources  
32 shall consist of ~~33-32~~ 29-28 members, ~~29-28~~ members to be appointed by the Governor, two  
33 members to be appointed by the Lieutenant Governor, and two members to be appointed  
34 by the Speaker of the House of Representatives. The composition of the Council shall  
35 be as follows: one representative of the Department of Administration; one  
36 representative of the Department of Cultural Resources; one representative of the  
37 Employment Security Commission; one representative of the Teachers' and State  
38 Employees' Retirement System; one representative of the Commissioner of Labor; one  
39 representative of the Department of Public Education; one representative of the  
40 Department of Environment, Health, and Natural Resources; one representative of the  
41 Department of Insurance; ~~one representative of the Department of Crime Control and~~  
42 ~~Public Safety~~; one representative of the Department of Community Colleges; one  
43 representative of the School of Public Health of The University of North Carolina; one  
44 representative of the School of Social Work of The University of North Carolina; one



1 representative of the Agricultural Extension Service of North Carolina State University;  
 2 one representative of the collective body of the Medical Society of North Carolina; and  
 3 19 members at large. The at large members shall be citizens who are knowledgeable  
 4 about services supported through the Older Americans Act of 1965, as amended, and  
 5 shall include persons with greatest economic or social need, minority older persons, and  
 6 participants in programs under the Older Americans Act of 1965, as amended. The  
 7 Governor shall appoint 15 members at large who meet these qualifications and are 60  
 8 years of age or older. The four remaining members at large, two of whom shall be  
 9 appointed by the Lieutenant Governor and two of whom shall be appointed by the  
 10 Speaker of the House of Representatives, shall be broadly representative of the major  
 11 private agencies and organizations in the State who are experienced in or have  
 12 demonstrated particular interest in the special concerns of older persons. At least one of  
 13 each of the at-large appointments of the Lieutenant Governor and the Speaker of the  
 14 House of Representatives shall be persons 60 years of age or older. The Council shall  
 15 meet at least quarterly.

16 Members at large shall be appointed for four-year terms and until their successors  
 17 are appointed and qualify. **Ad interim** appointments shall be for the balance of the  
 18 unexpired term.

19 The Governor shall have the power to remove any member of the Council from  
 20 office in accordance with the provisions of G.S. 143B-16 of the Executive Organization  
 21 Act of 1973.

22 The Governor shall designate one member of the Council as chairman to serve in  
 23 such capacity at his pleasure.

24 Members of the Council shall receive per diem and necessary travel and subsistence  
 25 expenses in accordance with the provisions of G.S. 138-5.

26 A majority of the Council shall constitute a quorum for the transaction of business.

27 All clerical and other services required by the Council shall be supplied by the  
 28 Secretary of Human Resources."

29 (aaa) G.S. 143B-285.12(a)(1) reads as rewritten:

30 "(1) ~~Four~~ Three members from State government: the Secretary or  
 31 Commissioner of Environment, Health, and Natural Resources,  
 32 Commerce, ~~Agriculture, and Crime Control and Public Safety, and~~  
 33 Agriculture. At the request of such Secretary or Commissioner, the  
 34 Governor may appoint another official from the same department to  
 35 serve in his stead."

36 (bbb) G.S. 147-45 reads as rewritten:

37 "**§ 147-45. Distribution of copies of State publications.**

38 The Secretary of State shall, at the State's expense, as soon as possible after  
 39 publication, provide such number of copies of the Session Laws and Senate and House  
 40 Journals to federal, State, and local governmental officials, departments and agencies,  
 41 and to educational institutions of instruction and exchange use, as is set out in the table  
 42 below:

	Session	Assembly
<u>Agency or Institution</u>	<u>Laws</u>	<u>Journals</u>

1	Governor, Office of the	3	2
2	<u>North Carolina Crime Commission</u>	<u>1</u>	<u>0</u>
3	<u>Adjutant General</u>	<u>2</u>	<u>0</u>
4	Lieutenant Governor, Office of the	1	1
5	Secretary of State, Department of the	3	3
6	Auditor, Department of the State	3	1
7	Treasurer, Department of the State	3	1
8	Local Government Commission	2	0
9	Public Education, Department of	1	0
10	Superintendent of Public Instruction	3	1
11	Controller	1	0
12	Division of Community Colleges	3	1
13	Regional Service Centers	1 ea.	0
14	Justice, Department of		
15	Office of the Attorney General	25	3
16	Budget Bureau (Administration)	1	0
17	Property Control (Administration)	1	1
18	State Bureau of Investigation	1	0
19	Agriculture, Department of	3	1
20	Labor, Department of	5	1
21	Insurance, Department of	5	1
22	Administration, Department of	1	1
23	Budget Bureau	2	1
24	Controller	1	0
25	Property Control	1	0
26	Purchase and Contract	2	0
27	Policy and Development	1	0
28	Veterans Affairs Commission	1	0
29	Environment, Health, and Natural		
30	Resources, Department of	1	0
31	Division of Environmental Management	2	0
32	Board of Environment, Health, and		
33	Natural Resources	1	0
34	Soil and Water Conservation Commission	1	0
35	Wildlife Resources Commission	2	0
36	Revenue, Department of	5	1
37	Human Resources, Department of	3	0
38	Board of Human Resources	1	0
39	Health Services, Division of	3	0
40	Mental Health, Developmental		
41	Disabilities, and Substance Abuse Services,		
42	Division of	1	0
43	Social Services, Division of	3	0
44	Facilities Services, Division of	1	0

1	Youth Services, Division of	1	0	
2	Hospitals and Institutions	1 ea.	0	
3	Transportation, Department of	1	0	
4	Board of Transportation	3	0	
5	Motor Vehicles, Division of	1	0	
6	Commerce, Department of	1	0	
7	Economic Development, Division of	2	0	
8	State Ports Authority	1	0	
9	Alcoholic Beverage Control Commission,			
10	North Carolina	2	0	
11	Banking Commission	2	0	
12	Utilities Commission	8	1	
13	Industrial Commission	7	0	
14	Labor Force Development Council	1	0	
15	Milk Commission	5	0	
16	Employment Security Commission	1	1	
17	Correction, Department of	1	0	
18	Department of Correction	2	0	
19	Parole Commission	2	0	
20	State Prison	1	0	
21	Correctional Institutions	1 ea.	0	
22	Cultural Resources, Department of	1	0	
23	Archives and History, Division of	5	1	
24	State Library	5	5	
25	Publications Division	1	1	
26	<del>Crime Control and Public Safety, Department of</del>		2	4
27	<del>North Carolina Crime Commission</del>	4	0	
28	<del>Adjutant General</del>	2	0	
29	Elections, State Board of	2	0	
30	Office of Administrative Hearings	2	0	
31	Legislative Branch			
32	State Senators	1 ea.	1 ea.	
33	State Representatives	1 ea.	1 ea.	
34	Principal Clerk – Senate	1	1	
35	Principal Clerk – House	1	1	
36	Reading Clerk – Senate	1	1	
37	Reading Clerk – House	1	1	
38	Sergeant at Arms – House	1	1	
39	Sergeant at Arms – Senate	1	1	
40	Enrolling Clerk	1	0	
41	Engrossing Clerk	1	0	
42	Indexer of the Laws	1	0	
43	Legislative Building Library	35	15	
44	Judicial System			

1	Justices of the Supreme Court		1 ea.	1 ea.
2	Judges of the Court of Appeals		1 ea.	1 ea.
3	Judges of the Superior Court		1 ea.	0
4	Emergency and Special Judges of the			
5	Superior Court		1 ea.	0
6	District Court Judges		1 ea.	0
7	District Attorneys		1 ea.	0
8	Clerk of the Supreme Court		1	1
9	Clerk of the Court of Appeals		1	1
10	Administrative Office of the Courts		4	1
11	Supreme Court Library		AS MANY AS REQUESTED	
12	Colleges and Universities			
13	The University North Carolina System			
14	Administrative Offices	3	0	
15	University of North Carolina, Chapel Hill	65	25	
16	University of North Carolina, Charlotte	3	1	
17	University of North Carolina, Greensboro	3	1	
18	University of North Carolina, Asheville	2	1	
19	University of North Carolina, Wilmington	2	1	
20	North Carolina State University, Raleigh	5	3	
21	Appalachian State University	2	1	
22	East Carolina University	3	2	
23	Elizabeth City State University	2	1	
24	Fayetteville State University	2	1	
25	North Carolina Agricultural and			
26	Technical University	2	1	
27	North Carolina Central University	5	5	
28	Western Carolina University	2	1	
29	Pembroke State University	2	1	
30	Winston-Salem State University	2	1	
31	North Carolina School of the Arts	1	1	
32	Private Institutions			
33	Duke University	6	6	
34	Davidson College	3	2	
35	Wake Forest University	5	5	
36	Lenoir Rhyne College	1	1	
37	Elon College		1	1
38	Guilford College		1	1
39	Campbell College		5	5
40	Wingate College		1	1
41	Pfeiffer College		1	1
42	Barber Scotia College		1	1
43	Atlantic Christian College		1	1
44	Shaw University		1	1

1	St. Augustine's College	1	1	
2	J.C. Smith University	1	1	
3	Belmont Abbey College	1	1	
4	Bennett College	1	1	
5	Catawba College	1	1	
6	Gardner-Webb College	1	1	
7	Greensboro College	1	1	
8	High Point College	1	1	
9	Livingstone College	1	1	
10	Mars Hill College	1	1	
11	Meredith College	1	1	
12	Methodist College	1	1	
13	North Carolina Wesleyan College	1	1	
14	Queens College	1	1	
15	Sacred Heart College	1	1	
16	St. Andrews Presbyterian College	1	1	
17	Salem College	1	1	
18	Warren Wilson College	1	1	
19	County and Local Officials			
20	Clerks of the Superior Court	1 ea.	1 ea.	
21	Register of Deeds	1 ea.	1 ea.	
22	Federal, Out-of-State and Foreign			
23	Secretary to the President	1	0	
24	Secretary of State	1	1	
25	Secretary of Defense	1	0	
26	Secretary of Agriculture	1	0	
27	Secretary of the Interior	1	0	
28	Secretary of Labor	1	1	
29	Secretary of Commerce	1	1	
30	Secretary of the Treasury	1	0	
31	Secretary of Health, Education and Welfare		1	0
32	Secretary of Housing and Urban Development		1	0
33	Secretary of Transportation	1	0	
34	Attorney General	1	0	
35	Postmaster General	1	0	
36	Bureau of Census	1	0	
37	Bureau of Public Roads	1	0	
38	Department of Justice	1	0	
39	Department of Internal Revenue	1	0	
40	Veterans' Administration	1	0	
41	Farm Credit Administration	1	0	
42	Securities and Exchange Commission	1	0	
43	Social Security Board	1	0	
44	Environmental Protection Agency	1	0	

1	Library of Congress	8	2	
2	Federal Judges resident in North Carolina	1 ea.	0	
3	Federal District Attorneys resident in			
4	North Carolina	1 ea.	0	
5	Marshal of the United States Supreme Court		1	0
6	Federal Clerks of Court resident in North Carolina		1 ea.	0
7	Supreme Court Library exchange list	1 ea.	0	

8 One copy of the Session Laws shall be furnished the head of any department of State  
9 government created in the future.

10 State agencies, institutions, etc., not found in or covered by this list may, upon  
11 written request from their respective department head to the Secretary of State, and  
12 upon the discretion of the Secretary of State as to need, be issued copies of the Session  
13 Laws on a permanent loan basis with the understanding that should said copies be  
14 needed they will be recalled."

15 (ccc) G.S. 164-37 reads as rewritten:

16 **"§ 164-37. Membership; chairman; meetings; quorum.**

17 The Commission shall consist of ~~27~~26 members as follows:

- 18 (1) The Chief Justice of the North Carolina Supreme Court shall appoint a  
19 sitting or former Justice or judge of the General Court of Justice, who  
20 shall serve as Chairman of the Commission;
- 21 (2) The Chief Judge of the North Carolina Court of Appeals, or another  
22 judge on the Court of Appeals, serving as his designee;
- 23 (3) The Secretary of Correction or his designee;
- 24 (4) ~~The Secretary of Crime Control and Public Safety or his designee;~~
- 25 (5) The Chairman of the Parole Commission, or his designee;
- 26 (6) The President of the Conference of Superior Court Judges or his  
27 designee;
- 28 (7) The President of the District Court Judges Association or his designee;
- 29 (8) The President of the North Carolina Sheriff's Association or his  
30 designee;
- 31 (9) The President of the North Carolina Association of Chiefs of Police or  
32 his designee;
- 33 (10) One member of the public at large, who is not currently licensed to  
34 practice law in North Carolina, to be appointed by the Governor;
- 35 (11) One member to be appointed by the Lieutenant Governor;
- 36 (12) Three members of the House of Representatives, to be appointed by  
37 the Speaker of the House;
- 38 (13) Three members of the Senate, to be appointed by the President Pro  
39 Tempore of the Senate;
- 40 (14) The President Pro Tempore of the Senate shall appoint the  
41 representative of the North Carolina Community Sentencing  
42 Association that is recommended by the President of that organization;

- 1 (15) The Speaker of the House of Representatives shall appoint the member  
2 of the business community that is recommended by the President of  
3 the North Carolina Retail Merchants Association;
- 4 (16) The Chief Justice of the North Carolina Supreme Court shall appoint  
5 the criminal defense attorney that is recommended by the President of  
6 the North Carolina Academy of Trial Lawyers;
- 7 (17) The President of the Conference of District Attorneys or his designee;
- 8 (18) The Lieutenant Governor shall appoint the member of the North  
9 Carolina Victim Assistance Network that is recommended by the  
10 President of that organization;
- 11 (19) A rehabilitated former prison inmate, to be appointed by the Chairman  
12 of the Commission;
- 13 (20) The President of the North Carolina Association of County  
14 Commissioners or his designee;
- 15 (21) The Governor shall appoint the member of the academic community,  
16 with a background in criminal justice or corrections policy, that is  
17 recommended by the President of The University of North Carolina;
- 18 (22) The Attorney General, or a member of his staff, to be appointed by the  
19 Attorney General;
- 20 (23) The Governor shall appoint the member of the North Carolina Bar  
21 Association that is recommended by the President of that organization.

22 The Commission shall have its initial meeting no later than September 1, 1990, at  
23 the call of the Chairman. The Commission shall meet a minimum of four regular  
24 meetings each year. The Commission may also hold special meetings at the call of the  
25 Chairman, or by any four members of the Commission, upon such notice and in such  
26 manner as may be fixed by the rules of the Commission. A majority of the members of  
27 the Commission shall constitute a quorum."

28 (ddd) G.S. 166A-5(2) is repealed.

29 (eee) This section becomes effective July 1, 1993.

30 ---BUTNER PUBLIC SAFETY STUDY.

31 Sec. 112.1. The Governor shall examine public safety services in Butner.  
32 The study shall provide a detailed evaluation of the following options:

- 33 (1) G.S. 153A-301 should be amended to allow counties to create Public  
34 Safety Districts, and the creation of such a district in Durham and  
35 Granville Counties to serve Butner, which district could levy local  
36 property taxes in unincorporated areas for public safety services;
- 37 (2) Incorporation of Butner; or
- 38 (3) No change.

39 Sec. 112.2. The results of the study shall be reported to the General  
40 Assembly no later than convening of the 1994 Regular Session of the 1993 General  
41 Session. The study should address:

- 42 (1) Unique needs of the State institutions;
- 43 (2) Needs of local residents;

- 1 (3) Services that would be provided by an incorporated Town of Butner,  
2 such as fire, police protection, water, and sewer;  
3 (4) Services that would be provided by a stand-alone public safety district;  
4 (5) The impact on other local governments of incorporating Butner or  
5 establishing a public safety district;  
6 (6) The current cost to local residents;  
7 (7) The tax base; and  
8 (8) Other relevant factors.

9 Sec. 113. The Governor should provide participation in the study to  
10 Granville and Durham Counties, to local residents, and to federal and State institutions  
11 at Butner.

12 Sec. 114. Sections 112.1 through 113 of this act are effective upon  
13 ratification.

14 —PUBLIC SCHOOL GOVERNANCE.

15 Sec. 115. Section 4(1) of Article IX of the Constitution reads as rewritten:

16 "(1) **Board.** ~~The State Board of Education shall consist of the Lieutenant~~  
17 ~~Governor, the Treasurer, and eleven members appointed by the Governor, subject to~~  
18 ~~confirmation by the General Assembly in joint session. The General Assembly shall~~  
19 ~~divide the State into eight educational districts. Of the appointive members of the~~  
20 ~~Board, one shall be appointed from each of the eight educational districts and three shall~~  
21 ~~be appointed from the State at large. Appointments shall be for overlapping terms of~~  
22 ~~eight years. Appointments to fill vacancies shall be made by the Governor for the~~  
23 ~~unexpired terms and shall not be subject to confirmation. The General Assembly shall~~  
24 provide by statute for the appointment of a State Board of Education. The General  
25 Assembly may, by statute, grant the Governor the authority to approve or reject any  
26 appointments to the Board made by the General Assembly."

27 Sec. 116. Section 4(2) of Article IX of the Constitution reads as rewritten:

28 "(2) **Superintendent of Public Instruction.** The Superintendent of Public  
29 Instruction shall be the secretary and chief administrative officer of the State Board of  
30 Education. The Superintendent shall be appointed by the State Board of Education and  
31 shall serve at the pleasure of the State Board of Education."

32 Sec. 117. Section 7(1) of Article III of the Constitution reads as rewritten:

33 "(1) **Officers.** A Secretary of State, an Auditor, a Treasurer, ~~a Superintendent of~~  
34 ~~Public Instruction,~~ an Attorney General, a Commissioner of Agriculture, a  
35 Commissioner of Labor, and a Commissioner of Insurance shall be elected by the  
36 qualified voters of the State in 1972 and every four years thereafter, at the same time  
37 and places as members of the General Assembly are elected. Their term of office shall  
38 be four years and shall commence on the first day of January next after their election  
39 and continue until their successors are elected and qualified."

40 Sec. 118. G.S. 115C-10 reads as rewritten:

41 "**§ 115C-10. Appointment of Board.**

42 The State Board of Education shall consist of the following 15 members: a chair  
43 appointed by the Governor, the Lieutenant Governor, the State Treasurer, and 11 six  
44 members appointed by the Governor, subject to confirmation by the General Assembly



~~in joint session. three members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, and three members appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. Appointments made by the General Assembly shall be made in accordance with G.S. 120-121, except that the members appointed by the General Assembly shall be subject to approval or rejection by the Governor. In making appointments, the Governor and the General Assembly shall take into account the economic and geographic diversity of the State. Not more than one public school employee paid from State or local funds may serve as an appointive member of the State Board of Education. No spouse of any public school employee paid from State or local funds and no employee of the Department of Public Instruction or his spouse, may serve as an appointive member of the State Board of Education. Of the appointive members of the State Board of Education, one shall be appointed from each of the eight educational districts and three shall be appointed as members at large. Appointments shall be for terms of eight years and shall be made in four classes. Appointments to fill vacancies shall be made by the Governor for the unexpired terms and shall not be subject to confirmation.~~

~~The Governor shall transmit to the presiding officers of the Senate and the House of Representatives, on or before the sixtieth legislative day of the General Assembly, the names of the persons appointed by him and submitted to the General Assembly for confirmation; thereafter, pursuant to joint resolution, the Senate and the House of Representatives shall meet in joint session for consideration of an action upon such appointments.~~

Appointments shall be made for staggered terms of four years, except that three initial appointees shall serve one-year terms, three shall serve two-year terms, and three shall serve three-year terms. The initial appointees, except for the chair, shall draw lots to determine the length of their terms. The chair shall serve a four-year term. Initial terms shall commence July 1, 1994.

Appointments to fill vacancies in positions filled by the Governor shall be made by the Governor for the unexpired terms and shall not be subject to confirmation. terms. Appointments to fill vacancies in positions filled by the General Assembly shall be made in accordance with G.S. 120-122."

Sec. 119. G.S. 115C-65 is repealed.

Sec. 120. G.S. 143A-39 reads as rewritten:

**"§ 143A-39. Creation.**

There is hereby created a Department of Public Education. The head of the Department of Public Education is the State Board of Education. Any provision of G.S. 143A-9 to the contrary notwithstanding, the appointment of the State Board of Education shall be as prescribed in Article IX, Sec. 4(1) ~~of the Constitution. G.S. 115C-10."~~

Sec. 121. G.S. 120-123 is amended by adding a new subdivision to read:

"(60) The State Board of Education, as established in G.S. 115C-10."

Sec. 122. G.S. 115C-18 reads as rewritten:

**"§ 115C-18. Election-Appointment of Superintendent of Public Instruction.**

1 The Superintendent of Public Instruction shall be elected by the qualified voters of  
2 the State in 1972 and every four years thereafter at the same time and places as  
3 members of the General Assembly are elected. His term of office shall be four years and  
4 shall commence on the first day of January next after election and continue until his  
5 successor is elected and qualified.

6 If the office of the Superintendent of Public Instruction is vacated by death,  
7 resignation, or otherwise, it shall be the duty of the Governor to appoint another to serve  
8 until his successor is elected and qualified. Every such vacancy shall be filled by  
9 election at the first election for members of the General Assembly that occurs more than  
10 30 days after the vacancy has taken place, and the person chosen shall hold the office  
11 for the remainder of the unexpired term fixed in Article III, Sec. 7 of the Constitution of  
12 North Carolina. When a vacancy occurs in the office and the term expires on the first  
13 day of January succeeding the next election for members of the General Assembly, the  
14 Governor shall appoint to fill the vacancy for the unexpired term of the office. Upon the  
15 occurrence of a vacancy in the office for any of the causes stated herein, the Governor  
16 may appoint an interim officer to perform the duties of that office until a person is  
17 appointed or elected pursuant to Article III, Sec. 7 of the Constitution of North Carolina  
18 to fill the vacancy and is qualified.

19 The time of the election of the Superintendent of Public Instruction shall be in  
20 accordance with the provisions of Article 1 of Subchapter I of Chapter 163 of the  
21 General Statutes.

22 The election, term and induction into office of the Superintendent of Public  
23 Instruction shall be in accordance with the provisions of G.S. 147-4. appointed by the  
24 State Board of Education and shall serve at the pleasure of the State Board of  
25 Education."

26 Sec. 123. G.S. 115C-21(a)(5) reads as rewritten:

27 "(5) To have under his direction, in his capacity as the constitutional head  
28 of the public school system, chief administrative officer of the State  
29 Board of Education, all those matters relating to the supervision and  
30 administration of the public school system."

31 Sec. 124. G.S. 143A-42 reads as rewritten:

32 "**§ 143A-42. Superintendent of Public Instruction; transfer of office and**  
33 **Department of Public Instruction; powers and duties.**

34 The office of the Superintendent of Public Instruction, as provided for by ~~Article III,~~  
35 ~~Sec. 7,~~ Article IX, Sec. 4(2), of the Constitution, and the Department of Public  
36 Instruction are hereby transferred to the Department of Public Education. The  
37 Superintendent of Public Instruction shall be the secretary and chief administrative  
38 officer of the State Board of Education, and shall have such powers and duties as are  
39 conferred by the Constitution, by the State Board of Education, Chapter 115C of the  
40 General Statutes, and the laws of this State."

41 Sec. 125. G.S. 147-3(c)(8) is repealed.

42 Sec. 126. G.S. 147-4 reads as rewritten:

43 "**§ 147-4. Executive officers – election; term; induction into office.**

1 The executive department shall consist of a Governor, a Lieutenant Governor, a  
2 Secretary of State, an Auditor, a Treasurer, ~~a Superintendent of Public Instruction,~~ an  
3 Attorney General, a Commissioner of Agriculture, a Commissioner of Insurance, and a  
4 Commissioner of Labor, who shall be elected for a term of four years, by the qualified  
5 electors of the State, at the same time and places, and in the same manner, as members  
6 of the General Assembly are elected. Their term of office shall commence on the first  
7 day of January next after their election and continue until their successors are elected  
8 and qualified. The persons having the highest number of votes, respectively, shall be  
9 declared duly elected, but if two or more be equal and highest in votes for the same  
10 office, then one of them shall be chosen by joint ballot of both houses of the General  
11 Assembly. Contested elections shall be determined by a joint ballot of both houses of  
12 the General Assembly in such manner as shall be prescribed by law."

13 Sec. 127. G.S. 147-11.1 reads as rewritten:

14 **"§ 147-11.1. Succession to office of Governor; Acting Governor.**

15 (a) Lieutenant Governor. –

16 (1) The Lieutenant Governor-elect shall become Governor upon the  
17 failure of the Governor-elect to qualify. The Lieutenant Governor shall  
18 become Governor upon the death, resignation, or removal from office  
19 of the Governor. The further order of succession to the office of  
20 Governor shall be prescribed by law. A successor shall serve for the  
21 remainder of the term of the Governor whom he succeeds and until a  
22 new Governor is elected and qualified.

23 (2) During the absence of the Governor from the State, or during the  
24 physical or mental incapacity of the Governor to perform the duties of  
25 his office, the Lieutenant Governor shall be Acting Governor. The  
26 further order of succession as Acting Governor shall be prescribed by  
27 law.

28 (b) President of Senate, Speaker of the House and Other Officers. –

29 (1) If, by reason of failure to qualify, death, resignation, or removal from  
30 office, there is neither a Governor nor a Lieutenant Governor to  
31 discharge the powers and duties of the office of Governor, then the  
32 President of the Senate shall, upon his resignation as President of the  
33 Senate and as Senator, become Governor.

34 (2) If, at the time when under subdivision (1) of this subsection the  
35 President of the Senate is to become Governor, there is no President of  
36 the Senate, or the President of the Senate fails to qualify as Governor,  
37 then the Speaker of the House of Representatives shall, upon his  
38 resignation as Speaker and as Representative, become Governor.

39 (3) If, at the time when under subdivision (2) of this subsection the  
40 Speaker of the House of Representatives is to become Governor, there  
41 is no Speaker of the House of Representatives, or the Speaker of the  
42 House of Representatives fails to qualify as Governor, then that officer  
43 of the State of North Carolina who is highest on the following list, and  
44 who is not under disability to serve as Governor, shall, upon his

1 resignation of the office which places him in the order of succession,  
2 become Governor: Secretary of State, Auditor, Treasurer,  
3 ~~Superintendent of Public Instruction~~, Attorney General, Commissioner  
4 of Agriculture, Commissioner of Labor, and Commissioner of  
5 Insurance.

6 (c) Acting Governor Generally. –

7 (1) If, by reason of absence from the State or physical or mental  
8 incapacity, there is neither a Governor nor a Lieutenant Governor  
9 qualified to discharge the powers and duties of the office of Governor,  
10 then the President of the Senate shall become Acting Governor.

11 (2) If, at the time when under subdivision (1) of this subsection the  
12 President of the Senate is to become Acting Governor, there is no  
13 President of the Senate, or the President of the Senate fails to qualify  
14 as Acting Governor, then the Speaker of the House of Representatives  
15 shall become Acting Governor.

16 (3) If, at the time when under subdivision (2) of this subsection the  
17 Speaker of the House of Representatives is to become Acting  
18 Governor, there is no Speaker of the House of Representatives, or the  
19 Speaker of the House of Representatives fails to qualify as Acting  
20 Governor, then that officer of the State of North Carolina who is  
21 highest on the following list, and who is not under disability to serve  
22 as Acting Governor, shall become Acting Governor: Secretary of  
23 State, Auditor, Treasurer, ~~Superintendent of Public Instruction~~,  
24 Attorney General, Commissioner of Agriculture, Commissioner of  
25 Labor, and Commissioner of Insurance.

26 (d) Governor Serving under Subsection (c). – An individual serving as Acting  
27 Governor under subsection (c) of this section shall continue to act for the remainder of  
28 the term of the Governor whom he succeeds and until a new Governor is elected and  
29 qualified, except that:

30 (1) If his tenure as Acting Governor is founded in whole or in part upon  
31 the absence of both the Governor and Lieutenant Governor from the  
32 State, then he shall act only until the Governor or Lieutenant Governor  
33 returns to the State; and

34 (2) If his tenure as Acting Governor is founded in whole or in part upon  
35 the physical or mental incapacity of the Governor or Lieutenant  
36 Governor, then he shall act only until the removal of the incapacity of  
37 the Governor or Lieutenant Governor.

38 (e) Officers to Which Subsections (b), (c) and (d) Applicable. – Subsections (b),  
39 (c), and (d) of this section shall apply only to such officers as are eligible to the office of  
40 Governor under the Constitution of North Carolina, and only to officers who are not  
41 under impeachment by the House of Representatives at the time they are to become  
42 Governor or Acting Governor.

1 (f) Compensation of Acting Governor. – During the period that any individual  
2 serves as Acting Governor under subsection (c) of this section, his compensation shall  
3 be at the rate then provided by law in the case of the Governor."

4 Sec. 128. G.S. 163-1 is amended by deleting the entry in the table for  
5 "Superintendent of Public Instruction".

6 Sec. 129. G.S. 163-8 reads as rewritten:

7 **"§ 163-8. Filling vacancies in State executive offices.**

8 If the office of Governor or Lieutenant Governor shall become vacant, the  
9 provisions of G.S. 147-11.1 shall apply. If the office of any of the following officers  
10 shall be vacated by death, resignation, or otherwise than by expiration of term, it shall  
11 be the duty of the Governor to appoint another to serve until his successor is elected and  
12 qualified: Secretary of State, Auditor, Treasurer, ~~Superintendent of Public Instruction,~~  
13 Attorney General, Commissioner of Agriculture, Commissioner of Labor, and  
14 Commissioner of Insurance. Each such vacancy shall be filled by election at the first  
15 election for members of the General Assembly that occurs more than 60 days after the  
16 vacancy has taken place, and the person chosen shall hold the office for the remainder  
17 of the unexpired four-year term: Provided, that when a vacancy occurs in any of the  
18 offices named in this section and the term expires on the first day of January succeeding  
19 the next election for members of the General Assembly, the Governor shall appoint to  
20 fill the vacancy for the unexpired term of the office.

21 Upon the occurrence of a vacancy in the office of any one of these officers for any  
22 of the causes stated in the preceding paragraph, the Governor may appoint an acting  
23 officer to perform the duties of that office until a person is appointed or elected pursuant  
24 to this section and Article III, Section 7 of the State Constitution, to fill the vacancy and  
25 is qualified."

26 Sec. 130. G.S. 163-278.27(b)(2) reads as rewritten:

27 "(2) In the case of a candidate for nomination or election to the office of  
28 Governor, Lieutenant Governor, Secretary of State, State Auditor,  
29 State Treasurer, ~~State Superintendent of Public Instruction,~~ State  
30 Attorney General, State Commissioner of Agriculture, State  
31 Commissioner of Labor, State Commissioner of Insurance, and all  
32 other State elective offices, Justice of the Supreme Court, Judge of the  
33 Court of Appeals, judge of a superior court, judge of a district court,  
34 and district attorney of the superior court: report to the district attorney  
35 of the prosecutorial district in which Wake County is located;".

36 Sec. 131. The amendments set out in Sections 115 through 117 of this act  
37 shall be submitted to the qualified voters of the State on November 2, 1993, which  
38 election shall be conducted under the laws then governing elections in the State. At that  
39 election, each qualified voter desiring to vote shall be provided a ballot on which shall  
40 be printed the following:

41 "[ ] FOR constitutional amendments to change the method of appointing  
42 the State Board of Education and to make the Superintendent of Public  
43 Instruction an appointee of the State Board of Education.

1           [] AGAINST constitutional amendments to change the method of  
2           appointing the State Board of Education and to make the  
3           Superintendent of Public Instruction an appointee of the State Board of  
4           Education."

5           Those qualified voters favoring the amendments set out in Sections 115  
6 through 117 of this act shall vote by making an X or a check mark in the square beside  
7 the statement beginning "FOR", and those qualified voters opposed to those  
8 amendments shall vote by making an X or check mark in the square beside the  
9 statement beginning "AGAINST".

10           Notwithstanding the foregoing provisions of this section, voting machines  
11 may be used in accordance with rules and regulations prescribed by the State Board of  
12 Elections.

13           Sec. 132. If a majority of votes cast thereon are in favor of the amendments  
14 set out in Sections 115 through 117 of this act, the State Board of Elections shall certify  
15 the amendments to the Secretary of State, who shall enroll the amendments so certified  
16 among the permanent records of his office, and the amendments shall become effective  
17 as follows:

18           (1) The amendment set out in Section 115 of this act shall become  
19 effective upon such certification except that the term of office of all  
20 members of the State Board of Education who were appointed to the  
21 State Board of Education prior to July 1, 1994, and were serving as  
22 members on June 30, 1991, shall expire on July 1, 1994.

23           (2) The amendments set out in Sections 116 and 117 of this act  
24 shall become effective on the earlier of January 1, 1997, and the date  
25 that a vacancy occurs in the office of Superintendent of Public  
26 Instruction, except that there shall be no election held to fill the  
27 office of Superintendent for a term beginning on or after December  
28 31, 1996.

29           Sec. 133. Sections 118 through 130 of this act become effective only if the  
30 constitutional amendments set out in Sections 115 through 117 of this act are approved  
31 by the voters. If the constitutional amendments are approved by the voters:

32           (1) Sections 118 through 121 of this act shall become effective July 1,  
33 1994: Provided, however, the General Assembly and the Governor  
34 may appoint members to the State Board of Education in accordance  
35 with Section 118 of this act, prior to July 1, 1994, for terms of office  
36 beginning July 1, 1994.

37           (2) Sections 122 through 130 of this act shall become effective the earlier  
38 of January 1, 1997, and the date that a vacancy occurs in the office of  
39 Superintendent of Public Instruction, except that there shall be no  
40 election held to fill the office of Superintendent for a term beginning  
41 on or after December 31, 1996.

42           Sec. 134. Sections 115 through 133 of this act are effective upon ratification.

43 —REORGANIZE DEPT. OF PUBLIC INSTRUCTION.

1       Sec. 135. (a)    The General Assembly finds that certain functional groups in the  
2 Department of Public Instruction are not logically grouped and that this misgrouping  
3 results in unnecessary management positions and in resources spent unnecessarily on  
4 the coordination of activities. The Deputy State Superintendent has a span of control of  
5 eight, which is an excessive span of control. The current structure injects an  
6 unnecessary layer of management between the State Superintendent and the  
7 Superintendent's most key senior managers; therefore:

8           (1)    The eight major areas that report to the Deputy State Superintendent  
9 are consolidated into the following three function groups:

10           a.    Program and Teacher Service – This group shall include  
11 Curriculum and Instruction, Vocational Education, Media  
12 Services, Student Services, and Exceptional Children, in  
13 Program Services; Transportation, Child Nutrition, School  
14 Planning, and Plant Operations in Auxiliary Services; Teacher  
15 Education, Teacher Certification, and Personnel Relations, in  
16 Personnel Services; and Supervision of the Technical  
17 Assistance Centers.

18           The General Assembly finds that this consolidation  
19 increases coordination among the many consultant groups in the  
20 Department that deliver service to local school administrative  
21 units. This structure also helps to support the transformation of  
22 service delivery recommended by the Government Performance  
23 Audit Committee. Also, it establishes a link between the  
24 desired quality in programs and the teachers that deliver  
25 programs to students.

26           The Assistant Superintendent positions that oversee  
27 Auxiliary Services and Personnel Services are reassigned to  
28 executive director level positions at the same salary level.

29           The Elementary, Middle Grades, High School, and  
30 Administration Consultants that report to the Assistant  
31 Superintendent are transferred to the Curriculum and Instruction  
32 area, so as to reduce the number of professionals that report  
33 directly to the Assistant Superintendent over this group.

34           b.    Financial and Internal Support Services – This group shall  
35 include State Accounting Services, School Business Services,  
36 and Fiscal Control Services, in Financial Services; and Internal  
37 Operations, in the Deputy Superintendent's Office. The General  
38 Assembly finds that Financial Services already handles the  
39 internal accounting and financial responsibilities of the  
40 Department and that all internal support services are  
41 consolidated by moving the personnel, purchasing, and  
42 mailroom responsibilities to this group.

43           c.    Research and Development Group – The General Assembly  
44 finds that this group should remain separate to focus attention

- 1 on student and local school administrative unit performance  
2 standards and improvement.
- 3 (2) Management Information Services (MIS) shall be organized as a  
4 separate unit reporting to the Deputy State Superintendent. The  
5 General Assembly finds that placing this function at this level in the  
6 organization enables MIS to provide services effectively across the  
7 Department. It improves access to information technology and should  
8 result in more valuable uses of information technology being  
9 developed for more programs.
- 10 (3) The following functional areas throughout the Department shall be  
11 streamlined as follows:
- 12 a. Because the group performs financial functions, the Public  
13 School Insurance group in Auxiliary Services are transferred to  
14 Financial Services.
- 15 b. In order to consolidate and increase coordination of the Child  
16 Nutrition programmatic and financial audit functions, three  
17 Child Nutrition Auditor positions in the Child Nutrition group  
18 in Auxiliary Services are transferred to the Child Nutrition  
19 Audit group in Financial Reporting/Audit in the School  
20 Business Services area of Financial Services.
- 21 c. Two ADM Auditors in the Student Information Management  
22 Area of Financial Services are transferred to the School Budgets  
23 group in Financial Services. These auditors shall report to the  
24 School Budgets Chief Consultant. Because school budget  
25 preparation is highly dependent upon ADM information,  
26 grouping these functions results in better coordination of  
27 information timing and flow.
- 28 d. Two Exceptional Children ADM Auditors in the Student  
29 Information Management area of Financial Services are  
30 transferred to the Exceptional Children group in Program  
31 Services because Exceptional Children Consultants deal with  
32 exceptional children concerns on a daily basis and can provide  
33 valuable information to the ADM Auditors. These two  
34 positions shall report to the Director of Exceptional Children.
- 35 e. The Citizen Affairs Director position in Internal Operations is  
36 transferred to the communications group in the Superintendent's  
37 Office.
- 38 f. In order to strengthen the user support function in MIS for users  
39 in local school administrative units, all employees in the  
40 Department that provide system support for MIS users in local  
41 school administrative units are grouped as follows:
- 42 1. The Applications Programmer and Information Systems  
43 Coordinator positions in the Personnel Relations area of  
44 Personnel Services are transferred to MIS. These



1 positions shall continue to provide user support for the  
2 system that provides human resource data on employees  
3 of local school administrative units.

- 4 2. A SIMS Special Project Manager, five SIMS user  
5 support positions, and one associated clerical position, in  
6 the Student Information Management area of Financial  
7 Services are transferred to Management Information  
8 Systems. These positions shall continue to provide user  
9 support for the Student Information Management  
10 System.
- 11 3. The Student Information Management Chief Consultant  
12 position and one associated clerical position are  
13 eliminated because all functions in Student Information  
14 Management have been transferred to other groups.
- 15 4. The Information Center Unit is transferred to Financial  
16 Services because the statistical analysis the unit provides  
17 is most appropriately located in Finance.

18 (b) The base budget of the Department of Public Instruction is reduced by eighty-  
19 six thousand one hundred ninety-seven dollars (\$86,197) for the 1993-94 fiscal year and  
20 eighty-six thousand one hundred ninety-seven dollars (\$86,197) for the 1994-95 fiscal  
21 year due to the decrease in personnel positions mandated by subsection (a) of this  
22 section.

23 (c) This section becomes effective July 1, 1993.

24 —STREAMLINE DPI MANAGEMENT.

25 Sec. 136. (a) The General Assembly finds that the Department of Public  
26 Instruction has a number of management positions with narrow spans of control, which  
27 are management positions that manage fewer than six other positions. In a number of  
28 cases, there are clusters of management positions with relatively few staff members  
29 reporting to them. Many individuals in these management positions with narrow spans  
30 of control are spending at least forty percent (40%) of their time on supervision or  
31 managerial responsibilities. Given the significant amount of time spent on supervision  
32 and the small numbers of staff supervised, there is excess management staffing;  
33 therefore, the following positions are eliminated from the Department of Public  
34 Instruction:

- 35 (1) The Director of School Services and the Director of School Facilities,  
36 and three associated clerical positions;
- 37 (2) The Budget Management Chief Consultant and the Financial Review  
38 Chief Consultant;
- 39 (3) The Teacher Education Services Division Director and the LEA  
40 Personnel Services Division Director, and two associated clerical  
41 positions;
- 42 (4) The Management Information Systems Assistant Director; and
- 43 (5) The Personnel Management Chief Consultant and the Agency Services  
44 Chief Consultant, and two associated clerical positions.

1 Also, the Transportation Management Information System Project manager shall report  
2 to the SIMS Application Development Manager.

3 (b) The base budget of the Department of Public Instruction is reduced by six  
4 hundred eighty-nine thousand five hundred seventy-seven dollars (\$689,577) for the  
5 1993-94 fiscal year and six hundred eighty-nine thousand five hundred seventy-seven  
6 dollars (\$689,577) for the 1994-95 fiscal year due to the decrease in personnel positions  
7 mandated by subsection (a) of this section.

8 (c) This section becomes effective July 1, 1993.

9 —ELIMINATE DPI POSITIONS.

10 Sec. 137. (a) The General Assembly finds that certain positions in the  
11 Department of Public Instruction are underutilized based on the amount of time spent on  
12 primary activities and that significant cost savings can be realized by consolidating  
13 these activities; therefore:

- 14 (1) The Sports Medicine Director position and one associated clerical  
15 position in Auxiliary Services are abolished and their responsibilities  
16 are transferred to Healthful Living in the Curriculum and Instruction  
17 area of Program Services.
- 18 (2) The two Desegregation Assistant positions and one associated clerical  
19 position in Auxiliary Services are abolished and their responsibilities  
20 are transferred to the Student Services area of Program Services.
- 21 (3) The Education Planning and Development Consultant position in the  
22 Teacher Education area of Personal Services that coordinates activities  
23 of the Professional Practices Commission is abolished. The  
24 Superintendent of Public Instruction shall transfer the responsibilities  
25 assigned to the position to other employees in Teacher Education or to  
26 members of the Professional Practices Commission.
- 27 (4) The Education Consultant position in the Personnel Relations area of  
28 Personnel Services that handles the contract for the teacher fringe  
29 benefit package plan is abolished and the responsibilities assigned to  
30 the position are transferred to the Salary Administration group in  
31 Personnel Services.
- 32 (5) The Education Consultant position in the Personnel Relations area of  
33 Personnel Services that works on local school administrative unit  
34 budget allocations for personnel resources is abolished and the  
35 responsibilities assigned to the position are transferred to the School  
36 Budget group in Financial Services.
- 37 (6) The four Education Consultant positions and two associated clerical  
38 positions in the Personnel Relations area of Personnel Services that are  
39 primarily responsible for providing technical assistance to school  
40 districts regarding personnel policies are abolished. One remaining  
41 Education Consultant in the Personnel Relations area of Personnel  
42 Services shall (i) inform and distribute information to local school  
43 administrative units regarding personnel policies and procedures, and

1 (ii) assist with personnel decisions that are an exception to established  
2 policies and procedures.

3 (7) One part-time and two full-time Consultant positions and one  
4 associated clerical position in the Management and Planning group in  
5 Internal Operations that coordinate Department of Public Instruction  
6 facility plans, social occasions, and other special projects, are  
7 abolished and the responsibilities assigned to the positions are  
8 transferred to the Superintendent's three clerical support positions.

9 (b) The base budget of the Department of Public Instruction is reduced by seven  
10 hundred fifty-four thousand two hundred twenty-five dollars (\$754,225) for the 1993-94  
11 fiscal year and seven hundred fifty-four thousand two hundred twenty-five dollars  
12 (\$754,225) for the 1994-95 fiscal year due to the decrease in personnel positions  
13 mandated by subsection (b) of this section.

14 (c) This section becomes effective July 1, 1993.

15 ---REDUCE DPI CLERICAL POSITIONS.

16 Sec. 138. (a) As used in this section, the term "clerical position" means any  
17 nonprofessional positions that provide secretarial or administrative support to other  
18 employees, including Secretary, Administrative Assistant, and Clerk/Typist positions.  
19 The term does not include positions that are clerical in nature but have specific  
20 functional responsibilities.

21 Except (i) in areas in which unusual demands are placed on clerical support  
22 positions, for the State Superintendent, and (ii) for Assistant Superintendent positions  
23 and Director positions that report directly to Assistant Superintendents, the Department  
24 of Public Instruction shall follow a one-to-five ratio of clerical to professional positions.  
25 To achieve this ratio, the number of clerical positions in the Department is reduced by  
26 90.5 in accordance with Exhibit 5 of the Issue Paper entitled "Organization and Staffing  
27 of Department of Public Instruction" of the North Carolina Government Performance  
28 Audit Committee.

29 (b) The base budget of the Department of Public Instruction is reduced by  
30 \$\_\_\_\_\_ for the 1993-94 fiscal year and \$\_\_\_\_\_ for the 1994-  
31 95 fiscal year due to the decrease in personnel positions mandated by subsection (a) of  
32 this section.

33 (c) This section becomes effective July 1, 1993.

34 ---ENHANCE DPI INTERNAL AUDIT.

35 Sec. 139. (a) There is appropriated from the General Fund to the Department of  
36 Public Education, Department of Public Instruction, the sum of ninety thousand dollars  
37 (\$90,000) for the 1993-94 fiscal year and the sum of ninety thousand dollars (\$90,000)  
38 for the 1994-95 fiscal year to strengthen the internal audit function of the Department of  
39 Public Instruction. The funds shall be used to add two auditor positions or to contract  
40 with the private sector for audit services. The internal audit group shall perform  
41 operational and financial control functions for the State Superintendent and the State  
42 Superintendent shall use this group to obtain performance information and to address  
43 performance concerns.

44 (b) This section becomes effective July 1, 1993.

1 —DPI TAC ACTIVITIES.

2 Sec. 140. (a) The Superintendent of Public Instruction shall reorganize the  
3 activities of the Technical Assistance Centers so as to provide services more efficiently  
4 and effectively to the local school administrative units. Personnel that perform  
5 development activities shall be located in Raleigh. Personnel that provide coordination  
6 and monitoring activities and assistance and support to local school administrative units  
7 shall be located at the Technical Assistance Areas.

8 The Technical Assistance Centers shall coordinate the service groups offered  
9 at the centers. They shall also serve as the first point of contact for services not offered  
10 at the centers and shall contact the appropriate consultants based in Raleigh on behalf of  
11 local school administrative units needing those services.

12 (b) Of the funds appropriated to the Department of Public Education, Department  
13 of Public Instruction, for the 1994-95 fiscal year for personnel located in Technical  
14 Assistance Centers, the sum of five million one hundred twenty-two thousand six  
15 hundred seventy-five dollars (\$5,122,675) shall be allocated to the local school  
16 administrative units. The local school administrative units shall use these funds to  
17 purchase from the Technical Assistance Centers assistance activities that are not  
18 provided to all units and that focus on specific needs of the units. The Technical  
19 Assistance Centers shall continue to provide coordination and management activities to  
20 the local school administrative units without charge.

21 Effective July 1, 1995, local school administrative units may use one-half of  
22 the funds allocated to purchase assistance activities from the Technical Assistance  
23 Centers to purchase assistance activities from the centers or to hire consultants to  
24 provide the assistance activities.

25 Effective July 1, 1996, local school administrative units may use the funds  
26 allocated to purchase assistance activities from the Technical Assistance Centers to  
27 purchase assistance activities from the centers or to hire consultants to provide the  
28 assistance activities.

29 (c) This section becomes effective July 1, 1993.

30 —REORG. DPI STAFF DEV. FUNCTION.

31 Sec. 141. (a) The General Assembly finds that:

- 32 (1) Many principal training activities are provided to individuals that do  
33 not currently hold principal positions or are not expected to hold  
34 principal positions in the near future;
- 35 (2) Principal turnover is relatively low and not expected to increase for  
36 five years when many principals will reach retirement age;
- 37 (3) The process for selecting potential principals for training may not  
38 identify the best individuals for future openings. Participants for  
39 training classes are currently nominated by local school administrative  
40 units; and
- 41 (4) Other independent organizations in the State also provide training for  
42 principals and may do a better job of teaching classes than does the  
43 Department;

1 therefore, the Staff Development function at the Department of Public Instruction for  
2 principals is eliminated. Staff Development shall be restructured to coordinate all staff  
3 development activities offered to local school administrative units. The restructured  
4 Staff Development area shall be staffed by one professional position and one clerical  
5 position.

6 The Department shall encourage and develop a better working relationship  
7 with outside organizations that provide courses to meet training needs in areas such as  
8 principal development.

9 (b) The base budget of the Department of Public Instruction is reduced by six  
10 hundred three thousand three hundred eighty dollars (\$603,380) for the 1993-94 fiscal  
11 year and six hundred three thousand three hundred eighty dollars (\$603,380) for the  
12 1994-95 fiscal year due to the decrease in personnel positions required by Section 1 of  
13 this section.

14 (c) This section becomes effective July 1, 1993.

15 ---TEACHER STAFF DEVELOPMENT.

16 Sec. 142. (a) The State Board of Education shall develop a strategic plan for  
17 teacher staff development that identifies the types of training that are necessary at each  
18 level to achieve the desired changes in teacher activities. The plan shall address  
19 identified needs, goals and objectives, strategies, performance measurements,  
20 implementation plans, and cost benefit analyses.

21 The State Board shall also determine the cost of achieving the desired results.

22 The State Board shall report prior to March 15, 1994, to the Joint Education  
23 Oversight Committee on the strategic plan that it develops.

24 (b) This section is effective upon ratification.

25 ---SCHOOL STAFF DEV. GROUP.

26 Sec. 143. (a) The Superintendent of Public Instruction shall establish a staff  
27 development advisory group to provide recommendations regarding staff development  
28 needs. The group shall consist of eight to twelve representatives of local school  
29 administrative units, including small units and units served by each of the technical  
30 assistance centers. The Superintendent shall provide Department personnel to assist the  
31 advisory group in its work. Based on the recommendations of the advisory group, the  
32 Superintendent shall set staff development priorities and communicate those priorities to  
33 the local school administrative units.

34 (b) This section is effective upon ratification.

35 ---TEACHER STAFF DEVELOPMENT.

36 Sec. 144. (a) The Department of Public Instruction shall evaluate the use of  
37 existing and planned telecommunications and long-distance learning systems for teacher  
38 staff development to limit expenditures for travel and associated costs. This study shall  
39 also evaluate the use of alternative delivery systems such as courses offered through the  
40 community colleges and university departments of education. The Department shall  
41 report the results of its study to the Joint Legislative Education Oversight Committee  
42 prior to March 15, 1994.

43 (b) This section is effective upon ratification.

44 ---STAFF DEV./PROTECT LEAVE.

1           Sec. 145. G.S. 115C-302(a)(3) reads as rewritten:

2           "(3) Notwithstanding any provisions of this section to the contrary no  
3           person shall be entitled to pay for any vacation day not earned by that  
4           person. The first 10 days of annual vacation leave earned by a teacher  
5           during any fiscal year period shall be scheduled to be used in the  
6           school calendar adopted by the respective local boards of education.  
7           Vacation days shall not be used for extending the term of employment  
8           of individuals. Teachers may accumulate annual vacation leave days  
9           as follows: annual leave may be accumulated without any applicable  
10          maximum until June 30 of each year. On June 30 of each year, any  
11          teachers with more than 30 days of accumulated leave shall have the  
12          excess accumulation cancelled so that only 30 days are carried forward  
13          to July 1 of the same year. All vacation leave taken by the teacher will  
14          be upon the authorization of his immediate supervisor and under  
15          policies established by the local board of education. If a teacher would  
16          otherwise have excess accumulated annual leave cancelled on June 30  
17          of a year because the school calendar and the policies adopted by the  
18          local board of education do not permit the teacher to take the annual  
19          leave and to participate in five days of staff development in the  
20          teacher's content area, the teacher may take the lesser of the number of  
21          days that would be cancelled or five days of staff development in the  
22          teacher's content area when students are scheduled to be in regular  
23          attendance. An employee shall be paid in a lump sum for accumulated  
24          annual leave not to exceed a maximum of 240 hours when separated  
25          from service due to resignation, dismissal, reduction in force, death, or  
26          service retirement. If the last day of terminal leave falls on the last  
27          workday in the month, payment shall be made for the remaining  
28          nonworkdays in that month. Employees retiring on disability  
29          retirement may exhaust annual leave rather than be paid in a lump  
30          sum. The provisions of this subdivision shall be accomplished without  
31          additional State and local funds being appropriated for this purpose.  
32          The State Board of Education shall adopt rules and regulations for the  
33          administration of this subdivision."

34          Sec. 146. There is appropriated from the General Fund to the Department of  
35          Public Education, Aid to Local School Administrative Units, the sum of fifteen million  
36          dollars (\$15,000,000) for the 1993-94 fiscal year and the sum of fifteen million dollars  
37          (\$15,000,000) for the 1994-95 fiscal year to provide substitute teachers when teachers  
38          are participating in staff development activities when students are scheduled to be in  
39          regular attendance, as authorized in Section 145 of this act.

40          Sec. 147. Sections 145 through 146 of this act become effective July 1, 1993.

41          —STAFF DEV./PROTECT LEAVE.

42          Sec. 148. G.S. 115C-302(a)(3) reads as rewritten:

43          "(3) Notwithstanding any provisions of this section to the contrary no  
44          person shall be entitled to pay for any vacation day not earned by that

1 person. The first 10 days of annual vacation leave earned by a teacher  
2 during any fiscal year period shall be scheduled to be used in the  
3 school calendar adopted by the respective local boards of education.  
4 Vacation days shall not be used for extending the term of employment  
5 of individuals. Teachers may accumulate annual vacation leave days  
6 as follows: annual leave may be accumulated without any applicable  
7 maximum until June 30 of each year. On June 30 of each year, any  
8 teachers with more than 30 days of accumulated leave shall have the  
9 excess accumulation cancelled so that only 30 days are carried forward  
10 to July 1 of the same year. All vacation leave taken by the teacher will  
11 be upon the authorization of his immediate supervisor and under  
12 policies established by the local board of education. If a teacher would  
13 otherwise have excess accumulated annual leave cancelled on June 30  
14 of a year because the school calendar and the policies adopted by the  
15 local board of education do not permit the teacher to take the annual  
16 leave and to participate in five days of staff development in the  
17 teacher's content area, the teacher may convert to credit toward  
18 retirement a number of days used for staff development activity equal  
19 to the lesser of five days or the number of days that would otherwise  
20 be cancelled. An employee shall be paid in a lump sum for  
21 accumulated annual leave not to exceed a maximum of 240 hours  
22 when separated from service due to resignation, dismissal, reduction in  
23 force, death, or service retirement. If the last day of terminal leave  
24 falls on the last workday in the month, payment shall be made for the  
25 remaining nonworkdays in that month. Employees retiring on  
26 disability retirement may exhaust annual leave rather than be paid in a  
27 lump sum. The provisions of this subdivision shall be accomplished  
28 without additional State and local funds being appropriated for this  
29 purpose. The State Board of Education shall adopt rules and  
30 regulations for the administration of this subdivision."

31 Sec. 149. Section 148 of this act becomes effective July 1, 1993.

32 ---STAFF DEV./PROTECT LEAVE.

33 Sec. 150. There is appropriated from the General Fund to the Department of  
34 Public Education, Aid to Local School Administrative Units, the sum of seventeen  
35 million five hundred thousand dollars (\$17,500,000) for the 1993-94 fiscal year and the  
36 sum of seventeen million five hundred thousand dollars (\$17,500,000) for the 1994-95  
37 fiscal year for stipends of fifty dollars (\$50.00) per day for teachers participating in staff  
38 development in their content areas during nonwork hours. If a teacher would otherwise  
39 have excess accumulated annual leave cancelled on June 30 of a year because the school  
40 calendar and the policies adopted by the local board of education do not permit the  
41 teacher to take the annual leave and to participate in five days of staff development in  
42 the teacher's content area, a teacher is eligible for this stipend for staff development  
43 completed during nonwork hours for the lesser of five days or the number of days that  
44 would otherwise be cancelled.

1           Sec. 151. Section 150 of this act becomes effective July 1, 1993.

2    ---ENCOURAGE STAFF DEV.

3           Sec. 152. G.S. 115C-302(a)(1) reads as rewritten:

4           "(1) Academic Teachers. – Regular state-allotted teachers shall be  
5           employed for a period of 10 calendar months. Salary payments to  
6           regular state-allotted teachers shall be made monthly at the end of each  
7           calendar month of service: Provided, that teachers employed for a  
8           period of 10 calendar months in year-round schools shall be paid in 12  
9           equal installments: Provided further, that any individual teacher who  
10          is not employed in a year-round school may be paid in 12 monthly  
11          installments if the teacher so requests on or before the first day of the  
12          school year. Such request shall be filed in the local school  
13          administrative unit which employs the teacher. The payment of the  
14          annual salary in 12 installments instead of 10 shall not increase or  
15          decrease said annual salary nor in any other way alter the contract  
16          made between the teacher and the said local school administrative unit;  
17          nor shall such payment apply to any teacher who is employed for a  
18          period of less than 10 months. Included within the 10 calendar months  
19          employment shall ~~be~~ be, to the extent possible, annual vacation leave  
20          at the same rate provided for State employees, computed at one twelfth  
21          (1/12) of the annual rate for State employees for each calendar month  
22          of employment; which shall be provided by each local board of  
23          education at a time when students are not scheduled to be in regular  
24          attendance. Included within the 10 calendar months employment each  
25          local board of education shall designate the same or an equivalent  
26          number of legal holidays occurring within the period of employment  
27          for academic teachers as those designated by the State Personnel  
28          Commission for State employees; on a day that employees are required  
29          to report for a workday but pupils are not required to attend school due  
30          to inclement weather, a teacher may elect not to report due to  
31          hazardous travel conditions and to take one of his annual vacation days  
32          or to make up the day at a time agreed upon by the employee and his  
33          immediate supervisor or principal. Within policy adopted by the State  
34          Board of Education, each local board of education shall develop rules  
35          and regulations designating what additional portion of the 10 calendar  
36          months not devoted to classroom teaching, holidays, or annual leave  
37          shall apply to service rendered before the opening of the school term,  
38          during the school term, and after the school term and to fix and  
39          regulate the duties of state-allotted teachers during said ~~period,~~ but in  
40          period. On at least five of those days, all teachers shall be required to  
41          participate in staff development activities in their content areas  
42          regardless of whether teachers have annual leave cancelled in  
43          accordance with subdivision (3) of this subsection as a result. In no  
44          event shall the total number of workdays exceed 200 days. Local



1 boards of education shall consult with the employed public school  
2 personnel in the development of the 10-calendar-months schedule."

3 Sec. 153. Section 152 of this act becomes effective July 1, 1993.

4 ---REDUCE TEACHER CERT. WORK.

5 Sec. 154. (a) G.S. 115C-296(a) reads as rewritten:

6 "(a) The State Board of Education shall have entire control of certifying all  
7 applicants for teaching positions in all public elementary and high schools of North  
8 Carolina; and it shall prescribe the rules and regulations for the renewal and extension  
9 of all certificates and shall determine and fix the salary for each grade and type of  
10 certificate which it ~~authorizes. Provided, that the~~ authorizes. The rules shall provide  
11 that the Department of Public Instruction shall consider for teacher certification only  
12 applicants who have jobs or job offers from public or private schools located within  
13 North Carolina. The State Board of Education shall require each applicant for an initial  
14 certificate or graduate certificate to demonstrate his academic and professional  
15 preparation by achieving a prescribed minimum score at least equivalent to that required  
16 by the Board on November 30, 1972, on a standard examination appropriate and  
17 adequate for that purpose: Provided, further, that in the event the Board shall specify the  
18 National Teachers Examination for this purpose, the required minimum score shall not  
19 be lower than that which the Board required on November 30, 1972: Provided, further,  
20 that the State Board of Education shall not decrease the certification standards for  
21 physical education teachers or health education teachers below the standards in effect on  
22 June 1, 1988."

23 (b) Because of the reduction in workload resulting from subsection (a) of this  
24 section, one Teacher Certification position and one application processing clerk position  
25 in the Teacher Certification area of the Department of Public Instruction are abolished.

26 (c) The base budget of the Department of Public Instruction is reduced by  
27 eighty-six thousand one hundred ninety-seven dollars (\$86,197) for the 1993-94 fiscal  
28 year and eighty-six thousand one hundred ninety-seven dollars (\$86,197) for the 1994-  
29 95 fiscal year due to the decrease in personnel positions mandated by subsection (b) of  
30 this section.

31 (d) This section becomes effective July 1, 1993.

32 ---MODIFY TEACHER CERTIFICATION.

33 Sec. 155. (a) The Department of Public Instruction shall modify the current  
34 teacher certification system to improve information needed for staff management. The  
35 teacher certification system shall be modified to produce detailed statistics that indicate  
36 why productivity rates of the Teacher Certification group have declined, that enable the  
37 Department to improve operational decision-making, and that indicate whether staff  
38 reductions in the Teacher Certification group are justified.

39 The Department shall report on the implementation of this section to the Joint  
40 Legislative Education Oversight Committee prior to March 31, 1994.

41 (b) This section becomes effective July 1, 1993.

42 ---BEP FUNDING.

43 Sec. 156. (a) The General Assembly finds that the funding formulas for the  
44 Basic Education Program, which were established in 1984, represented the best ideas

1 and estimates at that time regarding improving student achievement in North Carolina.  
2 The formulas did not and could not have considered the significant changes that the  
3 State and public education have undergone in the ensuing eight years, such as the  
4 economic challenges that the State is facing and educational changes including the  
5 increased use of automation in the local school administrative units and the movement  
6 to site-based management in the schools. The General Assembly is committed to the  
7 improvement of education and to the complete implementation of the strongest possible  
8 Basic Education Program; therefore, it is the intent of the General Assembly to  
9 complete the funding of the Basic Education Program, as scheduled, for teachers and  
10 instructional support personnel. It is the intent of the General Assembly to reconsider  
11 the anticipated use of the remainder of the funds scheduled for appropriation under the  
12 Basic Education Program and to consider redirecting the funds to other State education  
13 needs such as (i) instructional and administrative needs identified through the Annual  
14 Report Card or other measures in the School Improvement and Accountability Act of  
15 1989, (ii) funding for small and low wealth local school administrative units, (iii) gaps  
16 in the current public education program such as the need for comprehensive preschool  
17 programs, and (iv) new educational reforms such as school-linked collaborative  
18 services.

19 (b) This section is effective upon ratification.

20 ~~—LOCAL FLEXIBILITY/SCHOOL FUNDS.~~

21 Sec. 157. (a) The General Assembly finds that it is appropriate to consolidate  
22 major nonteaching funding categories in the Public School Fund; therefore, the  
23 following existing funding categories in the Public School Fund are combined into the  
24 following categories:

- |    |     |                        |                |
|----|-----|------------------------|----------------|
| 25 | (1) | School Administration  | Administration |
| 26 |     | School Administration  |                |
| 27 |     | Finance Officers       |                |
| 28 |     |                        |                |
| 29 | (2) | Noncertified Personnel | Personnel      |
| 30 |     | Clerical Assistants    |                |
| 31 |     | Teacher Assistants     |                |
| 32 |     | Custodians             |                |
| 33 |     |                        |                |
| 34 | (3) | Support Services       | Summer         |
| 35 |     | School/Remediation     |                |
| 36 |     | Dropout Prevention     |                |
| 37 |     | Community Schools      |                |
| 38 |     | Duty-Free Period       |                |
| 39 |     | Sports Medicine        |                |
| 40 |     | Child Nutrition        |                |
| 41 |     | Staff Development      |                |
| 42 |     | Textbooks              |                |
| 43 |     | Consolidated Allotment |                |

1 For budgetary reporting and accounting purposes, the local school administrative units  
2 shall continue to provide expenditure data at such detailed levels as required by the  
3 State Board of Education. Presentation, control, and reporting of salary and salary-  
4 related objects of expenditure shall be in accordance with applicable statutes and the  
5 directives of the Director of the Budget.

6 (b) The General Assembly encourages local school administrative units to  
7 become more efficient in their current operations by (i) implementing the  
8 recommendations in the State Auditor's performance audits, (ii) using the funds in the  
9 combined funding category created in subsection (a) of this section to contract out for  
10 services where private sector resources are available, and (iii) working with other local  
11 school administrative units to deliver shared services.

12 (c) The General Assembly finds that because of the increased management  
13 flexibility provided to local school administrative units in this section, local school  
14 administrative units can operate more efficiently; therefore, appropriations to the  
15 combined funding categories created in subsection (a) of this section are decreased by  
16 five percent (5%). As an incentive to increase this efficiency, the local school  
17 administrative units may, notwithstanding any other provision of law, retain at the end  
18 of each fiscal year twenty-five percent (25%) of the unencumbered and unexpended  
19 funds in the combined funding categories created in subsection (a) of this section.

20 (d) There is appropriated from the General Fund to the Department of Public  
21 Education, the sum of five hundred thousand dollars (\$500,000) for the 1993-94 fiscal  
22 year and the sum of five hundred thousand dollars (\$500,000) for the 1994-95 fiscal  
23 year to fund model programs to increase efficiency in local school administrative unit  
24 operations and to provide incentive awards to local school administrative units that  
25 operate efficiently. The funds shall be awarded by the State Board of Education based  
26 upon proposals submitted by the local school administrative units or by multiple local  
27 governments in a single county or adjoining counties.

28 (e) This section becomes effective July 1, 1993.

29 —STABILIZE SCHOOL ACCOUNTABILITY.

30 Sec. 158. (a) G.S. 115C-238.1 reads as rewritten:

31 **"§ 115C-238.1. Performance-based Accountability Program; development and**  
32 **implementation by State Board.**

33 The General Assembly believes that all children can learn. It is the intent of the  
34 General Assembly that the mission of the public school community is to challenge with  
35 high expectations each child to learn, to achieve, and to fulfill his or her potential. With  
36 that mission as its guide, the State Board of Education shall develop and implement a  
37 Performance-based Accountability Program. The primary goal of the Program shall be  
38 to improve student performance. The State Board of Education shall adopt:

- 39 (1) Procedures and guidelines through which, beginning with the 1990-91  
40 fiscal year, local school administrative units may participate in the  
41 Program;
- 42 (2) Guidelines for developing local school improvement plans with three-  
43 year student performance goals and annual milestones to measure  
44 progress in meeting those goals; and

- 1           (3) A set of student performance indicators for measuring and assessing  
2 student performance in the participating local school administrative  
3 units. These indicators may include attendance rates, dropout rates,  
4 test scores, parent involvement, and post-secondary outcomes.

5 Because local school administrative units need time to adapt to changes in the  
6 Performance-based Accountability Program, the General Assembly urges the State  
7 Board of Education to minimize departmental changes to the Performance-based  
8 Accountability Program until July 1, 1995. It is the intent of the General Assembly also  
9 to minimize legislative changes to the Performance-based Accountability Program until  
10 July 1, 1995."

11       (b) G.S. 115C-12(9) reads as rewritten:

12       "(9) Miscellaneous Powers and Duties. – All the powers and duties  
13 exercised by the State Board of Education shall be in conformity with  
14 the Constitution and subject to such laws as may be enacted from time  
15 to time by the General Assembly. Among such duties are:

- 16       a. To certify and regulate the grade and salary of teachers and  
17 other school employees.  
18       b. To adopt and supply textbooks.  
19       c. To adopt rules requiring all local boards of education to  
20 implement the Basic Education Program on an incremental  
21 basis within funds appropriated for that purpose by the General  
22 Assembly and by units of local government. Beginning with  
23 the 1991-92 school year, the rules shall require each local  
24 school administrative unit to implement fully the standard  
25 course of study in every school in the State in accordance with  
26 the Basic Education Program so that every student in the State  
27 shall have equal access to the curriculum as provided in the  
28 Basic Education Program and the standard course of study.

29       The Board shall establish benchmarks by which to measure  
30 the progress that each local board of education has made in  
31 implementing the Basic Education Program. The Board shall  
32 report to the Joint Legislative Education Oversight Committee  
33 and to the General Assembly by December 31, 1991, and by  
34 February 1 of each subsequent year on each local board's  
35 progress in implementing the Basic Education Program,  
36 including the use of State and local funds for the Basic  
37 Education Program.

38       The Board shall develop a State accreditation program that  
39 meets or exceeds the standards and requirements of the Basic  
40 Education Program. The Board shall require each local school  
41 administrative unit to comply with the State accreditation  
42 program to the extent that funds have been made available to  
43 the local school administrative unit for implementation of the  
44 Basic Education Program. Because local school administrative

1 units need time to adapt to changes in the State accreditation  
2 program, the General Assembly urges the State Board of  
3 Education to minimize departmental changes to the  
4 Performance-based Accountability Program until July 1, 1995.  
5 It is the intent of the General Assembly also to minimize  
6 legislative changes to the State accreditation program until July  
7 1, 1995.

8 The Board shall use the State accreditation program to  
9 monitor the implementation of the Basic Education Program.

10 c1. To issue an annual 'report card' for the State and for each local  
11 school administrative unit, assessing each unit's efforts to  
12 improve student performance and taking into account progress  
13 over the previous years' level of performance and the State's  
14 performance in comparison with other states. This assessment  
15 shall take into account demographic, economic, and other  
16 factors that have been shown to affect student performance.  
17 Because local school administrative units need time to adapt to  
18 changes in the Performance-based Accountability Program, the  
19 General Assembly urges the State Board of Education to  
20 minimize departmental changes to the annual report card until  
21 July 1, 1995. It is the intent of the General Assembly also to  
22 minimize legislative changes to the annual report card until July  
23 1, 1995.

24 c2. To develop management accountability indicators to measure  
25 the efficiency and appropriate use of staff in each school and at  
26 the administrative office. Staff development for school  
27 administrators shall be a high priority of the Department of  
28 Public Instruction.

29 c3. To develop a system of school building improvement reports  
30 for each school building. The purpose of school building  
31 improvement reports is to measure improvement in student  
32 performance at each school building from year to year, not to  
33 compare school buildings. The Board may consider for  
34 inclusion in the building reports the following criteria: test  
35 scores, the success of graduating students in postsecondary  
36 institutions, attendance, graduation and dropout rates, the  
37 numbers of children enrolled in free lunch or Chapter 1  
38 programs, the education level of the parents of children enrolled  
39 in the school, the teaching experience of the school staff, and  
40 whether the building has been successful in meeting the goals  
41 of the building and systemwide plans developed in accordance  
42 with G.S. 115C-238.1 through G.S. 115C-238.6. Local school  
43 administrative units shall produce school building improvement

1 reports by March 15, 1995, and annually thereafter. Each report  
2 shall be based on building-level data for the prior school year.

3 d. To formulate rules and regulations for the enforcement of the  
4 compulsory attendance law.

5 e. To manage and operate a system of insurance for public school  
6 property, as provided in Article 38 of this Chapter.

7 In making substantial policy changes in administration,  
8 curriculum, or programs the Board should conduct hearings  
9 throughout the regions of the State, whenever feasible, in order  
10 that the public may be heard regarding these matters."

11 (c) This section is effective upon ratification.

12 ---LINK SCHOOL FUNDING/PERFORMANCE.

13 Sec. 159. (a) G.S. 115C-64.2 reads as rewritten:

14 "**§ 115C-64.2. Development of plans to improve student performance and decrease**  
15 **dropout rates.**

16 (a) Each ~~identified~~ local school administrative unit that is identified as a low  
17 performing local school administrative unit shall submit to the State Board of Education  
18 a plan for improving student performance and decreasing dropout rates. The plan may  
19 include requests for the State Board to waive State laws and regulations so as to grant  
20 the unit the fiscal and programmatic flexibility necessary to implement the plan. The  
21 State Board may grant such waivers if it finds that the waivers are necessary and  
22 appropriate for the unit to improve student performance and decrease dropout rates.  
23 The State Board may also withhold State funding from an identified unit if it deems it  
24 necessary to make the unit more accountable for the use of State funds.

25 (b) It is the goal of the General Assembly to provide significant assistance to an  
26 identified unit and to enable the unit to implement successfully its improvement plan.  
27 To accomplish these goals the Department of Public Instruction shall contact each  
28 identified unit, notify it of the services available through the Department to assist the  
29 unit in developing its plan and in improving student performance and decreasing  
30 dropout rates, and assist the unit in developing and implementing its plan. Department  
31 services shall include monitoring the unit's progress, and tutoring and counseling unit  
32 personnel in strategies to reach the unit's goals, and providing additional funds to the  
33 unit to accomplish approved portions of the plan goals. The Department shall also  
34 make challenge grant funds available to identified units on a competitive basis as an  
35 incentive to improve."

36 (b) There is appropriated from the General Fund to the Department of Public  
37 Education, Department of Public Instruction, the sum of one million two hundred fifty  
38 thousand dollars (\$1,250,000) for the 1993-94 fiscal year and the sum of one million  
39 two hundred fifty thousand dollars (\$1,250,000) for the 1994-95 fiscal year for incentive  
40 grants for local school administrative units identified as low performing local school  
41 administrative units.

42 (c) There is appropriated from the General Fund to the Department of Public  
43 Education, Department of Public Instruction, the sum of three hundred fifty thousand  
44 dollars (\$350,000) for the 1993-94 fiscal year and the sum of three hundred fifty

1 thousand dollars (\$350,000) for the 1994-95 fiscal year for incentive grants for local  
 2 school administrative units identified by the Department of Public Instruction as high  
 3 performing local school administrative units.

4 (d) This section becomes effective July 1, 1993.

5 ~~—SCHOOL ACCOUNTABILITY MANDATORY.~~

6 Sec. 160. (a) G.S. 115C-238.2 reads as rewritten:

7 "**§ 115C-238.2. Local participation in the Program ~~voluntary; mandatory; the~~**  
 8 **~~benefits of local participation. the program.~~**

9 (a) Local school administrative units ~~may, but are not required to,~~ shall  
 10 participate in the Performance-based Accountability Program.

11 (b) ~~Local~~ As a result of the Performance-based Accountability Program, local  
 12 school administrative units that participate in the Performance-based Accountability  
 13 Program: units:

- 14 (1) Are exempt from State requirements to submit reports and plans, other  
 15 than local school improvement plans, to the Department of Public  
 16 Education; they are not exempt from federal requirements to submit  
 17 reports and plans to the Department.
- 18 (2) Are subject to the performance standards but not the opportunity  
 19 standards or the staffing ratios of the State Accreditation Program.  
 20 The performance standards in the State Accreditation Program,  
 21 modified to reflect the results of end-of-course and end-of-grade tests,  
 22 may serve as the basis for developing the student performance  
 23 indicators adopted by the State Board of Education pursuant to G.S.  
 24 115C-238.1.
- 25 (3) May receive funds for differentiated pay for teachers and  
 26 administrators, in accordance with G.S. 115C-238.4, if they elect to  
 27 participate in a differentiated pay plan.
- 28 (4) May be allowed increased flexibility in the expenditure of State funds,  
 29 in accordance with G.S. 115C-238.5.
- 30 (5) May be granted waivers of certain State laws, regulations, and policies  
 31 that inhibit their ability to reach local accountability goals, in  
 32 accordance with G.S. 115C-238.6(a).
- 33 (6) Shall continue to use the Teacher Performance Appraisal Instrument  
 34 (TPAI) for evaluating beginning teachers during the first three years of  
 35 their employment; they may, however, develop other evaluation  
 36 approaches for teachers who have attained career status.

37 The Department of Public Instruction shall provide technical  
 38 assistance, including the provision of model evaluation processes and  
 39 instruments, to local school administrative units that elect to develop  
 40 dual personnel evaluation processes. A dual personnel evaluation  
 41 process includes (i) an evaluation designed to provide information to  
 42 guide teachers in their professional growth and development, and (ii)  
 43 an evaluation to provide information to make personnel decisions  
 44 pertaining to hiring, termination, promotion, and reassignment."

1 (b) G.S. 115C-238.3(a) reads as rewritten:

2 "(a) Development of systemwide plan by the local board of education. – The  
3 board of education of a each local school administrative unit ~~that elects to participate in~~  
4 ~~the Program~~ shall develop and submit a local school improvement plan for the entire  
5 local school administrative unit to the State Superintendent of Public Instruction before  
6 April 15 of the fiscal year preceding the fiscal year in which participation is sought.

7 A systemwide improvement plan shall remain in effect for no more than three  
8 years."

9 (c) G.S. 115C-238.5 reads as rewritten:

10 **"§ 115C-238.5. Flexible funding.**

11 (a) For fiscal years beginning with the 1990-91 fiscal year, the State Board of  
12 Education, only upon the recommendation of the State Superintendent, shall increase  
13 flexibility in the use of State funds for schools by combining into a single funding  
14 category the existing categories for instructional materials, supplies and equipment,  
15 textbooks, testing support, and drivers education except for funds for classroom teachers  
16 of drivers education. ~~Only local school administrative units electing to participate in the~~  
17 ~~Performance-based Accountability Program shall be eligible to receive this flexible~~  
18 ~~funding.~~

19 (b) Notwithstanding subsection (a) of this section, for fiscal years beginning with  
20 the 1992-93 fiscal year, State funds for textbooks shall be set out in a separate allotment  
21 category.

22 (c) Local boards of education shall provide maximum flexibility in the use of  
23 funds to individual schools to enable them to accomplish their individual schools'  
24 goals."

25 (d) G.S. 115C-238.6(b) reads as rewritten:

26 "(b) Local school administrative units shall continue to ~~participate in the Program~~  
27 ~~and~~ receive funds for differentiated pay, if their local plans call for differentiated pay, so  
28 long as (i) they demonstrate satisfactory progress toward student performance goals set  
29 out in their local school improvement plans; or (ii) once their local goals are met, they  
30 continue to achieve their local goals and they otherwise demonstrate satisfactory  
31 performance, as determined by the State Superintendent in accordance with guidelines  
32 set by the State Board of Education.

33 If the local school administrative units do not achieve their goals after two years, the  
34 Department of Public Instruction shall provide them with technical assistance to help  
35 them meet their goals. If after one additional year they do not achieve their goals, the  
36 State Board of Education shall decide what steps shall be taken to improve the  
37 education of students in the unit."

38 (e) This section becomes effective July 1, 1993.

39 ~~—RAISE BEP INSTRUCTIONAL STDS.~~

40 Sec. 161. (a) G.S. 115C-12(9) is amended by adding a new subdivision to read:

41 "c4. To establish a regular process, including an advisory panel of  
42 accountability experts and public school personnel, to review  
43 and revise the minimum standards that appear in the annual  
44 report card, the end-of-course and end-of-grade tests, and the



1                   Basic Education Program Standard Course of Study. As part of  
2                   the process, special attention shall be given to the effectiveness  
3                   of the Basic Education Standard Program Course of Study and  
4                   local instructional practices, as reflected in assessment results.  
5                   Also, the use and function of the 'Index of Advantagemnt' on  
6                   the annual report cards shall be studied and refined, in  
7                   collaboration with appropriate State university experts."

8           (b) This section becomes effective July 1, 1993.

9   —SCHOOLS/ACCOUNTABILITY.

10   Sec. 162. (a) There is appropriated from the General Fund to the Department of  
11 Public Education, Department of Public Instruction, the sum of three hundred sixty  
12 thousand dollars (\$360,000) for the 1993-94 fiscal year and the sum of three hundred  
13 sixty thousand dollars (\$360,000) for the 1994-95 fiscal year to augment the Technical  
14 Assistance Center staffs with regional assessment coordinators and accountability  
15 experts to help local school administrative units implement the Performance-based  
16 Accountability Program and the end-of-course and end-of-grade tests. The Department  
17 shall intensify the staff development and communications program to promote the  
18 outcomes-based focus of these programs and to assist users of data with interpreting and  
19 using the evaluative data.

20   (b) This section becomes effective July 1, 1993.

21   —SCHOOL ADMIN. JOB PROTECTION.

22   Sec. 163. G.S. 115C-325(c)(3) reads as rewritten:

23   "(3) Ineligible for Career Status. – No superintendent, associate  
24 superintendent, assistant superintendent or other school employee who  
25 is not a teacher as defined by G.S. 115C-325(a)(6) is eligible to obtain  
26 career status or continue in a career status if he no longer performs the  
27 responsibilities of a teacher as defined in G.S. 115C-325(a)(6). No  
28 person who is promoted to or employed in a principal, director, or  
29 supervisor position after July 1, 1995, is eligible to obtain career status  
30 as an administrator. If the person acquired career status as a teacher in  
31 a local school administrative unit before being promoted to or  
32 employed in a principal, director, or supervisor position, the person  
33 shall retain career status as a teacher and the person has a right to  
34 reassignment to a teaching position in the event the person is not  
35 continued in employment as a principal, director, or supervisor."

36   Sec. 164. G.S. 115C-325(d)(2) reads as rewritten:

37   "(2) a. The provisions of this subdivision do not apply to a person who is  
38 ineligible for career status as provided by G.S. 115C-325(c)(3).

39   b. Whether or not he has previously attained career status as a  
40 teacher, a person who has performed the duties of a principal in  
41 the school system for three consecutive years or has performed  
42 the duties of a supervisor in the school system for three  
43 consecutive years shall not be transferred from that position to a  
44 lower paying administrative position or to a lower paying

1 nonadministrative position without his consent except for the  
2 reasons given in G.S. 115C-325(e)(1) and in accordance with  
3 the provisions for the dismissal of a career teacher set out in this  
4 section. Transfer of a principal or a supervisor is not a transfer  
5 to a lower paying position if the principal's or supervisor's  
6 salary is maintained at the previous salary amount.

7 When a teacher has performed the duties of supervisor or principal  
8 for three consecutive years, the board, near the end of the third year,  
9 shall vote upon his employment for the next school year. The board  
10 shall give him written notice of that decision by June 1 of his third  
11 year of employment as a supervisor or principal. If a majority of the  
12 board votes to reemploy the teacher as a principal or supervisor, and it  
13 has notified him of that decision, it may not rescind that action but  
14 must proceed under the provisions of this section. If a majority of the  
15 board votes not to reemploy the teacher as a principal or supervisor, he  
16 shall retain career status as a teacher if that status was attained prior to  
17 assuming the duties of supervisor or principal. A supervisor or  
18 principal who has not held that position for three years and whose  
19 contract will not be renewed for the next school year shall be notified  
20 by June 1 and shall retain career status as a teacher if that status was  
21 attained prior to assuming the duties of supervisor or principal.

22 A year, for purposes of computing time as a probationary principal  
23 or supervisor, shall not be less than 145 workdays performed as a full-  
24 time, permanent principal or supervisor in a contract year.

25 A principal or supervisor who has obtained career status in that  
26 position in any North Carolina public school system may be required  
27 by the board of education in another school system to serve an  
28 additional three-year probationary period in that position before being  
29 eligible for career status. However, he may, at the option of the board  
30 of education, be granted career status immediately or after serving a  
31 probationary period of one or two additional years. A principal or  
32 supervisor with career status who resigns and within five years is  
33 reemployed by the same school system need not serve another  
34 probationary period in that position of more than two years and may, at  
35 the option of the board, be reemployed immediately as a career  
36 principal or supervisor or be given career status after only one year. In  
37 any event, if he is reemployed for a third consecutive year, he shall  
38 automatically become a career principal or supervisor."

39 Sec. 165. G.S. 115C-287 reads as rewritten:

40 "~~§ 115C-287. Tenure as principal or supervisor. Method of employment of~~  
41 ~~principals, directors, and supervisors.~~

42 (a) Tenure of a principal or supervisor who is not ineligible for career status as  
43 provided by G.S. 115C-325(c)(3) shall be determined in accordance with the provisions  
44 of G.S. 115C-325.

1       **(b)** Local boards of education shall employ principals, directors, and supervisors,  
2 who are ineligible for career status as provided by G.S. 115C-325(c)(3), upon the  
3 recommendation of the superintendent for a term of two to four years. Contracts shall  
4 be renewed only at the end of the contract period. Rolling annual contract renewals are  
5 not allowed.

6       The term of employment shall be stated in a written contract that shall be entered  
7 into between the board of education and the administrator. The administrator shall not  
8 be dismissed or demoted during the term of the contract except for the grounds and by  
9 the procedure by which a career teacher may be dismissed or demoted as set forth in  
10 G.S. 115C-325.

11       If the superintendent elects not to recommend the reemployment of an administrator  
12 at the end of the contract's term, the superintendent shall notify the administrator at least  
13 30 days prior to the end of the contract's term that the administrator will not be offered  
14 reemployment beyond the contract's term. No action by the board of education shall be  
15 necessary.

16       If the superintendent elects to recommend the reemployment of an administrator for  
17 a successive contract or to recommend a new and extended term of an administrator's  
18 contract, the superintendent may do so at any time more than 90 days prior to the end of  
19 the current contract's term. The board of education may approve or disapprove the  
20 superintendent's recommendation for any cause that it deems sufficient. If the board  
21 decides not to offer the administrator employment beyond the end of the contract's term,  
22 the administrator shall be notified of that fact at least 30 days prior to the end of the  
23 contract's term.

24       If the superintendent or the board of education fails to notify an administrator at least  
25 90 days prior to the end of the contract's term that the administrator will not be offered  
26 employment beyond the end of the contract term, the administrator shall be entitled to  
27 90 days of additional employment or severance pay beyond the date the administrator  
28 receives notice that the contract will not be renewed.

29       If the administrator acquired career status prior to appointment as an administrator,  
30 an administrator who has not served in a position for four years and whose contract as  
31 an administrator is not renewed or extended by the superintendent or the board of  
32 education shall be entitled to reassignment and employment in the position of  
33 employment in which the administrator previously acquired career status."

34       Sec. 166. Sections 163 through 165 of this act become effective July 1, 1993.

35       —NEW SCHOOL ADMIN. CONTRACT PROCESS.

36       Sec. 167. G.S. 115C-325(c)(3) reads as rewritten:

37       "(3) Ineligible for Career Status. – No superintendent, associate  
38 superintendent, assistant superintendent or other school employee who  
39 is not a teacher as defined by G.S. 115C-325(a)(6) is eligible to obtain  
40 career status or continue in a career status if he no longer performs the  
41 responsibilities of a teacher as defined in G.S. 115C-325(a)(6). No  
42 person who is promoted to or employed in a principal, director, or  
43 supervisor position after July 1, 1995, is eligible to obtain career status  
44 as an administrator. If the person acquired career status as a teacher in

1           a local school administrative unit before being promoted to or  
2           employed in a principal, director, or supervisor position, the person  
3           shall retain career status as a teacher and the person has a right to  
4           reassignment to a teaching position in the event the person is not  
5           continued in employment as a principal, director, or supervisor."

6           Sec. 168. G.S 115C-325(d)(2) reads as rewritten:

7           "(2) a. The provisions of this subdivision do not apply to a person who is  
8           ineligible for career status as provided by G.S. 115C-325(c)(3).

9           b.       Whether or not he has previously attained career status as a  
10           teacher, a person who has performed the duties of a principal in  
11           the school system for three consecutive years or has performed  
12           the duties of a supervisor in the school system for three  
13           consecutive years shall not be transferred from that position to a  
14           lower paying administrative position or to a lower paying  
15           nonadministrative position without his consent except for the  
16           reasons given in G.S. 115C-325(e)(1) and in accordance with  
17           the provisions for the dismissal of a career teacher set out in this  
18           section. Transfer of a principal or a supervisor is not a transfer  
19           to a lower paying position if the principal's or supervisor's  
20           salary is maintained at the previous salary amount.

21           When a teacher has performed the duties of supervisor or principal  
22           for three consecutive years, the board, near the end of the third year,  
23           shall vote upon his employment for the next school year. The board  
24           shall give him written notice of that decision by June 1 of his third  
25           year of employment as a supervisor or principal. If a majority of the  
26           board votes to reemploy the teacher as a principal or supervisor, and it  
27           has notified him of that decision, it may not rescind that action but  
28           must proceed under the provisions of this section. If a majority of the  
29           board votes not to reemploy the teacher as a principal or supervisor, he  
30           shall retain career status as a teacher if that status was attained prior to  
31           assuming the duties of supervisor or principal. A supervisor or  
32           principal who has not held that position for three years and whose  
33           contract will not be renewed for the next school year shall be notified  
34           by June 1 and shall retain career status as a teacher if that status was  
35           attained prior to assuming the duties of supervisor or principal.

36           A year, for purposes of computing time as a probationary principal  
37           or supervisor, shall not be less than 145 workdays performed as a full-  
38           time, permanent principal or supervisor in a contract year.

39           A principal or supervisor who has obtained career status in that  
40           position in any North Carolina public school system may be required  
41           by the board of education in another school system to serve an  
42           additional three-year probationary period in that position before being  
43           eligible for career status. However, he may, at the option of the board  
44           of education, be granted career status immediately or after serving a

1           probationary period of one or two additional years. A principal or  
2           supervisor with career status who resigns and within five years is  
3           reemployed by the same school system need not serve another  
4           probationary period in that position of more than two years and may, at  
5           the option of the board, be reemployed immediately as a career  
6           principal or supervisor or be given career status after only one year. In  
7           any event, if he is reemployed for a third consecutive year, he shall  
8           automatically become a career principal or supervisor."

9           Sec. 169. The State Board of Education, with the assistance of school  
10          superintendents and legal advisors, shall develop and propose to the General Assembly  
11          policies and procedures to define the contract process and the process for reassignment  
12          and dismissal of school administrators. These policies shall cover the use of contracts,  
13          including the development of model contracts for use by local school administrative  
14          units. The contracts shall ensure the greatest amount of flexibility for local school  
15          boards and shall protect the administrators from unjust actions. These contracts shall  
16          also provide for due process for disciplinary actions, dismissal, and reassignment. In  
17          the course of this study, the State Board shall consider law regarding labor contracts in  
18          North Carolina and other states.

19          The State Board of Education shall report the results of its study to the Joint  
20          Legislative Education Oversight Committee prior to March 15, 1994.

21          Sec. 170. Sections 167 and 168 of this act become effective July 1, 1993.  
22          Section 169 of this act is effective upon ratification.

23          —REVIEW LATERAL ENTRY/PRINCIPALS.

24          Sec. 171. G.S. 115C-296(c) reads as rewritten:

25          "(c) It is the policy of the State of North Carolina to encourage lateral entry into  
26          the profession of teaching by skilled individuals from the private sector. To this end,  
27          before the 1985-86 school year begins, the State Board of Education shall develop  
28          criteria and procedures to accomplish the employment of such individuals as classroom  
29          teachers. Regardless of credentials or competence, no one shall begin teaching above  
30          the middle level of differentiation. Skilled individuals who choose to enter the  
31          profession of teaching laterally may be granted a provisional teaching certificate for no  
32          more than five years and shall be required to obtain certification before contracting for a  
33          sixth year of service with any local administrative unit in this State.

34          It is further the policy of the State of North Carolina to ensure that local boards of  
35          education can provide the strongest possible leadership for schools based upon the  
36          identified and changing needs of individual schools. To this end, before the 1994-95  
37          school year begins, the State Board of Education shall carefully review the lateral entry  
38          program for administrators to ensure that local boards of education have sufficient  
39          flexibility to attract able candidates.

40          The State Board of Education shall report the results of its review to the Joint  
41          Legislative Education Oversight Committee prior to March 31, 1994."

42          Sec. 172. Section 171 of this act is effective upon ratification.

43          —CONTINUUM OF EDUCATION PROG.

44          Sec. 173. (a) A new Chapter is added to the General Statutes to read:

**"CHAPTER 116C.****"CONTINUUM OF EDUCATION PROGRAMS.****"§ 116C-1. Education Cabinet created.**

(a) The Education Cabinet is created. The Education Cabinet shall be located administratively within the Office of the Governor but shall exercise its statutory powers independently of the Office of the Governor.

(b) The Education Cabinet shall consist of the Governor, who shall serve as chair, the President of The University of North Carolina, the State Superintendent of Public Instruction, and the President of the North Carolina Community College System. The Education Cabinet shall invite representatives of private education to participate in its deliberations as adjunct members.

(c) The Education Cabinet shall be a nonvoting body that:

(1) Works to resolve issues between existing providers of education.

(2) Sets the agenda for the State Education Commission.

(3) Develops a strategic design for a continuum of education programs, in accordance with G.S. 116C-3.

(4) Studies other issues referred to it by the Governor or the General Assembly.

(d) The Office of the Governor, in coordination with the staffs of The University of North Carolina, the North Carolina Community College System, and the Department of Public Instruction, shall provide staff to the Education Cabinet.

**"§ 116C-2. State Education Commission.**

The State Education Commission shall consist of the Board of Governors of The University of North Carolina, the State Community College Board, and the State Board of Education. The Governor shall call the meetings of the State Education Commission.

The Commission shall be a forum for airing proposals and engaging in board-to-board dialogue about issues the Education Cabinet is addressing. The agenda for Commission meetings shall be set by the Education Cabinet."

**"§ 116C-3. Strategic design for a continuum of education programs.**

The Education Cabinet shall develop a strategic design for a continuum of education programs. A continuum of education programs is the complement of programs delivered by the State to learners at all levels.

The new design shall take into account issues raised by the Government Performance Audit Committee of the Legislative Research Commission.

The design process shall:

(1) Include vigorous examination of all programs as if they were being created for the first time.

(2) Compare the existing structures, funding levels, and responsibilities of each system to the new design.

The Education Cabinet shall report to the General Assembly on the strategic design it develops prior to January 1, 1995."

(b) This section is effective upon ratification.

—UNC BOARD OF GOVERNORS' APPOINTMENT PROCESS STUDY.

1       Sec. 174. (a)    The Legislative Research Commission may study the appointment  
2 process of the Board of Governors of The University of North Carolina to provide  
3 balanced participation of the General Assembly and the Governor. The Committee may  
4 report the results of its study to the 1994 Regular Session of the 1993 General Assembly  
5 and to the 1995 General Assembly.

6       (b)    This section is effective upon ratification.

7    —COMMUNITY COLL. GOVERNANCE.

8       Sec. 175. (a)    The General Assembly finds that the North Carolina Community  
9 College System is too decentralized and that its governance structure should be  
10 modified to create a better balance between central authority and local flexibility. The  
11 State Board of Community Colleges shall examine this issue and report to the 1994  
12 Regular Session of the 1993 General Assembly on its recommendations for modifying  
13 governance structure to create a better balance between central authority and local  
14 flexibility.

15       (b)    This section is effective upon ratification.

16    —COMM. COLL. COST OF EDUCATION POLICY.

17       Sec. 176. (a)    The General Assembly finds that the tuition policy of the North  
18 Carolina Community College System needs to be reexamined in order to reflect better  
19 the constitutional mandate to provide higher education free of expense "as far as  
20 practicable" by reevaluating the relationship of tuition to the cost of education and by  
21 determining what costs must be made up of tuition charged in order to ensure that all  
22 eligible North Carolinians are indeed guaranteed a public higher education in the North  
23 Carolina Community College System at the lowest possible cost while maintaining a  
24 public community college system that is worthy of the support of all North Carolinians.

25       (b)    The General Assembly finds that tuition and required fees charged for  
26 community colleges should be a limited amount of resident students' per capita student  
27 funding.

28       (c)    The State Board of Community Colleges shall develop a tuition/fee policy  
29 consistent with law that limits tuition and required fees to a specific percentage of less  
30 than one-fifth of the per capita student funding for resident students attending  
31 community colleges.

32       (d)    The State Board of Community Colleges shall present its plan for  
33 implementing the tuition adjustments pursuant to this section to the General Assembly  
34 by April 1, 1994.

35       (e)    G.S. 115D-5(a) reads as rewritten:

36       "(a)    The State Board of Community Colleges may adopt and execute such  
37 policies, regulations and standards concerning the establishment, administration, and  
38 operation of institutions as the State Board may deem necessary to insure the quality of  
39 educational programs, to promote the systematic meeting of educational needs of the  
40 State, and to provide for the equitable distribution of State and federal funds to the  
41 several institutions.

42       The State Board of Community Colleges shall establish standards and scales for  
43 salaries and allotments paid from funds administered by the State Board, and all  
44 employees of the institutions shall be exempt from the provisions of the State Personnel

1 Act. The State Board shall have authority with respect to individual institutions: to  
2 approve sites, buildings, building plans, budgets; to approve the selection of the chief  
3 administrative officer; to establish and administer standards for professional personnel,  
4 curricula, admissions, and graduation; to regulate the awarding of degrees, diplomas,  
5 and certificates; to establish and regulate student tuition and fees ~~and financial~~  
6 ~~accounting procedures.~~ within policies for tuition and fees established by the General  
7 Assembly; and to establish and regulate financial accounting procedures."

8 (f) This section becomes effective July 1, 1993.

9 —NCCCS TUITION STABILIZED.

10 Sec. 177. (a) It is the goal of the General Assembly that students in the North  
11 Carolina Community College System pay tuition and required fees at the rate of  
12 approximately twenty percent (20%) of the cost of education. The tuition of students in  
13 the North Carolina Community College System shall be increased proportionately when  
14 the cost of education justifies an increase in tuition.

15 (b) This section becomes effective July 1, 1993.

16 —NCCCS FUNDING GOAL.

17 Sec. 178. (a) It is the goal of the General Assembly to increase the per student  
18 funding for the North Carolina Community College System, as soon as fiscal conditions  
19 permit, to a level more comparable to national averages for similar institutions.

20 (b) This section becomes effective July 1, 1993.

21 —NCCCS FUNDING FORMULA.

22 Sec. 179. (a) The State Board of Community Colleges shall develop a program-  
23 based funding system, including a full-time equivalency component and specific goal  
24 performance components, in order to encourage the community colleges to meet  
25 particular State needs or goals. The State Board of Community Colleges shall propose  
26 an initial set of such goals and shall propose revisions of these goals periodically. The  
27 State Board of Community Colleges shall report its proposed new funding system to the  
28 1995 General Assembly for its approval.

29 (b) This section becomes effective July 1, 1993.

30 —COMM. COLL. MORATORIUM.

31 Sec. 180. (a) No new community colleges and satellite community college  
32 campuses may be established within the North Carolina Community College System.  
33 The General Assembly shall lift this moratorium when the system restructuring plan has  
34 been adopted by the State Board of Community Colleges.

35 (b) This section is effective upon ratification.

36 —GPAC/COMM. COLL. PROGRAM REVIEW.

37 Sec. 181. (a) The State Board of Community Colleges shall conduct a review of  
38 the structure of the community college system. The State Board of Community  
39 Colleges shall redefine the structure of the community college system based upon a  
40 regional review of program needs in order to facilitate the most efficient use of system  
41 resources. The program planning required by this act shall include the defining of  
42 enlarged service areas for community colleges based upon the needs of the respective  
43 service areas. The planning process utilized by the State Board shall include review of  
44 the need to consolidate, eliminate, or modify the status of existing community colleges



1 and satellites. The State Board shall review the distribution of physical facilities,  
2 programs, and resources in regions for the purpose of eliminating competition among  
3 the community colleges for students in overlapping service areas.

4 (b) In the defining of new regions for the most efficient functioning of the  
5 community college system, the State Board of Community Colleges shall conduct a  
6 comprehensive program review designed to eliminate unproductive, low quality,  
7 unnecessary, or duplicative programs.

8 (c) The State Board of Community Colleges shall implement a regional program  
9 structure to facilitate effective program planning, efficient use of resources, the  
10 implementation of statewide curriculum standards, and consolidated high quality  
11 programs. The regional structure shall be the unit used for the purposes of  
12 comprehensive planning and budgeting in the community college system. The criteria  
13 used by the State Board in determining the manner in which the community college  
14 system shall be restructured into newly defined regions may include, in addition to other  
15 appropriate criteria, the following:

- 16 (1) Location of the nearest college or satellite campus;
- 17 (2) New or anticipated population to be served;
- 18 (3) Existing and proposed transportation corridors and facilities;
- 19 (4) Programs proposed compared to the location of the nearest similar  
20 program;
- 21 (5) Feasibility of delivering programs using technology;
- 22 (6) Use and availability of facilities of local school systems;
- 23 (7) Potential impact on enrollment of nearby institutions; and
- 24 (8) Geographical redistribution of community colleges that offer college  
25 transfer programs.

26 (d) The State Board of Community Colleges shall establish standards for the  
27 periodic review of community college programs including standards for the termination  
28 of programs.

29 (e) The State Board of Community Colleges shall establish within the  
30 community college system Centers for Excellence that shall be responsible for the  
31 creation of world class model programs to be implemented throughout the community  
32 college system at each of the institutions authorized to offer the program. The Centers  
33 for Excellence shall design model curricula, establish curriculum standards, and update  
34 curricula in response to changes in technologies and market conditions. The Centers for  
35 Excellence for each curriculum program area shall be composed of community college  
36 faculty members from any community college who are chosen for their individual  
37 excellence and leadership.

38 (f) This section is effective upon ratification.

39 —GPAC/LOCAL COM. COLL. BOARD.

40 Sec. 182. (a) G.S. 115D-12(a) reads as rewritten:

41 "(a) Each community college established or operated pursuant to this Chapter  
42 shall be governed by a board of trustees consisting of 13 members, or of additional  
43 members if selected according to the special procedure prescribed by the third  
44 paragraph of this subsection, who shall be selected by the following agencies.

1 Group One – four trustees, ~~elected by the board of education of the public school~~  
2 ~~administrative unit located in the administrative area of the institution. If there are two~~  
3 ~~or more public school administrative units, whether city or county units, or both, located~~  
4 ~~within the administrative area, the trustees shall be elected jointly by all of the boards of~~  
5 ~~education of those units, each board having one vote in the election of each trustee,~~  
6 ~~except as provided in G.S. 115D-59. No board of education shall elect any person~~  
7 ~~employed by the board of education to serve as a trustee, however, any such person~~  
8 ~~currently serving on a board of trustees shall be permitted to fulfill the unexpired~~  
9 ~~portion of the trustee's current term.~~ elected by the State Board of Community Colleges.

10 Group Two – four trustees, elected by the board of commissioners of the county in  
11 which the institution is located. Provided, however, if the administrative area of the  
12 institution is composed of two or more counties, the trustees shall be elected jointly by  
13 the boards of commissioners of all those counties, each board having one vote in the  
14 election of each trustee. Provided, also, the county commissioners of the county in  
15 which the community college has established a satellite campus may elect an additional  
16 two members if the board of trustees of the community college agrees. Should the  
17 boards of education or the boards of commissioners involved be unable to agree on one  
18 or more trustees the senior resident superior court judge in the superior court district or  
19 set of districts as defined in G.S. 7A-41.1 where the institution is located shall fill the  
20 position or positions by appointment.

21 Group Three – four trustees, appointed by the Governor.

22 Group Four – the president of the student government or the chairman of the  
23 executive board of the student body of each community college established pursuant to  
24 G.S. 115D shall be an ex officio nonvoting member of the board of trustees of each said  
25 institution."

26 (b) This section is effective upon ratification and applies to terms commencing  
27 on and after July 1, 1993.

28 —COMM. COLL. PRES. SELECTION.

29 Sec. 183. (a) G.S. 115D-5(a) reads as rewritten:

30 "(a) The State Board of Community Colleges may adopt and execute such  
31 policies, regulations and standards concerning the establishment, administration, and  
32 operation of institutions as the State Board may deem necessary to insure the quality of  
33 educational programs, to promote the systematic meeting of educational needs of the  
34 State, and to provide for the equitable distribution of State and federal funds to the  
35 several institutions.

36 The State Board of Community Colleges shall establish standards and scales for  
37 salaries and allotments paid from funds administered by the State Board, and all  
38 employees of the institutions shall be exempt from the provisions of the State Personnel  
39 Act. The State Board shall have authority with respect to individual institutions: to  
40 approve sites, buildings, building plans, budgets; ~~to approve the selection of the chief~~  
41 ~~administrative officer; to select the president;~~ to establish and administer standards for  
42 professional personnel, curricula, admissions, and graduation; to regulate the awarding  
43 of degrees, diplomas, and certificates; to establish and regulate student tuition and fees  
44 and financial accounting procedures. The process of selecting the president of a

1 community college shall include a procedure by which the local community college  
2 board of trustees may select a slate of no less than three nominees for the position of  
3 president. This slate shall be submitted to the president of the community college  
4 system who will recommend a candidate from the slate for selection by the State Board  
5 of Community Colleges."

6 (b) G.S. 115D-20(1) is repealed.

7 (c) This section becomes effective July 1, 1993.

8 ---COMM. COLLEGE SCHOLARSHIPS.

9 Sec. 184. (a) The Department of Community Colleges shall develop a plan to  
10 establish a Community College System Challenge Grant Scholarship Fund. The plan  
11 shall be presented to the 1994 Regular Session of the 1993 General Assembly. The plan  
12 shall address initial funding (method and amounts) as well as matching contributions  
13 from non-State contributions.

14 (b) It is the goal of the General Assembly that the Challenge Grant Scholarship  
15 Fund be developed for the benefit of needy students in the North Carolina Community  
16 College System.

17 (c) The State Board of Community Colleges shall administer the Challenge Grant  
18 Scholarship Fund as a means for augmenting rapidly the principal in the Fund so that  
19 the State Board will gain greater resources from which to award aid to a larger number  
20 of needy students.

21 (d) This section is effective upon ratification.

22 ---UNC BD. OF GOV. REVIEW/PLAN.

23 Sec. 185. (a) The Board of Governors of The University of North Carolina shall  
24 review all academic programs, research activities, extension activities, public service  
25 activities, and administration and support functions to identify those programs and  
26 activities that are of low productivity or low priority, or are unnecessarily redundant.  
27 The Board shall develop specific criteria for this one-time review of academic program  
28 productivity, and shall develop a process to review all programs and activities  
29 biennially. The Board's review shall have as its top priority the potential elimination of  
30 nonproductive or redundant graduate, professional, or doctoral programs and the  
31 identification of resources and programs that will strengthen undergraduate education.

32 This review shall be completed by December 31, 1995. The Board shall  
33 report to the General Assembly and to the Joint Education Oversight Committee by  
34 February 1, 1996, on its findings. The report shall include a plan for program  
35 eliminations or reductions and for proposed reallocations of savings.

36 (b) G.S. 116-11(3) reads as rewritten:

37 "(3) The Board shall determine the functions, educational activities and  
38 academic programs of the constituent institutions. The Board shall also  
39 determine the types of degrees to be awarded. The powers herein given  
40 to the Board shall not be restricted by any provision of law assigning  
41 specific functions or responsibilities to designated institutions, the  
42 powers herein given superseding any such provisions of law. The  
43 Board, after adequate notice and after affording the institutional board  
44 of trustees an opportunity to be heard, shall have authority to withdraw

1 approval of any existing program if it appears that the program is  
2 unproductive, excessively costly or unnecessarily duplicative. The  
3 Board shall review the productivity of programs every two years, using  
4 criteria specifically developed to determine program productivity."

5 (c) The Board of Governors of The University of North Carolina shall develop a  
6 plan for the continued and expanded availability of higher education for all citizens,  
7 focusing on the availability of opportunities in underserved areas by means other than  
8 the establishment of additional degree programs. The expanded use of video and audio  
9 distance learning technology, the expanded use of graduate centers to avoid program  
10 duplication, the potential for expanded funding of extension instruction, and increased  
11 cooperative programs with the North Carolina Community College System and the  
12 public school system should all be considered in developing the plan. The plan shall  
13 include proposals for the allocation and funding of students taught by more than one  
14 institution of higher education. The plan shall be developed in conjunction with the  
15 Education Cabinet and shall be approved by the Cabinet. The plan shall include  
16 projected costs, benefits, and a schedule for implementation. The plan shall be provided  
17 to the General Assembly by January 1, 1995.

18 (d) This section becomes effective July 1, 1993.

19 —UNC TUITION ISSUES.

20 Sec. 186. (a) The General Assembly finds that the tuition policy at The  
21 University of North Carolina, both for undergraduates and graduates, and both for  
22 residents and nonresidents, needs to be reexamined in order to reflect better the  
23 constitutional mandate to provide higher education free of expense "as far as  
24 practicable" by reevaluating the relationship of tuition to cost and by determining what  
25 costs must be made up of tuition charged in order to ensure that all eligible North  
26 Carolinians are indeed guaranteed a public higher education at the lowest possible cost  
27 while maintaining a public higher education system that is worthy of the support of all  
28 North Carolinians.

29 (b) The General Assembly finds that undergraduate resident students of The  
30 University of North Carolina should pay at least sixteen percent (16%) of the  
31 educational and general costs, excluding financial aid, of the average cost of  
32 undergraduate education by level of institution.

33 (c) The Board of Governors of The University of North Carolina shall develop  
34 and implement plans to phase in the attainment of the level of student contribution set  
35 forth in subsection (b) of this section. The phasing in shall begin by the 1994-95  
36 academic year and be completed by the 1998-99 academic year.

37 (d) The General Assembly finds that tuition and required fees should be a limited  
38 amount of resident students' costs.

39 (e) The Board of Governors of The University of North Carolina shall  
40 develop a tuition and fee policy consistent with law that limits tuition and required fees  
41 to a specific percentage of less than one-fourth of the cost to undergraduate resident  
42 students of attending constituent institutions of The University of North Carolina. The  
43 Board shall define the elements of cost to be included in this policy's calculations and  
44 shall report these elements of cost to the General Assembly.

1 (f) The Board of Governors of The University of North Carolina shall  
2 develop a plan for providing increased State-funded need-based financial aid, with a  
3 strong emphasis on a grants program, commensurate with any increase in students'  
4 financial needs generated by tuition increases, to students at constituent institutions of  
5 The University of North Carolina.

6 (g) The Board of Governors of The University of North Carolina, in  
7 accordance with G.S. 116-143, shall develop higher tuition rates for graduate and  
8 professional programs. These rates shall be developed after specific analysis of the cost  
9 differences between undergraduate and graduate instruction. The new rates shall be  
10 based on this analysis.

11 (h) The Board of Governors of The University of North Carolina shall  
12 present its plan for implementing all the tuition increases pursuant to this section to the  
13 General Assembly by April 1, 1994.

14 (i) G.S. 116-144 reads as rewritten:

15 **"§ 116-144. Higher tuition to be charged nonresidents.**

16 The Board of Governors shall fix the tuition and required fees charged nonresidents  
17 of North Carolina who attend the institutions enumerated in G.S. 116-4 at rates higher  
18 than the rates charged residents of North Carolina ~~and comparable to the rates charged~~  
19 ~~nonresident students by comparable public institutions nationwide, except that a~~  
20 Carolina. Tuition shall be at rates from approximately seventy-five percent (75%) to  
21 one hundred percent (100%) of the educational and general costs of education for the  
22 different levels of institutions, taking into consideration the overall tuition and fee  
23 charges for comparable institutions in peer states, the need for diversity of the student  
24 body, and the mission of the institution. A person who serves as a graduate teaching  
25 assistant or graduate research assistant or in a similar instructional or research  
26 assignment and is at the same time enrolled as a graduate student in the same institution  
27 may, in the discretion of the Board of Governors, be charged a lower rate fixed by the  
28 Board, provided the rate is not lower than the North Carolina resident rate."

29 (j) G.S. 116-11(9)a. reads as rewritten:

30 "(9) a. The Board of Governors shall develop, prepare and present to the  
31 Governor, the Advisory Budget Commission and the General  
32 Assembly a single, unified recommended budget for all of public  
33 senior higher education. The recommendations shall consist of  
34 requests in three general categories: (i) funds for the continuing  
35 operation of each constituent institution, (ii) funds for salary increases  
36 for employees exempt from the State Personnel Act and (iii) funds  
37 requested without reference to constituent institutions, itemized as to  
38 priority and covering such areas as new programs and activities,  
39 expansions of programs and activities, increases in enrollments,  
40 increases to accommodate internal shifts and categories of persons  
41 served, capital improvements, improvements in levels of operation and  
42 increases to remedy deficiencies, as well as other areas. Funds to be  
43 generated from increases in tuition rates shall be applied to category  
44 (iii) in the budget proposal, including need-based financial aid in order

1                   to implement the Board's plan for providing State-funded need-based  
2                   financial aid, and shall not supplant General Fund appropriations. The  
3                   function of the Advisory Budget Commission under this section  
4                   applies only if the Director of the Budget consults with the  
5                   Commission in preparation of the budget."

6                   (k) This section becomes effective July 1, 1993.

7                   —AID TO PRIVATE COLL. FOCUS.

8                   Sec. 187. The General Assembly finds that the historical justification for  
9                   State aid to students in private institutions is still valid and that the level of North  
10                  Carolina's support to private education is comparable to those of other states with strong  
11                  public university systems. The General Assembly further finds that sound education  
12                  policy should drive adjustments to private higher education appropriations rather than  
13                  budget availability and legislative relations, that sound accountability criteria should be  
14                  required of private institutions in order for North Carolina students attending these  
15                  institutions to be eligible to receive State aid, and that State aid to private institutions  
16                  should be focused on students with demonstrated financial need.

17                  Sec. 188. It is the policy of the General Assembly that all State aid to North  
18                  Carolina students attending private North Carolina colleges and universities directly  
19                  improve education quality, extend its benefits, and encourage economical use of State  
20                  resources by increasing emphasis on accountability.

21                  Sec. 189. The Board of Governors of The University of North Carolina, in  
22                  consultation with the Area Health Education Centers and the Office of Rural Health,  
23                  Department of Human Resources, shall review the Medical Student Aid Program to  
24                  determine if the State's medical professional needs are still being reasonably met by the  
25                  Program and whether the original critical needs to which the Program was designed to  
26                  respond still remain. The Board of Governors shall report the results of this review,  
27                  together with any recommendations, to the General Assembly by April 1, 1994.

28                  Sec. 190. It is the policy of the General Assembly that State funding for  
29                  North Carolina students with demonstrated financial need in private higher education be  
30                  a percentage of the average educational and general appropriations for North Carolina  
31                  students with demonstrated financial need attending public universities.

32                  Sec. 191. Private colleges and universities that have North Carolina students  
33                  with demonstrated financial need who are eligible to receive State funds shall meet  
34                  appropriate criteria for the use of these funds. In addition to any other criteria that may  
35                  be set by the General Assembly, these criteria include:

- 36                  (1) Maintenance of acceptable minimum admissions requirements, as  
37                  established by the Board of Governors of The University of North  
38                  Carolina in consultation with the North Carolina Association of Private  
39                  Colleges and Universities; and  
40                  (2) Maintenance of acceptable student achievement and development  
41                  levels.

42                  Private colleges and universities that receive State funding for North Carolina  
43                  students with demonstrated financial need shall make an accountability report annually  
44                  to the General Assembly by April 1.

1           Sec. 192. (a) The Legislative Tuition Grant Program is eliminated.

2           (b) It is the intent of the General Assembly to redesign and expand the  
3 Contractual Scholarship Program to ensure that State funds for North Carolina students  
4 go only to students with demonstrated financial need and that North Carolina students  
5 with demonstrated financial need attending private colleges and universities are given  
6 aid in an amount that is a percentage of the average educational and general  
7 appropriations for North Carolina students with demonstrated financial need attending  
8 public universities.

9           (c) Effective July 1, 1993, the Contractual Scholarship Program shall be  
10 administered by the State Education Assistance Authority. The Authority shall ensure  
11 that the intent of this section is carried out and that the allocations from the Program are  
12 made to private institutions based on the number of North Carolina students with  
13 demonstrated financial need attending these institutions.

14           (d) Effective July 1, 1993, G.S. 116-19 reads as rewritten:

15 **"§ 116-19. Contracts with private institutions to aid North Carolina students.**

16       In order to encourage and assist private institutions to continue to educate North  
17 Carolina students, the ~~Board of Governors of the University of North Carolina State~~  
18 ~~Education Assistance Authority is hereby authorized to~~ may enter into contracts with  
19 the institutions under the terms of which an institution receiving any funds that may be  
20 appropriated pursuant to this section would agree that, during any fiscal year in which  
21 ~~such the~~ funds were received, the institution would provide and administer scholarship  
22 funds for ~~needy~~ North Carolina students with demonstrated financial need in an amount  
23 at least equal to the amount paid to the institution, pursuant to this section, during the  
24 fiscal year. Under the terms of the contracts the ~~Board of Governors of the University of~~  
25 ~~North Carolina State Education Assistance Authority~~ would agree to pay to the  
26 institutions, subject to the availability of funds, a fixed sum of money for each North  
27 Carolina student with demonstrated financial need enrolled at the institutions for the  
28 regular academic ~~year, said year.~~ This sum ~~shall to be~~ determined by appropriations  
29 ~~that might be~~ made from time to time by the General Assembly pursuant to this section.  
30 Funds appropriated pursuant to this section shall be paid by the ~~Department of~~  
31 ~~Administration to an institution upon recommendation of the Board of Governors of the~~  
32 ~~University of North Carolina and State Education Assistance Authority~~ on certification  
33 of the institution showing the number of North Carolina students with demonstrated  
34 financial need enrolled at the institution as of October 1 of any year for which funds  
35 may be appropriated."

36           Sec. 193. Sections 187 through 192 of this act become effective July 1, 1993.

37 —G. A. HUMAN RESOURCES MANAGEMENT.

38           Sec. 194. (a) G.S. 120-36 reads as rewritten:

39 **"§ 120-36. Legislative Services ~~Officer of the General Assembly.~~ Officer; Human**  
40 **Resources Management Officer; appointment; duties.**

41       (a) The Legislative Services Officer of the General Assembly shall be appointed  
42 by and serve at the pleasure of the Legislative Services Commission, and his  
43 compensation shall be fixed by the Legislative Services Commission.

1 (b) The Legislative Services Officer of the General Assembly shall perform such  
 2 duties as are assigned to him by the Legislative Services Commission and shall be  
 3 available to the Legislative Research Commission to provide such clerical, printing,  
 4 drafting, and research duties as are necessary to the proper functions of the Legislative  
 5 Research Commission.

6 (c) The Human Resources Management Officer shall be appointed by the  
 7 Legislative Services Commission and shall serve under the supervision of the  
 8 Legislative Services Officer. The compensation of the Human Resources Management  
 9 Officer shall be set by the Legislative Services Commission.

10 (d) The Human Resources Management Officer shall be responsible for the  
 11 development, maintenance, and implementation of the following human resources  
 12 programs for employees of the General Assembly: job descriptions, a classification  
 13 system, a pay plan, a performance management system, personnel policies and  
 14 procedures, recruitment and selection, career development, and training. The Human  
 15 Resources Management Officer shall work in cooperation with the Office of State  
 16 Personnel regarding human resources management planning and employee training and  
 17 development."

18 (b) This section is effective upon ratification.

19 ---LEGISLATIVE PEER REVIEW.

20 Sec. 195. (a) The General Assembly shall have conducted a peer review of the  
 21 organizational structure and staffing capabilities and levels required to serve the General  
 22 Assembly in the future. The review shall be completed by July 1, 1994.

23 (b) There is appropriated from the General Fund to the General Assembly for  
 24 fiscal year 1993-94 the sum of fifty thousand dollars (\$50,000) to implement this  
 25 section.

26 (c) This section becomes effective July 1, 1993.

27 ---CLARIF./LSC, LSO, AND LAO DUTIES.

28 Sec. 196. (a) The Legislative Services Commission shall fill the current  
 29 vacant position of Legislative Services Officer.

30 (b) The Legislative Services Commission shall also clarify the roles and  
 31 responsibilities of the Legislative Services Commission, the Legislative Services  
 32 Officer, and the Legislative Administrative Officer.

33 (c) G.S. 20-79.5(a) reads as rewritten:

34 "(a) Plates. – The State government officials listed in this section are eligible for a  
 35 special registration plate under G.S. 20-79.4. The plate shall bear the number designated  
 36 in the following table for the position held by the official.

37 Position	Number on Plate
38 Governor	1
39 Lieutenant Governor	2
40 Speaker of the House of Representatives	3
41 President Pro Tempore of the Senate	4
42 Secretary of State	5
43 State Auditor	6
44 State Treasurer	7



1	Superintendent of Public Instruction	8	
2	Attorney General	9	
3	Commissioner of Agriculture		10
4	Commissioner of Labor	11	
5	Commissioner of Insurance	12	
6	Speaker Pro Tempore of the House	13	
7	Legislative <del>Administrative</del> <u>Services</u> Officer	14	
8	Secretary of Administration		15
9	Secretary of Environment, Health, and Natural Resources		16
10	Secretary of Revenue	17	
11	Secretary of Human Resources		18
12	Secretary of Commerce	19	
13	Secretary of Correction	20	
14	Secretary of Cultural Resources		21
15	Secretary of Crime Control and Public Safety	22	
16	Governor's Staff	23-29	
17	State Budget Officer	30	
18	State Personnel Director	31	
19	Advisory Budget Commission Nonlegislative Member		32-41
20	Chair of the State Board of Education	42	
21	President of the U.N.C. System		43
22	Alcoholic Beverage Control Commission	44-46	
23	Assistant Commissioners of Agriculture	47-48	
24	Deputy Secretary of State	49	
25	Deputy State Treasurer	50	
26	Assistant State Treasurer	51	
27	Deputy Commissioner for the Department of Labor	52	
28	Chief Deputy for the Department of Insurance	53	
29	Assistant Commissioner of Insurance	54	
30	Deputies and Assistant to the Attorney General	55-65	
31	Board of Economic Development Nonlegislative Member		66-88
32	State Ports Authority Nonlegislative Member	89-96	
33	Utilities Commission Member		97-104
34	Parole Commission Member	105-109	
35	State Board Member, Commission Member, or State		
36	Employee Not Named in List		110-200".

37 (d) G.S. 120-32.01 reads as rewritten:

38 "**§ 120-32.01. Information to be supplied.**

39 (a) Every State department, State agency, or State institution shall furnish the  
40 Legislative ~~Administrative~~ Services Office and the Research, Fiscal Research, and Bill  
41 Drafting Divisions any information or records requested by them. Except when  
42 accessibility is prohibited by a federal statute, federal regulation or State statute, every  
43 State department, State agency, or State institution shall give the Fiscal Research  
44 Division access to any data base or stored information maintained by computer,

1 telecommunications, or other electronic data processing equipment, whether stored on  
2 tape, disk, or otherwise, and regardless of the medium for storage or transmission.

3 (b) Notwithstanding subsection (a) of this section, access to the State Personnel  
4 Management Information System by the Legislative ~~Administrative Services~~ Office and  
5 by the Research and Bill Drafting Divisions shall only be through the Fiscal Research  
6 Division."

7 (e) G.S. 120-32.1 reads as rewritten:

8 **"§ 120-32.1. Use and maintenance of buildings and grounds.**

9 (a) The Legislative Services Commission shall:

- 10 (1) Establish policy for the use of the State legislative buildings and  
11 grounds;
- 12 (2) Maintain and care for the State legislative buildings and grounds, but  
13 the Commission may delegate the actual work of the maintenance of  
14 those buildings and grounds to the Department of Administration,  
15 which shall perform the work as delegated;
- 16 (3) Provide security for the State legislative buildings and grounds;
- 17 (4) Allocate space within the State legislative buildings and grounds; and
- 18 (5) Have the exclusive authority to assign parking space in the State  
19 legislative buildings and grounds.

20 (b) The Legislative ~~Administrative Services~~ Officer shall have posted the rules  
21 adopted by the Legislative Services Commission under the authority of this section in a  
22 conspicuous place in the State Legislative Building and the Legislative Office Building.  
23 The Legislative ~~Administrative Services~~ Officer shall have filed a copy of the rules,  
24 certified by the chairman of the Legislative Services Commission, in the office of the  
25 Secretary of State and in the office of the Clerk of the Superior Court of Wake County.  
26 When so posted and filed, these rules shall constitute notice to all persons of the  
27 existence and text of the rules. Any person, whether on his own behalf or for another, or  
28 acting as an agent or representative of any person, firm, corporation, partnership or  
29 association, who knowingly violates any of the rules adopted, posted and filed under the  
30 authority of this section is guilty of a misdemeanor and upon conviction shall be  
31 punished by a fine or imprisonment in the discretion of the court, or by both such fine  
32 and imprisonment. Any person, firm, corporation, partnership or association who  
33 combines, confederates, conspires, aids, abets, solicits, urges, instigates, counsels,  
34 advises, encourages or procures another or others to knowingly violate any of the rules  
35 adopted, posted and filed under the authority of this section is guilty of a misdemeanor  
36 and upon conviction shall be punished by a fine or imprisonment in the discretion of the  
37 court, or by both such fine and imprisonment.

38 (c) The Legislative Services Commission may cause to be removed at the  
39 owner's expense any vehicle parked in the State legislative buildings and grounds in  
40 violation of the rules of the Legislative Services Commission and may cause to be  
41 removed any vehicle parked in any State-owned parking space leased to an employee of  
42 the General Assembly where the vehicle is parked without the consent of the employee  
43 to whom the space is leased.

1 (d) For the purposes of this section, the term 'State legislative buildings and  
2 grounds' means:

3 (1) At all times:

- 4 a. The State Legislative Building and the area between outer walls  
5 of the State Legislative Building and the near curblineline of those  
6 sections of Jones, Wilmington, Lane, and Salisbury Streets  
7 which border land on which the State Legislative Building is  
8 situated;
- 9 b. The Legislative Office Building and the areas between its outer  
10 walls and the near curblineline of those sections of Lane and  
11 Salisbury Streets that border the land on which it is situated;
- 12 c. Any State-owned parking lot which is leased to the General  
13 Assembly; and
- 14 d. The bridge between the State Legislative Building and the State  
15 Governmental Mall.

16 (2) In addition, the surface area to the far curblineline of those sections of  
17 Jones, Wilmington, Lane, and Salisbury Streets which border the land  
18 on which the State Legislative Building is situated:

- 19 a. When the General Assembly is in regular or extra session; and  
20 b. On other days on which one or more standing committees of  
21 either or both houses of the General Assembly are meeting and  
22 the Legislative ~~Administrative Services~~ Officer determines that  
23 additional parking is needed for the functioning of the General  
24 Assembly and files notice of the committee's or committees'  
25 meetings and his finding that additional parking is needed in the  
26 office of the Secretary of State and that of Clerk of the Superior  
27 Court of Wake County."

28 (f) G.S. 120-36.6 reads as rewritten:

29 **"§ 120-36.6. Legislative Fiscal Research staff participation.**

30 Legislative fiscal research staff members may attend all meetings of the Advisory  
31 Budget Commission and all hearings conducted by or for the Commission, and may  
32 accompany the Commission to inspect the facilities of the State. The Legislative  
33 ~~Administrative Services~~ Officer shall designate a member of the Fiscal Research staff,  
34 and a member of the General Research or Bill Drafting staff who may attend all  
35 meetings of the Board of Awards and Council of State, unless the Board or Council has  
36 voted to exclude them from the specific meeting, provided that no final action may be  
37 taken while they are so excluded. The Legislative Services Officer and the Director of  
38 Fiscal Research shall be notified of all such meetings, hearings and trips in the same  
39 manner and at the same time as notice is given to members of the Board, Commission  
40 or Council. The Legislative Services Officer and the Director of Fiscal Research shall  
41 be provided with a copy of all reports, memoranda, and other informational material  
42 which are distributed to the members of the Board, Commission, or Council; these  
43 reports, memoranda and materials shall be delivered to the Legislative Services Officer

1 and the Director of Fiscal Research at the same time that they are distributed to the  
2 members of the Board, Commission, or Council."

3 (g) G.S. 120-70.36 reads as rewritten:

4 **"§ 120-70.36. Staffing.**

5 The Legislative ~~Administrative~~-Services Officer shall assign as staff to the Joint  
6 Select Committee professional employees of the General Assembly, as approved by the  
7 Legislative Services Commission. Clerical staff shall be assigned to the Joint Select  
8 Committee through the offices of the Supervisor of Clerks of the Senate and Supervisor  
9 of Clerks of the House of Representatives. The expenses of employment of clerical  
10 staff shall be borne by the Joint Select Committee."

11 (h) G.S. 120-70.46 reads as rewritten:

12 **"§ 120-70.46. Staffing.**

13 The Legislative ~~Administrative~~-Services Officer shall assign as staff to the  
14 Environmental Review Commission professional employees of the General Assembly,  
15 as approved by the Legislative Services Commission. Clerical staff shall be assigned to  
16 the Environmental Review Commission through the offices of the Supervisor of Clerks  
17 of the Senate and Supervisor of Clerks of the House of Representatives. The expenses  
18 of employment of clerical staff shall be borne by the Environmental Review  
19 Commission."

20 (i) G.S. 120-70.52(c) reads as rewritten:

21 "(c) The Committee shall be funded by appropriations made to the Highway Trust  
22 Fund and allocated to the Intrastate System projects. Members of the Committee  
23 receive subsistence and travel expenses as provided in G.S. 120-3.1. The Committee  
24 may contract for consultants or hire employees in accordance with G.S. 120-32.02. The  
25 Legislative Services Commission, through the Legislative ~~Administrative~~-Services  
26 Officer, shall assign professional staff to assist the Committee in its work. Upon the  
27 direction of the Legislative Services Commission, the Supervisors of Clerks of the  
28 Senate and of the House of Representatives shall assign clerical staff to the Committee.  
29 The expenses for clerical employees shall be borne by the Committee."

30 (j) G.S. 120-70.65 reads as rewritten:

31 **"§ 120-70.65. Staffing.**

32 The Legislative ~~Administrative~~-Services Officer shall assign as staff to the  
33 Commission professional employees of the General Assembly, as approved by the  
34 Legislative Services Commission. Clerical staff shall be assigned to the Commission  
35 through the Offices of the Supervisor of Clerks of the Senate and Supervisor of Clerks  
36 of the House of Representatives. The expenses of employment of clerical staff shall be  
37 borne by the Commission."

38 (k) G.S. 120-70.82(c) reads as rewritten:

39 "(c) Members of the Committee receive subsistence and travel expenses as  
40 provided in G.S. 120-3.1. The Committee may contract for consultants or hire  
41 employees in accordance with G.S. 120-32.02. The Legislative Services Commission,  
42 through the Legislative ~~Administrative~~-Services Officer, shall assign professional staff  
43 to assist the Committee in its work. Upon the direction of the Legislative Services  
44 Commission, the Supervisors of Clerks of the Senate and of the House of

1 Representatives shall assign clerical staff to the Committee. The expenses for clerical  
2 employees shall be borne by the Committee."

3 (l) G.S. 143-8 reads as rewritten:

4 **"§ 143-8. Reporting of legislative and judicial expenditures and financial needs.**

5 On or before the first day of September, biennially, in the even-numbered years, the  
6 Legislative ~~Administrative~~ Services Officer shall furnish the Director a detailed  
7 statement of expenditures of the General Assembly for the current fiscal biennium, and  
8 an estimate of its financial needs, itemized in accordance with the budget classification  
9 adopted by the Director and approved and certified by the President pro tempore of the  
10 Senate and the Speaker of the House for each year of the ensuing biennium, beginning  
11 with the first day of July thereafter. The Administrative Officer of the Courts shall  
12 furnish the Director a detailed statement of expenditures of the judiciary, and for each  
13 year of the current fiscal biennium an estimate of its financial needs as provided by law,  
14 itemized in accordance with the budget classification adopted by the Director and  
15 approved and certified by the Chief Justice for each year of the ensuing biennium,  
16 beginning with the first day of July thereafter. The Director shall include these  
17 estimates and accompanying explanations in the budget submitted with such  
18 recommendations as the Director may desire to make in reference thereto."

19 (m) This section is effective upon ratification.

20 ~~---~~LEGISLATIVE SERVICES SCHEDULE.

21 Sec. 197. (a) G.S. 120-31 is amended by adding a new subsection to read:

22 "(f) The Legislative Services Commission shall meet at least quarterly, but may  
23 provide for cancellation of a meeting if there is no business to transact."

24 (b) This section is effective upon ratification

25 ~~---~~LEGISLATIVE FACILITIES PLAN.

26 Sec. 198. (a) The Legislative Services Commission shall develop a facilities  
27 plan that defines current space needs and plans for future needs for facilities and storage  
28 space. This plan shall be completed by July 1, 1994.

29 (b) This section is effective upon ratification.

30 ~~---~~INDEXING OF JOURNALS.

31 Sec. 199. (a) G.S. 120-28 reads as rewritten:

32 **"§ 120-28. Journals indexed by clerks.**

33 The principal clerks of the two houses of the General Assembly shall provide full  
34 and complete indexes for the journals of their respective houses. The indexes for the  
35 journals shall be produced in a manner consistent with procedures established by the  
36 Legislative Services Commission under G.S. 120-32(7)a."

37 (b) G.S. 120-32 (7) reads as rewritten:

38 "(7) a. Provide for the indexing and printing of the session laws of each  
39 regular, extra or special session of the General ~~Assembly~~ Assembly,  
40 ~~and~~ and provide for the printing of the journal of each house of the  
41 General Assembly, and establish procedures for the principal clerks of  
42 the House of Representatives and the Senate to use in producing  
43 uniform indexes,

1                   b.     Provide and supply to the Secretary of State such bound  
2                   volumes of the journals and session laws as may be required by  
3                   him to be distributed under the provisions of G.S. 147-45, 147-  
4                   46.1 and 147-48."

5           (c)     This section is effective upon ratification.

6     —IMPLEMENTATION REVIEW OF GPAC

7           Sec. 200. (a) The Legislative Research Commission may establish a follow-  
8     up process, including external review, for the implementation of the recommendations  
9     of the Government Performance Audit Committee. The Commission may report the  
10    results of its study to the 1994 Regular Session of the 1993 General Assembly and to the  
11    1995 General Assembly.

12          (b)     This section is effective upon ratification.

13     —SUNSET STATE BOARDS/COMMISSIONS.

14           Sec. 201. Effective July 1, 1994, the following sections of the General  
15    Statutes and Session Laws are repealed:

- 16           (1)     G.S. 17C-3, G.S. 17C-6 – North Carolina Criminal Justice Education  
17           and Training Standards Commission.
- 18           (2)     G.S. 18B-200 – North Carolina Alcoholic Beverage Control  
19           Commission.
- 20           (3)     G.S. 20-305.4 – Motor Vehicles Dealers' Advisory Board.
- 21           (4)     G.S. 58-50-150 – North Carolina Small Employer Health Reinsurance  
22           Pool.
- 23           (5)     G.S. 58-78-1, G.S. 58-78-5 – State Fire and Rescue Commission.
- 24           (6)     G.S. 76A-1, G.S. 76A-2, G.S. 76A-3, G.S. 76A-4 – Cape Fear River  
25           Navigation and Pilotage Commission.
- 26           (7)     G.S. 76A-31, G.S. 76A-32, G.S. 76A-33, G.S. 76A-34 – Morehead  
27           City Navigation and Pilotage Commission.
- 28           (8)     G.S. 96-4(e) – State Employment Advisory Councils.
- 29           (9)     G.S. 104F-2 – Southeast North Carolina Low-Level Radioactive  
30           Waste Management Commission.
- 31           (10)    G.S. 104G-5 – North Carolina Low-Level Radioactive Waste  
32           Management Authority.
- 33           (11)    G.S. 113-315.25 – North Carolina Seafood Industrial Park Authority.
- 34           (12)    G.S. 117-1 – Rural Electrification Authority.
- 35           (13)    G.S. 120-58, G.S. 120-59, G.S. 120-60, G.S. 120-61, G.S. 120-62 –  
36           Commission on Children with Special Needs.
- 37           (14)    G.S. 120-70.70, G.S. 120-70.72, G.S. 120-70.73, G.S. 120-70.75 –  
38           Commission on the Family.
- 39           (15)    G.S. 120-180, G.S. 120-182, G.S. 120-183 – North Carolina Study  
40           Commission on Aging.
- 41           (16)    G.S. 122C-118 – Mental Health, Developmental Disabilities, and  
42           Substance Abuse, Area Authorities.
- 43           (17)    G.S. 122C-431 – North Carolina Alcoholism Research Authority.
- 44           (18)    Article 1A of Chapter 130A – Health Services Commission.

- 1 (19) Part 2 of Article 1B of Chapter 130A – Governor's Council on  
2 Physical Fitness and Health.
- 3 (20) Part 3 of Article 1B of Chapter 130A – Minority Health Advisory  
4 Council.
- 5 (21) G.S. 130A-131, G.S. 130A-131.1 – Council on Sickle Cell Syndrome.
- 6 (22) G.S. 131E-17, G.S. 131E-18, G.S. 131E-19 – Hospital Authorities.
- 7 (23) G.S. 131E-95 – Medical Review Committee.
- 8 (24) G.S. 131E-211 – North Carolina Medical Database Commission.
- 9 (25) G.S. 135-39, G.S. 135-39.2 – Board of Trustees of the Teachers' and  
10 State Employees' Comprehensive Major Medical Plan.
- 11 (26) G.S. 143-135.25 – State Building Commission.
- 12 (27) Article 29 of Chapter 143 – Commission for the Study of Problems of  
13 Care of the Aged and the Intellectually or Physically Handicapped.
- 14 (28) G.S. 143-283.1, G.S. 143-283.2 – Governor's Council on Employment  
15 of the Handicapped.
- 16 (29) G.S. 143-436 – North Carolina Pesticide Board.
- 17 (30) G.S. 143-439 – Pesticides Advisory Committee.
- 18 (31) G.S. 143-508 – North Carolina Medical Care Commission.
- 19 (32) G.S. 143-510 – Emergency Medical Services Advisory Council.
- 20 (33) G.S. 143-573 – North Carolina Child Fatality Task Force.
- 21 (34) G.S. 143B-30.1 – Rules Review Commission.
- 22 (35) G.S. 143B-133 – Veterans' Memorial Commission.
- 23 (36) G.S. 143B-147, G.S. 143B-148 – Commission on Mental Health,  
24 Developmental Disabilities, and Substance Abuse Services.
- 25 (37) G.S. 143B-150.7 – Advisory Committee on Family-Centered Services.
- 26 (38) Part 6 of Article 3 of Chapter 143B – Social Services Commission.
- 27 (39) Part 7 of Article 3 of Chapter 143B – Commission for the Blind.
- 28 (40) G.S. 143B-168.4, G.S. 143B-168.5 – Child Day-Care Commission.
- 29 (41) G.S. 143B-177, G.S. 143B-179 – Council on Developmental  
30 Disabilities.
- 31 (42) G.S. 143B-180, G.S. 143B-181 – Governor's Advisory Council on  
32 Aging.
- 33 (43) G.S. 143B-181.9A – Advisory Committee on Home and Community  
34 Care.
- 35 (44) G.S. 143B-265 – Board of Correction.
- 36 (45) Part 3 of Article 6 of Chapter 143B – Parole Commission.
- 37 (46) G.S. 143B-285.12 – Governor's Waste Management Board.
- 38 (47) Part 2 of Article 9 of Chapter 143B – Goals and Policy Board.
- 39 (48) Part 3 of Article 9 of Chapter 143B – Capital Planning Commission.
- 40 (49) G.S. 143B-393, G.S. 143B-394 – Council on Women.
- 41 (50) G.S. 143B-403.1, G.S. 143B-403.2 – Governor's Advocacy Council  
42 for Persons with Disabilities.
- 43 (51) G.S. 143B-414, G.S. 143B-415 – Governor's Advocacy Council on  
44 Children and Youth.

- 1 (52) G.S. 143B-426.21(a) – Information Resource Management  
2 Commission.
- 3 (53) Part 27 of Article 9 of Chapter 143B – Board of Science and  
4 Technology.
- 5 (54) Part 1A of Article 10 of Chapter 143B – Housing Coordination and  
6 Policy Council.
- 7 (55) Part 2A of Article 10 of Chapter 143B – Community Development  
8 Council.
- 9 (56) G.S. 143B-452 – North Carolina State Ports Authority.
- 10 (57) G.S. 143B-472.1 – North Carolina Mutual Burial Association  
11 Commission.
- 12 (58) G.S. 159I-4 – Solid Waste Management Capital Projects Financing  
13 Agency.
- 14 (59) Chapter 971 of the 1991 Session Laws, 1992 Regular Session –  
15 Teacher Training Task Force.
- 16 Sec. 202. Effective July 1, 1995, the following sections of the General  
17 Statutes and Session Laws are repealed:
- 18 (1) G.S. 7A-506, G.S. 7A-507, G.S. 7A-509 – North Carolina Courts  
19 Commission.
- 20 (2) G.S. 7A-775 – Community Penalties Board.
- 21 (3) G.S. 17E-3 – Sheriffs' Education and Training Standards Commission.
- 22 (4) G.S. 54-131, G.S. 54-134, G.S. 54-135, G.S. 54-136, G.S. 54-137 –  
23 Marketing Associations.
- 24 (5) G.S. 58-32-1, G.S. 58-32-5 – Employees Liability Insurance  
25 Commission.
- 26 (6) Article 2 of Chapter 62 – Utilities Commission.
- 27 (7) G.S. 65-49, G.S. 65-54 – North Carolina Cemetery Commission.
- 28 (8) G.S. 84-17, G.S. 84-18, G.S. 84-18.1, G.S. 84-19, G.S. 84-20, G.S. 84-  
29 22 – State Bar Council.
- 30 (9) G.S. 84-24 – Board of Law Examiners.
- 31 (10) G.S. 85B-3 – North Carolina Auctioneers Commission.
- 32 (11) G.S. 86A-4, G.S. 86A-6, G.S. 86A-7 – State Board Of Barber  
33 Examiners.
- 34 (12) G.S. 88-13, G.S. 88-14, G.S. 88-15 – State Board Of Cosmetic Art  
35 Examiners.
- 36 (13) G.S. 89B-3, G.S. 89B-4, G.S. 89B-5 – State Board of Registration for  
37 Foresters.
- 38 (14) G.S. 89E-4 – North Carolina Board of Licensing Geologists.
- 39 (15) G.S. 90A-21 – Water Treatment Facility Operators Board of  
40 Certification.
- 41 (16) G.S. 90A-50 – State Board of Sanitarian Examiners.
- 42 (17) G.S. 90B-5 – North Carolina Certification Board for Social Work.
- 43 (18) G.S. 93-12 – Board of Certified Public Accountant Examiners.



- 1 (19) G.S. 106-2, G.S. 106-3, G.S. 106-4, G.S. 106-5 – Board of  
2 Agriculture.
- 3 (20) G.S. 106-266.7 – Milk Commission.
- 4 (21) G.S. 106-269, G.S. 106-270 – Board of Crop Seed Improvement.
- 5 (22) G.S. 106-407.1 – Public Livestock Advisory Board.
- 6 (23) G.S. 106-720 – Northeastern North Carolina Farmers Market  
7 Commission.
- 8 (24) G.S. 106-727 – Southeastern North Carolina Farmers Market  
9 Commission.
- 10 (25) G.S. 106-750, G.S. 106-751 – North Carolina Grape Growers Council.
- 11 (26) G.S. 113-252, G.S. 113-254 – Atlantic States Marine Fisheries  
12 Commission.
- 13 (27) G.S. 113-259 – South Atlantic Fisheries Management Council.
- 14 (28) G.S. 113A-105 – Coastal Resources Advisory Council.
- 15 (29) G.S. 115C-87 – Textbook Commission.
- 16 (30) G.S. 119-26 – Gasoline and Oil Inspection Board.
- 17 (31) G.S. 120-150, G.S. 120-152, G.S. 120-153 – Agriculture and Forestry  
18 Awareness Study Committee.
- 19 (32) G.S. 122A-4 – North Carolina Housing Finance Agency.
- 20 (33) G.S. 122D-4 – North Carolina Agricultural Finance Authority.
- 21 (34) G.S. 126-2 – State Personnel Commission.
- 22 (35) G.S. 130A-33.30, G.S. 130A-33.31 – Commission of Anatomy.
- 23 (36) G.S. 130B-6 – North Carolina Hazardous Waste Management  
24 Commission.
- 25 (37) G.S. 143-4 – Advisory Budget Commission.
- 26 (38) G.S. 143-143.10 – Manufactured Housing Board.
- 27 (39) G.S. 143-151.9, G.S. 143-151.10, G.S. 143-151.11 – Code Officials  
28 Qualification Board.
- 29 (40) G.S. 143-240, G.S. 143-241, G.S. 143-242, G.S. 143-244 – Wildlife  
30 Resources Commission.
- 31 (41) G.S. 143-492 – Southern Growth Policies Board.
- 32 (42) G.S. 143-548 – Business and Consumer Advisory Council.
- 33 (43) Part 6 of Article 2 of Chapter 143B – Public Librarian Certification  
34 Commission.
- 35 (44) G.S. 143B-90 – State Library Commission
- 36 (45) Part 17 of Article 2 of Chapter 143B – Roanoke Island Historical  
37 Association.
- 38 (46) G.S. 143B-289.3, G.S. 143B-289.5, G.S. 143B-289.6, G.S. 143B-  
39 289.7 – Marine Fisheries Commission.
- 40 (47) G.S. 143B-289.8 – Board of Trustees of the Marine Fisheries  
41 Endowment Fund of the Marine Fisheries Commission.
- 42 (48) Part 7 of Article 7 of Chapter 143B – Soil and Water Conservation  
43 Commission.

- 1 (49) Part 8 of Article 7 of Chapter 143B – North Carolina Sedimentation
- 2 Control Commission.
- 3 (50) Part 9 of Article 7 of Chapter 143B – Water Pollution Control System
- 4 Operators Certification Commission.
- 5 (51) G.S. 143B-335, G.S. 143B-336 – North Carolina Zoological Park
- 6 Council.
- 7 (52) Part 8B of Article 9 of Chapter 143B – North Carolina Council on
- 8 Ocean Affairs.
- 9 (53) Part 13 of Article 9 of Chapter 143B – Veterans' Affairs Commission.
- 10 (54) G.S. 143B-426.25 – N.C. Farmworker Council.
- 11 (55) G.S. 143B-438.4 – State Job Training Coordinating Council.
- 12 (56) Part 7 of Article 10 of Chapter 143B – National Park, Parkway and
- 13 Forests Development Commission.
- 14 (57) G.S. 143B-469 – North Carolina Ports Railway Commission.
- 15 (58) G.S. 143B-480 – Adjunct Committees of the Governor's Crime
- 16 Commission. (Judicial Planning Committee, Juvenile Justice Planning
- 17 Committee, Law Enforcement Planning Committee, Corrections
- 18 Planning Committee, and Juvenile Code Revision Committee.)
- 19 (59) G.S. 157-66 – State Indian Housing Authority.
- 20 (60) G.S. 165-26, G.S. 165-27, G.S. 165-29, G.S. 165-30 – Veterans
- 21 Recreation Authorities.
- 22 (61) Chapter 1008 of the 1991 Session Laws, 1992 Regular Session – Inter-
- 23 agency Task Force on State Agency Oversight of Workplace Safety
- 24 and Health.
- 25 Sec. 203. Effective July 1, 1996, the following sections of the General
- 26 Statutes are repealed:
- 27 (1) G.S. 53-92 – State Banking Commission.
- 28 (2) G.S. 54B-53 – Savings Institutions Commission.
- 29 (3) G.S. 58-50-120 – Small Employer Carrier Committee.
- 30 (4) G.S. 74C-4 – Private Protective Services Board.
- 31 (5) G.S. 74D-4 – Alarm Systems Licensing Board.
- 32 (6) G.S. 83A-2 – North Carolina Board of Architecture.
- 33 (7) G.S. 87-2, G.S. 87-6 – State Licensing Board Of General Contractors.
- 34 (8) G.S. 87-16, G.S. 87-17, G.S. 87-18, G.S. 87-19 – State Board of
- 35 Examiners of Plumbing, Heating, and Fire Sprinkler Contractors.
- 36 (9) G.S. 87-39, G.S. 87-40, G.S. 87-41 – State Board of Examiners of
- 37 Electrical Contractors.
- 38 (10) G.S. 87-52, G.S. 87-54, G.S. 87-55 – State Board of Refrigeration
- 39 Examiners.
- 40 (11) G.S. 89A-3 – North Carolina Board of Landscape Architects.
- 41 (12) G.S. 89C-4, G.S. 89C-5, G.S. 89C-6, G.S. 89C-7, G.S. 89C-8, G.S.
- 42 89C-9 – State Board of Registration for Professional Engineers and
- 43 Land Surveyors.
- 44 (13) G.S. 89D-4 – Landscape Contractors' Registration Board.

- 1 (14) G.S. 93A-3 – North Carolina Real Estate Commission.
- 2 (15) G.S. 93A-78 – Real Estate Appraisal Board.
- 3 (16) G.S. 96-3 – Employment Security Commission.
- 4 (17) G.S. 97-77 – Industrial Commission.
- 5 (18) G.S. 104E-7, G.S. 104E-8 – North Carolina Radiation Protection
- 6 Commission.
- 7 (19) G.S. 105-269.2 – Tax Review Board.
- 8 (20) G.S. 106-465 – Tobacco Boards of Trade.
- 9 (21) G.S. 112-7 – State Board of Pensions.
- 10 (22) G.S. 116-243 – Board of the North Carolina Arboretum.
- 11 (23) G.S. 122C-404 – Community of Butner Planning Commission.
- 12 (24) G.S. 139-7 – Soil/Water Conservation District Board of Supervisors.
- 13 (25) G.S. 143-215.94O – Petroleum Underground Storage Tank Funds
- 14 Council.
- 15 (26) G.S. 143-370, G.S. 143-372 – Advisory Commission for the Museum
- 16 of Natural History.
- 17 (27) Part 3 of Article 2 of Chapter 143B – Art Museum Building
- 18 Commission.
- 19 (28) Part 4 of Article 2 of Chapter 143B – North Carolina Historical
- 20 Commission.
- 21 (29) G.S. 143B-71, G.S. 143B-72 – Tryon Palace Commission.
- 22 (30) G.S. 143B-73, G.S. 143B-73.1, G.S. 143B-74 – U.S.S. North Carolina
- 23 Battleship Commission.
- 24 (31) Part 19 of Article 2 of Chapter 143B – Edenton Historical
- 25 Commission.
- 26 (32) Part 20 of Article 2 of Chapter 143B – Historic Bath Commission.
- 27 (33) Part 22 of Article 2 of Chapter 143B – Historic Murfreesboro
- 28 Commission.
- 29 (34) Part 6 of Article 7 of Chapter 143B – North Carolina Mining
- 30 Commission.
- 31 (35) G.S. 143B-356, G.S. 143B-357 – Aeronautics Council.
- 32 (36) G.S. 143B-387 – State Youth Council.
- 33 (37) G.S. 143B-390.1 – Office Of Marine Affairs.
- 34 (38) Part 9 of Article 9 of Chapter 143B – Human Relations Commission.
- 35 (39) Part 18 of Article 9 of Chapter 143B – North Carolina Internship
- 36 Council.
- 37 (40) Part 24 of Article 9 of Chapter 143B – Governor's Management
- 38 Council.
- 39 (41) G.S. 143B-434 – Economic Development Board.
- 40 (42) G.S. 143B-434.1 – Travel And Tourism Board.
- 41 (43) G.S. 143B-439 – Credit Union Commission.
- 42 (44) Part 7 of Article 10 of Chapter 143B – North Carolina National Parks,
- 43 Parkway and Forests Development Council.
- 44 (45) G.S. 148-118.6, G.S. 148-118.7 – Grievance Resolution Board.

- 1 (46) G.S. 159-3, G.S. 159-5 – Local Government Commission.  
2 (47) G.S. 160A-400.4 – Historic Preservation Commission.  
3 (48) G.S. 160A-451, G.S. 160A-453, G.S. 160A-454 – Community  
4 Appearance Commission.  
5 (49) G.S. 164-12, G.S. 164-14, G.S. 164-15, G.S. 164-16, G.S. 164-18,  
6 G.S. 164-19 – General Statutes Commission.  
7 Sec. 204. Effective July 1, 1997, the following sections of the General  
8 Statutes and Session Laws are repealed:  
9 (1) G.S. 15B-3 – Crime Victims Compensation Commission.  
10 (2) G.S. 63A-3 – Air Cargo Airport Authority.  
11 (3) G.S. 77-3, G.S. 77-34 – Lake Wylie Marine Commission.  
12 (4) G.S. 88A-5 – North Carolina Board of Electrolysis Examiners.  
13 (5) G.S. 90-2, G.S. 90-3, G.S. 90-4, G.S. 90-5 – Board of Medical  
14 Examiners.  
15 (6) G.S. 90-22, G.S. 90-23, G.S. 90-24 – State Board Of Dental  
16 Examiners.  
17 (7) G.S. 90-85.6, G.S. 90-85.7, G.S. 90-85.8, G.S. 90-85.9, G.S. 90-85.10,  
18 G.S. 90-85.11 – Board of Pharmacy.  
19 (8) G.S. 90-116, G.S. 90-117, G.S. 90-117.1, G.S. 90-117.2, G.S. 90-  
20 117.3 – Board of Examiners in Optometry.  
21 (9) G.S. 90-130 – Board of Osteopathic Examination and Registration.  
22 (10) G.S. 90-139, G.S. 90-140, G.S. 90-141 – Board of Chiropractic  
23 Examiners.  
24 (11) G.S. 90-171.21, G.S. 90-171.22 – Board of Nursing.  
25 (12) G.S. 90-171.60 – Nursing Scholars Commission.  
26 (13) G.S. 90-171.71 – Board of Directors of the Center for Nursing.  
27 (14) G.S. 90-178.4 – Joint Subcommittee of Board of Medical Examiners  
28 and Board of Nursing Midwifery Practice Act.  
29 (15) G.S. 90-182, G.S. 90-183, G.S. 90-184 – Veterinary Medical Board.  
30 (16) G.S. 90-202.4 – Board of Podiatry Examiners.  
31 (17) G.S. 90-210.18, G.S. 90-210.19, G.S. 90-210.22 – North Carolina  
32 Board of Mortuary Science.  
33 (18) G.S. 90-238, G.S. 90-239 – Board of Opticians.  
34 (19) G.S. 90-270.6, G.S. 90-270.7, G.S. 90-270.8 – Board of Examiners of  
35 Practicing Psychologists.  
36 (20) G.S. 90-270.25 – Board of Physical Therapy Examiners.  
37 (21) G.S. 90-270.49, G.S. 90-270.50, G.S. 90-270.51 – Marital and Family  
38 Therapy Certification Board.  
39 (22) G.S. 90-270.68 – Board of Occupational Therapy.  
40 (23) G.S. 90-277 – Board of Examiners for Nursing Home Administrators.  
41 (24) G.S. 90-303 – Board of Examiners for Speech and Language  
42 Pathologists and Audiologists.  
43 (25) G.S. 90-333 – Board of Registered Practicing Counselors.

- 1 (26) G.S. 90-353, G.S.90-354, G.S. 90-355 – North Carolina Board of
- 2 Dietetics/Nutrition.
- 3 (27) G.S. 90-385 – Board of Examiners of Fee-Based Practicing Pastoral
- 4 Counselors.
- 5 (28) G.S. 90C-5 – North Carolina State Board of Therapeutic Recreation
- 6 Certification.
- 7 (29) G.S. 93D-3 – Hearing Aid Dealers and Fitters Board.
- 8 (30) G.S. 106-769 – Genetic Engineering Review Board.
- 9 (31) G.S. 113A-104 – Coastal Resources Commission.
- 10 (32) G.S. 115C-64.4(c) – Public Schools Caretaker Boards.
- 11 (33) G.S. 115C-121 – Advocacy Council on Education
- 12 Services/Exceptional Child.
- 13 (34) G.S. 115C-174.1, G.S. 115C-174.2, G.S. 115C-174.3, G.S. 115C-
- 14 174.4, G.S. 115C-174.5 – Commission on Testing.
- 15 (35) G.S. 115C-210, G.S. 115C-210.1, G.S. 115C-210.2, G.S. 115C-210.3
- 16 – Advisory Council on Indian Education.
- 17 (36) G.S. 115C-325(i) – Professional Review Committee For Public School
- 18 Teachers.
- 19 (37) G.S. 115C-327, G.S. 115C-328 – Personnel Administration
- 20 Commission For Public School Employees.
- 21 (38) G.S. 115C-363.22, G.S. 115C-363.23 – Teaching Fellows
- 22 Commission.
- 23 (39) G.S. 115C-489.4 – Commission on School Facility Needs.
- 24 (40) G.S. 115D-2.1 – State Board of Community Colleges.
- 25 (41) G.S. 116-3, G.S. 116-5, G.S. 116-6, G.S. 116-6.1, G.S. 116-7, G.S.
- 26 116-8, G.S. 116-9, G.S. 116-10 – Board of Governors of The
- 27 University of North Carolina.
- 28 (42) G.S. 116-31, G.S. 116-32 – Boards Of Trustees of The University of
- 29 North Carolina.
- 30 (43) G.S. 116-203 – Education Assistance Authority.
- 31 (44) G.S. 120-70.41, G.S. 120-70.42, G.S. 120-70.45, G.S. 120-70.46 –
- 32 Environmental Review Commission.
- 33 (45) G.S. 136-17.2 – Board of Transportation.
- 34 (46) G.S. 143-136 – North Carolina State Building Code Council.
- 35 (47) G.S. 143-261, G.S. 143-262, G.S. 143-263, G.S. 143-264, G.S. 143-
- 36 265 – State Education Commission.
- 37 (48) G.S. 143B-282, G.S. 143B-283, G.S. 143B-284, G.S. 143B-285 –
- 38 Environmental Management Commission.
- 39 (49) G.S. 147-54.8 – Constitutional Amendments Publication Commission.
- 40 (50) Chapter 869 of the 1991 Session Laws, 1992 Regular Session –
- 41 Educational Leadership Task Force.

42 Sec. 205. The General Assembly shall, prior to the proposed expiration date,  
43 evaluate each board or commission proposed for abolition by this act, and if it  
44 determines that the board or commission has accomplished its mission, that board or

1 commission shall be allowed to expire. Otherwise, the General Assembly shall enact  
2 legislation to retain the board, or consider merging it with another board or commission  
3 or transferring the function to some executive branch official.

4 Sec. 206. Sections 201 through 205 of this act are effective upon ratification.

5 ---ORG. & STAFFING ANALYSES BY GOV.

6 Sec. 207. The Governor shall conduct organizational and staffing analyses of  
7 State agencies. The analyses shall use the following guidelines:

8 (1) Eliminate one-on-one reporting relationships at middle management  
9 and supervisory levels.

10 (2) Achieve spans of control of three to six, with a span of control of three  
11 applying to highly technical, policy-sensitive, or nonrepetitive  
12 functions.

13 (3) Consolidate units with small numbers of staff into larger, more  
14 efficient units.

15 Sec. 208. This act is effective upon ratification.

16 ---REORGANIZE DEPT OF ADMINISTRATION.

17 Sec. 209. (a) G.S. 143B-367 reads as rewritten:

18 "**§ 143B-367. Duties of the Department.**

19 It shall be the duty of the Department of Administration to ~~serve as a staff agency to~~  
20 ~~the Governor and to provide for such ancillary administrative services as the other~~  
21 departments of State government might need to insure efficient and effective  
22 operations."

23 (b) The Secretary of Administration shall streamline the alignment of functions  
24 in the Department of Administration mandated by this section to provide improved  
25 management support to agencies across State government.

26 ---TRANSFER DOA ADVOCACY GROUPS.

27 Sec. 210. (a) Youth Advocacy and Involvement Office transfer. – All of the  
28 powers, duties, and functions of the Youth Advocacy and Involvement Office are  
29 transferred from the Department of Administration to the Office of the Governor. This  
30 transfer shall include all elements of a Type I transfer, as defined in G.S. 143A-6.

31 (b) North Carolina Human Relations Commission transfer. – All of the powers,  
32 duties, and functions of the North Carolina Human Relations Commission, which is  
33 described in Part 9 of Article 9 of Chapter 143B of the General Statutes are transferred  
34 from the Department of Administration to the Office of the Governor. This transfer  
35 shall include all elements of a Type I transfer, as defined in G.S. 143A-6.

36 (c) North Carolina Council for Women transfer. – All of the powers, duties, and  
37 functions of the North Carolina Council for Women, which is described in Part 10 of  
38 Article 9 of Chapter 143B of the General Statutes, except for the powers, duties, and  
39 functions that deal with the administration of grants for domestic violence and sexual  
40 assault centers, are transferred from the Department of Administration to the Office of  
41 the Governor. This transfer shall include all elements of a Type I transfer, as defined in  
42 G.S. 143A-6.

43 All of the powers, duties, and functions of the North Carolina Council for  
44 Women, which is described in Part 10 of Article 9 of Chapter 143B of the General

1 Statutes, that deal with the administration of grants for domestic violence and sexual  
2 assault centers, are transferred from the Department of Administration to the  
3 Department of Human Resources, Division of Social Services. This transfer shall  
4 include all elements of a Type I transfer, as defined in G.S. 143A-6.

5 The Director of the Budget shall resolve all conflicts regarding the transfers  
6 mandated by this subsection.

7 (d) Veterans' Affairs Commission transfer. – All of the powers, duties, and  
8 functions of the Veterans' Affairs Commission, which is described in Part 13 of Article  
9 9 of Chapter 143B of the General Statutes, are transferred from the Department of  
10 Administration to the Office of the Governor. This transfer shall include all elements of  
11 a Type I transfer, as defined in G.S. 143A-6.

12 (e) Governor's Advocacy Council for Persons with Disabilities transfer. – All  
13 of the powers, duties, and functions of the Governor's Advocacy Council for Persons  
14 with Disabilities, which is described in Part 14A of Article 9 of Chapter 143B of the  
15 General Statutes, except the powers, duties, and functions for the programs that deal  
16 with assisting the disabled in obtaining housing, employment, and other services, are  
17 transferred from the Department of Administration to the Office of the Governor. This  
18 transfer shall include all elements of a Type I transfer, as defined in G.S. 143A-6.

19 All of the powers, duties, and functions of the Governor's Advocacy Council  
20 for Persons with Disabilities, which is described in Part 14A of Article 9 of Chapter  
21 143B of the General Statutes, that deal with assisting the disabled in obtaining housing,  
22 employment, and other services, are transferred from the Department of Administration  
23 to the Department of Human Resources, Vocational Rehabilitation Program. This  
24 transfer shall include all elements of a Type I transfer, as defined in G.S. 143A-6.

25 The Director of the Budget shall resolve all conflicts regarding the transfers  
26 mandated by this subsection.

27 (f) North Carolina State Commission of Indian Affairs transfer. – All of the  
28 powers, duties, and functions of the North Carolina State Commission of Indian Affairs  
29 described in Part 15 of Article 9 of Chapter 143B of the General Statutes, are transferred  
30 from the Department of Administration to the Office of the Governor. This transfer  
31 shall include all elements of a Type II transfer, as defined in G.S. 143A-6.

32 (g) Part 9 of Article 9 of Chapter 143B of the General Statutes, consisting of  
33 G.S. 143B-391 and G.S. 143B-392, is recodified and reads as rewritten:

34 **~~PART 9. NORTH CAROLINA HUMAN RELATIONS COMMISSION.~~**  
35 **~~§ 143Br Commission – creation; powers and duties.~~**

36 There is hereby created the North Carolina Human Relations Commission of the  
37 ~~Department of Administration.~~ Office of the Governor. The North Carolina Human  
38 Relations Commission shall have the following functions and duties:

- 39 (1) To study problems concerning human relations;
- 40 (2) To promote equality of opportunity for all citizens;
- 41 (3) To promote understanding, respect, and goodwill among all citizens;
- 42 (4) To provide channels of communication among the races;
- 43 (5) To encourage the employment of qualified people without regard to  
44 race;

- 1 (6) To encourage youths to become better trained and qualified for  
2 employment;
- 3 (7) To receive on behalf of the ~~Department of Administration~~ Office of the  
4 Governor and to recommend expenditure of gifts and grants from  
5 public and private donors;
- 6 (8) To enlist the cooperation and assistance of all State and local  
7 government officials in the attainment of the objectives of the  
8 Commission;
- 9 (9) To assist local good neighborhood councils and biracial human  
10 relations committees in promoting activities related to the functions of  
11 the Commission enumerated above;
- 12 (10) To advise the ~~Secretary of Administration~~ Governor upon any matter  
13 ~~the Secretary may refer~~ referred to it;
- 14 (11) To administer the provisions of the State Fair Housing Act as outlined  
15 in Chapter 41A of the General Statutes;
- 16 (12) To administer the provisions of Chapter 99D of the General Statutes.

17 **~~§ 143BG~~ Commission – members; selection; quorum; compensation.**

18 (a) The Human Relations Commission of the ~~Department of Administration~~  
19 Office of the Governor shall consist of 20 members. The Governor shall appoint one  
20 member from each of the 11 congressional districts, plus five members at large,  
21 including the chairperson. The Speaker of the North Carolina House of Representatives  
22 shall appoint two members to the Commission. The Lieutenant Governor shall appoint  
23 two members to the Commission. The terms of four of the members appointed by the  
24 Governor shall expire June 30, 1988. The terms of four of the members appointed by  
25 the Governor shall expire June 30, 1987. The terms of four of the members appointed  
26 by the Governor shall expire June 30, 1986. The terms of four of the members  
27 appointed by the Governor shall expire June 30, 1985. The terms of the members  
28 appointed by the Speaker of the North Carolina House of Representatives shall expire  
29 June 30, 1986. The terms of the members appointed by the Lieutenant Governor shall  
30 expire June 30, 1986. At the end of the respective terms of office of the initial members  
31 of the Commission, the appointment of their successors shall be for terms of four years.  
32 No member of the commission shall serve more than two consecutive terms. A member  
33 having served two consecutive terms shall be eligible for reappointment one year after  
34 the expiration of his second term. Any appointment to fill a vacancy on the  
35 Commission created by the resignation, dismissal, death, or disability of a member shall  
36 be filled in the manner of the original appointment for the unexpired term.

37 (b) Members of the Commission shall receive per diem and necessary travel and  
38 subsistence expenses in accordance with the provisions of G.S. 138-5.

39 (c) A majority of the Commission shall constitute a quorum for the transaction of  
40 business.

41 (d) All clerical and support services required by the Commission shall be  
42 supplied by the ~~Secretary of the Department of Administration~~ Office of the Governor."

43 (h) Part 10 of Article 9 of Chapter 143B of the General Statutes, consisting  
44 of G.S. 143B-393 and G.S. 143B-394, is recodified and reads as rewritten:



**"PART 10. NORTH CAROLINA COUNCIL FOR WOMEN.****"§ 143B\*creation; powers and duties.**

There is hereby created the North Carolina Council for Women of the ~~Department of Administration~~ Office of the Governor. The North Carolina Council for Women shall have the following functions and duties:

- (1) To advise the Governor, the principal State departments, and the State legislature concerning the education and employment of women in the State of North Carolina; and
- (2) To advise the ~~Secretary of Administration~~ Governor upon any matter ~~the Secretary may refer~~ referred to it; and
- (3) To establish programs for the assistance of displaced homemakers as set forth in Part 10B of this Article.

**"§ 143Btmembers; selection; quorum; compensation.**

The North Carolina Council for Women of the ~~Department of Administration~~ Office of the Governor shall consist of 20 members appointed by the Governor. The initial members of the Council shall be the appointed members of the North Carolina Council for Women, three of whose appointments expire June 30, 1977, and four of whose appointments expire June 30, 1978. Thirteen additional members shall be appointed in 1977, six of whom shall serve terms expiring June 30, 1978, and seven of whom shall serve terms expiring June 30, 1979. At the ends of the respective terms of office of the initial members of the Council and of the 13 members added in 1977, the appointment of their successors shall be for terms of two years and until their successors are appointed and qualify. Any appointment to fill a vacancy on the Council created by the resignation, dismissal, death, or disability of a member shall be for the balance of the unexpired term. Members of the Council shall be representative of age, sex, ethnic and geographic backgrounds.

The Governor shall have the power to remove any member of the Council from office in accordance with the provisions of G.S. 143B-16 of the Executive Organization Act of 1973.

The Governor shall designate a member of the Council to serve as chairman at the pleasure of the Governor.

Members of the Council shall receive per diem and necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

A majority of the Council shall constitute a quorum for the transaction of business.

All clerical and other services required by the Council shall be supplied by the ~~Secretary of Administration~~ Office of the Governor."

(i) Part 13 of Article 9 of Chapter 143B of the General Statutes, consisting of G.S. 143B-399, 143B-400, and 143B-401, is recodified and reads as rewritten:

**"PART 13. VETERANS' AFFAIRS COMMISSION.****"§ 143B"creation, powers and duties.**

There is hereby created the Veterans' Affairs Commission of the ~~Department of Administration~~ Office of the Governor. The Veterans' Affairs Commission shall have the following functions and duties:

- 1 (1) To advise the Governor on matters relating to the affairs of veterans in  
2 North Carolina;
- 3 (2) To maintain a continuing review of the operation and budgeting of  
4 existing programs for veterans and their dependents in the State and to  
5 make any recommendations to the Governor for improvements and  
6 additions to such matters to which the Governor shall give due  
7 consideration;
- 8 (3) To serve collectively as a liaison between the Division of Veterans  
9 Affairs and the veterans organizations represented on the Commission;
- 10 (4) To promulgate rules and regulations concerning the awarding of  
11 scholarships for children of North Carolina veterans as provided by  
12 Article 4 of Chapter 165 of the General Statutes of North Carolina.  
13 The Commission shall make rules and regulations consistent with the  
14 provisions of this Chapter. All rules and regulations not inconsistent  
15 with the provisions of this Chapter heretofore adopted by the State  
16 Board of Veterans' Affairs shall remain in full force and effect unless  
17 and until repealed or superseded by action of the Veterans Affairs  
18 Commission. All rules and regulations adopted by the Commission  
19 shall be enforced by the Division of Veterans' Affairs;
- 20 (4a) To promulgate rules concerning the awarding of the North Carolina  
21 Services Medal to all veterans who have served in any period of war as  
22 defined in 38 U.S.C. § 101. The award shall be self-financing; those  
23 who wish to be awarded the medal shall pay a fee to cover the  
24 expenses of producing the medal and awarding the medal. All rules  
25 adopted by the Commission with respect to the North Carolina  
26 Services Medal shall be implemented and enforced by the Division of  
27 Veterans' Affairs; and
- 28 (5) To advise the Governor on any matter the Governor may refer to it.

29 **~~§ 143B~~members; selection; quorum; compensation.**

30 The Veterans' Affairs Commission of the ~~Department of Administration~~ Office of  
31 the Governor shall consist of one voting member from each congressional district, all of  
32 whom shall be veterans, appointed by the Governor for four-year terms. In making these  
33 appointments, the Governor shall insure that both major political parties will be  
34 continuously represented on the Veterans' Affairs Commission.

35 The initial members of the Commission shall be the appointed members of the  
36 current Veterans' Affairs Commission who shall serve for the remainder of their current  
37 terms and six additional members appointed by the Governor for terms expiring June  
38 30, 1981. Thereafter, all members shall be appointed for terms of four years. Any  
39 appointment to fill a vacancy on the Commission created by the resignation, dismissal,  
40 death or disability of a member shall be for the balance of the unexpired term. The  
41 Governor shall have the power to remove any member of the Commission in  
42 accordance with provisions of G.S. 143B-13.

43 In the event that more than 11 congressional districts are established in the State, the  
44 Governor shall on July 1 following the establishment of such additional congressional

1 districts appoint a member of the Commission from that congressional district. If on  
2 July 1, 1977, or at any time thereafter due to congressional redistricting, two or more  
3 members of the Veterans' Affairs Commission shall reside in the same congressional  
4 district then such members shall continue to serve as members of the Commission for a  
5 period equal to the remainder of their current terms on the Commission provided that  
6 upon the expiration of said term or terms the Governor shall fill such vacancy or  
7 vacancies in such a manner as to insure that as expeditiously as possible there is one  
8 member of the Veterans' Affairs Commission who is a resident of each congressional  
9 district in the State.

10 The Governor shall designate from the membership of the Commission a chairman  
11 and vice-chairman of the Commission who shall serve at the pleasure of the Governor.  
12 ~~The Secretary of the Department of Administration or his designee shall serve as~~  
13 ~~secretary of the Commission.~~

14 Members of the Commission shall receive per diem and necessary travel and  
15 subsistence expenses in accordance with provisions of G.S. 138-5.

16 A majority of the Commission shall constitute a quorum for the transaction of  
17 business.

18 The Veterans' Affairs Commission shall meet at least twice a year and may hold  
19 special meetings at any time or place within the State at the call of the chairman, at the  
20 call of the ~~Secretary of the Department of Administration~~ Governor or upon the written  
21 request of at least six members.

22 All clerical and other services required by the Commission shall be provided by the  
23 ~~Secretary of the Department of Administration~~ Office of the Governor.

24 **~~§ 143B~~ Committee – members; compensation.**

25 The department commander or official head of each veterans' organization which  
26 has been chartered by an act of the United States Congress and which is legally  
27 constituted and operating in this State pursuant to said charter shall constitute an  
28 Advisory Committee to the Veterans' Affairs Commission. Members of the Veterans'  
29 Affairs Commission Advisory Committee shall receive per diem and necessary travel  
30 and subsistence expenses in accordance with the provisions of G.S. 138-5."

31 (j) Part 14A of Article 9 of Chapter 143B of the General Statutes, consisting  
32 of G.S. 143B-403.1 and G.S. 143B-403.2, is recodified and reads as rewritten:

33 **~~PART 14A.~~**

34 **~~GOVERNOR'S ADVOCACY COUNCIL FOR PERSONS WITH~~**  
35 **~~DISABILITIES.~~**

36 **~~§ 143B~~ Persons with Disabilities – creation; powers and duties.**

37 There is hereby created the Governor's Advocacy Council for Persons with  
38 Disabilities of the ~~Department of Administration~~ Office of the Governor. The Council  
39 shall have the following functions and duties:

- 40 (1) To provide for a statewide protection and advocacy program in  
41 accordance with the Developmental Disabilities Assistance and Bill  
42 of Rights Act, 42 U.S.C. § 6000, **et seq.**, and Public Law 99-319,  
43 as amended, the Protection and Advocacy for the Mentally Ill Act  
44 of 1988. In accordance with this Act, the Council shall, among

1 other things, investigate complaints made by or on behalf of  
2 incompetent developmentally or mentally disabled persons who  
3 reside in facilities for the developmentally or mentally disabled  
4 who have no legal guardian or whose guardian is the State or a  
5 State designee. Where such a complaint is made to the Council, the  
6 Council shall have access to the individual who is the subject of the  
7 complaint, and to the records of such individual; provided that an  
8 allegedly incompetent client who has no guardian who, in the  
9 opinion of the facility director, is competent shall have the  
10 opportunity prior to disclosure to deny access to his individual  
11 records by making a specific objection to disclosure to the Council.  
12 The Council shall keep client information confidential in  
13 accordance with 42 U.S.C. § 6000 and implementing rules and  
14 regulations, including 45 C.F.R. Part 1386. The Council's authority  
15 under this subdivision shall override any contrary provisions of  
16 State law and shall apply as long as the Council is designated by  
17 the Governor as the Protection and Advocacy Agency under 42  
18 U.S.C. § 6000.

- 19 (2) To pursue legal, administrative, or other appropriate remedies to  
20 insure the protection of the rights of all developmentally, mentally,  
21 physically, emotionally and otherwise disabled persons who are  
22 receiving treatment, services, or habilitation from any State, local,  
23 or area program;
- 24 (3) To review and recommend changes in all laws, rules, regulations,  
25 programs and policies of this State or any agency or subdivision  
26 thereof to insure the rights of the developmentally, mentally,  
27 physically, emotionally and otherwise disabled persons are  
28 safeguarded;
- 29 (4) To investigate complaints concerning the violation of the rights of  
30 the developmentally, mentally, physically, emotionally and  
31 otherwise disabled persons and to take appropriate action;
- 32 (5) To contract with public agencies or private nonprofit corporations  
33 to fulfill any of the functions and duties provided for in  
34 subdivisions (2) and (6) and government funded programs;
- 35 (6) To aid and assist local advocacy program and the advocacy  
36 programs in mental retardation centers, psychiatric hospitals,  
37 training schools, and alcoholic rehabilitation centers;
- 38 (7) To perform such other functions as are necessary to protect the  
39 rights of the developmentally, mentally, physically, emotionally  
40 and otherwise disabled or as may be assigned by the ~~Secretary of~~  
41 ~~Administration; Office of the Governor;~~  
42 (8) To advise and assist the ~~Department of Administration; Office of~~  
43 the Governor on the continuing program to promote the  
44 employment of the physically, mentally, emotionally, and

- 1 otherwise handicapped citizens of North Carolina by creating  
 2 statewide interest in the rehabilitation and employment of the  
 3 handicapped, and by obtaining and maintaining cooperation with  
 4 all public and private groups and individuals in this field;
- 5 (9) To work in close cooperation with the President's Committee on  
 6 the Employment of People with Disabilities to carry out more  
 7 effectively the purpose of Article 29A of Chapter 143 of the  
 8 General Statutes, and with State and federal agencies having  
 9 responsibilities for employment and rehabilitation of the  
 10 handicapped;
- 11 (10) To promote and encourage the holding of appropriate ceremonies  
 12 throughout the State during the 'National Disability Employment  
 13 Awareness Month,' the purpose of which ceremony shall be to  
 14 enlist public support for interest in the employment of the  
 15 developmentally, mentally, physically, emotionally and otherwise  
 16 disabled; ~~and~~
- 17 (10a) To initiate public awareness projects and to make  
 18 recommendations to the Governor concerning broad policies  
 19 pertaining to rehabilitation for disabled persons; and
- 20 (11) The Council shall advise ~~the Secretary of Administration~~ Governor  
 21 upon any matter ~~the Secretary may refer~~ referred to it.

22 **~~§ 143B~~ Persons with Disabilities – members; selection; quorum; compensation.**

23 (a) The Governor's Advocacy Council for Persons with Disabilities of the  
 24 ~~Department of Administration~~ Office of the Governor shall consist of 21 members,  
 25 appointed as follows:

- 26 (1) Seven members appointed by the Governor;
- 27 (2) Seven members appointed by the General Assembly upon the  
 28 recommendation of the President of the Senate;
- 29 (3) Seven members appointed by the General Assembly upon the  
 30 recommendation of the Speaker of the House of Representatives.
- 31 (b) Of the members appointed to the Council, at least 12 shall be disabled  
 32 persons or family members of disabled persons, with representation as follows:
- 33 (1) One representative of persons associated with substance abuse, one  
 34 representative of persons with sensory impairment, one  
 35 representative of persons with physical disabilities, one person who  
 36 shall serve as Chair of the Protection and Advocacy for the  
 37 Mentally Ill Advisory Committee of the Governor's Advocacy  
 38 Council for Persons with Disabilities, to be appointed by the  
 39 Governor;
- 40 (2) One representative of persons with mental retardation, one  
 41 representative of persons with developmental disabilities, one  
 42 representative of persons with mental illness and one representative  
 43 of persons with sensory impairment, to be appointed upon  
 44 recommendation of the President of the Senate; and

1 (3) One representative of persons with mental retardation, one  
2 representative of persons with developmental disabilities, one  
3 representative of persons with mental illness, and one  
4 representative of persons with physical disabilities, to be appointed  
5 upon recommendation of the Speaker of the House of  
6 Representatives.

7 Appointments to the Council under the provisions of this subsection shall be made  
8 after consultation with and consideration of recommendations from statewide advocacy  
9 and membership organizations associated with persons covered by the federal  
10 Developmental Disabilities Assistance and Bill of Rights and the Protection and  
11 Advocacy for Mentally Ill Individuals Act.

12 (c) Members appointed to fit the representative categories shall be initially  
13 appointed as terms expire and as vacancies occur, until all categories are filled.  
14 Vacancies in appointments made by the General Assembly shall be filled in accordance  
15 with G.S. 120-122. An administrator in any branch of State government that delivers  
16 services to persons with disabilities is not eligible for membership on the Council.

17 (d) The initial term for three of the members appointed by the Governor shall be  
18 two years. The initial term for the remaining members appointed by the Governor shall  
19 be four years. At the end of the respective terms of office of the initial members of the  
20 Council, the appointment of all members shall be for terms of four years and until their  
21 successors are appointed and qualify. Any appointment to fill a vacancy on the Council  
22 created by the resignation, dismissal, death, or disability of a member shall be filled  
23 within 60 days after the date on which the vacancy occurs and shall be for the balance  
24 of the unexpired term. The initial members appointed by the General Assembly shall  
25 serve for terms to expire June 30, 1993. Subsequently, members appointed by the  
26 General Assembly shall serve two-year terms beginning July 1, 1993, and biennially  
27 thereafter.

28 The Governor may remove any member of the Council appointed by the Governor.

29 The Governor shall designate one member of the Council to serve as chair and one  
30 member to serve as vice-chair.

31 Members of the Council shall receive per diem and necessary travel and subsistence  
32 expenses in accordance with the provisions of G.S. 138-5.

33 A majority of the Council shall constitute a quorum for the transaction of business.

34 All clerical and other services required by the Council shall be supplied by the  
35 ~~Secretary of Administration~~ Office of the Governor."

36 (k) Part 15 of Article 9 of Chapter 143B of the General Statutes, consisting  
37 of G.S. 143B-404 through G.S. 143B-411, is recodified and reads as rewritten:

38 **~~PART 15. NORTH CAROLINA STATE COMMISSION OF INDIAN~~**  
39 **~~AFFAIRS.~~**

40 **~~§ 143B Indian Affairs – creation; name.~~**

41 There is hereby created and established the North Carolina State Commission of  
42 Indian Affairs. The Commission shall be administered under the direction and  
43 supervision of the ~~Department of Administration~~ Office of the Governor pursuant to  
44 G.S. 143A-6(b) and (c).

1 **"§ 143Ba Indian Affairs – purposes for creation.**

2 The purposes of the Commission shall be to deal fairly and effectively with Indian  
3 affairs; to bring local, State, and federal resources into focus for the implementation or  
4 continuation of meaningful programs for Indian citizens of the State of North Carolina;  
5 to provide aid and protection for Indians as needs are demonstrated; to prevent undue  
6 hardships; to assist Indian communities in social and economic development; and to  
7 promote recognition of and the right of Indians to pursue cultural and religious  
8 traditions considered by them to be sacred and meaningful to Native Americans.

9 **"§ 143B Indian Affairs – duties; use of funds.**

10 It shall be the duty of the Commission to study, consider, accumulate, compile,  
11 assemble and disseminate information on any aspect of Indian affairs; to investigate  
12 relief needs of Indians of North Carolina and to provide technical assistance in the  
13 preparation of plans for the alleviation of such needs; to confer with appropriate  
14 officials of local, State and federal governments and agencies of these governments, and  
15 with such congressional committees that may be concerned with Indian affairs to  
16 encourage and implement coordination of applicable resources to meet the needs of  
17 Indians in North Carolina; to cooperate with and secure the assistance of the local, State  
18 and federal governments or any agencies thereof in formulating any such programs, and  
19 to coordinate such programs with any programs regarding Indian affairs adopted or  
20 planned by the federal government to the end that the State Commission of Indian  
21 Affairs secure the full benefit of such programs; to review all proposed or pending State  
22 legislation and amendments to existing State legislation affecting Indians in North  
23 Carolina; to conduct public hearings on matters relating to Indian affairs and to  
24 subpoena any information or documents deemed necessary by the Commission; to study  
25 the existing status of recognition of all Indian groups, tribes and communities presently  
26 existing in the State of North Carolina; to establish appropriate procedures to provide  
27 for legal recognition by the State of presently unrecognized groups; to provide for  
28 official State recognition by the Commission of such groups; and to initiate procedures  
29 for their recognition by the federal government.

30 **"§ 143B Indian Affairs – membership; term of office; chairman; compensation.**

31 (a) The State Commission of Indian Affairs shall consist of two persons  
32 appointed by the General Assembly, the Secretary of Human Resources, the Director of  
33 the State Employment Security Commission, the Secretary of Administration, the  
34 Secretary of Environment, Health, and Natural Resources, the Commissioner of Labor  
35 or their designees and 18 representatives of the Indian community. These Indian  
36 members shall be selected by tribal or community consent from the Indian groups that  
37 are recognized by the State of North Carolina and are principally geographically located  
38 as follows: the Coharie of Sampson and Harnett Counties; the Eastern Band of  
39 Cherokees; the Haliwa of Halifax, Warren, and adjoining counties; the Lumbees of  
40 Robeson, Hoke and Scotland Counties; the Meherrin of Hertford County; the  
41 Waccamaw-Siouan from Columbus and Bladen Counties; and the Native Americans  
42 located in Cumberland, Guilford and Mecklenburg Counties. The Coharie shall have  
43 two members; the Eastern Band of Cherokees, two; the Haliwa, two; the Lumbees,  
44 three; the Meherrin, one; the Waccamaw-Siouan, two; the Cumberland County

1 Association for Indian People, two; the Guilford Native Americans, two; the Metrolian  
2 Native Americans, two. Of the two appointments made by the General Assembly, one  
3 shall be made upon the recommendation of the Speaker, and one shall be made upon  
4 recommendation of the President of the Senate. Appointments by the General  
5 Assembly shall be made in accordance with G.S. 120-121 and vacancies shall be filled  
6 in accordance with G.S. 120-122.

7 (b) Members serving by virtue of their office within State government shall serve  
8 so long as they hold that office. Members representing Indian tribes and groups shall be  
9 elected by the tribe or group concerned and shall serve for three-year terms except that  
10 at the first election of Commission members by tribes and groups one member from  
11 each tribe or group shall be elected to a one-year term, one member from each tribe or  
12 group to a two-year term, and one member from the Lumbees to a three-year term.  
13 Thereafter, all Commission members will be elected to three-year terms. All members  
14 shall hold their offices until their successors are appointed and qualified. Vacancies  
15 occurring on the Commission shall be filled by the tribal council or governing body  
16 concerned. Any member appointed to fill a vacancy shall be appointed for the  
17 remainder of the term of the member causing the vacancy. The Governor shall appoint  
18 a chairman of the Commission from among the Indian members of the Commission,  
19 subject to ratification by the full Commission. The initial appointments by the General  
20 Assembly shall expire on June 30, 1983. Thereafter, successors shall serve for terms of  
21 two years.

22 (c) Commission members who are seated by virtue of their office within the State  
23 government shall be compensated at the rate specified in G.S. 138-6. Commission  
24 members who are members of the General Assembly shall be compensated at the rate  
25 specified in G.S. 120-3.1. Indian members of the commission shall be compensated at  
26 the rate specified in G.S. 138-5.

27 ~~"§ 143Bt~~ **Indian Affairs – meetings; quorum; proxy vote.**

28 (a) The Commission shall meet quarterly, and at any other such time that it shall  
29 deem necessary. Meetings may be called by the chairman or by a petition signed by a  
30 majority of the members of the Commission. Ten days' notice shall be given in writing  
31 prior to the meeting date.

32 (b) Simple majority of the Indian members of the Commission must be present to  
33 constitute a quorum.

34 (c) Proxy vote shall not be permitted.

35 ~~"§ 143Bo~~ **Indian Affairs – reports.**

36 The Commission shall prepare a written annual report giving an account of its  
37 proceedings, transactions, findings, and recommendations. This report shall be  
38 submitted to the Governor and the legislature. The report will become a matter of public  
39 record and will be maintained in the State Historical Archives. It may also be furnished  
40 to such other persons or agencies as the Commission may deem proper.

41 ~~"§ 143Be~~ **Indian Affairs – fiscal records; clerical staff.**

42 Fiscal records shall be kept by the ~~Secretary of Administration.~~ Office of the  
43 Governor. The audit report will become a part of the annual report and will be submitted



1 in accordance with the regulations governing preparation and submission of the annual  
2 report.

3 "~~§ 143B-411.~~ **§ 143A-18.68. North Carolina State Commission of Indian Affairs –**  
4 **executive director; employees.**

5 The Commission may, subject to legislative or other funds that would accrue to the  
6 Commission, employ an executive director to carry out the day-to-day responsibilities  
7 and business of the Commission. The executive director shall serve at the pleasure of  
8 the Commission. The executive director, also subject to legislative or other funds that  
9 would accrue to the Commission, may hire additional staff and consultants to assist in  
10 the discharge of his responsibilities, as determined by the Commission. The executive  
11 director shall not be a member of the Commission, and shall be of Indian descent."

12 (l) This section becomes effective July 1, 1993.

13 —TRANSFER OSBM MANAGEMENT SECTION.

14 Sec. 211. (a) The Management and Productivity Section of the Office of State  
15 Budget and Management is transferred from the Office of State Budget and  
16 Management to the Department of Administration. This transfer shall include all  
17 elements of a Type I transfer, as defined in G.S. 143A-6.

18 (b) This section becomes effective July 1, 1993.

19 —TRANSFER SIPS TO ADMIN. DEPT.

20 Sec. 212. (a) State Information Processing Services, described in Part 28A of  
21 Article 9 of Chapter 143B of the General Statutes, is transferred from the Office of the  
22 State Controller to the Department of Administration. This transfer shall include all  
23 elements of a Type I transfer, as defined in G.S. 143A-6.

24 (b) Part 23 of Article 9 of Chapter 143B of the General Statutes reads as  
25 rewritten:

26 "~~Part 23. Information Technology Resource Management Commission.~~

27 "**§ 143B-426.21. Information Resource Management Commission.**

28 (a) Creation; Membership. – The Information Resource Management  
29 Commission is created in the ~~Office of the State Controller.~~ Department of  
30 Administration. The Commission consists of the following members:

31 (1) Four members of the Council of State, appointed by the Governor.

32 (2) The Secretary of Administration.

33 (3) The State Budget Officer.

34 (4) Two members of the Governor's cabinet, appointed by the  
35 Governor.

36 (5) One citizen of the State of North Carolina with a background in  
37 and familiarity with information systems or telecommunications,  
38 appointed by the General Assembly upon the recommendation of  
39 the President Pro Tempore of the Senate in accordance with G.S.  
40 120-121.

41 (6) One citizen of the State of North Carolina with a background in  
42 and familiarity with information systems or telecommunications,  
43 appointed by the General Assembly upon the recommendation of

1 the Speaker of the House of Representatives in accordance with  
2 G.S. 120-121.

3 (7) The Chair of the Governor's Committee on Data Processing and  
4 Information Systems.

5 (8) The Chair of the State Information Processing Services Advisory  
6 Board.

7 Members of the Commission shall not be employed by or serve on the board of  
8 directors or other corporate governing body of any information systems, computer  
9 hardware, computer software, or telecommunications vendor of goods and services to  
10 the State of North Carolina.

11 The two initial cabinet members appointed by the Governor and the two initial  
12 citizen members appointed by the General Assembly shall each serve a term beginning  
13 September 1, 1992, and expiring on June 30, 1995. Thereafter, their successors shall be  
14 appointed for four-year terms, commencing July 1. Members of the Governor's cabinet  
15 shall be disqualified from completing a term of service of the Commission if they are no  
16 longer cabinet members.

17 The appointees by the Governor from the Council of State shall each serve a term  
18 beginning on September 1, 1992, and expiring on June 30, 1993. Thereafter, their  
19 successors shall be appointed for four-year terms, commencing July 1. Members of the  
20 Council of State shall be disqualified from completing a term of service on the  
21 Commission if they are no longer members of the Council of State.

22 Vacancies in the two legislative appointments shall be filled as provided in G.S.  
23 120-122.

24 The Commission chair shall be elected in the first meeting of each calendar year  
25 from among the appointees of the Governor from the Council of State and shall serve a  
26 term of one year. The Secretary of Administration shall be secretary to the  
27 Commission.

28 No member of the Information Resource Management Commission shall vote on an  
29 action affecting solely his or her own State agency.

30 (b) Powers and Duties. – The Commission has the following powers and duties:

31 (1) To develop, approve, and publish a statewide information  
32 technology strategy covering the current and following biennium  
33 that shall be updated annually and shall be submitted to the General  
34 Assembly on the first day of each regular session.

35 (2) To develop, approve, and sponsor statewide technology initiatives  
36 and to report on those initiatives in the annual update of the  
37 statewide information technology strategy.

38 (3) To review and approve biennially the information technology plans  
39 of the executive agencies, including their plans for the procurement  
40 and use of personal computers and workstations.

41 (4) To recommend to the Governor and the Office of State Budget and  
42 Management the relative priorities across executive agency  
43 information technology plans.

- 1 (5) To establish a quality assurance policy for all agency information  
2 technology projects, information systems training programs, and  
3 information systems documentation.
- 4 (6) To establish and enforce a quality review and expenditure review  
5 procedure for major agency information technology projects.
- 6 (7) To review and approve expenditures from appropriations made to  
7 the Office of State Budget and Management for the purpose of  
8 creating a Computer Reserve Fund.
- 9 (8) To develop and promote a policy and procedures for the fair and  
10 competitive procurement of information technology consistent with  
11 the rules of the Department of Administration and consistent with  
12 published industry standards for open systems that provide  
13 agencies with a vendor-neutral operating environment where  
14 different information technology hardware, software, and networks  
15 operate together easily and reliably.

16 (c) Meetings. – The Information Resources Management Commission shall  
17 adopt bylaws containing rules governing its meeting procedures. The Information  
18 Resources Management Commission shall meet at least monthly."

19 (c) G.S. 143B-426.39(14) is recodified as G.S. 143-341(11) and reads as  
20 rewritten:

21 "~~(14)~~ (11) Telecommunications for State Agencies. – With respect to State  
22 agencies, to exercise general coordinating authority for all  
23 telecommunications matters relating to the internal management and  
24 operations of these agencies. In discharging that responsibility the  
25 ~~State Controller~~ Secretary of Administration may in cooperation  
26 with affected State agency heads, do such of the following things as  
27 he deems necessary and advisable:

- 28 a. Provide for the establishment, management, and operation,  
29 through either State ownership or commercial leasing, of the  
30 following systems and services as they affect the internal  
31 management and operation of State agencies:
- 32 1. Central telephone systems and telephone networks;
  - 33 2. Teleprocessing systems;
  - 34 3. Teletype and facsimile services;
  - 35 4. Satellite services;
  - 36 5. Closed-circuit TV systems;
  - 37 6. Two-way radio systems;
  - 38 7. Microwave systems;
  - 39 8. Related systems based on telecommunication  
40 technologies.
- 41 b. With the approval of the Information Technology Council,  
42 coordinate the development of cost-sharing systems for  
43 respective user agencies for their proportionate parts of the cost

- 1 of maintenance and operation of the systems and services listed  
2 in item 'a.' of this subdivision.
- 3 c. Assist in the development of coordinated telecommunications  
4 services or systems within and among all State agencies and  
5 recommend, where appropriate, cooperative utilization of  
6 telecommunication facilities by aggregating users.
- 7 d. Perform traffic analysis and engineering for all  
8 telecommunications services and systems listed in item 'a.' of  
9 this subdivision.
- 10 e. Pursuant to G.S. 143-49, establish telecommunications  
11 specifications and designs so as to promote and support  
12 compatibility of the systems within State agencies.
- 13 f. Pursuant to G.S. 143-49 and G.S. 143-50, coordinate the review  
14 of requests by State agencies for the procurement of  
15 telecommunications systems or services.
- 16 g. Pursuant to G.S. 143-341 and Chapter 146 of the General  
17 Statutes, coordinate the review of requests by State agencies for  
18 State government property acquisition, disposition, or  
19 construction for telecommunications systems requirements.
- 20 h. Provide a periodic inventory of telecommunications costs,  
21 facilities, systems, and personnel within State agencies.
- 22 i. Promote, coordinate, and assist in the design and engineering of  
23 emergency telecommunications systems, including but not  
24 limited to the 911 emergency telephone number program,  
25 Emergency Medical Services, and other emergency  
26 telecommunications services.
- 27 j. Perform frequency coordination and management for State  
28 agencies and local governments, including all public safety  
29 radio service frequencies, in accordance with the rules and  
30 regulations of the Federal Communications Commission or any  
31 successor federal agency.
- 32 k. Advise all State agencies on telecommunications management  
33 planning and related matters and provide through the State  
34 Personnel Training Center or the State Information Processing  
35 Services training to users within State agencies in  
36 telecommunications technology and systems.
- 37 l. Assist and coordinate the development of policies and long-  
38 range plans, consistent with the protection of citizens' rights to  
39 privacy and access to information, for the acquisition and use of  
40 telecommunications systems; and base such policies and plans  
41 on current information about State telecommunications  
42 activities in relation to the full range of emerging technologies.

1 m. Work cooperatively with the North Carolina Agency for Public  
2 Telecommunications in furthering the purpose of this  
3 subdivision.

4 The provisions of this subdivision shall not apply to the Criminal  
5 Information Division of the Department of Justice or to the Judicial  
6 Information System in the Judicial Department."

7 (d) G.S. 143B-426.39(15) is recodified as G.S. 143-341(12) and reads as  
8 rewritten:

9 "~~(15)~~ (12) ~~Provide Telecommunications for Local Governmental Units. – To~~  
10 ~~provide~~ cities, counties, and other local governmental units with  
11 access to a central telecommunications system or service established  
12 under subdivision ~~(14)~~ ~~(11)~~ of this section for State agencies.  
13 Access shall be provided on the same cost basis that applies to State  
14 agencies."

15 (e) Part 28A of Article 9 of Chapter 143B of the General Statutes reads as  
16 rewritten:

17 **"PART 28A. STATE INFORMATION PROCESSING SERVICES.**

18 **"§ 143B-426.40. State Information Processing Services.**

19 With respect to all executive departments and agencies of State government, except  
20 the Department of Justice and The University of North Carolina, the ~~Office of State~~  
21 ~~Controller~~ Department of Administration shall have the following powers and duties:

- 22 (1) To establish and operate information resource centers and services to  
23 serve two or more departments on a cost-sharing basis, if the  
24 Information Resources Management Commission decides it is  
25 advisable from the standpoint of efficiency and economy to establish  
26 these centers and services;
- 27 (2) With the approval of the Information Resources Management  
28 Commission, to charge each department for which services are  
29 performed its proportionate part of the cost of maintaining and  
30 operating the shared centers and services;
- 31 (3) With the approval of the Information Resources Management  
32 Commission, to require any department served to transfer to the ~~Office~~  
33 ~~of the State Controller~~ Department of Administration ownership,  
34 custody, or control of information processing equipment, supplies, and  
35 positions required by the shared centers and services;
- 36 (4) With the approval of the Information Resources Management  
37 Commission, to adopt reasonable rules for the efficient and  
38 economical management and operation of the shared centers, services,  
39 and the integrated State telecommunications network;
- 40 (5) With the approval of the Information Resources Management  
41 Commission, to adopt plans, policies, procedures, and rules for the  
42 acquisition, management, and use of information technology resources  
43 in the departments affected by this subdivision to facilitate more

1 efficient and economic use of information technology in these  
2 departments; and

- 3 (6) To develop and promote training programs to efficiently implement,  
4 use, and manage information technology resources.

5 The Department of Revenue is authorized to deviate from this subsection's  
6 requirements that departments or agencies consolidate information processing functions  
7 on equipment owned, controlled or under custody of the State Information Processing  
8 Services. All deviations from this subsection's requirements shall be reported in writing  
9 within 15 days by the Department of Revenue to the Information Resources  
10 Management Commission and shall be consistent with available funding. The  
11 Department of Revenue is authorized to adopt and shall adopt plans, policies,  
12 procedures, requirements and rules for the acquisition, management, and use of  
13 information processing equipment, information processing programs, data  
14 communications capabilities, and information systems personnel in the Department of  
15 Revenue. If the plans, policies, procedures, requirements, rules, or standards adopted by  
16 the Department of Revenue deviate from the policies, procedures, or guidelines adopted  
17 by the State Information Processing Services or the Information Resources Management  
18 Commission, those deviations shall be allowed and shall be reported in writing within  
19 15 days by the Department of Revenue to the Information Resources Management  
20 Commission. The Department of Revenue and the State Information Processing  
21 Services shall develop data communications capabilities between the two computer  
22 centers utilizing the North Carolina Integrated Network, subject to a security review by  
23 the Secretary of Revenue.

24 The Department of Revenue shall prepare a plan to allow for substantial recovery  
25 and operation of major, critical computer applications. The plan shall include the names  
26 of the computer programs, databases, and data communications capabilities, identify the  
27 maximum amount of outage that can occur prior to the initiation of the plan and  
28 resumption of operation. The plan shall be consistent with commonly accepted  
29 practices for disaster recovery in the information processing industry. The plan shall be  
30 tested as soon as practical, but not later than six months, after the establishment of the  
31 Department of Revenue information processing capability.

32 No data of a confidential nature, as defined in the General Statutes or federal law,  
33 may be entered into or processed through any cost-sharing information resource center  
34 or network established under this subdivision until safeguards for the data's security  
35 satisfactory to the department head and the ~~State Controller~~ Secretary of Administration  
36 have been designed and installed and are fully operational. Nothing in this subsection  
37 may be construed to prescribe what programs to satisfy a department's objectives are to  
38 be undertaken, nor to remove from the control and administration of the departments the  
39 responsibility for program efforts, regardless whether these efforts are specifically  
40 required by statute or are administered under the general program authority and  
41 responsibility of the department. This subdivision does not affect the provisions of G.S.  
42 147-64.6, G.S. 147-64.7, or G.S. ~~143B-426.39(14)~~ 143-341(11). Notwithstanding any  
43 other provision of law, the ~~Office of the State Controller~~ Department of Administration

1 shall provide information technology services on a cost-sharing basis to the General  
2 Assembly and its agencies as requested by the Legislative Services Commission."

3 (f) This section becomes effective July 1, 1993.

4 ---TRANSFER MARINE AFFAIRS TO DEHNR.

5 Sec. 213. (a) The General Assembly makes the following findings:

6 (1) The Office of Marine Affairs, Department of Administration operates  
7 the State's three aquariums and advises the Secretary of Administration  
8 and the Governor on ocean policy.

9 (2) The Department of Administration provides most of the State's general  
10 administrative services. An internal organizational unit should be  
11 included within the Department of Administration only if the  
12 organizational unit (i) provides a service to other State agencies and  
13 does not have program responsibilities, (ii) has attributes that make  
14 central provision the most economical way to deliver first-rate  
15 management services, and (iii) has little policy implication.

16 (3) The Office of Marine Affairs does not provide administrative services  
17 to State agencies, but does have both program and policy  
18 responsibilities.

19 (4) The Department of Environment, Health, and Natural Resources  
20 operates and maintains the State's zoological park, whose functions are  
21 similar to those of the aquarium. In addition, both the Department of  
22 Environment, Health, and Natural Resources and the Office of Marine  
23 Affairs advise the Governor on environmental policy matters which  
24 can result in uncoordinated and inconsistent policy direction among  
25 State environmental programs. Only one department should be  
26 responsible for all environment-related functions.

27 (5) To improve efficiency, eliminate the fragmentation of the State's  
28 marine policy function, and achieve a savings for the State by  
29 eliminating unnecessary administrative structures, the aquarium  
30 function of the Office of Marine Affairs should be transferred to the  
31 Department of Environment, Health, and Natural Resources; the policy  
32 function of the Office of Marine Affairs should be eliminated, and six  
33 positions within the Office of Marine Affairs should be eliminated.

34 (b) G.S. 143B-279.3 reads as rewritten:

35 **"§ 143B-279.3. Department of Environment, Health, and Natural Resources –**  
36 **structure.**

37 (a) All functions, powers, duties, and obligations heretofore vested in the  
38 following subunits of the following departments are hereby transferred to and vested in  
39 the Department of Environment, Health, and Natural Resources by a Type I transfer, as  
40 defined in G.S. 143A-6:

41 (1) Radiation Protection Section, Division of Facility Services,  
42 Department of Human Resources.

43 (2) Division of Health Services, Department of Human Resources.

44 (3) State Center for Health Statistics, Department of Human Resources.

- 1           (4) Coastal Management Division, ~~Department of Natural Resources and~~  
2           ~~Community Development.~~ Department of Environment, Health, and  
3           Natural Resources.
- 4           (5) Environmental Management Division, ~~Department of Natural~~  
5           ~~Resources and Community Development.~~ Department of Environment,  
6           Health, and Natural Resources.
- 7           (6) Forest Resources Division, ~~Department of Natural Resources and~~  
8           ~~Community Development.~~ Department of Environment, Health, and  
9           Natural Resources.
- 10          (7) Land Resources Division, ~~Department of Natural Resources and~~  
11          ~~Community Development.~~ Department of Environment, Health, and  
12          Natural Resources.
- 13          (8) Marine Fisheries Division, ~~Department of Natural Resources and~~  
14          ~~Community Development.~~ Department of Environment, Health, and  
15          Natural Resources.
- 16          (9) Parks and Recreation Division, ~~Department of Natural Resources and~~  
17          ~~Community Development.~~ Department of Environment, Health, and  
18          Natural Resources.
- 19          (10) Soil and Water Conservation Division, ~~Department of Natural~~  
20          ~~Resources and Community Development.~~ Department of Environment,  
21          Health, and Natural Resources.
- 22          (11) Water Resources Division, ~~Department of Natural Resources and~~  
23          ~~Community Development.~~ Department of Environment, Health, and  
24          Natural Resources.
- 25          (12) North Carolina Zoological Park, ~~Department of Natural Resources and~~  
26          ~~Community Development.~~ Department of Environment, Health, and  
27          Natural Resources.
- 28          (13) Albemarle-Pamlico Study.
- 29          (14) Office of Marine Affairs, Department of Administration.
- 30          (b) All functions, powers, duties, and obligations heretofore vested in the  
31          following commissions, boards, councils, and committees of the following departments  
32          are hereby transferred to and vested in the Department of Environment, Health, and  
33          Natural Resources by a Type II transfer, as defined in G.S. 143A-6:
  - 34               (1) Governor's Waste Management Board, Department of Human  
35               Resources.
  - 36               (2) Radiation Protection Commission, Department of Human Resources.
  - 37               (3) Commission for Health Services, Department of Human Resources.
  - 38               (4) Water Treatment Facility Operators Board of Certification,  
39               Department of Human Resources.
  - 40               (5) Council on Sickle Cell Syndrome, Department of Human Resources.
  - 41               (6) Perinatal Health Care Programs Advisory Council, Department of  
42               Human Resources.
  - 43               (7) Governor's Council on Physical Fitness and Health, Department of  
44               Human Resources.



- 1 (8) Commission of Anatomy, Department of Human Resources.
- 2 (9) Coastal Resources Commission, ~~Department of Natural Resources and~~  
3 ~~Community Development.~~ Department of Environment, Health, and  
4 Natural Resources.
- 5 (10) Environmental Management Commission, ~~Department of Natural~~  
6 ~~Resources and Community Development.~~ Department of Environment,  
7 Health, and Natural Resources.
- 8 (11) Air Quality Council, ~~Department of Natural Resources and~~  
9 ~~Community Development.~~ Department of Environment, Health, and  
10 Natural Resources.
- 11 (12) Wastewater Treatment Plant Operators Certification Commission,  
12 ~~Department of Natural Resources and Community Development.~~  
13 Department of Environment, Health, and Natural Resources.
- 14 (13) Forestry Council, ~~Department of Natural Resources and Community~~  
15 ~~Development.~~ Department of Environment, Health, and Natural  
16 Resources.
- 17 (14) North Carolina Mining Commission, ~~Department of Natural Resources~~  
18 ~~and Community Development.~~ Department of Environment, Health,  
19 and Natural Resources.
- 20 (15) Advisory Committee on Land Records, ~~Department of Natural~~  
21 ~~Resources and Community Development.~~ Department of Environment,  
22 Health, and Natural Resources.
- 23 (16) Marine Fisheries Commission, ~~Department of Natural Resources and~~  
24 ~~Community Development.~~ Department of Environment, Health, and  
25 Natural Resources.
- 26 (17) Parks and Recreation Council, ~~Department of Natural Resources and~~  
27 ~~Community Development.~~ Department of Environment, Health, and  
28 Natural Resources.
- 29 (18) Board of Trustees of the Recreation and Natural Heritage Trust Fund,  
30 ~~Department of Natural Resources and Community Development.~~  
31 Department of Environment, Health, and Natural Resources.
- 32 (19) North Carolina Trails Committee, ~~Department of Natural Resources~~  
33 ~~and Community Development.~~ Department of Environment, Health,  
34 and Natural Resources.
- 35 (20) Sedimentation Control Commission, ~~Department of Natural Resources~~  
36 ~~and Community Development.~~ Department of Environment, Health,  
37 and Natural Resources.
- 38 (21) State Soil and Water Conservation Commission, ~~Department of~~  
39 ~~Natural Resources and Community Development.~~ Department of  
40 Environment, Health, and Natural Resources.
- 41 (22) North Carolina Zoological Park Council, ~~Department of Natural~~  
42 ~~Resources and Community Development.~~ Department of Environment,  
43 Health, and Natural Resources.

1           (23) North Carolina Aquariums Commission, Department of  
2           Administration.

3           (c)       (1)       There is hereby created a division within the environmental  
4                    area of the Department of Environment, Health, and Natural  
5                    Resources to be named the Division of Radiation Protection. All  
6                    functions, powers, duties, and obligations of the Radiation Protection  
7                    Section of the Division of Facility Services of the Department of  
8                    Human Resources are transferred in their entirety to the Radiation  
9                    Protection Division of the Department of Environment, Health, and  
10                  Natural Resources.

11          (2)       There is hereby created a division within the environmental area of the  
12                    Department of Environment, Health, and Natural Resources to be  
13                    named the Division of Solid Waste Management. All functions,  
14                    powers, duties, and obligations of the Solid Waste Management  
15                    Section of the Division of Health Services of the Department of  
16                    Human Resources are transferred in their entirety to the Division of  
17                    Solid Waste Management of the Department of Environment, Health,  
18                    and Natural Resources.

19          (d) The Department of Environment, Health, and Natural Resources is vested with  
20                    all other functions, powers, duties, and obligations as are conferred by the Constitution  
21                    and laws of this State."

22          (b1) G.S. 143B-279.2 is amended by adding a new subdivision to read:

23          "(1a) To administer the State Outer Continental Shelf (OCS) Task Force and  
24                  coordinate State participation activities in the federal outer continental  
25                  shelf resource recovery programs as provided under the OCS Lands  
26                  Act Amendments of 1978 (43 USC §§ 1801 et seq.) and the OCS  
27                  Lands Act Amendments of 1986 (43 USC §§ 1331 et seq.);"

28          (c) Part 8A of Article 9 of Chapter 143B of the General Statutes, G.S. 143B-  
29                    390.2 through G.S. 143B-390.4, is recodified as Part 5B of Article 7 of Chapter 143B of  
30                    the General Statutes, G.S. 143B-289.20 through G.S. 143B-289.22.

31          (d)       G.S. 143B-390.2, as recodified as G.S. 143B-289.20 by subsection (c) of this  
32                    section, reads as rewritten:

33          "**§ 143B-289.20. Office of Marine Affairs – organization; powers and duties.**

34          (a)       The Office shall be organized as prescribed by the Secretary of  
35                    ~~Administration~~the Department of Environment, Health, and Natural Resources and  
36                    exercise the following powers and duties:

37                  (1)       Repealed by Session Laws 1991, c. 320, s. 3.

38                  (1a)       To establish and maintain the North Carolina Aquariums;

39                  (1b)       To administer the operations of the North Carolina Aquariums, such  
40                    administrative duties to include, but not be limited to the following:

41                    a.       Adopt goals and objectives for the Aquariums and review and  
42                    revise these goals and objectives periodically;

43                    b.       Review and approve requests for use of the Aquarium facilities  
44                    and advise the Secretary of ~~Administration~~the Department of

- 1                    Environment, Health, and Natural Resources on the most  
 2                    appropriate use consistent with the goals and objectives of the  
 3                    Aquariums;
- 4                    c.    Continually review and evaluate the types of projects and  
 5                    programs being carried out in the Aquarium facilities and  
 6                    determine if the operation of the facilities is in compliance with  
 7                    the established goals and objectives;
- 8                    d.    Recommend to the Secretary of ~~Administration~~the Department  
 9                    of Environment, Health, and Natural Resources any policies  
 10                    and procedures needed to assure effective staff performance and  
 11                    proper liaison among Aquarium facilities in carrying out the  
 12                    overall purposes of the Aquarium programs;
- 13                    e.    Review Aquarium budget submissions to the Secretary of  
 14                    ~~Administration;~~the Department of Environment, Health, and  
 15                    Natural Resources;
- 16                    f.    Recruit and recommend to the Secretary of ~~Administration~~the  
 17                    Department of Environment, Health, and Natural Resources  
 18                    candidates for the positions of directors of the North Carolina  
 19                    Aquariums; and
- 20                    g.    Create local advisory committees in accordance with the  
 21                    provisions of G.S. 143B-390.4.
- 22                    (2) ~~Provide staff to the North Carolina Council on Ocean Affairs in~~  
 23                    ~~furtherance of the Council's statutory powers and duties;~~
- 24                    (3) ~~Advise the Secretary of Administration regarding the analysis,~~  
 25                    ~~planning and implementation of current and future State and federal~~  
 26                    ~~goals, policies and programs relating to the ocean and marine~~  
 27                    ~~resources of North Carolina, such duties to include, but not be limited~~  
 28                    ~~to, giving advice regarding:~~
- 29                    a.    ~~Providing recommendations to other educational, informational~~  
 30                    ~~and policy-making bodies regarding marine and ocean resource~~  
 31                    ~~issues;~~
- 32                    b.    ~~Administering\* the State Outer Continental Shelf (OCS) Task~~  
 33                    ~~Force and coordinate State participation activities in the federal~~  
 34                    ~~outer continental shelf resource recovery programs as provided~~  
 35                    ~~under the OCS Lands Act Amendments of 1978 (43 USC §§~~  
 36                    ~~1801 et seq.) and the OCS Lands Act Amendments of 1986 (43~~  
 37                    ~~USC §§ 1331 et seq.); and~~
- 38                    e.    ~~Coordinating necessary legal or technical research to carry out~~  
 39                    ~~the duties set forth in this subdivision.~~
- 40                    (4) to (6) Repealed by Session Laws 1991, c. 320, s. 3.
- 41                    (7) Assume any other powers and duties assigned to it by the Secretary.
- 42                    (b) The Secretary may adopt any rules and procedures necessary to implement  
 43                    this section."

1 (e) G.S. 143B-390.4, as recodified as G.S. 143B-89.22 by subsection (c) of  
2 this section, reads as rewritten:

3 **"§ 143B-289.22. Local advisory committees; duties; membership.**

4 Local advisory committees created pursuant to ~~G.S. 143B-390.2(a)(1b)~~ G.S. 143B-  
5 289.20(a)(1b) shall assist each North Carolina Aquarium in its efforts to establish  
6 projects and programs and to assure adequate citizen-consumer input into those efforts.  
7 Members of these committees shall be appointed by the Secretary of ~~Administration~~ the  
8 Department of Environment, Health, and Natural Resources for three-year terms from  
9 nominations made by the Director of the Office of Marine Affairs. Each committee  
10 shall select one of its members to serve as chairperson. Members of the committees  
11 shall serve without compensation for services or expenses."

12 (f) Part 8B of Article 9 of Chapter 143B of the General Statutes is repealed.

13 (g) Part 8C of Article 9 of Chapter 143B of the General Statutes, G.S. 143B-  
14 390.15 through G.S. 143B-390.16, is recodified as Part 28 of Article 7 of Chapter 143B  
15 of the General Statutes, G.S. 143B-344.16 through G.S. 143B-344.17.

16 (h) G.S. 143B-390.16, as recodified as G.S. 143B-344.17 by subsection (g)  
17 of this section, reads as rewritten:

18 **"§ 143B-344.17. North Carolina Aquariums Commission – organization, powers,  
19 and duties.**

20 (a) The Commission shall consist of 12 members appointed as follows:

21 (1) Four members appointed by the Governor, including one member  
22 designated by the Governor to serve as chair of the Commission and  
23 one member appointed upon recommendation of the North Carolina  
24 Aquarium Society, Inc., who resides in one of the counties where the  
25 North Carolina Aquariums are located: Carteret, Dare, and New  
26 Hanover,

27 (2) Four members appointed by the General Assembly upon the  
28 recommendation of the Speaker of the House of Representatives in  
29 accordance with G.S. 120-121, including one member appointed upon  
30 the recommendation of the North Carolina Aquarium Society, Inc.,  
31 who resides in another of the counties where the North Carolina  
32 Aquariums are located: Carteret, Dare, and New Hanover,

33 (3) Four members appointed by the General Assembly upon the  
34 recommendation of the President Pro Tempore of the Senate in  
35 accordance with G.S. 120-121, including one member appointed upon  
36 the recommendation of the North Carolina Aquarium Society, Inc.,  
37 who resides in another of the counties where the North Carolina  
38 Aquariums are located: Carteret, Dare, and New Hanover.

39 (b) Commission members shall serve for terms of four years, beginning July 1,  
40 1992, and may be removed at any time by the appointing authority. If a vacancy on the  
41 Commission occurs, the appointing authority shall appoint a replacement to serve for  
42 the unexpired term.

43 (c) The Commission shall meet upon the call of the chair.

1 (d) The Secretary of ~~Administration~~ the Department of Environment, Health, and  
2 Natural Resources shall provide staff support for Commission activities and travel  
3 reimbursement for Commission members.

4 (e) The Commission may recommend a schedule of uniform fees for the North  
5 Carolina Aquariums to the Secretary of the Department of ~~Administration~~ Environment,  
6 Health, and Natural Resources who may adopt the schedule. The schedule may be  
7 revised from time to time by the same procedure.

8 (f) The North Carolina Special Aquariums Fund, hereafter 'Fund', is hereby  
9 created, and shall be a special and nonreverting fund. The Fund shall be used only for  
10 repair, maintenance, and educational exhibit construction at existing aquariums. The  
11 Fund may also be used to match private funds that are raised for these purposes.

12 (g) All entrance fee receipts shall be credited to the Fund. The Secretary of  
13 ~~Administration~~ the Department of Environment, Health, and Natural Resources may  
14 expend monies from the Fund only upon the authorization of the General Assembly."

15 (i) The Department of Environment, Health, and Natural Resources shall  
16 eliminate six positions in the Office of Marine Affairs that handle policy and  
17 administrative matters, thus saving the State approximately two hundred thousand  
18 dollars (\$200,000) annually.

19 (j) The base budget of the Department of Administration is reduced by two  
20 million two hundred seventy-nine thousand seven hundred seventy-seven dollars  
21 (\$2,279,777) due to the transfer of the aquarium function mandated by this section. The  
22 base budget of the Department of Environment, Health, and Natural Resources is  
23 increased by two million seventy-nine thousand seven hundred seventy-seven dollars  
24 (\$2,079,777).

25 (k) This section becomes effective July 1, 1993.

26 ---TRANSFER INTERGOV'TAL RELATIONS.

27 Sec. 214. (a) The federal/State relations component of Intergovernmental  
28 Relations in the Department of Administration is transferred to the Governor's Office.  
29 This transfer has all the elements of a Type I transfer, as defined in G.S. 143A-6.

30 The Director of the Budget shall resolve all conflicts regarding the transfer  
31 mandated by this subsection. Position 4101-0100-0000-031 shall be eliminated and the  
32 base budget appropriation for the 1993-94 fiscal year and for the 1994-95 fiscal year  
33 shall be decreased by thirty-three thousand five hundred eighteen dollars (\$33,518)  
34 because of the elimination of the position.

35 (b) The State/local relations component of Intergovernmental Relations in the  
36 Department of Administration is transferred to the Department of Commerce. This  
37 transfer has all the elements of a Type I transfer, as defined in G.S. 143A-6.

38 The Director of the Budget shall resolve all conflicts regarding the transfer  
39 mandated by this subsection. Position 4101-0000-0000-013 shall be eliminated and the  
40 base budget appropriation for the 1993-94 fiscal year and for the 1994-95 fiscal year  
41 shall be decreased by thirty-three thousand five hundred eighteen dollars (\$33,518)  
42 because of the elimination of the position.

43 (c) This section becomes effective July 1, 1993.

44 ---BANKING REC.

1           Sec. 215. The General Assembly finds that:

- 2           (1) Multiple State agencies and commissions currently exercise regulatory  
3 authority over various financial institutions and over businesses that  
4 are closely related to those institutions;
- 5           (2) Three entities regulate financial institutions in the Department of  
6 Commerce, to wit: the Banking Commission, the Credit Union  
7 Division, and the Savings Institutions Division;
- 8           (3) The Department of Insurance regulates the insurance industry through  
9 consumer protection, education, and other regulations; and
- 10          (4) Changes in federal regulations, market competition, and industry  
11 consolidation have blurred the distinctions between the insurance  
12 industry and banks, savings and loans, and credit unions, and these  
13 organizations serve many of the same markets.

14          Sec. 216. The Governor shall study the organization of the State's agencies  
15 that regulate financial institutions, including the insurance industry, and shall report his  
16 findings and recommendations to the Joint Legislative Commission on Governmental  
17 Operations and to the Fiscal Research Division of the Legislative Services Office not  
18 later than January 1, 1994. In conducting the study, the Governor shall consider and  
19 make recommendations to the General Assembly regarding the feasibility of creating a  
20 Department of Financial Institutions.

21          Sec. 217. Sections 215 and 216 of this act are effective upon ratification.

22 —ELIMINATE REVENUE FIELD OFFICERS.

23          Sec. 218. (a) The General Assembly finds that the Department of Revenue has  
24 more permanent field offices and suboffices than other states and that overall revenue  
25 collections would increase if some of the less efficient permanent field offices were  
26 eliminated.

27          (b) The Department of Revenue shall eliminate the 19 permanent field offices  
28 that are within 45 miles of another field office and have average collections of less than  
29 three hundred thousand dollars (\$300,000) a year. The Department of Revenue shall  
30 also eliminate the eight suboffices that do not have free office space. The Department  
31 of Revenue shall reassign the revenue officers of the eliminated offices to existing  
32 offices that have the potential for higher collections and shall acquire rental office space  
33 at these existing offices as necessary.

34          (c) This section becomes effective July 1, 1993.

35 —EXPAND INTERSTATE TAX AUDITS.

36          Sec. 219. (a) The General Assembly finds that:

- 37          (1) On average, the Department of Revenue's interstate auditors generate  
38 more revenue than its in-State auditors.
- 39          (2) Several southeastern states have interstate audit divisions larger than  
40 that of North Carolina, and other southeastern states plan to expand  
41 their interstate audit operations.
- 42          (3) The Department of Revenue has had plans to expand its interstate audit  
43 division by:
- 44           a. Transferring one position to Atlanta.

- 1           b.     Using an existing vacancy in the interstate audit division to hire  
2           an auditor in the New Jersey/New York area.
- 3           c.     Reclassifying an expected vacancy in the Field Services  
4           Division as an out-of-state auditor for the New Jersey/New  
5           York area.
- 6           d.     As three other vacancies occur in the Field Services Division,  
7           reclassifying the positions as interstate auditors to be assigned  
8           to California, Chicago, and Dallas.
- 9           e.     Transferring five corporate auditors from the Corporate Income  
10          and Franchise Tax Division to the interstate audit division  
11          where they will be trained to conduct other types of audits and  
12          will assist in training other interstate auditors to conduct  
13          corporate audits.
- 14          (4)    It is the Department of Revenue's goal that each interstate auditor will  
15          have assessments of one million dollars (\$1,000,000) per year.
- 16          (5)    If the Department of Revenue carries out its plans described above and  
17          reaches its assessment goal for auditors, the interstate audit group  
18          could assess up to twenty million dollars (\$20,000,000) per year.
- 19          (b)    The Department of Revenue shall continue and complete its planned  
20          expansion of the interstate audit division.

21          (c)    This section is effective upon ratification.

22    —ELIMINATE DEPUTY SEC. OF REVENUE.

23    Sec. 220. (a)    The General Assembly finds that:

- 24          (1)    The Deputy Secretary of Revenue has two major responsibilities, that  
25          of hearing officer and that of legislative liaison.
- 26          (2)    The position of Deputy Secretary of Revenue seems unnecessary  
27          because the Deputy Secretary performs similar functions as the Tax  
28          Administration Division staff.
- 29          (3)    The staff in the Tax Administration Division is responsible for  
30          formulating tax policy, planning and developing strategies for  
31          implementing legislation, and commenting on proposed legislation.
- 32          (4)    The legislative liaison function of the Deputy Secretary of Revenue  
33          should be performed by the Tax Administration Division and the  
34          position should be reclassified as a hearing officer.
- 35          (b)    The position of Deputy Secretary of Revenue is reclassified as a hearing  
36          officer and moved to the Office of Hearings and Legislative Tax Policy.
- 37          (c)    The Department of Revenue should provide that the Office of Hearings and  
38          Legislative Tax Policy and the Tax Research Division report directly to the Secretary of  
39          Revenue. The Department of Revenue should provide that the Security Office reports  
40          directly to the Assistant Secretary for Administration.
- 41          (d)    The base budget of the Department of Revenue is reduced by forty thousand  
42          dollars (\$40,000) for the 1993-94 fiscal year and forty thousand dollars (\$40,000) for  
43          the 1994-95 fiscal year due to the reclassification of a personnel position mandated by  
44          subsection (b) of this section. This reduction represents the difference between the

1 personnel cost of a Deputy Secretary of Revenue and the personnel cost of a hearing  
2 officer.

3 (e) This section is effective upon ratification.

4 ---ELIMINATE 2 REVENUE POSITIONS.

5 Sec 221. (a) The General Assembly finds that in two of the Department of  
6 Revenue's field offices, the number of auditors and revenue officers does not warrant  
7 two supervisors, one for auditors and one for revenue officers.

8 (b) The Department of Revenue shall eliminate one supervisor position from the  
9 Rockingham field office and one supervisor position from the Elizabeth City field  
10 office. The Department of Revenue shall designate the remaining supervisor position in  
11 each office as the supervisor of the entire office.

12 (c) The decrease in personnel mandated in Section 2 of this act should result in  
13 an annual savings to the General Fund of seventy-four thousand seven hundred two  
14 dollars (\$74,702). The base budget of the Department of Revenue is reduced by  
15 seventy-four thousand seven hundred two dollars (\$74,702) for the 1993-94 fiscal year  
16 and seventy-four thousand seven hundred two dollars (\$74,702) for the 1994-95 fiscal  
17 year due to the decrease in personnel mandated in subsection (b) of this section.

18 (d) This section becomes effective July 1, 1993.

19 ---END IN-PERSON TAXPAYER ASSISTANCE.

20 Sec. 222. (a) The General Assembly finds that:

21 (1) Revenue officers spend a significant percentage of their time helping  
22 taxpayers complete their tax returns and registering for business.

23 (2) The taxpayer assistance function is an essential function of the  
24 Department of Revenue, but the Department should move toward  
25 providing assistance by way of toll-free lines rather than face-to-face  
26 in field offices.

27 (3) By eliminating most face-to-face assistance and replacing it with  
28 increased telephone assistance over a five-year period, the Department  
29 of Revenue could eliminate 41 positions for a net savings of one  
30 million three hundred fifty-nine thousand five hundred seventy-six  
31 dollars (\$1,359,576) per year after the changes are fully implemented.

32 (4) After these changes are implemented, taxpayers who are no longer  
33 receiving face-to-face assistance should be able to receive the same  
34 level of assistance over the telephone.

35 (5) Telephone lines will be more convenient and efficient for taxpayers  
36 because they can receive assistance in their homes rather than waiting  
37 in line at a revenue office.

38 (b) The Department of Revenue, Field Operations Division, shall phase out most  
39 personalized, face-to-face taxpayer assistance that is currently provided by revenue  
40 officers in the field. Revenue officers should answer simple questions but should not  
41 fill out a taxpayer's return. At the appropriate point in the phaseout process, the  
42 Department of Revenue shall notify taxpayers to whom tax forms are mailed that  
43 revenue officers will no longer be providing this assistance, but the same level of  
44 assistance will be provided by telephone.



1 (c) The Department of Revenue, Field Operations Division, shall increase the  
 2 scope of assistance currently provided by toll-free telephone lines to include all taxes.  
 3 The Department of Revenue shall develop performance measures to monitor whether  
 4 providing assistance by telephone is effective.

5 (d) Effective July 1, 1993, 10 revenue officer positions in the Field Operations  
 6 Division of the Department of Revenue are eliminated. Effective July 1, 1994, 10 more  
 7 revenue officer positions in the Field Operations Division of the Department of Revenue  
 8 are eliminated. It is the intent of the General Assembly that 10 more revenue officer  
 9 positions in the Field Operations Division of the Department of Revenue shall be  
 10 eliminated in each of the following fiscal years: 1995-96 and 1996-97. It is the intent  
 11 of the General Assembly that six more revenue officer positions in the Field Operations  
 12 Division of the Department of Revenue shall be eliminated in the 1997-98 fiscal year.

13 (e) The decrease in personnel provided in Section 4 of this act will result in  
 14 savings to the General Fund of three hundred thirty-six thousand one hundred fifty-nine  
 15 dollars (\$336,159) in the 1993-94 fiscal year and six hundred seventy-two thousand  
 16 three hundred eighteen dollars (\$672,318) in the 1994-95 fiscal year. The intended  
 17 personnel reductions in subsection (d) of this act, when combined with the actual  
 18 reductions for the 1993-95 biennium, will result in the following annual savings to the  
 19 General Fund:

20	1995-96	\$1,008,477
21	1996-97	\$1,344,636
22	1997-98	\$1,546,331
23	Each year thereafter	\$1,546,331.

24 (f) There is appropriated from the General Fund to the Department of  
 25 Revenue, Field Operations Division, the sum of thirty-seven thousand three hundred  
 26 fifty-one dollars (\$37,351) for the 1993-94 fiscal year and the sum of seventy-four  
 27 thousand seven hundred two dollars (\$74,702) for the 1994-95 fiscal year to hire one  
 28 new tax technician beginning in the 1993-94 fiscal year and one additional new tax  
 29 technician beginning in the 1994-95 fiscal year. It is the intent of the General Assembly  
 30 to appropriate additional funds to the Field Operations Division of the Department of  
 31 Revenue so that one more tax technician position shall be added in each of the  
 32 following fiscal years: 1995-96, 1996-97, and 1997-98. These tax technicians shall  
 33 provide telephone assistance to taxpayers.

34 (g) This section becomes effective July 1, 1993.

35 —INTEGRATED TAX ADMIN. SYSTEM.

36 Sec 223. (a) The General Assembly finds that:

- 37 (1) The Department of Revenue's ongoing functional reorganization is  
 38 sound and consistent with reorganizations in other states.
- 39 (2) Three other southeastern states have indicated that functional  
 40 organization is effective because duplication of effort is eliminated and  
 41 taxpayers receive better service because they have a single point of  
 42 contact.
- 43 (3) The success of the Department of Revenue's functional reorganization  
 44 will depend on its implementation of a new Integrated Tax

1 Administration System (ITAS), a computer-based, fully integrated tax  
2 administration system that would support all of the essential functions  
3 of tax administration for which the Department is responsible.

4 (4) The Department of Revenue's current information technology  
5 infrastructure is so inefficient and error-prone that the mission of the  
6 Department is at risk: the Department's computer hardware is old and  
7 unreliable, and the current production tax application systems are  
8 written in an outdated language and depend on punch cards or tape  
9 which makes processing slow.

10 (5) The key to establishing a highly efficient and effective Department of  
11 Revenue is ITAS, which has the potential, if properly designed and  
12 implemented, to boost productivity and reduce staffing costs.

13 (6) Long-term collections increases and personnel and operational costs  
14 savings will significantly exceed the costs of implementing and  
15 operating ITAS.

16 (b) There is appropriated from the General Fund to the Department of Revenue  
17 the sum of six million three hundred thousand dollars (\$6,300,000) for the 1993-94  
18 fiscal year to implement a new Integrated Tax Administration System (ITAS), a  
19 computer-based, fully integrated tax administration system that would support all of the  
20 essential functions of tax administration for which the Department is responsible.

21 (c) As part of its functional reorganization, the Department of Revenue shall  
22 implement an in-depth training program to train employees in areas outside their current  
23 area of expertise and to keep them continuously updated in changes in the law.

24 (d) This section becomes effective July 1, 1993.

25 —LABOR RECS.

26 Sec. 224. Notwithstanding any other law or Executive Order, the  
27 Employment Security Commission of North Carolina is hereby transferred to the  
28 Department of Labor by a Type II transfer, as defined in G.S. 143A-6(b). Under this  
29 transfer, the Commission shall have the authority to employ, direct, and supervise  
30 professional and technical personnel, and shall not be accountable to the Commissioner  
31 of Labor in its exercise of quasi-judicial powers authorized by statute.

32 Sec. 225. G.S. 96-4(a) reads as rewritten:

33 "(a) Duties and Powers of Commission. – It shall be the duty of the Commission  
34 to administer this Chapter. The Commission shall meet at least once in each 60 days  
35 and may hold special meetings at any time at the call of the chairman or any three  
36 members of the Commission, and the Commission shall have power and authority to  
37 adopt, amend, or rescind such rules and regulations, to employ such persons, make such  
38 expenditures, require such reports, make such investigations, and take such other action  
39 as it deems necessary or suitable in the administration of this Chapter. Such rules and  
40 regulations shall be effective upon publication in the manner, not inconsistent with the  
41 provisions of this Chapter, which the Commission shall prescribe. The Commission  
42 shall determine its own organization and methods of procedure in accordance with the  
43 provisions of this Chapter, and shall have an official seal which shall be judicially  
44 noticed. The chairman of said Commission shall, except as otherwise provided by the

1 Commission, be vested with all authority of the Commission, including the authority to  
2 conduct hearings and make decisions and determinations, when the Commission is not  
3 in session and shall execute all orders, rules and regulations established by said  
4 Commission. Not later than November 20 preceding the meeting of the General  
5 Assembly, the Commission shall submit to the Governor and to the Commissioner of  
6 Labor a report covering the administration and operation of this Chapter during the  
7 preceding biennium, and shall make such recommendation for amendments to this  
8 Chapter as the Commission deems proper. Such report shall include a balance sheet of  
9 the moneys in the fund in which there shall be provided, if possible, a reserve against  
10 the liability in future years to pay benefits in excess of the then current contributions,  
11 which reserve shall be set up by the Commission in accordance with accepted actuarial  
12 principles on the basis of statistics of employment, business activity, and other relevant  
13 factors for the longest possible period. Whenever the Commission believes that a  
14 change in contribution or benefit rates will become necessary to protect the solvency of  
15 the fund, it shall promptly so inform the ~~Governor~~ Governor, the Commissioner of  
16 Labor, and the legislature, and shall make recommendations to the Governor with  
17 respect thereto."

18 Sec. 226. G.S. 96-5(b) reads as rewritten:

19 "(b) Replacement of Funds Lost or Improperly Expended. – If any moneys  
20 received from the Secretary of Labor under Title III of the Social Security Act, or any  
21 unencumbered balances in the Employment Security Administration Fund or any  
22 moneys granted to this State pursuant to the provisions of the Wagner-Peyser Act, or  
23 any moneys made available by this State or its political subdivisions and matched by  
24 such moneys granted to this State pursuant to the provisions of the Wagner-Peyser Act,  
25 are found by the Secretary of Labor, because of any action or contingency, to have been  
26 lost or expended for purposes other than, or in amounts in excess of those found  
27 necessary by the Secretary of Labor for the proper administration of this Chapter, it is  
28 the policy of this State that such moneys, not available from the Special Employment  
29 Security Administration Fund established by subsection (c) of this section, shall be  
30 replaced by moneys appropriated for such purpose from the general funds of this State  
31 to the Employment Security Administration Fund for expenditure as provided in  
32 subsection (a) of this section. Upon receipt of notice of such a finding by the Secretary  
33 of Labor, the Commission shall promptly pay from the Special Employment Security  
34 Administration Fund such sum if available in such fund; if not available, it shall  
35 promptly report the amount required for such replacement to the Commissioner of  
36 Labor and the Governor and the Governor shall, at the earliest opportunity, submit to  
37 the legislature a request for the appropriation of such amount."

38 Sec. 227. G.S. 96-19(b) reads as rewritten:

39 "(b) The Employment Security Commission may, upon receiving notification  
40 from the U.S. Department of Labor that any provision of this Chapter is out of  
41 conformity with the requirements of the federal law or of the U.S. Department of Labor,  
42 suspend the enforcement of the contested section or provision until the North Carolina  
43 Legislature next has an opportunity to make changes in the North Carolina law. The  
44 Employment Security Commission shall, in order to implement the above suspension:

- 1 (1) Notify the Commissioner of Labor and the Governor's office and  
 2 provide ~~that office~~ the Commissioner and the Governor with a copy of  
 3 the determination or notification of the U.S. Department of Labor;  
 4 (2) Advise the Governor's ~~office~~ office, and inform the Commissioner of  
 5 Labor, as to whether the contested portion or provision of the law  
 6 would, if not enforced, so seriously hamper the operations of the  
 7 agency as to make it advisable that a special session of the legislature  
 8 be called;  
 9 (3) Take all reasonable steps available to obtain a reprieve from the  
 10 implementation of any federal conformity failure sanctions until the  
 11 State legislature has been afforded an opportunity to consider the  
 12 existing conflict."

13 Sec. 228. G.S. 143B-428 reads as rewritten:

14 **"§ 143B-428. Department of ~~Economic and Community Development~~Commerce –**  
 15 **declaration of policy.**

16 It is hereby declared to be the policy of the State of North Carolina to actively  
 17 encourage the expansion of existing environmentally sound North Carolina industry; to  
 18 actively encourage the recruitment of environmentally sound national and international  
 19 industry into North Carolina through industrial recruitment efforts and through effective  
 20 advertising, with an emphasis on high-wage-paying industry; ~~to promote the~~  
 21 ~~development of North Carolina's labor force to meet the State's growing industrial~~  
 22 ~~needs; to cooperate with other State agencies in promoting the development of North~~  
 23 ~~Carolina's labor force to address the State's growing industrial needs;~~ to promote the  
 24 growth and development of our travel and tourist industries; to promote the  
 25 development of our State ports; to promote the management of North Carolina's energy  
 26 resources and the development of a State energy policy; and to assure throughout State  
 27 government, the coordination of North Carolina's economic development efforts."

28 Sec. 229. G.S. 143B-431(a) reads as rewritten:

29 "(a) The functions of the Department of Commerce, except as otherwise expressly  
 30 provided by Article 1 of this Chapter or by the Constitution of North Carolina, shall  
 31 include:

- 32 (1) All of the executive functions of the State in relation to economic  
 33 development including by way of enumeration and not of limitation,  
 34 the expansion and recruitment of environmentally sound industry,  
 35 ~~labor force development,~~ the promotion of and assistance in the  
 36 orderly development of North Carolina counties and communities, the  
 37 promotion and growth of the travel and tourism industries, the  
 38 development of our State's ports, energy resource management and  
 39 energy policy development;  
 40 (2) All functions, powers, duties and obligations heretofore vested in an  
 41 agency enumerated in Article 15 of Chapter 143A, to wit:  
 42 a. The State Board of Alcoholic Control,  
 43 b. The North Carolina Utilities Commission,  
 44 c. ~~The Employment Security Commission,~~

- d. The North Carolina Industrial Commission,
- e. State Banking Commission and the Commissioner of Banks,
- f. Savings and Loan Association Division,
- g. The State Savings Institutions Commission,
- h. Credit Union Commission,
- i. The North Carolina Milk Commission,
- j. The North Carolina Mutual Burial Association Commission,
- k. The North Carolina Rural Electrification Authority,
- l. The North Carolina State Ports Authority, all of which enumerated agencies are hereby expressly transferred by a Type II transfer, as defined by G.S. 143A-6, to this recreated and reconstituted Department of Commerce; and,

- (3) All other functions, powers, duties and obligations as are conferred by this Chapter, delegated or assigned by the Governor and conferred by the Constitution and laws of this State. Any agency transferred to the Department of Commerce by a Type II transfer, as defined by G.S. 143A-6, shall have the authority to employ, direct and supervise professional and technical personnel, and such agencies shall not be accountable to the Secretary of Commerce in their exercise of quasi-judicial powers authorized by statute, notwithstanding any other provisions of this Chapter, provided that the authority of the North Carolina State Ports Authority to employ, direct and supervise personnel shall be as provided in Part 10 of this Article."

Sec. 230. Notwithstanding any other law or Executive Order, the Employment and Training Division of the Department of Commerce is hereby transferred to the Department of Labor by a Type I transfer, as defined in G.S. 143A-6(a); however, under this transfer, the Governor shall retain authority over JTPA activities of the Division to the extent that such authority is required by Public Law 97-300, the Job Training Partnership Act.

Sec. 231. G.S. 143B-432 reads as rewritten:

**"§ 143B-432. Transfers to Department of Commerce.**

(a) The Division of Economic Development of the Department of Natural and Economic Resources, the Science and Technology Committee of the Department of Natural and Economic Resources, the Science and Technology Research Center of the Department of Natural and Economic Resources, and the North Carolina National Park, Parkway and Forests Development Council of the Department of Natural and Economic Resources are each hereby transferred to the Department of Commerce by a Type I transfer, as defined in G.S. 143A-6.

(b) All functions, powers, duties, and obligations heretofore vested in the following subunits of the Department of Natural Resources and Community Development are hereby transferred to and vested in the Department of Commerce by a Type I transfer as defined in G.S. 143A-6:

- (1) Community Assistance Division.
- (2) ~~Employment and Training Division.~~

1 (c) All functions, powers, duties, and obligations heretofore vested in the  
2 following councils of the Department of Natural Resources and Community  
3 Development are hereby transferred to and vested in the Department of Commerce by a  
4 Type II transfer as defined in G.S. 143A-6:

5 (1) Community Development Council.

6 ~~(2) Job Training Coordinating Council.~~"

7 Sec. 232. G.S. 143B-433 reads as rewritten:

8 **"§ 143B-433. Department of Commerce – organization.**

9 The Department of Commerce shall be organized to include:

- 10 (a) (1) The North Carolina Alcoholic Beverage Control  
11 Commission,  
12 (2) The North Carolina Utilities Commission,  
13 ~~(3) The Employment Security Commission,~~  
14 (4) The North Carolina Industrial Commission,  
15 (5) State Banking Commission,  
16 (6) Savings and Loan Association Division,  
17 (7) The State Savings Institutions Commission,  
18 (8) Credit Union Commission,  
19 (9) The North Carolina Milk Commission,  
20 (10) The North Carolina Mutual Burial Association Commission,  
21 (11) North Carolina Cemetery Commission,  
22 (12) The North Carolina Rural Electrification Authority,  
23 (13) Repealed by Session Laws 1985, c. 757, s. 179(d),  
24 (14) North Carolina Science and Technology Research Center,  
25 (15) The North Carolina State Ports Authority,  
26 (16) North Carolina National Park, Parkway and Forests Development  
27 Council,  
28 (17) Economic Development Board,  
29 ~~(18) Labor Force Development Council,~~  
30 (19) Energy Policy Council,  
31 (20) Energy Division,  
32 (21) Navigation and Pilotage Commissions established by Chapter 76 of  
33 the General Statutes,  
34 (22) The North Carolina Technological Development Authority.

35 (b) Those agencies which are transferred to the Department of Commerce,  
36 including the:

- 37 (1) Community Assistance Division,  
38 (2) Community Development ~~Council, Council;~~ and  
39 ~~(3) Employment and Training Division, and~~  
40 ~~(4) Job Training Coordinating Council; and~~

41 (c) Such divisions as may be established pursuant to Article 1 of this Chapter."

42 Sec. 233. Notwithstanding any other law or Executive Order, Part 3A of  
43 Article 10 of Chapter 143B is recodified as Article 23 of Chapter 95 of the General  
44 Statutes and the sections of Part 3A are renumbered as follows:

1	2	3	4
5	6	7	8
	Old Section Numbers		New Section Numbers
	143B-438.1	95-260	
	143B-438.2	95-261	
	143B-438.3	95-262	
	143B-438.4	95-263	
	143B-438.5	95-264	
	143B-438.6	95-265.	

9  
10           Sec. 234. G.S. 95-263, as recodified by Section 10 of this act, reads as  
11 rewritten:

12       "~~§ 143B~~-(a) ~~The Notwithstanding any other law or Executive Order, the State~~  
13 ~~Job Training Coordinating Council is established within the Department of Commerce.~~  
14 ~~transferred from the Department of Commerce to the Department of Labor. This~~  
15 ~~transfer shall have all the elements of a Type II transfer, as defined in G.S. 143A-6(b);~~  
16 ~~however, under this transfer the Governor shall retain authority over the Council to the~~  
17 ~~extent that such authority is required by Public Law 97-300, the Job Training~~  
18 ~~Partnership Act.~~

19           (b) Operating funds and staff for the Council shall be supported with funds  
20 from the Job Training Partnership Act.

21           (c) Adequate office space shall be provided by the Department of ~~Commerce.~~  
22 Labor.

23           (d) The ~~initial~~ staffing level of the Council and the level of funding support  
24 required shall be determined by the ~~Secretary of Commerce.~~ Commissioner of Labor.  
25 However, the staffing level shall not exceed 10 personnel as may be necessary to carry  
26 out its functions under this ~~Part~~ Article and the Job Training Partnership Act.

27           (e) Duties and responsibilities of the Council include but shall not be limited to the  
28 following:

- 29           (1) Overseeing the meeting of the State's goals for employment and  
30 training.
- 31           (2) Reviewing the plans and programs of agencies operating federally  
32 funded programs related to employment and training and of other  
33 agencies providing employment and training-related services in the  
34 State that may be funded with State funds.
- 35           (3) Conducting studies, preparing reports and analyses, including an  
36 annual published report to the Commissioner of Labor, Governor and  
37 General Assembly, and providing such advisory services as may be  
38 authorized or directed by the Governor.
- 39           (4) Recommending the allocation of Job Training Partnership Act funds  
40 not subject to the seventy-eight percent (78%) that flows directly to  
41 service delivery areas.
- 42           (5) Recommending program goals to insure job training for unskilled  
43 youth and adults is a matter of the highest priority and encouraging

- 1 Service Delivery Areas (SDA's) to reflect these goals in their SDA  
2 plans.
- 3 (6) Developing a long term tracking system to measure the effectiveness  
4 of the Job Training Partnership Act with respect to permanent job  
5 placements.
- 6 (7) Insuring compliance with the provisions of Sections 122(b)(7) A and B  
7 and 122(b)(8) of the Job Training Partnership Act no later than May 30  
8 of every year, requiring the following:
- 9 a. The identification of, in coordination with the appropriate State  
10 agencies, the employment, training, and vocation education  
11 needs throughout the State;
- 12 b. An assessment of the extent to which employment and training,  
13 vocation education, rehabilitation services, public assistance,  
14 economic development, and other federal, State, and local  
15 programs and services represent a consistent, integrated, and  
16 coordinated approach to meeting these needs;
- 17 c. Comments on reports required by Sections 105(d)(3) of the  
18 Vocational Education Act of 1963 and appropriate  
19 recommendations to the Governor and General Assembly.
- 20 (8) Annually measuring, to the extent practicable, the increase in  
21 employment and earnings and the reductions in welfare dependency by  
22 SDA resulting from participating in the Job Training Partnership Act  
23 program and reporting those findings to the Commissioner of Labor,  
24 Governor and General Assembly.
- 25 (9) Annually reporting to the Commissioner of Labor, Governor and  
26 General Assembly on funds expended by each SDA for job training  
27 services.
- 28 (10) Providing management guidance and review of all State administered  
29 employment and training programs and encouraging compliance by  
30 the SDA's with the goals and purposes outlined by the General  
31 Assembly, the Governor, and the State Council.
- 32 (11) Repealed by Session Laws 1989, c. 532, s. 2.
- 33 (12) Obtaining other information from recipients of Job Training  
34 Partnership Act funds, as requested by the Commissioner of Labor,  
35 ~~Governor~~ by the Governor, and by the General Assembly.
- 36 (13) Overseeing the responsibilities required in the Economic Dislocation  
37 and Worker Adjustment Assistance Act (EDWAAA), including the  
38 following:
- 39 a. Advising the Governor on designation of sub-State areas and  
40 sub-State grantees and on the procedure for selecting Private  
41 Industry Council (PIC) and Local Employment Organizations  
42 (LEO) representatives within sub-State areas relative to grantee  
43 designation;



- 1                   b.     Advising the Governor on developing formulas for distributing  
2                   funds among sub-State areas and formulas for reallocating  
3                   unexpended funds;  
4                   c.     Reviewing and commenting to the Commissioner of Labor and  
5                   the Governor on State and sub-State EDWAAA programs;  
6                   d.     Reviewing and submitting comments on the State plan prior to  
7                   submission to the Secretary and on each sub-State plan; and  
8                   e.     Advising the Governor on the establishment and application of  
9                   performance standard.

10       (f) The State Job Training Coordinating Council:

- 11               (1)     Shall be appointed by the Governor in a manner consistent with  
12               Section 122 of Public Law 97-300.  
13               (2)     Shall meet at the call of the chairman. A majority of the Council shall  
14               constitute a quorum for the transaction of business. Members shall  
15               receive per diem and necessary travel and subsistence expenses in  
16               accordance with the provisions of G.S. 138-5, 138-6 or 120-3.1, as the  
17               case may be.  
18               (3)     Repealed by Session Laws 1989, c. 532, s. 2.  
19               (4)     May create such committees as may be necessary to the proper  
20               conduct of its business. The Governor may establish such additional  
21               advisory bodies, in accordance with existing law, related to  
22               employment and training as may be necessary and appropriate to the  
23               conduct of federally supported employment and training-related  
24               programs.  
25               (5)     Keep the Commissioner of Labor apprised of all activities,  
26               recommendations, and advice provided by the Council to the Governor  
27               and the General Assembly."

28               Sec. 235. G.S. 95-265, as recodified by Section 10 of this act, reads as  
29       rewritten:

30       "~~§ 143B-438.6.~~ 95-265. Employment and Training Grant Program.

31               (a)     There is established in the Department of ~~Commerce, Labor,~~ Employment  
32               and Training Division, an Employment and Training Grant Program. The purpose of  
33               the program is to make grants available to local agencies operating on behalf of the  
34               Private Industry Council serving Job Training Partnership Act service delivery areas.  
35               Grant funds shall be allocated for the purpose of enabling recipient agencies to  
36               implement local employment and training programs in accordance with existing  
37               resources, local needs, local goals, and selected training occupations. The Department  
38               shall adopt rules in accordance with Chapter 150B of the General Statutes for  
39               administering the Employment and Training Grant Program, which rules shall include  
40               procedures for review and approval of grant applications by local agencies and for  
41               monitoring use of grant funds by recipient agencies. A State-administered program of  
42               performance standards shall be used to measure grant program outcomes.

43               (b)     Use of grant funds: Local agencies may use funds received under this section  
44               only for the purpose of upgrading the foundation of basic skills of the adult population

1 and the existing work force in North Carolina. Services that may be provided include  
2 participant programs currently available under the federal Job Training Partnership Act  
3 that are appropriate for adults; on-the-job training; work experience; adult basic  
4 education; skills training, upgrading, and retraining; counseling and screening for job  
5 placement; service corps; and related support services. Local agencies may use grant  
6 funds to provide services only to individuals who are 18 years of age or older and who  
7 either (i) meet the current Federal Job Training Partnership Act definition of  
8 'economically disadvantaged', or (ii) meet the current definition for eligibility under  
9 Title III of the Federal Job Training Partnership Act.

10 (c) Allocation of grants: The Department may reserve and allocate up to five  
11 percent (5%) of funds available to the Employment and Training Grant Program for  
12 State and local administrative costs to implement the program. The Division of  
13 Employment and Training shall allocate employment and training grants to local  
14 agencies operating on behalf of the Private Industry Council serving Job Training  
15 Partnership Act service delivery areas based on the following formula:

16 (1) One half of the funds shall be allocated on the basis of the relative  
17 excess number of unemployed individuals residing in each county as  
18 compared to the total excess number of unemployed individuals in all  
19 counties in the State.

20 'Excess number of unemployed' is defined as the number of  
21 unemployed individuals in excess of four and one-half percent (4.5%)  
22 of the civilian labor force in each county or the number of unemployed  
23 individuals in excess of four and one-half percent (4.5%) of the  
24 civilian labor force in each census tract within the county. The  
25 following methodology is used to determine the excess number of  
26 unemployed:

- 27 a. For counties classified as having excess unemployment, the  
28 excess number of unemployed is determined by subtracting four  
29 and one-half percent (4.5%) of the civilian labor force from the  
30 number of unemployed individuals within the county. The  
31 difference equals the number of excess unemployed.
- 32 b. In situations where the entire county is not classified as having  
33 excess unemployment, the excess number of unemployed is  
34 determined by census tract unemployment within the county.  
35 Census tract data is used to determine which subcounty areas  
36 qualify as areas of excess unemployment. In those subcounty  
37 areas classified as having excess unemployment (census tracts  
38 with four and one-half percent (4.5%) or higher unemployment  
39 rates), four and one-half percent (4.5%) of the census tract labor  
40 force is subtracted from the number of unemployed individuals  
41 within the area of excess unemployment. The subcounty  
42 figures of excess number of unemployed within the county are  
43 then added together to determine the total excess number of  
44 unemployed within the county.

1 (2) One half of the funds shall be allocated on the basis of the relative  
2 number of economically disadvantaged individuals within each county  
3 compared to the total number of economically disadvantaged  
4 individuals in the State. To determine the number of economically  
5 disadvantaged individuals within each county, data from the State Data  
6 Center in the Office of State Budget and Management, or from the  
7 federal decennial census, whichever is most recent, shall be used.

8 (d) Reports, Coordination: The Department of ~~Commerce~~Labor shall report  
9 quarterly to the Governor and to the Speaker of the House of Representatives and the  
10 President Pro Tempore of the Senate on the North Carolina Employment and Training  
11 Grant Program. The Department shall also provide a copy of these quarterly reports to  
12 the State Job Training Coordinating Council. The Council shall advise the Department  
13 on the merger of the funds provided to implement this section with other employment  
14 and training funds to develop comprehensive work-force preparedness initiatives for the  
15 State.

16 (e) Funds appropriated to the Department of ~~Commerce~~ for the Employment and  
17 Training Grant Program that are not expended at the end of the fiscal year shall not  
18 revert but shall remain available to the Department for the purposes established in this  
19 section."

20 Sec. 236. All statutory authority, powers, duties, functions, records,  
21 personnel, property, and unexpended balances of appropriations or other funds of any  
22 agency which is transferred pursuant to this act shall be transferred in their entirety.

23 Sec. 237. Sections 224 through 236 of this act shall not be construed to  
24 obligate the General Assembly to make any appropriation to implement the provisions  
25 of those sections. Each department and agency to which those sections applies shall  
26 implement the provisions of this act from funds otherwise appropriated to that  
27 department or agency.

28 Sec. 238. Sections 224 through 237 of this act become effective July 1, 1993.  
29 —LET AOC STAFF SUPPORT OAH.

30 Sec. 239. (a) The General Assembly finds that:

- 31 (1) 16 of the 40 full-time staff positions at the Office of Administrative  
32 Hearings, including three secretaries on personal services contracts,  
33 are support-related and perform functions similar to those performed  
34 by the staff of the Administrative Office of the Courts;
- 35 (2) These 16 positions are responsible for providing secretarial support  
36 and research, scheduling cases, and handling budgetary, fiscal,  
37 personnel, and other administrative matters;
- 38 (3) The Administrative Office of the Courts has a large, well-trained staff  
39 and systems in place to support the additional work load from the  
40 Office of Administrative Hearings;
- 41 (4) Of the 16 support positions at the Office of Administrative Hearings,  
42 two would be needed to handle the extra work load at the  
43 Administrative Office of the Courts but the remaining 14 could be  
44 eliminated;

1 (5) If the Administrative Office of the Courts provides support services to  
2 the Office of Administrative Hearings, the Office of Administrative  
3 Hearings would need to move so that it is physically located with the  
4 staff of the Administrative Office of the Courts.

5 (b) The State Property Office shall find suitable space for the Administrative  
6 Office of the Courts and the Office of Administrative Hearings so that the Office of  
7 Administrative Hearings is physically located with the staff of the Administrative Office  
8 of the Courts.

9 (c) The following two positions are transferred from the Office of Administrative  
10 Hearings to the Administrative Office of the Courts: Administrative Assistant II and  
11 Clerk/Typist V. The base budget of the Administrative Office of the Courts is increased  
12 by ninety-one thousand six hundred thirty-nine dollars (\$91,639) for the 1994-95 fiscal  
13 year as the result of the transfer of positions required by this section and the base budget  
14 of the Office of Administrative Hearings is reduced by the same amount.

15 (d) The following 14 positions at the Office of Administrative Hearings are  
16 eliminated: Deputy Director, Internal Auditor, Administrative Service Manager, Clerk  
17 IV, Accounting Technician V, Administrative Assistant III, Clerk Typist V, Chief  
18 Hearing Clerk, Clerk IV, Paralegal III, Receptionist Clerk IV, Paralegal II,  
19 Administrative Officer II, and Clerk/Typist V. The base budget of the Office of  
20 Administrative Hearings is reduced by four hundred fifty-three thousand nine hundred  
21 seventy dollars (\$453,970) for the 1994-95 fiscal year as the result of the positions  
22 eliminated by this subsection.

23 (e) The Office of Administrative Hearings shall not renew its three personal  
24 services contracts for secretarial services.

25 (f) This section becomes effective July 1, 1994.

26 ---MOVE N.C. REGISTER & CODE.

27 Sec. 240. (a) The General Assembly finds that:

28 (1) The Office of Administrative Hearings conducts contested case  
29 hearings and publishes the North Carolina Register and the North  
30 Carolina Administrative Code;

31 (2) The Government Performance Audit Committee finds that the  
32 Secretary of State has a publications division that performs functions  
33 similar to those performed by the publications division of the Office of  
34 Administrative Hearings;

35 (3) For these reasons, the Government Performance Audit Committee  
36 recommends that the publication functions of the Office of  
37 Administrative Hearings be transferred to the Secretary of State;

38 (b) G.S. 150B-2(1b) reads as rewritten:

39 "(1b) 'Codifier of Rules' means the ~~Chief Administrative Law Judge of the~~  
40 ~~Office of Administrative Hearings~~ Secretary of State or a designated  
41 representative of the ~~Chief Administrative Law Judge~~ Secretary of  
42 State."

43 (c) G.S. 150B-21.1 reads as rewritten:

44 "**§ 150B-21.1. Procedure for adopting a temporary rule.**

1 (a) Adoption. – An agency may adopt a temporary rule without prior notice or  
2 hearing or upon any abbreviated notice or hearing the agency finds practical when it  
3 finds that adherence to the notice and hearing requirements of this Part would be  
4 contrary to the public interest and that the immediate adoption of the rule is required by  
5 one or more of the following:

- 6 (1) A serious and unforeseen threat to the public health, safety, or welfare.
- 7 (2) The effective date of a recent act of the General Assembly or the  
8 United States Congress.
- 9 (3) A recent change in federal or State budgetary policy.
- 10 (4) A federal regulation.
- 11 (5) A court order.
- 12 (6) The need for the rule to become effective the same date as the State  
13 Medical Facilities Plan approved by the Governor, if the rule addresses  
14 a matter included in the State Medical Facilities Plan.

15 An agency must prepare a written statement of its findings of need for a temporary  
16 rule. The statement must be signed by the head of the agency adopting the rule.

17 An agency must begin rule-making proceedings for a permanent rule by the day it  
18 adopts a temporary rule. An agency begins rule-making proceedings for a permanent  
19 rule by submitting to the ~~codifier~~ Codifier of Rules written notice of its intent to adopt a  
20 permanent rule.

21 (b) Review. – When an agency adopts a temporary rule it must submit the ~~rule,~~  
22 ~~rule and~~ the agency's written statement of its findings of need for the ~~rule,~~ ~~and the notice~~  
23 ~~of intent to adopt a permanent rule to the Codifier of Rules.~~ rule to the Chief  
24 Administrative Law Judge of the Office of Administrative Hearings. Within one  
25 business day after an agency submits a temporary rule, the ~~Codifier of Rules~~ Chief  
26 Administrative Law Judge or another administrative law judge designated by the Chief  
27 must review the agency's written statement of findings of need for the rule to determine  
28 whether the statement of need meets the criteria listed in subsection (a). In reviewing  
29 the statement, the ~~Codifier of Rules~~ administrative law judge may consider any  
30 information submitted by the agency or another person. If the ~~Codifier of Rules~~  
31 administrative law judge finds that the statement meets the criteria, the ~~Codifier of~~  
32 ~~Rules~~ administrative law judge must notify the head of the agency and direct the  
33 Codifier of Rules to enter the rule in the North Carolina Administrative Code.

34 If the ~~Codifier of Rules~~ administrative law judge finds that the statement does not  
35 meet the criteria, the ~~Codifier of Rules~~ administrative law judge must immediately  
36 notify the head of the agency. The agency may supplement its statement of need with  
37 additional findings or submit a new statement. If the agency provides additional  
38 findings or submits a new statement, the ~~Codifier of Rules~~ administrative law judge  
39 must review the additional findings or new statement within one business day after the  
40 agency submits the additional findings or new statement. If the ~~Codifier of Rules~~  
41 administrative law judge again finds that the statement does not meet the criteria listed  
42 in subsection (a), the ~~Codifier of Rules~~ administrative law judge must immediately  
43 notify the head of the agency.

1 If an agency decides not to provide additional findings or submit a new statement  
2 when notified by ~~the Codifier of Rules~~ an administrative law judge that the agency's  
3 findings of need for a rule do not meet the required criteria, the agency must notify the  
4 ~~Codifier of Rules~~ administrative law judge of its decision. The ~~Codifier of Rules~~  
5 administrative law judge must then direct the Codifier of Rules to enter the rule in the  
6 North Carolina Administrative Code on the sixth business day after receiving notice of  
7 the agency's decision.

8 (c) Standing. – A person aggrieved by a temporary rule adopted by an agency  
9 may file an action for declaratory judgment in Wake County Superior Court pursuant to  
10 Article 26 of Chapter 1 of the General Statutes. In the action, the court shall determine  
11 whether the agency's written statement of findings of need for the rule meets the criteria  
12 listed in subsection (a) and whether the rule meets the standards in G.S. 150B-21.9 that  
13 apply to review of a permanent rule. The court may not grant an **ex parte** temporary  
14 restraining order.

15 Filing a petition for rule making or a request for a declaratory ruling with the agency  
16 that adopted the rule is not a prerequisite to filing an action under this subsection. A  
17 person who files an action for declaratory judgment under this subsection must serve a  
18 copy of the complaint on the agency that adopted the rule being contested, the Chief  
19 Administrative Law Judge, the Codifier of Rules, and the Commission.

20 (d) Effective Date and Expiration. – A temporary rule becomes effective on the  
21 date specified in G.S. 150B-21.3. A temporary rule expires on the date specified in the  
22 rule or 180 days from the date the rule becomes effective, whichever comes first."

23 (d) The following four positions at the Office of Administrative Hearings are  
24 transferred from that Office to the Office of the Secretary of State: Director of APA  
25 Services, Publications Coordinator, Editorial Assistant II, and Editorial Assistant I.

26 (e) The base budget of the Office of Administrative Hearings is reduced by  
27 two hundred eighty thousand two hundred sixty-three dollars (\$280,263) for the 1994-  
28 95 fiscal year due to the transfer of positions by subsection (g) of this section and the  
29 base budget of the Office of the Secretary of State is increased by the same amount.

30 (f) This section becomes effective July 1, 1994.

31 —NO OAH HIGH POINT OFFICE.

32 Sec. 241. (a) The General Assembly finds that:

- 33 (1) The Office of Administrative Hearings has a regional office in High  
34 Point with a staff of one administrative law judge and one part-time  
35 secretary;
- 36 (2) The regional High Point Office was established on a trial basis to  
37 handle cases in the western part of the State; and
- 38 (3) The Government Performance Audit Committee recommends that this  
39 regional office be eliminated.

40 (b) The Office of Administrative Hearings shall close its High Point regional  
41 office. The administrative law judge assigned to the regional office is reassigned to the  
42 Raleigh office of the Office of Administrative Hearings. The personal services contract  
43 of the part-time secretary assigned to the High Point regional office shall not be  
44 renewed.

1 (c) This section becomes effective July 1, 1993.

2 —OAH FEE STRUCTURE.

3 Sec. 241.1. (a) The General Assembly finds that:

4 (1) No fees are currently charged in contested cases conducted by the  
5 Office of Administrative Hearings;

6 (2) The Government Performance Audit Committee recommends that  
7 25% of the operating budget of the Office of Administrative Hearings  
8 come from user fees;

9 (3) User fees discourage frivolous cases and reduce reliance on General  
10 Fund appropriations.

11 (b) The Office of Administrative Hearings shall prepare a proposed schedule of  
12 fees to apply in contested cases conducted by that Office and must submit the proposed  
13 schedule to the General Government Subcommittees of the House and Senate  
14 Appropriations Committees of the General Assembly by March 15, 1993. The proposed  
15 schedule shall generate approximately 25% of the operating budget of the Office  
16 through fees. The fees may be filing fees, costs assessed against the losing party in a  
17 contested case, or a combination of these.

18 (c) This section is effective upon ratification.

19 —MODIFY AGENCY DECISION PROCESS.

20 Sec. 242. (a) G.S. 150B-34 reads as rewritten:

21 "**§ 150B-34. Recommended decision or ~~order of administrative law judge.~~ order;**  
22 **reconsideration of decision or order.**

23 "(a) Except as provided in G.S. 150B-36(c), in each contested case the presiding  
24 administrative law judge shall make a recommended decision or order that contains  
25 findings of fact and conclusions of law. The Office of Administrative Hearings must  
26 forward a copy of the recommended decision or order to each party. Within 10 days  
27 after a party receives the recommended decision or order, the party may apply to the  
28 administrative law judge for a new hearing or other appropriate relief allowed under  
29 G.S. 1A-1, the Rules of Civil Procedure.

30 (b) ~~Repealed by Session Laws 1991, c. 35, s. 6."~~

31 (b) G.S. 150B-36 reads as rewritten:

32 "**§ 150B-36. Final decision.**

33 (a) ~~Before the agency makes a final decision, it shall~~ After an agency receives the  
34 official record in a contested case, the agency must give each party an opportunity to the  
35 contested case 15 days to file exceptions to the decision or order recommended by the  
36 administrative law judge, judge and to present written arguments to those in the agency  
37 who will make the final decision or order. If none of the parties files exceptions to the  
38 recommended decision or order within the 15-day period, the agency is considered to  
39 have adopted the administrative law judge's recommended decision or order as the  
40 agency's final decision or order.

41 If a party files in good faith a timely and sufficient affidavit of personal bias or other  
42 reason for disqualification of a member of the agency making the final decision, the  
43 agency shall determine the matter as a part of the record in the case, and the case. The  
44 determination is subject to judicial review at the conclusion of the case.

1 (b) A final decision or order in a contested case shall be made by the agency in  
2 ~~writing after review of agency within the time set by G.S. 150B-44. If the agency does~~  
3 ~~not adopt as its final decision or order the recommended decision or order made in the~~  
4 ~~contested case under subsection (a) of this section, it must make a written final decision~~  
5 ~~or order. In making its final decision or order, the agency may consider only the official~~  
6 ~~record as defined in G.S. 150B-37(a) and the exceptions filed by a party. The final~~  
7 ~~decision or order shall include findings of fact and conclusions of law. The~~  
8 ~~findings of fact and conclusions of law made in the contested case by the administrative~~  
9 ~~law judge are binding on the agency in making its final decision or order if they are~~  
10 ~~supported by substantial evidence admissible under G.S. 150B-29(a), 150B-30, or~~  
11 ~~150B-31 in view of the entire record. If~~

12 ~~If the agency does not adopt the administrative law judge's recommended decision or~~  
13 ~~order as its final decision, decision or order, the agency shall state in its decision or~~  
14 ~~order the specific reasons why it did not adopt the administrative law judge's~~  
15 ~~recommended decision. The agency may consider only the official record prepared~~  
16 ~~pursuant to G.S. 150B-37 in making a final decision or order, and the final decision or~~  
17 ~~order shall be supported by substantial evidence admissible under G.S. 150B-29(a),~~  
18 ~~150B-30, or 150B-31. decision or order. A copy of the agency's decision or order shall~~  
19 ~~be served upon each party personally or by certified mail addressed to the party at the~~  
20 ~~latest address given by the party to the agency, and a copy shall be furnished to his each~~  
21 ~~party's attorney of record and the Office of Administrative Hearings.~~

22 (c) The following decisions made by administrative law judges in contested cases  
23 are final decisions:

- 24 (1) A determination that the Office of Administrative Hearings lacks  
25 jurisdiction.
- 26 (2) An order entered pursuant to the authority in G.S. 7A-759(e).
- 27 (3) An order entered pursuant to a written prehearing motion that either  
28 dismisses the contested case for failure of the petitioner to prosecute or  
29 grants the relief requested when a party does not comply with  
30 procedural requirements.
- 31 (4) An order entered pursuant to a prehearing motion to dismiss the  
32 contested case in accordance with G.S. 1A-1, Rule 12(b) when the  
33 order disposes of all issues in the contested case."

34 (c) G.S. 150B-37(c) reads as rewritten:

35 "(c) The Office of Administrative Hearings shall forward a copy of the official  
36 record to the agency making the final decision and shall forward a copy of the  
37 recommended decision to each party. decision."

38 (d) G.S. 150B-44 reads as rewritten:

39 **"§ 150B-44. Right to judicial intervention when decision unreasonably delayed.**

40 Unreasonable delay on the part of any agency or administrative law judge in taking  
41 any required action shall be justification for any person whose rights, duties, or  
42 privileges are adversely affected by such delay to seek a court order compelling action  
43 by the agency or administrative law judge. An agency that is subject to Article 3 of this  
44 Chapter and is not a board or commission has ~~90-45~~ days from the day it receives the



1 official record in a contested case from the Office of Administrative Hearings to make a  
2 final decision in the case. This time limit may be extended by the parties or, for good  
3 cause shown, by the agency for an additional period of up to ~~90~~30 days. An agency  
4 that is subject to Article 3 of this Chapter and is a board or commission has ~~90~~45 days  
5 from the day it receives the official record in a contested case from the Office of  
6 Administrative Hearings or ~~90~~45 days after its next regularly scheduled meeting,  
7 whichever is longer, to make a final decision in the case. This time limit may be  
8 extended by the parties or, for good cause shown, by the agency for an additional period  
9 of up to ~~90~~30 days. If an agency subject to Article 3 of this Chapter has not made a  
10 final decision within these time limits, the agency is considered to have adopted the  
11 administrative law judge's recommended decision as the agency's final decision. Failure  
12 of an agency subject to Article 3A of this Chapter to make a final decision within ~~180~~  
13 75 days of the close of the contested case hearing is justification for a person whose  
14 rights, duties, or privileges are adversely affected by the delay to seek a court order  
15 compelling action by the agency or, if the case was heard by an administrative law  
16 judge, by the administrative law judge."

17 (e) G.S. 150B-51 reads as rewritten:

18 **"§ 150B-51. Scope of review.**

19 (a) Initial Determination in Certain Cases. —In reviewing a final decision in a  
20 contested case in which an administrative law judge made a recommended decision, the  
21 court shall make ~~two~~three initial determinations. First, the court shall determine  
22 whether the agency heard new evidence after receiving the recommended decision. If  
23 the court determines that the agency heard new evidence, the court shall reverse the  
24 decision or remand the case to the agency to enter a decision in accordance with the  
25 evidence in the official record. ~~Second,~~

26 Second, if the agency did not adopt the recommended decision, the court shall  
27 determine whether the administrative law judge's findings of fact and conclusions of  
28 law are supported by substantial evidence admissible under G.S. 150B-29(a), 150B-30,  
29 or 150B-31 in view of the entire record. If the court determines that the agency failed to  
30 adhere to the administrative law judge's findings of fact and conclusions of law that are  
31 supported by substantial evidence, the court shall reverse the decision or remand the  
32 case to the agency to enter a decision in accordance with the evidence in the official  
33 record.

34 Third, if the agency did not adopt the recommended decision, the court shall  
35 determine whether the agency's decision states the specific reasons why the agency did  
36 not adopt the recommended decision. If the court determines that the agency did not  
37 state specific reasons why it did not adopt a recommended decision, the court shall  
38 reverse the decision or remand the case to the agency to enter the specific reasons.

39 (b) Standard of Review. —After making the determinations, if any, required by  
40 subsection (a), the court reviewing a final decision may affirm the decision of the  
41 agency or remand the case for further proceedings. It may also reverse or modify the  
42 agency's decision if the substantial rights of the petitioners may have been prejudiced  
43 because the agency's findings, inferences, conclusions, or decisions are:

44 (1) In violation of constitutional provisions;

- 1 (2) In excess of the statutory authority or jurisdiction of the agency;  
2 (3) Made upon unlawful procedure;  
3 (4) Affected by other error of law;  
4 (5) Unsupported by substantial evidence admissible under G.S. 150B-  
5 29(a), 150B-30, or 150B-31 in view of the entire record as submitted;  
6 or  
7 (6) Arbitrary or capricious."  
8 (f) This section becomes effective October 1, 1993, and applies to contested  
9 cases commenced on or after that date.

10 ---INFO. TECHNOLOGY LEADERSHIP.

11 Sec. 243. (a) The State Information Processing Services (hereafter referred to as  
12 "SIPS" ) shall develop a written plan for a program to provide technical leadership and  
13 support in a variety of information technologies to agencies throughout State  
14 government. SIPS shall present the written plan to the Information Resource  
15 Management Commission (hereafter referred to as "IRMC" ) for approval and  
16 implementation not later than December 31, 1993.

17 (b) SIPS shall prepare a written plan for developing and implementing a training  
18 program that will focus its training services in information technologies, software tools,  
19 and technical management techniques in which its clients have growing needs. SIPS  
20 shall present the written plan to the IRMC for approval and implementation not later  
21 than December 31, 1993.

22 (c) SIPS shall prepare a written plan for setting technical standards for the  
23 design, development, and implementation of all new application systems to be run at its  
24 data center. SIPS shall present the written plan to the IRMC for approval and  
25 implementation not later than December 31, 1993.

26 (d) SIPS shall prepare a written plan for (i) evaluating the support it provides to  
27 Local Area Network (hereafter referred to as "LAN" ) clients and users in State  
28 agencies, (ii) determining the most appropriate levels of LAN support it can provide to  
29 State agencies, and (iii) deploying LANs in State agencies where LANs are determined  
30 to be needed and useful. SIPS shall present the written plan to the IRMC for approval  
31 and implementation not later than December 31, 1993.

32 (e) SIPS shall prepare a written plan for updating its LAN guidelines and  
33 standards in such a manner that will support alternative approaches to designing and  
34 implementing LANs in State agencies. SIPS shall present the written plan to the IRMC  
35 for approval and implementation not later than December 31, 1993.

36 (f) SIPS shall prepare a written plan for providing training for its staff and  
37 for preparing standards and procedures to be used in computer-aided software  
38 engineering applications development at SIPS. SIPS shall present the written plan to  
39 the IRMC for approval not later than December 31, 1993, and shall implement the plan  
40 upon this approval.

41 (g) This section is effective upon ratification.

42 ---IRMC MANAGEMENT OVERSIGHT.

43 Sec. 244. (a) The Information Resources Management Commission (hereafter  
44 "IRMC" ) shall develop a written plan not later than December 31, 1993, for

1 encouraging all State agencies to establish oversight of the information resource  
2 management function within the top management levels of each agency. The IRMC  
3 shall present the plan to the Joint Legislative Commission on Governmental Operations  
4 not later than December 31, 1993.

5 (b) This section is effective upon ratification.

6 —INFO. TECH. BRIEFINGS.

7 Sec. 245. (a) The Information Resources Management Commission (hereafter  
8 referred to as "IRMC" ) shall prepare and adopt a plan for sponsoring periodic briefings  
9 for senior executive agency officials, senior judicial branch officials, and members of  
10 the General Assembly on major topics, issues, trends, and developments in information  
11 technology.

12 (b) The IRMC shall present the plan for the briefings to the Joint Legislative  
13 Commission on Governmental Operations not later than July 1, 1993, and shall  
14 implement the plan, incorporating where possible and practicable any revisions  
15 suggested by the Joint Legislative Commission on Governmental Operations,  
16 immediately after the presentation.

17 (c) The IRMC shall prepare and deliver a written report to the Joint Legislative  
18 Commission on Governmental Operations not later than December 31, 1993, listing (i)  
19 the number of such briefings held during 1993, (ii) a brief description of the contents of  
20 the briefings, (iii) a list of persons from the three branches of government who attended  
21 the meetings, (iv) an evaluation of the effectiveness of the meetings, and (v) plans for  
22 future meetings.

23 (d) This section is effective upon ratification.

24 —SIPS INTERNAL MANAGEMENT.

25 Sec. 246. (a) The State Information Processing Services (hereafter referred to as  
26 "SIPS" ) shall develop a written plan to strengthen its problem reporting operations.  
27 SIPS shall present the written plan to the Information Resource Management  
28 Commission (hereafter referred to as "IRMC" ) for approval and implementation not  
29 later than December 31, 1993.

30 (b) SIPS shall develop a plan for a quality assurance operation inside its  
31 organizational structure. SIPS shall present the written plan to the IRMC for approval  
32 and implementation not later than December 31, 1993.

33 (c) SIPS shall develop a plan to combine the two sides of its mainframe  
34 computer into a single image system. SIPS shall present the written plan to the IRMC  
35 for approval and implementation not later than December 31, 1993.

36 (d) SIPS shall develop a plan to make operational a fully functional change  
37 management system concerning its computer resources, telecommunications resources,  
38 and consulting services. SIPS shall present the written plan to the IRMC for approval  
39 and implementation not later than December 31, 1993.

40 (e) SIPS shall prepare a written plan for a version/release approach to  
41 maintaining all production systems on SIPS' mainframe computers. The plan shall  
42 cover production systems maintained either by SIPS or by the agencies using the SIPS  
43 mainframe computers. SIPS shall present the written plan to the IRMC for approval  
44 and implementation not later than December 31, 1993.

1 (f) SIPS shall prepare a documented plan for a training program to cross-  
2 train its system programmers to provide more backup staff resources for critical systems  
3 products and applications. SIPS shall present the written plan concerning the training  
4 program to the IRMC for approval and implementation not later than December 31,  
5 1993.

6 (g) SIPS shall update all job title classifications for its employees, in  
7 conjunction with the Office of State Personnel, not later than December 31, 1993.

8 (h) This section is effective upon ratification.

9 —PERSONAL COMPUTER PLANNING.

10 Sec. 246.1. (a) The Information Resources Management Commission (hereafter  
11 referred to as "IRMC" ) shall develop procedures for requiring agencies to submit plans  
12 for purchasing and using personal computers and workstations before authorizing the  
13 agencies to purchase these devices. The IRMC shall present its draft procedures,  
14 including drafts of any legislation that would be required to prohibit agency purchases  
15 of personal computers and workstations without plans approved by the IRMC, to the  
16 Joint Legislative Commission on Government Operations not later than December 31,  
17 1993.

18 (b) This section is effective upon ratification.

19 —SIPS RATES AND FINANCES.

20 Sec. 247. (a) The State Information Processing Services (hereafter referred to as  
21 "SIPS" ) shall evaluate and simplify its procedures and processes for billing customers  
22 for use of its services. SIPS shall submit a plan for implementing the new billing  
23 procedures and processes to the Information Resource Management Commission  
24 (hereafter referred to as "IRMC" ) for approval and implementation not later than July 1,  
25 1993.

26 (b) SIPS shall evaluate and redesign the billing report format that it provides to  
27 its customers in order to meet their information needs. SIPS shall submit a plan for  
28 implementing the new billing report format to the IRMC for approval and  
29 implementation not later than July 1, 1993.

30 (c) The IRMC shall adopt not later than July 1, 1993, written procedures for  
31 setting rates charged to customers of the SIPS computing, consulting,  
32 telecommunications, and related services.

33 (d) The Office of State Controller (hereafter referred to "OSC" ) shall prepare a  
34 written plan for assisting State agencies in preparation for the impact of Revision to the  
35 United States Office of Management and Budget Circular A-87, "Cost Principles for  
36 State and Local Government" as revised. OSC shall submit the plan to the IRMC for  
37 approval and implementation not later than July 1, 1993.

38 (e) SIPS shall prepare an evaluation of costs and benefits of implementing  
39 leasing as a financing strategy for purchasing its mainframe computers. This evaluation  
40 shall include an analysis of the requirements for annual reserve fund accumulations at  
41 SIPS and the effect on total billing rates for SIPS' client agencies. This evaluation shall  
42 include an analysis of any statutory changes or constitutional changes that would be  
43 required to permit such leasing procedures for mainframe computers. SIPS shall submit  
44 the report to the Office of State Budget and Management, the Office of State Controller,

1 the IRMC, and the Joint Legislative Commission on Governmental Operations not later  
2 than July 1, 1993.

3 (f) This section is effective upon ratification.

4 ---SIPS CAPACITY PLANNING.

5 Sec. 247.1. (a) The State Information Processing Services (hereafter referred to as  
6 "SIPS" ) shall prepare and document a plan for developing and implementing a  
7 technically competent and adequately staffed performance analysis and capacity  
8 planning operation for its information systems and telecommunications networks. As  
9 part of its plan, SIPS shall propose to the Information Resource Management  
10 Commission (hereafter referred to as "IRMC" ) the implementation of the computer  
11 programs necessary to support performance analysis and capacity planning operations.  
12 SIPS shall present the written plan to the IRMC for approval and implementation not  
13 later than December 31, 1993.

14 (b) This section is effective upon ratification.

15 ---SIPS CUSTOMER SERVICES.

16 Sec. 248. (a) The State Information Processing Services (hereafter referred to as  
17 "SIPS" ) shall develop a written plan for providing service to its customers that  
18 incorporates SIPS needs to be competitive in the total costs of such services to SIPS  
19 customers. The plan shall compare SIPS service plans and capabilities with services  
20 from alternative sources of technology, such as purchase of service from commercial  
21 vendors and purchase of agency computers and networks that are smaller than  
22 mainframes. SIPS shall present the written plan to the Information Resource  
23 Management Commission (hereafter referred to as "IRMC" ) for approval not later than  
24 September 1, 1993.

25 (b) The State Information Processing Service shall develop a written plan (i) for  
26 instituting a client service management program and (ii) for instituting procedures for  
27 improving its relations with all of its customers. SIPS shall submit the written plan to  
28 the IRMC for approval not later than September 1, 1993, and shall implement the plan  
29 upon this approval.

30 (c) The State Information Processing Service shall develop specific measures of  
31 service performance that are oriented to meeting the needs of its clients and shall  
32 develop written service level agreements for committing to meet these performance  
33 standards when requested to do so by a user of SIPS services. SIPS shall submit the  
34 measures of service performance and its plans for instituting service level agreements  
35 with clients to the IRMC for approval not later than September 1, 1993, and shall begin  
36 the service level agreement process upon approval of its plan by the IRMC.

37 (d) This section is effective upon ratification.

38 ---AGENCY INFO. TECH. OPERATIONS.

39 Sec. 249. (a) The Information Resources Management Commission (hereafter  
40 referred to as "IRMC" ) shall develop a written plan and guidelines for agencies to adopt  
41 a uniform set of policies, procedures, and standards relating to the procurement,  
42 management, and use of information and telecommunications technology. The IRMC  
43 shall present the written plan and guidelines to the Joint Legislative Commission on  
44 Governmental Operations not later than September 30, 1993.

1 (b) The IRMC shall develop a written plan for encouraging and assisting  
2 agencies to link their information technology plans to their program objectives  
3 throughout the agency. The IRMC shall deliver its written plan to the Joint Legislative  
4 Commission on Governmental Operations not later than September 30, 1993.

5 (c) The IRMC shall develop a written plan and procedure by which every agency  
6 under its jurisdiction shall submit its information technology plans for review and  
7 comment by either IRMC staff or information resource managers selected by the IRMC  
8 from at least two other agencies. The purpose of these reviews shall be to:

9 (1) Familiarize agencies with other agencies' information technology  
10 operations, and

11 (2) Provide constructive reviews and suggestions for agencies' information  
12 technology operations.

13 The plan and procedure developed by the IRMC shall result in every agency under its  
14 jurisdiction having its information technology plans reviewed at least once every three  
15 years. The IRMC shall deliver the written plan for this review procedure to the Joint  
16 Legislative Commission on Governmental Operations not later than December 31,  
17 1993.

18 (d) The State Information Processing Services (hereafter referred to as "SIPS" )  
19 shall prepare a written plan for linking its strategic and operational plans to the  
20 information technology plans and policies of its customers and client agencies. SIPS  
21 shall deliver this plan to the Information Resources Management Commission not later  
22 than December 31, 1993, and shall implement the plan upon receiving approval of the  
23 plan.

24 (e) This section is effective upon ratification.

25 ---INFO. TECH. JOB DESCRIPTIONS.

26 Sec. 250. (a) The Information Resources Management Commission (hereafter  
27 referred to as "IRMC" ), working in coordination with the Office of State Personnel and  
28 the personnel officers in the executive agencies, shall develop a written plan for  
29 continuously updating information technology position descriptions at the State  
30 Information Processing Services and all executive agencies to reflect current  
31 qualifications requirements for those positions. The IRMC shall present the results of  
32 the initial updating efforts and the plan for continuously revising and updating the  
33 position descriptions to the Joint Legislative Commission on Governmental Operations  
34 not later than December 31, 1993.

35 (b) This section is effective upon ratification.

36 ---INFO. TECH. DISASTER RECOV.

37 Sec. 251. (a) The Information Resources Management Commission (hereafter  
38 referred to as "IRMC" ) shall establish policies and guidelines for disaster recovery  
39 plans and operations at the State Information Processing Services (hereafter referred to  
40 as "SIPS" ). These policies and guidelines shall be established not later than June 30,  
41 1993.

42 (b) The IRMC shall establish policies and guidelines for State agencies to follow  
43 in developing disaster recovery plans and operations. The IRMC shall present these

1 policies and guidelines to the Joint Legislative Commission on Governmental  
2 Operations not later than June 30, 1993.

3 (c) SIPS shall prepare a report on steps it has taken to develop a contract for full-  
4 facility disaster recovery services, commonly referred to as a "hot site" facility, that will  
5 provide disaster recovery coverage for critical applications on the State computer  
6 center's mainframe computer and network as well as disaster recovery coverage for  
7 critical applications on other State mainframe computers. SIPS shall deliver the report  
8 to the IRMC not later than July 31, 1993.

9 (d) All State departments under the jurisdiction of the IRMC shall submit to the  
10 IRMC their plans for participating in and using the SIPS contract for hot site disaster  
11 recovery services to recover any of their applications that are determined by the IRMC  
12 or the SIPS hot site contract to be critical to the operations of State government. The  
13 State departments shall submit these plans to the IRMC not later than July 31, 1993.

14 (e) This section is effective upon ratification.

15 —AGENCY AUDIT RESPONSE.

16 Sec. 252. (a) Not later than July 1, 1993, the Department of Environment,  
17 Health, and Natural Resources, the Department of Human Resources, the Department of  
18 Public Instruction, the Department of Revenue, the Department of State Treasurer, the  
19 Department of Transportation, the Employment Security Commission, and the  
20 Administrative Office of the Courts shall deliver written reports to the Information  
21 Resource Management Commission on actions they have taken to address each of the  
22 findings and recommendations concerning the management and operation of their  
23 respective information systems, as published in the North Carolina General Assembly's  
24 Government Performance Audit Committee's Performance Audit of Information  
25 Technology and Telecommunications, Volume II, December 1992.

26 (b) Not later than July 1, 1993, the Legislative Automated Systems Division in  
27 the Legislative Services Office shall deliver a written report to the Legislative Services  
28 Commission on actions that staff division has taken to address each of the findings and  
29 recommendations concerning the management and operation of the North Carolina  
30 General Assembly's information systems, as published in the North Carolina General  
31 Assembly's Government Performance Audit Committee's Performance Audit of  
32 Information Technology and Telecommunications, Volume II, December 1992. This  
33 report shall contain any written response to the audit prepared by the Legislative  
34 Automated Systems Division, but not included in the North Carolina General  
35 Assembly's Government Performance Audit Committee's Performance Audit of  
36 Information Technology and Telecommunications, Volume II, December 1992.

37 (c) Not later than December 31, 1993, the Department of Environment, Health,  
38 and Natural Resources, the Department of Human Resources, the Department of Public  
39 Instruction, the Department of Revenue, the Department of State Treasurer, the  
40 Department of Transportation, the Employment Security Commission, and the  
41 Administrative Office of the Courts shall deliver written, updated reports to the  
42 Information Resource Management Commission on actions they have taken to address  
43 each of the findings and recommendations concerning the management and operation  
44 of their respective information systems, as published in the North Carolina General

1 Assembly's Government Performance Audit Committee's Performance Audit of  
2 Information Technology and Telecommunications, Volume II, December 1992.

3 (d) Not later than December 31, 1993, the Legislative Automated Systems  
4 Division in the Legislative Services Office shall deliver a written, updated report to the  
5 Legislative Services Commission on actions that staff division has taken to address each  
6 of the findings and recommendations concerning the management and operation of the  
7 North Carolina General Assembly's information systems, as published in the North  
8 Carolina General Assembly's Government Performance Audit Committee's Performance  
9 Audit of Information Technology and Telecommunications, Volume II, December  
10 1992.

11 (e) This section is effective upon ratification.

12 ---INFO. STAFF RELOCATION.

13 Sec. 253. (a) The Information Resources Management Commission (hereafter  
14 referred to as "IRMC" ) shall develop a plan for relocating information systems  
15 technical staff positions, including but not limited to computer programmers, systems  
16 analysts, database administrators, and other data processing specialists, from the  
17 agencies in which they now work to the State Information Processing Services wherever  
18 feasible.

19 (b) The plan shall detail (i) the financial savings of each proposed relocation and  
20 (ii) other benefits of the proposed centralization, and (iii) projected direct and indirect  
21 costs to the State of the proposed centralization.

22 (c) The IRMC shall present this plan to the Joint Legislative Commission on  
23 Governmental Operations not later than December 31, 1993.

24 (d) This section is effective upon ratification.

25 ---INFO. TECH. MULTIYEAR FUNDS.

26 Sec. 254. (a) The Fiscal Research Division of the Legislative Services Office  
27 shall develop a procedure for funding information technology and telecommunications  
28 projects that extend more than two years. The procedure shall include  
29 recommendations for any needed changes in the rules of the Senate and House of  
30 Representatives, changes in the operation and procedures of budget, appropriations, and  
31 finance committees, and changes in the statutes that would be necessary to encourage or  
32 permit funding information systems and telecommunications projects that extend more  
33 than two years.

34 (b) The Fiscal Research Division shall deliver its draft procedure for approval to  
35 the Legislative Services Commission not later than December 31, 1993.

36 (c) This section is effective upon ratification.

37 ---ALTERNATIVE INFO. RESOURCES.

38 Sec. 255. (a) The Information Resources Management Commission (hereafter  
39 referred to as "IRMC" ) shall develop a written policy that specifies the conditions  
40 under which an agency may purchase, implement, and use mainframe computer  
41 resources and telecommunications resources other than those provided by the State  
42 Information Processing Services. The IRMC shall deliver the written policy to the Joint  
43 Legislative Commission on Government Operations not later than December 31, 1993.

44 (b) This section is effective upon ratification.



1 —TELECOMMUNICATIONS REORGANIZATION.

2           Sec. 256. The Information Resource Management Commission (hereafter  
3 referred to as "IRMC" ) shall prepare and adopt, not later than December 31, 1993,  
4 written guidelines that specify those responsibilities that pertain to the operation of the  
5 State Telecommunication System (hereafter referred to as "STS" ) and those  
6 responsibilities that pertain to the operation of the State agency telecommunications  
7 functions.

8           Sec. 257. The State Information Processing Services (hereafter referred to as  
9 "SIPS" ) shall prepare a plan for the delivery of telecommunications services to State  
10 agencies and include in the plan techniques for ensuring that State agency user needs are  
11 given priority over the interests of telecommunications equipment and service vendors.  
12 SIPS shall present the plan for delivery of telecommunications services to the IRMC not  
13 later than December 31, 1993.

14           Sec. 258. SIPS shall prepare a plan for implementing its "bandwidth on  
15 demand" concept and submit the plan to the IRMC not later than December 31, 1993.

16           Sec. 259. The IRMC shall prepare a plan for consolidating any multiple  
17 voice, video, and data networks within or across State agencies that it deems appropriate  
18 to consolidate. Upon adoption of the plan, the IRMC shall present the plan to the Joint  
19 Legislative Commission on Governmental Operations.

20           Sec. 260. SIPS shall evaluate and revise its telecommunications disaster  
21 recovery plan and coordinate that plan with the disaster recovery plan for the State  
22 computer center. SIPS shall present its revised telecommunications disaster recovery  
23 plan to the Information Resources Management Commission not later than December  
24 31, 1993.

25           Sec. 261. The IRMC and The University of North Carolina jointly shall  
26 prepare a written evaluation of the costs, benefits, and feasibility of consolidating the  
27 portions of the University of North Carolina Education Computing Service's (hereafter  
28 referred to as "UNCECS" ) wide area network that are currently owned by the UNCECS  
29 onto the STS's North Carolina Integrated Network (hereafter referred to as "NCIN" )  
30 and the Microelectronics Center of North Carolina (hereafter referred to as "MCNC" )  
31 CONCERT data network. The IRMC and The University of North Carolina shall  
32 jointly present the written evaluation to the Joint Legislative Commission on  
33 Governmental Operations not later than December 31, 1993.

34           Sec. 262. The IRMC and the Administrative Office of the Courts jointly shall  
35 prepare a written evaluation of the costs, benefits, and feasibility of transferring  
36 ownership of the Administrative Office of the Courts' network back to the ownership  
37 and management of the State Telecommunications System. The evaluation shall  
38 include an independent study verifying that incremental operating costs (including  
39 incremental overhead costs) are lower under STS, and a service level agreement  
40 between STS and the Administrative Office of the Courts that meets the Administrative  
41 Office of the Courts' requirements for network service. The IRMC and the  
42 Administrative Office of the Courts jointly shall present the written evaluation to the  
43 Joint Legislative Commission on Governmental Operations not later than December 31,  
44 1993.

1           Sec. 263. The IRMC and the MCNC jointly shall prepare a written  
2 evaluation of the costs, benefits, and feasibility of moving ownership and management  
3 of the MCNC CONCERT data network, that can be efficiently managed and supported  
4 by the STS, over to the STS North Carolina Integrated Network. The IRMC and the  
5 MCNC jointly shall present the written evaluation to the Joint Legislative Commission  
6 on Governmental Operations not later than December 31, 1993.

7           Sec. 264. The IRMC and the Department of Justice jointly shall investigate  
8 the costs, benefits, and feasibility of transferring the Department of Justice's Police  
9 Information Network to the ownership or management of the STS North Carolina  
10 Integrated Network. This evaluation shall include investigation of the technical ability  
11 of maintaining network security for the Police Information Network, as required by  
12 federal government rules and regulations, on a shared physical communications  
13 network. The IRMC and the Department of Justice jointly shall present a written report  
14 on the results of the investigation to the Joint Legislative Commission on Governmental  
15 Operations not later than December 31, 1993.

16           Sec. 265. The IRMC, the Department of Administration Agency for Public  
17 Telecommunications, and the North Carolina Center for Public Television jointly shall  
18 develop a written plan and timetable to promote the sharing of facilities and  
19 telecommunications resources between the Agency for Public Telecommunications and  
20 the North Carolina Center for Public Telecommunications. The IRMC, the Department  
21 of Administration Agency for Public Telecommunications, and the North Carolina  
22 Center for Public Television jointly shall present the written plan and timetable to the  
23 Joint Legislative Commission on Governmental Operations not later than March 31,  
24 1994.

25           Sec. 266. The IRMC shall prepare a written plan to establish stronger  
26 centralized governance over its wide area communications networks. The plan shall  
27 include involvement of three organizational components: (i) a Director of Statewide  
28 Telecommunications, (ii) a Telecommunications Advisory Board, and (iii) an expansion  
29 of IRMC membership to include at least one telecommunications official in State  
30 government. The plan for stronger centralized governance shall apply to the wide area  
31 communications networks only as the transport mechanism to move information. The  
32 IRMC shall present the written plan to the Joint Legislative Commission on  
33 Governmental Operations not later than December 31, 1993.

34           Sec. 267. The IRMC and the STS shall prepare a written needs assessment,  
35 requirements analysis, and feasibility study for migrating networks to a new broadband  
36 technology that will support activities including, but not limited to, greater use of local  
37 area network interconnections, geographic information systems, image processing,  
38 video conferencing, State and county library interconnections, and educational  
39 television. The written plan shall include an assessment of demand for the increased  
40 bandwidth, a comprehensive cost analysis of migrating to a new broadband technology,  
41 an assessment of broadband technology's reliability in actual operation, and an  
42 assessment of the ability of technology vendors to deliver the network as it has been  
43 proposed. The IRMC shall present the written needs assessment, requirements analysis,

1 and feasibility plan to the Joint Legislative Commission on Governmental Operations  
2 not later than December 31, 1993.

3       Sec. 268. The Microelectronics Center of North Carolina shall prepare a  
4 written needs assessment, requirements analysis, and feasibility study for replacing and  
5 expanding its analog microwave segments with optic fiber provided by a common  
6 carrier. Among its topics, the reports shall address current capacity constraints,  
7 anticipated capacity constraints over the next five years, and realistic, anticipated  
8 demand growth over the next five years. The MCNC shall deliver the written needs  
9 assessment, requirements analysis, and feasibility study to the IRMC and the Joint  
10 Legislative Commission on Governmental Operations not later than December 31,  
11 1993.

12       Sec. 269. The IRMC shall direct an evaluation of the three pilot projects  
13 currently underway on two-way video teleconferencing for distance learning and remote  
14 medical diagnosis. The State shall not replace the funding of the pilot projects from the  
15 current grantors or sponsors before the completion of the evaluation, which shall (i)  
16 examine the findings and conclusions of the distance learning pilot projects, and (ii)  
17 validate the pilot projects' effectiveness in supporting training in schools, homes, and  
18 State agencies.

19       Sec. 270. The IRMC shall direct the Agency for Public Telecommunications  
20 in preparing a written needs assessment, requirements analysis, feasibility study, and  
21 documented demand analysis of the Agency for Public Telecommunications' proposal  
22 to broadcast gavel-to-gavel coverage of General Assembly sessions. Neither the  
23 Agency for Public Telecommunications nor any other State agency shall spend State  
24 funds for the purchase and installation of satellite receiving equipment nor for the  
25 retrofitting of satellite uplinks to accommodate "Ku Band" technology in order to  
26 broadcast gavel-to-gavel coverage of General Assembly sessions prior to the completion  
27 of the IRMC-directed report. The IRMC and the Agency for Public  
28 Telecommunications shall deliver the written report, along with recommendations of the  
29 IRMC, to the Joint Legislative Commission on Government Operations not later than  
30 December 31, 1993.

31       Sec. 271. The University of North Carolina shall prepare a written plan for  
32 upgrading the University of North Carolina Education Computing Services' LINCNET  
33 (i) to support greater bandwidth applications, such as file/catalog transfer, and (ii) to be  
34 compatible with the Triangle-area library network, consisting of Duke University, North  
35 Carolina State University, and the University of North Carolina at Chapel Hill. The  
36 University shall deliver the written plan to the Joint Legislative Commission on  
37 Government Operations not later than December 31, 1993.

38       Sec. 272. The State Telecommunications System shall develop a written plan  
39 to pursue a single statewide Centrex tariff with each of the current geographic carriers.  
40 The STS shall deliver the written plan to the IRMC not later than December 31, 1993.

41       Sec. 273. The State Telecommunications System shall develop a plan and a  
42 draft request for proposal for a single bulk discount agreement with the long-distance  
43 InterExchange Carrier voice telecommunications service. The STS shall deliver the

1 written plan and draft request for proposal to the IRMC for approval not later than  
2 December 31, 1993.

3 Sec. 274. Sections 256 through 273 of this act are effective upon ratification.

4 ---IRMC DUTIES AND AGENCY IRM.

5 Sec. 275. G.S. 143B-426.21(b) is amended by adding a new subdivision to  
6 read:

7 "(9) To prepare and maintain a statewide data security plan, including data  
8 security standards and security audit standards, to protect the integrity  
9 and confidentiality of sensitive data and communications that reside on  
10 the State's computers and that move through the State's  
11 telecommunications networks."

12 Sec. 276. G.S. 143B-426.21 is amended by adding new subsections to read:

13 "(d) Agency Information Resource Manager Reports. – Each executive agency  
14 shall designate in January of each year to the Information Resource Management  
15 Commission the senior staff member in the agency who serves as the Information  
16 Resource Manager in the agency. Not later than the last business day of the first month  
17 of each calendar quarter, the Information Resource Manager in each agency shall  
18 deliver to the Commission a written report summarizing the agency's expenditures in  
19 the previous calendar quarter for information technology hardware, information  
20 technology software, telecommunications, information technology consulting services,  
21 information technology personnel, and other miscellaneous information technology  
22 expenses. The report also shall contain brief descriptions of the major information  
23 technology initiatives undertaken in the previous calendar quarter and the tangible  
24 results from each initiative.

25 "(e) Agency Telecommunications Resource Managers. – Each State agency shall  
26 designate in January of each year one of its employees or officials to the Information  
27 Resource Management Commission as the Telecommunications Resource Manager for  
28 the agency. The person designated by the agency as the Telecommunications Resource  
29 Manager may be the same person designated as the agency Information Resource  
30 Manager. Any state advisory board or commission that makes recommendations to the  
31 State Information Processing Service concerning the operation of its computer and  
32 telecommunications resources shall include at least two members from the persons who  
33 have been designated as agency telecommunications resource managers.

34 "(f) State Information Processing Services Telecommunications Plans. – The  
35 State Information Processing Services (hereafter 'SIPS') shall submit an annual  
36 telecommunications plan, including plans for the expenditures and operations of the  
37 State Telecommunications System, to the first regularly scheduled meeting of the  
38 Information Resource Management Commission each year. The Commission shall  
39 incorporate information that it deems relevant and useful from this annual  
40 telecommunications plan in the annual statewide information technology strategy  
41 presented to the General Assembly on the first day of each regular session.

42 SIPS shall submit a strategic plan for State telecommunications to the first regularly  
43 scheduled meeting of the Information Resource Management Commission each year.  
44 The strategic plan shall include statements of direction for the development of voice,

1 data, and video technology to be made available to State government through the State  
2 Telecommunications System in the coming three-to-five years. The strategic  
3 telecommunications plan shall summarize its anticipated costs and benefits to State  
4 government and the citizens of North Carolina. The Commission shall incorporate  
5 information that it deems relevant and useful from this strategic telecommunications  
6 plan in the annual statewide information technology strategy presented to the General  
7 Assembly on the first day of each regular session.

8 (g) Risk Notifications. – The Information Resources Management Commission  
9 shall establish and maintain procedures for periodically identifying (i) agencies facing  
10 risks to the continuing operation of their information technology systems or (ii) agencies  
11 facing risks to the successful implementation of new information technology  
12 applications. Any agency identified and notified by the Commission as facing risks  
13 under this subsection shall prepare a written plan to reduce and eliminate these risks.  
14 The affected agencies shall deliver their plans to the Commission not later than 90 days  
15 after receiving the notification from the Commission."

16 Sec. 277. Sections 275 and 276 of this act are effective upon ratification.

17 —ABC RULE AND LAW ENFORCEMENT.

18 Sec. 278. (a) The Chairman of the North Carolina Alcoholic Beverage  
19 Commission, in conjunction with the Secretary of Crime Control and Public Safety and  
20 the Director of the State Bureau of Investigation, shall submit a plan, including  
21 necessary statutory changes, to the General Assembly, on or before May 1, 1993,  
22 providing for:

- 23 (1) The phasing out of the Alcoholic Law Enforcement Division of the  
24 Department of Crime Control and Public Safety;
- 25 (2) Transfer of primary liquor law enforcement to local ABC law  
26 enforcement agents and local law enforcement agents;
- 27 (3) Transfer of primary responsibility for investigation of inter-county and  
28 inter-State alcohol related criminal activities to the State Bureau of  
29 Investigation;
- 30 (4) Transfer of regulatory and public education responsibilities of the  
31 Alcohol Law Enforcement Division to the North Carolina Alcoholic  
32 Beverage Commission.

33 These transfers shall be implemented by the Governor on or before January 1,  
34 1995.

35 (b) The regulatory staffing for the North Carolina Alcoholic Beverage  
36 Commission required by the transfer in subdivision (a)(4) of this section shall consist of  
37 no more than 55 regulators and 7 support staff. Existing Alcohol Law Enforcement  
38 Division personnel shall be given preference in transferring to the North Carolina  
39 Alcoholic Beverage Commission or taking enforcement positions with local ABC  
40 boards.

41 (b1) G.S. 18B-805(b) reads as rewritten:

42 "(b) Primary Distribution. – Before making any other distribution, a local board  
43 shall first pay the following from its gross receipts:

- 1           (1) The board shall pay the expenses, including salaries, of operating the  
2 local ABC system.
- 3           (2) Each month the local board shall pay to the Department of Revenue  
4 the taxes due the Department. In addition to the taxes levied under  
5 Chapter 105 of the General Statutes, the local board shall pay to the  
6 Department one-half of both the mixed beverages surcharge required  
7 by G.S. 18B-804(b)(8) and the guest room cabinet surcharge required  
8 by G.S. 18B-804(b)(9).
- 9           (3) Each month the local board shall pay to the Department of Human  
10 Resources ~~five percent (5%)~~ ten percent (10%) of both the mixed  
11 beverages surcharge required by G.S. 18B-804(b)(8) and the guest  
12 room cabinet surcharge required by G.S. 18B-804(b)(9). The  
13 Department of Human Resources shall spend those funds for the  
14 treatment of alcoholism or substance abuse, or for research or  
15 education on alcohol or substance abuse.
- 16           (4) Each month the local board shall pay to the county commissioners of  
17 the county where the charge is collected the proceeds from the bottle  
18 charge required by G.S. 18B-804(b)(6), to be spent by the county  
19 commissioners for the purposes stated in subsection (h) of this  
20 section."
- 21           (c) There is appropriated from the General Fund to the State Alcoholic Beverage  
22 Commission the sum of three million one hundred sixty-five thousand nine hundred  
23 twenty-eight dollars (\$3,165,928) for the 1993-94 fiscal year and the sum of three  
24 million ninety-eight thousand five hundred forty-four dollars (\$3,098,544) for the 1994-  
25 95 fiscal year to implement the transfers of functions mandated by this section.
- 26           (d) There is appropriated from the General Fund to the State Bureau of  
27 Investigation the sum of two million eight hundred seven thousand five hundred twenty-  
28 one dollars (\$2,807,521) for the 1993-94 fiscal year and the sum of two million seven  
29 hundred forty-seven thousand seven hundred sixty-six dollars (\$2,747,766) for the  
30 1994-95 fiscal year to implement the transfers of functions mandated by this section.
- 31           (e) The base budget of the Department of Crime Control and Public Safety is  
32 reduced by five million nine hundred seventy-three thousand four hundred forty-nine  
33 dollars (\$5,973,449) for the 1993-94 fiscal year and by five million eight hundred forty-  
34 six thousand three hundred ten dollars (\$5,846,310) for the 1994-95 fiscal year due to  
35 the decrease in personnel positions as a result of the transfers mandated by this section.
- 36           (f) This section is effective upon ratification except for subsections (c)  
37 through (e), which shall become effective on July 1, 1993, but only if the transfer of the  
38 regulatory and educational functions of the Alcohol Law Enforcement Division to the  
39 North Carolina Alcoholic Beverage Commission has been completed.