

May 29, 2002

S 1115. MODIFY APPROPRIATIONS ACT OF 2001-1. TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2001 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE. Blank bill.

Intro. by Plyler, Odom, Lee.

Ref. to Appropriations	APPROP
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June 19, 2002

S 1115. MODIFY APPROPRIATIONS ACT OF 2001. Intro. 5/29/02. Senate committee substitute adopted 6/18/02 makes the following changes to 1st edition. Makes the following appropriations from the General Fund for state departments and agencies for fiscal 2002-2003. Amounts in brackets are reductions in appropriations.

Current Operations - General Fund

2002-2003

EDUCATION

Community Colleges System Office	24,994,200
Department of Public Instruction	(69,395,534)
University of North Carolina - Board of Governors	
Appalachian State University	(2,176,609)
East Carolina University	
Academic Affairs	(3,183,549)
Health Affairs	(1,100,928)
Elizabeth City State University	(530,995)
Fayetteville State University	(753,395)
NC Agricultural and Technical University	(1,503,208)
North Carolina Central University	(1,155,082)
North Carolina School of the Arts	(782,673)
North Carolina State University	
Academic Affairs	(6,998,183)
Agricultural Extension	(894,718)
Agricultural Research	(1,129,999)
University of North Carolina at Asheville	(686,125)
University of North Carolina at Chapel Hill	
Academic Affairs	(5,089,577)
Health Affairs	(3,802,211)
Area Health Education Centers	(1,101,173)
University of North Carolina at Charlotte	(2,727,423)
University of North Carolina at Greensboro	(2,333,865)
University of North Carolina at Pembroke	(593,820)
University of North Carolina at Wilmington	(1,623,313)
Western Carolina University	(1,489,649)
Winston-Salem State University	(937,810)
General Administration	(2,063,801)
University Institutional Programs	29,317,706
Related Educational Programs	(2,165,941)
North Carolina School of Science and Mathematics	(434,306)
UNC Hospitals at Chapel Hill	(970,076)
Total	(16,910,721)

HEALTH AND HUMAN SERVICES

Department of Health and Human Services

Office of the Secretary	(9,319,271)
Division of Aging	(1,069,750)
Division of Blind Services/Deaf/HH	(643,013)
Division of Child Development	(26,738,752)
Division of Education Services	(4,024,077)
Division of Facility Services	(782,705)
Division of Medical Assistance	(27,736,891)
Division of Mental Health	(35,600,524)
NC Health Choice	(9,202,161)
Division of Public Health	(15,591,367)
Division of Social Services	(16,073,873)
Division of Vocation Rehabilitation	(5,599,676)
Total	(152,382,060)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	(4,819,849)
Department of Commerce	
Commerce	(10,415,228)
Commerce State-Aid	4,930,500
NC Biotechnology Center	(627,047)
Rural Economic Development Center	(423,851)
Department of Environment and Natural Resources	
Environment and Natural Resources	(9,369,803)
Clean Water Management Trust Fund	0
Office of the Governor - Housing Finance Agency	(540,600)
Department of Labor	(1,021,674)

JUSTICE AND PUBLIC SAFETY

Department of Correction	(56,505,511)
Department of Crime Control and Public Safety	(3,763,383)
Judicial Department	(13,874,980)
Judicial Department - Indigent Defense	2,255,611
Department of Justice	(4,457,043)
Department of Juvenile Justice and Delinquency Prevention	(16,254,846)

GENERAL GOVERNMENT

Department of Administration	(5,658,873)
Office of Administrative Hearings	(222,519)
Department of State Auditor	(947,714)

Office of State Controller	(919,891)
Department of Cultural Resources	
Cultural Resources	(4,794,666)
Roanoke Island Commission	(151,222)
State Board of Elections	209,622
General Assembly	(3,810,151)
Office of the Governor	
Office of the Governor	(504,595)
Office of State Budget and Management	(342,836)
OSBM – Reserve for Special Appropriations	0
Department of Insurance	
Insurance	(1,451,366)
Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
Office of Lieutenant Governor	(53,280)
Department of Revenue	(4,972,725)
Rules Review Commission	(25,981)
Department of Secretary of State	(721,855)
Department of State Treasurer	
State Treasurer	(461,870)
State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
TRANSPORTATION	
Department of Transportation	(2,490,841)
RESERVES, ADJUSTMENTS AND DEBT SERVICE	
Reserve for Compensation Increases	(4,247,868)
Reserve for State Health Plan	(12,621,872)
Reserve for Teachers' and State Employees' Retirement	
Rate Adjustment	(142,000,000)
Merge Judicial, Legislative and Teachers' & State Employees' Retirement Systems	(7,575,940)
Payroll Adjustment Reserve	(36,500,000)
Reserve for Employee Severance Compensation	20,000,000
Contingency and Emergency	5,000,000
Reserve for Salary Adjustments	0

Implementation of Recommendations of Governor's Efficiency Commission	(25,000,000)
Reserve for Information Technology Rate Adjustment	(3,414,318)
Mental Health, Developmental Disabilities and Substance Abuse Services Trust Fund	50,000,000
Reserve to Implement HIPPA	2,000,000
Debt Service	
General Debt Service	(98,105,542)
Federal Reimbursement	0
TOTAL CURRENT OPERATIONS - GENERAL FUND	(616,116,723)

GENERAL FUND AVAILABILITY STATEMENT

Section 2.2(a) of S.L. 2001-424 is repealed. The General Fund availability used in developing the 2002-2003 fiscal year budget is shown below:

	2002-2003
Revenues Based on Existing Tax Structure	12,738,200,000
Nontax Revenues	
Investment Income	115,300,000
Judicial Fees	111,300,000
Disproportionate Share	107,000,000
Insurance	46,600,000
Other Nontax Revenues	98,900,000
Highway Trust Fund Transfer	172,400,000
Highway Fund Transfer	<u>15,300,000</u>
Subtotal Nontax Revenues	666,800,000
Subtotal General Fund Availability	13,405,000,000
Other Adjustments to Availability: 2002 Session	
IRC Conformity (SB 1292 – Includes Pensions And Education Changes, Estate Tax Credit, Accelerated Depreciation)	15,800,000
Delay 2001 Tax Breaks (SB 1292 - Standard Deduction/Marriage Penalty, Child Tax Credit)	51,700,000
Suspend Reimbursements to Local Governments with Hold Harmless Provision (SB 1292)	270,000,000
Project Tax Collect	10,000,000
Highway Trust Fund – recurring inflationary adjustment	80,000,000
Highway Trust Fund Transfer – one-time transfer	125,000,000
Tobacco Settlement Trust Funds – divert Master Settlement Agreement receipts for one year (\$40 million from each fund)	120,000,000
Hurricane Floyd Disaster Reserve	100,000,000
Credit to Savings Reserve Account	(14,896,335)
Transfer of Cash from Trust and Special Funds	8,534,164

Adjustment to Transfer from Insurance Regulatory Fund	(851,366)
Increase Collection Rates for Offender Fees	1,160,000
Reimbursement for Unauthorized Substance Tax Division, Department of Revenue (SB 1292)	886,683
Fee Increases (SB 1292)	<u>25,434,311</u>
Subtotal Other Adjustments to Availability: 2002 Session	792,701,903

TOTAL GENERAL FUND AVAILABILITY **14,197,767,457**

HIGHWAY FUND APPROPRIATIONS

Appropriations from the Highway Fund of the state for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2002-2003 fiscal year.

Current Operations - Highway Fund	2002-2003
Administration	(362,232)
Operations	—
Construction and Maintenance	
a. Construction	
(01) Primary Construction	—
(02) Secondary Construction	(1,887,000)
(03) Urban Construction	—
(04) Access and Public Service Roads	—
(05) Contingency Construction	5,000,000
(06) Spot Safety Construction	—
b. State Funds to Match Federal Highway Aid	—
c. State Maintenance	17,823,411
d. Ferry Operations	—
e. Capital Improvements	—
f. State Aid to Municipalities	(1,887,000)
g. State Aid for Public Transportation and Railroads	17,350,000
h. OSHA – State	—
Governor's Highway Safety Program	—
Division of Motor Vehicles	—
Reserves and Transfers	<u>(6,039,551)</u>
GRAND TOTAL HIGHWAY FUND	\$ 29,997,628

HIGHWAY FUND AVAILABILITY STATEMENT

The Highway Fund appropriations availability used in developing modifications to the 2002-2003 Highway Fund budget contained in this act is shown below:

	2002-2003
Beginning Credit Balance	\$41,300,000
Estimated Revenue	1,276,600,000
TOTAL HIGHWAY FUND AVAILABILITY	\$1,317,900,000

HIGHWAY TRUST FUND APPROPRIATIONS

Appropriations from the Highway Trust Fund of the state for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2002-2003 fiscal year.

Current Operations and Expansion - Highway Trust Fund	2002-2003
Intrastate System	(156,082,527)
Secondary Roads	(17,736,555)
Urban Loops	(63,113,273)
Aid to Municipalities	(16,376,698)
Program Administration	(11,534,947)
Transfer to General Fund	<u>207,400,000</u>
Grand Total/Highway Trust Fund	
(57,444,000)	

DHHS BLOCK GRANTS

Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01.	Community Action Agencies	\$ 15,266,973
02.	Limited Purpose Agencies	848,165
03.	Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	848,165

TOTAL COMMUNITY SERVICES BLOCK GRANT \$ 16,963,303

SOCIAL SERVICES BLOCK GRANT

01.	County departments of social services (Transfer from TANF - \$4,500,000)	\$ 27,095,289
02.	Allocation for in-home services provided by county departments of social services	2,101,113
03.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04.	Division of Services for the Blind	3,105,711
05.	Division of Facility Services	426,836

06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09.	State administration	1,693,368
10.	Child Medical Evaluation Program	238,321
11.	Adult day care services	2,155,301
12.	Comprehensive Treatment Services Program 422,003	
13.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
14.	Division of Vocational Rehabilitation - Easter Seals Society	116,779
15.	UNC-CH CARES Program for training and consultation services	247,920
16.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
17.	Division of Social Services - Child Caring Agencies	1,500,000
18.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
19.	Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819
20.	Division of Facility Services – Mental Health Licensure	213,128
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 52,852,407
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 11,395,026
02.	Crisis Intervention	6,598,934

03.	Administration	2,459,510
04.	Weatherization Program	3,457,189
05.	Department of Administration - N.C. State Commission of Indian Affairs	45,189
06.	Heating Air Repair and Replacement Program	1,613,355
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 25,569,203

MENTAL HEALTH SERVICES BLOCK GRANT

01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 5,442,798
02.	Provision of community-based services to children	2,513,141
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 10,239,850

SUBSTANCE ABUSE PREVENTION
AND TREATMENT BLOCK GRANT

01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	\$ 15,401,711
02.	Continuation of services for pregnant women and women with dependent children	8,069,524
03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	4,616,378
04.	Provision of services to children and adolescents	7,740,611
05.	Juvenile Services - Family Focus	851,156
06.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980
07.	Allocation to the Division of Public Health	

	for HIV/STD Prevention by County Health Departments	209,576
08.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
09.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 39,907,022
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	\$149,801,334
02.	Quality and availability initiatives	16,496,620
03.	Administrative expenses	6,929,081
04.	Transfer from TANF Block Grant for child care subsidies	72,812,189
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$246,039,224
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	\$129,396,275
02.	Work First County Block Grants	92,018,855
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	72,812,189
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	400,000
05.	Allocation to the Division of Social Services for staff development	75,000
06.	Reduction of out-of-wedlock births	1,000,000
07.	Business Process Reengineering Project Reserve	325,000
08.	Allocation to the Division of Public Health for teen pregnancy prevention	600,000
09.	Child Care Subsidies for TANF Recipients	26,621,241

10.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
11.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
12.	Residential Substance Abuse Services for Women With Children	1,475,142
13.	Division of Social Services - Administration	500,000
14.	Child Welfare workers and services for local departments of social services	7,654,841
15.	Child Welfare Training	2,000,000
16.	DSS Evaluation	500,000
17.	SACWIS Payback	4,643,454
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$347,249,547

MATERNAL AND CHILD HEALTH BLOCK GRANT

01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,012,102
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 16,928,823

PREVENTIVE HEALTH SERVICES BLOCK GRANT

01.	Statewide Health Promotion Programs	\$3,282,810
02.	Rape Crisis/Victims' Services Program - Council for Women	197,112
03.	Transfer from Social Services Block Grant –	

	HIV/AIDS education, counseling, and testing	145,819
04.	Office of Minority Health	159,459
05.	Administrative Costs	108,546
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$3,893,746

NER BLOCK GRANT FUNDS

Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,100,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		\$45,000,000

Contingency and Emergency Fund Allocations

Changes appropriation to fund for 2002-2003 from \$5 million to \$10 million.

Payroll Deductions for Certain Employees and Retirees

Amends GS 143-3.3(g) and 135-18.8 to authorize an employee of a local board of education or a state employee or retiree who is a member of a domiciled employees' or retirees' association with at least 40,000 members, the majority of whom are active or retired public school teachers, to have dues and contributions to the association deducted from salary or retirement benefits.

Public Schools

Teacher Salary Schedule. Adjusts the teacher salary schedule for 2002-2003 to provide for no increase for teachers between 2001-2002 and 2002-2003. Maintains incentive payments under the ABCs of Public Education Program at the 2001-2002 level.

Principals and assistant principals. Makes the same change in principal and assistant principal salary schedules. Provides that principals and assistant principals are to continue receiving any additional state-funded percentage increases earned in 1997-98, 1998-99, and 1999-2000 for improvement in student performance or maintaining a safe and orderly school.

Instructional supplies. Eliminates provision supplying each teacher with funds to purchase \$100 of classroom instructional supplies and substitutes a provision directing the Joint Legislative

Education Oversight Committee to study the viability of the state's contracting with on-line school supply vendors to allow teachers free access to a specific amount of school supplies, textbooks, test, and other classroom related materials. Report due by Jan. 15, 2003.

Conversion of accumulated leave time. Amends GS 115C-302.1 to make the following change: under current law, a teacher who has accumulated more than 30 vacation days at the end of a school year is to (1) be paid for any vacation days the teacher had to forfeit because of required attendance at workdays and (2) to have the remainder converted to sick leave; the committee substitute eliminates the first of these two, providing that all accumulation above 30 days is to be converted to sick leave. Applies only to leave days accumulated after the effective date of the act.

Department of Public Instruction study. Directs the Office of State Budget and Management to issue a request for proposals for an analysis of the structure and operation of DPI, including consolidation of functions with other agencies and automation of functions.

Curriculum Review Schedule. Current GS 115C-12(9a) requires the State Board of Education to implement a process to align state programs and support materials (including textbook criteria, support materials, state tests, and teacher preparation) with its revised academic content standards in reading, writing, mathematics, science, history, geography, and civics every five years. Committee substitute inserts "on a regular basis" in place of "every five years."

Reporting dates for studies. Extends to dates in 2003 the required reports for the following studies, which currently have reporting dates in 2002: Supplemental Funding in Low-Wealth Counties; Small School System Supplemental Funding; Textbook Distribution; Salaries of School Food Service Workers and Custodians; Salary Differentials for Instructional Support Personnel; Fairness in Testing; and Professional Development for School Personnel. Also repeals Sec. 8.9 of SL 2001-491 (study of tuition rates for noncitizen immigrant students).

Performance-Based licensure program. Amends GS 115C-296(b), which directs the State Board of Education to develop rigorous standards for continuing certification of public school teachers, to provide that the standards are not to include a portfolio requirement. Repeals Sec. 28.19 of SL 2001-424, which permitted teachers under initial certification to receive up to three days of approved leave during the second and third years of employment to work on their performance-based certification submissions or to consult with their mentors.

Study of coordination of central office duties. Adds provision directing the State Board of Education to study whether local school administrative units can effectively and efficiently coordinate central office operations and functions between systems. Report due in 2002.

Delay high school exit exams. Sec. 8.27(f) of SL 1997-443 in effect directed the State Board of Education to implement high school exit exams as soon as possible after 2000. This committee substitute directs the state board to review the requirements of the federal "No Child Left Behind Act of 2001" before completing the development of the exams and to consider whether revisions are necessary to the state testing program and to the School-Based Management and Accountability Program.

Teacher alternative entry program. GS 115C-296.1 provides that school systems may hire as teachers individuals who have a college degree and specified relevant experience, despite the fact that those individuals do not meet the teacher certification requirements. That statute expires Sept. 1, 2002. This committee substitute extends it to Sept. 1, 2006.

Implementing reductions. Directs the State Board of Education to notify each school administrative unit of the amount the unit must reduce from General Fund appropriations, based on average daily membership. Each unit must then report to DPI within 30 days of the date that this committee substitute becomes law. The committee substitute provides that the General Assembly urges units to make every effort not to reduce either direct classroom services or services directly targeted to at-risk students and children with special needs. If reductions in those areas are necessary, the unit must submit an explanation to DPI.

Business and Education Technology Alliance. Incorporates provisions of H 1765, introduced June 13, 2002, except (1) changes slightly some of the provisions for appointment of membership and (2) does not include appropriation provision.

Community Colleges

Emphasis on regional programs. Amends GS 115D-5(f) to state the intent of the General Assembly to increase the number of regional program offerings in community colleges and to reduce duplication of programs by colleges that are within reasonably close proximity to each other. Directs the State Board of Community Colleges to require that all new programs that it approves be developed using a regional approach and to approve new programs not on a regional approach only if there are extreme extenuating circumstances documented by the college detailing reasons a regional program is not feasible.

Regional economic development vision plans. Directs the State Board of Community Colleges and the Dep't of Commerce to adopt a joint policy that requires development of five-year vision plans for the economic development regions of the state. The policy is to establish a task force for each region, composed of representatives of: the regional economic development commission, the president and board of trustees of the community colleges located in the region, and any additional persons as may be designated by the policy. The vision plan for each region is to include realistic economic development goals and identify community college courses offered or needed to effectuate the vision plan.

FTE for law enforcement training. Authorizes the State Board of Community Colleges to adopt temporary rules clarifying the conditions under which community colleges may earn budgeted FTE for training provided to personnel in law enforcement, fire and rescue services, and emergency medical service agencies.

System study. Directs the State Board of Community Colleges to hire an outside consultant to consider (1) the organization and structure of the community college system, the number of colleges, the location and size of the colleges, and whether the state could realize savings by consolidation of some colleges or programs and (2) the formula used to fund administration of the colleges, appropriate funding levels for administration of the colleges, and the appropriate number of administrative staff members for colleges of different sizes.

Universities

Elizabeth City State University Pharmacy School. Directs the UNC Board of Governors to establish an accredited and fully-staffed stand-alone school of pharmacy at ECSU by the 2004-2005 academic year.

Collection of defaulted student loans. Amends various provisions of GS 115C-363.23A and 116-204 and adds a new GS 115C-472.1 to transfer the responsibility for collections of overdue loans under the Teaching Fellows Program and the Scholarship Loan Fund for Prospective Teachers from the Teaching Fellows Commission and the Department of Public Instruction, respectively, to the State Education Assistance Authority.

Substitution of UNC bond projects. Makes three changes in purposes for construction spending under the bonds authorized by SL 2000-3. First, at North Carolina State University, substitutes construction of Animal and Food Sciences Facilities for the Meat Processing Laboratory. Second, also at NCSU, moves approximately \$1.3 million from the "Main Campus--Infrastructure" project to the Animal and Food Sciences Facilities. And third, at the North Carolina School of the Arts, substitutes construction of a High School Student Residential Facility for the original college student Residential Facility.

UNC campus scholarships. Consolidates the following into one scholarship fund to be known as the UNC Campus Scholarships: Minority Presence Grants; Minority Presence Grants II; Incentive Scholarship Program for Native Americans; Elizabeth City State University Incentive Program; Incentive Grants for Certain Constituent Institutions; Freshman Scholars Programs; and Legislative College Opportunity Program. Funds are to be distributed among the UNC constituent institutions in the same amounts as before, except that funds allocated for doctoral study are to be distributed evenly among the campuses with doctoral programs. Only NC residents are eligible. The chancellor of each institution is to define goals and guidelines for that campus's use of UNC Campus Scholarships for undergraduates, which use is to include the increase in diversity (unless a campus has determined that it has sufficient diversity in its undergraduate student population to provide the educational benefits of diversity) to the extent permitted by law. The State Education Assistance Authority is to administer the fund.

UNC mailing list duplication. Each UNC constituent institution is required by sec 10.11 of SL 1999-237 to provide specified tax credit information to its students and their parents when notice

goes out of tuition and fees for a each year. This committee substitute changes the requirement to "students or parents."

Budget reduction reports. Requires each chancellor to report to the UNC president, the president to report to the Board of Governors, and the board to report to the Fiscal Research Division, on reductions made to General Fund budget codes in order to meet necessary reductions.

Out-of-state institutions with NC campuses. Incorporates the substantive provisions of two identical bills—S 1362 and H 1625, both introduced June 12, 2002.

Health and Human Services--Administration

Information technology positions. Delays from June 30, 2003, to June 30, 2005, the expiration date on authorization of the Dep't of Health and Human Services to employ individuals in temporary, time-limited positions to implement federal requirements under the Health Insurance Portability and Accountability Act of 1996.

Consolidation of Divisions. Consolidates into one new division (to be named later) three current divisions: Services for the Deaf and Hard of Hearing; Services for the Blind; and Vocational Rehabilitation Services. Directs the Dep't of Health and Human Services to develop a plan for reducing the budget of the three by a total of \$750,000, through consolidation of administration, consolidation of district offices, and streamlining client services delivery.

Adult day care and adult day health program staffing study. Directs the Dep't of Health and Human Services, Office of Long-Term Care, to conduct the cited study, comparing NC to other states and comparing cited programs with adult care homes, assisted living facilities, and nursing homes. Study is to recommend changes to existing policies and report to Fiscal Research Division by Dec. 1, 2002.

Report on services to older adults. Directs the Dep't of Health and Human Services, Office of Long-Term Care, to report to appropriations committees in the House and Senate and to the Fiscal Research Division, by Feb. 1, 2003, on the identification of all state agencies that provide services to adults age 60 and over, on all resources available (state, federal, and local), and on plans for reducing administration through the consolidation of functions throughout divisions within DHHS.

Report on rural health loan repayment incentive program. Directs the Dep't of Health and Human Services, Office of Rural Health, to assess the cited program, consider whether it should be continued, and identify ways to recruit additional providers to rural areas within existing funds. Report required to appropriations committees in the House and Senate and to the Fiscal Research Division, by Dec. 1, 2002.

Consolidation of maintenance activities. Directs the Dep't of Health and Human Services to develop a plan to consolidate building maintenance activities at the NC School for the Deaf at Morganton, the Western Carolina Center, and Broughton Hospital, to identify other facilities throughout the state that are in close proximity to one another and assess the feasibility of consolidating maintenance activities, and report to appropriations committees in the House and Senate and to the Fiscal Research Division, by Dec. 1, 2002.

Prompt payment of invoices. Adds new GS 122C-141.1 requiring that mental health area authorities and county programs must, within 30 days of receipt of an invoice, provide payment, provide notice of denial of payment, or provide notice that additional information is necessary for payment. Notice of denial is to include specific good-faith reasons for the denial. Notice that more information is needed is to contain itemization of information needed. Payments made after the 30-day limit are to be accompanied by interest at an annualized rate of 18%. Providers of services must be allowed at least 180 days after provision of services to provide invoices.

Provider credentialing by health insurance plans. Amends GS 58-3-230(a), which governs insurers that provide health benefit plans and that credential providers for their networks. Provides that if an application by such an insurer is approved, and a health care practitioner is subsequently contracted to participate in the plan's network, the date on which the credentialing application was approved by the plan is to be the effective date of the network participation contract.

Health and Human Services—Division of Medical Assistance

Medicaid payment bases. Sec. 21.19 of SL 2001-424 sets out the payment bases upon which Medicaid payments are made to providers. This committee substitute amends that section (1) to specify that residents of nursing facilities who are eligible for Medicare nursing facility coverage must be placed in a Medicare certified bed and that Medicaid will cover facility services only after payments have been made by Medicare; (2) to provide that payment is limited to Medicaid enrolled providers that provide evidence of medical malpractice insurance coverage or purchase a performance bond in the amount of \$50,000 naming as beneficiary the Dep't of Health and Human Services, Division of Medical Assistance; (3) to specify that in determining whether a pregnant woman is eligible for Medicaid coverage by virtue of having income less than 185% of the federal poverty guideline, the income of a minor's parents is to be counted; (4) to add a requirement that the Dep't of Health and Human Services is to identify adequate funds to support the implementation and first year's operational costs that exceed the currently allocated funds for the new contract for the fiscal agent for the Medicaid Management Information System; (5) to provide that the Dep't may apply federal transfer of assets policies to real property excluded as tenancy-in-common or as nonhomesite property made "income producing" (this last provision effective no earlier than Oct. 1, 2002); and (6) to amend GS 108A-70.5(b), which defines "medical assistance" (for purposes of determining Medicaid costs paid and to be recovered from estates of beneficiaries) in the case of recipients 55 years of age and older as medical care paid for by Medicaid, including related hospital care and prescription drugs, for nursing facility services and home- or community-based services, adding "personal care services."

Medicaid savings monitoring. Directs the Dep't of Health and Human Services to monitor the cost-savings activities of Carolina ACCESS II and Carolina ACCESS III programs.

Medicaid case management reductions. Directs the Dep't of Health and Human Services to reduce Medicaid expenditures for case management services by 33% for fiscal 2002-2003. Dep't may consider elimination of duplicative case management services, consolidation of similar case management services, provision of only one case manager per family, equitable allocation of reductions among different programs, identification of adults and children with greatest case management needs, and reductions in administrative costs associated with providing case manager services reimbursed by Medicaid. Report due to appropriations committees in the House and Senate and to the Fiscal Research Division, by Oct. 1, 2002.

Federal waivers study. Directs the Dep't of Health and Human Services to develop a plan for using federal waivers to assist in long-term cost containment for the state's Medicaid program. Report to appropriations committees in the House and Senate and to the Fiscal Research Division, by Feb. 1, 2003.

Community alternative programs. Directs the Dep't of Health and Human Services to administer all CAP waivers in the most economical and efficient manner possible to support within funds appropriated the maximum number of persons meeting participation requirements under the waiver. Dep't is to amend waivers, as necessary, to ensure that participation requirements and payment and service limits are in accordance with those reported to the General Assembly. By Oct. 1, 2002, Dep't is to submit to appropriations committees in the House and Senate and to the Fiscal Research Division a report that outlines efficient use of funds and that demonstrates the participation requirements, payment and service limits, and other administrative actions to support the maximum number of persons. CAP-DA services are to be provided in fiscal 2002-2003 to any eligible person who entered a nursing facility on or before June 1, 2002, even if the availability of CAP-DA services is suspended for that year.

Medicaid hospital payments. Directs the Dep't of Health and Human Services to reduce Medicaid payments to hospitals by 0.5% for fiscal 2002-2003. Dep't is to evaluate effect on future of financially vulnerable hospitals, and act to have the least impact on them.

Medicaid program management. Sec. 21.26(b) of SL 2001-424 directed the Dep't of Health and Human Services to implement a pharmacy management plan to achieve Medicaid cost savings. This committee substitute adds a provision authorizing the Dep't to adopt temporary rules when it finds that rules are necessary to clarify recipient appeal rights related to the management plan.

NC Health Choice. Amends GS 108A-70.21 to make the following changes in the NC Health Insurance Program for Children: (1) In setting the price that prescription drug providers must

accept in full payment, employs the wholesale price as published by the Centers for Medicare and Medicaid Services (current law uses the price as published by the Health Care Financing Administration) and adds a dispensing fee of \$5.60 for generic drugs and \$4.00 for brand-name drugs (current law calls for a fee to be set by the dispenser under certain guidelines); (2) In setting reimbursements that other providers are to accept, provides that they must accept the maximum allowable charges under the Medicaid Program (current law provides the maximum allowable charges under the Teachers' and State Employees' Comprehensive Major Medical Plan); (3) Institutes co-payments for families under 150% of the federal poverty guidelines of \$2 per visit per child (except well-baby, well-child, and immunization services) to a provider, \$1 for each outpatient generic prescription drug purchases, \$3 for each brand-name drug purchased, and \$10 for each emergency room visit, with certain exceptions (current law provides no co-payments for people in this low-income group); (4) Changes co-payments for families above 150% to \$7 per visit per child (except well-baby, well-child, and immunization services) to a provider (now, \$5), \$7 per child for each outpatient hospital visit (now, \$5), \$5 for each outpatient generic prescription drug purchases (now, \$6), \$10 for each brand-name prescription drug purchased (now, \$6), and \$30 for each emergency room visit (now \$20).

Medicaid contracting for services. Directs the Dep't of Health and Human Services to ensure that Medicaid recipients have appropriate access to durable medical equipment, home health supplies, and home infusion therapy, and authorizes the Dep't to subcontract for services to provide that the subcontract ensures this access.

Department of Health and Human Services—Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

Substance abuse prevention services. Directs the Dep't of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to designate an Office of Substance Abuse Prevention, to be responsible for implementation of the goals in the Comprehensive Strategic Plan for Substance Abuse Prevention. Directs the Dep't to provide only those prevention services that are evidence-based and have been determined to be effective in preventing alcohol and other drug problems. Report due to appropriations committees in the House and Senate and to the Fiscal Research Division, by Dec. 1, 2002.

Private agency uniform cost-finding requirement. Sec. 21.56 of SL 2001-424 specified that the Dep't of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services could require a private agency that provides services (except hospital services with established Medicaid rates) to two or more area programs to complete an agency-wide uniform cost finding. This committee substitute adds provisions extending the provision to private agencies that provide services to only one area program or county program and providing that if an agency fails to provide a complete and timely cost finding, the Department may suspend all funding and payment.

Whitaker School. Sec. 21.61(a) of SL 2001-424 required the Dep't of Health and Human Services to develop transition plans for children from the Whitaker School. This committee substitute extends that requirement to children on the waiting list for placement at the Whitaker School and extends the reporting deadline to Jan. 1, 2003.

Area mental health administrative costs. Sec. 21.65 of SL 2001-424 required area and county mental health, developmental disabilities, and substance abuse authorities to develop and implement plans to reduce local administrative costs. This committee substitute adds a provision specifying that beginning with the 2002-2003 fiscal year, the Dep't of Health and Human Services may implement alternative approaches to establish reasonable administrative cost limitations in these authorities.

Mental retardation center downsizing. Sec. 21.67 of SL 2001-424 required the Dep't of Health and Human Services to plan for downsizing the state's regional mental retardation facilities by 4%. This committee substitute adds a provision specifying that downsizing that occurs in fiscal 2001-2002 is to be maintained in fiscal 2002-2003, and that downsizing is to be accomplished in accordance with the State Plan for Mental Health, Developmental Disabilities, and Substance Abuse Services. Delays reporting date on downsizing to Oct. 1, 2002.

State psychiatric hospital bed day allocation plan. Sec. 21.68A of SL 2001-424 required the Dep't of Health and Human Services to develop and implement a plan for allocation of state

psychiatric hospital bed days among counties served by the state's regional psychiatric hospitals. This committee substitute delays the reporting date on the plan to Nov. 1, 2002.

MH/DD/SA Consumer Advocacy Program. Sec. 2 of SL 2001-437 created the Mental Health, Developmental Disabilities, and Substance Abuse Services Consumer Advocacy Program, effective only if funds were appropriated by the 2002 General Assembly. This committee substitute amends the statute to provide that the program is to become effective only if funds are appropriated by the 2003 General Assembly.

DHHS coordination of rules. Directs the Secretary of DHHS and the chairs of the Commission for Mental Health, Developmental Disabilities, and Substance Abuse Services, the Social Services Commission, the Commission for Health Services, the Medical Care Commission, and other commissions that adopt rules in the areas of mental health, developmental disabilities, and substance abuse to collaborate on how to identify on a routine basis proposed rules that are duplicative or in conflict. Report is due to the Joint Legislative Commission on Mental Health, Developmental Disabilities, and Substance Abuse Services by Oct. 15, 2002.

Department of Health and Human Services—Division of Social Services

Special needs adoption incentive fund reporting date. Sec. 21.42(d) of SL 2001-424 required the Dep't of Health and Human Services to report on the use of money from the cited fund by April 1, 2002. This committee substitute delays that date to April 1, 2003.

Child welfare systems pilots reports. Sec. 21.46(a) of SL 2001-424 required the Dep't of Health and Human Services, Division of Social Services, to develop a plan in up to 10 demonstration areas for alternative response systems for reports of child neglect. This committee substitute extends that to include reports of child dependency.

Family Resource Centers reporting requirement. Sec. 21.48(e) of SL 2001-424 required the Dep't of Health and Human Services to report on its evaluation of the use of state and federal funds allocated to Family Resource Centers that primarily serve families with minor children. This committee substitute delays that report to May 1, 2003.

State/County Special Assistance. Sec. 21.44(d) of SL 2001-424 set the maximum monthly Special Assistance recipient rate for residents in adult care home facilities at \$1,120. This committee substitute reduces it to \$1,091.

Electing county TANF funds revert. Amends GS 108A-27.11(c) to remove provision that once paid, county block grant funds under the Work First Family Assistance program shall never revert.

Adult care home model for community-based services. Sec. 21.54(b) of SL 2001-424 required the Dep't of Health and Human Services to report on progress on developing a model project for delivering community-based mental health, developmental disabilities, and substance abuse housing and services through adult care homes that have excess capacity by March 1, 2002. This committee substitute delays the deadline to March 1, 2003.

Adult care home resident assessment services program. Sec. 21.35 of SL 2001-424 required the Dep't of Health and Human Services to use certain funds to employ personnel to conduct the cited program. This committee substitute repeals the section.

State/County Special Assistance rate methodology. Directs the Dep't of Health and Human Services to develop a plan for setting reimbursements of adult care homes, with specified elements to be included in the cost reports. The Dep't is to apply for a federal waiver to pay facilities directly for residential services for State County Special Assistance Residents. Report due to appropriations committees in the House and Senate and to the Fiscal Research Division, by Dec. 1, 2002.

Governor's Advisory Council on Aging. Amends GS 143B-181 to require biannual rather than quarterly meetings.

Reports. Requires Office of Education Services to report on residential schools for the deaf and blind by Dec. 1, 2002, to specified legislative committees. Requires final report from the Heart Disease and Stroke Prevention Task Force by June 30, 2003. Requires report on newborn hearing screening program by Jan. 1, 2003. Moves report on intensive home visiting to April 1, 2003. Requires report on efforts to maximize receipts for evaluations and services provided through the Developmental Evaluation Centers and Early Intervention program and plan for future of Developmental Evaluation Centers to specified legislative committees by Dec. 1, 2002.

Requires report on More at Four program, including recommendations on strategies for coordination of pre-kindergarten programs, by Dec. 1, 2002. Requires report to 2003 General Assembly on incentives for programs to maintain More at Four accreditation status.

AIDS drug assistance. Removes eligibility for participation for those with incomes above 125 % of the federal poverty level. Requires Dep't to develop plan to manage costs and serve additional patients, with interim report to specified legislative committees by Dec. 1, 2002, and a final report by May 1, 2003.

Prescription Drug Assistance Program. Transfers funding for Prescription Drug Assistance Program to the Health and Wellness Trust Fund.

Dental Health Program. Repeals GS 130A-366 to delete requirement for establishment of a dental health program.

School health. Requires Dep't to restructure Oral Health Section of Women's and Children's Health Section of the Division of Public Health to develop a more comprehensive school health program. Authorizes transfer of positions to accomplish this and requires report by Dec. 1, 2002, to specified legislative committees.

Development Evaluation Centers. Sets priorities for making reductions in funds to Developmental Evaluation Centers and provides that there shall not be entire closure of any Center.

Workers' compensation for dusty trades. Amends GS 97-61.1, 97-72, and 97-73 to transfer functions of Dep't to the Industrial Comm'n.

Early childhood education. Prohibits expenditures for advertising and promotion and for performance assessments of local partnerships in 2002-2003 and extends 2001-2002 spending limitations to 2002-2003. Amends GS 143B-168.12 to require North Carolina Partnership to develop guidelines for local partnerships to use in selecting capital projects to fund and amends GS 143B-168.13 to require a statewide assessment of capital needs. Requires More at Four accreditation criteria to be established by Dec. 1, 2002, with initiation of accreditation program on Jan. 1, 2003.

Child care. Reduces the number of children being served in each age group in a county from 75 to 50 in order to trigger application of regional or county market rate for payment of child care providers. Repeals GS 10-108 regarding incentives for counties to investigate alleged child care fraud.

Agriculture and Consumer Services

Robbins Laboratory. Closes Poultry Disease Diagnostic Laboratory in Robbins and transfers two positions and functions performed there to Rollins Animal Disease Diagnostic Laboratory in Raleigh.

Environment and Natural Resources

Reorganization. Abolishes Division of Radiation Protection and transfers its functions to Division of Environmental Health and makes conforming changes to statutes.

Coastal Management. Requires Raleigh office and staff to be relocated to a coastal county by June 30, 2003.

Commerce

Small Business and Technology Development Center. Provides for legislative study on feasibility and desirability of designating the Small Business and Technology Development center as the state's presumptive provider of small business development assistance, with a report due by Jan. 15, 2003.

Regional Economic Development Commissions. Requires Southeastern and Northeastern Regional Economic Development Comm'ns and the Global TransPark Development Comm'n to develop a plan for consolidation of the three comm'ns into two comm'ns, with a report to specified legislative committees on the consolidation plan by Jan. 1, 2003, and the consolidation to be effective by June 30, 2003. Amends reporting schedule for comm'ns. Directs UNC at Chapel Hill Business School to study effectiveness of Dep't economic development activities and the Regional Economic Development Comm'ns, with a report to specified legislative committees by Jan. 15, 2003.

Nonprofit reporting requirements. Limits funding to specified nonprofit economic development nonprofit agencies if reporting requirements are not met.

Judicial

Successors to judges. Amends GS 7A-45.1 to provide that replacement terms for the two of the four initial successors to special superior court judges shall not commence until Jan. 1, 2003, and the other two shall not commence until July 1, 2003. Provides that successors to district and superior court judges who reach mandatory retirement after Jan. 1, 2003, shall not take office before July 1, 2003.

Mandatory arbitration. Amends GS 7A-37.1 to provide that court-ordered nonbinding arbitration may not be employed in actions on an account and appeals from magistrates only involving money owed.

Assistant district attorney positions. Amends GS 7A-60 to eliminate seven assistant district attorney positions (one each in prosecutorial districts 1, 9A, 12, 17A, 21, 27B, and 30).

Magistrates. Requires elimination of fifteen magistrate positions. Provides positions may be eliminated only in counties that currently have at least five magistrates and provides that no more than one position per judicial district may be eliminated. Requires report by Administrative Office of the Courts to specified legislative committees by Dec. 1, 2002, on positions to be eliminated and methodology for selection.

Sentencing services. Transfers the Sentencing Services Program to the Office of indigent Defense Services and makes conforming statutory changes. Prohibits use of state funds to prepare sentencing plans for sentenced offenders returning to court for potential probation violations, limits administrative staff, and requires report by Nov. 1, 2002, to specified legislative committees on the reorganization of the Sentencing Services Program.

Drug Treatment Court. Limits use of funds for case manager positions and requires report to specified legislative committees by Feb. 1, 2003, on cost savings.

Judicial efficiency. Eliminates positions for Supreme Court marshal, seven research assistants, and one editorial assistant. Requires training conferences for judges and other court personnel to be held in state-owned facilities, with state employee instructors to the extent possible. Prohibits use of state funding for out-of-state travel. Amends GS 7A-41 to merge superior court divisions 11A and 11B, 25A and 25B, and 30A and 30B. Requires report by Administrative Office of the Courts to specified legislative committees on possible cost savings and workload efficiencies from additional superior court district consolidation, with report due by March 1, 2003.

Justice

Restitution for SBI drug analysis. Amends GS 90-95.3 to strengthen \$100 restitution requirement for drug analysis for those convicted of controlled substance possession. Creates GS 20-138.6 to add a \$100 restitution requirement for the cost of testing for those convicted of specified alcohol related (and DWI) driving offenses.

Fingerprint charge. Removes exemption for those being screened for employment or appointment as an officer of the court for payment of fees for State Bureau of Investigation costs of information processing and retrieval.

Reimbursement. Requires Dep't of Environment and Natural Resources and the Insurance Regulatory Fund to make reimbursements for legal services.

Juvenile Justice and Delinquency Prevention

Youth Development Centers. Allows establishment of new Youth Development Center beds and conversion of a modular camp in the Eckerd Wilderness Camp Program to a Youth Development Center. Requires admitting area mental health authority or local education agency to pay costs associated with support and treatment of youths admitted to Eckerd Wilderness Camp.

Corrections

Reimbursement. Amends GS 162-39 to require counties to reimburse the state for maintaining a prisoner, regardless of state or county of prisoner's residence. Extends state reimbursement to counties for housing those convicted persons awaiting transfer to state prisons.

Reports. Reduces Post-Release Supervision and Parole Commissions from quarterly to biennial.

Salaries. Limits use of lapsed salaries for shift pay for security staff and requires report to specified legislative committees by April 1, 2003, of savings of converting to twelve-hour shifts.

Staffing formulas. Requires biannual security staffing post-audits at each prison and requires security staffing relief formula to be updated biannually, with reports on both to specified legislative committees by April 1, 2003.

Community work crews. Requires reduction in inmate community work crews, but not at any locations that have fewer than three work crews. Requires Dep't of Transportation to transfer funds to Dep't of Corrections for cost of community work crews engaged in litter control projects. Requires report to specified legislative committees by March 1, 2003, on methods of charging state and local agencies for the costs of inmate labor and supervision of that labor.

Substance abuse programs. Amends GS 143B-262.1 to reduce mandated staffing requirements for the Substance Abuse Program.

Electronic monitoring costs. Creates GS 148-10.3 to provide that state or local agencies requesting electronic monitoring of pretrial or sentenced offender reimburse the Dep't for those costs.

Offender fees. Directs the Dep't and the Judicial Dep't to study and report to specified legislative committees by Feb. 1, 2003, on means to improve collection rates on fees for probationers and those sentenced to community service.

Criminal Justice Partnership program. Prohibits funding of program in Caswell, Person, and Union Counties in 2002-2003.

Contracted medical positions. Authorizes conversion of contract medical positions to permanent state medical positions if savings will exceed the costs of the new position. Requires report to specified legislative committees by Oct. 1, 2002, on conversions.

Crime Control and Public Safety

Boxing Comm'n. Repeals GS Ch. 143, Art. 68 to eliminate the State Boxing Comm'n.

National Guard. Directs N. C. National Guard to identify alternative sources of funding for matching requirements for federal funds.

Camp Butner. Directs Governor to submit plan of reorganization for transfer of provision of public safety services at Camp Butner to either the county or a municipality. Plan to be submitted to specified legislative committees by Oct. 1, 2002, and to become effective June 30, 2003, absent legislative disapproval.

Administration

HUB business. Amends GS 143-128.2 to add business defined by Small Business Administration as a "HUBZone small business concern" to the definition of a "minority business."

Mail Center. Requires a report to the 2003 General Assembly on increasing the efficiency of the state mail center.

Scholarships for children of war veterans. Incorporates substantive provisions of H 1647, introduced June 13, 2002, with following changes. Revises GS 165-22(4) to provide that children of parents who served in the armed forces during a period of war are eligible for Class III scholarships.

Regional offices. Directs State Property Office to develop a plan for consolidation of state agency regional offices, with a report to specified legislative committees by Nov. 1, 2002.

Agency for Public Telecommunications. Amends GS Ch. 143B, Art. 9, Part 22, to abolish Agency for Public Telecommunications and makes conforming statutory changes.

State Auditor

Smart Start. Amends GS 143B-168.14 to require audits of local partnerships at least every two years (was annually).

Cultural Resources

Arts Council. Directs Arts Council to limit use of consultants.

Museum fees. Directs Office of State Budget and Management to study feasibility of admission charges for state museums, with report to specified legislative committees by November 1, 2002.

Revenue

Local sales tax administrative costs. To the extent local sales tax administrative costs exceed funds available to the Dep't, authorizes Dep't to pay excess costs by withholding funds collected. Requires quarterly reports to the legislature of costs and withholdings.

Fraud. Authorizes reclassification of vacant positions and use of funds to expand fraud investigations and collection assistance.

Rules Review Commission

Meetings. Amends GS 143B-30.1 to delete requirement for monthly meetings. Authorizes rules on meeting schedules, filing procedures, and review schedule and procedures.

Secretary of State

Business License Information Office. Repeals GS Ch. 147, Art. 4B to eliminate the Business License Information Office. Makes conforming changes.

State Controller

Overpayments audit. Provides that a portion of the receipts generated by inadvertent overpayments, rebates, refunds, and similar means are to be used by the Office of State Controller for data processing, debt collection, and other information technology initiatives, with the balance of the receipts allocated to the General Fund. Requires quarterly report to the General Assembly regarding this fund and disbursements from it.

Transportation

Highway Trust Fund Study Committee. Increases size of study committee by adding two public members, with one appointed by the Speaker of the House and one by the President Pro Tem. of the Senate, directs committee to study further alteration of project and funding allocation eligibility, and extends reporting date until the first day of the 2003 Session of the General Assembly.

Pedestrian bridge in Asheville. Directs Dep't to approve private pedestrian bridge to connect the campuses of Mission St. Joseph's Health Systems on Biltmore Ave. in Asheville, unless such a bridge unreasonably interferes with abutting owners' legal rights or public use of the street.

Printing. Directs Dep't to implement more cost effective printing services for Division of Motor Vehicles.

License examiners. Directs Dep't to eliminate requirement that drivers license examiners wear uniforms. Requires dress code for examiners including khaki slacks and polo shirts with the Division of Motor Vehicles logo.

Multiyear registration and licenses. Directs Division of Motor Vehicles to develop and implement system for multiyear motor vehicle registration and ten-year drivers licenses, with a report on the first day of the 2003 Session of the General Assembly on necessary statutory changes for implementation.

Information Technology

Procurement. Amends GS 143-48.3 to direct Dep't of Administration to establish electronic or digital standards for procurement and direct Dep't to comply with technical architecture for information technology required by the Information Resources Management Commission. Repeals GS Ch. 147, Art. 3D, Part 4, regarding procurement of information technology. Revises GS 147-33.82 regarding duties of Office of Information Technology Services. Beginning Oct. 15, 2002, requires quarterly reports by the Dep't on electronic procurement to specified legislative committees.

Salaries and Employee Benefits

No automatic step increases. State employees subject to GS 7A-102(c), -171.1, or 20-187.3 shall not move up on salary schedules or receive automatic step increases for 2002-2003.

Fund payroll and employment contributions at ninety-eight percent of budgeted requirements. Amount allocated to state departments and agencies for salaries and related employer contributions for social security and retirement shall be at 98% of budgeted requirements. This does not apply to salary and related employer contributions funded by the state for the University of North Carolina, the community colleges, and the public school system.

DHHS exempt policymaking positions. Amends GS 126-5(d)(1) to provide that the Governor may at any time increase by 5 the number of exempt policymaking positions in DHHS.

Salary-related contributions/employers. Sets the state's employer contribution rates for retirement and related benefits for 2002-2003 as follows: teachers and state employees—3.03%; law enforcement officers—8.03%; university employees' optional retirement system—9.71%; community college optional retirement system—9.71%; judicial retirement system and legislative retirement system—0. Each of the foregoing contribution rates includes 2.35% for hospital and medical benefits.

Public employee special pay plan. Incorporates the provisions of S 1189, introduced 6/5/02, with the following exceptions: directs, rather than authorizes, the Governor to establish the special pay plan; increases the number of board members to 5; limits the plan to employees age 55 or older whose special pay totals \$5,000 or more per year.

Increase fire and rescue pension benefits. Incorporates provisions of S 1305, introduced 6/11/02.

Cost-of-living increases for retirees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System. Amends GS 128-27(bbb) and GS 135-5(jjj) to increase the retirement allowance by 1.10% as of July 1, 2002, for beneficiaries retired on or before July 1, 2001, and give a prorated increase for those retired after July 1, 2001, but before July 1, 2002.

Enhance benefits payable from the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System. Adds new GS 135-5(b19) and GS 128-7(b20) to increase the multiplier for average final compensation from 1.81% to 1.82% for members retiring on or after July 1, 2002. Adds new GS 135-5(kkk) and GS 128-7(ccc) to increase the allowance for beneficiaries on the retirement rolls as of July 1, 2002, by 0.6%.

Retired teachers returning to the classroom without loss of retirement benefits/option extended. Amends various session laws to extend the option for retired teachers to June 30, 2004.

Abolish judicial/legislative retirement systems. Repeals Art. 4, GS Ch. 135, and Art. 1A, GS Ch. 120, as title indicates. Amends GS 135-1(10) to include members of the General Assembly and of the Consolidated Judicial Retirement System in the Teachers' and State Employees' Retirement System. Makes other conforming changes.

Expand separation allowance for law enforcement officers. Amends GS 143-166.41(c), regarding loss of retirement benefits upon reemployment by a state agency, to provide that the provision does not apply to a person returning to state employment in a position exempt from the State Personnel Act in an agency other than the agency from which that person retired.

Capital Appropriations

DENR. Appropriates from the General Fund to DENR for 2002-2003 the following amounts for the listed projects:

(1)	Wilmington Harbor Deepening	\$20,100,000
(2)	Manteo (Shallowbag) Bay Channel Maintenance	3,100,000
(3)	Wilmington Harbor Maintenance	500,000
(4)	B. Everett Jordan Lake Water Supply	90,000
(5)	John H. Kerr Reservoir Operations Evaluation	800,000
(6)	Oregon Inlet Jetties	70,000
(7)	Silver Lake Harbor Maintenance	600,000

(8)	West Onslow Beach (Topsail Beach) Nourishment	203,000
(9)	Wanchese Marsh Creation	180,000
(10)	Bogue Banks Shore Protection Study	315,000
(11)	Surf City/North Topsail Beach Protection Study	200,000
(12)	Walter Slough Maintenance Dredging	58,000
(13)	Currituck Sound Water Management Study	400,000
(14)	Deep Creek (Yadkin County) Watershed Management	500,000
(15)	State Local Projects	2,900,000
(16)	Aquatic Weed Control, Lake Gaston and Statewide	300,000
(17)	Swan Quarter (Hyde County) Flood Control Dikes	100,000
(18)	North Topsail Beach Feasibility Study (nonfederal)	250,000
(19)	Neuse River Basin Feasibility Study	100,000
(20)	Edgewater Canal (Camden County) Drainage	25,000
(21)	Emergency Flood Control Projects	187,000
(22)	Projected Feasibility Studies	120,000
(23)	Planning Assistance to Communities	<u>150,000</u>

TOTAL **\$31,248,000**

Effective date

Except as otherwise provided, the act is effective July 1, 2002.

June 20, 2002

S 1115. MODIFY APPROPRIATIONS ACT OF 2001. Intro. 5/29/02. Senate amendments adopted 6/19/02 make the following changes to 2nd edition.

Veterans Affairs. Restore veterans affairs district offices (was, elimination of three offices), eliminate five positions (was eight), and reduce the appropriation for the Veterans' Scholarship Program by \$188,888 for fiscal 2002-03.

Teachers' and Principals' Pay. Increase funds to be collected from Project Tax Collect from \$10 million to \$61,937,267 and add \$51,937,267 as a Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools. Authorize drawing on this Reserve to increase salaries for teachers and principals. Amend salary schedules for "A" and "M" teachers, as well as principals and assistant principals.

Health and Human Services Reallocations. Add two items for which funds in the appropriation for the Dep't of Health and Human Services shall be allocated in fiscal 2002-03: (1) \$900,000 to the Div'n of Social Services for equal distribution to regional food banks and (2) \$550,000 in the Div'n of Social Services allocation to replace federal funds for Boys and Girls Clubs. Also provide for \$450,000 reduction in the Div'n of Aging's Area Agencies on Aging Administration and for \$1,689,121 reduction to the Office of the Secretary's Loan Repayment Incentive Fund. Reallocate reductions and adjustments in the bill accordingly.

Miscellaneous. Provide that funding of State Auditor Smart Start Contract Services shall be provided by an increase in General Fund Receipts, notwithstanding a reduction shown in the Base Budget Committee Report. Also provide that the NC Partnership for Children shall pay for an audit of itself and local partnerships. Require that proceeds from sale of facilities and real estate associated with the Central North Carolina School for the Deaf shall be deposited in the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs (GS 143-15.3D). State an intent to hold the Highway Trust Fund harmless because of the transfer of trust funds to the General Fund. Revise section on Uniform Provider Credentialing by Health Insurance Plans to provide that for a health care practitioner that is a member of a practice "that participates in the health benefit plan's network," the effective date of the network participation contract is the date on which the credentialing application is approved

(previously, this rule applied to a “practitioner subsequently contracted to participate in the network”).

August 12, 2002

S 1115. MODIFY APPROPRIATIONS ACT OF 2001. Intro. 5/29/02. House committee substitute adopted 8/8/02 makes the following changes to 3rd edition. The current operations appropriations for 2002-2003 are shown as set out in the House Committee Substitute. Other provisions are summarized only if they differ from the provisions of the Senate bill as adopted on 6/18/02. Special provisions in the Senate bill that are contained without amendment in the House version are not discussed.

Current Operations - General Fund	2002-2003
(Amounts in brackets are reductions from General Fund appropriations for the 2002-2003 fiscal year.)	
EDUCATION	
Community Colleges System Office	31,351,893
Department of Public Instruction	(35,901,988)
University of North Carolina - Board of Governors	
Appalachian State University	(2,739,189)
East Carolina University	
Academic Affairs	(4,152,403)
Health Affairs	(1,381,862)
Elizabeth City State University	(663,037)
Fayetteville State University	(946,700)
NC Agricultural and Technical University	(1,939,938)
North Carolina Central University	(1,483,534)
North Carolina School of the Arts	(908,639)
North Carolina State University	
Academic Affairs	(10,360,334)
Agricultural Extension	(1,123,032)
Agricultural Research	(1,418,351)
University of North Carolina at Asheville	(842,476)
University of North Carolina at Chapel Hill	
Academic Affairs	(9,263,397)
Health Affairs	(5,762,030)
Area Health Education Centers	(1,382,170)
University of North Carolina at Charlotte	(3,479,570)
University of North Carolina at Greensboro	(3,322,120)
University of North Carolina at Pembroke	(750,292)
University of North Carolina at Wilmington	(2,067,193)
Western Carolina University	(1,855,666)
Winston-Salem State University	(1,111,749)
General Administration	(3,213,801)
University Institutional Programs	34,263,134
Related Educational Programs	(2,798,032)
North Carolina School of Science and Mathematics	(36,334)
UNC Hospitals at Chapel Hill	<u>(1,217,620)</u>
Total	(29,956,334)
HEALTH AND HUMAN SERVICES	
Department of Health and Human Services	
Office of the Secretary	22,761,495

Division of Aging	(1,300,160)
Division of Blind Services/Deaf/HH	(643,013)
Division of Child Development	(3,428,035)
Division of Education Services	(3,936,077)
Division of Facility Services	(646,705)
Division of Medical Assistance	13,002,696
Division of Mental Health	(7,098,502)
NC Health Choice	(1,778,620)
Division of Public Health	(13,544,044)
Division of Social Services	(18,454,520)
Division of Vocation Rehabilitation	<u>(3,922,522)</u>
Total	(18,988,237)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	(4,822,458)
Department of Commerce	
Commerce	(10,395,595)
Commerce State-Aid	5,145,100
NC Biotechnology Center	(627,047)
Rural Economic Development Center	(423,851)
Department of Environment and Natural Resources	
Environment and Natural Resources	(10,017,863)
Clean Water Management Trust Fund	(30,000,000)
Office of the Governor - Housing Finance Agency	(540,600)
Department of Labor	(951,725)

JUSTICE AND PUBLIC SAFETY

Department of Correction	(30,673,769)
Department of Crime Control and Public Safety	(7,596,481)
Judicial Department	(10,682,681)
Judicial Department - Indigent Defense	3,394,903
Department of Justice	(2,422,581)
Department of Juvenile Justice and Delinquency Prevention	(14,893,541)

GENERAL GOVERNMENT

Department of Administration	(5,354,207)
Office of Administrative Hearings	(233,742)
Department of State Auditor	(983,908)
Office of State Controller	(1,101,040)
Department of Cultural Resources	
Cultural Resources	(3,610,213)

Roanoke Island Commission	(401,222)
State Board of Elections	209,622
General Assembly	(4,081,885)
Office of the Governor	
Office of the Governor	(563,763)
Office of State Budget and Management	(383,824)
OSBM – Reserve for Special Appropriations	50,000
Department of Insurance	
Insurance	(1,882,104)
Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
Office of Lieutenant Governor	(72,367)
Department of Revenue	(2,384,400)
Rules Review Commission	(9,981)
Department of Secretary of State	(345,281)
Department of State Treasurer	
State Treasurer	671,618
State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
TRANSPORTATION	
Department of Transportation	(2,490,841)
RESERVES, ADJUSTMENTS AND DEBT SERVICE	
Reserve for Compensation Increases	(4,247,868)
Statewide Reserve for State Health Plan	(12,621,872)
Reserve for Teachers' and State Employees' Retirement Rate Adjustment	(142,300,000)
Retirement Incentive	(31,000,000)
Payroll Adjustment Reserve	(70,000,000)
Reserve for Employee Severance Compensation	20,000,000
Implementation of Recommendations of Governor's Efficiency Commission	(25,000,000)
Reserve for Information Technology Rate Adjustment	(2,414,318)
Reserve to Implement HIPPA	2,000,000
Reserve for Experience Step Increase for Teachers and Principals in Public Schools	51,937,267

Assistant/Deputy Clerks/Magistrates Salary Steps	1,980,700
Debt Service	
General Debt Service	(97,750,000)
TOTAL CURRENT OPERATIONS – GENERAL FUND	(509,135,085)

GENERAL FUND AVAILABILITY STATEMENT

The General Fund availability used in adjusting the 2002-2003 fiscal year budget is shown below:

	2002-2003
Beginning Unreserved Credit Balance	119,800,000
Revenues Based on Existing Tax Structure	12,788,200,000
Nontax Revenues	
Investment Income	115,300,000
Judicial Fees	111,300,000
Disproportionate Share	107,000,000
Insurance	46,600,000
Other Nontax Revenues	98,900,000
Highway Trust Fund Transfer	172,400,000
Highway Fund Transfer	<u>15,300,000</u>
Subtotal Nontax Revenues	666,800,000
Total General Fund Availability	13,574,800,000
Other Adjustments to Availability: 2002 Session	
Project Tax Collect	15,000,000
Highway Trust Fund – recurring inflationary adjustment	80,000,000
Highway Trust Fund Transfer – one time transfer	125,000,000
Tobacco Settlement Trust Funds – divert MSA receipts for one year	142,260,000
Transfer of Cash from Trust and Special Funds	22,263,259
Adjustment to Transfer from Insurance Regulatory Fund	(851,366)
Nontax Revenue Offsets – State Treasurer	671,618
Increase Collection Rates for Offender Fees	1,160,000
Reimbursement for Unauthorized Substance Tax Division	885,884
Budget Revenue Act of 2002 (SB 1292)	322,300,000
2002 Fee Bill (HB 1670)	<u>22,900,000</u>
Subtotal Adjustments to Availability: 2002 Session	731,589,395
REVISED GENERAL FUND AVAILABILITY	<u>14,306,389,395</u>
GENERAL FUND APPROPRIATIONS	(14,304,683,541)
UNAPPROPRIATED BALANCE	1,705,854

Effective July 1, 2002, cash balances remaining in special funds on June 30, 2002, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that follows. These funds shall be used to support General Fund appropriations for the 2002-2003 fiscal year.

Fund	Amount Transferred
Administrative Office of the Courts	
Budget Code, 22005, (Worthless Check Fund)	150,000
(Appellate Copying Fees)	275,000

Department of Environment and Natural Resources	
Budget Code 24300, Fund Code 2104 (ADM – Mooresville RO Vending)	472
Budget Code 24308, Fund Code 2105 (DEE - Env Educ Certification)	10,000
Budget Code 24300, Fund Code 2331 (DAQ Air Permits)	250,000
Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	300,000
Budget Code 24300, Fund Code 2754 (DEH GSWW System Account)	10,900
Budget Code 24310, Fund Code 2711 (DFR Forestry Fire Supp)	78,225
Budget Code 24310, Fund Code 2712 (DFR Forestry Restoration)	771,333
Budget Code 24308, Fund Code 2255 (DFR Special Air Operations)	6,759
Budget Code 24300, Fund Code 2610 (DLR Mineral Interest)	20,000
Budget Code 24300, Fund Code 2740 (DLR Dam Safety Account)	100,000
Budget Code 24300, Fund Code 2745 (DLR Mining Fees)	25,000
Budget Code 24300, Fund Code 2392 (DMF Advance License Sale)	1,600,000
Budget Code 24300, Fund Code 2393 (DWM Septage Fees)	100,000
Budget Code 24308, Fund Code 2387 (DWM Hazardous Waste Fees)	68,189
Budget Code 24300, Fund Code 2341 (DWQ Water Permits)	1,000,000
Budget Code 24308, Fund Code 2465 (MSN Mus Nat Sci/Scientific Publicat)	3,177
Budget Code 24308, Fund Code 2515 (SWC Agric Waste Small Farms)	20,000
Budget Code 24308, Fund Code 2520 (SWC Animal Waste Cost Share)	500,000
Budget Code 64302, Fund Code 6710 (Natural Heritage Trust Fund)	3,287,582
Budget Code 24308, Fund Code 2525 (Neuse Animal Waste Cost Share)	366,335
Budget Code 24300, Fund Code 2221 (Bladen Lakes State Forest Fund)	440,000
Department of Agriculture and Consumer Services	
Budget Code 53750, Fund Code 5100 (State Fair)	1,000,000
Department of Commerce	
Budget Code 24600, Fund Code 2683 (Empl & Train Grants Prgm)	750,000
Budget Code 24600, Fund Code 2711 (Industrial Development Fund)	3,000,000
Budget Code 24600, Fund Code 2881 (ABC Commission)	500,000
Budget Code 24600, Fund Code 2882 (ABC Warehouse)	500,000
Department of Health and Human Services	
Budget Code 24470, Fund Code 2101 (Facility Finance Act)	95,000
Information Technology Services	
Budget Code 24668, Fund Code 2800 (E-Grant)	495,040
Department of Agriculture and Consumer Services	
Budget Code 23700, Fund Code 2103 (Livestock Acquisition Fund)	300,000

Budget Code 23701, Fund Code 2201 (Warehouse Investment Fund)	225,000
Budget Code 53750, Fund Code 5190 (State Fair Reserves and Transfers)	250,000
Budget Code 63700, Fund Code 6902 (Reforestation Fund)	23,915
Budget Code 63700, Fund Code 6105 (Forest Management Reserve)	50,000
Department of Labor	
Budget Code 23800, Fund Code 2422 (Pre-Apprenticeship-PBC)	491,332
Department of Correction	
Budget Code 24502, (Inmate Canteen/ Welfare Fund)	
Budget Code 74500, Fund Code 7100 (Enterprise Spec Fund/ Prison Enterprises)	2,000,000
Office of the State Controller	
Budget Code 24172, (State Controller Special Reserve Account)	1,300,000
Office of the State Controller	
Budget Code 24160, Fund Code 2000 (Flexible Benefits Reserve)	1,400,000
Total Amount Transferred	\$22,263,259

Other Transfers

Dep't of Correction. Transfer from Budget Code 74500, Fund Code 7100 increased from \$1,500,000 to \$2,500,000

Hurricane Floyd funds. No transfer.

Tobacco Trust Account. Reduces transfer from \$40,000,000 to \$30,000,000.

Golden LEAF. Increases transfer from \$40,000,000 to \$80,000,000.

Master Settlement Agreement. Decreases transfer from Master Settlement Agreement to State Treasurer from \$40,000,000 to \$32,260,000.

Health and Wellness Trust Fund. Increases maximum amount Health and Wellness Trust Fund Comm'n may transfer from Fund Reserve to nonreserved funds from \$18,000,000 to \$25,710,000 and lists purposes for which funds may be spent.

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

HIGHWAY FUND APPROPRIATIONS

(Amounts in brackets are reductions from Highway Fund appropriations for the 2002-2003 fiscal year.)

Current Operations - Highway Fund	2002-2003
Administration	—
Operations	—
Construction and Maintenance	
a. Construction	
(01) Primary Construction	—
(02) Secondary Construction	(1,887,000)
(03) Urban Construction	—
(04) Access and Public Service Roads	—
(05) Contingency Construction	5,000,000
(06) Spot Safety Construction	—
b. State Funds to Match Federal Highway Aid	—

c.	State Maintenance	17,642,295
d.	Ferry Operations	—
e.	Capital Improvements	—
f.	State Aid to Municipalities	(1,887,000)
g.	State Aid for Public Transportation and Railroads	17,168,884
h.	OSHA – State	—
	Governor's Highway Safety Program	—
	Division of Motor Vehicles	—
	Transfer to Highway Patrol	—
	Transfer to Driver Education	236,109
	Transfer to G.F. for Sales Tax	—
	Other Reserves and Transfers	(6,275,660)
	GRAND TOTAL HIGHWAY FUND	\$ 29,997,628

HIGHWAY FUND AVAILABILITY STATEMENT

The Highway Fund appropriations availability used in developing modifications to the 2002-2003 Highway Fund budget contained in this act is shown below:

	2002-2003
<u>Revenue and Availability</u>	
Estimated Revenue	\$1,276,600,000
Credit Balance	41,300,000
Transfer to General Fund	—
TOTAL HIGHWAY FUND AVAILABILITY	\$1,317,900,000

HIGHWAY TRUST FUND APPROPRIATIONS

(Amounts in brackets are reductions from Highway Trust Fund appropriations for the 2002-2003 fiscal year.)

Current Operations and Expansion - Highway Trust Fund	2002-2003
Intrastate System	(159,218,286)
Secondary Roads	(18,065,569)
Urban Loops	(64,381,244)
Aid to Municipalities	(16,705,712)
Program Administration	(4,073,189)
Transfer to General Fund	205,000,000
Grand Total/Highway Trust Fund	(57,444,000)

GENERAL PROVISIONS

Contingency and Emergency Fund Allocations. Deletes Senate provision.

Use of Overrealized General Fund Availability. Deletes Senate provision.

Use of Savings Reserve to Balance Budget. Deletes Senate provision.

Deduction Flexibility. Deletes Senate provision.

Special Funds, Federal Funds, Departmental Receipts, and Cash Balances/Authorization for Expenditures. Appropriates out of cash balances, federal receipts, and departmental receipts sufficient amounts to carry on authorized activities. Funds must be expended and reported in accordance with Executive Budget Act and at level of service authorized by General Assembly. If receipts exceed the receipts certified for the agency, the Director of Budget must decrease amount allotted to agency from appropriations by amount of excess unless finds that appropriations from Fund are necessary to maintain functions that generated the receipts at the level anticipated in the certified Budget Codes for that Fund. Places limitations on use of funds from overrealized receipts for new permanent positions or to raise salary of current employee. Appropriates from Reserve for Reimbursements to Local Governments and Shared Tax Revenues amount equal to amount of distributions required by law to be made from that reserve

for that fiscal year. Requires Director of Budget to develop budget controls to ensure these funds and other state funds are not spent in a manner that would cause a deficit in expenditures.

Repeal Ports Railway Commission/Transfer to State Ports Authority. Repeals Ports Railway Comm'n [Art. 10 of G.S. Ch. 143B] and authorizes State Ports Authority to acquire, construct and maintain rail facilities as necessary in connection with operation of State Ports, but not authorizing Authority to operate railways or become carrier by rail.

Procedure Before Reducing Appropriations to a School Administrative Unit. Amends GS 159-13(b)(9) to provide that before county commissioners may reduce appropriation to school administrative unit on basis of general reduction in county expenditures because of economic conditions, commissioners must hold public meeting at which school board is given opportunity to present information of impact of reduction and must take a public vote on reduction of funds to schools.

Senior Prescription Drug Access Program. Authorizes expenditure of \$3 million from Health and Wellness Trust Fund to implement senior prescription drug access program under which persons at least age 65 and low-income citizens can get one-on-one assistance in accessing prescription drug assistance programs and to make medication counseling services available to senior citizens to promote compliance with and identify potential adverse effects from interactions among prescribed drugs. Provides that program is to be provided without cost to seniors who are Medicaid recipients and those enrolled in Carolina CARxES and that reasonable fee may be charged to other seniors.

Uniform Provider Credentialing by Health Insurance Plans. Amends GS 58-3-230(a) to provide that when a health care practitioner joins a practice that is under contract with an insurer to participate in a health benefit plan, the effective date of the health care practitioner's participation in the health plan network shall be the date the insurer approves the practitioner's credentialing application.

Underutilized State-Owned Aircraft. Requires department of state government that possesses a state-owned aircraft that has not been used for the intended purpose at least two times during 2001-2002 fiscal year to sell aircraft; requires Dep't of Commerce to sell its Bell 206 helicopter; and provides that funds from sales to be deposited in General Fund.

PUBLIC SCHOOLS

Revision of Reading and Writing Assessments. Adds provision requiring State Board of Education, beginning with 2002-03 school year, to assure that a copy of a student's scored writing test administered in fourth grade is available to that student's parents, guardians, or others who have a legal right to see that student's records.

Base Budget Reduction to Department of Public Instruction. Same as Senate provisions except eliminates provision that State Board of Education to study appropriate management structure and size of Dep't of Instruction.

Replacement School Bus Funds. Same as Senate provisions except deletes provision that contract for purchase of school buses may not require vendor payment of electronic procurement transaction fee of NC E-Procurement Service.

Corporate Tax Transfer Moratorium. Provides that funds required to be deposited in State Public School Fund instead of Public School Building Capital Fund may continue to be used to support six positions in School Planning Division.

Study Modifications. Deletes Senate provision that repealed study of noncitizen tuition rates found in S.L. 2001-491. Adds requirement that Joint Legislative Education Oversight Committee's study of testing shall consider the extent to which the state tests assist in compliance with the assessment and accountability provisions of the federal "No Child Left Behind" law and regulations, the ABC's model, and the *Leandro* rulings.

Performance-Based Licensure Program/Suspension of Portfolio Requirement and Study. Provides that the State Board of Education, in consultation with specified entities, shall review teacher preparation programs and the continuing certification process to determine how these programs can be modified. Provides that the State Board shall suspend the portfolio requirement for all teachers required to submit portfolios from August 1, 2002, through July 31, 2003, and provides for new requirements. The State Board shall contract with an outside consultant to study and propose modifications to current certification and recertification programs. The State Board shall use the results of the study to make certain recommendations. The State Board shall

enlist the assistance of the Southern Regional Educational Board in evaluating responses to the request for proposals and shall consult with the Joint Legislative Education Oversight Comm'n prior to awarding the contract for the consultant study. Provides for use of federal funds for the study. Requires the State Board to report to the Joint Comm'n by March 15, 2003. The Joint Comm'n shall make recommendations to the General Assembly on changes in law or policy on or after August 1, 2003.

Performance-Based Licensure Program. Deletes Senate provision.

Use of Funds for Kindergarten. Deletes Senate provision.

Additional Teacher Positions For Kindergarten and First Grade. Sets class size allotment for kindergarten for 2002-2003 school year at one teacher per 17 students and maximum class size at average of 21 and no more than 24 students. Sets class size allotment for first grade at one teacher for every 18 students; average class size cannot exceed 21 students; and maximum class size is 24 students. Provides that for school year 2002-2003 local school unit may use these additional teacher positions to reduce class size in kindergarten and first grade. For 2003-2004 school year and subsequent years, State Board of Education must reduce maximum class size limits for kindergarten by two students from limits effective for 2001-2002 school year. For 2003-2004 school year and thereafter, maximum class size for first grade based on allotment ratio of one teacher per 18 students.

Local Education Agency Flexibility. Urges local school administrators to reduce spending as long as targeted reductions do not directly impact classroom services or service for students at risk or with special needs, including services called for in a child's Personal Education Plan or Individual Education Plan.

Business and Education Technology Alliance. Provides that Business and Technology Alliance have 27 instead of 25 members with additional two members being technology directors selected one each by President Pro Tem. and Speaker. Permits federal funds to be used to support the Alliance.

High Priority School Program Waiver. Amends 2001 budget act to allow local board of education to seek a waiver for 2002-2003 school year if unable to implement class-size limitation in accordance with provisions for high-priority schools.

Authorizing the Use of Mentor Funds For Full-Time Mentors. Provides that the State Board of Education shall permit all local school administrative units to use funds allocated for mentors for full-time mentors. Provides that the State Board shall evaluate annually the impact of the program on the retention of teachers.

Notification of Field Testing. Amends GS 115C-174.12 to require State Board to establish policies and guidelines for minimizing frequency of field testing at any one school and to require Superintendent of Public Instruction to notify local boards by October 1 of any field tests that will be administered in their schools during the year, the schools at which the tests will be administered, and the specific tests that will be administered.

Drivers Education Funding. Provides that from funds appropriated by this act to the Dep't of Transportation, the Dep't shall pay for the increased costs for drivers education due to the projected increase in average daily membership in the ninth grade drivers education program. In allocating funds for driver training, the State Board of Education shall consider the needs of small and low-wealth school administrative units.

Intervention Strategies for Continually Low-performing Schools. Amends 2001 budget act to authorize State Board of Education to implement intervention strategies for 2002-2003 school year for continually low-performing schools.

Study Voc. Ed. Tests. Requires Joint Legislative Education Oversight Committee to study the extent to which standardized tests are utilized in vocational education classes for purpose of grading students and to report to 2003 General Assembly.

Additional Purchasing Flexibility for All School Systems. Provides that purchases by school units of supplies, equipment and materials valued at \$2,500 or less are not subject to purchasing laws.

Availability of Information on Employee Qualifications. Amends GS 115C-319 to provide that nothing in the section shall be construed to prevent local boards of education from disclosing the certification status and other information about employees as required by Sec. 1111(h)(6) of PL 107-110.

Definition of Retired Teacher Modified. As title indicates.

Duties of School Counselors. Creates new GS 115C-316.1 pertaining to the duties of school counselors. Provides that prior to the 2003-2004 school year, local boards of education shall develop a transition plan for implementing the new duties of school counselors. Requires the State Board to report on implementation. Effective when becomes law and applies to school years beginning with the 2003-2004 school year.

Limit Certification Renewal for Retired Teachers. Amends GS 115C-296(b) to provide for certificate renewal every five years until the teacher retires and that the last certificate renewal received prior to retirement shall remain in effect seven years after retirement.

Online Services Available For All. Provides that by October 1, 2002, the State Board of Education shall assure that the on-line resources of the Dep't of Public Instruction available to students enrolled in public schools are made available without charge to students enrolled in schools subject to GS Ch. 115C, Art. 39. By October 1, 2002, the State Board of Education and the Board of Governors of UNC shall assure that the on-line resources available to parents and teachers of public school students also are made available without charge to parents and teachers of students enrolled in schools subject to GS Ch. 115C, Art. 39.

Certification of School Nurses. Amends GS 115C-315 to provide that school nurses employed in public schools shall hold a current NC registered nurse license, and they shall not be required to obtain national certification. Makes provision applicable to nurses employed on or after July 1, 1993.

Community Colleges

Regional Programs. Deletes Senate provision.

Regional Economic Development Vision Plans. Deletes Senate provision.

Haywood Regional High Technology Center. Provides that the State Board of Community Colleges shall study the operations of the Center, its economic impact and costs to determine whether similar centers should be created and shall report the results of its study.

Realignment of Funding. Deletes section providing that effective July 1, 2002, the State Board of Community Colleges shall no longer allocate funds for the Botanical Laboratory from the General Fund appropriations and providing that instead, no more than \$200,000 from excess overrealized receipts shall used for this purpose.

Temporary Rules on FTE For Training Provided to Law Enforcement Personnel and on Generic Fees. Provides that the State Board of Community Colleges may adopt temporary rules clarifying provisions pertaining to definition of certain generic and specific fees. Provides that this section constitutes a recent act of the General Assembly and that prior to adopting temporary rules, the State Board of Community Colleges shall give certain notice of them. Provides that this section becomes effective when the act becomes law and expires 180 days after that date.

Community College System Study. Provides that the Joint Legislative Education Oversight Committee shall hire a consultant to consider specified items. Adds to the list of items to be considered the funding of multicampus colleges and off-campus centers. Provides that the Committee may hire an outside consultant to study Community College System funding and provides that in the course of this study the consultant shall consider certain specified items. Provides that the Committee shall report on its findings to the 2003 General Assembly.

Flexibility to Implement Budget Reductions. Provides that the State Board of Community Colleges may transfer funds within the budget of the Community Colleges System Office to implement base budget reductions and to reorganize the System Office. Expires June 30, 2003.

Transfer of Community College Position. Transfers the personnel position for High School Apprenticeship Consultant to the Dep't of Public Instruction.

Hosiery Center Funds. Provides that all fees collected by the Hosiery Technology Center of Catawba Valley Community College for certain testing shall be retained by the Center and that purchases using these funds are not subject to GS Art. 3 Ch. 143.

Viticulture/Enology Course Authorization. Adds a new provision to GS Art. 11, Ch. 18B pertaining to Viticulture/Enology course authorization. Amends GS 66-58(c) by adding a new subsection pertaining to the sale of products raised or produced incident to the operation of a community college viticulture/enology program.

Universities

Elizabeth City State University Pharmacy School/East Carolina University Engineering School/Engineering Programs at Western Carolina University and the University of North Carolina

at Asheville. Provides that the Board of Governors of the University of North Carolina shall establish the school of pharmacy at Elizabeth City State University as set forth in the feasibility study conducted in compliance with specified provisions. Provides that the Board of Governors shall establish an accredited and fully staffed stand-alone school of engineering at East Carolina University, a bachelor of science degree in electrical and computer engineering at Western Carolina University, and a bachelor of arts degree in engineering at UNC Asheville no later than the 2004-2005 academic year.

No Funding for Required Courses on One Religion. Provides that no state funds or overhead receipts may be expended by a constituent institution of The University to offer for entering freshman students prior to their first semester for credit or otherwise any course or summer reading program in any religion unless all other known religions are offered in an equal or incremental way. States that the section is not intended to interfere with academic freedom, but to ensure that all religions are taught in a non-discriminatory fashion.

UNC Flexibility Guidelines. Deletes provision that the director of the NC School Science and Mathematics shall report to the UNC Board of Governors on the reductions made in its General Fund budget code in order to meet the reduction reserve amount for that institution.

Umstead Act Exemption for the NC Arboretum. Amends GS 66-58(b) to provide that 66-58(a) shall not apply with regard to the operation of gift shops and snack or food service facilities connected to the NC Arboretum, provided the profits are used to support operation.

Report on Umstead Act Exemptions. Requires UNC Board of Governors to report to Joint Legislative Comm'n on Governmental Operations before 3/1/03 on activities undertaken under Umstead Act exemptions for the NC State Centennial Campus, the UNC-CH Horace Williams Campus, and a Millennial Campus of a constituent institution. Requires the following information on all activities undertaken since 7/1/99: (1) the reasons exemptions were necessary for operations and facilities on these campuses, and (2) a specific list of activities that would have been prohibited without the exemptions. Also requires a specific list of activities necessary to continue development and operation that would be prohibited if no Umstead Act exemption existed, as well as a specific list of Umstead Act exemptions to continue their development and operation.

Out-of-State Institutions With NC Campuses. Amends definition of "student" in part to mean a person enrolled in and attending an institution's main permanent campus located in the state who qualifies as a NC resident. Adds a provision stating that any institution that met the definition of "institution" on January 1, 2001, shall continue to be eligible to receive funds appropriated in compliance with GS 116-19 through 116-22 when this act becomes law, if it received funds for these purposes as of January 1, 2001.

NC School of Science and Mathematics. Provides that the Joint Legislative Education Oversight Comm'n shall study the NC School of Science and Mathematics, consider certain items in its study and report to the 2003 General Assembly. Provides that neither the fee of \$850 proposed by the Board of Trustees or any other fee shall be imposed for the 2002-03 academic year. Adds a new subdivision to GS 116-235(d) providing that, with limited exceptions, the Board of Trustees shall not impose any fee without the approval of the General Assembly.

Horace Williams Airport. Provides that UNC-Chapel Hill shall maintain and continue to operate the Horace Williams Airport as a base for the Medical Air, Inc., operations in support of the area Health Education Cooperative, and as a local public access airport, until the General Assembly provides otherwise.

Cooperative Extension/Agricultural Research Faculty. Provides that the Board of Governors shall promulgate policies that permit EPA Non-Teaching positions in the Cooperative Extension Service or Agricultural Research budgets of the constituent institutions of the university to be changed to EPA Teaching positions.

UNC Institutions Prohibited From Operating Transient Accommodations Except under Certain Circumstances. Provides that it is unlawful for UNC, its constituent institutions, the Centennial Campus of NC State University, the Horace Williams Campus of UNC-Chapel Hill, a Millennial Campus of a constituent institution of UNC, or any corporation or other legal entity created or directly controlled by or using land owned by UNC to develop, construct, own, or operate a transient accommodations facility unless certain conditions are met. Section does not apply to any

golf course or transient accommodation facility owned, operated or leased on or before July 1, 2002.

Report on University Fiscal Liabilities. Requires Board of Governors to report annually to the Joint Legislative Comm'n on Governmental Operations on: (1) any financing of buildings or facilities on land owned by the University or a constituent institution, regardless of who owns the buildings or facilities; and (2) all fiscal liabilities or contingent liabilities, including payments for debt service or other contractual arrangements, of the University or any constituent institution.

Dep't of Health and Human Services

Consolidation of Divisions of Services for the Deaf and the Hard of Hearing, Services for the Blind, and Vocational Rehabilitation Services. Directs Dep't to continue administratively consolidating divisions to report by June 1, 2003.

Area Authority/County Program Prompt Pay. Deletes Senate provision.

Uniform Provider Credentialing by Health Insurance Plans. Deletes Senate provision.

Deposit Central Deaf School Sale Proceeds in Mental Health Fund. Deletes Senate provision.

Weatherization Assistance. Authorizes Dep't to administer the Weatherization Assistance Program for Low-Income Families and the Heating/Air Repair and Replacement Program functions.

Long-term Care Criminal Checks Suspended for Nondirect Care Employment Positions. Suspends until Jan. 1, 2002, the requirements to conduct national criminal history checks for nursing home employment positions other than those involving direct patient care, and for adult care homes staff positions.

Transfer NC Council on the Holocaust to Dep't of Public Instruction. As title indicates, by Type II transfer.

Nonmedicaid Reimbursement Changes. Sets eligibility level for adults age 55 and over who qualify for services through the Division of Services for the Blind, Independent Living Rehabilitation Program at 200% of the federal poverty guidelines.

Medicaid Program. Sets timing of facility service reimbursement after billing to Medicare. Allows nursing facility providers sufficient time from effective date to certify additional Medicare beds. Sets performance bond level for Medicaid enrolled providers at \$100,000, but allows option of demonstrating financial responsibility by a letter of credit or similar instrument. Clarifies that provision allowing income of minor's parents to be included in determining income eligibility for pregnant women applies only if the minor is residing in the home.

Carolina Access Program Improvements. Requires quarterly reporting by Dep't beginning October 1, 2002.

Medicaid Case Management Services. Replaces Senate reduction requirement of 33% with reduction requirement of unspecified amount.

Community Alternatives Programs. Directs Dep't to amend Community Alternative Program waivers to ensure that the maximum number of persons meeting participation requirements are served by all waivers. Directs NC Institute of Medicine to study the Community Alternatives Program for Disabled Adults and recommend ways to improve it to the 2003 General Assembly upon convening.

Medicaid Program Management. Directs Dep't not to deny any Medicaid patient access to any FDA approved drugs in adopting and implementing any pharmacy management plan.

Long-Term Care Reimbursement Methodology. Sets out standards Dep't must follow in establishing new reimbursement methodology for long-term care services, requires consultation with provider groups, and directs report on methodology to General Assembly by Oct. 1, 2002.

Medicaid Maximum Allowable Charge for Temporary Nursing Services. Directs Div. Of Medical Assistance to establish, as maximum allowable per hour charge under Medicaid for temporary nursing services, amount equal to 130% of average salary cost per hour for direct care nursing staff employed by health care facility or provider.

Increases in Federal Medicaid Funds. Provides that total amount of state funds becoming available to Dep't for 2002-03 due to increase in federal funds resulting from increase in federal participation rate to be used to increase funds appropriated to Dep't for Medicaid, without any reduction in what is otherwise allocated to Dep't from appropriated funds. Permits Div. of Medical Assistance to reinstate eligibility policies changed by act upon following conditions: (1) Congress approves enhanced federal financial participation, (2) receipt of enhanced federal participation is

dependent on state's maintenance of effort, (3) Dep't concludes that enacted policy changes render state ineligible for enhanced federal participation, and (4) enhanced federal participation receipts exceed anticipated savings in state funds from enacted policy changes.

NC Health Choice Benefits and Claims Processing Administered by the Department of Health and Human Services. As title indicates, removing responsibility for administration from TSE Comprehensive Major Medical Plan.

NC Health Choice Program Enrollment Management. Directs Dep't to manage NC Health Choice program enrollment, through attrition and if necessary through enrollment freeze, in order to achieve and maintain sustainable per member per month enrollment within 2002-03 budget; permits one-time transfer of \$3 million of matching funds for this fiscal year to support program expenditures attributable to excess program enrollment.

Medicaid Contracting for Services. Deletes Senate provision.

Allocation of Reductions in Funds for Mental Health, Developmental Disabilities, and Substance Abuse Services Programs. Deletes Senate provision directing Dep't to allocate among area authorities reductions in funding in amount of \$29,246,907.

Patient Advocate Positions Organizational Change. Directs Dep't to develop plan under which patient advocates in state psychiatric hospitals and mental retardation centers report to Dep't officials rather than facility directors; directs Dep't to consider contracting for such services. Requires report to General Assembly on plan development by Dec. 1, 2002.

State/County Special Assistance Rate Methodology. Revises required changes to adult care home cost reports. Directs Dep't to combine Div. of Medical Assistance audits for personal care services and audits for State/County Special Assistance and authorizes use of \$300,000 of available resources for additional auditing costs; and directs Dep't, in consultation with State Auditor, to contract with independent consultant for this service.

Boys and Girls Clubs. Directs that \$500,000 appropriated in act to Dep't be used to make grants to Boys and Girls Clubs for approved programs.

Food Banks Funds. Senate provision deleted.

State/County Special Assistance Transfer Assets Policy. Provides that Supplemental Security Income policy shall apply to applicants for State/County Special Assistance, and directs Dep't to continue reviewing whether policy should be changed to permit an assisted living facility to accept from a family member of a resident who qualifies for special assistance the difference in the monthly rate for room, board, and services available. Lists for consideration specific conditions on family contributions.

Alzheimer's Association Funds. Deletes Senate provision.

Governor's Advisory Council on Aging. Deletes Senate provision.

Home and Community Block Grant Services. Requires Dep't to allocate reductions to the Home and Community Care Block Grant, and to ensure to the extent possible that reductions do not promote or directly result in placement in long-term care facilities.

Repeal Dental Health Program in the Department of Health and Human Services. Deletes Senate provision.

Heart Disease and Stroke Prevention Task Force. Adds requirement to report to each subsequent regular session after June 30, 2003, report.

Restructure Oral Health Section. Deletes Senate provision.

State Laboratory Cost Analysis. Directs Fiscal Research Division of Legislative Services Office to contract with independent consultant to conduct cost identification and fully allocated cost analysis of services provided by NC State Laboratory in Div. of Public Health. Directs Dep't to transfer \$50,000 to Fiscal Research to pay for study.

Workers' Compensation for Dusty Trades. Deletes Senate provision.

Early Childhood Education and Development Initiatives Enhancements. Prohibits use of state funds to purchase advertising that specifically advertises Smart Start or local Partnership. Deletes following Senate provisions: (1) Direction that \$1 million be spent to maximize vision screenings for children; (2) prohibition on NC Partnership for Children, Inc., contracting with outside entity to conduct performance assessments of local partnerships; and (3) direction that Partnership for Children transfer \$400,000 to Dep't for statewide folic acid campaign. Defines what may be included as administrative costs for local partnerships.

More at Four Program. Continues Senate provisions: (1) requiring report on assessments of children in program (but increasing maximum cost to \$300,000); (2) directing agencies to make recommendations on most effective use of funds for prekindergarten care; and (3) requiring report to General Assembly on progress in complying with directions. Increases appropriation for 2002-2003 fiscal year to \$34,521,800. Deletes all other Senate provisions.

Child Care Subsidy Rates. Permits payment rates to be set at statewide or regional market rate for licensed child care centers and homes (Senate required use of regional market rate). Effective Oct. 1, 2002, increases fees for families required to share in cost of care by one-half percent for each category of family size.

Dep't of Agriculture and Consumer Services

NC Farmers' Markets/Analyze Certain Operational Guidelines and Enforcement of Guidelines. Directs Dep't to analyze operational guidelines of farmers' markets operated by Dep't with respect to requirements for percentage of farm products that farmer must produce on own farm to be eligible to sell farm products at retail in main areas of markets, with goal that markets should provide retail outlets for family farmers to sell the farm products they produce.

Funds for the Farmland Preservation Trust Fund/Shift Funding for Two Department Positions. Appropriates \$200,000 for the Farmland Preservation Trust Fund for the Division of Agricultural Statistics to support one Lithographic Press Operator position, to the Dep't to support one Construction and Renovation Design Technician position; and for capital improvements for a swine facility at Cherry Farm. Provides that the two positions shall be supported from State Fair receipts.

Dep't of Environment and Natural Resources

Relocate Division of Coastal Management to Coastal Counties. Deletes Senate provision.

Funds for Cleanup of Warren County PCB Landfill. Permits Dep't to use \$2.5 million for Inactive Hazardous Sites Cleanup Fund for cleanup of Warren county landfill containing PCBs and dioxin/furan contaminated materials.

Division of Environmental Health Position Reclassified. Reclassifies vacant position of Administrative Assistant II in Div. of Environmental Health to position of Environmental Engineer II and assigns position to On-Site Wastewater Section.

Positions/Employees at Lake James and Singletary Lake State Parks. Prohibits the elimination of or reduction in force in specified positions at Lake James and Singletary Lake state parks with the intent that these parks remain open during the 2002-2003 fiscal year.

DWR to Develop Plan Concerning Funds for Water Resources Development Projects in Each Region of the State/Federal Participation in Geographically Distributed Projects. Directs the Div'n of Water Resources to develop plan to inform and assist local governments to apply for state funds for water resources development projects. Directs Dep't to seek federal resources for projects throughout the state. Requires report from Dep't by Jan. 15, 2003.

Department of Commerce

Council of Government Funds. Repeals section of 2001-03 appropriation act that directs allocation among member governments of state appropriations to each council of governments and specifies that appropriation to be paid to each council of governments in two installments, the second only after submission of annual report required by appropriations act.

Report on TDA. Directs that Attorney General report to General Assembly by Jan. 15, 2003 regarding any expenditures of funds by Technological Development Authority, Inc., for purposes outside of scope of activities for which such funds were appropriated.

One North Carolina Fund. Provides that unspent funds appropriated for the One North Carolina Fund shall not revert.

Regional Commission Reports. Changes reporting deadlines for 2003 to February and August (was January and July) as they appear throughout the provision.

Plan for Consolidating Certain Regional Economic Development Commissions. Deletes Senate provision.

Study Effectiveness of Economic Development Agencies. Deletes Senate provision.

Judicial Dep't

Special Superior Court Judges. Effective Aug. 27, 2002, repeals GS 7A-45.1(a2), which permits Governor to appoint four special superior court judges; and enacts new GS 7A-45.1(a6), permitting Governor to appoint four special superior court judges effective July 1, 2003.

Successors to Judges at Mandatory Retirement Age. Deletes Senate provision.
Restrict District Court Mandatory Arbitration. Deletes Senate provision that required Dep't to study feasibility of charging costs of District court arbitration to the parties.
Federal Grant Funds. Deletes Senate provision that directed Dep't to use proceeds from Court information technology Fund to fulfill prior obligations to criminal justice information projects receiving federal funds.

Assistant District Attorney Positions. Deletes Senate provision.

Magistrate Positions. Deletes Senate provision.

Transfer Sentencing Services Program to Office of Indigent Defense Services. Deletes Senate provision that prohibited using state funds to prepare sentencing plans for offenders who are returning to court because of potential probation violations; and inserts direction to each sentencing services program to review procedures and implement methods to ensure efficient management of probation revocation cases when referred by a judge. Effective July 1, 2002, reduces number of state positions assigned as administrative staff from 11 to 3 (Senate, reduced to 2) and limits number of state positions to 26 (Senate, 21).

Increase Judicial Efficiencies. Deletes Senate provision.

Superior Court Judges' Subsistence Allowance. Provides that during 2002-03, each superior court judge is allowed \$3500 per year in lieu of necessary subsistence expenses while out of county of residence.

Additional Public Defender Office. Amends GS 7A-498.7(a) to add a public defender in district 21 (Forsyth), and permits Office of Indigent Defense Services to use up to \$1.225 million to create new positions in Forsyth office, including defender, up to 13 assistant public defenders, and up to 7 support positions. Effective Sept. 1, 2002.

Appellate Courts Printing and Computer Operations. Adds new GS 7A-343.3 to establish Appellate Courts Printing and Computer Operations Fund. Fund to receive moneys collected through charges to litigants for reproduction of appellate records and briefs; and Fund moneys to be used to support appellate courts' print shop operations. Directs that revenues in Fund at end of each year to be transferred to Court Information Technology Fund.

Dep't of Justice

Restitution for SBI Drug Lab Analyses. Deletes Senate provision.

No-Call Registry Authorization. Reduces amount that may be used for registry from \$1 million to \$700,000.

Remove Exemptions from Fingerprint Charge. Deletes Senate provision.

DENR Reimburse Department of Justice. Deletes Senate provision.

AMBER Alert Program Funds. Appropriates \$125,000 to Dep't for America's Missing Broadcast Emergency Response (AMBER) Alert program, which is voluntary cooperative program between law enforcement agencies and local broadcasters to send emergency alert to public when child has been abducted and is believed to be in grave danger.

Dep't of Juvenile Justice and Delinquency Prevention

Use of Funds for Youth Development Center and Multipurpose Beds. Permits Dep't to use available funds to reestablish one multipurpose group home (as well as establish new Youth Development Center beds and convert modular camp at Eckerd Wilderness Camp Program).

Funding of Teen Court Programs. Directs that Dep't use \$488,660 of appropriated funds to continue operations of teen court programs that received direct state appropriations from Dep't in 2001-02.

Funding for Eckerd Wilderness Camp. Specifies that local education agencies and local mental health authorities shall reimburse Dep't for administration of camp at rates of \$40 per day for basic camp and \$60 per day for modular camp slots.

Planning for New Youth Development Center. Permits Dep't to initiate planning and design of new 300- to 500-bed youth development center using funds allocated to Dep't of Administration for planning and design of juvenile justice facilities. Directs Dep't to report to General Assembly by Nov. 1, 2002, on progress on project.

Operation of Buncombe Youth Detention Center. Permits Dep't to continue to operate the Buncombe Youth Detention Center at current site during 2002-2003 fiscal year, and requires Dep't to the extent practical to operate at same average population, staffing levels and budget as the previous year.

Dep't of Correction

Shift Pay and Holiday Pay for Security Staff. Permits Dep't to use funds appropriated for 2002-03 to pay security staff special premium holiday pay that exceeds standard holiday pay by up to 25% or special supplemental weekend shift premium pay that exceeds standard weekend shift pay by up to 10%.

Electronic Monitoring Costs. Deletes direction that Dep't report to General Assembly on efforts to increase use of electronic monitoring of sentenced offenders in the community.

Collection of Offender Fees. Reduces from 45% to 40% the goal for collection rates in 2002-03.

Mobile Medical Operating Room. Deletes Senate provision.

Criminal Justice Partnership Program. Provides that Caswell, Graham, McDowell, and Union counties (Senate – Caswell, Person, and Union counties) not to receive implementation funding for program in 2002-03. Permits local jurisdictions to have allocated reduction in funding for case manager positions made from other budgeted items if local advisory board determines that case manager services cannot be reasonably provided by stated alternatives.

Charges for Inmate Health Care. Provides that UNC Health Care to be reimbursed for medical services rendered to inmates at rate no more than maximum allowable fee schedule established by Dep't of Health and Human Services in accordance with Medicaid laws.

Prison Chaplain Study. Directs Dep't to study feasibility of converting prison chaplain program into community-based program emphasizing use of volunteers and community funding, and allowing for contracting for chaplain services in areas where volunteers and funding not available. Requires report on results of study to be submitted to General Assembly by March 1, 2003.

Eliminate IMPACT Program. Repeals GS 15A-1343(b1)(2a) and 15A-1343.1, as title indicates.

Dep't of Crime Control and Public Safety

Eliminate State Boxing Commission. Deletes Senate provision.

Plan of Reorganization for Camp Butner. Deletes Senate provision.

Funding ALE operations. Amends GS 18B-805(b) to require each local ABC board, before distributing net profits, to make payment to Dep't to support ALE Division. Each local board will pay its proportionate share of costs, based on its share of statewide gross receipts. Provides that distributions under GS 18B-805(e) during 2002-2003 fiscal year will equal or exceed the prior year distribution unless the governing body of the receiving city or county agrees by resolution to accept a lesser amount. Terminates this requirement July 1, 2003.

Exempt State Highway Patrol from Umstead Act. Amends GS 66-58(b) as title indicates.

Comply with Federal Violence Against Women Act. Amends GS 143B-480.2 as follows: (1) Adds statutory rape to crimes for which victim may seek assistance and removes attempted rapes and sexual offenses from such crimes; and requires that victim report crime to law enforcement officer within 5 days of occurrence or have forensic medical examination within 5 days of occurrence. (2) Modifies list of eligible expenses to: (a) remove \$1000 limit on mental health services, and (b) add forensic medical examination. (3) Limits total amount of assistance to full cost of forensic medical examination plus, if such examination less than \$100, any additional eligible expenses up to \$1000. Effective Oct. 1, 2002.

Dep't of Administration

Expand Definition of HUB business. Deletes Senate provision.

Occaneechi Band of the Saponi Nation on the North Carolina State Commission of Indiana Affairs. Amends GS 143B-407 as title indicates.

Scholarships for Children of War Veterans Amendments. Requires that eligible child be under 25 (Senate, under 26). Requires notification of the recipient by May 1 of the year the child enrolls in college.

No Reduction of Veterans Affairs Offices. Deletes Senate provision.

Repeal North Carolina Agency for Public Telecommunications. Deletes Senate provision.

Petroleum Overcharge Funds Allocation. Appropriates \$1 million of such funds to Dep't of Health and Human Services for Weatherization Assistance Program.

Office of the State Auditor

Use Receipts for Contract Audits. Deletes Senate provision.

Dep't of Revenue

Local Sales Tax Administrative Costs. Limits amount that Dep't may withhold from local sales tax collections for administrative costs to \$275,000.

DOR Taxpayer Telecommunications Service. Permits Dep't to draw up to \$3 million through June 30, 2004, from collection assistance fee account established in GS 105-243.1 to pay for costs of establishing and equipping a central taxpayer telecommunications service center; requires Secretary to present detailed plan with proposed costs to Joint Legislative Comm'n on Governmental Operations before making any such expenditures.

Rules Review Commission

Rules Review Commission Meeting Schedule. Deletes Senate provision.

Office of Administrative Hearings

Conforming APA Amendments. Amends GS 150B-21.24 as follows: (1) Directs Codifier of Rules to place NC Register on Internet at no charge and provides that persons who receive free copy of NC Administrative Code and members of General Assembly may continue to receive free copies of Register but only upon request. (2) Directs Codifier of Rules to place NC Administrative Code on Internet at no charge; provides that boards of county commissioners to receive free copy of Code only upon request; reduces number of copies of Code going to Legislative Services Comm'n and State Library to one each (was, five each); and deletes entitlement to request copy of Code now given to each state official or dep't to whom or which appellate division reports are furnished under GS 7A-343.1.

Secretary of State

Eliminate the Business License Information Office. Deletes Senate provision.

Office of the State Controller

Overpayments Audit. Deletes Senate provision that would have transferred all funds available in Special Account 24172 on July 1, 2002, to General Fund; permits use of any unobligated funds in Special Account above \$200,000 transferred for information technology initiatives, up to \$500,000, to continue State Business Infrastructure Study.

Dep't of Transportation

Cash Management Program Modification. Repeals GS 136-176(a2) (annual certification by DOT that use of cash balances will not adversely affect delivery schedule of Highway Trust Fund projects in 2002-08 TIP).

DMV Drivers License Examiner Dress Code. Deletes Senate provision.

Division of Motor Vehicles to Implement Multiyear Registrations and Ten-year Drivers Licenses. Deletes Senate provision.

Commercial Driver License Training Standards. Directs DMV to issue rules authorizing certified Commercial Truck Driver Training Schools to offer 80-hour curriculum appropriate to prepare student to meet requirements for Class B Commercial Drivers License; requires issuance by Jan. 1, 2003.

Urban Loop Termini. Amends GS 136-180(a) listing urban loops for which funds may be used to add "Durham East End Connector" as described in the provision as an alternative to the "Durham Northern Loop" described in the bill. Amends GS 136-180(b) to set out standards under which Board of Transportation may accept new interstate or freeway as the revised termini of urban loop.

School Sponsored Bus Transportation Safety Study. Directs DMV, in consultation with DPI, private motor coach industry, and other interested parties, to study school sponsored bus transportation safety, with report to General Assembly by Dec. 1, 2002.

Currituck County to Northern Outer Banks Ferry Study. Directs DOT to study possible ferry service from Currituck county to northern Outer Banks, with report to General Assembly by June 1, 2003.

Department of Transportation May Use Receipts for Facilities Improvements. As title indicates, using receipts from sale of real property other than right-of-way property.

Payback Schedule for Transfer in Excess of that Authorized by the General Statutes from the Highway Trust Fund to the General Fund. Sets out formula for repayment to Highway Trust Fund of moneys transferred to General Fund in excess of the transfer authorized by GS 105-187.9(b). Provides that repayment shall include interest at the net rate of return generated by the State Treasurer's Short Term Investment Fund.

Commission to Study Commission Contracts for the Issuance of Motor Vehicle Registration Plates and Certificates. Creates Comm'n named in title, with 11 members appointed as follows: 4 Senators appointed by President Pro Tem and 4 Representatives appointed by Speaker; 2

persons currently contracted with DMV to issue registration plates and certificates, one each by President Pro Tem and Speaker; and Comm'r of MV or designee. Requires Commission to submit final report by opening of 2003 General Assembly

Transportation of Wood Chips and other Wood Products. Amends GS 20-118 to exempt from subsections (b) (weight limitations) and (e) (penalties) vehicles hauling wood residuals that do not (1) operate on interstate highway, posted light-traffic road, or posted bridge, (2) exceed a maximum gross weight 4000 pounds above weight allowed in subsection (b), and (3) exceed single-axle weight of more than 22,000 pounds and tandem-axle weight of more than 42,000 pounds.

INFORMATION TECHNOLOGY

Electronic Procurement/Information Technology Procurement Study. Amends Senate bill by deleting: (1) the revisions to GS 143-129(e)(7), GS 147-33.82(a), (b) and (e); (2) the repeal of GS 147-33.95 through -33.103; and (3) the provision requiring reporting by the Dep't of Administration. Repeals GS 143-48.3. Provides for the Joint Select Comm. on Information Technology to study, evaluate, and report on the procurement of information technology in the state.

Information Technology Security Practices/State Auditor. Amends GS 147-33.82(d) by adding a new subdivision providing that before a state agency may enter into a contract for assessment of network vulnerability, it shall notify the State Chief Information Officer and obtain approval of the request. Provides procedures for referral of the request to the State Auditor and authorization. Includes reporting requirements. Amends GS 147-64.6(c)(18) to provide that the Auditor may enter into a contract with a state agency for an assessment of network vulnerability and that such a contract must be on a cost-reimbursement basis.

Office of Administrative Hearings/Automation Review. Provides for reporting by the Office of Administrative Hearings on the cost and feasibility of developing or acquiring an enterprise-wide automated system for the rule-making process.

HIPAA Implementation. Provides that the Office of State Budget and Management shall coordinate the state's implementation of the federal Health Insurance Portability and Accountability Act, Title II Subtitle F (Administrative Simplification). Specifies powers and duties of coordination. Allows the UNC system and the Teachers' and State Employees' Comprehensive Major Medical Plan to develop and implement HIPAA Administrative Simplification compliance efforts independently of the Office. Provides that funds appropriated to the Reserve for HIPAA compliance that are unencumbered and unexpended at the end of the fiscal year will remain in the Reserve.

State Human Resource and Retirement Systems Information Technology LRC Study. Provides for study and reporting by the Legislative Research Comm. on information technology.

Salaries and Employee Benefits

Temporary Reduction in Legislative Compensation. Incorporates provisions of H 1566, introduced 6/6/02, reducing pay of members of General Assembly by 10% for 2002-2003.

Special Annual Leave Bonus. Any person who is a full-time permanent employee of the state or a local board of education, except an employee who receives a salary increment pursuant to section 7.1 or 7.2 of this act, on September 30, 2002, who is eligible for annual leave shall have a one-time additional 10 days of annual leave credited on that date. This leave shall be accounted for separately, and shall remain available until used.

Additional Family and Medical Leave. A state employee is entitled to take up to 52 weeks of leave without pay during a five-year period in order to care for the employee's child, spouse, or parent, where that child, spouse, or parent has a serious health condition. Benefits under this section are supplemental to any benefit an employee may otherwise be entitled to.

General Assembly Subsistence Allowance. Provides that no member of the General Assembly may receive any subsistence allowance under GS 120-3.1(a)(3) from the date of sine die adjournment of the 2001 Regular Session through December 31, 2002.

DHHS Exempt Policy Making Positions. Deletes proposed amendment to GS 126-5(d)(1) to increase number of exempt positions in Senate bill.

Public Employee Special Pay Plan Study. Deletes from Senate bill proposed amendment to GS Ch. 143B establishing a Public Employee Special Pay Plan and substitutes a study of a special

pay plan to be conducted by an 11-member study commission, which is directed to report to the 2003 General Assembly.

Retiree Cost-Of-Living Increases. Amends GS 135-5, 128-27, and 120-4.22A to give increases of 1.4%.

Abolish Judicial/Legislative Retirement Systems. Deleted.

Conform Treatment of Retired Legislative Employees Who Return to Employment in a Full-Time Position With That of Other State Employees. Deleted.

Expand Separation Allowance for Law Enforcement Officers. Deleted.

Retirement incentive. Provides that any member of the Teachers' and State Employees' Retirement System, except law enforcement officers and employees of community colleges and public schools, who retire between Sept. 1, 2002, and March 1, 2003, are entitled to an annual separation allowance equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to that person for each year of creditable service. To qualify for this allowance, the employee must be at least 55 years old but no older than 61, have completed at least 25 years of service, and have been actively employed during the 12 months immediately prior to the retirement date.

Employee Health Plan Trustees and Committees. Amends GS 135-39 to increase the number of members of the Board of Trustees of the Teachers' and State Employees' Comprehensive Major Medical Plan from 9 to 15. Five are to be appointed by the Governor, five by the Speaker of the House, and five by the President Pro Tem. of the Senate. Requires that of each group of five, one shall be an employee of a state department, agency, or institution, one shall be a teacher in the public schools, and one shall be a retired employee of a state department, agency, or institution, or a retired teacher from a public school system. Amends GS 135-39.4A(f) to provide that any committee or other group used by the Executive Administrator to formulate any policies, rules, regulations, recommendations to the General Assembly or the Governor, or in any other way affecting the operations of the Plan, shall include at least the following: an employee of a state department, agency, or institution, a teacher in the public schools, and a retired employee of a state department, agency, or institution, or a retired teacher from a public school system. Deletes GS 135-39.10, which states that as used in the Article "Executive Administrator and Board of Trustees" means that the Executive Administrator has the power and responsibility mentioned after consulting with the Board of Trustees.

State Employee Health Plan Coverage For Services of Clinical Pharmacist Practitioners. Amends GS 135-40.6 to provide that the Plan covers services provided by clinical pharmacist practitioners, subject to listed limitations.

Joint Legislative Oversight Committee on Capital Improvements Established. Adds new Art. 29 to GS Ch. 120 to establish a 16-member oversight committee, 8 members from the House and 8 from the Senate. Committee is to examine, on a continuing basis, capital improvements approved and undertaken for state facilities, including those of the University of North Carolina.

Capital Appropriations

No changes.

Miscellaneous Provisions

Technical and conforming changes only.

S 1115. MODIFY APPROPRIATIONS ACT OF 2001. Intro. 5/29/02. House amendments make the following changes to 4th edition. 1. Direct the UNC Board of Governors to reduce by \$10 million the funds appropriated to constituent institutions for university institutional programs and to use these funds to provide equal amounts of additional funds to each Focused Growth Campus. Reductions to constituent institutions to be made in proportion to the amount of overhead receipts each institution is projected to receive in 2002-03, and each constituent institution must budget this amount of overhead receipts to support operation of its physical plant. 2. Extend the deadline for early retirement from March 1, 2003, to July 1, 2003. Establish two separate dates for retirement in order to obtain benefits based on when eligibility is attained. 3. Reduce the salaries of nonelected department heads and urges members of the Council of State to waive voluntarily 10% of their pay when the amendment becomes law and reduces salaries of listed executive branch officials and of Industrial Commission members. Reduce Council of State salaries, effective Jan. 1, 2005. 4. Decrease appropriations to DHHS, Division of Aging, by \$40,000 for

central office administration and \$40,000 for Senior Centers. Increase appropriations to DHHS, Division of Aging, for Area Aging Administration by \$80,000 for 2002-03. 5. Reduce appropriations for water resources projects for "Projected Feasibility Studies" from \$120,000 to \$80,000; for "Planning Assistance to Communities" from \$150,000 to \$100,000; and add appropriation for "NC Resource Conservation and Development Councils" of \$90,000. 6. Direct the Dep't of Correction to reestablish operations at Blue Ridge Correctional Center and, to the extent practicable, restore the prisoner population and staffing levels to the numbers existing on June 30, 2002. Any employee transferred from Blue Ridge since June 30, 2002, must be transferred back at the employee's request, and any employee whose classification was reduced as a result of a transfer must be reinstated to the employee's classification while at Blue Ridge.

August 13, 2002

S 1115. MODIFY APPROPRIATIONS ACT OF 2001. Intro. 5/29/02. House amendments make the following changes to 4th edition. (1) Specify that the Early Childhood Education and Development Initiatives are prohibited from spending any state funds for advertising and promotional activities during fiscal 2002-03. (2) Require that the Office of State Budget and Management and the Community College System increase the amount budgeted for receipts for fiscal 2002-03 by \$299,825. These funds are to be used to increase funding for public radio stations at Craven Community College (\$74,956), Isothermal College (\$74,956), and Gaston Community College (\$149,912). (3) Delete provisions repealing GS 7A-45.2(a2) and adding new GS 7A-45.2(a6) (regarding appointment of four special superior court judges). Provide that in lieu of proposed funding reduction by delaying the reappointment of special superior court judges, the proposed nonrecurring reduction of non-salary line items in Dep't of Correction budget is increased by \$512,693. (4) Change decreases in appropriations to divisions within the Dep't of Health and Human Services by reducing the reduction to the Div'n of Aging by \$374,160 (was \$1,300,160), increasing the reduction to the Div'n of Medical Assistance by \$300,000 (was \$13,002,696), reducing the reduction to NC Health Choice by \$771,128 (was \$1,778,620), and increasing the reduction to the Div'n of Public Health by \$1,445,288 (was \$13,544,044). Increases amount to be transferred by the Health and Wellness Trust Fund Comm'n to \$27,365,288 (was \$25,740,000) and provides that the increase is to be used to purchase vaccines administered through the Dep't of Health and Human Services. Then provides that funds allocated for the purchase of vaccines in the amount of \$1,625,288 be allocated to outpatient hospital co-payments (\$300,000), to maintain current co-payments under NC Health Choice (\$771,128), to maintain current funding to Home and Community Care Block Grant (\$374,160), and to maintain current funding of Health Promotion Funding (\$180,000). Makes conforming changes to provisions dealing with NC Health Choice and the Home and Community Care Block Grant. (5) Allow (was, require) Dep't of Public Instruction to transfer personnel functions to Office of State Personnel. (6) Require State Board of Education to reduce allocations to local school administrative units for central office administration by \$5,000 and to use these funds for the Total Quality Education Program, a nonpublic school agency. Require Joint Legis. Education Oversight Committee to review how nonpublic school agencies help local school administrative units enhance student performance. (7) Delete provisions regarding review of teacher preparation programs and continuing certification process for teachers and replace them with provisions (a) amending GS 115C-296(b) to prohibit a portfolio requirement for teachers, (b) requiring the State Board of Education to delete portfolio requirement from continuing certification standards for teachers, and (c) repealing SL 2001-424, sec. 28.19(b) (regarding additional paid leave and support for initially certified teachers). (8) Add new section 6.11A to terminate the Hurricane Fran Account. All funds in that account not contractually obligated on August 12, 2002, revert on June 30, 2003, to be credited to the Savings Reserve Account. (9) Require Director of Budget to subject every program to zero-based budget review at least once every five years and that approximately one-fifth of the state budget be subject to zero-based budgeting in each year beginning in 2003. Specify information that must be included in zero-based budget plans submitted by state agencies. Require Governor to submit to the General Assembly a zero-based budget for each fiscal biennium. (10) Add new section 9.17 to require that the Board of Governors of the University of North Carolina and the State Board of Community Colleges report by Oct. 1, 2002, to

the Joint Legislative Oversight Comm. on any capital projects in progress as well as any new projects that will require immediate funding from the March 2003 bond issuance under SL 2000-3.

September 19, 2002

S 1115. MODIFY APPROPRIATIONS ACT OF 2001. Intro. 5/29/02. The Senate Committee Substitute for S 1115 is summarized in the Daily Bulletin of 6/19/02, and the amendments to the Senate version are summarized in the Daily Bulletin of 6/20/02. The House Committee Substitute for S 1115 is summarized in the Daily Bulletin of 8/12/02, and the amendments to the House version are summarized in the Daily Bulletin of 8/12/02 and 8/13/02. This summary states the changes the Conference Report makes in the House and Senate versions of the bill.

CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

Appropriations from the General Fund of the state for the maintenance of state departments, institutions, and agencies, and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from General Fund appropriations for the 2002-2003 fiscal year.

Current Operations - General Fund

2002-2003

EDUCATION

Community Colleges System Office	26,085,931
Department of Public Instruction	(27,635,053)
University of North Carolina - Board of Governors	
Appalachian State University	(2,594,849)
East Carolina University	
Academic Affairs	(3,780,292)
Health Affairs	(1,326,263)
Elizabeth City State University	(636,905)
Fayetteville State University	(904,051)
NC Agricultural and Technical University	(1,794,345)
North Carolina Central University	(1,372,196)
North Carolina School of the Arts	(864,283)
North Carolina State University	
Academic Affairs	(8,298,776)
Agricultural Extension	(1,077,848)
Agricultural Research	(1,361,284)
University of North Carolina at Asheville	(811,533)
University of North Carolina at Chapel Hill	
Academic Affairs	(6,068,562)
Health Affairs	(4,816,196)
Area Health Education Centers	(1,326,559)
University of North Carolina at Charlotte	(3,197,696)
University of North Carolina at Greensboro	(2,790,399)
University of North Carolina at Pembroke	(713,835)
University of North Carolina at Wilmington	(1,916,521)
Western Carolina University	(1,744,797)
Winston-Salem State University	(1,077,326)
General Administration	(2,463,801)
University Institutional Programs	39,815,922
Related Educational Programs	(17,896,363)

North Carolina School of Science and Mathematics	(36,334)
UNC Hospitals at Chapel Hill	(1,168,629)
Total	(30,223,721)

HEALTH AND HUMAN SERVICES

Department of Health and Human Services	
Office of the Secretary	19,776,228
Division of Aging	(926,000)
Division of Blind Services/Deaf/HH	(643,013)
Division of Child Development	(7,228,035)
Division of Education Services	(4,104,503)
Division of Facility Services	(748,170)
Division of Medical Assistance	(29,633,097)
Division of Mental Health	(7,707,015)
NC Health Choice	7,571,036
Division of Public Health	(6,595,770)
Division of Social Services	(14,183,025)
Division of Vocational Rehabilitation Services	(3,230,105)
Total	(47,651,469)

NATURAL AND ECONOMIC RESOURCES

Department of Agriculture and Consumer Services	(4,822,458)
Department of Commerce	
Commerce	(10,350,110)
Commerce State-Aid	5,085,000
NC Biotechnology Center	(627,047)
Rural Economic Development Center	(423,851)
Department of Environment and Natural Resources	
Environment and Natural Resources	(9,904,113)
Clean Water Management Trust Fund	(3,500,000)
Office of the Governor - Housing Finance Agency	(540,600)
Department of Labor	(951,725)

JUSTICE AND PUBLIC SAFETY

Department of Correction	(50,910,108)
Department of Crime Control and Public Safety	(713,318)
Judicial Department	(10,828,966)
Judicial Department - Indigent Defense	8,419,130
Department of Justice	(2,847,391)
Department of Juvenile Justice and Delinquency Prevention	(13,569,384)

GENERAL GOVERNMENT

Department of Administration	(5,620,309)
Office of Administrative Hearings	(233,742)
Department of State Auditor	(795,965)
Office of State Controller	(1,101,040)
Department of Cultural Resources	
Cultural Resources	(3,610,213)
Roanoke Island Commission	(151,222)
State Board of Elections	209,622
General Assembly	(2,654,234)
Office of the Governor	
Office of the Governor	(504,595)
Office of State Budget and Management	(300,057)
OSBM – Reserve for Special Appropriations	100,000
Department of Insurance	
Insurance	(1,882,104)
Insurance – Volunteer Safety Workers' Compensation	(2,500,000)
Office of Lieutenant Governor	(53,280)
Department of Revenue	(2,384,400)
Rules Review Commission	(9,981)
Department of Secretary of State	(345,281)
Department of State Treasurer	
State Treasurer	671,618
State Treasurer – Retirement for Fire and Rescue Squad Workers	(5,248,601)
TRANSPORTATION	
Department of Transportation	(2,490,841)
RESERVES, ADJUSTMENTS AND DEBT SERVICE	
Reserve for 2001 Compensation Increases	(4,247,868)
Reserve for State Health Plan	(12,621,872)
Reserve for Legislative, Judicial and Teachers' and State Employees' Retirement Rate Adjustment	(144,525,000)
Reserve for Teachers/Principals Step Increase	51,937,267
Reserve for Asst/Deputy Clerks/Magistrates Step Increase	1,980,700
Reserve for Employee Severance Compensation	5,000,000

Contingency and Emergency	0
Reserve for Salary Adjustments	0
Implementation of Recommendations of Governor's Efficiency Commission	(25,000,000)
Reserve for Management Flexibility	(41,500,000)
Reserve for Information Technology Rate Adjustment	(3,414,318)
Mental Health, Developmental Disabilities, and Substance Abuse Services Trust Fund	8,000,000
Ruth M Easterling Trust Fund for Children with Special Needs	1,000,000
Reserve to Implement HIPPA	2,000,000
Debt Service	
General Debt Service	(97,750,000)
Federal Reimbursement	0
TOTAL CURRENT OPERATIONS - GENERAL FUND	(463,954,969)

GENERAL FUND AVAILABILITY STATEMENT

The General Fund availability used in adjusting the 2002-2003 fiscal year budget is shown below:

	2002-2003
Beginning Unreserved Credit Balance	25,000,000
Revenues Based on Existing Tax Structure	12,793,950,000
Nontax Revenues	
Investment Income	115,300,000
Judicial Fees	111,300,000
Disproportionate Share	107,000,000
Insurance	46,600,000
Other Nontax Revenues	98,900,000
Highway Trust Fund Transfer	172,400,000
Highway Fund Transfer	15,300,000
Subtotal Nontax Revenues	666,800,000
Total General Fund Availability	13,485,750,000
Adjustments to Availability: 2002 Session	
IRC Conformity (Includes Pensions and Education Changes, Estate Tax Credit, Accelerated Depreciated)	15,800,000
Delay 2001 Tax Breaks (Standard Deduction/Marriage Penalty, Child Tax Credit)	51,700,000
Conform Business Income	70,000,000
Correct LLC Franchise Tax	20,000,000
Conform Gift Tax Indexing	(230,000)
Low Income Housing Credit	(2,200,000)
Repeal Reimbursements to Local Governments	333,400,000

Project Tax Collect	32,500,000
Highway Trust Fund – recurring inflationary adjustment	80,000,000
Highway Trust Fund Transfer – one-time transfer	125,000,000
Tobacco Settlement Trust Funds – divert MSA receipts from Tobacco Trust Fund	38,000,000
Tobacco Settlement Trust Funds – divert MSA receipts from Health & Wellness Trust Fund	40,000,000
Transfer of Cash from Trust and Special Funds	20,438,259
Adjustment to Transfer from Insurance Regulatory Fund	(1,282,104)
Reimbursement for Unauthorized Substance Tax Division, Department of Revenue	885,884
Nontax Revenue Offsets, Department of State Treasurer	671,618
Increase Collection Rates for Offender Fees	1,160,000
Fee Increases	38,180,000
Subtotal Adjustments to Availability: 2002 Session	864,023,657
Revised General Fund Availability for 2002-2003 Fiscal Year	14,349,773,657
Less: Total General Fund Appropriations for 2002-2003 Fiscal Year	(14,349,773,657)
Unappropriated Balance	0

Transfers

Cash balances remaining in special funds on June 30, 2002, shall be transferred to the State Controller to be deposited in Nontax Budget Code 19978 (Intra State Transfers) according to the schedule that follows. These funds shall be used to support General Fund appropriations for the 2002-2003 fiscal year.

Fund	Amount Transferred
Administrative Office of the Courts	
Budget Code, 22005, (Worthless Check Fund)	150,000
(Appellate Copying Fees)	275,000
Department of Environment and Natural Resources	
Budget Code 24300, Fund Code 2104 (ADM – Mooresville RO Vending)	472
Budget Code 24308, Fund Code 2105 (DEE - Env Educ Certification)	10,000
Budget Code 24300, Fund Code 2331 (DAQ Air Permits)	250,000
Budget Code 24300, Fund Code 2106 (DEH - Sleep Products)	300,000
Budget Code 24300, Fund Code 2754 (DEH GSWW System Account)	10,900
Budget Code 24310, Fund Code 2711 (DFR Forestry Fire Supp)	78,225
Budget Code 24310, Fund Code 2712 (DFR Forestry Restoration)	771,333
Budget Code 24308, Fund Code 2255 (DFR Special Air Operations)	6,759
Budget Code 24300, Fund Code 2610 (DLR Mineral Interest)	20,000
Budget Code 24300, Fund Code 2740 (DLR Dam Safety Account)	100,000
Budget Code 24300, Fund Code 2745 (DLR Mining Fees)	25,000
Budget Code 24300, Fund Code 2393 (DWM Septage Fees)	100,000
Budget Code 24308, Fund Code 2387 (DWM Hazardous Waste Fees)	68,189

Budget Code 24300, Fund Code 2341 (DWQ Water Permits)	1,000,000
Budget Code 24308, Fund Code 2465 (MSN Mus Nat Sci/Scientific Publicat)	3,177
Budget Code 24308, Fund Code 2515 (SWC Agric Waste Small Farms)	20,000
Budget Code 24308, Fund Code 2520 (SWC Animal Waste Cost Share)	500,000
Budget Code 64302, Fund Code 6710 (Natural Heritage Trust Fund)	3,287,582
Budget Code 24308, Fund Code 2525 (Neuse Animal Waste Cost Share)	366,335
Budget Code 24300, Fund Code 2221 (Bladen Lakes State Forest Fund)	440,000
Department of Commerce	
Budget Code 24600, Fund Code 2683 (Empl & Train Grants Prgm)	750,000
Budget Code 24600, Fund Code 2711 (Industrial Development Fund)	3,000,000
Budget Code 24600, Fund Code 2881 (ABC Commission)	500,000
Budget Code 24600, Fund Code 2882 (ABC Warehouse)	500,000
Department of Health and Human Services	
Budget Code 24470, Fund Code 2101 (Facility Finance Act)	95,000
Information Technology Services	
Budget Code 24668, Fund Code 2800 (E-Grant)	495,040
Department of Agriculture and Consumer Services	
Budget Code 23700, Fund Code 2103 (Livestock Acquisition Fund)	300,000
Budget Code 23701, Fund Code 2201 (Warehouse Investment Fund)	225,000
Budget Code 53750, Fund Code 5190 (State Fair Reserves and Transfers)	250,000
Budget Code 63700, Fund Code 6902 (Reforestation Fund)	23,915
Budget Code 63700, Fund Code 6105 (Forest Management Reserve)	50,000
Budget Code 53750, Fund Code 5100 (State Fair)	500,000
Department of Labor	
Budget Code 23800, Fund Code 2422 (Pre-Apprenticeship-PBC)	491,332
Department of Correction	
Budget Code 24502, (Inmate Canteen/Welfare Fund)	500,000
Budget Code 74500, Fund Code 7100 (Enterprise Spec Fund/ Prison Enterprises)	2,000,000
Office of the State Controller	
Budget Code 24172, (State Controller Special Reserve Account)	1,300,000
Budget Code 24160, Fund Code 2000 (Flexible Benefits Reserve)	1,400,000
Crime Control and Public Safety	

Budget Code 14900, Fund Code 1510
 (2001-2002 Fran Carryforward)

275,000

Total Amount Transferred

\$20,438,259

Additional transfers:

Bladen Lakes State Forest Fund. Not in controversy.

Department of Correction-Prison Enterprises. Adopts House version.

Highway Trust Fund. Not in controversy.

Transfers for Medicaid program. Tobacco Trust Account, \$38,000,000; Health Trust Account, \$40,000,000; Health and Wellness Trust Fund, \$18,000,000.

Amendment to GS 7A-11, charges for reproduction of briefs and records. Adopts House version.

CURRENT OPERATIONS AND EXPANSION/HIGHWAY FUND

HIGHWAY FUND APPROPRIATIONS

Appropriations from the Highway Fund for the maintenance and operation of the Department of Transportation, and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Fund appropriations for the 2002-2003 fiscal year.

Current Operations - Highway Fund

2002-2003

Administration	(362,232)
Operations	—
Construction and Maintenance	
a. Construction	
(01) Primary Construction	—
(02) Secondary Construction	(1,887,000)
(03) Urban Construction	7,000,000
(04) Access and Public Service Roads	—
(05) Contingency Construction	5,000,000
(06) Spot Safety Construction	—
b. State Funds to Match Federal Highway Aid	—
c. State Maintenance	13,823,411
d. Ferry Operations	—
e. Capital Improvements	—
f. State Aid to Municipalities	(1,887,000)
g. State Aid for Public Transportation and Railroads	14,350,000
h. OSHA – State	—
Governor's Highway Safety Program	—
Division of Motor Vehicles	—
Reserves and Transfers	<u>(6,039,551)</u>
GRAND TOTAL HIGHWAY FUND	\$ 29,997,628

HIGHWAY FUND AVAILABILITY STATEMENT

The Highway Fund appropriations availability used in developing modifications to the 2002-2003 Highway Fund budget contained in this act is shown below:

2002-2003

Beginning Credit Balance
 Estimated Revenue

\$41,300,000
 1,276,600,000

TOTAL HIGHWAY FUND AVAILABILITY \$1,317,900,000

HIGHWAY TRUST FUND APPROPRIATIONS

HIGHWAY TRUST FUND APPROPRIATIONS

Appropriations from the Highway Trust Fund for the maintenance and operation of the Department of Transportation and for other purposes as enumerated are made for the fiscal year ending June 30, 2003, according to the schedule that follows. Amounts set out in brackets are reductions from Highway Trust Fund appropriations for the 2002-2003 fiscal year.

Current Operations and Expansion - Highway Trust Fund

2002-2003

Intrastate System	(159,218,286)
Secondary Roads	(18,065,569)
Urban Loops (64,381,244)	
Aid to Municipalities	(16,705,712)
Program Administration	(4,073,189)
Transfer to General Fund	205,000,000
 Grand Total/Highway Trust Fund	 (57,444,000)

BLOCK GRANTS

DHHS BLOCK GRANTS

Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2003, according to the following schedule:

COMMUNITY SERVICES BLOCK GRANT

01. Community Action Agencies	\$ 15,266,973
02. Limited Purpose Agencies	848,165
03. Department of Health and Human Services to administer and monitor the activities of the Community Services Block Grant	848,165

TOTAL COMMUNITY SERVICES BLOCK GRANT \$ 16,963,303

SOCIAL SERVICES BLOCK GRANT

01. County departments of social services (Transfer from TANF - \$4,500,000)	\$ 27,095,289
02. Allocation for in-home services provided by county departments of social services	2,101,113
03. Division of Mental Health, Developmental Disabilities, and Substance Abuse Services	3,234,601
04. Division of Services for the Blind	3,105,711

05.	Division of Facility Services	426,836
06.	Division of Aging - Home and Community Care Block Grant	1,840,234
07.	Child Care Subsidies	3,000,000
08.	Division of Vocational Rehabilitation - United Cerebral Palsy	71,484
09.	State administration	1,693,368
10.	Child Medical Evaluation Program	238,321
11.	Adult day care services	2,155,301
12.	Comprehensive Treatment Services Program 422,003	
13.	Department of Administration for the N.C. State Commission of Indian Affairs In-Home Services Program for the Elderly	203,198
14.	Division of Vocational Rehabilitation Services - Easter Seals Society	116,779
15.	UNC-CH CARES Program for training and consultation services	247,920
16.	Office of the Secretary - Office of Economic Opportunity for N.C. Senior Citizens' Federation for outreach services to low-income elderly persons	41,302
17.	Division of Social Services - Child Caring Agencies	1,500,000
18.	Division of Mental Health, Developmental Disabilities, and Substance Abuse Services - Developmentally Disabled Waiting List for services	5,000,000
19.	Transfer to Preventive Health Services Block Grant for HIV/AIDS education, counseling, and testing	145,819
20.	Division of Facility Services - Mental Health Licensure	213,128
TOTAL SOCIAL SERVICES BLOCK GRANT		\$ 52,852,407
LOW-INCOME ENERGY BLOCK GRANT		
01.	Energy Assistance Programs	\$ 11,395,026

02.	Crisis Intervention	6,598,934
03.	Administration	2,459,510
04.	Weatherization Program	3,457,189
05.	Department of Administration - N.C. State Commission of Indian Affairs	45,189
06.	Heating Air Repair and Replacement Program	1,613,355
TOTAL LOW-INCOME ENERGY BLOCK GRANT		\$ 25,569,203
MENTAL HEALTH SERVICES BLOCK GRANT		
01.	Provision of community-based services for severe and persistently mentally ill adults	\$ 5,442,798
02.	Provision of community-based services to children	2,513,141
03.	Comprehensive Treatment Services Program for Children	1,500,000
04.	Administration	783,911
TOTAL MENTAL HEALTH SERVICES BLOCK GRANT		\$ 10,239,850
SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		
01.	Provision of community-based alcohol and drug abuse services, tuberculosis services, and services provided by the Alcohol and Drug Abuse Treatment Centers	\$ 15,401,711
02.	Continuation of services for pregnant women and women with dependent children	8,069,524
03.	Continuation of services to IV drug abusers and others at risk for HIV diseases	4,616,378
04.	Provision of services to children and adolescents	7,740,611
05.	Juvenile Services - Family Focus	851,156
06.	Allocation to the Division of Public Health for HIV/STD Risk Reduction Projects	383,980

07.	Allocation to the Division of Public Health for HIV/STD Prevention by County Health Departments	209,576
08.	Allocation to the Division of Public Health for the Maternal and Child Health Hotline	37,779
09.	Administration	2,596,307
TOTAL SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT		\$ 39,907,022
CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		
01.	Child care subsidies	\$150,180,415
02.	Quality and availability initiatives	16,496,620
03.	Administrative expenses	6,550,000
04.	Transfer from TANF Block Grant for child care subsidies	72,812,189
TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT		\$246,039,224
TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		
01.	Work First Cash Assistance	\$129,396,275
02.	Work First County Block Grants	92,018,855
03.	Transfer to the Child Care and Development Fund Block Grant for child care subsidies	72,812,189
04.	Allocation to the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services for Work First substance abuse screening, diagnostic, and support treatment services and drug testing	400,000
05.	Child Care Subsidies for TANF Recipients	26,621,241
06.	County Child Protective Services, Foster Care, and Adoption Workers	2,727,550
07.	Transfer to Social Services Block Grant for County Departments of Social Services for Children's Services	4,500,000
08.	Support Our Students - Department	

	Juvenile Justice and Delinquency Prevention	1,425,000
09.	Residential Substance Abuse Services for Women With Children	1,475,142
10.	Domestic Violence Services for Work First Families	900,000
11.	After-School Services for At-Risk Children	1,425,000
12.	Division of Social Services - Administration	400,000
13.	Child Welfare workers and services for local departments of social services	7,654,841
14.	Child Welfare Training	1,600,000
15.	DSS Evaluation	500,000
16.	SACWIS Payback	4,643,454
17.	TANF Automation Projects	1,200,000
TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) BLOCK GRANT		\$349,699,547
MATERNAL AND CHILD HEALTH BLOCK GRANT		
01.	Healthy Mothers/Healthy Children Block Grants to Local Health Departments	9,838,074
02.	High-Risk Maternity Clinic Services, Perinatal Education and Training, Childhood Injury Prevention, Public Information and Education, and Technical Assistance to Local Health Departments	2,012,102
03.	Services to Children With Special Health Care Needs	5,078,647
TOTAL MATERNAL AND CHILD HEALTH BLOCK GRANT		\$ 16,928,823
PREVENTIVE HEALTH SERVICES BLOCK GRANT		
01.	Statewide Health Promotion Programs	\$3,171,651
02.	Rape Crisis/Victims' Services Program - Council for Women	197,112

03.	HIV/AIDS Prevention Activities Coordination	111,159
04.	Transfer from Social Services Block Grant - HIV/AIDS education, counseling, and testing	145,819
05.	Office of Minority Health	159,459
06.	Administrative Costs	108,546
TOTAL PREVENTIVE HEALTH SERVICES BLOCK GRANT		\$3,893,746

NER BLOCK GRANT FUNDS

COMMUNITY DEVELOPMENT BLOCK GRANT

01.	State Administration	\$1,000,000
02.	Urgent Needs and Contingency	1,000,000
03.	Scattered Site Housing	13,100,000
04.	Economic Development	8,710,000
05.	Community Revitalization	13,500,000
06.	State Technical Assistance	450,000
07.	Housing Development	2,100,000
08.	Infrastructure	5,140,000
TOTAL COMMUNITY DEVELOPMENT BLOCK GRANT - 2002 Program Year		\$45,000,000

General Provisions

Contingency and Emergency Fund Allocations. Deleted.

Use of Overrealized General Fund Availability. Deleted.

Use of Savings Reserve to Balance Budget. Deleted.

Deduction Flexibility. Adopts Senate version of changes to GS 143-3.3(g). Replaces the term "member" with "beneficiary" in GS 128-38.3 and GS 135-18.8. Adds proposed new sections GS 120-4.32, GS 135-75, and GS 58-86-91 and new subsection GS 127A-40(h1), which permit beneficiaries of certain employees' or retirees' associations (including members or former members of the North Carolina National Guard) to authorize the deduction of a designated lump sum from the beneficiary's retirement benefits to be paid to the employees' or retirees' association. Such deductions could be revoked by the beneficiary and would be void if the association engaged in collective bargaining with the state, any political subdivision of the state, or any local school administrative unit.

Special Funds, Federal Funds, Departmental Receipts, and Cash Balances/Authorization for Expenditures. Deleted.

Zero-Based Budgeting. Deleted.

Repeal Ports Railway Commission/Transfer to State Ports Authority. Adopts House version with the following changes to the effective dates. Requires the Attorney General within 45 days of the section becoming law to render an opinion as to whether the rest of the changes to the law under this heading (including requiring the transfer of assets from the Ports Railway Commission to the NC State Ports Authority) will subject the State Ports Authority to status as a common carrier subject to the Railway Labor Act. If the Attorney General concludes that the changes to the law would not subject the State Ports Authority to the Railway Labor Act, the rest of the changes to the law under this heading would become effective upon issuance of the opinion. If the NC State Ports Authority finds that the transfer of certain stock will accomplish the same purpose as the transfer of assets and the Attorney General issues an opinion that such transfer would not subject the State Ports Authority to the Railway Labor Act, the State Ports Authority may order such transfer. Such a transfer would become effective 60 days after it is ordered.

Procedure Before Reducing Appropriations to a School Administrative Unit. Adopts House version.

Senior Prescription Drug Access Program. Adopts House version.

Uniform Provider Credentialing by Health Insurance Plans. Adopts House version.

Sale of Underutilized State-Owned Aircraft. Adopts House version with the following change. Provides that the proceeds from the Dep't of Commerce's sale of a specific helicopter shall be credited to the Dep't as a nontax receipt.

Terminate Hurricane Fran Account. Adopts House version.

Treasurer/Reporting Requirements. Adds proposed amendments to GS 147-69.3 that require the State Treasurer to submit a certain financial report to the chairs of the Finance Comm. of the House and the Senate at the end of each fiscal year. Also requires the State Treasurer to submit at least two reports each year to the General Assembly (through the Finance Committees) on the investment programs created under GS 147-69.3. Specifies the information that must be included in the reports.

Ruth M. Easterling Trust Fund for Children with Special Needs. Adds new provision establishing a Trust Fund to fund services for children with special needs that are not currently provided with state funds and specifies the types of services that may be funded. Requires the Sec'y of Health and Human Services to adopt rules implementing the trust fund and to submit reports to certain members of the General Assembly on the use of the Trust Fund.

Authorize One-Time Bond Refunding. Adds new provision authorizing the State Treasurer, by and with the consent of the Council of State, to issue and sell refunding obligations in certain circumstances.

Public Schools

Teacher Salary Schedules. Not in controversy.

School-Based Administrator Salary Schedule. Not in controversy except for provision authorizing a principal or assistant principal to continue receiving increases for improvement in student performance or maintaining a safe and orderly school. Conference report adopts the House version of this provision, which authorizes the receipt of increases for three (rather than four) school years (1997-2000).

Litigation Reserve Funds. Not in controversy.

Children with Disabilities. Not in controversy.

Funds for Academically Gifted Children. Not in controversy.

Funds for the Testing and Implementation of the New Student Information System. Not in controversy.

Funds to Implement the ABCs of Public Education. Not in controversy.

Revision of Reading and Writing Assessments. Adopts Senate version.

Funds for Instructional Supplies. Not in controversy.

Funds for Mentor Pay. Not in controversy.

Conversion of Accumulated Leave Time. Not in controversy.

RESA Funds Shall be Used for Staff Development. Not in controversy.

Base Budget Reduction to Department of Public Instruction. Adopts the House version with the following changes. Deletes the requirement that the Dep't of Public Instruction eliminate four personnel positions by transferring personnel operations to the Office of State Personnel. Adds a provision that permits the State Board of Education to reorganize the Dep't of Public Instruction, create a new associate superintendent position within the Dep't, and transfer funds within the Dep't to implement the reorganization.

Replacement School Buses Funds. Adopts Senate version.

Curriculum Review Required on a Regular Basis. Not in controversy.

Corporate Tax Transfer Moratorium. Adopts House version.

Study Modifications. Adopts House version with the following changes. Adds a provision repealing Section 8.9 of SL 2001-491 requiring a study of noncitizen tuition rates. Makes technical change.

Performance-Based Licensure Program/Suspension of Portfolio Requirement and Study.

Amends the title. Requires the State Board of Education to review teacher preparation programs and the continuing certification process. Suspends the portfolio requirement through June 30, 2004. For teachers not required to submit portfolios, requires the Board to establish interim requirements. Requires the Board to contract with a consultant to study and propose modifications to the teacher certification programs. Requires the Board to use the results of the study to make recommendations in several specific areas. Directs the Board to consult with specific groups in evaluating the contractor proposals and in awarding the contract for the study. Requires the Board to use certain federal grants to the extent possible to fund the consultant and the study. Directs the Board to report the findings and recommendations to the Joint Legislative Education Oversight Comm. by January 1, 2004. Requires the Oversight Comm. to make recommendations for changes in law or policy to the General Assembly on or after August 1, 2004.

Study of Coordination of Central Office Duties. Not in controversy.

Discrepancies Between Anticipated and Actual ADM. Not in controversy.

High School Exit Examination. Not in controversy.

Clarification to Provision on Addressing Teacher Shortage. Not in controversy.

Support for the Business Systems Improvement Project. Deleted.

Extend Alternative Lateral Entry Program. Not in controversy.

Use of Funds for Kindergarten. Deleted.

Additional Teacher Positions for First Grade. Amends the title. Adopts House version with respect to teacher positions for first grade. Deletes provisions related to teacher positions for kindergarten.

Local Education Agency Flexibility. Adopts House version with the following changes. Requires the State Board of Education to provide reduction notifications to local school administrative units within fourteen days (rather than seven days) of the date that the act becomes law. Provides additional direction to the Board in how to determine reductions in allotments.

Business and Education Technology Alliance. Adopts House version.

High Priority School Program Waiver. Amends Section 29.6(c) of SL 2001-424 to include a new provision that permits a local board of education to request a waiver for any high-priority high school within the local school administrative unit that the local board determines will be unable to implement the class-size limitation and other initiatives for the 2002-2003 school year. The Superintendent of Public Instruction may grant the waiver if the Superintendent makes certain findings.

Authorizing the Use of Mentor Funds for Full-Time Mentors. Deleted.

Notification of Field Testing. Adopts House version.

Drivers Education Funding. Adopts House version.

Intervention Strategies for Continually Low-Performing Schools. Adopts House version.

Study Vocational Education Tests. Adopts House version.

Additional Purchasing Flexibility for All School Systems. Deleted

Availability of Information on Employee Qualifications. Adopts House version.

Study of the Duties of School Counselors. Adds new provision requiring the Joint Legislative Education Oversight Committee to study the duties of school counselors and to report the results of the study to the 2003 General Assembly.

Definition of Retired Teacher Modified. Adopts House version.

Limit Certification Renewal for Retired Teachers. Adopts House version.

On-Line Services Available for All. Deleted.

Certification of School Nurses. Adds proposed subsection GS 115C-315(d1), which provides that school nurses employed prior to July 1, 1998, are not required to be nationally certified to continue employment. School nurses not certified by one of two national organizations shall continue to be paid based on the noncertified nurse salary range. Requires the Joint Legislative Education Oversight Committee to study issues related to the qualifications of school nurses and report the results of its study to the 2003 General Assembly.

Funds for the Total Quality Education Program. Deleted.

Small School System Supplemental Funding. Adds new provision amending Sec. 28.7(a) of SL 2001-424 to increase the base for the consolidated funds allotment from \$540,074 to at least \$577,111 (excluding textbooks).

Sample Test to Validate K-2 Assessment. Adds new provision permitting the Dep't of Public Instruction to administer a standardized reading test as part of a pilot study of the predictive validity of the reading assessment used in kindergarten through second grade. Provides additional direction to the Dep't with respect to administering the study.

Reserve for Experience Step Increase for Teachers and Principals in Public Schools. Adds new provision requiring the funds in the Reserve for Experience Step Increase for Teachers and Principals in Public Schools to be used for the experience step increases for certain other public employees who are paid on the teacher salary schedule or the principal and assistant principal salary schedule. Requires the Director of the Budget to transfer funds from the Reserve to the Board of Governors of The University of North Carolina to provide for a salary increase for all teaching employees of the NC School of Science and Mathematics.

Community Colleges

Community College Funding Flexibility. Not in controversy.

Regional Programs. Amends the Senate version. Provisions no longer included as an amendment to GS 115D-5(f). Expresses the intent of the General Assembly to increase the number of regional programs and to reduce duplication. Requires the State Board of Community Colleges to review existing programs to determine whether they can be offered regionally. Requires the Board to submit an annual report on all new programs it approved and the progress made on regional programs.

Regional Economic Development Vision Plans. Adopts Senate version with the following changes. Requires that universities, in addition to community colleges, be included in the development of the vision plan. Specifically requires that the Board of Governors of The University of North Carolina participate in adopting the vision plan and that the chancellor and the board of trustees of each university located in an economic development region be included in the region's task force. Makes technical changes.

Haywood Regional High Technology Center. Adopts House version.

Realignment of Funding. Adopts Senate version with the following changes. Provides that for the fiscal year 2002-2003 the State Board of Community Colleges shall not allocate funds for the Botanical Laboratory at Fayetteville Technical Community College from General Fund appropriations.

Temporary Rules on FTE for Training Provided to Law Enforcement Personnel and on Generic Fees. Adopts House version.

Community College System Study. Adopts House version with the following changes. Requires the State Board of Community Colleges to participate in hiring an outside consultant to study the community college system.

Flexibility to Implement Budget Reductions. Adopts House version with the following change. Requires the State Board of Community Colleges to report to Senate and House committees prior to transferring funds.

Transfer of Community College Position. Deleted.

Hosiery Center Funds. Adopts House version.

Viticulture/Enology Course Authorization. Deleted.

Community College Radio Station Funding. Deleted.

Scholarships for Prospective Teachers. Adds new provision permitting the State Board of Community Colleges to use up to one million dollars for a nonrecurring grant to the NC Community College Foundation during the 2002-2003 fiscal year. Directs the Board to apply the grant to the new endowment establishing a scholarship program for prospective teachers enrolled at state community college campuses and for the development of teacher preparation courses.

State Board of Community College Management Flexibility. Adds new provision requiring the State Board of Community Colleges to report to the Fiscal Research Division on all reductions made by the Board in order to meet the management flexibility reduction. Requires the Board to make the report within 45 days of the act becoming law.

Universities

Elizabeth City State University Pharmacy School/East Carolina University Engineering School/Engineering Programs at Western Carolina University and the University of North Carolina at Asheville. Deleted.

Transfer Collection Responsibilities for Certain Scholarship Programs to State Education Assistance Authority. Not in controversy.

Substitution of UNC Bond Projects. Not in controversy.

UNC Scholarship Programs Consolidated. Not in controversy.

Eliminate UNC Mailing List Duplication. Not in controversy.

No Funding for Required Courses on One Religion. Deleted.

Aid to Private Colleges Technical Corrections. Not in controversy.

UNC Flexibility Guidelines. Adopts Senate version with the following change. Requires the director of the NC School of Science and Mathematics to report to the Board of Governors of The University of North Carolina on the reductions made to meet the reduction reserve amounts.

Focused Growth Pilot Program. Not in controversy.

Umstead Act Exemption for the North Carolina Arboretum. Deleted.

Report on Umstead Act Exemptions. Adopts House version.

Out-of-State Institutions with NC Campuses. Adopts House version

North Carolina School of Science and Mathematics. Adopts House version.

Horace Williams Airport. Prohibits The University of North Carolina at Chapel Hill from closing the Horace Williams Airport before January 1, 2005. Requires the chancellor to consult with the Joint Legislative Commission on Governmental Operations before moving Medical Air, Inc. from the Airport.

Cooperative Extension/Agricultural Research Facility. Adopts House version.

UNC Institutions/Golf Course and Transient Accommodations Facility/Umstead Act Exemption Reporting Requirement. Amends the title. Requires The University of North Carolina to consult with and provide certain information to the Joint Legislative Commission on Governmental Operations before issuing debt or executing a contract for a golf course or for any transient accommodations. This requirement does not apply to a golf course or facility owned, operated, or leased by the University on or before July 1, 2002. Provides that the section is effective upon enactment.

Report on University Fiscal Liabilities. Adopts House version.

Funds for Focused Growth Campuses. Deleted.

Bond Project Report. Deleted.

Funds for Need-Based Scholarships. Adds new provisions. Appropriates \$19,725,000 for the 2002-2003 fiscal year from the Escheat Fund to the Board of Governors of The University of North Carolina for need-based student financial aid. Appropriates \$1,000,000 from the Escheat Fund to the State Board of Community Colleges for the same purpose. Requires the Director of the Budget to include appropriations in these amounts in the proposed 2003-2005 continuation budget. Amends GS 116B-7 to require the State Education Assistance Authority to make grants consistent with policies regarding need-based grants.

Department of Health and Human Services

Information Technology Project Contracts. Not in controversy.

Consolidation of Divisions of Services for the Deaf and the Hard of Hearing, Services for the Blind, and Vocational Rehabilitation. Adopts House version with the following changes. Permits, rather than requires, the three divisions to continue consolidating their administrative functions. Eliminates the requirement that the Dep't of Health and Human Services report on a plan for reducing the budget of the three divisions by \$750,000.

Staffing Requirements in Long-Term Care Facilities. Not in controversy.

Report on Services Provided to Older Adults. Not in controversy.

Rural Health Loan Repayment Incentive Program. Not in controversy.

Access to Pharmaceutical Company Prescription Drug Programs. Not in controversy.

Use of Funds for the Child Advocacy Institute. Not in controversy.

Consolidation of Maintenance Activities. Not in controversy.

Uniform Provider Credentialing by Health Insurance Plans. Deleted.

Deposit Central Deaf School Sale Proceeds in Mental Health Trust Fund. Deleted.

Area Authority/County Program Prompt Pay. Deleted.

Weatherization Assistance. Adopts House version.

Effective Date of Long-Term Care Criminal Checks for Employment Positions. Adopts House version with the following change. Makes technical changes.

Transfer North Carolina Council on the Holocaust to Department of Public Instruction. Adopts House version with the following change. The effective date for this section is October 1, 2002.

Nonmedicaid Reimbursement Changes. Adopts House version.

Funds for Area Agency on Aging Administration. Deleted.

Restore Budget Cuts in Various Programs and Services. Deleted.

Medicaid Program. Adopts House version with the following changes. Amends sec. 21.19(a) of SL 2001-424 to provide that Medicaid payments must be limited to providers that either (1) purchase a performance bond naming the Dep't of Health and Human Services, Division of Medical Assistance as the beneficiary or (2) provide to the Dep't a validly executed letter of credit or other financial instrument from a financial institution honoring a demand for payment in the equivalent amount. The Dep't may waive or limit the applicability of this requirement for providers under certain circumstances. Amends sec. 21.19(w) of SL 2001-424 to require the Division of Medical Assistance to use certain data when establishing rates or when making changes to the reimbursement methodology for hospital services. Amends sec. 21.19(y) of SL 2001-424 to change the effective date for the provisions relating to federal transfer of asset policies and other new provisions in this section. Amends the effective date for the proposed revisions to the definition of "medical assistance" under GS 108A-70.5(b). Adds a new provision that requires the Dep't to attempt to mitigate hardship to Medicaid enrollees when implementing the Supplemental Security Income method for considering equity value of income producing property.

Carolina Access Program Improvements. Not in controversy with the following exception. Amends the date by which the Dep't of Health and Human Services must begin providing quarterly reports on the cost-effectiveness of the programs (December 1, 2002).

Repeal Circumcision Funds. Not in controversy.

Medicaid Case Management Services. Adopts House version with the following change. Amends the date by which the Dep't of Health and Human Services must report on its plan for reductions in expenditures for case management services (November 1, 2002).

Federal Waivers to Assist in Medicaid Cost Containment. Not in controversy.

Community Alternatives Programs. Adopts House version with the following change. Amends the date by which the Dep't of Health and Human Services must report on the Community Alternatives Program (November 1, 2002).

Disposition of Disproportionate Share Receipt Change. Not in controversy.

Medicaid Hospital Payments. Not in controversy with the following exception. Amends the date by which the Dep't of Health and Human Services must report on its activities related to reducing hospital payments (November 1, 2002).

Medicaid Program Management. Adopts Senate version.

Long-Term Care Reimbursement Methodology. Adopts House version with the following change. Amends the date by which the Dep't of Health and Human Services must report on the long-term care reimbursement methodology (January 1, 2003).

Medicaid Maximum Allowable Charge for Temporary Nursing Services. Deleted.

Increases in Federal Medicaid Funds. Adopts House version.

Medicaid Reserve Fund Transfer. Adds new provision requiring \$43,747,538 of the funds transferred to the Medicaid program to be allocated as prescribed by GS 143-23.2.

NC Health Choice. Amends GS 108A-70.21(b) to specify the dispensing fee for prescription drugs. Makes technical changes. Adds an effective date for the dispensing fee provisions of not later than January 1, 2003. Adds a statement that the General Assembly intends to consider the recommendations of the Institute of Medicine study in determining the rates that should apply to the program.

NC Health Choice State Plan Technical Amendments. Not in controversy.

NC Health Choice Benefits and Claims Processing Administered by the Department of Health and Human Services. Deleted.

NC Health Choice Program Enrollment Management. Deleted.

Medicaid Contracting for Services. Deleted.

Allocation of Reductions in Funds for Area Mental Health, Developmental Disabilities, and Substance Abuse Programs. Adopts House version with the following change. Amends the date by which the Dep't of Health and Human Services must report on its plan for allocating reductions in these programs (November 1, 2002).

Substance Abuse Prevention Services. Not in controversy.

Private Agency Uniform Cost-Finding Requirement. Not in controversy.

Whitaker School. Not in controversy.

Area Mental Health Administrative Costs. Not in controversy.

Mental Retardation Center Downsizing. Not in controversy with the following exceptions. Adds a provision to sec. 21.67(a) of SL 2001-424 that permits mental retardation center positions to be transferred for outreach activities to facilitate the transfer of residents to the community. Amends the date by which the Dep't of Health and Human Services must submit its final progress report (January 1, 2003).

State Psychiatric Hospital Bed Day Allocation Plan. Not in controversy.

Extend Consumer Advocacy Program Contingent Upon Funds Appropriated by the 2003 General Assembly. Not in controversy.

DHHS Coordination of Rules. Not in controversy with the following exception. Amends the dates by which the Sec'y of Health and Human Services and several designated comm'ns must implement the coordination requirements (November 1, 2002) and submit a final report (November 15, 2002).

Patient Advocate Positions Organizational Change. Adopts House version.

Special Needs Adoption Incentive Fund Reporting Date. Not in controversy.

Child Welfare Systems Pilots Reports. Not in controversy.

Family Resource Centers-Reporting Requirement. Not in controversy.

Eliminate Additional Funds for Child Support Services. Not in controversy.

State/County Special Assistance. Not in controversy.

Electing County TANF Funds Revert. Not in controversy.

Adult Care Home Model for Community-Based Services. Not in controversy.

Adult Care Home Resident Assessment Services Program Repealed. Not in controversy.

State/County Special Assistance Rate Methodology. Deleted.

Special Children Adoption Fund. Not in controversy.

Food Banks. Funds. Deleted.

Alzheimer's Association Funds FY 2001-2002. Governor's Advisory Council on Aging. Deleted.

Residential Schools Reporting. Not in controversy.

Heart Disease and Stroke Prevention Task Force. Adopts House version.

Newborn Hearing Screening Program Report. Not in controversy.

Intensive Home Visiting. Not in controversy.

Aids Drug Assistance Program (ADAP). Not in controversy.

Prescription Drug Assistance Program. Adopts Senate version.

Repeal Dental Health Program in the Department of Health and Human Services. Deleted.

Restructure Oral Health Section. Deleted.

Early Intervention Program-Reporting Requirement. Not in controversy.

Developmental Evaluation Centers. Adopts House version.

Workers' Compensation for Dusty Trades. Deleted.

Early Childhood Education and Development Initiatives. Adopts House version.

More at Four Program. Adopts House version with the following changes: (1) Deletes proposed changes to subparagraph (1) of Section 21.76B(d) of S.L. 2001-424; (2) Changes the date by which the Dep't of Health and Human Services, the Dep't of Public Instruction, and the Task Force must issue a final report to appropriate committees of the General Assembly on progress in complying with Section 21.76B of S.L. 2001-424 from December 1, 2002, to January 1, 2002; (3) Adds subparagraph (6) to Section 21.76B(g) of S.L. 2001-424 requiring the inclusion of a cost analysis of the More at Four Program in the final report; (4) Changes the proposed amendment of Section 21.76B(a) of S.L. 2001-424 by allocating \$250,000.00 to the Division of Child Development for the 2002-03 fiscal year to fund additional positions and cover operating expenses related to licensing and regulatory activities; (5) Adds original Section 10.56(i) from the Senate version requiring the Dep't of Health and Human Services to conduct a county-by-county needs and resources assessment with respect to the resources necessary to meet the needs of at-risk four year-olds.

Child Care Subsidy Rates. Adopts Senate version with one technical change.

Repeal Child Care Fraud Provision due to Federal Repayment Requirements. Not in controversy.

Boys and Girls Clubs. Adopts House version.

State/County Special Assistance Transfer of Assets Policy. Adopts the House version with the following addition: Dep't shall report activities to the appropriate committees of the General Assembly.

State Laboratory Cost Analysis. Adopts House version with the following changes: Adds requirement that the Fiscal Research Division include in the Request for Proposal the requirement that comments of Division of Public Health be included in contractor's final report and that the Fiscal Research Division ensure that contractor analysis includes sufficient information for the General Assembly to assess whether the State Laboratory should be maintained.

Child Support Program Notification Extended. Provides that counties that plan to assume responsibility for administration of the Child Support Program effective July 1, 2003, must inform the Dep't of Health and Human Services of its intent not later than December 1, 2002.

Department of Agriculture and Consumer Services

Close Robbins Diagnostic Laboratory. Identical to both House and Senate versions, except adds additional section directing the Dep't to evaluate the statewide need for poultry disease diagnostic services and to report its finding to the appropriate committees of the General Assembly no later than March 15, 2003.

Adjust Method of Budgeting Receipts and Limit Spending. Not in controversy.

Transfer Mountain State Fair Receipts. Not in controversy.

NC Farmers' Markets/Analyze Certain Operational Guidelines and Enforcement of Guidelines. Adopts House version with the following change: Changes the date by which the Dep't must report to the appropriate committees of the General Assembly from December 1, 2002, to January 15, 2003.

Funds for the Farmland Preservation Trust Fund/Shift Funding for Two Department Positions. Deleted.

Farmland Preservation. Provides that funds appropriated to the Department of Agriculture and Consumer Services for the Farmland Preservation Trust Fund for the 2002-03 fiscal year shall be used for the purchase of agricultural conservations easements that are perpetual in duration and that cannot be reconveyed.

Department of Environment and Natural Resources

Grassroots Science Program. Not in controversy.

Statewide Beaver Damage Control Program Funds. Not in controversy.

Reorganization of DENR. Makes conforming Changes.

Relocate Division of Coastal Management to Coastal Counties. Deleted

DENR Position for Scrap Tire Program. Not in controversy.
Scrap Tire Disposal Account. Not in controversy.
Funds for Cleanup of Warren County PCB Landfill. Adopts House version with the following changes: Adds provision allowing the Dep't to use up to \$500,000 from the Water Permits fund to complete the detoxification and remediation of the Warren County landfill under specified conditions.
Division of Environmental Health Position Reclassified. Adopts House version.
Positions/Employees at Lake James and Singletary Lake State Parks. Adopts House version.
DWR to Develop Plan Concerning Funds for Water Resources Development Projects in Each Region of the State/Federal Participation in Geographically Distributed Projects. Deleted.
Appropriation from Clean Water Management Trust Fund. Amends Section 2.2(h) of S.L. 2001-424 to reduce the appropriation to the Clean Water Management Trust Fund for the 2002-03 fiscal year to \$66,500,000.

Department of Commerce

Oregon Inlet Funds. Not in controversy.
Council of Government Funds. Adopts House version.
Worker Training Trust Fund Appropriations. Adopts House version.
NER Interim Study/Small Business Development Functions. Adopts House version.
Regional Economic Development Commission Allocations. Adopts House version with the following change: In proposed new subsection (4) of Section 20.10.(b) of S.L. 2001-424, increases amount of reduction in the allocation for each of the Regional Economic Development Commissions listed in Section 20.10.(a) from \$75,000 to \$85,000.
Regional Commission Reports. Adopts Senate version.
Plan for Consolidating Certain Regional Economic Development Commissions. Deleted.
Study Effectiveness of Economic Development Agencies. Adopts Senate version with the following change: Changes the date by which Regional Economic Development Commissions must report on the number and listing of available sites and buildings within their regions to January 15, 2003.
Nonprofit Reporting Requirements. Not in controversy.
Rural Economic Development Center. Not in controversy.
Opportunities Industrialization Center Funds. Not in controversy.
Report on TDA. Deleted.
One North Carolina Fund. Adopts House version.

Judicial Department

Reappointment of Special Superior Court Judges. Deleted.
Successors to Judges at Mandatory Retirement Age. Deleted.
Restrict District Court Mandatory Arbitration. Adopts House version with the following change: Section becomes effective October 1, 2002.
Federal Grant Funds. Adopts Senate version with one technical change.
Assistant District Attorney Positions. Deleted.
Magistrate Positions. Adopts Senate version with the following change: Reduces the number of magistrate positions to be eliminated from across the state to five.
Transfer Sentencing Services Program to Office of Indigent Defense Services. Adopts House version with the following changes: (1) Adds provision assigning responsibility for general administrative support for the Sentencing Services Program to the Administrative Office of the Courts; (2) Changes the date by which the Office of Indigent Defense Services must report to the appropriate committees of the General Assembly on the reorganization of the Sentencing Services Program to January 1, 2003.
Drug Treatment Court Program. Not in controversy.
Increase Judicial Efficiencies. Deleted.
Special Superior Court Judges Funding. Deleted.
Superior Court Judges' Subsistence Allowance. Deleted.

Additional Public Defender Office. Adopts House version with the following change: Adds new section authorizing the Office of Indigent Defense Services to use up to \$745,000 in funds appropriated for the expansion of the Mecklenburg County Public Defender's Office.

Appellate Courts Printing and Computer Operations. Adopts House version with the following changes: (1) Requires Judicial Dep't to report to the appropriate General Assembly committees before creating new receipt-supported positions; (2) Deletes provision directing that revenue left in the Printing and Computer Operations Fund at the end of the fiscal year be transferred to the Court Information Technology Fund; (3) Directs Judicial Dep't to report on receipts and revenues of the Printing and Computer Operations Fund to appropriate committees of the General Assembly by January 1 of each year.

Department of Justice

Restitution for SBI Drug Lab Analyses. Deleted.

No-Call Registry Authorization. Adopts House version.

Remove Exemptions from Fingerprint Charge. Deleted.

DENR Reimburse Department of Justice. Deleted.

Insurance Regulatory Fund Reimbursement. Not in controversy.

Amber Alert Program. Deleted.

Department of Juvenile Justice and Delinquency

Use of Funds for Youth Development Center Beds. Adopts House version with the following change: Directs Dep't to consider reestablishing beds at Samarkand Manor Youth Development Center if it determines a need for additional youth development center beds during the 2002-03 fiscal year.

Funding of Teen Court Programs. Adopts House version.

Communities in Schools Reductions. Adopts House version.

Funding of Eckerd Wilderness Camp. Deleted.

State Funds may be used as Federal Matching Funds. Not in controversy.

Planning for New Youth Development Center. Adopts House version with the following changes: (1) Changes date by which Dep't is to report on planning and design progress to February 15, 2003 (3) Changes the committees of the General Assembly to which the Dep't is to report on planning and design progress.

Operation of Buncombe Youth Detention Center. Adopts House version.

Department of Correction

All Counties Transferring Safekeepers to the Department of Correction to Reimburse Department Regardless of Safekeepers' Residency. Not in controversy.

Reimburse Counties for Housing and Extraordinary Medical Costs for Inmates, Parolees, and Post-Release Supervisees Awaiting Transfer to State Prison System. Adopts House version.

Report on Inmates Eligible for Parole. Not in controversy.

Use of Lapsed Salaries for Shift Pay for Security Staff. Adopts House version with one stylistic change.

Department of Correction Security Staffing Formulas. Not in controversy.

Community Work Crews. Not in controversy.

Substance Abuse Programs. Not in controversy.

Use of Closed Prison Facilities. Not in controversy.

Medical Budget for Prescription Drugs. Not in controversy.

Electronic Monitoring Costs. Adopts Senate version with the following changes: Directs Dep't to include in its report to the appropriate committees of the General Assembly the geographical distribution of electronic monitoring use:

Collection of Offender Fees Adopts House version with the following changes: (1) Directs Dep't to develop ideas for improving the collection rate for community service work program fees; (2) Technical changes.

Mobile Medical Operating Room. Adopts Senate version.

Criminal Justice Partnership Program. Adopts House version with the following changes: (1) Removes Graham and McDowell counties from the list of counties not authorized to receive implementation funding for the Criminal Justice Partnership Program (CJPP) for the 2002-03 fiscal year; (2) Reduces the amount of cost savings that the Division of Community Corrections must identify for the 2002-03 fiscal year through the elimination of case manager positions to \$359,330; (3) Provides that the reduction in implementation grant funding for affected counties shall not exceed 12 ½ % of the county's 2001-02 funding; (4) Eliminates provision providing for additional reduction in allocation of funds to CJPP for distribution as implementation grants; (5) Provides that programs that were not operational between July 1, 2002, and the enactment of the 2002-03 budget shall not receive more than 75% of the funding that they would have otherwise received from the CJPP; (6) Provides that the Dep't may reallocate funds that are not spent or claimed by counties participating in the CJPP.

Conversion of Contracted Medical Positions. Not in controversy.

Reduce Summit House Appropriation. Makes one change to identical House and Senate versions: Deletes reference to the percentage by which funding for the State Office is to be reduced, but keeps provision that directs that the reduction for the 2002-03 fiscal year be accomplished by reducing state funding for the state office only.

Shift Pay and Holiday Pay for Security Staff. Deleted.

Charges for Inmate Health Care. Deleted.

Prison Chaplain Study. Adopts House version.

Eliminate Impact Program. (1) Repeals GS 15A-1343(b1)(2a); (2) Repeals GS 15A-1343.1; (3) Reduces funds appropriated to the Dep't for the 2002-03 fiscal year by \$4,066,595 to reflect termination of the IMPACT boot camp program and directs the Dep't to use \$390,312 of the remaining funds budgeted for the IMPACT program to establish inmate community work crews at listed correctional facilities. Section becomes effective August 15, 2002.

Reestablish Operations at Blue Ridge Correctional Center. Deleted.

Department of Crime Control and Public Safety

Eliminate State Boxing Commission. Deleted.

Tarheel Challenge Matching Funds. Not in controversy.

Plan of Reorganization for Camp Butner. Deleted.

Funding ALE Operations. Deleted.

Exempt State Highway Patrol from Umstead Act. Adopts House version.

Comply with Federal Violence Against Women Act. Adopts House version with the following change: Effective date is changed to December 1, 2002.

North Carolina Child Alert Notification System – NC CAN (Amber Alert). (1) Amends GS 143B-499.1 to provide that any law enforcement agency that receives a missing persons report that involves a missing child and meets the criteria set forth in GS 143B-499.7(b) shall notify the North Carolina Center for Missing Persons (the Center) as soon as practicable; (2) Amends GS 143B-499.2 by adding a new subdivision (6a) that provides for developing and maintaining the North Carolina Child Alert Notification System; (3) Amends Art. 11 of Ch. 143B by adding new section 143B-499.7, which creates within the Center the North Carolina Child Alert Notification System (NC CAN), a statewide system for the dissemination of information on missing children who are 12 years old or younger, are believed to have been abducted by someone other than a parent and are in danger of injury or death. The Center is authorized to consult with the Dep't of Transportation to develop a procedure for the use of overhead message signs to provide information on the abduction of a child when such information would enable motorists to assist law enforcement in the recovery of the child.

State Floodplain Mapping Project. (1) Amends the first sentence of Section 25 of S.L. 2001-513 to extend the deadline by which the Dep't shall have completed Phase 1 of the floodplain mapping for the Cape Fear River Basin to December 30, 2003; (2) Deletes the remainder of Section 25 and substitutes provisions (a) directing the Dep't to initiate Phase 2 of the floodplain mapping and (b) transferring \$9 million from the reserve for disaster relief for use in obtaining federal matching

funds to continue the floodplain mapping program; (b) directing Dep't to complete mapping for the Cape Fear River Basin before mapping the Catawba and Yadkin River Basins.

Department of Administration

Expand Definition of Hub Business. Deleted.

Increase Efficiency of Mail Service Center. Not in controversy.

Scholarships for Children of War Veterans Amendments. Adopts House version with the following changes: (1) Restores the provision in the proposed amendment of GS 165-20(3) b. allowing the Dep't to waive the requirement that the veteran's child have been both born in North Carolina and a resident of North Carolina since birth if it can be shown that the child's mother was a native born resident of North Carolina and was outside the state temporarily at the time of the child's birth, following which the child was returned to North Carolina; (2) Section effective November 1, 2002, and applicable to awards made for the 2002-03 school year.

No Reduction of Veterans Affairs Offices. Deleted.

Regional Office Consolidation Plan. Adopts House version.

Repeal North Carolina Agency for Public Telecommunications. Deleted.

Occaneechi Band of the Saponi Nation on the North Carolina State Commission of Indian Affairs. Adopts House version.

Petroleum Overcharge Funds Allocation. Adopts House version.

Retain Youth Advocacy and Involvement Office. Directs the Governor and the Dep't to maintain the Youth Advocacy and Involvement Office within the Dep't through June 30, 2003, and directs the Dep't to present a plan for reorganization of the Office to the Chairs of the Joint Appropriations Subcommittee on General Government by January 31, 2003.

Office of the State Auditor

Use Receipts for Contract Audits. Deleted.

Department of Cultural Resources

NC Arts Council Limit Use of Consultants. Not in controversy.

Museum Admission Fee Study. Not in controversy.

Department of Revenue

Local Sales Tax Administrative Costs. Deleted.

DOR Reports on Debt Collection. Not in controversy.

DOR Vacant Positions. Not in controversy.

DOR Debt Collection Funds. Adopts House version.

DOR Report on Local Tax Administration Expenses. Not in controversy.

DOR Taxpayer Telecommunications Service. Adopts House version with the following changes: (1) Stylistic and organizational changes; (2) Adds requirement that beginning January 1, 2002, and ending on the second quarter following completion of the projects described in this section, the Dep't must report quarterly to the Jt. Legis. Comm'n on Governmental Operations on use of funds and progress in establishing the telecommunications service center.

Rules Review Commission

Rules Review Commission Meeting Schedule. Deleted.

Office of Administrative Hearings

Conforming APA Amendments. Deleted.

Secretary of State

Eliminate the Business License Information Office. Deleted.

Office of the State Controller

Overpayments Audit. Adopts House version with the following changes: (1) Technical correction to Section 25.1.(d); (2) Amends Section 17.2 of S.L. 2001-491 to allow the State Controller to utilize funds in Special Reserve Account 24172 to support the State Business Infrastructure Study; (3) Amends Section 17.3 of S.L. 2002-491 by directing the State Controller to submit an interim and a final report of the State Business Infrastructure Study to the 2003 Regular Session of the General Assembly and the 2004 Regular Session of the General Assembly respectively.

Department of Transportation

Cash-Flow Highway Fund and Highway Trust Fund Appropriations. Not in controversy.

Highway Trust Fund Study Committee Continued. Not in controversy.

Biltmore Avenue Airspace Encroachment. Not in controversy.

Proportional Reduction of Use of Highway Trust Fund Cash Balances. Deleted.

Division of Motor Vehicles Printing Efficiency. Adopts Senate version.

DMV Drivers License Examiner Dress Code. Deleted.

Division of Motor Vehicles to Implement Multiyear Registration and Ten-Year Drivers Licenses. Deleted.

Cash Management Program Modification. Adopts House version with the following change: Adds new section amending GS 136-176(a1) to direct, rather than authorize, the Dep't to use funds in manner set forth in the statute.

Department of Transportation Printing Efficiencies Study. Deleted.

Commercial Driver License Training Standards. Adopts House version.

Small Urban and Contingency Funds. Adopts House version with the following changes: (1) Increases the amount allocated for 2002-03 for small urban construction projects to \$21 million; (2) Adds new section amending GS 136-176(a1) by increasing the amount of the cash balance of the Highway Trust Fund that the Dep't may use in fiscal year 2002-03 by \$7 million to \$212 million. The entire amount of the increase is to be used for small urban construction projects.

Urban Loop Termini. Adopts House version with the following changes: (1) Eliminates Durham East End Connector as an urban loop for which funds from the Trust Fund may be used; (2) Deletes the proposed description of the Durham Northern Loop and substitutes as the description: the corridor shall be identified as a part of the local long-range transportation plan as mutually adopted in 2003 by the Durham-Chapel Hill-Carrboro metropolitan planning organization and the North Carolina Board of Transportation; (3) Amends the description of the Wilmington Bypass to include the Blue Clay Road interchange with US-17.

School Sponsored Bus Transportation Safety Study. Adopts House version with the following change: Extends the date by which the Division of Motor Vehicles is to report findings and recommendations to appropriate committees of the General Assembly to March 1, 2003.

Currituck County to Northern Outer Banks Ferry Study. Adopts House version.

Department of Transportation May Use Receipts for Facilities Improvements. Adopts House version.

Payback Schedule for Transfer in Excess of That Authorized by the General Statutes from the Highway Trust Fund to the General Fund. Adopts House version.

Commission to Study Commission Contracts for the Issuance of Motor Vehicle Registration Plates and Certificates. Adopts House version with the following change: Replaces Section 26.15.(a)(2) with new subsection providing that the President Pro Tem. of the Senate shall appoint one member of a board of county comm'rs from a list submitted by the North Carolina Association of County Commissioners, and the Speaker of the House of Representatives shall appoint one person currently contracted with the Division of Motor Vehicles to issue registration plates and certificates.

Transportation of Wood Chips and Other Wood Products. Adopts House version with the following change: Adds new section directing the Jt. Legis. Transportation Oversight Comm. To

study the rationale for and effect of the exceptions to the highway weight limitations contained in GS 20-118(c).

Joint Legislative Transportation Oversight Committee to Study Multiyear Registrations and Lengthening Multiyear Drivers Licenses. As title indicates.

Law Enforcement Escort Fee. Amends Ch. 20 of the General Statutes by adding new section 20-196.4, which provides that (1) all persons using a law enforcement escort for the transport of any oversized load or hazardous shipment by road or rail shall pay a fee that covers the full cost of administering, planning and carrying out the escort to the Dep't of Crime Control and Public Safety; (2) all fees so collected will be placed in a special Escort Fee Account and shall not be appropriated except by the General Assembly.

Nonbetterment Relocation Cost for County Owned Gas Line. (1) Amends Ch. 136 of the General Statutes by adding new section 136-27.2, which provides that the Dep't shall pay the nonbetterment cost for the relocation of any county-owned gas lines located within an existing state highway right-of-way when the Dep't needs to relocate such a line due to a state highway improvement project; (2) Directs Dep't to use appropriated funds to relocate county-owned gas lines located on Dep't right-of-way.

Information Technology

Electronic Procurement and State Information Technology Procurement by Secretary of Administration. Deleted.

Electronic Procurement/Information Technology Procurement Study. Adopts House version with the following changes: (1) Deletes House Section 27.1.(d), which repealed GS 143-48(e); (2) Extends to February 15, 2003, the date by which the Jt. Select Comm. on Information Technology shall report its findings about the procurement of information technology within state government to the appropriate committees of the General Assembly.

Information Technology Security Practices/State Auditor. Adopts House version with the following change: Section effective November 1, 2002.

Office of Administrative Hearings/Automation Review. Adopts House version.

HIPAA Implementation. Adopts House version with the following changes: (1) Provides that the Governor or the Governor's designee, rather than the Office of State Budget and Management, shall coordinate the state's implementation of the administrative amplification provisions of the federal Health Insurance Portability and Accountability Act (HIPAA); (2) Deletes subsections (4) through (7) from House Section 27.4.(a) and makes stylistic changes to subsections (1) through (3); (3) Adds new subsection (4) to Section 27.4.(a), adding to the scope of coordination responsibility for establishing deadlines and benchmarks for State agencies to provide data necessary to monitor compliance with HIPAA's administrative amplification requirements; (4) Directs the Information Resource Management Commission (IRMC) to cooperate with the Governor to ensure that IRMC policies and activities and state implementation of HIPAA are complementary; (5) Amends House Section 27.4.(b) to direct the University of North Carolina System and the Teachers' and State Employees' Comprehensive Major Medical Plan to report to the Governor bimonthly on the status of their respective implementation of HIPAA's administrative simplification requirements.

State Human Resource and Retirement Systems Information Technology LRC Study. Adopts House version.

Salary and Employee Benefits

Special Annual Leave Bonus/Community College Salaries. Adopts House version with change. Provides that the State Board of Community Colleges may adopt rules allowing colleges with available funds to give salary increases to employees not receiving annual special leave bonuses.

Additional Family and Medical Leave. Adopts House version with technical change.

DHHS Exempt PolicyMaking Positions. Adopts Senate version with change. Limits the number of exempt policymaking positions which Governor may designate to 105.

Salary-Related Contributions/Employers. Adopts House version.

Public Employee Special Pay Plan. Adopts Senate version with changes. Clarifies that Special Pay Plan is a qualified retirement plan as defined in Section 401(a) of Internal Revenue Code. Deletes list of those forms of compensation which may be designated as special pay. Increases membership of Board to seven members (was, five). Deletes State Controller as member of Board and adds State Personnel Director and two state employees with benefits administration knowledge including one employee of the Community College System. Requires that Board seek written proposals before contracting for administrative services and allows Board to designate trust and administrative services from companies (was, investment vehicles only). Deletes age limitation for participation in Plan (was, available to employees 55 years of age and older). Requires that Board balance advantages and disadvantages of participation options. Provides that Plan shall: (1) require permanent savings of those employees participating to be the lesser of 7.65% or the applicable FICA percentage; (2) pay participating employees entitled to plan distributions plus earnings within seven days of date payment is made to the Plan; (3) allow participation by state agencies in phases as directed by the Board. Amends G.S. 135-1(7a) to include Special Pay Plans as "compensation."

General Assembly Temporary Employees. Adds new section which directs the Legislative Services Commission to review the General Assembly's use of temporary employees by March 1, 2003 and make appropriate policy changes or legislative proposals by June 30, 2003.

Increase Fire and Rescue Pension Benefits. Not in controversy.

Provide Cost-of-Living Increases for Retirees of the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System. Adopts House version.

Enhance Benefits Payable From the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System. Not in controversy.

Retired Teachers Returning to the Classroom Without Loss of Retirement Benefits/Option Extended. Adopts House version.

Conform Treatment of Retired Legislative Employees Who Return to Employment in a Full-Time Permanent Position With That of Other State Employees. Adopts Senate version.

Modify Benefit Restrictions for Reemployed Retirees in the Teachers' and State Employees' Retirement System and in the Local Governmental Employees' Retirement System. Adopts House version with technical changes. In addition to technical changes requires that the State Treasurer seek a private letter ruling from the Internal Revenue Service concerning the definition of "bona fide termination of employment" and the length of time a member of the Teachers' and State Employees' Retirement System must be separated from employment before being reemployed, while remaining eligible for the receipt of retirement benefits.

Expand Separation Allowance for Law Enforcement Officers. Adopts Senate version with technical changes.

Employee Health Plan Trustees and Committees. Adopts House version with changes. Restores number of members of Board of Trustees to nine (House bill had provided for 15). Removes restrictions on the affiliations of Board members appointed by the General Assembly. Deletes former section 28.16.(b), which required that the Executive Administrator appoint a state employee, North Carolina public school system employee, and retired employee to committees or groups used to develop policies or recommendations concerning the Plan. Restores G.S. 135-39.10, which defines "Executive Administrator and Board of Trustees." Makes other technical changes.

State Employee Health Plan Coverage for Services of Clinical Pharmacist Practitioners. Adopts House version.

No Automatic Step Increases. Deleted.

Fund Payroll and Related Employment Contributions at Ninety-Eight Percent of Budgeted Requirements. Deleted.

Establish Severance Expenditure Reserve. Deleted.

Temporary Reduction in Legislative Compensation. Deleted.

Abolish Judicial/Legislative Retirement Systems. Deleted

Suspension of Legislative Subsistence Allowance. Deleted.

Reduce Executive Branch Salaries. Deleted.

Retirement Incentive. Deleted.

Capital Appropriations

Water Resources Development Projects/Use Dredge Spoils to Nourish Beach. Adopts House version with changes. Deletes appropriation for NC Resource Conservation and Development Councils in the amount of \$90,000. Provides that subsections f through j shall become effective when act becomes law.

Joint Legislative Oversight Committee on Capital Improvements Established. Adopts House version with change. Removes requirement that Committee membership consists of at least three members of the minority party of both the House and the Senate.

Fee Provisions

Incorporates the following fee provisions from H 1670, 2002 Fee Bill, introduced June 13, 2002:

Justice and Public Safety Fees. Incorporates H 1670 provisions with following changes: Effective October 1, 2002, requires payment of court costs in the amount of \$50 by persons who are convicted of not wearing a seat belt in violation of G.S. 20-135.2A(e). Changes effective date of increase in court costs charged to criminal defendants to October 1, 2002 (was, September 1, 2002). Effective November 1, 2002, creates dispute resolution fee in the amount of \$60.00 applicable to criminal cases filed in the General Court of Justice and resolved through referral to the community mediation center. Provides that the issuance of a dismissal form is contingent upon payment of that fee. Requires that the Mediation Network of North Carolina collect information on fees paid and report the amount of fees collected and referral sources by March 15, 2003. Amends G.S. 18B-902(d)(1) to require yearly registration of holders of malt beverage, fortified wine or unfortified wine permits and payment of an annual registration and inspection fee of \$200 by May 1 of each year. Effective October 1, 2002, amends G.S. 7A-308(a) to increase various fees collected by the clerk of superior court.

Department of Environment and Natural Resources Fees. Incorporates provisions of H 1670.

Department of Health and Human Services Fees. Incorporates H 1670 provisions. Changes effective date to November 1, 2002.

Secretary of State Fees. Incorporates H 1670 provisions. Changes effective date to November 1, 2002.

Revenue Provisions

Incorporates the following revenue provisions from S 1292, Budget Revenue Act of 2002, introduced June 10, 2002:

Local Government Revenues

Delay 2001 Tax Breaks

Update IRC Reference. Incorporates provisions of S 1292 with following changes: Amends G.S. 105-32.2 (b) to provide that the amount of estate tax charged estates of decedents dying after January 1, 2002 is the maximum credit allowed under section 2011, without regard to the phase-out of that credit under subdivision (b)(2).

Unauthorized Substance Tax Expenses

Insurance Regulatory Charge

Regulatory Fee for Utilities Commission

Close Corporate Tax Loopholes

Housing Tax Credit Effective Date Change

Effective Date of Parts XXX-A Through XXX-H

Miscellaneous Provisions. Changes section number from 30 to 31 and other technical changes. Otherwise not in controversy.

October 1, 2002

SL 2002-126 (S 1115). MODIFY APPROPRIATIONS ACT OF 2001. *AN ACT TO MODIFY THE CURRENT OPERATIONS APPROPRIATIONS ACT OF 2001 AND TO MAKE OTHER CHANGES IN THE BUDGET OPERATION OF THE STATE.* Summarized in *Daily Bulletin* 6/19/02, 6/20/02, 8/12/02, 8/13/02, and 9/19/02. Enacted September 30, 2002. Effective July 1, 2002, except as otherwise provided.